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

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| In the Matter of: | Case No. DM-19-0087 |
| CONSUMER ADVOCACY CENTER INC., dba PACIFIC SHORES ADVISORY,<br><br>Respondent. | FINAL ORDER TO CEASE AND DESIST AND FINAL ORDER ASSESSING CIVIL PENALTIES, ENTERED BY DEFAULT |

On March 3, 2020, the Director of the Department of Consumer and Business Services for the State of Oregon ("the Director"), through the Oregon Division of Financial Regulation ("the Division"), properly served Consumer Advocacy Center Inc. ("CAC"), dba Pacific Shores Advisory ("PSA"), an Order to Cease and Desist, Proposed Order Assessing Civil Penalties, and Notice of Right to a Hearing ("Notice Order") via regular and certified United States mail at the company's principal business address and other known addresses associated with the company.

On March 24, 2020, pursuant to ORS 60.731(2)(c) and (e), the Director, through the Division, served a true copy of the Notice Order via regular and certified United States mail on the Oregon Secretary of State as an agent for CAC at 255 Capitol Street NE, Ste 151, Salem, OR 97310.

The Notice Order offered CAC an opportunity for a hearing, if requested in writing within 20 days. The Notice Order further informed CAC that if a hearing was not conducted because the company did not timely request a hearing or otherwise defaulted, then the designated portion of the Division's file, which includes all materials CAC submitted, would automatically become part of the contested case record to prove a *prima facie* case. CAC has not made a written request for a contested hearing, and the time to do so has expired.

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After considering the relevant portions of the Division's file in this matter, the Director finds that the record proves a *prima facie* case.

**FINDINGS OF FACT**

The Director FINDS that:

1. CAC, a California corporation, is a document preparation company with a principal business address of 173 Technology Dr., Ste 202, Irvine, CA 92618.

2. CAC's president is Albert Kim.

3. For a fee, CAC assists consumers in assembling and completing their application to the various student loan repayment, consolidation, and forgiveness programs of the U.S. Department of Education ("DOE").

4. CAC is neither registered with the Oregon Secretary of State to conduct business in Oregon nor registered with the Director, through the Oregon Division of Financial Regulation ("the Division"), as a debt management service provider ("DMSP").

5. On January 16, 2019, CAC filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Southern District of Florida, Case No. 19-10655-BKC-JKO.

6. On March 14, 2019, the Division issued a Cease and Desist Order ("C&D Order") against CAC, dba Premier Student Loan Center, in Case No. DM-19-0014 for performing a debt management service in Oregon without being registered with the Division as a DMSP and for charging an excessive initial fee.

7. In or around June 2019, VDA, an Oregon consumer, visited what she thought was the website of the DOE Office of the Ombudsman ("Ombudsman"). She called the telephone number on the website, (877) 577-2575, and instead reached PSA, one of CAC's many assumed business names. A representative of PSA, Jennifer McClain ("McClain"), falsely informed VDA that PSA had a contract with the Ombudsman to assist students with their federal student loan payments. McLain also told VDA that she was eligible for a program that would forgive $30,000 of her federal student loans.

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8. On June 17, 2019, VDA hired PSA to prepare her application to one of the DOE's federal student loan forgiveness programs by signing PSA's Document Preparation and Service Agreement ("Agreement"). The Agreement included a fee and service schedule that charged VDA an enrollment fee totaling $1,245 to be paid in six monthly installments of $207.50, and a subsequent monthly recurring fee of $22 for the next 234 months.

9. On June 17, 2019, VDA also signed a special limited power of attorney, authorizing PSA to engage in the following on her behalf:

> [A.] Communicate with any and/or all of [VDA's] Federal Student Loan providers and their servicing agencies to obtain information on [VDA's] student loans.
>
> [B.] Communicate with banks, creditors, financial institutions, licensed collection agencies, and all other related entities and individuals relating to [VDA's] Federal Student Loans, including but not limited to the balance of [her] account, payment history verification of the account, financial adjustments, and any and all necessary communications, correspondence, and negotiations regarding [her] account(s). . . .

10. McClain obtained VDA's personal information, including her social security number, address, telephone number, federal loan pin number, and banking information to set up a repayment account.

11. Although the fee and service schedule set VDA's first installment payment at $207.50, PSA debited $204.00 from VDA's bank account.

12. VDA subsequently discovered that what she thought was the Ombudsman's website was merely a replica of the Ombudsman's official website. Realizing that PSA was not affiliated with the Ombudsman, VDA sought and received, with the help of her bank, a refund of her $204 payment.

## CONCLUSIONS OF LAW

The Director CONCLUDES that:

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13. By offering to provide VDA the services described in paragraphs 7, 8, 9, and 10 of this Order, CAC modified or offered to modify the terms and conditions of an existing loan from or obligation to a third party.

14. By modifying or offering to modify the terms and conditions of an existing loan from or obligation to a third party, CAC performed a debt management service as defined in ORS 697.602(2)(c).

15. By performing a debt management service without being registered with the Division as a DMSP, CAC violated ORS 697.612(1)(a).

16. By falsely representing to VDA that PSA was affiliated with the Ombudsman, CAC made an untrue or misleading statement, in violation of ORS 697.662(1).

17. By charging VDA an initial fee of $204, CAC violated ORS 697.692(1)(a), which prohibits a DMSP from charging more than a $50 initial fee.

18. By continuing to perform debt management services in Oregon without being registered with the Division as a DMSP, CAC violated the Director's C&D Order in Case No. DM-19-0014.

19. ORS 697.832(1) authorizes the Director to assess a civil penalty against CAC of up to $5,000 per violation of the Oregon Debt Management Service Provider Law or the Director's orders.

20. Because the Director has reason to believe that CAC violated ORS 697.612(1)(a), ORS 697.662(1), ORS 697.692(1)(a), and the Director's C&D Order in Case No. DM-19-0014, the Director is authorized under ORS 697.825(1)(a) to order CAC to cease and desist from violating these statutes and order.

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**ORDER**

Now therefore, the Director issues the following Orders:

21. As authorized by ORS 697.825(1)(a), the Director hereby ORDERS CAC, and any subsidiary, affiliate, successor, or assign of CAC, including but not limited to PSA, to

CEASE AND DESIST from violating ORS 697.612(1)(a), ORS 697.662(1), ORS 697.692(1)(a), and the Director's C&D Order in Case No. DM-19-0014.

22. As authorized by ORS 697.832(1), the Director ORDERS CAC to pay $20,000 in CIVIL PENALTIES, allocated as follows:

A. $5,000 for violating ORS 697.612(1)(a);

B. $5,000 for violating ORS 697.662(1);

C. $5,000 for violating ORS 697.692(1)(a); and

D. $5,000 for violating the Director's C&D Order in Case No. DM-19-0014.

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

SO ORDERED this 14th day of April, 2020.

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

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

**NOTICE OF RIGHT TO JUDICIAL APPEAL**

Except as provided in ORS 697.825(2)(e), you may be entitled to judicial review of this Order under ORS 183.482. You may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date this Order is served.

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