

IN THE MATTER OF:

PRIME, L.L.C. d/b/a
Prime Solutions

Respondent.

BEFORE THE MARYLAND
COMMISSIONER OF
FINANCIAL REGULATION

Case No.: CFR-FY2018-0004

CONSENT ORDER AND SETTLEMENT AGREEMENT

This matter comes before the Office of the Commissioner of Financial Regulation (“OCFR”) as the result of a complaint filed by Jonathan Hughes (“Consumer A”) against Prime, L.L.C. d/b/a Prime Solutions (“Prime Solutions” or the “Respondent”). Based upon the complaint and an investigation, the Commissioner of Financial Regulation (“Commissioner”) determined charges against the Respondents are warranted. To resolve this matter without formal charges and a hearing, the OCFR and the Respondent have agreed to enter into this Consent Order and Settlement Agreement (“Agreement”) to provide for the imposition of disciplinary measures which are fair and equitable in these circumstances and which are consistent with the best interest of the people of the State of Maryland.

This Agreement is entered into this 25 day of February, 2020, by and between the Deputy Commissioner of Financial Regulation (the “Deputy Commissioner”), and Prime Solutions.

The OCFR and the Respondent agree and stipulate as follows:

1. At all times relevant, the OCFR has had jurisdiction over the Respondent.
2. Prime Solutions is a limited liability company organized in the State of California in May 2015, and operates out of California at the principal business address of 520 Mendocino Avenue, Suite 330, Santa Rosa, California 95401. Prime Solutions is not, and has never been, registered with the Maryland State Department of Assessments and Taxation to conduct business in the State.
3. OCFR alleged that Prime Solutions is a credit services business, who, with respect to the extension of credit by others, sells, provides, or performs, or represents that Prime Solutions can or will sell, provide, or perform, the following services in return for the payment of money or other valuable consideration: (a) improving a consumer’s credit record, history or rating or establishing a new credit file or record; (b) obtaining an extension of credit for a consumer; or (c) providing advice or assistance to a consumer, with regard to the aforementioned services. The Commissioner has never licensed Prime Solutions as a credit services business in Maryland.

4. OCFR alleged that although the Respondent is not and has never been licensed as a credit services business in Maryland, the Respondent advertised to and solicited business from Maryland consumers by mailing advertisements, which represent that in return for the payment of money or other valuable consideration, the Respondent could provide or perform the following services to Maryland consumers: (a) improving a Maryland consumer's credit record, history or rating; or (b) providing advice or assistance to Maryland consumers with regard to the aforementioned services.

5. In May 2017, Consumer A filed a complaint with the OCFR alleging the Respondent offered to improve Consumer A's credit record, history or rating. Consumer A paid the Respondent's fees totaling \$3,100.68, for the promised services, however, Consumer A alleged Respondent failed to perform the promised services.

6. Consumer A requested that Respondent refund the \$3,100.68 in the fees it had collected. The Respondent offered to provide Consumer A a partial refund if he signed a release. Consumer A declined to sign a release and instead filed a complaint with the OCFR.

7. After Consumer A filed a complaint with the OCFR, the Respondent refunded the fees it collected from Consumer A in the amount of \$3,100.68 on or about November 10, 2017.

8. The OCFR's investigation of Consumer A's complaint further revealed that from August 2015 through March 2017, approximately 54 Maryland consumers also executed agreements with the Respondent. The Respondent also represented to the 54 Maryland consumers that the Respondent could provide, or perform the following services for the 54 Maryland consumers: (a) improving a Maryland consumer's credit record, history or rating or (b) providing advice or assistance to a Maryland consumer, with regard to the aforementioned services. The 54 Maryland consumers paid the Respondent a total of \$210,547.70 in fees that ranged from \$1,008.87 to \$11,454.30.

9. The Respondent refunded the 54 Maryland consumers the total amount of the fees it had collected from each of the consumes in or about December 2017.

10. Pursuant to the Maryland Credit Services Business Act ("MCSBA"), Md. Code Ann., Commercial Law Article ("CL"), Title 14, Subtitle 19, the Commissioner is authorized to enforce the MCSBA, By the Respondent's acts and omissions described above, the Commissioner alleged that the Respondent had violated CL §§14-1901(e)(1), 14-1902(1), (4), and (6), 14-1903, 14-1903.1, 14-104(a) and (b), 14-1905(a)(5) and (b)(1), (2), and (3), 14-1906, 14-1907(a), (b), and (c)(2), and 14-1908, which provide in pertinent part:

Maryland Credit Services Business Act
Commercial Law Article
Title 14, Subtitle 19

CL § 14-1901. Definitions.

(e) *Credit services business.* – (1) “Credit services business” means any person who, with respect to the extension of credit by others, sells, provides, or performs, or represents that such person can or will sell, provide, or perform, any of the following services in return for the payment of money or other valuable consideration:

- (i) Improving a consumer’s credit record, history, or rating or establishing a new credit file or record;
- (ii) Obtaining an extension of credit for a consumer; or
- (iii) Providing advice or assistance to a consumer with regard to either subparagraph (i) or (ii) of this paragraph.

CL § 14-1902. Duties.

A credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not:

- (1) Receive any money or other valuable consideration from the consumer, unless the credit services business has secured from the Commissioner a license under Title 11, Subtitle 3 of the Financial Institutions Article;

- (4) Make or use false or misleading representations in the offer or sale of the services of a credit services business;

- (6) Charge or receive any money or other valuable consideration prior to full and complete performance of the services that the credit services business has agreed to perform for or on behalf of the consumer;

CL § 14-1903. Application of subtitle; licenses.

(a) *In general.* – Notwithstanding any election of law or designation of situs in any contract, this subtitle applies to any contract for credit services if:

- (1) The credit services business offers or agrees to sell, provide, or perform any services to a resident of this State;
- (2) A resident of this State accepts or makes the offer in this State to purchase the services of the credit services business; or
- (3) The credit services business makes any verbal or written solicitation or communication that originates either inside or outside of this State but is received in the State by a resident of this State.

(b) *Licenses – Required.* – A credit services business is required to be licensed under this subtitle and is subject to the licensing, investigatory, enforcement, and penalty provisions of this subtitle and Title 11, Subtitle 3 of the Financial Institutions Article.

(c) *Licenses – Issuance.* – A license required by this subtitle shall be issued by the Commissioner.

(d) *Licenses – Exemptions.* – A person not included within the definition of a credit services business as provided in § 14-1901(e)(3) of this subtitle is exempt from licensure requirements under this subtitle.

CL § 14-1903.1. Advertisements of credit services business.

A person who advertises a service described in § 14-1901(e)(1) of this subtitle, whether or not a credit services business, shall clearly and conspicuously state in each advertisement the number of:

- (1) The license issued under § 14-1903 of this subtitle; or
- (2) If not required to be licensed, the exemption provided by the Commissioner.

CL § 14-1904. Information statement.

(a) *Duty to provide.* – Before either the execution of a contract or agreement between a consumer and a credit services business or the receipt by the credit services business of any money or other valuable consideration, the credit services business shall provide the consumer with a written information statement containing all of the information required under § 14-1905 of this subtitle.

(b) *Filing.* – The credit services business shall maintain on file for a period of 2 years from the date of the consumer's acknowledgment a copy of the information statement signed by the consumer acknowledging receipt of the information statement.

CL § 14-1905. Information to be included in information statement.

(a) *In general.* – The information statement required under § 14-1904 of this subtitle shall include:

(5) A complete and detailed description of the services to be performed by the credit services business for or on behalf of the consumer, and the total amount the consumer will have to pay for the services;

(b) *Additional requirements of licenses.* – A credit services business required to obtain a license pursuant to § 14-1902 of this subtitle shall include in the information statement required under § 14-1904 of this subtitle:

- (1) A statement of the consumer's right to file a complaint pursuant to § 14-1911 of this subtitle;
- (2) The address of the Commissioner where such complaints should be filed; and
- (3) A statement that a bond exists and the consumer's right to proceed against the bond under the circumstances and in the manner set forth in § 14-1910 of this subtitle.

CL § 14-1906. Contract with consumer.

(a) *Requirements.* – Every contract between a consumer and a credit services business for the purchase of the services of the credit services business shall be in writing,

dated, signed by the consumer, and shall include:

(1) A conspicuous statement in size equal to at least 10-point bold type, in immediate proximity to the space reserved for the signature of the consumer as follows:

“You, the buyer, may cancel this contract at any time prior to midnight of the third business day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right.”;

(2) The terms and conditions of payment, including the total of all payments to be made by the consumer, whether to the credit services business or to some other person;

(3) A complete and detailed description of the services to be performed and the results to be achieved by the credit services business for or on behalf of the consumer, including all guarantees and all promises of full or partial refunds and a list of the adverse information appearing on the consumer’s credit report that the credit services business expects to have modified and the estimated date by which each modification will occur; and

(4) The principal business address of the credit services business and the name and address of its agent in this State authorized to receive service of process.

(b) *Notice of cancellation form.* – The contract shall be accompanied by a form completed in duplicate, captioned “NOTICE OF CANCELLATION”, which shall be attached to the contract and easily detachable, and which shall contain in at least 10-point bold type the following statement:

“NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligation, at any time prior to midnight of the third business day after the date the contract is signed.

If you cancel, any payment made by you under this contract will be returned within 10 days following receipt by the seller of your cancellation notice.

(c) *Copies of completed contract and other documents to be given to consumer.* – A copy of the completed contract and all other documents the credit services business requires the consumer to sign shall be given by the credit services business to the consumer at the time they are signed.

CL § 14-1907. Violations; void contracts; waivers; burden of proof.

(a) *Breach of contract.* – Any breach by a credit services business of a contract under this subtitle, or of any obligation arising under it, shall constitute a violation of this subtitle.

(b) *Void contracts.* – Any contract for services from a credit services business that does not comply with the applicable provisions of this subtitle shall be void and unenforceable as contrary to the public policy of this State.

CL § 14-1908. Surety bonds – Requirement.

A credit services business is required to obtain a surety bond pursuant to Title 11,

Subtitle 3 of the Financial Institutions Article.

11. The Respondent denies that, by their acts and omissions described above, they have violated the MCSBA, or any other Maryland laws, administrative rules or regulations. Notwithstanding, the Respondent, in consultation with independent legal counsel, agrees to fully and finally resolve this matter by entering into this Consent Order and Settlement Agreement.

12. By entering into this Consent Order and Settlement Agreement the Respondent expressly waive its right to: (a) have the Commissioner issue a formal Statement of Charges and Order for Hearing against them; (b) appear before an Administrative Law Judge of the Office of Administrative Hearings for an administrative hearing to defend the charges; (c) the making of Findings of Fact and Conclusions of Law by the Administrative Law Judge; and (d) appeal from this Consent Order and Settlement Agreement to a court of competent jurisdiction.

13. Having consulted with independent legal counsel regarding the negotiation and execution of this Consent Order and Settlement Agreement, the Respondent hereby acknowledge they are entering into this Consent Order and Settlement Agreement knowingly, willingly, and voluntarily and with the advice of counsel.

14. The Respondent represent and warrant that if it elects to do business in Maryland in the future that it will be in compliance with, and will continue to comply with, the MCSBA and all other laws, regulations, and rules governing credit services businesses in Maryland. The Respondent acknowledge that the OCFR is relying upon Respondent's representations and warranties as to their compliance with Maryland law. This Consent Order and Settlement Agreement may be revoked and the OCFR may pursue any and all remedies available under the law against Respondent if the OCFR finds that the Respondent have knowingly or willfully withheld information from the OCFR during the investigation of this matter or during the negotiation of this Consent Order and Settlement Agreement.

15. The OCFR agrees to accept this Consent Order and Settlement Agreement as the full and final resolution of Case No. CFR-FY2018-0004 and agrees not to pursue an enforcement action based on the alleged violations cited herein, unless the Respondent fail to perform their obligations under this Consent Order and Settlement Agreement.

16. The OCFR and the Respondent further agree that this Consent Order and Settlement Agreement is admissible and shall be binding and enforceable in a court of competent jurisdiction by the OCFR should the Respondent fail to perform their obligations.

17. The OCFR and the Respondent further acknowledge that this Consent Order and Settlement Agreement does not in any way relate to, impact, or otherwise affect the legal rights of, or preclude the OCFR from bringing or continuing actions against persons not Parties to this Consent Order and Settlement Agreement.

BASED ON THE STIPULATIONS AND AGREEMENTS SET FORTH ABOVE IT IS, BY THE OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION, HEREBY:

ORDERED that the Respondent shall immediately cease and desist from acting as a credit services business in Maryland as that term is defined in CL § 14-1901(e) unless it is first in compliance with the MCSBA; and it is further

ORDERED that for their violations the Respondent shall pay a civil money penalty of \$2,500 (Two Thousand Five Hundred Dollars) in the form of a Cashier's Check or Money Order made payable to the Commissioner of Financial Regulation, to be delivered to the OCFR, 500 N. Calvert Street, Suite 402, Baltimore, Maryland 21202 no later than March 6, 2020; and it is further

ORDERED that, in the event the Respondent violates any provision of this Consent Order and Settlement Agreement, or otherwise engage in the activities which formed the basis for the allegations set forth above, the Commissioner may, at the Commissioner's discretion, bring an enforcement action against the Respondent pursuant to the Commissioner's authority set forth in FI § 2-115(b), CL §§ 14-1911 and 14-1912, and applicable State law; such enforcement actions may include the issuance of an order to cease and desist, the imposition of civil money penalties of up to \$1,000 for the first violation and up to \$5,000 for each subsequent violation, an order to provide restitution of money or property to any aggrieved persons, an action for relief in the Circuit Court of Maryland, and/or referral for criminal prosecution; and it is further

ORDERED that this matter shall be resolved in accordance with the terms of this Consent Order and Settlement Agreement and the same shall be reflected among the records of the OCFR; and it is further

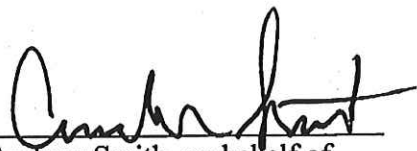
ORDERED that this document shall constitute a Final Order of the Maryland Commissioner of Financial Regulation and that the Commissioner may consider this Consent Order and Settlement Agreement and the facts set forth herein in connection with, and in deciding, any action or proceeding before the Commissioner; and that this Consent Order and Settlement Agreement may, if relevant, be admitted into evidence in any matter before the Commissioner, the Office of Administrative Hearings, or court of competent jurisdiction.

IN WITNESS WHEREOF, this Consent Order and Settlement Agreement is executed on the day and year first above written.

**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION**

By: 
Teresa M. Louro
Deputy Commissioner

PRIME, L.L.C. D/B/A PRIME SOLUTIONS

By: 
Andrew Smith, on behalf of
Prime, L.L.C. d/b/a Prime Solutions