



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

3300 W. Sahara Avenue, Suite 250
Las Vegas, Nevada 89102
(702) 486-4120

1755 E. Plumb Lane, Suite 243
Reno, Nevada 89502
(775) 688-1730

In Re:)
Commonwealth Financial Systems, Inc.)
Respondent.)

ORDER TO CEASE AND DESIST
UNLICENSED ACTIVITIES UNDER
NRS 649 AND NAC 649; NOTICE OF
RIGHT TO APPEAL

ORDER TO CEASE AND DESIST
VIOLATIONS OF NRS 649 AND NAC 649 ACTIVITIES

The State of Nevada Department of Business and Industry, Financial Institutions Division (hereinafter "Division") hereby orders Commonwealth Financial Systems, Inc., (hereinafter "Respondent") to cease and desist from any and all activities that are in violation of Chapter 649 of the Nevada Revised Statutes ("NRS") and Nevada Administrative Code ("NAC").

JURISDICTION

1. The business of collecting claims for others or of soliciting the right to collect or receive payment for another of any claim in the State of Nevada is governed by NRS Chapter 649 and NAC Chapter 649.

2. The Division has primary jurisdiction for the licensing and regulation of persons operating and/or engaging in collection services. NRS 649.020; NRS 649.045; NRS 649.051 *et seq.*; NRS 649.075 *et seq.*

3. Pursuant to the authority vested by NRS Chapter 649, the Division hereby makes the following Findings of Fact, Conclusions of Law, and Order.

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FINDINGS OF FACT

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2 4. Respondent has been registered with the State of Nevada Secretary of State
3 as a foreign entity since October 5, 2004.

4 5. Respondent's business address is 245 Main Street, Dickson City, Pennsylvania
5 18519.

6 6. Respondent received a Cease and Desist Order on December 28, 2011, for
7 unlicensed activity discovered through a complaint filed with the Division. The Division
8 received four additional complaints after issuing the Cease and Desist Order.

9 7. On or about December 2, 2013, Respondent submitted an application for
10 licensure.

11 8. On or about July 24, 2014, the application was considered expired and
12 abandoned due to an incomplete application package with no response from the Respondent.

13 9. On or about November 22, 2016, Respondent filed a new application with the
14 Division.

15 10. Jeffrey Kotula is the designated Qualified Manager for the Respondent.

16 11. On or about May 15, 2017, a complaint from a Nevada resident was received
17 with evidence of unlicensed activity being conducted by Respondent.

18 12. Through the course of its investigation, the Division discovered that Respondent
19 engaged in and/or is engaging in the business of a collection agency in the State of Nevada
20 without a license as the Division confirmed that Respondent had reported a debt on the
21 complainant's credit report without first having obtained a license.

22 13. Furthermore, the investigation revealed that within the last four years, more than
23 nineteen (19) Nevada residents filed complaints against Respondent with federal agencies.
24 Additionally, over 1200 complaints have been filed nationwide against Respondent.

25 14. If any Finding of Fact is more properly characterized as a Conclusion of Law, it
26 shall be considered as such.

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CONCLUSIONS OF LAW

15. NRS 649.075(1) reads as follows:

1. Except as otherwise provided in this section, a person shall not conduct within this State a collection agency or engage within this State in the business of collecting claims for others, or of soliciting the right to collect or receive payment for another of any claim, or advertise, or solicit, either in print, by letter, in person or otherwise, the right to collect or receive payment for another of any claim, or seek to make collection or obtain payment of any claim on behalf of another without having first applied for and obtained a license from the Commissioner.

16. NRS 649.020 defines a "collection agency" as:

1. "Collection agency" means all persons engaging, directly or indirectly, and as a primary or a secondary object, business or pursuit, in the collection of or in soliciting or obtaining in any manner the payment of a claim owed or due or asserted to be owed or due to another.

17. Pursuant to NRS 649.370, a violation of any provision of the federal Fair Debt Collection Practices Act ("FDCPA") 15 U.S.C. §§ 1682 et seq. shall be deemed to be a violation of NRS Chapter 649.

18. As defined in the FDCPA § 803 (6), the term "debt collector" means:

any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose of which is the collection of any debts, or who regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due another. Notwithstanding the exclusion provided by clause (F) of the last sentence of this paragraph, the term includes any creditor who, in the process of collecting his own debts, uses any name other than his own which would indicate that a third person is collecting or attempting to collect such debts. For the purpose of section 1692f(6) of this title, such term also includes any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose of which is the enforcement of security interests.

19. As defined in FDCPA § 803 (2), the term "communication" means the *conveying of information regarding a debt* directly or indirectly to any person *through any medium*.

1 Reporting a debt on a credit report is considered communication by a debt collector as
2 defined in FDCPA.

3 20. NRS 649.390 grants the statutory authority to the Commissioner to take
4 disciplinary action against a person¹ for conducting unlicensed activity in violation of NRS
5 Chapter 649:

6 Investigation of verified complaint concerning unlicensed person;
7 order to cease and desist; administrative fines; suit to recover fine;
8 cumulative penalties.

9 1. The Commissioner shall conduct an investigation if he
10 receives a verified complaint from any person that sets forth
11 reason to believe that an unlicensed person is engaging in an
12 activity for which a license is required pursuant to this chapter.

13 2. If the Commissioner determines that an unlicensed person is
14 engaging in an activity for which a license is required pursuant to
15 this chapter, the Commissioner shall issue and serve on the
16 person an order to cease and desist from engaging in the activity
17 until such time as the person obtains a license from the
18 Commissioner.

19 3. If a person upon whom an order to cease and desist is served
20 does not comply with the order within 30 days after service, the
21 Commissioner shall, after notice and opportunity for a hearing:

22 (a) Impose upon the person an administrative fine of \$10,000; or

23 (b) Enter into a written consent agreement with the person
24 pursuant to which the person agrees to cease and desist from all
25 unlicensed activity in this State relating to the collection of debts,
26 and impose upon the person an administrative fine of not less than
27 \$5,000 and not more than \$10,000.

28 -- The imposition of an administrative fine pursuant to this
subsection is a final decision for the purposes of judicial review.

1. The Commissioner shall bring suit in the name and on behalf
of the State of Nevada against a person upon whom an
administrative fine is imposed pursuant to subsection 3 to recover
the amount of the administrative fine:

(a) If no petition for judicial review is filed pursuant to NRS
233B.130 and the fine remains unpaid for more than 90 days after
notice of the imposition of the fine; or

(b) If a petition for judicial review is filed pursuant to NRS
233B.130 and the fine remains unpaid for more than 90 days after
exhaustion of any right of appeal in the courts of this State
resulting in a final determination that upholds the imposition of the
fine.

5. A person's liability for an administrative fine is in addition to
any other penalty provided in this chapter.

¹ Pursuant to NRS 0.039, person is defined as "a natural person, any form of business or social organization and any other nongovernmental legal entity including, but not limited to, a corporation, partnership, association, trust or unincorporated organization."

1 21. Pursuant to NRS 649.440, the Commissioner may also impose administrative
2 fines of not more than \$10,000.00 for any violation of this chapter:

3 In addition to any other remedy or penalty, the Commissioner
4 may impose an administrative fine of not more than \$10,000 upon
a person who:

- 5 1. Without a license or certificate, conducts any business or
6 activity for which a license or certificate is required pursuant to the
provisions of this chapter; or
7 2. Violates any provision of this chapter or any regulation
adopted pursuant thereto.

8 22. Respondent has violated NRS 649.075 by engaging in the business of a
9 collection agency in the State of Nevada without having obtained proper licensure from the
10 Division.

11 23. Pursuant to NRS 649.390, the Division hereby orders Respondent to cease and
12 desist all activity covered under NRS Chapter 649.

13 24. Failure to comply with this Order and failure to submit proof to the Division that a
14 violation(s) has not been committed within (30) days from the date of this Order may subject
15 Respondent to an administrative fine of \$10,000, pursuant to NRS 649.390(3)(a), and/or NRS
16 649.440, and any additional penalties under NRS Chapter 649, NAC Chapter 649, and any
17 other applicable statute or regulation.

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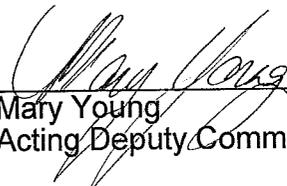
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ORDER

IT IS HEREBY ORDERED that Respondent shall **CEASE AND DESIST** from operating and/or engaging in the business of a collection agency within the State of Nevada. Respondent shall also comply with any additional disciplinary measures the Administrative Law Judge may deem necessary, should the matter proceed to a hearing.

DATED this 22nd day of December 2017.

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

By: 
Mary Young
Acting Deputy Commissioner

1 **APPEAL RIGHTS**

2 **RESPONDENT HAS THE RIGHT TO REQUEST A HEARING IN THIS MATTER.** If
3 you wish to request a hearing, you must file a request **within thirty (30) calendar days** after
4 this Order to Cease and Desist was served on the Respondent.

5 Your request for a hearing must be delivered to:

6 STATE OF NEVADA
7 DEPARTMENT OF BUSINESS AND INDUSTRY
8 FINANCIAL INSTITUTIONS DIVISION
9 3300 W. Sahara Ave., Suite 250
10 Las Vegas, Nevada 89102

11 Other important rights you have are listed in Nevada Revised Statutes Chapters 649
12 and 233B and the Nevada Administrative Code Chapter 649.

13 DATED this 22nd day of December 2017.

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15 STATE OF NEVADA
16 DEPARTMENT OF BUSINESS AND INDUSTRY
17 FINANCIAL INSTITUTIONS DIVISION

18 By: 

19 Mary Young
20 Acting Deputy Commissioner
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1 **CERTIFICATE OF SERVICE**

2 I certify that I am an employee of the State of Nevada, Department of Business and
3 Industry, Financial Institutions Division, and that on 27th day of December 2017, I
4 deposited in the U.S. mail, postage prepaid, via First Class Mail and Certified Return Receipt
5 Requested, a true and correct copy of the foregoing **ORDER TO CEASE AND DESIST**
6 **UNLICENSED ACTIVITIES AND NOTICE OF RIGHT TO APPEAL**, addressed as follows:

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8 Commonwealth Financial Systems, Inc.
9 Attention: Jeffrey Kotula
10 245 Main Street
11 Dickson City, Pennsylvania 18519

12 Certified Mail: 7014 2870 0001 8495 1560

13 Commonwealth Financial Systems, Inc.
14 Attention: Jeffrey Kotula
15 232 Main Street
16 Dickson City, Pennsylvania 18519

17 Certified Mail: 7014 2870 0001 8495 1577

18 Commonwealth Financial Systems, Inc.
19 C/O: The Corporation Trust Company of Nevada, Resident Agent
20 701 S. Carson Street, Suite 200
21 Carson City, Nevada 89701

22 Certified Mail: 7014 2870 0001 8495 1584

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26 An Employee of the State of Nevada
27 Department of Business and Industry
28 Financial Institutions Division