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STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE COMMISSIONER
OF INSURANCE

IN THE MATTER OF
THE LICENSURE OF
ALLIED INTERSTATE, LLC
A COLLECTION AGENCY
COLUMBUS, OHIO OFFICE

VOLUNTARY SETTLEMENT
AGREEMENT

NOW COME Allied Interstate, LLC, (hereinafter "Allied Interstate"), its Officers, Dan Montenegro and John Chesser, its Member, iQor US Inc., and the North Carolina Department of Insurance (hereinafter "Department"), hereby enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

WHEREAS, Allied Interstate is a limited liability corporation organized and existing under the laws of the State of Ohio; and

WHEREAS, the Department has the authority and responsibility for the enforcement of the provisions of Article 70 of Chapter 58 of the General Statutes of North Carolina applicable to Collection Agencies and the collection agency business; and

WHEREAS, Allied Interstate's office in Columbus, Ohio, was initially issued a permit to operate as a collection agency in in North Carolina pursuant to N.C.G.S. § 58-70-5 on October 29, 2001. Allied Interstate's also has offices in Plymouth, Minnesota, Charlotte, North Carolina, Dallas, Texas, Depew, New York, Houston, Texas, Noida, India, Pampanga, PH, Simi Valley, California, Tempe, Arizona, and Toronto, Canada which also hold permits to operate as a collection agency in North Carolina; and

WHEREAS, Dan Montenegro is Allied Interstate's President and Secretary and John Chesser is Allied Interstate's Vice President and Treasurer; and

WHEREAS, iQor US Inc. is the sole Member of Allied Interstate; and

WHEREAS, N.C.G.S. §58-70-10 provides that any person, firm, corporation, or association desiring to renew a permit issued pursuant to N.C.G.S. § 58-70-5 shall make application to the Commissioner of Insurance no less than 30 days prior to the expiration date of the then current permit; and

WHEREAS, N.C.G.S. § 58-70-40(e) provides, in pertinent part, that "A collection agency shall report to the Commissioner any administrative action taken against the collection agency by another state or by another governmental agency in this State within 30 days after the final disposition of the matter. This report shall include a copy of the order or consent order and other information or documents filed in the proceeding necessary to describe the action";

; and

WHEREAS, other state and governmental agencies entered into the following consent actions with Allied Interstate between 2010 and 2011:

- (1) In December 2010, the Hawaii Department of Commerce and Consumer Affairs entered into a Settlement Agreement with Allied Interstate;
- (2) In July 2010, the Maryland State Collection Agency Licensing Board entered into a Settlement Agreement and Consent Order with Allied Interstate;
- (3) In October 2010, the Federal Trade Commission ["FTC"] entered into a Consent Decree with Allied Interstate;
- (4) In January 2011, the Minnesota Department of Commerce ["MNDOC"] entered into a Cease and Desist Consent Order with Allied Interstate
- (5) In August 2011, the Ohio Attorney General's Office entered into a Consent Judgment with Allied Interstate; and
- (6) In September 26, 2011 the MNDOC entered into a Consent Order with Allied Interstate regarding the same issue and having the same administrative case number as (4) above; and

WHEREAS, the Department contends that the foregoing consent actions constitute administrative actions taken against Allied Interstate which Allied Interstate failed to report to the Department in accordance with the requirements of N.C.G.S. § 58-70-40(e);

WHEREAS, Allied Interstate contends that it unintentionally and inadvertently failed to report the August 2011 Consent Judgment with the Ohio Attorney General's Office;

WHEREAS, Allied Interstate contends that it unintentionally and inadvertently failed to report the September 2011 Consent Order with the MNDOC, most likely due to the similar subject matter already reported to the Department; and

WHEREAS, Allied Interstate disclosed the December 2010, July 2010, October 2010, and January 2011 administrative actions to the Department in response to Question 4 of the Background Questions of its 2011-2012 collection agency permit renewal applications; and

WHEREAS, since Allied Interstate had not previously reported these actions to the NCDOT, Allied Interstate was required, pursuant to N.C.G.S. § 58-70-40(e), to provide the

NCDOI with "a copy of the order or consent order and other information or documents filed in the proceeding necessary to describe the action." In addition, question 4 of the Background Questions of the renewal application clearly instructed Allied Interstate that it "must attach to this application a copy of a.) all complaints, answers, and responses to requests for admissions filed in such actions; and b.) all final orders, judgments, and written settlement agreements in such actions;" and

WHEREAS, Allied Interstate contends that it unintentionally and inadvertently failed to attach the documents required by N.C.G.S. § 58-70-40(e) and the 2011-2012 renewal application instructions. Instead, Allied Interstate merely provided brief written explanations of the four administrative actions; and

WHEREAS, N.C.G.S. § 58-70-40(c)(3) provides that "no collection agency shall be issued or be entitled to hold a permit if the Commissioner finds as to the applicant or permittee any one or more of the following conditions: . . . There is any materially false or misleading information in the permit application"; and

WHEREAS, the Department contends that Allied Interstate's explanation of the FTC administrative action was materially false or misleading; and

WHEREAS, on August 22, 2013, Gregory E. Harmer, Allied Interstate's then Vice President and Manager, participated in an informal conference with the Department in order to address allegations against Allied Interstate's collection agency permit arising out of its alleged violations of N.C.G.S. § 58-70-40(e); and

WHEREAS, Allied Interstate disagrees with the contention that its conduct rises to the level of materially false or misleading and instead contends that its alleged violations of N.C.G.S. § 58-70-40(e) are attributable to minor deficiencies in its internal collection agency license application and renewal process, that it became aware of these deficiencies prior to receiving the Department's informal conference notice, and that it began to explore options to ensure timely and thorough licensure renewals upon discovering these deficiencies; and

WHEREAS, as a result of its review, Allied Interstate engaged a third party vendor on March 31, 2013 to assist it with the filing of its collection agency license applications; and

WHEREAS, Mr. Harmer agreed to provide copies of the consent orders and settlement agreements which Allied Interstate entered into in 2010 and 2011 and the documents filed in the FTC proceeding as required by N.C.G.S. § 58-70-40(e) and to submit a written corrective action plan within 10 days after the informal conference; and

WHEREAS, Mr. Harmer subsequently produced the consent orders, settlement agreement, and documents filed in the FTC proceeding and submitted a written corrective action plan for Allied Interstate to the Department as agreed; and

WHEREAS, Allied Interstate has agreed to pay a civil penalty of five thousand dollars (\$5,000.00) for its alleged violations of N.C.G.S. § 58-70-40(e); and

WHEREAS, pursuant to N.C.G.S. § 58-2-70(g), the Commissioner of Insurance and the Department have the express authority to negotiate “a mutually acceptable agreement with any person as to the status of the person’s license or certificate or as to any civil penalty or restitution”; and

WHEREAS, the parties to this Agreement have reached a mutually agreeable resolution of this matter as set out in this Agreement.

NOW THEREFORE, in consideration of the promises and agreements set out herein, the Department, Allied Interstate, its Officers, and its Member hereby agree to the following:

1. Immediately upon signing this agreement, Allied Interstate shall pay a civil penalty of five thousand dollars (\$5,000.00) to the Department. The form of payment shall be certified check, cashier’s check or money order. The check or money order for the payment of this civil penalty shall be payable to the “North Carolina Department of Insurance.” Allied Interstate shall remit the civil penalty by certified mail, return receipt requested, to the Department along with a copy of this signed agreement. The civil penalty and the signed Agreement must be received by the Department no later than **December 6, 2013**. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. Allied Interstate, its Officers and Member shall comply with all provisions of Article 70 of Chapter 58 of the General Statutes of North Carolina and Title 11 of the North Carolina Administrative Code that are applicable to Allied Interstate.
3. This Agreement does not in any way affect the Department’s disciplinary power in any future or follow-up examination of Allied Interstate, or in any cases or complaints involving Allied Interstate. In the event that Allied Interstate, its Officers, Member, or any of its present or future locations fail to comply with this Agreement or otherwise fail to comply with the laws and rules applicable to Allied Interstate, the Department may take any administrative or legal action it is authorized to take.
4. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner of Insurance. Allied Interstate and its Officers and Member understand that N.C.G.S. § 58-70-40(c)(6) provides that its collection agency’s permit may be revoked if a partner or proprietor or officer of the collection agency has violated or refused to comply with an Order of the Commissioner.
5. Allied Interstate, its Officers, and its Member enter into this Agreement freely and voluntarily and with knowledge of their right to have an administrative hearing on

this matter. Allied Interstate, its Officers, and its Member understand that they may consult with an attorney prior to entering into this Agreement.

6. This Voluntary Settlement Agreement, when finalized will be a public record and will not be treated as confidential. Any and all permits issued by the Department to Allied Interstate shall reflect that Regulatory Action has been taken against the licensee following the execution of this Agreement. The Department is free to disclose the contents of this Agreement to third parties upon request or pursuant to any law or policy providing for such disclosure.
7. This Agreement shall become effective when signed by the parties.

ALLIED INTERSTATE, LLC

N.C. Department of Insurance

By: 

By: 

Angela K. Ford
Senior Deputy Commissioner

Date: 12-13-13

Date: January 2, 2014

Dan Montenaro

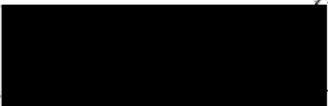


Date: 12-16-13

John Chesser

Date: _____

IQOR US INC.

By: 

Date: 12-16-13

