

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. DM-22-0089

CENTRALIZED MANAGEMENT
SERVICES,

ORDER TO CEASE AND DESIST,
AND ORDER ASSESSING CIVIL
PENALTIES, ENTERED BY
DEFAULT

Respondent.

On December 15, 2022, the Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting by and through the Oregon Division of Financial Regulation (the “Division”) in accordance with Oregon Revised Statutes (“ORS”) 697.602 et seq. and Oregon Administrative Rules (“OAR”) 441-910-0000 through 441-910-0200 (collectively, “Oregon Debt Management Service Provider Law”), served an Order to Cease and Desist, Proposed Order Assessing Civil Penalties, and Notice of Right to an Administrative Hearing (“Notice”) on Centralized Management Services (“CMS”).

The Notice offered CMS an opportunity for a hearing if requested within 20 days of the Notice. The Notice further informed CMS that if a hearing were not conducted because CMS did not timely request a hearing or otherwise defaulted, then the designated portion of the Division’s file and all materials submitted by CMS in this case would automatically become part of the contested case record for the purpose of proving a prima facie case.

The Director did not receive from CMS a request for a hearing and did not conduct a hearing.

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Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 The Director finds that the record of this proceeding proves a prima facie case.
2 Now, therefore, after considering the relevant portions of the Division’s file relating to this
3 matter, the Director finds and orders as follows.

4 FINDINGS OF FACT

5 The Director FINDS that:

6 1. On or about May 22, 2017, an Oregon consumer who will be identified for
7 purposes of this Order as LH contracted with an entity she knew as CMS to help resolve
8 LH’s credit card debts.

9 2. LH paid CMS \$250 per month for eighteen months, totaling \$4,500.

10 3. CMS did not perform any budget analysis and did not make any effort to
11 evaluate whether CMS’ services would be advantageous for LH.

12 4. LH had monthly phone calls with CMS during the eighteen months following
13 LH’s entry into the contract with CMS. On these calls, representatives of CMS assured LH
14 that they would be able to challenge or otherwise resolve LH’s credit card debts. LH mostly
15 communicated with CMS through a CMS employee named Shawn Prioleau.

16 5. In January of 2021 LH was told by a representative of CMS that LH had
17 “graduated” from their program and that LH’s debts were “taken care of.”

18 6. Shortly thereafter, LH began applying for mortgages to purchase a home. In the
19 course of that process, LH learned that the debts that CMS was supposed to resolve were
20 still listed on LH’s credit report and that the debts had been sent to collections.

21 7. CMS operates a website for the purpose of advertising CMS at
22 www.centralms.info. CMS has a mailing address at 8690 Aero Dr Ste 115, San
23 Diego, CA 92123-1757 (“the Aero Drive Address”); however, the Division’s investigation
24 revealed the Aero Drive Address is a Postal Mailing Box. The postal mailing box is
25 registered to an individual named Christina Malerie Serra.

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1 8. CMS advertises itself as providing “Financial Rehabilitation,” among other
2 services. As part of this “Financial Rehabilitation,” CMS offers to help “advocate” on their
3 client’s behalf to “alleviate” the financial stress caused by unsecured debts and harmful
4 information in credit reports. CMS’ advertising materials actively discourage customers
5 from requesting their own credit report while undergoing this process.

6 9. In reality, despite collecting \$250 per month from LH for 18 months, CMS did
7 not perform any services on behalf of LH.

8 10. CMS is not, and has never been, registered with the Director as a Debt
9 Management Service Provider.

10 11. CMS is not incorporated as a business entity in any state.

11 CONCLUSIONS OF LAW

12 The Director CONCLUDES that:

13 Unregistered Activity

14 12. ORS 697.612(1)(a) forbids persons not registered with the Director from
15 performing debt management services.

16 13. Under ORS 697.602(2)(c) “Debt Management Service” includes, among other
17 things, “modifying or offering to modify terms and conditions of an existing loan from or
18 obligation to a third party,” if that activity is done for money or other valuable
19 consideration.

20 14. By offering to “advocate” with LH’s creditors on behalf of LH in exchange for
21 a fee without being registered with the Director as a Debt Management Service Provider
22 (“DMSP”), CMS violated ORS 697.612(1)(a).

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1 Failure to Perform Budget Analysis

2 15. Under ORS 697.652(2), a DMSP may not contract to perform debt management
3 services for a consumer without first giving the consumer an analysis of the consumer's
4 budget that evaluates whether the debt management services being offered are
5 advantageous to the consumer.

6 16. By failing to provide the LH with separate budget analyses, CMS violated ORS
7 697.652(2).

8 Excessive Initial Fee

9 17. Under ORS 697.692(1), a DMSP may charge a consumer only the fees itemized
10 in ORS 697.692(1)(a) to (f).

11 18. Under ORS 697.692(1)(a), an initial fee charged by a DMSP may not exceed
12 \$50.

13 19. By charging LH an initial fee of \$250, CMS violated ORS 697.692(1)(a).

14 Excessive Monthly Fee

15 20. Under ORS 697.692(1)(c), a DMSP who receives funds from a consumer for
16 the payment to consumer's creditors may not exceed \$65 per month.

17 21. By charging and collecting from LH a monthly fee of \$250, CMS violated ORS
18 697.692(1)(c).

19 Cease and Desist Authority

20 22. Under ORS 697.825(1)(a), because the Director has reason to believe that CMS
21 has engaged in violations of the Oregon Debt Management Service Provider Law, the
22 Director may issue an order to CMS to cease and desist from violations of ORS 697.612,
23 ORS 697.652, and ORS 697.692.

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1 Civil Penalties Authority

2 23. Under ORS 697.832(1), the Director may impose a civil penalty on a person in
3 an amount not to exceed \$5,000 for each violation of ORS 697.612 and ORS 697.642 to
4 ORS 697.702.

5 ORDERS

6 Now therefore, the Director issues the following Orders:

7 Cease and Desist

8 24. As authorized by ORS 697.825(1)(a), the Director ORDERS CMS to CEASE
9 AND DESIST from violating ORS 697.612, ORS 697.652 and ORS 697.692.

10 Civil Penalties

11 25. As authorized by ORS 697.832(1), the Director hereby ORDERS that CMS be
12 subject to a CIVIL PENALTY of \$20,000 as follows:

- 13 A. \$5,000 for violating ORS 697.612(1)(a);
14 B. \$5,000 for violating ORS 697.652(2)
15 C. \$5,000 for violating ORS 697.692(1)(a); and
16 D. \$5,000 for violating ORS 697.692(1)(c).

17 FINAL ORDER

18 26. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that
19 provision, the entry of this Order does not limit other remedies that are available to the
20 Director under Oregon law.

21 SO ORDERED this 19th day of, 2023.

22 Andrew R. Stolfi, Director January
23 Department of Consumer and Business Services

24 /s/ Dorothy Bean

25 Dorothy Bean, Chief of Enforcement
26 Division of Financial Regulation

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