

**DEPARTMENT OF CONSUMER AFFAIRS
CITY OF NEW YORK**

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NYC DEPARTMENT OF CONSUMER AFFAIRS,

Complainant,

-against-

CONSENT ORDER

INTEGRATED ASSET RECOVERY
a.k.a.
FORSTER AND COLMES LLC

Violation No.: PL5287258

Respondent.

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Integrated Asset Recovery LLC (“Respondent”) consents to this Consent Order to settle the above-captioned violation with the Department of Consumer Affairs (the “Department”) and agrees as follows:

ACKNOWLEDGMENT OF SERVICE

1. Respondent acknowledges receipt of the Amended Notice of Hearing dated May 25, 2012 in the above-captioned matter, which charged it with violating Sections 20-490 (unlicensed activity) and 20-700 (deceptive trade practices) of the New York City Administrative Code (the “Code”) and Sections 5-77(b)(2) (impermissible contact with third parties), (b)(3) (communicating to a third party a threat in violation of Section 5-77(d)(3)), (d)(2) (falsely representing that a debt collector is an attorney), (d)(3) (threatening that the nonpayment of a debt will result in the consumer’s arrest, (d)(12) (using false representations or deceptive means to collect a debt), (d)(13) (using a false name), (d)(14) (misrepresenting the amount, character, or legal status of a debt), and (e)(1) (attempting to collect a debt not authorized by contract or permitted by law) of Title 6 of the Rules of the City of New York (the “Rules”).

DEFINITIONS

For purposes of this Consent Order:

2. “Advertisements” shall mean all promotional materials, statements, websites, or other representations of any kind disseminated in print, orally, or electronically to consumers or creditors by or on behalf of Respondent.

3. “Clearly and conspicuously” shall mean easily readable disclosure of information on an advertising statement, made in a manner that is readily apparent. Factors to be considered for this purpose include but are not limited to use of relative type size, font, color contrast, and location within an advertisement.

4. “Consumer reporting agency” shall mean any person or entity which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties.
5. “Debt” shall be defined as set forth in Section 20-489(c) of the Code.
6. “Employee” means any person presently or formerly employed for hire including, but not limited to, independent contractors, any person who manages or oversees the work of another, and any person whose earnings are based in whole or in part on salary or commission for work performed.
7. The term “New York City consumer” means any natural person who resided in New York City at any time relevant to the collection of a debt.
8. “Reasonable investigation” shall mean an investigation in which Respondent objectively evaluates, weighs, and documents the relevant information and circumstances which may include: the reliability of the information on which Respondent relies in collecting or attempting to collect the debt, including the credibility of the source of that information; the accuracy and completeness of any information from the credit originator, taking into account the reliability and source of the information; the accuracy and completeness of any information Respondent has obtained or may obtain from third party sources, including data aggregators, brokers or consumer reporting agencies; the strength and credibility of any information provided by the consumer questioning, disputing, or challenging the accuracy or completeness of such information or otherwise obtained by Respondent and the responsiveness of the consumer to reasonable requests for information; the nature and frequency of disputes received by Respondent about accounts within the same portfolio; with respect to information obtained from the consumer, the methods used by Respondent to collect the information, which shall be in compliance with all applicable laws; and any other reliable information that confirms, contradicts, or calls into question the accuracy or completeness of such information.
9. “Usurious loan” is a loan with an initial principal of less than \$250,000, for which the annual percentage rate of interest exceeds the rate specified by Section 14-a of the New York Banking Law, that is void under Section 5-511 of the New York General Obligations Law.

INJUNCTIVE RELIEF

A. Licensing

10. For three (3) years following the execution of this Consent Order:
 - a. Respondent shall not act as a debt collection agency, as defined by Section 20-489 of the Code, with respect to New York City consumers.
 - b. Respondent shall not apply for a debt collection agency license from the Department.

c. Respondent shall clearly and conspicuously include the disclosure “Not licensed by the New York City Department of Consumer Affairs to collect debts from New York City consumers.” in close proximity to any reference to licensing or registration on any websites it owns, controls, or maintains, in which it promotes or references debt collection, including www.iarllc.com and www.forstercolmes.com, and in all other advertisements. Respondent shall also clearly and conspicuously include this disclosure prominently on the front page of any such website.

d. Respondent shall not solicit for collection debt portfolios that include purported debts of New York City consumers.

11. Respondent shall include the following with any application for a license from the Department:

- a. A copy of this Consent Order.
- b. A copy of Respondent’s policies and procedures, as described in Paragraph 14(a).
- c. A list containing:
 - i. The jurisdictions from which it or any of its principals holds a license to collect debts.
 - ii. The jurisdictions which denied it or any of its principals a license.
 - iii. The jurisdictions which revoked or suspended its license or the license of any of its principals.
 - iv. The jurisdictions which imposed penalties or sanctions on it or any of its principals.

B. Prohibited Debt Collection Practices

12. If Respondent obtains a license from the Department, Respondent shall not:

- a. Violate any section of the following:
 - i. Chapter 1 of Title 20 of the Code or Chapter 1 of the Rules (Admin. Code § 20-101 et seq. and 6 RCNY § 1-01 et seq., the “Licensing Law”).
 - ii. Chapter 2, Subchapter 30 of Title 20 of the Code or Chapter 2, Subchapter S of the Rules (Admin Code § 20-488 et seq. and 6 RCNY § 2-190 et seq., the “Debt Collection Agency Law”).
 - iii. Chapter 5, Subchapter 1 of Title 20 of the Code or Chapter 5 Subchapter A of the Rules (Admin. Code § 20-700 et seq. and 6 RCNY § 5-01 et seq., the “Consumer Protection Law”).

- b. Collect or attempt to collect debts from New York City consumers unless it has obtained: (i) a copy of the debt document issued by the originating creditor or an original written confirmation evidencing the transaction from which the debt to the originating creditor arose, either of which must have been created or generated before default on the debt; and (ii) a copy of the final statement of account issued by the originating creditor and a document itemizing: (1) the total amount remaining due on the total principal balance of the debt to the originating creditor and (2) each additional charge or fee alleged to be due that separately (A) lists the total for each charge or fee and the date that each charge or fee was incurred; and (B) identifies and describes the basis of the consumer's obligation to pay it.
- c. Falsely represent to any New York City consumer that it or its representative is an attorney.
- d. Threaten the arrest of any New York City consumer for purported nonpayment of a debt.
- e. Disclose the existence of any debt allegedly owed by a New York City consumer on an answering machine or voicemail message.
- f. Collect or attempt to collect debts from New York City consumers if those debts arise from usurious loans.
- g. Collect or attempt to collect debts from New York City consumers if those debts have been paid in full or settled pursuant to an oral or written agreement.
- h. Use any name other than an actual or fictitious name it has registered with the New York Department of State.
- i. Sell or provide to any other entity for the purpose of collection or attempted collection:
 - i. Any debt of a New York City consumer for which Respondent does not have the documentation described in Paragraph 12(b), whether or not the debt is contained in a debt portfolio.
 - ii. Any debt of a New York City consumer that arises from a usurious loan, whether or not the debt is contained in a debt portfolio.
 - iii. Any debt of a New York City consumer that has been paid in full, settled pursuant to an oral or written agreement.
 - iv. Any debt of a New York City consumer that is more than six (6) years old.

C. Affirmative Obligations

13. If Respondent obtains a license from the Department, Respondent shall engage in the following practices:

a. In each instance in which a New York City consumer, at any time, questions, disputes, or challenges the accuracy or completeness of the information on which Respondent is relying to collect or attempt to collect a debt, or a person acting reasonably would consider the information on which Respondent is relying to make any representation regarding either the existence or the amount of a debt to be facially unreliable, materially inaccurate, or missing material information, Respondent shall either:

i. Close the account, permanently terminate collection efforts with respect to the specific debt, and request deletion of that item of information from the consumer's credit reporting file; or

ii. Report that item of information as disputed to any consumer reporting agency to which the information was previously reported and conduct and complete a reasonable investigation into the accuracy or completeness of such information. If such disputes are raised during a telephone call with the consumer, Respondent may reasonably provide responsive information or pose reasonable questions to the consumer, in a manner that complies with applicable law, in an effort to resolve any such disputes raised by the consumer. If Respondent does not substantiate that the consumer owes the debt following a reasonable investigation, Respondent shall close the account, permanently terminate collection efforts with respect to the specific debt, and request deletion of that item of information from the consumer's credit reporting file. If Respondent does not complete its reasonable investigation within thirty (30) days from receipt of the dispute, Respondent shall request deletion of that item from the consumer's credit reporting file and cease collection activities until the reasonable investigation is complete. If as a result of its decision to permanently terminate collection efforts or if following a reasonable investigation, Respondent does not substantiate that the consumer owes the debt, Respondent shall not sell the debt or provide it to any other entity for the purpose of collection or attempted collection.

b. Respondent shall confirm in writing to any New York City consumer, within five (5) business days, any debt payment schedule or settlement agreement reached between Respondent and the consumer regarding the debt. Respondent's confirmation of the debt payment schedule or settlement agreement shall conform to Section 2-192 of the Rules.

c. With regard to any New York City consumer's debt that arises from a usurious loan, or a loan that has been paid in full or settled pursuant to an oral or written agreement, Respondent shall close the account, permanently terminate collection efforts with respect to the specific debt, and submit to any consumer reporting agency to which Respondent furnishes information, a request for deletion of any negative information from the consumer's credit report.

d. Respondent shall submit to any consumer reporting agency to which Respondent furnishes information a request for deletion of any negative information from Monifa Morgan's credit report related to her alleged debt to Payday Yes.

D. Policies, Procedures, and Training

14. Upon obtaining a license from the Department, Respondent shall:

- a. Implement policies and procedures to ensure that:
 - i. Respondent complies with each of the provisions of this Consent Order and the Licensing Law, the Debt Collection Agency Law, and the Consumer Protection Law.
 - ii. Respondent does not purchase, collect, or attempt to collect debts from New York City consumers if those debts arise from usurious loans. These policies and procedures shall include, but not be limited to, a screening process for debts which are likely to be usurious payday loans, such as those for which the original creditor's name contains the terms "Payday," "Cash," "Check," "Instant," "Advance," "Fast," "Now," or "Quick."
 - iii. Respondent conducts oversight and monitoring of employees, including monitoring of at least 5% of its employees' debt collection telephone calls, in such a manner that its employees do not know when they are and are not being monitored.
- b. Take and document appropriate disciplinary action against any employee who fails to comply with this Consent Order and the Licensing Law, the Debt Collection Agency Law, and the Consumer Protection Law. This action shall include but not be limited to suspending or terminating the employee's employment, agency, or other relationship with Respondent.
- c. Train all employees before they engage in any collection activities related to New York City consumers; train all employees within ten (10) days of their start date and all employees annually on the requirements of this Consent Order and all laws and rules relevant to the collection of debt from New York City consumers. This training shall include but not be limited to training on the prohibitions against falsely representing that the employee is an attorney and representing that the nonpayment of a debt will result in the arrest of a consumer.

E. Record Keeping

15. If Respondent obtains a license from the Department, Respondent shall maintain the following records:

- a. All records required by Section 2-193 of the Rules.
- b. A record identifying all employees, including name, address, phone number, email address, title, responsibilities, and any alias used for collection purposes.
- c. A record of any disciplinary actions against its employees, identifying employees as set forth in Paragraph 14(b).

- d. A log of employee training, identifying each employee as set forth in Paragraph 14(b).
 - e. A record of all debt portfolios purchased by Respondent.
 - f. A record of any insurance policies that provide coverage for litigation or investigations related to debt collection.
 - g. Copies of certified financial statements for Respondent.
 - h. A record of all calls monitored as required by Paragraph 14(a)(iii), including the date, time, and duration of each call, the number called, the number from which the call was made, and the name of the person reached during the call, and any notes taken during the call by either the monitor or the caller.
16. Respondent shall maintain the records described in this section for six (6) years from the date created or obtained by Respondent, except that recordings of conversations with consumers shall be retained for one (1) year after the date of the last conversation recorded on each completed recording tape.

COMPLIANCE WITH THIS CONSENT ORDER

17. Within ten (10) days of the execution of this Consent Order, Respondent shall advise the Department of the name of the officer it appoints to serve as the Compliance Officer responsible for overseeing and ensuring compliance with the terms of this Consent Order. Respondent shall advise the Department of any change of Compliance Officer within five (5) days of the change.
18. Respondent shall produce within ten (10) days of execution of this Consent Order proof that, pursuant to Paragraph 13(d), it has submitted to any consumer reporting agency to which Respondent furnishes information a request for deletion of any negative information from Monifa Morgan's credit report related to her alleged debt to Payday Yes.
19. Respondent shall submit a sworn affidavit, together with a Compliance Report from its Compliance Officer three (3) months following the execution of this Consent Order describing and documenting Respondent's compliance with this Consent Order.
20. Respondent shall submit a sworn affidavit, together with a Compliance Report from its Compliance Officer every six (6) months from the date of licensure describing and documenting Respondent's compliance with this Consent Order.
21. Respondent shall produce the following, electronically in the format indicated by the Department, within ten (10) days of receiving a request from the Department:
- a. Copies of any complaints Respondent receives regarding Respondent's attempts to collect debt purportedly owed by New York City consumers.
 - b. Copies of any complaints Respondent receives regarding Respondent's attempts to collect debt purportedly owed by consumers in other jurisdictions.

- c. The records Respondent is required to keep by this Consent Order or Section 2-193 of the Rules.
 - d. Transcripts of the recordings required by Section 2-193(b)(2) of the Rules.
 - e. Documents sufficient to identify the manner in which Respondent maintains its records.
22. Respondent shall respond to all subpoenas and document requests issued to it by the Department.
23. Nothing in this section shall be construed to obviate Respondent's responsibilities pursuant to Sections 1-14, 1-16, and 2-193 of the Rules.
24. Respondent shall report to the Department all pending actions, proceedings or investigations by government agencies against it within ten (10) days of being notified of such action, proceeding, or investigation.
25. Respondent shall make all possible efforts in good faith to resolve all consumer complaints filed with the Department within twenty (20) days of receipt of copies of those complaints, but in all instances, Respondent shall respond in writing to the Department regarding those consumer complaints within twenty (20) days of receipt of any complaints.

NON-COMPLIANCE WITH THIS CONSENT ORDER

26. A finding, after notice and hearing, that Respondent has committed a breach of the terms of this Consent Order shall constitute prima facie evidence of Respondent's lack of fitness to hold a license from the Department.
27. Any breach of any provision of this Consent Order shall constitute proof that no person who has an equity interest of 10% or more in Respondent's business, and/or significant managerial responsibility for the operation of Respondent's business, possesses the characteristics, including integrity, honesty, and fair dealing, required of persons who hold any license issued by the Department.
28. Upon a finding, after notice and hearing, that Respondent has committed violations of Section 20-490 of the Code, Respondent agrees that there shall be a presumption that Respondent engaged in continuous unlicensed activity from the day of execution of this Consent Order. Respondent shall pay five hundred dollars (\$500.00) for each violation of Section 20-490 of the Code.
29. Upon a finding, after notice and hearing, that Respondent has committed violations of this Consent Order, the Licensing Law, the Debt Collection Agency Law, or the Consumer Protection Law, Respondent shall pay one thousand dollars (\$1,000.00) for each violation as well as the Department's costs for investigation and litigation.
30. Respondent's failure to produce any of the documents required by this Consent Order, the Code, or the Rules shall constitute prima facie evidence that Respondent has failed to maintain

those records and that it is not in compliance with the underlying terms of the Consent Order, Law or Rule for which documents are required to be maintained.

31. Specific breaches of this Consent Order shall, in addition to a breach of this Consent Order, constitute independent and separate violations of any applicable Law or Rule. If the same conduct gives rise to both a breach of this Consent Order and a breach of the Licensing Law, the Debt Collection Agency Law, or the Consumer Protection Law, Respondent shall pay two (2) penalties as set forth in Paragraph 29: one (1) penalty for breach of the Consent Order and one (1) penalty for the breach of the applicable Law or Rule.

PENALTIES AND OTHER TERMS AND CONDITIONS

32. Respondent shall pay \$13,820.75 to the Department. Respondent shall provide a deposit toward this amount to the Department, upon execution of this Consent Order, a bank check, certified check, or money order in the amount of \$4,020.75 made payable to the New York City Department of Consumer Affairs, and delivered to the New York City Department of Consumer Affairs, Legal Division, Attn: Christine Santos, 42 Broadway, 9th Floor, New York, New York 10004. The balance shall be paid according to the attached payment agreement.

33. Respondent shall also provide to the Department, upon execution of this Consent Order, restitution in the form of a bank check, certified check, or money order in the amount of \$879.25 made payable to Monifa Morgan, and delivered to the New York City Department of Consumer Affairs, Legal Division, Attn: Christine Santos, 42 Broadway, 9th Floor, New York, New York 10004.

34. This Consent Order shall constitute the final disposition of the above-captioned matter only if this Consent Order is fully executed and the settlement deposit and restitution payment are received by the Department by June 29, 2012.

35. This Consent Order shall constitute a final order pursuant to Section 6-42(c) of the Rules.

WAIVER OF APPEALS

36. Respondent hereby agrees to waive any further right to a hearing and appeal on any of the matters referred to herein under Sections 20-104 and 20-105 of the Code or under Article 78 of the New York State Civil Practice Law and Rules.

DEPARTMENT'S AUTHORITY

37. The acceptance of this Consent Order by the Department shall not be deemed approval by the Department of any of Respondent's business practices, and Respondent shall make no representation to the contrary.

AGREEMENT BY PRINCIPALS

38. Michael J. Robinson and David Garlock, or any entity owned or controlled by either or both of them, shall comply with this Consent Order and all laws and rules relevant to the collection of debt from New York City consumers. Neither Michael J. Robinson, David Garlock,

nor any entity owned or controlled by either or both of them, shall apply for a debt collection agency license from the Department for three (3) years following the execution of this Consent Order.

39. If Mr. Robinson, Mr. Garlock, or any entity owned or controlled by either or both of them obtains a license from the Department, that person or entity shall comply with Paragraphs 11–13(c) and 14–25 of this Consent Order as though that person or entity were Respondent. That person or entity shall also be bound by Paragraphs 26–31 and 36 of this Consent Order.

MISCELLANEOUS

40. Respondent affirms that its current address is 15 Willow Ridge Drive, Floor 2, Amherst, New York 14228, that its current telephone number is (888) 665-2813, and its current email address is info@iarllc.com. Respondent appoints Michael J. Robinson as its designated agent who may be contacted regarding this Consent Order and any consumer complaints, represents that Mr. Robinson’s current email address is mike@iarllc.com, and acknowledges that the Department intends to use this email address to communicate official matters to Respondent and Respondent agrees to accept such communications. Respondent shall notify the Department in writing when its address, telephone number, and/or email address changes within ten (10) days of such change.

Agreed to for Integrated Asset
Recovery LLC by:

Accepted for Jonathan Mintz,
Commissioner of Consumer Affairs
for the City of New York by:

MARK R. DANNA
Attorney for Respondent

████████████████████
Staff Attorney


Signature

████████████████████
Signature

Date: 6/27/2012

Date: 7/9/2012

MICHAEL J. ROBINSON
Member, Integrated Asset Recovery
LLC

DAVID GARLOCK
Member, Integrated Asset Recovery
LLC


Signature


Signature

Date: 6/27/2012

Date: 6/27/2012