



pennsylvania
DEPARTMENT OF BANKING
AND SECURITIES

MARKET SQUARE PLAZA | 17 N SECOND STREET, Suite 1300 | HARRISBURG, PA 17101
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Bond No. _____

DEBT MANAGEMENT BOND

WHEREAS, Department means the Department of Banking and Securities of the Commonwealth of Pennsylvania located at 17 N. 2nd Street, Suite 1300, Harrisburg, Pennsylvania 17101, and

WHEREAS, Principal means _____,
(Name of Debt Management Company)

with its principal place of business at _____
(Principal's Address)

and phone number of _____.
(Principal's Phone Number)

WHEREAS, Surety means _____,
(Name of Surety Company)

incorporated under the laws of the State of _____,
(State of Surety Company's Incorporation)

with its principal place of business at _____
(Surety's Address)

and phone number of _____.
(Surety's Phone Number)

WHEREAS, Surety is licensed to do business in the Commonwealth of Pennsylvania, and is approved by the Secretary of Banking and Securities of the Commonwealth of Pennsylvania ("Secretary") as an acceptable Surety, and

WHEREAS, reference is made herein to the Act of October 9, 2008, P.L. 1421, No. 117 as amended, known and referred to as the Debt Management Services Act (63 P.S. § 2401-2449), and

WHEREAS, any reference in this bond to any statute or regulation, including, but not limited to, the Debt Management Services Act (“Act”) and the General Rules of Administrative Practice and Procedure (“GRAPP”), include the statute or regulation in force at the time this bond is executed as well as any subsequent amendments, alterations or replacements of such statute or regulation, and

WHEREAS, Principal has applied to the Department for a license under the provisions of the Debt Management Services Act (“Act”), and

WHEREAS, the granting of the license by the Department to Principal is conditioned upon Principal obtaining a bond in the amount of _____, and

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that Principal and Surety, are held and firmly bound unto the Commonwealth of Pennsylvania in the just and full sum of _____ to the payment whereof, well and truly to be made, we bind ourselves, and our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents:

1. **Condition of the Obligation.** If Principal shall faithfully:
 - a. comply with and abide by the provisions of the Act; and
 - b. comply with and abide by all the rules and regulations of the Department issued in accordance with the Act; and
 - c. pay any moneys due to the Commonwealth, the Department, or any person or persons who is injured by acts or omissions of Principal under the provisions of this Act,

then this obligation shall be null and void, otherwise to be and remain in full force and effect.

2. **Effective Date.** The effective date of this bond is set forth below.

3. **Duration of Bond.** This bond shall continue in full force and effect indefinitely, subject, however, to cancellation.

4. **Cancellation.** Surety may elect to cancel this bond at any time by filing with the Secretary of Banking and Securities of the Commonwealth of Pennsylvania a thirty (30) day written notice of such cancellation. The bond cancellation shall be effective on the thirtieth (30th) day after the filing of the written notice of cancellation. Surety shall remain liable for all transactions associated with the debt management business by Principal during the term of this bond until the effective date of the cancellation.

5. **Surety's Liability.** Regardless of the number of years this bond remains in force, the aggregate liability of Surety for any and all claims or judgments to one or more claimants in no event shall exceed the full penal sum.

6. **Default.** Upon the happening of any default of the conditions and obligations assumed under this bond and if the Department finds that Principal is insolvent or that consumers have been harmed by Principal's default in an aggregate amount equal to or greater than fifty percent (50%) of the penal sum, then the Department may forfeit such amount of this bond as it determines is appropriate, up to and including the full penal sum.

7. **Department Remedies.** Upon a forfeiture order of the Department becoming final, the Department may pay itself for any amount due to it under the Act, including but not limited to, any fines, examination fees, or any expenses incurred in connection with this bond.

8. **Remedies of Persons.** Persons have the following remedies under this bond:

- a. **Adjudication.** Upon a forfeiture order of the Department becoming final, any person may seek payment from the proceeds of this bond in the custody of the Department for any damages and costs incurred as a result of Principal's violation of the Act or any regulation promulgated under the Act by filing a petition with the Department pursuant to 1 Pa. Code § 35.17. The Department shall adjudicate a person's claim pursuant to the General Rules of Administrative Practice and Procedure, 1 Pa. Code § 31.1 *et seq.* ("GRAPP"); or
- b. **Formal Complaint.** In the absence of any proceedings or a final order to forfeit this bond, any person who has suffered damages as a result of Principal's violation of the Act, or any rule or regulation promulgated under the Act, may file a formal complaint pursuant to 1 Pa. Code § 35.9 seeking to recover alleged damages and costs from this bond. The Department shall adjudicate the formal complaint using the procedures provided in GRAPP and thereby determine what payment, if any Surety shall pay to the claimant. Surety shall be bound by, and shall pay to such aggrieved consumer, the amount adjudicated by the Department. In determining whether to assent to or adjudicate any payment on this bond pursuant to this paragraph, the Department may assent to or adjudicate a pro rata or other payment on this bond pursuant to the methods and procedures provided for in paragraph number nine (9) of this bond concerning payments to persons; or
- c. **Claims to Surety.** In the absence of any proceedings or a final order to forfeit this bond, any person who has suffered damages as a result of Principal's violation of the Act, or any regulation promulgated under the Act, may file a claim with Surety for payment of damages and costs incurred as a result of Principal's violation, provided the Department

assents thereto in writing. Within thirty (30) days of the date that an aggrieved person files a claim with Surety, Surety shall decide whether or not to dispute such a claim. If Surety does not dispute a claim filed with it pursuant to this paragraph, then Surety shall pay such claim within thirty (30) days of the date that such claim was filed with Surety. If Surety disputes any claim filed with it pursuant to this paragraph, then Surety shall give written notice of such dispute to the person filing such claim within thirty (30) days of the date such claim was filed with Surety. If Surety disputes any claim with it by an aggrieved person pursuant to this paragraph or Surety denies or refused to pay or fails to pay any such claim for any reason within thirty (30) days such claim was filed with Surety, then the aggrieved person who filed such claim may claim on this bond pursuant to any or all of the other procedures provided in this bond.

9. **Pro Rata Payments to Consumer.** If, at any time, the Department determines that all actual or potential claims on this bond could exceed the penal sum, then the Department may withhold payment pursuant to this paragraph until the Department has adjudicated all likely potential claims on this bond and those adjudications have become final. If the aggregate dollar amount of the final adjudicated claims reaches or exceeds eighty percent (80%) of the penal sum of this bond, then the Department may pay claimants a pro rata portion of the adjudicated claims and leave the remaining amount of the proceeds of this bond for payment to future unknown claimants.

10. **Solicitation of Consumer Claimants.** The Department may solicit potential claimants on this bond by advertisement or any other means that the Department deems to be appropriate. After such time as the Department deems reasonable, and after the Department has taken the steps it deems appropriate to solicit all potential claimants on this bond pursuant to this paragraph, and if any amount of the proceeds of this bond remains available for payment, then the Department may pay to any person to whom the Department paid a pro rata portion of their bond claim the full amount of such claim. If the Department made no such pro rata payments, or if the Department determines that all likely potential bond claimants have received an opportunity for payment from the bond proceeds pursuant to this paragraph, then the Department may transfer, handle or otherwise dispose of any remaining bond proceeds in accordance with applicable law.

11. **Time Limitations.** Any claim under this bond must be brought within three (3) years after the earlier of: (1) a final order is issued by the Department revoking the license issued to Principal pursuant to the Act or (2) the cancellation of this bond in accordance with paragraph four (4) of this bond.

12. **Events Not Affecting Bond Liability.** This bond shall not be discharged by:
- a. the recovery of any specific amount of charges for examination, damages, costs, judgments, fines or penalties obtained in any specific action. The

bond shall be in full force and effect until the full amount of the bond shall have been paid by reason of any number of charges for examination, damages, costs, judgments, fines or penalties to which Principal may have become subjected; or

- b. sums due, where the right to which sums did not arise during the license year for which the license found on the application which this bond accompanied was granted.

13. **Remedies.** Nothing herein shall limit the Department from seeking any remedy, in addition to the forfeiture of this bond, which may be authorized or provided under any law.

14. **Disclosure.** Principal and Surety agree that the Department may publish, divulge or otherwise disclose to any person or government entity this bond, the contents of this bond, and any information or material related to this bond. The information which may be disclosed includes, but is not limited to, pleadings, other submissions and orders related to any administrative proceedings, when such publication divulgement or disclosure is related to an administrative, judicial or other legal proceeding concerning this bond.

15. **Headings.** The headings used herein are for descriptive purposes only and have no legal force or effect.

IN WITNESS WHEREOF, Principal and Surety have set their hand, intending to be legally bound as of the _____ day of _____, 20__ (“Effective Date”).

PRINCIPAL:

(Print Principal Name)

Signed this _____ day of _____, 20__.

By: _____
(Signature)

(Title: i.e. Attorney in Fact)

ATTEST OR WITNESS:

(Where Required)

SURETY:

(Print Surety Name)

Signed this _____ day of _____, 20__.

By: _____
(Signature)

(Title: i.e. Attorney in Fact)

ATTEST OR WITNESS:

(Where Required)

Approved as to legality and form:

PRE-APPROVED OAG 4/8/13

/Robert A. Mulle/
Office of Attorney General

PRE-APPROVED OGC 2/21/13

/Shawn E. Smith/
Office of General Counsel

Form No. 3-FA-2.0