

**STATE OF KANSAS
OFFICE OF THE STATE BANK COMMISSIONER
CONSUMER & MORTGAGE LENDING DIVISION
TOPEKA, KANSAS**

In the Matter of:

United Consumer Financial Services, Inc.,
dba: EZpaydaycash.com
at: 4760 S. Highland Dr. #654
Salt Lake City, Utah 84117

and

All Owners, Partners, Directors, Officers and Members

Respondents.

Action Number: 06-CM-725

CONSENT AND SETTLEMENT AGREEMENT

(In Accordance with K.S.A. 16a-1-101 thru 16a-9-102 et seq.)

THIS MATTER came before Kevin C. Glendening, the Deputy Commissioner with the Office of the State Bank Commissioner and Administrator of the Kansas Uniform Consumer Credit Code (hereinafter "Administrator") upon the recommendation of the Consumer and Mortgage Lending Division Staff and with the consent of United Consumer Financial Services, Inc., dba: EZpaydaycash.com and all other Owners, Partners, Directors, Officers and Members (hereinafter "Respondents"). It appearing to the Administrator that the issues raised in this matter may be economically and efficiently settled, the Administrator and the Respondents agree to the entry of this Consent and Settlement Agreement (hereinafter the "Agreement"). This Agreement is entered into pursuant to the Uniform Consumer Credit Code, K.S.A. 16a-1-101 thru 16a-9-102 *et seq.* (hereinafter the "Code").

I. Background and Factual Allegations

As a result of the Administrator's staff investigation, in 2006, the Administrator issued an Order to Cease and Desist, Pay Civil Penalty (Fine), To Bar From Future Application For Licensure, To

Provide A Report Of All Supervised Loans, and To Pay Restitution For Violations, against the Respondents on March 28, 2006, making the following findings of fact and alleging that the Respondents violated the following provisions of the Code:

1. Since December 24, 2004, the Respondents have engaged in the business of making, and/or undertaking direct collection of payments from, supervised (payday) loans, as defined by K.S.A. 2005 Supp. 16a-1-301(46), with at least 14 loan transactions with at least one Kansas consumer, without first having obtained a license or a branch license from the Administrator. Respondents have engaged in such business from its business located at 4760 S. Highland Dr. #654, Salt Lake City, Utah 84117, resulting in at least 14 violations of K.S.A. 16a-2-301, and 14 violations of K.A.R. 75-6-30, as amended by Kansas Register, Vol. 24, No. 51, p. 1849.
2. Since December 24, 2004, Respondents have engaged in the business of making, and/or undertaking direct collection of payments from, supervised (payday) loans, as defined by K.S.A. 2005 Supp. 16a-1-301 (46), with at least one Kansas consumer without filing or maintaining an adequate surety bond with the Administrator, resulting in at least one violation each of K.S.A. 2005 Supp. 16a-2-302 (2), and K.A.R. 75-6-31, as amended by Kansas Register Vol. 24, No. 51, p. 1849.
3. Since December 24, 2004, Respondents have engaged in the business of making, and/or undertaking direct collection of payments from, supervised (payday) loans, as defined by K.S.A. 2005 Supp. 16a-1-301 (46), with at least one Kansas consumer and failed to pay the Administrator the annual supervised lender license fee as required, resulting in at least three violations of K.S.A. 2005 Supp. 16a-2-302 (1)(b).
4. Since December 24, 2004, Respondents have failed to file notification with the Administrator within 30 days after commencing business in Kansas as required, and by April 30, 2005, resulting in at least two violations each of K.S.A. 2005 Supp. 16a-6-202 and K.A.R. 75-6-32.
5. Since December 24, 2004, Respondents have failed to pay the Administrator the annual fee as required, resulting in at least one violation of K.S.A. 2005 Supp. 16a-6-203.
6. The Respondents have not complied with an order of the Administrator issued March 3, 2006, as Action No.: 06-CM-656, to produce documents and information concerning the Respondents' payday loan activity with Kansas consumers, resulting in at least one violation of K.S.A. 2005 Supp. 16a-6-108 (1).
7. Since December 24, 2004, Respondents have engaged in the business of making, and/or undertaking direct collection of payments from, supervised (payday) loans, as defined by K.S.A. 2005 Supp. 16a-1-301 (46), and failed to provide at least one Kansas borrower with the required "borrower notice" in at least 14 Kansas consumer's payday loans, resulting in at least 14 violations of K.S.A. 2005 Supp. 16a-2-404 (4).
8. Since December 24, 2004, Respondents have engaged in the business of making, and/or undertaking direct collection of payments from, supervised (payday) loans, as defined by K.S.A. 2005 Supp. 16a-1-301 (46), and have failed to give the Kansas "Notice to Consumer" on at least 14 written loan agreements with one Kansas consumer, resulting in at least 14 violations of K.S.A. 2005 Supp. 16a-3-202.

9. Since December 24, 2004, Respondents have charged or attempted direct collection of payments from at least one Kansas consumer for a supervised loan finance fee in excess of the maximum amount permitted under Kansas law on at least 14 loans, resulting in at least 14 violations of K.S.A. 2005 Supp. 16a-2-404 (1)(c).
10. Since December 24, 2004, Respondents have engaged in the business of making, and/or undertaking direct collection of payments from, supervised (payday) loans, as defined by K.S.A. 2005 Supp. 16a-1-301 (46), and have contracted for improper default terms on at least 14 written loan agreements with one Kansas consumer, resulting in at least 14 violations of K.S.A. 16a-5-109.
11. Since December 24, 2004, Respondents have engaged in the business of making, and/or undertaking direct collection of payments from, supervised (payday) loans, as defined by K.S.A. 2005 Supp. 16a-1-301 (46), and have contracted for improper waiver of defenses on at least 14 written loan agreements with one Kansas consumer, resulting in at least 14 violations of K.S.A. 2005 Supp. 16a-2-404 (10)(d)(iii).
12. In aggregate, the violations of the Code, cited above in findings 1. through 11., warrant the Administrator's belief that the Respondents would not operate a supervised loan business honestly and fairly within the purpose of the Code, justifying the Administrator's issuance of this cease and desist order, assessment of fine, bar of the Respondents from future application for licensure as a supervised lender, and issuance of this restitution order, pursuant to K.S.A. 2005 Supp. 16a-6-108 (3).

II. Agreement and Order

As an economical and efficient method of resolving the issues raised in the foregoing Background and Factual Allegations, the Administrator and the Respondents, pursuant to K.S.A. 2005 Supp. 16a-6-104 (1)(a) and (c), mutually agree and consent to enter into a voluntary agreement and settlement as follows:

1. The Respondents neither admit nor deny the findings and allegations of the Administrator, but in the interest of resolving the issues, the Respondents agrees to the terms of this Agreement in lieu of the Administrator proceeding with prosecution of an administrative action and any other state administrative or civil action against the Respondents.
2. Respondents agree that Administrator has jurisdiction over all Respondents' loan activities with Kansas consumers, and Respondents agree to be bound by the provisions of the Code for any transaction that involves a Kansas resident.
3. Commencing with the effective date of this Agreement, the Respondents shall immediately cease and desist all loan activity with Kansas consumers, and/or undertaking direct collection of payments on loans with Kansas consumers in any form, or engaging in the business of making and/or undertaking direct collection of payments from any supervised loans, as defined by K.S.A. 2005 Supp. 16a-1-301(46), in the State of Kansas.
4. As a condition of settlement and commencing with the effective date of this Agreement,

Respondents shall forgive all outstanding debt balances owed by the fifty-seven (57) Kansas consumers as listed in paragraph II.6., and any Kansas consumers not listed in this Agreement with an outstanding loan that is later discovered by the Respondents or presently known by the Respondents, and shall immediately cease and desist collecting on any contract made with said Kansas consumers prior to the effective date of this Agreement.

5. As a condition of settlement and within 10 days of the date of this Agreement, the Respondents shall make an affirmative effort to reverse any negative notations caused to be made by the Respondents, if any, on the credit histories of the fifty-seven (57) Kansas consumers as listed in paragraph II.6., as reported by the following credit bureaus: (i) Equifax Corporation, (ii) Trans Union and (iii) Experian. The Respondents will reverse any negative notations caused to be made by the Respondents on the credit histories and reports of any other Kansas consumer the Respondents made a loan with or attempted to collect a debt from involving any supervised loan as of the date of this Agreement which is not listed in this Agreement, if the consumer requests the reversal in writing.

6. As a condition of settlement and within 10 days of the date of this Agreement, the Respondents shall refund to Kansas consumers the fees collected to date. The total amount of these refunds is \$13,852.43. The Respondents shall refund to the following Kansas consumers the cited individual refund amounts:

		CONSUMER:	REFUND AMOUNT:
1	Jennifer K.	Auerbach	\$437.50
2	Dale L.	Anderson	\$368.75
3	Robert W.	Baker	\$150.00
4	Joshua	Barton	\$225.00
5	Margaret E.	Blount	\$685.16
6	Pamela	Bond	\$414.06
7	Cathy	Borgman	\$475.36
8	Krista A.	Bradley	\$175.00
9	Ron	Bramblett	\$137.50
10	Michael D.	Brown	\$275.00
11	Lesley	Bunn	\$50.00
12	Lajune	Carson	\$50.00
13	Jana	Croft	\$50.00
14	Jennifer	Crow	\$575.00
15	Rebecca	Doll	\$112.50
16	Teaunya	Edwards	\$150.00
17	Susan	Ely	\$364.52
18	Rachel	Gachet	\$75.00
19	Chane T.	Goff	\$150.00
20	Chandra R.	Gordon	\$162.50
21	Dion V.	Hall	\$50.00
22	Rachel	Hoose	\$437.50
23	Holli J.	Johnson	\$215.62
24	Edgar	King	\$0.00
25	Lahti P.	Kirwin	\$75.00
26	Chad	Lambert	\$0.00
27	Sheila	Locke	\$236.72

28	Shelly	Lockett	\$236.72
29	Terri L.	Lowell	\$200.78
30	Edward	Manhnio	\$87.50
31	Brian	Massey	\$296.75
32	Connie	Maynard	\$162.50
33	Satrina	McAnally	\$215.62
34	Janet L.	McKillip	\$125.00
35	Dennis	McKinney	\$175.00
36	Penelope	Notson	\$62.50
37	Bandeled	Oyefule	\$162.50
38	Kathy	Penberthy	\$357.03
39	Jason	Prince	\$200.00
40	Jennifer	Rall	\$2,749.02
41	Gertrude I.	Richards	\$50.00
42	Justin H.	Sallman	\$50.00
43	Krista A.	Small	\$50.00
44	Rebecca A.	Smith	\$100.00
45	Jeffery W.	Steele	\$50.00
46	Delbert	Striplin	\$215.62
47	William	Summerhouse	\$87.50
48	Heather E.	Taylor	\$150.00
49	Abena	Valentine	\$150.00
50	Janet	Warden	\$783.20
51	Brook	Warner	\$62.50
52	Melissa	Weaver	\$300.00
53	Vurches	Webster	\$100.00
54	Harold E.	Werner	\$0.00
55	James	Woods	\$287.50
56	Wanda	Wright	\$50.00
57	Dale	Ziegler	\$237.50
		Total:	\$13,852.43

7. As a condition of settlement and within 10 days of the date of this Agreement, the Respondents shall issue the required refund check to each Kansas consumer with a letter approved by the Administrator. The letter shall state "this refund is the result of a settlement with the Kansas Office of the State Bank Commissioner, 700 S.W. Jackson, Suite 300, Topeka, Kansas 66603-3796, or by phone (toll free) at 1-877-387-8523 or 785-296-2266" and "the enclosed check must be deposited within 90 days from the date of the check or it is invalid." The refund checks and letters shall be sent to the Administrator in postage-paid, pre-addressed, stuffed, and unsealed envelopes for refund verification and mailing by the Administrator.

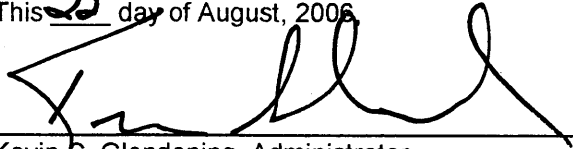
8. As a condition of settlement and within 110 days of the date this Agreement, the Respondents shall provide the Administrator with a report setting forth the Kansas consumers who deposited the refunds and a copy of the cancelled checks for such Kansas consumers. Any refund checks required under this Agreement that a Kansas consumer has not cashed prior to the date of such report shall be presumed "abandoned" property, as defined by K.S.A. 58-3935, irrespective of the statutory holding period. The Respondents shall stop payment on all un-cashed checks as of the date of the report and deliver all such abandoned property to the Kansas State Treasurer in accordance with the

Disposition of Unclaimed Property Act, K.S.A. 58-3934 *et seq.*, and specifically according to the procedure set out in K.S.A. 58-3960 (b). Such property shall be accompanied by a report, prepared in accordance with K.S.A. 58-3950, on forms provided by the State Treasurer. A copy of such report shall be provided to the Administrator within 120 days of the date of this Agreement. It is agreed that failure to comply with this provision because the State Treasurer will not accept the property shall not be deemed a breach of this Agreement. If that is the case, the parties will work towards a mutually agreeable solution which does not result in any additional economic expenditure for Respondents.

9. This Agreement shall be considered a public record which may be released to any person.
10. Within 10 days of the date of this Agreement, Respondents shall pay and deliver to the Administrator an investigative fee of \$5,000.00 payable to the Office of the State Bank Commissioner, which will be used by the Administrator for consumer education pursuant to K.S.A. 2005 Supp. 16a-6-104 (c).
11. The Respondents knowingly and voluntarily waive any right afforded them pursuant to the Kansas Mortgage Business Act, K.S.A. 9-2201 *et seq.*, as amended (hereinafter the "Act"), the Code, the Kansas Credit Service Organization Act, K.S.A. 50-1116 through 50-1135, as amended, (hereinafter the "KCSOA"), and the Kansas Administrative Procedure Act at K.S.A. 77-501 *et seq.* (hereinafter "KAPA") to further administrative proceedings or judicial review of the matters addressed by this Agreement.
12. Respondents agree not to violate the Act, the Code, or KCSOA in the future. In accordance with the Act, the Code, KCSOA, and this Agreement, the Respondents hereby give assurance of discontinuance regarding the conduct and violations stated in this Agreement. If the Respondents fail to abide by the terms and conditions of this Agreement, the Administrator may, pursuant to the KAPA, the Act, the Code, or KCSOA, pursue any action allowed by law concerning the conduct and violations stated in this Agreement, including but not limited to, cease and desist orders, denial of any application for license or registration by the Respondents, revocation of any license of the Respondents, imposition of any fine against the Respondents, or any other remedy allowed by law.
13. The Administrator and the Respondents have reviewed this Agreement with their counsels and have knowingly and voluntarily entered into this Agreement.
14. Any reference to "the date of this Agreement" shall mean the date the same is signed by the Administrator.
15. Nothing in this Agreement shall be construed as to limit or interfere with the Administrator's authority to investigate, and/or pursue remedies for violations of the Act, the Code, KCSOA, or other applicable law, which were not the subject of the Administrator's Background and Factual Findings of this Agreement. This Agreement may be referenced in the Administrator's and Kansas Bank Commissioner's consideration to grant or deny future applications for licenses or registrations from the Respondents.

AGREED AND APPROVED AS TO FORM AND SUBSTANCE:

This 20th day of August, 2006,



Kevin C. Glendening, Administrator
Deputy Commissioner
Consumer and Mortgage Lending Division
Office of the State Bank Commissioner
700 SW Jackson, Ste. 300
Topeka, Kansas 66603-3714
(785) 296-2266; FAX (785) 296-0168;

This 10th day of August, 2006,



Trinh Pham, Vice President
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