

**ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

In the Matter of the Unlicensed Activity of:

No. 08F-BD071-BNK

**JOSEPH, STEVEN & ASSOCIATES**  
9452 Telephone Road, Suite 227  
Ventura, California 93003**CONSENT ORDER**

Petitioner.

On July 22, 2008, the Arizona Department of Financial Institutions ("Department") issued a Notice of Hearing alleging that Petitioner had violated Arizona law. Wishing to resolve this matter in lieu of an administrative hearing, Petitioner does not contest the following Findings of Fact and Conclusions of Law, and consents to the entry of the following Order.

**FINDINGS OF FACT**

1. Petitioner Joseph, Steven & Associates ("JSA") is a California entity that is not and was not at any time material herein authorized to transact business in Arizona as a collection agency within the meaning of A.R.S. §§ 32-1001, *et seq.* The nature of JSA's business is that of soliciting claims for collection and collection of claims owed, due or asserted to be owed or due within the meaning of A.R.S. § 32-1001(2)(a).

2. JSA is not exempt from licensure as a collection agency within the meaning of A.R.S. § 32-1004(A).

3. On September 17, 2007, the Department received a complaint from an Arizona creditor ("Creditor") who states, in part, "On 8/9/07 I received a call from someone at Joseph, Steven & Associates who said they are a collection agency. He said he could recover past due bills & money owed to businesses... He assured me he **WOULD NOT DO ANYTHING** until the next week he would call back. The next day my customer calls me and said he would pay me but these people are harassing him!! They told him if he didn't pay them they would put a judgement [sic] on his credit report... Since I never signed anything I didn't think there "was a case." They called back and said they needed 22% to close the case which I disagreed with. Then my customer said they made a deal with him for \$1,000.00. The total amount owed is \$1800.00 I never signed anything - They are

1 scarring [sic] my customer about starting a lawsuit with him."

2 4. On October 4, 2007, the Department received the following from the Creditor:

3 a. A signed statement from the Creditor, who stated, "Here are the Letters my client  
4 received. Also the check he sent them. Also the original form that was faxed to  
5 me. Notice they wanted to settle with him for \$1,000.00;"

6 b. JSA's Client Agreement dated September 8, 2007;

7 c. A letter from JSA to Creditor's client ("Debtor") that stated, in part, "The balance  
8 of your account is as listed above. Our client has authorized us to release you  
9 from all responsibilities in regard to this debt for \$1,000. The payment must be in  
10 our office on or before August 10, 2007 as this offer will no longer be recognized  
11 by our office after August 10, 2007;"

12 d. Collection letters from JSA dated August 24 and August 27, 2007 sent to the  
13 Debtor. The letters stated, in part, "You have chosen to ignore our attempts to  
14 resolve the outstanding debt you owe to our client despite our efforts to do so in  
15 an amicable manner. There is presently due and owing to our client a balance of  
16 \$2,124.00. Unless we receive your payment in this amount within 10 days from  
17 the date of this letter, adverse collection activity will be ordered on this account.  
18 This may include a derogatory filing on your credit record, notification of credit  
19 reporting and rating agencies, and commencement of litigation in court that can  
20 increase the amount you owe by additional litigation expenses... **UNLESS YOU  
21 REMIT THE AMOUNT OWED BY THE ABOVE DEADLINE, BE  
22 PREPARED TO BE SERVED WITH A LEGAL SUMMONS AND  
23 COMPLAINT FOR A COURT APPEARANCE AS DEFENDANT IN THIS  
24 ACTION AGAINST YOU;**"

25 e. A statement dated September 4, 2007 and signed by the Debtor stating, in part,  
26 "...when I was contacted by Joseph Steven and was harassed for 3 days the first

1 day they called me 16 times the second day they did the same...they offered me  
2 1800.00 to settle then another person called me and made another deal then a 3  
3 person called and made another deal and so on the final price offered was  
4 \$1000.00 to be paid at western union this was negotiated within 2 days..." and

5 f. A copy of a check the Debtor sent to JSA via facsimile.

6 5. On January 8, 2008, the Department sent a letter to JSA stating that the Department had  
7 reason to believe that JSA was operating in Arizona without the benefit of a collection agency  
8 license, and gave JSA an opportunity to respond by January 29, 2008.

9 6. On February 28, 2008, Randy Chang ("Mr. Chang"), JSA's in-house attorney, replied to  
10 the Department by stating, "...[P]lease fax all the complaints to my attention... JSA has conducted  
11 a preliminary search of its system, but found no Arizona area codes... [I]n the absence of any  
12 legally recognizable licensing exemption, this is a prima facie evidence of unlicensed activity."

13 7. On March 3, 2008, the Department sent via facsimile a copy of the complaint filed by the  
14 Creditor to Mr. Chang, and provided Mr. Chang an opportunity to respond by March 25, 2008.

15 8. On March 21, 2008, the Department received an additional response from Mr. Chang  
16 who stated, in part, "Upon further investigation, we are able to locate the physical file... It appears  
17 that Joseph Steven & Associates (JSA) did collect \$500.00 from the debtor. We have instructed the  
18 accounts payable department to remit a refund check for the amount collected. JSA operates in  
19 multiple states; however, JSA associates are not authorized to collect or solicit Arizona debts...  
20 [W]e weren't able to locate this file in the system initially because the phone number didn't have an  
21 area code associated with it.

22 9. Based upon the above findings, the Department issued and served upon JSA an Order to  
23 Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order ("Cease and Desist  
24 Order") on June 2, 2008.

25 10. On July 1, 2008, Petitioner filed a Notice of Appeal and Request For Hearing to  
26 appeal the Cease and Desist Order.

1 CONCLUSIONS OF LAW

2 1. Pursuant to A.R.S. Title 6 and Title 32, Chapter 9 of the Arizona Revised Statutes, the  
3 Superintendent has the authority and the duty to regulate all persons engaged in the collection  
4 agency business and with the enforcement of statutes, rules, and regulations relating to collection  
5 agencies.

6 2. By the conduct, set forth in the Findings of Fact, JSA violated the following:

7 a. A.R.S. § 32-1021(A), by failing to make an original application to the  
8 Department upon forms prescribed by the Superintendent before conducting  
9 collection agency activity; and

10 b. A.R.S. § 32-1055(A), by conducting collection agency activity in Arizona  
11 without having first applied for and obtained a license.

12 3. JSA is not exempt from licensure as a collection agency within the meaning of A.R.S.  
13 § 32-1004(A).

14 4. The violations, set forth above, constitute grounds for: (1) the issuance of an order  
15 pursuant to A.R.S. § 6-137 directing Petitioner to cease and desist from the violative conduct and to  
16 take the appropriate affirmative actions, within a reasonable period of time prescribed by the  
17 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and  
18 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; and (3) an  
19 order or any other remedy necessary or proper for the enforcement of statutes and rules regulating  
20 collection agencies pursuant to A.R.S. §§ 6-123 and 6-131.

21 ORDER

22 1. JSA shall immediately stop all collection agency activity in Arizona until such time  
23 as Petitioner has obtained a collection agency license from the Superintendent as prescribed by  
24 A.R.S. § 32-1021.

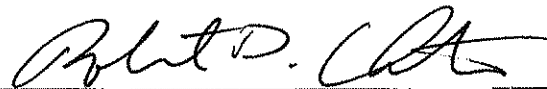
25 2. JSA shall immediately pay to the Department a civil money penalty in the amount of  
26 two thousand, five hundred dollars (\$2,500.00).

1 3. The provisions of this Order shall be binding upon Petitioner, and resolves the Notice  
2 of Hearing, subject to compliance with the requirements of this Order. Should Petitioner fail to  
3 comply with this Order, the Superintendent shall institute further disciplinary proceedings.

4 4. The provisions of this Order shall be binding upon Petitioner, its employees, agents,  
5 and other persons participating in the conduct of the affairs of JSA.

6 5. This Order shall become effective upon service, and shall remain effective and  
7 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,  
8 or set aside.

9 SO ORDERED this 28 day of August, 2008.

10 

11 Robert D. Charlton  
12 Assistant Superintendent of Financial Institutions

13 **CONSENT TO ENTRY OF ORDER**

14 1. Petitioner acknowledges that it has been served with a copy of the foregoing Findings  
15 of Fact, Conclusions of Law, and Order in the above-referenced matter, has read the same, is aware  
16 of its right to an administrative hearing in this matter, and has waived the same.

17 2. Petitioner admits the jurisdiction of the Superintendent and consents to the entry of  
18 the foregoing Findings of Fact, Conclusions of Law, and Order.

19 3. Petitioner states that no promise of any kind or nature has been made to induce it to  
20 consent to the entry of this Order, and that it has done so voluntarily.

21 4. Petitioner agrees to cease from engaging in the violative conduct set forth above in  
22 the Findings of Fact and Conclusions of Law, including ceasing all collection agency activity in  
23 Arizona until such time as Petitioner has obtained a collection agency license from the  
24 Superintendent as prescribed by A.R.S. § 32-1021.

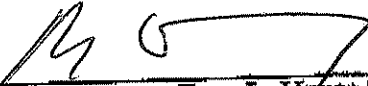
25 5. Petitioner acknowledges that the acceptance of this Agreement by the Superintendent  
26 is solely to settle this matter and does not preclude this Department, any other agency or officer of

1 this state or subdivision thereof from instituting other proceedings as may be appropriate now or in  
2 the future.

3 6. Randy Chang, on behalf of Joseph, Steven & Associates, represents that he is the in-  
4 house counsel, and that, as such, has been authorized by Joseph, Steven & Associates to consent to  
5 the entry of this Order on its behalf.

6 7. Petitioner waives all rights to seek judicial review or otherwise to challenge or contest  
7 the validity of this Consent Order.

8 DATED this 25<sup>th</sup> day of August, 2008.

9  
10 By:   
11 Randy Chang, Esq., In-House Counsel for:  
12 Joseph, Steven & Associates

13  
14  
15 ORIGINAL of the foregoing filed this 28<sup>th</sup>  
16 day of August, 2008, in the office of:

17 Felecia A. Rotellini  
18 Superintendent of Financial Institutions  
19 Arizona Department of Financial Institutions  
20 ATTN: Susan Longo  
21 2910 N. 44th Street, Suite 310  
22 Phoenix, AZ 85018

23 COPY mailed same date to:

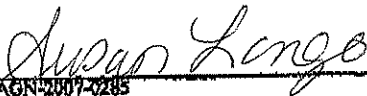
24 Thomas Shedden, Administrative Law Judge  
25 Office of the Administrative Hearings  
26 1400 West Washington, Suite 101  
Phoenix, AZ 85007

Erin O. Gallagher, Assistant Attorney General  
Office of the Attorney General  
1275 West Washington  
Phoenix, AZ 85007

1 Robert D. Charlton, Assistant Superintendent  
 Richard Fergus, Division Manager  
 2 Tammy J. Seto, Senior Examiner  
 Arizona Department of Financial Institutions  
 3 2910 N. 44th Street, Suite 310  
 Phoenix, AZ 85018

4 AND COPY MAILED SAME DATE by  
 5 Certified Mail, Return Receipt Requested, to:

6 Charles Giles, Esq.  
 THE LAW OFFICE OF CHARLES M. GILES  
 7 2720 E. Broadway Blvd.  
 Tucson, AZ 85716  
 8 Attorney for Petitioner

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