

IN THE MATTER OF:

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BEFORE THE MARYLAND  
STATE COLLECTION AGENCY  
LICENSING BOARD IN THE  
OFFICE OF THE COMMISSIONER  
OF FINANCIAL REGULATION

WORLDWIDE ASSET  
MANAGEMENT, LLC,

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WORLDWIDE ASSET  
PURCHASING, LLC,

\*

DFR-FY2010-~~000~~ 221

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WEST ASSET PURCHASING, LLC,

\*

WEST RECEIVABLES  
PURCHASING, LLC,

\*

WEST HEALTHCARE  
RECEIVABLE MANAGEMENT, LLC

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Respondents.

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**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Agreement") is entered into this 10<sup>th</sup> day of August, 2010, by and between the Maryland State Collection Agency Licensing Board in the Office of the Commissioner of Financial Regulation (hereinafter the "Agency") and Worldwide Asset Management, LLC, Worldwide Asset Purchasing, LLC, West Asset Purchasing, LLC, West Receivables Purchasing, LLC, and West Healthcare Receivable Management, LLC, (collectively "Respondents"). The Agency and the Respondents ("the Parties") consent to the entry of this Agreement as a final resolution of this matter.

1. Pursuant to the Maryland Collection Agency Licensing Act (“MCALA,” at Business Regulations Article (“BR”), § 7-101 *et seq.*, Annotated Code of Maryland), the Agency is responsible for licensing and regulating persons engaged in collection agency activities in the State of Maryland (the “State”).

2. The definition of “collection agency” under BR § 7-101(c) includes, among other things, “a person who engages directly or indirectly in the business of: (1)(i) collecting for, or soliciting from another, a consumer claim; or (ii) collecting a consumer claim the person owns, if the claim was in default when the person acquired it.”

3. BR § 7-401(a) provides that, “except as otherwise provided in this title, a person may not knowingly and willfully do business as a collection agency in the State unless the person has a license.”

4. The position of the Agency is that a non-exempt person who acquires consumer claims which were in default at the time of acquisition (a “Consumer Debt Purchaser”), who then attempts to collect on that debt through litigation in Maryland state courts, is knowingly and willfully doing business as a “collection agency” in the State under BR § 7-101(c). This applies regardless of whether the Consumer Debt Purchaser is represented in litigation by attorneys who are also licensed as collection agencies. As such, a Consumer Debt Purchaser collecting debts through litigation in Maryland State courts is required to be licensed as a collection agency under MCALA, and is subject to the regulatory authority of the Agency in the conduct of that litigation.

5. The position of the Agency is that a Consumer Debt Purchaser collecting debts through litigation in Maryland State courts also meets the definitions of “collector”

under CL § 14-201(b) of the Maryland Consumer Debt Collection Act (“MCDCA,” at Commercial Law Article (“CL”), § 14-201 *et seq.*, Annotated Code of Maryland) and of “debt collector” under 15 U.S.C. § 1692(a) of the Fair Debt Collection Practices Act (“FDCPA,” at 15 U.S.C. § 1692, *et seq.*).

6. Pursuant to BR § 7-308(a), the Agency can bring an action to suspend or revoke the license of a collection agency “if the licensee or any owner, director, officer, member, partner, or agent of the licensee” engages in various prohibited activities, including, among other things, the following: “(3) in connection with the collection of any consumer claim: . . . (ii) engages in any illegal or dishonest activities; or (4) knowingly or negligently violates the Maryland Consumer Debt Collection Act.”

7. Thus the Agency has the authority to bring actions under MCALA against persons engaged in various prohibited activities in connection with the collection of any consumer claim, including, but not limited to, for violations of the FDCPA pursuant to BR § 7-308(a)(3)(ii) (engaging in illegal activities), and for violations of the MCDCA pursuant to BR § 7-308(a)(4). It is the Agency’s position that such authority extends both to litigation-related collection activities, as well as to non-litigation (i.e. “traditional”) collection activities.

8. The FDCPA provides, in relevant part, as follows:

**§ 1692e. False or misleading representations**

A debt collector may not use any false, deceptive, or misleading representation or means in connection with the collection of any debt. Without limiting the general application of the foregoing, the following conduct is a violation of this section:

\* \* \*

- (2) The false representation of--
  - (A) the character, amount, or legal status of any debt; or

\* \* \*

- (5) The threat to take any action that cannot legally be taken or that is not intended to be taken.

\* \* \*

- (10) The use of any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a consumer.

\* \* \*

**§ 1692f. Unfair practices**

A debt collector may not use unfair or unconscionable means to collect or attempt to collect any debt. Without limiting the general application of the foregoing, the following conduct is a violation of this section:

- (1) The collection of any amount (including any interest, fee, charge, or expense incidental to the principal obligation) unless such amount is expressly authorized by the agreement creating the debt or permitted by law.

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9. The MCDCA provides, at CL § 14-202(8), as follows: “[i]n collecting or attempting to collect an alleged debt,” a debt collector (or “collector”) may not “[c]laim, attempt, or threaten to enforce a right with knowledge that the right does not exist.”

10. The Agency has reasonable grounds to believe that Respondents engaged in unlicensed collection agency activities, and that all Respondents engaged in other violations of MCALA and of the provisions of the MCDCA and the FDCPA referenced above (collectively the “Alleged Violations”), and has determined that action under Financial Institutions Article (“FI”), § 2-115, and under State Government Article (“SG”), § 10-226(c)(2), Annotated Code of Maryland, would be appropriate.

11. This Agreement is intended to resolve all administrative, judicial, or other legal actions which the Agency could have brought prior to the execution of this

Agreement, relating to those issues and pending collection matters which are currently known to the Parties.

12. Respondents deny the Alleged Violations set forth herein but, nonetheless, wish to resolve the Alleged Violations in lieu of an administrative action being filed, thereby avoiding the costs associated with an administrative hearing and any potential appeals, and therefore agree to resolve this matter fully, finally, and completely without an administrative action being filed as set forth in this Agreement, and further accept without condition, and fully agrees to abide by, each and every term set forth in this Agreement.

13. Respondents state that they have completely ceased filing new collection-related actions in Maryland State courts, and that in the event that they ever decide to resume filing collection-related actions in Maryland State courts in the future, they will be fully licensed as collection agencies before doing so, and will use good faith efforts to ensure that their complaints, affidavits, and other filings will fully comply with all applicable federal and Maryland State laws, including but not limited to MCALA, the MCDCA, the FDCPA, and the Maryland Rules of Civil Procedure.

14. The Agency desires to ensure that Respondents comply with all applicable statutes, regulations, and others laws governing collection agency activities in the State of Maryland, including complying with MCALA, the MCDCA, and the FDCPA, and further wishes to avoid the costs to the taxpayers of an administrative hearing and any potential appeals. The Agency further considers that the resolution of this matter is appropriate in light of the following: Respondents' full cooperation with this investigation; Respondents' willingness to change certain of their collection business practices in

response to the concerns of the Agency; and Respondents representation that they have ceased filing new collected-related actions in Maryland State courts and that in the event that they ever decide to resume filing collection-related actions in Maryland State courts in the future, they will be fully licensed as collection agencies before doing so, and will use good faith efforts to ensure that their complaints, affidavits, and other filings will fully comply with all applicable federal and Maryland State laws, including but not limited to MCALA, the MCDCA, the FDCPA, and the Maryland Rules of Civil Procedure.

15. Respondents have agreed to take each and every one of the following actions in exchange for a final resolution of this matter:

a. Respondents will collectively pay a total voluntary payment of EIGHTY-FIVE THOUSAND DOLLARS (\$85,000) in the form of one check made payable to the “Commissioner of Financial Regulation” within fifteen (15) days of this Agreement being fully executed and delivered.

b. Respondents have applied, or will apply, to be licensed by the Agency as Maryland collection agencies pursuant to MCALA, and agree that they are subject to the regulatory authority of the Agency with regard to collection-related litigation in Maryland State courts where they are the owners of the consumer debt at issue or where they are otherwise involved in the court action.

c. Respondents will ensure that, to the best of their knowledge, information and belief, all of their collection activities in the State of Maryland comply with all applicable statutes, regulations, and others laws governing such activities, including but not limited to MCALA, the MCDCA, and the FDCPA.

d. Respondents agree that, in the event that they ever decide to resume filing collection-related actions in Maryland State courts in the future, they will be fully licensed as collection agencies before doing so, and will use good faith efforts to ensure that their complaints, affidavits, and other filings will fully comply with all applicable federal and Maryland State laws, including but not limited to MCALA, the MCDCA, the FDCPA, and the Maryland Rules of Civil Procedure.

e. Respondents will provide the Agency with an acceleration contact for resolution of Maryland consumer complaints filed with the Agency against Respondents.

16. Respondents acknowledge that they have voluntarily entered into this Agreement with full knowledge of their right to a hearing pursuant to FI § 11-518 and the Maryland Administrative Procedure Act (SG § 10-201 *et seq.*), arising from any charges that could be brought by the Agency based on the Alleged Violations, and that Respondents hereby waive their right to a hearing. Respondents further acknowledge that they have had an opportunity to consult with independent legal counsel in connection with the waiver of this right and with the negotiation and execution of this Agreement, and that they have in fact consulted with independent legal counsel.

17. The Parties hereto agree that this Agreement shall be binding and enforceable in court by the Agency and by Respondents, shall be admissible in proceedings between those Parties, and shall be binding upon and inure to any of the Respondents' present and future owners, directors, officers, members, partners, agents,

successors, and assigns.

18. The Parties hereto acknowledge that this Agreement does not in any way relate to, impact, or otherwise effect the legal rights of, or preclude the Agency from bringing actions against, persons not Parties to this Agreement. The Parties further acknowledge that this Agreement is not intended to and does not grant or create any rights in any third party, and that this Agreement has no third party beneficiaries.

19. The Parties hereto acknowledge and agree that this Agreement, as well as the alleged conduct and facts forming the basis for this Agreement, shall not in any way adversely impact Respondents' applications for Maryland State collection agency licenses, nor shall this Agreement impact Respondents' right to enforce and collect previously acquired judgments provided that such collection efforts are conducted in compliance with applicable law.

20. The Parties hereto agree that any notices hereunder shall be effectively "delivered" when sent via overnight delivery or certified mail as follows:

- a. To the Commissioner:  
Commissioner of Financial Regulation  
500 North Calvert Street, Suite 402  
Baltimore, Maryland 21202-3651  
Attention: Mark Kaufman, Deputy Commissioner

Copy to:  
W. Thomas Lawrie, Assistant Attorney General  
Department of Labor, Licensing, and Regulation  
500 North Calvert Street, Suite 406  
Baltimore, Maryland 21202-3651

- b. To the Respondents:  
Greg Hogenmiller  
Vice President & Deputy General Counsel  
West Asset Management, Inc.  
7171 Mercy Road, Suite 250  
Omaha, Nebraska 68106

NOW, THEREFORE, it is, by the Commissioner of Financial Regulation on behalf of the Agency, HEREBY

**ORDERED** that Respondents shall adhere to all terms of this Settlement Agreement; and it is further

**ORDERED** that Respondents shall use good faith efforts to conduct their collection agency business activities in compliance with all applicable federal and Maryland State laws, including but not limited to MCALA, the MCDCA, and the FDCPA; and it is further

**ORDERED** that, in the event Respondents, or any of the owners, directors, officers, members, partners, employees, or agents of Respondents, violate any provision of this Settlement Agreement, or otherwise engage in the activities which formed the basis for the Alleged Violations set forth above, the Agency may, at the Agency's discretion, take any enforcement actions available under FI § 2-115 and/or BR § 7-205, as well as take any other enforcement actions as permitted by, and in accordance with, applicable State law; and that such enforcement actions could include an order to cease and desist, suspension or revocation of a Maryland State collection agency license, civil money

penalties of up to \$1,000 for a first violation and up to \$5,000 for each subsequent violation, and an order to provide restitution or to take other affirmative action to correct the violation; and it is further

**ORDERED** that this matter shall be resolved in accordance with the terms of this Settlement Agreement and the same shall be reflected among the records of the Office of the Commissioner of Financial Regulation; and it is further

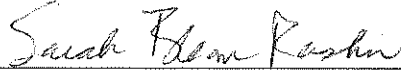
**ORDERED** that this document shall constitute a Final Order of the Maryland State Collection Agency Licensing Board in the Office of the Commissioner of Financial Regulation, and that the Agency may consider this Settlement Agreement in connection with, and in deciding, any action or proceeding before the Agency; and that this Settlement Agreement may, if relevant, be admitted into evidence in any matter before the Agency.

It is so ORDERED.

IN WITNESS WHEREOF, this Settlement Agreement is executed on the day and year first above written.

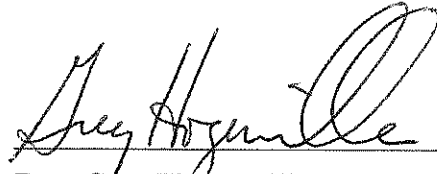
MARYLAND STATE COLLECTION  
AGENCY LICENSING BOARD IN THE  
OFFICE OF THE COMMISSIONER OF  
FINANCIAL REGULATION

WORLDWIDE ASSET MANAGEMENT  
LLC,  
WEST ASSET PURCHASING, LLC,  
WEST RECEIVABLES PURCHASING,



By: Sarah Bloom Raskin  
Commissioner of Financial Regulation,  
Chairperson, State Collection Agency  
Licensing Board

LLC,  
WEST HEALTHCARE RECEIVABLE  
MANAGEMENT, LLC  
WORLDWIDE ASSET PURCHASING  
LLC, and



By: Greg Hogenmiller  
Vice President & Deputy General  
Counsel,  
West Asset Management, Inc.

For: All Respondents