

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

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NYC DEPARTMENT OF CONSUMER AFFAIRS,

Complainant,

-against-

CONSENT ORDER

NORTHERN RESOLUTION GROUP, LLC,

Violation No. 01051281

Respondent,
-----X

Northern Resolution Group, 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:

ACKNOWLEDGEMENT OF SERVICE

Respondent acknowledges receipt of the Notice of Hearing dated February 10, 2014, which charged Respondent with violating Sections 20-490 and 20-105 of the New York City Administrative Code (“Admin. Code”) by engaging in unlicensed debt collection activity; and Title 6 of the Rules of the City of New York (“the Rules” or “6 R.C.N.Y.”) Section 5-77(d)(12), by falsely representing that it was authorized to collect debts in New York City, Section 5-77(d)(14) by falsely representing the legal status of payday loans as valid in New York, Section 5-77 (e)(1) by attempting to collect on payday loans, and Section 5-77(f)(2) by failing to provide a written validation notice containing the address for consumers to mail disputes.

DEFINITIONS

For purposes of this Consent Order:

1. “Debt collection agency” shall be defined as set forth in Section 20-489(a) of the Admin. Code.
2. “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.
3. 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.
4. The term “payday loan” means a small, short-term loan with an interest rate in excess of what is permissible under New York State’s criminal or civil usury statutes.

5. "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.
6. The term "tradeline" refers to consumer credit information reported by a furnisher to a consumer reporting agency.

INJUNCTIVE RELIEF

A. Licensing

Respondent shall not act as a debt collection agency, as defined by Section 20-489 of the Admin. Code, with respect to New York City consumers. Respondent understands that supplying tradelines to credit reporting companies with respect to New York City consumers constitutes debt collection for which a license is required.

7. Respondents shall not apply for a debt collection agency license from the Department for at least five (5) years, from the date of the Consent Order.
8. Respondent shall not solicit for collection debt portfolios that include purported debts of New York City consumers.
9. Should Respondent apply for a license with the Department in the future, Respondent shall include the following with the application:
 - a. A copy of this Consent Order.
 - b. A list containing:
 - i. The names of all debt collection agencies that are owned by Respondent or share common owners and principals.
 - ii. The jurisdictions from which Respondent or any of its principals holds a license to collect debts.
 - iii. The jurisdictions which revoked or suspended Respondent's license or the license of any of Respondent's principals.
 - iv. The jurisdictions which imposed penalties or sanctions on Respondent or any of its principals.

DEBT COLLECTION PRACTICES

B. Prohibited Conduct

10. If Respondent obtains a license from the Department, Respondent shall not:
- a. 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.
 - b. Collect or attempt to collect debts from New York City consumers if those debts arise from usurious loans, including payday loans.
 - c. 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 Respondents do not have the documentation described in Paragraph 10(a), 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

11. If Respondent obtains a license from the Department, Respondent shall engage in the following practices:
- a. Respondent shall comply fully with all relevant laws and rules related to debt collection from New York City consumers including, but not limited to: (a) the Licensing Law and Rules, Admin. Code Section 20-101 *et seq.* and 6 R.C.N.Y.

Sections 1-01 *et seq.*; (b) the Debt Collection Agencies Licensing Law and Rules, Admin. Code Sections 20-488 *et seq.* and 6 R.C.N.Y. Sections 2-190 *et seq.*; and (c) the Consumer Protection Law and Rules, Admin. Code Sections 20-700 *et seq.* and 6 R.C.N.Y. Sections 5-76 *et seq.*

- b. 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 a reasonable and truthful investigation into the accuracy or completeness of such information. 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 after the investigation the Respondent cannot 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.
- b. Respondent shall respond to New York City consumers who dispute alleged debts, regardless of whether those disputes are made orally or in writing.
- c. With regard to any New York City consumer's debt that arises from a usurious loan, 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.

COMPLIANCE WITH THIS CONSENT ORDER

- 12. Respondent shall submit to any consumer reporting agency to which Respondent furnish information a request for deletion of any tradeline information placed on New York City consumer credit reports.
- 13. Respondent shall produce within ten (10) days of execution of this Consent Order a sworn affidavit and documentary proof showing that it has submitted to all consumer

reporting agencies to which Respondent furnishes information a request for deletion of any tradeline information placed on New York City consumer credit reports.

14. Respondent shall produce copies of any complaints Respondent receives regarding Respondent's attempts to collect debt purportedly owed by New York City consumers, electronically or in the format indicated by the Department, within ten (10) days of receiving a request from the Department
15. Respondent shall respond to all subpoenas and document requests issued to it by the Department.
16. 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.
17. For the purposes of this Consent Order, Respondents shall, unless otherwise directed by the Department, send by first class mail, and contemporaneously by email, all notifications required by this Consent Order to the Department to the following addresses:

First Class Mail to:

LEGAL DIVISION
NYC Department of Consumer Affairs
42 Broadway, 9th Floor
New York, NY 10004

Email to: legaldebtcoll@dca.nyc.gov

CONSEQUENCES OF BREACH OF CONSENT ORDER

18. 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.
19. 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.
20. 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.

21. Respondent's failure to produce any of the documents required by this Consent Order, the Admin. Code, or the Rules shall constitute prima facie evidence that Respondent is not in compliance with the underlying terms of the Consent Order, Law or Rule for which documents are required to be maintained.
22. 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 21: 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

23. Respondent shall pay \$1,000 to the Department, due upon execution of this Consent Order. Payment shall be by bank check, certified check, or money order in the full amount 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: Shannon Bermingham, 42 Broadway, 9th Floor, New York, New York 10004.
24. This Consent Order shall constitute a final order pursuant to Section 6-42(c) of the Rules.

WAIVER OF APPEALS

25. Respondent hereby agrees to waive any further right to a hearing on, and appeal of and/or any challenge of, in any forum, the facts alleged by the above-referenced Notice of Hearing under Sections 20-104 and 20-105 of the Admin. Code or under Article 78 of the New York State Civil Practice Law and Rules.

AGREEMENT BY PRINCIPALS

26. John Mackinnon or any entity owned or controlled by him, shall comply with this Consent Order and all laws and rules relevant to the collection of debt from New York City consumers. John Mackinnon or any entity owned or controlled by him, shall not apply for a debt collection agency license from the Department for at least five (5) years following the execution of this Consent Order.
27. John Mackinnon shall notify the Department, within ten (10) days, if either joins or forms a new debt collection agency.

28. If John Mackinnon or any entity owned or controlled by him obtains a license from the Department, that person or entity shall comply with this Consent Order as though that person or entity were Respondent.

MISCELLANEOUS

29. 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.

30. The acceptance of this Consent Order resolves the charges in the Notice of Hearing. This Consent Order does not limit the Department's ability to bring charges for violations occurring after the date of execution for this Consent Order.

31. Nothing in this Consent Order shall be construed to limit in any way the authority of the Department to exercise its enforcement powers under Chapter 1, Title 20 or under Chapter 2, Title 20 of the Admin. Code.

Agreed to for Respondent by:

Mark D. Grossman
Attorney for Respondent


Signature

Date: 4/21/14

Accepted for the New York City
Department of Consumer Affairs by:


Staff Attorney


Signature

Date: 6/17/2014

John Mackinnon
Member, Northern Resolution Group,
LLC


Signature

Date: 4/18/2014