

State of New Hampshire

State of New Hampshire
Banking Department

Docket # 10-086

v.

Freedom Financial Management (d/b/a
Freedom Fidelity Management, Inc.
a/k/a Alliance 8),

Order to Show Cause and
Cease and Desist

Respondent

Notice of Order to Show Cause and Cease and Desist (“Order”)

1. This Order commences an adjudicative proceeding under the provisions of RSA Chapter 399-D (including RSA 399-D:13, I, RSA 399-D:23, I and II, and RSA 399-D:25, IV) and RSA Chapter 541-A.
2. The Commissioner may impose administrative fines up to a maximum of \$2,500.00 for each violation. RSA 399-D:24, IV and V.

Respondents

3. Freedom Financial Management (d/b/a Freedom Fidelity Management, Inc with an a/k/a Alliance 8) (“Respondent Freedom”) is a corporation duly incorporated in the State of California with a principal office location of 1901 Alton Ave. Suite 240, Santa Ana, CA 92705 and another office location at 3337 South Bristol Street, Santa Ana, CA 92705. Respondent Freedom is a “Person.” RSA 399-D:1, VII.
4. The New Hampshire Banking Department’s (“Department”) records indicate that Respondent Freedom has never held a New Hampshire debt adjustment license.

Right to a Hearing

5. Respondent has the right to request a hearing of this Order. A hearing shall be held not later than ten (10) days after the Commissioner receives the Respondent’s written

request for a hearing. The Respondent may request a hearing and waive the ten (10) day hearing requirement. The hearing shall comply with RSA Chapter 541-A, RSA 399-D:13, I and RSA 399-D:23, I and II.

6. If any person fails to request a hearing within thirty (30) days of receiving this Order, then such person shall likewise be deemed in default, all allegations may be deemed true, and the Order shall, on the thirty-first (31st) day, become permanent and shall remain in full force and effect until modified or vacated by the Commissioner for good cause shown. RSA 399-D:13, I and RSA 399-D:23, I and II.
7. A default may result in administrative fines as described in Paragraph 2 above.

Statement of Allegations

8. On June 21, 2010, the Department received a complaint against Respondent Freedom from a New Hampshire consumer (“Consumer A”) alleging that Respondent Freedom was engaged in unlicensed debt adjustment and collecting fees in violation of RSA 399-D:3, I.
9. On April 27, 2009, Respondent Freedom contracted with Consumer A in a debt settlement program to negotiate and settle approximately \$58,000.00 in consumer debt on behalf of Consumer A.
10. Consumer A’s contract with Respondent Freedom (“Contract”) provided that Consumer A would pay to Respondents \$883.00 per month over a period of thirty-six (36) months.
11. The fees were unequally amortized to be applied towards Respondent Freedom’s fees during the first sixteen (16) months, with payments to be applied to creditors only accruing in the last twenty (20) months, in violation of RSA 399-D:14, I.

12. The Contract also provided that Respondent Freedom would begin negotiations with Consumer A's creditors only after "verification from the client of sufficient funds availability. . . ." in violation of RSA 399-D:15, I(b).
13. Between April 30, 2009 and April 22, 2010, Consumer A paid Respondent Freedom \$10,900.00, of which approximately \$6,300.00 was applied to fees and \$4,600.00 was set aside to be used to pay Consumer A's creditors.
14. As of April 22, 2010, Respondent Freedom had failed to conduct any debt negotiation on behalf of Consumer A, and failed to pay Consumer A's creditors, in violation of RSA 399-D:14, I and II and RSA 399-D:15, I(b).
15. As of April 22, 2010, Respondent Freedom had collected approximately \$6,300.00 in fees without either the written consent of any of Consumer A's creditors and without any payments made to Consumer A's creditors.
16. In May of 2010, Consumer A requested that Consumer A's account with Respondent Freedom be closed and that the money paid to Respondent Freedom be refunded. Respondent Freedom returned \$4,600.00 to Consumer A but failed to refund any of the \$6,300.00 that Respondent Freedom categorized as fees, in violation of RSA 399-D:3, III.
17. Respondent Freedom previously operated a website at "ffmgt.com." That site is no longer in operation. Respondent Freedom currently operates a website at "alliance8.com" that offers debt and credit resolution solutions.
18. On October 14, 2010, the Department sent two copies of a letter via U.S. Certified Mail return receipt requested to Respondent Freedom, requesting resolution of Consumer A's complaint, a list of Respondent Freedom's New Hampshire customers, and an application for licensure. Respondent Freedom received both letters on October 18, 2010.

19. To date, Respondent Freedom has failed to respond to these two letters or provide any of the information requested therein, in violation of RSA 399-D:22, VIII.
20. To date, Respondents have failed to return \$6,300.00 of Consumer A's funds.

Alleged Violations

Respondent Freedom:	1 Count for unlicensed activity as a debt adjuster;	RSA 399-D:3, I
	1 Count for contracting to collect an unequally amortized fee;	RSA 399-D:14, I
	1 Count for collecting a fee prior to payment to creditors;	RSA 399-D:14, I
	1 Count for collecting a fee without consent of the creditors;	RSA 399-D:14, II
	1 Count for failure to disburse funds to creditors within 10 days of receipt;	RSA 399-D:15, I(b)
	1 Count for failure to refund compensation to consumer;	RSA 399-D:3, III
	2 Counts for failure to produce requested documents.	RSA 399-D:22, VIII

Respectfully Submitted:

_____/s/_____
Raef J. Granger
Hearings Examiner
N.H. Banking Department

04/06/11
Date:

Order

21. I hereby find as follows:

- a. Pursuant to RSA 399-D:13, I, the facts as alleged above, if true, show Respondent is operating or has operated in violation of RSA Chapter 399-D and form the legal basis for this Order;
- b. Pursuant to RSA 399-D:25, VI, this Order is necessary and appropriate to the public interest and for the protection of consumers and consistent with the purpose of New Hampshire banking laws;
- c. Pursuant to RSA 399-D:23, II, reasonable cause exists to issue an order to cease and desist; and
- d. If Respondents fail to respond to this Order and/or default then all facts as alleged herein are deemed as true.

22. Accordingly, it is hereby ORDERED that:

- a. Respondent shall immediately cease and desist from violating RSA Chapter 399-D and rules or orders thereunder;
- b. Respondent shall within fourteen (14) days of the date of this Order provide to the Department a list of all New Hampshire consumers for whom Respondent has conducted or contracted to conduct debt adjustment activities. This list must include the names and contact information of the New Hampshire consumers, along with all monies charged, collected and waived (if applicable). The list shall also be accompanied by all contracts, checks to and from the consumer and any other documents in the New Hampshire consumers' files;

