

1
2 STATE OF OREGON
3 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
4 DIVISION OF FINANCIAL REGULATION

5 In the Matter of:

Case No. DM-17-0153

6 ASSET DEFENSE LAW OFFICES, A
7 PROFESSIONAL CORPORATION, a
8 California Business Corporation,
Respondent.

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

9 On June 21, 2018, the Director of the Department of Consumer and Business
10 Services for the State of Oregon (“Director”), by and through the Division of Financial
11 Regulation (“Division”), served an Order to Cease and Desist, Proposed Order Assessing
12 Civil Penalties, and Notice of Right to a Hearing (“Notice”) on Asset Defense Law
13 Offices, A Professional Corporation (“Respondent”).

14 The Notice offered Respondent an opportunity for an administrative hearing if
15 requested within 20 days of service of the Notice. The Notice informed Respondent that,
16 subject to exceptions, any hearing request submitted on behalf of a corporation by a
17 person not licensed to practice law in Oregon must be ratified, in writing, by a person that
18 is allowed to practice law in Oregon within 28 days from the day the hearing request was
19 received by the Director, and that a hearing request that was not properly ratified would
20 be deemed invalid. The Notice further informed Respondent that if a hearing was not
21 conducted because Respondent did not timely request a hearing or otherwise defaulted,
22 then the designated portion of the Division’s file and all materials submitted by
23 Respondent in this case would automatically become part of the contested case record for
24 the purpose of proving a prima facie case.

25 Respondent is a California corporation. On July 6, 2018, Jack Karpeles
26 (“Karpeles”) submitted a hearing request on behalf of Respondent. Karpeles is not

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350 Winter Street NE, Suite 410
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1 licensed to practice law in Oregon.

2 The Director did not receive from Respondent a request for a hearing that was
3 ratified by a person licensed to practice law in Oregon, and did not conduct a hearing.

4 The Director finds that the record of this proceeding proves a prima facie case.

5 Now, therefore, after considering the relevant portions of the Division's file
6 relating to this matter, the Director finds and orders as follows.

7 FINDINGS OF FACT

8 The Director FINDS that:

9 1. Respondent is a California corporation with a principal place of business
10 located at 385 S. Lemon Ave., Suite E-379, Walnut, CA 91789.¹

11 2. At no time has Respondent been registered to perform debt management
12 services in Oregon.

13 3. On or around June 2, 2017, Respondent mailed an advertisement to an Oregon
14 resident ("GB"). The advertisement addressed GB by name and stated that he was "pre-
15 qualified and eligible for mortgage assistance." The advertisement contained the claim,
16 "Your balance will be reduced."

17 4. On or around June 9, 2017, Respondent mailed an advertisement to another
18 Oregon resident ("JD"). The advertisement addressed JD by name and was identical to
19 the advertisement described in Paragraph (3).

20 5. In June 2017, Respondent entered into a written agreement with JD pursuant
21 to which Respondent agreed to help JD obtain a loan modification.

22 6. Respondent charged JD a fee of \$3,684.80. Payment was to be made in four
23 monthly installments of \$921.20. Respondent received at least two payments, totaling
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25 _____
26 ¹ Respondent's owner and sole officer is Karpeles. Karpeles is also the owner and sole officer of Providence Advocates Law Center, A Professional Corporation ("Providence"). See related Division case number DM-17-0155 against Providence.





1 \$1,842.40, from JD under the terms of the agreement.²

2 7. On or around June 14, 2017, Respondent entered into a written agreement
3 with another Oregon resident (“BMM”) pursuant to which Respondent agreed to help
4 BMM obtain a loan modification.

5 8. Respondent’s written agreement with BMM did not:

6 a. List Respondent’s telephone number, facsimile number, or e-mail
7 address;

8 b. Disclose the approximate total of all the identified debts;

9 c. Itemize Respondent’s fees;

10 d. Explain how Respondent calculated the amount of its fees;

11 e. Provide that BMM could examine her account in Respondent’s office
12 during office hours;

13 f. Provide that BMM could request Respondent to deliver her a full and
14 complete written statement of her account within two business days, if delivered
15 electronically, or seven business days if delivered by mail;

16 g. Provide that Respondent could cancel the agreement without BMM’s
17 written authorization if BMM failed to make scheduled payments for more than
18 sixty days; or

19 h. Estimate the time period necessary for Respondent to complete the
20 agreed-upon debt management services.

21 9. Respondent charged BMM a fee of \$4,799.52. Payment was to be made in
22 four monthly installments of \$1,199.88. Respondent received at least three payments,
23 totaling \$3,599.64, from BMM under the terms of the agreement.³

24 10. On June 15, 2017, Respondent entered into a written agreement with GB and
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26 ² On or around November 18, 2017, Respondent issued JD a refund check for this amount.

³ On or around November 22, 2017, Respondent issued BMM a refund check for this amount.

1 his wife (“LB”) pursuant to which Respondent agreed to help them obtain a loan
2 modification.

3 11. Respondent’s written agreement with GB and LB was virtually identical to its
4 agreement with BMM and suffered from the same deficiencies set forth in Paragraph (8).

5 12. Respondent charged GB and LB a fee of \$3,684.99. Payment was to be made
6 in three installments of \$1,228.33. Respondent received the full \$3,684.99 from GB and
7 LB under the terms of the agreement.⁴

8 13. In 2017, Respondent entered into agreements to help obtain loan
9 modifications for three additional Oregon residents, who paid Respondent as follows:

10 a. “AL” paid Respondent at least \$2,644.29;⁵

11 b. “SQ” paid Respondent at least \$300.00;⁶

12 c. “NP” paid Respondent at least \$1,206.57.⁷

13 14. On or around October 2, 2017, the Division directed Respondent to cease its
14 Oregon debt management service activities.⁸

15 15. Respondent failed to modify the terms or conditions of any loans held by its
16 Oregon clients.⁹

17 CONCLUSIONS OF LAW

18 The Director CONCLUDES that:

19 16. By receiving money in exchange for offering to modify terms or conditions of
20 existing loans, Respondent performed debt management services under ORS
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22 ⁴ On or around November 18, 2017, Respondent issued LB a refund check for this amount.

⁵ On or around November 18, 2017, Respondent issued AL a refund check for this amount.

23 ⁶ On or around November 22, 2017, Respondent issued SQ a refund check for this amount.

⁷ On or around November 22, 2017, Respondent issued NP a refund check for this amount.

24 ⁸ In a November 15, 2017 letter to LB, Karpeles wrote that Respondent was rescinding its contract with her
and GB “because [she was] dissatisfied with [their] services.”

25 ⁹ The following loan processing entities assisted Respondent in the solicitation and servicing of its Oregon
clients:

a. Chelsea Marketing Inc., a California business corporation whose owner and sole officer is
Mohammad Daneshfar; and

26 b. Citizen Assist National.





1 697.602(2)(c).

2 17. By directing advertisements offering to perform debt management services to
3 Oregon residents, Respondent acted as a debt management service provider under ORS
4 697.602(3)(a) and (b).

5 18. By contracting with Oregon residents to perform debt management services,
6 Respondent acted as a debt management service provider under ORS 697.602(3)(a) and
7 (b).

8 19. By performing debt management services for six Oregon residents without
9 being registered with the Director as a debt management service provider, Respondent
10 violated ORS 697.612(1)(a).

11 20. By charging JD, BMM and GB/LB initial fees which exceeded \$50,
12 Respondent violated ORS 697.692(1)(a).

13 21. By charging JD, BMM, GB/LB, AL and NP fees in amounts or installments
14 that exceeded \$65 a month, Respondent violated ORS 697.692(1)(d).

15 22. By entering into written agreements with BMM and GB/LB which suffered
16 from the deficiencies set forth in Paragraph (8), Respondent failed to satisfy the
17 requirements for debt management service written agreements set forth in ORS
18 697.652(1)(a), (b), (d), (f), (g) and (h).

19 23. Because the Director has reason to believe that Respondent has engaged, is
20 engaging, or is about to engage in violations of the Oregon Debt Management Service
21 Provider Law, the Director may issue an order to Respondent to cease and desist from
22 violations of the Oregon Debt Management Service Provider Law under ORS
23 697.825(1)(a).

24 **ORDERS**

25 Now therefore, the Director issues the following Orders:

26 24. As authorized by ORS 697.825(1)(a), the Director ORDERS Respondent to

1 CEASE AND DESIST from violating the Oregon Debt Management Service Provider
2 Law.

3 25. As authorized by ORS 697.832, the Director hereby ORDERS that
4 Respondent be subject to a CIVIL PENALTY of \$15,000.00 as follows:

- 5 a. \$5,000.00 for violating ORS 697.612(1)(a);
- 6 b. \$5,000.00 for violating ORS 697.692; and
- 7 c. \$5,000.00 for violating ORS 697.652.

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

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SO ORDERED this 13th day of August, 2018.

CAMERON C. SMITH, Acting Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

NOTICE OF RIGHT TO JUDICIAL APPEAL

You are entitled to judicial review of this order in accordance with ORS 183.482.
You 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 served.

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