

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**

In the Matter of the Collection Agency
License of NCO Financial Systems Inc
License No. CA 20568507

**CONSENT
ORDER**

TO: NCO Financial Systems Inc
1500 Commerce Drive
Mendota Heights, MN 55120

1. The Commissioner of Commerce Mike Rothman ("Commissioner") has advised NCO Financial Systems, Inc. and its licensed branches attached as exhibit A ("Respondent") that he is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2010), and other applicable law, against Respondent's collection agency license. The Commissioner acknowledges that on February 1, 2011, the Respondent had 5,472 registered debt collectors and had 49 collection agency locations licensed to collect in Minnesota. The Commissioner is prepared to commence formal action based on allegations that Respondent:

- A. Failed to establish adequate procedures to follow when screening individual collector applicants prior to submitting applications to the Commissioner for registration. By doing so, Respondent is in violation of Minn. Stat. § 332.33, subd. 8 (2010).
- B. Failed to properly screen numerous individual debt collector registrations prior to submitting their initial and /or renewal registrations to the Commissioner. By doing so, Respondent violated Minnesota Statute § 332.33, subd. 5(a) (2010).
- C. Employed individuals as debt collectors who were known to or should have been known to have criminal backgrounds that included felonies. Said criminal

backgrounds prohibited the applicants from being registered, in violation of Minn. Stat. §45.027, subd. 7 (2010).

D. Failed to notify the Department when its registered debt collectors were fired for reasons that were in whole or in part violations of Minn. Stat. § 332.385 (2010).

This included alleged FDCPA violations including, but not limited to, third-party disclosure, vulgar language, calling and swearing at debtors, failing background checks and other harassing behaviors (e.g. a collection management team member allegedly stole company funds from a debt collector incentive program).

2. Respondent acknowledges that it has been advised of its rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondent hereby expressly waives those rights. Respondent further acknowledges that it has been represented by legal counsel throughout these proceedings or hereby expressly waives that right.

3. Respondent has completed the following as required in the Consent Order dated January 27, 2011:

A. Established practices, procedures, and/or guidelines which include, but are not limited to, a screening process ("Screening Process") to ensure that Respondent does not submit debt collector registration applications to the Commissioner for individuals prohibited by Minn. Stat. § 332.33 and/or otherwise known to be unqualified or unfit.

B. Submitted its Screening Process to the Commissioner for review and made such changes to the Screening Process the Commissioner deemed necessary.

- C. Respondent subjected all currently employed and registered debt collectors in the Mendota Heights, Minnesota, office to the Screening Process to ensure compliance with Minn. Stat. § 332.33 and reported to the Commissioner any registered collectors whose employment was terminated for not being eligible for registration.
 - D. Audited employee records of terminated employees during the last five years to determine if any were terminated for reasons in whole or in part based on a violation of Minn. Stat. 332.385 (2010).
 - E. Established auditing procedures and agency policies to ensure that criminal convictions of its debt collectors are promptly reviewed and acted upon.
- 4. Respondent has agreed to informal disposition of this matter without a hearing as provided in Minn. Stat. § 14.59 (2010) and Minn. R. 1400.5900 (2009).
 - 5. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Minn. Stat. § 45.027, subd. 5 (2010) that Respondent shall cease and desist from any violations of Minn. Stat. §§ 332 and 45.027 (2010), and comply with all other laws of the state of Minnesota.

IT IS FURTHER ORDERED, that Respondent shall report to the Commissioner any and all rejected debt collector registrations and the reasons for the rejections on a quarterly basis during a two-year period following the effective date of this order.

IT IS FURTHER ORDERED, that Respondent shall report to the Commissioner any debt collector terminations that occur as a result of their Screening Process for the renewal periods January 1, 2012, through December 31, 2014.

CA 18628 KRJ

IT IS FURTHER ORDERED, any report required by this Consent Order shall be in a format as reasonably required by the Commissioner.

IT IS FURTHER ORDERED, that Respondent shall pay any and all reasonable travel expenses for Department personnel and their designees to verify Respondent's compliance with Minnesota laws.

IT IS FURTHER ORDERED, that Respondent shall provide a copy of this Consent Order to all states, cities or other governing bodies where the Respondent is licensed for debt collections.

IT IS FURTHER ORDERED, pursuant to Minn. Stat. § 45.027, subd. 6 (2010) that the Respondent shall pay to the state of Minnesota a civil penalty of \$250,000.

This Order shall be effective upon signature by or on behalf of the Commissioner.

Dated: 2-16-12.

By:



Mike Rothman
Commissioner

85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101
Telephone: (651) 296-2488

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of NCO Financial Systems, Inc., states that he has read the foregoing Consent Order; without admitting the allegations therein; that he knows and fully understands its contents and effect; that he is authorized to execute this Consent to Entry of Order on behalf of Respondent; that he has been advised of Respondent's right to a hearing; that Respondent has been represented by legal counsel in this matter; or that he has been advised of Respondent's right to be represented by legal counsel and that he has waived this right; and that he consents to entry of this Order by the Commissioner of Commerce. It is further expressly understood that this Order constitutes a settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

NCO Financial Systems, Inc.

By *[Signature]*

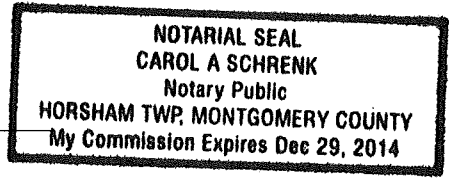
It's: EVP + GENERAL COUNSEL

STATE OF PA

COUNTY OF MONTGOMERY

This instrument was acknowledged before me on 2-9-12 (date) by Joshua Hendrix
(name of person)

(stamp)



Carol A Schrenk
(Signature of notary officer)
Contracts Clerk
Title (and Rank)
My commission expires: 12-29-14

EXHIBIT A

| Licensee | License Number |
|---------------------------|----------------|
| NCO Financial Systems Inc | 20152665 |
| NCO Financial Systems Inc | 20165260 |
| NCO Financial Systems Inc | 20203229 |
| NCO Financial Systems Inc | 20203468 |
| NCO Financial Systems Inc | 20155485 |
| NCO Financial Systems Inc | 20570680 |
| NCO Financial Systems Inc | 20144227 |
| NCO Financial Systems Inc | 20203241 |
| NCO Financial Systems Inc | 20568516 |
| NCO Financial Systems Inc | 20203329 |
| NCO Financial Systems Inc | 20263933 |
| NCO Financial Systems Inc | 20144232 |
| NCO Financial Systems Inc | 20098385 |
| NCO Financial Systems Inc | 20568507 |
| NCO Financial Systems Inc | 20144226 |
| NCO Financial Systems Inc | 20098357 |
| NCO Financial Systems Inc | 20165169 |
| NCO Financial Systems Inc | 20184083 |
| NCO Financial Systems Inc | 20152902 |
| NCO Financial Systems Inc | 20098371 |

| | |
|---------------------------|----------|
| NCO Financial Systems Inc | 20365182 |
| NCO Financial Systems Inc | 20562716 |
| NCO Financial Systems Inc | 20098355 |
| NCO Financial Systems Inc | 20098447 |
| NCO Financial Systems Inc | 20329900 |
| NCO Financial Systems Inc | 20123706 |
| NCO Financial Systems Inc | 20568888 |
| NCO Financial Systems Inc | 20165227 |
| NCO Financial Systems Inc | 20165199 |
| NCO Financial Systems Inc | 20184080 |
| NCO Financial Systems Inc | 20568508 |
| NCO Financial Systems Inc | 20568510 |
| NCO Financial Systems Inc | 20396889 |
| NCO Financial Systems Inc | 20247040 |
| NCO Financial Systems Inc | 20316162 |
| NCO Financial Systems Inc | 20388650 |
| NCO Financial Systems Inc | 20570729 |
| NCO Financial Systems Inc | 20520341 |
| NCO Financial Systems Inc | 40041167 |
| NCO Financial Systems Inc | 40041196 |
| NCO Financial Systems Inc | 40089027 |
| NCO Financial Systems Inc | 40090715 |
| NCO Financial Systems Inc | 40090722 |
| NCO Financial Systems Inc | 40090742 |

| | |
|---------------------------|----------|
| NCO Financial Systems Inc | 40093091 |
| NCO Financial Systems Inc | 40093074 |
| NCO Financial Systems Inc | 40131054 |
| NCO Financial Systems Inc | 40177867 |
| NCO Financial Systems Inc | 40177869 |

And/or any other licensed Locations