

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

4 TO: Bella Financial, Inc.
5 Bella Financial
6 13625 Neutron Road
7 Dallas, Texas 75244

8 Debt by Debt Settlement Services
9 4315 Alpha Road
10 Dallas, Texas 75244

11 Michael Hauser, President
12 7009 Brayford Way
13 McKinney, Texas 75060

14 **DESIST AND REFRAIN ORDER**
15 **(For violations of section 12200 of the Financial Code)**

16 The California Corporations Commissioner (“Commissioner”) finds that:

17 1. On February 11, 2004, Michael Hauser (“Hauser”) incorporated Bella Financial, Inc., a
18 Texas corporation and since that time Hauser has acted as its president. Hauser and Bella Financial,
19 Inc., also do business as Bella Financial and Debt by Debt Settlement Services using the slogan
20 “Take Back your Life, Debt by Debt.” (Except where a distinction is necessary, the foregoing
21 hereinafter are referred to as “Bella Financial”.)

22 2. Bella Financial’s headquarters are in Texas but it operates in California in violation of the
23 laws that govern persons that provide debt management/negotiation/consolidation/settlement
24 programs, prorating or bill paying services under the Check Sellers, Bill Payers, and Proraters Law.

25 3. Bella Financial claims it “is a leader in debt settlement for consumers” and that “our
26 exceptional customer service and one-one one professional guidance are keys to our success.” Bella
27 Financial falsely advertises to consumers that “we can REDUCE your debt by as much as 40%-75%,”
28 that consumers can “become debt free in 36 months or less” and that Bella Financial provides the
“most cost effective and easiest way to pay off your debts!”

1 4. Bella Financial solicits consumers via the Internet on a site they developed and maintain
2 at www.bellafinancial.com. Bella Financial also uses the toll free telephone number (800) 377-
3 8931.

4 5. Bella Financial is not an accredited business with the Better Business Bureau (“BBB”)
5 and Bella Financial has an unsatisfactory record with the BBB. The BBB has processed at least 31
6 complaints from consumers about Bella Financial and their business practices. Consumers’
7 complaints concern their advertisements, contracts, exorbitant fees, non-settlement of debts, failure
8 to communicate to them or their creditors, lack of refunds, etc.

9 6. Bella Financial begins the debt settlement process for a consumer only after it has
10 obtained extensive and detailed personal and financial information about a consumer’s identity,
11 credit cards and bank accounts through an application process.

12 7. In exchange for the future services that Bella Financial promises to provide to a consumer
13 it immediately begins to charge consumers and requires payment of fees in the amount of 15% of the
14 consumer’s total debt. Regarding its fees Bella Financial states:

15 [T]h entire amount of the service fees listed in the fee schedule is
16 deemed earned by Bella at midnight on the third day following
17 execution of this agreement. Termination of this agreement by client
18 does not (1) relieve client of the obligation to pay fees . . . , (2) prevent
19 Bella from exercising its right to make withdrawals in accordance with
20 the fee schedule and the electronic direct payments form or (3) entitle
21 client to any refund of such fees.

22 8. A consumer is required to authorize Bella Financial to make electronic ACH (Automated
23 Clearing House) withdrawals from the consumer’s bank account for the payment of fees. Moreover,
24 Bella Financial unequivocally prohibits consumers from later instructing their respective bank to
25 refuse any withdrawals by Bella Financial unless it provides its “express written consent” to the bank.

26 9. A consumer also is required to sign a document that gives Bella Financial a power of
27 attorney that grants it the “full power and authority and to perform each and every act which may be
28 necessary or convenient” to deal with a consumer’s creditors and debts the consumers owes them.

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1 10. Consumers, including vulnerable senior citizens, complained that after paying Bella
2 Financial they ended up with more debt or that their creditors sued them even though Bella Financial
3 represented it would contact their creditors to negotiate settlement of the consumers' respective debts.
4 When consumers contacted Bella Financial to inquire about its services consumers were informed that
5 Bella Financial had not contacted any of their creditors, notwithstanding the fact that Bella Financial
6 had taken all its fees. When consumers requested a refund Bella Financial refused to make refunds to
7 these consumers.

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

11 No person shall engage in the business, for compensation, of selling
12 checks, drafts, money orders, or other commercial paper serving the
13 same purpose, or of receiving money as agent of an obligor for the
14 purpose of paying bills, invoices, or accounts of such obligor, or acting
15 as a prorater, nor shall any person, without direct compensation and
16 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.

17 The definition of proraters, found in Financial Code section 12002.1, states:

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

21 12. All non-exempt bill payers and proraters in this state are required to be licensed by the
22 Commissioner. Bella Financial, Inc., Bella Financial, Debt by Debt Settlement Services and Michael
23 Hauser can not satisfy the criteria to meet any statutory exemption from the CSBPPL licensing
24 requirement. Thus, during all relevant times they have been unlicensed and unauthorized to act as
25 either bill payers or proraters in the State of California.

26 13. Bella Financial's fees violate California Financial Code section 12314 and 12314.1.

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1 Based upon the foregoing findings, the Commissioner is of the opinion that Bella Financial,
2 Inc., Bella Financial, Debt by Debt Settlement Services and Michael Hauser, in concert or
3 participation with others, have been engaging in business as a bill payer or prorater as defined in the
4 Check Sellers, Bill Payers and Proraters Law without licensure by the Commissioner and in
5 violation of that law including overcharging consumers in violation of Financial Code sections
6 12314 and 12314.1.

7 Pursuant to Financial Code section 12103, the Commissioner hereby orders Bella Financial,
8 Inc., Bella Financial, Debt by Debt Settlement Services and Michael Hauser, in concert or
9 participation with others, to desist and refrain from engaging in business as a bill payer and prorater
10 unless and until they are licensed or exempt and from violating Financial Code sections 12314 and
11 12314.1.

12 The foregoing Orders are necessary, in the public interest, for the protection of consumers and
13 remain in full force and effect until further order of the Commissioner.

14 Dated: June 20, 2008
15 Los Angeles, California

16 PRESTON DuFAUCHARD
17 California Corporations Commissioner

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19 By _____

20 ALAN S. WEINGER
21 Acting Deputy Commissioner
22 Enforcement Division
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