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

11 In the Matter of:)
12)
13 THE COMMISSIONER OF FINANCIAL) CONSENT ORDER
PROTECTION AND INNOVATION,)
14)
Complainant.)
15)
16 v.)
17)
AA RECOVERY SOLUTIONS INC. a.k.a.)
18 AARS a.k.a. PAYAARS a.k.a.)
PAYAARS.COM,)
19)
Respondent.)
20)

21 This Consent Order is entered into between the Commissioner of Financial Protection and
22 Innovation (Commissioner) of the Department of Financial Protection and Innovation (Department)
23 and Respondent AA Recovery Solutions Inc. a.k.a. AARS a.k.a. PayAARS a.k.a. PayAARS.com
24 (AA Recovery) and is made with respect to the following facts:

25
26 **I.**
RECITALS

27 A. The Commissioner has jurisdiction over the regulation of persons who engage, have
28 engaged, or propose to engage in offering or providing a consumer financial product or service in

1 California and affiliated service providers under the California Consumer Financial Protection Law
2 (CCFPPL) (Cal. Fin. Code §§ 90000-90019).

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

5 C. “Financial product or service” includes, among other things, “[c]ollecting debt related
6 to any consumer financial product or service.” (Cal. Fin. Code § 90005(k)(10)).

7 D. “‘Debt’ means any obligation of a person to pay another person money regardless of
8 whether the obligation is absolute or contingent, has been reduced to judgment, is fixed, contingent,
9 matured, unmatured, disputed, undisputed, secured, or unsecured and includes any obligation that
10 gives rise to right of an equitable remedy for breach of performance if the breach gives rise to a right
11 to payment.” (Cal. Fin. Code § 90005(h)).

12 E. The Commissioner also has jurisdiction over the licensing and regulation of persons
13 engaged in the business of collecting debt in California under the Debt Collection Licensing Act
14 (DCLA) (Cal. Fin. Code §§ 100000 – 100025).

15 F. California Financial Code section 90005(d) defines “[c]onsumer financial law” as “a
16 federal or California law that directly and specifically regulates the manner, content, or terms and
17 conditions of any financial transaction, or any account, product, or service related thereto, with
18 respect to a consumer.”

19 G. California Financial Code section 90003(a) provides that it is unlawful for a covered
20 person or service provider to engage in any unlawful, unfair, deceptive, or abusive act or practice
21 with respect to consumer financial products or services, or to offer or provide to a consumer any
22 financial product or service not in conformity with any consumer financial law or otherwise commit
23 any act or omission in violation of a consumer financial law. (Cal. Fin. Code § 90003(a)(1), (a)(2)).

24 H. The following laws are consumer financial laws within the meaning of California
25 Financial Code section 90003(a)(2): the DCLA, the Rosenthal Fair Debt Collection Practices Act
26 (Cal. Civ. Code §§ 1788-1788.33) (Rosenthal Act), the Fair Debt Collection Practices Act (15
27 U.S.C. §§ 1692 – 1692p) (FDCPA) and Regulation F (12 C.F.R. §§ 1006.1 – 1006.108) (Regulation
28 F).

1 I. AA Recovery is a New York corporation with a principal place of business located at
2 25 Northpointe Parkway, Suite 150, Amherst, New York 14228.

3 J. Tracy Pickell (Pickell) is the President, CEO and 100% owner of AA Recovery and
4 authorized to enter into this Consent Order on AA Recovery’s behalf.

5 K. The Commissioner has not issued a license to AA Recovery authorizing it to engage
6 in the business of debt collection under the DCLA.

7 ***Commissioner’s Findings Regarding AA Recovery’s Application***

8 L. To become licensed by the Commissioner as a debt collector, a company must submit
9 a uniform application form (known as the Form MU1) through the Nationwide Multistate Licensing
10 System and Registry (NMLS).¹ Additionally, an individual who directly or indirectly owns or
11 controls the activities of the applicant, branch office, including principal officers, directors, and other
12 individuals specified on Form MU1 must submit a uniform application form (known as the Form
13 MU2) through the NMLS.

14 M. On or around February 8, 2022, AA Recovery submitted its first application for a
15 California debt collection license to the Department. Pursuant to California Financial Code section
16 100000.5(a), AA Recovery was allowed to operate pending the approval or denial of the application.
17 On or around June 28, 2023, AA Recovery formally requested a withdrawal of its license
18 application. In communications with the Department on July 20, 2023, AA Recovery’s consultant
19 acknowledged it could not engage in debt collection without a license in California. On or around
20 September 25, 2023, the withdrawal request was processed in NMLS and AA Recovery lost the
21 ability to operate in California pending approval or denial of an application pursuant to California
22 Financial Code section 100000.5(a).

23 N. On or around July 23, 2024, AA Recovery submitted its second application for a
24 California debt collection license to the Department. On or around December 3, 2024, the
25 Department sent AA Recovery a warning email regarding deficiencies in the application (License
26

27 ¹ NMLS stands for Nationwide Multistate Licensing System and Registry and is the system of record for non-depository,
28 financial services licensing or registration in participating agencies, including the District of Columbia and U.S.
Territories of Puerto Rico, the U.S. Virgin Islands, and Guam. In these jurisdictions, NMLS is the official system for
companies and individuals seeking to apply for, amend, renew and surrender licenses authorities managed through
NMLS.

1 Items) and requesting two outstanding License Items to be resolved by December 10, 2024. The
2 email also warned that AA Recovery could not operate in California without a license. AA
3 Recovery did not address the outstanding License Items in NMLS. As a result, on December 11,
4 2024, AA Recovery was notified via email by the Department that its second license application had
5 been abandoned and AA Recovery could not operate in California without a license. On or around
6 December 16, 2024, the Department confirmed the abandonment of the second license application in
7 NMLS.

8 O. On or around January 9, 2025, AA Recovery submitted its third application for a
9 California debt collection license to the Department (hereinafter, Application).

10 P. On February 3, 2025, the Department issued six License Items in NMLS in regard to
11 the Application and followed up with an email to AA Recovery detailing the deficiencies in the
12 License Items. AA Recovery was required to satisfy the License Items by February 24, 2025, but
13 failed to do so despite written notices sent to AA Recovery via email and NMLS. Currently, the
14 Application is pending, and AA Recovery has neither approval nor safe harbor to operate in
15 California pending approval or denial of the Application.

16 Q. As part of the Application, Form MU1 asks for the company’s “Other Trade Names.”
17 In response, AA Recovery did not disclose any other trade names. Form MU1 also asks for the
18 company’s “Web Addresses.” In response, AA Recovery disclosed two websites:
19 <https://aarecoveryolutions.com/> and <https://payaars.com/>.

20 R. AA Recovery failed to disclose at least two confirmed Other Trade Names in its
21 Application as follows:

22 a. In or around August 2024, a California consumer (Consumer A) received a
23 phone call and letter from AARS attempting to collect a consumer debt. The letter from AARS listed
24 its address at 25 Northpointe Pkwy. Suite 150, Amherst, New York 14228 (the same address as AA
25 Recovery’s principal place of business) and its website at www.payaars.com (the same website listed
26 in AA Recovery’s Application).

27 b. In or around September 2024, a California consumer (Consumer B) received a
28 phone call from PayAARS attempting to collect a consumer debt. Thereafter, Consumer B was sent

1 an “Agreement to Pay” to resolve the debt by a PayAARS representative. The Agreement to Pay
2 listed PayAARS’ address at 25 Northpointe Pkwy. Suite 150, Amherst, New York 14228 (the same
3 address as AA Recovery’s principal place of business) and referred to itself as PayAARS.com (the
4 same website listed in AA Recovery’s Application) and AARS.

5 c. In or around September 2024, a California consumer (Consumer C) received a
6 phone call from AARS attempting to collect a consumer debt. Thereafter, Consumer C was sent a
7 payment plan to resolve the debt by an AARS representative. The payment plan listed AARS’s
8 address at 25 Northpointe Pkwy. Suite 150, Amherst, New York 14228 (the same address as AA
9 Recovery’s principal place of business) and provided that payment is processed by PayAARS.com
10 (the same website listed in AA Recovery’s Application).

11 S. Additionally, AA Recovery failed to disclose three potential Other Trade Names in its
12 Application. AA Recovery’s website - <https://payaars.com/> - lists the company’s mailing address at
13 725 Hertel Ave, Suite 677, Buffalo, New York 14207. The following collection agencies use this
14 same mailing address on their websites – *OMGBillPay* (<https://omgbillpay.com>), *Occupational*
15 *Management Group, LLC* (<https://omgbillpay.com/about/>) and *MGBillPay* (<https://mgbillpay.com>).
16 Moreover, OMGBillPay and MGBillPay use the same debt collection notice on their websites as AA
17 Recovery.

18 T. AA Recovery’s failure to disclose at least two confirmed Other Trade Names (AARS
19 and PayAARS), failure to register the trade names, and failure to explain how three potential Other
20 Trade Names were or were not related to the company (OMGBillPay, Occupational Management
21 Group, LLC and MGBillPay), constitute false statements of material facts pursuant to California
22 Financial Code section 100012(b)(1).

23 U. As part of the Application, Form MU1 requires the disclosure of any litigation or
24 regulatory actions related to financial services. Specifically, Civil Disclosure Questions (F) and (G)
25 ask:

- 26 (F) Has any domestic or foreign court:
27 (1) in the past ten years enjoined the entity or a control affiliate in
28 connection with any financial services-related activity?
(2) in the past ten years found the entity or a control affiliate was involved
in a violation of any financial services-related statute(s) or regulation(s)?

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(3) in the past ten years dismissed, pursuant to a settlement agreement, a financial services-related civil action brought against the entity or control affiliate by a State or foreign financial regulatory authority?

(G) Is there a pending financial services-related civil action in which the entity or a control affiliate is named for any alleged violation described in (F)?

V. To each of the questions in (F)(1), (F)(2), (F)(3) and (G), AA Recovery answered, “No.”

W. In fact, AA Recovery had at least five lawsuits in the past ten years in which domestic courts had found AA Recovery in violation of financial services-related statutes and that AA Recovery failed to disclose, as follows: (1) *Akinwale v. AA Recovery Solutions, Inc. et al*, filed in the U.S. District Court for the Middle District of Florida as case number 8:20-cv-01908; (2) *Hinyub v. AA Recovery Solutions, Inc.*, filed in the U.S. District Court for the Western District of North Carolina as case number 1:20-cv-00089; (3) *Billger v. AA Recovery Solutions Inc.*, filed in the U.S. District Court for the Middle District of Florida as case number 8:20-cv-00868; (4) *Hernandez v. AA Recovery Solutions, Inc.*, filed in the U.S. District Court for the Middle District of Florida as case number 8:20-cv-00481; and (5) *Zuelke v. AA Recovery Solutions, Inc. et al*, filed in the U.S. District Court for the Western District of Michigan as case no. 2:19-cv-00074.

X. Moreover, AA Recovery also had at least six pending financial services-related civil actions in which AA Recovery was named for an alleged violation of financial services-related statutes and that AA Recovery again failed to disclose, as follows: (1) *Stumpf v. AA Recovery Solutions, Inc.*, filed in the U.S. District Court for the Middle District of Alabama as case no. 1:25-cv-00039; (2) *Obafunwa v. AA Recovery Solutions, Inc.*, filed in the U.S. District Court for the Southern District of Texas as case no. 4:24-cv-05093; (3) *Moening v. AA Recovery Solutions, Inc.*, filed in the U.S. District Court for the Southern District of Ohio as case no. 2:24-cv-04206; (4) *Fernandez v. AA Recovery Solutions Inc.*, filed in the U.S. District Court for the Northern District of Florida as case no. 3:24-cv-00568; (5) *Riley v. AA Recovery Solutions Inc.*, filed in the U.S. District Court for the Western District of New York as case no. 1:24-cv-00986; and (6) *Linthacum v. Bob’s Discount Furniture, LLC et al*, filed in the U.S. District Court for the Western District of Washington as case no. 3:24-cv-05829.

1 Y. AA Recovery’s failure to disclose at least five lawsuits in the past ten years in which
2 domestic courts have found AA Recovery in violation of financial services-related statutes, and
3 failure to disclose at least six pending financial services-related civil actions in which AA Recovery
4 was named for an alleged violation of financial services-related statutes, constitute false statements
5 of material facts pursuant to California Financial Code section 100012(b)(1).

6 ***Commissioner’s Findings Regarding AA Recovery’s Debt Collection Activities***

7 Z. Starting in or around August 2024, AA Recovery engaged in the business of debt
8 collection in this state without a license by attempting to collect a debt from at least three California
9 consumers, in violation of California Financial Code section 100001(a), as described in paragraph R
10 above and paragraphs CC – MM below.

11 AA. AA Recovery’s unlicensed debt collection in violation of California Financial Code
12 section 100001(a) constitutes grounds to deny the Application pursuant to California Financial Code
13 section 100012(b)(3).

14 BB. Furthermore, as described in paragraph R above and paragraphs CC – MM below,
15 AA Recovery’s unlicensed debt collection harmed at least three California consumers and involved
16 dishonesty, fraud or deceit that are substantially related to the qualifications, functions or duties of a
17 person engaged in the business of debt collection and constitute grounds to deny the Application
18 pursuant to California Financial Code section 100012(b)(8) and California Code of Regulations, title
19 10, section 1850.15(b)(2).

20 CC. In or around August 2024, AA Recovery contacted Consumer A using the
21 unauthorized and undisclosed trade name, AARS, in an attempt to collect a consumer debt in
22 violation of California Financial Code section 100001(a), as follows:

23 a. In or around March 2023, Consumer A obtained a loan from ACE Cash
24 Express in the amount of approximately \$255.00, which went into default.

25 b. In or around August 2024, an office manager from AA Recovery named
26 Cameron Daboin contacted Consumer A regarding the loan Consumer A had obtained from ACE
27 Cash Express. During the phone call, Cameron Daboin offered a payment plan to resolve the
28 purported debt.

1 c. After the phone call, on or around August 22, 2024, Consumer A received an
2 email from Cameron Daboin with the subject line “Ace Cash Express – Validation Letter” and an
3 attached letter. Pursuant to the letter, AA Recovery was trying to collect a purported debt Consumer
4 A owed to ACE Cash Express with an account number ending in xxx4415.

5 d. On or around September 10, 2024, a representative of AA Recovery named
6 Jazlin contacted Consumer A via email. In the email, Jazlin offered to settle Consumer A’s
7 purported debt with ACE Cash Express for \$200.00 if paid by September 27, 2024.

8 e. Thereafter, Consumer A agreed to a payment plan with AA Recovery and
9 made her first payment of \$111.95 on or around September 16, 2024. After making the payment,
10 Consumer A discovered that her original loan with ACE Cash Express had a different account
11 number than what was given to her by AA Recovery. Consumer A reported the situation to her
12 bank. Consumer A’s bank refunded her \$111.95 payment on September 19, 2024, and issued a stop
13 payment for future payments to AA Recovery. Consumer A also contacted ACE Cash Express, and
14 their representative stated that ACE Cash Express had no affiliation with AA Recovery.

15 f. In or around February 2025, Consumer A checked her online account with
16 ACE Cash Express, and her loan for approximately \$255.00 which originated in March 2023 and
17 had a different account number than what AA Recovery provided had not been referred out to any
18 collection agency.

19 DD. By falsely representing that AA Recovery was assigned Consumer A’s loan owed to
20 ACE Cash Express in order to induce Consumer A to send AA Recovery funds, AA Recovery used a
21 false, deceptive, or misleading representation or means in connection with the collection of a debt, in
22 violation of California Civil Code sections 1788.13(a) and 1788.17 of the Rosenthal Act, which
23 incorporates 15 U.S.C. section 1692e(2) and (10) of the FDCPA.

24 EE. The misrepresentations made by AA Recovery to Consumer A were material and
25 likely to mislead a consumer acting reasonably under the circumstances, constituting deceptive acts
26 or practices, in violation of California Financial Code section 90003(a)(1).

27 FF. In or around September 2024, AA Recovery contacted Consumer B using the
28 unauthorized and undisclosed trade name PayAARS in an attempt to collect a consumer debt in

1 violation of California Financial Code section 100001(a), as follows:

2 a. In or around March 2024, Consumer B obtained a loan from ACE Cash
3 Express for approximately \$300.00, which went into default.

4 b. On or around September 10, 2024, a representative of AA Recovery contacted
5 Consumer B regarding the loan Consumer B had obtained from ACE Cash Express. During the
6 September 10, 2024 phone call, the AA Recovery representative told Consumer B they were
7 attorneys for ACE Cash Express and that there was an upcoming court date for the amount
8 Consumer B owed to ACE Cash Express. The AA Recovery representative claimed that Consumer
9 B was being sued for approximately \$2,000.00, offered to settle the debt to avoid litigation, and sent
10 Consumer B an Agreement to Pay via e-mail.

11 c. On September 10, 2024, Consumer B signed the Agreement to Pay that
12 provided for three installment payments of \$104.14, with the first payment due on September 13,
13 2024. The agreement also stated:

14 This letter is to indicate that [Consumer B] has been offered the above to
15 resolve this debt. Following receipt of all payments in the payment
16 schedule, the debt will be considered paid in full....This communication is
from a debt collector. This is an attempt to collect a debt.

17 d. Consumer B missed the payment due on September 13, 2024. On or around
18 September 13, 2024, a representative from AA Recovery called Consumer B and told him to sign a
19 new payment plan agreement. On September 13, 2024, Consumer B signed a second Agreement to
20 Pay which provided for three installments of \$104.14, with the first payment due on September 27,
21 2024.

22 e. Consumer B missed the payment due on September 27, 2024. After the
23 missed payment, representatives from AA Recovery called Consumer B on September 27, 2024,
24 September 28, 2024 and September 30, 2024, but Consumer B did not answer the calls.

25 GG. To date, AA Recovery has not instituted a legal proceeding against Consumer B
26 despite the threat on September 10, 2024, indicating this was a false representation that a legal
27 proceeding has been, is about to be, or will be instituted unless payment of a consumer debt is made,
28 in violation of California Civil Code section 1788.13(j) of the Rosenthal Act, 15 U.S.C. section

1 1692e(5) of the FDCPA, and 12 C.F.R. section 1006.18(c)(i) of Regulation F.

2 HH. Moreover, on or around September 10, 2024, AA Recovery’s representative falsely
3 represented they were an attorney for ACE Cash Express, in violation of California Civil Code
4 section 1788.13(b) of the Rosenthal Act, 15 U.S.C. section 1692e(3) of the FDCPA, and 12 C.F.R.
5 section 1006.18(b)(1)(iii) of Regulation F.

6 II. The misrepresentations made by AA Recovery to Consumer B were material and
7 likely to mislead a consumer acting reasonably under the circumstances, constituting deceptive acts
8 or practices, in violation of California Financial Code section 90003(a)(1).

9 JJ. In or around September 2024, AA Recovery contacted Consumer C using the
10 unauthorized and undisclosed trade name AARS in an attempt to collect a consumer debt in
11 violation of California Financial Code section 100001(a), as follows:

12 f. Consumer C had a debt with a phone company, Payvantage, from 2015. On
13 or around September 26, 2024, a representative of AA Recovery contacted Consumer C regarding
14 the debt and said he was an “arbitrator” trying to arbitrate the amount owed to the phone company.
15 During the phone call, Consumer C conducted an internet search for AA Recovery and based on
16 these results asked the representative if he was a debt collector. When the representative repeated
17 that he was an arbitrator, Consumer C mentioned the internet search results, and then the
18 representative admitted he was a debt collector.

19 g. During the September 26, 2024 phone call, the AA Recovery representative
20 told Consumer C that Consumer C needed to sign a payment plan to avoid the representative’s client
21 from taking legal action against Consumer C. Consumer C did not agree to set up the payment plan.

22 h. Thereafter, on the same day, Consumer C found AA Recovery’s phone
23 number online, which he called and spoke with a manager named Joe Reynolds.

24 i. On September 26, 2024, AA Recovery sent Consumer C a letter with an offer
25 to settle the debt with six installment payments of \$200.00. The letter also stated:

26 Pursuant to our discussion and our client’s approval we are authorized to
27 offer you a settlement on the above reference account...This
28 communication is from a debt collector. This is an attempt to collect a debt
and any information obtained will be used for that purpose.

1 j. On or around September 26, 2024, Consumer C accepted the offer and paid
2 AA Recovery \$200.00.

3 k. On or around December 5, 2024, after Consumer C missed a payment, the
4 managing director of AA Recovery named Susan Ford called Consumer C. When Consumer C
5 requested a new payment plan to settle his debt, Susan Ford refused and stated she would mark him
6 down as “refusing to pay.”

7 KK. To date, AA Recovery has not instituted a legal proceeding against Consumer C
8 despite the threat on or around September 26, 2024, indicating this was a false representation that a
9 legal proceeding has been, is about to be, or will be instituted unless payment of a consumer debt is
10 made, in violation of California Civil Code section 1788.13(j) of the Rosenthal Act, 15 U.S.C.
11 section 1692e(5) of the FDCPA, and 12 C.F.R. section 1006.18(c)(1) of Regulation F.

12 LL. Moreover, on or around September 26, 2024, AA Recovery’s representative falsely
13 represented the true nature of his business as a debt collector, in violation of California Civil Code
14 section 1788.13(i) of the Rosenthal Act and 12 C.F.R. section 1006.18(d) of Regulation F.

15 MM. The misrepresentations made by AA Recovery to Consumer C were material and
16 likely to mislead a consumer acting reasonably under the circumstances, constituting deceptive acts
17 or practices, in violation of California Financial Code section 90003(a)(1).

18 ***Commissioner’s Findings Regarding Deficiencies in AA Recovery’s Licensing Application***

19 NN. AA Recovery failed to address at least six material requirements for the issuance of a
20 license as follows:

21 a. *Formation Documents.* AA Recovery did not provide formation
22 documentation to substantiate Pickell as the owner of the company. The Department issued a
23 License Item in NMLS and sent a courtesy email on February 3, 2025, requesting that AA Recovery
24 submit complete formation documents as required by California Code of Regulations, title 10,
25 sections 1850.7(a)(5), 1850.7(a)(6), and 1850.7(a)(9). Specifically, AA Recovery was requested to
26 provide original Articles of Incorporation (including all amendments), the corporate bylaws and any
27 amendments, shareholder agreements, if applicable, IRS Form 2553, if S-corp treatment was elected,
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1 and the corporate resolution. On March 17, 2025, AA Recovery responded that the company does
2 not have bylaws, but failed to provide the formation documents requested.

3 b. *Fictitious Name Filing.* As described in paragraphs Q – T above, AA
4 Recovery has at least two confirmed (and at least three potential) Other Trade Names it failed to
5 disclose in its Application. The Department issued a License Item in NMLS and sent a courtesy
6 email on February 3, 2025, requesting that AA Recovery provide a copy of the Fictitious Business
7 Name Statement for each fictitious business name it used. To date, AA Recovery has failed to do so.

8 c. *Fictitious Business Name NMLS Record.* The Department issued a License
9 Item in NMLS and sent a courtesy email on February 3, 2025, requesting that AA Recovery update
10 its NMLS records with all fictitious business names on its Form MU1. To date, AA Recovery has
11 failed to do so.

12 d. *Copy of New 2025 DC-01 Supplemental Form.* The DC-01 “Supplemental
13 Request For Information Form” was updated effective January 1, 2025, and includes the definition
14 of “net proceeds.” The Department issued a License Item in NMLS and sent a courtesy email on
15 February 3, 2025, requesting that AA Recovery complete and upload the new 2025 DC-01. To date,
16 AA Recovery has failed to do so.

17 e. *Disclosure and Explanation of Lawsuits.* As described in paragraphs U – Y
18 above, AA Recovery failed to disclose numerous lawsuits in which it was named for its violations of
19 financial services-related statutes. The Department issued a License Item in NMLS and sent a
20 courtesy email on February 3, 2025, requesting that AA Recovery provide information regarding
21 each lawsuit and upload a statement to explain why the lawsuits were not disclosed in its Form
22 MU1. To date, AA Recovery has failed to do so.

23 f. *Credit Report Requirement for MU2 Filers.* California Code of Regulations,
24 title 10, section 1850.7(a)(8) requires every individual for whom a Form MU2 has been filed to
25 provide through NMLS the necessary authorizations for NMLS to obtain a credit report for the
26 individual and an explanation of all derogatory credit accounts in the credit report. Pickell, a Form
27 MU2 filer, failed to provide explanations of all derogatory credit accounts in her credit report.

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1 OO. AA Recovery did not resolve the six License Items issued by the Department on
2 February 3, 2025, and as a result failed to meet material requirements for the issuance of a license
3 pursuant to California Financial Code section 100012(b)(4).

4 PP. On February 3, 2025, pursuant to California Code of Regulations, title 10, section
5 1850.7(a)(8), the Department sent a request to AA Recovery’s owner Pickell to submit a letter of
6 explanation of all derogatory credit accounts along with proof of payoffs, payment arrangements and
7 evidence of payments made, or evidence of any formal dispute filed. Specifically, Pickell was asked
8 to address collections, charge offs, accounts currently past due, accounts with serious delinquencies
9 in the last three (3) years, repossessions, loan modifications, etc. Pickell failed to provide a response
10 to the request for derogatory credit explanations.

11 QQ. Based on AA Recovery’s failure to provide documentation to support the financial
12 responsibility of Pickell, the Commissioner is unable to find that the financial responsibility of AA
13 Recovery’s owner supports a finding that the business will be operated honestly, fairly, efficiently,
14 and in accordance with the requirements of the DCLA pursuant to California Financial Code section
15 100012(b)(7).

16 RR. On February 13, 2025, the Commissioner issued a Subpoena Duces Tecum to AA
17 Recovery pursuant to California Financial Code sections 90011, 100003(b)(7) and (b)(8), and
18 100004(a) and California Government Code sections 11180-11191 (Subpoena). Pursuant to the
19 Subpoena, the Commissioner sought documents regarding AA Recovery’s debt collection activities
20 involving California consumers.

21 SS. AA Recovery was required to produce the requested records in the Subpoena to the
22 Department by March 7, 2025. To date, AA Recovery has failed to produce any records, in violation
23 of California Financial Code section 90003(a)(3).

24 TT. The Commissioner finds that entering into this Consent Order is in the public interest
25 and consistent with the purposes fairly intended by the policies and provisions of the CCFPL and
26 DCLA.

27 UU. NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
28 set forth herein, the parties agree as follows:

II.**TERMS AND CONDITIONS**

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3 1. Purpose. This Consent Order resolves the issues before the Commissioner set forth in
4 Paragraphs A through UU above in a manner that avoids the expense of a hearing and other possible
5 court proceedings, protects consumers, is in the public interest, and is consistent with the purposes,
6 policies, and provisions of the CCFPL and DCLA.

7 2. Desist and Refrain Order. Pursuant to California Financial Code section 90015(d),
8 AA Recovery is hereby ordered to desist and refrain from engaging in unlawful and deceptive acts
9 and practices with respect to consumer financial products or services in violation of the California
10 Financial Code section 90003(a)(1). AA Recovery is also hereby ordered to desist and refrain from
11 offering or providing to a consumer any financial product or service not in conformity with the
12 following consumer financial laws, in violation of California Financial Code section 90003(a)(2):

- 13 a. California Financial Code section 100001(a) of the DCLA;
14 b. California Civil Code sections 1788.13(a), (b), (i) and (j) and 1788.17 of the
15 Rosenthal Act;
16 c. 15 U.S.C. section 1692e(2), (3), (5) and (10) of the FDCPA; and
17 d. 12 C.F.R. section 1006.18(b)(1)(iii), (c)(1), and (d) of Regulation F.

18 In addition, AA Recovery is ordered to desist and refrain from violating California Financial Code
19 section 90003(a)(3). This Desist and Refrain Order is final and effective from the effective date of
20 this Consent Order, as defined in paragraph 24 below (Effective Date).

21 3. Penalty. For the violations set forth in Paragraphs A through UU above AA
22 Recovery shall pay a penalty in the amount of \$35,000.00 as stated in (a) through (l) below. The
23 penalty shall be made payable in the form of a cashier's check or Automated Clearing House deposit
24 to the Department of Financial Protection and Innovation transmitted to the attention of Accounting
25 – Litigation, at the Department of Financial Protection and Innovation, 651 Bannon Street, Suite
26 300, Sacramento, California 95811. Notice of each payment shall be concurrently sent via email to
27 Sophia.Kim@dfpi.ca.gov.

- 28 a. \$2,916.67 due by no later than three business days after the Effective Date;

- 1 b. \$2,916.67 due by no later than April 1, 2026;
- 2 c. \$2,916.67 due by no later than May 1, 2026;
- 3 d. \$2,916.67 due by no later than June 1, 2026;
- 4 e. \$2,916.67 due by no later than July 1, 2026;
- 5 f. \$2,916.67 due by no later than August 3, 2026;
- 6 g. \$2,916.67 due by no later than September 1, 2026;
- 7 h. \$2,916.67 due by no later than October 1, 2026;
- 8 i. \$2,916.67 due by no later than November 2, 2026;
- 9 j. \$2,916.67 due by no later than December 2, 2026;
- 10 k. \$2,916.67 due by no later than January 4, 2027; and
- 11 l. \$2,916.67 due by no later than February 1, 2027.

12 4. Denial of Application and 3-Year Prohibition from Reapplying. AA Recovery
13 agrees to the denial of its Application as of the Effective Date of this Consent Order. AA Recovery
14 further agrees that AA Recovery will not apply for a California debt collection license for a period of
15 three years from the Effective Date of this Agreement. Any new application by AA Recovery for
16 such a DCLA license during the three-year period from the Effective Date shall be summarily
17 denied. AA Recovery hereby waives the right to any hearings, and to any reconsiderations, appeal,
18 or other right to review which may be afforded pursuant to the CCFPL, DCLA, the California
19 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law
20 to contest such denial.

21 5. Waiver of Hearing Rights. AA Recovery acknowledges that the Commissioner is
22 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
23 charges contained in this Consent Order. AA Recovery hereby waives the right to any hearings, and
24 to any reconsiderations, appeal, or other right to review which may be afforded pursuant to the
25 CCFPL, DCLA, the California Administrative Procedure Act, the California Code of Civil
26 Procedure, or any other provision of law. AA Recovery expressly waives any requirement for the
27 filing of an Accusation pursuant to California Government Code section 11415.60, subdivision (b).
28 By waiving such rights, AA Recovery effectively consents to this Consent Order and Desist and

1 Refrain Order becoming final.

2 6. Failure to Comply with Consent Order. AA Recovery agrees that if it fails to comply
3 with the terms of this Consent Order, the Commissioner may, in addition to all other available
4 remedies he may invoke under the CCFPL, or DCLA, deny any application, summarily suspend any
5 license granted to AA Recovery by the Commissioner until AA Recovery is in compliance, and/or
6 summarily revoke any license granted by the Commissioner to AA Recovery. AA Recovery waives
7 any notice and hearing rights to contest such denial or summary suspension or revocation which may
8 be afforded under the CCFPL, DCLA, the California Administrative Procedure Act, the California
9 Code of Civil Procedure, or any other provision of law in connection therewith.

10 7. Information Willfully Withheld or Misrepresented. This Consent Order may be
11 revoked and the Commissioner may pursue any and all remedies available under law against AA
12 Recovery if the Commissioner discovers that AA Recovery knowingly or willfully withheld or
13 misrepresented information used for and relied upon in this Consent Order.

14 8. Future Actions by Commissioner. If AA Recovery fails to comply with any terms of
15 the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
16 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
17 against AA Recovery, or any of its partners, owners, officers, shareholders, directors, employees, or
18 successors for any and all unknown violations of the CCFPL, DCLA, and California Financial Code.

19 9. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s
20 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
21 administrative, civil or criminal brought by that agency against AA Recovery or any other person
22 based upon any of the activities alleged in this matter or otherwise.

23 10. Headings. The headings to the paragraphs of this Consent Order are inserted for
24 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
25 the provisions hereof.

26 11. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
27 interest.

28 12. Reliance. Each of the parties represents, warrants, and agrees that in executing this

1 Consent Order it has relied solely on the statements set forth herein and the advice of its own
2 counsel. Each of the parties further represents, warrants, and agrees that in executing this Consent
3 Order it has placed no reliance on any statement, representation, promise of any other party, or any
4 other person or entity not expressly set forth herein, or upon the failure of any party or any other
5 person or entity to make any statement, representation or disclosure of anything whatsoever. The
6 parties have included this clause: (1) to preclude any claim that any party was in any way
7 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
8 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

9 13. No Presumption Against Drafting Party. Each party acknowledges that it has had the
10 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the parties
11 intend that no presumption for or against the drafting party will apply in construing any part of this
12 Consent Order. The parties waive the benefit of California Civil Code section 1654 as amended or
13 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
14 language of a contract should be interpreted most strongly against the party that caused the
15 uncertainty to exist.

16 14. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
17 has received independent advice from its attorney(s) and/or representatives with respect to the
18 advisability of executing this Consent Order.

19 15. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
20 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.
21 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
22 provision. No waiver by either party of any breach of, or of compliance with, any condition or
23 provision of this Consent Order by the other party will be considered a waiver of any other condition
24 or provision or of the same condition or provision at another time.

25 16. Full Integration. This Consent Order is the final written expression and the complete
26 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
27 between the parties with respect to the subject matter hereof, and supersedes all prior or
28 contemporaneous agreements, negotiations, representations, understandings, and discussions

1 between and among the parties, their respective representatives, and any other person or entity, with
2 respect to the subject matter covered hereby.

3 17. Governing Law. This Consent Order shall be construed and enforced in accordance
4 with and governed by California law. Each of the parties hereto consents to the jurisdiction of such
5 court in California, administrative or otherwise, best suited to handle any action or proceeding under
6 this Consent Order, and hereby irrevocably waives, to the fullest extent permitted by law, the
7 defense of an inconvenient forum to the maintenance of such action or proceeding in such court.

8 18. Counterparts. This Consent Order may be executed in one or more separate
9 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
10 together constitute a single document.

11 19. Effect Upon Future Proceedings. If AA Recovery applies for any license, permit or
12 qualification under the Commissioner’s current or future jurisdiction or are the subject of any future
13 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
14 admitted for the purpose of such application(s) or enforcement proceeding(s).

15 20. Voluntary Agreement. AA Recovery enters into this Consent Order voluntarily and
16 without coercion and acknowledges that no promises, threats or assurances have been made by the
17 Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent
18 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and
19 without any duress or undue influence of any kind from any source.

20 21. Notice. Any notice required under this Consent Order shall be provided to each party
21 at the following addresses:

22 To AA Recovery:

23 AA Recovery Solutions Inc., Attention: Sean M. O'Brien, Esq., Lippes Mathias LLP, 50
24 Fountain Plaza, Suite 1700, Buffalo, New York 14202-2216; sobrien@lippes.com.

25 To the Commissioner:

26 Sophia Kim, Senior Counsel, Enforcement Division, Department of Financial Protection and
27 Innovation, 320 West 4th Street, Suite 750, Los Angeles, California 90013;

28 Sophia.Kim@dfpi.ca.gov.

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22. Signatures. A fax or electronic mail signature shall be deemed the same as an original signature.

23. Public Record. AA Recovery hereby acknowledges that this Consent Order is and will be a matter of public record.

24. Effective Date. This Consent Order shall become final and effective when signed by all parties and delivered by the Commissioner’s counsel via e-mail to AA Recovery’s agent at sobrien@lippes.com.

25. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

Dated: February 27, 2026

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: February 27, 2026

AA RECOVERY SOLUTIONS INC.

By _____
TRACY PICKELL
President, CEO