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3 **STATE OF OREGON**
4 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
5 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

6 **BEFORE THE DIRECTOR OF THE DEPARTMENT**
7 **OF CONSUMER AND BUSINESS SERVICES**

8 In the Matter of:

DM-11-0087

9 **Consumer Debt Foundation,**

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

10 Respondent.

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

17 On October 28, 2011, CDF was duly served with true copies of the Proposed Order by
18 certified United States Mail, postage prepaid, to the following four addresses: (1) 310 W 3rd St.
19 #1501, Santa Ana, California 92701 (Item No. 7008 1830 0003 3147 2584); (2) 1665 E. 4th St.
20 Ste 111, Santa Ana, California 92701 (Item No. 7008 1830 0003 3147 2591); (3) 20904
21 Ambushers St., Diamond Bar, California 91765 (Item No. 7008 1830 0003 3147 2607); and (4)
22 2559 San Anselmo St., San Diego, California 92109 (Item No. 7008 1830 0003 3147 2614). A
23 true copy of the Proposed Order was also sent by certified United States Mail, postage prepaid to
24 Mr. Mark W. Norred, 333 City Blvd West Suite 1610, Orange California 92868 (Item No. 7008
25 1830 0003 3147 2621), CDF’s last known agent for service of process.

26 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.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 Of the certified and regular mailings sent, the certified and regular mailings sent to the
2 2559 San Anselmo St. address and the regular mailing sent to the 20904 Ambusher St. address
3 have not been returned undeliverable. Additionally, the certified mailing sent to CDF's last
4 known agent for service of process, Mr. Norred, was signed for by Ana Rodriguez. Therefore, it
5 is presumed that the Proposed Order was delivered to CDF.

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

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

12 **I.**

13 **FINDINGS OF FACT**

14 The Director FINDS that:

- 15 1. CDF is believed to be a California business entity with its principal office located at
16 1665 E. 4th Street #111, Santa Ana, California 92701.
- 17 2. At all times relevant to this matter, CDF held itself out as providing debt management
18 services as defined by ORS 697.602(2)(d), by receiving money in return for obtaining or
19 attempting to obtain as an intermediary on a consumer's behalf a concession from a creditor
20 including, but not limited to, a reduction in the principal, interest, penalties or fees associated
21 with a debt.
- 22 3. At no time material to this Order was CDF registered in Oregon with the Director as a
23 debt management service provider.
- 24 4. At no time material to this Order did CDF file a bond with the Director as required by
25 Oregon law.
- 26 5. At all times relevant to this matter, individuals identified as "EO" and "TO" were



1 residents of the State of Oregon.

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

6 **II.**

7 **CONCLUSIONS OF LAW**

8 The Director CONCLUDES that:

9 7. CDF performed debt management services as defined by ORS 697.602(2)(d) when it
10 received money in return for obtaining or attempting to obtain as an intermediary on a
11 consumer's behalf a concession from a creditor including, but not limited to, a reduction in the
12 principal, interest, penalties or fees associated with a debt.

13 8. CDF violated ORS 697.612 by engaging in the business of debt management service
14 provider without being registered with the Director pursuant to ORS chapter 697.

15 9. CDF violated ORS 697.642(1) when it performed debt management services without
16 first filing a bond issued by one or more corporate sureties authorized to do business in Oregon.

17 10. CDF violated ORS 697.692(1)(d) when it charged Oregon consumers a fee that
18 exceeded \$65 per month to receive debt management services. Each month CDF charged a fee
19 in excess of \$65 is a separate and distinct violation of ORS 697.692(1)(d).

20 **III.**

21 **ORDERS**

22 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

23 Order to Cease and Desist

24 11. Pursuant to the authority of ORS 697.825(1)(a), the Director hereby ORDERS CDF,
25 and all entities owned or controlled by CDF, their successors and assignees, to CEASE AND
26 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 1st day of December , 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
26 Division of Finance and Corporate Securities

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