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2 **STATE OF CALIFORNIA**  
3 **BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY**  
4 **DEPARTMENT OF BUSINESS OVERSIGHT**

5  
6 TO: Nationwide Debt Direct, LLC  
7 Nationwide Debt Direct MGR, LLC  
8 3803 Parkwood Boulevard, Suite 100  
9 Frisco, Texas 75034-8644

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

12 The Commissioner of Business Oversight finds that:

13 1. At all relevant times, Nationwide Debt Direct, LLC and Nationwide Debt Direct  
14 MGR, LLC (collectively, "Respondents") were Texas limited liability companies. Neither is  
15 registered to do business with the California Secretary of State.

16 2. Whenever reference is made to "Respondents" doing any act, the allegation shall mean  
17 the act of each respondent acting individually, jointly and severally.

18 3. Beginning in at least 2013 and at all relevant times, Respondents advertised in  
19 California and contracted with California consumers to negotiate credit card debts down to 30-40%  
20 of the outstanding balance. Under the terms of Respondent's debt settlement program, consumers  
21 would deposit a fixed amount of money monthly into an account. When enough money built up in  
22 the account to equal 30% to 40% of the balance of any single credit card, Respondents promised they  
23 would contact the creditor and attempt a settlement.

24 4. Respondents charged a fee of 20% of the consumers' total outstanding debt for its  
25 services, a third of which was to be collected in the first three months regardless of whether any  
26 settlements had been attempted with the consumers' creditors. The remaining two-thirds of the fees  
27 were to be collected over the next 15 months. Respondents also charged an upfront set-up fee of  
28 between \$99.00 and \$149.00. At least two California consumers signed up for Respondent's debt

1 program in 2013 and unsuccessfully requested refunds of initial deposits after finding the program  
2 unsatisfactory. Respondents continue to advertise their services in California to the present date.

3 5. The Commissioner has jurisdiction over and regulates bill payers and proraters under the  
4 Check Sellers, Bill Payers and Proraters Law (Financial Code sec. 12000 et seq.) Financial Code  
5 section 12200 states:

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

13 6. California Financial Code section 12002.1 as follows:

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

18 7. Beginning in at least 2013, Respondents acted as proraters within the meaning of  
19 Financial Code section 12002.1.

20 8. Respondents never had a license to perform prorater services in the State of California, as  
21 required by Financial Code section 12200, and are not exempt under Financial Code section 12104.

22 9. Further, during the relevant time period, Respondents violated numerous provisions of the  
23 Financial Code intended to protect consumers, including but not limited to Financial Code sections  
24 12314 (charges and fees), 12315 (consent of creditors) and 12315.1 (notice to creditors).

25 10. Financial Code section 12103 provides in relevant part:

26 Whenever in the opinion of the commissioner ... any person or licensee  
27 is violating any provision of this division, the commissioner may order  
28 the person or licensee to desist and refrain from engaging in such  
business or further violating this division.

Based upon the foregoing findings, the Commissioner of Business Oversight is of the opinion  
that Nationwide Debt Direct, LLC, and Nationwide Debt Direct MGR, LLC, have engaged in  
prorater services in this state without a license in violation of Financial Code section 12200.

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Pursuant to Financial Code section 12103, Nationwide Debt Direct, LLC and Nationwide Debt Direct MGR, LLC are hereby ordered to desist and refrain from engaging in prorater services unless and until duly licensed under the Check Sellers, Bill Payers and Prorater Law or unless exempt.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Check Sellers, Bill Payers and Proraters Law.

Dated: March 9, 2016  
Sacramento, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division