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

TO: David Huffman, CEO
Freedom Group, Inc.
9265 Dowdy Drive #106
San Diego, CA 92126
and
www.freedomgroupinc.com

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

The California Corporations Commissioner finds that:

1. Freedom Group, Inc. (“Freedom Group”) is an entity of unknown form with a principal place of business at 9265 Dowdy Drive #106, San Diego, CA 92126. It maintains a website at www.freedomgroupinc.com.
2. At all relevant times, David Huffman (“Huffman”) was the chief executive officer and control person of Freedom Group.
3. Beginning in 2007 or earlier, Freedom Group and Huffman offered its debt settlement service to residents of California and elsewhere. Freedom Group’s website states that it will “negotiate with creditors on your behalf to settle your debts” for 30%-60% of the debt amount.
4. Freedom Group entered into written contracts entitled “Freedom Group Agency Agreement” with residents of California and elsewhere. The contract provides Freedom Group the exclusive right to negotiate with the client’s creditors.
5. The contract further provides that Freedom Group will open a bank account in the client’s name. It provides: “This account is controlled by Freedom Group and used for the purpose of funding negotiated settlements and payment of Agency Negotiated Settlement Fees.”

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

Dated: May 9, 2011
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____

ALAN S. WEINGER
Deputy Commissioner
Enforcement Division