

BEFORE THE ADMINISTRATOR, UNIFORM CONSUMER CREDIT CODE

STATE OF COLORADO

Case No.

**NOTICE OF DUTY TO ANSWER, NOTICE TO SET, NOTICE OF HEARING, AND
NOTICE OF CHARGES**

IN THE MATTER OF PRESTIGE FINANCIAL SOLUTIONS, INC. AND AMY THOMPSON,

Respondents.

TO: Prestige Financial Solutions, Inc.
Attn: Amy Thompson
5005 West 81st Place, Suite 401
Westminster, CO 80030

Ms. Amy Thompson
3061 West 92nd Avenue, Apt. 5-D
Westminster, CO 80031

NOTICE OF DUTY TO ANSWER

YOU ARE HEREBY NOTIFIED that, pursuant to § 24-4-105(2)(b), C.R.S. 2011, you are hereby required to file a written answer to the within Notice of Charges with the Office of Administrative Courts, 633 Seventeenth Street, Suite 1300, Denver, Colorado 80202, within 30 days after the mailing date of this Notice of Duty to Answer, Notice to Set, Notice of Hearing, and Notice of Charges. You must also mail a copy of such answer to the undersigned senior assistant attorney general for the Administrator, Uniform Consumer Credit Code, within the same 30-day period.

If you fail to file your written answer within said 30 days, an order entering a default decision may be issued without further notice against Prestige Financial Solutions, Inc. and Amy Thompson for the relief requested in the Notice of Charges or such other penalties as may be provided by law.

NOTICE TO SET

YOU ARE HEREBY NOTIFIED that, at **11:00 a.m. on February 24, 2012**, the undersigned attorney for the Administrator, Uniform Consumer Credit Code, State of Colorado, will appear at or telephone the Office of the Chief Administrative Law Judge, Office of

Administrative Courts, 633 Seventeenth Street, Suite 1300, Denver, Colorado 80202, in order to set a date and obtain a location for a hearing regarding the within Notice of Hearing and Notice of Charges. You may be present in person or by counsel, or you may make prior arrangements to be reached by telephone at the time and date specified above by contacting the undersigned attorney prior to the day of setting.

NOTICE OF HEARING

YOU ARE HEREBY NOTIFIED that pursuant to §§ 12-14.5-233, 24-4-104, and 24-4-105, C.R.S. 2011, a hearing will be held before an authorized administrative law judge at a time and location to be determined pursuant to the above Notice to Set. The purpose of this hearing is to determine whether Prestige Financial Solutions, Inc. and Amy Thompson have violated the following sections of the Colorado Uniform Debt-Management Services Act (2010)¹: C.R.S. § 12-14.5-217; C.R.S. § 12-14.5-219; C.R.S. § 12-14.5-220; C.R.S. § 12-14.5-223; C.R.S. § 12-14.5-226; C.R.S. § 12-14.5-227; and C.R.S. § 12-14.5-228.

YOU ARE FURTHER NOTIFIED that at the hearing in this matter you shall have the right to appear in person or by legal counsel; to present evidence in your own behalf; to cross-examine any witnesses presented by the Administrator; and to rebut any evidence presented by the Administrator. You also may have subpoenas issued on your behalf upon request to the administrative law judge.

NOTICE OF CHARGES

NATURE OF THE CLAIMS

1. In these difficult economic times, some Colorado consumers have turned to debt-management providers for help. Debt-management providers encourage consumers to default on their debts and then promise to assist the consumers by settling the consumers' debts for pennies on the dollar. But after paying thousands of dollars to a debt-settlement provider, consumers often discover that the provider has done nothing – or very little – to improve the consumers' financial situation. Recognizing the problems with the industry, the National Conference of Commissioners on Uniform State Laws (the "NCCUSL") approved and recommended for enactment in all states the Uniform Debt-Management Services Act in 2005, which Colorado adopted, with revisions, in 2008. The Colorado Uniform Debt-Management Services Act (the "DMSA") protects Colorado consumers by requiring that those who "offer to provide, contract to provide, or provide" debt-management services in Colorado be registered with the Administrator of the Uniform Consumer Credit Code and refrain from certain activities.

2. Respondent Prestige Financial Solutions, Inc. ("Prestige") is registered to provide debt-management services to Colorado residents. Pursuant to C.R.S. § 12-14.5-232(b), the Administrator conducted an examination of the business activities of Prestige to determine

¹ The Administrator's charges relate only to Respondents' pre-July 1, 2011 conduct.

whether those business activities complied with the DMSA. That examination revealed that Prestige's practices violate various requirements of the DMSA. Accordingly, the Administrator brings this action seeking to suspend or revoke Prestige's registration and to enjoin Respondents' unlawful business practices in the state of Colorado, and seeking consumer restitution, civil penalties, and attorneys' fees and costs.

PARTIES AND JURISDICTION

3. Laura E. Udis ("Udis") is the Administrator of the Uniform Consumer Credit Code. She is authorized under C.R.S. § 12-14.5-232 to enforce the DMSA by bringing civil actions against those that violate the act. In such actions, the Administrator may seek injunctive relief, consumer restitution, disgorgement, civil penalties, damages, and attorneys' fees and costs. See C.R.S. § 12-14.5-233. The Administrator has jurisdiction over Respondents and the subject matter of this proceeding.

4. Respondent Prestige is a Colorado corporation with its office and principal place of business located at 5005 West 81st Place, Suite 401, Westminster, Colorado 80030. Prestige has provided "debt-management services" to Colorado residents under C.R.S. § 12-14.5-202(10).

5. Upon information and belief, Respondent Amy Thompson ("Thompson") is the President and an owner of Prestige and, acting alone or in concert with others, she has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Prestige, including the acts and practices alleged in this Notice of Charges.

GENERAL ALLEGATIONS

a. The Debt-Management Services Act.

6. Laura E. Udis is the Administrator of the Uniform Consumer Credit Code in Colorado. The Administrator is responsible for, among other things, ensuring that those providing "debt-management services" to residents of Colorado ("provider" or "providers") are properly registered to conduct business in Colorado and comply with the provisions of the DMSA.

7. Under the DMSA, "debt-management services" means "services as an intermediary between an individual and one or more creditors of the individual for the purpose of obtaining concessions" C.R.S. § 12-14.5-202(10).

8. To provide debt-management services to residents of Colorado, a provider must obtain a certificate of registration from the Administrator. C.R.S. § 12-14.5-204. To obtain a certificate, a provider must supply information about itself, must meet specified requirements of competency, must obtain insurance against employee dishonesty, and must post a surety bond to ensure its compliance with the DMSA. C.R.S. §§ 12-14.5-205 through 12-14.5-214.

9. In addition, the DMSA establishes requirements for providers to meet in connection with their interaction with the individuals they serve. C.R.S. § 12-14.5-217 prescribes detailed information that must be provided before a provider may enter into an agreement with an individual. C.R.S. §§ 12-14.5-219 through 12-14.5-224 and § 12-14.5-228 govern the content of the agreement, including cancellation rights and limitations on the fees that may be charged. Other provisions address the performance and termination of agreements and miscellaneous other matters. C.R.S. §§ 12-14.5-225, 12-14.5-226, and 12-14.5-228. Providers must comply with these requirements as to all transactions entered into on or after January 1, 2008. C.R.S. § 12-14.5-240.

b. Respondents' Business Practices.

10. Respondent Prestige became registered with the Administrator as a debt-management services provider on September 29, 2008.

11. From August 2010 to December 2011, pursuant to C.R.S. § 12-14.5-232(b), the Administrator conducted a compliance examination of the business activities of Prestige to determine whether those business activities complied with the DMSA.

12. That examination found that Prestige's business practices violate various requirements of the DMSA.

13. To start, the agreements² under which Prestige provided debt-management services to Colorado consumers from January 1, 2008 through June 30, 2011 did not comply with the following subsections of C.R.S. § 12-14.5-219:

- a. (a)(2), providing that agreements must be signed and dated by the provider;
- b. (a)(3), providing that agreements must disclose the address of the consumer;
- c. (a)(6)(C), requiring that agreements disclose the schedule of payments to be made by or on behalf of the individual;
- d. (a)(6)(E), requiring that agreements disclose the creditors the provider believes will not participate in the plan;
- e. (a)(6)(F), requiring that agreements disclose that the provider will issue periodic accounting reports to the consumer;

² Prestige used 12 different agreements during this time period. Each of the violations detailed below was in at least one of the agreements. None of Prestige's agreements were fully compliant with the DMSA.

- f. (a)(6)(G), requiring that agreements disclose that the provider may terminate the agreement for good cause, upon return of unexpended money;
- g. (a)(6)(I), requiring that agreements disclose that the individual may contact the Administrator with any questions or complaints;
- h. (a)(6)(J), requiring that agreements provide contact information for the Administrator;
- i. (d)(1)(A), (B), and (C), requiring that agreements disclose the consumer's right to terminate the agreement without penalty or obligation; that the provider will refund 65 percent of any portion of the set-up fee that has not been credited against the settlement fee; and that following termination, all powers of attorney granted by the individual are revoked and ineffective;
- j. (d)(2), requiring that agreements provide that the individual authorizes any bank in which the provider has established a trust account to disclose to the Administrator any financial records relating to the trust account;
- k. (d)(3)(A) and (B), requiring that agreements disclose that within 5 days of learning of a creditor's decision to withdraw from a program, the provider would disclose the identity of the creditor and the consumer's right to modify or withdraw from the agreement; and
- l. (f)(1), providing that an agreement may not provide for the application of the law of any jurisdiction other than Colorado.

14. Further, the Colorado consumers on whose behalf Prestige performs debt-management services were not provided with the "Notice of Right to Cancel" disclosures in the form mandated by C.R.S. § 12-14.5-220.

15. Still further, the contracts under which Prestige provides debt-management services provide for a program cancellation fee of \$75, payment reschedule fee of \$25, and various other fees through its third-party trust-account providers, in violation of C.R.S. § 12-14.5-223(a). In at least one instance, Prestige allowed fees to be collected over less than half of the length of the plan as estimated at the inception of the plan, in violation of C.R.S. § 12-14.5-223(d)(2)(B).

16. In addition, Prestige does not comply with prerequisites for providing debt-

management services as detailed in the following subsections of C.R.S. § 12-14.5-217:

- a. (d) and (g), requiring that providers provide the “Important Information for You to Consider” disclosure;
- b. (b)(2), prohibiting providers from furnishing debt-management services unless the provider, through the services of a certified counselor or certified debt specialist, has prepared a financial analysis;
- c. (b)(3)(B), prohibiting a provider from providing debt-management services unless the provider, through the services of a certified counselor or certified debt specialist, has made a determination, based on the provider’s analysis of the information provided by the individual and otherwise available to it, that the plan is suitable for the individual and the individual will be able to meet the payment obligations under the plan;
- d. (c)(2), providing that before an individual assents to an agreement to engage in a plan, a provider shall inform the individual of the availability of assistance by a toll-free communication system or in person to discuss the financial analysis and the plan required by subsection (b); and
- e. (c)(3)(C) and (D), providing that before an individual assents to an agreement to engage in a plan, a provider shall, with respect to all creditors identified by the individual or otherwise known by the provider to be creditors of the individual, provide the individual with a list of creditors that the provider expects to not participate in the plan, and all other creditors.

17. Further, Prestige did not return to clients all funds held in the trust account immediately at cancellation or refund 65 percent of any portion of the set-up fee received pursuant to C.R.S. § 12-14.5-223(d)(2) that was not credited against settlement fees to consumers who terminated agreements, in violation of C.R.S. § 12-14.5-226(b)(1) and (2).

18. Moreover, Prestige did not provide monthly reports or reports upon termination of agreements, as required by § 12-14.5-227(a)(1) and (a)(2)(A).

19. In addition, Prestige’s powers of attorney did not contain the requisite limitation that Prestige could settle debts for not more than 50 percent of the actual balance of the debt owed a creditor at the time of settlement, in violation of C.R.S. § 12-14.5-228(a)(3).

20. Finally, Prestige’s internet website does not disclose on the home page, or on a

page that is clearly and conspicuously connected to the home page, the names of Prestige's principal officers, in violation of § 12-14.5-218(g)(3).

COUNT ONE
VIOLATIONS OF COLORADO DEBT-MANAGEMENT SERVICES ACT (C.R.S. § 12-14.5-219)

21. The Administrator incorporates by reference the allegations of paragraphs 1 through 20 above as if fully set forth herein.

22. The DMSA sets forth specific requirements concerning the content of agreements to provide debt-management services. C.R.S. § 12-14.5-219.

23. The agreements under which Prestige provides services do not contain the requisite content.

24. Therefore, Prestige has violated the DMSA.

25. Thompson caused Prestige to violate the DMSA and therefore is liable for its violations. See C.R.S. § 12-14.5-233.

26. As a result of Respondents' violations of the DMSA, the Administrator is entitled to registration suspension or revocation, injunctive relief, consumer restitution, civil penalties, and attorneys' fees and costs. See C.R.S. §§ 12-14.5-233 through 12-14.5-234.

COUNT TWO
VIOLATIONS OF COLORADO DEBT-MANAGEMENT SERVICES ACT (C.R.S. § 12-14.5-220)

27. The Administrator incorporates by reference the allegations of paragraphs 1 through 26 above as if fully set forth herein.

28. The DMSA provides for specific cancellation rights that consumers shall have, and sets forth the procedures providers must comply with in notifying consumers of their right to cancel an agreement. C.R.S. § 12-14.5-220.

29. Prestige does not comply with the requirements set forth in C.R.S. § 12-14.5-220.

30. Therefore, Prestige has violated the DMSA.

31. Thompson caused Prestige to violate the DMSA and therefore is liable for its violations. See C.R.S. § 12-14.5-233.

32. As a result of Respondents' violations of the DMSA, the Administrator is entitled

to registration suspension or revocation, injunctive relief, consumer restitution, civil penalties, and attorneys' fees and costs. See C.R.S. §§ 12-14.5-233 through 12-14.5-234.

COUNT THREE
VIOLATIONS OF COLORADO DEBT-MANAGEMENT SERVICES ACT (C.R.S. § 12-14.5-223)

33. The Administrator incorporates by reference the allegations of paragraphs 1 through 32 above as if fully set forth herein.

34. The DMSA prohibits providers from imposing fees except as expressly permitted by C.R.S. § 12-14.5-223.

35. Prestige imposes fees not permitted by C.R.S. § 12-14.5-223.

36. Therefore, Prestige has violated the DMSA.

37. Thompson caused Prestige to violate the DMSA and therefore is liable for its violations. See C.R.S. § 12-14.5-233.

38. As a result of Respondents' violations of the DMSA, the Administrator is entitled to registration suspension or revocation, injunctive relief, consumer restitution, civil penalties, and attorneys' fees and costs. See C.R.S. §§ 12-14.5-233 through 12-14.5-234.

COUNT FOUR
VIOLATIONS OF COLORADO DEBT-MANAGEMENT SERVICES ACT (C.R.S. § 12-14.5-217)

39. The Administrator incorporates by reference the allegations of paragraphs 1 through 38 above as if fully set forth herein.

40. The DMSA requires that providers provide consumers with certain cautionary disclosures and information, fully described in C.R.S. § 12-14.5-217.

41. Prestige does not provide the requisite disclosures and information.

42. Therefore, Prestige has violated the DMSA.

43. Thompson caused Prestige to violate the DMSA and therefore is liable for its violations. See C.R.S. § 12-14.5-233.

44. As a result of Respondents' violations of the DMSA, the Administrator is entitled to registration suspension or revocation, injunctive relief, consumer restitution, civil penalties, and attorneys' fees and costs. See C.R.S. §§ 12-14.5-233 through 12-14.5-234.

COUNT FIVE
VIOLATIONS OF COLORADO DEBT-MANAGEMENT SERVICES ACT (C.R.S. § 12-14.5-226)

45. The Administrator incorporates by reference the allegations of paragraphs 1 through 44 above as if fully set forth herein.

46. The DMSA sets forth specific procedures for terminating agreements and providing consumer refunds upon termination. C.R.S. § 12-14.5-226.

47. Prestige has failed to comply with the procedures mandated by C.R.S. § 12-14.5-226.

48. Therefore, Prestige has violated the DMSA.

49. Thompson caused Prestige to violate the DMSA and therefore is liable for its violations. See C.R.S. § 12-14.5-233.

50. As a result of Respondents' violations of the DMSA, the Administrator is entitled to registration suspension or revocation, injunctive relief, consumer restitution, civil penalties, and attorneys' fees and costs. See C.R.S. §§ 12-14.5-233 through 12-14.5-234.

COUNT SIX
VIOLATIONS OF COLORADO DEBT-MANAGEMENT SERVICES ACT (C.R.S. § 12-14.5-227)

51. The Administrator incorporates by reference the allegations of paragraphs 1 through 50 above as if fully set forth herein.

52. Under the DMSA, a provider must provide accountings on a monthly basis and upon termination. C.R.S. § 12-14.5-227.

53. Prestige has failed to provide the required accountings.

54. Therefore, Prestige has violated the DMSA.

55. Thompson caused Prestige to violate the DMSA and therefore is liable for its violations. See C.R.S. § 12-14.5-233.

56. As a result of Respondents' violations of the DMSA, the Administrator is entitled to registration suspension or revocation, injunctive relief, consumer restitution, civil penalties, and attorneys' fees and costs. See C.R.S. §§ 12-14.5-233 through 12-14.5-234.

COUNT SEVEN
VIOLATIONS OF COLORADO DEBT-MANAGEMENT SERVICES ACT (C.R.S. § 12-14.5-228(a)(3))

57. The Administrator incorporates by reference the allegations of paragraphs 1 through 56 above as if fully set forth herein.

58. Under the DMSA, if a provider takes a power of attorney that authorizes the provider to settle a debt, the power of attorney must expressly limit the provider's authority to settle the debt for not more than 50 percent of the actual balance of the debt owed at the time of settlement. C.R.S. § 12-14.5-228(a)(3).

59. Prestige's powers of attorney fail to include the required limitations.

60. Therefore, Prestige has violated the DMSA.

61. Thompson caused Prestige to violate the DMSA and therefore is liable for its violations. See C.R.S. § 12-14.5-233.

62. As a result of Respondents' violations of the DMSA, the Administrator is entitled to registration suspension or revocation, injunctive relief, consumer restitution, civil penalties, and attorneys' fees and costs. See C.R.S. §§ 12-14.5-233 through 12-14.5-234.

COUNT EIGHT
VIOLATIONS OF COLORADO DEBT-MANAGEMENT SERVICES ACT (C.R.S. § 12-14.5-218(g)(3))

63. The Administrator incorporates by reference the allegations of paragraphs 1 through 62 above as if fully set forth herein.

64. Under the DMSA, a provider that maintains an internet website shall disclose on the home page of its website, or on a page that is clearly and conspicuously connected to the home page by a link that clearly reveals its contents: the names of its principal officers. § 12-14.5-218(g)(3).

65. Prestige's website does not make such a disclosure.

66. Therefore, Prestige has violated the DMSA.

67. Thompson caused Prestige to violate the DMSA and therefore is liable for its violations. See C.R.S. § 12-14.5-233.

68. As a result of Respondents' violations of the DMSA, the Administrator is entitled to registration suspension or revocation, injunctive relief, consumer restitution, civil penalties,

and attorneys' fees and costs. See C.R.S. §§ 12-14.5-233 through 12-14.5-234.

PRAYER FOR RELIEF

ACCORDINGLY, the Administrator prays for entry of judgment in her favor and against Respondents, and requests the Court provide the following relief:

- A. Suspend or revoke Prestige's registration to provide debt-management services in Colorado;
- B. Issue a permanent injunction, enjoining Respondents from providing debt-management services to Colorado residents in violation of the DMSA's requirements;
- C. Impose civil penalties against Respondents under C.R.S. § 12-14.5-233;
- D. Order Respondents to make restitution of money to the persons aggrieved by the violations;
- E. Award costs, expenses, and attorneys' fees incurred by the Administrator;
- F. Award pre- and post-judgment interest; and
- G. Award such other relief as the Court deems proper and just.

DATED: Denver, Colorado
January 6, 2012

JOHN W. SUTHERS
Attorney General



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CERTIFICATE OF SERVICE

This is to certify that the within Notice of Duty to Answer, Notice to Set, Notice of Hearing, and Notice of Charges was duly served upon all parties herein by depositing copies of same in the United States mail, postage prepaid, at Denver, Colorado, this 6th day of January, 2012, addressed as follows:

Prestige Financial Solutions, Inc.
Attn: Amy Thompson
5005 West 81st Place, Suite 401
Westminster, CO 80030

Ms. Amy Thompson
3061 West 92nd Avenue, Apt. 5-D
Westminster, CO 80031


Michele A. Kendall