

FILED

STATE OF VERMONT
WASHINGTON COUNTY, SS.

2009 JUL 23 A 9:08

SUPERIOR COURT
WASHINGTON COUNTY

IN RE CLEAR)
YOUR DEBT, LLC)

Washington Superior Court
Docket No. 538-709 WNCV

ASSURANCE OF DISCONTINUANCE

WHEREAS Clear Your Debt, Inc. ("Clear Your Debt") is a Texas limited liability corporation with offices at 9420 Research Boulevard, III-180, Austin, Texas, 78759, that is engaged in the business of assisting consumers ("clients") in negotiating and settling their unsecured, personal debts;

WHEREAS Clear Your Debt offers, among other things, to negotiate with its clients' creditors reductions in the amounts due the creditors;

WHEREAS Clear Your Debt provides debt settlement account processing, negotiations, settlement, and customer service (collectively, "services") to its clients for a fee of up to 15 percent of the principal amount of the debt;

WHEREAS Clear Your Debt began doing business in Vermont in or around January 2007;

WHEREAS Clear Your Debt provided services to 11 Vermont consumers, who paid a total of over \$20,000 to the company;

WHEREAS the Attorney General asserts that the Vermont Debt Adjusters Act, 8 V.S.A. § 4861(2) and 8 V.S.A. ch. 133 is applicable to Clear Your Debt's business and its services;

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GENERAL
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WHEREAS at no time relevant to this Assurance of Discontinuance did Clear Your Debt possess a Vermont debt adjuster license;

WHEREAS Clear Your Debt also did not (1) pay the fees or obtain the bond required by 8 V.S.A. §§ 4862 and 4864-4865; (2) include in its client contract the right-to-cancel disclosure required by 8 V.S.A. § 4869a(b); (3) make payments to creditors at least once every 30 days as required by 8 V.S.A. § 4870a; or (4) limit its fee for services to the \$50.00 initial setup fee plus ten percent of any payment received by the company for distribution to credits, as prescribed by 8 V.S.A. § 4872;

WHEREAS Clear Your Debt imposed fees on its customers in advance of rendering services to them;

WHEREAS Clear Your Debt represented that it could achieve particular results for its clients (“reduce your total credit card debt by up to sixty percent ... eliminat[e] your outstanding credit card debt in as little as 24 months”), for which it did not have prior reasonable factual substantiation as to the typicality of those results;

WHEREAS the Attorney General alleges that all of the above-described practices violated the Vermont Consumer Fraud Act’s prohibition on unfair and deceptive trade practices, 9 V.S.A. § 2453(a);

WHEREAS the Attorney General also alleges that Clear Your Debt violated the right-to-cancel provisions of 9 V.S.A. § 2454 and Vermont Consumer Fraud Rule 113 for telephonic sales;

AND WHEREAS the Attorney General and Clear Your Debt are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

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THEREFORE the parties agree as follows:

1. Clear Your Debt shall comply with all applicable federal and Vermont laws and regulations, including but not limited to the Vermont Debt Adjusters Act, 8 V.S.A. ch. 133, the Vermont Consumer Fraud Act, 9 V.S.A. ch. 63, and any regulations promulgated under either statute.

2. In the event that it obtains a license to engage in the business of debt adjustment in Vermont in the future, Clear Your Debt shall further :

- a. Clearly and conspicuously disclose the risks (including the risk of being sued) associated with turning accounts over to the company and not making payments to creditors; and
- b. Refrain from making any representations in any medium, directly or indirectly, about the results it can or will achieve for its clients without having prior reasonable factual substantiation that those representations reflect the typical experience of its clients.

3. Within thirty (30) days of signing this Assurance of Discontinuance, Clear Your Debt shall refund to all of its Vermont clients all unrefunded fees paid by each of those clients to the company. In the event that Clear Your Debt is unable to make one or more refunds, for example because certain clients cannot be located, the company shall, within sixty (60) days of signing this Assurance of Discontinuance, pay the total amount of those unpaid refunds to the State of Vermont, in care of the Vermont Attorney General's Office, as unclaimed funds.

4. Also within thirty (30) days of signing this Assurance of Discontinuance, Clear Your Debt shall pay liquidated damages in the amount of \$2,000.00 (two thousand dollars) to any Vermont client who was sued by one or more creditors between the consumer's sign-up with Clear Your Debt and the date of the company's settlement with the creditor.

5. Clear Your Debt shall promptly complete, without charge, negotiations with all listed creditors of each of its Vermont clients, at the client's option, and shall make all reasonable efforts to settle the amount due each creditor at no more than fifty (50) percent of the enrolled amount of the debt, to be paid over a reasonable period of time by each respective consumer. Clear Your Debt shall document these efforts in writing, including a comparison with past settlements with the same creditor, and provide such documentation to the Attorney General's Office within sixty (60) days of signing this Assurance of Discontinuance. In the event of a dispute about the adequacy or promptness of Clear Your Debt's efforts under this paragraph, the parties shall attempt in good faith to resolve the issue themselves. If they are unable to do so, either party may petition the Washington Superior Court in Montpelier, Vermont, for a ruling.

6. To implement the provisions of paragraphs 3 through 5, above, within ten (10) days of signing this Assurance of Discontinuance Clear Your Debt shall send to each of its Vermont clients, by first class mail, postage prepaid, a letter in substantially the same form as Exhibit 1, enclosing an itemized list of the amounts and dates of all fees paid to the company, and further enclosing any payments required by paragraphs 3 and 4, above, in the form of a check or checks. If the letter is returned as undeliverable, Clear Your Debt shall make all reasonable efforts to find a valid mailing address for the consumer in question and

shall promptly resend the letter and any accompanying payment (if applicable) required by this Assurance of Discontinuance to the new address.

7. Clear Your Debt shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the sum of forty thousand dollars (\$40,000.00) in civil penalties and costs, according to the following schedule: thirteen thousand dollars (\$13,000.00) upon signing this Assurance of Discontinuance; another thirteen thousand dollars (\$13,000.00) within thirty (30) days of signing; and the final fourteen thousand dollars (\$14,000.00) within sixty (60) days of signing.

8. Acceptance of this Assurance of Discontinuance by the Vermont Attorney General does not constitute approval of any business practices by Clear Your Debt, nor shall the company or anyone acting on its behalf state or infer otherwise.

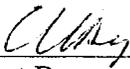
9. This Assurance of Discontinuance shall be binding on Clear Your Debt, its officers, directors, owners, managers, successors and assigns. The undersigned authorized agent of Clear Your Debt shall promptly take reasonable steps to ensure that copies of this document are provide to all officers, directors, owners, and managers of the company.

10. This Assurance of Discontinuance resolves all existing claims the State of Vermont may have against Clear Your Debt stemming from the conduct described in this document.

Date: 7/1/09

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: 
Elliot Burg
Assistant Attorney General

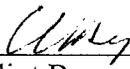
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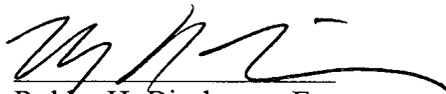
CLEAR YOUR DEBT, LLC

by: 
Its Authorized Agent

Derin Scott President
Name and Title of Authorized Agent

APPROVED AS TO FORM:


Elliot Burg
Assistant Attorney General
Office of Attorney General
109 State Street
Montpelier, VT 05609
For the State of Vermont


Robby H. Birnbaum, Esq.
Greenspoon Marder P.A.
Trade Center South, Suite 700
100 W. Cypress Creek Road
Fort Lauderdale, FL 33309-2140
For Clear Your Debt, LLC

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Exhibit 1

Important Information on Refunds to Consumers

Dear _____:

I am writing to inform you that Clear Your Debt has entered into a legal settlement with the Vermont Attorney General's Office. The Attorney General alleges that Clear Your Debt violated Vermont law in several respects, including engaging in the business of debt adjustment without a required license.

Under the settlement, Clear Your Debt is refunding to you all fees that you paid to Clear Your Debt, as itemized on the enclosed sheet. If the amount of the enclosed refund appears to be less than the total of what you paid us, please let us know at once by telephone at [telephone number] or by email at [email address].

In addition, if, while we were working for you, you were sued by one of the creditors you told us about, we are enclosing a payment in the amount of an additional \$2,000, as required by the settlement. If you were sued during that time but did not notify us of that fact, you will need to provide us with documentation of the lawsuit (for example, a copy of the complaint), which you may fax to [fax number] or mail to [mailing address].

Under the settlement, Clear Your Debt has also agreed, at your option, to complete its negotiations with your creditors, at no charge to you, and to make all reasonable efforts to settle those debts for no more than 50 percent of the enrolled amount due. If you would like us to do that, please call or email us as directed above as soon as you can; otherwise, we will assume that you do not want us to continue our settlement efforts. (In that case, if you elected at the beginning of your program to use Global Client Services or NoteWorld Servicing Center to assist with the processing of your savings payments, they may continue to charge their usual fees. This will permit you to continue to accumulate funds for settlement for the debts still remaining on your program and will allow us to continue servicing your account and work towards settling your remaining debts.)

Finally, if you have any questions about the settlement, you may call the Vermont Attorney General's Office at (802) 828-5507.

Sincerely,

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