

STATE OF VERMONT
WASHINGTON COUNTY, SS.

2007-03-15 10:33:29

IN RE CREDIT ALLIANCE)
GROUP, INC.)

Washington Superior Court
Docket No. 172-3-10 Wncw

ASSURANCE OF DISCONTINUANCE

WHEREAS Credit Alliance Group, Inc. ("Credit Alliance Group" or the "Company") is a Texas corporation with offices at 1700 Main Street, Suite 5800, Dallas, Texas 75201, that is engaged in the business of assisting consumers ("clients") in negotiating and settling their unsecured, personal debts;

WHEREAS Credit Alliance Group offers, among other things, to negotiate with its clients' creditors reductions in the amounts due the creditors;

WHEREAS Credit Alliance Group provides debt settlement services to its clients for a fee of 15 percent of the principal amount of the debt;

WHEREAS Credit Alliance Group first began doing business in March 2006;

WHEREAS Credit Alliance Group provided services to 12 Vermont consumers, who paid a total of over \$31,000 to the Company;

WHEREAS the Vermont 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 Credit Alliance Group's business and its services;

WHEREAS at no time relevant to this Assurance of Discontinuance did Credit Alliance Group possess a Vermont debt adjuster license;

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

WHEREAS Credit Alliance Group 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 specific 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 creditors, as prescribed by 8 V.S.A. § 4872;

WHEREAS Credit Alliance Group imposed fees on its customers in advance of rendering services to them;

WHEREAS Credit Alliance Group represented that it could achieve particular results for its clients (“With our team of dedicated staff working for you, not the creditors, to eliminate 40%-60% of total outstanding debt,” “Our debt reduction method is designed to help you avoid bankruptcy by reducing your personal loans and credit card debt by 40-60%”), for which the Attorney General alleges 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 Credit Alliance Group 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 Credit Alliance Group are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

THEREFORE the parties agree as follows:

1. Credit Alliance Group 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, Credit Alliance Group 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, Credit Alliance Group shall refund to all of its Vermont clients all unrefunded fees paid by each of those clients to the Company. In the event that Credit Alliance Group is unable to make one or more refunds, for example because certain clients cannot be located, the Company shall, within forty-five (45) 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 forty-five (45) days of signing this Assurance of Discontinuance, Credit Alliance Group 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 date of the consumer's sign-up with Credit Alliance Group and the date of the Company's settlement with the creditor.

5. Credit Alliance Group shall promptly complete, without charge and at the client's option, negotiations with all listed creditors of each of its Vermont clients, 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. Credit Alliance Group 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 Credit Alliance Group'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 Credit Alliance Group 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, Credit Alliance Group 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. Credit Alliance Group 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, in eight (8) installments of five thousand dollars (\$5,000.00) each no later than the first day of each successive calendar month beginning on May 1, 2010, and ending on December 1, 2010.

8. Acceptance of this Assurance of Discontinuance by the Vermont Attorney General does not constitute approval of any business practices by Credit Alliance Group, nor shall the Company or anyone acting on its behalf state or infer otherwise.

9. This Assurance of Discontinuance shall be binding on Credit Alliance Group, its officers, directors, owners, managers, successors and assigns. The undersigned authorized agent of Credit Alliance Group 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 Credit Alliance Group stemming from the conduct described in this document.

Date: 2/16/10

STATE OF VERMONT

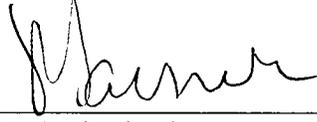
WILLIAM H. SORRELL
ATTORNEY GENERAL

by: 
Elliot Burg
Assistant Attorney General

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

Date: 2-23-10

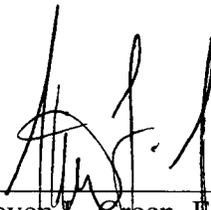
CREDIT ALLIANCE GROUP, INC.

by: 
Its Authorized Agent

Shane V Garner 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


Steven L. Green, Esq.
Underwood, Perkins & Ralston, P.C.
5420 LBJ Freeway, Suite 1900
Dallas, TX 75240
For Credit Alliance Group, Inc.

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109 State Street
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Exhibit 1

Important Information on Refunds to Consumers

Dear _____:

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

Under the settlement, Credit Alliance Group is refunding to you all fees that you paid to Credit Alliance Group, 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, Credit Alliance Group has also agreed, at your option, to complete its negotiations with your enrolled 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.

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

Sincerely,