

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

5 TO: Freedom Financial Network, LLC
6 Freedom Debt Relief, Inc; Freedom Debt Relief, LLC; Freedom Debt Relief; FDR
7 Alivio Holdings, LLC
8 Bills.com, Inc.; Bills.com, LLC; Bills.com
9 Freedom Tax Relief, LLC
10 Alivio Mortgage, LLC
11 1875 S. Grant Street
12 San Mateo, California 94402
13
14 Andrew Houser, Founder and Co-CEO of Freedom Financial Network, LLC
15 285 Ridgeway Road
16 Woodside, California 94062
17
18 Bradford Stroh, Founder and Co-CEO of Freedom Financial Network, LLC
19 25 Saddleback Drive
20 Portola Valley, California 94028

21 **ORDER WITHDRAWING DESIST AND REFRAIN ORDER**

22 It is hereby ordered that the Desist and Refrain Order issued on May 29, 2008, against the
23 above named persons is withdrawn as of the date set forth below.

24 Dated: December 22, 2009
25 Los Angeles, California

26 **PRESTON DuFAUCHARD**
27 California Corporations Commissioner

28 By _____

Alan S. Weinger
Deputy Commissioner
Enforcement Division

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DESIST AND REFRAIN ORDER

(For violations of sections 12200, 22104, 22153 and 22154 of the Financial Code)

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

1. In 2002 Andrew Houser (“Houser”) and Bradford Stroh (“Stroh”) founded Freedom Financial Network, LLC (“FFN”), a Delaware limited liability company, and during all relevant times acted as its co-chief executive officers. Previously, Houser worked for Lorantec Systems, a suspended California corporation, and for Abenona Networks, Inc., a dissolved corporation, both of which were located at the same address, 1052 Penleton Avenue, Sunnyvale, California. On March 10, 2003, FFN first filed with the California Secretary of State’s Office its articles of organization.

2. FFN operates in Sacramento, California and Tempe, Arizona, but has its headquarters at 1875 S. Grant Street, San Mateo, California. Other entities co-located with FFN’s include, but are not limited to, Alivio Holdings, LLC; Alivio Mortgage, LLC; Bills.com; Bills.com, Inc.; Bills.com LLC; FDR; Freedom Debt Relief; Freedom Debt Relief, Inc.; Freedom Debt Relief, LLC; Freedom Mortgage; and Freedom Tax Relief, LLC. FFN and affiliated entities are in violation of the laws found in the California Financial Code that govern proraters, bill payers, finance lenders and brokers.

1 3. Housser and Stroh state that FFN is the umbrella company and that its five divisions
2 include: “Bills.com, Freedom Debt Relief, Freedom Tax Relief, Freedom Student Loans and
3 Freedom Mortgage”. Housser and Stroh represent they began business in late 2002 and Stroh states,
4 “we’re already one of the biggest companies in the industry. And we’re doing well.”

5 4. FFN and its affiliates solicit consumers via the Internet on sites they developed and
6 maintain that include, but are not limited to, www.bills.com, www.freedomdebtrelief.com,
7 www.freedomdebt.net, and www.financialfreedomnetwork.com. They also use toll free telephone
8 numbers and advertise through print and other media.

9 5. During all relevant times Doug Nunes (“Nunes”) acted as an adviser to Housser, Stroh
10 and Freedom Debt Relief. Nunes is featured and quoted in materials that Housser and Stroh
11 presented to the public. However, they failed to disclose to consumers that on October 25, 2002, the
12 Commissioner issued a Desist and Refrain Order for unlicensed activities to Nunes, President of
13 AmeriDebt, Inc. and AmeriDebt pursuant to the California Check Sellers, Bill Payers, and Proraters
14 Law. The Commissioner’s Order issued to them was not contested and continues to remain in effect.

15 6. On March 18, 2003, Housser filed a fictitious business name statement for his company,
16 Freedom Debt Relief. Housser described Freedom Debt Relief’s business as “Credit & Debt
17 Counseling Services”.

18 7. On September 9, 2003, Housser filed with the California Secretary of State’s Office
19 documents for Freedom Debt Relief, Inc., stating it is a non-profit corporation located at 1875 S.
20 Grant Street, San Mateo, California. However, on June 29, 2006, the California Secretary of State
21 suspended Freedom Debt Relief, Inc., for its failure to comply with legal requirements of the
22 California Corporations Code and tax provisions. Freedom Debt Relief, Inc. continued to remain a
23 suspended California corporation until the San Mateo’s District Attorney’s Office inquired about the
24 company in 2007. After these inquiries by the District Attorney’s Office Freedom Debt Relief, Inc.
25 was revived as a non-profit corporation and contemporaneously dissolved on February 1, 2008.

26 8. In addition to forming Freedom Debt Relief, Inc., Housser filed articles of organization
27 on October 29, 2004, with the California Secretary of State’s Office documents for Freedom Debt
28 Relief, LLC, stating it was a Delaware limited liability company.

1 9. Freedom Debt Relief, Inc. and Freedom Debt Relief, LLC also use the business names
2 “Freedom Debt Relief” and “FDR” and operate in the same offices, through their affiliates and their
3 websites. The websites that describe the debt reduction program of Freedom Debt Relief offered to
4 consumers does not disclose whether the debt reduction program is with Housser’s fictitious business
5 name, Freedom Debt Relief, Freedom Debt Relief, Inc., Freedom Debt Relief, LLC, (hereinafter,
6 “Freedom Debt Relief”) or one of their affiliates. The websites for FFN and Freedom Debt Relief are
7 linked, are similar in appearance and content and offer a “Debt Reduction Guarantee” that a consumer
8 will be completely debt free in as little as 12-36 months. Freedom Debt Relief’s website states:

9 Our “Debt Reduction Program” is an innovative solution for consumers
10 struggling with large debt burdens. FDR uses debt negotiation to
11 dramatically lower both your debt levels and your monthly payments. . .

12 We can help you save more money than simple consumer Credit
13 Counseling while protecting you from the harsh impacts of bankruptcy.

- 14 • Be debt free in as little as 12-36 months!
- 15 • Lower debts down to as low as 50% of what you owe!
- 16 • Service Fee Money Back Guarantee
- 17 • Better alternative to bankruptcy, debt consolidation or credit counseling
- 18 • One Simple Monthly Payment

19 These websites also include “testimonials” from consumers but completely fail to mention the
20 numerous complaints received about Freedom Debt Relief’s services, including those filed with
21 the Better Business Bureau (“BBB”). The BBB has processed at least 110 complaints from
22 consumers about Freedom Debt Relief and nine (9) complaints about Freedom Tax Relief and
23 their business practices. Consumers’ complaints concern the exorbitant fees they were charged,
24 non-settlement of debts, failure to communicate with them or their creditors, lack of refunds, etc.

25 10. FDR, Freedom Debt Relief, Freedom Debt Relief, Inc., and Freedom Debt Relief,
26 LLC in concert or participation with others begin the debt settlement process for a consumer only
27 after they have obtained extensive and detailed personal and financial information about a
28 consumer’s identity, credit cards and bank accounts.

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1 11. In exchange for the future services that they promise to provide to a consumer the
2 above-named entities immediately begin to charge and require payment of several fees. A
3 consumer must pay (1) a “retainer fee” exceeding several hundred dollars due in several monthly
4 installments and (2) a separate “service fee” payable in installments for over a year until the total
5 retainer and service fees of approximately 15% of the consumer’s debt have been received. The
6 “retainer fee” and “service fee” are combined and included as part of a consumer’s single monthly
7 payment. Freedom Debt Relief requires a consumer to pay their retainer and service fees by
8 authorizing automatic withdrawals (debits) from a consumer’s bank account each month via
9 electronic debit or automatic check relay. Moreover, in connection with one’s debt reduction
10 program a consumer must pay numerous additional fees including activation fees, maintenance
11 fees, ACH electronic check fees, ACH deposit fees, phone pay fees, miscellaneous fees, etc.

12 12. Regarding consumers’ funds earmarked for their creditors, Freedom Debt Relief states
13 it is affiliated with and operates in connection with other entities, including Global Client Solutions,
14 LLC, which is not presently and never has been a bona fide financial institution.

15 13. A consumer is required to provide Freedom Debt Relief with a power of attorney that
16 requires the consumer to grant to Freedom Debt Relief, its agents, assigns (including Global Client
17 Solution, LLC) as an “attorney-in fact” full power and authority to do and perform each and every
18 act and thing which may be necessary, or convenient in connection with any handling of a
19 consumer’s financial settlements with a consumer’s creditors. Thus, a consumer is required to fully
20 authorize Freedom Debt Relief and its agents to act as his or her attorney-in-fact and to authorize
21 them complete access to withdraw and disburse funds from his or her bank accounts.

22 14. One of the other “divisions “of FFN is Freedom Tax Relief, LLC, a Delaware limited
23 liability company, which filed with the California Secretary of State’s Office on October 29, 2004.
24 Freedom Tax Relief, LLC operates at 1875 S. Grant Street, San Mateo, California and via its
25 website, freedomtaxrelief.com. Freedom Tax Relief, LLC offers to provide consumers bill paying
26 services that include ACH processing, returned check processing, and credit card processing.

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1 15. In 2005 Housser and Stroh created Alivio Holdings, LLC. It acts as FFN's parent
2 entity and holding company and is also located at 1875 S. Grant Street, San Mateo, California.
3 Alivio Holdings, LLC first filed with the California Secretary of State's Office on January 10,
4 2005. Housser and Stroh are the only members and managers of Alivio Holdings, LLC.

5 16. On November 14, 2005, Alivio Holdings, LLC arranged for Bills.com to provide bill
6 payment services. Housser stated his companies, Alivio Holdings, LLC and FFN, were very
7 excited about the acquisition of Bills.com and saw it as a key step in enhancing their brand and
8 profile in the consumer debt management industry. Housser also stated they "were looking
9 forward to entering the fast growing bill payment space."

10 17. On June 21, 2006, Housser filed articles of incorporation with the California Secretary
11 of State's Office for Bills.com, Inc., showing its business address as 1875 S. Grant Street, San
12 Mateo, California. On February 1, 2008, Housser filed a statement with the California Secretary of
13 State's Office listing himself as the president of Bills.com, Inc.

14 18. Two months after creating Bills.com, Inc, on August 7, 2006, Housser filed articles of
15 organization with the California Secretary of State's Office for Bills.com, LLC. Housser listed
16 himself as its member and manager of this limited liability company and stated its business address
17 was also located at 1875 S. Grant Street, San Mateo, California. Housser described the business of
18 Bills.com, LLC as "debt negotiation services."

19 19. Bills.com advertised on FFN's website that it offers a comprehensive Resource Center
20 on many different financial topics and provides various debt consolidation sources. Bills.com also
21 offers services that include debt consolidation, mortgage refinancing, bill payments, payment
22 protection insurance, and consolidated credit card bill payments. Both Housser and Stroh provide
23 audiovisual presentations to consumers on Bills.com's website. FFN's website also provides a link
24 to the website for Bills.com. The Bills.com website fails to disclose if it is for Bills.com Inc. or
25 Bills.com, LLC or both entities. Bills.com states that since 2002 it has served more than 30,000
26 customers nationwide while managing more than \$500 million in consumer debt.

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1 20. On September 4, 2007, Housser obtained from the California Department of Real Estate
2 (“DRE”) a real estate broker’s license (DRE number 01815317) for Bills.com, Inc. Housser also has
3 a real estate license (DRE number 01758735) and is the designated officer of the corporation,
4 Bills.com, Inc. The locations for both Housser’s personal California real estate license and the
5 California real estate broker’s license for Bills.com, Inc. are at 1875 Grant Street, San Mateo,
6 California.

7 21. Affiliated with both Freedom Debt Relief and FFN is Alivio Mortgage, LLC, a Delaware
8 limited liability company that filed with the California Secretary of State’s Office on October 29,
9 2004. It is also located at 1875 Grant Street, San Mateo, California. Alivio Mortgage, LLC is 100%
10 owned by Alivio Holdings, LLC.

11 22. On September 19, 2005, Alivio Mortgage, LLC applied for a license as a California
12 Finance Lender and Broker from the Commissioner of the California Department of Corporations,
13 which has jurisdiction over and regulates finance lenders and brokers pursuant to the California
14 Finance Lenders Law (“CFLL”) found in California Financial Code section 22000 et seq.

15 23. On December 13, 2005, the Commissioner granted a license as a finance lender and
16 broker (Department of Corporations CFLL File No 605-3240) to Alivio Mortgage, LLC, which is
17 conditioned on its compliance with the applicable provisions of the Financial Code. After being
18 granted the license Alivio Mortgage, LLC moved its location without approval from the Department
19 as required by Financial Code section 22153. In fact, Alivio Mortgage, LLC did not even inform the
20 Department about its desire to change its place of business and violated Financial Code section
21 22153.

22 24. Alivio Mortgage, LLC as a licensee was required at all times to maintain a minimum
23 net worth of at least \$25,000 pursuant to Financial Code section 22104. Alivio Mortgage, LLC’s
24 income statement for 2007 shows a net loss of over \$115,000. Its balance sheet dated December
25 31, 2007, shows it failed to meet the statutory net worth requirement and instead had a net worth
26 deficiency of over \$4,600. Alivio Mortgage, LLC is in violation of Financial Code section 22104.

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1 25. Alivio Mortgage, LLC, co-located with the other above described businesses of
2 Housser and Stroh, conducted business at a place in which business other than making loans is
3 engaged in without either written notification to and the authorization of the Department, which is
4 in violation of Financial Code section 22154.

5 26. Alivio Mortgage, LLC advertises its mortgage services as mortgage brokers, mortgage
6 companies and real estate loans through the Yellow Pages. Alivio Mortgage, LLC marketed its
7 services via the Internet, a call center and through other organizations. Alivio Mortgage, LLC did
8 not disclose to the Commissioner its advertisement materials, including its website as required,
9 which is in violation of California Code of Regulations section 1550.

10 27. Consumers complained that they were sued even though FDR, Freedom Debt Relief,
11 Freedom Debt Relief, Inc., or Freedom Debt Relief, LLC were purportedly contacting their
12 creditors to negotiate settlement of the consumers' respective debts. After consumers contracted
13 with FDR, Freedom Debt Relief, Freedom Debt Relief, Inc., or Freedom Debt Relief, LLC to
14 negotiate with creditors and after consumers were sued by their creditors then Alivio Mortgage,
15 LLC would offer its services to consumers in the form of loans (new and additional debt owed by
16 consumers) that would enable consumers to pay their creditors who sued them.

17 28. On April 2, 2008, Housser filed with the California Secretary of State's Office for his
18 Company, Freedom Lending, LLC, listing its address at 1875 S. Grant Street, San Mateo, California.

19 29. The Department of Corporations has jurisdiction over and regulates bill payers and
20 proraters under the Check Sellers, Bill Payers and Proraters Law ("CSBPPL") set forth in California
21 Financial Code section 12000 et seq. California Financial Code section 12200, states:

22
23 No person shall engage in the business, for compensation, of selling
24 checks, drafts, money orders, or other commercial paper serving the
25 same purpose, or of receiving money as agent of an obligor for the
26 purpose of paying bills, invoices, or accounts of such obligor, or acting
27 as a prorater, nor shall any person, without direct compensation and
28 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.

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

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

5 30. All non-exempt bill payers and proraters in this state are required to be licensed by the
6 Commissioner. FDR, Freedom Debt Relief, Freedom Debt Relief, Inc., Freedom Debt Relief, LLC,
7 FFN; Freedom Tax Relief, LLC, Bills.com, Inc.; Bills.com, LLC; Bills.com; Housser, Stroh and their
8 affiliates can not satisfy the criteria to meet any statutory exemption from the CSBPPL licensing
9 requirement. Thus, during all relevant times they have been unlicensed and unauthorized to act as
10 either bill payers or proraters in the State of California.

11 31. Additionally, Freedom Debt Relief and FFN are unlicensed in other states. For example,
12 in November 2007, the Rhode Island Department of Business Regulation's Division of Banking
13 issued an order to Freedom Debt Relief and FFN to immediately cease and desist their unlicensed
14 debt management plan activities in their state and ordered them to refund all fees received relating to
15 all debt management plans currently being serviced. Neither Freedom Debt Relief nor FFN have
16 disclosed the existence of the Rhode Island's Cease and Desist Order to consumers or the public.

17 32. Alivio Mortgage, LLC is the only entity described above licensed by the Department
18 of Corporations. Although it holds one CFLL license, it is operating in violation of Financial Code
19 sections 22104, 22153 and 22154 and California Code of Regulations section 1550.

20 Based upon the foregoing findings, the Commissioner is of the opinion that FDR, Freedom
21 Debt Relief, Freedom Debt Relief, Inc., Freedom Debt Relief, LLC, Freedom Financial Network,
22 LLC; Freedom Tax Relief, LLC, Bills.com, Inc.; Bills.com, LLC; Bills.com, Alivio Holdings, LLC,
23 Housser and Stroh and their affiliates, in concert or participation with others, have been engaging in
24 business as a bill payer or prorater as defined in the Check Sellers, Bill Payers and Proraters Law
25 without a license from the Commissioner and in violation of that law including overcharging
26 consumers in violation of Financial Code sections 12314 and 12314.1.

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1 The Commissioner is also of the opinion that Alivio Mortgage, LLC, in concert or
2 participation with affiliates or others has engaged in business in violation of the California Finance
3 Lenders Law.

4 Pursuant to Financial Code section 12103, the Commissioner hereby orders FDR, Freedom
5 Debt Relief, Freedom Debt Relief, Inc., Freedom Debt Relief, LLC, Freedom Financial Network,
6 LLC; Freedom Tax Relief, LLC, Bills.com, Inc.; Bills.com, LLC; Bills.com, Alivio Holdings, LLC,
7 Housser and Stroh and their affiliates, in concert or participation with others, to desist and refrain from
8 engaging in business as a bill payer and prorater unless and until they are licensed or exempt and from
9 violating Financial Code sections 12314 and 12314.1.

10 Pursuant to Financial Code section 22712, the Commissioner hereby orders Alivio Mortgage,
11 LLC and any and all officers, directors, employees, independent contractors, agents, and affiliates
12 operating on its behalf to desist and refrain from the following:

- 13 (1) changing locations without notification to and the approval of the Commissioner;
- 14 (2) failing to maintain minimum net worth of \$25,000;
- 15 (3) conducting business at a place in which business other than making loans is engaged
16 in without either written notification to and the authorization of the Department; and,
- 17 (4) using advertising without prior approval from the Commissioner.

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

20 Dated: May 29, 2008
21 Los Angeles, California

22 PRESTON DuFAUCHARD
23 California Corporations Commissioner

24
25 By _____

26 ALAN S. WEINGER
27 Lead Corporations Counsel
28 Enforcement Division