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

6 Case No. DM-14-0026

7 In the Matter of

8 NATIONAL DEBT GROUP, A/K/A  
9 NDG,

10 Respondent.

11 FINAL ORDERS TO CEASE AND  
12 DESIST AND ASSESSING CIVIL  
13 PENALTIES, ENTERED BY  
14 DEFAULT

15 On June 14, 2014, the Director of the Department of Consumer and Business  
16 Services for the State of Oregon (the “*Director*”), acting under the authority of the  
17 Oregon Debt Management Service Provider Act, Oregon Revised Statutes (“*ORS*”)  
18 697.602 to 697.842, and the administrative rules promulgated thereunder, issued  
19 Administrative Order No. DM-14-0026, ORDER TO CEASE AND DESIST,  
20 PROPOSED ORDER ASSESSING CIVIL PENALTIES, AND NOTICE OF RIGHT TO  
21 AN ADMINISTRATIVE HEARING (the “*Notice Order*”) against Respondent National  
22 Debt Group, also known as NDG (“*Respondent*”).

23 On June 16, 2014, the Notice Order was sent to Respondent by certified United  
24 States Mail, postage prepaid to the following address: 538 W. 21<sup>st</sup> St., #56676, Houston,  
25 TX 77008 (Article No. 7010 1670 0001 7215 7256). A certain “L. Martinez” signed the  
26 certified mailing on behalf of Respondent on June 20, 2014, thereby confirming receipt  
thereof. The Notice Order was also sent to Respondent by first class mail to the address  
noted above on June 16, 2014.

In accordance with OAR 137-003-0075, the Notice Order designated the file of  
the Oregon Department of Consumer and Business Services, Division of Finance and  
Corporate Securities (the “*Division*”), including all materials submitted by Respondent,

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1 as the record for the purpose of making a prima facie case in the event that the Director  
2 entered a final order against Respondent by default.

3 Respondent did not timely or properly request a hearing.

4 Now, therefore, after consideration of the record, the Director issues the following  
5 Findings of Fact, Conclusions of Law, and Final Order.

6  
7 I. FINDINGS OF FACT

8 The Director FINDS that:

9 1. Respondent purports to operate out of an office located at 538 W. 21<sup>st</sup> St.,  
10 #56676, Houston, TX 77008. Based on a search of the Texas Secretary of State (“*Texas*  
11 *SOS*”) Corporations Section records, as of May 27, 2014 Respondent is not, and has not  
12 previously been, registered with the Texas SOS as a domestic or foreign entity or  
13 assumed business name.

14 2. Based on a search of the Oregon Secretary of State (“*Oregon SOS*”)  
15 Corporations Division records, as of May 27, 2014 Respondent is not, and has not  
16 previously been, registered with the Oregon SOS as a domestic or foreign entity or  
17 assumed business name.

18 3. As of May 21, 2014, Respondent is not currently and has not previously been  
19 registered with the Division to provide “debt management services” in Oregon, as that  
20 term is defined in ORS 697.602(2)(c).

21 4. At all material times relevant to this matter, the individual consumers  
22 identified herein as “KL” and “JS” were Oregon residents.

23 5. In November of 2013, KL received a written solicitation from Respondent,  
24 dated November 18, 2013, which communicated an urgent need for KL to engage  
25 Respondent to provide debt management services to KL, stating in large, bold lettering,  
26 “IMPORTANT FINAL NOTICE”, and “IMMEDIATE RESPONSE TO THIS FINAL





1 NOTICE REQUESTED.” The solicitation included a deadline for KL to contact  
2 Respondent of December 18, 2013. The top of the solicitation did not identify the sender,  
3 other than to list an address of 538 W. 21<sup>st</sup> St. #56676, Houston, TX 77008-3624. The top  
4 of the solicitation also displayed an emblem or logo of an eagle with a flag or crest,  
5 thereby giving the appearance that the solicitation was from or associated with a  
6 government agency. The return address label for the solicitation identified the sender as  
7 “NDG” and listed the same Texas address as set forth in the body of the solicitation.

8         6. The solicitation recited “Estimated Credit Card Balances” for KL of  
9 \$21,000.00 and proposed to restructure and settle such debt for a “Proposed Settlement  
10 Offer” of \$10,500.00, with “Monthly Program Payments” of \$315.00. The solicitation  
11 further provided:

**Our previous attempts to contact you have been unsuccessful.** This  
12 letter is being sent to you one last time before you are no longer deemed  
13 eligible for help by this office. Once we have been contacted, we will have  
14 the authorization to restructure your open balances to \$10,500 on your  
15 behalf directly with your creditors. Once all funds clear and the program  
16 proceeds have been applied to your creditor accounts, your account will be  
considered satisfied.

17         7. In February of 2014, Oregon resident JS received a written solicitation from  
18 Respondent, dated January 31, 2014, which was nearly identical to the above-described  
19 solicitation received by KL. The solicitation included a deadline for JS to contact  
20 Respondent of February 28, 2014, and included the same “Estimated Credit Card  
21 Balances,” “Proposed Settlement Offer,” and “Monthly Program Payment” amounts as  
22 set forth in the solicitation to KL. While the body of the solicitation did not identify the  
23 company offering the services, the return address on the solicitation listed the sender as  
24 “NDG, 538 W. 21<sup>st</sup> St. #56676, Houston, TX 77008-3624.

25         8. Shortly after receipt of the above-described written solicitation, JS received no  
26 less than two separate telephone calls from Respondent, again soliciting the provision of



1 debt management services. JS answered the first phone call and told Respondent that he  
2 was not interested in their services and not to contact him again. JS subsequently received  
3 a second phone call, but did not answer the call as he recognized Respondent's phone  
4 number.

5 9. Contrary to the statements in the above-described solicitations, as of the date  
6 of such solicitations, the respective credit card balances of KL and JS, if any, were  
7 significantly less than the "Estimated Credit Card Balances" stated in the solicitations,  
8 and any such credit card balances of KL and JS were current and not in default. As of the  
9 date of the solicitation, neither KL nor JS were seeking debt management assistance from  
10 Respondent or any other company, and neither KL nor JS engaged Respondent to provide  
11 debt management services.

## 12 II. CONCLUSIONS OF LAW

13 The Director concludes that:

14 10. Respondent performed "debt management services," as that term is defined in  
15 ORS 697.602(2)(a) and (c), respectively, when Respondent:

16 A. Offered to receive funds from KL and JS (collectively the "**Consumers**")  
17 for the purpose of distributing the funds among the consumer's creditors in full  
18 or partial payment of the Consumers' debts; and

19 B. Offered to modify the terms and conditions of the Consumers' existing  
20 loans or obligations.

21 11. Respondent acted as a "debt management service provider," as defined in  
22 ORS 697.602(3) when it offered to perform the above-described debt management  
23 services for the Oregon Consumers in return for receipt of monthly payments by the  
24 Consumers.

25 12. Respondent violated ORS 697.612(1)(b)(A) when Respondent offered to  
26



1 provide debt management services to the Consumers in exchange for money or other  
2 valuable consideration, as described in Paragraph 10 above, without first registering with  
3 the Division as debt management service provider.

4 13. Each time Respondent solicited the Consumers to engage Respondent for the  
5 provision of debt management services without being registered with the Division is a  
6 separate and distinct violation of ORS 697.612(1)(b)(A), including the following  
7 solicitations:

- 8 A. The written solicitation mailed to KL in November of 2013;
- 9 B. The written solicitation mailed to JS in February of 2014; and
- 10 C. The two separate telephonic solicitations to JS sometime after the  
11 February 2014 mailing.

12 14. Respondent violated ORS 697.662(12)(a) and (c), respectively, when  
13 Respondent:

- 14 A. Published and distributed, or caused to be published and distributed,  
15 material containing false, misleading, or deceptive statements or representations  
16 regarding the status of the Consumers' credit card balances in the above-  
17 referenced written solicitations; and
- 18 B. Displayed an emblem, logo or other sign or device that is similar to an  
19 emblem, logo, sign or device that a government agency provides, including but  
20 not limited to an eagle or crest, in its solicitation to KL.

### 22 III. ORDERS

23 The Director ISSUES the following ORDERS:

#### 24 Order to Cease and Desist

25 15. Pursuant to ORS 697.825(1)(a), the Director hereby ORDERS Respondent,  
26 and all entities owned or controlled by Respondent, their successors and assignees, to

1 CEASE AND DESIST from violating any provision of the Oregon Debt Management  
2 Service Providers Laws, ORS 697.602 to 697.842, or any administrative rule adopted by  
3 the Director under those statutes.

4 Order Assessing Civil Penalties

5 16. Pursuant to the authority of ORS 697.832(1), the Director may assess CIVIL  
6 PENALTIES against persons who violate the Oregon Debt Management Service  
7 Providers Laws, or any administrative rules adopted thereunder, in an amount not to  
8 exceed \$5,000.00 per violation.

9 17. Pursuant to ORS 697.832(1), the Director hereby assesses CIVIL  
10 PENALTIES against Respondent in the total amount of twenty-five thousand dollars  
11 (\$25,000.00), as follows:

12 A. A CIVIL PENALTY of five thousand dollars (\$5,000.00) for each of the  
13 four separate solicitations Respondent made to the Consumers without being registered  
14 as a debt management service provider, in violation of ORS 697.612(1)(b)(A), including  
15 the written solicitation to KL, the written solicitation to JS, and the two separate  
16 telephonic solicitations to JS, for a total CIVIL PENALTY of twenty thousand dollars  
17 (\$20,000.00); and

18 B. A CIVIL PENALTY of five thousand dollars (\$5,000.00) for  
19 Respondent's publication and distribution of a solicitation containing false, misleading,  
20 or deceptive statements or representations, and displaying an emblem, logo or other sign  
21 or device similar to that provided by a government agency, in violation of ORS  
22 697.662(12)(a) and (c).

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IV. AUTHORITY OF THE DIRECTOR TO SEEK OTHER REMEDIES UNDER  
OREGON LAW

18. 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, sanctions, or actions which may be available to the Director under Oregon law.

IT IS SO ORDERED.

Dated this 13th day of August, 2014.

PATRICK M. ALLEN, Director  
Department of Consumer and Business Services

/s/ David Tatman  
David C. Tatman, Administrator  
Division of Finance and Corporate Securities

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NOTICE OF RIGHT TO APPEAL

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A person aggrieved by an Order of the Director of the Department of Consumer and Business Services which has been the subject of a timely application for a hearing before the director shall be entitled to judicial review of the order under ORS Chapter 183. Pursuant to ORS 697.825(2)(d) and (e), a person who does not timely file a request for a hearing on an order is not entitled to judicial review.

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