

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
MEDICREDIT, INC.
CA #4126, #103255, #102791, #113810,
#113811, and #114040

VOLUNTARY SETTLEMENT
AGREEMENT

NOW COME Medicredit, Inc. and the North Carolina Department of Insurance (hereinafter "Department") do hereby enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

WHEREAS, Medicredit, Inc. is a corporation organized and existing under the laws of the State of Missouri; 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, Medicredit, Inc.'s offices in Charlotte, North Carolina, Columbia, Missouri, Corona, California, Houston, Texas, Earth City, Missouri and Louisville, Kentucky each hold permits to operate as a collection agency in North Carolina issued pursuant to N.C.G.S. § 58-70-5 and the Department *is not* asserting that Medicredit, Inc. engaged in any collection activity without a valid permit; and

WHEREAS, N.C. Gen. Stat. § 58-70-50 provides that "All collection agencies licensed under this Part to do the business of a collection agency in this State, shall in all correspondence with debtors use stationary or forms which contain the permit number and the true name and address of such collection agency"; and

WHEREAS, due to an error in its letter formatting process, Medicredit, Inc.'s form collection letters sent to debtors in North Carolina contained the true name and address of the collection agency but did not contain the collection agency's permit number in violation of N.C. Gen. Stat. § 58-70-50. Medicredit, Inc. first discovered this error when it received a request from the Department in February 2020 asking Medicredit, Inc. to respond to a debtor's complaint regarding the noncompliant collection correspondence;

WHEREAS, Medicredit, Inc. has since investigated this matter and determined that due to the above referenced error, approximately 78,125 letters were sent out to North Carolina

debtors between June 2019 and March 2020 without the collection agencies' permit numbers in violation of N.C. Gen. Stat. § 58-70-50; and

WHEREAS, Mediacredit, Inc. has since undertaken corrective action by adding the permit numbers to all collection letters and by undertaking a proactive plan to monitor compliance with N.C. Gen. Stat. § 58-70-50 on an ongoing basis in order to insure that the violations do not recur; and

WHEREAS, Mediacredit, Inc. has agreed to pay a civil penalty of fifty-seven thousand five hundred and twelve dollars (\$57,512.00) for its violations of N.C. Gen. Stat. § 58-70-50; and

WHEREAS, pursuant to N.C. Gen. Stat. § 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 Mediacredit hereby agree to the following;

1. Immediately upon signing this agreement, Mediacredit, Inc. shall pay a civil penalty of fifty-seven thousand five hundred and twelve dollars (\$57,512.00). 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." Mediacredit, Inc. 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 October 30, 2020. 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. Mediacredit, Inc. 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 Mediacredit, Inc.
3. This Agreement does not in any way affect the Department's disciplinary power in any future or follow-up examination of Mediacredit, Inc., or in any cases or complaints involving Mediacredit, Inc. In the event that Mediacredit, Inc. 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 Mediacredit, Inc., 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. Medicredit, Inc. understands that N.C. Gen. Stat. § 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. Medicredit, Inc. enters into this Agreement freely and voluntarily and with knowledge of its right to have an administrative hearing on this matter. Medicredit, Inc. has consulted 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 by the Department. Any and all permits issued by the Department to Medicredit, Inc. to the licensee 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.

Medicredit, Inc.

By signing this Voluntary Settlement Agreement, I acknowledge that I have received, read and understand its terms.

By: [REDACTED] _____
N. Eric Ward
President

Date: 10/12/2020 _____

North Carolina Department of Insurance

By: [REDACTED] _____
Angela Hatchell
Deputy Commissioner

Date: 10/29/2020 _____