

# STATE OF OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES DIVISION OF FINANCE AND CORPORATE SECURITIES

# BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of: **DM-11-0087** 

**Consumer Debt Foundation,** 

Respondent.

FINAL ORDER TO CEASE AND DESIST AND ORDER ASSESSING CIVIL PENALTY ENTERED BY DEFAULT

On October 27, 2011, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director"), acting pursuant to the authority of the Oregon Revised Statutes ("ORS") 697.602 to 697.842 hereby issued Administrative Order No. DM-11-0087, ORDER TO CEASE AND DESIST, PROPOSED ORDER ASSESSING CIVIL PENALTY, AND NOTICE OF OPPORTUNITY FOR AN ADMINISTRATIVE HEARING ("the Proposed Order") against Respondent Consumer Debt Foundation ("CDF").

On October 28, 2011, CDF was duly served with true copies of the Proposed Order by certified United States Mail, postage prepaid, to the following four addresses: (1) 310 W 3<sup>rd</sup> St. #1501, Santa Ana, California 92701 (Item No. 7008 1830 0003 3147 2584); (2) 1665 E. 4<sup>th</sup> St. Ste 111, Santa Ana, California 92701 (Item No. 7008 1830 0003 3147 2591); (3) 20904 Ambushers St., Diamond Bar, California 91765 (Item No. 7008 1830 0003 3147 2607); and (4) 2559 San Anselmo St., San Diego, California 92109 (Item No. 7008 1830 0003 3147 2614). A true copy of the Proposed Order was also sent by certified United States Mail, postage prepaid to Mr. Mark W. Norred, 333 City Blvd West Suite 1610, Orange California 92868 (Item No. 7008 1830 0003 3147 2621), CDF's last known agent for service of process.

Additionally, on October 28, 2011, true copies of the Proposed Order were sent by regular mail to CDF at all of the addresses noted above.

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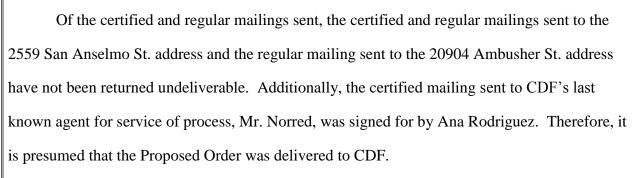
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CDF has not made a written request for a contested case hearing in this matter and time to do so has now expired.

NOW THEREFORE, after consideration of the file in this matter maintained by the Oregon Department of Consumer and Business Services, including any materials that CDF may have submitted, the Director hereby issues the following Findings of Fact, Conclusions of Law, and Final Orders.

## FINDINGS OF FACT

I.

The Director FINDS that:

- CDF is believed to be a California business entity with its principal office located at 1. 1665 E. 4<sup>th</sup> Street #111. Santa Ana. California 92701.
- 2. At all times relevant to this matter, CDF held itself out as providing debt management services as defined by ORS 697.602(2)(d), by receiving money in return for obtaining or attempting to obtain as an intermediary on a consumer's behalf a concession from a creditor including, but not limited to, a reduction in the principal, interest, penalties or fees associated with a debt.
- 3. At no time material to this Order was CDF registered in Oregon with the Director as a debt management service provider.
- At no time material to this Order did CDF file a bond with the Director as required by 4. Oregon law.
  - At all times relevant to this matter, individuals identified as "EO" and "TO" were 5.

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6. In October of 2009, EO and TO enrolled in CDF's debt consolidation program. CDF charged EO and TO \$1,156 per month for at least nine months to receive debt management services. To date, CDF has collected over \$10,000 from EO and TO even though CDF has not yet negotiated any settlements with their creditors.

II.

#### **CONCLUSIONS OF LAW**

The Director CONCLUDES that:

residents of the State of Oregon.

- 7. CDF performed debt management services as defined by ORS 697.602(2)(d) when it received money in return for obtaining or attempting to obtain as an intermediary on a consumer's behalf a concession from a creditor including, but not limited to, a reduction in the principal, interest, penalties or fees associated with a debt.
- 8. CDF violated ORS 697.612 by engaging in the business of debt management service provider without being registered with the Director pursuant to ORS chapter 697.
- 9. CDF violated ORS 697.642(1) when it performed debt management services without first filing a bond issued by one or more corporate sureties authorized to do business in Oregon.
- 10. CDF violated ORS 697.692(1)(d) when it charged Oregon consumers a fee that exceeded \$65 per month to receive debt management services. Each month CDF charged a fee in excess of \$65 is a separate and distinct violation of ORS 697.692(1)(d).

III.

# **ORDERS**

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

### Order to Cease and Desist

11. Pursuant to the authority of ORS 697.825(1)(a), the Director hereby ORDERS CDF, and all entities owned or controlled by CDF, their successors and assignees, to CEASE AND DESIST from violating any provision of the Oregon statutes regulating debt management service

1	providers, ORS chapter 697, and any rule, order, or policy issued by the Director under ORS
2	chapters 697.
3	Order Assessing Civil Penalty
4	12. Pursuant to the authority of ORS 697.832, the Director may assess a CIVIL
5	PENALTY in an amount of not more than \$5,000 per violation against any person who violates
6	ORS 697.602 to 697.842, rules adopted pursuant to ORS 697.632, or any order issued under
7	ORS 697.825.
8	13. Pursuant to ORS 697.832, the Director hereby assesses CDF a CIVIL PENALTY in
9	the amount of \$55,000 (fifty-five thousand dollars) as follows:
10	A. A CIVIL PENALTY of \$5,000 (five thousand dollars) for violation of the registration
11	provisions of ORS 697.612(2)(d) by engaging in the business of performing debt management
12	service without being registered with the Director pursuant to ORS chapter 697;
13	B. A CIVIL PENALTY of \$5,000 (five thousand dollars) for performing debt
14	management services without first filing a bond as required by ORS chapter 697; and
15	C. A CIVIL PENALTY of \$45,000 (forty-five thousand dollars) for nine violations of
16	ORS 697.692(1)(d) by charging a monthly fee in excess of \$65.
17	14. The entry of this Order in no way limits further remedies which may be available to
18	the Director under Oregon law.
19	IT IS SO ORDERED.
20	Dated this <u>1st</u> day of <u>December</u> , 2011 at Salem, Oregon,
21	NUNC PRO TUNC October 28, 2011.
22	SCOTT L. HARRA, Acting Director
23	Department of Consumer and Business Services
24	/s/ David Tatman
25	David C. Tatman, Administrator Division of Finance and Corporate Securities
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