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**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCEAL REGULATION**

In the Matter of:

Patrick A. Sizemore dba Sizemore Law Group
and M3 Investments LLC,

Respondents.

DM-18-0017

**Final Order to Cease and Desist and Order
Assessing Civil Penalties Entered by Default
as to M3 Investments LLC only *Nunc Pro
Tunc***

On September 17, 2018 the Director of the Department of Consumer and Business Services for the State of Oregon (the Director), acting pursuant to the Oregon statutes regulating Debt Management Service Providers, ORS 697.602 to 697.842, OAR 441-910-0000 through 441-910-0200 (hereinafter “the Oregon Debt Management Service Provider law”), properly served notice on M3 Investments LLC (M3) that the Director intended to assess civil penalties against M3 for violations of the Oregon Debt Management Service Provider laws. The notice offered M3 the opportunity to request a hearing if requested within 20 days of date of service. The notice further informed M3 that if a hearing was not conducted because M3 did not make a timely request for a hearing or otherwise defaulted, then the designated portion of the Director’s file and all materials submitted by Respondent in this case would automatically become part of the contested case record for the purpose of proving a *prima facie* case. M3 did not timely request a hearing and the Director did not hold a hearing. The Director finds that the record of this proceeding proves a *prima facie* case as to M3.

The matter involving Patrick A. Sizemore dba Sizemore Law Group is processed under separate cover and is not addressed in this order.

The Division of Financial Regulation (DFR) inadvertently left in the term “proposes to order” in the Final Order issued on October 11, 2018. The correct wording in Item 3 of the “Orders” section should be “orders” instead of “proposes to order.” The Director now corrects the wording in



1 Item 3 of the Order section of the October 11, 2018, by deleting the term “proposes to order” and
2 replacing the term with the word, “orders.”

3 FINDINGS OF FACTS

4 The Director finds that:

5 1. At all times material to this Order, Sizemore had several reported business addresses.
6 The addresses used were, 120 Stony Point Road, Santa Rosa, California; 122 Calistoga Road
7 #328 Santa Rosa, California; and 2515 E Market Street, Harrisonburg, Virginia.

8 2. At all times material to this Order, Sizemore was not licensed to practice law in the State
9 of Oregon nor was he registered in Oregon to provide debt management services. Sizemore was
10 licensed to practice law in California but was suspended for 90 days beginning on August 29,
11 2018 for among other things, failing to return advanced client fees.

12 3. At all times material to this order, M3 was registered to do business in the State of
13 Virginia. M3’s Articles of Incorporation were first filed in March of 2003 and were voluntarily
14 cancelled on January 24, 2018. Adam Hafford (Hafford) was the registered agent and sole
15 member. The last address listed for the business was on Traveler Road in Harrisonburg,
16 Virginia. At some point, Hafford moved some of the business to 122 Calistoga Road #328,
17 Santa Rosa, CA. Sizemore also used this address. Although documentation from Sizemore to
18 the Oregon consumers contained Sizemore’s address in California, the documents were
19 generated by M3 from its call center in Harrisonburg, Virginia.

20 4. At all times material to this Order, M3 was not registered in Oregon to provide debt
21 management services nor was M3 registered with the Oregon Secretary of State to conduct
22 business in Oregon.

23 5. Global Client Solutions LLC (Global) was first organized in Oklahoma in 2003 and was
24 first registered to do business in Oregon in 2013. Global is a nationwide third-party payment
25 processor for consumers that are enrolled in debt settlement programs.

26 6. At all times material to this Order, the consumers listed below were Oregon consumers
and were party to agreements with Sizemore for debt modification services. The Oregon



1 consumers were also party to an agreement with Global. The time period of the agreements
2 between Sizemore and the Oregon consumers varies from as early as 2009 forward. The same
3 is true for the contracts with Global.

4 7. The list below is not an exhaustive list of the number of Oregon consumers but rather a
5 representative list:

- | | | |
|-----------------------------|----------------------|----------------------|
| 6 MA of Portland, OR | EB of Prineville, OR | MJ of Newberg, OR |
| 7 CC of Portland, OR | NC of Hermiston, OR | SEG of Gladstone, OR |
| 8 SJ of Eugene, OR | CK of Bend, OR | HW of La Pine, OR |
| 9 TK of Beaverton, OR | JL of Ashland, OR | GM of Terrbonne, OR |
| 10 DR of Florence, OR | KS of Hermiston, OR | BS of Gaston, OR |
| 11 A & MG of The Dalles, OR | | |

12 8. Sizemore required the Oregon consumers to sign a Client Service Agreement or a Debt
13 Reduction Agreement (Service Agreement). Both titles were given to documents that were
14 substantially the same.

15 9. The Service Agreement contained the caption “Sizemore Law Group,” Patrick
16 Sizemore’s California Bar number, a phone number, and an email address for Sizemore Law
17 Group. The listed email addresses was contract@SizemoreLaw.net and the website address was
18 www.sizemorelaw.net, and the physical address, if listed, was a California location. Some of the
19 Service Agreements did not contain any physical address.

20 10. The Service Agreement represented that Sizemore would negotiate specified unsecured
21 debts for the consumer. The consumers were provided additional documents as part of the
22 Service Agreement that they were required to sign or initial, all of which referenced Sizemore.

23 11. The consumers were also required to enter into a Dedicated Account Agreement &
24 Application (Account Agreement) with Global. The Account Agreement required the creation
25 of a dedicated account that was set up at a bank selected by Global in which the consumers
26 would deposit funds. The account was set up to accumulate funds in connection with the debt
settlement program “sponsored” by the organization that was named in the Account Agreement.





1 The “sponsor “in all of the Account Agreements was M3, not Sizemore.

2 12. The Service Agreement required the consumers to pay an initial fee in excess of the
3 statutory allowable amount in Oregon of \$50. The fee was often in excess of several hundred
4 dollars. Some of the consumers paid into the dedicated account for a number of years with little
5 or no results.

6 13. As an example, the Service Agreement between Sizemore and Oregon consumer EB
7 required EB to make a monthly payment to the dedicated account in the amount of \$519. Of
8 that amount, the Service Agreement provided that Sizemore would retain \$417.83 per month as
9 fees for debt modification services to be provided and \$59.85 in monthly maintenance fees.
10 However, upon information and belief, M3 received all or most of the monthly service fees and
11 maintenance fees.

12 14. Other Oregon consumers were assessed similar advanced fees for debt modification
13 services to be provided at a later date.

14 15. Between March 2013 and March 2016, EB deposited no less than \$16,608.00 into the
15 dedicated account for purposes of modifying his debt. While EB made \$2,085.00 in
16 withdrawals from that account, and Respondents refunded \$4,187.16 of the amount to EB in
17 October of 2016 following a request from the Division, EB still paid a total of \$10,355.84 to
18 Respondents.

19 16. At the time of engaging Sizemore’s debt modification services, EB had credit card debt
20 with only one company in the amount of approximately \$50,000. However, because Sizemore
21 did nothing to diminish EB’s debt, the credit card company obtained a judgment against EB for
22 approximately \$54,000.

23 17. Upon further request from the Division, Adam Hafford of M3, not Sizemore, sent EB an
24 additional refund check for \$419.00. This amount was still \$9,916.84 less than EB paid to
25 Respondents.

26 //



1 18. Apparently as a result of the Division’s involvement, M3 issued refunds to Oregon
2 consumers, but not for the amounts most consumers were entitled to and with no explanation as
3 to why the refunds were being issued and the consumer’s accounts were being closed.

4 19. The Division’s investigation revealed that the Oregon consumers generally were not
5 familiar with M3 but all were aware of Sizemore as all of the correspondence they received
6 regarding the Service Agreement bore Sizemore’s name and address.

7 20. The Division’s investigation further revealed that M3 and Hafford were the primary
8 parties involved in the debt modification services described in this Order. Upon information and
9 believe, Patrick Sizemore agreed to allow M3 to use his name for a fee, and agreed to provide
10 some consultation services on behalf of M3. Patrick Sizemore was a former client of M3.

11 21. Sizemore remained in California while Sizemore Law Group operated out of
12 Harrisonburg, Virginia under the direction of M3. All of the Oregon consumer contact was
13 conducted from Virginia with M3’s personnel.

14 22. M3’s personnel used Sizemore’s name and address on all of their correspondence and
15 M3’s staff consistently used titles such as “Legal Assistant to Patrick Sizemore” to further the
16 impression to consumers that the consumers were receiving the services of an attorney or law
17 firm when they were not.

18 23. Patrick Sizemore, Sizemore Law Group, and M3 were all inextricable interwoven so that
19 they are nearly indistinguishable from the perspective of the Oregon consumers.

20 24. On December 18, 2015, the Director issued a Final Order to Cease and Desist and Order
21 Assessing Civil Penalties Entered by Consent to Sizemore Law Group, A Professional
22 Corporation, concluding that Sizemore had engaged in unregistered debt management service
23 provider activities in Oregon. Patrick Sizemore signed the Consent Order.

24 25. At the time of the 2015 Order, Sizemore represented to the Division that he was closing
25 his debt management services business, that he was retiring from the practice of law and that he
26 had approximately 59 Oregon clients. Sizemore did not provide any identifying information

1 regarding those clients. Despite Sizemore’s representations to the Division, Sizemore never
2 ceased business until late in 2017.

3 **CONCLUSIONS OF LAW**

4 The Director concludes that:

5 1. M3 engaged in debt management services, as defined in ORS 697.602(2)(a) when they
6 received money from Oregon consumers, including but not limited to those consumers set out in
7 Paragraph 7 above, in return for receiving funds from the consumers for the purpose of
8 distributing the funds among the consumers’ creditors in full or partial payment of the
9 consumer’s debts.

10 2. M3 violated ORS 697.612(1)(a) by performing a debt management service for Oregon
11 consumers, including but not limited to those consumers listed in paragraph 7 above, without
12 being registered with the Director to provide such a service.

13 3. M3 violated ORS 697.612(1)(b)(E) by providing advice, assistance, instruction or
14 instruction material regarding a debt management service to Oregon consumers, including but not
15 limited to the consumers listed in paragraph 7 above, without being registered with the Director to
16 provide such a service.

17 4. M3 violated ORS 697.692(1)(a) by accepting or receiving an initial fee of more than \$50
18 from Oregon consumers, including but not limited to those consumers listed in paragraph 7 above.

19 5. M3 violated ORS 697.692(1)(c) by accepting or receiving a monthly fee from Oregon
20 consumers, including but not limited to those consumers listed in paragraph 7 above,
21 in excess of statutorily allowable amount of \$65.

22 **ORDERS**

23 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

24 1. Pursuant to ORS 697.825(1)(a) the Director hereby orders M3 and all entities owned
25 or controlled by M3 to cease and desist from violating the Oregon Debt Management Service
26 Provider law.



1 2. Pursuant to the authority of ORS 697.832(1), the Director may assess a civil penalty in an
2 amount of not more than \$5,000 per violation against any person who violates ORS 697.612 or
3 697.642 to 697.702, the rules adopted under ORS 697.632, or any order issued under ORS
4 697.825.

5 3. The Director orders M3 to pay civil penalties in the amount of \$120,000 as follows:

- 6 a. \$40,000 for 16 violations of ORS 697.612(1)(a) or ORS 697.612(1)(b)(E);
- 7 b. \$40,000 for 16 violations ORS 697.692(1)(a); and
- 8 c. \$40,000 for 16 violations ORS 697.692(1)(c).

9 4. This Order is a “Final Order” under ORS 183.310(6)(b) subject to that provision the entry
10 of this Order in no way limits remedies which may be available to the Director under Oregon
11 law.

12 5. This Final Order is *Nunc Pro Tunc* to October 11, 2018.

13 Dated this 22nd day of October, 2018.

14
15 CAMERON C. SMITH, Director
16 Department of Consumer and Business Services

17 /S/Dorothy Bean
18 Dorothy Bean, Chief of Enforcement
19 Division of Financial Regulation

20 NOTICE: You may be entitled to judicial review of this Order. Judicial review may be obtained
21 by filing a petition with the Court of Appeals in Salem, Oregon within 60 days from the service
22 of this Order. Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court
23 of Appeals.

24
25 *[The rest of this section intentionally left blank.]*
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