

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Unlicensed Activity of:

No. 08F-BD067-BNK

3 **CEDRIA E. KING DBA RC RECOVERY**  
4 **SERVICES AND CEDRIA E. KING,**  
5 **OWNER**  
7412 S. 319th Avenue  
Tonopah, AZ 85354

**CONSENT ORDER**

Petitioners.

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8 On June 23, 2008, the Arizona Department of Financial Institutions ("Department") issued a  
9 Notice of Hearing, alleging that Petitioners had violated Arizona law. Wishing to resolve this matter  
10 in lieu of an administrative hearing, Petitioners consent to the following Findings of Fact and  
11 Conclusions of Law, and consent to the entry of the following Order.

12 FINDINGS OF FACT

13 1. Petitioner Cedria E. King dba RC Recovery Services ("RCRS") is an Arizona sole  
14 proprietorship that is not authorized to transact business in Arizona as a collection agency within the  
15 meaning of A.R.S. §§ 32-1001. *et seq.* The nature of RCRS's business is that of soliciting claims for  
16 collection and collection of claims owed, due, or asserted to be owed or due within the meaning of  
17 A.R.S. § 32-1001(A)(2)(a).

18 2. Petitioner Cedria E. King ("Ms. King") is the Owner of RCRS and is not authorized  
19 to transact business in Arizona as a collection agency within the meaning of A.R.S. §§ 32-1001  
20 *et seq.*

21 3. RCRS and Ms. King are not exempt from licensure as a collection agency within the  
22 meaning of A.R.S. § 32-1004(A).

23 4. On September 8, 2003, the Arizona Department of Revenue ("ADOR") forwarded a  
24 copy of a letter to the Department received from RCRS inquiring about the need for a collection  
25 agency license to collect default judgments in Arizona. Upon receipt of the letter from ADOR the  
26 Department sent a letter to RCRS and Ms. King on September 22, 2003, requesting a response

1 regarding the possibility that RCRS was already engaged in the business of a collection agency. A  
2 second letter was sent by the Department on October 9, 2003, when no response was received. On  
3 October 15, 2003, the Department received a response from RCRS and Ms. King. The Department  
4 did not find RCRS to be in violation of the governing statute and on November 25, 2003, the  
5 Department issued a collection agency license to RCRS, #0905939. On February 1, 2005, the  
6 Department closed RCRS's collection agency license for failing to renew.

7 5. On September 5, 2007, the Department received a complaint letter from a client of  
8 RCRS who included a copy of an Acknowledgment of Assignment of Judgment. The document was  
9 signed by the complainant on September 9, 2006, and authorizes RCRS to collect Maricopa County  
10 Superior Court Case No. FN2004-091488 on behalf of the complainant and entitles RCRS to receive  
11 50% of the amount recovered. The complainant stated that she has experienced difficulty in  
12 obtaining an accurate accounting of monies RCRS has collected on her behalf. The Case  
13 Information sheet from the Superior Court's website for Justice Court lists a number of cases that  
14 judgment creditors have assigned to RCRS as the third party collector, while RCRS was unlicensed.

15 6. On October 12, 2007, the Department sent a letter to RCRS and Ms. King, stating that  
16 a complaint had been filed with the Department by a California resident, requesting that RCRS and  
17 Ms. King provide to the Department an accurate accounting of all funds collected on the  
18 complainant's behalf and a copy of the contract between RCRS and the complainant.

19 7. On October 15, 2007, RCRS responded by stating that on September 9, 2007 RCRS  
20 purchased Maricopa County Superior Court judgment number FN2004-091488 on a future pay  
21 basis. In its response, RCRS included a signed Agreement For Assignment or Purchase of  
22 Judgment, dated August 24, 2006, whereby RCRS purchased the outstanding \$11,576.96 judgment  
23 for \$10.00. The agreement requires RCRS to remit 50% of the amount collected to the Judgment  
24 Creditor, and 50% to RCRS. Additionally; the agreement allows RCRS to deduct any fees that were  
25 incurred such as court service, document fees and the like. RCRS stated that \$6,000.00 has been  
26 recovered on behalf of the Judgment and after \$148.50 in collection expenses RCRS owes the

1 complainant \$2,925.75 but cannot pay her since they do not have her current address.

2 8. On January 2, 2008, RCRS provided to the Department copies of twenty-one (21)  
3 Assignments of Judgment which were assigned to RCRS for collection by Judgment Creditors  
4 between February 2007 and December 2007, totaling \$182,354.12. Of that total, two Assignments  
5 reflected receipt of payments to the judgments, bringing the total amount to be collected by RCRS to  
6 \$179,114.12. The Department received supporting documentation regarding the twenty-one (21)  
7 files from RCRS on March 11, 2008.

8 9. Based upon the above findings, the Department issued and served upon RCRS and  
9 Ms. King an Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of  
10 Order ("Cease and Desist Order") on May 1, 2008.

11 10. On May 28, 2008, Petitioners filed a Request For Hearing to appeal the Cease and  
12 Desist Order.

### 13 CONCLUSIONS OF LAW

14 1. Pursuant to A.R.S. Title 6, Chapter 12 and Title 32, Chapter 9, the Superintendent has  
15 the authority and duty to regulate all persons engaged in the collection agency business and with the  
16 enforcement of statutes, rules, and regulations relating to collection agencies.

17 2. By the conduct set forth in the Findings of Fact, RCRS and Ms. King violated the  
18 following:

- 19 a. A.R.S. § 32-1021(A) by failing to make an original application to the  
20 Department upon forms prescribed by the Superintendent before conducting  
21 collection agency activity; and
- 22 b. A.R.S. § 32-1055(A) by conducting collection agency activity in Arizona  
23 without having first applied for and obtained a license.

24 3. RCRS and Ms. King are not exempt from licensure as a collection agency within the  
25 meaning of A.R.S. § 32-1004(A).

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**CONSENT TO ENTRY OF ORDER**

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1. Petitioners acknowledge that they have been served with a copy of the foregoing Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the same, are aware of their right to an administrative hearing in this matter, and have waived the same.

2. Petitioners admit the jurisdiction of the Superintendent and consent to the entry of the foregoing Findings of Fact, Conclusions of Law, and Order.

3. Petitioners state that no promise of any kind or nature has been made to induce them to consent to the entry of this Order, and that they have done so voluntarily.

4. Petitioners agree to cease from engaging in the violative conduct set forth above in the Findings of Fact and Conclusions of Law.

5. Petitioners acknowledge that the acceptance of this Agreement by the Superintendent is solely to settle this matter and does not preclude this Department, any other agency or officer of this state or subdivision thereof from instituting other proceedings as may be appropriate now or in the future.

6. Cedria E. King, on behalf of Cedria E. King dba RC Recovery Services and herself, represents that she is the Owner, and that, as such, has been authorized by Cedria E. King dba RC Recovery Services to consent to the entry of this Order on its behalf.

7. Petitioners waive all rights to seek judicial review or otherwise to challenge or contest the validity of this Cease and Desist Order.

DATED this 21<sup>th</sup> day of June, 2008.

By Cedria E King  
Cedria E. King dba RC Recovery Services  
and Cedria E. King, Owner

1 ORIGINAL of the foregoing filed this 21<sup>st</sup>  
2 day of July, 2008, in the office of:

3 Felecia A. Rotellini  
4 Superintendent of Financial Institutions  
5 Arizona Department of Financial Institutions  
6 ATTN: Susan L. Ross  
7 2910 N. 44th Street, Suite 310  
8 Phoenix, AZ 85018

9 COPY mailed/delivered same date to:

10 Michael G. Wales, Administrative Law Judge  
11 Office of Administrative Hearings  
12 1400 West Washington, Suite 101  
13 Phoenix, AZ 85007

14 Craig A. Raby, Assistant Attorney General  
15 Office of the Attorney General  
16 1275 West Washington  
17 Phoenix, AZ 85007

18 Richard Fergus, Division Manager  
19 Richard Traveler, Senior Examiner  
20 Arizona Department of Financial Institutions  
21 2910 N. 44th Street, Suite 310  
22 Phoenix, AZ 85018

23 AND COPY MAILED SAME DATE by  
24 Certified Mail, Return Receipt Requested, to:

25 Cedria E. King dba RC Recovery Services  
26 and Cedria E. King, Owner  
7412 S. 319th Avenue  
Tonopah, AZ 85354  
Petitioners

Cedria E. King dba RC Recovery Services  
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P.O. Box 1357  
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Petitioners

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