

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

In the matter of:

DMB Financial, LLC

Enforcement Case No. 14-12184

Respondent
_____ /

Issued and entered
this 24th day of October 2014
by Rhonda J. Fossitt,
Senior Deputy Director

ORDER TO CEASE AND DESIST

The Department of Insurance and Financial Services (DIFS), pursuant to the Michigan Administrative Procedures Act of 1969, 1969 PA 306, as amended, MCL 24.201 *et seq.*, the Debt Management Act (Act), 1975 PA 148, as amended, MCL 451.411 *et seq.*, and the rules promulgated under the Act, says that:

**I.
BACKGROUND**

1. DIFS is responsible for the licensing and regulation of debt management companies and the enforcement of the provisions of the Act.
2. DMB Financial, LLC (hereinafter DMB or Respondent) is a business with an office located at 152 Conant Street, Beverly, MA 01915.
3. At all times pertinent to the matter herein, DMB was not licensed by DIFS to provide debt management services to residents of Michigan.
4. On or about October 1, 2013, DIFS received a complaint from a consumer alleging that Respondent failed to contact one of his debtors pursuant to the parties' contract in order to negotiate his debt and use the proceeds in his Dedicated Account to pay off the debt.
5. DIFS' investigation into the consumer's allegations found that the consumer entered into a debt management plan agreement (DMP) with DMB. The DMP was serviced by Global Client Solutions, LLC.

6. DMB is not licensed in the state of Michigan to provide debt management services to residents of Michigan.
7. According to DMB's Financial Program, DMB's fee structure includes a Program Fee of 23% of the total enrolled debt on any and all successfully negotiated and reduced creditor accounts. In addition, DMB's clients are not permitted to use any credit cards except a debit card or an employer sponsored credit card for employee travel expenses unless specifically approved by DMB.
8. As part of DMB's Liberty Program, a client is required to authorize DMB to set up an account on the client's behalf with Bank of Oklahoma, through its agent Global Solutions, LLC (Global). DMB is also given authority to create drafts from the Client's personal bank account into the client's Program Savings Account or Dedicated Account with Bank of Oklahoma, through Global. These drafts will occur monthly until the client's debts are paid full. The Dedicated Account Agreement between the complainant and Global provides DMB with the authority to instruct Global to initiate deposits to or disbursement from the complainant's Program Savings Account or Dedicated Account.

WHEREAS, Section 2(a) of the Act, MCL 451.412(a), states that the business of debt management means providing or offering to provide debt management to 1 or more residents of this state; and

WHEREAS, Section 2(d) of the Act, MCL 451.412(d), states that debt management means the planning and management of the financial affairs of a debtor and the receipt of money from the debtor for distribution to a creditor in payment or partial payment of the debtor's obligations; and

WHEREAS, DIFS has information that Respondent is engaged in debt management and/or the business of debt management in the state of Michigan with residents of Michigan; and

WHEREAS, Section 4(1) of the Act, MCL 451.414(1), requires all persons located within or outside the boundaries of the state of Michigan to be licensed in order to conduct debt management business in the state of Michigan; and

WHEREAS, DMB is not licensed with the state of Michigan under the Act; and

WHEREAS, Section 4(1) of the Act, MCL 451.414(1), provides that a contract of debt management as defined by this Act made by a person without a license is null and void; and

WHEREAS, based on the foregoing, DIFS staff recommends that the Senior Deputy Director find that DMB is engaged in acts or practices that violate Section 4 of the Act and Rules promulgated under the Act; and

WHEREAS, this action is necessary, appropriate and in the best interest for the protection of the public, and consistent with the purposes fairly intended by the policy and provisions of the Act.

II. ORDER

IT IS THEREFORE ORDERED, pursuant to Section 23 of the Act, MCL 451.433, and Section 24 of the Act, MCL 451.434, that:

1. Respondent shall immediately **CEASE AND DESIST** from transacting the business of debt management in the state of Michigan without being licensed under the Act.
2. Within 30 days of the issuance and entry of this Order, Respondent shall provide its Michigan clients, active as of the date of this Order, with a list of debt management companies licensed by DIFS, and provide notice to each Michigan client that Respondent will transfer its Michigan client accounts and account balances to a debt management company licensed by DIFS and give notice that the client may alternatively request cancellation of his or her contract.
3. Within 30 days of the issuance and entry of this Order, Respondent shall provide DIFS with a written list of its Michigan clients, active as of the date of this Order, and a complete copy of the documentation it has provided to its Michigan clients, which will include the list of Michigan licensed debt management companies and notification of the client's opportunity to cancel the debt management contract.
4. Within 30 days of the issuance and entry of this Order, Respondent shall refund to its Michigan clients all fees that it collected pursuant to debt management contracts with Michigan clients, regardless of how Respondent obtained the contract.
5. Within 60 days of the issuance and entry of this Order, Respondent shall transfer all accounts and funds held for Michigan clients to a debt management company licensed by DIFS unless a client requests cancellation of the contract.
6. Respondent shall, within 60 days of the issuance and entry of this Order, provide each Michigan client whose account is transferred in accordance with Paragraph 5 above, the name and address of the licensed debt management company to which his or her Michigan client account was transferred.
7. Respondent shall, within 60 days of the issuance and entry of this Order, provide each Michigan client whose contract is cancelled in accordance with Paragraph 5 above, written confirmation of the contract cancellation, and shall return the Michigan client's account balance in full.
8. Respondent shall, within 60 days of the issuance and entry of this Order, provide DIFS with the name(s) of the licensed debt management company to which it has transferred its Michigan client accounts and account balances, and confirm that Respondent no longer holds any Michigan client contracts or client account balances. This document shall also include a complete list of the names and addresses of the Michigan clients whose

accounts have been transferred to a licensed debt management company, and the account balance of each client account. Respondent shall also provide DIFS with documentation sufficient to evidence the refund of all fees to Michigan clients in accordance with Paragraph 4 above.

9. Failure to comply with this ORDER will subject Respondent to one or more of the following:

MCL 451.433(2) states:

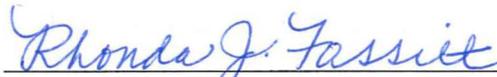
A person who knowingly authorizes, directs, or aids in violation of a final cease and desist order, or who knowingly fails to comply with the terms of a final cease and desist order, is guilty of a misdemeanor, and may be fined not more than \$5,000.00, or imprisoned for not more than 6 months, or both. Each violation constitutes a separate offense.

MCL 451.434(2) states in part:

A person who violates an injunction or a cease and desist order issued pursuant to this act is guilty of criminal contempt.

10. Communication regarding this Order should be addressed to the Department of Insurance and Financial Services, Office of General Counsel, Attention: Marlon F. Roberts, Staff Attorney, P.O. Box 30220, Lansing, Michigan 48909.

DEPARTMENT OF INSURANCE
AND FINANCIAL SERVICES



Rhonda J. Fossitt
Senior Deputy Director