

STATE OF VERMONT  
SUPERIOR COURT,  
WASHINGTON UNIT

VT SUPERIOR COURT  
WASHINGTON UNIT

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In Re: T\$\$, LLC

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Civil Division  
Docket No. 249-4-14 Wncw

FILED

**ASSURANCE OF DISCONTINUANCE**

The State of Vermont, by and through Vermont Attorney General William H. Sorrell, and T\$\$, LLC (commonly referred to as “T-Money” and hereafter “T\$\$” or “Respondent”), hereby enter into this Assurance of Discontinuance (“AOD”) pursuant to 9 V.S.A. § 2459

**Background**

***Respondent***

- 1 Respondent T\$\$, LLC is a California limited liability company with offices located at 2200 Sunrise Blvd, Suite 220, Gold River, CA 95670.
2. Respondent processes electronic payments in connection with consumer loans made by lenders, some of whom did not hold a state lending license in the state of Vermont.

***Regulatory Framework***

- 3 The Vermont Consumer Protection Act (“the Act”) authorizes the Attorney General to take actions to restrain unfair and deceptive acts in commerce. 9 V.S.A. §§ 2453 & 2458.

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109 State Street  
Montpelier, VT  
05609

4. On May 18, 2012, the Vermont Legislature added section 2481w to the Act (the unlicensed lender law), to address unlicensed loan transactions.  
9 V.S.A. § 2481w
5. Under section 2481w(b), it is an unfair and deceptive act in commerce for any lender to solicit or make loans in Vermont unless the lender is in compliance with all statutory requirements under Vermont's lending and banking laws contained in Title 8, chapter 73 of the Vermont Statutes Annotated.
6. Under section 2481w(c), it is an unfair and deceptive act in commerce for a processor to process checks or debits, or to transfer any electronic funds in connection with a loan, unless the lender is in compliance with all requirements under Title 8, chapter 73
7. Chapter 73 of Title 8 requires all lenders to obtain a state license from the Vermont Department of Financial Regulation. 8 V.S.A. § 2201
8. Lenders who are not licensed under 8 V.S.A. § 2201 are hereinafter referred to as "unlicensed lenders."
9. Chapter 73 of Title 8 also requires that all loans made in Vermont comply with the interest rate limits contained in Title 9, chapter 4.  
8 V.S.A. § 2233(b).
10. Chapter 4 of Title 9 caps the interest any person may charge on loans at between 12-24% per annum, depending on the type of loan. 9 V.S.A. § 41a.

***Respondent's Payment Processing Practices***

- 11 Respondent is a provider of software systems to process electronic financial transactions using the Automated Clearing House ("ACH") Network. The ACH Network is a system that allows electronic transfer of funds for participating financial institutions.
12. During 2012-2013, Respondent engaged in processing electronic transfers from over 30 financial institutions in Vermont, totaling over \$900,000 in debits transferred from individual bank accounts.
- 13 The total amounts processed were collected on behalf of at least 40 separate lenders (the amounts vary for each lender), in connection with high-interest, small-dollar consumer loans made via the internet.
- 14 The Attorney General's Office determined that none of the lenders were licensed to make loans in Vermont.
- 15 T\$\$ admits the truth of the facts described in ¶¶ 1-2; 11-13.

***The State's Allegations***

16. The Vermont Attorney General's Office alleges the Respondent processed electronic transfers from Vermont consumers' bank accounts on behalf of unlicensed lenders and said processing violated the Vermont Consumer Protection Act, 9 V.S.A. §§ 2453(a) and 2481w(c).
- 17 The State of Vermont alleges that the above behavior constitutes unfair and deceptive acts and practices in commerce under 9 V.S.A. § 2453
18. Respondent denies that it violated Vermont law

- 19 The parties agree that this AOD is entered into for settlement only and does not constitute an admission of the violation of any law, rule, or regulation by Respondent.

**Assurances and Relief**

20. In lieu of instituting an action or litigation, the Attorney General and Respondent are willing to accept this AOD pursuant to 9 V.S.A. § 2459 as a just resolution of this matter, and the parties agree as follows:
- 21 To the extent not already done, Respondent shall immediately cease processing any electronic transfers from Vermont financial accounts on behalf of any unlicensed lender.
22. Prior to doing any future business in Vermont, Respondent shall comply with all applicable state law requirements, including without limitation, the following sections of the Vermont Statutes Annotated: Title 9, Chapter 63 (Consumer Protection statutes).

***Payments to Consumers***

23. The parties have agreed on an initial list of 25 lenders who collected more than the amounts credited to borrowers, approximating \$90,000 in debits. T\$\$ shall make restitution of exactly \$90,000 by crediting each eligible consumer's bank account as agreed between the parties, in issuing the credit(s) T\$\$ shall use its best efforts to include a notation or other indication listing the lender's name in any applicable transaction note. Within 10 business days of filing this AOD, T\$\$ shall provide the Attorney General's Office with a list of the proposed payments,

including the lender's name, bank name, bank account number, and the proposed amount to be credited. Within 10 days of receiving the list, the parties shall agree on the exact payments to be made to each borrower ("the consumer restitution amount"). Upon agreeing on the list, T\$\$ shall pay the consumer restitution amount (totaling approximately \$90,000 but not to exceed \$90,000) as described in this paragraph.

24. If any of the payments made by T\$\$ pursuant to paragraph 23 cannot be completed (i.e., the credit is returned, or undeliverable), then as agreed between the parties, T\$\$ shall use its best efforts to identify the consumer's name and address, and mail a check for the amount to be repaid, along with an explanatory letter from the Attorney General that is agreed to by the parties, in an envelope to be provided by the Attorney General's Office. At T\$\$'s cost and election, T\$\$ or the Attorney General's Office may use a third party to administer the mailed refunds, or such other means as agreed by the parties. The parties agree to work in good faith to resolve any administrative or other issues regarding implementation of this paragraph.

25. Beginning 90 days after filing this AOD, Respondent shall pay an additional \$60,000 into a client trust or escrow account as consumer restitution in three quarterly payments of \$20,000 each. The parties have agreed on a secondary list of four (4) unlicensed lenders for which additional restitution may be required up to \$60,000. The Attorney General's Office will notify T\$\$ of the amounts of restitution owed

under this provision, and once notified, T\$\$ shall provide the same lists and make the payments pursuant to the same terms as ¶¶ 23-24 above.

26. If the total amount of restitution for borrowers of either the first or second group of lenders does not add up to \$150,000, then the remaining amounts shall be paid to the State of Vermont, per ¶ 30 below
27. Any returned checks made pursuant to ¶¶ 24-25 shall be treated as unclaimed property, pursuant to Vermont's unclaimed property statute.
28. If applicable, within 120 days after sending any checks pursuant to ¶ 24, and then again within 120 days after sending any checks pursuant to ¶ 25, T\$\$ shall mail to the Attorney General's Office:
  - (a) A single check, payable to "Vermont State Treasurer" in the total dollar amount of all checks that were returned as undeliverable or that otherwise went uncashed because the consumer could not be located all be treated as unclaimed funds, under Vermont's unclaimed property statute, Title 17, Vermont Statutes Annotated, Chapter 14,
  - (b) A list, in electronic Excel format, of the consumers whose checks were returned or were not cashed (which list shall set out the first and last names, if known, of the consumers in distinct fields or columns), and for each such consumer, the last known address, if known, and consumer restitution amount; and
  - (c) The company's corporate address and federal tax identification number

***Payment to the State of Vermont***

- 29 Within 10 business days of filing this AOD, Respondent shall pay to the State of Vermont \$10,000 in addition to the Consumer Restitution Amount specified above in ¶¶ 23 and 25
30. Any remaining amounts not paid as consumer restitution pursuant to ¶ 26 shall be paid to the State of Vermont.
- 31 The payments required by ¶¶ 29-30, shall be made by check to the “State of Vermont” and shall be sent to the Vermont Attorney General’s Office at the following address: Justin E. Kolber, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

**Other Terms**

32. Respondent shall, upon request by the Attorney General, provide all documentation and information necessary for the Attorney General to confirm compliance with, and assist in implementation of, this AOD
- 33 The parties agree that this AOD is based, in part, upon certain understandings between the parties to resolve the Attorney General’s efforts relating to unlicensed lending in Vermont and third-party payment processing thereof To that end, T\$\$ agrees to respond to reasonable requests by the Attorney General’s Office that are consistent with those understandings and to assist the Attorney General’s efforts regarding unlicensed lending in Vermont.

34. Acceptance of this AOD by the Vermont Attorney General's Office shall not be deemed approval by the Attorney General of any practices or procedures of Respondent not required by this AOD, and Respondent shall make no representation to the contrary
35. This AOD and all terms therein shall be binding on Respondent, all of their affiliate companies doing business in Vermont, their officers, directors, owners, managers, successors and assigns.
36. The undersigned authorized agent(s) of Respondent shall promptly take reasonable steps to ensure that copies of this document are provided to all relevant officers, directors, owners and managers of the company, and all of its affiliate companies doing business in Vermont.
37. This AOD constitutes a complete settlement and general release by the Attorney General of all claims, causes of action, damages, restitution, fines, costs, attorneys' fees, and penalties that the Vermont Attorney General could have asserted under the Vermont Consumer Protection Act or common law claims concerning unfair, deceptive or fraudulent acts or practices which resulted from the conduct that is the subject of this AOD against Respondent.
38. The Superior Court of the State of Vermont, Washington Unit, shall have Jurisdiction over this AOD and the parties hereto for the purpose of enabling any of the parties to apply to this Court at any time for orders and directions as may be necessary or appropriate to carry out or

construe this AOD, to modify or terminate any of its provisions, to enforce compliance, and to punish violations of its provisions.

39 All notice related to this AOD shall be given to

(a) **Respondent** at: Clayton S Friedman, Manatt, Phelps & Phillips, LLP, Park Tower, 695 Town Center Drive, 14th Floor, Costa Mesa, CA 92626, cfriedman@manatt.com.

(b) **The Attorney General** at: Justin Kolber, Assistant Attorney General, Office of the Attorney General, 109 State Street Montpelier, VT 05609, [jkolber@atg.state.vt.us](mailto:jkolber@atg.state.vt.us).

40 For a period of two years beginning from the date of this AOD, Respondent shall notify the Attorney General of any change of business name or address within 20 business days.

41 This AOD may only be enforced by the parties.

42 Neither this AOD nor anything herein shall be construed or used as a waiver, limitation or bar on any defense otherwise available to Respondent or on Respondent's right to defend itself from or make any arguments in any pending or future legal or administrative action, proceeding, or state or federal claim or suit, including without limitation, private individual or class action claims or suits, relating to Respondent's conduct prior to the execution of this AOD, or to the existence, subject matter or terms and conditions of this AOD.

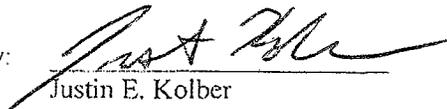
43 If any document created pursuant to this AOD contains confidential information as required by Vermont law, then such information shall be

treated as confidential and shall not be disclosed to any third party unless otherwise compelled by law. To the extent any party is compelled to make such a disclosure, the compelled party shall notify the other party in writing of its intent to make a disclosure, and provide the other party a reasonably sufficient opportunity to challenge the compelled disclosure in a court of law or other applicable tribunal.

\*\*\* SIGNATURES APPEAR ON NEXT PAGE \*\*\*

DATED at Montpelier, Vermont this 22<sup>nd</sup> day of April, 2014.

STATE OF VERMONT  
WILLIAM H. SORRELL  
ATTORNEY GENERAL

By:   
Justin E. Kolber  
Assistant Attorney General  
Office of the Attorney General  
109 State Street  
Montpelier, VT 05609  
(802) 828-5620  
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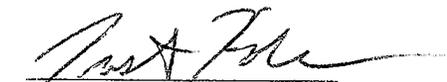
DATED this 21 day of April, 2014

TSS, LLC

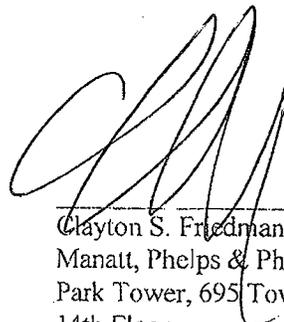
By:   
Its Authorized Agent

SHERI FORREST-MATTHEWS  
Name and Title of Authorized Agent CO-OWNER

APPROVED AS TO FORM:

  
Justin E. Kolber  
Assistant Attorney General  
Office of Attorney General  
109 State Street  
Montpelier, VT 05609

For the State of Vermont

  
Clayton S. Friedman, Esq.  
Manatt, Phelps & Phillips, LLP  
Park Tower, 695 Town Center Drive  
14th Floor  
Costa Mesa, CA 92626

For Respondent

Office of the  
ATTORNEY  
GENERAL  
109 State Street  
Montpelier, VT  
05609

Exhibit A

**List of Unlicensed Lenders**

1	ABCWAGES.COM
2	APOLLO MARKETING, LLC
3	BLUE STAR RESULTS INC.
4	CANYON CREEK MANAGEMENT
5	CASH CURE LLC
6	CASH CALL INC
7	CASH WEB
8	DELBERT
9	DEPDL, INC.
10	EXTRAFUNDS.COM
11	GOLDLINE FUNDING GROUP LLC
12	INSTANT HOLDINGS, LLC.
13	INTEGRA FINANCIAL SERVICES
14	JUPITER FINANCIAL, INC.
15	JUPITER FUNDING GROUP, LLC
16	LLS AMERICA, LLC
17	MAMBO CASH
18	MARS FUNDING, INC
19	MERCURY RED, INC.
20	NATIVE WEST ELECTRONICS
21	NORTHCREST VENTURES, INC.
22	PACIFIC TRADING, INC.
23	PAYADVANCE.COM
24	PBT LOAN SERVICES LLC
25	SIGMA SOLUTIONS, LLC
26	SPEEDEE CASH
27	SPEKTRUM ONLINE, LLC
28	VALLEY FINANCIAL, INC.
29	ZARVAD III LTDA

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