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ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

In the Matter of the Unlicensed Activity of:

No. 12F-BD027-BNK

**INNOVATIVE COLLECTION CONCEPTS,
INC d/b/a NATIONAL CHILD SUPPORT and
MICHAEL HIGGINS, CHIEF EXECUTIVE
OFFICER**

CONSENT ORDER

11353 Reed Hartman Highway, Suite #100
Cincinnati, OH 45241

Respondents.

On October 7, 2011, the Arizona Department of Financial Institutions (“Department”) issued an Order to Cease and Desist, Notice of Opportunity For Hearing, and Consent To Entry of Order, alleging that Respondents had violated Arizona law. Wishing to resolve this matter in lieu of an administrative hearing and without admitting liability, Respondents consent to the following Findings of Fact and Conclusions of Law, and consent to the entry of the following Order.

FINDINGS OF FACT

1. Respondent Innovative Collection Concepts, Inc., dba National Child Support (“NCS”) is an Ohio corporation operating as a collection agency, who is not and was not, at any time material herein, authorized to transact business in Arizona as a collection agency within the meaning of A.R.S. § 32-1001 *et seq.* The nature of NCS’s business is that of a collection agency within the meaning of A.R.S. § 32-1001(2).

2. Respondent Michael Higgins (“Mr. Higgins”) is the Chief Executive Officer of NCS and is not authorized to transact business in Arizona as a collection agency within the meaning of A.R.S. § 32-1001 *et seq.*

3. NCS and Mr. Higgins are not exempt from licensure as a collection agency within the meaning of A.R.S. § 32-1004.

4. A.R.S. § 32-1001(2) defines “collection agency” as any person who “engage[s] directly or indirectly in soliciting claims for collection or in collection of claims owed, due or asserted to be owed or due.” A.R.S. § 32-1001(2) defines the term “claim,” in general, as “an

1 obligation for the payment of money or its equivalent and a sum or sums owed, due or asserted to be
2 owed or due to another, for which a person is employed to demand payment and collect or enforce
3 such payment.”¹ See also A.A.C. Rule 20-4-1501 (defining the term “debt”).

4 5. On August 19, 2011, the Department received a consumer complaint from a Phoenix
5 resident (“Complainant”), alleging that NCS is conducting collections activity against him in the
6 state of Arizona without a license,² and requesting that NCS be ordered to cease and desist all
7 collection agency activity against him.

8 6. Complainant provided the Department with several letters from NCS dated November
9 1, 2010, November 19, 2010, and November 27, 2010, showing that NCS engaged in collection
10 agency activity. NCS informed Complainant, among other things, that if the delinquent court-
11 ordered child support was not paid, the case would be “prosecuted without further notice, which may
12 result in further collection or legal action.” NCS also suggested that if the case was not settled
13 voluntarily, the Complainant would have to pay attorneys’ fees, stating that it “normally gets these
14 attorneys fees awarded when a case goes to court.”

15 7. These Findings of Fact shall also serve as Conclusions of Law.

16 CONCLUSIONS OF LAW

17 1. Pursuant to A.R.S. Title 6, and Title 32, Chapter 9, the Superintendent has the
18 authority and the duty to regulate all persons engaged in the collection agency business and with the
19

20 ¹ The term “obligation” has been broadly construed under Arizona law to include an
21 agreement or acknowledgement of liability to pay a certain amount whether the duty is imposed by
22 law, contract or social relations. See *State v. Taylor*, 223 Ariz. 486, 488-89, 224 P.3d 983, 985-86
(App. 2010).

23 ² Upon information and belief, Complainant reported that NCS signed an agreement with his
24 ex-wife, pursuant to which NCS is entitled to 50% of any payment received from Complainant.
25 NCS’s website likewise states that NCS “only get[s] paid if [NCS] can collect child support,” see
26 <http://www.nationalchilddiscovery.com>, which indicates that NCS is not collecting its own debt having
purchased a debt obligations, but is rather undertaking collections on behalf of third parties.

1 enforcement of statutes, rules, and regulations relating to collection agencies.

2 2. By the conduct set forth in the Findings of Fact, NCS and Mr. Higgins violated
3 A.R.S. § 32-1055(A), by conducting a collection agency in this state, within the meaning of A.R.S. §
4 32-1001(2), without having first applied for and obtained a license.

5 3. NCS and Mr. Higgins do not meet any of the exemptions to the licensing
6 requirements set forth in A.R.S. § 32-1004(A).

7 4. The violations, set forth above, constitute grounds for: (1) the issuance of an order
8 pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the violative conduct and
9 to take the appropriate affirmative actions, within a reasonable period of time prescribed by the
10 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
11 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
12 suspension or revocation of Respondents' license pursuant to A.R.S. § 32-1053; and (4) an order or
13 any other remedy necessary or proper for the enforcement of statutes and rules regulating collection
14 agencies pursuant to A.R.S. §§ 6-123 and 6-131.

15 **ORDER**

16 1. NCS and Mr. Higgins shall immediately stop the violations set forth in the Findings of
17 Fact and Conclusions of Law. Specifically, NCS and Mr. Higgins shall immediately stop engaging
18 in activities of a collection agency without having first applied for and obtained a license.

19 2. Respondents shall immediately pay to the Department a civil money penalty in the
20 amount of **seven thousand five hundred dollars (\$7,500.00)**.

21 3. Petitioners shall comply with all Arizona statutes and rules regulating Arizona collection
22 agencies (A.R.S. §§ 32-1001, *et seq.*).


23 4. The provisions of this Order shall be binding upon Respondents, their employees, agents,
24 and other persons participating in the conduct of the affairs of Respondents.

25 5. This Order shall become effective upon service, and shall remain effective and
26

1 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,
2 or set aside.

3 SO ORDERED this 15 day of November, 2011.

4 Lauren W. Kingry
5 Superintendent of Financial Institutions

6 By 
7 Robert D. Charlton
8 Assistant Superintendent of Financial Institutions

9
10 **CONSENT TO ENTRY OF ORDER**

11 1. Respondents acknowledge that they have been served with a copy of the foregoing
12 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the
13 same, are aware of their right to an administrative hearing in this matter, and have waived the same.

14 2. Respondents admit the jurisdiction of the Superintendent and consent to the entry of the
15 foregoing Findings of Fact, Conclusions of Law, and Order.

16 3. Respondents state that no promise of any kind or nature has been made to induce them to
17 consent to the entry of this Order, and that they have done so voluntarily.

18 4. Respondents agree to cease from engaging in the violative conduct set forth above in the
19 Findings of Fact and Conclusions of Law.

20 5. Respondents acknowledge that the acceptance of this Agreement by the Superintendent is
21 solely to settle this matter and does not preclude this Department, any other agency or officer of this
22 state or subdivision thereof from instituting other proceedings as may be appropriate now or in the
23 future.

24 6. Michael Higgins, Chief Executive Officer, on behalf of Innovative Collection Concepts,
25 Inc., dba National Child Support ("NCS") and himself, represents that he is the CEO and that, as
26 such, has been authorized by NCS to consent to the entry of this Order on its behalf.

1 7. Respondents waive all rights to seek judicial review or otherwise to challenge or contest
2 the validity of this Order.

3 DATED this 4TH day of NOVEMBER, 2011.

4
5 By: Michael T. Higgins
6 Michael Higgins, Chief Executive Officer
7 Innovative Collection Concepts, Inc.,
8 dba National Child Support

9 ORIGINAL of the foregoing filed this 15th
10 day of November, 2011, in the office of:

11 Lauren W. Kingry, Superintendent of Financial Institutions
12 Arizona Department of Financial Institutions
13 ATTN: June Beckwith
14 2910 N. 44th Street, Suite 310
15 Phoenix, AZ 85018

16 COPY mailed/delivered same date to:
17 Natalia A. Garrett, Assistant Attorney General
18 Office of the Attorney General
19 1275 W. Washington Street
20 Phoenix, AZ 85007

21 Robert D. Charlton, Assistant Superintendent
22 Lori Mann, Senior Examiner
23 ATTN: Sabrina Hampton
24 Arizona Department of Financial Institutions
25 2910 N. 44th Street, Suite 310
26 Phoenix, AZ 85018

AND COPY MAILED SAME DATE by
Certified Mail, Return Receipt Requested, to:


Innovative Collection Concepts, Inc.,
dba National Child Support
ATTN: Michael Higgins, CEO
11353 Reed Hartman Highway, Suite 100
Cincinnati, OH 45241
Respondent

Michael Higgins, CEO
National Child Support
11353 Reed Hartman Highway, Suite 100
Cincinnati, OH 45241
Respondent

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