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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	)	Docket No. 2009-40-01
BUREAU,	)	
	)	
Complainant,	)	<b>ORDER TO CEASE AND DESIST</b>
	)	
vs.	)	
	)	
HILLSIDE FINANCIAL GROUP,	)	
	)	
Respondent.	)	
	)	
	)	

The State of Idaho, Department of Finance, Consumer Finance Bureau (Department), pursuant to the Idaho Loan Broker Act, Idaho Code § 26-2501 *et seq.* (the Act), hereby alleges the following facts that constitute a basis for the issuance of an order pursuant to Idaho Code §§ 26-2505(1) and 67-2755(1), requiring HILLSIDE FINANCIAL GROUP (the Respondent), to immediately cease and desist from violating the Act.

**RESPONDENT**

1. The Respondent purports to be a company that makes personal loans to individuals. The Respondent represented on loan documents faxed to the Idaho victim of its

illegal advance fee loan practices, discussed in detail below, that its head office is located at 121 South Orange Avenue, Orlando, Florida 32801. Information the Department recently received from the U.S. Postal Service indicates that the Respondent does not maintain an office at that address. The Respondent represents in such documents used that its CEO is James J. Roland. Some of the individuals who perpetrated the illegal acts set forth in this Order to Cease and Desist (Order) received moneys from its Idaho victim at addresses in Canada.

### **FINDINGS OF FACT**

2. In early June of 2009, Idaho resident L.N. became aware of the Respondent's purported business of offering personal loans. At that time, L.N. had experienced financial problems, so was interested in obtaining a personal loan and began communicating with the Respondent for that purpose.

3. On or about June 8, 2009, L.N. spoke by telephone with a purported representative of the Respondent who identified himself as "Dave Mitchell." L.N. told Mr. Mitchell that she needed a personal loan, and the two discussed terms of a personal loan in the amount of \$5,000 that the Respondent would extend to L.N. After that discussion, Mr. Mitchell faxed loan documents to L.N.

4. On June 10, 2009, L.N. signed the loan agreement that had been faxed to her by Mr. Mitchell. The loan agreement reflected that the Respondent would extend a \$5,000 loan to L.N. at the interest rate of six percent (6%) over thirty-six (36) months, and she would be required to make a monthly payment of \$151.94 to the Respondent. The loan agreement also reflected that a "collateral security payment" of \$759.70 was due in advance, which would be applied to the first five (5) payments due on the loan.

5. After L.N. had signed and faxed the loan agreement back to the Respondent, Mr. Mitchell left a voice mail message for L.N., indicating that the \$5,000 proceeds of the loan would be placed in her bank account the next day.

6. On or about June 11, 2009, L.N. received a telephone call from a purported representative of the Respondent, who identified himself as "Mark Hamilton." Mr. Hamilton told L.N. that the "investor" who was to be the lender for the \$5,000 loan L.N. sought through the Respondent had "backed out," and that a different lender might be able to extend a loan to L.N., but only in the amount of \$10,000. Mr. Hamilton told L.N. that the monthly payment on the \$10,000 loan would be the same as for the \$5,000 loan she had originally sought. Mr. Hamilton told L.N. that she needed to send money to the Respondent to prove to the new lender that she could pay back the loan. L.N. replied by telling Mr. Hamilton that she needed the loan due to financial problems she was having, and that she did not have the money that he asked her to send. L.N. told Mr. Hamilton that she cared for her disabled husband, and that her modest income was the only income the two had. Mr. Hamilton became angry and told L.N. that if she did not have the cash to send, she must take out payday loans and send the money to the Respondent, or her credit would be negatively affected. Mr. Hamilton told L.N. that once she had received the proceeds of the \$10,000 loan, she would have no further money problems.

7. L.N. then took out payday loans and forwarded the money to the Respondent, as she had been instructed by the Respondent's representative(s). The moneys L.N. forwarded to the Respondent in connection with the personal loan she sought, included the following: (a) \$760 on June 18, 2009; (b) \$700 on June 22, 2009; (c) \$1,000 on June 25, 2009; (d) \$500 on June 26, 2009; (e) \$500 on July 1, 2009; and (f) \$760 on a date between June 25, 2009 and July 1, 2009. The total moneys that L.N. obtained from payday loans and forwarded to the

Respondent as “advance fees” to obtain a personal loan to resolve her financial difficulties, was at least \$4,220. At the instruction of the Respondent’s representatives, L.N. forwarded all such moneys to individuals at addresses in Canada.

8. After L.N. forwarded the last advance loan fee to the Respondent, L.N. found that she was could no longer contact the Respondent. When she attempted to telephone the Respondent at the telephone number she had been using to communicate with the Respondent, she received the voice mail message “Goodbye.” L.N. never received the loan proceeds from the Respondent, as promised by the Respondent’s representatives.

9. As a result of her dealings with the Respondent, L.N. now owes at least \$4,220 plus interest to payday lenders for the moneys she borrowed to send to the Respondent as advance fees for the \$10,000 loan she never received, and her financial situation has deteriorated even further from the circumstances that led her to seek a personal loan through the Respondent.

#### **CONCLUSIONS OF LAW AND VIOLATION**

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

11. Idaho Code § 26-2501 defines “loan broker” as any person, corporation, partnership or other business entity which offers for compensation, in this state, to arrange for a loan or other extension of credit. Under that definition, a “loan broker” includes a person, corporation, partnership or other business entity which, for compensation or for no compensation, advertises, solicits, or offers to make or to obtain for others a loan or other extension of credit. The Respondent’s acts, through its agent(s), of representing to L.N. that it would arrange for a loan or extension of credit for her, for which it would receive a fee or compensation, qualifies the Respondent as a “loan broker” pursuant to this definition.

12. Idaho Code § 26-2503 provides as follows:

**26-2503. Fees prohibited until a loan is made.** -- No loan broker shall directly or indirectly receive any fee, interest or other charge of any nature until a loan or extension of credit is made or a written commitment to loan or extend credit is made by any person exempt under section 26-2502, Idaho Code.

13. The Respondent's acts of requiring L.N. to pay fees related to a personal loan or extension of credit prior to making a loan or extending credit, as referenced in paragraphs 2 through 9 above, constituted violations of Idaho Code § 26-2503. The Respondent fails to qualify for any exemption from this requirement pursuant to Idaho Code § 26-2502.

#### **REQUESTED RELIEF**

14. Idaho Code § 26-2505(1) provides that the Director shall have the power to administer and enforce the provisions of the Act, and that when it appears to the Director that a loan broker has violated § 26-2503 of the Act, the Director shall have the powers and remedies set forth in Idaho Code § 67-2755.

15. The remedies set forth in Idaho Code § 67-2755(1) include ordering a person to cease and desist from the violation or attempted violation, if, in the determination of the Director, it is necessary to protect any financial institution or the public, or good cause justifies the same, without prior notice to the person or opportunity for a hearing.

#### **ORDER**

The Director, having reviewed the foregoing, good cause being shown, and the protection of the public justifying the entry of this Order,

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

Based on the foregoing, and pursuant to Idaho Code §§ 26-2505(1), 67-2755(1), and 67-5247, IT IS HEREBY ORDERED that the Respondent and its agents and employees

immediately CEASE AND DESIST from any further lending activities in Idaho, to include arranging for personal loans for Idaho residents requiring an advance fee, and from any other conduct under the Act constituting a violation of such Act.

**NOTICE**

16. The Respondent is HEREBY NOTIFIED that the foregoing ORDER TO CEASE AND DESIST is a final order of the Director, subject to the Respondent's right to timely file a motion for reconsideration of such final order or request for a hearing as to such order, pursuant to Idaho Code § 67-5246(4). Such motion for reconsideration or request for a hearing must be in writing and submitted to the Department within fourteen (14) days after the service of this Order. A copy of the motion for reconsideration or request for a hearing shall be served on Michael Larsen, Consumer Finance Bureau Chief, at the following address:

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

A copy of the request for hearing shall also be served on the Department's counsel in this matter,

A. René Martin, Deputy Attorney General, at the following address:

A. René Martin  
Deputy Attorney General  
Idaho Department of Finance  
P.O. Box 83720  
Boise, Idaho 83720-0031

17. If the Respondent timely files a request for hearing, the Department will notify the Respondent of the date, time and place of the hearing, as well as the name and contact information of the presiding officer.

18. Any hearing and subsequent proceedings in this matter will be conducted in accordance with the Idaho Administrative Procedure Act, Idaho Code § 67-5201 *et seq.*

19. The Department will dispose of a motion for reconsideration within twenty-one (21) days of its receipt, or the motion will be considered denied by operation of law. Idaho Code § 67-5246(4); Rule 740, Idaho Rules of Administrative Procedure of the Attorney General (IRAP), located at IDAPA 4.11.01.740.

20. 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.

21. 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, 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.


This ORDER TO CEASE AND DESIST is effective upon issuance.

IT IS SO ORDERED.

DATED this 15<sup>TH</sup> day of SEPTEMBER, 2009.



STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
GAVIN M. GEE, Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 15 day of September, 2009, I served a true and correct copy of the foregoing ORDER TO CEASE AND DESIST upon the following by the designated means:

Hillside Financial Group  
Attn: James J. Roland, CEO  
121 South Orange Avenue  
Orlando, Florida 31801

- U.S. mail, postage prepaid
- Certified mail
- Facsimile: (321) 445-4257

  
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