

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

TO: Beacon Debt Solutions, Inc. 15496 Magnolia Street, Suite 210 Westminster, CA 92683	Beacon Debt Solutions, Inc. 14651 Ontario Drive Westminster, CA 92683
Michelle Do 11762 Morgan Lane Garden Grove, CA 92840	Giang Phan aka Jim Phan 14651 Ontario Drive Westminster, CA 92683

DESIST AND REFRAIN ORDER

(For violations of section 12200 of the Financial Code)

The California Corporations Commissioner finds that:

1. Beacon Debt Solutions, Inc. (“Beacon”) is an active California corporation with its principal place of business at 15496 Magnolia St., #210, Westminster, California 92683.
2. At all relevant times, Giang Phan also known as Jim Phan was the CEO and President of Beacon and, by at least November 24, 2008, Michelle Do became the CEO and President of Beacon.
3. The above-named individuals and entities, working in concert or participation among themselves or with others, engaged in the following activities in violation of the Check Sellers, Bill Payers and Proraters Law pursuant to the California Financial Code section 12000 et seq.
4. The above-named individuals and entities (collectively, the “Company”) offered their services to California consumers by means of a toll free phone number and the Internet at a Web site, www.beaconds.com.
5. The Company stated that its “Debt Reduction Program” would reduce the total debt of customers, stop harassing calls from creditors or collection agencies, and that “legal counsel” would handle customer accounts for their entire term.
6. The Company represented that it would settle or reduce the amount of debt held by customers. Customers were charged a “Fixed Flat Rate” of a certain dollar amount per month, for a certain number of months. The dollar amount and number of months were specific to each customer and based on his or her total debt. The Company stated that “ALL fees are included in

1 your monthly payment”.

2 7. The Company or others, acting in concert or participation with them, received sums of
3 money from a consumer for the purpose of negotiating with and/or paying a consumer's
4 creditors. Specifically, the Company paid the debts of a consumer from the funds a consumer
5 forwarded to them for that purpose, by arranging for periodic electronic funds transferred
6 through the Automated Clearing House (ACH), whereby the Company initiated withdrawals
7 from a consumer's trust account(s) for payment to a consumer's creditors.

8 8. To start the settlement process, and in exchange for these services, consumers were charged
9 and required to pay to the Company a non-refundable fee of ten percent (10%) of the customer’s
10 total balance on all accounts in the Company’s debt reduction program. After payment of the initial
11 fee, a consumer would also pay a monthly maintenance fee. In addition, consumers were required
12 to pay a “Settlement Fee” equal to eight percent (8%) of the amount by which the consumer’s debt
13 was reduced.

14 9. The Department of Corporations has jurisdiction over and regulates bill payers and proraters
15 under the Check Sellers, Bill Payers and Proraters Law set forth in California Financial Code section
16 12000 et seq. California Financial Code section 12200, states:

17 No person shall engage in the business, for compensation, of selling
18 checks, drafts, money orders, or other commercial paper serving the
19 same purpose, or of receiving money as agent of an obligor for the
20 purpose of paying bills, invoices, or accounts of such obligor, or
21 acting as a prorater, nor shall any person, without direct
22 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.

23 10. The definition of prorater, found in Financial Code section 12002.1, states:

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

27 ///

28 ///

1 11. The California Corporations Commissioner has not licensed Beacon Debt Solutions, Inc.,
2 Giang Phan aka Jim Phan, or Michelle Do in this State to act as a bill payer or prorater.

3 12. Based upon the foregoing findings, the California Corporations Commissioner is of the
4 opinion that Beacon Debt Solutions, Inc., Giang Phan aka Jim Phan, and Michelle Do, in concert
5 and/or in participation with others, have been engaging in business as a bill payer or prorater as
6 defined in the Check Sellers, Bill Payers and Proraters Law without a license from the California
7 Corporations Commissioner.

8 Pursuant to Financial Code section 12103, the California Corporations Commissioner
9 hereby orders Beacon Debt Solutions, Inc., Giang Phan aka Jim Phan, and Michelle Do,
10 individually, and in concert and/or in participation with others, to desist and refrain from engaging in
11 business as a bill payer and prorater unless and until they are licensed or exempt. This Order is
12 necessary, in the public interest, and for the protection of consumers.

13 Dated: July 7, 2011
14 Los Angeles, California

15 PRESTON DuFAUCHARD
16 California Corporations Commissioner

17
18 By _____
19 ALAN S. WEINGER
20 Deputy Commissioner
21
22
23
24
25
26
27
28