

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Unlicensed Activity of:

No. 08F-BD053-SBD

3 **CALIFORNIA RECOVERY SYSTEMS, INC.**  
4 **AND ERIC MEDRANO, OWNER/CHIEF**  
5 **EXECUTIVE OFFICER**  
5777 Madison Avenue, Suite 960  
Sacramento, California 95841

**ORDER TO CEASE AND DESIST;  
NOTICE OF OPPORTUNITY FOR  
HEARING; CONSENT TO ENTRY OF  
ORDER**

6 Respondents.

7  
8 The Superintendent of Arizona Department of Financial Institutions (the "Superintendent"),  
9 makes the following Findings of Fact and Conclusions of Law and enters the following Order  
10 pursuant to Arizona Revised Statutes ("A.R.S.") § 6-137.

11 Pursuant to Titles 6 and 41 of the Arizona Revised Statutes and Title 20, Chapter 4 of the  
12 Arizona Administrative Code ("A.A.C."), Respondents are hereby notified that they are entitled to a  
13 hearing to contest the allegations set forth in this Order. The Request for Hearing shall be filed with  
14 the Arizona Department of Financial Institutions (the "Department") pursuant to A.R.S. § 6-137(D)  
15 within **thirty (30) days** of service of this Order and shall identify with specificity the action or order  
16 for which review is sought in accord with A.R.S. § 41-1092.03(B).

17 Pursuant to A.R.S. §§ 41-1092.01(D) and 41-1092.03(B), any person may appear on his or  
18 her own behalf or by counsel. If Respondents are represented by counsel, the information required  
19 by A.R.S. § 41-1092.03(B) shall be included in the Request for Hearing. Upon the filing of a  
20 Request for Hearing, the Department shall issue a Notice of Hearing scheduling the matter for  
21 hearing in accordance with A.R.S. § 41-1092.05. **Persons with disabilities may request**  
22 **reasonable accommodations such as interpreters, alternative formats, or assistance with**  
23 **physical accessibility.** Requests for special accommodations must be made as early as possible to  
24 allow time to arrange the accommodations. If accommodations are required, call the Office of  
25 Administrative Hearings at (602) 542-9826.

26 Respondents have the right to request an Informal Settlement Conference, pursuant to A.R.S.

1 § 41-1092.06 by filing a written request no later than **twenty (20) days** before the scheduled hearing.  
2 The conference will be held within **fifteen (15) days** after receipt of your request. If an Informal  
3 Settlement Conference is requested, a person with the authority to act on behalf of the Department  
4 will be present (the "Department Representative"). Please note that in requesting an Informal  
5 Settlement Conference, Respondents waive any right to object to the participation of the Department  
6 Representative in the final administrative decision of this matter, if it is not settled. In addition, any  
7 written or oral statement made by Respondents at such informal settlement conference, including  
8 written documentation created or expressed solely for purposes of settlement negotiations, are  
9 inadmissible in any subsequent administrative hearing. (See A.R.S. § 41-1092.06 for rules regarding  
10 informal settlement conferences.) Conversely, any written or oral statement made by Respondents  
11 outside an Informal Settlement Conference is not barred from being admitted by the Department in  
12 any subsequent hearing.

13 If Respondents do not request a hearing, this Order shall become final. If Respondents  
14 request a hearing, the purpose of the hearing shall be to determine if grounds exist for: (1) the  
15 issuance of an order pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the  
16 violative conduct and to take the appropriate affirmative actions, within a reasonable period of time  
17 prescribed by the Superintendent, to correct the conditions resulting from the unlawful acts,  
18 practices, and transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-  
19 132; and (3) an order or any other remedy necessary or proper for the enforcement of statutes and  
20 rules regulating collection agents pursuant to A.R. S. §§ 6-123 and 6-131.

#### 21 FINDINGS OF FACT

22 1. Respondent California Recovery Systems, Inc. ("CRSI") is a California corporation  
23 that is not and was not at any time material herein authorized to transact business in Arizona as a  
24 collection agency within the meaning of A.R.S. §§ 32-1001 *et seq.* The nature of Respondent's  
25 business is that of soliciting claims for collection and collection of claims owed, due or asserted to  
26 be owed or due within the meaning of A.R.S. § 32-1001(A)(2)(a).



1 collection agency in the State of Arizona without having first applied for and obtained a collection  
2 agency license pursuant to Title 32, Chapter 9, in violation of A.R.S. §§ 32-1021(A) and 32-  
3 1055(A).

4 3. Neither CRSI nor Mr. Medrano meet any of the exemptions to the licensing  
5 requirements set forth in A.R.S. § 32-1004(A).

6 4. The violations set forth above constitute grounds for: (1) the issuance of an order  
7 pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the violative conduct and  
8 to take the appropriate affirmative actions, within a reasonable period of time prescribed by the  
9 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and  
10 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; and (3) an  
11 order or any other remedy necessary or proper for the enforcement of statutes and rules regulating  
12 collection agencies pursuant to A.R.S. §§ 6-123 and 6-131.

13 **ORDER**

14 1. CRSI and Mr. Medrano shall immediately stop all collection agency activity in  
15 Arizona until such time as CRSI or Mr. Medrano have obtained a collection agency license from the  
16 Superintendent as prescribed by A.R.S. § 32-1021.

17 2. CRSI and Mr. Medrano shall immediately pay to the Department a civil money  
18 penalty in the amount of **ten thousand dollars (\$10,000.00)**. CRSI and Mr. Medrano are jointly and  
19 severally liable for payment of the civil money penalty.

20 3. The provisions of this Order shall be binding upon CRSI and Mr. Medrano, their  
21 employees, agents and other persons participating in the conduct of the affairs of CRSI.

22 4. This Order shall become effective upon service, and shall remain effective and  
23 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated  
24 or set aside.


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SO ORDERED this 2 day of January, 2008.

Felecia A. Rotellini  
Superintendent of Financial Institutions

By   
Robert D. Charlton  
Assistant Superintendent

**CONSENT TO ENTRY OF ORDER**

1. Respondents acknowledge that they have been served with a copy of the foregoing Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the same, are aware of their right to an administrative hearing in this matter, and have waived the same.
2. Respondents admit the jurisdiction of the Superintendent and consent to the entry of the foregoing Findings of Fact, Conclusions of Law, and Order.
3. Respondents state that no promise of any kind or nature has been made to induce them to consent to the entry of this Order, and that they have done so voluntarily.
4. Respondents agree to cease from engaging in the violative conduct set forth above in the Findings of Fact and Conclusions of Law.
5. Respondents acknowledge that the acceptance of this Agreement by the Superintendent is solely to settle this matter and does not preclude this Department, any other agency or officer of this state or subdivision thereof from instituting other proceedings as may be appropriate now or in the future.
6. Mr. Eric Medrano, Owner/CEO of California Recovery Systems, Inc., represents that he is the Owner and CEO and as such, has been authorized by California Recovery Systems, Inc. to consent to the entry of this Order on its behalf.

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1 7. Respondents waive all rights to seek judicial review or otherwise to challenge or  
2 contest the validity of this Cease and Desist Order.

3 DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

4  
5 By: \_\_\_\_\_  
6 Eric Medrano, Owner/CEO  
7 California Recovery Systems, Inc.

8  
9 ORIGINAL of the foregoing filed this 2 day  
10 of January, 2008 in the office of:

11 Felecia A. Rotellini  
12 Superintendent of Banks  
13 Arizona Department of Financial Institutions  
14 ATTN: Susan Longo  
15 2910 N. 44th Street, Suite 310  
16 Phoenix, AZ 85018

17 COPY mailed same date to:

18 Erin O. Gallagher  
19 Assistant Attorney General  
20 Office of the Attorney General  
21 1275 W. Washington  
22 Phoenix, AZ 85007

23 Robert D. Charlton, Assistant Superintendent  
24 Tammy J. Seto, Senior Examiner  
25 Richard Fergus, Division Manager  
26 Arizona Department of Financial Institutions  
2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

AND COPY MAILED SAME DATE by  
Certified Mail, Return Receipt Requested, to:

Eric Medrano, Owner/CEO  
California Recovery Systems, Inc.  
5777 Madison Ave., Suite 960  
Sacramento, CA 95841  
Respondents

1 Dan Stanberry, Statutory Agent for:  
2 California Recovery Systems, Inc.  
3 2255 W. Sierra St.  
4 Phoenix, AZ 85029

*Susan Longo*

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