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

**TO: National Consumer Council, Inc.                      London Financial Group**  
**Harvey Warren                                                      Walter Ledda**  
**1932 East Deere Avenue, Suite #230                      Paul Kardos**  
**Santa Ana, CA 92705                                              1920 Main Street, Suite #650**  
**Irvine, CA 92614**

**DESIST AND REFRAIN ORDER**

**(For violations of section 12200 of the California Financial Code)**

The California Corporations Commissioner finds that:

1. At all relevant times, National Consumer Council, Inc. (“NCC”) is or was located at 1920 Main Street, Suite 650, Irvine, California. NCC is incorporated as a nonprofit entity in the states of Arizona, Nevada and California. However, NCC has not applied for non-profit status in California and has filed its tax returns as a for profit corporation.
2. At all relevant times Harvey Warren (“Warren”) is or was located within California and is or was the President and a control person of NCC.
3. At all relevant times, London Financial Group (“LFG”) is or was located at 1920 Main Street, Suite 650, Irvine, California. LFG is incorporated as a for profit corporation in the state of Nevada.
4. At all relevant times Walter Ledda (“Ledda”) is or was located within California and is or was an officer and control person of LFG. At all relevant times Paul Kardos (“Kardos”) is or was located within California and is or was an officer and control person of LFG.
5. Since at least January 2002, NCC represented to California residents, as well as to consumers nationwide, that NCC is a non-profit organization whose function is to educate debtors who have incurred excessive credit card debt and help debtors become debt-free. NCC maintains trust bank accounts at US Bank and Paine Webber, within the state of California, for its’ clients who are under contract with several debt negotiating companies.

1 6. Clients send in payments to LFG. LFG in turn deducts applicable fees and deposits the  
2 remainder, if any, of the clients' money monthly into the NCC trust account. NCC maintains the trust  
3 account for the clients until the debt negotiating companies reach a full and final settlement with the  
4 clients' respective creditors. Once NCC is notified by LFG of the settlement offer from a creditor, a  
5 NCC check is drafted and signed by Warren, to pay to the creditor on behalf of the client.

6 7. Pursuant to its "Agreement for Trust Services" with clients, NCC was at one time entitled to  
7 the interest that accumulated on the money held in the NCC trust account. At one time, NCC held at  
8 least \$14 million dollars in trust accounts to which NCC was entitled to the interest that accrued.  
9 NCC is also compensated with "contributions" and "sponsorships" from the various debt-negotiating  
10 companies their clients contract with including: National Consumer Debt Council ("NCDC");  
11 Financial Rescue Services, Inc. ("FRS"); and LFG. These companies have paid at least \$12 million in  
12 compensation to NCC since January 2000.

13 8. In the course of its' regular business, LFG receives from NCC clients, a monthly automatic  
14 transfer of money from the clients' personal bank accounts. This money is directly deposited into an  
15 LFG bank account. LFG then pays out the fees due to various debt-negotiating companies and  
16 deposits the remainder, if any, into the NCC trust accounts. The various debt-negotiating companies  
17 pay LFG for its trust management and accounting services. LFG performs the professional  
18 accounting services for NCC. LFG provides professional accounting services to the various debt-  
19 negotiating companies. LFG provides the clients with monthly statements setting out the amount of  
20 the clients' separate share of funds held in the common NCC trust accounts. LFG provides NCC  
21 with statements to verify that there is sufficient money in a client's trust account to make payment to  
22 a settling creditor on the client's behalf.

23 9. Pursuant to LFG's agreement with NCC, LFG receives monthly fees from the clients of NCC  
24 for the accounting services mentioned above. LFG has received at least \$14 million in compensation  
25 from consumers since January 2000.

26 10. Beginning in January 2000 and through the present, NCC, LFG, Warren, Ledda and Kardos  
27 have provided prorater services for at least 490 California residents. Beginning in January 2000 and  
28 through the present, NCC, LFG, Warren, Ledda and Kardos have provided prorater services for

1 thousands of consumers nationwide. Beginning in January 2000 through the present, NCC, LFG,  
2 Warren, Ledda and Kardos have managed at least \$14 million in trust fund money.

3 11. Neither NCC, LFG, Warren, Ledda nor Kardos are licensed by the California Department of  
4 Corporations as proraters pursuant to California Financial Code section 12000, et seq. Neither NCC,  
5 LFG, Warren, Ledda nor Kardos have filed any notices of exemption under California Financial  
6 Code section 12000 et seq. with the California Department of Corporations.

7 12. NCC, LFG, Warren, Ledda and Kardos have engaged in prorater activity by receiving  
8 compensation in whole or in part for engaging in the business of receiving money for the purpose of  
9 distributing the money among creditors in payment or partial payment of the obligations of a debtor.  
10 These transactions have occurred within this state.

11 Based on the foregoing findings, the California Corporations Commissioner is of the opinion  
12 that the business activities engaged in by NCC, LFG, Warren, Ledda and Kardos constitutes  
13 unlicensed prorater activity under the California Financial Code and are not entitled to any exemption  
14 under the law. Pursuant to California Financial Code section 12103, National Consumer Council,  
15 Inc., London Financial Group, Harvey Warren, Walter Ledda and Paul Kardos are hereby ordered to  
16 desist and refrain from directly or indirectly engaging in prorater activities in the State of California,  
17 unless and until licensed or subject to an applicable exemption under said law.

18 This Order is necessary, in the public interest, for the protection of consumers and is  
19 consistent with the purposes, policies, and provisions of the California Financial Code.

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21 Dated: April 14, 2004 at Los Angeles, California

22  
23 WILLIAM P. WOOD  
24 California Corporations Commissioner

25  
26 By: \_\_\_\_\_  
27 Virginia Jo Dunlap  
28 Deputy Commissioner  
Enforcement and Legal Services