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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.)
)
THE AFFILIATED GROUP, INC., dba)
AFFILIATED CREDIT SERVICES, a)
Minnesota corporation,)
)
Respondent.)

Docket No. 2010-9-17

CONSENT ORDER

The Director of the State of Idaho, Department of Finance (Director) has conducted a review of the Idaho collection activities of THE AFFILIATED GROUP, INC., dba AFFILIATED CREDIT SERVICES (the Respondent). Pursuant to such 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 as a Minnesota corporation on September 12, 1996. The Respondent conducts business as a collection agency in Idaho from 3055 41st NW, Suite 100, Rochester, Minnesota 55901. The Respondent's president is Mark J. Neeb and its vice president/secretary is Paul O. Skovbroten.

FACTS

2. From February 20, 2004 through March 15, 2010, the Respondent held Idaho Collection Agency License No. CCA 3930 authorizing it to engage in collection activities in Idaho.

3. 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.

4. On March 8, 2010, the State of Idaho, Department of Finance, Consumer Finance Bureau (Department) received a renewal application from the Respondent; however such renewal application was deficient in several respects.

5. On March 10, 2010, a Department staff member notified the Respondent's vice president/secretary via e-mail of the deficiencies in the Respondent's March 8, 2010 renewal application. Such e-mail also informed the Respondent that if the Department did not receive a complete renewal application by March 15, 2010, the Respondent's Idaho collection agency license would expire by operation of law, and that all licensable activity would have to cease

until the Respondent again became properly licensed. The Respondent failed to respond to such e-mail, and also failed to comply with all requirements for renewal of its Idaho collection agency license by March 15, 2010. Therefore, the Respondent's Idaho collection agency license terminated effective March 16, 2010.

6. In addition to the March 10, 2010 e-mail notice sent to the Respondent's vice president/secretary, on April 1, 2010, the Department sent a letter to the Respondent that included notification of the license termination. Such letter was returned to the Department as undeliverable, as the Department had inadvertently sent such letter to an address for the Respondent that was no longer current. The Respondent had properly notified the Department of its address change by letter dated August 13, 2008.

7. On May 3, 2010, the Department sent notice of termination of the Respondent's license to the Respondent's correct address of record. Such written notice also informed the Respondent that it was prohibited from engaging in collection agency activities in Idaho without a license issued under the Act, and that it would be subject to sanctions under the Act if it engaged in unlicensed collection activity in Idaho. Such notice also informed the Respondent that if it wished to conduct a collection agency business in Idaho, it must apply for a new license.

8. On July 1, 2010, the Respondent submitted to the Department an application for an Idaho collection agency license.

9. On July 20, 2010, after reviewing the Respondent's July 1, 2010 license application, the Department notified the Respondent via e-mail that its license application for a new license was deficient in several respects. Additionally, the Department's e-mail requested that the Respondent submit information to the Department concerning its collection activities in Idaho after its Idaho collection agency license had terminated effective March 16, 2010 through

July 20, 2010. The Department gave the Respondent thirty (30) days to cure the deficiencies contained in its license application and again warned the Respondent that it was not authorized to engage in collection activities in Idaho until such time as it was issued a new license under the Act.

10. On October 6, 2010, the Department received from the Respondent a spreadsheet showing the Respondent had continued to engage in collection activities in Idaho after its license terminated for failure to meet renewal requirements on March 16, 2010, through at least September of 2010. A review of such spreadsheet by a Department examiner showed that the Respondent had active collection accounts with 6,400 Idaho residents, which had resulted in the collection of at least \$16,853.44.

11. On October 10, 2010, the Respondent cured all the deficiencies in its application for a new license.

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. 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(2), set forth in paragraph 13 above.

15. The Respondent's acts of engaging in collection activities in Idaho while it failed to maintain the license required by the Act, which included collecting against or receiving payment from at least 6,400 Idaho residents from March 16, 2010 until at least September of 2010, constituted violations of Idaho Code § 26-2223(1) and -(2).

REMEDIES

16 The Respondent admits to violating Idaho Code § 26-2223(1) and -(2) by operating as a collection agency in Idaho and collecting or receiving payments for others of any account, bill, claim or other indebtedness, while not licensed under the Act.

17. The Respondent agrees to immediately cease and desist from engaging in any and all collection activities in Idaho, to include 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.

18. The Respondent agrees to pay to the Department the sum of ten thousand dollars (\$10,000) 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 eleven thousand dollars (\$11,000).

19. When the Respondent has executed this Consent Order and paid to the Department the eleven thousand dollar (\$11,000) payment due by no later than December 21, 2010, the Department agrees to accept and consider the licensing application submitted by the Respondent, and that it will not use this Consent Order the basis for the denial of the Respondent's licensing application.

20. 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.

21. 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 18 above.

22. 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.

23. The Respondent acknowledges and understands that should the Department learn of additional violations by the Respondent of the Act, rules promulgated under the Act, or applicable federal laws and regulations relating to the Respondent's collection activities in Idaho, the Department may pursue further legal action and seek additional remedies.

DATED this 19 day of December, 2010.


THE AFFILIATED GROUP, INC.,
dba AFFILIATED CREDIT SERVICES

By:  _____

Title: President/CEO _____

APPROVED AS TO FORM AND SUBSTANCE:

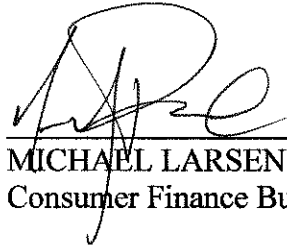
DATED this 20 day of December, 2010.



DANIEL E. BERNDT
Counsel for the Respondent

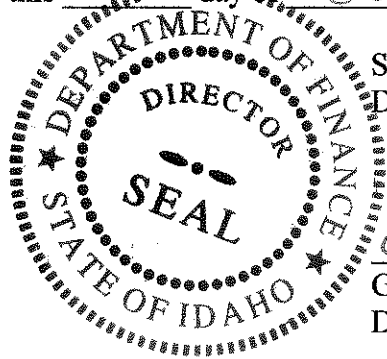
DATED this 22nd day of December, 2010.

STATE OF IDAHO
DEPARTMENT OF FINANCE

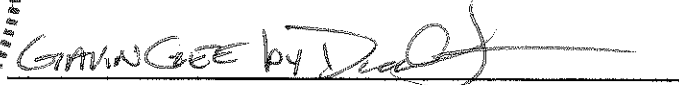
 on behalf of Mr. Larsen.
MICHAEL LARSEN
Consumer Finance Bureau Chief

IT IS SO ORDERED.

DATED this 22nd day of December, 2010.



STATE OF IDAHO
DEPARTMENT OF FINANCE



GAVIN M. GEE
Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 23 day of December, 2010, I served a true and correct copy of the foregoing CONSENT ORDER upon the following by the designated means:

Daniel E. Berndt
DUNLAP & SEEGER
206 South Broadway, Suite 505
Rochester, Minnesota 55904

- U.S. mail, postage prepaid
- Certified mail
- Facsimile: (800) 872-9040
- Email: _____



Paralegal