

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 BRENT S.B. LINDGREN (CA BAR NO. 170306)
Senior Corporations Counsel
4 Department of Corporations
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5 Sacramento, California 95814
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6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

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11 In the Matter of the Desist and Refrain Order of) OAH Case No.: 2009100007
THE CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) File No.: 9417
13)
Complainant,) SETTLEMENT AGREEMENT
14)
15 vs.)
16 FINANCIAL FREEDOM OF AMERICA, INC.)
also known as FINANCIAL FREEDOM OF)
17 AMERICA, COREY TODD BUTCHER,)
18 President,)
19 Respondent.

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21 This Settlement Agreement is entered into between the California Corporations
22 Commissioner (“Commissioner”) and Financial Freedom of America, Inc., aka Financial Freedom
23 of America (“Financial Freedom”), and is made with respect to the following facts:

24 **RECITALS**

25 A. Financial Freedom is, and was at all relevant times herein, a for-profit entity
26 incorporated in Texas listing Corey T. Butcher as its president and director. Financial Freedom has
27 a principal address of 8140 Walnut Hill Lane, Suite 204, Dallas, Texas.
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1 3. Financial Freedom acknowledges its right to an administrative hearing under the
2 Check Sellers, Bill Payers and Proraters Law in connection with the administrative proceedings and
3 hereby waives that right to a hearing, and to any reconsideration, appeal, or other right to review
4 which may be afforded pursuant to the Check Sellers, Bill Payers and Proraters Law, the California
5 Administrative Procedure Act (“APA”), the California Code of Civil Procedure, or any other
6 provision of law in connection with these administrative proceedings.

7 4. Pursuant to Financial Code section 12000 et seq., Financial Freedom shall continue to
8 use the following procedures for those clients who reside in California when Financial Freedom
9 engages in the business of debt settlement:

10 A. Each client will continue to own a separate federally insured account where
11 they may accumulate money for the purposes of (i) funding settlement payments to their respective
12 creditors and (ii) paying Financial Freedom’s fees, and will open and maintain those accounts in
13 their own names and not in Financial Freedom’s name.

14 B. At no time will Financial Freedom have the authority to withdraw, transfer, or
15 otherwise have control over any funds saved by clients in their respective accounts (although this
16 provision shall not impair or affect Financial Freedom’s ability to enter into settlement negotiations
17 with clients’ creditors, to negotiate settlements on behalf of its clients or receive fees from such
18 accounts as specifically authorized by clients).

19 C. Clients will continue to expressly authorize every transaction involving the
20 accounts where they accumulate money, including any settlement payments to their respective
21 creditors and all fee payments to Financial Freedom (such authorization for fee payments may be
22 made in advance, including at the time the client enters into his or her agreement with Financial
23 Freedom).

24 D. Clients will continue to make settlement payments to their respective creditors
25 directly from their respective accounts and not through Financial Freedom.

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E. Clients will continue to be notified of every recommended settlement with a creditor obtained by Financial Freedom on their behalf and will expressly approve every settlement payment from their respective bank accounts before any settlement is made to such creditor. In connection with this obligation, certain negotiated settlements may entail multiple payments over a period of time, and the client’s initial approval of any such settlement shall be sufficient to authorize the contemplated payments to follow (and separate approvals shall not be necessary for each ensuing installment).

F. Clients will continue to have the ability to terminate the program at any time, without penalty or payment of additional program fees.

These provisions in paragraph 4 shall not prevent Financial Freedom from adopting additional procedures that are not inconsistent with the provisions listed above or with applicable California or federal laws or regulations. If California or federal laws or regulations applicable to Financial Freedom’s business in California are enacted subsequent to the date of this Settlement Agreement, the provisions listed above shall be subordinate to those requirements mandated or practices permitted by such subsequent legislation or regulation.

5. Financial Freedom further acknowledges that it was advised to consult with counsel prior to entering into this Settlement Agreement.

6. The parties hereby acknowledge and agree that this Settlement Agreement is intended to constitute a full, final and complete resolution of any and all claims, demands and liabilities that have been asserted against Financial Freedom and Corey Todd Butcher. The parties further acknowledge and agree that nothing contained in this Settlement Agreement shall operate to limit the Commissioner's ability to assist any other agency, (county, state or federal) with any prosecution, administrative, civil or criminal, brought by any such agency against Financial Freedom based upon any of the activities alleged in the administrative proceedings or otherwise.

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1 7. Each of the parties represents, warrants, and agrees that in executing this Settlement
2 Agreement it has relied solely on the statements set forth herein and the advice of its own counsel
3 and/or representative. Each of the parties further represents, warrants, and agrees that in executing
4 this Settlement Agreement it has placed no reliance on any statement, representation, or promise of
5 any other party, or any other person or entity not expressly set forth herein, or upon the failure of any
6 party or any other person or entity to make any statement, representation or disclosure of anything
7 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in
8 any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the
9 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this
10 Settlement Agreement.

11 8. This Settlement Agreement is the final written expression and the complete and
12 exclusive statement of all the agreements, conditions, promises, representations, and covenants
13 between the parties with respect to the subject matter hereof, and supercedes all prior or
14 contemporaneous agreements, negotiations, representations, understandings, and discussions
15 between and among the parties, their respective representatives, and any other person or entity, with
16 respect to the subject matter covered hereby.

17 9. In that the parties have had the opportunity to draft, review and edit the language of
18 this Settlement Agreement, no presumption for or against any party arising out of drafting all or any
19 part of this Settlement Agreement will be applied in any action relating to, connected, to, or
20 involving this Settlement Agreement. Accordingly, the parties waive the benefit of California Civil
21 Code section 1654 and any successor or amended statute, providing that in cases of uncertainty,
22 language of a contract should be interpreted most strongly against the party who caused the
23 uncertainty to exist.

24 10. This Settlement Agreement may be executed in one or more counterparts, each of
25 which shall be an original but all of which, together, shall be deemed to constitute a single
26 document.

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11. Each signator hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement.

Dated: 7/12/10 PRESTON DUFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner

Dated: 7/10/2010

By _____
COREY TODD BUTCHER, individually and as
President of FINANCIAL FREEDOM OF AMERICA,
INC. aka FINANCIAL FREEDOM OF AMERICA

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

TO: Mr. Corey Todd Butcher
8140 Walnut Hill Lane, Suite 400
Dallas, Texas 75231

ORDER WITHDRAWING DESIST AND REFRAIN ORDER

It is hereby ordered that the Desist and Refrain Order issued on August 24, 2009 against
Corey Todd Butcher is withdrawn.

Dated: July 12, 2010
Los Angeles, California

PRESTON DUFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

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.

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11. The California Corporations Commissioner has not licensed Financial Freedom of America, Inc. also known as Financial Freedom of America in this State to act as a bill payer or prorater.

12. Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that Financial Freedom of America, Inc., also known as Financial Freedom of America, and Corey Todd Butcher, 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 Financial Freedom of America, Inc. also known as Financial Freedom of America, and Corey Todd Butcher, individually, in concert and/or in participation with others, to desist and refrain from engaging in business as a bill payer and prorater unless and until they are licensed or exempt. This Order is necessary, in the public interest, and for the protection of consumers.

Dated: August 24, 2009
Sacramento, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____

ALAN S. WEINGER
Deputy Commissioner
Enforcement Division