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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.)

UNIVERSAL FIDELITY LIMITED)
PARTNERSHIP, a Texas limited)
partnership,)

Respondent.)

Docket No. 2010-9-11

CONSENT ORDER

On January 7, 2011, the Director of the State of Idaho, Department of Finance (Director) issued an order denying an application for a collection agency license under the Idaho Collection Agency Act, Idaho Code § 26-2221 *et seq.* (the Act), submitted by UNIVERSAL FIDELITY LIMITED PARTNERSHIP (the Respondent).

The Respondent has expressed the desire to address the violations that led to such license denial in order to become properly licensed under the Act, and the Director and the Respondent have agreed to enter into this Consent Order for that purpose. The Director deems it appropriate

and in the public interest that this Consent Order be entered, and the Respondent voluntarily consents to the entry of the same.

RESPONDENT

1. The Respondent was formed as a Texas limited partnership on February 14, 1991. The Respondent conducts business as a collection agency in Idaho from 1445 Langham Creek Drive, Houston, Texas 77084. Terry W. Simonds is the Respondent's CEO.

FACTS

2. From May 12, 1997 through March 15, 2010, the Respondent held Idaho Collection Agency License No. CCA 3656, issued by the State of Idaho, Department of Finance, Consumer Finance Bureau (Department), authorizing it to engage in collection activities in Idaho.

3. Idaho Code § 26-2231(1) and -(2) provide that a collection agency licensee must file with the Director a license renewal form providing complete information as required by the Director, and pay a \$100 fee by the 15th of March of each year. Failure to do so results in the automatic expiration of the license as of March 15 of the applicable year.

4. The Respondent failed to comply with all requirements for renewal of its Idaho collection agency license by March 15, 2010; therefore, its Idaho collection agency license terminated on March 16, 2010. On April 11, 2010, the Department notified the Respondent of the license termination. Such notice informed the Respondent that it was prohibited from engaging in collection agency activities without a license issued under the Act, and would be subject to sanctions under the Act if it engaged in such unlicensed activity.

5. On or about May 17, 2010, the Respondent submitted to the Department an application for a new collection agency license under the Act.

6. From a review of the Respondent's May 17, 2010 license application and related information, a Department examiner learned that, during the period of its licensure as referenced in paragraph 2 above, the Respondent had failed to notify the Department of certain key events, as required by the Act. Specifically, the Respondent had failed to notify the Department of the following:

- (a) The closure of its Dublin, Ohio branch office on December 31, 2009;
- (b) The closure of its Panama branch office on March 1, 2010;
- (c) That the Respondent had filed a Chapter 11 bankruptcy petition in or around January of 2010; and
- (d) That the Respondent had failed to maintain its business filing with the Idaho Secretary of State from August 9, 2009 through May 10, 2010.

7. The Department examiner's review of the Respondent's license application and related information, as referenced in paragraph 6 above, also revealed that the Respondent had engaged in unlicensed collection activity in Idaho from March 16, 2010 until at least June 8, 2010. The examiner concluded that the Respondent's unlicensed collection activity in Idaho included active collection accounts for 4,200 Idaho residents.

8. On January 5, 2011, a review of the Respondent's website was conducted by a Department representative. On that date, the Respondent's website represented that the Respondent maintained a collection agency license in the state of Idaho. Such representation was false, in that the Respondent has failed to hold an Idaho collection agency license since March 16, 2010.

9. On January 7, 2011, the Director issued an order denying the Respondent's application for a collection agency license based on the violations of law set forth in the following paragraphs.

CONCLUSIONS OF LAW AND VIOLATIONS

COUNT ONE: ENGAGING IN UNLICENSED COLLECTION ACTIVITIES IN IDAHO

10. The allegations set forth in paragraphs 1 through 9 above are fully incorporated herein by this reference.

11. Idaho Code § 26-2223(1) and -(2) provide 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:

(1) Operate as a collection agency . . . in this state.

(2) Engage, either directly or indirectly, in this state in the business of collecting or receiving payment for others of any account, bill, claim or other indebtedness.

...

12. The definition of "collection agency" set forth in § 26-2222(4) of the Act includes engaging in the activities set forth in Idaho Code § 26-2223, set forth in paragraph 11 above.

13. The Respondent's acts of engaging in collection activities in Idaho without a license, by making approximately 4,200 collection attempts against Idaho residents while it failed to hold a collection agency license under the Act, constituted violations of Idaho Code § 26-2223(1) and -(2).

COUNT TWO: THE RESPONDENT'S FALSE REPRESENTATION THAT IT HELD A VALID IDAHO COLLECTION AGENCY LICENSE

14. The allegations set forth in paragraphs 1 through 9 above are fully incorporated herein by this reference.

15. Idaho Code § 26-2227(1)(i) provides that an application for a license may be denied if the applicant has falsely represented itself as a licensee for the purpose of soliciting for any business covered by the Act.

16. The Respondent's false representation on its website that it held an Idaho collection agency license, as referenced in paragraph 8 above, provided a valid basis for the Director to deny the Respondent's application for a license under the Act, pursuant to Idaho Code § 26-2223(1)(i).

REMEDIES

17. The Respondent admits to the violations set forth above.

18. The Respondent agrees to immediately cease and desist from engaging in any and all collection activities in Idaho, to include making telephone calls related to collection activities, including automated calls; and mailing, faxing, e-mailing, or otherwise delivering communications to Idaho residents in connection with collection activities until such time as it obtains a license issued by the Department under the Act authorizing it to do so.

19. The Respondent agrees to pay to the Department by March 2, 2011 the sum of three thousand dollars (\$3,000) as an administrative penalty in settlement of the violations contained herein, and an additional amount of two thousand dollars (\$2,000) constituting investigative expenses and attorney fees incurred by the Department in pursuing this matter, for a total payment to the Department of five thousand dollars (\$5,000).

20. When the Respondent has executed this Consent Order and made the five thousand dollar (\$5,000) payment to the Department by no later March 2, 2011, the Department agrees to consider a new application for a collection agency license under the Act submitted by the Respondent, and that this Consent Order and the violations of the Act reflected within will

not be used by the Department as the basis for denial of such application. The Respondent understands that such license application must be timely and complete, and that all deficiencies must be resolved before any license will be issued by the Department under the Act.

21. Once the Respondent has been issued a license under the Act, the Respondent agrees to comply with all provisions of the Act, rules promulgated thereunder, and relevant federal law and regulations at all times in the future. Such provisions include providing full and timely notice to the Department of any changes to information required at the time of application, as required by Idaho Code § 26-2224(13).

22. The Department agrees not to seek further penalties or fees from the Respondent for the violations addressed in this Consent Order, other than as set forth in paragraph 19 above.

23. The Respondent acknowledges and understands that this Consent Order is an administrative action that must be disclosed to the Department on future licensing and renewal forms. The disclosure requirements of other states may also require disclosure of the same.

DATED this 31 day of January, 2011.

UNIVERSAL FIDELITY LIMITED PARTNERSHIP

By: [Signature]

Title: President

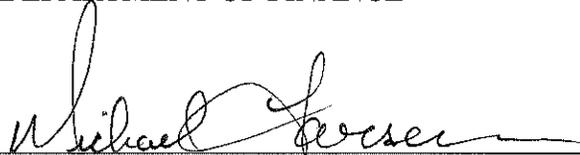
APPROVED AS TO FORM AND CONTENT:

[Signature]

DAVID RUSSO
Counsel for the Respondent

DATED this 31st day of January, 2011.

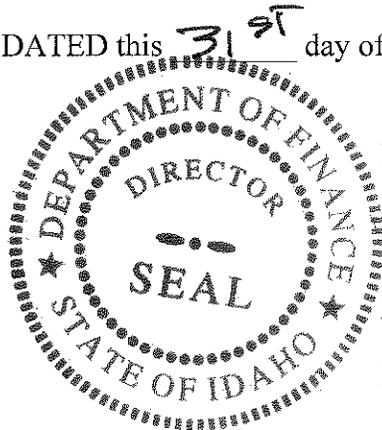
STATE OF IDAHO
DEPARTMENT OF FINANCE



MICHAEL LARSEN
Consumer Finance Bureau Chief

IT IS SO ORDERED.

DATED this 31st day of January, 2011.



STATE OF IDAHO
DEPARTMENT OF FINANCE



GAVIN M. GEE
Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 31 day of January, 2011, I served a true and correct copy of the foregoing CONSENT ORDER upon the following by the designated means:

David Russo,
THE RUSSO LAW FIRM, PLLC
P.O. Box 1358
Cypress, TX 77410-1358

- U.S. mail, postage prepaid
- Certified mail
- Facsimile:
- Email: rlfpllc@sbcglobal.net



Paralegal