

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

In the Matter of:

Case No. MT-18-0069

RELIANT ACCOUNT MANAGEMENT SYSTEMS,
LLC, a California limited liability company,
and RELIANT ACCOUNT MANAGEMENT, LLC,
a California limited liability company,

FINAL ORDER TO CEASE AND
DESIST AND ORDER ASSESSING
CIVIL PENALTY, ENTERED BY
CONSENT

Respondents.

The Director of the Department of Consumer and Business Services for the State of Oregon (the "*Director*"), acting in accordance with the Oregon Money Transmitters Act, Oregon Revised Statutes ("*ORS*") 717.200 through 717.905, the statutes applicable to debt management service providers in Oregon, ORS 697.602 through 697.992, and Oregon Administrative Rules ("*OAR*") chapter 441, has investigated the business activities of Reliant Account Management Systems, LLC and Reliant Account Management, LLC (collectively, "*RAM*").

RAM, without either admitting or denying the Findings of Fact or Conclusions of Law contained herein, wishes to resolve this matter with the Director.

Now, therefore, as evidenced by the signatures subscribed herein, RAM hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. RAM are California limited liability companies with their principal place of business located at 1301 Dove Street, #1030, Newport Beach, California.
2. RAM is commonly known as a payment processing company.

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





1 3. RAM provides payment processing services to debt settlement and student loan
2 consolidation companies, among others.

3 4. RAM voluntarily reported to the Oregon Division of Financial Regulation (the
4 “*Division*”) that it provides payment processing services to companies that provide loan
5 modifications, debt consolidations, and other debt settlement services to Oregon consumers
6 in exchange for an advanced fee (the “*Debt Settlement Companies*”), and to companies
7 that provide student loan consolidation services to Oregon Consumers (the “*Student Loan*
8 *Consolidation Companies*”) (collectively, the “*Companies*”).

9 5. Of the Companies identified by RAM, only one is registered with the Division
10 as a debt management service provider.

11 6. Generally, consumers seeking services from the Companies enter into two
12 separate agreements: (a) an agreement with the company that requires, in relevant part, the
13 consumer to authorize the transfer of either a lump sum or pre-determined monthly amount
14 of money into a dedicated trust account and (b) an Account Servicing Agreement with
15 RAM, the payment processor, to establish, maintain, and process payments from such
16 dedicated trust account.

17 7. Under the Account Servicing Agreement, the consumer authorizes RAM to
18 initiate electronic Automatic Clearing House (“*ACH*”) debits from the consumer’s bank
19 account and deposit those funds into a trust account established by RAM. The agreement
20 further authorizes RAM to make certain disbursements from the trust account, including
21 RAM’s fees and the fees of the Company.

22 8. RAM charges consumers annual and monthly fees for its services.

23 9. With respect to the Debt Settlement Company accounts, RAM initiates and
24 processes monthly electronic debits from the consumer’s account in a pre-determined
25 amount, and subsequently transfers settlement payments directly to the consumer’s
26 creditor(s). Payments to creditors, however, are not transmitted by RAM to a consumer’s

1 creditor(s) until the consumer has deposited a sufficient amount of funds to reach a
2 settlement with the creditor(s). When such a settlement is reached, RAM receives
3 instructions from the debt management service provider for transmitting the funds to a
4 consumer's creditor(s).

5 10. With respect to the Student Loan Consolidation Companies, RAM does not
6 make payments directly to the consumer's creditors, but rather only transfers money to
7 RAM and the Company as payment for fees. The fees are disbursed from the consumer's
8 account only when earned.

9 11. At all times material to this action, RAM maintained accounts and processed
10 electronic debits and payments for approximately 1,600 Oregon consumers who had
11 contracted with the Companies.

12 12. At all times material to this action, RAM electronically debited the bank
13 accounts of the Oregon consumers for deposit into trust accounts.

14 13. RAM voluntarily ceased its Oregon operations on or about July 1, 2018.

15 14. In addition to the above-described payment processing functions, RAM offers
16 the following benefits and services to its Debt Settlement Company clients:

17 A. The ability to automate debt settlement offers made from the Debt Settlement
18 Company to a consumer's creditors;

19 B. Access to Financial Strength Builder, an educational and instructional
20 platform for consumers and Debt Settlement Companies; and

21 C. A partnership between RAM and a company providing legal services
22 specifically to the debt settlement industry.

23 15. RAM further offers consumers a reloadable "Upside Visa Prepaid Card," which
24 allows consumers to load money on the card through their RAM account, or through direct
25 deposit from the consumer's employer, and use the card to pay bills.

26 16. RAM is not registered with the Oregon Secretary of State to conduct business



1 in Oregon.

2 17. RAM is not licensed with the Division as a money transmitter and is not
3 registered with the Division as a debt management service provider.
4

5 **CONCLUSIONS OF LAW**

6 The Director CONCLUDES that:

7 18. ORS 717.200(11) defines “money transmission” as, in relevant part, “engaging
8 in the business of receiving money for transmission, or transmitting money within the
9 United States or to locations abroad by any and all means, including, but not limited
10 to...electronic transfer.”

11 19. ORS 717.205(1) prohibits a person from conducting a money transmission
12 business without a license issued by the Director.

13 20. RAM has engaged in the business of money transmission in Oregon without a
14 license, in violation of ORS 717.205(1), by electronically debiting the bank accounts of
15 Oregon consumers and transmitting those funds to others, including to RAM and the
16 Companies for the payment of fees, and to the Debt Settlement Companies as settlement
17 of all or part of the consumers’ debts.

18 21. ORS 717.900 authorizes the Director to assess civil penalties in the amount of
19 \$1,000 for each violation of the Oregon Money Transmitter Act, or in the case of a
20 continuing violation, \$1,000 for each day that the violation continues.

21 22. ORS 697.602(2)(a) defines “debt management service” as, in relevant part, “an
22 activity for which a person receives money or other valuable consideration or expects to
23 receive money or other valuable consideration in return for...[r]eceiving or offering to
24 receive funds from a consumer for the purpose of distributing the funds among the
25 consumer’s creditors in full or partial payment of the consumer’s debts[.]”

26 23. ORS 697.612(1)(a) prohibits a person from engaging in a business in the State

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



1 of Oregon in the course of which the person performs a debt management service without
2 being registered as a debt management service provider with the Director.

3 24. RAM has engaged in the business of performing a debt management service
4 without being registered, in violation of ORS 697.612(1)(a), by, in the course of providing
5 payment processing services to the Debt Settlement Companies, receiving funds from
6 Oregon consumers and distributing those funds directly to the consumers' creditors in full
7 or partial payment of the consumers' debts.

8 25. ORS 697.832 authorizes the Director to assess civil penalties in the amount of
9 \$5,000 for each violation of ORS 697.612 or 697.642 to 697.702.

10
11 **ORDER**

12 Now therefore, the Director issues the following Order:

13 26. As used herein, the term "RAM" shall mean Reliant Account Management
14 Systems, LLC, Reliant Account Management, LLC, either individually or collectively, and
15 any successor business entity or any business entity owned, operated, or controlled by
16 RAM, and those individuals or entities acting directly on their behalf.

17 27. The Director, pursuant to ORS 717.290 and 697.825(1)(a), hereby ORDERS
18 RAM to CEASE AND DESIST from violating any provision of the Oregon Money
19 Transmitters Act and the statutes applicable to debt management service providers in
20 Oregon, ORS 697.602 through 697.992, including, but not limited to, engaging in the
21 business of money transmission in Oregon without a license, in violation of ORS
22 717.205(1), or engaging in the business of performing a debt management service without
23 being registered, in violation of ORS 697.612(1)(a).

24 28. If RAM decides not to be licensed as a money transmitter and/or registered as
25 a debt management service provider in Oregon, RAM agrees to indicate in its website(s)
26 that its services are not available in Oregon.

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





1 29. Pursuant to the authority of ORS 717.900 and 697.832, the DIRECTOR hereby
2 assesses CIVIL PENALTIES against RAM, jointly and severally, in the total amount of
3 Sixty Thousand Dollars (\$60,000), allocated as follows:

4 A. A CIVIL PENALTY of Thirty Thousand Dollars (\$30,000) for transmitting
5 money for Oregon consumers without a license, in violation of ORS 717.205(1); and

6 B. A CIVIL PENALTY of Thirty Thousand Dollars (\$30,000) for performing debt
7 management services for Oregon consumers without being registered, in violation of
8 697.612(1)(a).

9 30. The Director SUSPENDS the collection of Forty Thousand Dollars (\$40,000)
10 of the CIVIL PENALTIES assessed above and agrees to WAIVE such amount at the end
11 of a period of five (5) years from the effective date of this Order, so long as RAM provides
12 information requested by the Division and complies with all the terms and conditions of
13 this Order. To the extent that any of the information provided by RAM to the Division
14 includes “trade secrets” as that term is defined in ORS 192.345(2), such information is
15 exempt from disclosure under ORS 192.311 (Definitions for ORS 192.311 to 192.478) to
16 192.478 (Exemption for Judicial Department) unless the public interest requires disclosure
17 in the particular instance. *See* ORS 192.345. Advance notice of any such disclosure will
18 be provided to RAM.

19 31. Along with this Order, RAM shall submit to the Director a payment of Twenty
20 Thousand Dollars (\$20,000) in civil penalties.

21 32. Nothing herein precludes RAM from applying for a license as a money
22 transmitter and/or registering as a debt management service provider in Oregon at a future
23 date. The Division will review RAM’s license and/or registration application(s) according
24 to the applicable law at the time of submission of the application(s).

25 33. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that
26 provision, entry of this Order in no way limits or prevents further remedies, sanctions, or

1 actions which may be available to the Director under Oregon law to enforce this Order, for
2 violations of this Order, for conduct or actions of RAM that are not covered by this Order,
3 or against any party not covered by this Order
4

5 SO ORDERED this 26th day of November, 2018.

6 CAMERON C. SMITH, Director
7 Department of Consumer and Business Services
8

9 /s/ Dorothy Bean
10 Dorothy Bean, Chief of Enforcement
11 Division of Financial Regulation
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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



1 **ENTITY CONSENT TO ENTRY OF ORDER**

2 I, Stephen D. Chaya, state that I am an officer and control person of Reliant
3 Account Management Systems, LLC and Reliant Account Management, LLC
4 (collectively, "**RAM**"), and that I am authorized to act on behalf of RAM; that I have read
5 the foregoing Order and that I know and fully understand the contents hereof; that I have
6 been advised of RAM's right to a hearing in this matter; that RAM has had the opportunity
7 to be represented by counsel in this matter, and have in fact been represented by Ms.
8 Vamshi Reddy in this matter; that RAM voluntarily and without any force or duress,
9 consent to the entry of this Order, expressly waiving any right to a hearing in this matter;
10 that RAM executes this Order as a settlement of the matters referred to in the foregoing
11 Order; that RAM understands that the Director reserves the right to take further actions to
12 enforce this Order or to take appropriate action upon discovery of other violations by RAM,
13 and; that RAM will fully comply with the terms and conditions stated herein.

14 RAM understands that this Order is a public document.

15 /s/ Stephen D. Chaya
16 Signature

17 Stephen D. Chaya
18 Printed name

19 V. President
20 Office held

21 State of Arizona

22 County of Maricopa

23 There appeared before me this 6 day of Nov, 2018,
24 Stephen D. Chaya, and stated that he/she was and is an officer of each of the RAM
25 companies, and that he/she is authorized and empowered to sign this Order on behalf of
26 RAM, and to bind RAM to the terms hereof.

27 /s/ Robert P. Christy

28 Notary Public - State of Arizona

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

