

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Department of Insurance and Financial Services

Enforcement Case No. 19-15563

Agency No. 19-365-RL

Petitioner,

v

DTS Capital dba Money Credit Line 1

Unlicensed

Respondent.

_____ /

Issued and entered
on July 29th, 2019
by **Randall S. Gregg**
Deputy Director

FINAL ORDER TO CEASE AND DESIST

I. Background

DTS Capital dba Money Credit Line 1 (Respondent) is an unknown business entity with a principal place of business of 1005 W. Lake Street, Addison, IL 60101. The Department of Insurance and Financial Services (DIFS) received information that Respondent was offering loans to Michigan residents without a requisite license, and that Respondent was making loans to Michigan residents above the interest rate permitted by the Interest Rates Act. After investigation and verification of the information, on June 11, 2019, DIFS served an Administrative Complaint and Notice of Intention to Issue Cease and Desist Order, and Order for Hearing upon Respondent at the mailing and business addresses it maintains on its website. The Order for Hearing required Respondent to take one of the following actions within 21 days: (1) agree to a resolution of the case, (2) file a response to the allegations with a statement that Respondent planned to attend the hearing, or (3) request an adjournment. Respondent failed to respond or take any action by the 21-day deadline of July 3, 2019. The Notice of Hearing had identified September 9, 2019, as the date for a hearing if Respondent had acted within the 21-day response deadline.

On July 10, 2019, DIFS Staff filed a Motion for Entry of Final Order to Cease and Desist, citing the Respondent's failure to respond to the Administrative Complaint. Respondent did not file a reply to the motion. Given Respondent's failure to respond, Petitioner's motion is granted. The Administrative Complaint, being

unchallenged, is accepted as true. Based upon the Administrative Complaint, the Director makes the following Findings of Fact and Conclusions of Law.

II. Findings of Fact and Conclusions of Law

1. The Director is statutorily charged with the responsibility and authority to administer and implement the RLA. See MCL 493.1 *et seq.*
2. The Director is granted general supervisory power over all persons engaging in the business of making loans of money, credit, goods, or things in action in the state of Michigan or with Michigan residents.
3. DTS Capital dba Money Credit Line 1 (Respondent) is an unknown business entity with a principal place of business of 1005 W. Lake Street, Addison, IL 60101.
4. Respondent, via the internet, offered and entered into short-term loans with Michigan residents.
5. A person—defined by the RLA to include an individual, partnership, association, corporation, limited liability company, or other legal entity—is prohibited from engaging in the business of making loans and charging a greater rate of interest than the lender would be permitted by law to charge if the lender were not licensed in the state of Michigan unless they are properly licensed under Section 2 of the RLA, MCL 493.2.
6. Respondent is not licensed under the RLA to make loans to Michigan residents that are above the interest rate permitted by the Interest Rates Act, which is 7% per annum.
7. DIFS Staff received information confirming that Respondent is engaged in the business of making loans within the state of Michigan to Michigan residents.
8. In response to this information, DIFS Staff undertook an investigation into the business activities of Respondent. As a result of that investigation, DIFS Staff have determined that in addition to not being licensed as required by the RLA, Respondent violated various other provisions of the RLA.
9. On December 5, 2017, Complainant NM, a Michigan resident, opened a \$400.00 consumer line of credit with Respondent. The Credit Account Agreement (Agreement) contracted for the following terms:
 - a. Annual interest rate of 9.99% (calculated as a daily percentage rate of .008326%);
 - b. Activation fee of \$15.00 annually;
 - c. Service fee of \$80.00 each billing cycle;
 - d. Cash advance fee of \$5.00 for each withdrawal on the line of credit;
 - e. NSF fee of \$25.00 for each dishonored payment;

- f. Late fee of \$10.00 if minimum payment is not paid before due date;
 - g. Collection fee of \$150.00 in the event the account goes into collection with the in-house collection department; and
 - h. Interest is applied to all outstanding unpaid indebtedness, which consists of unpaid principal, interest, and fees.
10. Respondent's "Truth-In-Lending" disclosure included the annual percentage rate of 9.99% and a listing of the fees in the Agreement.
 11. On November 8, 2018, DIFS' investigators made contact with Respondent's employee Diamond Love, who stated Respondent actively issues loans to Michigan residents.
 12. On February 6, 2019, a letter of inquiry was sent to Respondent's principal place of business via certified mail. Respondent received and signed for the letter on February 13, 2019 by a Mary A. Lucky. To this date, Respondent has not responded to the letter of inquiry.
 13. Respondent is not licensed under the RLA, therefore Respondent cannot legally charge fees associated with a loan. All fees contracted for in the Agreement are considered additional finance charges.
 14. Respondent violated Section 2(1) of the RLA, MCL 493.2(1), by engaging in the business of making loans at a rate not permitted by law and without the requisite license.
 15. Respondent violated Section 13(3) of the RLA, MCL 493.13(3), by failing to provide simple interest in its loan to Complainant NM, contracting for an interest rate in excess of 7% per annum, and computing interest on unpaid fees and interest.
 16. Respondent violated Section 1026.19(e) of Title 12 of the Code of Federal Regulations, 12 CFR 1026.18(e), by failing to disclose the correct interest rate to Complainant NM. The interest rate disclosed to Complainant NM was 9.99%; however, as Respondent is not authorized to charge fees associated with the loan, all fees should have been listed as finance charges and calculated as "the cost of credit as a yearly rate."
 17. Respondent's conduct demonstrates that Respondent has, or is about to, engage in a practice posing a threat of financial loss or threat to the public welfare, or that Respondent has or is about to violate a law or rule.
 18. On June 11, 2019, true copies of an Administrative Complaint and Notice of Intention to Issue Cease and Desist Order, Order for Hearing, and Notice of Hearing were mailed by first class mail to Respondent at the following addresses: DTS Capital dba Money Credit Line 1, Attn: Scott Atgar, CEO, 1005 W. Lake St., Addison, IL 60101; DTS Capital dba Money Credit Line 1, Regulatory Compliance Officer, P.O. Box 959, Wood Dale, IL 60191
 19. DIFS has not received a response from the Respondent.

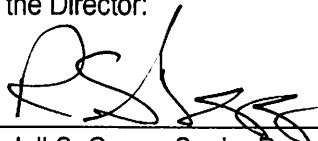
20. In paragraph 3 of the Order for Hearing, the Respondent was ordered to do one of the following within 21 days of the date of the Order: 1) agree to a resolution with the opposing party, 2) file a response to the allegations in the Administrative Complaint and file a statement that Respondent plans to attend the hearing as scheduled, or 3) file a request for an adjournment. Paragraph 5 states that failure to make the required filing shall constitute the default of Respondent in this contested case.
21. Respondent has failed to take any of the actions required by paragraph 3 of the Order. See Petitioner's Exhibit 1, Affidavit of Christy Capelin.
22. Therefore, where Respondent has received notice and was given an opportunity to have a hearing on this contested case and Respondent has not responded nor appeared to defend, the Petitioner is entitled to an entry of default and a Final Order to Cease and Desist.
23. DIFS Staff have made reasonable efforts to serve Respondent.
24. Respondent has received notice and has been given an opportunity to respond and appear and has not responded nor appeared.
25. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.

III. FINAL ORDER TO CEASE AND DESIST

Based upon the Respondent's conduct and the applicable law cited above, it is ordered that:

1. Respondent shall **CEASE** and **DESIST** from violating the RLA.
2. Respondent shall immediately **CEASE** and **DESIST** from engaging in the business of making loans in the state of Michigan.
3. Pursuant to MCL 493.9a(4), Respondent shall immediately cease all collections activity against Michigan resident NM related to the instant transaction and return all fees and interest charged and collected as a result of this unlicensed activity. Respondent shall provide proof of refunds to DIFS within thirty (30) days of the signing of this Order.

Anita G. Fox, Director
For the Director:



Randall S. Gregg, Senior Deputy Director