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

11	In the Matter of:)	
12)	
13	THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,)	DESIST AND REFRAIN ORDER AND ORDER ASSESSING PENALTIES
14	Complainant,)	
15	v.)	(Cal. Fin. Code § 90015(b), (c), (d)(1))
16	INVESTIGATIVE RECOVERY SERVICES LLC and MICHAEL JAGROO,)	
17	Respondents.)	
18)	
19)	

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21 The Complainant, the Commissioner of Financial Protection and Innovation
22 (Commissioner) of the Department of Financial Protection and Innovation (Department), is
23 informed and believes, and based on such information and belief, finds as follows:

24 **I.**

25 **Introduction**

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

1 2. The Commissioner also has jurisdiction over the regulation of persons who engage,
 2 have engaged, and propose to engage in offering or providing a consumer financial product or
 3 service in California and affiliated service providers under the California Consumer Financial
 4 Protection Law (CCFPL) (Cal. Fin. Code §§ 90000-90019). Collecting debt relating to a consumer
 5 financial product or service is conduct covered by the CCFPL. Cal. Fin. Code § 90005(k)(10).

6 3. At all relevant times, Investigative Recovery Services LLC (Investigative Recovery)
 7 was a limited liability company with a principal place of business at 1700 Banks Road, Suite 50M,
 8 Margate, Florida 33063, as well as at 9844 Sandalfoot Boulevard, Suite C, Boca Raton, Florida
 9 33426. Investigative Recovery operated a website at www.investigative-services.com.

10 4. Michael Jagroo (Jagroo) is an individual and a resident of Florida. At all relevant
 11 times, Jagroo was the president of Investigative Recovery.

12 **II.**

13 **Factual Background**

14 5. Beginning as early as November 2021, Investigative Recovery and Jagroo engaged
 15 in the business of debt collection in California as further described below.

16 6. On or around November 2021, Investigative Recovery and Jagroo furnished negative
 17 credit information to Experian, a credit reporting agency, regarding a debt that a California
 18 consumer (Consumer A) allegedly owed, for inclusion in Consumer A’s credit report. This caused
 19 Consumer A’s credit profile to drop substantially. Consumer A’s credit reports listed Investigative
 20 Recovery’s contact information as “INVESTIGATIVE RECOVERY SERVICE, Michael Jag 1700
 21 Banks Rd, Margate, FL 33063.”

22 7. On or around June 2022, Investigative Recovery and Jagroo furnished negative
 23 credit information to Experian, a credit reporting agency, regarding a debt that a California
 24 consumer (Consumer B) allegedly owed, for inclusion in Consumer B’s credit report. This caused
 25 Consumer B’s credit profile to drop substantially. Consumer B’s credit reports listed Investigative
 26 Recovery’s contact information as “INVESTIGATIVE RECOVERY, Michael Jag 1700 Banks Rd,
 27 Margate, FL 33063.”

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Unfair Debt Parking

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2 8. Investigative Recovery and Jagroo engaged in debt collection by furnishing negative
3 credit information regarding a consumer to Experian before first attempting to communicate with
4 the consumer about the alleged debt, a practice commonly referred to as “debt parking.”
5 Investigative Recovery and Jagroo failed to notify Consumer A and Consumer B (collectively,
6 Consumers) prior to furnishing negative credit information about them to Experian.

7 9. The Consumers only became aware of Investigative Recovery and Jagroo’s
8 collections activity against them when the Consumers checked their credit reports and found the
9 negative credit information. Prior to finding the negative information on their credit reports, the
10 Consumers had never heard of Investigative Recovery and were unaware of the alleged debt or, of
11 any collections activity by, Investigative Recovery or Jagroo.

12 10. The acts and practices of Investigative Recovery and Jagroo were unfair because
13 consumers suffered harm to their credit profiles that could not have reasonably been avoided given
14 Investigative Recovery and Jagroo’s failure to notify the consumers prior to furnishing the negative
15 credit information to Experian.

Failure to Submit License Application in Violation of the DCLA

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17 11. The DCLA, which became effective on January 1, 2021, requires persons engaged in
18 the business of debt collection in California to be licensed beginning on January 1, 2022, pursuant
19 to Financial Code section 100001(a). However, a debt collector who submits an application prior to
20 January 1, 2022, i.e., by December 31, 2021, shall be allowed to operate pending the approval or
21 denial of the application, pursuant to California Financial Code section 100000.5(c).

22 12. As of the current date, neither Investigative Recovery nor Jagroo submitted an
23 application for a debt collector license. From January 1, 2022, through at least June 2022, there
24 was no application pending denial or approval by the Department permitting either Investigative
25 Recovery or Jagroo to engage in debt collection in California.

26 13. Despite lacking licensure or a pending application, during the period of January 1,
27 2022, through at least June 2022, Investigative Recovery engaged in the business of debt collection
28 in this state by attempting to collect a debt from at least one California consumer, in violation of

1 California Financial Code section 100001(a), and engaged in additional unfair acts or practices,
2 including but not limited to unfair debt parking, as described in paragraphs 5 through 10 above.

3 **III.**

4 **Applicable Laws**

5 14. California Financial Code section 100001(a) of the DCLA provides that “[n]o person
6 shall engage in the business of debt collection in this state without first obtaining a license.”

7 15. California Financial Code section 100000.5(c) provides that “[t]he commissioner
8 shall allow any debt collector that submits an application prior to January 1, 2022, to operate
9 pending the approval or denial of the application.”

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

13 17. California Financial Code section 100002(f) provides:

14 “Consumer debt” or “consumer credit” as means money, property, or their
15 equivalent, due or owing, or alleged to be due or owing, from a natural
16 person by reason of a consumer credit transaction. The term “consumer
17 debt” includes a mortgage debt. The term “consumer debt” includes
18 “charged-off consumer debt” as defined in Section 1788.50 of the Civil
19 Code.

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

22 19. California Financial Code section 100002(j) provides:

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

20. California Financial Code section 90005(e) defines “consumer financial product or
service” as including “[a] financial product or service that is delivered, offered, or provided for use
by consumers primarily for personal, family, or household purposes.”

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21. California Financial Code section 90005(k) provides, in relevant part:

(k) “Financial product or service” means: . . . (1) Extending credit and servicing extensions of credit, including acquiring, purchasing, selling, brokering extensions of credit, other than solely extending commercial credit to a person who originates consumer credit transactions . . . (10) Collecting debt related to any consumer financial product or service

22. California Financial Code section 90003(a) provides in relevant part:

(a) It is unlawful for a covered person or service provider, as defined in subdivision (f) of Section 90005, to do any of the following:

(1) Engage, have engaged, or propose to engage in any unlawful, unfair, deceptive, or abusive act or practice with respect to consumer financial products or services.

(2) Offer or provide to a consumer any financial product or service not in conformity with any consumer financial law or otherwise commit any act or omission in violation of a consumer financial law

23. California Financial Code section 90005(f) provides in relevant part:

(f) “Covered person” means, to the extent not preempted by federal law, any of the following: (1) Any person that engages in offering or providing a consumer financial product or service to a resident of this state

24. California Financial Code section 90015(d), provides:

(1) If, in the opinion of the department, any person engages, has engaged, or proposes to engage in any activity prohibited by Section 90003 or 90004, the department may issue an order directing the person to desist and refrain from engaging in the activity, act, practice, or course of business.

(2) If that person fails to file a written request for a hearing within 30 days from the date of service of the order, the order shall be deemed a final order of the commissioner.

25. California Financial Code section 90015(c) provides, “[a]fter notice and an opportunity to be heard, the commissioner may, by order, assess penalties.”

26. California Financial Code section 90012(c) provides, in relevant part:

In any civil or administrative action brought pursuant to this division, the following penalties shall apply:

1 (1) Any person that violates, through any act or omission, any provision of
2 this division shall forfeit and pay a penalty pursuant to this subdivision.

3 (A) The penalty amounts are as follows:

4 (i) For any violation of this division, rule or final order, or condition
5 imposed in writing by the department, a penalty may not exceed the
6 greater of either five thousand dollars (\$5,000) for each day during which
7 the violation or failure to pay continues, or two thousand five hundred
8 dollars (\$2,500) for each act or omission in violation

9 **IV.**

10 **Desist and Refrain Order**

11 27. Based on the foregoing findings, the Commissioner is of the opinion that
12 Investigative Recovery Services LLC and Michael Jagroo are covered persons or service providers
13 that engaged in unlawful acts or practices, in violation of California Financial Code section
14 90003(a)(1), and offered or provided to a consumer any financial product or service not in
15 conformity with any consumer financial law or otherwise committed any act or omission in
16 violation of a consumer financial law, in violation of California Financial Code section 90003(a)(2),
17 including but not limited to California Financial Code section 100001(a) of the DCLA.

18 28. Pursuant to California Financial Code section 90015(d)(1), Investigative Recovery
19 Services LLC and Michael Jagroo are hereby ordered to desist and refrain from engaging in, or
20 proposing to engage in, unlawful acts or practices in collecting or attempting to collect any
21 consumer debt in violation of California Financial Code section 90003(a)(1), or offering or
22 providing to a consumer any financial product or service not in conformity with any consumer
23 financial laws, including but not limited to California Financial Code section 100001(a) of the
24 DCLA.

25 29. Furthermore, based on the foregoing findings, the Commissioner is of the opinion
26 that Investigative Recovery Services LLC and Michael Jagroo are covered persons or service
27 providers that engaged in unfair acts or practices with respect to consumer financial products or
28 services in violation of California Financial Code section 90003(a)(1).

30. Pursuant to California Financial Code section 90015(d)(1), Investigative Recovery
Services LLC and Michael Jagroo are hereby ordered to desist and refrain from engaging in, or

1 proposing to engage in, unfair acts or practices in collecting or attempting to collect any consumer
2 debt in violation of California Financial Code section 90003(a)(1).

3 31. This Desist and Refrain Order is necessary, in the public interest and consistent with
4 the purposes, policies, and provisions of the CCFPL. This Desist and Refrain Order shall remain in
5 full force and effect until further order of the Commissioner.

6 **V.**

7 **Order Assessing Penalties**

8 32. Pursuant to California Financial Code section 90015(c) and section 90012(c), and
9 after due consideration of possible mitigating factors and other appropriateness considerations per
10 California Financial Code section 90012(c)(1)(B), Investigative Recovery Services LLC and
11 Michael Jagroo, jointly and severally, are hereby ordered to pay the Commissioner a penalty of
12 \$10,000.00 within 30 days of the date of this order. This penalty shall be made payable in the form
13 of an Automated Clearing House deposit or cashier’s check made payable to the Department of
14 Financial Protection and Innovation. The cashier’s check shall be mailed to the attention of
15 “Accounting – Litigation” at Department of Financial Protection and Innovation, 2101 Arena
16 Boulevard, Sacramento, California 95834-2036. Notice of such payment shall be concurrently sent
17 to Trevor J. Carroll via e-mail at trevor.carroll@dfpi.ca.gov.

18 Dated: October 11, 2022
19 San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



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22 By: _____
23 MARY ANN SMITH
24 Deputy Commissioner
25 Enforcement Division
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