

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Unlicensed Activity of:

No. 12F-BD021-SBD

3 **JHASS GROUP L.L.C. a/k/a J. HASS**
4 **GROUP, LLC, JASON D. HASS,**
5 **PRESIDENT AND MEMBER, JEREMY R.**
6 **HASS; MANAGING MEMBER, and**
7 **JEFFREY HASS, MANAGING MEMBER**

ORDER TO CEASE AND DESIST;
NOTICE OF OPPORTUNITY FOR
HEARING; CONSENT TO ENTRY OF
ORDER

6 16425 N. Pima Road, Suite 325
7 Scottsdale, AZ 85260

Respondents.

8 The Superintendent of Financial Institutions for the State of Arizona (the "Superintendent"),
9 makes the following Findings of Fact and Conclusions of Law and enters the following Order
10 pursuant to Arizona Revised Statutes ("A.R.S.") § 6-137(A).

11 Pursuant to Titles 6 and 41 of the Arizona Revised Statutes and Title 20, Chapter 4 of the
12 Arizona Administrative Code ("A.A.C."), Respondents are hereby notified that they are entitled to
13 request a hearing to contest the allegations set forth in this Order. The Request for Hearing shall be
14 filed with the Arizona Department of Financial Institutions (the "Department") pursuant to A.R.S. §
15 6-137(D) within **thirty (30) days** of service of this Order and shall identify with specificity the
16 action or order being appealed in accordance with A.R.S. § 41-1092.03(B).

17 Pursuant to A.R.S. §§ 41-1092.01(D) and 41-1092.03(B), any person may appear on his or
18 her own behalf or by counsel. If Respondents are represented by counsel, the information required
19 by A.R.S. § 41-1092.03(B) shall be included in the Request for Hearing. Upon the filing of a
20 Request for Hearing, the Department shall issue a Notice of Hearing scheduling the matter for
21 hearing in accordance with A.R.S. § 41-1092.05. **Persons with disabilities may request**
22 **reasonable accommodations such as interpreters, alternative formats, or assistance with**
23 **physical accessibility.** Requests for special accommodations must be made as early as possible to
24 allow time to arrange the accommodations. If accommodations are required, call the Office of
25 Administrative Hearings at (602) 542-9826.
26

1 Respondents have the right to request an Informal Settlement Conference, pursuant to A.R.S.
2 § 41-1092.06, by filing a written request no later than **twenty (20) days** before the scheduled
3 hearing. The conference will be held within **fifteen (15) days** after receipt of your request. If an
4 Informal Settlement Conference is requested, a person with the authority to act on behalf of the
5 Department will be present (the "Department Representative"). Please note that in requesting an
6 Informal Settlement Conference, Respondents waive any right to object to the participation of the
7 Department Representative in the final administrative decision of this matter, if it is not settled. In
8 addition, any written or oral statement made by Respondents at such informal settlement conference,
9 including written documentation created or expressed solely for purposes of settlement negotiations,
10 are inadmissible in any subsequent administrative hearing. (See A.R.S. § 41-1092.06 for rules
11 regarding informal settlement conferences.) Conversely, any written or oral statement made by
12 Respondent outside an Informal Settlement Conference is not barred from being admitted by the
13 Department in any subsequent hearing.

14 If Respondents do not request a hearing, this Order shall become final. If Respondents
15 request a hearing, the purpose of the hearing shall be to determine if grounds exist for: (1) the
16 issuance of an order pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the
17 violative conduct and to take the appropriate affirmative actions, within a reasonable period of time
18 prescribed by the Superintendent, to correct the conditions resulting from the unlawful acts,
19 practices, and transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-
20 132; (3) an order to pay restitution of any fees earned in violation of A.R.S. § 6-901 *et seq.*, pursuant
21 to A.R.S. §§ 6-131(A)(3) and 6-137; and (4) an order or any other remedy necessary or proper for
22 the enforcement of statutes and rules regulating debt management companies pursuant to A.R.S. §§
23 6-123 and 6-131.

24 FINDINGS OF FACT

25 1. Respondent JHass Group L.L.C., a/k/a J. Hass Group, LLC ("JHASS") is an Arizona limited
26 liability company which has engaged in the business of a debt management company within the

1 meaning of A.R.S. § 6-701 *et seq.*

2 2. JHASS is not and was not, at any time material herein, authorized to transact business in
3 Arizona as a debt management company.

4 3. JHASS is not exempt from licensure as a debt management company pursuant to A.R.S. § 6-
5 702.

6 4. Respondents Jason D. Hass, Jeremy R. Hass and Jeffrey Hass (collectively referred to as
7 “Individual Respondents”) have acted as managing members of JHASS at any time material herein
8 and have, therefore, engaged in the business of a debt management company without the license
9 required by A.R.S. § 6-701 *et seq.*

10 5. Individual Respondents are not and were not, at any time material herein, authorized to
11 transact business in Arizona as a debt management company, and they are not exempt from licensure
12 as a debt management company pursuant to A.R.S. § 6-702.

13 6. A person is engaging in the business of a “debt management company” if that person “for
14 compensation engages in the business of receiving money, or evidences thereof, in this state or from
15 a resident of this state as agent of a debtor for the purpose of distributing the same to his creditors in
16 payment or partial payment of his obligation.” *See* A.R.S. § 6-701(4).

17 7. For purposes of A.R.S. § 6-701(4), the activity of “receiving money, or evidences thereof. . .
18 as agent of a debtor for the purpose of distributing the same to his creditors in payment or partial
19 payment of his obligation” includes the activity of exercising actual or constructive control over
20 another person’s funds, bank or trust account(s) for purposes of distributing the monies to creditors.

21 8. According to JHASS’s website, JHASS is a “debt settlement company,” whose “primary
22 function is to negotiate [its clients’] unsecured debt down to a manageable level with [its clients’]
23 creditors.”

24 9. JHASS charges fees for arranging debt settlement (“Debt Settlement Program” or
25 “Program”), with its fees calculated as a percentage of the total debt that a client chooses to enroll in
26 the Program.

1 10. JHASS settles debt for consumers by requiring that they: (1) stop making payments on their
2 debts; (2) allow JHASS to negotiate reductions on the debt amounts due with creditors; and (3) save
3 money for the settlements in a separately-created personal trust account (“Trust Account”).

4 11. When administering the Debt Settlement Program, JHASS exercises control over consumers’
5 funds/accounts for purposes of distributing the monies to their creditors. Specifically:

- 6 a. JHASS requires that consumers open a Trust Account with NoteWorld Servicing
7 Center, a company licensed as an escrow agent, which supposedly acts as an
8 independent third-party service provider (hereinafter, “TPSP” or “NoteWorld”)
9 and enters into a separate agreement with a consumer agreeing to provide account
10 and payment processing services.
- 11 b. The purpose of the Trust Account is three-fold. The consumers’ monies
12 deposited in the Trust Account are intended for disbursements (i) to creditors to
13 settle debt as negotiated by JHASS; (ii) to JHASS for its fees, and (iii) to
14 TPSP/NoteWorld for its fees.
- 15 c. Although JHASS is not a co-signer on the Trust Accounts, JHASS is granted
16 limited access to consumers’ Trust Accounts. Specifically, consumers enter into
17 an agreement with NoteWorld pursuant to which:
- 18 i. NoteWorld grants JHASS access to view the Trust Account’s information.
19 ii. To fund the Trust Account, a consumer authorizes NoteWorld to debit his/her
20 designated bank account according to the “schedule of debits,” which may be
21 provided to NoteWorld either by the consumer, or on the consumer’s behalf
22 by JHASS.¹
- 23 iii. NoteWorld disburses monies to consumer’s creditors upon receipt of a
24

25 ¹ NoteWorld does not verify whether the schedule of debits received from JHASS had in fact been
26 authorized by a consumer, thereby effectively granting JHASS access to and control over a
consumer’s Trust Account.

1 settlement letter from JHASS or a consumer's creditor. A consumer receives
2 electronic notification of the settlement, including the amount of the proposed
3 settlement payment negotiated by JHASS, and is given 24 hours within which
4 to approve or decline the disbursement. If a consumer does not notify
5 NoteWorld of his/her decline of the disbursement within 24 hours, the
6 disbursement is deemed automatically approved by the consumer and the
7 consumer may not revoke such approval.

8 d. JHASS indirectly manages and controls consumers' funds, which are set aside in
9 the Trust Account for the purpose of distribution to creditors in payment or partial
10 payment of a consumer debt. *See* A.R.S. § 6-701(4). Specifically:

11 i. Although JHASS claims that it does not receive, control or manage
12 consumers' monies (i.e., the Trust Account), JHASS is able to charge and
13 receive fees from the Trust Account.

14 ii. JHASS has the authority to instruct NoteWorld regarding the amount of the
15 fees that JHASS claims are owed and payable to JHASS. NoteWorld does not
16 verify whether the fee amounts claimed by JHASS have been authorized by a
17 consumer. Rather, upon receipt of JHASS's instructions, NoteWorld
18 disburses the fee amounts claimed by JHASS.

19 iii. The amount of recurring monthly fees, which are deducted from the Trust
20 Account and transferred to JHASS pursuant to JHASS's instructions, reduces
21 the balance set aside by a consumer for purposes of distribution to consumer's
22 creditors.

23 12. JHASS conducts its debt settlement business nationwide. According to JHASS's website,
24 JHASS "ha[d] grown from a single office in the home to an enterprise with nearly 100 offices
25 nationwide [with its] Scottsdale office now occup[ying] an entire floor of the building and
26 employ[ing] 50+ support staff whose only function is to assist [consumers]."

1 13. Numerous complaints have been filed with the Arizona Attorney General's Office against
2 JHASS by out-of-state and Arizona residents. The following are only a few complaints,
3 representative of JHASS's practices:

4 a. Ladd C. and Elaine C. filed a complaint on or about April 5, 2010, stating that they
5 deposited \$4,581.00 with JHASS, that JHASS performed no services for them, and, then,
6 when they chose to cancel out of the Program, they only received \$1,527.00 back from
7 JHASS. JHASS's representative responded to this complaint in writing, indicating *inter*
8 *alia* that JHASS had in fact exercised control over Ladd and Elaine C.'s funds.

9 i. Specifically, JHASS stated that after Ms. C. "called to say that . . . she did not have
10 the funds to cover her payment under the settlement agreement she entered into with
11 the attorneys . . . [JHASS] sent \$1,000 to [her] out of [the] reserves account to cover
12 [the] payment."

13 b. Vickie B. filed a complaint on or about September 11, 2010, stating that she had paid
14 over \$7,000.00 to JHASS and that JHASS had not performed as promised. JHASS's
15 representative responded to Vickie B.'s complaint in writing, indicating *inter alia* that
16 JHASS had in fact exercised control over Vickie B.'s funds.

17 i. Specifically, JHASS stated that Vickie B. agreed to settle her account with Capital
18 One on terms as negotiated by JHASS and that Vickie B. further agreed that JHASS
19 "would make a partial payment on that settlement from [Vickie B.'s] NoteWorld
20 account and set up a check by phone to pay the remaining balance from [Vicki B.'s]
21 personal checking account."

22 c. Ron D. filed a complaint on or about December 28, 2009, stating that JHASS "took the
23 \$3,240 [and] never paid a penny to any of [his] credit card companies." JHASS's
24 representative responded to Ron D.'s complaint in writing, indicating *inter alia* that
25 JHASS had in fact exercised control over Ron D.'s funds.

26 i. Specifically, JHASS stated that after Ron D. cancelled his contract with JHASS and

1 requested a refund, JHASS "sent \$2,233.67 via automatic deposit to his Arizona
2 Federal Credit Union account on August 11, 2009, which amount represented all
3 funds accumulated in his reserves account."

4 14. The above-referenced practices of JHASS in administering their Debt Settlement Program,
5 complaints and/or documents provided in support of the complainants' allegations show that JHASS
6 has engaged in "the business of receiving money, or evidences thereof, in this state or from a
7 resident of this state as agent of a debtor for the purpose of distributing the same to his creditors in
8 payment or partial payment of his obligation," within the meaning of A.R.S. § 6-701(4), and has
9 been rendering services as a debt management company, even though it is not licensed by the
10 Department.

11 15. These Findings of Fact shall also serve as Conclusions of Law.

12 CONCLUSIONS OF LAW

13 1. Pursuant to A.R.S. §§ 6-701 *et seq.*, the Superintendent has the authority and duty to
14 regulate all persons engaged in the debt management company business and with the enforcement of
15 statutes, rules and regulations relating to debt management companies.

16 2. JHASS had engaged and/or is engaging in unlicensed activity as a debt management
17 company. By the conduct set forth in the Findings of Fact, JHASS has violated A.R.S. §§ 6-701(4),
18 6-715, by acting as a debt management company in Arizona without having first applied for and
19 obtained a debt management company license.

20 3. The violations set forth above constitute grounds for: (1) the issuance of an order
21 pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the violative conduct and
22 to take the appropriate affirmative actions, within a reasonable period of time prescribed by the
23 Superintendent to correct the conditions resulting from the unlawful acts, practices, and transactions;
24 (2) the imposition of a monetary civil penalty pursuant to A.R.S. § 6-132; and (3) an order or any
25 other remedy necessary or proper for the enforcement of statutes and rules regulating debt
26 management companies pursuant to A.R.S. §§ 6-123 and 6-131.

1 **ORDER**

2 1. Respondents shall immediately stop the violations set forth in the Findings of Fact
3 and Conclusions of Law.

4 2. JHASS and Individual Respondents shall immediately cease all debt management
5 company business in Arizona until such time as they have obtained a debt management company
6 license from the Superintendent as prescribed by A.R.S. § 6-701 *et seq.*

7 3. JHASS and Individual Respondents shall immediately pay to the Department a civil
8 money penalty in the amount of **fifty thousand dollars (\$50,000.00)**.

9 4. Respondents are jointly and severally liable for payment of the civil money penalty.

10 5. Respondents shall immediately refund all compensation they received from
11 consumers while unlicensed.

12 6. The provisions of this Order shall be binding upon Respondents, their employees,
13 agents and other persons participating in the conduct of the affairs of Respondents.

14 7. This Order shall become effective upon service, and shall remain effective and
15 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated
16 or set aside.

17 SO ORDERED this 29th day of September, 2011.

18 Lauren W. Kingry
19 Superintendent of Financial Institutions

20 By: 
21 Robert D. Charlton
22 Assistant Superintendent

23 **CONSENT TO ENTRY OF ORDER**

24 1. Respondents acknowledge that they have been served with a copy of the foregoing
25 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the
26 same, are aware of their right to an administrative hearing in this matter, and have waived the same.

1 ORIGINAL of the foregoing filed this 29th
2 day of September, 2011, in the office of:

3 Lauren W. Kingry
4 Superintendent of Financial Institutions
5 Arizona Department of Financial Institutions
6 ATTN: June Beckwith
7 2910 N. 44th Street, Suite 310
8 Phoenix, AZ 85018

9 COPY mailed/delivered same date to:

10 Natalia A. Garrett, Assistant Attorney General
11 Office of the Attorney General
12 1275 W. Washington St.
13 Phoenix, AZ 85007

14 Robert D. Charlton, Assistant Superintendent
15 Tammy Seto, Senior Examiner
16 ATTN: Sabrina Hampton
17 Arizona Department of Financial Institutions
18 2910 N. 44th Street, Suite 310
19 Phoenix, AZ 85018

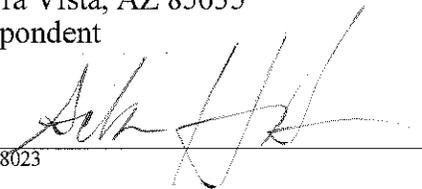
20 AND COPY MAILED SAME DATE by
21 Certified Mail, Return Receipt Requested, to:

22 JHass Group LLC
23 ATTN: Jason D. Hass
24 16425 N. Pima Rd. Suite 325
25 Scottsdale, AZ 85260
26 Respondents

JHass Group LLC
P.O. Box 28970
Scottsdale, AZ 85255
Respondents

Jeremy R. Hass
7590 E. Gray Rd. #204
Scottsdale, AZ 85260
Respondent

Jeffrey Hass
1204 Camelot
Sierra Vista, AZ 85635
Respondent

By: 
2288023