

State of New Hampshire
Banking Department

In re:) **Case No.: 07-317**
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)
State of New Hampshire Banking)
)
Department,) **Consent Order**
)
)
Petitioner,)
)
and)
)
Morgan Drexen, Inc. (d/b/a Morgan Drexen)
)
Group, d/b/a Morgan Drexen, d/b/a)
)
www.morgandrexen.com and d/b/a Morgan)
)
Drexen Integrated Legal Systems), Walter)
)
Ledda, David Walker, Rita Augusta,)
)
Stephen E. Nagin,)
)
Respondents.¹)

CONSENT ORDER

The State of New Hampshire Banking Department (the “Department”) finds and orders as follows:

Respondent

Morgan Drexen, Inc., d/b/a Morgan Drexen Group, d/b/a Morgan Drexen, d/b/a www.morgandrexen.com and d/b/a Morgan Drexen Integrated Legal Systems (“Morgan Drexen”), is a corporation duly incorporated in the State of Nevada on October 17, 1994, with a principal office located in Costa Mesa, California (registered with the California Secretary of

¹ The following respondents have been dismissed from this matter by order of the Banking Department Commissioner: Walter Ledda, David Walker, Rita Augusta, and Stephen E. Nagin.

State on August 13, 2007), and a corporate office in Las Vegas, Nevada. Morgan Drexen is not registered with the New Hampshire Secretary of State and has never held a New Hampshire Debt Adjuster license.

Jurisdiction

The Department regulates debt adjustment services performed in the State of New Hampshire or on behalf of a person located in the State of New Hampshire. RSA 399-D:1, IV; RSA 399-D:23. RSA 399-D:19, IV authorizes the Department to investigate whether any person has violated or is about to violate any provision of RSA Chapter 399-D, or any rule or order given under RSA Chapter 399-D.

Background

On November 9, 2007, the Department's investigation of an unrelated company licensed by the Department (the "licensee")² revealed that Morgan Drexen sent debt settlement documents to the licensee on Consumer A's behalf. Additionally, on December 12, 2008, the Department received a complaint from Consumer B's attorney alleging that Morgan Drexen contacted his client and offered to provide debt settlement services. In response, the Department conducted an investigation to determine if Morgan Drexen was engaged in debt adjustment activities without the license required by RSA Chapter 399-D.

During the investigation, the Department issued a Notice of Order to Show Cause and Cease and Desist Order ("Order") against the Morgan Drexen. Prior to a hearing on the Order, the Department entered into negotiations with Morgan Drexen to attempt to resolve the concerns raised in the Order. In the course of negotiations, legal counsel for Morgan Drexen disclosed to the Department that Attorney Eric Rosen³ contracted to provide debt settlement services to 102 New Hampshire consumers with the assistance of the legal support staff at Morgan Drexen.

² The licensee is not a party to this action.

³ The Department is proceeding in a separate action against Attorney Rosen (Case No. 13-015). The terms of this Consent Order apply only to Morgan Drexen.

Attorney Rosen is not admitted to the practice of law in New Hampshire, but did affiliate with attorneys admitted to practice law in New Hampshire.

Morgan Drexen has provided the Department with a description of a proposed business model for supporting attorneys who provide legal services to New Hampshire residents, which Morgan Drexen plans to enact going forward. Under the model, Morgan Drexen will provide legal support services to attorneys admitted to the practice of law in New Hampshire who will provide debt adjustment services to consumers.

The Department and Morgan Drexen would like to avoid further formal proceedings and expense, and to finally resolve this matter under the terms and conditions set forth below.

Governing Law

Under RSA 399-D:3, “[a]ny person that, in its own name or on behalf of other persons, engages in the business of debt adjustment in this state or with persons located in this state shall be required to obtain a license from the banking department.” However, “[t]he provisions of [RSA Chapter 399-D] shall not apply to . . . [a]ny attorney admitted to the practice of law in this state, when engaged in such practice.” RSA 399-D:4, I.

The Respondent’s Consent and Recognitions

1. Without admitting any violations, Morgan Drexen recognizes the Department’s position that the provision of debt settlement services or debt adjustment services without a New Hampshire Debt Adjustment license constitutes a violation of RSA 399-D:3.
2. Without admitting any violations, Morgan Drexen recognizes the Department’s position that it has the authority to regulate debt settlement services pursuant to RSA Chapter 399-D.
3. Without admitting any violations, Morgan Drexen recognizes the Department’s position that Attorney Rosen’s provision of debt settlement services constitutes a violation of RSA 399-D:3 and does not fall within the exception stated in RSA 399-D:4, I.

4. Morgan Drexen has voluntarily entered into this Consent Order without reliance upon any discussions between the Department and Morgan Drexen, without the promise of a benefit of any kind (other than the concessions contained in this Consent Order), and without threats, force, intimidation, or coercion of any kind.
5. Morgan Drexen further acknowledges its understanding of the nature of the allegations set forth in this proceeding, including the potential penalties provided by law.
6. Morgan Drexen acknowledges, understands, and agrees that it has the right to notice, hearing, civil action, and/or appeal, and hereby waives those rights.
7. Morgan Drexen represents and warrants that it has all the necessary rights, powers, and ability to carry out all of the terms of this Consent Order that are applicable to it.
8. Morgan Drexen acknowledges that the Department is relying upon Morgan Drexen's representations and warranties stated herein in making its determination in this matter.

Order

Whereas, pursuant to RSA 399-D:25, VI, this Consent Order is necessary, appropriate, in the public interest, and consistent with the intent and purposes fairly intended by the policy and provisions of RSA Chapter 399-D.

The Department orders as follows:

1. Morgan Drexen shall comply with RSA Chapter 399-D, and any rules or orders under RSA Chapter 399-D.
2. Morgan Drexen shall not engage in the business of debt adjustment or provide debt settlement services in the State of New Hampshire or to persons located in this state without a license or the supervision of an "attorney admitted to the practice of law in this state, when engaged in such practice." RSA 399-D:4, I.

3. Morgan Drexen shall pay an administrative fine in the amount of \$25,000.⁴ See RSA 399-D:24.
4. This Consent Order may be revoked and the Department may pursue any and all remedies available under the law against Morgan Drexen if the Department later finds that Morgan Drexen knowingly or willfully withheld information.
5. This Consent Order is binding on all heirs, assigns, and/or successors in interest.
6. This Consent Order shall become effective upon the date the Commissioner of the Banking Department signs this Consent Order, provided that the Department has confirmed receipt of payments referenced in Paragraph 3.
7. Once this Consent Order is in effect, the Department agrees not to seek further reimbursement, refunds, penalties, fines, costs, or fees regarding the facts or allegations of violations related to Morgan Drexen contained herein.
8. For any person or entity not a party to this Consent Order, this Consent Order does not create any private rights or remedies against Morgan Drexen, create any liability for Morgan Drexen, or limit the defenses of Morgan Drexen to any other claims.

Recommended this 2nd day of April, 2013 by:

/s/
Emelia A.S. Galdieri
Hearings Examiner
State of New Hampshire Banking Department

⁴ Payment shall be in the form of a bank check or guaranteed funds made payable to the “State of New Hampshire.”

Executed this 19th day of March, 2013 by:

David Walker
(print name)
Representative for Morgan Drexen, Inc.

/s/
(signature)

SO ORDERED.

/s/
Glenn A. Perlow
Bank Commissioner

4/5/13
Date