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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO**

STATE OF IDAHO, DEPARTMENT OF )  
FINANCE, CONSUMER FINANCE )  
BUREAU, )  
 )  
Complainant, )  
 )  
vs. )  
 )  
FREEDOM DEBT SOLUTIONS, LLC, )  
 )  
Respondent. )  
\_\_\_\_\_ )

Docket No. 2009-9-17

**CONSENT ORDER**

The Director of the State of Idaho, Department of Finance, Consumer Finance Bureau (Director) has conducted a review of the Idaho debt and credit counseling activities of Freedom Debt Solutions, LLC (the Respondent). Pursuant to said review, it appears to the Director that the Respondent may have violated provisions of the Idaho Collection Agency Act, Idaho Code § 26-2221 *et seq.* (the Act). The Director and the Respondent have agreed to resolve this matter amicably through this Consent Order rather than through a formal administrative proceeding or civil action, and without any admission or finding of liability or wrongdoing. Therefore, the

Director deems it appropriate and in the public interest that this Consent Order be entered. The Respondent voluntarily consents to the entry of this Consent Order.

### **RESPONDENT**

1. The Respondent is a Texas limited liability company that provides debt assistance services to consumers. The Respondent conducts its debt assistance business from 2275 Westpark Court, Suite 201, Euless, Texas 76040 and also from 604 Henrietta Creek Road, Suite 100, Roanoke, Texas 76262. The Respondent represents that Colby R. Gaskey is its registered agent and CEO.

2. The Respondent represents that under its business model, it reviews a client's financial information, negotiates with the client's creditors for the compromise and settlement of the client's "qualified indebtedness," and provides other program services to consumers. Clients save a specific dollar amount each month in a personal FDIC-insured non-interest bearing bank account from which the client's indebtedness will be paid, and from which the Respondent's fees for its services will be paid.

3. The Respondent has never held a license under the Idaho Collection Agency Act.

### **FACTS**

4. On or about May 12, 2009, the State of Idaho, Department of Finance, Consumer Finance Bureau (Department) received a complaint concerning F. S., a resident of Caldwell, Idaho, who contracted with the Respondent in April of 2009 for assistance with her debt. Per the agreement entered into between F. S. and the Respondent, \$525.06 was electronically debited from F. S.'s bank account on or about May 9, 2009, constituting the first of sixty (60) payments in that amount that were to be accumulated in an account for the purpose of paying back her

debt, pursuant to the Respondent's compromise and settlement services provided under its debt assistance program.

5. After receiving the complaint concerning F. S., Department staff noted that the Respondent failed to hold a license under the Act to engage in the business of providing counseling or other services to debtors in the adjustment of their debts, or to contract with a debtor to effect the adjustment, compromise, or discharge of any account, note or other indebtedness.

6. On May 22, 2009 the Department contacted the Respondent concerning its apparent unlicensed debt and credit counseling activity in Idaho. Also, on that date the Department commenced an investigation concerning the Respondent's alleged unlicensed activity in Idaho. As part of that investigation, the Department sought information from the Respondent concerning the extent of its alleged unlicensed activity in Idaho, and the fees that the Respondent had received pursuant to that activity.

7. On or about June 26, 2009, the Department received a letter from a Florida attorney who identified himself as counsel for the Respondent. That letter provided a description of the Respondent's debt settlement services program, and included a spreadsheet purportedly identifying all of the Respondent's Idaho clients and the fees that each client had paid to the Respondent. When Department staff discovered that F. S. was not included in that list, a Department staff member requested that the Respondent's counsel provide a more thorough list of the Respondent's Idaho clients and the fees paid to the Respondent by its Idaho clients.

8. On October 9, 2009, the Respondent provided the Department with an updated Idaho client list. Such list showed fifty-three (53) Idaho clients, including F. S., and stated that

the Respondent had collected \$55,607.98 from Idaho clients as fees for its services over the time period from March of 2008 through May of 2009.

### FINDINGS OF VIOLATION

#### *UNLICENSED DEBT COUNSELING OR CREDIT COUNSELING ACTIVITY*

9. The allegations set forth in paragraphs 1 through 8 above are fully incorporated herein by this reference.

10. Idaho Code § 26-2222(9) defines "debt counselor" or "credit counselor" as any person engaged in any of the activities enumerated in Idaho Code § 26-2223(7).

11. Idaho Code § 26-2223(7), at all times pertinent hereto, provided as follows, in pertinent part:

**26-2223. Collection agency, debt counselor, credit counselor, or credit repair organization – License required.** -- No person shall without complying with the terms of this act and obtaining a license from the director:

...

(7) Engage or offer to engage in this state ... in the business of providing counseling or other services to debtors in the management of their debts, or contracting with the debtor to effect the adjustment, compromise, or discharge of any account, note or other indebtedness of the debtor.

12. The Respondent's acts of engaging in debt or credit counseling activity in Idaho without a license, as referenced in paragraphs 4 through 8 above, constitute violations of Idaho Code § 26-2223(7).

### REMEDIES

13. The Respondent neither admits nor denies the allegations contained in this Consent Order, and no finding has been made either expressly or implicitly related thereto.

14. The Respondent shall pay to the Department the amount of \$55,607.98 as restitution to its Idaho clients for the fees paid by such clients, due in four equal payments. The

first payment is due within ten (10) days of Respondent's execution of this Consent Order and subsequent payments are due every thirty (30) days thereafter.

15. Within ten (10) days of the execution of this Consent Order, the Respondent agrees to pay to the Department an administrative penalty in the amount of \$5,000, and the amount of \$1,000 for investigative expenses and attorney fees incurred by the Department in pursuing this matter, for a total payment to the Department for penalties, fees and expenses in the amount of \$6,000.

16. When the Respondent has executed this Consent Order, has paid the required restitution, the administrative penalty, and the investigative and attorney fees as set forth in paragraphs 14 and 15 above, the Department agrees to accept and consider an application for the appropriate license under the Act submitted by the Respondent, and will not consider this Consent Order the basis for denial of such licensing application.

17. The Respondent agrees not to pursue or accept any new Idaho clients and shall exclude Idaho from all advertising and promotion until such time as the Respondent is properly licensed to engage in debt or credit counseling activities in Idaho.

18. The Respondent may continue to provide its services to Idaho clients under its existing contracts only without receipt of any compensation thereof.

19. The Respondent agrees to comply with all provisions of the Idaho Collection Agency Act and rules promulgated thereunder at all times in the future.

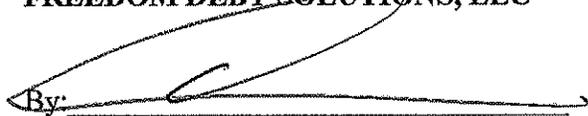
20. The Department agrees not to seek further reimbursement, refunds, penalties or fees for the alleged violations identified in this Consent Order other than as set forth in this Consent Order, so long as the Respondent fully complies with all terms of this Consent Order. If the Department later determines that the information provided by the Respondent regarding the

number of Idaho clients it has contracted with while unlicensed under the Act, and the amount of fees and compensation it has received from its Idaho clients while unlicensed under the Act is inaccurate, the Department may seek further client restitution and penalties from the Respondent and other sanctions.

21. The Respondent acknowledges and understands that this Consent Order is an administrative action that must be disclosed to the Department on future licensing and renewal forms. The disclosure requirements of other states may also require disclosure of the same.

DATED this 23<sup>rd</sup> day of December, 2009.

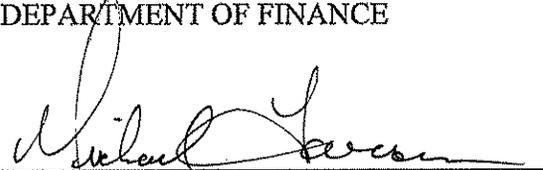
FREEDOM DEBT SOLUTIONS, LLC

By: 

President  
Title

DATED this 19<sup>th</sup> day of December, 2009.

STATE OF IDAHO  
DEPARTMENT OF FINANCE



MICHAEL LARSEN  
Consumer Finance Bureau Chief

IT IS SO ORDERED.

DATED this 30<sup>th</sup> day of DECEMBER, 2009.



STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
GAVIN M. GEE, Director

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 31 day of December, 2009,  
I caused a true and correct copy of the foregoing fully-executed CONSENT ORDER to be  
served on the following by the designated means:

Scott Silver, Esq.  
GREENSPOON MARDER, P.A.  
Trade Centre South, Suite 700  
100 W. Cypress Creek Road  
Fort Lauderdale, FL 33309-2140

U.S. mail, postage prepaid  
 certified mail  
 facsimile \_\_\_\_\_

  
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Paralegal