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

In the Matter of: GST FACTORING, INC, a Delaware Corporation, CHAMPION MARKETING SOLUTIONS, LLC, a Texas Limited Liability Company, AMANDA JOHANSON, an Individual, DANIEL RUGGIERO, an Individual, SCOTT FREDA, an Individual, GREGORY TRIMARCHE, an Individual, and RICK GRAFF, an Individual, Respondents.	Case No. DM-20-0057 FINAL ORDER TO CEASE AND DESIST AND FINAL ORDER ASSESSING CIVIL PENALTIES, ENTERED BY DEFAULT **AS AGAINST RESPONDENT CHAMPION MARKETING SOLUTIONS, LLC ONLY**

On January 7, 2021, the Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), by and through the Division of Financial Regulation ("Division"), served an Order to Cease and Desist and Proposed Order Assessing Civil Penalties ("Notice") on GST Factoring, Inc ("GST"), Champion Marketing Solutions, LLC ("CMS"), Amanda Johanson ("Johanson"), Daniel Ruggiero ("Ruggiero"), Scott Freda ("Freda"), Gregory Trimarche ("Trimarche"), and Rick Graff ("Graff") (collectively, "Respondents").

The Notice offered Respondents an opportunity for a hearing if requested within 20 days of service of the Notice. The Notice further informed Respondents that if a hearing was not conducted because Respondents did not timely request a hearing or otherwise defaulted, then the designated portion of the Division's file and all materials submitted by Respondents in this case would automatically become part of the contested case record for the purpose of proving a prima facie case.

The Director mailed copies of the Notice via regular and certified mail to CMS at

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

6302 Creekwood Ct, Sachse TX 75048. At the time of mailing, this address was registered with the Texas Secretary of State as CMS's mailing address and the address of its registered agent. CMS's registration to conduct business in Texas has since expired and the Notice mailings were returned undeliverable.

On March 2, 2021, in accordance with Oregon Revised Statutes ("ORS") 60.731(2)(c), the Director served the Notice on the Oregon Secretary of State as CMS's substitute agent.

The Director did not receive from Respondent CMS a request for a hearing and did not conduct a hearing.

FINDINGS OF FACT

The Director FINDS that:

1. GST is a Delaware corporation that conducts business at 8551 Boat Club Rd., Suite 121, Fort Worth, TX 76179.

2. At all relevant times, Trimarche and Graff owned, controlled, and managed GST.

3. CMS is a Texas limited liability company that conducts business at 6302 Creekwood Ct, Sachse TX 75048.

4. At all relevant times, Freda owned, controlled, and managed CMS.

5. GST and CMS initiated, developed, and controlled a nationwide operation whereby they solicited thousands of consumers to enter into contracts to reduce their student loan obligations for a fee. In particular:

A. GST recruited numerous marketing affiliates to mass-mail solicitations to consumers with student loan debt;

B. GST recruited numerous attorneys – including Johanson and Ruggiero, among others – to represent their consumer clients, with the expectation that each attorney would represent hundreds of clients at a time;

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C. The marketing affiliates, utilizing scripts provided by GST and CMS, encouraged interested consumers to enter into agreements with the attorneys to reduce or eliminate their student loan debt obligations;

D. The marketing affiliates directed consumers to sign engagement agreements with the attorneys, to whom the consumers had not yet spoken, and authorizations to allow the electronic transfer of funds to the attorneys;

E. The attorneys would "assign" the client accounts back to GST, foregoing all interest in them except for approximately 20% of the client fees. The remaining fees went to GST to distribute. GST kept approximately 40% of the fees, gave approximately 10% to CMS and distributed the rest to the marketing affiliates; and

F. CMS served as the clients' primary contact, communicated with the clients' creditors, and acted as liaison between the clients and attorneys.

6. Respondents fees totaled approximately 40 - 50% of the client's enrolled debt.

7. From in or around September 2015 through in or around February 2018, Johanson, pursuant to the foregoing operation, entered into agreements with ten Oregon consumers to reduce or eliminate their student loan debts.[1] During that time period, she charged approximately $180,000 in fees from her clients as follows:

CONSUMER CLIENT	**CHARGED FEES**[2]
AG	$25,687.80
AM	$7,299.90
BW	$13,968.00
CW	$6,633.12
CS	$4,332.48

[1] During this approximate timeframe, Johanson entered into similar agreements with approximately 1,000 additional consumers across the country.
[2] Johanson collected $59,489.95 of $179,888.04 in charged fees.

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JV	$13,652.64
LH	$51,694.08
MD	$13,291.74
MB	$17,500.08
SD	$25,828.20

8. Johanson failed to take any tangible actions to reduce or eliminate the student loan debt of her Oregon clients.

9. On or around February 8, 2018, Johanson was suspended from practicing law in California. Shortly thereafter, Ruggiero assumed representation of her clients, including her Oregon clients.

10. Respondents' agreements with their Oregon clients did not:

A. Itemize fees or explain how the attorneys calculated their fees;

B. Provide that the clients may examine their accounts in their attorney's office and/or request a full and complete written statement of their accounts;

C. Provide that Respondents may cancel the agreement if the clients failed to make scheduled periodic payments for more than sixty days;

D. Estimate the time period necessary to completed the debt management services; and/or

E. Identify the refunds to which the clients would be entitled under different cancellation circumstances.

11. Respondents did not provide their Oregon clients with a separate budget analysis that evaluated whether the services Respondents proposed to perform were advantageous to them.

12. Respondents did not provide their Oregon clients with documentation stating:

A. The maximum amount Respondents could charge for their services

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under the Oregon Debt Management Service Provider Law;

B. That canceled debt may constitute income that is subject to state and federal taxation and that they should consult with a tax professional; and/or

C. Their rights to review their consumer credit information.

13. At no time have any Respondents been registered to perform debt management services in Oregon.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

14. By offering to reduce or eliminate the student loan debts of ten Oregon consumers, Respondents performed "debt management services" as defined under ORS 697.602(2)(c).

15. By performing debt management services without being registered with the Director as a debt management service provider, Respondents violated ORS 697.612(1)(a) in 10 instances.

16. By entering into written agreements with their Oregon clients that lacked the information identified in Paragraph (10), Respondents violated ORS 697.652(1) in 10 instances.

17. By failing to provide their Oregon clients with separate budget analyses, Respondents violated ORS 697.652(2) in 10 instances.

18. By charging their Oregon clients a fee greater than 15 percent of their enrolled debts, Respondents violated ORS 697.692(1)(d) in 10 instances.

19. By failing to provide their Oregon clients with documentation containing the disclosures identified in Paragraph (12), Respondents violated ORS 697.707(1), (2) and (3).

20. Because the Director has reason to believe that Respondents have engaged in violations of the Oregon Debt Management Service Provider Law, the Director may issue

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an order to Respondents to cease and desist from violations of ORS 697.612, ORS 697.652, ORS 697.692 and ORS 697.707, under ORS 697.825(1)(a).

21. In addition to any other liability or penalty provided by law, 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, under ORS 697.832(1).

ORDERS

Now therefore, the Director issues the following ORDERS to Respondent CMS:

22. As authorized by ORS 697.825(1)(a), the Director ORDERS Respondent CMS to CEASE AND DESIST from violating ORS 697.612, ORS 697.652, ORS 697.692 and ORS 697.707.

23. As authorized by ORS 697.832(1), the Director hereby ORDERS that Respondent CMS be subject to a CIVIL PENALTY of $150,000 as follows:

A. $30,000 for violating ORS 697.612(1)(a);

B. $30,000 for violating ORS 697.652(1) and (2);

C. $75,000 for violating ORS 697.692(1)(d); and

D. $15,000 for violating ORS 697.707(1), (2) and (3).

SO ORDERED this 30th day of March, 2021.

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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NOTICE OF RIGHT TO JUDICIAL APPEAL

You are entitled to judicial review of this order in accordance with 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. Note that under ORS 59.295(2), in the absence of a timely demand for a hearing, no personal shall be entitled to judicial review of the order.

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