

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Pennsylvania Department of Banking and Securities,	:	
	:	
Petitioner	:	
	:	
v.	:	No. 33 M.D. 2019
	:	
Debt Rehab, LLC,	:	
	:	
Respondent	:	

ORDER

AND NOW, this 28th day of May, 2019, following a hearing on this Court's Rule to Show Cause why Debt Rehab, LLC, (Respondent) should not be held in contempt of this Court's March 20, 2019 order, after notice to Respondent, and after Respondent's failure to appear, failure to comply, and failure to pay the judgment in the amount of \$23,750, plus court costs and service of process fees in the amount of \$255, for a **total judgment of \$24,005**, this Court's Rule to Show Cause is hereby made absolute. Respondent is adjudicated **IN CONTEMPT** of this Court's March 20, 2019 order.

Redacted

Ellen Ceisler, Judge

Certified from the Record

MAY 28 2019

And Order Exit

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Pennsylvania Department	:	
of Banking and Securities,	:	
Petitioner	:	
	:	
v.	:	No. 33 M.D. 2019
	:	
Debt Rehab, LLC,	:	
Respondent	:	

ORDER

NOW, April 25, 2019, upon consideration of petitioner's petition to show cause why respondent should not be adjudged in civil contempt of court (petition), it is hereby ordered that:

1. A rule is issued upon Debt Rehab, LLC to show cause why the Department of Banking and Securities is not entitled to the relief requested;
2. Debt Rehab, LLC shall file an answer to the petition within 20 days of service of the petition;
3. The petition shall be decided under Pa.R.C.P. No. 206.7;
4. Hearing on the rule to show cause is set for May 28, 2019, at 1.30 p.m., in Courtroom 3001, Third Floor, Pennsylvania Judicial Center, 601 Commonwealth Avenue, Harrisburg, Pennsylvania; and
5. The Department of Banking and Securities shall promptly serve this Order upon Debt Rehab, LLC and file a proof of service with the Court.

Redacted

Renée Cohn Jubelirer, Judge

Certified from the Record

APR 26 2019

And Order Exit

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Pennsylvania Department	:	
of Banking and Securities,	:	
Petitioner	:	
	:	
v.	:	No. 33 M.D. 2019
	:	
Debt Rehab, LLC,	:	
Respondent	:	

ORDER

NOW, March 20, 2019, following a hearing on the Pennsylvania Department of Banking and Securities' (Department) petition to enforce an administrative order (enforcement petition), the Court being satisfied that Debt Rehab, LLC (Respondent) has been duly served with the enforcement petition and notice of the hearing, despite its failure to attend, and being satisfied that the Department has established its right to the requested relief, it is hereby ordered that:

1. Respondent shall immediately CEASE AND DESIST from marketing, soliciting, offering to provide or providing debt settlement services to Pennsylvania residents for a fee or other consideration until such time that Respondent is licensed under the Debt Settlement Services Act (Act), Act of July 9, 2014, P.L. 1022, 63 P.S. §§ 2501 – 2593.

2. Judgment in the amount of \$23,750, plus court costs and service of process fess in the amount of \$255, for a total judgment amount of \$24,005, is hereby entered against Respondent and in favor of the Department. On or before April 19, 2019 payment shall be remitted by ACH or wire transfer, or if ACH or wire transfer

is unavailable, by company check, certified check or money order made payable to the "Department of Banking and Securities" and sent to:

Attn: Department of Banking and Securities
Compliance Office
17 N. 2nd Street, Suite 1300
Harrisburg, PA 17101-2290

3. On or before April 19, 2019, Respondent shall divest itself of its Pennsylvania debt settlement clients to a licensee under the Act and shall notify the Department of the transfer.

4. In the event Respondent fails to comply with this Order, the Department may return to this Court and petition the Court to order Respondent to appear and show cause why it may not be adjudged in civil contempt.

5. The Department shall promptly serve this Order upon Respondent and file a proof of service with this Court.

Redacted

Ellen Ceisler, Judge

Certified from the Record

MAR 20 2019

And Order Exit

FILED

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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

IN DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING AND :
SECURITIES, COMPLIANCE OFFICE :

v.

DOCKET NO. 18 0073 (BNK-C&D)

DEBT REHAB, LLC

NOTICE OF RIGHT TO APPEAL AND HEARING

You, Debt Rehab, LLC, have the right to challenge the attached Order to Cease and Desist (the "Order") by filing an Answer and Petition for Hearing, in writing, with the Pennsylvania Department of Banking and Securities ("Department") as set forth below within **30 days** of the date of mailing of this Order. *See* 1 Pa. Code §§ 31.13(a), 35.37. **If you do not file an Answer and Petition for Hearing within 30 days, you will waive your right to a hearing and the Department may enter a final order against you.**

Your Answer and Petition for Hearing must be in writing. You must specifically admit or deny the allegations in the Order, set forth the facts upon which you rely, and state concisely the matters of law upon which you rely and the relief you seek as required by 1 Pa. Code § 35.17. Mere general denials are inadequate under 1 Pa. Code § 35.37 to raise an issue requiring a hearing or further proceedings. The Answer and Petition for Hearing and all other documents relating to this matter must be filed with:

Linnea Freeberg, Docket Clerk
Pennsylvania Department of Banking and Securities
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

You must also serve a copy of the Answer and Petition for Hearing and any other documentation on the person who signed the Order by providing a copy to the Department's Legal Office as indicated below.

Office of Chief Counsel
Pennsylvania Department of Banking and Securities
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

After you file the Answer and Petition for Hearing, you will be notified of the identity of the person designated to preside at the hearing, and any other pertinent information. You have the right to be represented by an attorney.

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa.C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1-35.251.

FILED

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**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES**

DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING AND :
SECURITIES, COMPLIANCE OFFICE :
v. : DOCKET NO. 18 0073 (BNK-CAO)
DEBT REHAB, LLC :

ORDER TO CEASE AND DESIST

AND NOW, this 10th day of October, 2018, the Department of Banking and Securities (“Department”), Compliance Office, hereby Orders Debt Rehab, LLC (“Debt Rehab”) to immediately CEASE AND DESIST from activities in violation of the Debt Settlement Services Act (“DSSA”), 63 P.S. § 2501 *et seq.* This Order applies to the named party and any person, corporation, or company under the control of the named party. In support of this Order, the Compliance Office states the following:

BACKGROUND

1. The Department of Banking and Securities (“Department”) is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the DSSA.
2. The DSSA became effective on January 1, 2015.
3. Section 301(a) of the DSSA states that “a provider may not market, solicit, offer to provide or provide debt settlement services for a fee or other consideration to an individual who resides in [Pennsylvania] at the time it agrees to provide the services, unless the provider is licensed under this act.” 63 P.S. §2521(a).

4. Section 102 of the DSSA defines “provider” as a “person that provides, markets, solicits, offers to provide or agrees to provide debt settlement services.” 63 P.S. § 2502.

5 Section 102 of the DSSA defines “person” as “[a]n individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture or any other legal or commercial entity.” 63 P.S. § 2502.

6. Section 102 of the DSSA defines “debt settlement services” as “[s]ervices as an intermediary between an individual and one or more unsecured creditors of the individual for the purpose of obtaining concessions where the contemplated concessions involve a reduction in principal of the individuals’ unsecured debt owed for personal, family or household expenses to at least one creditor.” 63 P.S. § 2502.

7. Section 701(4) of the DSSA authorizes the Department to issue orders to ensure the proper administration or enforcement of the act. 63 P.S. § 2571(4).

8 Section 704(a) of the DSSA authorizes the Department to impose a civil penalty of up to \$10,000 for each violation of the act. 63 P.S. § 2574(a)

9 Section 701(6) of the DSSA authorizes the Department to make restitution for actual damages to consumers caused by a violation of this act or to refund fees collected in violation of this act 63 P.S. § 2571(6).

10. Debt Rehab is not, and never has been licensed under the DSSA.

11. On or around April 26, 2018, Debt Rehab submitted a debt settlement services company application.

12. Between April 2018 and August 2018, the Department entered into discussions with Debt Rehab regarding a path to licensure as Debt Rehab, by its own admission, was unable to make restitution in full to its Pennsylvania consumers at the time of submitting its application.

13. The Department rejected Debt Rehab's offer to provide consumer restitution of \$1,000 per month for approximately 11 years, until Pennsylvania consumers had received full payment of fees paid for participation in the debt settlement program.

14. Debt Rehab rejected the Department's proposal to pay consumer restitution over a period of 12 months stating it did not have the financial capacity to consent to paying restitution in 12 months' time.

15. Debt Rehab's debt settlement services license application will not be approved as the company cannot provide restitution to its Pennsylvania consumers in a satisfactory manner. Because Debt Rehab engaged in the business of a debt settlement services company without the required license, it was not entitled to receive fees from Pennsylvania consumers for their participation in Debt Rehab's debt settlement program.

PARTIES

16. The Department's Compliance Office has the primary responsibility to administer and enforce the DSSA on behalf of the Department.

17. The Compliance Office is located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

18. Debt Rehab's principal place of business is located at 5000 Birch Street, West Tower, Suite 3000, Newport Beach, CA 92660.

19. Debt Rehab is engaged in the business of offering and providing debt settlement services.

VIOLATION

20. By marketing, soliciting, offering to provide and providing debt settlement services to Pennsylvania residents, Debt Rehab qualifies as a "provider" as defined in Section 102 of the DSSA. 63 P.S. § 2502.

21. Debt Rehab is not and has never been licensed by the Department either as a debt settlement company pursuant to the DSSA or in any other manner.

22. By marketing, soliciting, offering to provide and providing debt settlement services to Pennsylvania residents for a fee or other consideration without proper licensure, Debt Rehab is in violation of Section 301(a) of the DSSA 63 P S. § 2521(a).

RELIEF

23. **AND NOW THEREFORE**, it is hereby ordered that

Debt Rehab immediately CEASE AND DESIST from marketing, soliciting, offering to provide or providing debt settlement services to Pennsylvania residents for a fee or other consideration until such time that Debt Rehab is licensed under the DSSA; and

- a. Within 30 days of the date of this Order, Debt Rehab shall refund all fees collected from Pennsylvania consumers that enrolled in its debt settlement program, and provide documentation of said refunds to the attention of:

Theresa L. Jones, NDFIEII
Pennsylvania Department of Banking and Securities
Compliance Office
17 N. Second Street, Suite 1300
Harrisburg, PA 17101; and

- b. Within 30 days of the date of this Order, Debt Rehab shall divest itself of its Pennsylvania debt settlement clients to a licensee under the DSSA and shall notify the Department of the transfer.
- c. Within 30 days of date of this Order, Debt Rehab shall pay a fine of twenty-three thousand, seven hundred and fifty dollars (\$23,750). The fine payment shall be remitted by ACH or wire transfer, or if ACH or wire transfer is unavailable, by company check, certified check or money order made payable to the "Department

of Banking and Securities” and sent to the attention of: Department of Banking and Securities, Compliance Office, 17 N. 2nd Street, Suite 1300, Harrisburg, PA 17101-2290.

WHEREFORE, because of violations by Debt Rehab, LLC of the Debt Settlement Services Act, the Commonwealth of Pennsylvania, Department of Banking and Securities, Compliance Office, under the authority cited above, hereby issues this Order to Cease and Desist.

IT IS SO ORDERED.

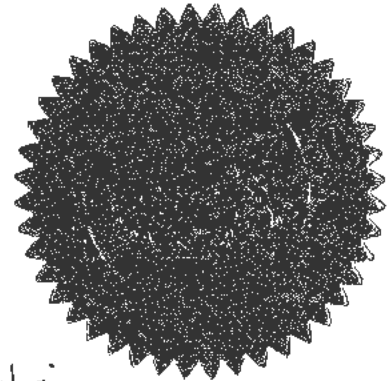
**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES,
COMPLIANCE OFFICE**

Signature: Redacted

Printed Name: James Keiser

Title: Chief, Office of Non-Depository Compliance
Commonwealth of Pennsylvania
Department of Banking and Securities
Compliance Office
17 North Second Street, Suite 1300
Harrisburg, PA 17101

Dated: October 10, 2018



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

FILED

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DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING AND :
SECURITIES, COMPLIANCE OFFICE, :

PETITIONER :

v. :

DEBT REHAB, LLC, :
RESPONDENTS :

: Docket No.: 18 0073 (BNK-C&D)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **Order to Cease and Desist** upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35 and 33.36:

**BY CERTIFIED MAIL RETURN RECEIPT REQUESTED
AND FIRST CLASS MAIL:**

Debt Rehab, LLC
5000 Birch St., West Tower
Suite 3000
Newport Beach, CA 92660

Dated: _____

10/10/18

Redacted

Eileen Smith, Legal Assistant
Commonwealth of Pennsylvania
Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, PA 17101
(717) 787-1471