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

In the Matter of DOCUMENT SERVICE CENTER INC. AND MODIFICATION SOLUTIONS, Respondents.	Case No. DM-19-0098 FINAL ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTIES, AND CONSENT TO ENTRY OF ORDER

The Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), conducted an investigation of Document Service Center Inc. and Modification Solutions ("Respondents"). The Division determined that Respondents violated provisions of Oregon Revised Statutes ("ORS") 697.602 to 697.842 (the "Oregon Debt Management Service Provider Law") and the Oregon Administrative Rules ("OAR") promulgated under those statutes.

Respondents, without admitting or denying the Findings of Fact or Conclusions of Law, wish to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed herein, Respondents hereby CONSENT to entry of this Order.

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FINDINGS OF FACT

The Director FINDS that:

1. Respondent Document Service Center incorporated in the State of Florida on or about January 8, 2014.[1]

2. At all relevant times, Respondent Document Service Center maintained and used marketing materials and other documents reflecting the name "Modification

[1] The entity "Modification Solutions, LLC" was registered in Florida as of January 13, 2009. That entity was administratively dissolved in 2010 for failure to file an annual report. That entity appears to be separate from Respondent Modification Solutions, as describe below.

Solutions," effectively using that name as a "Doing Business As" entity of Respondent Document Service Center. Accordingly, for the purposes of this Order, Respondents are treated as the same entity.

3. At all relevant times, Respondents maintained and used a business mailing address at PO Box 4120, Unit 98421, Portland, Oregon 97208 (the "Portland Business Mailing Address").

4. At all relevant times, Respondents have maintained a publically available website at www.modhelp.org (the "Website"). The Website is accessible in Oregon.

5. Four individuals (collectively, the "Complainants") submitted complaints to the Division after entering into agreements with Respondents to modify the terms of their mortgages. As described below, Respondents failed to perform and were not registered to perform such modifications and, even if they were, Respondents failed to comply with statutes and rules governing the business of debt management service providers.

Consumer LJ

6. In or about October 2018, a consumer identified herein as LJ was contacted by a representative from Respondent Document Service Center who identified himself as Robert Batista or Bautista ("Batista").

7. Batista informed LJ that Respondents would help her with a loan modification on her mortgage. Batista advised LJ to pay Respondents – as described below – instead of paying her mortgage.

8. Respondents provided LJ with a series of documents. One such document was a list of various contact information for the company, which included the Portland Business Mailing Address, the address for the Website, telephone and fax numbers, and an email address (the "Contact Information Document"). The Contact Information Document referenced both "Modification Solutions" and "DSC."

9. Respondents also provided LJ with the following documents to be filled out or

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signed by LJ: "REST and H.O.M.E. Report Package working Agreement"; "Uniform Borrower Assistance Form"; "Making Home Affordable Program" application; "Request for Transcript of Tax Return" (IRS Form 4506-T); and "Third Party Authorization and Release Form" (collectively, the "Loan Modification Documents").

10. In addition, Respondents provided LJ with a document requesting that she "provide checks for the following three (3) payments shown below" and that "Each individual check should be made out to **Document Service Center** with the date the payment is to be processed" (emphasis in original). The document contained three sample check images demonstrating how LJ should complete three separate checks: they were to be made out to "Document Service Center" in the amount of $465 each and dated October 25, November 25, and December 25, 2018.

11. LJ completed and signed the Loan Modification Documents and provided three checks for $465 each (total of $1,395), as requested by Respondents. Respondent Document Service Center cashed those checks. LJ mailed all of these materials to Respondents at the Portland Business Mailing Address.

12. Respondents failed to preform any services for LJ.

13. As a result of paying Respondents instead of her mortgage company as Respondents directed, LJ's mortgage holder contacted her after three months to inform her that her account was delinquent.

14. Respondents failed to refund LJ any of the money she paid prior to the involvement of the Division. Once the Division became involved, Respondents refunded LJ in full.

Consumer JH

15. In or about November 2018, a consumer identified herein as JH was contacted by a Batista who claimed to be a representative from Respondent Modification Solutions.

16. Batista informed JH that Respondents would help her with a loan modification

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on her mortgage. Batista advised JH to pay Respondents – as described below – instead of paying her mortgage. Batista specifically promised to modify the terms of JH's mortgage by reducing her interest rate to 2% and thereby reduce her monthly payment amount.

17. Respondents provided JH with a series of documents, including the Contact Information Document, which was identical to the one provided to consumer LJ as identified above and which contained references to both "Modification Solutions" and "DSC."

18. Respondents also provided JH with the same or similar of the foregoing Loan Modification Documents.

19. In addition, Respondents provided JH with a document requesting that she "provide checks for the following three (3) payments shown down below" and that "Each individual check should be made out to Document Service Center with the date the payment is to be processed." The document contained three sample check images demonstrating how JH should complete three separate checks: they were to be made out to "Document Service Center" in the amount of $943 each and dated December 15, 2018, January 15, 2019, and February 15, 2019.

20. JH signed the Loan Modification Documents and provided three checks for $943 each (total of $2,829), as requested by Respondents. Respondent Document Service Center cashed those checks. JH mailed all of these materials to Respondents at the Portland Business Mailing Address.

21. Respondents submitted a request to JH's mortgage holder but failed to obtain any modification or to perform any other services for JH.

22. As a result of paying Respondents instead of her mortgage company as Respondents directed, JH's mortgage became delinquent and the mortgage holder notified her that her account was in foreclosure.

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23. Respondents failed to refund JH any of the money she paid prior to the involvement of the Division. Once the Division became involved, Respondents refunded JH in full.

Consumer CL

24. In or about February 2019, a consumer identified herein as CL received an unsolicited telephone call from Batista. Batista claimed he was calling from Respondent Modification Solutions and he told CL that he could lower her mortgage interest rate from a variable interest rate of 7.625% to a fixed interest rate of 2%, resulting in a savings of more than $500 per month.

25. Batista advised CL to pay Respondents – as described below – instead of paying her mortgage.

26. Respondents provided CL with a series of documents, including the Contact Information Document, which was similar to the document one provided to consumers LJ and JH as identified above. This version referenced Modification Solutions, the Website, and the Portland Business Mailing Address.

27. Respondents also provided CL with the same or similar of the foregoing Loan Modification Documents.

28. In addition, Respondents provided CL with a document requesting that she "provide checks for the following three (3) payments shown down below" and that "Each individual check should be made out to Document Service Center with the date the payment is to be processed." The document contained three sample check images demonstrating how CL should complete three separate checks: they were to be made out to "Document Service Center" in the amount of $1,547 each and dated March 1, April 1, and May 1, 2019.

29. CL signed the Loan Modification Documents and provided three checks for $1,547 each (total of $4,641), as requested by Respondents. However, when CL learned

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that Respondents were likely going to cash those checks and not pay her mortgage, CL closed the account from which the money was to be drawn. Respondents subsequently attempted but failed to cash those checks.

30. CL mailed materials to Respondents at the Portland Business Mailing Address.

31. Respondents failed to perform any services for CL.

Consumer KC

32. In or about May 2019, a consumer identified herein as KC was contacted by an employee of Respondents.

33. Respondents informed KC that they would help him with a loan modification on his mortgage. Respondents advised KC to pay Respondents – as described below – instead of paying his mortgage. Respondents promised a reduction in KC's interest rate and thus his monthly payment.

34. Respondents provided KC with a series of documents, including the Contact Information Document, which was the same as that provided to consumer CL as identified above and which referenced Modification Solutions, the Website, and the Portland Business Mailing Address.

35. Respondents also provided KC with the same or similar of the foregoing Loan Modification Documents.

36. In addition, Respondents provided KC with a document requesting that he "provide checks for the following three (3) payments shown down below" and that "Each individual check should be made out to Document Service Center with the date the payment is to be processed." The document contained three sample check images demonstrating how KC should complete three separate checks: they were to be made out to "Document Service Center" in the amount of $725.00 each and dated June 2, July 2, and August 2, 2019.

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37. KC signed the Loan Modification Documents and provided three checks for $725 each (total of $2,175), as requested by Respondents.

38. KC mailed materials to Respondents at the Portland Business Mailing Address.

39. Respondents failed to perform the promised services for KC.

40. Respondents failed to refund KC any of the money he paid prior to the involvement of the Division. Once the Division became involved, Respondents refunded KC in full.

41. Upon information ad belief, all of the foregoing foreclosures and account delinquencies of the Complainants have resolved and are no longer issues for those individuals.

42. Following the involvement of the Division, Respondents ultimately refunded the Complainants in full a total amount of $6,399.

43. Respondents cooperated in the Division's investigation.

44. None of the Complainants were Oregon residents at any relevant time. Moreover, Respondents represent to the Division that they do not have any Oregon customers to whom they have offered or provided debt management services at any relevant time.

45. Respondents are not and never have been registered with the Oregon Secretary of State to conduct business in Oregon.

46. Respondents are not and never have been registered with the Division to provide debt management services in Oregon.

47. Respondents have never filed with the Director a bond issued by one or more corporate sureties authorized to do business in Oregon.

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CONCLUSIONS OF LAW

The Director CONCLUDES that:

48. Under ORS 697.602(2)(c), "debt management service" includes an activity for which a person receives money or other valuable consideration or expects to receive money or valuable consideration in return for modifying or offering to modify terms and conditions of an existing loan from or obligation to a third party.

49. Under ORS 697.602(2)(d), "debt management service" includes an activity for which a person receives money or other valuable consideration or expects to receive money or valuable consideration in return for obtaining or attempting to obtain as an intermediary on a consumer's behalf a concession from a creditor including, but not limited to, a reduction in the principal, interest, penalties, or fees associated with a debt.

50. Respondents performed "debt management services," as defined in ORS 697.602(2)(c) and (d), respectively, when Respondents received money or expected to receive money in return for: offering to modify the terms and conditions of the Complainants' existing loan or obligation to their mortgage loan servicers; and attempting to obtain as an intermediary on the Complainants' behalf a concession from creditors including, but not limited to, a reduction in the principal, interest, penalties, or fees associated with their mortgage loan debts.

51. Under ORS 697.602(3), "debt management service provider" means a person that resides or does business in this state and provides or performs, or represents that the person can or will provide or perform, a debt management service in return for or in expectation of money or other valuable consideration.

52. By using marketing materials, such as the Contact Information Document, that included the Portland Business Mailing Address, by directing Complainants to use that address to send mail to Respondents, and by receiving payments from the Complainants at that address, Respondents conducted business in Oregon.

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53. Respondents acted as a "debt management service provider," as defined in ORS 697.602(3), when they conducted business in Oregon and provided or performed, or represented that they could or would provide or perform, the debt management services as contained in the Loan Modification Documents and as represented in telephone calls with the Complainants in return for or in the expectation of money.

54. Under ORS 697.632(1), debt management service providers shall be registered with the Director unless exempt from registration.

55. Under ORS 697.612(1)(b)(A), a person that has not registered with the Director under ORS 697.632 may not engage in business in this state in the course of which the person receives money or other valuable consideration or expects to receive money or other valuable consideration for soliciting or receiving an application from a consumer for a debt management service.

56. By engaging in business in Oregon and receiving and expecting to receive money as a result of soliciting or receiving an application from the Complainants to provide debt management services without registering with the Director under ORS 697.632 as a debt management service provider, Respondents violated ORS 697.612(1)(b)(A).

57. Under ORS 697.692(1)(d), a debt management service provider may charge a fee equivalent to 15 percent of the amount of debt a consumer owes to one or more creditors at the time the consumer signs a written agreement and places funds in a bank account that the consumer establishes or maintains in the consumer's own name with an insured institution and designates specifically for making disbursements in connection with a debt management service. The debt management service provider may not charge the fee described in this paragraph in amounts or installments that exceed $65 per month.

58. By charging each of the Complainants monthly fees in excess of $65 per month, Respondents violated ORS 697.692(1)(d).

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59. Under ORS 697.825(1)(a), the Director may, if the Director has reason to believe that a person violated, is violating, or is about to violate ORS 697.612, 697.642 to 697.702 or 697.752, a rule adopted under ORS 697.632 or an order issued under ORS 697.652 or 697.732, issue an order to cease and desist from the violation.

60. Because the Director has reason to believe that Respondents have violated and are violating ORS 697.612(1)(b)(A) and ORS 697.692(1)(d), the Director may issue an order to cease and desist against Respondents.

61. 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 or 697.642 to 697.702, rules adopted under ORS 697.632 or order issued under ORS 697.825.

62. Because Respondents have violated ORS 697.612(1)(b)(A) and ORS 697.692(1)(d), , the Director may impose a civil penalty on Respondent in an amount not to exceed $5,000 for each violation.

ORDERS

The Director issues the following ORDERS:

Order to Cease and Desist

63. Pursuant to ORS 697.825(1)(a) the Director hereby ORDERS Respondents, and all entities owned or controlled by Respondents, their successors and assignees, to CEASE AND DESIST from violating ORS 697.612(1)(b)(A) and ORS 697.692(1)(d), or any administrative rule adopted by the Director under those statutes.

Order Assessing Civil Penalties

64. Pursuant to the authority of ORS 697.832(1), for the foregoing violations of the Oregon Debt Management Service Provider Law, ORS 697.602 to 607.842, the Director hereby assesses CIVIL PENALTIES against Respondents, jointly and severally, in the amount of twenty thousand dollars ($20,000) as follows:

A. A CIVIL PENALTY of ten thousand dollars ($10,000.00) for engaging in

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unregistered activity in Oregon, including receiving money for soliciting or receiving an application from a consumer for a debt management service without being registered as a debt management service provider, in violation of ORS 697.612(1); and

B. A CIVIL PENALTY of ten thousand dollars ($10,000.00) for charging and receiving fees for the performance of debt management services in excess of those permitted under ORS 697.692(1).

65. The Director SUSPENDS the collection of twelve thousand five hundred dollars ($12,500) of the foregoing civil penalties and agrees to waive such amount at the end of a period of three (3) years from the effective date of this order, provided Respondents comply with the Oregon Debt Management Service Providers Law, including refraining from acting as a debt management service provider without registering with the Director and otherwise abides by the terms and conditions of this Order. Respondents represent that they no longer use the Portland Business Mailing Address or any other Oregon mailing address and that they are otherwise not providing any debt management services to Oregon residents.

66. The Director further SUSPENDS the collection of $6,399 in recognition of Respondents' reimbursement to the Complainants the total funds each of the Complainants paid to Respondents. This suspension shall also be for a period of three (3) years under the same terms as the previous paragraph.

67. At the time Respondents submit this executed Order, Respondents shall also submit to the Director a payment for the remaining one thousand one hundred one dollars ($1,101) of civil penalties.

68. If Respondent fails to comply with the Oregon Debt Management Service Providers Law or otherwise fails to comply with the terms of this Order, the suspended portion of the civil penalty shall become immediately due and payable.

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FINAL ORDER

69. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondents that are not covered by this Order, or against any party not covered by this Order.

IT IS SO ORDERED.

Dated this 14th day of September, 2020.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

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

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CONSENT TO ENTRY OF ORDER

I, Robert Martinez, state that I hold the position of President and I am an authorized representative of Respondents Document Service Center ("DSC") and have the authority to sign this Consent Order on behalf of DSC. I have read the foregoing Order and I know and fully understand the contents hereof. DSC acknowledges that it has in the past used the name "Modification Solutions" on various documents and advertisements. DSC has been advised of the right to a hearing and of the right to be represented by counsel in this matter. DSC 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. DSC understands that the Director reserves the right to take further action against DSC to enforce this Order or to take appropriate action upon discovery that DSC has committed other violations of Oregon law. DSC will fully comply with the terms and conditions stated herein.

DSC understands that this Order is a public document.

Signature: /s/ Robert Martinez

State of California

County of Orange

Signed or attested before me on this 1st day of September, 2020 by Robert Martinez.

/s/ Sunghye Y. Kim

Notary Public

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