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2
3 STATE OF OREGON
4 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
5 DIVISION OF FINANCIAL REGULATION

6 In the Matter of:

Case No. DM-16-0349

7 Debt Services,

FINAL ORDER TO CEASE AND
DESIST, ORDER ASSESSING CIVIL
PENALTIES AND CONSENT TO
ENTRY OF ORDER

8 Respondent.

9 WHEREAS the Director of the Department of Consumer and Business Services
10 for the State of Oregon (hereinafter “the Director”) conducted an investigation of Debt
11 Services and determined that Debt Services engaged in activities constituting violations
12 of the Oregon statutes regulating debt management service providers, ORS 697.602
13 through 697.842; and

14 WHEREAS Debt Services wishes to resolve and settle this matter with the
15 Director without admitting or denying the Findings of Fact and Conclusions of Law
16 stated herein and without any admission of fault or liability,

17 NOW THEREFORE, as evidenced by the authorized signatures subscribed on
18 this order, Debt Services hereby CONSENTS to entry of this order upon the Director’s
19 Findings of Fact and Conclusions of Law as stated hereinafter:

20 FINDINGS OF FACT

21 The Director FINDS that:

22 1. Upon information and belief, Debt Services aka www.debt-reduction.org
23 (hereinafter “Debt Services”) is a New York entity with a mailing address of PO Box
24 4672, New York, NY 10163.

25 2. Debt Services is not registered as a business entity with the New York
26 Department of State’s Division of Corporations.

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





1 3. Debt Services is not registered with the Oregon Division of Financial
2 Regulation as a debt management service provider and is not registered to do business in
3 Oregon with the Secretary of State.

4 4. Debt Services is not affiliated with a government agency.

5 5. From September 2015 through February 2016, Debt Services mailed letters
6 (hereinafter “Letter” or “Letters”) to 11 Oregon residents (hereinafter “Addressees”)
7 announcing “IMPORTANT FINAL NOTICE” and “IMMEDIATE RESPONSE TO
8 THIS FINAL NOTICE REQUESTED” to “restructure your open balances to \$[different
9 dollar amount included for each Letter] on your behalf directly with your creditors. Once
10 all funds clear and the program proceeds have been applied to your creditor accounts, you
11 accounts will be considered satisfied.”

12 6. At the top of the Letters is an image resembling the Great Seal of the United
13 States with an eagle whose right talons are holding arrows and left talons are holding an
14 olive branch.

15 7. The Letters list an “Est. Creditor Balance” with a specific dollar amount for
16 each Addressee.

17 8. The Letters also include a personalized website where each Addressee can
18 login to view his or her debt reduction options.

19 9. The Letters are signed by the “Client Negotiations Department.”

20 10. In print smaller than the majority of other print on the Letter at the bottom it
21 says “Monthly payments are for illustration purposes only and an estimate of the monthly
22 program payment and balance amount is an illustration solely to demonstrate a typical
23 debt situation.”

24 11. On or about November 13, 2015, Debt Services mailed Oregon resident D.B.
25 a Letter offering its services.

26 12. In January 2016, Debt Services mailed Oregon resident L.Y. a Letter offering



1 its services.

2 13. On or about October 30, 2015, Debt Services mailed Oregon resident D.S. a
3 Letter offering its services.

4 14. On or about November 23, 2015, Debt Services mailed Oregon resident K.J. a
5 Letter offering its services.

6 15. On or about November 23, 2015, Debt Services mailed Oregon resident C.T. a
7 Letter offering its services.

8 16. On or about November 17, 2015, Debt Services mailed Oregon resident J.A.
9 Letter offering its services.

10 17. On or about November 9, 2015, Debt Services mailed Oregon resident S.S.
11 Letter offering its services.

12 18. On or about August 21, 2015, Debt Services mailed Oregon resident S.M.
13 Letter offering its services.

14 19. On or about September 7, 2015, Debt Services mailed Oregon resident D.H.
15 Letter offering its services.

16 20. On or about September 28, 2015, Debt Services mailed Oregon resident V.F.
17 Letter offering its services.

18 21. On or about November 9, 2015, Debt Services mailed Oregon resident K.S.
19 Letter offering its services.

20 22. All Addresses reported that they did not owe the debt that was listed on the
21 Letter under Est. Creditor Balances.

22 23. None of the Addressees signed up with Debt Services for restructuring credit
23 balances.

24 24. The Division has made several requests for information for Debt Services and
25 has not received a response.

26 25. As of the date of this order, the website www.debt-reduction.org is active.

1 26. Debt Services does not admit to any violations of law and is entering into this
2 agreement as a means of avoiding costly litigation.

3 CONCLUSIONS OF LAW

4 The Director CONCLUDES that:

5 27. By offering to restructure or negotiate open credit balances on the Addressees'
6 behalf with creditors, Debt Services offered to modify the terms and conditions of an
7 existing loan or obligation, which constitutes a debt management service under ORS
8 697.602(2)(c).

9 28. By performing a debt management service without being registered in
10 Oregon, Debt Services violated ORS 697.612.

11 29. By mailing the Letters to the Addressees that include an emblem or logo with
12 an eagle that is similar to the Great Seal of the United States when Debt Services is not
13 associated with the government or a government agency, Debt Services violated ORS
14 697.662(12)(c).

15 30. By mailing the Letters to the Addressees that listed specific credit balances
16 attributed to each that the Addressees did not owe, Debt Services distributed promotional
17 material that includes a false, misleading, or deceptive statement or representation in
18 violation of ORS 697.662(12)(a).

19 ORDERS

20 Now, therefore, the Director issues the following ORDERS:

21 1. Pursuant to ORS 697.825(1)(a), the Director hereby ORDERS Debt Services to
22 CEASE AND DESIST from violating the Oregon statutes regulating debt management
23 service providers, ORS 697.602 to 697.842.

24 2. Pursuant to the authority of ORS 697.832, the Director may assess a CIVIL
25 PENALTY in an amount of not more than \$5,000 per violation against any person who
26 violates ORS 697.612 or ORS 697.642 to 697.702, or rules adopted under ORS 697.632.

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1 3. Pursuant to these provisions, the Director hereby proposes to order Debt Services
2 to pay a CIVIL PENALTY of \$5,000 which consists of a civil penalty of \$1,666.67 is
3 assessed for the violation of ORS 697.612 (unregistered DMSP activity), \$1,666.67 for
4 the violation of ORS 697.662(12)(c) (logo similar to government logo), and \$1,666.66 for
5 the violation of ORS 697.662(12)(a) (deceptive ad).

6 SO ORDERED this 6th day of February, 2017 in Salem, Oregon.

7
8 PATRICK M. ALLEN, Director
9 Department of Consumer and Business Services

10 /s/ David Tatman
11 David C. Tatman, Chief of Enforcement
12 Division of Financial Regulation

13 ENTITY CONSENT TO ENTRY OF ORDER

14 I, Edward Sparacio, state that I am an officer of Debt Services, and I
15 am authorized to act on its behalf. I have read the foregoing order and that I know and
16 fully understand the contents hereof. I have been advised of the right to a hearing and of
17 the right to be represented by counsel in this matter. Debt Services voluntarily and
18 without any force or duress consents to the entry of this order expressly waiving any
19 right to a hearing in this matter. Debt Services understands that the Director reserves the
20 right to take further actions to enforce this order or to take appropriate action upon
21 discovery of other violations of the Oregon statutes regulating debt management services
22 providers. Debt Services will fully comply with the terms and conditions stated herein.

23 Debt Services further assures the Director that neither Debt Services nor its
24 officers, directors, employees, or agents will effect any transactions in Oregon unless
25 such activities are in full compliance with Oregon law. Debt Services understands that
26 this consent order is a public document.

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By /s/ Edward Sparacio
President
Office Held

Emmanuel Volikakis
Notary Public for the State of: NY

My commission expires: May 5, 2018

Subscribed and sworn before me on 26th day of January, 2017

My commission expires: May 5, 2018

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