

CA2307711 KRJ

**STATE OF MINNESOTA  
DEPARTMENT OF COMMERCE**

In the Matter of the Collection Agency  
Arrow Financial Services LLC.

**CONSENT ORDER**

TO: Arrow Financial Services LLC  
5996 West Touhy Ave  
Niles, IL 60714

Commissioner of Commerce Glenn Wilson (hereinafter "Commissioner") has determined as follows:

1. The Commissioner has advised Arrow Financial Services LLC. (hereinafter "Respondent") that he is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2002) and other applicable law, against Respondent's collection agency license based on the allegations that Respondent violated Minnesota collection law by the following conduct:
  - A. Electronically removed money from a debtors checking account after receiving and documenting two separate verbal requests from the debtor not to do so in violation of Minn. Stat. §332.37 (12);
  - B. Collected more money than they were authorized by the creditor to collect in violation of Minn. Stat. §332.37 (12).
  - C. Continued to contact debtors at their places of employment after receiving both verbal notification and certified letters notifying them to cease contacting them including letters that specifically stated that their employers prohibited phone calls at work in violation of Minn. Stat. §332.37 (12);

- D. Disclosed a debtor's information to a third party in violation of Minn. Stat. §332.37 (12);
- E. Provided false information to a debtor by stating that requests to cease calling a debtor at a debtor's employer had to be in writing in violation of Minn. Stat. §332.37 (12);
- F. Failed to establish procedures to follow when screening an individual collector applicant prior to submitting their applicant to the commissioner for registration. This was demonstrated by Arrow Financial Services LLC when they submitted a debt collector registration to the Department that included documentation that proved the applicant did not qualify for licensure due to a recent felony conviction violation of Minn. Stat. §332.33 Subd. 5a and 8.
- G. Arrow Financial Services LLC allowed an unlicensed debt collector to contact a Minnesota debtor prior to them applying for and receiving their debt collector license in violation of Minn. Stat. §332.33 Subd. 1.
- H. Failed to respond to the Department's request for information, failed to provide responses from individual debt collectors as requested and failed to provide copies of the debtor work logs as requested. These failures to respond include failing to respond to initial contact letters, failing to respond to certified letters from the Department requesting a response and after making phone calls to Arrow Financial Services LLC explaining the lack of responses subsequent requests for information were not provided timely or at all in violation of Minn. Stat. § 45.027 (2004).

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 has been advised of its right to be represented by legal counsel, which right it hereby waives.

3. Respondent has agreed to informal disposition of this matter without a hearing as provided in Minn. Stat. § 14.59 (2004) and Minn. R. 1400.5900 (2003).

4. The following Order is in the public interest.

**NOW, THEREFORE, IT IS HEREBY ORDERED**, pursuant to Minn. Stat. § 45.027, subd. 7 (2004) that Respondent is censured and shall cease and desist from any further violations of Minn. Stat., §. 332 (2004) and comply with all other laws of the State of Minnesota.

**IT IS FURTHER ORDERED**, pursuant to Minn. Stat. § 45.027, subd. 5 (2004) that Respondent shall:

- A. Design and implement a compliance program within sixty days (60) from the execution of this Order. The Compliance program shall comprehensively cover all aspects of debt collection law, and laws related thereto, both state and federal. The compliance program shall include the training program required in clause B below. The compliance plan shall include the designation of a specific person to act as a compliance officer in charge of all regulatory compliance matters. The compliance officer shall report directly to the President and Board of Directors. The compliance program shall be directly authorized by the Board of Directors and is subject to the review and approval of the Department
- B. Design and implement a training program for all of Respondent's debt collectors registered in Minnesota to specifically include, but not be limited to, the Fair Debt Collection Practices Act (the 'Act') and Minnesota debt collection laws. The training program shall be established within sixty days (60) of the execution of this Order.

Thereafter currently registered debt collectors shall be required to complete the training within 60 days.


- C. Have all of Respondent's Minnesota registered debt collectors sign a statement, on a form similar to Exhibit A, wherein the debt collector acknowledges that they have (1) completed training, and (2) that the training included the Act and Minnesota debt collection laws. The form shall be signed by the designated compliance officer. The form shall be approved by the Department prior to its use. Respondent shall maintain the signed form on file for all debt collectors collecting debts on Respondent's behalf. Further the form shall be maintained on file for a time period of two years after the debt collector has discontinued collecting for the Respondent.
- D. Respondent shall establish within the compliance program a system, with written policies and procedures, for screening applicants prior to submitting registrations. The system shall include, but not be limited to, a criminal background check.

**IT IS FURTHER ORDERED**, pursuant to Minn. Stat. § 45.027, subd. 6 (2004) that Respondent shall pay to the State of Minnesota a civil penalty of \$125,000.

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

Dated: 11/28/05.

By:

  
Patrick Nelson  
Deputy Commissioner

85 Seventh Place East, Suite 500  
Saint Paul, Minnesota 55101  
Telephone: (651)296-2594

Exhibit A

[Company Identification]

As a debt collector I know that I may not:

- (1) In collection letters or publications, or in any communication, oral or written threaten wage garnishment or legal suit by a particular lawyer, unless it has actually retained the lawyer.
- (2) Use or employ constables, sheriffs or any other officer authorized to serve legal papers in connection with the collection of a claim, except when performing their legally authorized duties.
- (3) Use or threaten to use methods of collection which violate Minnesota law.
- (4) Furnish legal advice or otherwise engage in the practice of law or represent that it is competent to do so.
- (5) Communicate with debtors in a misleading or deceptive manner by using the stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare, or instruments which simulate the form and appearance of judicial process.
- (6) Exercise authority on behalf of a creditor to employ the services of lawyers unless the creditor has specifically authorized the agency in writing to do so and the agency's course of conduct is at all times consistent with a true relationship of attorney and client between the lawyer and the creditor.
- (7) Publish or cause to be published any list of debtors except for credit reporting purposes, use shame cards or shame automobiles, advertise or threaten to advertise for sale any claim as a means of forcing payment thereof, or use similar devices or methods of intimidation.
- (8) Refuse to return any claim or claims and all valuable papers deposited with a claim or claims upon written request of the creditor, claimant or forwarder after tender of the amounts due and owing to the agency within 30 days after the request; refuse or intentionally fail to account to its clients for all money collected within 30 days from the last day of the month in which the same is collected; or, refuse or fail to furnish at intervals of not less than 90 days upon written request of the claimant or forwarder, a written report upon claims received from the claimant or forwarder.
- (9) Operate under a name or in a manner which implies that the agency is a branch of or associated with any department of federal, state, county or local government or an agency thereof.
- (10) Commingle money collected for a customer with the agency's operating funds or use any part of a customer's money in the conduct of the agency's business.
- (11) Transact business or hold itself out as a debt prorater, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates or pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or liquidation is done pursuant to court order or under the supervision of a creditor's committee.

(12) Violate any of the provisions of the Fair Debt Collection Practices Act of 1977 while attempting to collect on any account, bill or other indebtedness.

(13) Communicate with a debtor by use of a recorded message utilizing an automatic dialing announcing device unless the recorded message is immediately preceded by a live operator who discloses prior to the message the name of the collection agency and the fact the message intends to solicit payment and the operator obtains the consent of the debtor to hearing the message;

(14) In collection letters or publications, or in any communication, oral or written, imply or suggest that health care services will be withheld in an emergency situation.

(15) When a debtor has a listed telephone number, enlist the aid of a neighbor or third party to request that the debtor contact the licensee, except a person who resides with the debtor or a third party with whom the debtor has authorized the licensee to place the request. This clause does not apply to a call back message left at the debtor's place of employment which is limited to the licensee's telephone and the collector's name.

(16) When attempting to collect a debt, fail to provide the debtor with the full name of the collection agency as it appears on its license.

(17) Collect any money from a debtor that is not reported to a creditor or fail to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of chapter 345.

(18) Accept currency or coin as payment for a debt without issuing an original receipt to the debtor and maintain a duplicate receipt in the debtor's payment records.

(19) Attempt to collect any amount of money from a debtor or charge a fee to a creditor that is not authorized by agreement with the client.

(20) Falsify any collection agency documents with the intent to deceive a debtor, creditor, or governmental agency.

(21) When initially contacting a Minnesota debtor by mail, fail to include a disclosure on the contact notice, in a type size or font which is equal to or larger than the largest other type of type size or font used in the text of the notice. The disclosure must state: "This collection agency is licensed by the Minnesota Department of Commerce.

Further, I have been provided a copy of the Fair debt Collection Practices Act (the Act) and have been provided at least 10 hours of training by Arrow Financial Services regarding the prohibited practices identified above and in the Act.

\_\_\_\_\_  
Date

\_\_\_\_\_  
[Name of Collector]  
[Address of Collector]

\_\_\_\_\_  
Compliance Officer

## CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of Arrow Financial Services LLC, states that he has read the foregoing Consent Order; 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 the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

Arrow Financial Services LLC

By:

Brian Cutler  
Brian Cutler

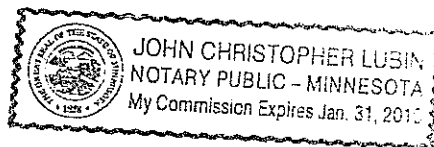
Its: Executive Vice President and CTO

STATE OF MINNESOTA

COUNTY OF RAMSEY

This instrument was acknowledged before me on 15<sup>th</sup> NOV 2005 (date) by BRIAN CUTLER  
name of person \_\_\_\_\_

(stamp)



John Christopher Lusin  
(Signature of notary officer)

Title (and Rank)

My commission expires: 1-31-2010