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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

STATE OF IDAHO, DEPARTMENT OF)
FINANCE, CONSUMER FINANCE)
BUREAU,)
)
Complainant,)
)
vs.)
)
DEBTPRO 123, LLC, a California limited)
liability company,)
)
Respondent.)
_____)

Docket No. 2011-9-13

ORDER TO CEASE AND DESIST

The State of Idaho, Department of Finance, Consumer Finance Bureau (Department), pursuant to the Idaho Collection Agency Act, Idaho Code § 26-2221 *et seq.* (the Act), hereby alleges the following facts that constitute a basis for the issuance of an order pursuant to §§ 26-2244(1) and 26-2228(4) of the Act, requiring DEBTPRO 123, LLC (Respondent) to immediately cease and desist from violating the Act, to include engaging in unlicensed debt and credit counseling activity in Idaho.

RESPONDENT

1. Respondent was formed as a California limited liability company on January 16, 2009 and operates as a debt and credit counseling company. Respondent conducts its debt and credit counseling business in Idaho from 3972 Barranca Parkway, Suite J212, Irvine, California 92606. The California Secretary of State lists Bryan E. Taylor as Respondent's registered agent.

2. Respondent uses the website www.debtpro123.com, wherein it represents that it "is an industry leader in debt resolution services. Using [its] unrivaled debt negotiation process, [DebtPro 123 offsets] unsecured debt by presenting new terms and conditions to creditors." Respondent further represents: "We provide our clients with an affordable program with one direction in mind, to pave a path to financial freedom within 18 months. Our proven negotiation process allows our clients to get back on their feet financially so they can begin enjoying a stress free, debt free life."

3. It further appears from Respondent's website that it contracts with "affiliates" to provide "debt resolution services" to the affiliates' clients. Respondent states on its website: "We are carefully searching for the most qualified professionals to become part of our Affiliate program, enabling them to help their clients resolve debt issues, by offering our Debt Resolution Program."

4. Respondent has never been issued a license under the Idaho Collection Agency Act authorizing it to engage in the business of credit counseling and providing debt settlement services in Idaho.

FACTUAL ALLEGATIONS

5. On or about January 25, 2011, an Idaho resident filed a complaint with the Department concerning Blue Sky Consulting, Inc., an Idaho-based debt and credit counseling

company owned by Kelly Hendrix. As a result of that complaint, communications between the Department and Ms. Hendrix took place for several months thereafter related to such complaint and the Department's goal of bringing that company into compliance with Idaho law. During that process and due to this specific complaint, the Department became aware of the existence of Respondent, and its business of credit counseling and providing debt settlement services.

6. On January 28, 2011 and February 3, 2011, a Department examiner sent letters to Respondent requesting information concerning Respondent's business activities in Idaho. Both letters included a request that Respondent provide the Department with a list of all Idaho consumers as to whom Respondent had ever engaged in credit counseling and/or debt settlement services and the amount of fees charged to such Idaho consumers. Such letters also notified Respondent that it was prohibited from engaging in regulated activities in Idaho without holding a license issued under the Act, which activities include debt and credit counseling activities.

7. On February 1, 2011, the Department examiner also requested information concerning Respondent from Ms. Hendrix. Specifically, the Department examiner requested copies of consumer agreements entered into between Idaho consumers and Respondent. Ms. Hendrix complied with that request.

8. Between February 3, 2011 and continuing until at least March 29, 2011, the Department examiner communicated with Respondent concerning the extent of its unlicensed debt and credit counseling activity in Idaho. Respondent partially complied with the Department's request; however Respondent failed to provide an accounting of the fees it charged to Idaho consumers for its debt and credit counseling services.

9. On July 12, 2011, an investigator for the Department contacted four (4) Idaho consumers that had been reported as clients by Respondent. All four had the same complaint

about Respondent. Respondent had stopped communicating with them and Respondent had not responded timely to requests for account records.

10. On August 2, 2011, an attorney for the Department wrote to Respondent's attorney seeking information about Respondent's activities in Idaho and the desiring to reach some type of settlement to allow Respondent to obtain a license. Respondent did not respond to this request. The attorney for the Department followed up with a phone call to Respondent's attorney. A message was left, but again, Respondent, through its attorney, did not respond to the message.

11. The Department's investigator initially was able to communicate with Respondent and obtain information about its activities in Idaho. However, at some point, Respondent quit communicating with the investigator.

12. From the information the Department received from both Respondent and Ms. Hendrix concerning Respondent, the Department concludes as follows:

a. Respondent engaged in debt and credit counseling activities with at least twenty-nine (29) Idaho consumers from at least December 15, 2009 through at least October 16, 2010.

b. As part of the contract Respondent entered into with its Idaho debt settlement clients, Respondent required such clients to provide information relating to debts owed and reasons why the client was having financial hardship. Further, Respondent required each client to make monthly payments in a set amount to Respondent, for the purported purpose of saving moneys to be used by Respondent for debt settlement purposes, and from which Respondent's fees for services would be paid.

c. Respondent also required that its Idaho clients execute a limited power of attorney authorizing Respondent to communicate with creditors; make good faith settlement or payment offers; and settle, resolve, or arrange payment for debts.

d. Respondent has stopped communicating with the Department and its legal representative.

CONCLUSIONS OF LAW AND VIOLATIONS

UNLICENSED DEBT COUNSELING OR CREDIT COUNSELING ACTIVITY IN IDAHO

13. The allegations set forth in paragraphs 1 through 12 above are fully incorporated herein by this reference.

14. Idaho Code § 26-2222(9) defines “debt counselor” or “credit counselor” as “any person engaged in any of the activities enumerated in subsection (7) of section 26-2223” of the Act. Such definition encompasses the unlicensed credit counseling and debt settlement services provided by Respondent to Idaho consumers as referenced herein.

15. Idaho Code § 26-2223(7) provides as follows, in pertinent part:

26-2223. Collection agency, debt counselor, credit counselor, or credit repair organization – License required. -- No person shall without complying with the terms of this act and obtaining a license from the director:

...
(7) Engage or offer to engage in this state ... in the business of providing counseling or other services to debtors in the management of their debts, or contracting with the debtor to effect the adjustment, compromise, or discharge of any account, note or other indebtedness of the debtor.

16. Respondent’s acts of engaging in debt or credit counseling activities in Idaho as to at least twenty-nine (29) Idaho consumers without a license under the Act, as referenced in paragraph 12 above, constitute violations of Idaho Code § 26-2223(7). At a minimum, each act

of credit counseling and/or providing debt settlement services to an Idaho consumer constitutes a separate violation.

17. Respondent's act of engaging in debt or credit counseling activity without a license, and at the same time, failing to communicate with its Idaho consumers and with the Department, in the purview of the Department, is against the public interest.

DIRECTOR'S AUTHORITY

18. Idaho Code § 26-2228(2) authorizes the Director of the State of Idaho, Department of Finance (Director) to conduct investigations as necessary to determine whether a person has violated any provision of the Act, a rule promulgated under the Act, or an order issued under the Act.

19. Idaho Code § 26-2244(1) provides that whenever it appears to the Director that it is in the public interest, he may order any person to cease and desist from acts, practices, or omissions which constitute a violation of the Act.

ORDER

The Director, having reviewed the foregoing and having determined that good cause has been shown, that Respondent's violations of the Act require immediate action to protect Idaho residents, and that the public interest is served thereby,

NOW, THEREFORE, the Director HEREBY FINDS that Respondent has violated the Idaho Collection Agency Act as set forth above.

Pursuant to Idaho Code §§ 26-2244(1) and 67-5247, IT IS HEREBY ORDERED that Respondent and its agents and employees immediately CEASE AND DESIST from any further debt and credit counseling activities in Idaho; from any other conduct under the Act for which a license from the Director is required; and from any other violations of the Act.

This ORDER is EFFECTIVE UPON ISSUANCE.

IT IS SO ORDERED.

DATED this 18TH day of OCTOBER, 2011.



STATE OF IDAHO
DEPARTMENT OF FINANCE

A handwritten signature in black ink, appearing to read "Gavin M. Gee", written over a horizontal line.

GAVIN M. GEE, Director

NOTICE

Respondent is HEREBY NOTIFIED that this ORDER TO CEASE AND DESIST is a final order of the Director.

Respondent may file a motion for reconsideration or request for hearing concerning this final order within fourteen (14) days of the service date of this order. Any such motion for reconsideration or request for hearing must be in writing, addressed to:

Michael Larsen
Consumer Finance Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of such motion for reconsideration or request for a hearing shall also be served on the Department's counsel, Brian D. Nicholas, Deputy Attorney General, at the same address.

The Department will dispose of a motion for reconsideration within twenty-one (21) days of the receipt of a motion for reconsideration, or the motion will be considered denied by operation of law. Idaho Code § 67-5246(4); Idaho Rules of Administrative Procedure of the Attorney General (IRAP) at IDAPA 4.11.01.740.02.a. Should Respondent make a timely request

for a hearing, the Department shall schedule a hearing within the twenty-one (21) day time period.

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal to the district court by filing a petition in the district court of the county in which:

- i. A hearing was held;
- ii. The final agency action was taken;
- iii. The party seeking review of the order resides, or operates its principal place of business in Idaho; or
- iv. The real property or personal property that was the subject of the agency action is located.

See IDAPA 04.11.01.740.02.b.

An appeal must be filed within twenty-eight (28) days of (a) the service date of this final order, (b) of an order denying a motion for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a motion for reconsideration or schedule a hearing, whichever is later. See Idaho Code § 67-5273. The filing of an appeal to the district court does not itself stay the effectiveness or enforcement of the order under appeal. See IDAPA 04.11.01.740.02.c.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 18 day of October, 2011, I served a true and correct copy of the foregoing ORDER TO CEASE AND DESIST upon the following by the designated means:

DebtPro 123, LLC
Attn: Bryan E. Taylor
3972 Barranca Pkwy., Ste. J212
Irvine, CA 92606

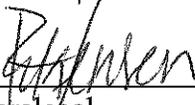
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