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

In the Matter of: OPTIMA ADVOCATES, INC., a Delaware Corporation, Respondent.	Case No. DM-20-0012 ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTIES, AND CONSENT TO ENTRY OF ORDER THIS IS A FINAL ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting in accordance with Oregon Revised Statutes ("ORS") 697.602 et seq. and Oregon Administrative Rules ("OAR") 441-910-0000 through 441-910-0200 (collectively, "Oregon Debt Management Service Provider Law"), has determined that Optima Advocates, Inc. ("Respondent") engaged in activities constituting violations of the Oregon Debt Management Service Provider Law.

Respondent wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the authorized signatures subscribed on this Order, Respondent hereby CONSENTS to entry of this Order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter.

FINDINGS OF FACT

The Director FINDS that:

1. Respondent is a Delaware corporation with a principal place of business at 17981 Sky Park Circle, Suite D, Irvine, CA 92614.

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2. Respondent contracts with consumers to "bring defaulted private loan(s) back to current status and to reduce the monthly payments if Borrower meets certain financial criteria."

3. Respondent solicits student loan borrowers through text messaging. Respondent's marketing materials indicate that Respondent offers assistance in restructuring, refinancing, modifying, and obtaining full dismissal of student loans.

4. At no time has Respondent been registered to perform debt management services in Oregon.

5. From in or around 2017 through in or around 2018, Respondent contracted with at least three Oregon residents ("the Oregon Clients") to perform the services described in Paragraph 2. The Oregon Clients are identified as follows:

OREGON CLIENT	**APPROXIMATE CONTRACT DATE**	**DEBT OWED BY CLIENT**	**RESPONDENT'S FEE**
ML	12/15/2017	$42,000	$18.772.37
SP	12/14/2017	$15,399	$7,699.50
CS	2/21/2018	$17,338	$6,415.18

6. Respondent used substantially the same form of contract ("the Contract") with each of the Oregon Clients. The Contract states an amount of fees to be paid under the heading "cost for service," but specifies that this is an estimated amount "subject to change upon of [sic] income and loan balances."

7. The Contract neither itemizes the fees Respondent will charge for its services nor states how Respondent calculated the amounts of those fees. The Contract does state that Respondent will use the fees and costs for services rendered, and that such fees will

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not be used to pay the client's debts. The Contract also states that refunds will not be available once Respondent begins work on the client's file.

8. The Contract includes no estimate of the time period necessary to complete the debt management services to be provided by Respondent.

9. Respondent provided none of the Oregon Clients with a separate budget analysis that evaluated whether the services Respondent proposed to perform were advantageous to the client.

10. Respondent provided none of the Oregon Clients with documentation stating the maximum amount Respondent could charge for its services under the Oregon Debt Management Service Provider Law.

11. Respondent contracted with Oregon client ML on December 15, 2017. ML had four student loans, totaling $42,000, held by Wells Fargo. ML signed up with Respondent for "Full Loan Dismissal on Wells Fargo Student Loans Aprox. 45K." Respondent's quoted fee to ML was $18,772.37—or 44 percent of the amount owed by ML. Respondent collected upfront payment of this fee by obtaining an American Express Platinum credit card in ML's name and charging $18,772.37 to that card on December 21, 2017. On February 13, 2018, Respondent obtained a Discover credit card in ML's name and performed a balance transfer--moving its fee, plus $729 in transaction fees imposed by the credit card companies ($19,300 total), onto the newly acquired Discover card.

12. Respondent contracted with Oregon client SP on December 14, 2017. SP stated in her application that she had $15,399 in loans. SP signed up for "Enrollment FeeDischarge [sic] of 16k." Respondent charged SP $7,669.50—or 50 percent of the amount owed by SP—as the fee for its services.

13. Respondent contracted with Oregon client CS on February 21, 2018. CS stated on his application that he had $17,338 in loans held by Navient. CS signed up with

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Respondent for "Resolution Fee Discharge of $20k Private Loans." Respondent charged CS $6,415.18—or 36 percent of the amount owed by CS—as the fee for its services.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

Cease and Desist Authority

14. Under ORS 697.825(1)(a), because the Director has reason to believe that Respondent has engaged in violations of the Oregon Debt Management Service Provider Law, the Director may issue an order to Respondent to cease and desist from violations of ORS 697.612, ORS 697.652, and ORS 697.692.

Unregistered Activity

15. ORS 697.612(1)(a) forbids persons not registered with the Director from performing debt management services.

16. Under ORS 697.602(2)(c) "Debt Management Service" includes, among other things, "modifying or offering to modify terms and conditions of an existing loan from or obligation to a third party," if that activity is done for money or other valuable consideration.

17. By offering to modify the loans of the Oregon Clients in exchange for a fee without being registered with the Director as a debt management service provider, Respondent violated ORS 697.612(1)(a) in three instances.

Improper Written Agreement

18. Under ORS 697.652(1)(d), a Debt Management Service Provider ("DMSP") may not perform debt management services without first entering into a written agreement with the consumer that itemizes the fees the DMSP will charge, and explains how the DMSP calculated the amount of the fees.

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19. Under ORS 697.652(1)(h), a DMSP may not perform debt management services without first entering into a written agreement with the consumer that estimates the time period necessary to complete the debt management services identified in the agreement.

20. By failing to provide the Oregon clients (a) the itemization of fees required by ORS 697.652(1)(d), and (b) the estimate of the time period necessary to complete the debt management services offered by Respondent required under ORS 697.652(1)(h), Respondent violated ORS 697.652(1) in three instances.

Failure to Perform Budget Analysis

21. Under ORS 697.652(2), A debt management service provider may not contract to perform debt management services for a consumer without first giving the consumer an analysis of the consumer's budget that is separate from the agreement and that evaluates whether the debt management services being offered are advantageous to the consumer.

22. By failing to provide the Oregon Clients with separate budget analyses, Respondent violated ORS 697.652(2) in three instances.

Excessive Fees

23. Under ORS 697.692, a DMSP may charge a consumer only the fees itemized in ORS 697.692(1).

24. Under ORS 697.692(1)(a), an initial fee charged by a DMSP may not exceed $50.

25. By charging and collecting in advance from each of the Oregon clients a fee for their services in excess of $50, Respondent violated ORS 697.692(1)(a).

26. Under ORS 697.692(1)(d), the fee of a DMSP who does not hold funds on behalf of a consumer (a) may not exceed 15 percent of the consumer's indebtedness, and (b) must be payable in monthly installments not to exceed $65 per month.

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27. By charging and collecting in advance from each of the Oregon clients a lump sum for their services that both (a) exceeded 15 percent of their total indebtedness, and (b) was not payable in monthly installments of $65 or less, Respondent violated ORS 697.692(1)(d).

28. By charging the Oregon clients fees in the manner described above, Respondent violated ORS 697.692(1) in three instances.

Civil Penalties Authority

29. Under ORS 697.832(1), the Director may impose a civil penalty on a person in an amount not to exceed $5,000 for each violation of ORS 697.612 and ORS 697.642 to ORS 697.702.

ORDERS

Now therefore, the Director issues the following Order:

Cease and Desist

30. As authorized by ORS 697.825(1)(a), the Director ORDERS Respondent to CEASE AND DESIST from violating ORS 697.612, ORS 697.652, and ORS 697.692.

Civil Penalties

31. As authorized by ORS 697.832(1), the Director hereby ORDERS that Respondent be subject to a CIVIL PENALTY of $60,000 as follows:

A. $15,000 for violating ORS 697.612(1)(a);

B. $15,000 for violating ORS 697.652(1);

C. $15,000 for violating ORS 697.652(2); and

D. $15,000 for violating ORS 697.692(1).

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32. The Director hereby SUSPENDS payment of $55,000 of the $60,000 CIVIL PENALTY for a period of two years from the effective date of this Order, provided Respondent complies with the following terms:

(a) Within 7 calendar days of the effective date of this Order, Respondent shall reimburse the Oregon consumers identified in this Order in the following amounts, and submit proof of compliance to the Division:

(i) To Oregon Consumer ML, $18,772.37;

(ii) To Oregon Consumer SP, $3,765.16; and

(iii) To Oregon Consumer CS, $5,733.66.

(b) For the two years following the effective date of this Order, Respondent shall commit no new violations of the Oregon Debt Management Service Provider Law or of any rules adopted thereunder.

33. The remaining $5,000 of the CIVIL PENALTY assessed herein is due and payable at the time this Order is returned to the Division.

34. The suspended CIVIL PENALTY will be waived two years from the effective date of this Order, provided Respondent has complied with the forgoing Order terms and does not commit any further violations of the Oregon Debt Management Service Provider law. The Director reserves the right to immediately assess and collect the suspended civil penalty upon a determination that Respondent has violated any term of this Order or has committed any further violation of the Oregon Debt Management Service Provider law.

35. This Order is binding upon Respondent's successors and assigns.

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

SO ORDERED this 28th day of May, 2020.

Andrew R. Stolfi, Acting Director
Department of Consumer and Business Services

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

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ENTITY CONSENT TO ENTRY OF ORDER

I, _____, state that I was an officer of OPTIMA ADVOCATES, INC. and authorized to act on its behalf. I have read the foregoing Order and that I know and fully understand the contents hereof. I have been advised of OPTIMA ADVOCATES, INC.'s right to a hearing and right to be represented by counsel in this matter. OPTIMA ADVOCATES, INC. voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. OPTIMA ADVOCATES, INC. understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Debt Management Service Provider law by OPTIMA ADVOCATES, INC. OPTIMA ADVOCATES, INC. will fully comply with the terms and conditions stated herein.

OPTIMA ADVOCATES, INC. understands that this Consent Order is a public document.

Signature: _____

Position Held: _____

State of _____

County of _____

Signed or attested before me on this _____day of _____, 2020

By _____.

_____

Notary Public

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