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

TO: American Debt Negotiation & Settlement, LLC
ADNS
ADNS Group, LLC
ADNS, LLC
ADNSGroup National Legal Debt Centers
Harold Reis, Chief Executive Officer
1317 North San Fernando Blvd., Suite 531
Burbank, California 91504

American Debt Negotiation
ADN
National Legal Debt Centers, Inc.
National Legal Debt Centers
NLDC
NDS, LLC
Your Debt Lawyer,
Christopher Reis, President
3033 North Avon Road
Burbank, CA 91504

American Debt Negotiation
ACR
Universal Financial Solutions
UFS
Peter Adler
3844 Lugo Avenue
Lynwood, CA 90262

DESIST AND REFRAIN ORDER

(For violations of sections 12200, 12314 and 12314.1 of the Financial Code)

The California Corporations Commissioner (“Commissioner”) finds that:

1. The Commissioner is responsible for enforcing laws that govern persons that provide debt management/negotiation/consolidation/settlement programs, prorating and bill paying services under the Check Sellers, Bill Payers, and Proraters Law.

1 2. American Debt Negotiation & Settlement, LLC, which does business under other names
2 including ADNS had offices located at 1317 North San Fernando Blvd., Suite 531, in Burbank,
3 California but it never filed with the California Secretary of State's Office. The company's Chief
4 Executive Officer, Harold Reis, filed with the Better Business Bureau ("BBB") in Colton, California
5 seeking BBB membership. In May 2002 the BBB contacted Harold Reis, and informed him that the
6 BBB had rejected the company's application for BBB membership based on the BBB's concerns
7 about the nature of the company's activities in the debt counseling/consolidation industry.

8 3. Thereafter on August 8, 2002 a fictitious business name, American Debt Negotiation
9 was filed in Los Angeles county describing its business as "Credit & Debt Counseling Services.
10 This business listed its location at 3033 N. Avon Street, Burbank, California 91504. In March
11 2004 National Legal Debt Centers, Inc., filed with the California Secretary of State's Office,
12 listing Christopher Reis as its president and its business address was also at 3033 N. Avon Street,
13 Burbank, California. The company also did business as National Legal Debt Centers; NLDC;
14 ADNSGroup National Legal Debt Centers; ADNS Group, LLC; ADNS, LLC; NDS, LLC, and
15 Your Debt Lawyer. None of the foregoing is authorized to practice law in the State of California.
16 In 2006 Discover Bank sued National Legal Debt Centers, Inc. In communications with the BBB
17 National Legal Debt Centers, Inc., claims it is not affiliated with American Debt Negotiation but
18 admits that clients of American Debt Negotiation "became our clients after they had gone through
19 a change of ownership." American Debt Negotiation also does business as ADN, ACR, Universal
20 Financial Solutions and UFS and at times was located at 3844 Lugo Avenue, Lynwood, California.
21 During relevant times Peter Adler was associated with American Debt Negotiation. For
22 convenience all the foregoing hereinafter will be referred to as "American Debt Negotiation."

23 4. American Debt Negotiation falsely represents it "can settle consumers unsecured debt
24 for less than half of what they owe and that by using our proprietary methods, we can normally
25 help you get completely out of debt within 10 to 36 months."

26 5. American Debt Negotiation solicits consumers via the Internet on websites that
27 include, but are not limited to, www.americandebtnegotiation.com and www.american-debt-
28 negotiation-settlements.com. American Debt Negotiation uses several toll free telephone

1 numbers including (866) 427-4488 and (877) 232-0688. It also obtains consumers through its
2 “ADN’s Referral Program” by offering to pay current clients \$100 for each person referred and
3 accepted into the ADN debt settlement program.

4 6. American Debt Negotiation targeted consumers claiming it was a “Nationally
5 Recognized Leader” that “Announces New ‘Mortgage Savers’ Program That Helps Consumers
6 Achieve Financial Security and Revolutionized the Debt Settlement and Debt Consolidation
7 Industries.” It claims it “designed the Mortgage Savers program as an integrated package to
8 support clients wanting to refinance their homes to pay down overwhelming credit card debt.”
9 CEO Harold Reis claims that “[s]ince starting this program . . . many major mortgage lenders have
10 caught on and are now working with us to provide a much needed solution for borrowers who have
11 had a hardship.”

12 7. American Debt Negotiation is not an accredited business with the BBB and has an
13 unsatisfactory record with the BBB having processed at least 68 complaints from consumers about
14 the company. Consumers complain that debt negotiation services are not performed, creditors are not
15 contacted, refunds are not made and there is a lack of communication and disclosure that set up fees
16 are non-refundable. Consumers also complaint that creditors are not paid and that there is further
17 damage to a consumer’s credit rating. American Debt Negotiation responded to only 13 of the BBB
18 consumer complaints and failed to respond to others leaving 54 complaints unanswered.

19 8. American Debt Negotiation begins the debt settlement process for a consumer only
20 after it has obtained extensive and detailed personal and financial information about a consumer’s
21 identity, credit cards and bank accounts through an application process.

22 9. In exchange for the future services that American Debt Negotiation promises to provide
23 to a consumer it requires consumers to pay various fees including “set up fees” of approximately
24 3.5% of a consumer’s total debt managed. Consumers must pay “monthly administrative fees” of
25 at least \$50, and there is a retainer fee. Additionally consumers pay settlement fees equal to 25%
26 of the difference between the creditor’s claim and the amount the creditor agrees to accept in full
27 payment of a creditor’s claim. If a settlement with a creditor involves installment payments or one
28 or more deferred payments then a fee 7% of the amount of the creditor’s claim may be charged.

1 10. American Debt Negotiation falsely represents to consumers that they would have “a
2 total savings of 222.8% of the original debt amount!” and claims that “[b]y investing the money
3 that was being used to fund your **American Debt Negotiation Settlement Program** for the next
4 25 years **you can accumulate a total of \$1,595,416.25.**” (The bold type appears in the ad.)

5 11. A consumer is required to sign a document that gives American Debt Negotiation a
6 power of attorney that grants it the power and authority to perform acts that may be necessary or
7 convenient to deal with a consumer’s creditors and the debts consumers owe them.

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

11 No person shall engage in the business, for compensation, of selling
12 checks, drafts, money orders, or other commercial paper serving the
13 same purpose, or of receiving money as agent of an obligor for the
14 purpose of paying bills, invoices, or accounts of such obligor, or
15 acting as a prorater, nor shall any person, without direct
16 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.

17 The definition of proraters, found in Financial Code section 12002.1, states:

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

22 13. All non-exempt bill payers and proraters in this state are required to be licensed by the
23 Commissioner. American Debt Negotiation & Settlement, LLC; ADNS; ADNS Group, LLC;
24 ADNS, LLC; ADNSGroup National Legal Debt Centers; American Debt Negotiation; ADN;
25 National Legal Debt Centers, Inc.; National Legal Debt Centers; NLDC; NDS, LLC; Your Debt
26 Lawyer; ACR; Universal Financial Solutions; UFS; Harold Reis; Christopher Reis and Peter Adler
27 cannot satisfy the criteria to meet any statutory exemption from the CSBPPL licensing
28 requirement. Thus, during all relevant times they have been unlicensed and unauthorized to act as

1 either bill payers or proraters in the State of California. They have also violated California
2 Financial Code sections 12314, 12314.1 and 12324.

3 Based upon the foregoing findings, the Commissioner is of the opinion that American Debt
4 Negotiation & Settlement, LLC; ADNS; ADNS Group, LLC; ADNS, LLC; ADNSGroup National
5 Legal Debt Centers; American Debt Negotiation; ADN; National Legal Debt Centers, Inc.;
6 National Legal Debt Centers; NLDC; NDS, LLC; Your Debt Lawyer; ACR; Universal Financial
7 Solutions; UFS; Harold Reis; Christopher Reis and Peter Adler, in concert or participation with
8 others, have been engaging in business as a bill payer or prorater as defined in the Check Sellers,
9 Bill Payers and Proraters Law without licensure by the Commissioner and in violation of that law
10 including overcharging consumers in violation of Financial Code sections 12314, 12314.1 and
11 12324.

12 Pursuant to Financial Code section 12103, the Commissioner hereby orders American Debt
13 Negotiation & Settlement, LLC; ADNS; ADNS Group, LLC; ADNS, LLC; ADNSGroup National
14 Legal Debt Centers; American Debt Negotiation; ADN; National Legal Debt Centers, Inc.; National
15 Legal Debt Centers; NLDC, NDS, LLC; Your Debt Lawyer; ACR; Universal Financial Solutions;
16 UFS; Harold Reis; Christopher Reis and Peter Adler, in concert or participation with others, to
17 desist and refrain from engaging in business as a bill payer and prorater unless and until they are
18 licensed or exempt and from violating Financial Code sections 12314 and 12314.1.

19 The foregoing Order is necessary, in the public interest, for the protection of consumers and
20 remains in full force and effect until further order of the Commissioner.

21 Dated: June 30, 2008

22 Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

23
24
25 By _____

26 ALAN S. WEINGER
27 Acting Deputy Commissioner
28 Enforcement Division