

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**

In the Matter of the Collection Agency
License of Allied Interstate LLC
License No. CA 8000032

CONSENT ORDER

To: Allied Interstate LLC
12755 State Highway 55
Plymouth, MN 55441

1. Commissioner of Commerce Mike Rothman ("Commissioner") has advised Allied Interstate, LLC. ("Respondent") that he is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2010), and other applicable law, against Respondent's collection agency license. The Commissioner acknowledges that on February 1, 2011, the Respondent had 1,286 registered debt collectors and had 14 collection agency locations licensed to collect in Minnesota. The Commissioner is prepared to commence formal action based on the allegations that Respondent:

- A. Failed to establish adequate procedures to follow when screening individual collector applicants prior to submitting registration applications to the Commissioner. By doing so, Respondent has violated Minn. Stat. § 332.33, subd. 8 (2010).
- B. Failed to properly screen numerous individual debt collector registrations prior to submitting their initial and /or renewal registrations to the Commissioner. By submitting an unqualified applicant for a registration, Respondent has violated Minn. Stat. § 332.33 Subd. 5(a) (2010).
- C. Employed individuals as debt collectors who were known to or should have been known to, have criminal backgrounds that included felonies. Said criminal backgrounds prohibited the applicants from being registered, in violation of Minn. Stat. §45.027 subd. 7 (2010). Included was an applicant that disclosed her criminal background on the application yet Respondent submitted a registration to the Department of Commerce

licensing system stating that the applicant had no criminal history. The applicant had been convicted of financial card fraud and convicted for being a lookout in a burglary and was arrested in a stolen vehicle as she drove away from the crime scene.

- D. Failed to notify the Department when its registered debt collectors were fired for reasons that were in whole or in part violations of Minn. Stat. § 332.385 (2010). The reasons for termination included failing background checks, 3rd party disclosure, inappropriate language and behavior, calling and swearing at debtors, theft of financial information of debtors, and falsifying debtor records.

The following are specific examples of such conduct:

- A collector was terminated by the Respondent immediately after they discovered that the collector had forged the signatures of three debtors.
- A collector was immediately terminated by the Respondent after the collector was caught informing a co-worker that he had stolen credit card information from a debtor using the code words “The meat is on the grill!”.

By failing to notify the Department within ten days of terminations of employees for violations that are in whole or in part based on violations of Minn. Stat. § 332, Respondent has violated Minn. Stat. § 332.385 (2010).

- E. Employed individuals as debt collectors who were known to or should have been known to have criminal backgrounds that included felonies. Said criminal backgrounds prohibited the applicants from being registered in violation of Minn. Stat. §45.027 Subd. 7 (2010)

2. Respondent acknowledges that it has been advised of its rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondent hereby expressly waives those rights. Respondent further acknowledges that it has been represented by legal counsel throughout these proceedings or hereby expressly waives that right.

3. Respondent has completed the following as required in the Consent Order dated January 27, 2011:

- A. Established practices, procedures, and/or guidelines which include, but are not limited to, a screening process (“Screening Process”) to ensure that Respondent does not submit debt collector registration applications to the Commissioner for individuals prohibited by Minn. Stat. § 332.33 and/or otherwise known to be unqualified or unfit.
 - B. Submitted its Screening Process to the Commissioner for review and made such changes to the Screening Process the Commissioner deemed necessary.
 - C. Subjected all currently employed registered debt collectors to the Screening Process to ensure compliance with Minn. Stat. § 332.33 and reported to the Commissioner any registered collectors whose employment is terminated for not being eligible for registration.
 - D. Audited employee records of terminated employees for the last five years to determine if they were terminated for reasons in whole or in part for violations of Minn. Stat. 332.385 (2010) and/or the FDCPA.
 - E. Established auditing procedures and agency policies to ensure that criminal convictions of its debt collectors are promptly reviewed and acted upon.
4. Respondent has agreed to informal disposition of this matter without a hearing as provided in Minn. Stat. § 14.59 (2010) and Minn. R. 1400.5900 (2009).
5. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Minn. Stat. § 45.027, subd. 5 (2010) that Respondent shall cease and desist from any further violations of Minn. Stat. §§ 332 and 45.027 (2010), and comply with all other laws of the State of Minnesota.

IT IS FURTHER ORDERED, that Respondent shall report to the Commissioner any and all rejected debt collector registrations and the reasons for the rejections on a quarterly basis during the two-year period following the effective date of this order.

IT IS FURTHER ORDERED, that Respondent shall report to the Commissioner any debt collector terminations that occur as a result of their Screening Process for the renewal periods June 30, 2011 through June 30, 2013.

IT IS FURTHER ORDERED, any report required by this Consent Order shall be in a format as required by the Commissioner.

IT IS FURTHER ORDERED, pursuant to Minn. Stat. § 45.027, subd. 6 (2010) that the Respondent shall pay to the State of Minnesota a civil penalty of \$300,000.

This Order shall be effective upon signature by or on behalf of the Commissioner.

Dated: 9-26-11.

By:



Mike Rothman
Commissioner

85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101
Telephone: (651) 296-2488

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of Allied Interstate LLC, states that he has read the foregoing Consent Order; without admitting or denying the allegations therein; that he knows and fully understands its contents and effect; that he is authorized to execute this Consent to Entry of Order on behalf of Respondent; that he has been advised of Respondent's right to a hearing; that Respondent has been represented by legal counsel in this matter; or that he has been advised of Respondent's right to be represented by legal counsel and that he has waived this right; and that he consents to entry of this Order by the Commissioner of Commerce. It is further expressly understood that this Order constitutes a settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

Allied Interstate LLC

By Margot E. Han

It's: VP

STATE OF New York

COUNTY OF New York

This instrument was acknowledged before me on Sept 22nd 2011 (date) by

Yvette Harper (name of person)

(stamp)

Yvette Harper
(Signature of notary officer)

Title (and Rank)
My commission

expires: Jan 2, 2015

Yvette Harper
Notary Public
No. 01HA6012078 Westchester Cty
Commission Expires 1/2/20 15