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

In the Matter of:	Case No. DM-22-0025
GERSHFELD LAW GROUP, PC, Respondent.	ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTY, AND CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (the "Director") has conducted an investigation into the business activities of Gershfeld Law Group, PC ("GLG," or "the firm") and determined that GLG violated certain provisions of Oregon Revised Statutes ("ORS") 697.602 through 697.842 and Oregon Administrative Rules ("OAR") 441-910-0000 through 441-910-0200 (collectively, the "Oregon Debt Management Service Provider Law").

Respondent cooperated with the Division's investigation and now wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Respondent hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. GLG, a California Professional Corporation, is a law firm with the principal address of 20700 Ventura Blvd. Ste 302, Woodland Hills, CA 91367. The firm is registered with the California Secretary of State and has been since November 29, 2012. The registered agent for GLG is Yana Gershfeld.

2. Yana Gershfeld is the lead attorney of the firm and is licensed to practice law by the California State Bar Association.

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3. GLG was never registered with the Oregon Secretary of State to conduct business in Oregon nor did GLG register with the Director, through the Oregon Division of Financial Regulation (the "Division"), as a debt management service provider ("DMSP").

4. In August of 2020, the Division investigated an unlicensed money transmitter, Debt Pay Gateway ("DPG"). Pursuant to that investigation, the Division identified Gershfeld Law Group as a potential unregistered debt management service provider who used Debt Pay Gateway to service client debt.

5. In GLG's "contingency fee agreement for debt settlement" document provided to clients, the services were described as "legal services…relating to reducing Client's unsecured debt…GLG will review Client's financial circumstances, confirm suitability for debt resolution, and negotiate with the Client's creditors in effort to modify and/or restructure Client's current unsecured debt (collectively, the 'Services')."

6. In total, GLG solicited, offered and provided debt management services to no fewer than seven (7) Oregon residents in exchange for payment of no less than $55,805.28 in fees as follows:

A. A consumer identified herein as RaMK, who enrolled in the GLG program in or June 28, 2019, and paid GLG a total of $3,392.97;

B. A consumer identified herein as CN, who enrolled in the GLG program on January 5, 2019, and paid GLG a total of $16,230.04

C. A consumer identified herein as RMcK, who enrolled in the GLG program on April 18, 2019, and paid GLG a total of $11,685.12;

D. A consumer identified herein as BC, who enrolled in the GLG program on April 10, 2019, and paid GLG a total of $2,308.25;

E. A consumer identified herein as PL, who enrolled in the GLG program on March 22, 2019, and paid GLG a total of $5,295.45;

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F. A consumer identified herein as RM, who enrolled in the GLG program on November 10, 2018, and paid GLG a total of $4,206.16;

G. A consumer identified herein as WH, who enrolled in the GLG program on April 20, 2018, and paid GLG a total of $12,687.29.

7. At no time during the activity described above did GLG file with the Director a bond issued by one or more corporate sureties authorized to do business in this state.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

Unregistered DMSP Activity

8. ORS 697.612(1)(a), forbids persons who have not registered with the Director as a DMSP from providing debt management services in Oregon.

9. Under ORS 697.602(2), "debt management services" includes

> "an activity for which a person receives money or other valuable consideration or expects to receive money or other valuable consideration in return for:
>
> (a) Receiving or offering to receive funds from a consumer for the purpose of distributing the funds among the consumer's creditors in full or partial payment of the consumer's debts, whether or not the person holds the consumer's funds;
>
> (c) Modifying or offering to modify terms and conditions of an existing loan from or obligation to a third party; or
>
> (d) Obtaining or attempting to obtain as an intermediary on a consumer's behalf a concession from a creditor including, but not limited to, a reduction in the principal, interest, penalties or fees associated with a debt."

10. GLG's service agreement authorizing it to "perform services…relating to reducing Client's unsecured debt…reviewing a Client's financial circumstances, confirming suitability for debt resolution, and negotiating with the Client's creditors in

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effort to modify and/or restructure Client's current unsecured debt" constitutes "debt management services" under ORS 697.602(2)(a), (c) and (d).

11. GLG violated ORS 697.612(1)(a) in at least seven (7) instances by providing debt management services to Oregon consumers without first being registered with the Director as a DMSP.

Fee Violations

12. ORS 697.692(1)(c) and (d) limit the fees a debt management service provider may charge to an Oregon consumer to 15% of the funds that the debt management service provider receives from a consumer for payment to the consumer's creditors, or 15% of the amount of debt a consumer owes to one or more creditors at the time the consumer signs the agreement described in ORS 697.652. Such fees shall not exceed $65 per month. GLG's service agreements violated ORS 697.692(1)(c) and (d) by requiring each client to pay "…29% of the amount of debt enrolled in the program."

Bond Violations

13. ORS 697.642(1) requires that an applicant for registration as a debt management service provider at the time of the application to file with the Director a bond issued by one or more corporate sureties authorized to do business in this state. GLG never applied for registration and never filed with the Director a bond issued by one or more corporate surety, in violation of ORS 697.642(1).

Cease and Desist Authority

14. Under ORS 697.825(1)(a), because the Director has reason to believe that GLG has engaged in violations of the Oregon Debt Management Service Provider Law, the Director may issue an order to GLG to cease and desist from violations of the Oregon Debt Management Service Provider Law.

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Civil Penalties Authority

15. Under ORS 697.832(1), the Director may impose a civil penalty not to exceed $5,000 for each violation of the Oregon Debt Management Service Provider Law.

ORDER

Now therefore, the Director issues the following ORDERS:

Cease and Desist

16. As authorized by ORS 697.825(1)(a), the Director ORDERS GLG to CEASE AND DESIST from violating ORS 697.612(1)(a), 697.692(1)(c) and (d), and 697.642(1).

Civil Penalties

17. As authorized by ORS 697.832(1), the Director hereby ORDERS GLG to pay a CIVIL PENALTY totaling $45,000, as follows:

A. $35,000 for violating ORS 697.612(1)(a) in seven instances by providing DMSP services to seven Oregon consumers without being registered with the Director;

B. $5,000.00 for collecting excessive fees from the seven Oregon consumers, in violation of ORS 697.692(1)(c) and (d); and

C. $5,000.00 for failing to file with the Director of a bond issued by one or more corporate sureties authorized to do business in this state

18. The Director hereby suspends payment of the entire $45,000 CIVIL PENALTY for a period of 3 years from the effective date of this Order, provided the following conditions are met:

A. Within 12 months from the effective date of this Order, GLG returns fees calculated as the excess of what would have been lawful had GLG been licensed to provide debt management services in Oregon to each Oregon consumer as follows, for a total amount of $33,929.35:

(A) The consumer identified as RaMK, who enrolled in the GLG program

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in or June 28, 2019, a total of $1,585.13;

(B) The consumer identified as CN, who enrolled in the GLG program on January 5, 2019, a total of $ 11,559.73

(C) The consumer identified as RMcK, who enrolled in the GLG program on April 18, 2019, a total of $8,464.88;

(D) The consumer identified as PL, who enrolled in the GLG program on March 22, 2019, a total of $2,707.66;

(E) The consumer identified as RM, who enrolled in the GLG program on November 10, 2018, a total of $1,837.69;

(F) The consumer identified herein as WH, who enrolled in the GLG program on April 20, 2018, a total of $7,774.26.

B. GLG shall complete the refunds to each Oregon consumer using reasonable efforts and means and provide the Division with proof of the refunds within 12 months of the date of this Order;

C. If GLG cannot locate a particular Oregon consumer within 12 months of the date of this Order, despite using all reasonable efforts and means to locate and notify the Oregon consumer of the impending refund, the company shall provide the refund to the Oregon State Treasury for distribution to the Oregon consumer if the latter claims the refund;

19. The suspended CIVIL PENALTY ($45,000) will be waived three years from the effective date of this Order, provided GLG has complied with Oregon DMSP Law and the terms of this Consent Order. GLG's failure to satisfy any term of this Order will render the suspended civil penalties immediately due and payable.

20. This Order is binding on GLG's successors and assignees.

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FINAL ORDER

21. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to this provision, entry of this Order does not limit the Director's authority to enforce this Order or take action against GLG for violations of this Order or violations not included in this Order that are discovered after the date of this Order.

SO ORDERED this 25th day of May, 2023

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean

Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Yana Gershfeld, state that I am an officer of Gershfeld Law Group, P.C. ("GLG") and am authorized to act on its behalf. I have read the foregoing Order and know and fully understand the contents thereof. I have been advised of GLG's right to a hearing and right to be represented by counsel in this matter. GLG voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. GLG understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Debt Management Service Provider Law or with the terms and conditions stated herein.

GLG understands that this Consent Order is a public document.

Signature: /s/ Yana Gershfeld

Position Held: President and Lead Attorney

State of _____

County of _____

Signed or attested before me on this _____ day of _____, 2023, by _____.

_____
Notary Public

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