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ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

In the Matter of the Collection Agency License of:

No. 15F-BD065-SBD

**CAVALRY PORTFOLIO SERVICES, LLC**

**CONSENT ORDER**

500 Summit Lake Drive, Suite 400  
Valhalla, NY 10595

Respondent.

On November 24, 2014, the Arizona Department of Financial Institutions (“Department”) issued an Order to Cease and Desist; Notice of Opportunity for Hearing; and Consent to Entry of Order, alleging that Respondent had violated Arizona law. Wishing to resolve this matter in lieu of an administrative hearing, and without admitting liability, Respondent consents to the following Findings of Fact and Conclusions of Law, and consents to the entry of the following Order.

**FINDINGS OF FACT**

1. Cavalry Portfolio Services, LLC (“Cavalry” or “Respondent”) is a Delaware limited liability company authorized to transact business in Arizona as a collection agency, license number CA 0905049.

2. The nature of Cavalry’s business is that of a collection agency within the meaning of A.R.S. § 32-1001(2).

3. Stephen T. Anderson is the Executive Vice President of Cavalry.

4. Cavalry is not exempt from licensure as a collection agency within the meaning of A.R.S. § 32-1004.

5. The Department conducted an examination of Cavalry on August 15, 2012, and concluded on September 30, 2013, and noted the following:

- a. As a part of the examination, the Department reviewed over sixty (60) consumer complaints filed against Cavalry by consumers within and outside of Arizona. The complaints were filed with the Department, the Arizona Attorney General’s Office, or the Better Business Bureau, the truth of which complaints is denied by Cavalry.

1 While denied by Cavalry, the Department determined that at least fifty-four (54)  
2 complaints alleged various violations of Titles 6 and 32 of the Arizona Revised  
3 Statutes and the rules promulgated under these laws.<sup>1</sup> The number of complaints  
4 revealed Cavalry's practice of not responding to the complainants' requests for  
5 proof or evidence of debt despite having reported debt to credit reporting agencies.

- 6 b. The Department made sixteen (16) requests for records to Cavalry to which  
7 Cavalry responded, but not within the time requested by the Department.
- 8 c. Cavalry disputes the allegations in the complaints for various reasons, including  
9 that the complaints were abandoned, resolved or no enforcement action was taken.
- 10 d. Cavalry affirmatively represents, and has provided documentation to the  
11 Department, that the company has undertaken the process to develop, implement,  
12 and establish systems to evaluate and where necessary to revise its collections  
13 policies and procedures to achieve compliance with Arizona and other applicable  
14 laws that pertain to a collection agency licensed by the Department.
- 15 e. The Department acknowledges that although Cavalry took actions to resolve each  
16 complaint, it did so by stopping collections but in some cases not by substantively  
17 responding to consumers' requests.
- 18 f. Cavalry submits that it has developed and implemented training, documented  
19 desktop procedures, preventative and detective controls and monitoring; and  
20 management information reporting to ensure compliance with the applicable  
21 Arizona statutes and rules governing the conduct of collection agencies.
- 22 g. Cavalry affirmatively represents that it will continue to evaluate and develop and  
23 implement revisions or establish additional policies and related procedures as  
24 necessary, in addition to those in place as of the date of this Order.

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26 <sup>1</sup> Out of these fifty-four (54) complaints, twenty (29) complaints were filed in 2007 and in 2008, and twenty five (25) complaints were filed between 2009 through April 2013.

1 **CONCLUSIONS OF LAW**

2 1. Pursuant to A.R.S. Title 6 and Title 32, Chapter 9, the Superintendent has the  
3 authority and duty to regulate all persons engaged in the collection agency business and with the  
4 enforcement of statutes, rules, and regulations relating to collection agencies.

5 2. The conduct set forth above in the Findings of Fact, while denied by Cavalry,  
6 supports the finding of a violation of A.R.S. § 32-1051(3) and (4); A.A.C. R20-4-1504(D); A.A.C.  
7 R20-4-1511; A.A.C. R20-4-1514; and A.A.C. R20-4-1521.

8 3. The Department contends that the violations alleged above constitute grounds for:  
9 (1) the issuance of an order pursuant to A.R.S. § 6-137 directing Respondent to cease and desist  
10 from violative conduct and to correct the conditions resulting from any unlawful acts, practices,  
11 and transactions; (2) the imposition of a financial assessment under Title 6 of the Arizona Revised  
12 Statutes; and (3) an order or any other remedy necessary or proper for the enforcement of statutes  
13 and rules regulating collection agencies pursuant to A.R.S. §§ 6-123 and 6-131.

14 **ORDER**

15 1. Cavalry shall refrain from future violations alleged in the Findings of Fact and  
16 Conclusions of Law. Cavalry:

- 17 a. Shall deal openly, fairly and honestly in the conduct of the collection agency  
18 business; and shall not engage in any unfair or misleading practices or resort to any  
19 oppressive, vindictive or illegal means or methods of collection;
- 20 b. Shall not use unauthorized or oppressive tactics designed to harass any person to  
21 pay a debt; and shall not use any written or oral communications that either  
22 ridicule, disgrace, or humiliate any person or tend to ridicule, disgrace, or humiliate  
23 any person;
- 24 c. Shall obtain and be able to inform the debtor, within five (5) days after the initial  
25 communication with the debtor, the name of the creditor, the time and place of the  
26 creation of the debt, the merchandise, services, or other value provided in exchange

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for the debt, and the date when the account was turned over to Cavalry by the creditor.

- d. Shall give the debtor access to any of Cavalry's records that contain the information listed in A.A.C. R20-4-1514(A).
- e. Shall, at the debtor's request, provide, free of charge, a copy of any of Cavalry's records that contain the information listed in A.A.C. R20-4-1514(A).
- f. Shall not contact a debtor, directly or indirectly, if the debtor gives Respondent written notice that the debtor refuses to pay the debt, or wants Respondent to stop all further communication with the debtor.
- g. Shall give copies of Cavalry's evidence of the debt to the debtor or the debtor's attorney on request, and after providing the evidence shall investigate any claim by the debtor or the debtor's attorney that the debtor has been misidentified, the debt has been paid, the debt has been discharged in bankruptcy, or based on any other reasonable claim, that the debt is not owed before continuing its collection efforts against the debtor,
- h. Shall, upon request of the Superintendent, make its books and records available for inspection and examination by the Superintendent or the Superintendent's Examiners, and shall make the requested records available within three (3) working days after the Superintendent demands the records.

2. Cavalry shall immediately pay to the Department, pursuant to A.R.S. § 6-132, an assessment in the amount of **one hundred seventy-five thousand dollars (\$175,000.00)**.

3. Respondent shall comply with all Arizona statutes and rules regulating Arizona collection agencies (A.R.S. § 32-1001 *et seq.*).

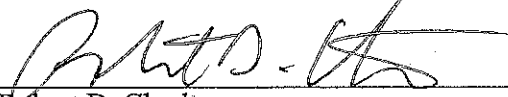
4. The provisions of this Order shall be binding upon Cavalry, its employees, agents, and other persons participating in the conduct of the affairs of Cavalry.

5. This Order shall become effective upon service, and shall remain effective and

1 enforceable until such time as, and except to the extent that, it shall be stayed, modified,  
2 terminated, or set aside.

3 SO ORDERED this 30 of March 2015

4 Lauren W. Kingry  
5 Superintendent for Financial Institutions

6 By:   
7 Robert D. Charlton  
8 Assistant Superintendent of Financial Institutions

8 **CONSENT TO ENTRY OF ORDER**

9 1. Respondent acknowledges, through authorized representatives, that it has been  
10 served with a copy of the foregoing Findings of Fact, Conclusions of Law, and Order in the above-  
11 referenced matter, has read the same, is aware of its right to an administrative hearing in this matter,  
12 and has waived the same.

13 2. Respondent admits the jurisdiction of the Superintendent and consent to the entry of  
14 the foregoing Findings of Fact, Conclusions of Law, and Order.

15 3. Respondent states that no promise of any kind or nature has been made to induce  
16 them to consent to the entry of this Order, and that they have done so voluntarily.

17 4. Respondent agrees not to engage in the violative conduct set forth in the Findings of  
18 Fact and Conclusions of Law.

19 5. Respondent acknowledges that the acceptance of this Agreement by the  
20 Superintendent is solely to settle this matter, including all issues arising under the Examination and  
21 all consumer complaints through the date of the execution of this Consent Order, and does not  
22 preclude this Department or any other agency or officer of this state or subdivision thereof from  
23 instituting other proceedings as may be appropriate now or in the future.

24 6. Stephen T. Anderson, on behalf of Cavalry Portfolio Services, LLC, represents that he  
25 is the Executive Vice President of Cavalry Portfolio Services, LLC, and that, as such, has been  
26 authorized by Cavalry Portfolio Services, LLC, to consent to the entry of this Order on its behalf.

