

FILED

STATE OF VERMONT
WASHINGTON COUNTY, SS 2009 MAY 27 A 11: 26

SUPERIOR COURT
WASHINGTON COUNTY

IN RE DEBT REMEDY)
SOLUTIONS, LLC)

Washington Superior Court
Docket No. 377-5-09 Wncv

ASSURANCE OF DISCONTINUANCE

WHEREAS Debt Remedy Solutions, LLC (“Debt Remedy Solutions”) is a Texas limited liability corporation with offices at 4770 N.W. 2nd Avenue D, Boca Raton, Florida 33431, that is engaged in the business of settling consumer (“client”) debts;

WHEREAS Debt Remedy Solutions offers to negotiate with its clients’ creditors, once those clients have saved sufficient funds of their own, for settlement offers involving a reduction of the amount due the creditors;

WHEREAS Debt Remedy Solutions charges its clients a fee of no more than 15 percent of the debt enrolled in its program;

WHEREAS Debt Remedy Solutions began doing business in Vermont on or about August 2005;

WHEREAS Debt Remedy Solutions entered into contracts with 14 Vermont consumers to provide its debt settlement services, who paid a total of over \$30,000 to the company;

WHEREAS, the Attorney General alleges that the business of Debt Remedy Solutions falls within the definition of “debt adjustment” under 8 V.S.A. § 4861(2) and is thus subject to licensure under the Vermont Debt Adjusters Act, 8 V.S.A. ch. 133;

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GENERAL
109 State Street
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WHEREAS at no time relevant to this Assurance of Discontinuance did Debt Remedy Solutions possess a Vermont debt adjuster license;

WHEREAS Debt Remedy Solutions also did not (1) pay the fees or obtain the bond required by 8 V.S.A. §§ 4862 and 4864-4865; (2) make payments to creditors at least once every 30 days as required by 8 V.S.A. § 4870a; or (3) 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 Debt Remedy Solutions imposed fees on its customers in advance of rendering services to them;

WHEREAS Debt Remedy Solutions represented that it could achieve particular results for its clients (e.g., “Reduce your monthly payments by up to 50% immediately!” and “Become debt free in 36 months or less!”) 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);

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

THEREFORE the parties agree as follows:

1. Debt Remedy Solutions 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, Debt Remedy Solutions 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 ten (10) days of signing this Assurance of Discontinuance, Debt Remedy Solutions shall refund to all of its Vermont clients all unrefunded fees and other charges of whatever kind paid by each of those clients to the company. In the event that Debt Remedy Solutions 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 ten (10) days of signing this Assurance of Discontinuance, Debt Remedy Solutions shall pay liquidated damages in the amount of two thousand dollars (\$2,000.00) to any Vermont client who was sued by one or more creditors between the consumer's sign-up with Debt Remedy Solutions and the date of the company's settlement with the creditor.

5. Debt Remedy Solutions 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 50 percent of the enrolled amount of the debt, to be paid over a reasonable period of time. Debt Remedy Solutions 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 Debt Remedy Solutions' 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 Debt Remedy Solutions 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, Debt Remedy Solutions 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 required by this Assurance of Discontinuance to the new address.

7. Within thirty (30) days of signing this Assurance of Discontinuance Debt Remedy Solutions shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the sum of thirty thousand dollars (\$30,000.00) in civil penalties and costs.

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

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

Date: 5/14/09

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: Elliot Burg
Elliot Burg
Assistant Attorney General

Date: 5/22/09

DEBT REMEDY SOLUTIONS, LLC

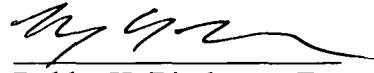
by: John Philbin Member
Its Authorized Agent
Name and Title of Authorized Agent

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APPROVED AS TO FORM:



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For the State of Vermont



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For Debt Remedy Solutions, LLC

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Exhibit 1

Important Information on Refunds to Consumers

Dear _____:

I am writing to inform you that Debt Remedy Solutions has entered into a legal settlement with the Vermont Attorney General's Office to resolve certain concerns of the Attorney General.

Under the settlement, we are refunding to you all fees and charges of any kind that you paid to Debt Remedy Solutions, 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]. You may have already received a full refund for all fees that you paid our company, and if so, it is indicated on the attached page.

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, Debt Remedy Solutions 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.

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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