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

In the Matter of: TRUE SOLUTION, INC., a California corporation, *dba* FEDERAL STUDENT LOAN COUNCIL, *dba* HOME SERVICING COMPANY, Respondent.	Case No. DM-20-0081 ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTIES, AND CONSENT TO ENTRY OF 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") and ORS chapter 725 ("The Oregon Consumer Finance Act"), has determined that True Solution, Inc. ("Respondent") engaged in activities constituting violations of the Oregon Debt Management Service Provider Law and the Oregon Consumer Finance Act.

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.

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

FINDINGS OF FACT

The Director FINDS that:

1. Respondent is a California corporation with a principal place of business at 261 E Rowland Street, Covina, CA 91723.

2. Respondent additionally does business under the names "Federal Student Loan Council" and "Home Servicing Company."

3. Respondent is not registered to do business as a Debt Management Services Provider (DMSP) in Oregon.

4. Respondent is not licensed to make consumer finance loans in Oregon.

5. On or about September 17, 2018, Respondent contacted an Oregon consumer identified in this Order as JM.

6. At the time of this contact, JM had $46,754 in student loans, on which she was paying approximately $370 per month.

7. Respondent represented that they worked for "Federal Student Loans" and would be able to consolidate JM's student loans for a fee. Respondent told JM that if she used their service, her fee to Respondent would be paid in monthly installments, and that part of her monthly payment would go to keeping her current on her student loans.

8. When JM expressed interest in Respondent's offer, Respondent sent several forms for JM to complete, including a document entitled "Consumer Credit Sale Agreement." The paperwork identified Respondent as the Federal Student Loan Council, and required JM to fill in information disclosing her banking information to Respondent, as well as her address in Eugene, Oregon.

9. Respondents charged JM a fee of $1,371.00. This amount was ostensibly financed by Respondent at an interest rate of 18% per year, with JM promising to make monthly payments.

10. The written agreement between Respondent and JM does not specify how Respondent arrived at the fee amount of $1,370. In addition, the written agreement lacks any separate budget analysis describing the debts for which Respondent intends to provide debt management services and JM's ability to pay.

11. Beginning on or about October 17, 2018, Respondent began debiting $64.06 per month from JM's checking account under the name Home Servicing Company. JM

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understood this to be the monthly payment to cover both her student loans and Respondent's fees. In total, JM paid Respondent $768.72.

12. On January 17, 2020, JM received a bill from her federal student loan servicer stating that she was past due on her payments in the amount of $561.96. Respondent contacted her servicer and explained that Respondent was supposed to be forwarding money from her monthly payment to cover her student loans. JM's servicer then informed JM that her servicer had not been receiving payments from Respondent, and that her servicer does not work with Respondent or other third parties.

13. Following JM's discussion with her federal student loan servicer, JM cancelled the automatic debit to Respondent from her checking account and disputed the previous three months of payments. Respondent, in turn, notified the credit bureaus that JM's account was in delinquency, resulting in a 60-point reduction in JM's credit score.

14. On December 11, 2020, Respondent provided proof to the Division that on that day Respondent had issued a full refund to JM in the amount of $768.72.

15. On December 14, 2020, Respondent provided proof to the Division that on that day Respondent had contacted TransUnion, Equifax, and Experian to notify the major credit bureaus that JM was not delinquent on any obligation to Respondent, and that any prior communication suggesting otherwise was made in error.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

Unregistered DMSP Activity

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

17. 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

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obligation to a third party," if that activity is done for money or other valuable consideration.

18. By offering to consolidate JM's student loans and reduce her monthly payment in exchange for a fee, without being registered with the Director as a debt management service provider, Respondent violated ORS 697.612(1)(a).

Improper Written Agreement

19. 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.

20. By failing to provide JM with the itemization of fees required by ORS 697.652(1)(d), Respondent violated ORS 697.652(1)(d).

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 JM with a separate budget analysis, Respondent violated ORS 697.652(2).

Unlicensed Consumer Finance Lending

23. ORS 725.010(2) defines "Consumer Finance Loan" as "a loan or line of credit that is unsecured or secured by personal or real property and that has periodic payments and terms longer than 60 days."

24. Under ORS 725.045(1)(a), no person may "conduct a business in which the person makes a consumer finance loan of $50,000 or less * * * unless the person first obtains a license under this chapter."

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25. Under ORS 725.045(1)(b), a consumer finance loan made by a person who is not licensed under ORS chapter 725 "is void, and the person * * * may not deposit a borrower's or consumer's check, withdraw moneys from a borrower's or consumer's account or otherwise collect, receive or retain principal, interest, a fee or a charge related to or in connection with the consumer finance loan."

26. Respondent violated ORS 725.045(1)(a) by purporting to finance Respondent's fee of $1,370 at an interest rate of 18% per year, without any limitation on the term of the loan, while not licensed in this state to make consumer finance loans.

27. Respondent violated ORS 725.045(1)(b) by debiting JM's monthly payment from her bank account.

Cease and Desist Authority

28. 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.

29. Under ORS 725.400(1)(c), because Respondent is acting as a consumer finance lender without a license, the Director may issue an Order to Respondent to cease and desist from violating ORS chapter 725, or any rule order of the Director.

Civil Penalties Authority

30. 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.

31. Under ORS 725.910, the Director may impose a civil penalty on a person in an amount not to exceed $2,500 for each violation of ORS chapter 725, or of any rule or final order of the Director under ORS chapter 725.

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ORDERS

Now therefore, the Director issues the following Orders:

Cease and Desist

32. 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.

33. As authorized by ORS 725.400(1)(c), the Director ORDERS Respondent to CEASE AND DESIST from violating ORS 725.045(1)(a) and ORS 725.045(1)(b).

Civil Penalties

34. As authorized by ORS 697.832(1), the Director hereby ORDERS that Respondent be subject to a CIVIL PENALTY of $15,000 as follows:

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

B. $5,000 for violating ORS 697.692(1);

C. $2,500 for violating ORS 725.045(1)(a); and

D. $2,500 for violating ORS 725.045(1)(b).

35. The Director hereby SUSPENDS payment of $12,000 of the $15,000 CIVIL PENALTY for a period of two years from the date of execution of this Order, provided that Respondent shall commit no new violations of the Oregon Debt Management Services Provider Act and the Oregon Consumer Finance Act, or of any rules adopted thereunder.

36. The remaining $3,000 of the CIVIL PENALTY assessed herein is due and payable at the time this Order is returned to the Division.

37. 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 or the Oregon Consumer Finance 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

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Management Service Provider law or the Oregon Consumer Finance Law.

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

39. 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 4th day of February, 2021.

Andrew Stolfi, 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, Anthony Aguilar, state that I am an officer of TRUE SOLUTION, 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 TRUE SOLUTION, INC.'s right to a hearing and right to be represented by counsel in this matter. TRUE SOLUTION, 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. TRUE SOLUTION, 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 TRUE SOLUTION, INC. TRUE SOLUTION, INC. will fully comply with the terms and conditions stated herein.

TRUE SOLUTION, INC. understands that this Consent Order is a public document.

Signature: *s/ Anthony Aguilar 1/21/2021*

Position Held: *President*

State of *California*

County of *Los Angeles*

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

By _____.

_____

Notary Public

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