

IN THE MATTER OF:

**MYCASHNOW, INC d/b/a
MYCASHNOW.COM,**

**PAYDAYMAX LTD. d/b/a
PAYDAYMAX.COM,**

**DISCOUNTADVANCES.COM a/k/a
IGOTIT.COM, INC,**

CREDIT PAYMENT SERVICES, INC.,

CREDIT PROTECTION DEPOT, INC.,

and

CAREY V. BROWN,

Respondents.

**BEFORE THE MARYLAND
COMMISSIONER OF
FINANCIAL REGULATION**

and

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

Case No.: CFR-FY2011-134

IMPLEMENTATION AGREEMENT

This Implementation Agreement is entered into this 30th day of May, 2014, by and between the Maryland Commissioner of Financial Regulation (the "Commissioner") and the Maryland State Collection Agency Licensing Board ("MCALB") in the Office of the Commissioner of Financial Regulation, (collectively, the "Agency"), and MyCashNow, Inc. d/b/a MyCashNow.com ("MCN"), PayDayMax Ltd. d/b/a PayDayMax.com ("PDM"), DiscountAdvances.com a/k/a IGotIt.com, Inc. ("PDM"), Credit Payment Services, Inc. ("CPS"), Credit Protection Depot, Inc. ("CPD"), and Carey V. Brown (collectively, the "Respondents"). The Agency and Respondents (the "Parties") consent to the entry of this Implementation Agreement (the "Agreement") as a final resolution of this matter. All paragraphs below are

intended to be part of the contractual obligations of the Parties hereto, so far as they may be so construed, and are not mere recitals to this Agreement.

1. Pursuant to the Maryland Consumer Loan Law (“MCLL”), at Md. Code Ann., Com. Law (“CL”) § 12-301 *et seq.* and Fin. Inst. (“FI”) § 11-201 *et seq.*, the Commissioner is responsible for licensing and regulating persons who make consumer loans to residents of the State of Maryland (the “State”).

2. Pursuant to FI § 11-204, “[u]nless a person is licensed by the Commissioner, the person may not: (1) [m]ake a loan; or (2) [i]n any way use any advantage provided by the Maryland Consumer Loan Law.”

3. Pursuant to CL § 12-302, a “person may not engage in the business of making loans under this subtitle unless the person is licensed under or is exempt from the licensing requirements of Title 11, Subtitle 2 of the Financial Institutions Article, Annotated Code of Maryland, known as the Maryland Consumer Loan Law – Licensing Provisions.”

4. CL § 12-306 specifies the maximum interest rates which a lender is permitted to charge on a loan under Title 12, Subtitle 3 of the Commercial Law Article. Section 12-306(a)(6)(i) provides as follows: “[f]or any loan with an original principal balance of \$2,000 or less, 2.75 percent interest per month on that part of the unpaid balance not more than \$1,000 and 2 percent interest per month on that part of the unpaid principal balance that is more than \$1,000.” This section, therefore, permits a lender to charge a maximum annual interest rate of 33 percent on unpaid principal balances up to \$1,000, and 24 percent on unpaid principal balances over \$1,000. Section 12-306(a)(6)(ii) provides: “[f]or any loan with an original principal balance of more than \$2,000, the maximum rate of interest is 2 percent per month on the unpaid

principal balance of the loan.” This section only permits a lender to charge a maximum annual interest rate of 24 percent on the unpaid principal balance of the loan.

5. Pursuant to CL § 12-313(a)(1), a lender may not “[d]irectly or indirectly contract for, charge, or receive any interest, discount, fee, fine, commission, charge, brokerage, or other consideration in excess of that permitted by this subtitle.”

6. Pursuant to Maryland’s Consumer Credit Reporting Agencies Law (“CCRAL”), at CL § 14-1201 *et seq.*, the Commissioner is responsible for enforcing laws regulating consumer credit reporting. Notably, CL §§ 14-1217 and 14-1218 provide that the Commissioner has authority to conduct investigations, hold hearings, issue orders, promulgate regulations, and otherwise enforce the provisions of the CCRAL as well as other laws regulating consumer credit reporting.

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

8. 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.”

9. 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.”

10. A non-exempt person who acquires consumer claims in default at the time of acquisition (a “consumer debt purchaser”), who then attempts to collect on those debts through

litigation in Maryland State courts, is conducting 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.

11. A consumer debt purchaser collecting debts through litigation in Maryland State courts also meets the definitions of “collector” under Md. Code Ann., Com. Law (“CL”) § 14-201(b) of the Maryland Consumer Debt Collection Act (“MCDCA”), at CL § 14-201 *et seq.*, 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.*

12. Pursuant to CL § 14-202(8) of the MCDCA, “[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.”

13. 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.

14. 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 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)(3)(ii) and 7-308(a)(4). Such authority extends to both litigation-related collection activities, as well as to non-litigation (*i.e.*, “traditional”) collection activities. Further, pursuant to BR § 7-205 and Md. Code Ann., Fin. Inst. (“FI”) § 2-115(b), such enforcement actions could result in an order to cease and desist, suspension or revocation of Maryland State collection agency licenses, civil money penalties for each violation of CCRAL, MCALA, the MCDCA, and FDCPA (as violations of MCALA), an order to provide restitution to affected Maryland consumers or to take other affirmative action to correct the violations, or any combination of the aforementioned sanctions.

15. On July 29, 2013, the Agency issued a Summary Order to Cease and Desist and Order to Produce against Respondents (the “Summary Order”) after finding reasonable grounds to believe that the Respondents had engaged in unlicensed consumer lending, unlicensed collection agency activities and other violations of the MCLL and MCALA, and were violating the provisions of the MCDCA and the FDCPA referenced above, (collectively the "Alleged

Violations"), and upon determining that action under FI § 2-115 and Md. Code Ann., State Gov't ("SG") § 10-226(c)(2), was appropriate.

16. The Summary Order notified Respondents of, among other things, the following: that the Respondents were entitled to a hearing before the Agency to determine whether the Summary Order should be vacated, modified, or entered as a final order of the Agency; that the Summary Order would be entered as a final order if Respondents did not request a hearing within 15 days of receipt of the Summary Order; and that as a result of a hearing, or of Respondents' failure to request a hearing, the Agency may, in the Agency's discretion and in addition to taking any other action authorized by law, enter an order making the Summary Order final, issue penalty orders against Respondents, issue orders requiring Respondents to pay restitution and other money to consumers, as well as take other actions related to Respondents' business activities.

17. The Summary Order was properly served on Respondents via First Class U.S. Mail and Certified U.S. Mail, but Respondents failed to request a hearing on the Summary Order within the fifteen (15) day period set forth in FI §§ 2-115(a)(2) and 11-215(b) and BR § 7-309 or pursuant to SG § 10-226(c)(2).

18. On September 17, 2013, the Agency issued a Final Order to Cease and Desist (the "Final Order") determining the following: Respondents had engaged in unlicensed consumer lending, unlicensed collection agency activities and other violations of the MCLL and MCALA, and were violating the provisions of the MCDCA and the FDCPA referenced above; the loans which Respondents made to Maryland Consumers involved usurious rates of interest, far in excess of the 24% or 33% annual interest rates permitted for these transactions under CL §12-306(a)(6); Respondents' loans to all Maryland consumers are illegal and unenforceable and

Respondents may not receive or retain any principal, interest, or other compensation with respect to any loan made to a Maryland consumer; and that any adverse or negative information pertaining to these loans should not be reflected on the credit reports of Maryland consumers for any reason, including, but not limited to for reasons of nonpayment or default. This Final Order is at Attachment 1.

19. This Agreement is intended to resolve all administrative, judicial, or other legal actions between the Parties, as well as any such action which the Agency brought, or could have brought, against Respondents or Respondents' predecessors, successors, subsidiaries, affiliates, parents, shareholders, current or former directors, officers, or employees prior to the execution of this Agreement, relating to those issues and pending collection matters which formed the basis for the Summary Order and the Final Order. However, it is not intended to supersede or replace the Final Order, the terms of which remain in full force and effect.

20. The Agency desires to ensure that Respondents will comply with all terms of the Final Order and all applicable statutes, regulations, and other laws governing collection agency activities in the State of Maryland, including complying with the MCLL, MCALA, the MCDCA, and the FDCPA, and further wishes to avoid the costs to the taxpayers of any potential appeals and subsequent collections actions.

21. Neither this Agreement nor the agreement of the Respondents to make payments to the Agency or to provide restitution as set forth below shall be construed as an admission of liability by the Respondents, but is in compromise and settlement of the Alleged Violations. As such, and notwithstanding any other language in this Agreement, it is a settlement of all claims contained in the Final Order against all of the Respondents. The Respondents expressly deny any such liability or wrongdoing.

22. Respondents represent that, to the best of their knowledge, information, and belief, as of the date of this Agreement they are in compliance with the MCLL, the MCDCA, the FDCPA, MCALA, and all other provisions of Maryland law governing consumer lending and consumer debt collection. Respondents represent that they have not made any loans to any resident of Maryland since the issuance of the Final Order.

23. 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 permanently CEASE and DESIST from the following: (1) making unlicensed consumer, installment, or any other loans to any resident of Maryland; (2) collecting or attempting to collect, directly or indirectly, on any loans previously made to any resident of Maryland; (3) referring any loan accounts involving residents of Maryland to third party collection agencies or selling or assigning any such loan accounts; (4) reporting any negative or adverse information to credit reporting agencies concerning any loan transaction which Respondents entered into with any resident of Maryland; (5) engaging directly or indirectly in the collection of consumer claims from Maryland residents and from otherwise engaging in the collection agency business in the State of Maryland; and (6) violating the various Maryland statutory provisions referenced in the Final Order.

b. Respondents will take affirmative action to prevent any third party collection agencies to which Respondents previously referred loan accounts involving residents of Maryland from reporting any negative or adverse information to credit reporting agencies.

c. Respondents will pay to the Agency a total civil money penalty in the amount of \$214,500 (TWO HUNDRED FOURTEEN THOUSAND FIVE HUNDRED DOLLARS), as detailed in the Final Order. Respondents shall pay to the Agency, by cashier's

or certified check made payable to the “Commissioner of Financial Regulation,” the amount of \$214,500 within fifteen (15) days from the date of the execution of this Agreement.

d. Respondents will deem all agreements which Respondents entered into with Maryland residents to be void and unenforceable pursuant to CL §12-314(b)(1) and (2).

e. Respondents agree to cancel, forgive, discharge, release, and reduce to a zero balance, the total amount of all unpaid money which the Respondents might allege is due the Respondents from Maryland residents to whom the Respondents made any loans, and the Respondents agree that they will not sell, assign, or otherwise transfer any such unpaid accounts receivable to any third party, nor will Respondents attempt to collect on those unpaid accounts, directly or indirectly.

f. Respondents also agree that, from and after the date that this Agreement is fully executed, to the extent the Respondents receive any payment from a Maryland resident to whom the Respondents had previously made a loan, the Respondents shall forthwith refund such payment directly to the Maryland resident from whom such payment was received and notify the Agency.

g. Respondents will not retain any principal, interest, or other compensation from loan agreements entered into with those consumers identified on Attachment A to the Final Order (hereinafter, the “Maryland Consumers”), and therefore will issue full refunds of all sums collected from the Maryland Consumers as of the date this Agreement is fully executed.

h. Respondents shall issue refunds to the affected Maryland Consumers indicated in Paragraph 23.g. above, in accordance with the following:

(1). On or before June 13, 2014, Respondents shall mail a check for the amount of money to be refunded to each Maryland Consumer via First Class U.S. Mail, to each

affected consumer's last known address, or to an updated address as can be identified through customary address verification means. Each refund shall be accompanied by a letter indicating that that the refund is being issued pursuant to a Settlement Agreement between the Respondents and the Commissioner of Financial Regulation, and that the Settlement Agreement does not in any way affect the consumer's legal rights. The text of this letter shall be pre-approved by the Agency.

(2). On or before August 15, 2014, the Respondents shall furnish evidence to the Agency that refunds were tendered to each Maryland Consumer in the agreed amount by providing a copy of the front and back of the cancelled check for each refund payment that was negotiated by the affected consumer.

(3). On or before August 31, 2014, if any refund payment checks mailed by the Respondents to Maryland Consumers in accordance with this Agreement are either not cashed or are returned to the Respondents as non-deliverable (collectively, the "Undeliverable Refunds"), such Undeliverable Refunds will escheat to the State of Maryland. In such event, the Respondents will stop payment on such undeliverable refund payment checks, and shall pay the total amount of all Undeliverable Refunds in the form of a single check made payable to the "Comptroller of Maryland," which shall be submitted to Rebecca Coleman, Assistant Attorney General, Office of the Attorney General, Department of Labor Licensing and Regulation, 500 N. Calvert Street, Suite 406, Baltimore, Maryland, 21202, copy to the Agency, both of which shall be accompanied by a spreadsheet which shall be submitted in both hard copy and in an electronic format mutually agreeable to both Parties, and which shall contain the following information for each Maryland Consumer: the social security number of the consumer (if known), the date of birth of the consumer (if known), the date on which each refund check

was mailed, and an indication of which refund checks were cashed, and which refund checks were either not cashed or were returned to the Respondents as non-deliverable. Such action on the part of the Respondents shall relieve the Respondents of any further obligation to make refunds to the Maryland Consumers pursuant to this Agreement.

(4). The Respondents shall not seek releases from consumers in conjunction with these refunds.

i. Within seven (7) days from the execution of this Agreement, Respondents shall deposit the sum of Sixty Thousand Dollars and No/100 (\$60,000) in a non-interest bearing client trust account at the law firm of Husch Blackwell (the "Escrow Funds"), which are intended to provide restitution to additional Maryland residents who entered into loan agreements with Respondents, as follows:

(1). After execution of this Agreement, upon the Commissioner's receipt of any additional complaints from Maryland residents who had entered into a loan agreement with the Respondents, other than from the Maryland Consumers identified in Attachment A to the Final Order, the Commissioner shall determine whether the Maryland resident has submitted sufficient proof of such Agreement and payments to the Respondents, thereby entitling them to a refund from the Escrow Funds in the amount of such money paid to the Respondents. If the Commissioner determines that the Maryland resident is entitled to a refund, the Commissioner shall notify Donna Faulkner at Husch Blackwell by email at donna.faulkner@huschblackwell.com of the complaint and provide sufficient information to allow a check (in an amount designated by the Commissioner) to be issued to the complaining Maryland resident. Within seven (7) days of receipt of such a notice from the Commissioner, a check shall be issued out of the Escrow Funds, payable to the complaining Maryland resident,

and sent by certified US Mail to the address provided by the Commissioner. A copy of the check shall simultaneously be sent by email to the Commissioner at rebecca.coleman@maryland.gov.

(2). Such refunds shall be available to Maryland residents who file a complaint with the Agency on or before July 31, 2014, containing sufficient proof that they are entitled to a refund, with the following caveats: if and when the Escrow Funds become fully depleted, no further refunds will be issued to Maryland residents; complaints will be prioritized based on the date received.

(3). On October 1, 2014, Respondents shall stop payment on any uncashed checks which had been issued out of the Escrow Funds. Any remaining Escrow Funds shall be distributed as follows: first, Twenty-Five Thousand Dollars and No/100 (\$25,000) or any lesser amount remaining to CPS (the "CPS Payment"); next, to the extent any Escrow Funds remain after the CPS Payment, the entire remaining balance of the Escrow Funds shall be paid to the Agency by means of a check drawn payable to the "Commissioner of Financial Regulation," which shall be submitted to Rebecca Coleman, Assistant Attorney General, Office of the Attorney General, Department of Labor Licensing and Regulation, 500 N. Calvert Street, Suite 406, Baltimore, Maryland, 21202.

(4). In no event shall the Agency or the State of Maryland be liable for any costs associated with creating, maintaining, or administering the client trust account associated with the Escrow Funds.

24. Respondents acknowledge that they have voluntarily entered into this Agreement, that they have had an opportunity to consult with independent legal counsel in connection with the negotiation and execution of this Agreement, and that they have in fact consulted with independent legal counsel.

25. The Parties hereto agree that this Agreement shall be binding upon all Parties and enforceable in a court of competent jurisdiction by the Agency and by Respondents, shall be admissible in court, if relevant, and shall be binding upon and inure to any of the Respondents' present and future owners, principals, directors, officers, members, partners, managers, successors, and assigns.

26. The Parties hereto acknowledge that this Agreement does not in any way relate to, impact, or otherwise affect the legal rights of, or preclude the Agency from bringing actions against, persons not Parties to this Agreement, except as set forth in Paragraph 27, below.

27. The Agency fully and finally releases, acquits, and forever discharges Respondents, as well as Respondents' predecessors, successors, subsidiaries, affiliates, parents, shareholders, current or former directors, officers, and employees, from any claim, action, suit, or proceeding, whether civil or administrative, the Agency has for conduct occurring prior to the date that this Agreement is fully executed which relates to the subject matter of the Alleged Violations set forth in the Summary Order and Final Order.

28. The Parties agree that they shall not disparage or otherwise undermine this Agreement in any way.

29. 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 Agency:

Commissioner of Financial Regulation
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202-3651
Attention: Gordon M. Cooley, Deputy Commissioner

Copy to:

Rebecca J. Coleman, Assistant Attorney General
Department of Labor, Licensing, and Regulation
500 North Calvert Street, Suite 406

Baltimore, Maryland 21202-3651

b. To the Respondents:

Robert C. Douglas, Esquire
DLA Piper LLP
The Marbury Building
6225 Smith Avenue
Baltimore, Maryland 21209-3600

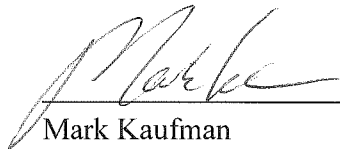
IN WITNESS WHEREOF, this Implementation Agreement is executed on the day and
year first above written.

MARYLAND COMMISSIONER OF
FINANCIAL REGULATION

and

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

By:



Mark Kaufman
Commissioner of Financial Regulation
Chairperson, State Collection Agency
Licensing Board

MYCASHNOW, INC. d/b/a
MYCASHNOW.COM,

PAYDAYMAX LTD. d/b/a
PAYDAYMAX.COM,

DISCOUNTADVANCES.COM a/k/a
IGOTIT.COM, INC.,

CREDIT PAYMENT SERVICES, INC.,

CREDIT PROTECTION DEPOT, INC.,

and

CAREY V. BROWN

By:



Carey V. Brown,
Individually, and On Behalf of
All Respondent Business Entities

IN THE MATTER OF:

MYCASHNOW, INC. d/b/a
MYCASHNOW.COM

PAYDAYMAX LD. d/b/a
PAYDAYMAX.COM

DISCOUNTADVANCES.COM a/k/a
IGOTIT.COM. INC.

CREDIT PAYMENT SERVICES, INC.

CREDIT PROTECTION DEPOT, INC.

and

CAREY . BROWN

Respondents.

BEFORE THE MARYLAND
COMMISSIONER OF
FINANCIAL REGULATION

and

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

Case No.: CFR-FY2011-134

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the Office of the Commissioner of Financial Regulation, a unit in the Department of Labor, Licensing and Regulation, a principal department of the State of Maryland (the "Commissioner" or "OCFR") undertook an investigation into the business activities of MyCashNow, Inc., d/b/a MyCashNow.com (together "MCN"), PayDayMax, Ltd. d/b/a PayDayMax.com (together "PDM"), DiscountAdvances.com a/k/a IGotIt.com, Inc. (together "DAS"), Credit Payment Services, Inc., ("CPS"), Credit Protection Depot, Inc. ("CPD") and Carey V. Brown, (collectively, the "Respondents"); and

WHEREAS, as a result of that investigation, the Commissioner finds grounds to allege that Respondents violated various provisions of the Annotated Code of Maryland (the "Code"), including Commercial Law Article ("CL"), Title 12, Subtitle 3 and Financial Institutions Article

("FI"). Title 11, Subtitle 2, (collectively the "Maryland Consumer Loan Law" or "MCLL"), and the Commissioner finds that action under FI §§ 2-114 and 2-115 is appropriate; and

WHEREAS, pursuant to the Maryland Collection Agency Licensing Act ("MCALA"), Business Regulations Article ("BR"), §7-101 *et seq.*, of the Code, the State Collection Agency Licensing Board (the "Board") is responsible for licensing and regulating persons engaged in collection agency activities in the State of Maryland (the "State"), and for otherwise enforcing the provisions of MCALA and the Maryland Consumer Debt Collection Act ("MCDCA"), located at CL §14-201 *et seq.*, of the Code; and

WHEREAS, the Board finds grounds to allege that Respondents have engaged in acts or practices which constitute violations of MCALA and MCDCA; and the Board finds that action under FI §2-115 is appropriate; and

WHEREAS, the Commissioner and the Board (together the "Agency") issued a Summary Order to Cease and Desist and Order to Produce (the "Summary Order") against Respondents on July 29, 2013, after determining that Respondents were in violation of the aforementioned provisions of Maryland law, and that it was in the public interest that Respondents cease and desist from making any further loans to Maryland consumers; from collecting directly or indirectly through third party collection agencies or law firms, on any loan previously made to Maryland consumers; from engaging directly or indirectly in the business of collecting consumer claims from Maryland consumers; and from otherwise engaging in the collection agency and debt collection business in the State; and

WHEREAS, the Summary Order notified Respondents of, among other things, the following: that Respondents were entitled to a hearing before the Agency to determine whether the Summary Order should be vacated, modified, or entered as a final order of the

Commissioner: that the Summary Order would be entered as a final order if Respondents did not request a hearing within 15 days of the receipt of the Summary Order; and that as a result of a hearing, or of Respondents' failure to request a hearing, the Agency may, in the Agency's discretion and in addition to taking any other action authorized by law, enter an order making the Summary Order final, issue penalty orders against Respondents, issue orders requiring Respondents to pay restitution and other money to consumers, as well as take other actions related to Respondents' business activities; and

WHEREAS, the Summary Order was properly served on Respondents via First Class U.S. Mail and Certified U.S. Mail; and

WHEREAS, Respondents failed to request a hearing on the Summary Order within the fifteen (15) day period set forth in FI §§ 2-115(a)(2) and 11-215(b), BR §7-309 or pursuant to State Government Article §10-226(c)(2) of the Code, and have not filed a request for a hearing as of the date of this Final Order to Cease and Desist (this "Final Order"); and

WHEREAS, the OCFR began an investigation into the Respondents' business activities as a result of a series of consumer complaints and has based its decision in this Final Order that Respondents engaged in unlicensed and predatory business practices in violation of various provisions of Maryland law, including but not limited to, violation of the MCLL, MCALA and the MCDCA, on the following determinations:

1. Pursuant to FI §11-204, "[u]nless a person is licensed by the Commissioner, the person may not: (1) [m]ake a loan; or (2) [i]n any way use any advantage provided by the Maryland Consumer Loan Law."

2. Pursuant to CL §12-302, a "person may not engage in the business of making loans under this subtitle unless the person is licensed under or is exempt from the licensing

requirements of Title 11, Subtitle 2 of the Financial Institutions Article, Annotated Code of Maryland, known as the Maryland Consumer Loan Law - Licensing Provisions.”

3. Pursuant to CL §12-301(c), a “lender” means a person who makes a loan under [Title 12, Subtitle 3 of the Commercial Law Article].”

4. Pursuant to CL §12-301(e), a “loan” “means any loan or advance of money or credit made under [Title 12, Subtitle 3 of the Commercial Law Article].”

5. Pursuant to CL §12-303, “[a] lender may not make a loan under this subtitle unless the loan is in an original amount or value which does not exceed \$6,000.”

6. CL §12-306 specifies the maximum interest rates which a lender is permitted to charge on a loan under Title 12, Subtitle 3 of the Commercial Law Article.

a. Section 12-306(a)(6)(i) provides as follows: “For any loan with an original principal balance of \$2,000 or less, 2.75 percent interest per month on that part of the unpaid balance not more than \$1,000.” Therefore, this section permits a lender to charge a maximum annual interest rate of 33 percent on unpaid principal balances up to \$1,000, and 24 percent on unpaid balances over \$1,000.

b. Section 12-306(a)(6)(ii) provides: “For any loan with an original principal balance of more than \$2,000, the maximum rate of interest is 2 percent per month on the unpaid principal balance of the loan.” This section permits a lender to charge a maximum annual interest rate of 24 percent on the unpaid principal balance of the loan.

7. Interest on unpaid loan balances, refinanced loans, and computation of interest are discussed in CL §§12-306(b) through (d), which state the following respectively:

(b) *Interest on balance unpaid after original maturity date.*

If any principal balance remains unpaid 6 months after the loan matures as originally scheduled or deferred, the lender may not contract for, charge,

or receive interest at a rate exceeding 6 percent simple interest per annum on the actual unpaid principal balances from time to time.

(c) *Refinanced loan.* If the lender refinances a loan in the ordinary course of business, he may not add to the principal balance or deduct from the proceeds of the new loan more than 60 days' interest then due.

(d) *Computation of interest.*

(1) The lender shall compute interest on the actual unpaid principal balances outstanding from time to time, and he may not contract for, charge, or receive interest in advance or compounded interest.

(2) For each day on which an unpaid principal balance is outstanding, the lender may charge on that unpaid balance 1/30th of the interest permitted under this subtitle to be charged for 1 month.

8. CL §12-307(b) provides that, "[a] lender may collect from the borrower a fee not exceeding \$15 if payment is made with a check that is dishonored on the second presentment."

9. CL §12-308 sets forth various duties that lenders have toward borrowers, including but not limited to, the duty to provide a statement containing specific language and provisions at the time the loan is made (CL §12-308(a)), the duty to provide receipts for payments (CL §12-308(b)), the obligation to permit prepayment of the loan, in full or in part without penalty (CL §12-308(c)), the duty to provide specific documents after full repayment of the loan (CL §12-308(d)), and the duty to provide a written statement of the account upon request from the borrower (CL §12-308(e)).

10. Pursuant to CL §12-313(a)(1), a lender may not "[d]irectly or indirectly contract for, charge, or receive any interest, discount, fee, fine, commission, charge, brokerage, or other consideration in excess of that permitted by this subtitle."

11. CL §12-314 provides in relevant part, as follows:

(a) *Prohibited.* A person may not lend \$6,000 or less if the person directly or indirectly contracts for, or receives a greater rate of interest, charge, discount, or other consideration than that authorized by the laws of this State.

(b) *Loans unenforceable, exceptions.*

(1) A loan made in the amount of \$6,000 or less, whether or not the loan is or purports to be made under this subtitle, is unenforceable if a rate of interest, charged, discount or other consideration greater than that authorized by the laws of this State is contracted for by any person unless the excess rate contracted for is the result of a clerical error or mistake and the person corrects the error or mistake before any payment is received under the loan.

(2) The person who is neither a licensee nor exempt from licensing may not receive or retain any principal, interest, or other compensation with respect to any loan that is unenforceable under this subsection.

* * *

(c) *Transactions made in another state.* This section does not apply to a loan transaction validly made in another state in compliance with a similar loan law of that state. However, a lender may not collect an amount that is more than the total amount that would be permitted if this subtitle were applicable. This section applies to all loans made by a lender domiciled in another state to a borrower who is a resident of this State if the application for the loan originated in this State.

12. Pursuant to CL §12-315, the provisions of Title 12, Subtitle 3 "shall be interpreted and construed to effectuate its general remedial purpose."

13. The Commissioner's investigatory powers under the MCLL are found in FI §11-214 which generally identifies persons subject to investigation (§11-214(a)), access and examination under oath (§11-214(b)).

14. Pursuant to Maryland's Consumer Credit Reporting Agencies Law ("CCRAL" at CL §14-1201 *et seq.*), the Commissioner is responsible for enforcing laws regulating consumer credit reporting. CL §§14-1217 and 14-1218 provide that the Commissioner has authority to conduct investigations, hold hearing, issue order, promulgate regulations, and otherwise enforce the provisions of the CCRAL as well as other laws regulating consumer credit reporting.

15. Pursuant to CL §14-1213, a "person who furnishes information to a consumer reporting agency" is required within 30 days of discovering that they are not in compliance with

consumer credit reporting laws, to notify the consumer of the failure to comply and to make "whatever adjustments are necessary to correct the noncompliance."

16. The Fair Credit Reporting Act ("FCRA", 15 U.S.C. §1681 *et seq.*) imposes specific responsibilities on persons who furnish information to consumer reporting agencies ("CRAs") § 623 [15 U.S.C. §1681s-2]. This includes the duty to report information accurately to CRAs (§623(a)(1)), as well as the duty to correct and update information previously reported (§623(a)(2)). In particular, §623(a)(2) requires a person that "has furnished to a consumer reporting agency information that the person determines is not complete or accurate" to "promptly notify the consumer reporting agency of that determination" and provide any information needed to make it complete and accurate.

17. BR §7-101 provides, in part, the following definitions:

- (b) *Board*. "Board" means the State Collection Agency Licensing Board.
- (c) *Collection agency*. "Collection agency" means a person who engaged 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;
- ***
- (d) *Commissioner*. "Commissioner" means the Commissioner of Financial Regulation.
- (d) *Consumer claim*. "Consumer claim" means that:
 - (1) is for money owed or said to be owed by a resident of the State, and
 - (2) arises from a transaction in which, for a family, household, or personal purpose, the resident sought or got credit, money, personal property, real property, or service.
- (e) *License*. "License" means a license issued by the Board to do business as collection agency.
- (f) *Licensed collection agency*. "Licensed collection agency" means a person who is licensed by the Board to do business as a collection agency.

18. Pursuant to BR §7-201, “[t]here is a State Collection Agency Licensing Board in the Office of the Commissioner of Financial Regulation in the Department [of Labor, Licensing, and Regulation].” Further, BR §7-203 provides that, “[t]he Commissioner is chairman of the Board.”

19. 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.”

20. Pursuant to the Maryland Consumer Debt Collection Act (“MCDCA”) (CL §14-201 *et seq.*) and specifically, at CL §14-202 “[i]n collecting or attempting to collect an alleged debt a collector may not”: “[c]laim, attempt, or threaten to enforce a right with knowledge that the right does not exist.” (§14-202(8)).

21. Fair Debt Collections Practices Act (“FDCPA”) at 15 U.S.C. §1692 *et seq.*, provided, 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 attempts 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.

* * *

22. Persons engaged in unlicensed collection activities involving Maryland consumers are in violation of BR §7-401(a) of the MCALA ("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"). Engaging in unlicensed collection activities is also a violation of CL §14-202(8) of the MCDCA ("[o]n collecting or attempting to collect an alleged debt", a collector may not "[c]laim, attempt, or threaten to enforce a right with knowledge that the right does not exist"). Unlicensed collection activities also violate various provisions of the FDCPA: they constitute false or misleading representations in violation of 15 U.S.C. §1692(e)(2) (false representations about the "character, amount, or legal status of any debt"), (e)(5) ("[t]he threat to take any action that cannot legally be taken or that is not intended to be taken"), and (e)(10) ("[t]he use of any false representation or deceptive means to collect or attempt to collect any debt"); and they constitute unfair or unconscionable means to collect or attempt to collect a debt, in violation of 15 U.S.C. §1692(f)(1) (the collection of any amount that is not permitted by law).

23. OCFR issued an Advisory Notice dated July 20, 2009, (the "Advisory") which notified all collection agencies licensed to conduct business in Maryland that it was a violation of Maryland law for them to pursue collection actions against Maryland residents for loans that

were made by unlicensed entities, and that it was a violation of Maryland law for them to collect on loans that exceeded permissible interest rate caps. This notice was also made available to the general public on the Agency's website at:

http://www.dlr.state.md.us/finance/advisories/advisory_7-09a.shtml.

24. The following relevant and credible evidence, obtained pursuant to the Commissioner's investigation, was considered in the issuance of the Summary Order: internet and e-mail marketing materials by Respondents; written communication between Respondent and Maryland residents, and between Respondent and the Commissioner; public records and Maryland's licensing records, and statements by Maryland residents who had entered into agreements with or had dealings with Respondents:

a. MCN is a purported off-shore company that advertises to residents of Maryland (among others), its lending services on the internet at www.MyCashNow.com, where it specifically offers to provide "payday loans". MCN is not registered with the Maryland Department of Assessments and Taxation ("SDAT").

b. PDM is a purported off-shore company that advertises to residents of Maryland (among others), its lending services on the internet at www.PayDayMax.com, where it specifically offers to provide "payday loans". PDM is not registered with SDAT.

c. DAS is a purported off-shore company that advertises to residents of Maryland (among others), its lending services on the internet at www.DiscountAdvances.com, where it specifically offers to provide "payday loans". DA is not registered with SDAT.

d. CPS is a Nevada-based company that is a holding company, owner, and/or payment processor of MCN, PDM, DAS and CPD. CPS is not licensed as a collection agency or a consumer lender in Maryland.

e. CPD is a Nevada-based company that acts as a third-party collection agency, collecting on defaulted loans on behalf of Respondents MCN, PDM, and DAS. CPD is not licensed as a collection agency in Maryland.

f. Carey V. Brown is the owner, director, officer, manager, employee and/or agent of MCN, PDM, DAS, CPS and CPD.

g. Although MCN, PDM, and DAS purport to be located in foreign countries, virtually all of the owners, officers, agents and employees of MCN, PDM, DAS, CPS and CPD are located in the state of Tennessee and all essential business operations, including the taking of loan applications are conducted in the state of Tennessee.

h. Beginning in 2009 and continuing to the present day, OCFR began receiving regular complaints related to consumer "payday" loan agreements into which Maryland residents had entered with Respondents.

i. OCFR's investigation revealed that MCN engaged in unlicensed payday loan transactions with at least forty-six Maryland residents who obtained payday loans from Respondents.

j. Pursuant to an agreement with Michael Ahrenberg ("Consumer 1"), Respondent MCN provided a \$200 loan to Consumer 1 on or about November 15, 2010, in exchange for which Consumer 1 was required to pay the principal plus a \$33.25 finance charge, for a total payment of \$233.25 by December 10, 2010 (25 days after Consumer 1 received the loan). This amounted to an annual interest rate of \$242.73%. Consumer 1 twice "extended" this loan, incurring additional fees totaling \$55.86. Consumer 1 paid off the loan on January 7, 2011, having paid \$289.11 in total (principal, interest and fees).

(i) Pursuant to an agreement with Consumer 1, Respondent MCN provided a \$400 loan to Consumer 1 on or about January 19, 2011 in exchange for which Consumer 1 was required to pay the principal amount plus a \$90.44 finance charge, for a total payment of \$490.44 by February 4, 2011 (17 days after Consumer 1 received the loan). This amounted to an annual interest rate of 485.45%. Consumer 1 "extended" this loan four times and incurred additional fees totaling \$223.44. Consumer 1 paid off the loan on April 1, 2011, having paid \$713.88 in total (principal, interest and fees).

(ii) Pursuant to an agreement with Consumer 1, Respondent MCN provided a \$600 loan to Consumer 1 on or about April 6, 2011, in exchange for which Consumer 1 was required to pay the principal amount plus a \$137.65 finance charge, for a total payment of \$737.65, by April 29, 2011 (23 days after Consumer 1 received the loan). This amounted to an annual interest rate of 364.07%. Consumer 1 "extended" this loan four times, incurring additional fees totaling \$409.64. Consumer 1 ceased payment on the loan on June 24, 2011 after having paid \$411.09 in total on this loan.

k. Respondent MCN entered into substantially similar loan agreement with Consumers 2 through 45 and 69 as identified on Attachment A.

l. OCFR's investigation revealed that Respondent PDM engaged in unlicensed payday loan transactions with at least 17 Maryland residents who obtained payday loans from Respondents.

m. Pursuant to an agreement with Loretta Jones Alexander ("Consumer 46"), PDM provided a \$300 loan to Consumer 46 on or about November 22, 2010, in exchange for which Consumer 46 was required to pay the principal amount plus a \$27.93 finance charge, for a total payment of \$327.93 by December 1, 2010 (9 days after Consumer 46 received the loan).

This amounted to an annual interest rate of 377.57%. Consumer 46 "extended" this loan twice, incurring additional fees totaling \$208.81. Consumer 46 paid off the loan on February 2, 2011, having paid \$536.74 in total.

(i) Pursuant to an agreement with Consumer 46, Respondent PDM provided a \$480 loan to Consumer 46 on or about February 7, 2011, in exchange for which Consumer 46 was required to pay the principal amount plus a \$159.60 finance charge, for a total payment of \$693.60 by March 1, 2011 (22 days after Consumer 46 received the loan). This amounted to an annual interest rate of 551.65%. Consumer 46 "extended" this loan one time, incurring additional fees totaling \$134.06. Consumer 46 paid off the loan on March 23, 2011, having paid \$773 in total.

(ii) Pursuant to an agreement with Consumer 46, PDM provided a \$480 loan to Consumer 46 on or about May 9, 2011 in exchange for which Consumer 46 was required to pay the principal amount plus a \$165.98 finance charge, for a total payment of \$645.98 by March 1, 2011 (23 days after Consumer 46 received the loan). This amounted to an annual interest rate of 548.76%. Consumer 46 ceased making payments on this loan in June 2011.

n. Respondent PDM entered into substantially similar loan agreements with Consumers 18, 30, 38 and 47 through 59, as identified on Attachment A.

o. OCFR's investigation revealed that Respondent DAS engaged in unlicensed payday loan transactions with at least 12 Maryland residents who obtained payday loans from Respondents.

p. Pursuant to an agreement with Jennifer Butler ("Consumer 5"), Respondent DAS provided a \$180 loan to Consumer 5 on or about October 6, 2009, in exchange for which Consumer 5 was required to pay the principal amount plus a \$34.88 finance charge, for

a total payment of \$214.88, by November 6, 2009 (31 days after Consumer 5 received the loan). This amounted to an annual interest rate of 228.16%. Consumer 5 "extended" the loan one time incurring additional fees total \$27.10. Consumer 5 paid off the loan of November 20, 2009 having paid \$241.98 in total. Consumer 5's account has since been sold or assigned to Respondent CPD, which has made attempts to collect this debt from Consumer 5.

q. Respondent DAS entered into substantially similar loan agreements with Consumers 18, 31, 52, 55, and 59 through 66, as identified on Attachment A.

r. All of these Maryland consumers applied for their loans from Respondents by completing and submitting on-line loan applications while these consumers were located in Maryland (and thus the loans originated in Maryland).

25. Respondents' transactions with Consumer 1-66 constituted "loans" under CL §12-301(e), and thus the Respondents and all of their consumer loans to Maryland consumers are subject to the MCLL, which the Commissioner is charged with enforcing.

26. Respondents are not licensed by the State of Maryland to make consumer loans, nor are they exempt from licensing under MCLL. As such, Respondents' unlicensed consumer lending activities in Maryland violate the licensing provisions of the MCLL cited above, including FI §11-204 and CL §12-302.

27. The loans which Respondents made to Consumers 1-66 involved usurious rates of interest, far in excess of the 24% or 33% annual interest rates permitted for these transactions under CL §12-306(a)(6). As such, Respondents violated numerous provisions of the MCLL, including, but not limited to, CL §§12-306(a)-(d), 12-313(a), 12-314(a), 12-314(b)(1), 12-314(b)(2), and 12-314(c).

28. Pursuant to CL §12-314(b)(1), as Respondents loans to Consumers 1-66 and to all other unnamed Maryland consumers contain a "rate of interest, charge, discount or other consideration greater than that authorized by the laws of this State". Respondents' loans to all Maryland consumers are illegal and unenforceable. Further, pursuant to CL §12-314(b)(2), Respondents (who are neither licensed nor exempt from licensing), "may not receive or retain any principal, interest, or other compensation with respect to any loan that is unenforceable under this subsection." It follows that, not only are Respondents' loans to all Maryland consumers unenforceable, but Respondents are prohibited from collecting the principal amount of their loans from any of these consumers or from collecting any other money related to those loans (thus these loans are "uncollectable").

29. Respondents' written agreements with Maryland consumers violate various other provisions of the MCLL, including, but not necessarily limited to: they do not include the statements and disclosures required under CL §12-308(a) and Respondents did not provide Maryland consumers with receipts for payments as required under CL §12-308(b).

30. Therefore, as Respondents' loans to Maryland consumers are all illegal, unenforceable and uncollectible, any adverse or negative information pertaining to these loans should not be reflected on the credit reports of Maryland consumers for any reason, including, but not limited to for reasons of nonpayment or default. Thus, pursuant to Respondents' duties under both CL §14-1213 of the CCRAL and §623(a)(1) of the FCRA, Respondents are prohibited from submitting any negative information concerning its loan transactions involving Maryland consumers to CRAs, whether reported directly or through third party collection agencies. Further, pursuant to Respondents' duties under both CL §14-1213 of the CCRAL and §623(a)(2) of the FCRA to correct and update information previously submitted to CRAs,

Respondents are required to take corrective action to rectify their non-compliance with the credit reporting laws, including notifying the affected Maryland consumers of their non-compliance, as well as removing from the credit reports of affected Maryland consumers all adverse or negative information which Respondents or third party collection agencies acting on Respondents' behalf had previously submitted to CRAs concerning the loan transactions that Respondents had entered into with these Maryland consumers.

31. According to the Commissioner's records, at no time relevant to the facts set forth in the Summary Order have the Respondents been licensed by the Commissioner to make consumer loans. Furthermore, Respondents have charged and received interest on loans made pursuant to their unlicensed and illegal activity, in excess of the amount permitted by Maryland law; and Respondents have violated multiple other provisions of State and federal laws, including the Maryland Consumer Loan Law, the Consumer Credit Reporting Agencies Law, and the federal Fair Credit Reporting Act, all to the detriment of Maryland consumers.

32. OCFR's investigation revealed that Respondent CPD engaged in unlicensed collections activities against at least 27 Maryland residents.

33. CPD contacted Kenya Colbert ("Consumer 7") via email on or about July 16, 2008 in an attempt to collect on a loan made to Consumer 7 by Respondent MCN. That email threatened to report Consumer 7's delinquent account to her credit report as well as on the "Tele Track System, which is used by Cash Advance Loan companies, rental companies, and other businesses in determining whether or not to approve a loan".

a. On or about July 25, 2008, Respondent CPD again contacted Consumer 7 via email. That email threatened to forward Consumer 7's account "for outside representation of this legally binding debt", and demanded immediate payment.

b. On or about July 27, 2008, Respondent CPD sent Consumer 7 a "Stop Payment Warning" via email informing Consumer 7 that they had been unable to debit funds from her bank account and threatening to take action to "protect our interest."

34. Respondent CPD contacted Tamara Webb ("Consumer 53") via email on or about December 20, 2010 in an attempt to collect on a loan made to Consumer 53 by Respondent PDM. The email urged Consumer 53 to contact CPD and make payment arrangements as soon as possible. The email warned Consumer 53: "If you fail to meet the obligations outlined above, your account may be reviewed for further action. You could be responsible for additional fees. Only full payment of the debt would prevent further collection activity."

35. Respondent CPD contacted Yvonne Clark-Dixon ("Consumer 61") via email on or about May 18, 2010 in an attempt to collect on a loan made to Consumer 61 by Respondent DAS. The email instructed Consumer 61 to make a payment of \$150.59 to Respondent CPD via wire transfer by May 28, 2010.

36. Respondent CPD made similar collection attempts against Consumers 2, 3, 5-7, 9-12, 14, 20, 23, 34, 39, 41, 43, 44, 52, 59-63, and 67-69, as identified on Attachment A.

37. Respondent CPD knew or should have known, based on the Advisory that they were prohibited from collecting on loans made by unlicensed lenders to Maryland consumers, and that they were prohibited from collecting on loans made to Maryland consumers which exceeded Maryland's permissible interest rate caps.

38. Respondent CPD knowingly continued to collect on the loans made by Respondents MCN, PDM and DAS to Maryland consumers even after the OCFR issued its Advisory.

39. By attempting to collect on usurious loans and loans made by unlicensed entities to Maryland consumers, all of which were unenforceable and uncollectible, Respondent CPD violated various State and federal laws, including but not limited to the following: the MCDCA, including CL §14-202 (by claiming, attempting, or threatening to enforce a right with knowledge that the right does not exist); the FDCPA including both 15 U.S.C. §1692e (by making false or misleading representations, based on conduct which involved making false representations about the character, amount, or legal status of any debt, and conduct which involved threatening to take any action that cannot legally be taken or that is not intended to be taken), and 15 U.S.C. §1692f (by engaging in unfair or unconscionable means to collect or attempt to collect any debt, based on conduct which involved collecting any amount not expressly authorized by the agreement, or permitted by law); and MCALA, including both BR §7-308(a)(3)(ii) (by engaging in any illegal or dishonest activities in connection with the collection of a consumer claim, namely the above referenced violations of MCDCA and the FDCPA), and BR §7-308(a)(3)(iii) (by knowingly or negligently violating the MCDCA in connection with the collection of a consumer claim).

40. By engaging in unlicensed collecting activities in Maryland without being duly licensed by the Agency, Respondent CPD engaged in unlicensed collection agency activities in violation of BR §7-401 of MCALA. Further, such unlicensed collection activities violated CL §14-202(8) of the MCDCA, as well as 15 U.S.C. §§1692(e)(2),(5), (10) and 1692(f)(1) of the FDCPA.

41. Pursuant to the Commissioner's authority to conduct investigations under FI §§ 2-114 and 11-214, the Commissioner issued an Order to Produce (in conjunction with the Summary Order) on July 29, 2013, ordering Respondents to provide to the Commissioner within

15 days of receipt of the Summary Order a detailed list of all loan agreement which Respondents have entered into with Maryland consumers since January 1, 2006 to include specific information relative to each consumer's loan transaction with Respondents. Respondents have not produced the documents required by this Order to Produce, and as the specified due date has passed, Respondents are in violation of FI §§2-114 and 11-214.

NOW THEREFORE, having determined that Respondents waived their right to a hearing in this matter by failing to request a hearing within the time period specified in the Summary Order, and pursuant to FI §§2-115(a), 11-215(b), and 11-518(c), SG § 10-226(c)(2), and BR §7-309, it is by the Commissioner hereby:

ORDERED that the Summary Order to Cease and Desist issued by Maryland Department of Labor, Licensing and Regulation, Office of the Commissioner of Finance Regulation on July 29, 2013, is entered as a Final Order of the Commissioner, and Respondents shall permanently **CEASE** and **DESIST** from making unlicensed consumer, installment, or any other loans to Maryland consumers; and that Respondents shall permanently **CEASE** and **DESIST** from collecting or attempting to collect on any loans previously made to Maryland consumers; and that Respondents shall permanently **CEASE** and **DESIST** from referring any loan accounts involving Maryland consumers to third party collection agencies; and that Respondents shall permanently **CEASE** and **DESIST** from reporting any negative or adverse information to credit reporting agencies concerning any loan transaction which Respondents entered into with Maryland consumers; and that Respondents shall take affirmative action to prevent any third party collection agencies, to which Respondents previously referred loan accounts involving Maryland consumers, from reporting any negative or adverse information to credit reporting agencies; and that Respondents shall permanently **CEASE** and **DESIST** from

engaging in any collecting activities with Maryland consumers; and that Respondents shall permanently **CEASE** and **DESIST** from engaging directly or indirectly, in the business of collecting consumer claims from Maryland residents, and from otherwise engaging in the collection agency business in the State of Maryland; and that Respondents shall permanently **CEASE** and **DESIST** from violating the various Maryland statutory provisions referenced herein.

ORDERED that, pursuant to FI §2-115(b) and CL § 12-316 and upon careful consideration of (i) the seriousness of the Respondents' violations; (ii) the lack of good faith of Respondents, (iii) the history and nature of Respondents' violations; and (iv) the deleterious effect of Respondents' violations on the public and on the consumer lending, debt collection and collection agency businesses, Respondents shall pay to the Commissioner a total civil money penalty in the amount of **\$214,500**, which consists of the following I through IV below:

I. As to MCN and Carey V. Brown

<i>Prohibited Activity and Violation</i>	<i>Penalty per Violation</i>	<i>x</i>	<i>Number of Violations</i>	<i>=</i>	<i>Penalty</i>
<i>Unlicensed Lending in Violation of MCLL</i>	\$1,000		46 Md. Consumers		\$46,000
<i>Charging Unlawful Rate of Interest (CL §12-306)</i>	\$ 500		46 Md. Consumers		\$23,000
<i>Charging Prohibited Fees (CL §12-313)</i>	\$ 500		46 Md. Consumers		\$23,000
<i>Failure to Comply with Duty of Lender (CL §12-308)</i>	\$ 500		46 Md. Consumers		\$23,000
			Total		\$115,000

II. As to PDM and Carey V. Brown

<i>Prohibited Activity and Violation</i>	<i>Penalty per Violation</i>	x	<i>Number of Violations</i>	=	<i>Penalty</i>
<i>Unlicensed Lending in Violation of MCLL</i>	\$1,000		17 Md. Consumers		\$17,000
<i>Charging Unlawful Rate of Interest (CL §12-306)</i>	\$ 500		17 Md. Consumers		\$ 8,500
<i>Charging Prohibited Fees (CL §12-313)</i>	\$ 500		17 Md. Consumers		\$ 8,500
<i>Failure to Comply with Duty of Lender (CL §12-308)</i>	\$ 500		17 Md. Consumers		\$ 8,500
			Total		\$42,500

III. As to DAS and Carey V. Brown

<i>Prohibited Activity and Violation</i>	<i>Penalty per Violation</i>	x	<i>Number of Violations</i>	=	<i>Penalty</i>
<i>Unlicensed Lending in Violation of MCLL</i>	\$1,000		12 Md. Consumers		\$12,000
<i>Charging Unlawful Rate of Interest (CL §12-306)</i>	\$ 500		12 Md. Consumers		\$ 6,000
<i>Charging Prohibited Fees (CL §12-313)</i>	\$ 500		12 Md. Consumers		\$ 6,000
<i>Failure to Comply with Duty of Lender (CL §12-308)</i>	\$ 500		12 Md. Consumers		\$ 6,000
			Total		\$30,000

IV As to CPD and CPS and Carey V. Brown

<i>Prohibited Activity and Violation</i>	Penalty per Violation	x	Number of Violations	=	Penalty
<i>Unlicensed Collection Activity in Violation of MCALA (BR §7-401)</i>	\$1,000		27 Md. Consumers		\$27,000
			TOTAL		\$27,000

And it is further,

ORDERED that Respondents shall pay to the Commissioner, by cashier's or certified check made payable to the "Commissioner of Financial Regulation," the amount of \$214,500 within fifteen (15) days from the date of this Final Order; and it is further

ORDERED that, all loan agreements which Respondents entered into with Maryland consumers described herein, are void and unenforceable (CL §12-314(b))(1); and it is further

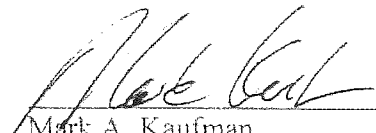
ORDERED that, as Respondents MCN, PDM, and DAS were neither licensed nor exempt from licensing, pursuant to CL §12-314(b)(2), Respondents may not retain any principal, interest or other compensation with respect to any loans made with Maryland consumers, and therefore, full refunds of all sums collected from Maryland consumers shall be refunded; and it is further

ORDERED that Respondents shall pay the required monetary award to those consumers described herein within 30 days of the date of this Final Order. Respondents shall make payment by mailing to each consumer a check in the amount specified above via U.S. First Class Mail at the most recent address of that consumer known to the Respondents. If the mailing of a payment is returned as undeliverable by the U.S. Postal Service, Respondents shall promptly notify the

Commissioner in writing for further instruction as to the means of the making of said payment. Upon the making of the required payments, the Respondents shall furnish evidence of having made the payments to the Consumers by notifying the Commissioner within sixty (60) days of the date of this Order, which evidence shall consist of a copy of the front and back of the cancelled check for each payment made to each Consumer; and it is further

ORDERED that Respondents shall send all correspondence, notices, civil penalties and other required submissions to the Commissioner at the following address: Commissioner of Financial Regulation, 500 North Calvert Street, Suite 402, Baltimore, Maryland 21202, Attn: Proceedings Administrator.

9/17/13
Date



Mark A. Kaufman
Commissioner of Financial Regulation

Attachment A

Redacted in Full