

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Unlicensed Activity of:

No. 08F-BD053-SBD

3 **CALIFORNIA RECOVERY SYSTEMS, INC.**
4 **AND ERIC MEDRANO, OWNER/CHIEF**
5 **EXECUTIVE OFFICER**
6 5777 Madison Avenue, Suite 960
7 Sacramento, California 95841

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

8 Respondents.

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

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

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

Respondents have the right to request an Informal Settlement Conference, pursuant to A.R.S.

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

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

21 **FINDINGS OF FACT**

22 1. Respondent California Recovery Systems, Inc. ("CRSI") is a California corporation
23 that is not and was not at any time material herein authorized to transact business in Arizona as a
24 collection agency within the meaning of A.R.S. §§ 32-1001 *et seq.* The nature of Respondent's
25 business is that of soliciting claims for collection and collection of claims owed, due or asserted to
26 be owed or due within the meaning of A.R.S. § 32-1001(A)(2)(a).

1 collection agency in the State of Arizona without having first applied for and obtained a collection
2 agency license pursuant to Title 32, Chapter 9, in violation of A.R.S. §§ 32-1021(A) and 32-
3 1055(A).

4 3. Neither CRSI nor Mr. Medrano meet any of the exemptions to the licensing
5 requirements set forth in A.R.S. § 32-1004(A).

6 4. The violations set forth above constitute grounds for: (1) the issuance of an order
7 pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the violative conduct and
8 to take the appropriate affirmative actions, within a reasonable period of time prescribed by the
9 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
10 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; and (3) an
11 order or any other remedy necessary or proper for the enforcement of statutes and rules regulating
12 collection agencies pursuant to A.R.S. §§ 6-123 and 6-131.

13 **ORDER**

14 1. CRSI and Mr. Medrano shall immediately stop all collection agency activity in
15 Arizona until such time as CRSI or Mr. Medrano have obtained a collection agency license from the
16 Superintendent as prescribed by A.R.S. § 32-1021.

17 2. CRSI and Mr. Medrano shall immediately pay to the Department a civil money
18 penalty in the amount of **ten thousand dollars (\$10,000.00)**. CRSI and Mr. Medrano are jointly and
19 severally liable for payment of the civil money penalty.

20 3. The provisions of this Order shall be binding upon CRSI and Mr. Medrano, their
21 employees, agents and other persons participating in the conduct of the affairs of CRSI.

22 4. This Order shall become effective upon service, and shall remain effective and
23 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated
24 or set aside.


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SO ORDERED this 2 day of January, 2008.

Felecia A. Rotellini
Superintendent of Financial Institutions

By 
Robert D. Charlton
Assistant Superintendent

CONSENT TO ENTRY OF ORDER

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

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

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

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

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

6. Mr. Eric Medrano, Owner/CEO of California Recovery Systems, Inc., represents that he is the Owner and CEO and as such, has been authorized by California Recovery Systems, Inc. to consent to the entry of this Order on its behalf.

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...

1 Dan Stanberry, Statutory Agent for:
California Recovery Systems, Inc.
2 2255 W. Sierra St.
Phoenix, AZ 85029

3 *Susan Longo*
82847, PHX-AGN-2007-0364

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