

1 5. The internet website for Financial Freedom of America, Inc. represents to consumers
2 that “Financial Freedom of America can work with your creditors to help relieve your burden of
3 debt. You no longer need to struggle. We work on your behalf to settle your unsecured credit card
4 debt.”

5 6. Financial Freedom of America, Inc. represents that their services include negotiating
6 with a consumer’s creditors to settle debts for less than the total amount that the consumer’s
7 creditors claim is owed.

8 7. Financial Freedom of America, Inc., acting in concert or participating with others,
9 receive sums of money from a consumer for the purpose of negotiating settlement or payment plans
10 on their behalf and/or paying a consumer's creditors. Specifically, these entities pay the bills of a
11 consumer from the funds a consumer forwards to them for that purpose, by arranging for periodic
12 withdrawals from a consumer's trust account(s) for payment to a consumer's creditors.

13 8. In exchange for these services, consumers are charged and required to pay an
14 “enrollment fee” and monthly administrative fees of \$39.95. The consumer must also pay a
15 negotiation fee of 10% of the amount “saved.”

16 9. The Department of Corporations has jurisdiction over and regulates bill payers and
17 proraters under the Check Sellers, Bill Payers and Proraters Law set forth in California Financial
18 Code section 12000 et seq. California Financial Code section 12200, states:

19 No person shall engage in the business, for compensation, of selling
20 checks, drafts, money orders, or other commercial paper serving the
21 same purpose, or of receiving money as agent of an obligor for the
22 purpose of paying bills, invoices, or accounts of such obligor, or
23 acting as a prorater, nor shall any person, without direct
24 compensation and not as an authorized agent for a utility company,
accept money for the purpose of forwarding it to others in payment
of utility bills, without first obtaining a license from the
commissioner.

25 10. The definition of proraters, found in Financial Code section 12002.1, states:

26 A prorater is a person who, for compensation, engages in whole or in part
27 in the business of receiving money or evidences thereof for the purpose
28 of distributing the money or evidences thereof among creditors in
payment or partial payment of the obligations of the debtor.

