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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 RELIEF, LLC,)
)
Respondent.)
_____)

Docket No. 2009-9-11

**ORDER DENYING APPLICATION
FOR A DEBT/CREDIT COUNSELOR
LICENSE**

The Director of the Idaho Department of Finance (Director), pursuant to the Idaho Collection Agency Act (the Act), Idaho Code § 26-2221, *et seq.*, hereby finds as follows:

I
FINDINGS

1. On January 8, 2009, the Idaho Department of Finance (Department) received an application (the Application) for a debt/credit counselor license under the Act submitted by Freedom Debt Relief, LLC (Respondent). The Application listed Andrew Houser as Respondent’s manager, and Mr. Houser signed the Application on behalf of Respondent.

2. In Part C of the Application, which is entitled “Regulatory Action Disclosure,” question (C)(4) asks if any regulatory authority ever entered an order against the entity or a

control affiliate in connection with a collection, credit repair, debt/credit counseling, debt buying or related activities or financial services related activity. In response, Respondent checked the "NO" box.

3. In Part F of the Application, which is entitled "Civil Judicial Disclosure," Respondent did not answer three of the four questions posed.

4. After a review of Respondent's application by Department staff, the Department found that the Application was deficient in a number of respects and that Respondent did not provide all information requested as required by § 26-2224 of the Act. On January 23, 2009, the Department sent a Deficient Application Notice to Respondent. The Deficient Application Notice set forth the specific deficiencies in the Application.

5. On March 26, 2009, the Department received an amended debt/credit lounselor license application (the Amended Application) from Respondent.

6. The Amended Application contained a separate response to Question 9(f)(2) of the application form which asks if the applicant or a control affiliate is involved in a pending civil action pertaining to debt/credit counseling activities and certain other activities. The response set forth Respondent's explanation of a law suit that was filed against it by the State of California Department of Corporations on October 30, 2008. The complaint filed in the State of California's law suit alleges that Respondent and related entities and individuals violated the Check Sellers, Bill Payers and Proraters Law (CSBPPL) and other California laws. The law suit is still pending. Respondent contests the allegations made by the State of California in the law suit filed on October 30, 2008.

7. The Amended Application failed to fully address and cure all of the application deficiencies noted in the Deficient Application Notice sent to Respondent on January 23, 2009.

8. As with the Application, in the Amended Application, in response to question (C)(4), which asks if any regulatory authority ever entered an order against the entity or a control

affiliate in connection with a collection, credit repair, debt/credit counseling, debt buying or related activities or financial services related activity, the Respondent checked the “NO” box.

9. In the course of investigating the Application and the Amended Application, the Department learned that regulatory enforcement actions had been brought against Respondent and related entities and individuals in three states.

10. On November 14, 2007, the State of Rhode Island Department of Business Regulation issued an Order to Cease and Desist Unlicensed Debt Plan Activities, Order No. 07-334 (the Rhode Island Order) against Respondent and related entities. The Rhode Island Order found that Respondent and related entities had provided debt management plans to Rhode Island residents without a license, as required by Rhode Island law.

11. On May 29, 2008, the State of California issued a Desist and Refrain Order (the California Order) against Respondent, entities related to Respondent, and individuals who are managing members of Respondent. In the California Order, the Commissioner found that at least 110 consumer complaints against Respondent had been processed by the Better Business Bureau. The Commissioner found that Respondent and its related entities and individuals had engaged in the business of a bill payer and prorater without a license as required by the CSBPPL. The California Order directed Respondent and its related entities and individuals to desist and refrain from engaging in business as a bill payer and prorater until it is licensed or exempt.

12. On February 3, 2009, Respondent, entities related to Respondent, and the State of Colorado entered into a Stipulation and Final Agency Order (the Colorado Order). Respondent and related entities had filed an application with the State of Colorado for registration as a debt management services provider on October 6, 2008. In the Colorado Order, the Colorado Administrator found that Respondent agreed to provide debt management services to one hundred sixty-four (164) Colorado consumers between July 1, 2008 and October 5, 2008, without first being registered as required under Colorado law. The Colorado Administrator also found that Respondent’s agreements and practices violated Colorado law in a number of respects.

The Colorado Administrator further found that Respondent's October 6, 2008 application for registration failed to provide complete disclosure as to a number of matters and that Respondent's disclosure of prior administrative or enforcement actions by a governmental agency was materially erroneous.

II **CONCLUSIONS**

13. Based on the foregoing, the Director concludes that Respondent's application is not complete under the requirements of the Act, and Respondent has failed to cure the deficiencies after being notified by the Department on January 23, 2009. By virtue of these facts, in applying for a Debt/Credit Counselor License from the Department, Respondent has failed to comply with the requirements of Idaho Code § 26-2224. Respondent's failure to fully disclose regulatory actions taken against it and orders entered against it in other states constitutes material misstatements in Respondent's application, within the meaning of Idaho Code § 26-2227. Further, Respondent's conduct and business practices as evidenced by the foregoing facts demonstrate a lack of fitness to engage in business activities authorized for a licensee under the Act, within the meaning of Idaho Code § 26-2227(l). Based on the foregoing, the following order is appropriate and in the public interest.

ORDER

NOW, THEREFORE, PURSUANT TO THE IDAHO COLLECTION AGENCY ACT, IDAHO CODE § 26-2221, ET SEQ., IT IS HEREBY ORDERED THAT RESPONDENT'S APPLICATION FOR A DEBT/CREDIT COUNSELING LICENSE IS DENIED.

NOTICE

14. Respondent is hereby notified that the foregoing ORDER DENYING APPLICATION FOR A DEBT/CREDIT COUNSELOR LICENSE is a final order of the Director. Pursuant to Idaho Code § 67-5246, Respondent may file a motion for reconsideration

or request for a hearing of this Order within fourteen (14) days of the issuance of this Order. The motion for reconsideration or request for a hearing shall be served on:

Michael Larsen
Consumer Finance Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of such motion for reconsideration or request for a hearing shall also be served on the Department's counsel, Joseph B. Jones, Deputy Attorney General at the same address.

15. Any hearing and subsequent proceedings in this matter will be conducted in accordance with the Idaho Administrative Procedure Act, Idaho Code § 67-5201 *et seq.*

16. If Respondent timely files a motion for reconsideration, the Department will dispose of such motion within twenty-one (21) days of its receipt, or the motion will be considered denied by operation of law, pursuant to Idaho Code § 67-5246(4).

17. If Respondent timely files a request for hearing, Respondent will be notified of the date, time, and place of the hearing, as well as the name of the presiding officer. At the hearing, the Respondent will be entitled to enter an appearance, introduce evidence, examine and cross-examine witnesses, make arguments, and generally participate in the conduct of the proceedings. Respondent may also be represented by legal counsel at its own expense.

18. Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal from such order to the district court by filing a petition in the district court of the county in which:

- a. a hearing was held;
- b. the final agency action was taken;
- c. the party seeking review of the order resides; or
- d. the real property or personal property that was the subject of the agency action is located.

19. An appeal must be filed within twenty-eight (28) days: (a) of the issuance of this Order, (b) of the issuance of an order denying a motion for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. Idaho Code § 67-5273(2). The filing of an appeal to the district court does not itself stay the effectiveness of enforcement of the order being appealed.

IT IS SO ORDERED.

DATED this 17TH day of JUNE, 2009.



STATE OF IDAHO
DEPARTMENT OF FINANCE

GAVIN M. GEE
Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 17 day of June, 2009, I caused a true and correct copy of the foregoing ORDER DENYING APPLICATION FOR A DEBT/CREDIT COUNSELOR LICENSE to be served upon the following by the designated means:

Freedom Debt Relief, LLC
Attn: Andrew Houser
1875 S. Grant St.
San Mateo, CA 94402

[] U.S. mail, postage prepaid
[] certified mail
[] overnight mail
[] hand delivery

Paralegal