

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

In the Matter of:

CF 15-0003

CONSUMER PORTFOLIO
SERVICES, INC.;

Applicant.

FINAL ORDER CONDITIONING
CONSUMER FINANCE LICENSE
AND COLLECTION AGENCY
REGISTRATION ENTERED BY
CONSENT

The Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), in accordance with ORS chapter 725 ("the Consumer Finance Act"), specifically ORS 725.140, 725.145, 725.320 and 725.410, and the statutes regulating collection agencies, has reviewed the consumer finance license application of Consumer Portfolio Services, Inc. ("CPS") and has determined that grounds to deny the license application may exist.

Further, the Director, in accordance with the statutes regulating collection agencies, ORS 697.005 to 697.095 ("the collection agency statutes"), specifically ORS 697.039, has determined that grounds may exist for the revocation or suspension of the Oregon collection agency registration held by CPS.

CPS has cooperated with the Director's review of this application.

CPS neither admits nor denies the findings herein, but wishes to resolve this matter with the Director;

Now, therefore, as evidenced by the authorized signature subscribed on this Consent to Entry of Order, CPS hereby CONSENTS to entry of this Order conditioning the issuance of its consumer finance license and continuance of its collection agency registration upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter.





I. FINDINGS OF FACT

1. CPS is a California corporation with offices located in Irvine, California.

2. CPS has been registered with the Director as a collection agency in Oregon since September 10, 2009, holding registration number CA49624. CPS has filed an application for an Oregon consumer finance license.

3. On or about May 28, 2014, CPS agreed to entry of a stipulated order for a permanent injunction and payment of civil penalties to the Federal Trade Commission ("FTC") (U.S. District Court for the Central District of California, Case No. SACV14-00819 ABC) ("the May 28, 2014 Order"). The FTC Order found CPS in violation of the Federal Trade Commission Act ("FTC Act"), the Fair Debt Collection Practices Act ("FDCPA") and the Fair Credit Reporting Act ("FCRA").

4. According to the May 28, 2014 Order, CPS's loan-servicing violations included:

A. Misrepresenting fees consumers owed in collection calls, monthly statements, pay-off notices, and bankruptcy filings;

B. Making unsubstantiated claims about the amounts consumers owed;

C. Improperly assessing and collecting fees or other amounts;

D. Unilaterally modifying contracts by, for example, increasing principal balances;

E. Failing to disclose financial effects of loan extensions;

F. Misrepresenting that consumers must use particular payment methods requiring service fees; and

G. Misrepresenting that the company audits verified consumer accounts balances.

5. According to the May 28, 2014 Order, CPS's collection agency violations include:

A. Disclosing the existence of debts to third parties;



1 B. Calling consumers at work when not permitted or inconvenient;

2 C. Calling third parties repeatedly with intent to harass;

3 D. Making unauthorized debits from consumer bank accounts;

4 E. Falsely threatening car repossession; and

5 F. Deceptively manipulating Caller ID.

6 6. Because for many of its accounts CPS is a creditor, the FTC complaint
7 charged these practices violated Section 5 of the FTC Act. For those accounts where CPS
8 is a debt collector, the complaint charged these practices violated the FDCPA.

9 7. CPS was also charged with failure to establish and implement reasonable
10 written procedures and failure to reasonably investigate and respond timely to consumer
11 disputes under the Furnisher Rule.

12 8. Under the terms of the May 28, 2014 Order, CPS began sending refunds or
13 adjustments in an amount exceeding \$3.5 million to 128,000 consumers' accounts within
14 90 days of the effective date of the order. CPS also agreed to pay \$2 million in civil
15 penalties to settle the FTC charges.

16 II. CONCLUSIONS OF LAW

17 9. The Director has determined that grounds may exist for denying the consumer
18 finance license application of CPS in accordance with ORS 725.145.

19 10. The Director has determined that grounds may exist under ORS 697.039 for
20 revoking the collection agency registration held by CPS.

21 11. Under the Consumer Finance Act, the Director may condition the issuance of
22 a consumer finance license.

23 12. Under the collection agency statutes, the Director may condition the issuance
24 of a collection agency registration.

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III. ORDER

13. The Director hereby ORDERS that the consumer finance license application of CPS is APPROVED with the conditions set out below.

14. CPS agrees that its Oregon consumer finance license and its collection agency registration will be immediately revoked if:

A. CPS violates the May 28, 2014 Order;

B. CPS violates any provision of the Oregon Consumer Finance Act, ORS chapter 725;

C. CPS violates any provision of the Oregon laws regulating debt collection and collection agencies, ORS chapter 697; or

D. CPS violates any provision of the FTC Act, the FDCPA, or the FCRA.

15. If the Director has reasonable cause to believe that CPS has violated the terms of this Order and proposes administrative action to revoke CPS' consumer finance license and collection agency registration under the terms set out in this Order, CPS agrees to pay the Director for the actual costs incurred in providing extra service in the investigation of those violations under ORS 725.185(2). For the purpose of this paragraph, reasonable cause shall include, but not be limited to, the receipt by the Division of Finance and Corporate Securities of ten or more complaints of violations by CPS of either the Oregon or federal consumer lending laws or the Oregon or federal laws concerning debt collection and collection agencies.

16. If the Director revokes or seeks to revoke CPS' consumer finance license and collection agency registration under the terms set out in this Order, and the Director prevails in any challenge of that action by CPS, CPS agrees to pay the Director's attorney fees and costs.

17. The conditional consumer finance license issued to CPS will expire on December 31, 2015.

1 18. The entry of this Order in no way limits further remedies which may be
2 available to the Director under Oregon law.

3 SO ORDERED this 4th day of February, 2015 at Salem, Oregon.

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

6
7 /s/ David Tatman
8 David C. Tatman, Administrator
9 Division of Finance and Corporate Securities

10 APPROVED AS TO FORM:
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12 /s/ Michael T. Lavin Dated: January 29, 2015
13 Signature of Attorney
14 Consumer Portfolio Services, Inc.

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1 CONSENT TO ENTRY OF ORDER

2 I, _____, state that I am an officer of
3 Consumer Portfolio Services, Inc. ("CPS"), and I am authorized to act on its behalf; that I
4 have read the foregoing Order and that I know and fully understand the contents hereof;
5 that CPS and I have been advised of the right to a hearing and of the right to be
6 represented by counsel in this matter; that CPS, voluntarily and without any force or
7 duress, consents to the entry of this Order, expressly waiving any right to a hearing in this
8 matter; that CPS, executes this Order as a settlement of the matters referred to in the
9 foregoing Order; that CPS understands that the Director reserves the right to take further
10 actions to enforce this Order or to take appropriate action upon discovery of future
11 violations of the Oregon statutes regulating debt management service providers, ORS
12 697.602 to 697.842, the rules adopted pursuant to ORS 697.632, or any order issued
13 under ORS 697.825, and that CPS will fully comply with the terms and conditions stated
14 herein.

15 CPS further assures the Director that neither CPS, nor its officers, directors,
16 employees or agents, will offer to provide services in Oregon unless such services are in
17 full compliance with chapter 697 of the Oregon Revised Statutes.

18 CPS understands that this Order is a public document.

19 CONSUMER PORTFOLIO SERVICES, INC.

20 By: /s/ Michael T. Lavin
21 Signature

22 Michael T. Lavin
23 Printed Name

24 EVP/CLO
25 Office Held

26 State of California

County of Orange

Signed or attested before me on January 29, 2015 by

Michael T. Lavin.

/s/ Maribel Cabrera
Notary Public