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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,)	Docket No. 2011-9-04
)	
Complainant,)	
)	CONSENT ORDER
vs.)	
)	
DEBT SETTLEMENT SOLUTIONS,)	
INC.,)	
)	
Respondent.)	

The Director of the State of Idaho, Department of Finance (Director) has conducted a review of the Idaho debt settlement activities of DEBT SETTLEMENT SOLUTIONS, INC. (the Respondent). Pursuant to said review, it appears to the Director that the Respondent has violated provisions of the Idaho Collection Agency Act, Idaho Code § 26-2221 *et seq.* (the Act). The Director and the Respondent have agreed to resolve this matter through this Consent Order, rather than through a formal administrative or civil action. Therefore, the Director deems it appropriate and in the public interest that this Consent Order be entered. The Respondent voluntarily consents to the entry of this Consent Order.

RESPONDENT

1. The Respondent was formed as a Florida corporation on March 15, 2005 and engages in the business of credit counseling and providing debt settlement services. The Respondent's business address is 1645 Palm Beach Lakes Boulevard, Suite 490, West Palm Beach, Florida 33401. Jason Simons is the Respondent's owner and president, and Robert Sauer is the Respondent's responsible person in charge.

2. The 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.

FACTS

3. In approximately September of 2009, an Idaho resident filed a complaint with the State of Idaho, Department of Finance, Consumer Finance Bureau (Department) concerning Discount Debt Solutions, Inc., a Florida-based credit counseling company owned by Jason Simons. As a result of that complaint, communications between the Department and Mr. Simons 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, the Department became aware of the existence of the Respondent, also owned by Mr. Simons, and its business of credit counseling and providing debt settlement services. The Respondent had never held a license under the Act authorizing it to provide such services in Idaho.

4. On February 22, 2010, the Respondent submitted to the Department an application seeking a license under the Act that would authorize it to engage in the business of credit counseling and providing debt settlement services in Idaho. After receipt of the

Respondent's application, a member of the Department's licensing staff began communicating with the Respondent regarding deficiencies in its licensing application.

5. On October 18, 2010, a Department examiner sent a letter to Mr. Simons requesting information concerning both Discount Debt Solutions, Inc. and the Respondent. That letter requested that the Respondent provide the Department with a list of all Idaho consumers as to whom the Respondent had ever engaged in credit counseling and/or debt settlement services.

6. On October 29, 2010, a law firm acting as a licensing agent for the Respondent provided to the Department an Excel spreadsheet labeled "Client List," in response to the Department's October 18, 2010 request for information. Copies of individual contracts between the Respondent and the Idaho consumers listed on the spreadsheet were also provided. Such information showed that the Respondent had provided debt settlement services to at least forty-three (43) Idaho consumers from at least February 27, 2009 through October 29, 2010. It also showed that the Respondent had collected at least forty-six thousand six hundred ninety-nine dollars and eighty-six cents (\$46,699.86) in fees from such Idaho clients.

7. In conjunction with its February 22, 2010 license application, and in responses to the Department's application deficiency requests, the Respondent subsequently provided the Department with more information concerning its unlicensed credit counseling and debt settlement services provided to Idaho consumers. From that information, the Department concludes as follows:

- (a) As part of the contract the Respondent entered into with its Idaho debt settlement clients, the Respondent required such clients to open a savings account referred to as a "Special Purpose Account" (SPA), for the purported purpose of saving moneys to be used by the Respondent for debt settlement purposes, and from

which the Respondent's fees for services would be paid. The SPA would be established through Global Client Solutions, LLC, a "third party administrator." Under the contract with its clients, once the Respondent had negotiated a settlement for the reduction of a debt owed by the client, the client would authorize release of moneys from the SPA. No client authorization for release of moneys from the client's SPA account was required for negotiated settlements that were less than 55% of the moneys owed by a client. The Respondent agreed to provide the client with a quarterly accounting of the Respondent's disbursements from the SPA.

- (b) The Respondent required that its Idaho clients execute a limited power of attorney authorizing the Respondent to "proactively intercede and/or intervene and/or negotiate, mediate or arbitrate the settlement of any and all of [its] creditor claims, suits, liens, judgments and/or disputes." Such limited power of attorney effectively gave the Respondent control of the client's SPA.
- (c) The fees charged by the Respondent for its debt settlement services to Idaho consumers included, but may not have been limited to:
 - i. a fee in the amount of \$795 or 3% of the client's total debt, whichever was greater, due upon the execution of the initial agreement for the Respondent's debt settlement services;
 - ii. a monthly program fee of \$36;
 - iii. a "performance based fee" consisting of the "difference between the 55% the client pays to settle each account and the amount originally [owed] to the creditor;" and

iv. a cancellation fee of \$250.

8. After several months of communications with the Department relating to licensing, on November 14, 2010 the Respondent resolved deficiencies in its license application.

FINDINGS OF VIOLATION

UNLICENSED DEBT COUNSELING OR CREDIT COUNSELING ACTIVITY

9. The allegations set forth in paragraphs 1 through 8 above are fully incorporated herein by this reference.

10. 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 the Respondent to Idaho consumers as referenced herein.

11. 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.

12. The Respondent’s acts of engaging in debt or credit counseling activity in Idaho as to at least forty-three (43) Idaho consumers without a license under the Act, as referenced in paragraph 6 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.

REMEDIES

13. The Respondent admits to the allegations contained in this Consent Order.

14. The Respondent certifies and attests that the information it has provided to the Department concerning the duration and extent of its unlicensed credit counseling and debt settlement services provided to Idaho consumers is correct and complete.

15. The Respondent agrees that through six (6) equal monthly payments to the Department, beginning on April 15, 2011 and ending on September 15, 2011, it will refund the sum of forty-six thousand, six hundred ninety-nine dollars and eighty-six cents (46,699.86), constituting fees it collected from forty-three (43) Idaho consumers as to whom it provided unlicensed credit counseling and/or debt settlement services, as referenced in paragraph 6 above. The Department will remit said funds as restitution to the affected Idaho consumers once all payments by the Respondent have been received.

16. The Respondent agrees that, by no later than March 31, 2011, it will notify all of its Idaho credit counseling and/or debt settlement services clients in writing that *effective immediately* it is no longer offering or engaging in debt settlement services in Idaho, and that it is no longer appropriate for such clients to maintain a savings account for the purpose of using the Respondent's credit counseling and/or debt settlement services. The Respondent agrees that such written notice shall list the Department as being copied thereon. The Respondent agrees to provide copies of such letters to the Department immediately after they are sent to Idaho consumers. The content of such notice to Idaho consumers must be approved by the Department prior to being sent to Idaho consumers. The Respondent also agrees to provide any advice or assistance necessary to aid its Idaho clients in closing such savings accounts.

17. Immediately upon the full and timely completion of all requirements set forth in paragraph 16 above, the Respondent agrees to *cease and desist* from all credit counseling and/or debt settlement activities in Idaho, and shall close or arrange for the closure of all accounts

associated with Idaho consumers related to such activities, and shall affirmatively and conspicuously disclose in all of its advertising and promotion of its credit counseling and/or debt settlement services that such services are not available in Idaho.

18. By no later than ten (10) days after its execution of this Consent Order, the Respondent agrees to pay to the Department an administrative penalty in the amount of fifteen thousand dollars (\$15,000) for the violations set forth herein, and an additional five thousand dollars (\$5,000) for investigative expenses and attorney fees incurred by the Department in pursuing this matter, for a total payment to the Department of twenty thousand dollars (\$20,000).

19. The Respondent represents, acknowledges, and agrees that by signing this Consent Order, it is simultaneously withdrawing its pending application for a license under the Act previously filed with the Department.

20. The Respondent agrees that it will not reapply for a license under the Act for a period of five (5) years from the date of its execution of this Consent Order.

21. The Respondent agrees that until it is issued a license by the Department under the Act, it will not engage in any activity in Idaho for which a license is required under the Act.

22. The Respondent agrees that the findings of fact and violations contained herein may be used in any subsequent proceeding resulting from any breach of the terms of this Consent Order or future violations of the Act, rules promulgated thereunder, or relevant federal laws and rules by the Respondent.

23. The Department agrees not to seek further penalties or fees for the violations identified in this Consent Order, other than as set forth above, so long as the Respondent fully and timely complies with the terms of this Consent Order. If the Department later determines that the information provided by the Respondent regarding the number of Idaho consumers as to

whom it engaged in credit counseling and/or debt settlement activities, and/or the fees and compensation it has received from such clients while it was unlicensed under the Act is inaccurate, the Department may seek further sanctions against the Respondent, to include further client restitution and penalties.

24. 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 17th day of March, 2011.

DEBT SETTLEMENT SOLUTIONS, INC.

By: [Signature]
Title President

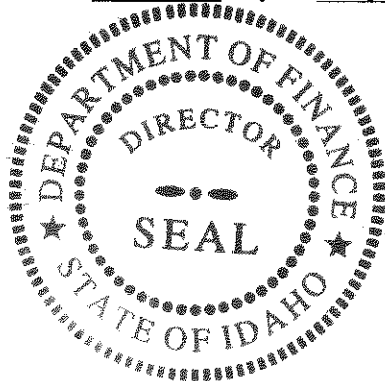
DATED this 29th day of March, 2011.

STATE OF IDAHO
DEPARTMENT OF FINANCE

[Signature]
MICHAEL LARSEN
Consumer Finance Bureau Chief

IT IS SO ORDERED.

DATED this 29th day of March, 2011.



STATE OF IDAHO
DEPARTMENT OF FINANCE

[Signature]
GAVIN M. GEE, Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30 day of March, 2011, I caused a true and correct copy of the foregoing fully-executed CONSENT ORDER to be served on the following by the designated means:

Robby H. Birnbaum, Esq.
GREENSPOON MARDER, PA
100 Cypress Creek Road, Suite 700
Fort Lauderdale, FL 33309

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



Paralegal