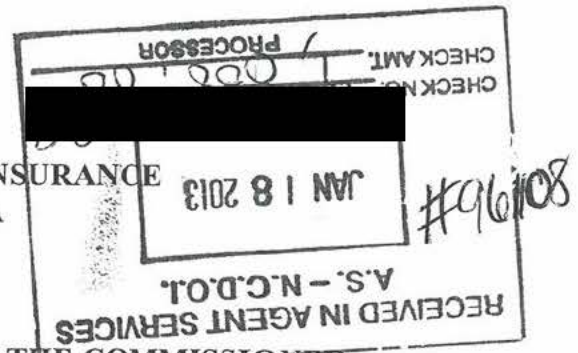


NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA



STATE OF NORTH CAROLINA  
COUNTY OF WAKE

BEFORE THE COMMISSIONER  
OF INSURANCE

IN THE MATTER OF  
THE LICENSURE OF  
GENERAL REVENUE CORPORATION  
A COLLECTION AGENCY  
CINCINNATI, OHIO OFFICE

VOLUNTARY SETTLEMENT  
AGREEMENT

NOW COME General Revenue Corporation, (hereinafter "GRC") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

WHEREAS, GRC is a corporation organized and existing under the laws of the State of Ohio;

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, GRC's offices in Cincinnati, Ohio, Indianapolis, Indiana, and Horseheads, New York were initially issued permits to operate as a collection agency in North Carolina pursuant to N.C.G.S. § 58-70-5 on February 16, 2004, May 18, 2005, and December 17, 2010, respectively;

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, GRC entered into a Consent Cease and Desist Order in February 2011 [February 2011 Consent Order] with the Minnesota Department of Commerce ["DOC"] which required that GRC, among other things: (a) cease and desist from submitting any and all debt collector registrations to the DOC until the Commissioner has verified that GRC has complied with certain conditions and (b) establish practices, procedures, and/or guidelines which include, but are not limited to, a screening process ["Screening Process"] to ensure that GRC does not submit debt collector registrations to

the DOC for individuals prohibited by Minn. Stat. ' 332.33 and/or otherwise known to be unqualified or unfit, and (c) submit its Screening Process to the Commissioner for review within five days of the date of the Consent Order;

**WHEREAS**, the February 2011 Consent Order provided that GRC may resume registering individual debt collectors after receiving notification that the Commissioner has completed his review of Respondent's Screening Process;

**WHEREAS**, GRC complied with the February 2011 Consent Order's requirement that it submit its Screening Process to the Commissioner for review and approval and was granted permission to continue submitting license applications and renewal applications for individual collectors in April 2011;

**WHEREAS**, in September 2011, GRC entered into a second Consent Order with the Minnesota DOC ["September 2011 Consent Order"]. The September 2011 Consent Order acknowledged that GRC had complied with the February 2011 Consent Order. However, the September 2011 further stated that the Commissioner is prepared to commence formal action against GRC based on the allegations that Respondent violated certain Minnesota statutes by failing to establish adequate screening procedures for individual collector applications, failing to properly screen applicants, and failing to notify the Commissioner of at least forty (40) employee terminations due to Minn. Stat. Section 332 violations;

**WHEREAS**, the September 2011 Consent Order provided that GRC agreed to an informal disposition of that matter and ordered that GRC: (a) cease and desist any further violations of the Minnesota statutes, (b) submit quarterly reports regarding applicants rejected under the Screening Process for the next 2 years, (c) report any debt collector terminations that occur as a result of their Screening Process for the June 30, 2011 through June 30, 2013 renewal periods, and (d) pay a civil penalty of \$50,000 to the State of Minnesota;

**WHEREAS**, N.C.G.S. § 58-70-40(e) provides 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.";

**WHEREAS**, GRC submitted applications to renew its collection agency permits in April, 2011 and June 1, 2012;

**WHEREAS**, GRC answered "Yes" to Question #2 on Section 3.2 Ethical Disclosures of its 2011 renewal applications, which asked: "In the Past 12 months, has the applicant or any of its owners, governing members and/or officers ever been involved in an administrative proceeding regarding any professional or occupational license?"



**WHEREAS**, Question #2 on Section 3.2 of the 2011 renewal applications instructed GRC to attach a copy of the following documents if it answered yes: (a) Written statement identifying the type of license and explaining the circumstances of each incident; (b) Notice of Hearing or other document that states the charges and allegations; and (c) Official document that demonstrates the resolution of the charges or any final judgment;

**WHEREAS**, GRC submitted the following written statement explaining the circumstances of an incident with the Minnesota Department of Commerce with its 2011 renewal applications:

In January 2011, [GRC] was notified by the Minnesota Department of Commerce that it was prepared to initiate formal action against GRC's Minnesota Collection Agency License as a result of allegations that GRC had "engaged in the practice of registering persons who are prohibited from being registered as debt collectors, and had failed to establish procedures to properly screen individual collector applicants for, among other things, criminal background checks prior to submitting the individual collector application or renewal applications for registration with the Commissioner." This matter arose from GRC inadvertently submitting an individual collector license renewal registration for an employee who had obtained a felon DUI subsequent to her original license application. The GRC licensing employee who submitted the renewal application was new to the job (less than 2 weeks in that position) and misinterpreted the statute that prohibited an individual with a felony conviction from being eligible for licensure as a debt collector under the Minnesota statutes. Although GRC disagreed with the State of Minnesota regarding the allegation that we "failed to establish procedures to properly screen individual collectors . . .", GRC agreed to enter into a Consent Cease & Desist Order and to suspend submitting license applications and renewals until GRC submitted its screening process to the Commissioner for review and approval. GRC has complied with this requirement, and the Minnesota Department of Commerce has approved GRC's screening process, and has given GRC the go ahead to once again begin submitting license applications and renewal applications for individual collectors.

**WHEREAS**, GRC also submitted a copy of the February 2011 Consent Order with its 2011 renewal applications with its response to Question #2 on Section 3.2 Ethical Disclosures;

**WHEREAS**, GRC did not report the February 2011 Consent Order to the Department within 30 days as required by N.C.G.S. § 58-70-40(e). However, GRC did report the February 2011 Consent Order through its responses to Question #2 on Section 3.2 Ethical Disclosures of its 2011 renewal applications;

**WHEREAS**, GRC never reported the September 2011 Consent Order to the Department as required by N.C.G.S. § 58-70-40(e). GRC again answered "Yes" to the same Question #2 on Section 3.2 Ethical Disclosures of its 2012 renewal applications. However, GRC failed to disclose the September 2011 Consent Order and to provide a

copy of that order with its response to Question #2. Instead, GRC submitted the same written statement regarding the February 2011 Consent Order and a copy of the same;

**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”;

**WHEREAS**, GRC’s response to Question #2 on Section 3.2 Ethical Disclosures of its 2012 renewal applications contained materially false or misleading information in that it failed to disclose the September 2011 Consent Order and to provide a copy of that Consent Order;

**WHEREAS**, GRC contends that it did not report the February 2011 and September 2011 Consent Orders because it was not aware of this requirement under N.C.G.S. § 58-70-40(e);

**WHEREAS**, GRC contends that its failure to reference the September 2011 Consent Order in the statement which it submitted with Question #2 on Section 3.2 Ethical Disclosures of its 2012 renewal applications and its failure to submit a copy of the September 2011 Consent Order with that response was due to an oversight on the part of the GRC employee who prepared the applications;

**WHEREAS**, GRC contends that it did not intend to provide materially false or misleading information by its response to Question #2 on Section 3.2 Ethical Disclosures of its 2012 renewal applications;

**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; and

**NOW THEREFORE**, in consideration of the promises and agreements set out herein, the Department and GRC hereby agree to the following;

1. Immediately upon signing this agreement, GRC shall pay a civil penalty of \$1000.00 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.” GRC 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 **January 18, 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. GRC 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 GRC.
3. This Agreement does not in any way affect the Department's disciplinary power in any future or follow-up examination of GRC, or in any cases or complaints involving GRC. In the event that GRC 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 GRC, 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. GRC understands that N.C.G.S. § 58-70-40(c)(6) provides that a 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. GRC enters into this Agreement freely and voluntarily and with knowledge of its right to have an administrative hearing on this matter. GRC understands that it 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 GRC 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. The Department routinely provides copies of voluntary settlement agreements to all companies that have appointed the licensee.
7. This Agreement shall become effective when signed by GRC and the Department.

This the 14<sup>th</sup> day of January, 2013.

General Revenue Corporation, Inc.

N.C. Department of Insurance

By:



Managing Director and  
Associate General Counsel

By:



Angela K. Ford  
Senior Deputy Commissioner

1-29-13