

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  
 1515 K Street, Suite 200  
 5 Sacramento, California 95814  
 Telephone: (916) 322-8778 Facsimile: (916) 445-6985  
 6 Attorneys for Complainant

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

10  
 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 )  
 vs. )  
 15 )  
 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

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

5 TO: Mr. Corey Todd Butcher  
6 8140 Walnut Hill Lane, Suite 400  
7 Dallas, Texas 75231

8 **ORDER WITHDRAWING DESIST AND REFRAIN ORDER**

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10 Corey Todd Butcher is withdrawn.

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12 Dated: July 12, 2010  
13 Los Angeles, California

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16 PRESTON DUFAUCHARD  
17 California Corporations Commissioner

18  
19 By \_\_\_\_\_  
20 ALAN S. WEINGER  
21 Deputy Commissioner  
22 Enforcement Division  
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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.

