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

5 TO: Blue Chip Financial Network, Inc.  
6 dba Blue Chip Debt Relief  
7 19500 Jamboree Road, 3rd Floor  
8 Irvine, CA 92612  
9 and  
10 4060 Campus Drive, Suite 240  
11 Newport Beach, CA 92660  
12 and  
13 9891 Irvine Center Drive, Suite 200  
14 Irvine, CA 92618  
15 and  
16 www.bluechipdebtrelief.com

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

19 The California Corporations Commissioner finds that:

20 1. Blue Chip Financial Network, Inc. is a for-profit corporation incorporated under the  
21 laws of California on January 18, 2008. It does business as Blue Chip Debt Relief (“Blue Chip”).  
22 Blue Chip maintains addresses at 19500 Jamboree Road, 3rd Floor, Irvine, CA 92612; 4060 Campus  
23 Drive, Suite 240, Newport Beach, CA 92660; and 9891 Irvine Center Drive, Suite 200, Irvine, CA  
24 92618. Blue Chip maintains a website at www.bluechipdebtrelief.com.

25 2. The above-named entities, working in concert or participation among themselves or  
26 with others, engaged in the following activities in violation of the Check Sellers, Bill Payers and  
27 Proraters Law pursuant to the California Financial Code section 12000 et seq.

28 3. Beginning in April 2008 or earlier, Blue Chip entered into agreements with one or  
more California residents to provide “debt settlement” services. In exchange for fees including  
services fees and maintenance fees, Blue Chip told its customers that it would negotiate with their  
creditors to settle the customers’ debts for a reduced amount. Blue Chip required its customers to

1 make a monthly payment to Blue Chip, which would go toward the service fees, maintenance fees,  
2 the customer's trust account, and additional charges.

3 4. Blue Chip required its customers to set up a trust account through NoteWorld LLC,  
4 doing business as NoteWorld Servicing Center, a Delaware limited liability company. The money to  
5 fund the trust account would be debited each month from the customer's own bank account. Blue  
6 Chip told its customers that once a certain amount of money had accumulated in a customer's trust  
7 account, Blue Chip would begin to negotiate settlements with the customer's creditors and would pay  
8 settlements out of the customer's trust account. Blue Chip's customers would sign a "Pre-  
9 Authorization Settlement Form," which authorized Blue Chip to "arrange payment from my trust  
10 account to creditor [sic] without written approval and/or recorded settlement authorization" where the  
11 settlement offer is 50% or less. Blue Chip's customers would also give Blue Chip a limited power of  
12 attorney.

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

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

22 6. The definition of proraters, found in Financial Code section 12002.1, states:

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

26 7. The California Corporations Commissioner has not licensed Blue Chip  
27 Financial Network, Inc., dba Blue Chip Debt Relief, in this State to act as a prorater.  
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