

15 FEB 25 PM 2: 26

DEPARTMENT OF CONSUMER AFFAIRS
CITY OF NEW YORK

-----X	
DEPARTMENT OF CONSUMER AFFAIRS,	CONSENT ORDER
Complainant,	
-against-	Violation No.: 05349391
THE BUREAUS, INC.,	License No.: 1119315
Respondent.	
-----X	

1. Respondent The Bureaus, Inc. ("TBI" or "Respondent") has been licensed by the New York City Department of Consumer Affairs (the "Department") as a debt collection agency pursuant to Section 20-490 of the New York City Administrative Code ("Admin. Code") since 2002.
2. Respondent seeks renewal of its debt collection agency license, No. 1119315.
3. The Department has reviewed Respondent's license renewal application, public records and records maintained by the Department, and Respondent's 2013 Renewal Information and Documentation Form, and information provided by Respondent.
4. The Department's findings are annexed as Attachment A.
5. Respondent does not admit to these violations, but consents to a Consent Order with the Department to obtain a license and to avoid further investigation and litigation with regard to the specific violations identified in Attachment A for the period from April 24, 2010 to the date of this Consent Order. This Consent Order does not constitute evidence and shall not be construed as a concession or admission.
6. Aristotle Sangalang, as President, represents and warrants that Aristotle Sangalang is authorized to enter into this Consent Order on behalf of Respondent.
7. This Consent Order shall apply to Respondent, its directors, officers, employees, representative agents, assignees, and successors. For the purposes of this

Consent Order, "employee" means any person employed for hire or permitted to work by Respondent including, but not limited to, any person who manages or oversees the work of another and any person whose earnings are based in whole or in part on commission for work performed for Respondent.

8. Respondent agrees to 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 Title 6 of the Rules of the City of New York ("6 R.C.N.Y." or "the Rules") 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.*

LICENSING

9. Respondent shall not act as a debt collection agency as defined in Section 20-489 of the Admin. Code at any time without holding a valid license from the Department.
10. Respondent shall provide complete and truthful responses in its license renewal application materials and all other documents submitted by Respondent to the Department.
11. Respondent shall ensure that process server individuals and agencies used in furtherance of its work as a debt collection agency licensed by the Department are licensed by the Department when required by subchapter 23 of the Admin. Code.
12. Upon the termination of Respondent's license by revocation, suspension, expiration, denial, surrender, cancellation, or operation of law Respondent shall immediately cease its debt collection activities with respect to New York City consumers and return its license(s) to the Department.

PAYDAY LOANS; USURIOUS LOANS

13. Respondent shall not purchase, collect, or attempt to collect debts from New York City consumers if those debts arise from usurious loans, including payday loans.
14. "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.

15. Respondent shall implement policies and procedures corresponding to paragraph 13 that include, but are not 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."
16. 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.

DISPUTED DEBT; CREDIT REPORTING

17. In addition to the requirements in Section 20-493.2 of the Admin Code and Sections 2-190 and 5-77(f) of 6 R.C.N.Y., Respondent shall engage in the following practices:
 - a. Whenever a New York City consumer questions, disputes, or challenges the information on which Respondent is relying to collect or attempt to collect a debt, 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. With regard to any New York City consumer's debt 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.

COLLECTION OF DEBTS OWED TO DEBT BUYERS

18. Respondent shall not collect or attempt to collect a debt owed or asserted to be owed to any buyer of delinquent debt from a New York City consumer unless each agreement transferring ownership of the debt included terms in which the seller warranted and represented that the information about the debt and the documentation supporting the debt were accurate and complete. This shall not limit any other requirements under the Law or Rules regarding documentation that must be obtained, maintained or transferred with a debt.

POLICIES, PROCEDURES AND TRAINING

19. Within thirty (30) days of execution of this Consent Order, Respondent shall:
 - a. implement and disseminate policies and procedures, to officers and any agent or employee having responsibility with respect to the collection of consumer debts from New York City consumers, to ensure compliance with the terms of this Consent Order and the requirements of all New York City Laws and Rules, set forth in paragraph 8;
 - b. provide training, to officers and any agent or employee having responsibility with respect to the collection of consumer debts, on the requirements of this Consent Order and the requirements of all New York City Laws and Rules, set forth in paragraph 8;
 - c. provide annual training, to officers and any agent or employee having responsibility with respect to the collection of consumer debts, no less frequently than once each year and more frequently if any New York City Laws and Rules are amended;
 - d. provide annual training, to all new officers and any agent or employee, no later than five (5) days from the time the employee assumes responsibility with respect to the collection of debts;
 - e. take and document appropriate disciplinary action against any employee who fails to comply with this Consent Order and the requirements of all New York City Laws and Rules, set forth in paragraph 8.

COMPLIANCE MONITORING AND REPORTING

20. Respondent shall appoint Aristotle Sangalang, who is a senior executive, to serve as the Compliance Officer responsible for ensuring adherence to the terms of this Consent Order. Such Compliance Officer has the following title: President.
 - a. The telephone number of such Compliance Officer is: 847-328-4300.
 - b. The address of such Compliance Officer is: 650 Dundee Rd, Suite 370, Northbrook, IL 60062.
 - c. The email address of such Compliance Officer is: asangalang@thebureaus.com.
21. If the identity of such Compliance Officer changes at any time, Respondent shall provide to the Department the name, title, telephone number, address, and email address of the replacing Compliance Officer within thirty (30) days of such change.
22. Within twenty (20) days of receipt of written notice from the Department, Respondent shall produce the following, electronically or in the format indicated by the Department, which are true and accurate and sworn to under the penalty of perjury:
 - a. Documents related to any provision of this Consent Order, including but not limited to:
 - i. Copies of any complaints Respondent received regarding Respondent's attempts to collect debt purportedly owed by New York City consumers.
 - ii. Transcripts of the recordings required by Section 2-193(b)(2) of the Rules.
 - iii. Documents sufficient to identify the manner in which Respondent maintains its records.
23. Without waiving its defenses and rights to object to overly broad or burdensome requests, Respondent shall respond to all subpoenas and document requests issued to it by the Department.
24. Nothing in this section shall be construed to obviate Respondent's responsibilities pursuant to Admin. Code Section 20-493(b); 6 R.C.N.Y. Sections 1-14, 1-16; and 2-193.
25. Respondent shall notify the Department of all pending actions, proceedings or investigations by government agencies against it within ten (10) days of being notified of such action, proceeding, or investigation.

26. 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.
27. For the purposes of this Consent Order, Respondent 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

Re: 2015 Consent Order

Email to: legaldebtcoll@dca.nyc.gov

28. For purposes of the compliance reporting and monitoring required by this Consent Order, the Department may only communicate through Aristotle Sangalang.

CONSEQUENCES OF BREACH OF CONSENT ORDER

29. 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.
30. Upon a finding, after notice and hearing, that Respondent has committed violations of this Consent Order, the Licensing Law, the Debt Collection Agency Licensing Law, or the Consumer Protection Law, Respondent shall pay one thousand dollars (\$1,000) for each violation as well as the Department's costs for investigation and litigation.
31. 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 has failed to maintain those records and is not in compliance with the underlying terms of the Consent Order, Law, or Rule for which documents are required to be maintained.

32. 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 or Rules, the Debt Collection Agency Law or Rules, or the Consumer Protection Law or Rules, Respondent shall pay two penalties as set forth in Paragraph 30: one penalty for breach of the Consent Order and one penalty for the breach of the applicable Law or Rule.

PENALTIES AND OTHER TERMS AND CONDITIONS

33. Respondent shall pay \$25,000 to the Department, due upon execution of this Consent Order. Payment shall be made 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.
34. This Consent Order shall constitute a final order pursuant to Section 6-42(c) of the Rules.

WAIVER OF APPEALS

35. Respondent waives Respondent's right to a hearing on, appeal of and/or any challenge of, in any forum, the facts alleged by the above-referenced Violation Number 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.

MISCELLANEOUS

36. 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.
37. The acceptance of this Consent Order resolves the findings made in this Consent Order in Attachment A. This Consent Order does not limit the Department's ability to bring charges for violations outside this time period.
38. The acceptance of this Consent Order does not limit the Department's ability, nor Respondent's obligation to respond to consumer complaints that arose prior to the date of this Settlement Order as set forth in the "Agreement Dated" field below.

39. 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 the Respondent by:

Accepted for Julie Menin, Commissioner of Consumer Affairs for the City of New York, by:

ARISTOTLE SAMCOVANI
Print Name

[REDACTED]
Print Name

PRESIDENT
Title

Staff Attorney
Title

[Signature]
Signature

[REDACTED]
Signature

2/18/2015
Date

2/26/2015
Date

Agreement Dated: 2/26/2015

Businesses licensed by the Department of Consumer Affairs (DCA) must comply with all relevant local, state and federal laws. Copies of New York City licensing and consumer protection laws are available in person at DCA's Licensing Center, located at 42 Broadway, 1st Floor, New York, NY, by calling 311, New York City's 24 hour Citizen Service Hotline, or by going online at www.nyc.gov/consumers.

ATTACHMENT A

- (1) Background – TBI Has Collected or Attempted to Collect From 1,794 New York City Consumers in the Past Two Years:
 - a. Question 17(A) of the 2013 Renewal Form asks: “In the past two years, did you collect or attempt to collect debts from any New York City consumers?”
Question 17(B) of the 2013 Renewal Form asks: “[H]ow many accounts did you collect or attempt to collect from New York City consumers in 2011?”

Question 17(C) of the 2013 Renewal Form asks: “[H]ow many accounts did you collect or attempt to collect from New York City consumers in 2012?”

- b. TBI answered “Yes” to Question 17(A), answered “829” to Question 17(B), and answered “965” to Question 17(C). TBI therefore admits that it collected or attempted to collect 829 accounts from New York City consumers in 2011 and 965 accounts from New York City consumers in 2012.

(2) TBI Failed to Provide a Complete Response to Question 5(B):

- a. Question 5(A) of the 2013 Renewal Form asks: “In the past five years, have you — or any person or entity that you listed in response to question 2 — had a business, professional, or occupational license denied, revoked, suspended, censured, or sanctioned?”
- b. Question 5(B) of the 2013 Renewal Form states: “If the answer to (A) is yes, you must attach the following to this application for each event: (i). a written statement or chart providing details of all events and proceedings and identifying: the type of license; the name and location of the court or agency; the relevant dates (e.g., date of event, etc.); and the current status of the proceedings; (ii). a copy of the document(s) stating the charges and allegations (e.g., complaint, Notice of Hearing, etc.); and (iii). a copy of any official document(s) demonstrating resolution of the proceeding or charges (e.g., final judgment).”
- c. 6 RCNY § 1-01.1(a) provides: “No applicant for a license or a renewal thereof shall fail to provide complete and truthful responses to all the information requested on an application for such license or renewal thereof and any documents related thereto.”
- d. 6 RCNY § 1-01.1(b) provides: “No applicant for a license or renewal thereof shall conceal any information, make a false statement or falsify or allow to be falsified any certificate, form, signed statement, application or report required to be filed with an application for a license that is to be issued by the department or for a renewal thereof.”
- e. TBI answered “Yes” to Question 5(A). TBI therefore admits in its 2013 Renewal Form that it “had a business, professional, or occupational license denied, revoked, suspended, censured, or sanctioned” in the past five years. Although TBI was required to respond to Question 5(B) by attaching a statement and supporting documentation for each event in which TBI had a “business, professional, or occupational license denied, revoked, suspended, censured, or sanctioned,” TBI failed to attach any statement or documents in response to Question 5(B).
- f. TBI violated 6 RCNY §1-01.1 by failing to provide a complete response to Question 5(B) of the 2013 Renewal Form.

(3) TBI Violated Requirements for Written Communications to Consumers and Made False Statements in Response to Question 20:

- a. Question 20(B)(i) of the 2013 Renewal Form asks: “[I]n each written communication to a New York City consumer, do you provide the consumer with: . . . a call-back number to a phone that is answered by a natural person?”
- b. Question 20(B)(iv) of the 2013 Renewal Form asks: “[I]n each written communication to a New York City consumer, do you provide the consumer with: . . . the name of the person to call back?”
- c. Question 20(B)(vi) of the 2013 Renewal Form asks: “[I]n each written communication to a New York City consumer, do you provide the consumer with: . . . your DCA license number?”
- d. 6 RCNY § 1-01.1(a) provides: “No applicant for a license or a renewal thereof shall fail to provide complete and truthful responses to all the information requested on an application for such license or renewal thereof and any documents related thereto.”
- e. 6 RCNY § 1-01.1(b) provides: “No applicant for a license or renewal thereof shall conceal any information, make a false statement or falsify or allow to be falsified any certificate, form, signed statement, application or report required to be filed with an application for a license that is to be issued by the department or for a renewal thereof.”
- f. Admin. Code § 20-493.1(a) requires, in relevant part, that a debt collection agency provide “[i]n any permitted communication with the consumer . . . (i.) a call-back number to a phone that is answered by a natural person, (ii.) the name of the agency, (iii.) the originating creditor of the debt, (iv.) the name of the person to call back, and (v.) the amount of the debt at the time of the communication.” (emphasis added).
- g. 6 RCNY § 1-05 requires, in relevant part: “[a]ny . . . letterhead . . . or other printed matter of a licensee must contain the license number assigned to the licensee by the [Department].”
- h. TBI answered “Yes” to Questions 20(B)(i), 20(B)(iv) and 20(B)(vi). TBI’s answers falsely indicated that TBI includes, in each written communication to a New York City consumer: (1) “a call-back number to a phone that is answered by a natural person,” (2) “the name of the person to call back,” and (3) “[TBI’s] DCA license number.” A review of Department records shows that TBI sent letters to New York City consumers in 2013 that failed to provide the consumers with a call-back number, the name of the person to call back, and TBI’s DCA license number. *See* CD500134716 (letter, dated February 27, 2013, from TBI to Xiomara Rodriguez, re: TBI file no. 414762246) (failing to identify call-back number, name of the person to call back person, and TBI’s DCA license number); CD500134718 (letter, dated April 8, 2013, from TBI to Lizbarbara Dominguez, re: TBI file no. 414971147) (failing to identify call-back number and TBI’s DCA license number).

- i. TBI violated 6 RCNY § 1-01.1 by falsely answering Questions 20(B)(i), 20(B)(iv) and 20(B)(vi) in its 2013 Renewal Form.
- j. TBI violated Admin. Code § 20-493.1(a) by failing to provide New York City consumers with “a call-back number to a phone that is answered by a natural person” in written communications it sent to New York City consumers.
- k. TBI violated Admin. Code § 20-493.1(a) by failing to provide New York City consumers with “the name of the person to call back” in written communications it sent to New York City consumers.
- l. TBI violated 6 RCNY § 1-05 by failing to include its DCA license number in written communications it sent to New York City consumers.

(4) TBI Violated Requirements for Debt Verification Requests:

- a. Question 21(A) of the 2013 Renewal Form asks: “Do you have policies and procedures in place to ensure that, upon receiving a New York City consumer’s request for verification of the debt, you will not attempt to collect or contact the consumer until after you provide the consumer with documentation of the debt?”
- b. Question 21(B) of the 2013 Renewal Form asks: “Do you have policies and procedures in place to ensure that, upon receiving a New York City consumer’s request for verification of the debt, you are able to provide the consumer with either: (i) a copy of the debt document issued by the originating creditor; or (ii) an original written confirmation evidencing the transaction resulting in the indebtedness to the originating creditor?”
- c. Admin. Code § 20-493.2(a) provides, in relevant part: “a debt collection agency shall not . . . [a]ttempt to collect or contact a consumer regarding a debt after such consumer requests verification for such debt until such agency furnishes such consumer written documentation identifying the creditor who originated the debt and itemizing the principal balance of the debt that remains or is alleged to remain due and all other charges that are due or alleged to be due.”
- d. 6 RCNY § 2-190(a) provides: “The written documentation identifying the creditor who originated the debt, which a debt collection agency is required to provide pursuant to § 20-493.2(a) of the Administrative Code, shall be a copy of the debt document issued by the originating creditor or an original written confirmation evidencing the transaction resulting in the indebtedness to the originating creditor. Computer documents or electronic evidence created or generated after default on the indebtedness shall not qualify as such confirmation.”
- e. 6 RCNY § 2-190(b) provides: “The written documentation itemizing the principal balance of the debt that remains or is claimed or alleged to remain due and all other charges that are due or claimed or alleged to be due, which a debt collection agency is required to furnish pursuant to § 20-493.2(a) of the

Administrative Code, shall consist of 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 indebtedness to the originating creditor and (2) each additional charge or fee claimed or alleged to be due that separately (i) lists the total for each charge or fee and the date that each charge or fee was incurred; and (ii) identifies and describes the basis of the consumer's obligation to pay it."

- f. TBI answered "Yes" to Questions 21(A) and 21(B). TBI therefore admits that it has "policies and procedures in place to ensure that, upon receiving a New York City consumer's request for verification of the debt, [TBI] will not attempt to collect or contact the consumer until after [TBI] provide[s] the consumer with documentation of the debt" and "[TBI is] able to provide the consumer with . . . a copy of the debt document issued by the originating creditor; or . . . an original written confirmation evidencing the transaction resulting in the indebtedness to the originating creditor."
- g. Notwithstanding TBI's representations about its policies and procedures for debt verification requests, TBI has violated Admin. Code § 20-493.2(a) and 6 RCNY § 2-190. Our review of complaints made by New York City consumers to the Department revealed that TBI violated Admin. Code § 20-493.2(a) by sending responses to New York City consumers' requests for verification of debts that failed to provide the "written documentation identifying the creditor who originated the debt" required by 6 RCNY § 2-190(a) and failed to provide the "written documentation itemizing the principal balance of the debt that remains or is claimed or alleged to remain due and all other charges that are due or claimed or alleged to be due" required by 6 RCNY § 2-190(b). For example:
 - i. In CD500134716 (Xiomara Rodriguez, re: TBI file no. 414762246), a New York City consumer sent TBI a letter dated February 20, 2013, requesting verification of a debt pursuant to Admin. Code § 20-493.2(a) and 6 RCNY § 2-190. TBI responded by sending the consumer a letter, dated February 27, 2012, in which TBI stated that "TBI received [the consumer's] request for validation" and that "[b]ased on the records of [TBI's] client, [TBI is] able to provide [the consumer] with the following information." TBI's February 27th letter included eight lines of data about the debt, including dates, balances, and an interest rate. TBI's February 27th letter also enclosed an "Assignment Bill of Sale" describing the sale of an unspecified portfolio of debts from HSBC Bank Nevada N.A. to Bureaus Investment Group Portfolio No. 16, LLC. TBI's February 27th letter failed to provide the consumer with the following required documents: (A) "a copy of the debt document issued by the originating creditor or an original written confirmation evidencing the transaction resulting in the indebtedness to the originating creditor"; (B) "a copy of the final statement of account issued by the originating creditor"; and (C) "a

document itemizing: (1) the total amount remaining due on the total principal balance of the indebtedness to the originating creditor and (2) each additional charge or fee claimed or alleged to be due that separately (i) lists the total for each charge or fee and the date that each charge or fee was incurred; and (ii) identifies and describes the basis of the consumer's obligation to pay it."

- ii. In CD500134718 (Lizbarbara Dominguez, re: TBI file no. 414971147), a New York City consumer sent TBI a letter dated January 11, 2013, requesting verification of a debt pursuant to Admin. Code § 20-493.2(a) and 6 RCNY § 2-190. TBI responded by sending the consumer a letter, dated April 8, 2013, in which TBI stated that "TBI received [the consumer's] request for validation" and that "[b]ased on the records of [TBI's] client, [TBI is] able to provide [the consumer] with the following information." TBI's April 8th letter included eight lines of data about the debt, including dates, balances, and an interest rate. TBI's April 8th letter failed to provide the consumer with the following required documents: (A) "a copy of the debt document issued by the originating creditor or an original written confirmation evidencing the transaction resulting in the indebtedness to the originating creditor"; (B) "a copy of the final statement of account issued by the originating creditor"; and (C) "a document itemizing: (1) the total amount remaining due on the total principal balance of the indebtedness to the originating creditor and (2) each additional charge or fee claimed or alleged to be due that separately (i) lists the total for each charge or fee and the date that each charge or fee was incurred; and (ii) identifies and describes the basis of the consumer's obligation to pay it."
- h. TBI violated Admin. Code § 20-493.2(a) and 6 RCNY § 2-190 by contacting New York City consumers regarding debts after consumers requested verification of the debts before furnishing the consumers with the required "written documentation identifying the creditor who originated the debt and itemizing the principal balance of the debt that remains or is alleged to remain due and all other charges."