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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:)
13 THE COMMISSIONER OF FINANCIAL) DESIST AND REFRAIN ORDER WITH
PROTECTION AND INNOVATION,) CLAIM FOR ANCILLARY RELIEF AND
14) ORDER ASSESSING PENALTIES
Complainant,) (Cal. Fin. Code §§ 90015 and 90012)
15 v.)
16 CAREER EXCEL LLC D/B/A)
PROFESSIONSTAR,)
17)
18 Respondents.)
19)
20)
_____)

21 The Commissioner of Financial Protection and Innovation (Commissioner) finds the
22 following:
23

24 **I.**

25 **Introduction**

26 1. The Commissioner has jurisdiction over the regulation of persons who engage, have
27 engaged, or propose to engage in offering or providing a consumer financial product or service in
28 California and affiliated service providers under the California Consumer Financial Protection Law

1 (CCFPL) (Cal. Fin. Code §§ 90000-90019).

2 2. The Commissioner has jurisdiction over the licensing and regulation of persons
3 engaged in the business of debt collection in California under the Debt Collection Licensing Act
4 (DCLA) (Cal. Fin. Code §§ 100000-100025).

5 3. At all relevant times, Career Excel LLC dba Professionstar (Professionstar) was a
6 limited liability company registered with the New Jersey Department of the Treasury, with a
7 purported mailing address at 103 Chancellor Avenue, B16, Newark, New Jersey, 07112 and P.O.
8 Box 4042, Newark, New Jersey, 07112, with phone numbers at (888) 820-9109, (877) 213-1703,
9 (844) 935-2400, (646) 688-3464, and a website at <https://www.professionstar.com>.

10 4. At all relevant times, Professionstar used the following email addresses:
11 Star2@professionstar.com; support@professionstar.com; info@professionstar.com;
12 Star3@professionstar.com; sales1@professionstar.com; financeteam@professionstar.com;
13 info@professionstar.com; service@professionstar.com; simon@professionstar.com;
14 Teamcustomersuccession@professionstar.com; responsible2@professionstar.com;
15 responsible3@professionstar.com; teamcasper@professionstar.com; binder@professionstar.com;
16 sales@professionstar.com; teamsales@professionstar.com; rm@professionstar.com;
17 teamser@professionstar.com; star@professionstar.com; responsible@professionstar.com;
18 business@professionstar.com.

19 5. At all relevant times, Nakia Baskerville (Baskerville) was the owner of
20 Professionstar.

21 6. At all relevant times, Professionstar was the U.S. enterprise of Value Symphony
22 Consulting, which is a division of Zap Tech, a business entity of unknown form with a purported
23 address at Office No. 534, Amanora Chambers, Amanora Park Town, Hadaspar, Pune – 411028,
24 Maharashtra State, India.

25 7. Other relevant members of Professionstar include Shamlee Mhaske (Mhaske), who
26 held the following positions: Client Relations Advisor – Outreach and Research Specialist of
27 Professionstar and Communications Expert at Zap Tech.

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II.

Factual Background

A. Unlawful and Deceptive Debt Collection Activities.

8. Beginning in at least March 2021, Professionstar contacted at least five California consumers (Consumers) and made unlawful and deceptive statements in an attempt to collect debts allegedly arising from payday loans.

9. Professionstar also made the following threats to Consumers in violation of the Rosenthal Fair Debt Collection Practices Act (Rosenthal Act) (Cal. Civ. Code §§ 1788-1788.33) and the Fair Debt Collection Practices Act (FDCPA)(15 U.S.C. §§ 1692 – 1692p):

- a. That the Consumer had a court judgment against them and if the Consumer did not pay, Professionstar would garnish the Consumer's wages and that they would end up in jail, in violation of Cal. Civ. Code §§ 1788.10(e) and 1788.13(j) and 15 U.S.C. § 1692e(4) and (10);
- b. That the Consumer would be served with the lawsuit at their place of employment and their wages would be garnished, in violation of Cal. Civ. Code §§ 1788.10(e) and 1788.13(j) and 15 U.S.C. § 1692e(4) and 15 U.S.C. § 1692e(10);
- c. That the Consumer was facing a lawsuit for their failure to pay the debt and that they would have a misdemeanor or felony on their personal record for failing to pay, in violation of Cal. Civ. Code §§ 1788.10(b) and 1788.13(j) and 15 U.S.C. § 1692e(10);
- d. That Professionstar filed a lawsuit against the Consumer to collect the debt and would press criminal charges against the Consumer if they failed to pay the debt, in violation of Cal. Civ. Code §§ 1788.10(b) and 1788.13(j) and 15 U.S.C. § 1692e(10);
- e. That the Consumer already had a court judgment against them and that Professionstar would bring them back to court if they failed to pay the debt, in violation of Cal. Civ. Code § 1788.13(j) and 15 U.S.C. § 1692e(10).

10. When collecting on time-barred debts originating from alleged payday loans, one from 2006 and one from 2009, Professionstar sent requests to sign contracts, invoices, and text reminders to pay. None of these communications had the required written notices for the collection

1 of time-barred debt, in violation of California Civil Code section 1788.14(d).

2 11. None of the Consumers received written verification for their debt or any other
3 documents or information to verify the existence of a lawsuit or judgment, despite requests for
4 verification.

5 12. When Consumers looked through their credit report or reviewed court records to
6 verify the alleged lawsuits filed against them, Consumers were not able to find any evidence to
7 support Professionstar's claims of a debt or a lawsuit.

8 13. Professionstar further deceived Consumers by claiming that they would end up in jail,
9 that they would have a misdemeanor or felony on their personal record, or end up with criminal
10 charges for their failure to pay their alleged debt.

11 14. None of the Consumers received the required notices within five days after initial
12 communication with Professionstar, in violation of title 15 of the United States Code section
13 1692g(a).

14 15. The DCLA, which became effective on January 1, 2021, requires persons engaged in
15 the business of debt collection in California to be licensed beginning on January 1, 2022, pursuant to
16 California Financial Code section 100001(a). A debt collector who submits an application prior to
17 January 1, 2023, shall be allowed to operate pending the approval or denial of the application,
18 pursuant to California Financial Code section 100000.5(a).

19 16. Professionstar never submitted an application for a debt collector license and the
20 Commissioner has never issued a license to Professionstar authorizing it to engage in the business of
21 debt collection in California. Professionstar is not exempt from the licensing requirements of
22 California Financial Code section 100001.

23 **B. Unlawful Credit Repair and Debt Settlement Activities.**

24 17. Beginning in at least March 2021, Professionstar offered credit repair services to at
25 least three Consumers. Beginning in at least February 2022, Professionstar also offered debt
26 settlement services to two of those Consumers.

27 18. In each instance, Professionstar called the Consumers claiming that the Consumers
28 had a judgment against them or were in danger of a pending legal action if the Consumers failed to

1 pay their alleged debts.

2 19. After the Consumers agreed to pay or after the Consumers made the first payment,
3 Professionstar sent the Consumers an “agreement” listing out the services Professionstar allegedly
4 provided. The following terms were included in each of the contracts Professionstar sent to the
5 Consumers:

6 Educational/Do it your-self resources and Information Assistance with appropriate
7 referrals can be provided to Recipient in one or more areas of: – How to deal with
8 debts; stopping collection calls; how to read credit reports; how to improve credit
9 rating; what will help or hurt Recipient’s credit; negotiate debt properly and for less
10 money.

11 20. Additionally, Professionstar referred to itself as the “Contractor” and the Consumer as
12 the “Recipient,” while offering to “assist Recipient in Recipient’s efforts to ensure that Recipient’s
13 credit reports fairly and accurately reflects (sic) Recipient’s credit history, and to provide Recipient
14 with valuable information and referral assistance as Recipient continues to manage Recipient’s
15 credit.”

16 21. Professionstar neither filed a registration application with nor received a certification
17 of registration from the California Department of Justice before conducting business in this state, in
18 violation of section 1789.25(a) of the California Credit Services Act of 1984 (CSA) (Cal. Civ. Code
19 §§1789.10-1789.26).

20 22. None of the agreements contained the disclosures and information required by section
21 1788.302(b)(1) and (2) of the California Fair Debt Settlement Practices Act (FDSPPA) (Cal. Civ.
22 Code §§1788.300-1788.307) and section 1789.16(a)(1) of the CSA.

23 23. The Consumers were required to make a payment the same day they signed an
24 agreement with Professionstar, before the Consumers received any kind of services, in violation of
25 section 310.4(a)(2) of the Telemarketing Sales Rule (TSR) (16 C.F.R. §§ 310.1-310.9), section
26 1679b(b) of the Federal Credit Repair Organizations Act (CROA) (15 U.S.C. §§ 1679-1679j), and
27 section 1789.13(a) of the CSA.

28 24. To this day, none of the Consumers received any assistance with their credit reports,
their credit rating or negotiating their debt as enumerated in the contracts.

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1 **III.**

2 **Applicable Law – CCFPL**

3 25. Under the CCFPL, it is unlawful for a “covered person” to “[e]ngage, have engaged,
4 or propose to engage in any unlawful, unfair, deceptive, or abusive act or practice with respect to
5 consumer financial products or services.” Cal. Fin. Code § 90003(a)(1).

6 26. Under the CCFPL, it is also unlawful for a “covered person” to “[o]ffer or provide to
7 a consumer any financial product or service not in conformity with any consumer financial law or
8 otherwise commit any act or omission in violation of a consumer financial law.” Cal. Fin. Code
9 § 90003(a)(2).

10 27. The Rosenthal Fair Debt Collection Practices Act (Rosenthal Act) (Cal. Civ. Code §§
11 1788-1788.33), the Fair Debt Collection Practices Act (FDCPA)(15 U.S.C. §§ 1692 – 1692p), the
12 Debt Collection Licensing Act (DCLA) (Cal. Fin. Code §§ 100000-100025), Telemarketing Sales
13 Rule (TSR) (16 C.F.R. §§ 310.1-310.9), the Federal Credit Repair Organizations Act (CROA) (15
14 U.S.C. §§ 1679-1679j), the California Credit Services Act of 1984 (CSA) (Cal. Civ. Code §§
15 1789.10-1789.26), and the California Fair Debt Settlement Practices Act (FDSPA) (Cal. Civ. Code
16 §§ 1788.300-1788.307) are consumer financial laws within the meaning of California Financial
17 Code section 90003(a)(2).

18 28. “Consumer financial law” is defined as “a federal or California law that directly and
19 specifically regulates the manner, content, or terms and conditions of any financial transaction, or
20 any account, product or service related thereto, with respect to a consumer.” Cal. Fin. Code
21 § 90005(d).

22 29. A “covered person” includes “[a]ny person that engages in offering or providing a
23 consumer financial product or service to a resident of this state.” Cal. Fin. Code § 90005(f)(1).

24 30. A “consumer financial product or service” is generally a “financial product or service
25 that is delivered, offered, or provided for use by consumers primarily for personal, family, or
26 household purposes.” Cal. Fin. Code § 90005(e)(1).

27 31. “Financial product or service” includes, among other things, “[p]roviding financial
28 advisory services ... including ... [p]roviding credit counseling to any consumer,” providing

1 “services to assist a consumer with debt management or debt settlement, modifying the terms of any
 2 extension of credit, or avoiding foreclosure” and “[c]ollecting debt related to any consumer financial
 3 product or service.” Cal. Fin. Code §§ 90005(k)(8)(A), (k)(8)(B), and (k)(10).

4 32. Under California Financial Code section 90015 (d), if, in the opinion of the
 5 Commissioner, any person engages, has engaged, or proposes to engage in any activity prohibited by
 6 section 90003 or 90004, the Commissioner “may issue an order directing the person to desist and
 7 refrain from engaging in the activity, act, practice, or course of business.”

8 33. In any administrative action under California Financial Code section 90015, the
 9 Commissioner may include a claim for ancillary relief as provided in section 90012(b). Cal. Fin.
 10 Code § 90015(e).

11 34. Relief may include, but is not limited to, “[r]escission or reformation of contracts,”
 12 “[r]efund of moneys,” and “[m]onetary penalties.” Cal. Fin. Code § 90012(b)(1), (2), and (8).

13 35. Under California Financial Code section 90012 (c), in any administrative action
 14 brought pursuant to the CCFPL, any person that violates, through any act or omission, any provision
 15 of the CCFPL shall forfeit and pay a penalty not exceeding the greater of either \$5,000 for each day
 16 during which the violation or failure to pay continues, or \$2,500.00 for each act or omission in
 17 violation of the CCFPL. Cal. Fin. Code § 90012 (c)(1)(A)(i).

18 **IV.**

19 **Applicable Law- Debt Collection Licensing Act (DCLA), Rosenthal Fair Debt Collection**
 20 **Practices Act (Rosenthal Act), and Fair Debt Collection Practices Act (FDCPA)**

21 36. California Financial Code section 100001(a) provides, in relevant part, that “[n]o
 22 person shall engage in the business of debt collection in this state without first obtaining a license.”

23 37. California Financial Code section 100002(h) defines “debt” as “money, property, or
 24 their equivalent that is due or owing or alleged to be due or owing from a natural person to another
 25 person.”

26 38. California Financial Code section 100002(f) provides:

27 “Consumer debt” or “consumer credit” means money, property, or their
 28 equivalent, due or owing, or alleged to be due or owing, from a natural
 person by reason of a consumer credit transaction. The term “consumer
 debt” includes a mortgage debt. The term “consumer debt” includes

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“charged-off consumer debt” as defined in Section 1788.50 of the Civil Code.

39. California Financial Code section 100002(i) defines “debt collection” as “any act or practice in connection with the collection of consumer debt.”

40. California Financial Code section 100002(j) provides:

“Debt collector” means any person who, in the ordinary course of business, regularly, on the person’s own behalf or on behalf of others, engages in debt collection. The term includes any person who composes and sells, or offers to compose and sell, forms, letters and other collection media used or intended to be used for debt collection. The term “debt collector” includes “debt buyer” as defined in Section 1788.50 of the Civil Code.

41. Section 1788.2(c) of the Rosenthal Act provides:

The term “debt collector” means any person who, in the ordinary course of business, regularly, on behalf of that person or others, engages in debt collection. The term includes any person who composes and sells, or offers to compose and sell, forms, letters, and other collection media used or intended to be used for debt collection.

42. Section 1788.10 of the Rosenthal Act provides in relevant part:

No debt collector shall collect or attempt to collect a consumer debt by means of the following conduct: . . . (b) The threat that the failure to pay a consumer debt will result in an accusation that the debtor has committed a crime where such accusation, if made, would be false. . . (e) The threat to any person that nonpayment of the consumer debt may result in the arrest of the debtor or the seizure, garnishment, attachment or sale of any property or the garnishment or attachment of wages of the debtor, unless such action is in fact contemplated by the debt collector and permitted by the law.

43. Section 1788.13(j) of the Rosenthal Act provides in relevant part: “No debt collector shall collect or attempt to collect a consumer debt by means of the following practices: . . . (j) The false representation that a legal proceeding has been, is about to be, or will be instituted unless payment of a consumer debt is made.”

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44. Section 1788.14(d) of the Rosenthal Act provides in relevant part:
No debt collector shall collect or attempt to collect a consumer debt by means of the following practices: . . . (d) Sending a written communication to a debtor in an attempt to collect a time-barred debt without providing the debtor with one of the following written notices: (1) If the debt is not past the date for obsolescence set forth in Section 605(a) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681c), the following notice shall be included in the first written communication provided to the debtor after the debt has become time-barred: “The law limits how long you can be sued on a debt. Because of the age of your debt, we will not sue you for it. If you do not pay the debt, [insert name of debt collector] may [continue to] report it to the credit reporting agencies as unpaid for as long as the law permits this reporting.” (2) If the debt is past the date for obsolescence set forth in Section 605(a) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681c), the following notice shall be included in the first written communication provided to the debtor after the date for obsolescence: “The law limits how long you can be sued on a debt. Because of the age of your debt, we will not sue you for it, and we will not report it to any credit reporting agency.”

45. Section 1788.17 of the Rosenthal Act provides in relevant part:
Notwithstanding any other provision of this title, every debt collector collecting or attempting to collect a consumer debt shall comply with the provisions of Sections 1692b to 1692j, inclusive, of, and shall be subject to the remedies in Section 1692k of, Title 15 of the United States Code . . .

46. Section 1692e of the FDCPA provides in relevant part:
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: . . . (4) The representation or implication that nonpayment of any debt will result in the arrest or imprisonment of any person or the seizure, garnishment, attachment, or sale of any property or wages of any person unless such action is lawful and the debt collector or creditor intends to take such action . . . (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.

47. Section 1692g of the FDCPA provides in relevant part:
(a) Notice of debt; contents
Within five days after the initial communication with a consumer in connection with the collection of any debt, a debt collector shall, unless the following information is contained in the initial communication or the

1 consumer has paid the debt, send the consumer a written notice
 2 containing--
 3 (1) the amount of the debt;
 4 (2) the name of the creditor to whom the debt is owed;
 5 (3) a statement that unless the consumer, within thirty days after receipt of
 6 the notice, disputes the validity of the debt, or any portion thereof, the debt
 7 will be assumed to be valid by the debt collector;
 8 (4) a statement that if the consumer notifies the debt collector in writing
 9 within the thirty-day period that the debt, or any portion thereof, is
 10 disputed, the debt collector will obtain verification of the debt or a copy of
 11 a judgment against the consumer and a copy of such verification or
 12 judgment will be mailed to the consumer by the debt collector; and (5) a
 13 statement that, upon the consumer's written request within the thirty-day
 14 period, the debt collector will provide the consumer with the name and
 15 address of the original creditor, if different from the current creditor.

V.

Applicable Law- California Fair Debt Settlement Practices Act (FDSA)

13 48. Section 1788.301(a) of the FDSA defines “debt settlement provider” as “a person
 14 who, for compensation and on behalf of a consumer, provides debt settlement services.”

15 49. Section 1788.301(b) of the FDSA defines “debt settlement services” as the
 16 following:

17 (1) Providing advice, or offering to act or acting as an intermediary,
 18 including, but not limited to, offering debt negotiation, debt reduction, or
 19 debt relief services between a consumer and one or more of the
 20 consumer's creditors, if the primary purpose of that advice or action is to
 21 obtain a settlement for less than the full amount of the debt.

22 (2) Advising, encouraging, or counseling a consumer to accumulate funds
 23 in an account for future payment of a reduced amount of debt to one or
 24 more of the consumer's creditors.

25 50. Section 1788.302(b)(1) of the FDSA provides:

26 A debt settlement provider shall provide to the consumer the following
 27 disclosures along with an unsigned copy of the written contract proposed
 28 to be entered into between the debt settlement provider and the consumer
 no less than three calendar days prior to the execution of that contract by
 the consumer. A fully executed copy of the contract shall be delivered to
 the consumer by the debt settlement provider immediately after the debt
 settlement provider receives the contract.

(1) The contract shall be preceded by a disclosure that contains all of the
 following information in conspicuous boldface type that is larger than the
 typeface provided in the contract typeface:

- 1 (A) There is no guarantee that any particular debt or all of the consumer's
- 2 enrolled debts will be reduced, eliminated, or otherwise settled.
- 3 (B) The deposits made pursuant to the contract will not be distributed to
- 4 the creditor until a settlement is obtained. This may take months to
- 5 achieve.
- 6 (C) If the consumer stops paying any creditor, any of the following may
- 7 occur:
- 8 (i) The creditors may still try to collect.
- 9 (ii) The creditors may sue.
- 10 (iii) If a creditor obtains a judgment against the consumer, the creditor
- 11 may garnish the consumer's wages or levy the consumer's bank account or
- 12 accounts, or both garnish the consumer's wages and levy the consumer's
- 13 bank account or accounts.
- 14 (iv) The consumer's credit score or credit rating may be negatively
- 15 impacted.
- 16 (D) Failing to pay debts on time may adversely affect the consumer's
- 17 credit rating or credit scores.
- 18 (E) Specific results cannot be predicted or guaranteed, and the debt
- 19 settlement provider cannot require a creditor to negotiate or settle a debt.
- 20 (F) A consumer may cancel the debt settlement contract at any time
- 21 without any penalty.
- 22 (G) Debt settlement services may not be suitable for all individuals.
- 23 (H) Bankruptcy may provide an alternative to debt settlement.
- 24 (I) Canceled debt may be counted as income under federal tax law, and the
- 25 consumer may have to pay income taxes on the amount of forgiven or
- 26 reduced debt.
- 27 (J) Many sources of income may be protected from debt
- 28 collection. Common sources of protected income include disability
- insurance benefits, life insurance benefits, military benefits, pension plans,
- retirement benefits, public assistance, social security benefits,
- supplemental security income (SSI), unemployment benefits, veterans
- benefits, workers compensation, and student aid. See form EJ-155 from
- the Judicial Council for a complete list.
- (K) The number of months estimated to enter into settlement agreements
- that completely resolve all enrolled debts.
- (L) All conditions that the consumer must satisfy before the debt
- settlement provider will make a settlement offer to a creditor.
- (M) Whether the debt settlement provider pays or receives referral fees.

51. Section 1788.302(b)(2) of the FDSPA provides:

Each contract between a consumer and debt settlement provider:

- (A) Shall list each debt to be serviced, including, for each debt, the name of the creditor and the total amount of the debt. The total amount of the debt may be based on either a billing statement for the debt or information in the consumer's consumer report, as that term is defined under the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681 et seq.). The

1 billing statement or consumer report must have been issued within 30
 2 calendar days of the date of the contract.

3 (B) Shall provide the estimated period of time it will take the consumer to
 4 accumulate in a settlement account the amount of money estimated to be
 5 required to settle all debts.

6 (C) Shall provide the amount of time necessary to achieve the represented
 7 results.

8 (D) Shall provide, in terms easily understood by the least sophisticated
 9 consumer, the method that the debt settlement provider will use to
 10 calculate the charges and fees for debt settlement services.

11 (E) Shall provide the name and mailing address of the debt settlement
 12 provider and of the consumer.

13 (F) Shall provide a telephone number at which the consumer may speak,
 14 during normal business hours, with a live representative of the debt
 15 settlement provider during normal business hours who is able to access
 16 information about the consumer's account.

17 (G) Shall be provided to the consumer in English and in the language in
 18 which it was negotiated or in which the debt settlement services were
 19 offered, if that language is one of the languages set forth in Section 1632.

20 (H) Shall not require a compulsory agreement with any other party. A debt
 21 settlement provider may require that the consumer obtain a dedicated
 22 settlement account and provide a list of preferred vendors, however a
 23 payment processor who receives compensation from the consumer for
 24 payment processing services must supply its own contract to the consumer
 25 for engagement.

26 (I) Shall not be entered into by a consumer who is not already allegedly
 27 legally responsible for all the debt that will be enrolled in the debt
 28 settlement services. In the event multiple consumers engage in a single
 contract for debt settlement services, if any consumer is not proficient in
 English and speaks a language set forth in Section 1632, a translated copy
 of the disclosures and contract shall be provided to the consumer in that
 language and in a manner that complies with this subdivision.

VI.

Applicable Law – TSR

52. The TSR is the implementing regulation of the federal Telemarketing and Consumer
 Fraud and Abuse Prevention Act (Telemarketing Act) (15 U.S.C. §§ 6101-6108). Pursuant to
 section 6102(c) of the Telemarketing Act and section 57a(d)(3) of the Federal Trade Commission Act
 (FTC Act) (15 U.S.C. §§ 41-58), a violation of the TSR constitutes an unfair or deceptive act or
 practice in or affecting commerce in violation of section 45(a) of the FTC Act.

53. Under the TSR, a “seller” is “any person who, in connection with a telemarketing

1 transaction, provides, offers to provide, or arranges for others to provide goods or services to the
2 customer in exchange for consideration.” 16 C.F.R. § 310.2(dd).

3 54. Under the TSR, a “telemarketer” is “any person who, in connection with
4 telemarketing, initiates or receives telephone calls to or from a customer.” 16 C.F.R. § 310.2(ff).

5 55. Under the TSR, “telemarketing” is, in relevant part, “a plan, program, or campaign
6 which is conducted to induce the purchase of goods or services ... by use of one or more telephones
7 and which involves more than one interstate telephone call.” 16 C.F.R. § 310.2(gg).

8 56. It is a violation of section 310.4(a)(2) of the TSR for any seller or telemarketer to
9 request or receive payment of any fee or consideration for goods or services represented to remove
10 derogatory information from, or improve a person’s credit history, record or rating until:

- 11 (1) The time frame in which the seller has represented all of the goods or
12 services will be provided to that person has expired; and
- 13 (2) The seller has provided the person with documentation in the form of a
14 consumer report from a consumer reporting agency demonstrating that the
15 promised results have been achieved, such report having been issued more
16 than six months after the results were achieved. Nothing in this Rule
should be construed to affect the requirement in the Fair Credit Reporting
Act, 15 U.S.C. 1681, that a consumer report may only be obtained for a
specified permissible purpose.

17 **VII.**

18 **Applicable Law- Federal Credit Repair Organizations Act (CROA)**

19 57. Section 1679a of CROA defines credit repair organizations as the following:

20 (A) means any person who uses any instrumentality of interstate
21 commerce or the mails to sell, provide, or perform (or represent that such
22 person can or will sell, provide, or perform) any service, in return for the
23 payment of money or other valuable consideration, for the express or
24 implied purpose of--(i) improving any consumer's credit record, credit
history, or credit rating; or (ii) providing advice or assistance to any
consumer with regard to any activity or service described in clause (i) . . .

25 58. Section 1679b(b) of CROA prohibits the charge or receipt of “any money or other
26 valuable consideration for the performance of any service which the credit repair organization has
27 agreed to perform for any consumer before such service is fully performed.”

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VIII.

Applicable Law- California Credit Services Act of 1984 (CSA)

59. Section 1789.12(d) of the CSA defines credit services organizations as the following:

[A] person who, with respect to the extension of credit by others, sells, provides, or performs, or represents that the person can or will sell, provide, or perform, any of the following services, in return for the payment of money or other valuable consideration:

- (1) Improving a consumer's credit record, history, or rating.
- (2) Obtaining a loan or other extension of credit for a consumer.
- (3) Providing advice or assistance to a consumer with regard to either paragraph (1) or (2).

60. Section 1789.13(a) of the CSA provides:

A credit services organization and its salespersons, agents, representatives, and independent contractors who sell or attempt to sell the services of a credit services organization shall not do any of the following: (a) Charge or receive any money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform for or on behalf of the consumer.

61. Section 1789.16(a)(1) of the CSA provides in relevant part:

(a) A credit services organization shall not provide any service to a consumer except pursuant to a written contract that complies with this section. Every contract between the consumer and a credit services organization for the purchase of the services of the credit services organization shall identify the physical address, electronic mail address, and facsimile number if applicable, of the credit services organization, shall be in writing, shall be dated, shall be signed by the consumer, and shall include all of the following:

- (1) A conspicuous statement in size equal to at least 10-point boldface type, in immediate proximity to the space reserved for the signature of the buyer, as follows: "You, the consumer, may cancel this contract at any time before midnight on the fifth working day after you sign it. See the attached notice of cancellation form for an explanation of this right."

62. Section 1789.25(a) of the CSA provides in relevant part, "[e]very credit services organization shall file a registration application with, and receive a certificate of registration from, the Department of Justice before conducting business in this state."

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IX.**Desist and Refrain Order**

63. Based on the foregoing findings, the Commissioner is of the opinion that Professionstar is a covered person or service provider that engaged in unlawful acts or practices with respect to consumer financial products or services in violation of California Financial Code section 90003 (a)(1) and offered or provided to a consumer any financial product or service not in conformity with any consumer financial law or otherwise committed any act or omission in violation of a consumer financial law, in violation of California Financial Code section 90003(a)(2), including but not limited to the following:

- a. Section 100001(a) of the DCLA;
- b. Section 1788.10(b) and (e) of the Rosenthal Act;
- c. Section 1788.13(j) of the Rosenthal Act;
- d. Section 1788.14(d) of the Rosenthal Act;
- e. Section 1788.17 of the Rosenthal Act;
 - i. Section 1692e(4) and (10) of the FDCPA;
 - ii. Section 1692g of the FDCPA;
- f. Section 1788.302(b)(1) and (2) of the FDSFA;
- g. Section 310.4(a)(2) of the TSR;
- h. Section 1679b(b) of the CROA;
- i. Section 1789.13(a) of the CSA;
- j. Section 1789.16(a)(1) of the CSA; and
- k. Section 1789.25(a) of the CSA.

64. Pursuant to California Financial Code section 90015(d)(1), Professionstar and its managers, officers, directors, agents, or employees, are hereby ordered to desist and refrain from engaging in, or proposing to engage in, unlawful acts or practices in collecting or attempting to collect any consumer debt and providing any credit management or repair or debt settlement service in violation of California Financial Code section 90003(a)(2), including but not limited to violating the following:

- 1 a. Section 100001(a) of the DCLA;
- 2 b. Section 1788.10(b) and (e) of the Rosenthal Act;
- 3 c. Section 1788.13(j) of the Rosenthal Act;
- 4 d. Section 1788.14(d) of the Rosenthal Act;
- 5 e. Section 1788.17 of the Rosenthal Act;
- 6 i. Section 1692e(4) and (10) of the FDCPA;
- 7 ii. Section 1692g of the FDCPA;
- 8 f. Section 1788.302(b)(1) and (2) of the FDSFA;
- 9 g. Section 310.4(a)(2) of the TSR;
- 10 h. Section 1679b(b) of the CROA;
- 11 i. Section 1789.13(a) of the CSA;
- 12 j. Section 1789.16(a)(1) of the CSA; and
- 13 k. Section 1789.25(a) of the CSA.

14 65. Furthermore, based on the foregoing findings, the Commissioner is of the opinion that
15 Professionstar is a “covered person” or service provider that engaged in deceptive acts or practices
16 with respect to “consumer financial products or services” in violation of California Financial Code
17 section 90003(a)(1).

18 66. Accordingly, pursuant to California Financial Code section 90015(d), Professionstar
19 its managers, officers, directors, agents, or employees, are hereby ordered to desist and refrain from
20 engaging in, or proposing to engage in, deceptive acts or practices in collecting or attempting to
21 collect any consumer debt and providing any credit management or repair or debt settlement service
22 in violation of California Financial Code section 90003(a)(1).

23 67. This Order is necessary, in the public interest, for the protection of consumers and
24 consistent with the purposes, policies, and provisions of the California Consumer Financial
25 Protection Law. This Order shall remain in full force and effect until further order of the
26 Commissioner.

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X.**Claims for Ancillary Relief**

68. Based on the foregoing, and pursuant to California Financial Code section 90015(e), and California Financial Code section 90012(b)(1), the Commissioner hereby orders that all current agreements between Professionstar and California residents relating to the performance of credit repair or credit management services or debt settlement services by Professionstar (Agreements) are rescinded. Professionstar shall not assign, sell, or transfer the Agreements to any other entity, nor shall Professionstar, or any other entity, charge or collect any payments from California residents pursuant to the Agreements.

69. Based on the foregoing, and pursuant to California Financial Code section 90012(b)(2), Professionstar and its officers, successors, and assigns, by whatever names they might be known, jointly and severally, are hereby ordered to refund all monies Professionstar collected from California residents pursuant to the Agreements, dated January 1, 2021, to the present (Refunds) directly to each respective California resident.

70. All Refunds shall be paid directly to the respective California residents through an Automated Clearing House transfer based upon the California resident's last known bank account, or by mailing a check to the California resident's last known address. Payment of the Refunds shall not be conditioned upon any California resident waiving any right. Professionstar shall make the refunds no later than 30 days after the date on this Order.

71. Professionstar shall submit evidence of payment of the Refund Amounts to Sally Hong, Senior Counsel, by email at sally.hong@dfpi.ca.gov, no later than 15 days after the final Refund Amount has been issued. Professionstar shall escheat any unclaimed Refunds to the California State Controller's Office within the period provided by Code of Civil Procedure section 1520 of the Unclaimed Property Law (Code Civ. Proc., § 1500 *et seq.*).

XI.**Assessment of Penalties – CCFPL**

72. Based on the foregoing, and pursuant to California Financial Code sections 90015(c), and 90012(b)(8), Professionstar's officers, successors, and assigns, by whatever names they might be

1 known, jointly and severally, are hereby ordered to pay an administrative penalty of \$150,000 to the
2 Commissioner within 30 days of the date of this order. The penalty shall be made payable in the
3 form of an Automated Clearing House deposit or cashier’s check payable to the Department of
4 Financial Protection and Innovation and transmitted to the attention of “Accounting – Litigation,” at
5 the Department of Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento,
6 California 95814-2306. Notice of the payment must be concurrently sent to the Commissioner’s
7 Enforcement Senior Counsel Sally Hong via e-mail at Sally.Hong@dfpi.ca.gov.

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Dated: January 17, 2025
San Francisco, California

KHALIL MOHSENI
Acting Commissioner of Financial Protection and
Innovation



By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division