NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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In the Matter of:

NATIONAL CREDIT ADJUSTERS, LLC

Respondent.

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CONSENT ORDER

WHEREAS the Superintendent of Financial Services of the State of New York (the "Superintendent") commenced an investigation, pursuant to Section 404 of the Financial Services Law, of NATIONAL CREDIT ADJUSTERS, LLC ("NCA" or "Respondent");

WHEREAS the New York State Department of Financial Services (the "Department" or "DFS") investigated whether NCA attempted to collect and did collect on void and unenforceable usurious payday loan debts (the "Investigation");

WHEREAS the Investigation concluded that NCA attempted to collect and did collect on thousands of unenforceable and void payday loan debts of New York consumers in violation of the federal Fair Debt Collection Practices Act, 15 USC §§ 1692(f)(1), 1692(e)(2), and the New York Debt Collection Procedures Law, New York General Business Law § 601(2);

NOW, THEREFORE, the Department and NCA are willing to resolve the matters cited herein in lieu of proceeding by notice and a hearing.

FINDINGS

The findings of the Department's Investigation are as follows:

Background

1. NCA is a Kansas limited liability company with its principal place of business at 327 West 4th Street, Hutchinson, Kansas 67501.

2. NCA's principal business activity consists of the purchase and collection of consumer debts. NCA's portfolio includes debts resulting from small-dollar consumer loans, including payday loans, with interest rates substantially in excess of New York's civil and criminal usury caps of 16 percent and 25 percent respectively. NCA has been in this business since 2002.

3. NCA's business model is to purchase consumer debts at a steep discount and then to collect on the amount of the debt allegedly owed by the consumer or attempt to settle the debt, sometimes for a fraction of the alleged amount owed.

4. From January 2007 through June 2014 ("Investigation Period"), NCA pursued and collected payments made on thousands of usurious payday loan accounts of New York consumers. NCA has represented to the Department that as of July 2014, it ceased collecting on payday loan debts of New York consumers.

5. In complaints filed with DFS, some New York consumers alleged that NCA harassed them in seeking to collect on illegal payday loan debts, repeatedly called them at home and at work, threatened to call consumers' employers, and called consumers' family members in order to pressure them to pay their alleged payday loan debts.

Collecting and Attempting to Collect on Void and Unenforceable Loans

6. The Fair Debt Collection Practices Act, 15 USC § 1692, prohibits the collection of any consumer debt that is not permitted by law. It also prohibits false and misleading representations in connection with the collection of a consumer debt, including falsely misrepresenting the legal status of a debt.

7. The New York Debt Collection Procedures Law, N.Y. Gen. Bus. Law § 601(2), prohibits debt collectors from knowingly collecting, attempting to collect, or asserting a right to any collection fee, attorney's fee, court cost or expense unless such charges are justly due and legally chargeable against the debtor.

8. Pursuant to New York General Obligations Law § 5-501 and New York Banking Law § 14-a, New York State's usury limit is generally 16 percent per annum.

9. Generally, New York-chartered banks and non-bank lenders are prohibited from making loans with interest rates exceeding 25 percent per annum (e.g., except for a loan in the amount of $2,500,000 or more).

10. With some exceptions not applicable here, any loan charging a rate in excess of 25 percent per annum constitutes criminal usury under New York Penal Law §§ 190.40 and 190.42.

11. Subject to narrow exceptions, under General Obligations Law § 5-511, usurious loans offered in New York by New York-chartered banks or non-bank lenders with interest rates above the statutory maximum are void and unenforceable.

12. On February 22, 2013, DFS published a guidance letter to all debt collectors operating in New York reminding them that usurious loans, including payday loans, are void and unenforceable, and that attempts to collect on debts that are void or unenforceable violate state and federal law. NCA collected on usurious payday loans in New York for over a year after the issuance of DFS's February 22, 2013 guidance letter.

13. Since 2007, NCA attempted to collect on 7,325 usurious payday loan debts that were void and unenforceable, and successfully collected on 4,792 of those debts.[1]

Violations

14. By reason of the foregoing, DFS finds that NCA violated 15 USC §§ 1692f(1), 1692e(2) and N.Y. Gen. Bus. Law § 601(2).

AGREEMENT

IT IS HEREBY UNDERSTOOD AND AGREED by NCA and all subsidiaries, affiliates, successors, assigns, agents, representatives and employees, that:

Restitution

15. NCA shall immediately fully and finally release and discharge all remaining indebtedness of the 2,801 active payday loan accounts of New York State consumers owned by NCA during the Investigation Period, totaling $2,263,051.66 in outstanding debts.

16. For all New York State consumers on whom NCA collected interest in excess of 16 percent per annum on payday loan debts during the Investigation Period ("Refund Eligible Consumers"), NCA shall issue refund checks to Refund Eligible Consumers for all such interest collected, totaling 4,760 accounts and $724,577.83 in refunds.[2] NCA shall provide restitution as set forth in this Paragraph to New York State consumers other than consumers residing in New York City, except that any New York City consumer who did not receive a refund under the DCA Settlement shall be entitled to such restitution on the same basis and terms as New York State consumers residing outside New York City as set forth in this Paragraph ("NYC Refund

[1] These numbers do not include NCA's collection of payday loans debts of 4,663 consumers residing in New York City which activity was the subject of a settlement dated December 24, 2014, between the New York City Department of Consumer Affairs ("DCA") and NCA ("DCA Settlement").

[2] These figures do not include refunds in *de minimis* amounts under $3. Nevertheless, NCA will pay refunds of less than $3 to consumers upon request of Refund Eligible Consumers made to DFS or NCA.

Eligible Consumers"). NYC Refund Eligible Consumers may request the restitution described in this Paragraph by contacting either DFS or NCA within one (1) year of the Effective Date of this Consent Order. If a NYC Refund Eligible Consumer makes the request to NCA, NCA shall notify DFS of such request within ten (10) days of the request.

17. If a consumer claiming to be a NYC Refund Eligible Consumer contacts either DFS or NCA to request restitution pursuant to Paragraph 16 of this Consent Order, NCA shall, within thirty (30) days of NCA receiving notice of such consumer's request for restitution, verify the eligibility of the consumer and, if the consumer is a NYC Refund Eligible Consumer, send a refund check to the NYC Refund Eligible Consumer.

18. Within fourteen (14) days of the Effective Date, NCA shall provide DFS with a list of all New York consumers whose debts have been discharged and the amounts discharged pursuant to Paragraph 15, together with a list of all Refund Eligible Consumers including their current addresses and the refund amount owed to them. Prior to providing DFS with this list, NCA shall take all commercially reasonable steps, including but not limited to using the National Change of Address System, to identify the current addresses of all New York consumers described in this Paragraph, and NCA shall use any new addresses found in the mailing of refund checks and notice letters pursuant to Paragraphs 20 and 27 below.

19. If NCA has a reason to believe that the address of a Refund Eligible Consumer is incorrect because, for example, a notice letter as described in Paragraph 27 below is returned to NCA as undeliverable, NCA shall take all commercially reasonable steps to locate the correct address, including but not limited to using a third party "skip tracing" service selected by the Department and retained by NCA, and NCA shall mail a new refund check to the consumer at the updated address.

20. No later than June 15, 2016, NCA shall begin mailing refund checks totaling in the aggregate at least $60,381 to Refund Eligible Consumers. NCA shall continue mailing refund checks totaling in the aggregate at least $60,381 each month pursuant to the schedule in Appendix A until all Refund Eligible Consumers have been mailed refund checks. NCA shall complete mailing refund checks to all Refund Eligible Consumers for the full amount of restitution due and owing to Refund Eligible Consumers on or before May 15, 2017. NCA shall pay refunds to Refund Eligible Consumers in descending order from largest refund amount to smallest refund amount.

21. If NCA receives any refund check returned as undeliverable, NCA shall take all commercially reasonable steps to locate an updated current address for the Refund Eligible Consumer or NYC Refund Eligible Consumer, including but not limited to using a third-party "skip tracing" service selected by the Department and retained by NCA, and NCA shall mail a new refund check to the consumer at the updated address. For any refund check returned as undeliverable, NCA shall mail a new refund check to the updated address pursuant to the schedule in Appendix A. When a refund check is returned to NCA after the second mailing described in this Paragraph, the following month's minimum required total aggregate refund amount shall be increased by the value of such returned check.

22. All refund checks that NCA mails pursuant to this Consent Order shall be valid for six (6) months after the date of issue of the check and shall be mailed to Refund Eligible Consumers and NYC Refund Eligible Consumers within five (5) days of the date of issue.

23. Any refund amount to be paid to a Refund Eligible Consumer or NYC Refund Eligible Consumer shall remain the sole and exclusive property of NCA unless and until such consumer cashes or deposits a refund check issued by NCA. For any refund check that is returned to NCA after two delivery attempts made in compliance with this Consent Order and for

any refund check that is neither cashed nor deposited within six (6) months of the check's date of issue, the refund amount related to such check shall remain the sole and exclusive property of NCA.

24. Every thirty (30) days after NCA begins mailing refund checks as described in Paragraph 20, NCA shall provide the Department with a monthly report listing (i) the names and addresses of the Refund Eligible Consumers and NYC Refund Eligible Consumers to whom it has mailed refund checks and the amount of those checks; (ii) the names and addresses used in mailings of refund checks of any Refund Eligible Consumers and NYC Refund Eligible Consumers whose refund checks were returned to NCA as undeliverable a second time; and (iii) the amount that Refund Eligible Consumers and NYC Refund Eligible Consumers have cashed or deposited ("Monthly Report"). NCA shall submit the final Monthly Report no later than June 15, 2017.

Notice

25. All mailings from NCA to New York consumers, including but not limited to mailings containing refund checks sent pursuant to this Consent Order, shall be sent in an envelope with a clear and conspicuous[3] statement on the front of the envelope stating in bold, upper case letters: "**IMPORTANT INFORMATION ENCLOSED BASED ON A SETTLEMENT WITH NEW YORK STATE**".

26. For all Refund Eligible Consumers to whom NCA mails a refund check within 50 days of the Effective Date of this Consent Order and for all NYC Refund Eligible Consumers to whom NCA mails a refund check pursuant to the terms of this Consent Order, NCA shall, at its

[3] For purposes of this Consent Order, "clear and conspicuous" shall mean that the statement is of such size, color, and contrast and is so presented as to be readily noticed and understood by the person to whom it is being disclosed.

own cost, mail to the consumers the completed notice letter in Appendix B with the refund check.

27. For all New York consumers from whom NCA collected during the Investigation Period other than the consumers who are entitled to the refund checks and notice letters pursuant to Paragraph 26 of this Consent Order, NCA shall, at its own cost, mail to the consumers the completed notice letter in Appendix C no later than 50 days after the Effective Date.

28. For all Refund Eligible Consumers receiving a refund check pursuant to Paragraph 20 between 51 and 365 days after the Effective Date, NCA shall, at its own cost, mail to the consumers the completed notice letter in Appendix D with the refund check.

Injunctive Relief

29. For all accounts of usurious payday loan debts allegedly owed by New York consumers and held by NCA during the Investigation Period:

a. NCA shall neither sell nor assign such accounts;

b. NCA shall within fifty (50) days of the Effective Date of this Consent Order write to any relevant credit reporting bureaus and request that they remove all negative information NCA provided to the bureaus concerning such accounts to the extent such information remains on the consumers' credit reports;

c. NCA shall within fifty (50) days of the Effective Date move to vacate any judgments that it obtained on such accounts; and,

d. NCA shall within fifty (50) days of the Effective Date direct the release of any pending garnishments, levies, liens, restraining notices, or attachments relating to any judgments on such accounts.

30. NCA shall not engage in any acts in violation of federal or New York State debt collection laws, including, but not limited to, the collection of usurious payday loan debts in New York State.

31. If NCA receives payment on a payday loan debt from a New York consumer after the Effective Date of this Consent Order, NCA shall return the payment to the consumer and include the completed notice letter in Appendix C.

Civil Penalty

32. NCA shall pay a civil penalty of TWO HUNDRED THOUSAND DOLLARS ($200,000) to the Department as follows:

a. No later than June 1, 2017, NCA shall make a payment of $100,000 to the Department;[4]

b. No later than September 1, 2017, NCA shall make a payment of $25,000 to the Department;

c. No later than December 1, 2017, NCA shall make a payment of $25,000 to the Department;

d. No later than March 1, 2018, NCA shall make a payment of $25,000 to the Department.

e. No later than June 1, 2018, NCA shall make a payment of $25,000 to the Department.

33. The payments set forth in Paragraph 32 shall be in the form of wire transfers in accordance with the Department's instructions or a certified or bank check made payable to the

[4] Within ten (10) days of the Effective Date, and every 30 days thereafter, NCA shall transfer at least $8,333.33 into an escrow account until the account contains $100,000. These funds shall be used solely for the penalty payment described in Paragraph 32(a). Each month after the Effective Date, NCA shall submit documentation to the Department evidencing the required transfer of funds into this escrow account.

"Superintendent of Financial Services" and mailed to: New York State Department of Financial Services, One State Street, New York, New York, 10004-1511, Attn: Joy Feigenbaum, Executive Deputy Superintendent, Financial Frauds & Consumer Protection.

34. NCA shall neither seek nor accept from any non-Respondent reimbursement or indemnification with regard to any portion of the civil penalty paid pursuant to this Consent Order, including, but not limited to, payment made pursuant to any insurance policy. NCA agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state, or local tax, directly or indirectly, for any portion of the civil penalty paid pursuant to this Consent Order.

Other Relief

35. NCA submits to the authority of the Superintendent to effectuate this Consent Order. NCA will cease and desist from engaging in any acts in violation of the New York Financial Services, Banking and General Obligations Laws and will comply with those and every other applicable New York law.

Breach of the Consent Order

36. If NCA defaults on its obligation to pay the penalty in Paragraph 32 of this Consent Order, the Superintendent may terminate this Consent Order, in her or his sole discretion, upon five (5) business days' written notice. In the event of such termination, NCA expressly agrees and acknowledges that this Consent Order shall in no way bar or otherwise preclude the Superintendent from commencing, conducting or prosecuting any investigation, action or proceeding, however denominated, related to the Consent Order, against NCA, or from using in any way statements, documents or other materials produced or provided by NCA prior

to or after the date of this Consent Order including, without limitation, such statements, documents or other materials, if any, provided for purposes of settlement negotiations.

37. In the event that the Department believes NCA to be materially in breach of this Consent Order other than NCA's obligation to pay the penalty in Paragraph 32 ("Breach"), the Department will provide written notice to NCA and NCA must, within ten (10) days from the date of receipt of said notice, or on a later date if so determined in the sole discretion of the Superintendent, appear before the Department and shall have an opportunity to rebut the evidence, if any, of the Department that a Breach has occurred and, to the extent pertinent, demonstrate that any such Breach is not material or has been cured.

38. NCA understands and agrees that failure to appear before the Department to make the required demonstration within the specified period as set forth in Paragraph 37 of this Consent Order is presumptive evidence of a Breach thereof. Upon a finding of Breach, the Superintendent has all the rights and remedies available to her or him under New York law and may use any and all evidence available to the Superintendent in connection with all ensuing hearings, notices, orders and other remedies that are available.

39. Notwithstanding Paragraphs 36 through 38, and without limitation of any rights and remedies of the Superintendent under this Consent Order, in the event that NCA fails to make any payments as set forth in Paragraphs 20, 21, 22 or 32 when such payments are due, the Superintendent may, in her or his sole discretion, provide written notice to NCA of the default and NCA shall have ten (10) days from receipt of such notice to cure the default. In the event that NCA fails to cure such default, the Superintendent may file Affidavits of Confession of Judgment, executed by NCA in the form attached hereto, for the full amount of the Civil Penalty and any refunds remaining due to New York consumers at the time of default.

Other Provisions

40. Nothing in this Consent Order shall be construed to prevent any consumer from pursuing any right or remedy at law.

41. No agreement, settlement or release between NCA and any New York consumer or class shall preclude or in any way limit NCA's obligations in this Consent Order.

42. NCA shall submit to the Department annual affidavits of compliance with the terms of this Consent Order for a period of two (2) years commencing from the Effective Date of this Consent Order.

43. The Department has agreed to the terms of this Consent Order based on, among other things, the representations made to the Department by NCA — either directly or through their counsel — and the Department's own factual Investigation. To the extent that representations made by NCA — either directly or through their counsel — are later found to be materially incomplete or inaccurate, this Consent Order is voidable by the Superintendent in her or his sole discretion.

44. Upon the request of the Department, NCA shall provide all documentation and information reasonably necessary for the Department to verify compliance with this Consent Order.

45. NCA represents and warrants, through the signatures below, that the terms and conditions of this Consent Order are duly approved, and execution of this Consent Order is duly authorized.

46. All notices, reports, requests, and other communications to any party pursuant to this Consent Order shall be in writing and shall be directed as follows:

If to the Department:

New York State Department of Financial Services

One State Street
New York, New York 10004-1511
Attn: Jared Elosta, Assistant Counsel

If to NCA:

Van Ness Feldman LLP
1050 Thomas Jefferson Street NW
Seventh Floor
Washington, DC 20007
Attn: Edward D. Gehres, Esq.

Polsinelli PC
900 W 48th Place
Suite 900
Kansas City, MO 64112-1895
Attn: Paul D. Sinclair, Esq.

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

47. This Consent Order and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.

48. NCA waives all rights to further notice and hearing in this matter as to any allegations of past violations up to and including the Effective Date of this Consent Order and agrees that no provision of the Consent Order is subject to review in any court or tribunal outside the Department.

49. This Consent Order may not be amended except by an instrument in writing signed on behalf of all the parties to this Consent Order.

50. This Consent Order constitutes the entire agreement between the Department and NCA and supersedes any prior communication, understanding, or agreement, whether written or oral, concerning the subject matter of this Consent Order. No inducement, promise, understanding, condition, or warranty not set forth in this Consent Order has been relied upon by

any party to this Consent Order. In the event that one or more provisions contained in this Consent Order shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Consent Order.

51. This Consent Order may be executed in one or more counterparts, and shall become effective when such counterparts have been signed by each of the parties hereto and So Ordered by the Acting Superintendent of Financial Services or her designee (the "Effective Date").

52. Upon execution by the parties to this Consent Order, the Department will discontinue the Investigation as to and against NCA solely with respect to the practices set forth herein through the Effective Date of this Consent Order. No further action will be taken by the Department against NCA for the conduct set forth in this Consent Order provided NCA complies with the terms of the Consent Order.

WHEREFORE, the signatures evidencing assent to this Consent Order have been affixed hereto on the dates set forth below.

DEPARTMENT OF FINANCIAL SERVICES

By: Joy Feigenbaum
JOY FEIGENBAUM
Executive Deputy Superintendent
Financial Frauds and Consumer Protection

May 16, 2016

NCA, LLC on behalf of itself and all of its subsidiaries,

By: _____
Mark A. Fletchall, General Counsel

May 16 2016

THE FOREGOING IS **HEREBY** APPROVED.
IT IS SO ORDERED.

Dated: New York, NY
May 17, 2016

_____
MARIA T. VULLO
Acting Superintendent of Financial Services

APPENDIX A

Restitution Payment Schedules

	Deadline for Mailing Monthly Restitution Checks
Month 1 Mailing	June 15, 2016
Month 2 Mailing	July 15, 2016
Month 3 Mailing	August 15, 2016
Month 4 Mailing	September 15, 2016
Month 5 Mailing	October 17, 2016
Month 6 Mailing	November 15, 2016
Month 7 Mailing	December 15, 2016
Month 8 Mailing	January 16, 2017
Month 9 Mailing	February 16, 2017
Month 10 Mailing	March 15, 2017
Month 11 Mailing	April 17, 2017
Month 12 Mailing	May 15, 2017

Date Range Check is Returned as Undeliverable	Deadline for Mailing Reissued Refund Checks that were Returned as Undeliverable
June 15, 2016 – June 30, 2016	July 15, 2016
July 1, 2016 – July 31, 2016	August 15, 2016
August 1, 2016 – August 31, 2016	September 15, 2016
September 1, 2016 – September 30, 2016	October 17, 2016
October 1, 2016 – October 31, 2016	November 15, 2016
November 1, 2016 – November 30, 2016	December 15, 2016
December 1, 2016 – December 31, 2016	January 16, 2017
January 1, 2017 – January 31, 2017	February 16, 2017
February 1, 2017 – February 28, 2017	March 15, 2017
March 1, 2017 – March 31, 2017	April 17, 2017
April 1, 2017 – May 1, 2017	May 1, 2017
May 1, 2017 – June 15, 2017	June 15, 2017

APPENDIX B

[NCA Letterhead]

[Date]

[Consumer's Address]

Dear [Consumer],

You are receiving this notice pursuant to a settlement reached between National Credit Adjusters, LLC ("NCA") and the New York State Department of Financial Services. The settlement concerns NCA's debt collection activity in New York State. Our records indicate that NCA has a collection account in your name related to a payday loan: Account(s) [###]. We write to notify you that, pursuant to the settlement with the New York State Department of Financial Services:

- **NCA is providing you a refund check in the amount of [ ] for interest collected in excess of 16% on the payday loan debt associated with Account(s) [###] as agreed to in the settlement with the New York State Department of Financial Services. This refund check is enclosed in this mailing. Please note that you have 6 months from [the check's date of issue] to cash or deposit this check or you may lose your right to claim this refund.**

- [If applicable] **NCA has forgiven your outstanding balance of [amount] and closed the collection account(s) in your name;**

- NCA will neither sell nor assign such account(s) in the future to other debt collectors;

- NCA will not attempt to collect on such account(s) either directly or indirectly in the future;

- If NCA had reported any negative information to any credit reporting bureaus related to such account(s), NCA has written to the bureau(s) and requested that the bureau(s) delete any such information remaining on your credit report;

- If NCA had obtained any judgments against you regarding such account(s), NCA has moved to vacate that judgment against you; and,

- If NCA had any pending garnishments, levies, liens, restraining notices, or attachments relating to any judgments it obtained on such account(s), NCA has moved to release those holds;

This settlement was obtained by the New York State Department of Financial Services. Nothing in the settlement prevents or limits you from pursuing any right or remedy at law you may have or requires you to release any rights. Your choice to participate in any class action or other settlement with NCA does not affect your rights and remedies under this settlement. For more information on NCA's settlement with the New York State Department of Financial Services, you may visit the Department's webpage on this settlement at [URL to be provided].

If you have any further problems regarding the collection account(s) described above, including any improper attempts to collect on this account, or if you have questions concerning this settlement or any refund provided, you can contact the New York State Department of Financial Services at 1-800-342-3736 and at NCA-Settlement@dfs.ny.gov.

Sincerely,

APPENDIX C

[NCA Letterhead]

[Date]

[Consumer's Address]

Dear [Consumer],

You are receiving this notice pursuant to a settlement reached between National Credit Adjusters, LLC ("NCA") and the New York State Department of Financial Services. The settlement concerns NCA's debt collection activity in New York State. Our records indicate that NCA has a collection account related to a payday loan debt you allegedly incurred: Account(s) [###]. We write to notify you that, pursuant to the settlement with the New York State Department of Financial Services:

- [If applicable] **NCA has forgiven your outstanding balance of [amount] and closed the collection account(s) in your name;**
- NCA will neither sell nor assign such account(s) in the future to other debt collectors;
- NCA will not attempt to collect on such account(s) either directly or indirectly in the future;
- If NCA had reported any negative information to any credit reporting bureaus related to such account(s), NCA has written to the bureau(s) and requested that the bureau(s) delete any such information remaining on your credit report;
- If NCA had obtained any judgments against you regarding such account(s), NCA has moved to vacate that judgment against you; and,
- If NCA had any pending garnishments, levies, liens, restraining notices, or attachments relating to any judgments it obtained on such account(s), NCA has moved to release those holds;

This settlement was obtained by the New York State Department of Financial Services. Nothing in the settlement prevents or limits you from pursuing any right or remedy at law you may have or requires you to release any rights. Your choice to participate in any class action or other settlement with NCA does not affect your rights and remedies under this settlement. For more information on NCA's settlement with the New York State Department of Financial Services, you may visit the Department's webpage on this settlement at [URL to be provided].

If you have any further problems regarding the collection account(s) described above, including any improper attempts to collect on this account, or if you have questions concerning this settlement or any refund provided, you can contact the New York State Department of Financial Services at 1-800-342-3736 and at NCA-Settlement@dfs.ny.gov.

Sincerely,

APPENDIX D

[NCA Letterhead]

[Date]

[Consumer's Address]

Dear [Consumer],

We wrote you earlier about a settlement reached between National Credit Adjusters, LLC ("NCA") and the New York State Department of Financial Services. The settlement concerns NCA's debt collection activity in New York State.

In addition to the relief outlined in that previous letter, NCA is providing you a refund check in the amount of [ ] for interest collected in excess of 16% on the payday loan debt associated with [Account #] as agreed to in the settlement with the New York State Department of Financial Services. This refund check is enclosed in this mailing.

Please note that you have 6 months from [the check's date of issue] to cash or deposit this check or you will lose your right to claim this refund.

This settlement was obtained by the New York State Department of Financial Services. Nothing in the settlement prevents or limits you from pursuing any right or remedy at law you may have or requires you to release any rights. Your choice to participate in any class action or other settlement with NCA does not affect your rights and remedies under this settlement. For more information on NCA's settlement with the New York State Department of Financial Services, you may visit the Department's webpage on this settlement at [URL to be provided].

If you have any further problems regarding the debt, including any improper attempts to collect on that debt, or if you have questions concerning this settlement or any refund provided, you can contact the New York State Department of Financial Services at 1-800-342-3736 and at NCA-Settlement@dfs.ny.gov .

Sincerely,

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

---------- X

In the Matter of

NATIONAL CREDIT ADJUSTERS, LLC

Respondent.

Index No. _____(____)

AFFIDAVIT OF JUDGMENT BY CONFESSION PURSUANT TO N.Y. C.P.L.R. § 3218

---------- X

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

Bradley E. Hochstein, being duly sworn, deposes and says:

1. I am the Chief Executive Officer of National Credit Adjusters, LLC ("NCA"), a Kansas limited liability company with its principal place of business at 327 West 4th Street, Hutchinson, Kansas 67501.

2. I am authorized to confess judgment and to make this affidavit on behalf of NCA.

3. NCA entered into a Consent Order with the Superintendent of Financial Services of the State of New York ("Superintendent") to resolve an investigation by the New York State Department of Financial Services (the "Department") into NCA's collection of payday loan debts from New York consumers. The Department's investigation concluded that NCA attempted to collect and did collect on thousands of unenforceable and void payday loan debts of New York consumers in violation of state and federal debt collection laws.

4. This Confession of Judgment is for a debt justly due to the Superintendent arising from the Consent Order with NCA which, among other things, required NCA to pay a civil penalty of $200,000 to the Superintendent no later than two years after the Effective Date of the Consent Order.

5. NCA hereby confesses judgment in accordance with N.Y. C.P.L.R. § 3218 in favor of the Superintendent for $200,000 in civil penalties.

6. NCA authorizes this judgment to be entered in the State of New York, County of New York, and further admits and confesses, pursuant to the Consent Order, that it has conducted business activities in and affecting the State of New York such that jurisdiction is proper under N.Y. C.P.L.R. § 302 and all other applicable laws.

7. This original Confession of Judgment shall be held by the Department of Financial Services, to be filed in the Superintendent's sole discretion in the event NCA defaults on the obligations to which NCA herein confesses.

National Credit Adjusters, LLC

By: Bradley E. Hochstein, CEO

Sworn to me this 16th day
of May, 2016:

Notary Public

GRACIELA GRAJEDA
Notary Public - State of Kansas
My Appt. Expires 11/06/19

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

In the Matter of	
	Index No. _____(____)
NATIONAL CREDIT ADJUSTERS, LLC	
Respondent.	**AFFIDAVIT OF JUDGMENT BY CONFESSION PURSUANT TO N.Y. C.P.L.R. § 3218**

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

Bradley E. Hochstein, being duly sworn, deposes and says:

1. I am the Chief Executive Officer of National Credit Adjusters, LLC ("NCA"), a Kansas limited liability company with its principal place of business at 327 West 4th Street, Hutchinson, Kansas 67501.

2. I am authorized to confess judgment and to make this affidavit on behalf of NCA.

3. NCA entered into a Consent Order with the Superintendent of Financial Services of the State of New York ("Superintendent") to resolve an investigation by the New York State Department of Financial Services (the "Department") into NCA's collection of payday loan debts from New York consumers. The Department's investigation concluded that NCA attempted to collect and did collect on thousands of unenforceable and void payday loan debts of New York consumers in violation of state and federal debt collection laws.

4. This Confession of Judgment is for a debt justly due to the Superintendent arising from the Consent Order with NCA which, among other things, required NCA to pay restitution to New York consumers totaling $724,577.83.

5. NCA hereby confesses judgment in accordance with N.Y. C.P.L.R. § 3218 in favor of the Superintendent for $724,577.83, less any amount that NCA has already paid to New York consumers and has been cashed or deposited by such consumers, and the Superintendent shall distribute the restitution funds to New York consumers pursuant to the Consent Order.

6. NCA authorizes this judgment to be entered in the State of New York, County of New York, and further admits and confesses, pursuant to the Consent Order, that it has conducted business activities in and affecting the State of New York such that jurisdiction is proper under N.Y. C.P.L.R. § 302 and all other applicable laws.

7. This original Confession of Judgment shall be held by the Department of Financial Services, to be filed in the Superintendent's sole discretion in the event NCA defaults on the obligations to which NCA herein confesses.

National Credit Adjusters, LLC

By: Bradley E. Hochstein, CEO

Sworn to me this 16th day
of May, 2016:

Notary Public

GRACIELA GRAJEDA
Notary Public - State of Kansas
My Appt. Expires 11/06/19