



GRANTED

Morris B. Hoffman

District Court Judge

DATE OF ORDER INDICATED ON ATTACHMENT

DISTRICT COURT, CITY AND COUNTY OF
DENVER, COLORADO

1437 Bannock Street
Denver, Colorado 80202

STATE OF COLORADO ex rel. JOHN W.
SUTHERS, ATTORNEY GENERAL FOR THE STATE
OF COLORADO, and LAURA E. UDIS,
ADMINISTRATOR, COLORADO COLLECTION
AGENCY BOARD,

Plaintiffs,

v.

JBC & ASSOCIATES, P.C., JBC LEGAL
GROUP, P.C., BOYAJIAN LAW OFFICES,
P.C., BOYAJIAN & BRANDON LEGAL GROUP,
P.C., OUTSOURCE RECOVERY MANAGEMENT,
INC., JACK H. BOYAJIAN, MARVIN BRANDON,
and KAREN NATIONS,

Defendants.

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Case No.: 08CV5924

Courtroom: 3

CONSENT DECREE

Plaintiffs, State of Colorado, ex rel. John W. Suthers, Attorney General for the State of Colorado, and Laura E. Udis, Administrator, Colorado Collection Agency Board (collectively the State) and defendants, JBC & Associates, P.C., JBC Legal Group, P.C., Boyajian Law Offices, P.C., Boyajian & Brandon Legal Group, P.C., Outsource Recovery Management, Inc., Jack H. Boyajian, Marvin Brandon, and Karen Nations (collectively defendants), hereby consent to the entry of final judgment in this matter as embodied in this Consent Decree, to resolve fully and finally the claims and issues in the above-captioned case, without trial or hearing, and to avoid the additional time and expense associated with continuing litigation.

The Court, having considered this matter and being otherwise fully advised in the premises,

DOES HEREBY FIND, CONCLUDE, ORDER, DECREE, and ADJUDGE, as

follows:

I. JURISDICTION AND VENUE

1.1 This Court has jurisdiction over the parties and the subject matter of this action.

1.2 The State's Complaint, dated July 8, 2008 (Complaint), states claims against defendants pursuant to the Colorado Fair Debt Collection Practices Act, §§ 12-14-101, et seq., C.R.S. 2009 (Act), and Consumer Protection Act, §§ 6-1-101, et seq., C.R.S. 2009 (CPA).

1.3 The Court is authorized to issue the relief requested in the Complaint pursuant to Act § 12-14-135 and CPA §§ 6-1-110, 6-1-112, and 6-1-113.

1.4 Venue is proper in the City and County of Denver, Colorado.

II. ADMISSIONS

Defendants admit the following:

2.1 By this action, the State seeks to enjoin defendants from collecting debts from Colorado consumers in violation of the Act and CPA. Pursuant to these statutes, the State also seeks other appropriate relief, including consumer restitution, penalties, and costs and attorney's fees.

Parties

2.2 Plaintiff John W. Suthers is the duly elected Attorney General of the State of Colorado. He is authorized under CPA § 6-1-103 to enforce the CPA, and may bring a civil action against a person for engaging in deceptive trade practices. In such action, the State may seek injunctive relief to prohibit the person from violating the CPA, obtain consumer restitution, and collect civil penalties for violations of the CPA. See CPA §§ 6-1-110, 6-1-112, and 6-1-113.

2.3 Plaintiff Laura E. Udis is the Administrator, Colorado Collection Agency Board. She is authorized to exercise any powers granted the Colorado Collection Agency Board. See Act § 12-14-117(1). In particular, she is authorized to bring a civil action to restrain any person from any violation of the Act. See Act § 12-14-135.

2.4 Defendant JBC & Associates, P.C. (Associates), purports, and at all relevant times purported, to be a law firm. It is, and at all relevant times was, regularly engaged in collecting or attempting to collect debts from Colorado consumers owed or due or asserted to be owed or due others.

2.5 Defendant JBC Legal Group, P.C. (Legal Group), is a successor to and is otherwise related to defendant Associates. It purports, and at all relevant times purported, to be a law firm. It is, and at all relevant times was, regularly engaged in collecting or attempting to collect debts from Colorado consumers owed or due or asserted to be owed or due others.

2.6 Defendant Boyajian Law Offices, P.C. (BLO), purports, and at all relevant times purported, to be a law firm. It is, and at all relevant times was, regularly engaged in collecting or attempting to collect debts from Colorado consumers owed or due or asserted to be owed or due others.

2.7 Defendant Boyajian & Brandon Legal Group, P.C. (B&B), is a successor to and is otherwise related to defendants Associates and Legal Group. It purports, and at all relevant times purported, to be a law firm. It is, and at all relevant times was, regularly engaged in collecting or attempting to collect debts from Colorado consumers owed or due or asserted to be owed or due others.

2.8 Defendant Outsource Recovery Management, Inc. (ORM), is, and at all relevant times was, a debt buyer that buys portfolios of bad, defaulted consumer debt, including debt allegedly owed by Colorado consumers. It placed such debt for collection with the law firms. It is, and at all relevant times was, a collection agency under the Act.

2.9 Defendants Associates, Legal Group, BLO, and B&B are collectively referred to as the "law firms". The law firms and ORM are collectively referred to as the "corporate defendants".

2.10 Defendant Jack H. Boyajian (Boyajian) is, and at all relevant times was: (a) an owner, officer, director, shareholder, or principal of and attorney in; (b) directed, controlled, managed, participated in, supervised, was responsible for, or authorized the activities of; or (c) in the course of his business, vocation, or occupation engaged in; the law firms' and ORM's businesses and transactions, including the acts and practices described herein.

2.11 Defendant Marvin Brandon (Brandon) is, and at all relevant times was: (a) an owner, officer, director, or principal of, and attorney in; (b) directed, controlled, managed, participated in, supervised, was responsible for, or authorized the activities of; or (c) in the course of his business, vocation, or occupation engaged in; the law firms' businesses and transactions, including the acts and practices described herein.

2.12 Defendant Karen Nations (Nations) is, and at all relevant times was, an attorney in and in the course of her business, vocation, or occupation engaged in, the law firms' businesses and transactions.

2.13 Defendants' practices, acts, or course of conduct described herein at all relevant times were continuing.

Defendants' Histories

2.14 In 1996, defendant Boyajian, as president of a collection agency called G&L Financial Services, Inc. (G&L), entered into a consent decree with the United States of America, inter alia resolving claims brought against G&L under the federal Fair Debt Collection Practices Act, 15 U.S.C. 1692, et seq. (FDCPA). Among other things, the consent decree permanently enjoined G&L from: (i) representing or implying that legal action would be taken to collect a debt, unless at the time of the representation such action was lawful and was intended to be taken; (ii) using any false representations or deceptive means to collect or attempt to collect any debt, including misrepresenting to a consumer, directly or by implication, that an attorney is or has been substantially involved in collecting the debt at issue; and (iii) engaging in any other act or practices which would violate the FDCPA. G&L also was a named defendant, and suffered judgments against it, in a number of actions alleging it committed violations of the FDCPA. At some point after entry of the consent decree, Boyajian allowed G&L to go out of business and become defunct and judgment proof.

2.15 In or about 1998, about the time or sometime after Boyajian allowed G&L to go out of business, Boyajian became the president of a collection agency known as JBC & Associates, Inc. (JBC Inc.). JBC Inc. was the subject of numerous lawsuits, including several class actions, claiming its collection practices violated the FDCPA and other state debt collection or

unfair and deceptive trade practices statutes.

2.16 In or around 2000, Boyajian formed the defendant Associates. Associates became the subject of a number of lawsuits, both private and regulatory, claiming its collection practices violated the FDCPA and other state debt collection or unfair and deceptive trade practices statutes. At some point, Associates changed its name to Legal Group. As with Associates, Legal Group became the subject of a number of lawsuits claiming its collection practices violated the FDCPA and other state debt collection or unfair and deceptive trade practices statutes. At some point, Legal Group changed its name to B&B.

2.17 At some point, Boyajian wound down the collection business of Associates, Legal Group, and B&B, and allowed them to become defunct. In 2004, Boyajian started a new entity, defendant BLO, to continue with their debt collection business. As with Associates, Legal Group, and B&B, BLO was engaged in the debt collection business.

Defendants' Debt Collection Practices

2.18 Since at least some time in 2001 through 2007, the corporate defendants were regularly engaged in collecting or attempting to collect debts from Colorado consumers owed or due or asserted to be owed or due others. Among the types of debt the corporate defendants collected, or attempted to collect, were "NSF", or bad, checks the consumers allegedly have written to merchants and other third parties. The numbers of Colorado consumers from whom defendants have collected, or attempted to collect, debts are in the thousands.

2.19 The form dunning letters sent to Colorado consumers threaten to take legal action if the consumer does not pay the debt as demanded in the letter. However, defendants have filed few debt collection lawsuits against Colorado consumers.

2.20 Further, many of the debts, including the "bad" check debts, may have been stale and time barred by applicable statutes of limitations.

2.21 Some of the "bad" check form dunning letters sent to Colorado consumers added a "return check" charge to the open amount on the check allegedly owed by the consumer. Defendants list this total as the amount owed by the consumer. Sometimes, the "return check" charge defendants added to the debt exceeded

that allowed by applicable Colorado law.

2.22 Certain of the second and subsequent "bad" check form dunning letters sent to Colorado consumers stated that the consumer has chosen to ignore the prior communications demanding that the consumer make restitution and that, therefore, the consumer delivered the alleged "bad" check with intent to defraud. The letters claimed entitlement to statutory penalties equal to the greater of either triple the amount of the check or \$100.00. Such letters listed as the total amount owed by the consumer the greater of (i) \$100.00 plus the original amount owed on the check plus the "return check" charge, or (ii) triple the amount owed on the check plus the original amount owed on the check plus the "return check" charge. The amounts claimed as due from the consumer may have exceeded that allowed by applicable law. Further, these amounts were claimed despite there not having been obtained a court judgment therefor.

2.23 The form dunning letters sent to Colorado consumers were written on law firm letterhead. Further, if not signed by an individual attorney, they were signed by the law firms as "Attorneys at Law". In some cases, these form dunning letters were sent without there first having been meaningful or substantial involvement or participation by an attorney reviewing the matter.

2.24 The corporate defendants have not complied with or otherwise honored some consumers' requests that defendants cease communication with the consumer or validate the debt the consumer allegedly owes. In these cases, they continued their debt collection activity despite the consumers' requests.

III. INJUNCTIVE RELIEF

3.1 All defendants and their officers; agents; servants; employees; attorneys; affiliates; subsidiaries; heirs; successors; and assigns; as well as all other persons, corporations, associations, or other entities acting by, through, on behalf of, or in active concert or participation with, defendants who have actual or constructive notice of this Consent Decree; shall be, and hereby are, permanently enjoined from committing, and shall not in the future commit, any violations of the Act or CPA.

3.2 The corporate defendants and defendant Brandon, and their officers; agents; servants; employees; attorneys; affiliates; subsidiaries; heirs; successors; and assigns; as

well as all other persons, corporations, associations, or other entities acting by, through, on behalf of, or in active concert or participation with, these defendants who have actual or constructive notice of this Consent Decree; shall be, and hereby are, permanently enjoined from collecting or attempting to collect, directly or indirectly, consumer debt in Colorado.

3.3 Defendant Boyajian, and his officers; agents; servants; employees; attorneys; heirs; successors; and assigns; as well as all other persons, corporations, associations, or other entities acting by, through, on behalf of, or in active concert or participation with, Boyajian who have actual or constructive notice of this Consent Decree; shall be, and hereby are, enjoined from collecting or attempting to collect, directly or indirectly, consumer debt in Colorado for a period of five years from and after the Effective Date of this Consent Decree. After the five years, the injunction shall continue and remain in effect until such time as Boyajian obtains a Colorado collection agency license from the Administrator pursuant to the Act.

3.4 Defendant Nations, and her officers; agents; servants; employees; attorneys; heirs; successors; and assigns; as well as all other persons, corporations, associations, or other entities acting by, through, on behalf of, or in active concert or participation with, Nations who have actual or constructive notice of this Consent Decree; shall be, and hereby are, enjoined from collecting or attempting to collect, directly or indirectly, consumer debt in Colorado for a period of three years from and after the Effective Date of this Consent Decree. After the three years, the injunction shall continue and remain in effect until such time as Nations obtains a Colorado collection agency license from the Administrator pursuant to the Act or is admitted to practice law in Colorado as an attorney licensed to practice law in Colorado.

3.5 Nothing herein shall be construed in any manner as imposing upon the Administrator any obligation whatsoever to issue to any defendant a Colorado collection license or grant, approve, or otherwise act favorably upon any application by any defendant for a Colorado collection agency license should any defendant file any such application.

IV. MONETARY RELIEF

4.1 Pursuant to CPA § 6-1-113(4), judgment shall be, and hereby is, entered in the State's favor and against the

corporate defendants and defendant Boyajian, jointly and severally, in the amount of \$200,000.00, in partial recoupment of the State's costs and attorney's fees in investigating and prosecuting this matter.

4.2 As to defendant Boyajian only, \$180,000.00 of the \$200,000.00 judgment against him shall be suspended for so long as he pays the sum of \$20,000.00 to the State in full, strict, and complete compliance with the following terms:

(a) Boyajian shall pay \$7,500.00 by, on, or before April 29, 2010.

(b) Boyajian shall pay the remaining \$12,500.00 in eight quarterly installments, with the first seven quarterly installments of \$1,500.00 each and the eighth quarterly installment of \$2,000.00. The first such quarterly installment shall be paid by, on, or before July 31, 2010, and each successive installment shall be paid by, on, or before the end of each subsequent quarter (i.e., October 31, January 31, April 30, and July 31).

All such payments shall be deemed paid upon the State's receipt of the payment, and only upon such receipt. All such payments shall be made payable to the "Colorado Attorney General". Upon timely payment of the above \$20,000.00 in full, strict, and complete compliance pursuant to the above schedule, the State shall enter a satisfaction of the monetary judgment against defendant Boyajian, and defendant Boyajian only. In the event defendant Boyajian fails to pay the \$20,000.00, or any payment thereof, when due in full, strict, and complete compliance with the foregoing, then, upon the State's notice to the Court of such failure, the suspension of the \$180,000.00 portion of the judgment shall be immediately vacated and judgment shall enter forthwith against defendant Boyajian, and he hereby consents to such entry, for the full \$200,000.00 or portion thereof then remaining due and owing.

V. MISCELLANEOUS

5.1 It is the intent and purpose of this Consent Decree to resolve fully and finally the issues between the State and defendants raised and alleged in this action, and only those issues. The omission from the Complaint or this Consent Decree of other acts, conduct, or transactions, which might constitute other violations of the Act or CPA, shall not be deemed approval by the State of such acts, conduct, or transactions.

5.2 This Consent Decree shall in no way limit, constrain, abridge, abrogate, waive, release, or otherwise prejudice the right of any consumer to bring any private action under the law.

5.3 All amounts paid or collected pursuant to or under this Consent Decree shall be held in trust by the Attorney General of the State of Colorado, including any interest earned thereon, to be used first for reimbursement of costs and attorney's fees in this matter, and then for consumer educational purposes or consumer protection enforcement efforts.

5.4 This Consent Decree shall not be modified except in a writing signed by the parties or their authorized representatives and approved and entered by the Court.

5.5 This Consent Decree shall be governed by Colorado law without regard to choice of law rules. As with the Act and CPA, it shall be liberally construed in the State's favor and strictly construed against defendants, who shall comply fully, completely, and strictly with all of its terms and provisions.

5.6 Any claims or causes of actions arising out of or based upon this Consent Decree shall be commenced in the District Court for the City and County of Denver, Colorado, and defendants hereby consent to the jurisdiction, venue, and process of such Court. In the event of any such action or proceeding alleging or asserting a violation of or failure to comply with this Consent Decree, this Consent Decree shall be admissible in full.

5.7 This Court shall retain jurisdiction over this matter for the purpose of enabling any party to it to apply to the Court at any time for such further orders as may be necessary or appropriate for the construction, execution, or enforcement of, or compliance with or punishment for violations of, this Consent Decree.

5.8 Except as otherwise provided herein, each party shall bear its own costs and attorney's fees in connection with this matter.

5.9 Defendants have had the opportunity to be represented by legal counsel, and to consult with counsel for the State to negotiate a resolution of this matter. Defendants knowingly and voluntarily enter into this Consent Decree and waive any right to a formal hearing on the matters forming the basis of this

Consent Decree and any right to appeal herefrom.

5.10 This Consent Decree represents the entire agreement between the parties hereto and a complete merger of prior negotiations and agreements, and is binding upon all officers, directors, employees, shareholders, managers, members, principals, heirs, agents, affiliates, successors, or assigns of the parties.

5.11 On the date this Consent Decree is signed by the Court, it shall be entered as and become a final judgment of the Court and such date shall be the Effective Date of this Consent Decree for all purposes hereunder.

SO ORDERED, ADJUDGED, and DECREED this _____ day of _____, 2010.

By the Court:

District Court Judge

AGREED AND CONSENTED TO:

JBC & ASSOCIATES, P.C.
JBC LEGAL GROUP, P.C.
BOYAJIAN & BRANDON LEGAL GROUP,
P.C.
BOYAJIAN LAW OFFICES, P.C.
OUTSOURCE RECOVERY MANAGEMENT,
INC.
Defendants

By: s/ Jack H. Boyajian
Name: Jack H. Boyajian
Title: President

s/ Laura E. Udis
LAURA E. UDIS,
Administrator, Colorado
Collection Agency Board

s/ Jack H. Boyajian
JACK H. BOYAJIAN, Defendant

s/ Marvin Brandon
MARVIN BRANDON, Defendant

s/ Karen Nations
KAREN NATIONS, Defendant

JOHN W. SUTHERS
Attorney General

s/ L. Donald Huelson
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s/ Paul Chessin
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This document constitutes a ruling of the court and should be treated as such.

Court: CO Denver County District Court 2nd JD

Judge: Morris B Hoffman

File & Serve

Transaction ID: 29877657

Current Date: Mar 08, 2010

Case Number: 2008CV5924

Case Name: SUTHERS, JOHN W et al vs. JBC & ASSOC PC et al

Court Authorizer: Morris B Hoffman

/s/ Judge Morris B Hoffman