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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 THE COMMISSIONER OF FINANCIAL) DESIST AND REFRAIN ORDER AND
13 PROTECTION AND INNOVATION,) ORDER ASSESSING PENALTIES
14 Complainant,) (Cal. Fin. Code § 90015(b), (c), (d)(1))
15 v.)
16 STEIN & ROSS GROUP,)
17 Respondent.)
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 collections in 2014.” When asked whether Stein & Ross sent any request for wage garnishment as
2 claimed on August 24, 2022, George stated that “[i]t doesn’t show anything was sent for wage
3 garnishment.”

4 8. Stein & Ross’ statements in the Voicemail and phone calls in or around August 2022
5 violated California Civil Code section 1788.13(j) of the Rosenthal Fair Debt Collection Practices
6 Act (Rosenthal Act) (Cal. Civ. Code §§ 1788-1788.33), which prohibits falsely representing that a
7 legal proceeding has been, is about to be, or will be instituted unless payment of a consumer debt is
8 made.

9 9. In addition, Stein & Ross’ statements in the Voicemail and phone calls in or around
10 August and September 2022 were material and likely to mislead a consumer acting reasonably
11 under the circumstances, constituting deceptive acts or practices in violation of California Financial
12 Code section 90003(a)(1).

13 10. Stein & Ross also failed to provide at least one California consumer with any written
14 notification that included the following information required pursuant to title 15 of the United
15 States Code section 1692g(a) of the Fair Debt Collection Practices Act (FDCPA) (15 U.S.C. §§
16 1692 to 1692p), within five days of its initial communication regarding the alleged debt, in
17 violation of California Civil Code section 1788.17: (1) the amount of the debt; (2) the name of the
18 creditor to whom the debt is owed; (3) a statement that unless the consumer, within thirty days after
19 receipt of the notice, disputes the validity of the debt, or any portion thereof, the debt will be
20 assumed to be valid by the debt collector; (4) a statement that if the consumer notifies the debt
21 collector in writing within the thirty-day period that the debt, or any portion thereof, is disputed, the
22 debt collector will obtain verification of the debt or a copy of a judgment against the consumer and
23 a copy of such verification or judgment will be mailed to the consumer by the debt collector; and
24 (5) a statement that, upon the consumer’s written request within the thirty-day period, the debt
25 collector will provide the consumer with the name and address of the original creditor, if different
26 from the current creditor.

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Failure to Submit License Application in Violation of the DCLA

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

12. As of the current date, Stein & Ross failed to submit an application for a debt collector license. From January 1, 2022, through at least September 2022, there was no application pending denial or approval by the Department permitting Stein & Ross to engage in debt collection in California.

13. Beginning in or around at least August 2022 through at least September 2022, despite lacking licensure or a pending application during that period starting from January 1, 2022, Stein & Ross engaged in the business of debt collection in this state by attempting to collect a debt from at least one California consumer, in violation of California Financial Code section 100001(a), and engaged in additional unlawful and/or deceptive acts or practices, as described in paragraphs 5 through 9 above.

III.

Applicable Laws

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

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

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

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

1 “Consumer debt” or “consumer credit” as means money, property, or their
2 equivalent, due or owing, or alleged to be due or owing, from a natural
3 person by reason of a consumer credit transaction. The term “consumer
4 debt” includes a mortgage debt. The term “consumer debt” includes
5 “charged-off consumer debt” as defined in Section 1788.50 of the Civil
6 Code.

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

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

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

17 20. California Financial Code section 90005 provides in relevant part:

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

22 (e) “Consumer financial product or service” means either of the following:
23 (1) A financial product or service that is delivered, offered, or provided for
24 use by consumers primarily for personal, family, or household purposes . .

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

28 (k) “Financial product or service” means . . . (10) **Collecting debt** related
to any consumer financial product or service (emphasis applied.)

21. 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

1 products or services.

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

5 22. The following are consumer financial laws within the meaning of California
6 Financial Code section 90003(a)(2): the DCLA, the Rosenthal Act, and the FDCPA.

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

11 24. Section 1788.17 of the Rosenthal Act provides in relevant part:

12 Notwithstanding any other provision of this title, every debt collector
13 collecting or attempting to collect a consumer debt shall comply with the
14 provisions of Sections 1692b to 1692j, inclusive, of, and shall be subject
15 to the remedies in Section 1692k of, Title 15 of the United States Code . . .

16 25. Section 1692g of the FDCPA provides in relevant part:

17 (a) Notice of debt; contents

18 Within five days after the initial communication with a consumer in
19 connection with the collection of any debt, a debt collector shall, unless
20 the following information is contained in the initial communication or the
21 consumer has paid the debt, send the consumer a written notice
22 containing--

23 (1) the amount of the debt;

24 (2) the name of the creditor to whom the debt is owed;

25 (3) a statement that unless the consumer, within thirty days after receipt of
26 the notice, disputes the validity of the debt, or any portion thereof, the debt
27 will be assumed to be valid by the debt collector;

28 (4) a statement that if the consumer notifies the debt collector in writing
within the thirty-day period that the debt, or any portion thereof, is
disputed, the debt collector will obtain verification of the debt or a copy of
a judgment against the consumer and a copy of such verification or
judgment will be mailed to the consumer by the debt collector; and

(5) a statement that, upon the consumer's written request within the thirty-
day period, the debt collector will provide the consumer with the name
and address of the original creditor, if different from the current creditor . . .

1 following consumer financial laws:

- 2 a. Section 100001(a) of the DCLA;
- 3 b. Section 1788.13(j) of the Rosenthal Act;
- 4 c. Section 1788.17 of the Rosenthal Act;
- 5 d. Section 1692g(a) of the FDCPA.

6 30. Pursuant to California Financial Code section 90015(d)(1), Stein & Ross Group and
7 its managers, officers, directors, agents, owners, or employees, are hereby ordered to desist and
8 refrain from engaging in, or proposing to engage in, unlawful acts or practices in collecting or
9 attempting to collect any consumer debt in violation of California Financial Code section
10 90003(a)(1), or offer or provide to a consumer any financial product or service not in conformity
11 with any consumer financial laws, in violation of California Financial Code section 90003(a)(2),
12 including but not limited to violating the following:

- 13 a. Section 100001(a) of the DCLA;
- 14 b. Section 1788.13(j) of the Rosenthal Act;
- 15 c. Section 1788.17 of the Rosenthal Act;
- 16 d. Section 1692g(a) of the FDCPA.

17 31. Furthermore, based on the foregoing findings, the Commissioner is of the opinion
18 that Stein & Ross Group is a covered person or service provider that engaged in deceptive acts or
19 practices with respect to consumer financial products or services in violation of California Financial
20 Code section 90003(a)(1).

21 32. Pursuant to California Financial Code section 90015(d)(1), Stein & Ross Group and
22 its managers, officers, directors, agents, or employees, are hereby ordered to desist and refrain from
23 engaging in, or proposing to engage in, deceptive acts or practices in collecting or attempting to
24 collect any consumer debt in violation of California Financial Code section 90003(a)(1).

25 33. This Desist and Refrain Order is necessary, in the public interest and consistent with
26 the purposes, policies, and provisions of the CCFPL. This Desist and Refrain Order shall remain in
27 full force and effect until further order of the Commissioner.

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V.

Order Assessing Penalties

34. Pursuant to California Financial Code sections 90015(c) and 90012(c), and after due consideration of possible mitigating factors and other appropriateness considerations listed in California Financial Code section 90012(c)(1)(B), Stein & Ross Group is hereby ordered to pay the Commissioner a penalty of \$10,000.00 within 30 days of the date of this order. This penalty shall be made payable in the form of an Automated Clearing House deposit or cashier’s check made payable to the Department of Financial Protection and Innovation. The cashier’s check shall be mailed to the attention of “Accounting – Litigation” at Department of Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California 95834-2036. Notice of such payment shall be concurrently sent to Sophia C. Kim via e-mail at Sophia.Kim@dfpi.ca.gov.

Dated: October 11, 2022
Los Angeles, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division