
*
IN THE MATTER OF: *
*
TEK-COLLECT INCORPORATED *
NMLS # 1012712 *
*
(“Tek-Collect”) *
*

CONSENT ORDER

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Part XII of Chapter 669, Sections 36a-800 to 36a-814, inclusive, of the Connecticut General Statutes, “Consumer Collection Agencies”, and the regulations promulgated thereunder, Sections 36a-809-6 to 36a-809-17, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”);

WHEREAS, Tek-Collect is an Ohio corporation which was licensed to act as a consumer collection agency in Connecticut from November 20, 2007 to August 15, 2013, and which operated from offices at 871 Park Street, Columbus, Ohio;

WHEREAS, on August 15, 2013, the Commissioner issued a Consent Order against Tek-Collect, which required that Tek-Collect surrender its consumer collection agency license in Connecticut and barred Tek-Collect and any successor in interest from acting as a consumer collection agency in this state for a period of three years;

WHEREAS, since the expiration of the three-year period, Tek-Collect has not applied for a

consumer collection agency license in this state and remains unlicensed to date;

WHEREAS, at all times relevant hereto, the following individuals have been control persons of Tek-Collect: Ron Douglas, NMLS # 1014550, President; Chet Groff, NMLS # 1014544, Chief Operating Officer; David Hughes, Vice President of Information Technologies; and Nicole Schultz, NMLS # 1014541, Indirect Owner;

WHEREAS, as a result of information obtained in connection with the examination of a consumer collection agency licensee, Tru-Contact Incorporated d/b/a TCI (NMLS # 1099106), the Commissioner, through the Consumer Credit Division of the Department of Banking, acting pursuant to Section 36a-17 of the Connecticut General Statutes, commenced an investigation of the activities of Tek-Collect to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes and Regulation within the jurisdiction of the Commissioner (“Investigation”);

WHEREAS, on March 28, 2019, the Commissioner issued a Temporary Order to Cease and Desist, Notice of Intent to Revoke Consumer Collection Agency License, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing against Tek-Collect, among other respondents (“Order and Notice”);

WHEREAS, the Commissioner alleged in the Order and Notice that Tek-Collect: (1) collected or attempted to collect on accounts of Connecticut consumer debtors without a consumer collection agency license, in violation of Section 36a-801(a) of the Connecticut General Statutes in effect at such time, and (2) conspired with another consumer collection agency to conduct consumer collection agency services in Connecticut and concealed such arrangement from persons, including the Department, constituting employing a device, scheme or artifice to defraud, making an untrue statement of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, and engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon a person, in violation of Section 36a-53b of the Connecticut General Statutes;

WHEREAS, the Commissioner asserts that the allegations made in the Order and Notice against Tek-Collect form a basis to issue an order to cease and desist against Tek-Collect pursuant to Sections 36a-804(b) and 36a-52(a) of the Connecticut General Statutes and impose a civil penalty upon Tek-Collect pursuant to Sections 36a-804(b) and 36a-50(a) of the Connecticut General Statutes;

WHEREAS, Tek-Collect neither admits nor denies the allegations made in the Order and Notice;

WHEREAS, on March 29, 2019, the Order and Notice was mailed by certified mail, return receipt requested, to Tek-Collect;

WHEREAS, on April 17, 2019, the Department received an Appearance and Request for Hearing from counsel on behalf of Tek-Collect;

WHEREAS, Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, the Commissioner and Tek-Collect now desire to resolve the matters contained in the Order and Notice and set forth herein;

WHEREAS, the Commissioner and Tek-Collect acknowledge the possible consequences of formal administrative proceedings and voluntarily agree to consent to the entry of the sanctions imposed below for the purpose of obviating the need for further formal administrative proceedings as well as costly and protracted litigation concerning the allegations contained in the Order and Notice and set forth herein;

WHEREAS, the Commissioner and Tek-Collect agree that the Order and Notice may be used in construing the terms of this Consent Order;

WHEREAS, Tek-Collect specifically assures the Commissioner that the violations alleged in the Order and Notice and set forth herein shall not occur in the future;

WHEREAS, Tek-Collect represents that from August 15, 2013 to the present, Tek-Collect entered into three contracts with Connecticut-based creditors for collection of Connecticut consumer debtor accounts;

WHEREAS, Tek-Collect represents that all such contracts executed with Connecticut-based creditors for consumer collection services were solicited for Tek-Collect by CAP360 Marketing Group LLC or CAP360 Marketing Group, Inc.;

WHEREAS, Tek-Collect represents that in connection with such contracts, Tek-Collect received approximately \$1,397 in payments from ten Connecticut consumer debtors and approximately \$4,765 in creditor fees, which amounts were subsequently forwarded to a consumer collection agency licensed in Connecticut;

WHEREAS, Tek-Collect further represents that from August 15, 2013 to the present: (1) Tek-Collect has never directly collected on Connecticut consumer debtor accounts, (2) any Connecticut consumer debtor accounts received by Tek-Collect in connection with a creditor contract were forwarded to consumer collections agencies licensed in Connecticut, (3) only such licensed consumer collection agencies performed consumer collection services in connection with such Connecticut consumer debtor accounts, and (4) Tek-Collect has never retained any fees from Connecticut consumer debtors or Connecticut-based creditors in connection with the collection of Connecticut consumer debtor accounts;

WHEREAS, as a result of the nationwide coronavirus epidemic (COVID-19), Tek-Collect represents that it has recently experienced significant disruptions to its usual operations and revenue sources, such that a payment schedule extending over 120 days is necessary to pay the civil penalty agreed to within this Consent Order;

WHEREAS, Tek-Collect acknowledges that this Consent Order is a public record and is a reportable event for purposes of the regulatory disclosure questions on the Nationwide Multistate Licensing System and Registry (“NMLS”), as applicable;

WHEREAS, Ron Douglas, Chet Groff, David Hughes, and Nicole Schultz, through their respective execution of this Consent Order, voluntarily agree to waive their procedural rights, including a right to a notice and an opportunity for a hearing as it pertains to the allegations set forth herein, and voluntarily

waive their right to seek judicial review or otherwise challenge or contest the validity of this Consent Order;

AND WHEREAS, Tek-Collect, through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including a right to a hearing as it pertains to the allegations contained in the Order and Notice and set forth herein, and voluntarily waives its right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Tek-Collect, Ron Douglas, Chet Groff, David Hughes, and Nicole Schultz, through their respective execution of this Consent Order, consent to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. Tek-Collect shall remit to the Department of Banking by wire transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of Fifty Thousand Dollars (\$50,000) as a civil penalty in three installments as follows: (a) the first payment of Twenty-Five Thousand Dollars (\$25,000) shall be due no later than the date this Consent Order is executed by Tek-Collect; (b) the second payment of Twelve Thousand Five Hundred Dollars (\$12,500) shall be due no later than sixty (60) days after the Consent Order is issued by the Commissioner, and (c) a third and final payment of Twelve Thousand Five Hundred Dollars (\$12,500) shall be due no later than one hundred twenty (120) days after the Consent Order is issued by the Commissioner;
2. For a period of five (5) years commencing on the date this Consent Order is issued by the Commissioner, Tek-Collect and any successor in interest shall be **BARRED** from directly or indirectly acting as a consumer collection agency in Connecticut;
3. For a period of five (5) years commencing on the date this Consent Order is issued by the Commissioner, Ron Douglas, NMLS # 1014550, Chet Groff, David Hughes and Nicole Schultz shall be **BARRED** from acting, directly or indirectly, as a director, manager, owner, supervisor, control person or qualified individual of any entity acting as a consumer collection agency in Connecticut;
4. Tek-Collect shall immediately cease and desist from: (a) directly or indirectly paying any fees or commission to CAP360 Marketing Group, LLC, CAP360 Marketing Group, Inc. or any other entity directly or indirectly owned or controlled by a control person of these entities on the effective date of this Consent Order, in connection with the collection of Connecticut consumer debt; and (b) engaging any such entity to market or solicit Tek-Collect's consumer collection services to Connecticut-based creditors;

5. Tek-Collect shall not directly or indirectly facilitate non-compliance with the letters dated August 8, 2013, and referenced in paragraph 3 of the "Consent Order" section of the Consent Order dated August 15, 2013, between Tek-Collect and the Commissioner;
6. So long as Tek-Collect is not licensed to act as a consumer collection agency in Connecticut, Tek-Collect shall not, directly or indirectly: (a) receive any payments, interest or fees in connection with the collection of Connecticut consumer debtor accounts; (b) communicate with Connecticut consumer debtors in any manner; or (c) enter into any contract with any Connecticut-based creditor for collection of Connecticut debtor accounts, provided that it shall not be considered a violation of this paragraph if Tek-Collect inadvertently contacts a Connecticut consumer on a phone number that does not contain a Connecticut area code, or at an address not containing a Connecticut zip code;
7. So long as Tek-Collect is not licensed to act as a consumer collection agency in Connecticut, Tek-Collect shall: (a) prominently state that it is not licensed to act as a consumer collection agency in Connecticut on its website and in its contracts with creditors; (b) forward any and all Connecticut consumer debtor accounts received in connection with a creditor contract to consumer collection agencies licensed in Connecticut; and (c) identify on its website and notify creditors with whom it contracts of any and all Connecticut licensed consumer collection agencies which it forwards Connecticut consumer debtor accounts for collection; and
8. Tek-Collect shall immediately cease and desist from violating Sections 36a-53b and 36a-801(a) of the Connecticut General Statutes.

CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against Tek-Collect, Ron Douglas, Chet Groff, David Hughes and Nicole Schultz based upon the allegations contained in the Order and Notice and set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against Tek-Collect, Ron Douglas, Chet Groff, David Hughes and Nicole Schultz based upon a violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by Tek-Collect, Ron Douglas, Chet Groff, David Hughes or Nicole Schultz and reflected herein is subsequently discovered to be untrue;
3. Tek-Collect, Ron Douglas, Chet Groff, David Hughes and Nicole Schultz shall not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, the contents of this Consent Order or create the impression that this Consent Order is without factual basis;

4. This Consent Order shall be binding upon Tek-Collect, its representatives, agents, affiliates, employees, successors and assigns; and
5. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 11th day of May 2020.

/s/

Jorge L. Perez
Banking Commissioner

I, Ron Douglas, state on behalf of Tek-Collect Incorporated that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Tek-Collect Incorporated; that Tek-Collect Incorporated agrees freely and without threat or coercion of any kind to comply with the sanctions entered herein; and that Tek-Collect Incorporated voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/ _____
Name: Ron Douglas
Title: President
Tek-Collect Incorporated

State of: Ohio

County of: Franklin

On this the 5 day of May 2020, before me, Ron Douglas, the undersigned officer, personally appeared before me, who acknowledged himself/herself to be the President of Tek-Collect Incorporated, a corporation, and that he/she as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as President.

In witness whereof I hereunto set my hand.

/s/ _____
Notary Public Kimberly J. Sullivan
Date Commission Expires: 11/3/2024

I, Ron Douglas, state that I have read the foregoing Consent Order; that I know and fully understand its contents; that I agree freely and without threat or coercion of any kind to comply with the sanctions of this Consent Order; and that I voluntarily agree to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/ _____
Ron Douglas

State of: Ohio

County of: Franklin

On this the 5 day of May 2020, before me, the undersigned officer, personally appeared Ron Douglas, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

/s/ _____
Notary Public Kiberly J. Sullivan
Date Commission Expires: 11/3/2024

I, Chet Groff, state that I have read the foregoing Consent Order; that I know and fully understand its contents; that I agree freely and without threat or coercion of any kind to comply with the sanctions of this Consent Order; and that I voluntarily agree to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/ _____
Chet Groff

State of: Ohio

County of: Franklin

On this the 5 day of May 2020, before me, the undersigned officer, personally appeared Chet Groff, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

/s/ _____
Notary Public Kimberly J. Sullivan
Date Commission Expires: 11/3/2024

I, David Hughes, state that I have read the foregoing Consent Order; that I know and fully understand its contents; that I agree freely and without threat or coercion of any kind to comply with the sanctions of this Consent Order; and that I voluntarily agree to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/ _____
David Hughes

State of: Ohio

County of: Franklin

On this the 5 day of May 2020, before me, the undersigned officer, personally appeared David Hughes, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

/s/ _____
Notary Public Kimberly J. Sullivan
Date Commission Expires: 11/3/2024

I, Nicole Shultz, state that I have read the foregoing Consent Order; that I know and fully understand its contents; that I agree freely and without threat or coercion of any kind to comply with the sanctions of this Consent Order; and that I voluntarily agree to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/ _____
Nicole Schultz

State of: Ohio

County of: Franklin

On this the 5 day of May 2020, before me, the undersigned officer, personally appeared Nicole Schultz, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

/s/ _____
Notary Public Kimberly J. Sullivan
Date Commission Expires: 11/3/2024