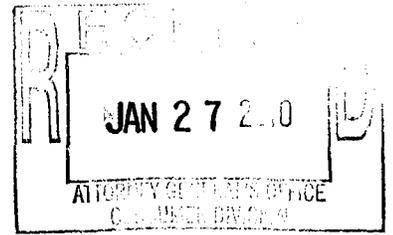


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STATE OF VERMONT
WASHINGTON COUNTY, SS.



IN RE DEBT SETTLEMENT)
AMERICA, INC.)

Washington Superior Court
Docket No. 56-1-10WNCW

ASSURANCE OF DISCONTINUANCE

WHEREAS Debt Settlement America, Inc. ("Debt Settlement America") is a Texas corporation with offices at 17304 Preston Road, Suite 1400, Dallas, Texas 75252, that is engaged in the business of settling consumer ("client") debts;

WHEREAS Debt Settlement America offers to negotiate with its clients' creditors reductions in the amounts due the creditors;

WHEREAS Debt Settlement America charges its clients a fee of between 10 and 15 (though mostly between 14 and 15 percent) of the principal amount of the debt enrolled in its program;

WHEREAS Debt Settlement America began doing business in Vermont in March 2005;

WHEREAS Debt Settlement America entered into contracts to provide its debt settlement services to 25 Vermont consumers, who paid a total of over \$69,000 to the company;

WHEREAS the business of Debt Settlement America 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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109 State Street
Montpelier, VT
05609

WHEREAS at no time relevant to this Assurance of Discontinuance did Debt Settlement America possess a Vermont debt adjuster license;

WHEREAS Debt Settlement America 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 Debt Settlement America also violated the right-to-cancel provisions of 9 V.S.A. § 2454 and Vermont Consumer Fraud Rule 113 for telephonic sales;

WHEREAS Debt Settlement America charged some fees to its customers in advance of rendering the promised services to them;

WHEREAS Debt Settlement America represented, directly or indirectly, that it could achieve particular results for its clients (“less than 50 cents on the dollar”) for which the Attorney General asserts that the company did not have prior reasonable factual substantiation as to the typicality of those results;

WHEREAS the Attorney General asserts 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 Settlement America 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. Debt Settlement America 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 Settlement America 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 sixty (60) days of the filing of this Assurance of Discontinuance with the Washington Superior Court, Debt Settlement America 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. This time frame takes into account Debt Settlement America's documented inability to pay consumer refunds in any shorter time. In the event that Debt Settlement America is unable to make one or more refunds, for example because certain clients cannot be located, the company shall, within ninety (90) days of the filing of 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. Debt Settlement America shall also 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 Debt Settlement America and the date of the company's settlement with the creditor. Debt Settlement America shall pay this amount within ninety (90) days of receipt by the company of documentation of the lawsuit.

5. Debt Settlement America 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 Settlement America 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 at sixty- (60-)day intervals from the date this Assurance of Discontinuance is filed with the Washington Superior Court. In the event of a dispute about the adequacy or promptness of Debt Settlement America'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 sixty (60) days of the filing of this Assurance of Discontinuance with the Washington Superior Court, Debt Settlement America 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 Settlement America 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. Debt Settlement America shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the sum of fifty thousand dollars (\$50,000.00) in civil penalties and costs according to the following schedule: eight thousand three hundred thirty-three dollars and thirty-three cents (\$8,333.33) on the first day of each of the six calendar months beginning April 1, 2010, and ending September 1, 2010.

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

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

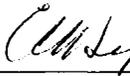
10. This Assurance of Discontinuance resolves all existing claims the State of Vermont may have against Debt Settlement America stemming from the conduct described in this document.

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

Date: 1/26/10

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: 
Elliot Burg
Assistant Attorney General

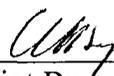
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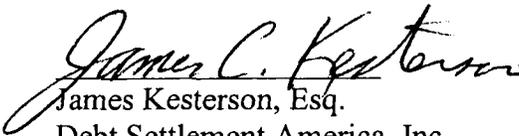
DEBT SETTLEMENT AMERICA, INC.

by: 
Its Authorized Agent

Christopher Kesterson CEO
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


James Kesterson, Esq.
Debt Settlement America, Inc.
3333 Earhardt Drive, Suite 250
Carrollton, TX 75006
For Debt Settlement America, Inc.

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109 State Street
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05609

Exhibit 1

Important Information on Refunds to Consumers

Dear _____:

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

Under the settlement, we are refunding to you all fees and charges of any kind that you paid to Debt Settlement America, 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 will make an additional payment of \$2,000, as required by the settlement. If you were sued while we were working for you, to receive the \$2000, you will need to provide us with documentation of the law suit (for example, a copy of the complaint), which you may fax to [fax number] or mail to [mailing address].

Under the settlement, Debt Settlement America 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,

Office of the
ATTORNEY
GENERAL
109 State Street
Montpelier, VT
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