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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. )  
PAUL & ASSOCIATES LAW OFFICES, )  
PLLC dba PAUL LAW OFFICES, a Utah )  
professional limited liability company, )  
Respondent. )

Docket No. 2010-9-05

**CONSENT ORDER**

The Director of the State of Idaho, Department of Finance, Consumer Finance Bureau (Director) has conducted a review of the Idaho collection activities of PAUL & ASSOCIATES LAW OFFICES, PLLC dba PAUL LAW OFFICES (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 proceeding 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 on August 30, 2001 as a Utah professional limited liability company. The Respondent conducts business as a collection agency from 230 W. 200 South, Suite 3301, Salt Lake City, Utah 84101. The Respondent's members are David Gillette and Tracy Paul, and its manager and chief operation officer is Michael J. Law. The Respondent collects on delinquent debt purchased by Arches Financial, LLC, a Utah limited liability company that engages in business as a debt buyer, operating from the same business address as the Respondent.

### **FACTS**

2. Tracy Paul is a licensed attorney in the states of Utah and Washington, but not in Idaho.

3. The Respondent is licensed as a collection agency in the state of Washington.

4. The Respondent has never applied for nor ever held a license under the Idaho Collection Agency Act, authorizing it to engage in collection activities in Idaho.

5. During the time period between approximately April 27, 2009 and December 14, 2009, both the Consumer Protection Division of the Idaho Attorney General's Office and the State of Idaho, Department of Finance, Consumer Finance Bureau (Department) received written complaints from four (4) Idaho residents concerning the Respondent's collection activities in Idaho, which are detailed in the following paragraphs.

*Complainant R. B.*

6. R. B. is a resident of St. Maries, Idaho. On or about March 31, 2009, R. B. received a telephone call from the Respondent attempting to collect on a debt that had been previously discharged in bankruptcy. The next day, R. B. received several documents faxed by the Respondent, consisting of a collection letter; a letter threatening to place a lien on R. B.'s residence if the alleged debt was not paid; and a letter offering settlement or, in the alternative, threatening to sue R. B. on the alleged debt in Salt Lake County, Utah.

*Complainant E. S.*

7. E. S. is a resident of Emmett, Idaho. On or about June 10, 2009, E. S. received a telephone call from the Respondent attempting to collect on a debt allegedly owed by E. S. On or about that same date, E. S. received several documents from the Respondent, including a collection letter dated June 10, 2009; a proposed settlement agreement for payment to the Respondent by E. S. of the debt allegedly owed by E. S.; and an e-mail message from an individual named Manny Cantu, who represented himself as a "legal assistant" for "Paul Law Offices," which message included an implied threat to file a lawsuit if E. S. did not enter into the proposed settlement agreement.

*Complainants G. P. and S. P.*

8. G. P. and S. P. are a married couple who reside in King Hill, Idaho. Over the time period between approximately June 22, 2009 and at least February 3, 2010, G. P. and S. P. received numerous automated messages from the Respondent on their residence telephone which messages apparently sought a return call from R. P., their adult son who has not lived with them for many years, concerning a debt purportedly owned by R. P. In June and again in August of 2009, G. P. and S. P. spoke with the Respondent by telephone, explaining that their son is an

adult who no longer lives with them, and requested that the automated messages to their residence telephone stop immediately. The automated messages did not stop. The automated messages from the Respondent most recently received by G. P. and S. P. occurred on November 18 and 21, 2009; December 1, 7, 9, 11, 15, and 23, 2009; January 8, 12, 15, 18, 22, 27, and 28, 2010; and February 3, 2010.

*Complainant R. P.*

9. R. P. is a resident of Boise, Idaho. In or around October of 2009, the Respondent telephoned R. P.'s husband asking for R. P.'s work telephone number. R. P.'s husband refused to provide such telephone number. A few hours later, the Respondent again telephoned R. P.'s husband. During that telephone call, the Respondent represented that if R. P.'s husband did not make arrangements to pay the debt allegedly owed by R. P., via monthly automatic bank withdrawal by no later than 5:00 p.m. on that date, the Respondent would file a lawsuit against R. P.'s husband.

10. On or about December 10, 2009, the Respondent began making telephone calls to R. P. while she was at work, speaking to her in a threatening manner. During one of such telephone calls, the Respondent asked R. P. to be directed to R. P.'s employer's human resources department. R. P.'s employer does not maintain a human resources department. The Respondent then left a telephone message for the executive director of R. P.'s employer, demanding a verification of R. P.'s employment for the purpose of garnishing her wages. On that same date, the Respondent also spoke to another manager at R. P.'s employer's business, which conversation ended with the Respondent insulting that individual.

*Collection Lawsuits Filed in Idaho*

11. The Department has obtained information from its investigation of this matter showing that the beginning in at least September of 2002, the Respondent has filed at least twenty-two (22) lawsuits against Idaho residents in an attempt to collect debts allegedly owed by such Idaho residents.

**FINDINGS**

*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. From 2002 until it was amended in 2008, Idaho Code § 26-2223 provided as follows, in pertinent part:

**26-2223. Collection agency, debt counselor, or credit counselor permits.** -- No person shall without complying with the terms of this act and obtaining a permit from the director:

(1) Operate as a collection agency, collection bureau, collection office, debt counselor, or credit counselor 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. Beginning on July 1, 2008, Idaho Code § 26-2223 provided 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, debt counselor, credit counselor, or credit repair organization 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.

...

15. “Collection activities” is defined in Idaho Code § 26-2222(3) as the activities enumerated in Idaho Code § 26-2223.

16. The Respondent’s acts of engaging in collection activities in Idaho without a license, as referenced in paragraphs 6 through 11 above, constitute violations of Idaho Code § 26-2223(1) and –(2), in both its pre- and post-July 1, 2008 forms as set forth in paragraphs 13 and 14 above.

### REMEDIES

17. The Respondent admits to engaging in unlicensed collection activities as set forth in this Consent Order.

18. The Respondent agrees to immediately cease and desist from engaging in any and all collection activities in Idaho, to include filing collection lawsuits; 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 under the Act authorizing it to do so.

19. The Respondent represents that it will take the necessary steps to obtain a license under the Act, if it intends to engage in collection activities in Idaho in the future.

20. The Respondent agrees to pay to the Department the sum of twenty thousand dollars (\$20,000) 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-one thousand dollars (\$21,000). The Respondent agrees to pay such sum in monthly payments of \$1,000 due by no later than the 5<sup>th</sup> day of each month, with the first payment to begin on April 5, 2010. Such \$1,000 payments shall continue each and every month until \$21,000 is paid in full.

Should the Respondent fail to pay any monthly payment due pursuant to this Consent Order, the Department reserves the right to reopen this matter and pursue whatever sanctions it deems appropriate under the circumstances.

21. The Respondent agrees to comply with all provisions of the Idaho Collection Agency Act, rules promulgated thereunder, and relevant federal law and regulations at all times in the future.

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 20 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.

24. The Respondent acknowledges and understands that should the Department learn of additional violations of the Act or relevant federal laws and regulations involving Idaho residents, the Department may pursue further legal action and seek additional remedies.

DATED this 3<sup>RD</sup> day of MARCH, 2010.

PAUL & ASSOCIATES LAW OFFICES, PLLC  
dba PAUL LAW OFFICES

By:  \_\_\_\_\_

Title: COO \_\_\_\_\_

DATED this 8<sup>th</sup> day of March, 2010.

STATE OF IDAHO  
DEPARTMENT OF FINANCE

Michael Larsen  
MICHAEL LARSEN  
Consumer Finance Bureau Chief

IT IS SO ORDERED.

DATED this 8<sup>th</sup> day of March, 2010.



STATE OF IDAHO  
DEPARTMENT OF FINANCE

Gavin M. Gee  
GAVIN M. GEE, Director

NOTICE OF SERVICE

I HEREBY CERTIFY that on this 8 day of March, 2010, I served a true and correct copy of the foregoing CONSENT ORDER upon the following by the designated means:

Paul & Associates Law Offices, PLLC  
dba Paul Law Offices  
Attn: Michael Law, COO  
PO Box 3536  
Salt Lake City, UT 84110-3536

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

Paul & Associates Law Offices, PLLC  
dba Paul Law Offices  
Attn: Michael Law, COO  
230 W. 200 South, Suite 3301  
Salt Lake City, UT 84101

- U.S. mail, postage prepaid
- Certified mail
- Facsimile: (801) 466-2059
- Email: [info@paulloffices.com](mailto:info@paulloffices.com)

Ryan  
Paralegal