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

In the Matter of:	Case No. DM-23-0062 OAH Case No. 2024-ABC-06826
THE LITIGATION PRACTICE GROUP, P.C.; TONY DIAB; and DANIEL MARCH, Respondents.	FINAL ORDERS TO CEASE AND DESIST AND ASSESS CIVIL PENALTIES **AGAINST DANIEL MARCH ONLY**

HISTORY OF THE CASE

On January 9, 2024, the Department of Consumer & Business Services Division of Financial Regulation (Division) issued an Order to Cease and Desist, Proposed Order Assessing Civil Penalties, and Notice of Right to a Hearing (Notice) to the Litigation Practice Group, P.C. (LPG), Tony Diab, and Daniel March. On February 22, 2024, Mr. March and LPG requested a hearing.[1]

On December 10, 2024, the Division referred LPG's and Mr. March's hearing requests to the Office of Administrative Hearings (OAH). The OAH assigned Senior Administrative Law Judge (ALJ) Alison G. Webster to preside at hearing.

On January 17, 2025, ALJ Webster convened a prehearing conference via telephone. Assistant Attorney General (AAG) Jacob Gill and agency representative Alex Gund participated for the Division. Neither Mr. March nor any representative of LPG called in for the conference. ALJ Webster scheduled a hearing for March 11, 2025, via Webex video conference. The OAH sent notice of the scheduled hearing to Mr. March and LPG at their respective addresses of record.

[1] Mr. Diab did not request a hearing, and the Division entered a Final Order by Default against Mr. Diab on March 19, 2024.

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On March 11, 2025, the parties jointly requested a continuance of the hearing to allow the parties to discuss settlement by way of a consent decree. ALJ Webster granted the continuation and rescheduled the hearing for March 28, 2025, if no settlement was reached.

On March 28, 2025, ALJ Webster convened the hearing via Webex video. AAG Gill and Mr. Gund appeared for the Division. Mr. March appeared without counsel. No licensed attorney appeared on behalf of LPG.[2] LPG was declared in default and the hearing went forward as to Mr. March only.[3] Mr. March was the only witness to testify at hearing. The hearing record remained open for receipt of written closing arguments and closed on May 9, 2025, upon receipt of the Division's Closing Rebuttal Statement.

On May 28, 2025, ALJ Webster issued and served the parties a Proposed Order in this matter. Mr. March did not file any exceptions to the Proposed Order.

Having considered the record in this matter, and the Proposed Order, the Division adopts the Proposed Order as the Final Order in this case.

ISSUES

1. Whether LPG violated ORS 697.612(1)(a) on four occasions by offering to provide debt management services to Oregon clients DB, AB, TS, and LC without registering in Oregon as a Debt Management Service Provider.

2. Whether LPG violated ORS 697.652(2) on four occasions by contracting with Oregon clients DB, AB, TS, and LC without providing them with an analysis of their respective budgets evaluating whether the proffered debt management services were advantageous to them.

3. Whether LPG violated ORS 697.692(1)(a) on four occasions by charging Oregon clients DB, AB, TS, and LC an initial fee of more than $50.

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Salem, OR 97301-3881
Telephone: (503) 378-4387

[2] See OAR 137-003-0550(2), requiring that with certain exceptions not present here, corporations, partnerships, and limited liability companies must be represented by an attorney at a contested case hearing.
[3] The Division issued a Final Order to Cease and Desist by Default against LPG on April 1, 2025.

4. Whether LPG violated ORS 697.692(1)(c) on four occasions by charging Oregon clients DB, AB, TS, and LC a monthly fee of more than $65 per month.

5. If the above violations are established, whether Mr. March, LPG's sole officer, sole board member, and sole shareholder, bears personal liability for LPG's violations of Oregon law.

6. Whether LPC's bankruptcy filing bars the Division from assessing civil penalties against Mr. March individually.

7. Whether the Division shall impose civil penalties totaling $80,000 and issue a cease and desist order against Mr. March individually.

EVIDENTIARY RULINGS

Division Exhibits A1 through A27 were admitted without objection.

FINDINGS OF FACT

Background

1. The Litigation Practice Group, P.C., was a California professional corporation that provided debt management services to consumers. LPG was founded in February 2019 by Tony Diab, a California resident, following Mr. Diab's disbarment from the practice of law in California and Nevada.[4] Mr. Diab transferred his existing debt resolution practice to LPG. (Test. of March, Exs A25, A26 at 8-9.)

2. On February 15, 2022, LPG filed with the California Secretary of State a Corporation Statement of Information listing its principal place of business and mailing address as 17542 E. 17th St., Suite 100, Tustin, CA, 97280. In that same filing, LPG listed Daniel March as the law firm's sole officer, director, and shareholder as well as the firm's agent for service of process.[5] (Exs. A6; test of March.)

[4] Mr. Diab was disbarred for misappropriating client funds and forging a judge's signature. (Exs. A25 and A26 at 8.)

[5] Other documents in the record indicate that Mr. March became the sole shareholder of LPG in November 2019, succeeding John Thompson, the original sole shareholder who Mr. Diab put in place in February 2019 to hide his involvement in and control over LPG's business. (See Ex. A26 at 9; see also

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3. At all times pertinent to this matter, Mr. March was a member in good standing of the State Bar of California.[6] Despite being listed as LPG's sole officer, director, and shareholder, Mr. March acted primarily as a figurehead over LPG's business operations. Mr. Diab was the one who exercised complete and exclusive control over the law firm's finances and business operations since LPG's inception in 2019. (Test. of March; Ex. A26 at 9.)

4. Mr. March allowed Mr. Diab to use his law license in connection with LPG in exchange for an annual salary of $600,000 to $1,200,000 plus bonuses. The entire time that Mr. March was listed as LPG's "managing partner" on business records, Mr. Diaz was the one conducting business and signing contracts using Mr. March's name. (Test. of March; Ex. A26 at 9.)

5. By 2022, LPG was servicing more than 50,000 customers nationwide and had an annual estimated revenue totaling more than $150 million. (Test. of March.)

6. On September 12, 2022, LPG filed an application with the Oregon Secretary of State –Corporation Division for authority to transact legal services in Oregon. In this filing, LPG identified Mr. March as LPG's CEO and Managing Shareholder. (Ex. A7.)

7. LPG is not, and has never been, registered with the Division to perform debt management services. (Test. of March.)

8. Consumers who retained LPG to represent them for debt relief or consolidation purposes paid LPG over time via monthly ACH debits from their bank accounts. The monthly payments were meant to cover the legal services that LPG agreed to provide to clients. However, instead of depositing and maintaining these ACH payments into a client trust account, LPG transferred most of the ACH payments to other businesses and entities

Ex. A24 at 24-25.

[6] In November 2024, Mr. March was disbarred from the practice of law in California after failing to respond to a Notice of Disciplinary Charges filed in State Bar Court on February 23, 2024. (Ex. A24.) Mr. March is not, and has never been, a member of the Oregon bar. (Ex. A10.)

Division of Financial Regulation
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Telephone: (503) 378-4387

affiliated with Mr. Diab. Mr. March was aware that LPG was not holding client payments in trust. At the time the client fees were transferred from LPG's accounts the law firm had not yet performed services for the clients. The clients' ACH payments were fraudulently used for unnecessary and unrelated personal luxury expenses for Mr. Diab, his co-conspirators, and their affiliated entities. (Ex. A26 at 9-20.)

9. By late 2022 or early 2023, LPG faced insolvency due to the fraudulent transfers of its accounts receivable. In February 2023, LPG transferred its clients, files, and other assets to other law firms that were, in effect, alter egos of LPG and Mr. Diab. One of these law firms was Phoenix Law, which filed articles of incorporation with the California Secretary of State in January 2023. (Exs. A20 and A26 at 28-36.)

10. On March 20, 2023, after transferring most of its assets to these other law firms, LPG filed for Chapter 11 bankruptcy protection in the Central District of California, Case no. 8:23-bk-10571. (Exs. A12 and A26.) At the time LPG filed for bankruptcy, Mr. March, as the firm's sole shareholder, declared under oath that LPG had taken in $282 million dollars in revenue and currently had cash assets of $4,500. (Ex. A24 at 25.)

11. To protect LPG's clients, the bankruptcy trustee filed suit in May 2023 alleging that LPG had fraudulently transferred its clients and assets to the other law firms. In June 2023, the bankruptcy court issued a preliminary injunction enjoining certain entities and individuals from interfering with any ACH transfers to be executed in favor of LPG.[7] (Ex. A27 at 9-11.) In July 2023, the bankruptcy court issued an order authorizing the trustee to sell substantially all of LPG's assets, including client files, to a third-party law firm that was unaffiliated with LPG, Mr. Diab, and/or Mr. March. (Test. of March; Exs. A12 and A26.)

[7] Although Mr. March was named as a defendant in the bankruptcy trustee's adversary action (along with numerous other individuals and business entities), he was not listed among the individuals and business entities covered by the preliminary injunction. (See Ex. A27 at 7-8.)

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Salem, OR 97301-3881
Telephone: (503) 378-4387

12. During LPG's bankruptcy proceedings, Mr. March acknowledged that he failed to maintain client fees in trust as required by law. Mr. March also admitted that the client ACH payments were either not deposited in a client trust account at all or were only held in trust with LPG for a day or two before the funds were transferred to other businesses and entities (affiliated with Mr. Diab's fraudulent enterprise). Mr. March testified that, as a practice, LPG did not hold any money on behalf of clients. (Ex. A24 at 24-25.)

LPG's marketing and legal services

13. At all times pertinent to this matter, LPG operated a website, www.lpglaw.com, for the purpose of advertising its legal services. The website described LPG as "expert attorneys in debt relief" and offered consumers in debt "a way out of debt, collections harassment, legal action and financial burdens in 48 US states." (Ex. A2 at 4.) LPG's website also offered to assist consumers with "consolidating unstructured debt from multiple sources and credit lines," repairing damaged credit reports, and getting negative items off credit reports. (*Id.* at 4-5.) LPG's website further stated:

> Our attorneys can get to work for you dealing with your creditors and utilizing the full extent of the law to find a resolution that is in your favor. There are many tactics from settlement to debt validation that our law firm can pursue with your creditors and their collections branches or divisions.

(*Id*. at 5.)

14. LPG had a standard Legal Services Agreement for all clients that set out the expectations for LPG's legal services as follows.

> LPG will do the following as part of its representation of you:
> - Assist you in stopping creditors and any related debt collectors from harassing or contacting you in connection with any of the debts identified below;
> - Dispute the legal validity of the debts identified below;
> - Assist you in removing erroneous or inaccurate information reporting in connection with debts identified below;
> - Represent you in any lawsuit against you in connection with any of these debts;
> - Defend you against any collection activity or lawsuit on any invalidated debt at any point in time, without expiration, in connection with any debt identified below;

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- Initiate legal action in a court of competent jurisdiction against any creditor that violates any state or federal law in connection with any debt identified below; and
- Determine your qualifications for bankruptcy * * *

LPG will serve as your attorney for all purposes in connection with these disputes and will be available to render all legal assistance necessary to resolve these debts. The fees that are set forth below are flat fees that are all inclusive – no additional fee or cost will be charged by LPG at any time during the duration of your dispute with the creditors identified below. All fees are earned by LPG at the time they are paid and are for services rendered to you as set forth herein.

(Ex. A15 at 1.)

15. LPG's standard Legal Services Agreement also included the following description of services LPG was to perform in exchange for a set monthly fee:

LPG will obtain your credit reports, analyze them, and develop strategies for correcting invalid or unlawful debts for which you should not be legally responsible. Where appropriate, LPG will use existing laws and interact with creditors and credit bureaus on your behalf to invalidate your debts and remove such invalid debts from your credit reports. LPG will also interact with collection agencies, as applicable, to invalidate your debts by requiring them to supply evidence of your indebtedness to them, or any other legal mechanism. LPG will also investigate your delinquent accounts in order to determine the most effective method for invalidating your debts or otherwise removing any legal liability for such debts.

(Ex. A15 at 1.)

LPG's clients in Oregon

16. In April 2022, Oregon resident DB contracted with LPG to help resolve his debts. DB paid LPG an initial fee of $391.28 on April 21, 2022. Beginning in May 2022, DB paid LPG (and later Phoenix Law, PC) $367.31 per month for a period of 14 months, paying a total of $5,142.34 for legal services. LPG did not perform any budget analysis for DB, did not evaluate whether LPG's services would benefit DB, and did not perform services to resolve DB's debt. (Ex. 20 at 1, 4.)

17. In July 2022, Oregon resident AB contracted with LPG for debt resolution services. AB paid LPG $254.73 per month for eight months (July 2022 through February 2023) totaling $2,037.84. LPG did not perform any budget analysis for AB, did not make

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

any effort to evaluate whether LPG's legal services would be advantageous to AB, and did not perform services to resolve AB's debt. (Ex. A13.)

18. Beginning in November 2022, AB attempted to contact LPG through emails and phone calls. She requested refunds of her monthly fee on multiple occasions. LPG did not respond to any of AB's emails or phone messages. As a result of LPG's inaction, AB missed opportunities to accept advantageous settlement offers from her creditors. (Ex. A13.)

19. In December 2022, Oregon resident TS contracted with LPG for debt relief assistance. TS paid LPG $254.73 a month for four months (December 2022 through March 2023), totaling $1,018.92. LPG did not perform any budget analysis for TS, did not evaluate whether LPG's legal services would be advantageous to TS, and did not take steps to help TS with her debt during this time. (Exs. A11, A14, A15, A16.)

20. A fourth Oregon resident, LC, who contracted with LPG for debt consolidation services paid LPG approximately $254.00 a month for at least two months, totaling at least $508.00. LPG did not perform any budget analysis for LC, did not make any effort to evaluate whether LPG's services would benefit LC, and did not take steps to resolve LC's debt. (Ex. A17.)

CONCLUSIONS OF LAW

1. LPG violated ORS 697.612(1)(a) on four occasions by offering to provide debt management services to Oregon clients DB, AB, TS, and LC without registering in Oregon as a Debt Management Service Provider.

2. LPG violated ORS 697.652(2) on four occasions by contracting with Oregon clients DB, AB, TS, and LC without providing the clients with an analysis of their respective budgets evaluating whether the proffered debt management services were advantageous to them.

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3. LPG violated ORS 697.692(1)(a) on four occasions by charging Oregon clients DB, AB, TS, and LC an initial fee of more than $50.

4. LPG violated ORS 697.692(1)(c) on four occasions by charging Oregon clients DB, AB, TS, and LC a monthly fee of more than $65 per month.

5. Mr. March, LPG's sole officer, sole board member, and sole shareholder bears personal liability for LPG's violations of Oregon law.

6. LPC's bankruptcy filing does not bar the Division from assessing civil penalties against Mr. March individually.

7. The Division shall impose civil penalties totaling $80,000 and issue a cease and desist order against Mr. March.

OPINION

The Division has the burden to establish by a preponderance of the evidence that the alleged violations occurred and that the proposed sanctions are appropriate. ORS 183.450(2) ("The burden of presenting evidence to support a fact or position in a contested case rests on the proponent of the fact or position"); *Dixon v. Board of Nursing*, 291 Or App 207, 213 (2018) (the standard of proof that generally applies in agency proceedings, including license-related proceedings, is the preponderance of the evidence standard); Metcalf v. AFSD, 65 Or App 761,765 (1983) (in the absence of legislation specifying a different standard, the standard of proof in an administrative hearing is preponderance of the evidence). Proof by a preponderance of the evidence means that the fact finder is persuaded that the facts asserted are more likely than not true. *Riley Hill General Contractor v. Tandy Corp*., 303 Or 390, 402 (1987).

As set out above, in this case, the Division alleges that LPG and Mr. March violated Oregon law, in particular, provisions of ORS 697.612(1), ORS 697.652(2), and ORS 697.692(1)(a) and (c) by (a) offering to perform debt management services to Oregon consumers without being registered as a debt management service provider in this state;

Division of Financial Regulation
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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

(b) failing to perform the requisite consumer budget analysis; and (c) charging Oregon consumers fees in excess of the statutorily prescribed limits. The Division also contends that Mr. March bears both professional and personal liability for his law firm's violations.

Applicable law

ORS Chapter 697 sets out the legal requirements for, and responsibilities of, "debt management service providers" in Oregon. Oregon defines "debt management service" as follows:

> "Debt management service" means 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;
>
> (b) Improving or offering to improve or preserve a consumer's credit record, credit history or credit rating;
>
> (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.

ORS 697.602(2). "Debt management service provider" (DMSP) is defined in ORS 697.602(3) as a person that:

> (a) Resides or does business in this state; and
>
> (b) Provides or performs, or represents that the person can or will provide or perform a debt management service in return for or in expectation of money or other valuable consideration.

Pursuant to ORS 697.612(1), "A person that has not registered with the Director of the Department of Consumer and Business Services under ORS 697.632[8] may not engage in business in this state in the course of which the person: (a) Performs a debt management

[8] ORS 697.632 sets out the registration procedure and standards.

Division of Financial Regulation
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Salem, OR 97301-3881
Telephone: (503) 378-4387

service[.]"

In addition to the registration requirement in ORS 697.612(1)(a), Oregon law requires that a DMSP have a written agreement with the consumer. ORS 697.652(1). And, before that contract is signed, the statute requires that the DMSP conduct a budget analysis for the consumer, as follows:

> Before the consumer and the debt management service provider sign the agreement described in subsection (1) of this section, the debt management service provider shall give the consumer an analysis of the consumer's budget that is separate from the agreement and that evaluates whether the debt management services the debt management service provider proposes to perform are advantageous to the consumer.

ORS 697.652(2).

Oregon law also limits the amount a DMSP may charge consumers for performing debt management services. ORS 697.692 states, in pertinent part, as follows:

(1) Subject to subsection (4) of this section, a debt management service provider may charge a consumer only the following fees:

(a) An initial fee of not more than $50.

(b) A fee reasonably calculated to recover the costs that the debt management service provider incurs in providing an initial counseling session or education class. The debt management service provider may charge the fee described in this paragraph in advance, but the fee may not exceed $50.

(c) A monthly fee equivalent to 15 percent of the funds that the debt management service provider receives from a consumer for payment to the consumer's creditors. The debt management service provider may charge the fee described in this paragraph only if the debt management service provider holds a consumer's funds, directly or indirectly, on the consumer's behalf. The fee described in this paragraph may not exceed $65 per month.

* * * * *

(4) The director by rule may adjust the fees set forth in this section to reflect changes in the U.S. City Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of Labor Statistics of the United States Department of Labor. In adjusting fees, the director may consider whether changes in fees that other states charge for similar services warrant a change in fees in this state.

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

Finally, pursuant to ORS 697.825(1)(a), if the Division Director has reason to believe that a person violated the provisions of ORS 697.612, the Director may issue an order to cease and desist from the violation(s). And, pursuant to ORS 697.832(1), the Director "may impose a civil penalty on a person in an amount not to exceed $5,000 for each violation of ORS 697.612 or 697.642 to 697.702, rules adopted under ORS 697.632 or order issued under ORS 697.825."

LPG's violations of Oregon law

1. *Unregistered activity*. As set out above, under ORS 697.612(1)(a), it is unlawful to engage in a debt management service business in Oregon without first registering with the Division Director under ORS 697.632. Here, the evidence establishes (and Mr. March concedes) that LPG provided debt management services in Oregon and functioned as a DMSP as defined in ORS 697.602(3). As set out in the findings above, LPG operated a website, www.lpglaw.com, that described LPG as "expert attorneys in debt relief" and offered consumers in debt "a way out of debt, collections harassment, legal action and financial burdens in 48 US states." Exhibit A2. In addition, LPG, with Mr. March as the firm's purported Managing Shareholder, entered into written agreements with at least four consumers in Oregon (DB, AB, TS, and LC). In each instance, LPG promised to obtain the consumer's credit reports, analyze them, and develop strategies for invalidating the debts or removing the consumer's legal liability for such debts. *See, e.g.*, Exhibits A15 at 1, A20 at 14.

The record also establishes (and Mr. March also concedes) that LPG never registered with the Division Director before engaging in debt management services in this state. By offering to provide debt management services and contracting with at least four Oregon consumers to provide such services without registering the business with the Division Director, LPG violated ORS 697.612(1)(a) on at least four occasions.

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

2. *Failure to perform budget analysis*. As set out above, pursuant to ORS 697.652(2), a DMSP such as LPG must "give the consumer an analysis of the consumer's budget that is separate from the agreement and that evaluates whether the debt management services the debt management service provider proposes to perform are advantageous to the consumer" before signing a written contract to perform debt management services.

Here, none of the four Oregon consumers at issue reported receiving the statutorily required budget analysis before they signed their respective Legal Services Agreement with LPG. In fact, none of the four Oregon consumers reported receiving a separate budget analysis from LPG at any point. Furthermore, pursuant to the terms of LPG's standard Legal Services Agreement, LPG agreed to provide the client with an analysis of the client's credit report only after the client signed the Legal Services Agreement.[9] Taken together, this evidence establishes that LPG violated ORS 697.652(2) on at least four occasions by failing to conduct a budget analysis for, and give that analysis to, Oregon clients DB, AB, TS, and LC before they contracted with LPG for debt management services.

3. *Excessive initial fee*. Oregon law limits the fees that a DMSP may charge consumers for debt management services. As set out in ORS 697.692(1)(a), a DMSP may only charge "[a]n initial fee of not more than $50." Emphasis added.

Here, the evidence establishes that LPG charged all four Oregon clients at issue an initial fee of more than $50. DB paid an initial fee of $391.28 in April 2022, and AB, TS, and LC all paid an initial fee of at least $254. See Exhibits A11, A13, A15, A17, and A20.) By charging these four Oregon consumers an initial fee of more than $50, LPG violated ORS 697.692(1)(a) on four occasions.

4. *Excessive monthly fee*. Oregon law also limits the monthly fee that a DMSP may charge consumers for debt management services. As set out in ORS 697.692(1)(c), a

[9] As set out in the standard LPG Legal Services Agreement signed by TS on November 17, 2022, "LPG will obtain your credit reports, analyze them, and develop strategies for correcting invalid or unlawful debts for which you should not be held legally responsible." Exhibit A15 at 1, 4.

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

DMSP may only charge a monthly fee equivalent to 15 percent of the funds that the debt management service provider receives from a consumer for payment to the consumer's creditors that "may not exceed $65 per month." Emphasis added.

The evidence establishes that LPG charged all four Oregon consumers at issue a monthly fee that exceeded $65 per month. As set out in the findings, LPG charged DB a monthly fee of $367.31 for more than 12 months and charged AB, TS, and LC a monthly fee of at least $254. See Exhibits A11, A13, A15, A17, and A20. LPG violated ORS 697.692(1)(c) on multiple occasions by charging these Oregon clients monthly fees of more than $65.

March's liability for LPG's violations

The Division alleges that Mr. March engaged in improper conduct as LPG's sole shareholder, director, and officer and is therefore subject to civil penalties in his individual capacity. Specifically, the Division alleged that Mr. March "maintained de jure control over the entity that he could have used to rein in LPG's unlawful activities." Notice at 3.

Even if Mr. March did not personally commit the violations discussed above, he had both a professional and personal obligation to ensure that his law corporation complied with the law. Courts in both California (where LPG was incorporated) and Oregon (where the violations occurred) recognize that where the corporate form is used to perpetrate fraud or injustice, shareholders who control and dominate the corporation may be held personally liable if the corporation is a mere instrumentality or alter ego. *See, e.g., Amfac Foods, Inc. v. International Systems & Controls Corp.,* 294 Or 94 (1982); *Epton v. Moskee Investment Co. et al*, 180 Or. 86, 93 (1946) ("It is well settled that, when a corporate entity is used to accomplish fraud or injustice, the courts will disregard it and will look through the corporate form to the real actor or actors in the transaction. * * * This rule is applicable whether the stock is owned by one person or by many, or by another corporation."); *see*

Division of Financial Regulation
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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

also Minifie v. Rowley, 187 Cal 481, 487 (1923) ("Corporate separate existence will be disregarded where to recognize it would be to sanction a fraud or promote injustice.").

In *Amfac Foods*, the Oregon Supreme court identified three elements that must be present to pierce the corporate veil. In essence, it must be shown that: (1) the shareholder had control of the corporate entity; (2) the shareholder used that control to engage in improper conduct (i.e., to commit fraud, violate a statutory or other legal duty, or commit dishonest or unjust acts); and (3) this control and improper conduct proximately caused injury or unjust loss. *See also State ex rel Neidig v Superior National Ins. Co*., 343 Or 434, 455 and n.16 (2007), citing Fletcher, *Cyclopedia of the Law of Private Corporations*, §41.10, 143-47 (2006 revised volume).

In *T & R Foods, Inc. v. Rose*, 47 Cal App 4th Supp. 1, 9 (1996), a California appellate court used a similar approach in piercing the corporate veil in the context of a professional law corporation. There, the court held that an attorney who was the sole shareholder, director, and officer of the law corporation had both a professional and personal obligation to ensure the law firm's compliance with the law. The court further found that where the attorney entered into the contract with the client, was the lead attorney and performed most of the services rendered to the client, the attorney was personally liable for the law firm's failure to segregate the client's funds into a client trust fund account as required by the Rules of Professional Conduct.

Here, the established facts support disregarding the corporate entity and holding Mr. March personally liable for LPG's violations of Oregon law. First, it is undisputed that, at all pertinent times, Mr. March was the sole shareholder, director, and officer of LPG. Even though Mr. Diab conducted LPG's business and signed client agreements using Mr. March's name, Mr. March was the legal owner and public face of LPG. As such, he had the authority and ability to control the professional corporation's actions.

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Salem, OR 97301-3881
Telephone: (503) 378-4387

Second, the evidence establishes that Mr. March engaged in improper conduct. He violated his professional obligations to LPG clients by failing to maintain client fees in trust as required by law, misappropriating client funds, and knowingly allowing Mr. Diab – a disbarred attorney – to use his name and California Bar license to conduct business in exchange for an annual salary of $600,000 to $1,200,000 plus bonuses. As set out in the findings above, Mr. March acknowledged that LPG did not hold client ACH payments in trust but instead transferred the funds to other businesses and entities affiliated with Mr. Diab.

Third, the evidence establishes that Mr. March's misconduct caused harm to LPG's clients, including the four Oregon consumers at issue here. As set out above, not only did LPG and Mr. March overcharge DB, AB, TS and LC for legal services, they also mismanaged the client funds and did not provide the legal debt resolution services described in the Legal Services Agreement. DB paid LPG more than $5,100, AB paid more than $2,000, TS paid more than $1,000, and LC paid more than $500. None of these Oregon clients received anything of value in return.

Considering the foregoing, it is appropriate to treat Mr. March and LPG as one and the same in this matter and to hold Mr. March personally liable for civil penalties assessed for the violations of Oregon law adjudicated herein.

LPG's bankruptcy and the automatic stay

Mr. March does not contest the fact that he engaged in improper conduct that resulted in harm and unjust loss to LPG's clients, including the four Oregon consumers at issue herein. However, in his written closing brief in this matter, Mr. March argues that the Division's proposed order assessing civil penalties against him individually is barred by the automatic stay provisions of the Bankruptcy Code, 11 USC §362(a).[10] Mr. March notes

[10] 11 USC § 362(a) states:

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that the Division issued its notice after LPG filed for Chapter 11 bankruptcy relief and after the bankruptcy court granted the preliminary injunction. Mr. March contends that the Division's attempt to impose civil penalties against him personally is likely to interfere with the bankruptcy trustee's administration of the LPG estate because he has been ordered to hold in trust any client funds on behalf of the LPG estate. Mr. March also argues that this matter must be stayed until LPG's bankruptcy and adversary actions are resolved. As explained below, Mr. March's arguments lack merit.

Although, for the reasons discussed above, it is appropriate to hold Mr. March personally responsible for the violations herein, Mr. March is not the debtor in bankruptcy. The debtor in bankruptcy is LPG. The provisions of 11 USC §362 serve to stay proceedings "against the debtor," LPG, but do not apply to stay actions against Mr. March individually.

> (a) Except as provided in subsection (b) of this section, a petition filed under section 301, 302, or 303 of this title, or an application filed under section 5(a)(3) of the Securities Investor Protection Act of 1970, operates as a stay, applicable to all entities, of—
>
> (1) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title;
>
> (2) the enforcement, against the debtor or against property of the estate, of a judgment obtained before the commencement of the case under this title;
>
> (3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate;
>
> (4) any act to create, perfect, or enforce any lien against property of the estate;
>
> (5) any act to create, perfect, or enforce against property of the debtor any lien to the extent that such lien secures a claim that arose before the commencement of the case under this title;
>
> (6) any act to collect, assess, or recover a claim against the debtor that arose before the commencement of the case under this title;
>
> (7) the setoff of any debt owing to the debtor that arose before the commencement of the case under this title against any claim against the debtor; and
>
> (8) the commencement or continuation of a proceeding before the United States Tax Court concerning a tax liability of a debtor that is a corporation for a taxable period the bankruptcy court may determine or concerning the tax liability of a debtor who is an individual for a taxable period ending before the date of the order for relief under this title.

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Moreover, even if Mr. March was considered as a debtor in the bankruptcy filing, the Division's enforcement action would be exempted from the automatic stay pursuant to the provisions of 11 USC §362(b)(4).[11] *See American Fidelity Fire Ins. Co. v Builders Board*, 63 Or App 127 (1983) (noting that "[a]ctions by a governmental agency to enforce its police or regulatory power are exempted from the automatic stay provisions by 11 U.S.C. §362(b)(4)[.]"); *see also Lockyer v Mirant Corp*., 398 F3d 1098, 1107 (9th Cir 2005) (discussing §362(b)(4) and noting that the "'police or regulatory power' exception allows the enforcement of laws affecting health, welfare, morals, and safety despite the pendency of the bankruptcy proceeding" and applies to, among other things, suits to enforce state consumer protection laws); *In re First Alliance Mortgage*, 263 BR 99 (BAP 9th Cir 2001) (holding that §362(b)(4) exempts a state's action assessing civil penalties for violations of the state's consumer fraud statute).

Accordingly, LPG's bankruptcy filing and the automatic stay provisions of 11 U.S.C. §362 do not stay the Division's action against Mr. March and do not preclude the Division from imposing civil penalties on Mr. March personally. Also, the bankruptcy court's preliminary injunction – which enjoins certain individuals and entities from interfering with ACH transfers to LPG – does not extend to Mr. March, as he was not listed among the individuals enjoined by the order. Therefore, LPG's pending bankruptcy action

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[11] 11 USC § 362(b) provides, in pertinent part:

> (b) The filing of a petition under section 301, 302, or 303 of this title, or of an application under section 5(a)(3) of the Securities Investor Protection Act of 1970, does not operate as a stay—
>
> * * * * *
>
> (4) under paragraph (1), (2), (3), or (6) of subsection (a) of this section, of the commencement or continuation of an action or proceeding by a governmental unit * * * to enforce such governmental unit's or organization's police and regulatory power, including the enforcement of a judgment other than a money judgment, obtained in an action or proceeding by the governmental unit to enforce such governmental unit's or organization's police or regulatory power;

does not in any way prevent the Division from imposing civil penalties upon Mr. March personally.

Sanctions

As set out above, ORS 697.832(1) authorizes the Director to impose civil penalties "in an amount not to exceed $5,000 for each violation of ORS 697.612 or 697.642 to 697.702."

The evidence establishes that LPG violated ORS 697.612(1)(a) at least four separate times by contracting to provide debt management services to Oregon consumers without first registering with the Division Director. The evidence also establishes that LPG violated ORS 697.652(2) four separate times by failing to provide budget analyses to DB, AB, TS, and LC before contracting with them to perform debt management services. In addition, the evidence establishes that LPG violated ORS 697.692(1)(a) four times by charging the Oregon consumers an initial fee of more than $50 and violated ORS 697.692(1)(c) four times by charging the Oregon consumers a monthly fee of more than $65.

For the four violations of ORS 697.612(1)(a), a civil penalty of $20,000 is warranted ($5,000 x 4 = $20,000). Similarly, for the four violations of ORS 697.652(2), a civil penalty of $20,000 is warranted. For the four violations of ORS 697.692(1)(a), a civil penalty of $20,000 is warranted. And, for the four violations of ORS 697.692(1)(c), an additional civil penalty of $20,000 is warranted. Accordingly, for the 16 violations found above, the Director may impose a civil penalty totaling $80,000 against Mr. March individually ($5,000 x 16 = $80,000).

Finally, under ORS 697.825(1)(a), the Director is authorized to issue an order directing Mr. March to cease and desist committing further violations of Oregon law.

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ORDERS

Now, therefore, the Director issues the following ORDERS:

Civil Penalties

1. For his violations of ORS 697.612, ORS 697.652, and ORS 697.692, the Director hereby ORDERS that a CIVIL PENALTY of $80,000 be assessed against Daniel March as follows:

a) $20,000 for four violations of ORS 697.612(1)(a);

b) $20,000 for four violations of ORS 697.652(2);

c) $20,000 for four violations of ORS 697.692(1)(a); and

d) $20,000 for four violations of ORS 697.692(1)(c).

Cease and Desist

2. Pursuant to ORS 697.825(1)(a), the Director hereby ORDERS Daniel March to CEASE AND DESIST from violating ORS 697.612, ORS 697.652 and ORS 697.692.

3. The civil penalties assessed herein are due and payable to the Department of Consumer and Business Services ten days after the final order imposing the civil penalties becomes final by operation of law or on appeal.

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

SO ORDERED this 5th day of August, 2025

SEAN E. O'DAY, Interim Director

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
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NOTICE OF RIGHT TO JUDICIAL APPEAL

Judicial review of final orders in contested cases is governed by ORS 183.482. Respondents may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date this order is serve.

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