

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS  
16 DIVISION

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

PLAINTIFF

vs.

CASE NO. CV08-4715

MSC SELF STORAGE, LLC,  
D/B/A MERRILL CHECK CASHING,  
MCC SELF STORAGE, LLC,  
D/B/A MERRILL CHECK CASHING,  
RAYMOND MERRILL, AND  
J.T. COMPTON

05/01/08 09:35:25  
Pat O'Brien  
Pulaski Circuit/County Clerk

DEFENDANTS

COMPLAINT

Plaintiff, State of Arkansas *ex rel.* Dustin McDaniel, Attorney General, for its Complaint against the Defendants, states:

PARTIES

1. Plaintiff is the State of Arkansas *ex rel.* Dustin McDaniel, the duly elected Attorney General for the State of Arkansas. This is a public protection action. This complaint is brought in the public interest in order to redress and restrain violations of the Arkansas Deceptive Trade Practices Act, Ark. Code Ann. § 4-88-101 *et seq.* and the Arkansas Constitution, *Article 19, Section 13*, prohibiting usury in the State of Arkansas.

2. Defendants MSC Self Storage, LLC and MCC Self Storage, LLC (hereinafter collectively referred to as Merrill Check Cashing) are Arkansas limited liability companies that operate under the name Merrill Check Cashing.

3. Defendant Raymond Merrill is a co-owner of Merrill Check Cashing. Defendant Merrill is a resident of Oklahoma. Merrill, as a co-owner of Merrill Check Cashing personally

formulated, directed, controlled, supervised, managed, participated in, had knowledge of, and acquiesced in the practices of Merrill Check Cashing (as more specifically set out below) to such a degree that Defendant Merrill is personally liable for the unconscionable and otherwise unlawful acts and practices described below. Defendant Merrill is a “controlling person” within the meaning of Ark. Code Ann. § 4-88-113(d).

4. Defendant J.T. Compton is a co-owner of Merrill Check Cashing. Defendant Compton is a resident of Arkansas. Compton, as a co-owner of Merrill Check Cashing personally formulated, directed, controlled, supervised, managed, participated in, had knowledge of, and acquiesced in the practices of Merrill Check Cashing (as more specifically set out below) to such a degree that Defendant Compton is personally liable for the unconscionable and otherwise unlawful acts and practices described below. Defendant Compton is a “controlling person” within the meaning of Ark. Code Ann. § 4-88-113(d).

5. Throughout the complaint any reference to “Defendants” or “Merrill Check Cashing” shall be deemed to include MSC Self Storage, LLC and MCC Self Storage, LLC, Raymond Merrill, and J.T. Compton, as Merrill and Compton are the sole and controlling owners of Merrill Check Cashing.

#### **JURISDICTION AND VENUE**

6. This Court has jurisdiction over this matter 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 a substantial amount of business in the State of Arkansas with numerous Arkansas consumers.

#### **BUSINESS PRACTICES OF THE DEFENDANTS**

7. During the period of time starting approximately March of 2000, through the present, Defendants operated what are commonly termed “payday loan” businesses at the following locations:

- a. 1009 Batesville Blvd.  
Batesville, AR 72501
- b. 677 Crawford St.  
Clarksville, AR 72830

8. Merrill Check Cashing offered high interest, short term loans to their customers by advancing funds against present-dated checks. The amount of each advance was substantially less than the face value of the check presented. The difference between the amount advanced and the face value of the check is interest on the loan. The resulting annual percentage rates (“APR’s”) of Merrill’s lending transactions ranged from approximately 173% to 868% depending on the terms of the individual transaction.

9. The following describes a typical initial check advancement (a/k/a deferred presentment) loan transaction: A prospective customer visited a Merrill Check Cashing location, completed an application, and wrote a present-dated check to Defendants for \$122.22. (The amount of the check may vary from transaction to transaction, but this amount is both typical and instructive.) The customer received \$100.00 in cash. Merrill Check Cashing agreed to hold the customer’s check for a period of up to twenty-one (21) days, with the due date of the loan coinciding with the customer’s next pay day. While the time frame for this example is twenty-one (21) days, a typical loan duration is either fourteen (14) days or one month. Exhibit A, attached to this Complaint, contains a copy of the above described transaction. Merrill Check Cashing discloses the APR for this transaction as 368.65%.

10. When Merrill Check Cashing enters into lending transactions like the one described above, the customer and Merrill Check Cashing know that the customer's checking account does not have a balance sufficient to cover the check. On the due date, the typical customer deposits his pay check in his checking account and immediately withdraws an amount necessary to pay off the loan. In the above example the amount to pay off the loan would be \$122.22. The customer must then proceed directly to Merrill Check Cashing and pay off the loan. With his checking account thus depleted, the customer is now likely unable to pay one or more of his monthly bills, such as rent, mortgage payment, utilities, or groceries. Without sufficient funds to pay living expenses, the customer then immediately writes a new check for a new loan under the same or similar terms. In the above case, on the due date of the original transaction the customer would pay \$122.22, and immediately receive \$100.00 back. The effect is not two separate transactions, but the continuation of the initial \$100.00 transaction, renewed monthly for another interest payment of \$22.22. If the consumer renewed the \$100.00 contract monthly for one year, which is not an uncommon situation, the customer would pay approximately \$266.64 in interest on a loan of \$100.00, and still owe the \$100.00 principal at the end of the year.

11. If the customer described above did not return to Merrill Check Cashing on the due date, Merrill Check Cashing would deposit the check. If there are sufficient funds in the account, the check is honored. Of course, since the customers of Merrill Check Cashing tend to be people who work hard, but who live from paycheck to paycheck, the burden of the interest charged on the loan makes it less likely that the customer will be able to maintain a sufficient balance. The result is that the customer is often forced to obtain additional payday loans from other lenders to juggle loans as they come due. As the customer takes on more payday loans,

more and more of the customers' wages are devoted to interest payments to payday lenders, such as Merrill Check Cashing, and less and less is available to devote to necessary living expenses. A customer who engages in a single transaction with one lender is rare. The majority, including many of the customers of Merrill Check Cashing, engage in repeated back-to-back transactions with each lender, and many juggle three or more loans with different lenders at any one time. For many customers, this process continues until the customer is somehow, though some windfall income, able to extract himself from the debt cycle, or until the customer's financial situation collapses completely, often resulting in bankruptcy.

12. While a typical payday loan duration is for fourteen (14) days, one month loans are also offered. Consumers, who take out payday loans for one month, are typically on some form of fixed income, such as social security income, social security disability, or pension fund payments.

13. A second example of a lending transactions engaged in by the Defendants is found in Exhibit B. Merrill Check Cashing disclosed an APR of 209.75% as the finance charge for a \$200.00 loan.

#### **VIOLATIONS OF THE ARKANSAS DECEPTIVE TRADE PRACTICES ACT**

14. The Plaintiff incorporates herein by reference all matters set forth in Paragraphs 1 through 13 above.

15. The business practices of the Defendants constitute the sale of "goods" or "services" within the meaning of Ark. Code Ann. § 4-88-102(6) and (7). The same business practices constitute business, commerce, or trade within the meaning of Ark. Ann. § 4-88-107.

16. 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 Arkansas Code Ann. §§ 4-88-107(a)(1), 4-88-107(a)(8), 4-88-107(a)(10), and 4-88-108. More specifically, the Defendants violate the Arkansas Deceptive Trade Practices Act by:

(a) Charging and collecting unconscionable rates of interest on short term lending transactions. The practice of charging usurious rates of interest is unconscionable and deceptive as a matter of law. See *State of Ark. v R & A Investment Co., Inc.*, 336 Ark. 289, 785 SW 2d 299 (1999), *Arkansas Board of Collection Agencies and Old Republic Surety Company v. Mcghee, et al.*, No. 07-129 (AR S. Ct. Jan. 17, 2008), and *Staton v Arkansas Board of Collection Agencies and American Manufactures Mutual Insurance Company*, No. 07-53 (AR S. Ct. Feb. 21, 2008).

#### **VIOLATIONS OF THE ARKANSAS CONSTITUTION**

17. The Plaintiff incorporates herein by reference all matters set forth in Paragraphs 1 through 16 above.

18. Article 19, Section 13 of the Arkansas Constitution places a limit on the maximum interest rate that may be charged a borrower in a lending transaction:

(a) General Loans:

(i) The maximum lawful rate of interest on any contract entered into after the effective date hereof shall not exceed five percent (5%) per annum above the Federal Reserve Discount Rate at the time of the contract.

(b) Consumer Loans and Credit Sales: All contracts for consumer loans and credit sales having a greater rate of interest than seventeen percent per annum shall be void as to principal and interest and the General Assembly shall prohibit the same.

19. During the relevant time period, the contract rate of interest permitted on loans in Arkansas varied between 7.5 % APR (current as of March 2008) to a high of 11.25% APR.

20. Defendants were engaged in the business of offering and making short term loans in amounts of typically between \$50.00 and \$350.00. The interest, charges, compensation,

consideration or expense Defendants charged, contracted for and received on those loans greatly exceeded the maximum amount allowed under the Arkansas Constitution.

21. The fees charged by Defendants on the loan transaction described in Paragraph 9 above amount to an annual percentage rate of 368.65%. This is a typical lending transaction engaged in by Defendants.

22. Because Merrill Check Cashing charged and received interest or other compensation in excess of 17% APR (see Arkansas Constitution, Article 19, Section 13 (b)), each loan was and is void as to principal and interest, and the Defendants should be prohibited from collecting, attempting to collect, or otherwise obtaining any money from any borrower that was charged interest rates in violation of the Arkansas Constitution. All sums, including principal and interest, collected to date, should be returned to the borrowers.

### **RELIEF REQUESTED**

23. The acts and practices of the Defendants constituting violations of the Arkansas Deceptive Trade Practices Act and the Arkansas Constitution warrant, and the Plaintiff hereby seeks, the following relief:

(a) Injunction – Pursuant to Ark. Code Ann. § 4-88-113(a)(1), the Court should enter such orders or judgments as may be necessary to prevent the use or employment by the Defendants of the practices described herein which are violations of the Arkansas Deceptive Trade Practices Act and the Arkansas Constitution, *Article 19, Section 13*. In addition to enjoining ongoing violations of Arkansas law, Plaintiff requests that the Court cancel all outstanding loan contracts together with any obligations to which consumers may be arguably be subject based upon such contracts.

(b) Restitution – Pursuant to Ark. Code Ann. § 4-88-113(a)(2), this Court should enter such orders or judgments as may be necessary to restore to any person who has suffered any ascertainable loss by reason of the use of prohibited practices any

monies which may have been acquired by the Defendants during the five years previous to the filing of this action, together with any other damages which these consumers may have sustained. In addition, or in the alternative, the Defendants should be ordered to disgorge all funds received from borrowers in these unconscionable lending transactions.

(c) Civil Penalties – Pursuant to Ark. Code Ann. § 4-88-113(a)(3), the Plaintiff seeks the imposition of civil penalties to be paid to the State by the Defendants. Plaintiff seeks civil penalties against the Defendants in the amount of \$10,000.00 for each violation of the Arkansas Deceptive Trade Practices Act. Each unconscionable lending transaction entered into during the five years previous to the filing of this action should be considered an individual violation of the Arkansas Deceptive Trade Practices Act. The total recovery sought by the Plaintiff for restitution, disgorgement, and civil penalties is in an amount in excess of that required for federal court jurisdiction in diversity of citizenship cases.

(d) Forfeiture of corporate charters, licenses, permits and authorization to do business in Arkansas – Pursuant to Ark. Code Ann. § 4-88-113(b), the Plaintiff seeks the forfeiture of such charters, licenses, permits or authorizations to do business in Arkansas as may currently be enjoyed by the Defendants.

(e) Attorneys fees and costs – Pursuant to Ark. Code Ann. § 4-88-113(e), the Plaintiff seeks compensation for its services, the reimbursement of all expenses reasonably incurred in the investigation and prosecution of this matter, together with attorneys fees and costs.

WHEREFORE, Plaintiff requests that this Court preliminarily and permanently restrain and enjoin the Defendants from engaging in acts which constitute violations of the Arkansas Deceptive Trade Practices Act and the Arkansas Constitution; that the Defendants be ordered to pay restitution to all affected Arkansas consumers; alternatively, or in addition, that the Defendants be ordered to disgorge all payments received from Arkansas consumers; that the Defendants be assessed civil penalties; that any corporate charter, license, permit, or



authorization to do business in the State of Arkansas and currently enjoyed by the Defendants be revoked; that the Plaintiff be awarded from the Defendants reimbursement for all expenses reasonably incurred in the investigation and prosecution of this matter, together with reasonable attorneys fees and cost, and for all other relief to which the Plaintiff may be entitled.

Respectfully submitted,

DUSTIN MCDANIEL,  
Attorney General

By: Charles Saunders

James B. DePriest  
Ark. Bar No. 80038  
Deputy Attorney General  
200 Catlett-Prien Tower Building  
323 Center Street  
Little Rock, Arkansas 72201-2610

Charles Saunders  
Arkansas Bar No. 03117  
Assistant Attorney General  
200 Catlett-Prien Tower Building  
323 Center Street  
Little Rock, Arkansas 72201-2610

# **EXHIBIT A**

**ARKANSAS DEFERRED PRESENTMENT AGREEMENT**

Transaction No. 2011473

Transaction Date: 3/10/2008

Payment Due Date: 4/1/2008

<b>Licensee:</b> MERRILL CHECK CASHING 677 Crawford Street Clarksville, AR 72830- (479) 705-8787	<b>Customer:</b>  Social Security Number:
--	---

**FEDERAL TRUTH-IN-LENDING DISCLOSURE**

ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate</small>	FINANCE CHARGE <small>The dollar amount the credit will cost you</small>	AMOUNT FINANCED <small>The amount of credit provided to you or on your behalf.</small>	TOTAL OF PAYMENTS <small>The amount you will have paid after you have made all payments as scheduled.</small>
6.99%	\$ 22.22	\$ 100.00	\$ 122.22

**PAYMENT SCHEDULE:** One payment in the amount of \$ 122.22 due on 4/1/2008

**PREPAYMENT:** There will be no rebate of the Finance Charge if this Agreement is prepaid before the Payment Due Date.

See the rest of this Agreement for additional information about the method of payment, our rights in the event of nonpayment, and any required repayment before the scheduled date and prepayment refunds and penalties.

Itemization of the Amount Financed:	100.00
1. Amount Financed \$	100.00
2. Amount Paid Directly to You: \$	N/A

THE ABOVE DISCLOSURES ARE REQUIRED BY THE FEDERAL TRUTH-IN-LENDING ACT. THE AMOUNT STATED IN THE AMOUNT FINANCED BOX ABOVE CONSISTS SOLELY OF THE AMOUNT OF CASH THE CUSTOMER WAS GIVEN IN EXCHANGE FOR THE CUSTOMER'S CHECK. WE DO NOT HAVE ANY RIGHTS AGAINST YOU EXCEPT TO THE EXTENT WE HOLD YOUR CHECK OR AS PROVIDED IN THE ARKANSAS CHECK CASHERS ACT.

We, the Licensee shown above, are a licensed check casher in Arkansas. You, the Customer, have asked us to purchase your Check # 1582 and we have agreed to do so for a fee. You have also asked us to Delay Depositing (or Deferring Presentment of) your Check pursuant to this Agreement and we have agreed to do so for an additional fee to be paid by you.

BEFORE YOU ASK US TO DELAY DEPOSITING YOUR CHECK, PLEASE CAREFULLY CONSIDER THE FOLLOWING DISCLOSURE OF THE DOLLAR (\$) AND PERCENTAGE (%) COSTS OF THIS DELAYED DEPOSIT TO YOU:

The Amount of Your Check: .....	\$ 122.22
Less Our Check Cashing Fee: .....	(\$ 12.22)
Less Our Deferred Presentment Fee .....	(\$ 10.00) (Not to exceed \$10.00)
We Pay To You: .....	\$ 100.00

IF YOU PAY THIS FEE, WE WILL HOLD YOUR CHECK AND NOT PRESENT IT TO YOUR BANK FOR DEPOSIT UNTIL YOU HAVE THE OPTION TO REPURCHASE YOUR CHECK FROM US BY PAYING US THE FACE AMOUNT OF THE CHECK PRIOR TO THE PAYMENT DUE DATE. WE WILL THEN DELIVER YOUR CHECK TO YOU.

Check #:	Date on Check:	Amount of Check:	Total Fees Charged:	We Give You:	Deposit Date:
1582	3/10/2008	\$ 122.22	\$ 22.22	\$ 100.00	4/1/2008

By signing below, I, the customer, acknowledge that this agreement was completely filled in before I signed it, that I read, understand, and agree to all of the terms and conditions on the front and back of this agreement, and that I have received a completed copy of this agreement. I also certify that the account on which the check is drawn is a legitimate and open account. I understand I have no obligation to you, except as evidenced by the check you have purchased from me.

**NOTICE:**  
SEE ADDITIONAL TERMS ON THE REVERSE SIDE

**X** \_\_\_\_\_ 3/10/08  
 Customer's Signature Date

**DISPOSITION:**

Cash from Customer: Date \_\_\_\_\_ \$ \_\_\_\_\_ Signature \_\_\_\_\_

Check Deposited on Date \_\_\_\_\_ Licensee's Agent \_\_\_\_\_

*Joshua R. Wood* 3/10/08  
 Licensee's Agent Signature Date

12202008 ARKANSAS CHECK CASHING CO., INC. 800-531-5234

ADDITIONAL TERMS AND CONDITIONS OF THIS AGREEMENT

The words "you" and "your" mean each and all customers who have signed the Arkansas Deferred Presentment Agreement. The words "we" "us" and "our" mean the Licensee (shown on the reverse side) a check-casher operating under Act 1216 of 1999, the Check Cashers Act (the "Act") and regulated by the Arkansas State Board of Collection Agencies and officers, shareholders, directors, employees or affiliated entities of Licensee.

**METHOD OF PAYMENT.** Delivery of the Check is payment in full for your obligations under this agreement. Prior to the Payment Due Date, shown on the reverse side, you may repurchase the Check from us for no additional fee by paying us the face amount of the Check. Upon receipt of such payment, we will return the Check to you. Otherwise the Check may be presented or sold in accordance with Arkansas law of negotiable instruments.

**ASSIGNMENT AND CHOICE OF LAW.** We may assign or transfer this Agreement or any of our rights hereunder. This Agreement will be governed by the laws of the State of Arkansas, including without limitation the Federal Arbitration Act.

**RETURNED CHECK CHARGE AND COLLECTION COSTS.** If the Check is returned from your financial institution due to insufficient funds, closed account, or a stop payment order, the check holder shall have the right to all civil remedies allowed by law to collect the Check and shall be entitled to a collection fee of \$25.00, any fees charged by any financial institution as a result of the check not being honored, court costs and reasonable attorney fees pursuant to A.C.A. §23-52-106(g) and Act 996 of 2001.

**CREDIT INQUIRE AUTHORIZATION:** You agree and hereby authorize us to obtain credit reports on you both now and at any time any portion of the Amount Financed remains owed to us.

**CREDIT REPORTING:** We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report. You specifically acknowledge and agree that we may disclose any default by you under this loan agreement, along with any other relevant information, to credit reporting agencies.

**WAIVER OF JURY TRIAL AND ARBITRATION AGREEMENT.** Arbitration is a process in which persons with a dispute agree to submit their disputes to a neutral third person (an "arbitrator") for a decision. Because the parties to the dispute select the arbitrator, they are responsible for paying the arbitrator. Each party to the dispute has an opportunity to present some evidence to the arbitrator. Pre-arbitration discovery may be limited. Arbitration proceedings are private and less formal than court trials. The arbitrator will issue a decision resolving the dispute. The arbitrator's decision is final and binding upon the parties, and may be enforced as a court judgment. A court rarely overturns an arbitrator's decision.

**THEREFORE, YOU ACKNOWLEDGE AND AGREE AS FOLLOWS:**

1. For purposes of this Agreement, the words "dispute" and "disputes" are given the broadest possible meaning and include, without limitation: (a) all federal or state law claims, disputes or controversies, arising from or relating directly or indirectly to the Applicant/Personal Information Form (the Application), this Agreement (including this arbitration provision and the fees charges) or any prior agreement or agreements between you and us; (b) all counter claims, cross-claims and third-party claims; (c) all common law claims, based upon contract, tort, fraud and other intentional torts; (d) all claims based upon a violation of any state or federal constitution, statute or regulations; (e) all claims asserted by us against you, including claims for money damages to collect any sum we claim you owe us; (f) all claims asserted by you individually, as a private attorney general as a representative and/or member of a class of persons, or in any other representative capacity, against us and/or any of our employees, agents, officers, shareholders, directors, or affiliated entities (hereinafter collectively referred to as "related third parties"), including claims for money damages and/or equitable or injunctive relief.

2. All disputes, including the validity of this arbitration provision may be resolved by binding arbitration. Any party to a dispute, including related third parties, may send the other party written notice by certified mail return receipt requested of their intent to arbitrate and setting forth the subject of any of the following arbitration organizations to administer the arbitration: the American Arbitration Association (1-800-778-7879), J.A.M.S./Endispute (1-800-352-5267). However, the parties may agree to select a local arbitrator who is an attorney, retired judge, or arbitrator registered and in good standing with an arbitration association and arbitrate pursuant to such arbitrator's rules. The party receiving notice of arbitration will respond in writing by certified mail, return receipt requested within twenty (20) days. If you demand arbitration, you must inform us in your demand of the arbitration organization you have selected or whether you desire to select a local arbitrator. If we or a related third party demand arbitration, you must notify us within twenty (20) days in writing by certified mail return receipt requested of your decision to select an arbitration organization or your desire to select a local arbitrator. If you fail to notify us, then we have the right to select an arbitrator organization. The parties to such dispute will be governed by the rules and procedures of such arbitration applicable to consumer disputes, to the extent those rules and procedures do not contradict the express terms of this agreement, including the limitations on the arbitrator below. You may obtain a copy of the rules and procedures by contacting the arbitration organization listed above.

3. If we or a related third party request arbitration, we will advance all of the arbitration organization's filing or hearing fees. If you request arbitration, upon your written request to us, we will advance the arbitration organization's filing or hearing fees. Thereafter, payment of the arbitration organization's fees and expenses, including the arbitrator's fees, shall be governed by the rules of the arbitration organization selected. Each party shall bear his or her own expenses throughout the arbitration. At the close of the arbitration proceeding, the arbitrator, in his or her discretion, may divide between or among the parties the expenses associated with the arbitration, including (if allowed by applicable law or agreement) attorney's fees. The arbitrator shall apply applicable substantive law consistent with the Federal Arbitration Act, 9 U.S.C. Sections 1-16 ("FAA"), and applicable statutes of limitation. The arbitrator may decide, with or without a hearing, any motion which is substantially similar to a motion to dismiss for failure to state a claim or a motion for summary judgment. In conducting the arbitration proceeding, the arbitrator shall not apply any federal state rules of civil procedure or evidence. **THE ARBITRATOR SHALL NOT CONDUCT CLASS ARBITRATION; THAT IS, THE ARBITRATOR SHALL NOT ALLOW YOU TO SERVE AS A REPRESENTATIVE, AS A PRIVATE ATTORNEY GENERAL, OR IN ANY OTHER REPRESENTATIVE CAPACITY FOR OTHERS IN ARBITRATION.** The arbitration hearing will be conducted in the county of your residence, or within 30 miles from such county, or in the county in which the transaction under the Agreement occurred, or in such place shall be ordered by the arbitrator. The arbitrator's award may be filed with any court having jurisdiction.

4. This WAIVER OF JURY TRIAL AND ARBITRATION AGREEMENT is binding upon and benefits you, your respective heirs, successors and assignees. This arbitration provision is binding upon and benefits us and third parties. This arbitration provision continues in full force and effect, even if your obligations have been paid or discharged through bankruptcy. This arbitration provision survives termination, amendment, expiration, or performance of any transaction between you and us and continues in full force and effect unless you and we otherwise expressly agree in writing.

5. You acknowledge and agree that by entering into this Agreement:

- (a) YOU MAY ELECT TO HAVE ANY DISPUTE ALLEGED AGAINST US OR RELATED THIRD PARTIES, RESOLVED BY ARBITRATION.
- (b) YOU HAVE THE RIGHT TO REFER YOUR QUESTIONS OR COMPLAINTS ABOUT ANY TRANSACTION WITH US TO THE ARKANSAS STATE BOARD OF COLLECTION AGENCIES. Nothing contained in this Agreement shall prevent or limit the authority of the Arkansas State Board of Collection Agencies to fully exercise its administrative remedies as set forth in Act 1216 of 1999.

**QUESTIONS/COMPLAINTS:** Should you have any questions or complaints, you may contact the Arkansas Division of Check Cashing, 523 South Louisiana, Suite 460, Little Rock, AR 72201; Telephone # (501) 371-1434

**NOTICE: SEE ADDITIONAL TERMS ON THE REVERSE SIDE**

# **EXHIBIT B**

VSAS DEFERRED PRESENTMENT AGREEMENT

Transaction No. 1009941

Transaction Date: 02-07-2008

Payment Due Date: 03-07-2008

Licensee: MCC 1009 Batesville Blvd. Batesville, AR 72501- (870) 251-5050	Customer:    Social Security Number:
--	--

FEDERAL TRUTH-IN-LENDING DISCLOSURE

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
	The dollar amount the creditor will pay you	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
	\$	\$ 200.00	\$ 233.33

**PAYMENT SCHEDULE** One payment in the amount of \$ 233.33 due on 03-07-2008

**PREPAYMENT:** There will be no rebate of the Finance Charge if this Agreement is prepaid before the Payment Due Date.

See the rest of this Agreement for additional information about the method of payment, our rights in the event of nonpayment, and any required repayment before the scheduled date and prepayment refunds and penalties.

Itemization of the Amount Financed	200.00	
1. Amount Financed \$	200.00	2. Amount Paid Directly to You: \$ N/A

THE ABOVE DISCLOSURES ARE REQUIRED BY THE FEDERAL TRUTH-IN-LENDING ACT. THE AMOUNT STATED IN THE AMOUNT FINANCED BOX ABOVE CONSISTS SOLELY OF THE AMOUNT OF CASH THE CUSTOMER WAS GIVEN IN EXCHANGE FOR THE CUSTOMER'S CHECK. WE DO NOT HAVE ANY RIGHTS AGAINST YOU EXCEPT TO THE EXTENT WE HOLD YOUR CHECK OR AS PROVIDED IN THE ARKANSAS CHECK CASHERS ACT.

We, the Licensee shown above, are a licensed check casher in Arkansas. You, the Customer, have asked us to purchase your Check # 1811 and we have agreed to do so for a fee. You have also asked us to Delay Depositing (or Deferring Presentment of) your Check pursuant to this Agreement and we have agreed to do so for an additional fee to be paid by you.

**BEFORE YOU ASK US TO DELAY DEPOSITING YOUR CHECK, PLEASE CAREFULLY CONSIDER THE FOLLOWING DISCLOSURE OF THE DOLLAR (\$) AND PERCENTAGE (%) COSTS OF THIS DELAYED DEPOSIT TO YOU.**

The Amount of Your Check: ..... \$ 233.33

Less Our Check Cashing Fee: ..... (\$ 23.33 )

Less Our Deferred Presentment Fee ..... (\$ 10.00 ) (Not to exceed \$10.00)

We Pay To You: ..... \$ 200.00

IF YOU PAY THIS FEE, WE WILL HOLD YOUR CHECK AND NOT PRESENT IT TO YOUR BANK FOR DEPOSIT UNTIL YOU HAVE THE OPTION TO REPURCHASE YOUR CHECK FROM US BY PAYING US THE FACE AMOUNT OF THE CHECK PRIOR TO THE PAYMENT DUE DATE. WE WILL THEN DELIVER YOUR CHECK TO YOU.

Check #:	Date on Check:	Amount of Check:	Total Fees Charged:	We Give You:	Deposit Date:
1811	02-07-2008	\$ 233.33	\$ 33.33	\$ 200.00	03-07-2008

By signing below, I, the customer, acknowledge that this agreement was completely filled in before I signed it, that I read, understand, and agree to all of the terms and conditions on the front and back of this agreement, and that I have received a completed copy of this agreement. I also certify that the account on which the check is drawn is a legitimate and open account. I understand I have no obligation to you, except as evidenced by the check you have purchased from me.

**X** \_\_\_\_\_ Date: 2-7-08

Customer's signature

**NOTICE:**  
SEE ADDITIONAL TERMS ON THE REVERSE SIDE

**DISPOSITION:**

Cash from Customer: Date \_\_\_\_\_ \$ \_\_\_\_\_ Signature \_\_\_\_\_

Check Deposited on Date \_\_\_\_\_ Licensee's Agent \_\_\_\_\_

\_\_\_\_\_  
 Licensee's Agent's Signature Date: 2/7/08  
 bpc #13-0470 - AR - 12/20/2005 - BURRELL PRINTING CO., INC. - 800-531-5234

## ARBITRATION AGREEMENT

1. Collection/ Option to Arbitrate. If any of Customer's checks have not been honored by Customer's bank, then Mweeill Check Chashing may file an action in the appropriate court to collect damages from Coustomer. However, any other claim, dispute or controversy, which is pre-existing, present, or future, and which arises from or relates to an Arkansas deferred Presentment Agreement that Customer has signed, or any transactions between Customer and Merrill Check Cashing, shall be resolved, upon the election of either Customer or Merrill Check Cashing, by binding arbitration with Either the American Arbitration Association, J. A. M. S./Endispute or the National Arbitration Forum shall administer the arbitration.

2. Arbitration Procedures. There shall be no authority for any claims to be arbriated on a class action basis. Futher, an arbitration can only decide the Customer's claim or the claim of Merrill Check Cashing and may not consolidate or join the claim of other persons who may have similar claims. The arbitration hearing will be conducted in the county of the Customer's residence. Merrill Check Cashing will advance the arbitration organization's filing or hearing fees. If the arbitrator finds in favor of Merrill Check Cashing, the Customer may be required to reimburse Merrill Check Cashing for those filing or hearing fees advanced by merrill Check Cashing. That both the Customer and Merrill Check Cashing shall retain the right to seek adjudication in small claims court for disputes within the scope of that tribunal's jurisdiction.

3. State Administration Remedies. **YOU HAVE THE RIGHT TO REFER YOUR QUESTIONS OR COMPLAINTS ABOUT ANY TRANSACTION WITH MERRILL CHECK CASHING TO THE ARKANSAS BOARD OF COLLECTION AGENCIES AT 501-371-1434.** Nothing contained in the Arbitration Agreement shall prevent or limit the authority of the Arkansas State Board of Collection Agencies from fully exercise it's administrative remedies as set forth in Act 1216 of 1999 nor preclude the Customer from any administrative remedies available to him under the Act.

4. Waiver of Jury Trial. BY ENTERING INTO THIS ARBITRATION AGREEMENT EACH PARTY IS WAIVING IT'S RIGHT TO A JURY TRIAL ON THE ISSUES WHICH THE OTHER PARTY HAS ELECTED TO ARBITRATE.

## GENERAL RELEASE OF ALL CLAIMS

You (Customer) have previously transacted business with Merrill Check Cashing (MCC) by either cashing a check or presenting a check for delayed deposit (Transaction) with MCC and MCC has agreed so long as Customer releases any claims that Customer may have against MCC with respect to previous Transactions.

Customer, hereby release, acquit and forever discharge MCC and MCC's successors, assigns, employees, officers, and owners from any and all causes of action or demands of any kind that may have, whether known or unknown, which are in any way connected with prior Transactions between Customer and MCC.

DATED TODAY, 2-7-08

CUSTOMER  
REPRESENTATIVE

MERRILL CHECK CASHING

  
AUTHORIZED

