

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF HENNEPIN

FOURTH JUDICIAL DISTRICT

Case Type: Other Civil
(Consumer Protection)State of Minnesota, by its Attorney General,
Lori Swanson and its Commissioner of
Commerce, Michael Rothman,Court File No.27-CV-13-12740
Hon. Karen A. Janisch

Plaintiffs,

vs.

CONSENT JUDGMENT AND ORDERCashCall, Inc., a California corporation;
WS Funding, LLC, a Delaware limited liability
company, doing business in its own name
and/or as a division or subsidiary of CashCall;
and WS Financial, LLC, doing business in its
own name and/or as an incorporated or
unincorporated division or subsidiary of
CashCall,

Defendants.

WHEREAS, Plaintiffs State of Minnesota, by its Attorney General, Lori Swanson, and its Commissioner of Commerce, Michael Rothman (collectively "Plaintiffs"), filed and served a Complaint on July 11, 2013 (the "Complaint") against Defendants CashCall, Inc. and WS Funding, LLC (collectively "Defendants")¹; and

WHEREAS, the Minnesota Department of Commerce filed and served a Statement of Charges and Notice and Order for Prehearing on June 10, 2016 (the "Statement of Charges") against Delbert Services Corporation ("Delbert") and its owner J. Paul Reddam ("Reddam"); and

¹ The Plaintiffs alleged in their Complaint that CashCall sometimes does business under the name WS Financial, LLC. Defendants, however, represent and warrant that any reference to WS Financial, LLC in their documents is the result of a typographical error and that all such references actually mean and refer to WS Funding, LLC.

WHEREAS, Plaintiffs, Defendants, Delbert, and Reddam desire to resolve fully the claims set forth in the Complaint and the Statement of Charges by this Consent Judgment and Order; and

NOW, THEREFORE, the parties hereby agree to entry of an order with the following terms and conditions:

I. INJUNCTIVE RELIEF

1. Defendants, Delbert, and Reddam (including any company in which Reddam is an owner, founder, employee, officer, director, or agent) shall not hereinafter, directly or indirectly, individually or in conjunction with any other person or entity, offer, solicit, advertise, market, make, originate, underwrite, service, or collect payments on consumer loans to Minnesota consumers without first registering with and obtaining licenses from the Minnesota Department of Commerce, or otherwise fail to comply with Minnesota lending, usury, and collection laws.

2. Defendants, Delbert, and Reddam (including any company in which Reddam is an owner, founder, employee, officer, director, or agent) shall permanently cease and desist servicing and collection activities on any loan issued by Western Sky. Defendants, Delbert, and Reddam shall permanently refrain from selling, assigning, transferring, or otherwise disposing of any loan issued by Western Sky that they currently hold.

3. Defendants, Delbert, and Reddam shall, immediately upon the signing of this Consent Judgment, discharge, cancel, release, forgive, and adjust to a zero balance all loans issued by Western Sky that they currently hold.

4. Defendants, Delbert, and Reddam shall, within twenty (20) days of entry of this Consent Judgment, send notice to any Minnesota consumer, whose loan issued by Western Sky they currently hold, service, and/or collect, that the loan has been discharged, canceled, released, and forgiven, and that no further payments are due on the loan. Defendants, Delbert, and

Reddam shall send such notice (in the form attached hereto as Exhibit A) by United States Mail and e-mail to such Minnesota consumers at their last known postal and e-mail addresses, and shall provide Plaintiffs with electronic copies of all such notices within three (3) days of sending the notices. The State of Minnesota may also communicate with affected Minnesota consumers about their rights under this Consent Judgment.

5. Defendants, Delbert, and Reddam shall, within fifteen (15) days of entry of this Consent Judgment, contact Equifax and Experian to request removal of any credit reporting by Defendants, Delbert, or Reddam about all Minnesota consumers to whom loans were issued by Western Sky. When contacting Equifax and Experian, Defendants, Delbert, and Reddam shall provide a copy of this Consent Judgment and a list of affected Minnesota consumers with a letter directing the agencies to remove any reference to the loans issued by Western Sky from the report of each Minnesota consumer. Defendants, Delbert, and Reddam shall, within twenty (20) days of entry of this Consent Judgment, send notice of their request for removal of credit reporting (in the form attached hereto as Exhibit B) by United States Mail and e-mail to affected Minnesota consumers at their last known postal and e-mail addresses, and shall provide Plaintiffs with electronic copies of all such notices within three (3) days of sending the notices. Defendants, Delbert, and Reddam represent and warrant that Equifax and Experian were the only credit or consumer reporting agencies to which they reported information about Minnesota consumers in connection with loans issued by Western Sky.

6. Defendants, Delbert, and Reddam shall, within fifteen (15) days of entry of this Consent Judgment, send notice (in the form attached hereto as Exhibit C) to all third parties to which they sold, assigned, or transferred loans issued by Western Sky, informing them that the loans should be deemed discharged, canceled, released, and forgiven, and requesting that such third parties refrain from further collection on, or resale of, such loans. Defendants, Delbert, and

Reddam shall, within twenty (20) days of entry of this Consent Judgment, send notice (in the form attached hereto as Exhibit D) to all Minnesota consumers whose loans issued by Western Sky were sold, assigned, or transferred by Defendants, Delbert, and Reddam that they informed the third party to which the loans were sold, assigned, or transferred that the loans should be deemed discharged, canceled, released, and forgiven, and they asked such third parties to refrain from further collection on, or resale of, such loans. Defendants, Delbert, and Reddam shall send such notices by United States Mail and e-mail to each affected third party purchaser and to each affected Minnesota consumer at their last known postal and e-mail addresses. Defendants, Delbert, and Reddam shall provide Plaintiffs with electronic copies of all such notices within three (3) days of sending the notices. Defendants, Delbert, and Reddam shall work cooperatively on an ongoing basis with Plaintiffs to effectuate such notices and to assist Plaintiffs' efforts to halt any further collection activity on loans issued by Western Sky which they sold, assigned, or transferred to third parties.

7. Defendants, Delbert, and Reddam shall, within five (5) days of entry of this Consent Judgment, provide Plaintiffs with a full and complete list of all loans issued by Western Sky to Minnesota consumers, including the following information for each such loan: (a) the borrower's name, last known address, telephone number, and e-mail address; (b) the loan identification number; (c) the date the loan was made; (d) the principal amount of the loan; (e) the loan term, monthly payment amount, interest rate charged, and all origination/processing fees, late fees, and any other charges on the loan; (f) the amount of all payments made toward the loan, including all payments of principal, interest, and fees of any nature; (g) the most recent status of the loan prior to the signing of this Consent Judgment (*e.g.*, paid off, settled in full, charged off, sold, outstanding); and (h) for any loan that has been sold, assigned, or transferred to a third party, the date of the sale, assignment, or transfer and the name and last known address,

telephone number, and e-mail address of the entity to which the loan was sold, assigned, or transferred.

8. Defendants, Delbert, and Reddam shall fulfill the terms of this Consent Judgment, and all of the owners, parents, subsidiaries, affiliates, and successors of CashCall, WS Funding, and Delbert, shall also be bound by this Consent Judgment, so as to accomplish the full relief contemplated by this Consent Judgment. CashCall, WS Funding, and Delbert shall not effect any change in their form of doing business, organizational identity, organizational structure, affiliations, ownership, or management composition as a method or means of attempting to avoid the requirements of this Consent Judgment.

II. MONETARY PAYMENT

9. Defendants, Delbert, and Reddam shall, on or by 5:00 p.m. CDT on August 17, 2016, pay to the State of Minnesota the sum of \$4,500,000 (the "Settlement Sum") pursuant to Minn. Stat. § 8.31. All or any portion of the Settlement Sum may be distributed to consumers by the Attorney General in her discretion pursuant to Minn. Stat. § 8.31. Monies from the Settlement Sum may also be used for settlement administration expenses, including payment to a settlement administrator. Any remaining funds shall be remitted to the Treasury of the State of Minnesota pursuant to Minn. Stat. § 8.31.

10. The Settlement Sum shall be made payable to the State of Minnesota and sent by wire transfer, according to instructions provided by the Attorney General.

11. If the State does not receive the Settlement Sum by 5:00 p.m. CDT on August 17, 2016, this entire Consent Judgment shall be rendered null and void, and Plaintiffs will continue with their litigation and administrative enforcement action against Defendants, Delbert, and Reddam.

III. CIVIL PENALTY FOR NON-COMPLIANCE

12. Defendants, Delbert, and Reddam may be assessed a civil penalty, payable to the Attorney General upon any finding by the Court that Defendants, Delbert, or Reddam have violated any material provision of this Consent Judgment. The Court shall decide whether the civil penalty shall be imposed and the amount, upon a motion by the Plaintiffs, and after an evidentiary hearing, if the Court deems such hearing necessary. The release in paragraph 22 does not prevent the Plaintiffs from moving for, or collecting, the civil penalty described in this paragraph.

IV. DEFINITIONS

13. "CashCall" means CashCall, Inc. and all of its merged or acquired predecessors, successors, divisions, subsidiaries, parents, and any other affiliated entity or component. The term "CashCall," also includes all present and former directors, officers, employees, representatives, and agents of CashCall, Inc., including but not limited to Reddam.

14. "WS Funding" means WS Funding, LLC and all of its merged or acquired predecessors, successors, divisions, subsidiaries, parents, and any other affiliated entity or component. The term "WS Funding" also includes all present and former directors, officers, employees, representatives, and agents of WS Funding, LLC, including but not limited to Reddam.

15. "Western Sky" means Western Sky Financial, LLC and all of its merged or acquired predecessors, successors, divisions, subsidiaries, parents, and any other affiliated entity or component. The term "Western Sky" also includes all present and former directors, officers, employees, representatives, and agents of Western Sky Financial, LLC, including but not limited to Martin Webb.

16. “Delbert” means Delbert Services Corporation and all of its merged or acquired predecessors, successors, divisions, subsidiaries, parents, and any other affiliated entity or component. The term “Delbert” also includes all present and former directors, officers, employees, representatives, and agents of Delbert Services Corporation, including but not limited to Reddam.

17. “Reddam” means J. Paul Reddam, individually and as an owner and/or officer of CashCall, WS Funding, and Delbert.

18. “Minnesota consumer” means a borrower who identified a Minnesota mailing address and entered into a loan agreement that involved Western Sky that was originated by, funded by, assigned to, bought by, serviced by, or collected on by CashCall, WS Funding, Delbert, and/or Reddam. “Minnesota consumer” also includes, but is not limited to, each and every consumer listed in the spreadsheet Defendants produced in this action as MN-CC-0000001.

19. “Consumer loan” means any loan of the type referenced by Minnesota Statutes chapters 47, 53, or 56.

20. “Loan issued by Western Sky” means any loan to a consumer who provided a Minnesota mailing address in loan application materials and/or was living in Minnesota when applying for or receiving a loan that involved Western Sky and that was originated by, underwritten by, funded by, assigned to, bought by, serviced by, or collected on by CashCall, WS Funding, Delbert, and/or Reddam. “Loan issued by Western Sky” also includes, but is not limited to, each and every loan listed in the spreadsheet Defendants produced in this action as MN-CC-0000001.

V. GENERAL TERMS

21. Nothing in this Consent Judgment shall relieve Defendants, Delbert, or Reddam of their obligation to comply with all applicable Minnesota and federal laws and regulations.

22. In consideration of the stipulated relief, the sufficiency of which is acknowledged, the Office of the Minnesota Attorney General and the Minnesota Department of Commerce, by execution of this Consent Judgment, hereby fully and completely release Defendants, Delbert, and Reddam, including all of their past and present employees, officers, and directors, of any and all claims of the Attorney General and/or the Department of Commerce connected with or arising out of the allegations in the Plaintiffs' Complaint in the above-captioned action, and the Department of Commerce's Statement of Charges against Delbert and Reddam, up to and including the date of this Consent Judgment. The Attorney General's Office and the Department of Commerce through this Consent Judgment do not settle, release, or resolve any claim against Defendants, Delbert, Reddam, or any other person or entity involving any private causes of action, claims, and remedies including, but not limited to, private causes of action, claims, or remedies provided for under Minn. Stat. § 8.31. This release does not apply in any way to claims of any other Minnesota state agency, department, official, or division. In the event Defendants, Delbert, and Reddam do not pay the Settlement Sum as required by Section II of this Consent Judgment, this release shall be rendered null and void.

23. Within three (3) business days of the Court's entry of an order approving this Consent Judgment and payment of the Settlement Sum, whichever occurs later, the parties shall: (a) file with this Court a Stipulation of Dismissal with Prejudice, dismissing the Complaint with prejudice and without additional costs and fees (other than the payments required herein) to either party, and (b) file with the Minnesota Office of Administrative Hearings a Stipulation of

Dismissal with Prejudice, dismissing the Statement of Charges with prejudice and without additional costs and fees (other than the payments required herein) to either party.

24. Defendants neither admit nor deny the allegations in the Complaint. Delbert and Reddam neither admit nor deny the allegations in the Statement of Charges.

25. Defendants, Delbert, and Reddam agree that the civil penalty that could be assessed pursuant to paragraph 12 represents a civil penalty that would be owed to the State of Minnesota, is not compensation for actual pecuniary loss, and, therefore, it is not subject to discharge under the Bankruptcy Code pursuant to 11 U.S.C. § 523(a)(7).

26. This Consent Judgment may be executed in counterparts, each of which constitutes an original, and all of which shall constitute one and the same agreement. This Consent Judgment may be executed by facsimile or electronic copy in any image format.

27. The person signing this Consent Judgment for Defendants and Delbert warrants that he is authorized to execute this Consent Judgment, that Defendants and Delbert have been fully advised by their counsel before entering into the Consent Judgment, and that he executes this Consent Judgment in an official capacity that binds Defendants and Delbert.

28. This Consent Judgment constitutes the full and complete terms of the agreement entered into by Defendants, Delbert, Reddam, and the Plaintiffs.

29. The Court shall retain jurisdiction of this matter for purposes of enforcing the Order for Judgment.

30. Service of notices required by this Settlement Agreement shall be served on the following persons, or any person subsequently designated by the parties to receive such notices:

For the Plaintiffs:

David Cullen
Assistant Attorney General
Office of the Minnesota Attorney General
445 Minnesota Street, Suite 1200
St. Paul, Minnesota 55101

For the Defendants, Delbert, and Reddam:

Scott A. Benson
Briol & Associates, PLLC
3700 IDS Center
80 South Eighth Street
Minneapolis, MN 55402

31. The failure of a party to exercise any rights under this Consent Judgment shall not be deemed to be a waiver of any right or any future rights.

32. This Consent Judgment, including any issues relating to interpretation or enforcement, shall be governed by the laws of the State of Minnesota.

33. Nothing in this Consent Judgment shall be construed to limit the power or authority of the State of Minnesota, the Attorney General, or the Department of Commerce, except as expressly set forth herein.

34. Each of the parties is represented by counsel, participated in the drafting of this Consent Judgment, and agrees that the Consent Judgment's terms may not be construed against or in favor of any of the parties by virtue of draftsmanship.

35. Each party shall perform such further acts and execute and deliver such further documents as may reasonably be necessary to carry out this Consent Judgment.

Dated: 8/12/16

CashCall, Inc.

By: [Signature]
J. Paul Reddam, its President

Dated: 8/12/16

WS Funding, L.L.C.

By: [Signature]
J. Paul Reddam, its President

Dated: 8/12/16

Delbert Services Corporation

By: [Signature]
J. Paul Reddam, its Owner

Dated: 8/12/16

J. Paul Reddam, Individually

By: [Signature]
J. Paul Reddam

Dated: Aug. 12, 2016

LORI SWANSON
ATTORNEY GENERAL
STATE OF MINNESOTA

By: [Signature]
David Cullen
Assistant Attorney General

Dated: 8.12.16

MICHAEL ROTHMAN
COMMISSIONER
MINNESOTA DEPARTMENT OF
COMMERCE

By: [Signature]
Anne O'Connor
Deputy Commissioner and Chief of Staff

ORDER

Based upon the foregoing Consent Judgment, it is SO ORDERED:

Dated: August 17, 2016



Janisch, Karen

2016.08.17

~~14:55:34 -05'00'~~
THE HONORABLE KAREN A. JANISCH
JUDGE OF DISTRICT COURT

LET JUDGMENT BE ENTERED ACCORDINGLY.

EXHIBIT A

[CashCall Letterhead]

[Date]

VIA U.S. MAIL AND E-MAIL

[First Name] [Last Name]
[Address]
[City], [State] [Zip]

RE: [Loan #]

Dear [First Name] [Last Name]:

The purpose of this communication is to notify you that your above-referenced loan has been **discharged, canceled, released, and forgiven**, and that **no further payments are due** on your loan, effective as of August 12, 2016.

You are receiving this notice because of a settlement our company reached with Minnesota Attorney General Lori Swanson and Commerce Commissioner Michael Rothman. As you may know, the State of Minnesota, by its Attorney General and its Commissioner of Commerce, previously filed a lawsuit against CashCall, Inc. and its affiliate regarding loans issued to Minnesota consumers by Western Sky Financial, LLC. CashCall recently entered into a settlement with the State, and your loan has been discharged because of this settlement. As stated above, no further payments are due on your loan.

If you have questions about the settlement or this communication, you may contact Giulia Palumbo of the Minnesota Attorney General's Office at (651) 757-1288 or (800) 657-3787.

Sincerely,

CashCall, Inc.

EXHIBIT B

[CashCall Letterhead]

[Date]

VIA U.S. MAIL AND E-MAIL

[First Name] [Last Name]

[Address]

[City], [State] [Zip]

RE: [Loan #]

Dear [First Name] [Last Name]:

The purpose of this communication is to notify you that on [month] [day], 2016, **we directed credit reporting agencies Equifax and Experian to remove any reporting of your above-referenced loan from your credit report.**

You are receiving this notice because of a settlement our company reached with Minnesota Attorney General Lori Swanson and Commerce Commissioner Michael Rothman. As you may know, the State of Minnesota, by its Attorney General and its Commissioner of Commerce, previously filed a lawsuit against CashCall, Inc. and its affiliate regarding loans issued to Minnesota consumers by Western Sky Financial, LLC. CashCall recently entered into a settlement with the State, and we directed Equifax and Experian to remove any reporting of your above-referenced loan from your credit report because of this settlement.

If you have questions about the settlement or this communication, you may contact Giulia Palumbo of the Minnesota Attorney General's Office at (651) 757-1288 or (800) 657-3787.

Sincerely,

CashCall, Inc.

EXHIBIT C

[CashCall Letterhead]

[Date]

VIA U.S. MAIL AND E-MAIL

[Company Name]
[First Name] [Last Name]
[Title]
[Address]
[City], [State] [Zip]

RE: [Loans Issued by Western Sky Financial, LLC]

Dear [First Name] [Last Name]:

We are writing to inform you that the loans that were issued to Minnesota consumers by Western Sky Financial, LLC (“Western Sky”), subsequently purchased by CashCall, Inc. and its affiliate WS Funding, LLC (collectively “CashCall”), and then sold to you (the “Western Sky Loans”) were the subject of a lawsuit by the State of Minnesota.

The State, by its Attorney General and its Commissioner of Commerce, alleged in its lawsuit that the Western Sky Loans violated Minnesota’s lending and usury laws because, among other things, Western Sky was not registered with or licensed by the Minnesota Department of Commerce and because the Western Sky Loans contained interest rates that exceeded statutory interest rate caps under Minnesota law.

The purpose of this letter is to notify you that the Western Sky Loans should be deemed discharged, canceled, released, and forgiven. CashCall, therefore, asks that you refrain from further collection on, or resale of, these loans. Enclosed is a list of the Western Sky Loans that were issued to Minnesota consumer and subsequently purchased by you.

Sincerely,

CashCall, Inc.

Enclosure: List of loans issued to Minnesota consumers
by Western Sky Financial, LLC

EXHIBIT D

[CashCall Letterhead]

[Date]

VIA U.S. MAIL AND E-MAIL

[First Name] [Last Name]

[Address]

[City], [State] [Zip]

RE: [Loan #]

Dear [First Name] [Last Name]:

We are writing to inform you that loans that were issued by Western Sky Financial, LLC (“Western Sky”), subsequently purchased by CashCall, Inc. and its affiliate WS Funding, LLC (collectively “CashCall”), and then sold to [company name], including but not limited to your above-referenced loan, were the subject of a lawsuit by the State of Minnesota.

The State, by its Attorney General and its Commissioner of Commerce, alleged in its lawsuit that the Western Sky Loans, including your above-referenced loan, violated Minnesota’s lending and usury laws because, among other things, Western Sky was not registered with or licensed by the Minnesota Department of Commerce and because the Western Sky Loans contained interest rates that exceeded statutory interest rate caps under Minnesota law.

The purpose of this letter is to notify you that CashCall has asked that [company name] consider your above-referenced loan to be discharged, canceled, released, and forgiven, and to refrain from further collection on, or resale of, your above-referenced loan.

If you have questions about the settlement or this communication, you may contact Giulia Palumbo of the Minnesota Attorney General’s Office at (651) 757-1288 or (800) 657-3787.

Sincerely,

CashCall, Inc.