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

5 TO: David Huffman, CEO  
6 Freedom Group, Inc.  
7 9265 Dowdy Drive #106  
8 San Diego, CA 92126  
9 and  
10 www.freedomgroupinc.com

11 **DESIST AND REFRAIN ORDER**  
12 **(For violation of section 12200 of the Financial Code)**

13 The California Corporations Commissioner finds that:

14 1. Freedom Group, Inc. (“Freedom Group”) is an entity of unknown form with a  
15 principal place of business at 9265 Dowdy Drive #106, San Diego, CA 92126. It maintains a website  
16 at www.freedomgroupinc.com.

17 2. At all relevant times, David Huffman (“Huffman”) was the chief executive officer and  
18 control person of Freedom Group.

19 3. Beginning in 2007 or earlier, Freedom Group and Huffman offered its debt settlement  
20 service to residents of California and elsewhere. Freedom Group’s website states that it will  
21 “negotiate with creditors on your behalf to settle your debts” for 30%-60% of the debt amount.

22 4. Freedom Group entered into written contracts entitled “Freedom Group Agency  
23 Agreement” with residents of California and elsewhere. The contract provides Freedom Group the  
24 exclusive right to negotiate with the client’s creditors.

25 5. The contract further provides that Freedom Group will open a bank account in the  
26 client’s name. It provides: “This account is controlled by Freedom Group and used for the purpose of  
27 funding negotiated settlements and payment of Agency Negotiated Settlement Fees.”  
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1           6.       Clients of Freedom Group also signed a Transfer of Funds Authorization, which  
2 authorized Freedom Group to debit their accounts monthly.

3           7.       In 2007, Freedom Group and Huffman entered into a settlement agreement with the  
4 West Virginia Attorney General. Freedom Group and Huffman agreed to permanently discontinue  
5 debt settlement services in West Virginia and refund all fees and charges collected from West  
6 Virginia consumers.

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

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

16           9.       The definition of proraters, found in Financial Code section 12002.1, states:

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

20           10.      The California Corporations Commissioner has not licensed Freedom Group or  
21 Huffman in this State to act as proraters.

22                   Based upon the foregoing findings, the California Corporations Commissioner is of the  
23 opinion that Freedom Group, Inc. and David Huffman, in concert and/or in participation with  
24 others, have been engaging in business as bill payers or proraters as defined in the Check Sellers,  
25 Bill Payers and Proraters Law without a license from the California Corporations Commissioner.

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1 Pursuant to Financial Code section 12103, the California Corporations Commissioner  
2 hereby orders Freedom Group, Inc. and David Huffman, individually, in concert and/or in  
3 participation with others, to desist and refrain from engaging in business as bill payers and  
4 proraters unless and until they are licensed or exempt. This Order is necessary, in the public  
5 interest, and for the protection of consumers.

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Dated: May 9, 2011  
Los Angeles, California

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_

ALAN S. WEINGER  
Deputy Commissioner  
Enforcement Division