

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Collection Agency License of: No. 08F-BD035-BNK

3 **ALLIED INTERSTATE, INC. AND VIKAS**  
4 **KAPOOR, PRESIDENT**  
435 Ford Road 800 Interchange West  
5 Minneapolis, MN 55426

**CONSENT ORDER**

Petitioners.

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7 On February 7, 2008, the Arizona Department of Financial Institutions ("Department")  
8 issued a Notice of Hearing alleging that Petitioners had violated Arizona law. Wishing to resolve  
9 this matter in lieu of an administrative hearing and without admitting liability, Petitioners do not  
10 contest the following Findings of Fact and Conclusions of Law, and consent to the entry of the  
11 following Order.

12 FINDINGS OF FACT

13 1. Petitioner Allied Interstate, Inc. ("Allied") is a Minnesota corporation authorized to  
14 transact business in Arizona as a collection agency. Allied is currently transacting business as a  
15 collection agency under license number CA 0908029, effective March 8, 2006, within the meaning  
16 of A.R.S. §§ 32-1001, *et seq.* The nature of Allied's business is that of a collection agency within  
17 the meaning of A.R.S. § 32-1001(2).

18 2. Petitioner Vikas Kapoor ("Mr. Kapoor") is the President of Allied. Mr. Kapoor is  
19 authorized to transact business in Arizona as a collection agency within the meaning of A.R.S. §§  
20 32-1001, *et seq.*

21 3. Allied was licensed as a collection agency under license number CA 0903307 from  
22 February 8, 2000 through February 1, 2006. License number CA 0903307 was closed due to non-  
23 renewal.

24 4. Prior to and around February 1, 2006 Allied was authorized to transact business in  
25 Arizona as a collection agency, license number CA 0903307, within the meaning of A.R.S. §§ 32-  
26 1001, *et seq.*, and while licensed as a collection agency, the nature of Allied's business was that of

1 collecting debts owed.

2 5. Neither Allied nor Mr. Kapoor are exempt from licensure as a collection agency within  
3 the meaning of A.R.S. § 32-1004.

4 6. A review of twenty eight (28) complaints filed with the Department against Allied reveal:

5 **Allied Interstate, Inc. Collection Agency License Number 0908029**

6 a. Complaint #401C890 (2007): On August 23, 2006, the Department received  
7 this complaint stating that the complainant had been receiving calls daily from  
8 Allied, stating that she had a debt with Allied and to contact them regarding  
9 the matter. The complainant claims that she spoke with the "rudest person"  
10 who informed her that she was the contact for the debtor. Allied responded to  
11 the complaint approximately thirty two (32) days after the Department's initial  
12 request.

13 b. Complaint #4010725 (2006): On July 13, 2006, the Department received this  
14 complaint stating, among other things, that Allied had left a voice mail  
15 message attempting to collect a debt on the complainant's girlfriend's cellular  
16 telephone (in which the complainant had no interest or ownership) that was a  
17 third party disclosure. Allied responded to the complaint approximately  
18 fourteen (14) days after the Department's initial request. In its response,  
19 Allied advised the Department that they were unaware the telephone number  
20 was not a correct telephone number for the complainant. Allied also claimed  
21 that they addressed this situation with their associate "who does not recall  
22 making this statement." Allied claimed they issued a written disciplinary  
23 action with a warning to terminate the associate if he violates collection-  
24 related applicable law or company policy within the next 90 days.

25 c. Complaint #4010393 (2006): On April 6, 2006, the Department received this  
26 complaint stating, among other things, that the complainant had been called

1 and harassed daily by one of Allied's employees. Allied responded to the  
2 complaint approximately twenty nine (29) days after the Department's initial  
3 request. In its response, Allied advised the Department that although they  
4 were verbally advised of a dispute regarding this debt and although they had  
5 noted the complainant's account to wait for a "fraud packet," their "associate  
6 did not follow our company's policy to stay further activity and some  
7 additional calls were made."

8 d. Complaint #4010185 (2006): On February 10, 2006, the Department received  
9 this complaint stating that the complainant had received a message to call  
10 "Providian National Bank." The complainant stated that when he called the  
11 telephone number on the message, he found that the telephone number was for  
12 Allied. The complainant stated that he spoke with an operator and when he  
13 could not and would not provide the information the operator was requesting,  
14 the operator became verbally abusive, ranted, hollered and yelled at him  
15 before she hung up on him. The complainant stated that at the time of his  
16 complaint, this was the second time he had "experienced this situation" with  
17 Allied. Allied responded to the complaint approximately twenty two (22)  
18 days after the Department's initial request.

19 e. Complaint #4010045 (2006): On January 4, 2006, the Department received  
20 this complaint stating that the complainant had disputed the debt with  
21 DirectTV and had been advised that the account had been closed prior to its  
22 being transferred to Allied. The complainant stated that, some time later, she  
23 began to receive calls from Allied and that Allied's employee was rude and  
24 harassing. Allied responded to the complaint approximately sixteen (16) days  
25 after the Department's initial request.

26 f. Complaint #4010306 (2006): On May 5, 2006, the Department sent Allied

1 this complaint and requested a response within ten (10) days. Allied  
2 responded to the complaint approximately twenty seven (27) days after the  
3 Department's initial request.

4 g. Complaint #4010257 (2006): On May 1, 2006, the Department sent Allied  
5 this complaint and requested a response within ten (10) days. Allied  
6 responded to the complaint approximately twenty three (23) days after the  
7 Department's initial request.

8 h. Complaint #4010292 (2006): On January 6, 2006, the Department received  
9 this complaint stating that the complainant was being harassed by Allied. The  
10 complainant stated that Allied's "calls start coming in around 8:15 a.m. and  
11 some days they call every hour." The complainant had confirmed with Allied  
12 the last four digits of the debtor's social security number are different than her  
13 social security number and that she has never owned a wireless phone. The  
14 complainant also stated that when she requested to speak with a supervisor,  
15 Allied's employees "hang up or put me to a recording." In its response, Allied  
16 stated they were "unable to locate a specific business matter on our system in  
17 the name of" the complainant.

18 i. Complaint #4010047 (2006): On January 5, 2006, the Department received  
19 this complaint stating that Allied's employee, Mr. Michael Turnbull, had  
20 called their office requesting information regarding a current employee.  
21 During the course of their conversation, the complainant stated that Mr.  
22 Turnbull "threatened to have our office fined \$10,000 for refusing to disclose  
23 the information to him." The complainant also stated that when Mr. Turnbull  
24 spoke with their employee, among other things, he was verbally abusive to  
25 their employee, threatened the employee with "prison time," and called the  
26 employee a "liar." In its response to the Department, Allied stated "our

1 company policy and procedures for employment verification was found not to  
2 be adhered to by our associate.”

- 3 j. Complaint #4010014 (2006): On December 27, 2005, the Department  
4 received this complaint stating that the complainant had received over one  
5 hundred twelve (112) calls from Allied since November 9, 2005. The  
6 complainant also stated that Allied employees claim that her cellular  
7 telephone number is not in their system and there is a problem with their  
8 computer.

9 **Allied Interstate, Inc. Collection Agency License Number 0903307**

- 10 k. Complaint #4009747 (2006): On January 12, 2006, the Department sent  
11 Allied this complaint and requested a response within ten (10) days. Allied  
12 responded approximately twenty (20) days after the Department's initial  
13 request.
- 14 l. Complaint #4009343 (2006): On September 7, 2005, the Department sent  
15 Allied this complaint and requested a response within ten (10) days. Allied  
16 responded approximately twenty (20) days after the Department's initial  
17 request.
- 18 m. Complaint #4009333 (2006): On August 31, 2005, the Department sent  
19 Allied this complaint and requested a response within ten (10) days. Allied  
20 responded approximately twenty seven (27) days after the Department's initial  
21 request.
- 22 n. Complaint #4009371 (2006): On September 13, 2005, the Department sent  
23 Allied this complaint and requested a response within ten (10) days. Allied  
24 responded approximately fifteen (15) days after the Department's initial  
25 request.
- 26 o. Complaint #4009309 (2006): On August 25, 2005, the Department sent

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Allied this complaint and requested a response within ten (10) days. Allied responded approximately twenty (20) days after the Department's initial request.

p. Complaint #4009221 (2006): On August 12, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately thirty one (31) days after the Department's initial request.

q. Complaint #4009215 (2006): On August 11, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately thirty two (32) days after the Department's initial request.

r. Complaint #4009210 (2006): On August 11, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately thirty four (34) days after the Department's initial request.

s. Complaint #4009202 (2006): On August 8, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately thirty two (32) days after the Department's initial request.

t. Complaint #4009161 (2006): On July 26, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately twenty two (22) days after the Department's initial request.

u. Complaint #4009040 (2005): On June 27, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately twenty (20) days after the Department's initial



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request.

v. Complaint #4009039 (2005): On June 27, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately seventeen (17) days after the Department's initial request. The complaint required additional follow-up and on three (3) occasions (August 19, August 30 and September 15, 2005), the Department requested the status of this complaint. Allied responded approximately thirty two (32) days after the original status request.

w. Complaint #4008805 (2005): On April 21, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately twenty seven (27) days after the Department's initial request.

x. Complaint #4008768 (2005): On April 15, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately thirty two (32) days after the Department's initial request.

y. Complaint #4008730 (2005): On April 12, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately fifty five (55) days after the Department's initial request.

z. Complaint #4008575 (2005): On February 14, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied responded approximately forty four (44) days after the Department's initial request.

aa. Complaint #4008627 (2005): On March 4, 2005, the Department sent Allied this complaint and requested a response within ten (10) days. Allied

1 responded approximately twenty one (21) days after the Department's initial  
2 request.

3 bb. Complaint #4008591 (2005): On February 18, 2005, the Department sent  
4 Allied this complaint and requested a response within ten (10) days. Allied  
5 responded approximately forty (40) days after the Department's initial  
6 request.

7 7. On or around August 12, 2004, Lori Mann ("Ms. Mann"), Senior Examiner for the  
8 Department, sent Allied a letter of concern regarding its delinquent responses in responding to the  
9 Department's consumer complaints.

10 8. On or around March 23, 2005, Allied signed a Consent Order, 05F-BD082-SBD. In the  
11 Consent Order, Allied was ordered to correct all violations set forth in the Findings of Fact,  
12 including but not limited to A.A.C. R20-4-1504(D), and pay a penalty in the amount of five  
13 thousand dollars (\$5,000.00).

14 9. On or around May 16, 2005, Ms. Mann sent a follow-up letter to Allied addressing its  
15 consistent failure to provide timely responses to the Department's consumer complaints.

16 10. Based upon the above findings, the Department issued and served upon Allied and Mr.  
17 Kapoor an Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order  
18 ("Cease and Desist Order") on January 2, 2008.

19 11. On January 18, 2008, Petitioners filed a Request For Hearing to appeal the Cease and  
20 Desist Order.

21 **CONCLUSIONS OF LAW**

22 1. Pursuant to Title 6 and Title 32, Chapter 9 of the Arizona Revised Statutes, the  
23 Superintendent has the authority and the duty to regulate all persons engaged in the collection  
24 agency business and with the enforcement of statutes, rules, and regulations relating to collection  
25 agencies.

26 2. By the conduct, set forth above, Allied and Mr. Kapoor violated the following:

- 1 a. A.A.C. R20-4-1504(D), by failing to make records available for examination,  
2 investigation, or audit in Arizona within three working days after the  
3 Superintendent demands them;
- 4 b. A.A.C. R20-4-1511, by engaging in unauthorized or oppressive tactics  
5 designed to harass the debtor or others to pay any debt, including the use of  
6 any language, written or oral, tending to ridicule, disgrace or humiliate, or  
7 tending to imply, or actually implying, that the debtor is guilty of fraud or  
8 other crime. A collection agency shall not permit its agents, employees,  
9 representatives, or officers to employ obscene or abusive language against a  
10 debtor in connection with the attempt to collect any debt;
- 11 c. A.A.C. R20-4-1512, by contacting a third party to inform them of the debt, to  
12 ask them to pressure or coerce the debtor into paying the debt, or to ask that  
13 they, themselves, pay the debt where they are not legally obligated to pay the  
14 debt;
- 15 d. A.A.C. R20-4-1520, by allowing its agent, representative, employees or  
16 officers to represent other than their true position with the collection agency,  
17 or to claim or imply that they are associated with any other third party other  
18 than their true position , debt collector; and
- 19 e. A.R.S. § 32-1051(3), by failing to deal openly, fairly and honestly in the  
20 conduct of the collection agency business.

21 3. Pursuant to A.R.S. § 32-1053(A)(3), Petitioners' violation of any applicable, law, rule, or  
22 order are grounds for license denial, suspension, or revocation.

23 4. The violations, set forth above, constitute grounds for: (1) the issuance of an order  
24 pursuant to A.R.S. § 6-137 directing Petitioners to cease and desist from the violative conduct and to  
25 take the appropriate affirmative actions, within a reasonable period of time prescribed by the  
26 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and

1 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the  
2 suspension or revocation of Petitioner's license pursuant to A.R.S. § 32-1053; and (4) an order or  
3 any other remedy necessary or proper for the enforcement of statutes and rules regulating collection  
4 agencies pursuant to A.R.S. §§ 6-123 and 6-131.

5 **ORDER**

6 1. Allied and Mr. Kapoor shall immediately stop the violations set forth above in the  
7 Findings of Fact and Conclusions of Law. Allied and Mr. Kapoor shall timely provide appropriate  
8 records, documents, information, and reports to the Superintendent.

9 2. Allied and Mr. Kapoor shall resolve all outstanding complaints with the Department  
10 in a timely manner.

11 3. Allied shall immediately pay to the Department a civil money penalty in the amount  
12 of **twenty two thousand, five hundred dollars (\$22,500.00)**.

13 4. The provisions of this Order shall be binding upon Petitioners, and resolves the  
14 Notice of Hearing, subject to compliance with the requirements of this Order. Should Petitioners fail  
15 to comply with this Order, the Superintendent shall institute further disciplinary proceedings.

16 5. The provisions of this Order shall be binding upon Petitioners, their employees,  
17 agents, and other persons participating in the conduct of the affairs of Allied.

18 6. This Order shall become effective upon service, and shall remain effective and  
19 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,  
20 or set aside.

21 SO ORDERED this 6 day of March, 2008.

22  
23   
24 Robert D. Charlton  
Assistant Superintendent of Financial Institutions

25 **CONSENT TO ENTRY OF ORDER**

26 1. Petitioners acknowledge that they have been served with a copy of the foregoing

1 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the  
2 same, are aware of their right to an administrative hearing in this matter, and have waived the same.

3 2. Petitioners admit the jurisdiction of the Superintendent and consent to the entry of the  
4 foregoing Findings of Fact, Conclusions of Law, and Order.

5 3. Petitioners state that no promise of any kind or nature has been made to induce them  
6 to consent to the entry of this Order, and that they have done so voluntarily.

7 4. Petitioners agree to cease from engaging in the violative conduct set forth above in  
8 the Findings of Fact and Conclusions of Law.

9 5. Petitioners acknowledge that the acceptance of this Agreement by the Superintendent  
10 is solely to settle this matter and does not preclude this Department, any other agency or officer of  
11 this state or subdivision thereof from instituting other proceedings as may be appropriate now or in  
12 the future.

13 6. ~~Vikas Kapoor~~ <sup>Gregory Hammer</sup>, on behalf of Allied Interstate, Inc., represents that he is the <sup>vice</sup> President,  
14 and that, as such, has been authorized by Allied Interstate, Inc. to consent to the entry of this Order  
15 on its behalf.

16 7. Petitioners waive all rights to seek judicial review or otherwise to challenge or contest  
17 the validity of this Consent Order.

18 DATED this 29th day of February, 2008.

19  
20 By: Gregory E. Hammer  
21 ~~Vikas Kapoor, President~~ <sup>Gregory Hammer</sup>  
22 Allied Interstate, Inc. <sup>Vice President</sup>

23 ...  
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*ph*

1 ORIGINAL of the foregoing filed this 6<sup>th</sup>  
2 day of March, 2008, in the office of:

3 Felecia A. Rotellini  
4 Superintendent of Financial Institutions  
5 Arizona Department of Financial Institutions  
6 ATTN: Susan Longo  
7 2910 N. 44th Street, Suite 310  
8 Phoenix, AZ 85018  
9 COPY mailed same date to:

10 Thomas Shedden, Administrative Law Judge  
11 Office of the Administrative Hearings  
12 1400 West Washington, Suite 101  
13 Phoenix, AZ 85007

14 Erin O. Gallagher, Assistant Attorney General  
15 Office of the Attorney General  
16 1275 West Washington  
17 Phoenix, AZ 85007

18 Robert D. Charlton, Assistant Superintendent  
19 Richard Fergus, Division Manager  
20 Lori Mann, Senior Examiner  
21 Arizona Department of Financial Institutions  
22 2910 N. 44th Street, Suite 310  
23 Phoenix, AZ 85018

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

26 Gregory E. Harmer, Esq.  
iQor, Inc.  
335 Madison Ave., 27<sup>th</sup> Floor  
New York, NY 10017  
Attorney for Petitioners

Susan Longo  
#148928, PHX-AGN-2007-0188