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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-15-0057**

9 **John C. Heath, Attorney at Law, PLLC,**  
10 **d/b/a Lexington Law Firm,**

**ORDER TO CEASE AND DESIST,**  
11 **ORDER ASSESSING CIVIL PENALTY,**  
12 **AND CONSENT TO ENTRY OF**  
13 **ORDER**

14 Respondent.

15 WHEREAS, the Director of the Department of Consumer and Business Services for the  
16 State of Oregon (hereinafter the "**Director**"), acting pursuant to the Oregon statutes regulating  
17 debt management service providers, ORS 697.602 to 697.842, has conducted an investigation of  
18 John C. Heath, Attorney at Law, PLLC, doing business as Lexington Law Firm ("**Respondent**"),  
19 and has concluded that violations of Oregon law have been committed; and

20 WHEREAS Respondent neither admits nor denies the Findings of Facts or Conclusions  
21 of Law, but wishes to resolve this matter with the Director;

22 NOW THEREFORE, as evidenced by the signature(s) subscribed on this Order,  
23 Respondent hereby **CONSENTS** to entry of this Order as stated hereinafter.

24 **I.**

25 **FINDINGS OF FACT**

26 The Director **FINDS** that:

1. Respondent is a Utah professional limited liability company with its principal address  
at 360 North Cutler, P.O. Box 1173, Salt Lake City, Utah 84054.

2. At all times relevant to this matter, Respondent held itself out as a national law firm  
that primarily offered credit repair services to consumers nationwide, including Oregon





1 consumers. Respondent received money or expected to receive money in return for services to  
2 assist clients in determining whether information appearing on their credit reports is fair,  
3 accurate, and can be substantiated, with the goal, where possible, of improving or offering to  
4 improve or preserve Oregon consumers' credit report, credit history, or credit rating.

5 3. At no time relevant to this matter was Respondent registered in Oregon with the  
6 Director as a debt management service provider. Further, Respondent did not file a surety bond  
7 with the Director as related to its provision of debt management services in Oregon.

8 4. Respondent entered into a certain "Engagement Agreement and Limited Designation  
9 of Agency" (the "**Agreement**") with Oregon consumers to perform credit repair services. The  
10 Agreement expressly excludes pre-litigation or litigation services.

11 5. As set forth in the Agreement, the services Respondent offered to Oregon consumers  
12 include three credit repair service levels. Respondent charged an initial fee of \$99.95 for each  
13 service level, after completing the first five days of services. Thereafter, Respondent charged the  
14 following fees: Lexington Regular – \$59.95 per month; Concord Standard - \$79.95 per month;  
15 Concord Premier - \$99.95 per month.

16 6. Respondent further offered certain "Aftercare Service Levels," which are intended to  
17 help a consumer "stay on track" after the credit repair services have been completed. Respondent  
18 charged the following fees for the Aftercare Services: Maintenance Pro - \$39.95 per month;  
19 ReportWatch - \$12.95 per month.

20 7. Once an Oregon consumer retained Respondent, the consumer's file was assigned to  
21 an attorney employed by Respondent that was licensed to practice law in Oregon.

22 8. From January 2009 through August 2015, Respondent performed credit repair  
23 services for approximately 19,000 Oregon consumers. As of September 1, 2015, Respondent  
24 had approximately 2,000 current Oregon consumer clients. As of approximately June 1, 2015,  
25 Respondent ceased offering credit repair services to new Oregon consumer clients.

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**II.**

**CONCLUSIONS OF LAW**

The Director CONCLUDES that:

9. Respondent performed debt management services as defined by ORS 697.602(2)(b) when Respondent received money or expected to receive money in return for improving or offering to improve or preserve Oregon consumers’ credit record, credit history, or credit rating.

10. Respondent acted as a debt management service provider as defined by ORS 697.602(3) when it performed, or represented that it could or would perform a debt management service in return for or in expectation of money or other valuable consideration in Oregon for Oregon consumers.

11. Respondent does not meet the “attorney exemption” to the debt management service provider registration requirements set forth in ORS 697.612(3). Specifically, Respondent was not “an attorney” licensed or authorized to practice law in this state, as Respondent is a legal entity not an individual attorney. While an individual Oregon attorney was involved in the services being provided to Respondent’s Oregon consumer clients, such attorney was an employee of Respondent and acting on behalf of Respondent with respect to the Agreement between Respondent and the Oregon consumer. Furthermore, Respondent does not meet the “attorney exemption” because the credit repair services that Respondent offers and provides to Oregon consumers are not performed “incidentally in the practice of law” but rather are the primary services performed by Respondent.

12. Respondent violated ORS 697.612 by performing debt management services in Oregon without being registered with the Director or meeting one of the exemptions set forth in ORS 697.612. Each instance in which Respondent performed debt management services in Oregon without first being registered with the Director is a separate and distinct violation of ORS 697.612.

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1 13. Respondent violated ORS 697.642 by performing debt management services in  
2 Oregon without first filing with the Director a bond issued by one or more corporate sureties  
3 authorized to do business in Oregon.

4 14. Respondent violated ORS 697.692 by charging Oregon consumers fees for credit  
5 repair services in excess of the fees permitted by ORS 697.692(a) and (b).

6 **III.**

7 **ORDERS**

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

9 Order to Cease and Desist

10 15. Pursuant to the authority of ORS 697.825(1)(a), the Director hereby ORDERS  
11 Respondent, and all entities owned or controlled by Respondent, its successors and assigns, and  
12 all entities or persons that own or control Respondent, its successors and assigns, to CEASE  
13 AND DESIST from violating any provision of the Oregon statutes regulating debt management  
14 service providers, ORS chapter 697, and any rule, order, or policy issued by the Director under  
15 ORS chapter 697.

16 Order Assessing Civil Penalty

17 16. Pursuant to the authority of ORS 697.832, the Director may assess a CIVIL  
18 PENALTY in an amount of not more than \$5,000 per violation against any person who violates  
19 ORS 697.612 or 697.642 to 697.702, rules adopted under ORS 697.632, or any order issued  
20 under ORS 697.825.

21 17. The Director hereby assesses a CIVIL PENALTY against Respondent in the total  
22 amount of three hundred thousand dollars (\$300,000), as follows:

- 23 A. A CIVIL PENALTY of one hundred thousand dollars (\$100,000) for violating ORS  
24 697.612 by performing debt management services for approximately 19,000 Oregon  
25 consumers without being registered with the Director;

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- 1 B. A CIVIL PENALTY of one hundred thousand dollars (\$100,000) for violating ORS
- 2 697.642(1) by performing debt management services in Oregon without first filing a
- 3 bond issued by one or more corporate sureties authorized to do business in Oregon;
- 4 and
- 5 C. A CIVIL PENALTY of one hundred thousand dollars (\$100,000) for violating ORS
- 6 697.642(1) by charging approximately 19,000 Oregon consumers fees in excess of
- 7 those permitted in ORS 697.642(1)(a) and (b).

8 Suspension of Civil Penalty

9 18. The Director agrees to SUSPEND the collection of \$200,000 of the \$300,000 CIVIL  
10 PENALTY assessed herein provided that Respondent shall comply with the following terms and  
11 conditions:

- 12 A. Pay to the Director the \$100,000 non-suspended portion of the CIVIL PENALTY
- 13 within 30 days from the effective date of this Order;
- 14 B. Immediately cease charging any fees to or collecting any fees from any of the
- 15 approximate 2,000 current Oregon consumer clients, until such time as Respondent
- 16 becomes registered with the Director as a debt management service provider;
- 17 C. File with the Director an application for registration as a debt management service
- 18 provider in Oregon within 60 days from the effective date of this Order; and
- 19 D. Comply with all terms and conditions set out in this Order and commit no new
- 20 violations of the Oregon statutes regulating debt management service providers, ORS
- 21 697.602 to 697.842, the rules adopted pursuant to ORS 697.632, or any order issued
- 22 under ORS 697.825.

23 19. If Respondent complies with all of the terms and conditions set out in this Order and  
24 commits no new violations of the Oregon statutes regulating debt management service providers  
25 during the five-year period from the effective date of this Order, the Director WAIVES the  
26 collection of the suspended CIVIL PENALTY assessed herein.



1 **CONSENT TO ENTRY OF ORDER**

2 I, John C. Heath, state that I am an officer of John C. Heath, Attorney at Law, PLLC,  
3 doing business as Lexington Law Firm ("**Respondent**"), and I am authorized to act on its behalf;  
4 that I have read the foregoing Order and that I know and fully understand the contents hereof;  
5 that I and Respondent have been advised of the right to a hearing and of the right to be  
6 represented by counsel in this matter; that Respondent, 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 Respondent, executes this Order as a settlement of the matters referred to in the  
9 foregoing Order; that Respondent understands that the Director reserves the right to take further  
10 actions to enforce this Order or to take appropriate action upon discovery of other violations of  
11 the Oregon statutes regulating debt management service providers, ORS 697.602 to 697.842, the  
12 rules adopted pursuant to ORS 697.632, or any order issued under ORS 697.825, and that  
13 Respondent will fully comply with the terms and conditions stated herein.

9 Respondent further assures the Director that neither Respondent, nor its officers,  
10 directors, employees or agents, will offer or provide debt management services in Oregon unless  
11 such activities are in full compliance with Chapter 697 of the Oregon Revised Statutes.

11 Respondent understands that this Order is a public document.

13 By: /s/ John C. Heath  
14 Signature

15 By: John C. Heath  
16 Printed Name

16 Office Held: Member/Directing Attorney

18 **ACKNOWLEDGMENT**

19 State of Utah

20 County of Salt Lake

21 There appeared before me this 3rd day of September, 2015,  
22 John. C. Heath, who was first duly sworn on oath, and stated that he/she was and is an officer of  
23 Respondent, and that he/she is authorized and empowered to sign this Order on behalf of  
24 Respondent, and to bind it to the terms hereof.

24 /s/ Ashley Hanna  
25 Signature of Notary Public

25 Date: 9/3/15  
26 Notary Public – State of Utah  
Commission #677851, Expires 6/30/18

25 Approved as to form:  
26 /s/ Eric M. Kamerath  
Attorney for Respondent

Division of Finance and Corporate Securities  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
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