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

5 TO: AMERIDEBT, INC., dba Ameridebt
6 (previously known as American Debt Counseling Association, Inc., and
7 and as Consumer Counseling Services, Inc.)
8 Douglas R. Nunes, President
9 12850 Middlebrook Road, Suite 400
10 Germantown, MD 20874

11 **DESIST AND REFRAIN ORDER**

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13 The California Corporations Commissioner finds that:

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15 1. AmeriDebt, Inc., doing business as AmeriDebt, ("AmeriDebt") with an Internet
16 web site at www.ameridebt.org, and/or others working in concert or participation with it,
17 engaged in the following activities in violation of the Check Sellers, Bill Payers and Proraters
18 Law pursuant to the California Financial Code section 12000 et seq.

19 2. AmeriDebt placed advertisements in print, radio and/or other media, including
20 Internet web sites, offering their debt management program to California consumers that
21 includes a description of the benefits of their program. These benefits include the
22 convenience of only one lower monthly payment, reduction in interest, improved credit,
23 reduced or eliminated late and over the limit fees. AmeriDebt's documents state that
24 consumer monthly payments of their existing credit debt could be reduced by as much as
25 30-50%, and they can have their debts paid off in 3-6 years and improve their credit rating.
26 AmeriDebt states that upon enrollment with their debt management program they will
27 negotiate a repayment plan with creditors, whereby AmeriDebt will receive money from the
28 consumer for the purpose of paying a consumer's creditors.

1 The minimum account contribution to enroll in the program is \$20.00. AmeriDebt
2 states that the consumer is requested to make a one time "counseling" contribution to
3 AmeriDebt equivalent to 3% of the total debt that they handle for the consumer and that
4 AmeriDebt will collect the "monthly" contribution of \$7.00 from the monthly deposits the
5 consumer makes to AmeriDebt.

6 3. The Department of Corporations has jurisdiction of and regulates proraters
7 under the Check Sellers, Bill Payers and Proraters Law set forth in California Financial Code
8 section 12000 et seq. California Financial Code section 12200, states:

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

18 4. The California Corporations Commissioner has not licensed AmeriDebt
19 in this State to act as a check seller, bill payer or prorater.

20 5. Members of the public have provided funds to AmeriDebt based upon
21 assurances and representations that AmeriDebt will assist them in reducing their
22 debts and negotiate with their creditors and distribute payments.

23 6. Based upon the foregoing findings, the California Corporations
24 Commissioner is of the opinion that AmeriDebt engaged, either actually or through
25 subterfuge, in the business of check selling, bill paying and prorating as defined in the
26 Check Sellers, Bill Payers and Proraters Law without a license from the California
27 Corporations Commissioner.

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Pursuant to Financial Code section 12103, the California Corporations Commissioner hereby orders AmeriDebt, Inc., doing business as AmeriDebt, and others acting in concert or participation with it, to desist and refrain from engaging in the business as a check seller, bill payer or prorater unless and until they are licensed or exempt. This Order is necessary in the public interest and for the protection of consumers.

Dated: October 25, 2002
Los Angeles, California

DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By _____

ALAN S. WEINGER
Supervising Counsel
Enforcement and Legal Services Division