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 Commissioner  
 2 MARY ANN SMITH  
 Deputy Commissioner  
 3 AMY J. WINN  
 Assistant Chief Counsel  
 4 SALLY HONG (State Bar No. 317754)  
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 5 Department of Financial Protection and Innovation  
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 8 Attorneys for Complainant  
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10  
 11 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
 12 OF THE STATE OF CALIFORNIA  
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14	In the Matter of:	)	
		)	
15	THE COMMISSIONER OF FINANCIAL	)	DESIST AND REFRAIN ORDER and
16	PROTECTION AND INNOVATION,	)	ORDER ASSESSING PENALTIES
		)	
17	Complainant,	)	
	v.	)	
18		)	
19	RM LEGAL,	)	(Cal. Fin. Code § 90015 (b), (c), (d)(1))
		)	
20	Respondent.	)	
		)	
21		)	
22		)	

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 25 The Complainant, the Commissioner of Financial Protection and Innovation (Commissioner)  
 26 of the Department of Financial Protection and Innovation (Department), is informed and believes,  
 27 and based on such information and belief, finds the following:  
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**I.**

**Introduction**

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

2. The Commissioner has jurisdiction over the regulation of persons who engage, have engaged, and propose to engage in offering or providing a consumer financial product or service in California and affiliated service providers under the California Consumer Financial Protection Law (Cal. Fin. Code §§ 90000-90019).

3. At all relevant times, RM Legal was a business entity of unknown form, with a purported mailing address at 9431 Haven Ave, Suite 100-145, Rancho Cucamonga, California 91730, with a phone number at (866) 430-9967, a fax number at (866) 254-7557, and an email address at support@rdsassociate.com.

**II.**

**Factual Background**

4. On or around November 2, 2022, a California resident (Consumer) received a call from an alleged process server, who informed the Consumer that: (1) a lawsuit had been filed against the Consumer for a delinquent debt; (2) that the processer server was at the Consumer’s P.O. Box to serve the documents; and (3) that the lawsuit might be avoided if the Consumer paid the delinquent debt. The process server did not identify what papers were being served to the Consumer, did not inform the Consumer of the case number of the lawsuit, did not specify which courthouse the lawsuit was being filed, and did not give any other indication that a lawsuit was actually filed. The alleged process server then directed the Consumer to call “legal” to resolve the issue and gave the Consumer the phone number for RM Legal.

5. The Consumer called RM Legal immediately after ending the phone call with the alleged process server. RM Legal, upon connecting with the Consumer, claimed that the original debt was associated with a Navy FCU account and that the Consumer must pay \$6,625.52 in order to resolve the debt.

1           6.       Fearing that this alleged debt might affect his future job prospects and vaguely  
2 remembering that he once had a consumer loan with Navy FCU, the Consumer immediately agreed  
3 to sign a debt settlement agreement with RM Legal on that very day.

4           7.       RM Legal sent the debt settlement agreement via email to the Consumer. According  
5 to the debt settlement agreement, Consumer would need to pay \$1,000 immediately, and then \$250  
6 per month thereafter until the remaining balance was fully paid off.

7           8.       Given that the Consumer was directed to “legal,” the Consumer believed that the  
8 person who answered the phone as RM Legal was an attorney. However, there is no record of RM  
9 Legal as a claim, credit, audit or legal department.

10          9.       The debt settlement agreement also had a picture of a blindfolded Lady Justice close  
11 to the upper right-hand corner of the document, which perpetuated the falsity that the Consumer was  
12 dealing with an attorney or a legal department.

13          10.      After making the first payment, the Consumer recalled that the debt was from a long  
14 time ago and likely time-barred. Subsequently, the Consumer demanded his money back and RM  
15 Legal returned his money.

16          11.      No notices or other written documents other than the debt settlement agreement were  
17 provided to the Consumer by RM Legal.

18          12.      The Commissioner finds RM Legal’s debt collection activities, including the offering  
19 of the debt settlement agreement, violated provisions of the Rosenthal Fair Debt Collection Practices  
20 Act (Rosenthal Act) (Cal. Civ. Code §§ 1788-1788.33), which prohibits the following:

21           a.       Falsely representing that collection letters, notices or other printed forms are  
22 being sent by or on behalf of a claim, credit, audit or legal department, in violation of California  
23 Civil Code section 1788.13(h);

24           b.       Falsely representing that a legal proceeding has been or is about to be  
25 instituted unless payment is made, in violation of California Civil Code section 1788.13(j);

26           c.       Sending a communication which gives the appearance of being authorized,  
27 issued, or approved by an attorney when it is not, in violation of California Civil Code section  
28 1788.16; and

1 d. In collecting or attempting to collect a consumer debt, failing to comply with  
2 provisions of sections 1692 to 1692p of the Fair Debt Collection Practices Act (FDCPA) (15 U.S.C.  
3 §§ 1692 – 1692p), in violation of California Civil Code section 1788.17.

4 13. The debt collection practices by RM Legal violated provisions of the FDCPA,  
5 including but not limited to the following:

6 a. Using false, deceptive or misleading representation or means in connection  
7 with the collection of any debt, in violation of title 15 of the United States Code section 1692e(2),  
8 (3), and (10); and,

9 b. Failing to provide certain notices within five days after the initial  
10 communication with a consumer in an attempt to collect debt, in violation of title 15 of the United  
11 States Code section 1692g(a).

12 Failure to Submit License Application in Violation of the DCLA

13 14. The DCLA, which became effective on January 1, 2021, requires persons engaged in  
14 the business of debt collection in California to be licensed beginning on January 1, 2022, pursuant to  
15 California Financial Code section 100001(a).

16 15. The Commissioner has not issued a license to RM Legal, authorizing it to engage in  
17 the business of debt collection under the DCLA. Furthermore, RM Legal has not applied for a  
18 license under the DCLA. RM Legal is not exempt from the licensing requirements of California  
19 Financial Code section 100001.

20 16. In or around November 2022, despite lacking licensure or a pending application, RM  
21 Legal engaged in the unlicensed business of debt collection in this state by attempting to collect a  
22 debt from at least one California consumer, in violation of California Financial Code section  
23 100001(a), by contacting a California consumer to collect on an alleged Navy FCU debt of  
24 \$6,625.52.

25 **III.**

26 **Applicable Law**

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

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

4           19.     California Financial Code section 100002(f) provides:

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

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

13           21.     California 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           22.     California 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 . . . (10) *Collecting debt* related  
to any consumer financial product or service . . . (emphasis added.)

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

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(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 . . . .

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

25. 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.

26. Section 1788.13 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: . . . (h) The false representation that collection letters, notices or other printed forms are being sent by or on behalf of a claim, credit, audit or legal department; (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.

27. Section 1788.16 of the Rosenthal Act provides in relevant part:

It is unlawful, with respect to attempted collection of a consumer debt, for a debt collector, creditor, or an attorney, to send a communication which simulates legal or judicial process or which gives the appearance of being authorized, issued, or approved by a governmental agency or attorney when it is not. Any violation of the provisions of this section is a misdemeanor punishable by imprisonment in the county jail not exceeding six months, or by a fine not exceeding two thousand five hundred dollars (\$2,500) or by both.

28. 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 . . .

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- 29. 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: (2) The false representation of (a) the character, amount, or legal status of any debt . . . (3) The false representation or implication that any individual is an attorney or that any communication is from an attorney . . . (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 . . .
  
- 30. 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 consumer has paid the debt, send the consumer a written notice containing--
    - (1) the amount of the debt;
    - (2) the name of the creditor to whom the debt is owed;
    - (3) a statement that unless the consumer, within thirty days after receipt of the notice, disputes the validity of the debt, or any portion thereof, the debt will be assumed to be valid by the debt collector;
    - (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...
  
- 31. 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, or an activity, act, practice, or course of business that violates a law, rule, order, or any condition imposed in writing on the person by the department, 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.







1 of \$30,000.00 to the Commissioner within 30 days of the date of this order. The penalty shall be  
2 made payable in the form of an Automated Clearing House deposit or cashier’s check payable to the  
3 Department of Financial Protection and Innovation and transmitted to the attention of “Accounting –  
4 Litigation,” at the Department of Financial Protection and Innovation, 2101 Arena Boulevard,  
5 Sacramento, California 95814-2306. Notice of the payment must be concurrently sent to the  
6 Commissioner’s Enforcement Counsel Sally Hong via e-mail at Sally.Hong@dfpi.ca.gov.  
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8 Dated: June 5, 2023  
9 San Francisco, California

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation



12 By: \_\_\_\_\_  
13 MARY ANN SMITH  
14 Deputy Commissioner  
15 Enforcement Division  
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