

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Collection Agency License of: No. 10F-BD039-BNK

3 **COMMERCIAL RECOVERY SYSTEMS,**
4 **INC. AND TIM FORD, PRESIDENT**
5 8035 East R.L. Thornton Freeway, Suite 220
6 Dallas, Texas 75228

CONSENT ORDER

Petitioners.

7 On March 31, 2010, the Arizona Department of Financial Institutions ("Department") issued
8 a Notice of Hearing, alleging that Petitioners had violated Arizona law. Wishing to resolve this
9 matter in lieu of an administrative hearing, Petitioners consent to the following Findings of Fact and
10 Conclusions of Law, and consent to the entry of the following Order.

11 **FINDINGS OF FACT**

12 1. Petitioner Commercial Recovery Systems, Inc. ("CRSI") is a Texas corporation that is
13 authorized to transact business in Arizona as a collection agency within the meaning of A.R.S. §§
14 32-1001, *et seq.* The nature of CRSI's business is that of soliciting claims for collection and
15 collection of claims owed, due, or asserted to be owed or due within the meaning of A.R.S. § 32-
16 1001(2).

17 2. Petitioner Tim Ford ("Mr. Ford") is the President of CRSI and is authorized to transact
18 business in Arizona as a collection agency within the meaning of A.R.S. §§ 32-1001, *et seq.*

19 3. CRSI and Mr. Ford are not exempt from licensure as a collection agency within the
20 meaning of A.R.S. §§ 32-1004.

21 4. An examination of CRSI conducted by the Department, beginning June 15, 2009
22 concluding August 28, 2009 revealed that Petitioners:

23 a. Failed to maintain all required records and make them available for examination
24 within three (3) working days after request by the Superintendent, specifically:

25 i. CRSI was sent an examination notice dated June 10, 2008 for an examination
26 to commence on or about August 15, 2008. Petitioners did not comply with

1 this request. The Department's Examiner contacted Petitioners' Vice
2 President and the examination was rescheduled for December 10, 2008.
3 Petitioners again did not comply with this examination date. Petitioners were
4 contacted several times by telephone and the Examiner received no response.
5 On May 20, 2009, the Examiner sent a letter to Mr. Ford about the required
6 documents necessary for the examination. Some documents were received on
7 June 2, 2009. Again, CRSI was contacted by telephone several times about
8 the missing documents. Other documents were received by the Examiner on
9 August 6 and 7, 2009; however, Petitioners still have not sent all of the
10 required documentation;

- 11 b. Failed to keep and maintain Arizona trust account reconciliations, prepared at least
12 once a month, specifically:
- 13 i. CRSI maintains combined reconciliations of their trust accounts or operating
14 accounts to respective internal records; and
 - 15 ii. Petitioners failed to correct this violation from their previous examination;
- 16 c. Failed to keep and maintain an Arizona trust general ledger reflecting all deposits to
17 and payments from a trust account, specifically:
- 18 i. Petitioners maintain a combined trust general ledger; and
 - 19 ii. Petitioners failed to correct this violation from their previous examination; and
- 20 d. Failed to keep and maintain books, accounts and records adequate to provide a clear
21 and readily understandable record of all business conducted by the collection agency,
22 including books, records and files maintained so that the Superintendent can easily
23 conduct an unannounced spot check, as well as the examinations and investigations
24 required by A.R.S. §§ 6-122 and 6-124, specifically:
- 25 i. CRSI does not maintain a month-end client liability report for Arizona; and
 - 26 ii. Petitioners failed to correct this violation from their previous examination.

1 pursuant to A.R.S. § 6-137 directing Petitioners to cease and desist from the violative conduct and to
2 take the appropriate affirmative actions, within a reasonable period of time prescribed by the
3 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
4 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
5 suspension or revocation of Petitioners' license pursuant to A.R.S. § 32-1053; (4) an order to pay
6 restitution of any fees earned in violation of A.R.S. §§ 32-1001, *et seq.*, pursuant to A.R.S. §§ 6-
7 131(A)(3) and 6-137; and (5) an order or any other remedy necessary or proper for the enforcement
8 of statutes and rules regulating mortgage brokers in Arizona pursuant to A.R.S. §§ 6-123 and 6-131.

9 5. Pursuant to A.R.S. § 6-132, Respondents' violations of the aforementioned statutes
10 are grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation
11 for each day.

12 ORDER

13 1. CRSI and Mr. Ford shall immediately stop the violations set forth in the Findings of Fact
14 and Conclusions of Law. CRSI and Mr. Ford:

- 15 a. Shall maintain all required records and make them available for examination within
16 three (3) working days after request by the Superintendent;
- 17 b. Shall keep and maintain trust account reconciliations;
- 18 c. Shall keep and maintain a trust general ledger reflecting all deposits to and payments
19 from a trust account; and
- 20 d. Shall keep and maintain books, accounts and records adequate to provide a clear and
21 readily understandable record of all business conducted by the collection agency,
22 including books, records and files maintained so that the Superintendent can easily
23 conduct an unannounced spot check, as well as the examinations and investigations
24 required by A.R.S. §§ 6-122 and 6-124.

25 2. CRSI and Mr. Ford shall pay to the Department a civil money penalty in the amount of
26 **seven thousand, five hundred dollars (\$7,500.00)**, which is due and payable by July 1, 2010.

1 Petitioners are jointly and severally liable for payment of the civil money penalty.

2 3. Mr. Ford shall comply with all statutes and rules regulating Arizona collection agencies,
3 A.R.S. §§ 32-1001, *et seq.*

4 4. The provisions of this Order shall be binding upon Petitioners, and resolves the Notice of
5 Hearing, subject to Petitioners' compliance with the requirements of this Order. Should Petitioners
6 fail to comply with this Order, the Superintendent shall initiate further disciplinary proceedings.

7 5. The provisions of this Order shall be binding upon Petitioners, their employees, agents,
8 and other persons participating in the conduct of the affairs of Commercial Recovery Systems, Inc.

9 6. This Order shall become effective upon service, and shall remain effective and
10 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,
11 or set aside.

12 SO ORDERED this 5 day of May, 2010.

13 Lauren Kingry
14 Superintendent of Financial Institutions

15 By 
16 Robert D. Charlton
17 Assistant Superintendent of Financial Institutions

18 **CONSENT TO ENTRY OF ORDER**

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

22 2. Petitioners admit the jurisdiction of the Superintendent and consent to the entry of the
23 foregoing Findings of Fact, Conclusions of Law, and Order.

24 3. Petitioners state that no promise of any kind or nature has been made to induce them to
25 consent to the entry of this Order, and that they have done so voluntarily.

26 4. Petitioners agree to cease from engaging in the violative conduct set forth above in the
Findings of Fact and Conclusions of Law.

1 5. Petitioners acknowledge that the acceptance of this Agreement by the Superintendent is
2 solely to settle this matter and does not preclude this Department, any other agency or officer of this
3 state or subdivision thereof from instituting other proceedings as may be appropriate now or in the
4 future.

5 6. Tim Ford, on behalf of Commercial Recovery Systems, Inc. and himself, represents that he
6 is the President, and that, as such, has been authorized by CRSI to consent to the entry of this Order
7 on its behalf.

8 7. Petitioners waive all rights to seek judicial review or otherwise to challenge or contest the
9 validity of this Order.

10 DATED this 3rd day of May, 2010.

11
12 By Tim Ford
13 Tim Ford, President
14 Commercial Recovery Systems, Inc.

15 ORIGINAL of the foregoing filed this 5th
16 day of May, 2010, in the office of:

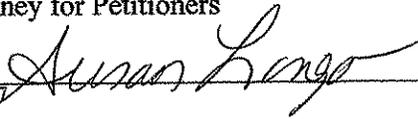
17 Lauren Kingry
18 Superintendent of Financial Institutions
19 Arizona Department of Financial Institutions
20 ATTN: Susan L. Longo
21 2910 N. 44th Street, Suite 310
22 Phoenix, AZ 85018

23 COPY mailed same date to:
24 Lewis D. Kowal, Administrative Law Judge
25 Office of the Administrative Hearings
26 1400 West Washington, Suite 101
Phoenix, AZ 85007

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

1 Robert D. Charlton, Assistant Superintendent
Arizona Department of Financial Institutions
2 2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

3
4 Robert F. Kemp, Esq.
4145 Travis St., Ste. 201
Dallas, TX 75204
5 Attorney for Petitioners

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