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 ORDER TO CEASE AND DESIST, ORDER PERMANENTLY PROHIBITING OREGON DEBT MANAGEMENT ACTIVITY, ORDER ASSESSING CIVIL PENALTY, AND CONSENT TO ENTRY OF ORDER **AS AGAINST RESPONDENT RICK GRAFF ONLY**

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"), conducted an investigation into the activities of 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") and determined that Respondents engaged in activities constituting violations of the Oregon Debt Management Service Provider Law.

Graff wishes to resolve and settle this matter with the Director.[1]

Now, therefore, as evidenced by the authorized signatures subscribed on this Order, Graff 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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[1] This Consent Order does not resolve this matter against the remaining Respondents.

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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;

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,

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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.[2] During that time period, she charged approximately $180,000 in fees from her clients as follows:

CONSUMER CLIENT	**CHARGED FEES[3]**
AG	$25,687.80
AM	$7,299.90
BW	$13,968.00
CW	$6,633.12
CS	$4,332.48
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

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

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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 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.

14. On December 3, 2020, judgment was entered against Graff in United States District Court, Central District of California, case number 8:20-cv-01239 for activities

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relating to the GST/CMS debt management operation ("Judgment").[4]

15. Pursuant to the terms of the Judgment, Graff was assessed a $15 million dollar penalty and ordered to pay an additional $11,618,552 in restitution to consumers harmed by Respondents' activities.[5]

CONCLUSIONS OF LAW

The Director CONCLUDES that:

16. 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).

17. 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.

18. 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.

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

20. 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.

21. 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).

22. 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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[4] Separate judgments were entered against each of the remaining Respondents, among others, in connection with this case.
[5] The remaining Respondents were assessed varying penalties in connection with this case.

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).

23. 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 as against Graff only:

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

25. Graff hereby AGREES to permanently refrain from all activities that require registration under the Oregon Debt Management Service Provider Law, including activities taken on behalf of a registered Oregon debt management service provider. This prohibition extends to entities owned, managed, and/or controlled by Graff.

26. As authorized by ORS 697.832(1), the Director hereby ORDERS that Graff be subject to a CIVIL PENALTY of $100,000 as follows:

A. $20,000 for violating ORS 697.612(1)(a);

B. $20,000 for violating ORS 697.652(1) and (2);

C. $50,000 for violating ORS 697.692(1)(d); and

D. $10,000 for violating ORS 697.707(1), (2) and (3).

27. The Director hereby suspends payment of $100,000 of the CIVIL PENALTY for a period of three years, provided Graff:

A. Complies with the terms of this Order; and

B. Does not violate the Oregon Debt Management Service Provider Law within the three-year time period.

28. The suspended CIVIL PENALTY ($100,000) will be waived three years from

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the date this Order is finalized, provided Graff has complied with the foregoing Order terms. The Director reserves the right to immediately assess and collect the suspended civil penalty upon a determination that Graff has violated any term of this Order.

29. This Order is binding upon Graff's successors and assigns.

30. 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, including, but not limited to, the Director's authority to enforce this Order or take action against Graff for violations of this Order or violations in this Order that are discovered after the date of this Order.

SO ORDERED this 25th 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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CONSENT TO ENTRY OF ORDER

I, Rick Graff, state that I have read the foregoing Order and that I know and fully understand the contents hereof. I have been advised of my right to a hearing and of my right to be represented by counsel in this matter. I voluntarily consent 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. I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Debt Management Service Provider Law by me. I will fully comply with the terms and conditions stated herein.

I further assure the Director I will not effect debt management services in Oregon. I understand that this Consent Order is a public document.

Signature: /s/ Rick Graff

State of Texas

County of Parker

Signed or attested before me on this 11th day of March, 2021 by Rick Graff.

/s/ Andy Wilks
Notary Public

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