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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-17-0155

7 PROVIDENCE ADVOCATES LAW
8 CENTER, A PROFESSIONAL
9 CORPORATION, a California Business
10 Corporation,

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

11 Respondent.

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

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

Respondent is a California corporation. On July 6, 2018, Jack Karpeles

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



1 (“Karpeles”) submitted a hearing request on behalf of Respondent. Karpeles is not
2 licensed to practice law in Oregon.

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

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

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

8 FINDINGS OF FACT

9 The Director FINDS that:

10 1. Respondent is a California corporation with a principal place of business
11 located at 915 W. Foothill Blvd., Suite C-529, Claremont, CA 91711.¹

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

14 3. On or around May 26, 2017, Respondent mailed an advertisement to an
15 Oregon resident (“DL”). The advertisement addressed DL by name and stated that he
16 was “pre-qualified and eligible for mortgage assistance.” The advertisement contained
17 the claim, “Your balance will be reduced.”

18 4. On or around June 8, 2017, Respondent entered into a written agreement with
19 DL pursuant to which Respondent agreed to help DL obtain a loan modification.

20 5. Respondent charged DL a fee of \$3,702.60. Payment was to be made in four
21 monthly installments of \$925.65. Respondent received at least one payment, totaling
22 \$925.65, from DL under the terms of the agreement.²

23 6. Respondent’s written agreement with DL did not:
24

25 ¹ Respondent’s owner and sole officer is Karpeles. Karpeles is also the owner and sole officer of Asset
26 Defense Law Offices, A Professional Corporation (“Asset Defense”). See related Division case number
DM-17-0153 against Asset Defense.

² On or around November 18, 2017, Respondent issued DL a refund check for \$1,000.00.





- 1 a. List Respondent's telephone number, facsimile number, or e-mail
- 2 address;
- 3 b. Disclose the approximate total of all the identified debts;
- 4 c. Itemize Respondent's fees;
- 5 d. Explain how Respondent calculated the amount of its fees;
- 6 e. Provide that DL could examine his account in Respondent's office
- 7 during office hours;
- 8 f. Provide that DL could request Respondent to deliver him a full and
- 9 complete written statement of his account within two business days, if delivered
- 10 electronically, or seven business days if delivered by mail;
- 11 g. Provide that Respondent could cancel the agreement without DL's
- 12 written authorization if DL failed to make scheduled payments for more than sixty
- 13 days; or
- 14 h. Estimate the time period necessary for Respondent to complete the
- 15 agreed-upon debt management services.

16 7. In 2017, Respondent entered into agreements to help obtain loan
17 modifications for six additional Oregon residents, who paid Respondent as follows:

- 18 a. "PE" paid Respondent at least \$3,525.69;³
- 19 b. "TE" paid Respondent at least \$1,209.55;⁴
- 20 c. "MS" paid Respondent at least \$1,762.52;⁵
- 21 d. "DS" paid Respondent at least \$4,118.31;⁶
- 22 e. "RS" paid Respondent at least \$4,345.41;⁷ and
- 23 f. "CM" paid Respondent at least \$3,009.04.⁸

24 ³ On or around November 27, 2017, Respondent issued PE a refund check for this amount.

25 ⁴ On or around November 27, 2017, Respondent issued TE a refund check for this amount.

26 ⁵ On or around November 27, 2017, Respondent issued MS a refund check for this amount.

⁶ On or around November 27, 2017, Respondent issued DS a refund check for this amount.

⁷ On or around November 27, 2017, Respondent issued RS a refund check for this amount.

1 8. On or around October 26, 2017, the Division directed Respondent to cease its
2 Oregon debt management service activities.⁹

3 9. Respondent failed to modify the terms or conditions of any loans held by its
4 Oregon clients.¹⁰

5 CONCLUSIONS OF LAW

6 The Director CONCLUDES that:

7 10. By receiving money in exchange for offering to modify terms or conditions of
8 existing loans, Respondent performed debt management services under ORS
9 697.602(2)(c).

10 11. By directing advertisements offering to perform debt management services to
11 Oregon residents, Respondent acted as a debt management service provider under ORS
12 697.602(3)(a) and (b).

13 12. By contracting with Oregon residents to perform debt management services,
14 Respondent acted as a debt management service provider under ORS 697.602(3)(a) and
15 (b).

16 13. By performing debt management services for seven Oregon residents without
17 being registered with the Director as a debt management service provider, Respondent
18 violated ORS 697.612(1)(a).

19 14. By charging DL an initial fee which exceeded \$50, Respondent violated ORS
20 697.692(1)(a).

21 15. By charging all seven of its Oregon clients fees in amounts or installments
22 that exceeded \$65 a month, Respondent violated ORS 697.692(1)(d).

23 16. By entering into a written agreement with DL which suffered from the

24 ⁸ On or around November 27, 2017, Respondent issued CS a refund check for this amount.

25 ⁹ In a November 30, 2017 letter to DL, Karpeles wrote that Respondent was rescinding its contract with
him “because [he was] dissatisfied with [their] services.”

26 ¹⁰ Respondent was assisted in the solicitation and servicing of its Oregon clients by at least one loan
processing company.



1 deficiencies set forth in Paragraph (6), Respondent failed to satisfy the requirements for
2 debt management service written agreements set forth in ORS 697.652(1)(a), (b), (d), (f),
3 (g) and (h).

4 17. Because the Director has reason to believe that Respondent has engaged, is
5 engaging, or is about to engage in violations of the Oregon Debt Management Service
6 Provider Law, the Director may issue an order to Respondent to cease and desist from
7 violations of the Oregon Debt Management Service Provider Law under ORS
8 697.825(1)(a).

9 **ORDERS**

10 Now therefore, the Director issues the following Orders:

11 18. As authorized by ORS 697.825(1)(a), the Director ORDERS Respondent to
12 CEASE AND DESIST from violating the Oregon Debt Management Service Provider
13 Law.

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

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

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

4
5 SO ORDERED this 13th day of August, 2018.

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

8 /s/ Dorothy Bean
9 Dorothy Bean, Chief of Enforcement
10 Division of Financial Regulation

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12 NOTICE OF RIGHT TO JUDICIAL APPEAL

13 You are entitled to judicial review of this order in accordance with ORS 183.482.
14 You may request judicial review by filing a petition with the Court of Appeals in Salem,
15 Oregon, within 60 days from the date this order is served.

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