

DISTRICT COURT, DENVER COUNTY, COLORADO Court Address: 1437 Bannock Street, Rm 256, Denver, CO, 80202	DATE FILED: November 18, 2014 3:23 PM CASE NUMBER: 2013CV32901 <p style="text-align: center;">⚠ COURT USE ONLY ⚠</p>
Plaintiff(s) JULIE ANN MEADE ADMINISTRATOR UNIFORM CO v. Defendant(s) FREEDOM DEBT RELIEF LLC	
Consent Judgment (w/attach)	
Case Number: 2013CV32901 Division: 269 Courtroom:	

The motion/proposed order attached hereto: APPROVED.

Issue Date: 11/18/2014



SHELLEY ILENE GILMAN
 District Court Judge

<p>DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO</p> <p>1437 Bannock Street Denver, CO 80202</p> <hr/> <p>JULIE ANN MEADE, ADMINISTRATOR, UNIFORM CONSUMER CREDIT CODE,</p> <p>Plaintiff,</p> <p>v.</p> <p>FREEDOM DEBT RELIEF, LLC, a Delaware limited liability company,</p> <p>Defendant.</p>	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
	<p>Case No.: 2013CV32901</p> <p>Courtroom: 269</p>
<p>CONSENT JUDGMENT</p>	

Plaintiff, Julie Ann Meade, Administrator of the Colorado Uniform Consumer Credit Code (the “Administrator”), and Defendant Freedom Debt Relief, LLC (“Freedom Debt Relief”), by and through respective counsel, hereby consent to the entry of partial judgment in this matter, on the issues described herein, to resolve fully and finally all issues between the Administrator and Freedom Debt Relief except those set forth in paragraph 9 below.

The Court, having considered this matter and being otherwise fully advised in the premises,

DOES HEREBY FIND, CONCLUDE, ORDER, DECREE, and ADJUDGE as follows:

I. JURISDICTION AND VENUE

1. The District Court, City and County of Denver, Colorado, has jurisdiction over the parties and subject matter of this action.
2. Venue is proper in the City and County of Denver, Colorado.

II. ADMISSIONS

Parties

3. Julie Ann Meade is the Administrator of the Uniform Consumer Credit Code. She is authorized under C.R.S. § 12-14.5-232 to enforce the Colorado Uniform Debt-Management Services Act (the “DMSA” or “Act”) by bringing civil actions against those that violate the Act. In such actions, the Administrator may seek injunctive relief, consumer restitution, disgorgement, civil penalties, damages, and attorneys’ fees and costs. *See* C.R.S. § 12-14.5-233.

4. Freedom Debt Relief, LLC (“Freedom Debt Relief” or “FDR”) is a Delaware limited liability company with its office and principal place of business located at 4940 South Wendler Drive, Tempe, Arizona 85282.

Background

5. On June 28, 2013, the Administrator brought this action alleging that Freedom Debt Relief is providing debt-management services to residents of Colorado in violation of certain sections of the DMSA.

6. In particular, the Administrator alleged that Freedom Debt Relief’s business practices violate the following requirements of the DMSA:

- a. Freedom Debt Relief’s agreements do not contain the content mandated by certain sections of C.R.S. § 12-14.5-219.
- b. Freedom Debt Relief does not provide the notifications concerning cancellation rights in the precise form mandated by C.R.S. § 12-14.5-220.
- c. Freedom Debt Relief imposes fees not expressly permitted under C.R.S. § 12-14.5-223. The Administrator did not allege that fees charged to Freedom Debt Relief’s consumers by third-party service providers are barred or limited by C.R.S. § 12-14.5-223.
- d. Freedom Debt Relief does not provide consumers with the cautionary disclosures and information in the precise form described by C.R.S. § 12-14.5-217.
- e. Freedom Debt Relief does not comply with the procedures for terminating agreements and providing consumer refunds upon termination in the precise form mandated by C.R.S. § 12-14.5-226.

- f. Freedom Debt Relief used electronic versions of contracts and disclosures without securing consent in the precise form specified in the Electronic Signatures in Global and National Commerce Act, as incorporated in C.R.S. § 12-14.5-218.
- g. Freedom Debt Relief did not provide the required accountings and maintain the required records in the specific manner set forth in C.R.S. § 12-14.5-227.

7. Freedom Debt Relief denies that it violated the DMSA in any respect, and further asserts that, at all times, Freedom Debt Relief has acted in good faith in its efforts to comply with the DMSA.

8. Freedom Debt Relief has revised its contract and disclosures. The Administrator has reviewed Freedom Debt Relief's revised form contract and disclosures and has determined that the form contract and disclosures attached as Exhibit A comply with C.R.S. §§ 12-14.5-217, 12-14.5-219, and 12-14.5-220 of the DMSA except with respect to the four issues described in paragraph 9 below. The Administrator has not reviewed and takes no position on the AFCC Disclosure Statement. Freedom Debt Relief agrees that no later than February 1, 2015, it will use contracts and disclosures that are substantively identical to Exhibit A with all of its Colorado consumers.

9. The parties have not resolved the following issues concerning Freedom Debt Relief's contracts and disclosures:

(a) Whether Freedom Debt Relief is required to provide consumers with an itemized list of goods and services and the charges for each in the specific manner and format prescribed by C.R.S. § 12-14.5-217(a);

(b) Whether Freedom Debt Relief is required to provide consumers with (i) a list of creditors that it expects to participate in a plan and grant concessions, (ii) a list of creditors that it expects to participate in the plan but not grant concessions, (iii) a list of creditors that it expects not to participate in the plan, and (iv) a list of all other creditors, in each case as described in C.R.S. § 12-14.5-217(c)(3)(A)-(D);

(c) Whether the manner in which Freedom Debt Relief provides its "Important Information For You To Consider" disclosure complies with C.R.S. § 12-14.5-217(d); and

(d) Whether Freedom Debt Relief is required to comply with C.R.S. § 12-14.5-219(a)(6)(C.5)(iii), which requires that the contracts disclose, in a clear and conspicuous manner, that if the consumer withdraws from a plan, the consumer will receive all funds in the account, other than the funds earned by the provider in compliance with section 12-14.5-222(h).

10. The Court will resolve the issues set forth in paragraph 9. The parties agree that the decision of the Court on the issues set forth in paragraph 9 will be final and that they are each waiving the right to appeal the Court's order. On each and every issue on which the Court finds that the cited section of the DMSA applies to Freedom Debt Relief's consumer contract and disclosures, Freedom Debt Relief agrees to either modify its contract or disclosures to comply with the Court's order or to cease doing business in Colorado. Freedom Debt Relief will make all modifications by February 1, 2015.

III. REMEDIES

11. Freedom Debt Relief shall pay the sum of \$750,000 to the Administrator no later than 14 days from the Effective Date of the Consent Judgment. This payment resolves all claims for damages or financial relief of any kind sought by the Administrator in this action, including any such claims for damages or financial relief relating to the issues identified in paragraph 9. The payment shall be deemed paid upon the Administrator's receipt of the payment, and only upon such receipt. The payment shall be made payable to the "Administrator of the Uniform Consumer Credit Code", and shall be held, along with any interest thereon, in trust by the Administrator to be used at the sole discretion of the Administrator of the Uniform Consumer Credit Code for attorneys' fees and costs, consumer restitution, if any, and for future consumer education and for consumer enforcement.

IV. MISCELLANEOUS

12. It is the intent and purpose of this Consent Judgment to resolve fully and finally all issues between the Administrator and Freedom Debt Relief raised and alleged in this action (except those reserved for the Court pursuant to paragraph 9 above), or otherwise could have been raised under the DMSA. The omission from the Amended Complaint or this Consent Judgment of other acts, conduct, or transactions, which might constitute other violations of the DMSA, shall not be deemed approval by the Administrator of such acts, conduct, or transactions.

13. This Consent Judgment shall in no way limit, constrain, abridge, abrogate, waive, release, or otherwise prejudice the right of any consumer to bring any private action under the law.

14. This Consent Judgment shall not be modified except in a writing signed by the parties or their authorized representatives and approved and entered by the Court.

15. This Consent Judgment shall be governed by Colorado law without regard to choice of law rules.

16. Any claims or causes of actions arising out of or based upon this Consent Judgment shall be commenced in the District Court for the City and County of Denver, Colorado, and Freedom Debt Relief hereby consents to the jurisdiction, venue, and process of

such Court. In the event of any action or proceeding alleging or asserting a violation of or failure to comply with this Consent Judgment by either party, this Consent Judgment shall be admissible in full.

17. This Court shall retain jurisdiction over this matter for the purpose of enabling either party to apply to the Court at any time for such further orders as may be necessary or appropriate for the construction, execution, or enforcement of, or compliance with or punishment for violations of, this Consent Judgment.

18. Except as otherwise provided herein, each party shall bear its own costs and attorneys' fees in connection with this matter.

19. Freedom Debt Relief has had the opportunity to be represented by legal counsel and to consult with counsel for the Administrator to negotiate a resolution of this matter. Freedom Debt Relief knowingly and voluntarily enters into this Consent Judgment and waives any right to a formal hearing on the matters forming the basis of this Consent Judgment and any right to appeal herefrom.

20. This Consent Judgment represents the entire agreement between the parties hereto and a complete merger of prior negotiations and agreements, and is binding upon all officers, directors, employees, shareholders, managers, members, principals, heirs, agents, affiliates, successors, or assigns of the parties.

21. On the date this Consent Judgment is signed by the Court, it shall be entered as and become a judgment of the Court and such date shall be the Effective Date of this Consent Judgment for all purposes hereunder.

SO ORDERED, ADJUDGED, and DECREED this _____ day of _____, 2014.

BY THE COURT:

District Court Judge

Party Signatures on Following Page

Plaintiff

Julie Ann Meade, Administrator,
Uniform Consumer Credit Code

Dated: November 17, 2014

By: S/ Julie Ann Meade
JULIE ANN MEADE, Administrator
Uniform Consumer Credit Code

AGREED TO FORM:

Dated: 11/17/14

S/ Jeanine M. Anderson
JEANINE M. ANDERSON, #28206
Senior Assistant Attorney General
Consumer Credit Unit
Consumer Protection Section
Ralph L. Carr Colorado Judicial Center
1300 Broadway, 6th Floor
Denver, CO 80203
Counsel for Plaintiff

Defendant

FREEDOM DEBT RELIEF, LLC

Dated: 11/17/2014

By: S/ Robert Linderman
Its: General Counsel

AGREED TO FORM:

Dated: 11/17/14

S/ Tamera Westerberg
MICHAEL L. O'DONNELL, #10273
TAMERA D. WESTERBERG, #29859
NATHAN A. BRUGGEMAN, #39621
Wheeler Trigg O'Donnell LLP
370 Seventeenth St., Suite 4500
Denver, CO 80202
Counsel for Freedom Debt Relief