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

In the Matter of: DIRECT PREP LP, Respondent.	Case No. DM-20-0080 ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTIES, ENTERED BY DEFAULT

On February 17, 2021 the Director of the Department of Consumer and Business Services for the State of Oregon ("the Director"), through the Division of Financial Regulation ("the Division"), properly served Direct Prep LP ("Direct Prep"), an Order to Cease and Desist, Proposed Order Assessing Civil Penalties, and Notice of Right to a Hearing ("Notice Order") via regular and certified mail. On March 9, 2021, the Director, through the Division, also served the Notice Order on Direct Prep through the Oregon Secretary of State.

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

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

Now, therefore, the Director makes the following Findings of Fact and Conclusions of Law and issues the following Orders.

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FINDINGS OF FACT

The Director FINDS that:

1. Direct Prep, a California limited partnership, is a document preparation company with a last known business address of 1015 E. Imperial Highway C7, Brea, California 92821.

2. Steven Ortega ("Ortega") is the general manager for Direct Prep.

3. For a fee, Direct Prep assists borrowers in preparing their application to the various student loan repayment, consolidation, and forgiveness programs of the U.S. Department of Education ("DOE"). Borrowers, however, may apply to these programs for free.

4. Direct Prep requests its clients to provide a "Release of Authorization," providing Direct Prep authorization to speak with loan servicers on clients' behalf.

5. Direct Prep has never been registered with the Oregon Secretary of State to conduct business in Oregon, nor has it been registered with the Director, through the Oregon Division of Financial Regulation ("the Division"), as a debt management service provider ("DMSP").

6. In or around 2018, Oregon residents KM and AG hired Direct Prep to prepare their respective applications to the DOE's Income-Driven Repayment ("IDR") Plan.

7. For its services, Direct Prep charged KM a fee of $999 to be paid in three installments of $333.00. The company charged AG a fee of $599.

8. KM communicated with Ortega and was assured the balance of her loans would be forgiven.

9. On March 13, 2020, the Oregon Department of Justice ("DOJ") received a complaint from Oregon resident KM regarding Direct Prep. The DOJ forwarded the complaint to the Division, which began investigating Direct Prep shortly after. The Division requested certain information from Direct Prep, but the company failed to

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respond.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

10. By preparing or offering to prepare KM's and AG's respective applications to the DOE's IDR Plan for a fee, Direct Prep modified or offered to modify the terms and conditions of an existing loan from or obligation to a third party.

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

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

13. Because the Director has reason to believe that Direct Prep violated ORS 697.612(1)(a), the Director is authorized under ORS 697.825(1)(a) to order Direct Prep to cease and desist from violating this statute.

14. Further, ORS 697.832(1) authorizes the Director to assess a civil penalty against Direct Prep of up to $5,000 per violation of the Oregon Debt Management Services Provider Law.

ORDER

Now therefore, the Director issues the following:

15. As authorized by ORS 697.825(1)(a), the Director hereby ORDERS Direct Prep to CEASE AND DESIST from violating the Oregon Debt Management Service Provider Law, ORS 697.612(1)(a).

16. As authorized by ORS 697.832(1), the Director hereby ORDERS Direct Prep to pay $10,000.00 in CIVIL PENALTIES for two violations of ORS 697.612(1)(a).

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

SO ORDERED this 29th day of June, 2021.

ANDREW R. STOLFI, 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 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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