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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 COMPANIES, INC., FREEDOM )  
COMPANIES MARKETING, INC., )  
FREEDOM COMPANIES LENDING, INC., )  
and FREEDOM FINANCIAL MORTGAGE )  
CORPORATION, )  
Respondent. )

Docket No. 2011-8-02

**ORDER TO CEASE AND DESIST**

Gavin M. Gee, Director of the Idaho Department of Finance (Director), being authorized and directed to administer and enforce the Idaho Residential Mortgage Practices Act, Idaho Code § 26-31-101 *et seq.* (the IRMPA), hereby makes the following factual findings which constitute a basis for the issuance of an ORDER TO CEASE AND DESIST pursuant to Idaho Code § 26-31-205 requiring FREEDOM COMPANIES, INC., FREEDOM COMPANIES MARKETING, INC., FREEDOM COMPANIES LENDING, INC. and FREEDOM FINANCIAL MORTGAGE CORPORATION (collectively referred to herein as “Respondent”), to cease and desist from

violating the IRMPA by disseminating information to Idaho consumers in any way that is confusing, misleading, and deceptive; to cease and desist from offering mortgage modification services to Idaho consumers without first obtaining a license as required by law; and to cease and desist from any other activities which violate the IRMPA and rules promulgated thereunder.

### **RESPONDENT**

1. FREEDOM COMPANIES LENDING, INC. was formed as a Minnesota corporation on September 8, 2005. The company lists its business address with the Minnesota Secretary of State (Minnesota SOS) as 1724 Peltier Lake Drive, Centerville, Minnesota 55038. The company's Officer/Director and Registered Agent is David Preiner.

2. On March 3, 2006, David Preiner completed a fictitious business name filing with the Minnesota SOS for FREEDOM FINANCIAL MORTGAGE CORPORATION. The company lists its business address with the Minnesota SOS as 1300 Godward Street NE #6650, Minneapolis, Minnesota 55413.

3. FREEDOM COMPANIES, INC. was formed as a Minnesota corporation on October 6, 2006. The company lists its business address with the Minnesota SOS as 1724 Peltier Lake Drive, Centerville, Minnesota 55038. The company's Officer/Director and Registered Agent is David Preiner.

4. FREEDOM COMPANIES MARKETING, INC. was formed as a Minnesota corporation on September 3, 2008. The company lists its business address with the Minnesota SOS as 1724 Peltier Lake Drive, Centerville, Minnesota 55038.

5. Respondent lists its business address on documents sent to Idaho consumers as 444 North Michigan Avenue, 12<sup>th</sup> Floor, Chicago, Illinois 60611. In some documents, Respondent uses the same street address, but lists the office location as "Suite 1200."

6. Respondent lists David Preiner as President and CEO and David Hungria as Vice President and COO on its website, [www.freedomcompanies.com](http://www.freedomcompanies.com).

7. Respondent uses the website, [www.freedomcompanies.com](http://www.freedomcompanies.com), wherein it represents the following:

At Freedom Financial we can provide you with our loan modification “Welcome Package” which will provide you with all of the necessary forms and legal agreements required. We provide this option because as a consumer we believe you deserve choices. ... That’s exactly why we recommend submitting your loan modification request to us. We have a highly trained and certified loan processing department. Our loss mitigation representatives are seasoned mortgage underwriters. We know and understand the loan modification process, lender guidelines and know how to get you the best possible deal for your situation.

...  
In almost all cases the costs associated with [a mortgage modification] are far less than the costs associated with refinancing. ... With a loan modification, you only have to pay for the costs associated with obtaining a loan modification, package, closing and third party fees often total less than a third of the total costs to refinance.

8. Respondent has never held an Idaho mortgage broker/lender license issued by the State of Idaho, Department of Finance, Consumer Finance Bureau (Department). Idaho law requires persons to obtain a mortgage broker/lender license from the Department prior to engaging in mortgage loan modification business in Idaho.

### **FINDINGS OF FACT**

9. Between the dates of July 13, 2011 and August 25, 2011, the Department received several complaints from predominately Spanish-speaking individuals concerning Respondent’s recent loan modification activities in Idaho.

### ***COMPLAINANT G.P.***

10. On or about July 13, 2011, the Department received a verbal complaint from Idaho resident G.P. In her complaint, G.P. asserted that on or about July 12, 2011, G.P. received a telephone call from Respondent offering Respondent’s mortgage modification services.

During the conversation that took place between G.P. and Respondent, Respondent requested that G.P. send \$500 and copies of her financial information. G.P. felt uncomfortable and decided against engaging Respondent for its mortgage modification services.

*COMPLAINANT F.G.*

11. On or about July 27, 2011, Idaho resident F.G. was contacted by Respondent via telephone. During the conversation between F.G. and Respondent, Respondent promised that it could reduce F.G.'s mortgage loan payment through its mortgage modification services. Respondent further indicated to F.G. that he qualified for a government guaranteed modification.

12. After speaking with Respondent, F.G. received a "Loan Modification Package" from Respondent. The "Loan Modification Package" contained a "Usage Agreement," which contained an agreement to pay to "Freedom Companies Marketing, Inc." a fee in the amount of \$995 for receiving the "Loan Modification Package." The "Loan Modification Package" contained other documents, including a "Service Agreement" which lists "Freedom Companies, Inc." as the party through which mortgage modification services would be completed. Despite the fact that F.G. speaks only Spanish, all the documents contained in the "Loan Modification Package" are written in English.

13. F.G. did not send Respondent any money, but instead contacted his real estate agent who reviewed the "Loan Modification Package." The information provided to the real estate agent by F.G. was forwarded to the Department on or about August 3, 2011.

*COMPLAINANTS J.H. and A.G.*

14. On or about August 16, 2011, the Department received a complaint from Idaho residents J.H. and A.G. In their complaint, J.H. and A.G. asserted that on or about August 2, 2011, J.H. and A.G. received a telephone call from Respondent offering its mortgage

modification services. However, at the time that J.H. and A.G. were contacted by the Respondent, J.H. and A.G. were not delinquent with their mortgage payments nor were they undergoing any hardship. During the conversation that took place, Respondent stated that J.H. and A.G. must act quickly to take advantage of its mortgage modification program. Respondent requested that J.H. and A.G. send it \$495, copies of their 2009 and 2010 tax returns, and utility and mortgage statements.

15. Because J.H. and A.G. felt uncomfortable about the conversation with Respondent, they decided they were not interested in Respondent's mortgage modification services.

*COMPLAINANT E.Z.*

16. On or about August 18, 2011, the Department received a complaint from Idaho resident E.Z. In such complaint, E.Z. asserted that in or around late July 2011, he was contacted by Olga Polanco, a representative of Respondent regarding Respondent's mortgage modification services. E.Z. reported that Ms. Polanco informed E.Z. that Respondent could modify E.Z.'s mortgage loan and reduce E.Z.'s monthly mortgage payments. Ms. Polanco stated the cost for Respondent's mortgage modification services was an upfront fee of \$995. In addition to the fee, Ms. Polanco stated she needed E.Z.'s financial information to begin the mortgage modification process.

17. Believing that Respondent could assist him, on or about August 1, 2011, E.Z. sent a check in the amount of \$995 made payable to "Freedom Companies." According to a copy of the canceled check, the check was cashed and deposited into an account belonging to "Freedom Companies Marketing, Inc."

18. On or about August 8, 2011, E.Z. received the “Loan Modification Package” Ms. Polanco promised to send. While E.Z. was filling out the documents provided, E.Z. noticed that the fee listed on the “Usage Agreement” was \$1,995. After noticing the higher fee amount, and remembering that he was told that the program would only cost \$995, E.Z. decided he did not wish to continue with Respondent’s loan modification program. Further, the “Loan Modification Package” contained no details concerning the modified mortgage loan E.Z. could expect.

19. On or about August 12, 2011, E.Z. contacted Ms. Polanco and informed her that he did not want to modify his mortgage loan and requested a refund of the \$995 fee he paid to Respondent. Ms. Polanco refused to refund the fee E.Z. paid to Respondent and has not made contact with E.Z. since that conversation. Further, E.Z. received no mortgage modification services from Respondent, despite the fact that he paid the \$995 fee to Respondent.

*COMPLAINANT N.A.*

20. On or about August 25, 2011, the Department received a complaint from Idaho resident N.A. In such complaint, N.A. asserted that he received a telephone call from Hector Victorino, a representative of Respondent. Mr. Victorino promised that Respondent could modify N.A.’s mortgage and reduce N.A.’s monthly mortgage payment for a fee of \$995.

21. N.A. initially believed Respondent could help him, so on or about August 5, 2011, N.A. sent Respondent a check for \$995. Shortly after sending the check, N.A. changed his mind and canceled the check.

22. After N.A. canceled the payment to Respondent, Mr. Victorino contacted N.A. and persuaded N.A. that Respondent could help reduce N.A.’s mortgage payments. N.A. made a second check payable to “Freedom Companies” in the amount of \$995. The second check was cashed and deposited into an account belonging to “Freedom Companies Lending, Inc.”

23. On or about August 24, 2011, Mr. Victorino contacted N.A. asking for an additional \$1,000 to “close the contract” so that Idaho Housing and Finance Association (IHFA) could mail a packet of documents to N.A. N.A. decided to contact IHFA directly to confirm what Mr. Victorino had told him. However, IHFA had not received anything from or spoke to anyone with Respondent. N.A. did not send the additional money to Respondent.

24. On or about August 25, 2011, N.A. received a call from a person named “Antonio Hernandez” claiming to be calling from IHFA. “Mr. Hernandez” requested that N.A. send \$1,000 to Respondent. After the call ended, N.A. again contacted IHFA directly and learned that no one by the name of “Antonio Hernandez” works at IHFA.

25. Neither N.A. nor IHFA received any documents from Respondent regarding the mortgage modification services offered by Respondent. N.A. has not been contacted further by Respondent and has not received any mortgage modification services from Respondent, despite the fact that N.A. paid Respondent a fee in the amount of \$995.

26. After reviewing the above-referenced complaints, on August 22, 2011, a Department staff member sent a letter to Respondent at the 444 N. Michigan Ave. #1200, Chicago, Illinois 60611 location. Such letter requested that Respondent provide information concerning the extent of its mortgage loan modification activity in Idaho as well as other documentation relating to its mortgage modification activity in Idaho by no later than September 5, 2011. To date, Respondent has not complied with the Department’s request.

### **CONCLUSIONS OF LAW**

#### *COUNTS ONE THROUGH FIVE: VIOLATIONS OF § 26-31-203(2) OF THE IRMPA*

27. The allegations set forth in paragraphs 1 through 26 above are fully incorporated herein by this reference.

28. Idaho Code § 26-31-203(2) provides that no person, except a person exempt under Idaho Code § 26-31-202, shall engage in mortgage brokering or lending activities without first obtaining a license from the Department. Idaho Code § 26-31-201(5) provides that offering mortgage loan modification or negotiation services constitutes “mortgage brokering activities” under the IRMPA.

29. Respondent’s acts of soliciting and/or contracting with at least five (5) Idaho residents to modify their residential mortgage loans constitutes five (5) instances of engaging in mortgage brokering activities in Idaho without a license, in violation of Idaho Code § 26-31-203(2).

*COUNTS SIX THROUGH ELEVEN: VIOLATIONS OF § 26-31-211(7) OF THE IRMPA*

30. The allegations set forth in paragraphs 1 through 26 above are fully incorporated herein by this reference.

31. Idaho Code § 26-31-211(7) prohibits a person who is required to be licensed under the IRMPA from making a false promise likely to influence or persuade or from pursuing a course of misrepresentation or false promises through advertising or otherwise.

32. Respondent’s representations to at least five (5) Idaho residents, as described above, had the effect of leading those individuals to believe that their mortgage loan payments could be reduced by enrolling in Respondent’s mortgage modification program, when in fact such representations were false. Such representations to at least (5) Idaho residents constitutes at least five (5) instances of pursuing a course of misrepresentation through advertising or otherwise in violation of Idaho Code § 26-31-211(7).

33. Further, representations made by Respondent’s representative to at least one (1) Idaho resident that he was either with the IHFA or that the IHFA would be sending such Idaho



resident documents pertaining to a mortgage modification were false. Such representations to at least one (1) Idaho resident constitutes at least one (1) instance of pursuing a course of misrepresentation through advertising or otherwise in violation of Idaho Code § 26-31-211(7).

*COUNTS TWELVE AND THIRTEEN: VIOLATIONS OF § 26-31-211(11) OF THE IRMPA*

34. The allegations set forth in paragraphs 1 through 26 above are fully incorporated herein by this reference.

35. Idaho Code § 26-31-211(11) provides that no person who is required to be licensed under the IRMPA may receive a fee for engaging in loan modification activities unless a written agreement exists between the person subject to Part 2 of the IRMPA and the person seeking a loan modification. Such written agreement must specify the amount of the fee that will be charged to the person seeking a loan modification, specify the terms of the loan for which modification will be sought and disclose the expected impact of the loan modification on the monthly payment and length of the loan.

36. Respondent's acts of accepting a fee from at least two (2) Idaho residents, as described above, for loan modification services without providing a written agreement to such Idaho residents detailing the terms of the loan for which modification will be sought and disclosing the expected impact of the loan modification on the monthly payment and length of the loan constitutes at least two (2) instances of receiving a fee to engage in loan modification activities without a written agreement detailing the specifics of the loan terms, impact of the loan modification on the monthly payment and length of the loan between Respondent and the person seeking a loan modification, in violation of Idaho Code § 26-31-211(11).

*COUNTS FOURTEEN THROUGH THIRTY: VIOLATIONS OF RULES 40 AND 60*

37. The allegations set forth in paragraphs 1 through 26 above are fully incorporated herein by this reference.

38. Rule 60.01 of the Rules Pursuant to the Idaho Residential Mortgage Practices Act, located at IDAPA 12.01.10.060, prohibits persons from making false or misleading statements or omissions, statements or omissions which have the tendency or capacity to be misleading, or if the person does not have sufficient information upon which a reasonable belief in the truth of the representation or statement could be based. Rule 60.05 of the Rules Pursuant to the Idaho Residential Mortgage Practices Act prohibits persons from engaging in any deceptive advertising as set forth in Rule 40.

39. Rule 40 of the Rules Pursuant to the Idaho Residential Mortgage Practices Act, located at IDAPA 12.01.10.040, provides as follows, in pertinent part:

**040. DECEPTIVE ADVERTISING (Rule 40).**

01. Advertising. Advertising means making or permitting to be made any oral, written, graphic or pictorial statements, in any manner, in the course of the solicitation of business authorized under the Act. Deceptive advertising is defined to include the following practices by a licensee, or a person required to be licensed under the Act:

a. Making a representation or statement of fact in an advertisement if the representation or statement is false or misleading, or if the licensee or person required to be licensed under the Act does not have sufficient information upon which a reasonable belief in the truth of the representation or statement could be based.

b. Advertising without clearly and conspicuously disclosing the business name and unique identifier assigned by the Nationwide Mortgage Licensing System and Registry (NMLSR) to the licensee or person required to be licensed under the Act.

...

d. Using an address in advertising at which the licensee or person required to be licensed under the Act conducts no mortgage brokering, mortgage lending, or mortgage loan origination activities or for which the licensee or person required to be licensed does not hold a license.

e. Advertising or soliciting in a manner that has the effect of misleading a person to believe that the advertisement or solicitation is from a person's current mortgage holder, a government agency, or that an offer is a limited opportunity, when such is not the case.

40. Respondent's solicitation suggests or implies that the consumer can modify their mortgage loan which will result in a lower mortgage payment after a fee is paid to Respondent. Such solicitation also suggests or implies that the cost of modifying a mortgage loan is much less than refinancing the mortgage loan. These representations are deceptive, false and misleading, and Respondent did not have sufficient information upon which a reasonable belief in the truth of the representation or statement could be based. The representations and solicitations Respondent made to at least five (5) Idaho residents constitute five (5) violations of Rules 60.01 and 40.01.a.

41. Further, representations from Respondent's representative that he worked for the IHFA or that the IHFA would be sending the consumer mortgage modification documents were false. The representations and solicitations Respondent made to at least one (1) Idaho resident constitute one (1) violation of Rules 60.01 and 40.01.a.

42. Respondent's solicitation fails to disclose Respondent's actual business name and Respondent's NMLSR identifying number. Based on documents Respondent provided to Idaho consumers, it is unclear what business entity the consumer would be doing business with. The solicitations Respondent made to at least five (5) Idaho residents constitute five (5) violations of Rule 40.01.b.

43. The Department's investigation revealed that, as opposed to being a place where Respondent conducts mortgage brokering, lending, or origination services and for which Respondent is required to have a license, the address appearing in Respondent's documents appears to be an address belonging to a law office or is otherwise unassociated with Respondent.

The solicitations Respondent sent to at least five (5) Idaho residents constitute five (5) violations of Rule 40.01.d.

44. Respondent's solicitation to at least one (1) Idaho resident indicated that such resident must act quickly to take advantage of its program. Such solicitation Respondent made to at least one (1) Idaho resident constitutes one (1) violation of Rule 40.01.e.

#### **FINDING OF IMMEDIATE DANGER**

45. Idaho Code § 67-5247(3) authorizes the Director to issue an order that is effective when issued, should he find that an immediate danger to the public health, safety, or welfare of Idaho residents requires immediate action.

#### **REMEDIES**

46. Idaho Code § 26-31-205(2) provides that if the Director finds that a person has violated, is violating, or that there is reasonable cause to believe that a person is about to violate the provisions of the IRMPA or any rule promulgated or order issued under the IRMPA, the Director may, in his discretion, order the person to cease and desist from the violations.

#### **ORDER**

The Director, having reviewed the foregoing, and good cause being shown therefor,

THE DIRECTOR HEREBY FINDS that Respondent has violated the IRMPA, Idaho Code § 26-31-101 *et seq.*; and the Rules promulgated pursuant to the IRMPA, IDAPA 12.01.10 *et seq.*, and that issuance of this Order is necessary to protect the Idaho consumers targeted by Respondent's solicitations and the public.

THE DIRECTOR FURTHER FINDS, pursuant to Idaho Code § 67-5247, that Respondent's violations of the IRMPA, as set forth above, involve an immediate danger to the public safety and welfare, requiring immediate agency action.

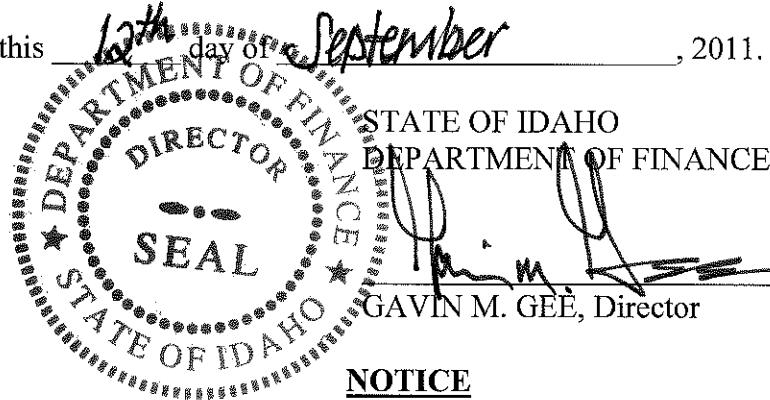
NOW, THEREFORE, IT IS HEREBY ORDERED:

Pursuant to § 26-31-205(2) of the IRMPA, Respondent and its agents and employees shall CEASE AND DESIST from violations of the IRMPA and rules promulgated thereunder, to include engaging in advertising or otherwise that is misleading, confusing, and deceptive. Because of the danger to the public presented by Respondent's violations of the IRMPA, this action constitutes an emergency contested case, and this Order is effective upon its issuance.

This ORDER is EFFECTIVE UPON ISSUANCE.

**IT IS SO ORDERED.**

DATED this 12<sup>th</sup> day of September, 2011.



**NOTICE**

Respondent is hereby notified that the foregoing ORDER TO CEASE AND DESIST is a final order of the Director. Pursuant to Idaho Code § 67-5246, Respondent may file a motion for reconsideration 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 shall also be served on the Department's counsel, Joseph B. Jones, Deputy Attorney General at the same address.

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.*

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).

If Respondent timely requests a 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, 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.

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.

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.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 12 day of September, 2011, I caused a true and correct copy of the foregoing ORDER TO CEASE AND DESIST to be served on the following by the designated means:

- Freedom Financial Mortgage Corporation     U.S. mail, postage prepaid  
1300 Godward Street NE #6650             certified mail  
Minneapolis, MN 55413
  
- Freedom Financial Mortgage Corporation     U.S. mail, postage prepaid  
444 North Michigan Avenue, 12<sup>th</sup> Floor     certified mail  
Chicago, IL 60611                                 fax: (888) 215-7329
  
- Freedom Financial Mortgage Corporation     email: sales@freedomcompanies.com
  
- Freedom Financial Mortgage Corporation     email: billing@freedomcompanies.com
  
- Freedom Financial Mortgage Corporation     email: processing@freedomcompanies.com
  
- Freedom Financial Mortgage Corporation     email: management@freedomcompanies.com
  
- Freedom Companies, Inc.                         U.S. mail, postage prepaid  
1724 Peltier Lake Dr.                             certified mail  
Centerville, MN 55038                          email: dpreiner@onlyfreedom.com
  
- Freedom Companies Marketing, Inc.            U.S. mail, postage prepaid  
1724 Peltier Lake Dr.                             certified mail  
Centerville, MN 55038
  
- Freedom Companies Marketing, Inc.            U.S. mail, postage prepaid  
444 N. Michigan Ave. Suite 1200             certified mail  
Chicago, IL 60611
  
- Freedom Companies Marketing, Inc.            U.S. mail, postage prepaid  
444 N. Michigan Ave., 12<sup>th</sup> Floor            certified mail  
Chicago, IL 60611
  
- Freedom Companies Lending, Inc.             U.S. mail, postage prepaid  
1724 Peltier Lake Dr.                             certified mail  
Centerville, MN 55038
  
- Freedom Companies Lending, Inc.             U.S. mail, postage prepaid  
444 N. Michigan Ave., 12<sup>th</sup> Floor            certified mail  
Chicago, IL 60611                                 fax: (888) 215-7329

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