

BUSINESS AND CONSUMER DOCKET
Location: West Bath
Docket No. BCD-WB-CV-10-02

(Injunctive Relief and Civil Penalties Requested)

3. Defendant CSA-Credit Solutions of America, Inc. is a Texas for-profit corporation that has been in the business of providing debt settlement services to consumers. Its last business address was 12700 Park Central

Drive, Dallas, Texas 75251.

4. Defendant CSA – Credit Solutions of America, LLC is a Delaware limited liability company that is in the business of providing debt settlement services to consumers. It is the surviving entity of a merger with CSA-Credit Solutions of America, Inc. that occurred in December of 2009. Its business address is 12700 Park Central Drive, 21st Floor, Dallas, Texas 75251.

5. As used in this Complaint, “CSA” refers to the entities named herein and their predecessors in interest, including CSA-Credit Solutions of America, Ltd., which have provided debt settlement services to consumers in Maine from 2003 to the present.

6. Defendant Douglas Van Arsdale (“Van Arsdale”) is the founder, sole shareholder, president and chief executive officer of CSA-Credit Solutions of America, Inc. He is the sole manager of CSA-Credit Solutions of America, LLC that is owned by Lending.com, Inc., a corporation in which he is the sole shareholder. His business address is 12700 Park Central Drive, 21st Floor, Dallas, Texas 75251. His residential address is 5771 Chamberlain Drive, Frisco, Texas 75034.

JURISDICTION AND VENUE

7. This Court has jurisdiction over this action, pursuant to 4 M.R.S.A. § 105 and 5 M.R.S.A. § 209. This Court has jurisdiction over Defendants, pursuant to 5 M.R.S.A. § 209, 14 M.R.S.A. § 704-A, and 32 M.R.S.A. § 6172(3).

8. Venue is properly laid in Kennebec County, pursuant to 5 M.R.S.A. § 209.

STATUTORY BACKGROUND

9. Pursuant to 5 M.R.S.A. § 207, “unfair or deceptive acts or practices in the conduct of any trade or commerce are . . . unlawful.”

10. Pursuant to 5 M.R.S.A. § 209:

Whenever the Attorney General has reason to believe that any person is using or is about to use any method, act or practice declared by section 207 to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the State against such person to restrain by temporary or permanent injunction the use of such method, act or practice and the court may make such other orders or judgments as may be necessary to restore to any person who has suffered any ascertainable loss by reason of the use or employment of such unlawful method, act or practice, any moneys or property, real or personal, which may have been acquired by means of such method, act or practice. . . .

11. Pursuant to 5 M.R.S.A. § 209, each intentional violation of 5 M.R.S.A. § 207 that results from unfair or deceptive conduct is a civil violation for which a penalty of up to \$10,000 may be imposed.

12. Pursuant to 14 M.R.S.A. § 1522(1)(A), should the State prevail in an action brought by the Attorney General to enforce 5 M.R.S.A. § 207, the Court shall allow litigation costs, including court costs, reasonable attorney’s fees, and reasonable expert witness fees.

13. The Maine Debt Management Services Act, 32 M.R.S.A. §§ 6171 through 6182, governs activities of persons who provide debt settlement services for a fee.

14. Pursuant to §§ 6172(2)(B), 6172(2)(D), and 6172(3), a “debt management service provider” includes a person, wherever located, who for consideration provides any debt management services, including, but not limited to:

- a. Arranging or assisting a consumer to arrange for the distribution of payment to a creditor in full or partial payment of the consumer’s obligation; or
- b. Acting or offering to act as an intermediary between a consumer and a creditor of the consumer “for the purpose of adjusting, settling, discharging, reaching a compromise on or otherwise altering the terms of payment of the consumer’s obligation.”

15. Since September 20, 2007, pursuant to 32 M.R.S.A. § 6173(2), an organization desiring to act, or continue to act, as a debt management service provider must register with the Superintendent of the Maine Bureau of Consumer Credit Protection (the “Superintendent”).

16. Pursuant to 32 M.R.S.A. § 6174, a person applying for registration as a debt management service provider must show evidence of a surety bond in the aggregate amount of \$50,000 to run to the Superintendent for use by the

Superintendent or any person who may have a cause of action against the debt management service provider.

17. Pursuant to 32 M.R.S.A. § 6174-A(1), a debt management service provider may not charge a consumer more than \$75 for a one-time initial or set-up fee.

18. Pursuant to 32 M.R.S.A. § 6174-A(2)(B), a debt management service provider acting as an intermediary between consumer and creditor may not charge a service fee exceeding 15% of the amount by which a consumer's debt is reduced as part of each settlement.

19. Pursuant to 32 M.R.S.A. §§ 6174-B(1) and 6174-B(2), respectively, a debt management service provider must:

- a. Provide evidence of each counselor's certification to the Superintendent within 12 months of the counselor's employment; and
- b. Offer a consumer education program approved by the Superintendent.

20. Pursuant to 32 M.R.S.A. § 6180(1), a debt management service provider may not engage in false or misleading advertising concerning the terms and conditions of any service or assistance offered.

FACTS

21. From 2003 to the present, CSA, in its present or a past incarnation (including, but not limited to, CSA-Credit Solutions of America, Ltd.), has

provided debt management services to Maine consumers by negotiating or promising to negotiate with their creditors in order to obtain settlement of their debts.

22. CSA's business focuses on credit card and other unsecured debt. CSA charges debtors a fee in return for promises of assistance.

23. Since 2003, CSA has enrolled at least 620 Maine consumers in its program and has charged service fees totaling almost two million dollars.

24. CSA has conducted trade or commerce affecting the people of the State of Maine.

25. CSA is the agent of Van Arsdale.

26. Van Arsdale directs policies and practices of CSA.

27. Van Arsdale has knowledge of the policies and practices of CSA.

28. Van Arsdale has authority to control CSA.

29. Van Arsdale controls CSA.

30. Van Arsdale is responsible for the conduct of CSA.

31. Van Arsdale is the alter ego of CSA.

32. Van Arsdale has conducted trade or commerce affecting the people of the State of Maine.

33. CSA and Van Arsdale have acted, and continue to act, in concert with each other, with respect to provision of debt settlement services.

34. CSA solicits consumers and enrolls them in its program by using an interactive website associated with the domain name www.credit

solutions.com and by using sponsored links associated with various search terms, such as “debt settlement” and “credit card debt.” It also solicits business by offering existing clients financial incentives for referrals.

35. CSA has represented that it can eliminate between 40% and 60% of a consumer’s debts “enrolled” in its program by negotiating directly with the consumer’s creditors. CSA recently began promising settlements of 50% of a consumer’s debts. With the change to 50%, CSA has not changed its business model. It has begun promising less. Using the 50% figure does not eliminate calculable financial disadvantages for consumers.

36. For its services, CSA charges a fee equal to 15% of the consumer’s total enrolled debt. CSA usually holds consumers responsible for paying the enrollment fee, regardless of whether it settles all enrolled debts.

37. CSA accepts as clients consumers whose debt meets a minimum dollar amount threshold. The threshold has been \$6,000 for multiple debts or \$8,000 for a single debt. There is not a limit on the maximum amount of debt that a consumer can enroll in CSA’s program.

38. The length of CSA’s debt settlement program depends on the amount of a consumer’s debt. For debts between \$6,000 and \$20,000, it has been 36 months; for debts of \$20,000 or more, it has been 48 months. CSA has also advertised the possibility of settlement in 12 to 36 months. The shorter time range requires a consumer to make larger periodic fee payments to CSA.

39. CSA's debt settlement program is based on a business model that requires a consumer to save sufficient funds in a "savings" account over the program's term. CSA instructs consumers to stop making payments to their creditors and instead to deposit a monthly payment, determined by CSA, into a "savings" account over the term of enrollment in the program.

40. CSA represents to consumers that, by not paying their bills, they will have sufficient funds to participate in the program. CSA represents to consumers that the longer enrolled accounts "age," or remain in default due to nonpayment, the better CSA's leverage will be to settle their debts on favorable terms.

41. In practice, for consumers already overwhelmed by debt, *i.e.*, CSA's client base, monthly "savings" deposits may not be sustainable. A default caused by nonpayment of debts may result in penalties, late fees, accrued interest, and negative reports to consumer credit reporting agencies. In addition, default usually leads to more aggressive debt collection efforts by creditors, possibly including lawsuits, which can result in adverse legal judgments, wage garnishments, seizures of bank accounts, and bankruptcy.

42. CSA advertises on its website and in various other media. A number of its present and past advertising claims are false or misleading, including, but not limited to:

- a. "Debt Settlement specifically reduces your current outstanding balances 40-60% by negotiating agreed payoff

amounts with your creditors.”

- b. “Because of the reduction in overall debt, settlement negotiation is now becoming the ONLY viable solution for many Americans to rid themselves of burdensome unsecured credit.”
- c. “Debt settlement is the best debt reduction option as it creates an environment that totally benefits the consumer.”
- d. “C[onsumer] C[redit] C[ounseling] organizations were originally set up by a major credit card company in the early 1980s as a means of recovering money from thousands of people that were starting to fall behind on their payments. They disguised themselves as ‘non-profit’ organizations and were able to put on a friendly face, all the while working to collect money for the banks. Truth is, over 50% of all people who start a CCC program never actually complete paying off their debt. The reason is simple. CCC companies work for the creditors.”
- e. With CSA’s program, consumers will “hit their goals of attaining [their] financial freedom.”
- f. Debt settlement is “the best option to alleviate your debt quickly and efficiently.”
- g. CSA has an appropriate surety bond.

43. CSA includes on its website the logo of the National Broadcasting Company ("NBC") with the text "Featured on NBC" and "Click to View," "Play Video," "Play Coverage," or some similar directive. When a visitor to the website clicks as suggested, a video runs. The video features a video news release ("VNR") with individuals in a television studio reporting what appears to be an objectively investigated news story. The VNR describes CSA's program in highly complimentary terms and compares other forms of debt relief unfavorably.

44. The VNR on CSA's website is misleading and deceptive because CSA does not disclose that it is a promotional piece created by CSA which was never aired on the entire NBC television network.

45. CSA includes or has included on its website in bold text "Recent Coverage From A[merican] B[roadcasting] C[ompany]" "Credit Card Crisis," under which appears the text:

Recently, ABC reported on the current credit card crisis for consumers....Some financial advisors are recommending using Credit Solutions – a debt consolidation alternative – to help you manage your debts....

CSA does not identify the "financial advisors" recommending use of its program.

46. The text about ABC on CSA's website is misleading and deceptive because it implies that ABC recommends CSA. Upon information and belief, ABC has not recommended using CSA.

47. CSA's website promises or has promised that its program "Dramatically reduces your monthly payment and **eliminates** your debt." (Bold emphasis in original). The statement is misleading and deceptive because it implies that CSA's program will reduce a consumer's payments to his or her creditors when, in truth and in fact, CSA advises consumers to cease making payments to their creditors altogether. The statement is also misleading and deceptive because CSA's program of debt settlement does not eliminate debt; it can, at best, only compromise debt.

48. CSA has included on its website a chart that compares CSA's program with loan consolidation, credit counseling, and bankruptcy, using several factors: lowering of bills, elimination of debt in three years, elimination of debt by 50% (formerly 60%), availability of Internet resources, and national recognition. The chart is misleading and deceptive because it implies that CSA has verifiable evidence that substantiates these comparisons, which, upon information and belief, is not the case.

49. CSA has at times advertised debt consolidation to be the best way to deal with debt.

50. To enroll in CSA's program, a consumer must complete an online form contract, the "Credit Solutions Terms of Agreement" (the "Agreement"). CSA also requires a consumer to complete related forms contained in a "Customer Enrollment Package" (the "Enrollment Package").

51. The Enrollment Package includes a Client Information Sheet, an

Estimated Settlement Plan Cost Statement, a CSA Service Fee Payment Schedule, an Estimated Personal Savings Plan, an Electronic Funds Transfer Authorization, and a Limited Power of Attorney.

52. Typically, a CSA sales representative, or “debt consultant,” speaking with a consumer by telephone and using a prepared script, assists the consumer in completing the online forms for program enrollment.

53. The prepared script used by CSA sales representatives to enroll clients misrepresents that debt consolidation and credit counseling are the same thing.

54. CSA represents or has represented that its sales representatives, or “debt consultants,” are “certified” or “expert.” The representation is misleading and deceptive. Upon information and belief, the only training provided debt consultants is by CSA, and that training focuses on obtaining and retaining clients and communicating CSA’s alleged advantages over other types of debt relief. It does not focus on educating consumers about the real differences in debt relief options or whether debt settlement is actually a good option for them. CSA has never provided the Superintendent with evidence of certification of its “debt consultants” or counselors.

55. CSA calculates the consumer’s monthly cost for participating in its program by first figuring a “total debt elimination cost,” which is arrived at by adding the consumer’s debt, reduced by 60% (recently 50%), to CSA’s fee of 15% of the total original debt. This figure is then divided by the number of

months the consumer is in the program (36 or 48 in some instances, 12 or 36 in others), to come up with the consumer's monthly cost. For example, a consumer who enrolls four debts of \$3,600, \$4,400, \$4,800, and \$6,200 totaling \$19,000 could be told to pay \$10,450, or \$290.28 per month, into a savings or "debt settlement" account ($\$19,000 \times .40 = \$7,600$; $\$19,000 \times .15 = \$2,850$; $\$7,600 + \$2,850 = \$10,450$; $\$10,450 \div 36 \text{ months} = \$290.28/\text{month}$). CSA makes this "total debt elimination cost" calculation part of the consumer's contract prior to actual settlement of any debt and always with the assumption that every debt will be reduced by the percentage promised.

56. Once a consumer signs the Electronic Funds Transfer Authorization included in the Enrollment Package, CSA typically withdraws from the consumer's dedicated savings account 100% of the consumer's first three monthly deposits and 50% of the next fourteen monthly deposits. Using the numbers from the example in paragraph 55 above, in 17 months, a consumer would make payments totaling \$2,902.80 ($\$290.28 \times 3 = \870.84 ; $\$145.14 \times 14 = \$2,031.96$; $\$870.84 + \$2,031.96 = \$2,902.80$). After 17 months, CSA would be paid in full, but the consumer would have saved only \$2,031.96 towards the \$7,600 ($\$19,000 \times .40$) settlement amount promised by CSA.

57. Using the numbers from paragraphs 55 and 56 above, the consumer would be in CSA's program 18 months before saving sufficient funds to settle the smallest debt enrolled, \$3,600.

58. Consumers must obtain CSA's express concurrence before they can withdraw their authorization for electronic funds transfers.

59. CSA requires its fee to be paid in advance of debt settlement.

60. CSA's fee is illegal under Maine law, which allows a debt management service provider to charge an initial fee of no more than \$75 and a service fee that is no more than 15% of the amount by which the consumer's debt is reduced as part of the settlement. Using numbers from the preceding example, a Maine consumer who enrolls \$19,000 in debt and settles 60% of that debt would owe a service fee of no more than \$1,140 to a legitimate debt management service provider ($\$19,000 \times .60 = \$11,400$; $\$19,000 - \$11,400 = \$7,600$; $\$7,600 \times .15 = \$1,140$), with payment due after the debts have been settled. In stark contrast, CSA's fee would be \$2,850, 250% of that allowed by Maine law ($\$2,850 \div \$1,140 = 2.50$).

61. The "total debt elimination cost" does not reflect the true costs to a consumer participating in CSA's program. These include, but are not limited to: accumulating interest on debt, late fees, over-limit charges, and other fees assessed against an account that is in default, as well as a creditor's costs and attorney's fees if the creditor successfully sues the consumer. Because it fails to include these costs, CSA misrepresents the savings that a consumer will achieve by enrolling in its program.

62. Many consumers, who are already financially strapped, are unable to maintain CSA's payment schedule and drop out of the program before all of

their enrolled debts have been settled. Most find themselves in financial straits worse than those they were in before they became CSA clients.

63. The Limited Power of Attorney appoints CSA as the consumer's attorney-in-fact to intercede, intervene, and negotiate for the consumer as CSA sees fit. The authority granted extends to legal matters.

64. CSA's Limited Power of Attorney is misleading and deceptive because CSA disclaims in the Agreement that it provides legal advice or representation.

65. CSA misleads, or has misled, consumers by not clearly and conspicuously disclosing to them that creditors are under no obligation to accept, or even entertain, a settlement offer.

66. The Agreement provides that CSA will promptly notify creditors on each of the consumer's enrolled accounts and that all further communications relating to enrolled debts should be directed to CSA rather than to the consumer. In practice, CSA does not always contact all creditors on accounts enrolled by consumers or respond to creditors' communications that are forwarded to CSA by consumers.

67. The Agreement requires CSA to negotiate directly with each creditor to obtain settlement offers on each enrolled account. It provides that CSA must present all settlement offers it obtains to the consumer and must keep the consumer informed of progress of all settlement negotiations. If a settlement offer is accepted by the consumer, the consumer must make the

settlement payment directly to the creditor from the consumer's savings account.

68. In many cases, the final debt settlement offer that CSA obtains from a creditor requires payment of more money than CSA promised would be necessary.

69. In many cases, the debt settlement offer that CSA negotiates is no better than what the consumer could negotiate for him- or herself.

70. CSA often tenders offers of settlement from creditors before consumers have been able to save the necessary funds on the timetable set by CSA in the consumers' Enrollment Packages.

71. Because the settlement deals promised by CSA are exaggerated, CSA pressures consumers to find other sources of funds over and above those calculated by CSA for a savings plan sufficient to settle their debts. Funds in the savings plan calculated by CSA are, or may be, inadequate to cover the actual settlement of all a consumer's enrolled debts.

72. CSA promises to respond promptly to all inquiries and communications from the consumer. It commonly fails to do so.

73. The Agreement contains a "Service Guarantee" in which CSA represents that it will refund to the client the 15% service fee associated with any debt that it is unable to settle. The guarantee does not require CSA to settle the debt for at least the promised percentage, but it does require that consumers have "sufficient funds to settle the account in order to be eligible for

the service guarantee.”

74. Debts of less than \$1,000 are excluded from the Service Guarantee regarding 15% refunds. Based on information and belief, CSA nonetheless includes such excluded amounts in the consumer’s total debt when calculating its fee.

75. Consumers who cancel their enrollment and request a refund of fees paid are often denied a refund.

76. CSA pressures dissatisfied consumers to remain enrolled, reiterating misleading promises regarding settlement services. Efforts to retain dissatisfied clients are systematic. Efforts to retain dissatisfied clients are governed by a formally established protocol called “saving” a client.

77. CSA allows cancellation of a consumer account only in writing. Otherwise, CSA routinely communicates with consumers by telephone.

78. The Agreement provides that Texas law governs and that consumer disputes must be resolved in Texas. The Agreement and accompanying documents are signed in Maine, consumers’ debts were usually incurred in Maine, CSA draws funds from consumers’ financial institutions located in Maine, and implementation of the Agreement depends upon ongoing communications from Maine.

79. The Agreement requires that a consumer waive the right to present disputes with CSA to a Maine court.

80. The Agreement’s representations include, but are not limited to:

- a. CSA does not provide investment, tax, or legal advice of any kind;
- b. The client should consult with an attorney, if he or she needs legal advice to deal with court filings;
- c. CSA will not assist the client in the modification, improvement, or correction of credit entries on the client's credit reports;
- d. CSA cannot stop all collection calls or correspondence;
- e. Debts of less than \$1,000 are not subject to CSA's service guarantee, because CSA may require payment of the full balance due at the time of settlement;
- f. Accounts enrolled in CSA's program will continue to accrue interest and/or late fees until the accounts are settled;
- g. Creditors may continue to impose other penalties as a result of delinquent payments, including, but not limited to, reporting of adverse information to credit bureaus and lawsuits to collect a debt if a settlement is not reached;
- h. CSA's services may have a negative impact on a consumer's credit reports;
- i. Discharge of indebtedness may be considered taxable income; and
- j. CSA will not take any actions to disrupt the relationship

between the client and his or her creditors.

81. Each term set forth in paragraph 80(a) – 80(j) above contains information that is important to consumers.

82. The terms set forth in paragraph 80(a) – 80(j) above are not clearly and conspicuously disclosed in the Agreement.

83. Consumers have insufficient time to review the Agreement before they are directed by CSA's debt consultants to sign it.

84. Some of the terms set forth in paragraph 80 above are misrepresentations, including, but not limited to, assertions that:

- a. CSA does not provide legal advice;
- b. CSA does not advise consumers in the improvement of credit reports; and
- c. CSA will not take any actions to disrupt the relationship between a consumer and the consumer's creditors.

85. In truth and in fact, CSA provides legal advice to consumers. As part of the Enrollment Package, consumers are required to sign a "Limited Power of Attorney" which appoints CSA as the consumer's attorney-in-fact. At times, the Limited Power of Attorney has explicitly stated that CSA can "proactively intercede and/or intervene and/or negotiate, mediate, or arbitrate the settlement of any and all of my creditor claims, suits, liens, judgments, and/or disputes." Further, CSA has, or had, an "SOS team" in its Support Services Division to assist "clients with accounts that are in any stage of

litigation.” Historically, CSA has had no attorneys on its staff but provided legal advice with non-lawyers.

86. In truth and in fact, CSA advises or has advised consumers on improving their credit scores. For example, CSA has claimed that “[S]ettlement will ultimately boost your debt to income ratio [used in calculating a credit score]. . . .There will be short term pain for long-term gain.” It also has claimed:

Your credit rating is largely determined by two factors: your payment history and the amount of debt you have, or debt to income ratio. Any debt management program will affect your credit in the beginning. However, as you begin to pay off the accounts and obtain zero balances, you will ultimately lower your debt to income ratio and therefore improve that specific portion of your credit score.

87. In truth and in fact, CSA disrupts the relationship between a client and his or her creditors by advising consumers not to talk to their creditors and not to make payments so that their accounts will “age.”

88. CSA has advertised its ability to assist consumers to repair their credit. CSA fails to disclose certain material facts relating to credit repair that may affect a consumer’s decision to hire CSA, including, but not limited to the following:

- a. That accurate information regarding debts cannot be removed from the records of a credit reporting agency.
- b. When information held by a credit reporting agency becomes

obsolete, *i.e.*, when it cannot be used with respect to a consumer's creditworthiness.

89. CSA fails to inform consumers fully regarding their rights with respect to credit reporting agencies.

90. CSA has filed no surety bond with the Superintendent.

91. CSA does not inform consumers how to proceed against any surety bond it allegedly has.

92. Maine consumers have relied to their detriment upon representations made by CSA in its advertising, the Agreement, the Enrollment Package, and other communications.

93. CSA's conduct has caused injury, including financial loss, to Maine consumers.

COUNT I

Unlicensed Practice 32 M.R.S.A. § 6173(2) and 5 M.R.S.A. § 207

94. The State repeats, realleges, and incorporates herein by reference paragraphs 1 through 93 of this complaint.

95. As of September 20, 2007, CSA's failure to register with the Superintendent of the Bureau of Consumer Credit Protection as a debt management service provider in the State of Maine is a violation of 32 M.R.S.A. § 6173(2) and constitutes a deceptive and/or unfair trade practice in violation of 5 M.R.S.A. § 207, with each contact with each consumer since September

20, 2007 constituting a separate violation of both 32 M.R.S.A. § 6173(2) and 5 M.R.S.A. § 207.

96. CSA's conduct, as described in this Count, is intentional.

COUNT II

Failure to Disclose Material Facts 5 M.R.S.A. § 207

97. The State repeats, realleges, and incorporates herein by reference paragraphs 1 through 93 of this complaint.

98. CSA's failures to make clear and conspicuous disclosure to consumers of material facts that may affect the consumers' decision to enroll in CSA's program constitute an unfair and/or deceptive trade practice, with each such failure to make disclosure to each consumer constituting a separate violation of 5 M.R.S.A. § 207.

99. CSA's conduct, as described in this Count, is intentional.

COUNT III

Misrepresentation of Terms and Conditions 5 M.R.S.A. § 207

100. The State repeats, realleges, and incorporates herein by reference paragraphs 1 through 93 of this complaint.

101. CSA's misrepresentations to consumers of material terms, conditions, and practices of its program that may affect the consumers' decision to enroll in CSA's program constitute a deceptive trade practice, with each misrepresentation to each consumer constituting a separate violation of 5

M.R.S.A. § 207.

102. CSA's conduct, as described in this Count, is intentional.

COUNT IV

False or Misleading Advertising
5 M.R.S.A. § 207

103. The State repeats, realleges, and incorporates herein by reference paragraphs 1 through 93 of this complaint.

104. CSA's false or misleading claims regarding the nature and/or benefits of its program constitute a deceptive trade practice, with each false or misleading claim to each consumer constituting a separate violation of 5 M.R.S.A. § 207.

105. CSA's conduct, as described in this Count, is intentional.

COUNT V

Exploitation of Vulnerable Individuals
5 M.R.S.A. § 207

106. The State repeats, realleges, and incorporates herein by reference paragraphs 1 through 93 of this complaint.

107. CSA's practice of enrolling in its program consumers in dire financial straits at a substantial cost to them, when it knows or should know that many consumers will drop out of the program before CSA settles their debts but after CSA has received full or partial payment of its fees, constitutes an unfair business practice, with each enrollment constituting a separate violation of 5 M.R.S.A. § 207.

108. CSA's conduct, as described in this Count, is intentional.

COUNT VI

Failure to Refund Fees
5 M.R.S.A. § 207

109. The State repeats, realleges, and incorporates herein by reference paragraphs 1 through 93 of this complaint.

110. CSA's failures to refund fees, in whole or in part, to consumers who leave the program before CSA has settled all of their enrolled debts constitute an unfair and/or deceptive trade practice, with each such failure to refund fees constituting a separate violation of 5 M.R.S.A. § 207.

111. CSA's conduct, as described in this Count, is intentional.

COUNT VII

Deprivation of Appropriate Remedies under the Law
5 M.R.S.A. § 207

112. The State repeats, realleges, and incorporates herein by reference paragraphs 1 through 93 of this complaint.

113. CSA's efforts to preclude consumers from resolving disputes with it in court and/or in Maine constitute an unfair trade practice, with each instance of such conduct toward each consumer constituting a separate violation of 5 M.R.S.A. § 207.

114. CSA's conduct, as described in this Count, is intentional.

RELIEF REQUESTED

Accordingly, the State of Maine hereby requests that this Honorable

Court:

1. Declare that CSA has violated 32 M.R.S.A. § 6173(2) since September 20, 2007;
2. Declare that CSA and Douglas Van Arsdale have violated 5 M.R.S.A. § 207;
3. Declare that each violation of 5 M.R.S.A. § 207 by CSA or Douglas Van Arsdale resulted from an unfair and/or deceptive trade practice;
4. Pursuant to 5 M.R.S.A. § 209, issue a permanent injunction enjoining CSA and Douglas Van Arsdale, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the injunction from engaging in the following acts or practices:
 - a. Violating 32 M.R.S.A. § 6173(2) by failing to register with the Superintendent of the Bureau of Consumer Credit Protection as a debt management service provider in the State of Maine.
 - b. Violating 32 M.R.S.A. § 6174 by failing to show evidence to the Superintendent of the Maine Bureau of Consumer Credit Protection of a reachable and sufficient surety bond.
 - c. Violating 32 M.R.S.A. § 6174-A by charging more than \$75 for an initial or set-up fee, by collecting a service fee in advance of settlement, and by collecting a fee in excess of 15% of the amount by which a consumer's debt is reduced

as part of each settlement.

- d. Violating 32 M.R.S.A. § 6174-B by failing to offer to CSA's clients a consumer education program approved by the Superintendent of the Bureau of Consumer Credit Protection and by failing to provide evidence that its counselors are properly certified.
- e. Violating 32 M.R.S.A. § 6180 by engaging in false or misleading advertising.

5. Pursuant to 5 M.R.S.A. § 209, issue a permanent injunction enjoining CSA and Douglas Van Arsdale, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the injunction from engaging in the following acts or practices:

- a. Representing to consumers that CSA will settle consumers' debts for a certain percentage of the debts or within a certain percentage range of the debts, unless Defendants have a substantial basis in fact for the representations. For purposes of compliance, the substantial basis in fact shall be a documented and verifiable record of at least three years of settlement data showing that all Maine accounts handled by CSA settled at the represented percentage, within the represented percentage range, or better.

- b. Failing to refund fees collected by CSA for any account for which CSA did not negotiate a settlement within the represented time frame of the debt settlement program sold to a consumer.
- c. Interfering in contractual relationships between consumers and their creditors by conduct including, but not limited to:
 - i. Instructing consumers not to talk with creditors;
and
 - ii. Instructing consumers to discontinue payments to creditors.
- d. Failing to disclose clearly and conspicuously to consumers that they may be sued by their creditors if the consumers stop making payments on their debts.
- e. Failing to disclose clearly and conspicuously to consumers that CSA will not be able to assist them in any way with any lawsuit filed against them by a creditor.
- f. Failing to disclose clearly and conspicuously to consumers that enrollment in a debt settlement program will likely result in aggressive collection efforts by the consumers' creditors.
- g. Representing to consumers that CSA can stop contact and collection efforts by the consumers' creditors.

- h. Failing to disclose clearly and conspicuously to consumers the identities of any creditors who may refuse to work with CSA.
- i. Failing to verify that consumers have adequate settlement funds prior to negotiating with consumers' creditors.
- j. Failing to disclose clearly and conspicuously that consumers' debts will continue to increase while consumers are participating in CSA's debt settlement program due to certain charges including, but not limited to:
 - i. Compounding interest;
 - ii. Late fees and other penalties for non-payment; and
 - iii. Increased interest rates due to default.
- k. Failing to disclose clearly and conspicuously to consumers that the amount that they are ultimately required to pay to resolve a debt obligation may be larger than the amount of that debt when they enter CSA's program.
- l. Failing to disclose clearly and conspicuously that CSA cannot guarantee that consumers' creditors will agree to settle for any amount less than the full amount owed.
- m. Failing to disclose clearly and conspicuously that consumers may owe taxes on forgiven debts.

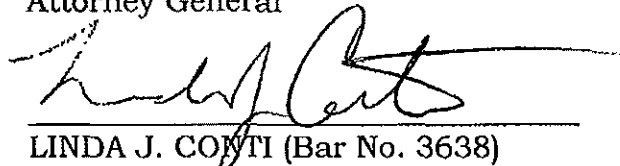
- n. Failing to respond to clients' inquiries in a timely manner.
For purposes of compliance, CSA must respond within 24 hours to voice mail messages and e-mails from clients, and CSA must respond to postal correspondence from clients within two business days of receiving those inquiries.
 - o. Requiring consumers to cancel their enrollment in CSA's debt settlement program in writing.
 - p. Requiring consumers to forego the right to settle disputes with CSA in a judicial forum in the State of Maine;
6. Pursuant to 5 M.R.S.A. § 209, rescind all presently effective contracts CSA has with Maine consumers and order CSA to:
- a. Provide clients with a copy of the Court's judgment; and
 - b. Provide clients with an accurate explanation of possible options for dealing with outstanding debt and a listing of resources with which that may be done;
7. Pursuant to 5 M.R.S.A. § 209, order Defendants to make full restitution of all service fees paid by Maine consumers enrolled in CSA's debt settlement program since commencement of Defendants' business in Maine, plus interest;
8. Pursuant to 5 M.R.S.A. § 209, order each Defendant to pay a civil penalty of \$10,000 for each intentional violation of 5 M.R.S.A. § 207;
9. Pursuant to 5 M.R.S.A § 209 and 14 M.R.S.A. § 1522(1)(A), order

Defendants to pay to the State of Maine its costs of investigation and litigation, including its attorney's fees; and

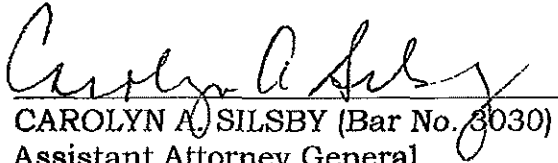
10. Grant such other and further relief as the Court deems just and proper.

Dated at Augusta, Maine this 23rd day of March 2011.

WILLIAM J. SCHNEIDER
Attorney General



LINDA J. CONTI (Bar No. 3638)
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Attorneys for the State of Maine

STATE OF MAINE
CUMBERLAND, ss.

BUSINESS AND CONSUMER COURT
Location: Portland
Docket No. BCD-WB-CV-10-02

STATE OF MAINE,)	
)	
Plaintiff,)	
)	
v.)	CONSENT
)	JUDGMENT
CSA - CREDIT SOLUTIONS OF)	
AMERICA, INC., CSA - CREDIT)	
SOLUTIONS OF AMERICA, LLC, and)	
DOUGLAS VAN ARSDALE,)	
)	
Defendants.)	

Without constituting evidence against, or admission by, any party as to any issue of fact or law other than jurisdiction, the parties consent to the entry of this Consent Judgment for the purpose of resolving matters at issue, without trial on any issue of fact or law. NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

JURISDICTION

The Court has personal jurisdiction over Plaintiff and Defendants and subject matter jurisdiction over this action. The Complaint states a claim for relief pursuant to 5 M.R.S. § 209.

INJUNCTIVE RELIEF

Pursuant to 5 M.R.S. § 209 and M.R. Civ. P. 65, Defendants and any entity owned or controlled by Defendants, together with their officers, agents,

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servants, employees , and those persons in active concert or participation with the Defendants who receive actual notice of this injunction, shall be permanently enjoined from:

- A. Engaging in, or providing, any debt settlement services to Maine consumers; and
- B. Accepting any fee for services from Maine consumers in advance of providing such services.

Notwithstanding anything to the contrary, this paragraph shall not prohibit Defendants from continuing to engage in and provide debt settlement services to existing customers who are Maine consumers, in accordance with Maine law.

COSTS

Upon execution of this Consent Judgment, Defendants shall pay \$150,000 to the Attorney General towards costs pursuant to 5 M.R.S. § 209, payable in three installments: \$50,000 on September 19, 2011; \$50,000 on October 20, 2011; and \$50,000 on November 21, 2011. Payment shall be by bank check made payable to the "Maine Attorney General." In the event that any installment payment due under this Consent Judgment is not timely made, interest shall accrue on such payment at the annual percentage rate of 10%, compounded daily.

RETENTION OF JURISDICTION

Jurisdiction is retained by this Court for the purpose of enabling any of


the parties to apply to the Court at any time for further order and directions as may be necessary or appropriate for the modification, construction, enforcement, or execution of this Consent Judgment. Each and every violation of this Consent Judgment shall be treated as a separate contempt thereof.

EFFECTIVE DATE

IT IS HEREBY ORDERED that this Consent Judgment shall be effective immediately upon entry.

This Consent Judgment may be incorporated by reference on the court docket.

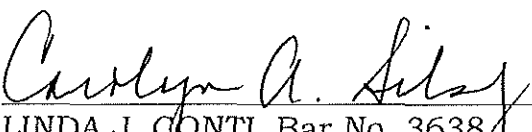
Dated: July 20, 2011



Thomas E. Humphrey
Chief Justice, Maine Superior Court

Dated: July 20, 2011

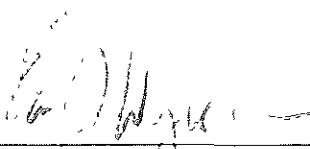
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Dated: July 20, 2011




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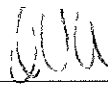
Dated: July 20, 2011

CSA-Credit Solutions of America, LLC



By: Douglas Van Arsdale, its President
and Chief Executive Officer

Dated: July 20, 2011



Douglas Van Arsdale