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2 **STATE OF CALIFORNIA**
3 **BUSINESS, TRANSPORTATION AND HOUSING AGENCY**
4 **DEPARTMENT OF CORPORATIONS**

5 TO: Blue Chip Financial Network, Inc.
6 dba Blue Chip Debt Relief
7 19500 Jamboree Road, 3rd Floor
8 Irvine, CA 92612
9 and
10 4060 Campus Drive, Suite 240
11 Newport Beach, CA 92660
12 and
13 9891 Irvine Center Drive, Suite 200
14 Irvine, CA 92618
15 and
16 www.bluechipdebtrelief.com

17 **DESIST AND REFRAIN ORDER**
18 **(For violation of section 12200 of the Financial Code)**

19 The California Corporations Commissioner finds that:

20 1. Blue Chip Financial Network, Inc. is a for-profit corporation incorporated under the
21 laws of California on January 18, 2008. It does business as Blue Chip Debt Relief (“Blue Chip”).
22 Blue Chip maintains addresses at 19500 Jamboree Road, 3rd Floor, Irvine, CA 92612; 4060 Campus
23 Drive, Suite 240, Newport Beach, CA 92660; and 9891 Irvine Center Drive, Suite 200, Irvine, CA
24 92618. Blue Chip maintains a website at www.bluechipdebtrelief.com.

25 2. The above-named entities, working in concert or participation among themselves or
26 with others, engaged in the following activities in violation of the Check Sellers, Bill Payers and
27 Proraters Law pursuant to the California Financial Code section 12000 et seq.

28 3. Beginning in April 2008 or earlier, Blue Chip entered into agreements with one or
more California residents to provide “debt settlement” services. In exchange for fees including
services fees and maintenance fees, Blue Chip told its customers that it would negotiate with their
creditors to settle the customers’ debts for a reduced amount. Blue Chip required its customers to

1 make a monthly payment to Blue Chip, which would go toward the service fees, maintenance fees,
2 the customer's trust account, and additional charges.

3 4. Blue Chip required its customers to set up a trust account through NoteWorld LLC,
4 doing business as NoteWorld Servicing Center, a Delaware limited liability company. The money to
5 fund the trust account would be debited each month from the customer's own bank account. Blue
6 Chip told its customers that once a certain amount of money had accumulated in a customer's trust
7 account, Blue Chip would begin to negotiate settlements with the customer's creditors and would pay
8 settlements out of the customer's trust account. Blue Chip's customers would sign a "Pre-
9 Authorization Settlement Form," which authorized Blue Chip to "arrange payment from my trust
10 account to creditor [sic] without written approval and/or recorded settlement authorization" where the
11 settlement offer is 50% or less. Blue Chip's customers would also give Blue Chip a limited power of
12 attorney.

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

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

22 6. The definition of proraters, found in Financial Code section 12002.1, states:

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

26 7. The California Corporations Commissioner has not licensed Blue Chip
27 Financial Network, Inc., dba Blue Chip Debt Relief, in this State to act as a prorater.
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Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that Blue Chip Financial Network, Inc., doing business as Blue Chip Debt Relief, in concert and/or in participation with others, has been engaging in business as a bill payer or prorater as defined in the Check Sellers, Bill Payers and Proraters Law without a license from the California Corporations Commissioner.

Pursuant to Financial Code section 12103, the California Corporations Commissioner hereby orders Blue Chip Financial Network, Inc., doing business as Blue Chip Debt Relief, individually, in concert and/or in participation with others, to desist and refrain from engaging in business as a bill payer or prorater unless and until it is licensed or exempt. This Order is necessary, in the public interest, and for the protection of consumers.

Dated: February 23, 2009
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division