

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Collection Agency License of:

No. 09F-BD044-BNK

3 **CAVALRY PORTFOLIO SERVICES, LLC**
4 4050 East Cotton Center Boulevard, Suite 20
Phoenix, Arizona 85040

CONSENT ORDER

5 Petitioner.

6 On November 6, 2008, the Arizona Department of Financial Institutions (“Department”)
7 issued a Notice of Hearing alleging that Petitioner had violated Arizona law. Wishing to resolve this
8 matter in lieu of an administrative hearing, and without admitting liability, Petitioner does not
9 contest the following Findings of Fact and Conclusions of Law, and consents to the entry of the
10 following Order.

11 **FINDINGS OF FACT**

12 1. Petitioner Cavalry Portfolio Services, LLC (“Cavalry”) is a Delaware limited liability
13 company authorized to transact business in Arizona as a collection agency. Cavalry is currently
14 transacting business as a collection agency under license number CA 0905049, within the meaning
15 of A.R.S. §§ 32-1001, *et seq.* The nature of Cavalry’s business is that of a collection agency within
16 the meaning of A.R.S. § 32-1001(2).

17 2. Alfred Brothers is the Chief Executive Officer (“CEO”) of Cavalry.

18 3. Cavalry is not exempt from licensure as a collection agency within the meaning of A.R.S.
19 §§ 32-1004.

20 4. The Department conducted an Examination of Cavalry on December 18, 2007. The
21 Examination included within its scope the Department’s analysis of the books and records, policies
22 and procedures of Cavalry and a review of Cavalry’s business files to determine compliance with
23 A.R.S. §§ 32-1001, *et seq.* and A.A.C. R20-4-1501, *et seq.*, including complaints received by the
24 Department in which alleged debtors claimed not to be the debtor or disputed the validity of the debt.
25 Cavalry did not conduct an investigation of the claim of misidentification or the dispute and
26 continued to assert that a debt was legitimate and continued to contact various alleged debtors

1 without conducting such investigation.

2 5. Based upon the above findings, the Department issued and served upon Cavalry an Order
3 to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order (“Cease and
4 Desist Order”) on September 29, 2008.

5 6. On October 29, 2008, Petitioner filed a Request for Hearing to appeal the Cease and
6 Desist Order.

7 7. Petitioner has voluntarily agreed to take additional action to improve its compliance
8 procedures and has attempted to comply with the Department’s requests; however, such a finding
9 does not waive any provisions of this Consent Order.

10 **CONCLUSIONS OF LAW**

11 1. Pursuant to Title 6, Chapter 1 and Title 32, Chapter 9 of the Arizona Revised Statutes,
12 the Superintendent has the authority and the duty to regulate all persons engaged in the collection
13 agency business and with the enforcement of statutes, rules, and regulations relating to collection
14 agencies.

15 2. By the conduct, set forth above, by not conducting an investigation of the dispute and/or
16 claim of misidentification after the individual claimed not to be the debtor or disputed the validity of
17 the debt and continuing to assert that the debt was legitimate and continuing to contact various
18 alleged debtors without conducting such investigation, Cavalry violated A.A.C. R20-4-1511.

19 3. The violations, set forth above, constitute grounds for: (1) the issuance of an order
20 pursuant to A.R.S. § 6-137 directing Petitioner to cease and desist from the violative conduct and to
21 take the appropriate affirmative actions, within a reasonable period of time prescribed by the
22 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
23 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
24 suspension or revocation of Petitioner’s license pursuant to A.R.S. § 32-1053; and (4) an order or
25 any other remedy necessary or proper for the enforcement of statutes and rules regulating collection
26 agencies pursuant to A.R.S. §§ 6-123 and 6-131.

1 **ORDER**

2 1. Cavalry Portfolio Services, LLC shall immediately stop the violations set forth above
3 in the Findings of Fact and Conclusions of Law.

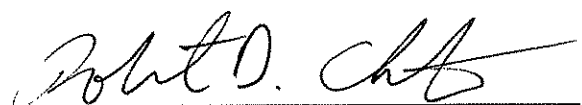
4 2. Cavalry Portfolio Services, LLC shall immediately pay to the Department a civil
5 money penalty in the amount of **fifteen thousand dollars (\$15,000.00)**.

6 3. The provisions of this Order shall be binding upon Cavalry Portfolio Services, LLC,
7 and resolves the Notice of Hearing, and all issues relating to the Examination and consumer
8 complaints through the date of the execution of this Consent Order, subject to compliance with the
9 requirements of this Order. Should Petitioner fail to comply with this Order, the Superintendent
10 shall institute further disciplinary proceedings.

11 4. The provisions of this Order shall be binding upon Cavalry Portfolio Services, LLC,
12 its employees, agents, and other persons participating in the conduct of the affairs of Petitioner.

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

16 SO ORDERED this 15 day of December, 2008.

17 
18 _____
19 Robert D. Charlton
20 Assistant Superintendent of Financial Institutions

21 **CONSENT TO ENTRY OF ORDER**

22 1. Petitioner acknowledges that it has been served with a copy of the foregoing Findings
23 of Fact, Conclusions of Law, and Order in the above-referenced matter, has read the same, is aware
24 of its right to an administrative hearing in this matter, and has waived the same.

25 2. Petitioner admits the jurisdiction of the Superintendent and consents to the entry of
26 the foregoing Findings of Fact, Conclusions of Law, and Order.

1 COPY mailed same date to:


2 Thomas Shedden, Administrative Law Judge
3 Office of the Administrative Hearings
4 1400 West Washington, Suite 101
Phoenix, AZ 85007

5 Erin O. Gallagher, Assistant Attorney General
6 Office of the Attorney General
7 1275 West Washington
Phoenix, AZ 85007

8 Robert D. Charlton, Assistant Superintendent
9 Richard Fergus, Division Manager
10 Jack Watson, Senior Examiner
11 Lori Mann, Senior Examiner
Arizona Department of Financial Institutions
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

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

13 Gregory Y. Harris, Esq.
14 Katosha Nakai, Esq.
15 LEWIS AND ROCA LLP
16 40 North Central Ave.
Phoenix, AZ 85004-4429
Attorneys for Petitioners

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