

1 engage in the business of debt collection in this state without first obtaining a license.”

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

5 13. Financial Code section 100002(f) provides:

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

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

13 15. Financial Code section 100002(j) provides:

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

21 16. Financial Code section 90005 provides in relevant part:

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

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

(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 . . .

(k) “Financial product or service” means . . . (1) extending credit and
servicing extensions of credit. . . (10) *Collecting debt* related to any
consumer financial product or service . . . (emphasis added.)

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

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

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

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

9 18. The following laws are consumer financial laws within the meaning of Financial
10 Code section 90003, subdivision (a)(2):

11 19. Civil Code section 1788.10 of the Rosenthal Act provides in relevant part:

12 No debt collector shall collect or attempt to collect a consumer debt by
13 means of the following conduct: . . . (e) The threat to any person that
14 nonpayment of the consumer debt may result in the . . . the seizure,
15 garnishment, attachment or sale of any property or the garnishment or
16 attachment of wages of the debtor, unless such action is in fact
17 contemplated by the debt collector and permitted by the law. . . .

18 20. Civil Code section 1788.13 of the Rosenthal Act provides in relevant part:

19 No debt collector shall collect or attempt to collect a consumer debt by
20 means of the following practices: (a) Any communication with the debtor
21 other than in the name either of the debt collector or the person on whose
22 behalf the debt collector is acting;. . . (i) The false representation of the
23 true nature of the business or services being rendered by the debt collector;
24 (j) The false representation that a legal proceeding has been, is about to be,
25 or will be instituted unless payment of a consumer debt is made; (k) The
26 false representation that a consumer debt has been, is about to be, or will
27 be sold, assigned, or referred to a debt collector for collection. . . .

28 21. Civil Code 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

22. 15 U.S.C. 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

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

17 23. Financial Code section 90015, subdivision (d), provides:

18 (1) If, in the opinion of the department, any person engages, has
19 engaged, or proposes to engage in any activity prohibited by Section
20 90003 or 90004, the department may issue an order directing the person
21 to desist and refrain from engaging in the activity, act, practice, or
22 course of business.

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

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

28 25. Financial Code section 90012, subdivision (c) provides, in relevant part:

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

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

(A) The penalty amounts are as follows:

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

IV.

Desist and Refrain Order

26. Based on the foregoing findings, the Commissioner is of the opinion that LSG is a covered person or service provider that engaged in unlawful acts or practices, in violation of Financial Code section 90003, subdivision (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 Financial Code section 90003, subdivision (a)(2), including but not limited to the following:

- a. Civil Code section 1788.10, subdivision (e) of the Rosenthal Act;
- b. Civil Code section 1788.13, subdivisions (a), (i), (j), and (k) of the Rosenthal Act;
- c. Civil Code section 1788.17 of the Rosenthal Act;
- d. 15 U.S.C. section 1692g(a) of the FDCPA;

27. Pursuant to Financial Code section 90015, subdivision (d)(1), LSG 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 in violation of Financial Code section 90003, subdivision (a)(1), or offer or provide to a consumer any financial product or service not in conformity with any consumer financial laws, including but not limited to the following:

- a. Civil Code section 1788.10, subdivision (e) of the Rosenthal Act;
- b. Civil Code section 1788.13, subdivisions (a), (i), (j), and (k) of the Rosenthal Act;
- c. Civil Code section 1788.17 of the Rosenthal Act;
- d. 15 U.S.C. section 1692g(a) of the FDCPA;

28. Furthermore, based on the foregoing findings, the Commissioner is of the opinion that LSG is a covered person or service provider that engaged in deceptive acts or practices with respect to consumer financial products or services in violation of Financial Code section 90003, subdivision (a)(1).

1 29. Pursuant to Financial Code section 90015, subdivision (d)(1), LSG and its managers,
2 officers, directors, agents, or employees, are hereby ordered to desist and refrain from engaging in,
3 or proposing to engage in, deceptive acts or practices in collecting or attempting to collect any
4 consumer debt in violation of Financial Code section 90003, subdivision (a)(1).

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

8 ///

9 ///

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

V.

Order Assessing Penalties – CCFPL (Fin. Code, § 90015, subd. (c))

31. Pursuant to Financial Code section 90015, subdivision (c) and section 90012, subdivision (c), and after due consideration of possible mitigating factors and other appropriateness considerations listed in section 90012, subdivision (c)(1)(B), LSG & Partners, LLC is hereby ordered to pay the Commissioner a penalty of \$15,000.00 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 Galen Yun via e-mail at Galen.Yun@dfpi.ca.gov.

Dated: March 2, 2023
Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division