

Summary Statement
Wall v. Idaho Dep't of Finance
Docket No. 51310

This case concerns the scope of the Idaho Collection Agency Act (“ICAA”), I.C. §§ 26-2221 to -2251, which regulates the debt settlement and collection industry. Wall & Associates, Inc. (“Wall”), a Virginia tax debt settlement company doing business in Idaho, refused to obtain a license under the ICAA, despite being notified by the Idaho Department of Finance (“Department”) that it was required to do so. After Wall failed to obtain a license, the Department brought an administrative action against Wall seeking compliance with the ICAA and civil sanctions. The Director of the Department ultimately issued a final order (“Final Order”), determining that Wall needed to be licensed and imposing civil sanctions amounting to \$162,000 in fines and \$271,987.50 in restitution of fees its clients. Wall filed a petition for judicial review in the district court challenging the Final Order and the resulting sanctions. The district court upheld the Director’s Final Order. Wall appealed to the Idaho Supreme Court.

On appeal, Wall argued that it did not meet the definition of a “debt counselor” as defined by the ICAA; thus, was not subject to the ICAA’s regulations. This argument turned on Wall’s contention that an unpaid tax obligation owed to the government does not constitute a debt within the meaning of the ICAA. Wall also argued that federal law preempted the ICAA, rendering it inapplicable to the tax debt settlement industry. Finally, Wall challenged the civil sanction issued by the Director, arguing that it was excessive and unreasonable.

The Idaho Supreme Court held that Wall fit the definition of a “debt counselor” under the ICAA and was subject to its regulations. In reaching this conclusion, the Supreme Court concluded that an “unpaid tax is a debt for the purposes of the ICAA[.]” when “considering its plain, obvious, and rational meaning[.]” The Supreme Court explained that, “[u]nlike Wall’s attempt to distinguish an unpaid tax liability from a debt, it requires no verbal gymnastics for us to reach this conclusion—it naturally follows from an ordinary understanding of the English language.”

Next, the Supreme Court held that federal law did not preempt the ICAA because “there is no conflict between the ICAA and federal regulations; in fact, the ICAA complements federal law.” Finally, the Supreme Court held that the Director did not abuse its discretion in ordering civil sanctions comprised of fines and repayment of fees to Wall’s clients.

******This summary constitutes no part of the opinion of the Court, but has been prepared by court staff for the convenience of the public.******