

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

**Before the Director of the Department of Insurance and Financial Services**

In the matter of:

**Financial Help Services, Inc.**

**Enforcement Case No. 14-12035**

Respondent  
\_\_\_\_\_ /

Issued and entered  
this 5<sup>th</sup> day of June, 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, 1975 PA 148, as amended, MCL 451.411 *et seq.* (Act), and the rules promulgated under the Act, says that:

**I.  
BACKGROUND**

1. Financial Help Services, Inc. (hereinafter "FHS" or Respondent) is a business with an office located at 2455 Hollywood Boulevard, Suite 117, Hollywood, Florida 33020.
2. DIFS is responsible for the licensing and regulation of debt management companies and the enforcement of the provisions of the Act.
3. At all times pertinent to the matter herein, FHS was not licensed by DIFS to provide debt management services to Michigan residents.
4. In 2013, DIFS received a notice from a debt management licensee indicating it believed that American Debt Counseling, Inc. (ADC), a Florida debt management company licensed in Michigan from May 21, 2009, through December 31, 2013, was no longer in business, but had active clients seeking assistance.
5. A subsequent DIFS investigation found that on or about July 23, 2013, FHS executed an agreement with ADC. The agreement provided for the assignment of all of ADC's debt management contracts to FHS. According to FHS records, the assignment included 125 debt management contracts that pertained to Michigan residents.

6. During the investigation, DIFS reviewed FHS records including its client list, debt management contracts, client account histories, client escrow balance reports, bank statements, and general ledger and discussed them with FHS staff. DIFS review found that FHS provided debt management services to 118 of the 125 contracts assigned to it by ADC and FHS independently executed one debt management contract with a resident of Michigan, all without licensure as a debt management company in Michigan.
7. During the investigation, DIFS determined that FHS charged Michigan residents monthly service fees, ACH processing fees, and NSF fees in excess of \$21,191.
8. During the investigation, DIFS determined that FHS does not hold Michigan client funds in a separate trust account, but instead commingles all client funds. FHS also has not reconciled outstanding checks written from the commingled trust account since July 2013.
9. During the investigation, DIFS determined that the amount of the client escrow liability exceeded the commingled trust account balance by \$24,304.76, and exceeded the sum of all cash accounts by at least \$8,231.29 as of April 22, 2014.
10. During the investigation, DIFS determined that FHS does not maintain a general ledger posted no less than monthly. As a result, FHS was unable to provide information to DIFS necessary to evaluate the company's current financial condition.
11. During the investigation, DIFS determined that FHS is insolvent. Audited financial statements provided by FHS disclosed negative net assets of \$(46,614) and \$(444) at December 31, 2013 and 2012, respectively.

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 Michigan residents; 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, Respondent FHS 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 Financial Help Services, Inc. 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 purchasing or accepting assigned debt management contracts and executing new debt management contracts within the state of Michigan with Michigan residents 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:

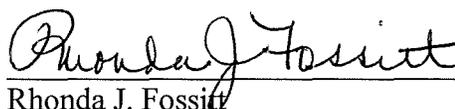
A person who knowingly authorizes, directs, or aids in violation of a final cease and desist order, or who knowingly fails to comply with the terms of a final cease and desist order, is guilty of a misdemeanor, and may be fined not more than \$5,000.00, or imprisoned for not more than 6 months, or both.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