

DEPARTMENT OF CONSUMER AFFAIRS
CITY OF NEW YORK

-----X
NYC Department Of Consumer Affairs

Violation Number:
5333200

Complainant,

-against-

National Credit Adjusters, L.L.C.
327 West 4th Street
Hutchinson, KS 67501

License Numbers:
1142510
1449742

555 W. Chandler Blvd., #102
Chandler, Arizona, 85225

Respondent.

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CONSENT ORDER

This Consent Order is entered into by and between the New York City Department of Consumer Affairs (the “Department”) and National Credit Adjusters, L.L.C. (“NCA”).

I. **RECITALS**

WHEREAS, NCA’s business activities include the regular collection or attempted collection of debts owed or due or asserted to be owed or due to another, including the buying of delinquent debt and seeking to collect such debt either directly or through the services of another by, including but not limited to, initiating or using legal processes or other means to collect or attempt to collect such debt;

WHEREAS, NCA held a license issued by the Department pursuant to Section 20-490 of the New York City Administrative Code (“Admin. Code”) to conduct business as a debt collection agency at 327 West 4th Street, Hutchinson, Kansas 67501, from on or about June 23, 2003 through April 26, 2013 (Lic. No. 1142510), when the Department denied NCA’s license renewal application based on the Department’s finding that NCA is unfit to hold a license;

WHEREAS, in the Department’s denial letter, the Department warned NCA that NCA is not authorized or permitted to collect debts from New York City consumers or to engage in any unlicensed debt collection activity in New York City, and any unlicensed debt collection activity would subject NCA to criminal and civil penalties;

WHEREAS, NCA held a license issued by the Department pursuant to Section 20-490 of the Admin. Code to conduct business as a debt collection agency at 555 W. Chandler Blvd., #102, Chandler, Arizona 85225 (Lic. No. 1449742), from November 8, 2012 through May 23, 2013, when NCA surrendered this license to the Department;

WHEREAS, the Department has issued a Notice of Hearing in the above-captioned matter dated October 24, 2013, alleging that NCA engaged in unlicensed debt collection activity, filed consumer credit lawsuits against New York City consumers in New York City courts when it was not licensed to conduct debt collection activity, engaged in deceptive practices in unlicensed debt collection activity by falsely representing that it was licensed to collect debt, engaged in unfair practices in the illegal collection of payday loans, made false representations in the illegal collection of payday loans, and made false representations in the illegal collection of debts not owed (the “Notice of Hearing”);

WHEREAS, NCA denies the allegations, claims and legal conclusions contained in the Notice of Hearing;

WHEREAS, to avoid further litigation between NCA and the Department and to ensure consumers are provided with timely restitution, the Department and NCA wish to settle, release and discharge all claims with respect to NCA's activities as a debt collection agency in New York City;

WHEREAS, Mark A. Fletchall as General Counsel of NCA, represents and warrants that he is authorized to enter into this Consent Order on behalf of NCA;

NOW, THEREFORE, the Department and NCA stipulate and agree to entry of this Consent Order as follows:

II. RELIEF TO CONSUMERS

(A) Closing Accounts and Credit Reporting

1. NCA has reviewed its records to identify all short-term loan accounts a) with an initial principal of less than \$250,000, for which the annual percentage rate of interest exceeds the rate specified by Section 14-a of the New York Banking Law and is void under Section 5-511 of the New York General Obligations Law, and b) the borrower was a New York City consumer at the time NCA purchased the account ("NYC Loan Accounts").

2. Within twenty (20) days of the execution of this Consent Order by the Department, NCA will close all NYC Loan Accounts it holds, permanently terminate collection efforts on them, and not seek to collect on them either directly or through the services of another by, including but not limited to, initiating or using legal processes to collect or attempt to collect such debt.

3. Within twenty (20) days of the execution of this Consent Order by the Department, NCA will identify each credit reporting agency to which it furnished information about a consumer relating to a NYC Loan Account since January 19, 2007. Within thirty (30)

days of the execution of this Consent Order by the Department, NCA will submit to each identified credit reporting agency to which NCA furnished such information, a written request for deletion of that information.

4. Within twenty (20) days of the execution of this Consent Order by the Department, NCA will mail a letter substantively in the form of Exhibit A hereto, at its cost, to the consumers for whom it closed a NYC Loan Account, notifying the consumers that a) their accounts have been closed, b) NCA has terminated collection efforts on their accounts, and c) if NCA has submitted negative information related to their accounts to a credit reporting agency, NCA will request that the information be deleted. This Section shall not apply to “Refund Eligible Consumers” (defined below) or to the individual consumers named in the Notice of Hearing (discussed in Section II (D)).

5. NCA will not sell or assign any NYC Loan Accounts.

6. NCA will not place any new trade lines with any credit reporting agencies relating to any NYC Loan Accounts.

(B) Vacating Judgments

1. Within twenty (20) days of the execution of this Consent Order by the Department, NCA will identify all pending garnishments, levies, liens, restraining notices, or attachments relating to any judgment it holds, including any default judgment, entered in a lawsuit commenced by NCA since January 19, 2007 in any court in New York City against a consumer based on nonpayment of a NYC Loan Account. Within thirty (30) days of the execution of this Consent Order by the Department, NCA will (a) direct that such pending garnishments, levies, liens, restraining notices, or attachments be released, such obligation to continue until all such pending garnishments, levies, liens, restraining notices, or attachments relating to such judgments have been released, and (b) seek to vacate these judgments.

(C) Refunds to Consumers

1. NCA has reviewed its records and identified an estimated 4,510 consumers from whom NCA collected payments on NYC Loan Accounts since January 19, 2007 and on which NCA estimates the interest paid to NCA was in excess of 16% per annum (the “Group A Refund Eligible Consumers”). NCA has also identified 149 consumers from whom it collected payments on NYC Loan Accounts since January 19, 2007 but for whom NCA does not have information indicating the amount of the consumer’s loan (the “Group B Refund Eligible Consumers,” together with the Group A Refund Eligible Consumers, the “Refund Eligible Consumers”). NCA has determined that the total amount of interest paid to NCA by the Group A Refund Eligible Consumers was an estimated \$910,715.83 and that the total amount of monies paid to NCA by the Group B Refund Eligible Consumers was \$47,074.60, for a combined total of \$957,790.43 (the “Available Refund Amount”).

2. Within twenty (20) days of the execution of this Consent Order by the Department, NCA will at its cost send a mailing to the Refund Eligible Consumers (the “First Mailings”). The First Mailings to the Group A Refund Eligible Consumers will contain a letter substantially in the form of Exhibit B hereto, and the First Mailings to the Group B Refund Eligible Consumers will contain a letter substantially in the form of Exhibit C hereto, each informing the Refund Eligible Consumers that pursuant to the terms of this settlement: a) they are eligible to receive a refund from NCA; b) their accounts have been closed; c) NCA has terminated collection efforts on their accounts; and d) if NCA has submitted negative information related to their accounts to a credit reporting agency, NCA will request that the information be deleted (the “Mailed Notice”). Group A Refund Eligible Consumers will be advised in the Mailed Notice that they are eligible for a refund of estimated interest paid to NCA on their loan and Group B Refund Eligible Consumers will be advised in the Mailed Notice that

they are eligible for a refund of all monies paid to NCA on their loan. Notwithstanding the foregoing, if a Group A or Group B Refund Eligible Consumer's loan is no longer owned by NCA, the letter sent to that consumer will not include the statements called for in (b) and (c). The First Mailings will also contain a form substantially in the form of Exhibit D hereto by which the Refund Eligible Consumers may make a request for the refund (the "Refund Request Form"). The First Mailings will be sent in an envelope stating on the front, "Important Notice About Settlement With New York City Department of Consumer Affairs." The First Mailings will also include a self-addressed stamped envelope to return the Refund Request Form to NCA.

3. Prior to the First Mailings, NCA will attempt to verify the Refund Eligible Consumers' mailing addresses by consulting its records and the ACS Service (a method for receiving change-of-address information that has been approved by the United States Postal Service for businesses who must meet the USPS's "Move Update" standard), or a comparable service, for change-of-address information. If a new mailing address is identified, the new address will be used by NCA for the First Mailings.

4. If a First Mailing is returned to NCA as undeliverable, NCA will take reasonable steps to identify the Refund Eligible Consumer's current address, such as utilizing a third-party "locations specialist" or "skip service," and will resend the contents of the First Mailing at its cost if it identifies what reasonably appears to be a more current or accurate address (the "Second Mailings"). NCA will make the Second Mailings within 120 days of the Department's execution of this Consent Order. The Second Mailings will be sent in an envelope stating on the front, "Important Notice About Settlement With New York City Department of Consumer Affairs."

5. A notice of the terms of this settlement will be published in three newspapers in the form of Exhibit E as drafted by the Department (the "Published Notices"). Within thirty (30)

days after the execution of this Consent Order by the Department, the Published Notices will be published once in each of *Metro New York* (full page placement), *amNew York* (full page placement), and the *New York Post* (half page placement). Between 150 days and 180 days after the execution of this Consent Order by the Department, the Published Notices will be published again in each of the three publications as set forth above. The Department will be responsible for arranging the placements of the Published Notices and securing the best possible rates available to the Department, and NCA will be responsible for paying the cost of the Published Notices. The Department may substitute the publishing of the Published Notices in a Spanish-language newspaper providing for an equivalent publishing cost in place of publishing in the *Metro New York*, *amNew York*, or the *New York Post*.

6. The Published Notices will include instructions by which a consumer who believes he/she is a Refund Eligible Consumer but who has not received either one of the First Mailings or one of the Second Mailings may contact NCA by calling a toll-free telephone number within 210 days of the execution of this Consent Order by the Department. If NCA determines, based on a review of its records including its payment records, that a consumer who so contacts NCA is a Group A or Group B Refund Eligible Consumer, NCA will, at its cost, mail that consumer a letter in the form of Exhibit B or C as appropriate and a Refund Request Form within the later of (i) thirty (30) days after the Department's execution of this Consent Order or (ii) ten (10) days after the consumer calls NCA and such consumer shall thereafter be treated as any other Group A or Group B Refund Eligible Consumer. If such a mailing is returned to NCA as undeliverable, NCA will take reasonable steps to identify the Refund Eligible Consumer's current address, such as utilizing a third-party "locations specialist" or "skip service," and will resend the mailing if it locates what reasonably appears to be a more current or accurate address.

7. A consumer who is not named in the Notice of Hearing, and was not identified by NCA as a Group A or Group B Refund Eligible Consumer or determined to be a Refund Eligible Consumer following a response to the Published Notices, but who files a complaint with the Department within 210 days after the date the Department executes this Consent Order, maintaining that he or she meets the definition of a Refund Eligible Consumer, shall be treated as a Refund Eligible Consumer if NCA determines, based on a review of its records including its payment records, that he or she is. The Department shall forward such complaints to NCA within ten (10) days of their receipt by the Department, and NCA shall inform the Department of its determination within ten (10) days of its receipt of the complaint. If NCA's determination is that the consumer is a Refund Eligible Consumer, NCA shall, at its cost, mail the consumer a letter in the form of Exhibit B or C as appropriate and a Refund Request Form within five (5) days of making that determination and such consumer shall thereafter be treated as any other Group A or Group B Refund Eligible Consumer. If such a mailing is returned to NCA as undeliverable, NCA will take reasonable steps to identify the Refund Eligible Consumer's current address, such as utilizing a third-party "locations specialist" or "skip service," and will resend the mailing if it locates what reasonably appears to be the more current or accurate address.

8. Refund Eligible Consumers will have until 280 days after the Department's execution of this Consent Order to execute and return to NCA the Refund Request Form to remain eligible to receive the refund (the "Refund Request Deadline"). Executed Refund Request Forms postmarked after the Refund Request Deadline will not be honored.

9. NCA will, within thirty (30) days of receiving an executed Refund Request Form from a Refund Eligible Consumer, send a refund check to the Refund Eligible Consumer. If a

refund check is returned to NCA as undeliverable, NCA will take reasonable steps to identify the Refund Eligible Consumer's current address, such as utilizing a third-party "locations specialist" or "skip service," and will send a new refund check if it locates what reasonably appears to be a more current or accurate address.

10. Any Refund Eligible Consumer who fails to cash a refund check within one hundred eighty (180) days of the issuance date will not be entitled to any refund.

(D) Refunds to the Consumers Named in the Notice of Hearing

1. Within twenty (20) days of the execution of this Consent Order by the Department, NCA will refund to the individual consumers named in the Notice of Hearing all payments made to NCA by those consumers, which payments total \$5,063.02. These refunds will be in lieu of any refund that would otherwise be available to these consumers pursuant to Section II (C)(1). If a refund check issued under this Section is returned to NCA as undeliverable, NCA will take reasonable steps to identify the consumer's current address, such as utilizing a third-party "locations specialist" or "skip service," and will issue and send a new refund check if it locates what reasonably appears to be a more current or accurate address. If a refund check issued under this Section is not cashed within one hundred eighty (180) days of the issuance date, the consumer will not be entitled to any refund.

2. These refund checks will be accompanied by a letter substantially in the form of Exhibit F hereto, sent by NCA at its cost, notifying these consumers that a) the enclosed check is a refund of all payments they made to NCA; b) their accounts have been closed; c) NCA has terminated collection efforts on their accounts; and d) if NCA has submitted negative information related to their accounts to a credit reporting agency, NCA will request that the information be deleted. Notwithstanding the foregoing, if the consumer's loan is no longer owned by NCA, the letter sent to that consumer will not include the statements called for in (b)

and (c). The letter will be sent in an envelope stating on the front, “Important Notice About Settlement With New York City Department of Consumer Affairs.”

III. CIVIL PENALTIES AND COSTS

1. Upon the execution of this Consent Order by the Department, NCA will pay to the Department a civil penalty of \$100,000.

2. If any portion of the Available Refund Amount remains unclaimed after the Refund Request Deadline, NCA will pay an additional civil penalty within sixty (60) days after the Refund Request Deadline as follows: If \$250,000 or more of the Available Refund Amount is unclaimed, NCA will pay \$250,000 to the Department as an additional civil penalty; if less than \$250,000 of the Available Refund Amount is unclaimed, NCA will pay the entire unclaimed amount to the Department as an additional civil penalty.

3. Unless NCA has already paid the Department \$250,000 as an additional penalty pursuant to Section III (2), NCA will pay the Department a further civil penalty within 20 days after NCA provides the statement called for in Section V(11), such payment to be equal to the amount of the uncashed refund checks that were issued by NCA to consumers pursuant to this Consent Order; provided, however, that in no event shall the total amount in civil penalties paid to the Department by NCA pursuant to this Consent Order exceed \$350,000.

4. Upon the execution of this Consent Order by the Department, NCA will pay the Department \$25,000 for its costs relating to the administration of this settlement.

IV. LICENSING

1. NCA and its affiliates, successors and current members and officers, will not apply to the Department for a new debt collection agency license for a period of at least six (6) years from the execution of this Consent Order by the Department. NCA and its affiliates, successors and current members and officers will not act as a debt collection agency as defined

in Section 20-489 of the Admin. Code unless and until they obtain a new debt collection agency license from the Department.

2. NCA will include the following with any application for a license from the Department:

- a. A copy of this Consent Order.
- b. A copy of NCA's policies and procedures, as described in Section IV(8).
- c. A list containing:
 - i. Any jurisdictions from which it or any of its principals holds a license to collect debts.
 - ii. Any jurisdictions which denied it or any of its principals a license to collect debts in the previous six years.
 - iii. Any jurisdictions which revoked or suspended its debt collection license or the debt collection license of any of its principals in the previous six years.
 - iv. Any jurisdictions which imposed penalties or sanctions on it or any of its principals in the previous six years related to debt collection activity.
- d. A list of every original creditor whose name contains the terms "Payday," "Cash," "Check," "Instant," "Advance," "Flash," "Now," or "Quick," from whom NCA purchased consumer loans for collection purposes in the previous three years.

- e. A list of every original creditor who originated short-term loans, including payday loans, for which the annual percentage rate of interest exceeded the rate specified by Section 14-a of the New York Banking Law, and was void under Section 5-511 of the New York General Obligations Law, from whom NCA purchased such loans for collection purposes in the previous three years.

3. If NCA obtains a license from the Department, NCA will not collect or attempt to collect debts from New York City consumers if those debts arose from short-term loan accounts, including payday loan accounts, for which the annual percentage rate of interest exceeded the rate specified by Section 14-a of the New York Banking Law and was void under Section 5-511 of the New York General Obligations Law.

4. If NCA obtains a license from the Department, NCA will notify the Department of all pending actions, proceedings or investigations by government agencies against it within twenty-one (21) days of being notified of such action, proceeding, or investigation.

5. If NCA obtains a license from the Department, NCA will comply fully with all applicable laws and rules related to debt collection from New York City consumers, including but not limited to: (a) Admin. Code Section 20-101 *et seq.* (the “Licensing Law”) and 6 R.C.N.Y. Section 1-01 *et seq.* (the “Licensing Rules”); (b) Admin. Code Section 20-488 *et seq.* (the “Debt Collection Agencies Licensing Law”) and 6 R.C.N.Y. Section 2-190 *et seq.* (the “Debt Collection Agencies Licensing Rules”); and (c) Admin. Code Section 20-700 *et seq.* (the “Consumer Protection Law”) and 6 R.C.N.Y. § 5-76 *et seq.* (the “Consumer Protection Rules”).

6. If NCA obtains a license from the Department, and is found, after notice and hearing, to have committed material breaches of this Consent Order or violations of the

Licensing Law, the Debt Collection Agency Licensing Law, or the Consumer Protection Law, NCA will pay the Department one thousand dollars (\$1,000) for each such material breach and a minimum of \$700 and a maximum of \$1,000 for each such violation, as well as the Department's costs of investigation and litigation. If the same conduct gives rise to both a material breach of this Consent Order and a violation of the Licensing Law or Rules, the Debt Collection Agency Law or Rules, or the Consumer Protection Law or Rules, NCA shall pay two such penalties: one penalty for the material breach of the Consent Order and one penalty for the violation of the applicable Law or Rule.

7. If NCA obtains a license from the Department, NCA will maintain the following records for a period of six (6) years unless a shorter period is set forth in this Section:

- a. All records required by Section 2-193 of the Debt Collection Agencies Licensing Rules for a period of three (3) years.
- b. Records identifying all employees, including their name, address, phone number, email address, title, responsibilities, and any alias used for collection purposes.
- c. A record of any disciplinary actions taken by NCA against its employees, identifying the employee, the date and nature of the infraction, and the disciplinary action taken.
- d. Documentation of the training sessions conducted pursuant to Section IV(8), including the names of the individuals who attended, the date of the training, and the material covered.
- e. A record of all debt portfolios purchased by NCA.

- f. A record of any insurance policies that provide coverage for litigation or investigations related to laws regulating debt collection.
 - g. Copies of any certified financial statements for NCA.
- 8. If NCA obtains a license from the Department, NCA will:
 - a. Implement and disseminate to officers, agents and employees having responsibility with respect to the collection of consumer debts from New York City consumers, policies and procedures to ensure compliance with the terms of this Consent Order and the requirements of all New York City Laws and Rules set forth in Section IV(5). These policies and procedures shall include, but not be limited to, a screening process for debts which are likely to be usurious payday loans, such as those loans for which the original creditor's name contains the terms "Payday," "Cash," "Check," "Instant," "Advance," "Fast," "Now," or "Quick."
 - b. Provide training to officers, agents and employees having responsibility with respect to the collection of consumer debts from New York City consumers, on the requirements of this Consent Order and the requirements of all New York City Laws and Rules set forth in Section IV(5).
 - c. Provide periodic refresher training to officers, agents or employees having responsibility with respect to the collection of consumer debts from New York City consumers, no less frequently than once

each year. If any of the New York City Laws and Rules referenced in Section IV(5) are amended, NCA will provide any necessary training within thirty (30) days of such amendment.

- d. Provide the training described in Section IV(8)(b) to all new officers, agents or employees, no later than five (5) days from the time the employee assumes responsibility with respect to the collection of consumer debts from New York City consumers.
- e. Take and document appropriate disciplinary action against any employee who fails to comply with this Consent Order and the requirements of all New York City Laws and Rules set forth in Section IV(5).

9. A material breach of the terms of this Consent Order shall constitute prima facie evidence of NCA's lack of fitness to hold a New York City debt collection agency license.

10. If NCA obtains a license from the Department, NCA will appoint a senior executive to serve as the compliance officer responsible for ensuring adherence to the terms of this Consent Order. Such compliance officer will have the following title: Compliance Officer. If the identity of such compliance officer changes at any time within the following year, NCA will provide to the Department the name, title, telephone number, address, and email address of the replacing compliance officer within five (5) days of such change.

V. COMPLIANCE WITH THIS CONSENT ORDER

1. Within forty-five (45) days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement identifying the NYC Loan Accounts that NCA closed as required under Section II(A)(2). The statement shall include the consumer's name, address and telephone number, the consumer's NCA account number and

the name of the original creditor, and the date that NCA mailed a letter to the consumer notifying the consumer of the account closure pursuant to Section II(A)(4).

2. Within forty-five (45) days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement identifying each consumer with respect to whom NCA furnished information to a credit reporting agency relating to a NYC Loan Account, including the consumer's name, address and telephone number, the consumer's NCA account number and the name of the original creditor, the name of the credit reporting agency and the date NCA made a written request to the agency for deletion of the information pursuant to Section II(A)(3).

3. Within sixty (60) days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement: a) identifying by name, address and telephone number each consumer against whom NCA obtained a judgment in a lawsuit described in Section II(B)(1); and b) indicating the consumer's NCA account number, and the name of the original creditor, and the date and a brief description of how NCA sought to vacate the judgment and the date of vacatur if granted.

4. Within sixty (60) days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement: a) identifying by name, address and telephone number each consumer against whom NCA executed a garnishment, levy, lien, restraining notice or attachment in a lawsuit described in Section II(B)(1); and b) indicating the consumer's NCA account number and the name of the original creditor, type of execution and the date released.

5. Within thirty (30) days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement affirming that NCA issued a refund to

each consumer named in the Notice of Hearing pursuant to Section II(D)(1). The statement shall include the consumer's name, address and telephone number, the consumer's NCA account number and the name of the original creditor, the amount of the refund check and the date that NCA mailed the letter and refund check to the consumer pursuant to Section II(D)(2).

6. Within thirty (30) days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement identifying by name, address and telephone number each consumer who was mailed a First Mailing pursuant to Section II(C)(2). The statement shall also indicate whether the consumer was a Group A or a Group B Refund Eligible Consumer, the consumer's NCA account number and the name of the original creditor, the amount of the refund offered and the date of the mailing.

7. Within 150 days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement updating the statement provided in Section V(6) indicating each consumer who was mailed a Second Mailing pursuant to Section II(C)(4) and the date of the mailing. The statement shall also indicate for each consumer whether the consumer executed and returned a Refund Request Form to NCA.

8. Within 250 days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement identifying by name, address and telephone number each consumer who called NCA's toll-free telephone number as described in Section II(C)(6) and NCA's determination of whether the consumer was a Group A Refund Eligible Consumer, a Group B Refund Eligible Consumer, or neither. For each consumer that is determined to be a Refund Eligible Consumer, the statement shall also indicate the consumer's NCA account number and the name of the original creditor, the date NCA mailed the consumer a Refund Request Form and letter, the amount of the refund offered, and if that mailing was

returned, the date NCA remailed to the consumer and the new address. The statement shall also indicate for each consumer whether the consumer executed and returned a Refund Request Form to NCA.

9. Within 250 days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement identifying by name, address and telephone number each consumer who was brought to NCA's attention by the Department pursuant to Section II(C)(7), and NCA's determination of whether the consumer was a Group A Refund Eligible Consumer, a Group B Refund Eligible Consumer, or neither. For each consumer that is determined to be a Refund Eligible Consumer, the statement shall also indicate the consumer's NCA account number and the name of the original creditor, the date NCA mailed the consumer a Refund Request Form and letter, the amount of the refund offered, and if that mailing was returned, the date NCA remailed to the consumer and the new address. The statement shall also indicate for each consumer whether the consumer executed and returned a Refund Request Form to NCA.

10. Within 330 days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement identifying by name, address and telephone number each consumer to whom NCA mailed a refund check, the consumer's NCA account number and the name of the original creditor, the date of the mailing, and the amount of the check, and if that mailing was returned, the date a new check was sent, the amount of that check, and the new address to which it was sent.

11. Within 500 days of the execution of this Consent Order by the Department, NCA will provide the Department with a sworn statement identifying by name, address and telephone

number each consumer who cashed a refund check, the consumer's NCA account number and the name of the original creditor, the amount of the check, and the date it was cashed.

12. Within ten (10) days after the publication of each Published Notice, NCA will provide the Department with proof of publication.

13. Except where otherwise provided herein, NCA may produce the documents called for by any provision of this Consent Order electronically.

14. NCA will respond to all subpoenas and document requests issued to it by the Department.

15. Within ten (10) days of receipt of written notice from the Department, NCA will produce electronically or in the format indicated by the Department, documents related to any provisions of this Consent Order, which documents shall be sworn to under penalty of perjury as true and accurate copies, including but not limited to records, letters, notices, orders, judgments, and forms.

16. NCA's submission of documents to the Department pursuant to this Section shall not serve to limit the Department's duties and responsibilities to protect personal privacy under the Freedom of Information Law, N.Y. Pub. Off. Law § 84 *et seq.*

VI. MISCELLANEOUS

1. NCA will not misrepresent its licensure status in New York City or the terms of this Consent Order.

2. NCA hereby agrees to waive any further right to a hearing and/or appeal on any of the matters referred to herein under §§ 20-104 and/or 20-105 of the Admin. Code or under Article 78 of the N.Y. Civil Practice Law and Rules.

3. This Consent Order does not constitute an admission by NCA of any fact or legal conclusion, or of any violation of any local, state or federal law, rule or regulation, and NCA expressly denies any wrongdoing. NCA enters into this Consent Order for settlement purposes only. This Consent Order is made without trial or adjudication of any issues of law or fact. This Consent Order does not constitute evidence and shall not be construed as a concession or admission of any issues of law or fact.

4. This Consent Order constitutes a complete settlement and release by the Department of all claims and causes of action against NCA and its affiliates, successors and assigns, including any of their officers, directors, members, employees, agents or law firms, with respect to NCA's collection practices, whether known or unknown, suspected or unsuspected, whether legal, equitable or statutory, whether directly, indirectly, representatively, derivatively or in any other capacity, and which the Department has or may have had, up to the Department's execution of this Consent Order.

5. Nothing in this Consent Order shall be construed to deprive any person or entity not a signatory hereto of any private right of action, nor shall the Consent Order be construed to provide any rights to any person or entity not a signatory hereto, nor permit any such person or entity to enforce any provision of this Consent Order. The parties do not intend for this Consent Order or this administrative proceeding to toll the running of the statute of limitations on any private right of action by a person or entity not a party hereto. This Consent Order may not be relied upon by third parties to assert or defend any rights or remedies.

6. NCA's agreement to undertake the obligations described herein shall not be construed as evidence that such steps are necessary to comply with any federal, state or local law,

regulation or rule, nor shall this Consent Order otherwise prejudice the position of NCA with respect to whether it has complied with any federal, state or local law, regulation or rule.

7. The obligations undertaken by NCA herein shall not apply to any act or omission by NCA in collecting or attempting to collect any debt from any individual who is not a New York City consumer at the time of collection.

8. This Consent Order will be binding upon NCA, its successors and assigns.

9. The acceptance of this Consent Order by the Department shall not be deemed approval by the Department of any of NCA's business practices and NCA will make no representation to the contrary.

10. Any notices required or permitted by this Consent Order will be in writing and sent by United States mail, certified mail return receipt requested, or by a nationally-recognized courier service that provides for tracking services and identification of the person signing for the document, and addressed as follows:

If to the Department, to:

New York City Department of Consumer Affairs
Attn: Eileen Yap, Esq.
42 Broadway, 8th Floor
New York, NY 10004-1716

If to NCA, to:

National Credit Adjusters, L.L.C.
Attn: Mark A. Fletchall, General Counsel
327 West 4th Street
Hutchinson, KS 67501

With a required copy (which shall not constitute notice) to:

Karen F. Lederer, Esq.
Troutman Sanders LLP
405 Lexington Avenue
New York, NY 10174

Either party may change or add the name and address of the person(s) designated to receive notice on its behalf by notice given in the manner provided for in this paragraph.

11. For purposes of the compliance reporting and monitoring required by this Consent Order, the Department is authorized to communicate directly with NCA.

12. This Consent Order will expire ten (10) years from the date it is executed by the Department.

Agreed to by:

Accepted for:

National Credit Adjusters, L.L.C.

The New York City Department of
Consumer Affairs

By: _____

By: _____

Name: _____

Name: _____

Title: General Counsel

Title: ASSISTANT GENERAL COUNSEL

Date

Date

12/23/14

12/24/14

EXHIBIT A

[NCA Letterhead]

[Toll-free number]
Hours of operation:

[Date]

Original Creditor:

NCA Reference No.:

Re: NYC Department of Consumer Affairs v. National Credit Adjusters, L.L.C.

[Name and address of consumer]

Dear _____:

As a result of action by the New York City Department of Consumer Affairs ("DCA"), National Credit Adjusters, L.L.C. ("NCA") has voluntarily entered into a Consent Order with the DCA. The Consent Order settles DCA's allegations regarding NCA's collection of short-term or payday loans from New York City consumers. Under this Consent Order, NCA has closed your above-referenced NCA account. NCA will make no further effort to collect on this account. There was a balance of \$_____ owing on the account. No further payment on this account is necessary. The account will not be re-sold.

If NCA has submitted negative information related to this account to a credit reporting agency, NCA will request that the agency delete the information.

Please feel free to contact us toll-free at _____ [Hours of operation], should you have any questions.

Sincerely,

[_____]

EXHIBIT B

[NCA Letterhead]

[Toll-free Number]
[Hours of operation]

[Date]

Original Creditor:

NCA Reference No.:

Re: NYC Department of Consumer Affairs v. National Credit Adjusters, L.L.C.

[Name and address of consumer]

Dear _____:

As a result of action by the New York City Department of Consumer Affairs ("DCA"), National Credit Adjusters, L.L.C. ("NCA") has voluntarily entered into a Consent Order with the DCA. The Consent Order settles DCA's allegations regarding NCA's collection of short-term or payday loans from New York City consumers. Under this Consent Order, you are entitled to a refund of the interest NCA calculates you paid to it on the account.

To receive your refund in the amount of \$_____, please complete the attached Refund Request Form and return it by mail to NCA in the enclosed stamped self-addressed envelope. Your completed Refund Request Form must be postmarked on or before [DATE] for you to remain eligible to receive the refund.

[IF NCA CURRENTLY HOLDS THE ACCOUNT. Also, NCA has closed your above-referenced NCA account. NCA will make no further effort to collect on this account. There was a balance of \$_____ owing on the account. No further payment on this account is necessary. The account will not be re-sold.]

If NCA has submitted negative information related to this account to a credit reporting agency, NCA will request that the agency delete the information.

Please feel free to contact us toll-free at _____ [Hours of operation] should you have any questions.

Sincerely,

[_____]

EXHIBIT C

[NCA Letterhead]

[Toll-free Number]
Hours of operation:

[Date]

Original Creditor:

NCA Reference No.:

Re: NYC Department of Consumer Affairs v. National Credit Adjusters, L.L.C.

[Name and address of consumer]

Dear _____:

As a result of action by the New York City Department of Consumer Affairs ("DCA"), National Credit Adjusters, L.L.C. ("NCA") has voluntarily entered into a Consent Order with the DCA. The Consent Order settles DCA's allegations regarding NCA's collection of short-term or payday loans from New York City consumers. Under this Consent Order, you are entitled to a refund of all monies you paid to NCA on the account.

To receive your refund in the amount of \$_____, please complete the attached Refund Request Form and return it by mail to NCA in the enclosed stamped self-addressed envelope. Your completed Refund Request Form must be postmarked on or before [DATE] for you to remain eligible to receive the refund.

[IF NCA CURRENTLY HOLDS THE ACCOUNT. NCA has closed your above-referenced NCA account. NCA will make no further effort to collect on this account. There was a balance of \$_____ owing on the account. No further payment on this account is necessary. The account will not be re-sold.]

If NCA has submitted negative information related to this account to a credit reporting agency, NCA will request that the agency delete the information.

Please feel free to contact us toll-free at _____ [Hours of operation] should you have any questions.

Sincerely,

[_____]

EXHIBIT D

REFUND REQUEST FORM

Re: NYC Department of Consumer Affairs v. National Credit Adjusters

Please complete this form and provide your current contact information so that NCA can mail you your refund check. Please use the stamped self-addressed envelope accompanying this form. **Completed Refund Request Forms must be postmarked no later than xx/xx/xxxx.** Refund checks will be mailed within 30 days of NCA's receipt of a valid Refund Request Form.

If you have any questions regarding your Refund Request Form, please contact NCA toll free at: xxx-xxx-xxxx [Hours of operation].

NCA REFERENCE NO.: xxxxxxxxxxxxxx

REFUND AMOUNT: \$xx.xx

NAME: _____

ADDRESS: _____

CITY

STATE

ZIP CODE

TELEPHONE: (_____) - _____ - _____

SIGNATURE

DATE

EXHIBIT E

Did you get a payday loan in the last 7 years?

Did a debt collector collect on that payday loan?

Do you recognize these logos from the debt collection notices?

[Logo 1] [Logo 2]

You might be able to get money back—the NYC Department of Consumer Affairs (DCA) has secured nearly \$1 million for eligible New Yorkers.

As part of a settlement agreement with DCA, National Credit Adjusters (NCA) must give refunds to certain NYC consumers from whom they collected money on payday loans. Payday loans are illegal in New York, and debt collectors cannot collect on them.

NCA must contact eligible consumers by mail, so check your mail for a letter from them with instructions on how to claim your refund. If you do not get a letter but think you are eligible for a refund, call toll-free 1-800-xxx-xxxx.

Don't miss this opportunity to get a refund!

Did You Know?

- A payday loan is a high-interest loan borrowed against your next paycheck. In New York, most payday loans are handled by phone or online.
- Payday loans with an interest rate above 16% are illegal in New York.
- DCA licenses debt collection agencies and offers free financial counseling at NYC Financial Empowerment Centers.

Contact DCA at nyc.gov/consumers or 311.

[DCA logo]

EXHIBIT F

[NCA Letterhead]

[Toll-free Number]
Hours of operation:

[Date]

Original Creditor:

NCA Reference No.:

Re: NYC Department of Consumer Affairs v. National Credit Adjusters, L.L.C.

[Name and address of consumer]

Dear _____:

As a result of action by the New York City Department of Consumer Affairs ("DCA"), National Credit Adjusters, L.L.C. ("NCA") has voluntarily entered into a Consent Order with the DCA. The Consent Order settles DCA's allegations regarding NCA's collection of short-term or payday loans from New York City consumers. Under this Consent Order, you are entitled to a refund of all monies you paid to NCA on the account. Accordingly, enclosed please find a check in the amount of \$_____.

[IF NCA CURRENTLY HOLDS THE ACCOUNT. NCA has closed your above-referenced NCA account. NCA will make no further effort to collect on this account. There was a balance of \$_____ owing on the account. No further payment on this account is necessary. The account will not be re-sold.]

If NCA has submitted negative information related to this account to a credit reporting agency, NCA will request that the agency delete the information.

Please feel free to contact us toll-free at _____ [Hours of operation] should you have any questions.

Sincerely,
