

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS
SIXTH DIVISION

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

PLAINTIFF

v.

Case No. CV-2006-10333

FILED 12/10/2007 13:14:42
Pat O'Brien Pulaski Circuit Clerk

MONEY IN A FLASH.NET, LLC,
DWIGHT BLAKE, ELAINE BLAKE,
DIALING4DOLLARS.NET

DEFENDANTS

CONSENT JUDGMENT

The State of Arkansas *ex rel.*, Dustin McDaniel, Attorney General, filed the above-captioned action, as well as eight other actions, against a number of corporate and individual Defendants 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 without resort to further litigation. 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.

This document applies to the following cases:

Jonesboro Money On Line.Net, LLC, et al.
Pulaski Circuit Case No. CV 2006-8758

Crossett Cash.Net, LLC, et al.
Pulaski Circuit Case No. CV 2006-8757

Conway Cash.Net, LLC, et al.
Pulaski Circuit Case No. CV 2006-9859

Money.Net, LLC, et al.
Pulaski Circuit Case No. CV 2006-9844

El Dorado Cash Online.Net, LLC, et al.
Pulaski Circuit Case No. CV 2006-10332

MagnoliaMoney.Net, LLC, et al.
Pulaski Circuit Case No. CV 2006-6769

MoneyInAFlash.Net, LLC, et al.
Pulaski Circuit Case No. CV 2006-10333

MoneyInAFlash.Net of AR, LLC, et al.
Pulaski Circuit Case No. CV 2007- 4193

This document also applies to Defendants Dialing4Dollars.Net and Dwight Blake in the case of *State of Arkansas v. Cash Today.net, LLC, et al.* Pulaski Circuit Case No. CV 2006-9847. All of these actions are pending in this Court.

Specifically, this Consent Judgment is meant to apply to, and resolves this litigation as to entities operating under the following names: Dialing4Dollars.Net, JonesboroMoneyOnline.Net, LLC, CrossettCash.Net, LLC, ConwayCash.Net, LLC, Money.Net, LLC, EIDoradoCashOnline.Net, LLC, MagnoliaMoney.Net, LLC, MoneyInAFlash.Net, LLC, and MoneyInAFlash.Net of AR, LLC. In addition to the above entities that are parties in one or more of the above listed lawsuits, the injunctive terms of this Consent Judgment apply to Money4U.Net, LLC in West Memphis, AR and Cash4U.Net #4, LLC in Crossett, AR. These entities are owned and operated by the individual Defendants herein.

Specifically, this Consent Judgment applies to, and resolves this litigation as to, the following individuals that are named as parties in one or more of the listed lawsuits: Dwight Blake, Elaine Blake, Robert Blake, Yvonne Clark, Phyllis Blake, Jason Warren, Lesley Warren, and Jeff Clark.

This Consent Judgment shall be filed only in this matter, *MoneyInAFlash.Net, LLC, et al.* Pulaski Circuit Case No. CV 2006-10333. Separate Consent Judgments,

outlining the parties bound by this Consent Judgment and adopting the terms of this Consent Judgment by reference, shall be filed in the other eight cases.

NOW, THEREFORE, 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. The term “Defendants” as used in this Consent Judgment refers to only those corporate and individual parties named specifically in this Consent Judgment.

II. Jurisdiction

3. 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 over any subsequent action to enforce the terms of this Consent Judgment.

5. Specifically, the parties agree that this Court shall have continuing jurisdiction over all nine related cases named in connection with this Consent Judgment.

III. Parties Bound

6. This Consent Judgment applies to and is binding upon the Attorney General and the non-individual entities and individual Defendants named specifically in this Consent Judgment.

7. 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

8. Beginning at a time unknown to the Plaintiff, but no later than April 2001, the Defendants have operated multiple lending businesses in various Arkansas cities under the guise of providing Internet services.

9. Defendants offer and make loans of up to \$300 under the pretext of providing instant cash "rebates" on the sale of Internet access contracts. Customers may obtain a cash loan of \$100 for each Internet account the customer receives. Typically, customers sought and obtained additional "rebates" and thus additional internet access contracts. There is no additional value to consumers in receiving additional Internet accounts beyond being able to obtain a loan of \$100 for each account.

10. Instead of calling the transaction a loan, the Defendants use the term "rebate" in a thinly disguised effort to avoid Arkansas' prohibition against usury, and to avoid the application of the requirements and prohibitions of the Arkansas Deceptive trade practices Act.

11. In return for obtaining cash loans, Arkansas consumers have become obligated to make biweekly payments of \$20 for each account obtained from the

Defendants. If the consumer does not pay the biweekly amount, the contract provides that Defendants are permitted to withdraw the payments from the consumer's bank account.

12. Each Internet contract purported to bind the customer to one year of periodic payments. However, a customer could terminate his account by repaying the amount of the rebate plus any biweekly payments that were due at the time of termination. It was not uncommon for customers to terminate a contract only to simultaneously enter into new or additional Internet contracts and new loans. Numerous customers entered into multiple contracts in the single twelve month period of the first contract, and thus obtained numerous loans from the Defendants.

13. No appreciable number of customers ever made use of the Internet service made available by the Defendants.

14. Defendants' customers used Defendants' service primarily to obtain cash loans, and that Defendants intended their service as an alternative to what is commonly called a "payday loan."

15. The conduct engaged in by the Defendants constitutes deceptive and unconscionable trade practices prohibited by the Arkansas Deceptive Trade Practices Act. The prohibited practices engaged in by the Defendants include, but likely are not limited to, violations of Ark. Code Ann. §§ 4-88-107(a)(3), 4-88-107(a)(8), 4-88-107(a)(10), and 4-88-108. The following conduct of the Defendants constitutes deceptive or unconscionable acts:

(a) While the contracts used by the Defendants appear to be contracts for Internet services, in reality the contracts are sham devices used to conceal the true

nature of the transaction which is a loan. In reality, the Defendants loan Arkansas consumers sums of money at an annual percentage rate (“APR”) exceeding 500%.

(b) Misrepresenting the contract as one for Internet access when, in truth, the entire process is a sham transaction concealing the true nature of the transaction, an unconscionable loan; the Defendants never anticipated any appreciable number of their customers actually using the Internet service they offered;

(c) Taking advantage of consumers seeking loans who are unable to protect their interests due to their desperation and need for quick cash; and

(d) Failing to disclose the true and material terms of the transactions, the most important of which is failure to disclose the interest rates charged on these unconscionable transactions.

16. The Attorney General specifically denies the assertions of the Defendants set forth in the Defendants’ position in this Consent Judgment. Notwithstanding the Attorney General’s agreement to the terms of this Consent Judgment, nothing herein shall be construed to mean the Attorney General has determined Defendants’ business practices do not violate the Arkansas Deceptive Trade Practices Act.

V. THE DEFENDANTS’ POSITION

17. The Defendants specifically deny the assertions of the Attorney General set forth in the Attorney General’s position in this Consent Judgment. Furthermore, the Defendants affirmatively state that at no point did they intend to violate, nor did they violate, any provisions of the Arkansas Deceptive Trade Practices Act or any other Arkansas law. Despite the Attorney General’s position set out above, and notwithstanding the Defendants’ submission to the jurisdiction of this Court and

agreement to the terms of this Consent Judgment, nothing herein shall be deemed an admission by the Defendants of any violation of any law.

18. Specifically, Defendants assert that the internet service stores such as Money4U.Net, LLC offer internet services only and do not offer loans. Cash rebates are used as an advertising and marketing device as do many sellers of goods and services including internet services.

19. Customers of the internet stores are offered a cash rebate in return for committing to a contract for internet service and email addresses.

20. If presented the evidence in this case would demonstrate that the internet service is not a “sham” and in fact Defendants do provide unlimited dial up internet service to all its customers.

21. Defendants specifically deny all the factual allegations and assertions in the Complaint and made by the Attorney General in this Consent Judgment. Defendants entered into this Consent Judgment to avoid the cost of continued protracted litigation.

VI. Relief

22. The Defendants shall be permanently enjoined from future violations of the Arkansas Deceptive Trade Practices Act, ARK. CODE ANN. §§ 4-88-101, *et seq.* Specifically, Defendants are enjoined from charging or collecting from consumers any payments on any transactions, however denominated, which transactions are, in reality, loans, and which payments are, in reality, interest in excess of that allowed by the Arkansas Constitution, Article 19, § 13, or other applicable Arkansas law. Also, the Defendants are permanently restrained and enjoined from using any plan, device, or sham to avoid the terms of this Consent Judgment. Specifically, but without limitation, the

Defendants are hereby permanently restrained and enjoined from using any transaction denominated a "rebate" on the sale of Internet service, or any other ruse to avoid the terms of this Consent Judgment.

23. All outstanding contracts for Defendants' services described herein, entered into by Defendants with any Arkansas consumers, are hereafter void. Any obligations to which any Arkansas consumers may arguably be subject pursuant to such contracts are void and unenforceable. The Defendants shall take no action, formal or informal, to attempt to enforce any obligation any Arkansas consumer may have undertaken pursuant to such contracts. Specifically, the Defendants shall take no action to enforce such contracts, nor to collect any sums which might arguably be due on such contracts. Defendants shall make no negative reports to any credit bureau with respect to any of these transactions.

24. Defendants shall pay the total sum of \$1,000,000.00 to the Attorney General and judgment in favor of the Plaintiff is entered in that amount. \$800,000.00 of this sum shall be designated for consumer restitution to affected Arkansas consumers. The remaining \$200,000.00 is intended to be compensation to the Plaintiff for the enforcement efforts it has undertaken in this matter and shall be held in trust by the Attorney General in the Consumer Education and Enforcement Fund for purposes directly related to the Attorney General's consumer education and enforcement efforts.

25. Notwithstanding the entry of this Judgment, the Plaintiff agrees to refrain from any collection efforts so long as the Defendants adhere to the following payment schedule: Defendants shall pay to the Attorney General the sum of \$500,000.00 on or before February 15, 2008. Defendants shall pay an additional sum of \$250,000.00 on or

before February 15, 2009, and the Defendants shall pay the final sum of \$250,000.00 on or before February 15, 2010. If any of the aforementioned dates passes and the Defendants have not made the required payment, as outlined in this agreement, then the remaining balance of the full sum of \$1,000,000.00 will become due and payable at once, and the Attorney General may take such actions as are necessary to collect this judgment.

26. All funds shall be delivered to the Chief Financial Officer, Office of the Attorney General, 323 Center Street, Suite 1100, Little Rock, Arkansas 72201, and shall designate on the face of the check as payee the Arkansas Attorney General. A copy of such correspondence and payment shall be delivered upon: Charles Saunders, Office of the Attorney General, 323 Center Street, Suite 200, Little Rock, Arkansas 72201.

27. In conjunction with this Consent Judgment and prior to its entry, Defendants shall provide the Attorney General a list of assets, the total unencumbered value of which equals or exceeds \$1,000,000.00. Should it become necessary for the Attorney General to engage in any collection efforts with respect to this Judgment, Defendants agree to cooperate to make the listed assets available. If, prior to the full payment of the Judgment, any Defendant wishes to dispose of, or further encumber, any listed asset, Defendants agree to notify the Plaintiff of such intent and to identify another asset of equal or greater unencumbered value.

28. Within 10 days following entry of this Consent Judgment, Defendants shall undertake to provide a complete digital list of all affected Arkansas consumers, including their names, last known addresses, last known phone numbers, and social security numbers. In addition, Defendants shall undertake to provide a full digital accounting for each consumer; for each consumer this accounting shall include all money

received by the consumer in the form of “rebates”, as well as all money paid by such consumer to Defendants in the form of access payments or termination fees, or removed from a consumer’s bank account due to a consumer’s failure to pay any access fees or to pay a termination fee.

29. Following receipt of the first payment from the Defendants (\$500,000.00), the Attorney General shall undertake to contact any affected consumers based upon the customer lists provided by Defendants. The Attorney General shall generate a claims form for consumer restitution and disseminate this form to all affected consumers that the Attorney General is able to locate through the exercise of reasonable efforts. All affected consumers shall have the right to make a claim for restitution within a time period to be determined by the Attorney General that shall not be less than ninety (90) days from the mailing of the claims forms. The Attorney General shall have the authority and discretion, exercised in good faith, to determine the restitution due to each affected consumer. If the total claims for consumer restitution exceed the total amount then available in the restitution fund, then the Attorney General shall apportion restitution on a pro rata basis to those affected consumers who have submitted claims within the allotted time period for making such claims. No claims shall be paid until after the time period allowed for the submission of claims forms. In the event of a pro rata distribution, the Attorney General shall undertake a subsequent distribution following the receipt of additional funds from the Defendants. Any restitution funds which the Attorney General is unable to distribute after reasonable effort shall be held in trust by the Attorney General in the Consumer Education and Enforcement Fund for the purposes directly related to the Attorney General’s consumer education and enforcement efforts.

30. 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.

31. This Consent Judgment resolves 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 Complaints. Nothing within this Consent Judgment, however, precludes the Attorney General from instituting further legal causes of action against any party not a signatory to this Consent Judgment. Nor shall this release limit the Attorney General from investigating or bringing an enforcement action regarding alleged violations of law unrelated to its Original Complaint or those occurring after the date of this Consent Judgment. The Attorney General may attempt enforcement of any and all sections of this Consent Judgment by appropriate action with this Court. Nothing herein releases any claims or causes of action of any parties, including affected consumers, who are not signatories to this Consent Judgment. However, nothing herein prohibits the Defendants from raising any claim for setoff with respect to any claim of any person not a signatory to this Consent Judgment based upon the actual receipt by that person of any funds pursuant to this Consent Judgment.

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

VII. Signatories

JONESBORO MONEYONLINE.NET

CROSSETT CASH.NET, LLC

By: OPN

By: Klanet Blake

Title: chrt mbr

Title: _____

Date: _____

Date: _____

CONWAY CASH.NET, LLC

MONEY.NET, LLC

Robert Blake

Yvonne Clark

By: Robert Blake

By: Yvonne Clark

Title: _____

Title: _____

Date: _____

Date: _____

EL DORADO CASH ONLINE.NET, LLC

MAGNOLIA MONEY.NET, LLC

Yvonne Clark

Robert E. Blake

By: Yvonne Clark

By: Robert Blake

Title: _____

Title: _____

Date: _____

Date: _____

MONEYINAFASH.NET, LLC

MONEYINAFASH.NET OF AR, LLC

By: OPN

Robert E. BLAKE

By: Robert Blake

Title: chrt mbr

Title: _____

Date: _____

Date: _____


DIALING4DOLLARS.NET, LLC

By: OPN

Title: CEO

Date: _____

DWIGHT BLAKE


Signature

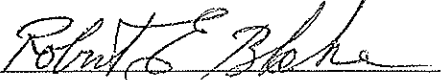
Date: _____

ELAINE BLAKE


Signature

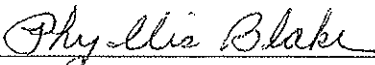
Date: 11/29

ROBERT BLAKE


Signature

Date: _____

PHYLLIS BLAKE


Signature

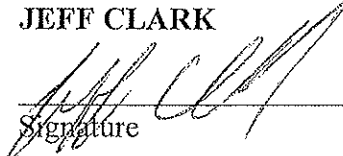
Date: _____

YVONNE CLARK


Signature

Date: _____

JEFF CLARK


Signature

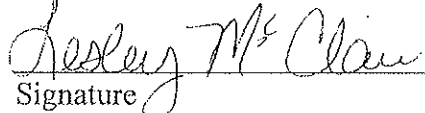
Date: _____

JASON WARREN


Signature

Date: _____

LESLEY MCCLAIN


Signature

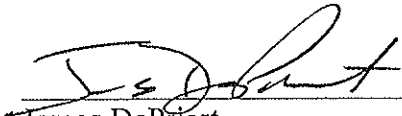
Date: _____

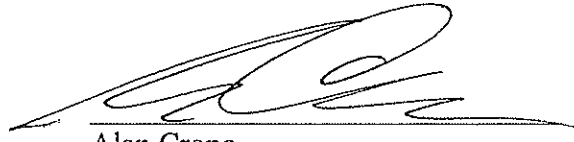
28. Each undersigned representative of a party certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Judgment and legally bind such parties to its terms.

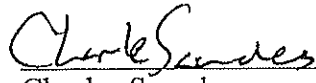
29. This Consent Judgment is made and entered into by and between the parties hereto and on this _____ day of _____, 2007.

FOR THE ATTORNEY GENERAL:

FOR THE DEFENDANTS:

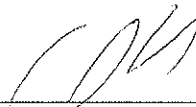

James DePriest
Deputy Attorney General


Alan Crone
Attorney for the Defendants


Charles Saunders
Assistant Attorney General

SO ORDERED:

Dated: 12/27, 2007.


HONORABLE Tim Fox
Circuit Judge, 6th Division

PREPARED BY:

Charles Saunders, Ark. Bar No. 03117
Assistant Attorney General
Office of the Attorney General
323 Center Street, Suite 200
Little Rock, Arkansas 72201
