

Freedom Debt Relief Announces Successful Resolution of California Lawsuit

Freedom Debt Relief announces successful resolution of California lawsuit and ends 18-month impasse in California case with no finding of wrongdoing.

SAN MATEO, CALIF., Jan. 6, 2010 -- Freedom Debt Relief, LLC (FDR) has resolved a civil case brought by the San Mateo, Calif., District Attorney's Office and the California Department of Corporations. The case contained allegations that FDR believed were without merit relating to FDR's business practices, most significantly that it was operating as a prorater. The recently released consent judgment acknowledges that the FDR business model is compliant with California law and that FDR is not a "prorater" under California law. The case was settled with no findings of wrongdoing by FDR and without any admission of liability.

With resolution of the case, FDR will continue to provide debt settlement services for California consumers with serious levels of consumer debt. "We recognize this as validation that our debt settlement business model works in the consumer's best interest," said Andrew Houser, co-CEO of FDR. "We look forward to continuing to help more people in need throughout California and the nation." Mr. Houser went on to say, "FDR is very proud to have been able to work constructively with the Department of Corporations and the District Attorney to arrive at an outcome that provides a consumer-focused framework for debt settlement services offered to California residents."

"We have been working to define the debt settlement model in California, and believe that this decision gives guidance where none existed," stated Robert Linderman, FDR's General Counsel "We are very pleased that the Department of Corporations and the San Mateo District Attorney's Office committed the resources to better understand our industry. We look forward to working with the DOC to pass legislation in California ensuring a strong regulatory framework for all participants"

The consent judgment was entered in San Mateo County Superior Court and settles a complaint originally filed in May 2008 by the Department of Corporations. The settlement acknowledges that FDR cooperated fully with both the district attorney and the Department of Corporations in their investigation and with the resolution of the case.

Since its 2002 founding, FDR has settled more than \$500 million in consumer debt, achieving an average savings rate of nearly 60 percent on total client debt balances. As an alternative to credit counseling, debt consolidation and bankruptcy, FDR's debt settlement programs help qualified clients resolve their debts, typically in two to four years.

About Freedom Debt Relief (www.freedomdebtrelief.com)

Freedom Debt Relief provides consumer debt settlement services. Working for the consumer to negotiate with creditors and lower principal balances due, the company has served more than 70,000 clients since 2002. Freedom Debt Relief is a wholly owned subsidiary of Freedom Financial Network, LLC (FFN).

Based in San Mateo, Calif., FFN also operates offices in Sacramento and Tempe, Ariz. The company, with 580 employees, was voted one of the best places to work in both the San Francisco Bay Area and the Phoenix area in both 2008 and 2009. Company co-founders and co-CEOs

Andrew Houser and Brad Stroh were named to the Silicon Valley/San Jose Business Journal's "40 Under 40" list in 2008, and are recipients of the Northern California Ernst & Young 2008 Entrepreneur of the Year Award.

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