

LAWRENCE G. WASDEN
Attorney General

BRIAN D. NICHOLAS – ISBN 3588
Deputy Attorney General
State of Idaho
Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031
Telephone: (208) 332-8092
Facsimile: (208) 332-8016
brian.nicholas@finance.idaho.gov

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

STATE OF IDAHO, DEPARTMENT OF)	
FINANCE, CONSUMER FINANCE)	
BUREAU,)	Docket No. 2011-9-17
)	
Complainant,)	
)	
vs.)	CONSENT ORDER
)	
ALLIED INTERSTATE, LLC, formerly)	
known as ALLIED INTERSTATE, INC.)	
)	
Respondent.)	
)	

Gavin M. Gee, Director of the State of Idaho, Department of Finance (Director) and ALLIED INTERSTATE, LLC (Respondent), formerly known as ALLIED INTERSTATE, INC. (Allied Inc.), have agreed to resolve by this Consent Order, without the necessity of a hearing, the above-captioned administrative proceeding, which was brought pursuant to the Idaho Collection Agency Act, Idaho Code § 26-2221 *et seq.* (the Act). The Director deems it appropriate and in the public interest to enter into this Consent Order, and Respondent voluntarily consents thereto, intending to be legally bound thereby. The State of Idaho,

Department of Finance, Consumer Finance Bureau (Department), and Respondent hereby stipulate and agree as follows:

On or about January 2, 2011, Allied Inc. converted its status from that of a corporation to a limited liability company so that, together with its parent and affiliate corporations, it could file a consolidated federal income tax return. On March 15, 2011, Respondent submitted a renewal license application which was deemed incomplete by the Department. As a result, on March 16, 2011, Idaho Collection Agency License No. CCA-7982, issued to Allied Inc., expired because it was not timely renewed. Respondent does not have a license, but has been engaging in the business of conducting third party collection activities within Idaho. Respondent is desirous of obtaining a valid license and has submitted a fully completed application. However, it has violated the terms of the Act since its formation in January of 2011.

RESPONDENT

1. Respondent is a third party collection agency based in Plymouth, Minnesota. It is 100% owned by its controlling member, iQor Holdings US Inc., located in New York, New York. Respondent conducts business as a collection agency in Idaho from its main office as well as at least fifteen various branch offices throughout the United States, Canada, India, and the Philippines.

FACTS

2. From February 15, 1996 through March 16, 2011, the Allied Inc. held Idaho Collection Agency License No. CCA 3393, issued by the Department, authorizing it to engage in collection activities in Idaho. This license lapsed, but Allied Inc. was issued a new license, Idaho Collection Agency License No. CCA 7982 on July 1, 2010. This license lapsed because it was not timely renewed on March 15, 2011.

3. In January of 2011, Allied Inc. converted its status from a corporation to a limited liability company. Idaho Code § 26-2224 sets forth the information that needs to be included in an application for a license. Subpart (13) provides that “[i]nformation required at the time of application, except for advertisements and solicitations, shall be updated and filed with the director as necessary to keep the information current.” Subpart (1) provides that the applicant shall provide, if a limited liability company, a list of its members or managers and their addresses. Also, subpart (8) requires the applicant to provide a copy of its articles of formation.

4. When Respondent was formed, it needed to update the application on file on behalf of Allied Inc. and provide the Director the required information identified in the above paragraph. However, it failed to do so in January 2011, the time of its formation.

5. 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.

6. On March 15, 2011, Respondent submitted a license renewal application and for the first time, notified the Director of the structure change from a corporation to a limited liability company. However, the renewal form did not include all of the information required by Idaho Code § 26-2224. Because this renewal information lacked critical information, Allied Inc.’s license could not be renewed.

7. Allied Inc.’s license expired by operation of law on March 15, 2011. Respondent had not submitted an application for a new license by that date. From at least that date, Respondent was operating as a collection agency in Idaho without a valid license.

8. On March 17, 2011, the Department notified Respondent of the license termination. Such notice informed 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.

9. On or about April 7, 2011, Respondent submitted to the Department an application for a new collection agency license under the Act.

10. Respondent's April 7, 2011 license application and related information was incomplete. The Department worked with Respondent to get a fully updated application; however, Respondent did not provide all of the necessary information until August 18, 2011.

11. Respondent conducted third party collection activities in Idaho from the date of its formation in January 2011 to at least August 18, 2011 without a license. From March 16, 2011 until at least August 18, 2011, Respondent had 11,713 collection accounts regarding Idaho residents.

CONCLUSIONS OF LAW AND VIOLATIONS

COUNT ONE: ENGAGING IN UNLICENSED COLLECTION ACTIVITIES IN IDAHO

12. The allegations set forth in paragraphs 1 through 11 above are fully incorporated herein by this reference.

13. 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.

14. 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 13 above.

15. Respondent's acts of engaging in collection activities in Idaho without a license, by making 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: FAILURE TO NOTIFY THE DEPARTMENT IN A TIMELY
FASHION OF THE STRUCTURE CONVERSION*

16. The allegations set forth in paragraphs 1 through 11 above are fully incorporated herein by this reference.

17. Idaho Code § 26-2224(1) and (13) requires license holders to provide to the Director the name of the license holder, and if the license holder is a limited liability company, a list of its members or managers and their addresses, and to update that information with the Director as necessary to the keep the information current.

18. Allied Inc. and Respondent violated Idaho Code § 26224(1) and (13) by failing to update the Director of the structural change from a corporation to a limited liability company.

REMEDIES

19. Respondent neither admits nor denies the allegations set forth above and is entering into this Consent Order to avoid the expense of litigation.

20. Respondent agrees to pay to the Department by no later than September 30, 2011 the sum of twenty-five thousand dollars (\$25,000) as an administrative penalty in settlement of the violations contained herein, and an additional amount of one thousand dollars (\$1,000) constituting investigative expenses and attorney fees incurred by the Department in pursuing this matter, for a total payment to the Department of twenty-six thousand dollars (\$26,000).

21. When Respondent has executed this Consent Order and made the twenty-six thousand dollar (\$26,000) payment to the Department by no later than September 30, 2011, the Department agrees to grant Respondent a new collection agency license under the Act.

22. 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).

23. The Department agrees not to seek further penalties or fees from Respondent for the violations addressed in this Consent Order, other than as set forth in paragraph 20 above.

24. 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 22nd day of September, 2011.

ALLIED INTERSTATE, LLC

By: Meggy E. Han

Title: VP

DATED this 28th day of September, 2011.

STATE OF IDAHO
DEPARTMENT OF FINANCE

Michael Larsen
MICHAEL LARSEN
Consumer Finance Bureau Chief

IT IS SO ORDERED.

DATED this 28th day of September, 2011.



STATE OF IDAHO
DEPARTMENT OF FINANCE

GAVIN M. GEE
Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 27 day of September, 2011, I served a true and correct copy of the foregoing CONSENT ORDER upon the following by the designated means:

Allied Interstate, LLC
Attn: Gregory Harmer
3000 Corporate Exchange
Columbus, OH 43231

- U.S. mail, postage prepaid
- Certified mail
- Facsimile
- Email

Paralegal