

FILED

STATE OF VERMONT
WASHINGTON COUNTY, SS 2009 OCT -9 A 11: 03

SUPERIOR COURT
WASHINGTON COUNTY

IN RE CREDITANSWERS, LLC)

)

Washington Superior Court

Docket No. 766-10-09 WNCW

ASSURANCE OF DISCONTINUANCE

WHEREAS CREDITANSWERS, LLC ("CreditAnswers") is a Texas limited liability corporation with offices at 6200 Tennyson Parkway, Suite 200, Plano, Texas 75024, that is engaged in the business of settling consumer ("client") debts;

WHEREAS CreditAnswers offers to negotiate with its clients' creditors, once those clients have saved sufficient funds of their own for settlement offers involving a reduction in the amount due the creditors;

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

WHEREAS CreditAnswers began doing business in Vermont in September 2006;

WHEREAS CreditAnswers entered into contracts with 9 Vermont consumers to provide its debt settlement services, who paid a total of approximately \$13,000 to the company;

WHEREAS the Attorney General alleges that the business of CreditAnswers 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;

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

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ATTORNEY
GENERAL
109 State Street
Montpelier, VT
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WHEREAS CreditAnswers also did not (1) pay the fees or obtain the bond provided for by 8 V.S.A. §§ 4862 and 4864-4865; (2) include in its client contract the right-to-cancel disclosure provided for by 8 V.S.A. § 4869a(b); (3) make payments to creditors at least once every 30 days as provided for 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 provided for by 8 V.S.A. § 4872;

WHEREAS the Vermont Consumer Fraud Act, 9 V.S.A. §§ 2451a(d) and 2454, and Consumer Fraud Rule (CF) 113, available at <http://www.atg.state.vt.us/display.php?smod=131>, provide that consumers who enter into a transaction that is solicited or consummated in whole or in part over the telephone must be afforded a three-business-day right to cancel the transaction and receive a full refund, and further provide that the consumer must be notified of said right both orally and in prescribed short- and long-form written disclosures on a contract or receipt;

WHEREAS the Service Agreement signed by 7 of CreditAnswers' 9 Vermont clients did not incorporate the long-form disclosure provided for by CF 113, and it expressly stated that the company's service fee was non-refundable;

WHEREAS the Attorney General alleges that CreditAnswers thereby violated the right-to-cancel provisions of the Vermont Consumer Fraud Act and Consumer Fraud Rule 113;

WHEREAS CreditAnswers imposed fees on its customers in advance of rendering all of the services the company contracted to provide to them;

WHEREAS CreditAnswers represented that it could achieve particular results for its clients (e.g., “[T]he CreditAnswers team will negotiate with your creditors to reduce your debt by 40 to 60%.” ... “Debt settlement generally can be completed in less than 36 months.”) for which the Attorney General alleges the company 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 CreditAnswers are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

THEREFORE the parties agree as follows:

1. With respect to Vermont consumers, CreditAnswers 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, CreditAnswers 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) business days of signing this Assurance of Discontinuance, CreditAnswers 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 CreditAnswers 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) business days of signing this Assurance of Discontinuance, CreditAnswers shall pay liquidated damages in the amount of \$2,000.00 (two thousand dollars) to any Vermont client who informs CreditAnswers that he or she was sued by one or more creditors between the consumer's sign-up with CreditAnswers and the date of the company's settlement with the creditor.

5. CreditAnswers 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. CreditAnswers shall document these efforts in writing, and provide such documentation to the Attorney General's Office within sixty (60) days of each applicable Vermont client's request for such service. In the event of a dispute about the adequacy or promptness of CreditAnswers' 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) business days of signing this Assurance of Discontinuance CreditAnswers 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, CreditAnswers 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. CreditAnswers 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 according to the following schedule: ten thousand dollars (\$10,000.00) within ten (10) days of signing this Assurance of Discontinuance; an additional ten thousand dollars (\$10,000.00) within thirty (30) days of signing this Assurance of Discontinuance; and a final ten thousand dollars (\$10,000.00) within sixty (60) days of signing this Assurance of Discontinuance.

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

9. This Assurance of Discontinuance shall be binding on CreditAnswers and its successors and assigns, including for the actions of their officers, directors, owners and


managers taken on their behalf. The undersigned authorized agent of CreditAnswers shall promptly take reasonable steps to ensure that copies of this document are provided 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 CreditAnswers stemming from the conduct described in this document.

Date: 9/28/09

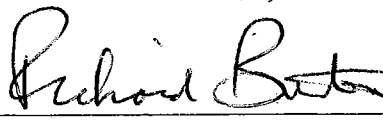
STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: 
Elliot Burg
Assistant Attorney General

Date: 10/5/09

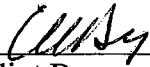
CREDITANSWERS, LLC

by: 
Its Authorized Agent

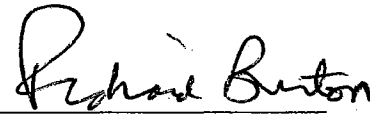
Richard Bustin / General Counsel
Name and Title of Authorized Agent

Office of the
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109 State Street
Montpelier, VT
05609

APPROVED AS TO FORM:



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



Richard A. Burton, Esq.
General Counsel
CreditAnswers, LLC
6200 Tennyson Parkway, Suite 200
Plano, TX 75024

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109 State Street
Montpelier, VT
05609

Exhibit 1

Important Information on Refunds to Consumers

Dear _____:

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

Under the settlement, we are refunding to you all fees and charges of any kind that you paid to CreditAnswers, 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 already have 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, CreditAnswers 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
05609

FILED

STATE OF VERMONT
WASHINGTON COUNTY, SS.

2009 OCT -9 A 11:03

SUPERIOR COURT
WASHINGTON COUNTY

IN RE LIBERTY BANC)
MORTGAGE GROUP, INC., d/b/a)
LIBERTY SETTLEMENT GROUP)

Washington Superior Court
Docket No. 767-10-09 Wncw

ASSURANCE OF DISCONTINUANCE

WHEREAS Liberty Banc Mortgage Group, Inc. ("Liberty Settlement Group") is a California corporation with offices at 2101 Business Center Drive, Suite 220, Irvine California, that is engaged in the business of assisting consumers ("clients") in negotiating and settling their unsecured personal debts;

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

WHEREAS Liberty Settlement Group provides debt settlement account processing, negotiations, settlement, and customer service (collectively, "services") to its clients for a fee of 17 percent of the total amount of the debt enrolled with the company;

WHEREAS Liberty Settlement Group began doing business in Vermont in or around October 2007;

WHEREAS Liberty Settlement Group provided services to four Vermont consumers, who paid a total of over \$8,000 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 Liberty Settlement Group's business and its services;

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GENERAL
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05609

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

WHEREAS Liberty Settlement 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 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 Liberty Settlement Group imposed fees on its customers in advance of rendering services to them;

WHEREAS Liberty Settlement Group represented that it could achieve particular results for its clients (“You can become debt free within 12-24 months in most cases ...,” and “Liberty negotiates with your creditors to eliminate 50%-70% of your unsecured debt.”), 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 Liberty Settlement 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 Liberty Settlement Group are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

THEREFORE the parties agree as follows:

1. Liberty Settlement 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, Liberty Settlement 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, Liberty Settlement 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 Liberty Settlement Group 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, Liberty Settlement 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 consumer's sign-up with Liberty Settlement Group and the date of the company's settlement with the creditor.

5. Liberty Settlement Group 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. Liberty Settlement 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 Liberty Settlement 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 Liberty Settlement 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, Liberty Settlement 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. Upon signing this Assurance of Discontinuance, Liberty Settlement Group shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the sum of twenty thousand dollars (\$20,000.00) 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 of Liberty Settlement Group, nor shall the company or anyone acting on its behalf state or infer otherwise.

9. This Assurance of Discontinuance shall be binding on Liberty Settlement Group, its officers, directors, owners, managers, successors and assigns. The undersigned authorized agent of Liberty Settlement Group shall promptly take reasonable steps to ensure that copies of this document are provided 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 Liberty Settlement Group stemming from the conduct described in this document.

Date: 9/4/09

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: Elliot Burg
Elliot Burg
Assistant Attorney General

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

Date: 9-29-09

LIBERTY BANC MORTGAGE GROUP, INC.,
d/b/a LIBERTY SETTLEMENT GROUP

by: [Signature]
Its Authorized Agent

Ryan T. McDonnell CEO/President
Name and Title of Authorized Agent

APPROVED AS TO FORM:

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

[Signature]
General Counsel
~~[Redacted]~~
~~[Redacted]~~
~~[Redacted]~~
Liberty Banc Mortgage Group, Inc.
2101 Business Center Drive
Suite 220
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