

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS
6th DIVISION

FILED 01/30/2009 01:20:35 SS
Pat D. O'Brien Pulaski Circuit Clerk

STATE OF ARKANSAS *ex rel.*
DUSTIN MCDANIEL, ATTORNEY GENERAL

PLAINTIFF

vs. CASE NO. 2008-4718

EZ MONEY PAWN SUPERSTORE, INC.,
D/B/A EZ MONEY PAYDAY ADVANCE,
EZ MONEY PAWN SUPERSTORE II, LLC,
D/B/A EZ MONEY PAYDAY ADVANCE II
& RONALD STEITLER

DEFENDANTS

CONSENT JUDGMENT

The State of Arkansas *ex rel.*, Dustin McDaniel, Attorney General, filed this action pursuant to the Arkansas Deceptive Trade Practices Act, ARK. CODE ANN. §§ 4-88-101, *et seq.* The Attorney General and the Defendants wish to resolve this action. The Attorney General and the Defendants recognize that this Consent Judgment has been negotiated by the parties in good faith, and that this Consent Judgment is fair, reasonable, and in the public interest. Based upon the facts and matters before this Court, and with the consent of the parties to this Judgment, it is hereby ORDERED, ADJUDGED, and DECREED:

I. Definitions

1. Unless otherwise indicated, the terms used herein shall carry those definitions provided by the Arkansas Deceptive Trade Practices Act, ARK. CODE ANN. §§ 4-88-101, *et seq.*
2. Unless otherwise indicated, any reference to "Defendants" includes EZ Money Pawn Superstore, Inc, EZ Money Pawn Superstore II, LLC, and Ronald Steitler.

II. Jurisdiction

3. The Attorney General brought this enforcement action pursuant to the Arkansas Deceptive Trade Practices Act. This Court has jurisdiction over this matter, and the parties

hereto pursuant to Ark. Code Ann. § 4-88-104, and the common law of the State of Arkansas.

Venue is proper pursuant to Ark. Code Ann. § 4-88-104, § 4-88-112, and the common law of the State of Arkansas. The Defendants have transacted business in the State of Arkansas.

4. For purposes of this Consent Judgment, the Attorney General and the Defendants waive all objections and defenses that they may have to the jurisdiction or venue of the Circuit Court of Pulaski County, Arkansas, and shall not challenge the Court's jurisdiction in any subsequent action to enforce the terms of this Consent Judgment.

III. Parties Bound

5. This Consent Judgment applies to and is binding upon the Attorney General, EZ Money Pawn Superstore, Inc, EZ Money Pawn Superstore II, LLC, and Ronald Steitler.

6. Any change in ownership or status of a party, including, but not limited to, any transfer of assets or real or personal property, shall in no way alter such parties' responsibilities under this Consent Judgment.

IV. The Attorney General's Position

7. Defendants have operated what are commonly known as "payday loan" businesses in Arkansas under the names EZ Money Payday Advance & EZ Money Payday Advance II.

8. Defendants offered and made short term, high interest loans. Funds were advanced to Arkansas consumers secured by the consumers' personal checks. The amount of each advance was less than the face value of the check presented. The loans were structured as short term (usually 14 to 30 day) single payment transactions with principal and interest due in one payment, although the Defendants commonly allowed the borrowers to "roll over" the loan by paying only the interest due, or by executing a new loan immediately after the payoff on the

previous loan. Such activities or transactions may hereafter be identified as a "Payday Lending Transaction(s)," or "Payday Loan(s)."

9. Defendants have charged interest at annual percentage rates ranging from approximately 173% to 868%, depending on the terms of each Payday Lending Transaction.

10. At times Defendants held licenses issued by the Arkansas State Board of Collections Agencies. The Arkansas State Board of Collections Agencies formerly issued licenses to payday lenders pursuant to the Arkansas Check Cashers Act, ARK. CODE ANN. § 23-52-100, *et seq.* The Arkansas Supreme Court found the Check Cashers act to be unconstitutional. *McGhee v Arkansas Board of Collection Agencies and American Manufactures Mutual Insurance Company*, No. 08-164 (AR S. Ct. Nov. 6, 2008). In accordance with that and previous rulings, at no time did the Check Cashers Act authorize or condone violations of the Arkansas Constitution or the Deceptive Trade Practices Act.

11. The Payday Lending Transactions engaged in by the Defendants constitute deceptive and unconscionable trade practices prohibited by the Arkansas Deceptive Trade Practices Act. The prohibited Payday Lending Transactions engaged in by the Defendants include, but likely are not limited to, violations of Arkansas Code Ann. §§ 4-88-107(a)(1), 4-88-107(a)(8), and 4-88-107(a)(10). More specifically, the Defendants have violated the Deceptive Trade Practices Act by charging and collecting unconscionable rates of interest on short term Payday Lending Transactions. The practice of charging ultra-high usurious rates of interest is unconscionable as a matter of law.

12. The Attorney General specifically denies the assertions of the Defendants set forth in the Defendants' position in this Consent Judgment.

V. THE DEFENDANTS' POSITION

13. All Defendants deny that they have violated any laws of the State of Arkansas as stated in the Attorney General's position. Specifically the corporate Defendants were licensed and regulated pursuant to the Arkansas Check Cashers Act, Ark. Code Ann. §23-52-100, *et seq.* At all times during their operation they complied with the rules and regulations of the Arkansas Check Cashers Act, and the fact that this act was subsequently found unconstitutional on November 6, 2008 in no way affects the acts of the corporate Defendants prior to that date. During the period of its operation, the corporate Defendants charged only those fees specifically authorized by the Arkansas State Board of Collection Agencies. By entering into this Consent Judgment, all Defendants deny any and all responsibility and liability to the State of Arkansas for any acts which it committed under the Arkansas Check Cashers Act. The fact that all the Defendants are entering into this Consent Judgment is not to be considered any admission of liability but rather an agreement on their part to resolve this litigation and buy their peace.

VI. Relief

14. This Consent Judgment is intended to preclude the Defendants from engaging in any type or form of Payday Lending Transactions in violation of Arkansas law. Accordingly, the Defendants shall hereafter be permanently restrained and enjoined from engaging or entering into any type, shape or form of Payday Lending in the State of Arkansas. Specifically, Defendants are enjoined from charging or collecting any payments on any Payday Lending transactions, or variation of such transaction, in the State of Arkansas where the interest charged is in excess of that allowed by the Arkansas Constitution, Article 19, § 13 and the Arkansas Deceptive Trade Practices Act, ARK. CODE ANN. §§ 4-88-101, *et seq.*

15. More specifically, Defendants are permanently restrained and enjoined from using any plan, device, model, mechanism, or other sham, to avoid the terms of this Consent Judgment.

Prohibited practices include, but are not limited to, internet based lending with residents of the State of Arkansas, regardless of the location from which the Defendants or their agents may claim they are operating.

16. All outstanding contracts for Defendants' Payday Lending Transactions, which were entered into with residents of the State of Arkansas are hereafter cancelled. Furthermore, the Defendants shall take no action, formal or informal, to attempt to enforce any such obligation against any Arkansas consumer pursuant to any Payday Lending contracts. Specifically, the Defendants shall take no action to enforce such contracts, nor to collect any sums which might arguably be due pursuant to such contracts. Defendants shall not contract with any third party debt collectors regarding these Payday Lending Transactions, nor sell any obligations arguably due from these transactions. Defendants shall make no negative reports to any credit bureau, check clearing house, or other related service with respect to any of these Payday Lending Transactions.

17. Simultaneous with the entry of this Judgment, the Defendants shall, collectively, pay the sum of \$50,000.00 to the Attorney General, and the Attorney General hereby acknowledges the receipt of said sum. On or before July 1, 2009, the Defendants shall pay an additional sum of \$25,000.00 to the Attorney General. All monies shall be delivered to the Chief Financial Officer of the Attorney General's office and shall be made payable to the Office of the Attorney General. A copy of all checks shall be delivered to Charles Saunders, Assistant Attorney General. All checks may be delivered to Office of the Attorney General, 323 Center Street, suite 200, Little Rock, AR 72201. Both sums shall be held in trust by the Attorney General for purposes directly related to the Attorney General's consumer education and enforcement efforts.

18. In addition to the \$75,000.00 payment, the Defendants agree to be contingently liable for the payment of an additional \$125,000.00. However, the imposition of the \$125,000.00 sum will be suspended for a period of five years. The payment of said additional sum shall be contingent upon, and shall be due and payable only upon a specific finding by this Court that any one of the Defendants have materially breached a substantive term of this agreement within said five year period commencing on the date this Consent Judgment is entered. After the expiration of five years from the entry of this Judgment, this contingent liability shall expire and the contingent payment of \$125,000.00 shall no longer be collectable by the Attorney General. However, neither the suspension of such payment nor the expiration of such contingency shall prevent the Attorney General from pursuing any and all actions and claims available to the Attorney General for any conduct occurring after the entry of this Consent Judgment.

19. This Consent Judgment constitutes the entire agreement of the parties. The undersigned acknowledge that there are no communications or oral understandings contrary, different, or which in any way restrict this Consent Judgment and that any and all prior agreements or understandings within the subject matter of this Consent Judgment are, upon the effective date of the Consent Judgment, superseded, null and void.

20. This Consent Judgment resolves and releases all civil claims, causes of action, or proceedings which were or could have been asserted by the Attorney General against Defendants for those practices alleged within its Original Complaint. Nothing within this Consent Judgment, however, precludes the Attorney General from instituting any cause of action against any party not a signatory to this Consent Judgment. Nor shall this release or in any way limit the authority of the Attorney General to conduct such investigations as he deems advisable or to bring any

enforcement action regarding alleged violations of law unrelated to its Original Complaint occurring after the date of this Consent Judgment. Also, the Attorney General is empowered to seek enforcement of any and all sections of this Consent Judgment by appropriate action with this Court.

21. Nothing in this Consent Judgment shall be construed to deprive any person or entity not a signatory hereto of any private right of action of any kind whatsoever, nor shall this Consent Judgment be construed to create any private right of action for any person or entity not a signatory hereto.

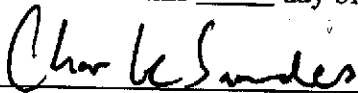
22. Nothing herein shall be construed as the endorsement of or acquiescence in, any trade practices of the Defendants, past, current, or future; and, the Defendants shall make no representations to the contrary.

23. This Consent Judgment will be construed and enforced under the laws of the State of Arkansas.

VII. Signatories

24. Each undersigned representative of a party certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Judgment and legally bind such parties to its terms.

25. This Consent Judgment is made and entered into by and between the parties hereto and on this 28th day of January, 2009.




Charles Saunders
Assistant Attorney General


Gary Grimes

Attorney for the Defendants

SO ORDERED:

Dated: 1/29, 2009.


The Honorable Tim Fox
Circuit Judge, 6th Division

PREPARED BY:

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