

LAWRENCE G. WASDEN  
Attorney General

BRIAN D. NICHOLAS – I.S.B. #3585  
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, )  
 )  
Complainant, )  
 )  
vs. )  
 )  
BEACON DEBT SOLUTIONS, INC., a )  
California corporation, )  
 )  
Respondent. )  
\_\_\_\_\_ )

Docket No. 2011-9-20

**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 BEACON DEBT SOLUTIONS, INC. (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 is a California corporation doing business as a debt settlement company, which business is defined as debt or credit counseling under the Act. Respondent conducts its debt settlement business from 18300 Von Karman Ave., Suite 800, Irvine, California 92612. Michelle Do is Respondent's CEO and President.

2. Respondent represents that under its "business model, each enrolled client saves their own funds to be used to payoff [sic] their settled debts. Beacon negotiates settlements on behalf of the client and then payment of the debt is the client's responsibility."

3. Respondent has never applied for nor has ever been issued any license under the Act, to include specifically a license authorizing it to engage in the business of debt settlement.

## **FACTUAL ALLEGATIONS**

4. In or around October 2008, Idaho residents D.P. and C.P. entered into a debt settlement contract with Respondent. Pursuant to that contract, moneys of D.P. and C.P. would be placed into an account controlled by Respondent. Some of moneys would be used to pay fees charged by Respondent, and the remainder of the moneys would be used to settle the debts of D.P. and C.P. Although D.P. and C.P. sent several payments as they had been instructed, Respondent never applied any of such moneys toward settlement of their debts.

5. On or about February 9, 2009, D.P. filed a complaint with the Consumer Protection Division of the Idaho Attorney General's Office (Consumer Protection Division) concerning his dealings with Respondent. In his complaint, D.P. alleged that he and C.P. had paid \$8,871 to Respondent and that Respondent had stopped communicating with them. On March 1, 2010, the Consumer Protection Division sent a letter to Respondent asking for a response to D.P.'s complaint. Additionally, the Consumer Protection Division referred the

complaint to the State of Idaho, Department of Finance, Consumer Finance Bureau (Department).

6. After receiving the complaint from the Consumer Protection Division, a Department staff member noted that Respondent failed to hold a license under the Act authorizing it to engage in a debt settlement business in Idaho.

7. On March 18, 2010, the Department sent a letter to Respondent concerning D.P.'s complaint, and Respondent's apparent unlicensed debt settlement activity in Idaho. In that letter, the Department requested that Respondent provide information necessary for the Department to determine the extent of Respondent's unlicensed debt settlement activity in Idaho and the amount of moneys it had received from, and owed to, Idaho residents.

8. On April 16, 2010, Respondent, through its counsel, responded to the Department's request for information by providing a list reflecting "Idaho citizens currently enrolled in [Respondent's] debt settlement program," as well as other information requested in the Department's March 18, 2010 letter. Respondent also provided documentation to demonstrate that it had refunded all moneys paid to Respondent by D.P. and C.P. Respondent also indicated it intended "to submit its license application to Idaho with the next 30-60 days."

9. Over the next several months, Respondent, through its counsel, submitted information to the Department about its Idaho activities and customers. Respondent cooperated by providing the information requested by a Department investigator. The information consisted of a spreadsheet that included the names and addresses of Respondent's Idaho clients and specific dollar amounts for the enrolled debt and collected amounts.

10. In April of 2011, the Department's investigator contacted Respondent's counsel seeking clarification on some of the information previously submitted. Respondent's counsel

advised the Department's investigator that his firm was no longer representing Respondent. Thus, on April 21, 2011, the Department sent an information request directly to Respondent, who responded that it needed additional time to respond. The Department advised Respondent that it would need to respond by June 15, 2011. Respondent did not provide any additional information by that date, and no response has ever been received relating to the April 21, 2011 information request.

11. Based on information provided to the Department by Respondent in connection with the Departments' investigation of Respondent's unlicensed debt settlement activity in Idaho, the Department concludes as follows:

- (a) Respondent has provided its debt settlement services to at least sixty-five (65) Idaho residents from at least April of 2008 through October 2011.
- (b) 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*

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

13. 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.

14. 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.

15. Respondent's acts of engaging in debt or credit counseling activities in Idaho as to at least sixty-five (65) Idaho consumers without a license under the Act, as referenced in paragraph 11(a) 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.

16. 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**

17. 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.

18. 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 BEACON DEBT SOLUTIONS, INC. 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 13<sup>TH</sup> day of DECEMBER, 2011.



STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
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 13 day of December, 2011, I caused a true and correct copy of the foregoing fully-executed ORDER TO CEASE AND DESIST to be served on the following by the designated means:

Beacon Debt Solutions, Inc.  
Attn: Michelle Do, CEO/President  
18300 Von Karman Ave., Ste. 800  
Irvine, CA 92612-1037

- U.S. mail, postage prepaid
- certified mail
- facsimile

  
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Paralegal