

BEFORE THE
ADMINISTRATOR,
UNIFORM CONSUMER CREDIT CODE
UNIFORM DEBT-MANAGEMENT SERVICES ACT

STIPULATION AND FINAL AGENCY ORDER

In the Matter of:

AMERICOR FUNDING, INC.,
CREDIT9, INC., and
BANIR GANATRA

Respondents.

This Stipulation and Final Agency Order (“Stipulation” or “Order”) is entered into by Americor Funding, Inc. (“Americor”), Credit9, Inc. (“Credit9”) and Banir Ganatra (“Ganatra”) (Americor, Credit9, and Ganatra shall be referred to collectively as the “Respondents”), and the Administrator (“Administrator”) of the Uniform Consumer Credit Code, C.R.S. § 5-1-101, *et seq.* (“UCCC”) and of the Debt Management Services Act, C.R.S. § 5-19-201 *et seq.* (“DMSA”) (collectively, “Parties”) to address issues arising from recent compliance examinations.

SECTION I

(Findings of Facts and Conclusions of Law)

Americor

1. The Administrator is authorized to administer the DMSA. C.R.S. § 5-19-232. Among other things, she is authorized to conduct examinations of registered debt-management providers, enforce compliance of the DMSA and its rules, and conduct investigations of possible violations of them. C.R.S. §§ 5-19-232 and 5-19-233.
2. Americor is a California company located at 18200 Von Karman Ave, Ste 600, Irvine, CA 92612.
3. Americor is registered as a debt-management provider in Colorado.
4. Americor has provided and continues to provide debt-management services to residents of Colorado.
5. Banir Ganatra owns and controls 100% of the ownership interest in Americor and Credit9.

6. On July 9, 2021, the Administrator issued a compliance examination report to Americor identifying certain statutory violations and directing Americor to take corrective action.

7. As relevant here, the Administrator cited Americor for (1) lending money or providing credit, directly or indirectly, to a consumer to whom Americor furnishes debt-management services in violation of C.R.S. § 5-19-228(b)(3), (2) compensating its employees, directly or indirectly, on the basis of a formula that incorporates the number of individuals the employee induces to enter into agreements in violation of C.R.S. § 5-19-228(a)(9), and (3) entering agreements with consumers for debt-management services that are not dated and signed by Americor and the consumer in violation of C.R.S. § 5-19-219(a)(2).

8. Under C.R.S. § 5-19-223(b), Americor may not impose charges or receive payment for debt-management services until it has complied with C.R.S. § 5-19-219 and C.R.S. § 5-19-228.

9. After receiving the compliance examination report, Americor took a number of actions in response.

10. Americor reviewed its files and identified twenty-four (24) loans from Credit9 to Americor consumers.

11. In February 2022, Americor discontinued compensating its employees based on the amount of debt enrolled in debt-management services by Colorado consumers.

12. Lastly, Americor reviewed its files for unsigned agreements and identified that in approximately 10% of cases (238 of 2,138), Americor or the consumer did not sign agreements for debt-management services in violation of C.R.S. § 5-19-219(a)(2). As best Americor can determine, this was unintentional, due to a technological glitch. As best Americor can determine, Americor treated all Colorado consumers the same and adhered to all contractual terms with its Colorado consumers regardless of whether the agreements were signed or unsigned. The parties have not received complaints from Colorado consumers with unsigned agreements alleging that Americor did not adhere to the terms of the agreement, and any oversight on the part of Americor due to this glitch it contends was inadvertent and technical in nature.

13. Under C.R.S. § 5-19-233(a)(2), the Administrator may order a “provider or person that has caused a violation” to correct the violation by paying restitution.

14. In addition, under C.R.S. § 5-19-233(a)(3), the Administrator may impose on a “provider or person that has caused the violation” a civil penalty up to and including \$10,000 for each violation.

15. Finally, the Administrator may recover reasonable costs for enforcing the DMSA, including attorneys’ fees based on the hours reasonably expended and the hourly rates for attorneys of comparable experience in the community.

SECTION II
(Findings of Facts and Conclusions of Law)
Credit9

16. The Administrator is authorized to administer the UCCC. C.R.S. § 5-6-103. Among other things, she is authorized to conduct examinations of supervised lenders, enforce compliance of the UCCC and its rules, and conduct investigations of possible violations of them. C.R.S. §§ 5-6-106 and 5-6-114.

17. Credit9 is a California company located at 18200 Von Karman Ave, Ste 700, Irvine, CA 92612.

18. Credit9 is licensed as a supervised lender in Colorado.

19. Credit9 has made supervised loans to residents of Colorado who are Americor consumers.

20. Banir Ganatra owns and controls 100% of the ownership interest in Americor and Credit9.

21. On July 11, 2018, the Administrator granted Credit9’s application for a license. In granting the license, the Administrator advised Credit9 that it could not engage in direct or indirect lending in Colorado to “Colorado consumers who are clients of debt-management providers connected to you through common ownership” as follows:

It has been noted from your application materials that your operations in Colorado may involve consumer credit transactions that include the making of loans to consumers enrolled in debt-management programs.

Per [C.R.S. § 5-19-228(b)(3)], (b) If a provider furnishes debt-management services to an individual, the provider may not, directly or indirectly: ... (3) Lend money or provide credit to the individual, except as a deferral of a settlement fee at no additional expense to the individual.

Please be advised that lending money to those Colorado consumers who are clients of debt-management providers connected to you through common ownership and/or control could be considered “indirect” lending, which would therefore violate the Colorado Debt-Management Services Act (“DMSA”).

22. After receiving its license, Credit9 made twenty-four (24) loans to Americor consumers in Colorado. Credit9 included debt-management services fees charged by Americor in the amount financed for these loans.

23. Credit9 did not make any loans to residents of Colorado who are not Americor consumers.

24. On July 9, 2021, the Administrator issued a compliance examination report to Credit9 identifying certain statutory violations and directing Credit9 to take corrective action.

25. As relevant here, the Administrator cited Credit9 for (1) charging fees that are not permitted additional charges in violation of C.R.S. § 5-2-202 at rates in excess of C.R.S. § 5-2-201, and (2) failing to disclose these fees at these rates to consumers in its TILA disclosures.

SECTION III (Order)

In full settlement of the issues raised in this matter, and to avoid further legal proceedings, the Parties agree as follows:

Stipulated Injunctive Relief

26. Respondents agree, together with all related or affiliated entities, and its officers, directors, shareholders, managers, members, principals, subsidiaries, heirs, successors, and assigns, together with all other persons, corporations, associations, or other entities acting under the entities’ or individual’s direction and control, or in active concert or participation with Respondents, or by whom Respondents may employ or contract with, that Respondents shall not engage in, now or in the future, any conduct described herein that violates the DMSA or UCCC.

27. As to existing Colorado consumers receiving debt-management services, Americor shall maintain its registration under the DMSA and may continue to operate in Colorado in compliance with the DMSA consistent with this Order.

28. As to existing Colorado consumers with loans, Credit9 shall maintain its license to operate in Colorado under the UCCC and may continue to operate in Colorado in compliance with the UCCC consistent with this Order.

29. Respondents will still apply for a renewal license and/or registration for the duration of any remaining services to existing consumers to be performed in connection with the DMSA or UCCC. Any renewal license and/or registration granted to Respondents will only concern existing consumers.

30. Respondents may not enroll any new consumers in Colorado for two years from the date of this Order. After two years from the date of this Order, Respondents may enroll new consumers. Respondents must maintain a license and/or registration with Colorado to service these new consumers.

Restitution

31. Respondents agree that an order shall be entered against it in the total amount of \$200,000.

32. This amount relates to 24 Colorado consumers subject to cross-lending violation (“Lending Consumers”), and 238 Colorado consumers subject to DMSA violations (“DMSA Consumers”).

33. This amount along with any interest thereon, is payable, in trust, to the Attorney General to be used in the Attorney General’s sole discretion for attorneys’ fees and costs, consumer restitution, and for consumer or creditor educational purposes, consumer credit or consumer protection enforcement efforts, or public welfare purposes.

34. Sixty percent (60%) of the restitution owed under this Order shall be payable to the Lending consumers, and forty percent (40%) of this amount shall be payable to the DMSA consumers. Respondents shall pay these refunds, pro rata, based on the amounts of restitution owed to the consumers directly to the effected consumers on behalf of the Attorney General.

35. The refunds will be accompanied by a letter of explanation with language approved by the Administrator. Respondent will submit a draft letter of explanation to the Administrator within five (5) days after execution of this Stipulation.

36. Respondents shall issue refunds to consumers for whom they have bank account information by electronically transmitted means, and for all other consumers who cannot received their refund in this manner by check.

37. Within thirty (30) days after execution of this Stipulation, Respondents shall provide the Administrator with evidence that Respondents sent refunds along with copies of the checks or other proof of the electronically transmitted funds such as via ACH back to each consumer's account, the total dollar amount of all refunds, and the number of refunds provided.

38. Within sixty (60) days after execution of this Stipulation, if Respondents sent refunds by checks, Respondents shall provide the Administrator with evidence refunds were received by consumers, including copies of the backs of the refund checks showing their endorsement and deposit by consumers, or copies of Respondents' bank statements showing that the checks have been withdrawn from its account.

39. If Respondents are unable to locate a Colorado Consumer to whom a refund is owed within sixty (60) days of the date the check was issued, Respondents shall cancel the check and issue a check payable to the Colorado Attorney General in an equal amount.

40. All payments due the Administrator hereunder shall be deemed paid upon the Administrator's receipt of the payment. Respondents shall endeavor to make these payments in one check. The check shall be made payable to the "Colorado Department of Law." The check should be mailed to: "Administrator, UCCC, attn: Miriam Burnett, 1300 Broadway, 7th Floor, Denver, Colorado 80203."

SECTION III
(Stipulation and Release)

41. Respondents agree and stipulate to this Order and all terms contained herein.

42. It is the intent and purpose of this Order to resolve fully the particular issues, allegations, or charges raised by the Administrator's investigation of Respondents' activities as set forth above, and only those issues. Further, the omission from this Stipulation of other acts, conduct, or practices which might constitute violations of the Act shall not be deemed or construed to be approval by the Administrator of such acts, conduct, or practices.

43. Respondents acknowledges that they have a right to request an evidentiary hearing in this matter, present evidence, examine witnesses, and appeal from any adverse action and waive those rights.

44. Respondents agree that this Order contains the entire agreement between the Administrator and is binding upon all the officers, directors, employees, shareholders, managers, members, principals, affiliates, agents, trade names, heirs, and successors of the Respondents.

45. This Order shall be disclosed in any application to the Administrator and in response to any question regarding state disciplinary or administrative action.

46. Colorado law governs this Order. Any claims or causes of action arising out of or based upon this Order shall be commenced before the Colorado Office of Administrative Courts or in Denver District Court for the State of Colorado, as appropriate. Respondents hereby consent to the jurisdiction, venue and process of the Colorado Office of Administrative Courts and the Denver District Court. In the event of any action or proceeding alleging or asserting a violation of or failure to comply with this Order, this Order shall be admissible in full and shall be evidence that prior to this Order, Respondents engaged in the acts and practices described herein.

47. This Order shall be effective on the date it is signed by the Administrator.

EXECUTED AND SO ORDERED by the Administrator this 13th day of December, 2022.




Martha Fulford
Administrator
Uniform Consumer Credit Code

[SIGNATURE PAGE TO FOLLOW]

AGREED TO AND STIPULATED BY:

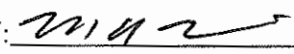
AMERICOR FUNDING, INC.
CREDIT9, INC., and
IN HIS PERSONAL CAPACITY

BY: 
BANIR GANATRA, President
Americor Funding, Inc.
18200 Von Karman Ave, Ste 600,
Irvine, CA 92612

Date: 12/12/2022


APPROVED AS TO FORM:

AMERICOR FUNDING, INC.
CREDIT9, INC., and
BANIR GANATRA

BY: 
ROBBY H. BIRNBAUM
Greenspoon Marder, LLP
100 West Cypress Creek Road, Ste 700
Fort Lauderdale, FL 33309

Date: 12/12/2022

ADMINISTRATOR,
DMSA AND UCCC

BY: 
~~KEVIN J. BURNS~~- Nikolai N. Frant
Assistant Attorney General
Consumer Protection Section
Consumer Credit Enforcement Unit
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Denver, CO 80203

Date: 12/13/2022