

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS  
6 DIVISION

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

PLAINTIFF

vs.

CASE NO. CV10-4678

ARROWHEAD INVESTMENTS, INC.,  
GALAXY MARKETING, INC.,  
AND CHRISTOPHER HODES

FILED 08/10/10 09:13:30  
Pat O'Brien Circuit Clerk  
CR13 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 consumer 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 Arrowhead Investments, Inc., Galaxy Marketing, Inc., and Christopher Hodes (hereinafter "Defendants") are engaged in the business of making high interest, short-term loans, more commonly known as "payday loans" in the State of Arkansas.

3. Arrowhead Investments, Inc. is presently incorporated in the State of New Mexico. Its registered agent is the CT Corporation System, 123 East Marcy, Santa Fe, NM 87501. Christopher Hodes is President of Arrowhead Investments, Inc.

  
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4. Galaxy Marketing, Inc. is presently incorporated in Delaware. Its registered agent is Delaware Registry, Ltd., 3511 Silverside Road, Ste. 105, Wilmington, DE 19810. Christopher Hodes is an officer of Galaxy Marketing.

5. On information and belief, Plaintiff believes that Arrowhead Investments and Galaxy Marketing maintain their principal business offices at 8700 State Line Road, units #305 and #306 respectively, Leawood, KS 66206.

6. Neither Arrowhead Investments nor Galaxy Marketing is registered with the Arkansas Secretary of State.

7. Defendant Christopher Hodes owns or controls both Arrowhead Investments and Galaxy Marketing. Arrowhead Investments and Galaxy Marketing are related entities in that they are owned or controlled by the same person, share a common address, and are engaged in the same form of business.

8. On information and belief, Plaintiff believes that Christopher Hodes is a resident of Missouri.

9. Christopher Hodes personally formulated, directed, controlled, supervised, managed, participated in, had knowledge of, and acquiesced in the business practices of Arrowhead Investments and Galaxy Marketing (as more specifically set out below) to such a degree that Defendant Christopher Hodes is personally liable for the unconscionable and otherwise unlawful acts and practices described below. Defendant Christopher Hodes is a "controlling person" of Arrowhead Investments and Galaxy Marketing within the meaning of Ark. Code Ann. § 4-88-113(d).

#### **JURISDICTION AND VENUE**

10. This Court has jurisdiction over this matter pursuant to Ark. Code Ann. § 4-88-104 and Ark. Code Ann. § 16-4-101(B), which provides: "The courts of this state shall have personal jurisdiction of all persons, and causes of action or claims for relief, to the maximum extent permitted by the due process clause of the Fourteenth Amendment of the United States Constitution." By operating an interactive website that is continuously and systematically available to Arkansas consumers, by loaning money to Arkansas residents in Arkansas, and by debiting money from Arkansas residents' bank accounts located in Arkansas, the Defendants availed themselves of the benefit of conducting business in this State. Based upon their activities in the State of Arkansas, the Defendants should reasonably expect to defend themselves in the courts of this State for violations of applicable laws.

11. 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.

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

12. Defendants are engaged in the business of making high interest, short term loans, more commonly known as payday loans. Defendants solicit borrowers primarily through the use of internet websites.

13. Defendants operate the websites [www.arrowheadinvestment.com](http://www.arrowheadinvestment.com) and [www.galaxymktginc.com](http://www.galaxymktginc.com).

14. Both [www.arrowheadinvestment.com](http://www.arrowheadinvestment.com) and [www.galaxymktginc.com](http://www.galaxymktginc.com) are registered to Christopher Hodes.

15. Defendants offer loans of up to \$500 to borrowers, including Arkansas consumers.

16. Attached as Exhibits 1 & 2 are copies of two nearly identical lending agreements. The first is a contract between Arrowhead Investments, Inc. and Arkansas consumer A.S. The second is a contract between Galaxy Marketing, Inc. and the same Arkansas consumer.

17. Defendants entered into both lending contracts with consumer A.S. on June 30, 2009.

18. Pursuant to the contract found in Exhibit 1, Arrowhead Investments, Inc. agreed to fund a loan of \$300.00 on July 1, 2009 by electronically crediting the Arkansas consumer's bank account. The disclosed finance charge for this loan was \$90.00. The disclosed annual percentage rate ("APR") was 782.14%.

19. Pursuant to the contract found in Exhibit 2, Galaxy Marketing, Inc. agreed to fund a loan of \$300.00 on July 1, 2009 by electronically crediting the Arkansas consumer's bank account. The disclosed finance charge for this loan was \$90.00. The disclosed annual percentage rate ("APR") was 782.14%.

20. Defendants collect on their loans by electronically debiting payments from Arkansas consumers' bank accounts.

21. According to both of the Defendants' contracts, Defendants imply that they are licensed to conduct business. See Defendants' contracts where it identifies the lender as a "LICENSEE."

22. Charging 782.14% interest on a loan is illegal in Arkansas and there is no regulatory agency licensing such conduct. Unconscionable and usurious conduct is not regulated; it is prohibited under Arkansas law.

23. On information and belief, Defendants hold no such license to engage in such lending with either the State of New Mexico or the State of Delaware, where each corporate

defendant is incorporated. Nor does individual Defendant Hodes hold any such license. Nor do any of the Defendants hold a license in the State of Kansas where their principle business office is located. Even if the defendants, or any of them, held any such license in any state, the conduct described herein with respect to borrowers who are residents of Arkansas would still be prohibited by Arkansas law.

24. Arrowhead Funding was formerly licensed by the State of Utah to make loans to Utah residents, but that license was revoked in April of 2008. Even for the period of time when Arrowhead held a Utah license, that license did not, and could not, authorize the conduct described herein with respect to those transactions involving Arkansas residents as borrowers.

25. The Attorney General's Office has received several complaints about Defendants' business practices. The Attorney General's Office has demanded that the Defendants cease making unconscionable and usurious loans in Arkansas, and cease collecting on existing unconscionable, usurious, illegal and unenforceable loans. Nonetheless, Defendants continue these prohibited activities.

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

26. The business practices of the Defendants constitute the sale of "goods" or "services" within the meaning of Ark. Code Ann. § 4-88-102(3) and (6). The same business practices constitute business, commerce, or trade within the meaning of Ark. Ann. § 4-88-107.

27. The conduct engaged in by 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) and 4-88-107(a)(10). More specifically, the Defendants have violated and continue to 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 ultra-high usurious rates of interest is unconscionable 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.*, 372 Ark. 136, 271 S.W.3d 512 (2008), *Staton v Arkansas Board of Collection Agencies and American Manufactures Mutual Insurance Company*, 372 Ark. 387, 277 S.W.3d 190 (2008), and *McGhee v. Arkansas State Bd. of Collection Agencies*, 375 Ark. 52, 289 S.W.3d 18 (2008).

(b) Falsely representing or implying that Defendants are licensed or otherwise authorized to offer loans in the State of Arkansas.

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

28. *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:

(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.

29. Defendants are in the business of offering and making short term loans of up to \$500.00 to Arkansas consumers. The interest, charges, compensation, consideration or expense Defendants have charged, contracted for, and received on those loans greatly exceeds the maximum amount allowed under the Arkansas Constitution.

30. Attached are two contracts between Defendants and an Arkansas consumer. The disclosed interest charged on those contracts 782.14% each.

31. Because Defendants have 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 at a rate in violation of the Arkansas Constitution. All sums, including principal and interest collected to date, should be forfeited by the Defendants.

**RELIEF REQUESTED**

32. 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 any 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, 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. 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 is a 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) Attorneys fees and costs – Pursuant to Ark. Code Ann. § 4-88-113(e), the Plaintiff seeks 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 permanently restrain and enjoin Arrowhead Investments, Inc., Galaxy Marketing, Inc., and Christopher Hodes from engaging in acts which constitute violations of the Arkansas Deceptive Trade Practices Act and are prohibited by the Arkansas Constitution; that all outstanding loans be voided; that the Defendants be ordered to pay restitution to all affected Arkansas consumers consisting of all payments made by such consumers, together with any other damages sustained by such 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 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 costs, and for all other relief to which the Plaintiff may be entitled.

Respectfully submitted,

DUSTIN MCDANIEL,  
Attorney General

By: Charles Saunders  
Charles Saunders  
Assistant Attorney General  
Arkansas Bar No. 03117  
Assistant Attorney General  
500 Catlett-Prien Tower Building  
323 Center Street  
Little Rock, Arkansas 72201-2610  
501-683-1501

# **Exhibit 1**

Returning customer? [Login here](#)



**GET THE CASH YOU NEED FAST!**

- Get up to \$500!
- No faxing required!
- Deposited into your account!
- Cash until payday!

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DELAWARE PAYDAY LOAN AGREEMENT	
Type of Contract: Consumer Loan Agreement #: <u>33078960</u>  <b>LICENSEE:</b>  Arrowhead Investment, Inc. 32 West 200 South, Suite #350 Salt Lake City, UT 84101 8663557308	Contract Date: <u>June 30, 2009</u> Disbursement Date: <u>July 1, 2009</u> Payment Date: <u>July 15, 2009</u>  <b>BORROWER:</b>  Address: _____ west 35th avenue City/State/Zip: pine bluff, AR 71603 Phone: _____

In this Agreement, the words "you" and "your" mean the borrower who has electronically signed it. The words "we", "us" and "our" mean Arrowhead Investment, Inc., licensed consumer lender regulated by the Office of the State Banking Commissioner

In order to complete your transaction with us, you must electronically sign this Loan Agreement by typing your name below. Consummation occurs when you accept the terms of this Agreement by electronically signing at the end of the loan agreement. This Agreement represents our unconditional offer to extend you credit. If you properly accept this Agreement as offered, then it becomes a binding contract. You have chosen to receive the proceeds of this Loan Agreement electronically. Therefore, if the Agreement is consummated, then we will use commercially reasonable efforts to effect a credit entry by depositing the proceeds from this Agreement into the bank account listed below in the ECheck/ACH Authorization ("Your Account") on July 1, 2009 ("Disbursement Date"), unless such proceeds are applied to any outstanding obligation to us. Unavoidable delays as a result of inadvertent processing errors and/or "acts of God" may extend the time for the deposit.

You promise to pay us the Total of Payments according to the terms of the Disclosures set forth below and other permitted charges on the date stated in your Payment Schedule below, or after the Disbursement Date in the event of a delayed disbursement (the "Payment Date"). Pre-computed interest is calculated from the Disbursement Date based upon the assumption that you will pay us as scheduled. Interest is pre-computed and charged from the Disbursement Date until the Payment Date, and the amount and rate is set forth in the Annual Percentage Rate and Finance Charge disclosure below. No interest will accrue after the Payment Date. All payments will be applied first to interest and then to principal. Both the amount of interest charged and rate thereof are set forth respectively in the Finance Charge and Annual Percentage Rate disclosures. Pursuant to the ECheck/ACH authorization Agreement, you have directed us to initiate an ECheck/ACH entry into bank account for the Total of Payments on the Payment Date or thereafter.

**FEDERAL TRUTH-IN-LENDING DISCLOSURES**

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf.	Total of Payments The amount you will have paid after you have made all payments as scheduled.
<b>782.14%</b>	<b>\$90.00</b>	<b>\$300.00</b>	<b>\$390.00</b>

**Refinance:** Your loan will be refinanced an unlimited amount of times, unless you notify us of your desire to pay in full or to pay down your principle amount borrowed. You will accrue a new fee of \$90.00 every time your loan is refinanced. Any fees accrued during refinancing will not go toward the principle amount owed. **Unless we receive written notification from you at least three full business days before your loan is due, your loan will be refinanced.**

**Pay Down:** You can pay down your principle amount by increments of \$50.00 in addition to the service charge. Paying down will decrease the fee charged for the next refinance due. To accept this option, you must notify us of your request in writing via fax at 8663797667. The request needs to be received at least three full business days before your loan is due.

**Pay Off:** You can payoff your full balance of \$390.00, the principle plus the fee for that period. To accept this option you must notify us of your request in writing via fax at 8663797667. The request needs to be received at least three full business days before your loan is due.

**Return Fee:** A \$30.00 Return fee will be assessed for any and all finance charges that are returned to us by your financial institution.

See the terms of this Loan Agreement for any additional information about nonpayment, default and prepayment refunds.

Itemization of Amount Financed: 1. Amount given to you directly: \$300.00. 2. Amount paid on Agreement No. 33076960 with us: \$ 0.00.

The Account. You have deposit account, No: \_\_\_\_\_ Account") at **SIMMONS FIRST NATL BK** ("Bank") **082900432**. You authorize us to effect a credit entry to deposit the proceeds of the Loan (the Amount Financed indicated above) to your Account at the Bank.

**SECURITY.** Pursuant to Comment 2(a)(25) of the Federal Reserve Board Official Staff Commentary to Regulation Z - 226.2, we have disclosed to you that our interest in the ECheck/ACH Authorization is a security interest for Truth-in-Lending purposes only, because federal and Delaware law do not clearly address whether our interest in the ECheck/ACH Authorization is a "security interest."

**CANCELLATION AND PREPAYMENT.** There is no additional charge, fee or any penalty if you prepay in full or in part. You have the right to cancel your obligations without having to pay any finance charge. To cancel this Agreement, you must fax to us, prior to the Deadline, written notice of your intent to cancel. To prepay in full your obligations without having to pay any finance charge, you must fax to us, prior to 4:00 PM Central Time on the Disbursement Date, written authorization to initiate a debit entry to Your Account for the principal amount of the loan. If we receive payment of the principal amount of the loan via such authorization, we agree to rebate both the finance charge we have earned and the unearned finance charge so that you will not owe us any finance charge. At any time after 4:00 PM Central Time on the Disbursement Date and before 4:00 PM Central Time on the business day prior to the Payment Date, you can make partial prepayments or prepay your loan in full. To prepay, you must fax us written authorization to initiate a debit entry to Your Account for the prepayment. If you prepay the loan, you may be entitled to a partial rebate of the un-earned portion of the Finance Charge. Prepayments will be applied first to finance charges and then to principal.

**LATE CHARGE.** You agree to pay \$30 if an item in payment of what you owe is returned unpaid or the Bank for any reason rejects an ACH debit entry, the authorization for which was not properly revoked by you.

**DEFERRAL AND RENEWAL.** Under Delaware law, The Total of Payments set forth in the Federal Truth in Lending Disclosures is due in full in accordance with the Payment Schedule set forth in the Federal Truth in Lending Disclosures. You have the option to refinance your loan five (5) times before you must begin to pay down the principle. If you refinance, we will not debit your account for the Total of Payments, but will instead debit your account in the amount of the Finance Charge set forth in the Truth in Lending Disclosures. You will then owe the Total of Payments fourteen days later.

**DEFAULT, GOVERNING LAW, ASSIGNMENT and EXECUTION.** You will be in default if you do not pay us something you owe us under this Customer Agreement. This Customer Agreement is governed by the laws of the State of Delaware, except that the Arbitration Provision is governed by the Federal Arbitration Act ("FAA"). We may assign or transfer this Agreement or any of our rights hereunder. If this Agreement is consummated, then you agree that the electronically signed Agreement we receive from you will be considered the original executed Agreement, which is binding and enforceable as to both parties.

**WAIVER OF JURY TRIAL AND ARBITRATION PROVISION.** Arbitration is a process in which persons with a dispute: (a) waive their rights to file a lawsuit and proceed in court and to have a jury trial to resolve their disputes; and (b) agree, instead, to submit their disputes to a neutral third person (an "arbitrator") for a decision. 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 final and binding decision resolving the dispute, which may be enforced as a court judgment. A court rarely overturns an arbitrator's decision. We have a policy of arbitrating all disputes with customers which cannot be resolved in a small claims tribunal, including the scope and validity of this Arbitration Provision and any right you may have to participate in an alleged class action. **THEREFORE, YOU ACKNOWLEDGE AND AGREE AS FOLLOWS:**

1. For purposes of this Waiver of Jury Trial and Arbitration Provision, the words "dispute" and "disputes" are given the broadest possible meaning and include, without limitation (a) all claims, disputes, or controversies arising from or relating directly or indirectly to the signing of this Arbitration Provision, the validity and scope of this Arbitration Provision and any claim or attempt to set aside this Arbitration Provision; (b) all federal or state law claims, disputes or controversies, arising from or relating directly or indirectly to the Loan Agreement, the information you gave us before entering into the Loan Agreement, including the customer information application, and/or any past agreement or agreements between you and us; (c) all counterclaims, cross-claims and third-party claims; (d) all common law claims, based upon contract, tort, fraud, or other intentional torts; (e) all claims based upon a violation of any state or federal constitution, statute or regulation; (f) all claims asserted by us against you, including claims for money damages to collect any sum we claim you owe us; (g) all claims asserted by you individually against us and/or any of our employees, agents, directors, officers, shareholders, governors, managers, members, parent company or affiliated entities (hereinafter collectively referred to as "related third parties"), including claims for money damages and/or equitable or injunctive relief; (h) all claims asserted on your behalf by another person; (i) all claims asserted by you as a private attorney general, as a representative and member of a class of persons, or in any other representative capacity, against us and/or related third parties (hereinafter referred to as "Representative Claims"); and/or (j) all claims arising from or relating directly or indirectly to the disclosure by us or related third parties of any non-public personal information about you.

2. You acknowledge and agree that by entering into this Arbitration Provision

- (a) **YOU ARE GIVING UP YOUR RIGHT TO HAVE A TRIAL BY JURY TO RESOLVE ANY DISPUTE ALLEGED AGAINST US OR RELATED THIRD PARTIES;**
- (b) **YOU ARE GIVING UP YOUR RIGHT TO HAVE A COURT, OTHER THAN A SMALL CLAIMS TRIBUNAL, RESOLVE ANY DISPUTE ALLEGED AGAINST US OR RELATED THIRD PARTIES; and**
- (c) **YOU ARE GIVING UP YOUR RIGHT TO SERVE AS A REPRESENTATIVE, AS A PRIVATE ATTORNEY GENERAL, OR IN ANY OTHER REPRESENTATIVE CAPACITY, AND/OR TO PARTICIPATE AS A MEMBER OF A CLASS OF CLAIMANTS, IN ANY LAWSUIT FILED AGAINST US AND/OR RELATED THIRD PARTIES.**

3. Except as provided in Paragraph 6 below, all disputes including any Representative Claims against us and/or related third parties shall be resolved by binding arbitration only on an individual basis with you. **THEREFORE, 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 THE ARBITRATION.**

4. 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 the dispute along with the relief requested, even if a lawsuit has been filed. Regardless of who demands arbitration, you shall have the right to select any of the following arbitration organizations to administer the arbitration: the American Arbitration Association (1-800-778-7879) <http://www.adr.org> or National Arbitration Forum (1-800-474-2371) <http://www.arb-forum.com>. 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 related third parties or we 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 arbitration organization. The parties to such dispute will be governed by the rules and procedures of such arbitration organization applicable to consumer disputes, to the extent those rules and procedures do not contradict the express terms of this Arbitration Provision, including the limitations on the arbitrator below. You may obtain a copy of the rules and procedures by contacting the arbitration organization listed above.

5. Regardless of who demands arbitration, at your request we will advance your portion of the arbitration expenses, including the filing, administrative, hearing and arbitrator's fees ("Arbitration Fees"). Throughout the arbitration, each party shall bear his or her own attorneys' fees and expenses, such as witness and expert witness fees. The arbitrator shall apply applicable substantive law consistent with the FAA, and applicable statutes of limitation, and shall honor claims of privilege recognized at law. The arbitration hearing will be conducted in the county of your residence, or within 30 miles from such county, or in such other place as shall be ordered by the arbitrator. The arbitrator may decide, with or without a hearing, any motion that 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 or state rules of civil procedure or evidence. If allowed by statute or applicable law, the arbitrator may award statutory damages and/or reasonable attorneys' fees and expenses. If the arbitrator renders a decision or an award in your favor resolving the dispute, then you will not be responsible for reimbursing us for your portion of the Arbitration Fees, and we will reimburse you for any Arbitration Fees you have previously paid. If the arbitrator does not render a decision or an award in your favor resolving the dispute, then the arbitrator shall require you to reimburse us for the Arbitration Fees we have advanced, not to exceed the amount which would have been assessed as court costs if the dispute had been resolved by a state court with jurisdiction, less any Arbitration Fees you have previously paid. At the timely request of any party, the arbitrator shall provide a written explanation for the award. The arbitrator's award may be filed with any court having jurisdiction.

6. All parties, including related third parties, shall retain the right to seek adjudication in a small claims tribunal in the county of your residence for disputes within the scope of such tribunal's jurisdiction. Any dispute, which cannot be adjudicated within the jurisdiction of a small claims tribunal, shall be resolved by binding arbitration. Any appeal of a judgment from a small claims tribunal shall be resolved by binding arbitration.

7. This Arbitration Provision is made pursuant to a transaction involving interstate commerce and shall be governed by the FAA. If a final non-appealable judgment of a court having jurisdiction over this transaction finds, for any reason, that the FAA does not apply to this transaction, then our agreement to arbitrate shall be governed by the arbitration law of the State of Delaware.

8. This Arbitration Provision is binding upon and benefits you, your respective heirs, successors and assigns. This Arbitration Provision is binding upon and benefits us, our successors and assigns, and related 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 any cancellation, termination, amendment, expiration or performance of any transaction between you and us and continues in full force and effect unless you and we otherwise agree in writing. If any of this Arbitration Provision is held invalid, the remainder shall remain in effect.

#### Income Verification

"I hereby authorize Arrowhead Investment, Inc. to verify my past and/or present employment history and income as may be necessary to process my Payday Loan. The employment and/or income verification that Arrowhead Investment, Inc. obtains is only to be used in the processing of my application for a Payday Loan"

Furthermore, you represent that you are not a debtor under any proceeding in bankruptcy and have no intention to file a petition for relief under any chapter of the United States Bankruptcy Code.

#### CONSENT TO ELECTRONIC COMMUNICATIONS:

The following terms and conditions govern electronic communications in connection with this Loan Agreement and the transaction evidenced hereby (the "Consent"). By electronically signing this Loan Agreement by clicking the "I AGREE" button below, you are confirming that you have agreed to the terms and conditions of the Consent and that you have downloaded or printed a copy of this Consent for your records. You agree that: Any disclosure, notice, record or other type of information that is provided to you in connection with your transaction with us, including but not limited to, this Loan Agreement, this Consent, the Truth in Lending disclosures set forth below, change-in-term notices, fee and transaction information, statements, delayed disbursement letters, notices of adverse action, state mandated brochures and disclosures, and transaction information ("Communications"), may be sent to you electronically by posting the information at our web site, [www.sparkloans.com](http://www.sparkloans.com), or by sending it to you by e-mail.

We will not be obligated to provide any Communication to you in paper form unless you specifically request us to do so.

You may obtain a copy of any Communication by contacting us at 32 West 200 South, Salt Lake City, UT 84101 or by calling us at 8663557308. You also can withdraw your consent to ongoing electronic communications in the same manner, and ask that they be sent to you in paper or non-electronic form.

You agree to provide us with your current e-mail address for notices at the address or phone number indicated above. If your e-mail address changes, you must send us a notice of the new address by writing to us or sending us an e-mail, using secure messaging, at least five (5) days before the change.

In order to receive electronic communications in connection with this transaction, you will need a working connection to the Internet. Your browser must support the Secure Sockets Layer (SSL) protocol. SSL provides a secure channel to send and receive data over the Internet through HS encryption capabilities. Netscape 4.7+ and above and Microsoft Internet Explorer 5.01+ and above support this feature. You will also need either a printer connected to your computer to print disclosures/notices or sufficient hard drive space available to save the information (e.g., 1 megabyte or more). We do not provide ISP services. You must have your own Internet service provider.

We may amend (add to, delete or change) the term of this consent to electronic disclosure by providing you with advance notice.

By electronically signing this Loan Agreement below, you are confirming that: (1) your system meets the requirements set forth above. (2) you

agree to receive Communications electronically, and (3) you are able to access and print or store information presented at this website.

#### Electronic Disbursement and Payment

You authorize us to debit Your Bank Account for amounts owed under this Agreement, in accordance with the ACH Authorization Agreement, which will appear following this Agreement. You agree that we may represent debit entries any payments that are dishonored for any reason. You also agree that we may represent debit entries for amounts less than the Total of Payments, totaling up to the Total of Payments plus any accrued fees, if any Payment under this Agreement is dishonored for any reason. Such representations may be made immediately following the dishonor of a payment, or may be made on your regularly scheduled pay dates, or on dates that you request.

You understand and agree that this Electronic Payment Method is provided for your convenience, and that you have authorized repayment of your loan by electronic means voluntarily. You agree that you may repay your indebtedness through other means acceptable to us, including by providing timely payment via cashiers check or money order directed to: Arrowhead Investment, Inc., 32 West 200 South, Salt Lake City, UT 84101.

**PRIVACY POLICY.** Arrowhead Investment, Inc. is serious about protecting your online privacy. This Privacy Statement explains our views and practices concerning privacy, and how they may pertain to you as a user of our website. "You" or "Your" means you as a participant in or as a user of the Arrowhead Investment, Inc. program. "We" or "Our" or "Us" means Arrowhead Investment, Inc. and its affiliates. All information transmitted, printed or otherwise submitted to Arrowhead Investment, Inc. via this website shall be deemed to be the property of Arrowhead Investment, Inc. and its affiliates. We shall be free to use such information for any lawful purpose as detailed herein. We reserve the right to release such information to law enforcement or other governmental officials as we, in our sole and absolute discretion, deem necessary to comply with the law.

#### What Information We Collect

We automatically collect and/or track the following:

web page http headers (home server domain names, IP address, type of client computer, and type of Web browser)

information provided by you through on-line forms, registrations forms, surveys, and/or other entries, such as your name, address, drivers license number or other government issued photo ID, social security number, email addresses, assets and income;

information, user specific or aggregate, on what pages our visitors access;

the e-mail addresses of visitors that communicate with us via e-mail;

information about your transactions with Arrowhead Investment, Inc. its affiliates or others, such as payment history and loan balances; and

information we receive from third parties, such as consumer reporting agencies and other lenders, regarding creditworthiness and credit history.

#### How We Use That Information

We use your personal, demographic and profile data to enhance your experience at our website and to enable us to present content we think you might be interested in. We use your contact information to send you information about our company and promotional material from our partners. We may also use your personal, demographic and profile data to improve our website, for statistical analysis, for marketing and promotional purposes, and for editorial or feedback purposes for our advertisers. Information collected by us may be added to our databases and used for future e-mails or postal mailings regarding site updates, new products and services, upcoming events, and/or status of orders placed online.

#### Disclosure of Data to Third Parties

If you choose to provide personal information, it will be used for the following purposes:

considering you for a Payday loan, and

for marketing products and services which we determine, in our sole judgment, that you might find of interest.

We reserve the right to share, rent, sell, or otherwise disclose data we collect to our affiliates, as well as to non-affiliated third parties, including but not limited to magazine publishers, retailers, direct marketers. Any non-affiliated third party we share, rent, sell, or otherwise disclose data to will be carefully prescreened by us, determined by us to be reputable, and will use the personal data for marketing products and services which we determine, in our sole judgment, that you might find of interest.

#### Your Opt-Out Rights

You may opt-out of receiving communications from us and/or our third party partners by not submitting your information. We also allow you to remove your information from our database by responding to any of our e-mail communications with "remove" in the subject line. If you remove your information from our database it will no longer be used by us for secondary purposes, disclosed to third parties, or used by us or third parties to send promotional correspondence to you. We take your privacy seriously and do not tolerate spam.

#### Our Right To Contact You

We reserve the right to contact you regarding your account status and changes to subscriber agreements, privacy policy, or any other policies or agreements relevant to you and/or your loan. You expressly acknowledge and agree we may employ the use of autodialers or pre-recorded messages in its communications with you, including calls to your cell phone.

#### Our Right To Change This Policy

We reserve the right to change this policy at any time by notifying you of the existence and location of the new or revised privacy policy or by posting the changes online at our website.

**We Do Not Intend To Collect Data From Children**

The information services provided by us or our affiliates, sponsors, and advertisers are not intended to be viewed by children (under 18 years old). No information collected from children is knowingly used for any marketing or promotional purposes whatsoever by Arrowhead Investment, Inc. or its affiliates.

Arrowhead Investment, Inc. performs searches in the CL Verify, TeleTrack and Veritrac databases which house consumer transaction information from various industries including deferred deposit, check cashing, and consumer finance companies. The information obtained can be used in the decision making of loan approvals.

By submitting this application, you certify that all of the information provided is accurate and you authorize Arrowhead Investment, Inc. to verify the accuracy of the information by contacting any company or person listed on the application to verify the information. You release all parties from any liability for any damages that may occur. You understand and agree that any false information provided will be sufficient grounds for the rejection of your application.

**As a reminder, a payday advance is a short-term cash flow tool and is not designed as a solution for longer term financial problems. Credit counseling services are available and are a viable option for longer term financial problems.**

By electronically signing this Agreement by typing your name below, you acknowledge that it was filled in before you did so and you have reviewed the entire Loan Agreement including the FEDERAL TRUTH-IN-LENDING DISCLOSURES, the WAIVER OF JURY TRIAL AND ARBITRATION, AND OUR PRIVACY POLICY. You acknowledge that your right to file suit against us for any claim or dispute regarding this Agreement is limited by the WAIVER OF JURY TRIAL AND ARBITRATION PROVISION. You represent that you are not a debtor under any proceeding in bankruptcy and have no intention to file a petition for relief under any chapter of the United States Bankruptcy Code. You acknowledge that you have read, understand, and agree to all of the terms of this Agreement, including the provision entitled "WAIVER OF JURY TRIAL AND ARBITRATION PROVISION", and you agree to comply with, and be bound by all of the terms in this agreement.

Licensee: Arrowhead Investment, Inc.

Borrower's E-Signature:

Please type name as found on the application: al s

Borrower:

First Name: a

Last Name: st

Date: June 30, 2009

**PLEASE NOTE YOU SHOULD PRINT AND RETAIN A COPY OF THIS LOAN AGREEMENT FOR YOUR RECORDS**

Any comments or questions may be directed to Arrowhead Investment, Inc.'s Comment Line at the following toll-free number: 8663557308.

Borrower's Signature:

Date: 06/30/2009

Next

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# **Exhibit 2**

**DELAWARE PAYDAY LOAN AGREEMENT**

Type of Contract: Consumer Loan Agreement # 33077404

Contract Date: June 30, 2009  
 Disbursement Date: July 1, 2009  
 Payment Date: July 15, 2009

**LICENSEE:**

Galaxy Marketing Inc.  
 8700 Stalene Rd, Suite #305  
 Leawood, KS 66206  
 8667929306

**BORROWER:**

A St  
 Address: Vest 35th Avenue  
 City/State/Zip: Pine Bluff, AR 71603  
 Phone:

In this Agreement, the words "you" and "your" mean the borrower who has electronically signed it. The words "we", "us" and "our" mean Galaxy Marketing Inc., licensed consumer lender regulated by the Office of the State Banking Commissioner.

In order to complete your transaction with us, you must electronically sign this Loan Agreement by typing your name below. Consummation occurs when you accept the terms of this Agreement by electronically signing at the end of the loan agreement. This Agreement represents our unconditional offer to extend you credit. If you properly accept this Agreement as offered, then it becomes a binding contract. You have chosen to receive the proceeds of this Loan Agreement electronically. Therefore, if the Agreement is consummated, then we will use commercially reasonable efforts to effect a credit entry by depositing the proceeds from this Agreement into the bank account listed below in the ECheck/ACH Authorization ("Your Account") on July 1, 2009 ("Disbursement Date"), unless such proceeds are applied to any outstanding obligation to us. Unavoidable delays as a result of inadvertent processing errors and/or "acts of God" may extend the time for the deposit.

You promise to pay us the Total of Payments according to the terms of the Disclosures set forth below and other permitted charges on the date stated in your Payment Schedule below, or after the Disbursement Date in the event of a delayed disbursement, (the "Payment Date"). Pre-computed interest is calculated from the Disbursement Date based upon the assumption that you will pay us as scheduled. Interest is pre-computed and charged from the Disbursement Date until the Payment Date, and the amount and rate is set forth in the Annual Percentage Rate and Finance Charge disclosure below. No interest will accrue after the Payment Date. All payments will be applied first to interest and then to principal. Both the amount of interest charged and rate thereof are set forth respectively in the Finance Charge and Annual Percentage Rate disclosures. Pursuant to the ECheck/ACH authorization Agreement, you have directed us to initiate an ECheck/ACH entry into bank account for the Total of Payments on the Payment Date or thereafter.

**FEDERAL TRUTH-IN-LENDING DISCLOSURES**

<b>ANNUAL PERCENTAGE RATE</b> The cost of your credit as a yearly rate.	<b>FINANCE CHARGE</b> The dollar amount the credit will cost you.	<b>Amount Financed</b> The amount of credit provided to you or on your behalf.	<b>Total of Payments</b> The amount you will have paid after you have made all payments as scheduled.
782.14%	\$90.00	\$300.00	\$390.00

**Refinance:** Your loan will be refinanced on the first five (5) due dates, unless you notify us of your desire to pay in full or to pay down your principle amount borrowed. You will accrue a new fee of \$90.00 every time your loan is refinanced. Any fees accrued during refinancing will not go toward the principle amount owed. **Unless we receive written notification from you at least three full business days before your loan is due, your loan will be refinanced.**

**Pay Down:** You can pay down your principle amount by increments of \$50.00 in addition to the service charge. Paying down will decrease the fee charged for the next refinance due. To accept this option, prior to your sixth (6) refinance, you must notify us of your request in writing via fax at 8663797667. The request needs to be received at least three full business days before your loan is due.

**Pay Off:** You can payoff your full balance of \$390.00, the principle plus the fee for that period. To accept this option you must notify us of your request in writing via fax at 8663797667. The request needs to be received at least three full business days before your loan is due.

**Return Fee:** A \$30.00 Return fee will be assessed for any and all finance charges that are returned to us by your financial institution.

See the terms of this Loan Agreement for any additional information about nonpayment, default and prepayment refunds.

Itemization of Amount Financed: 1. Amount given to you directly: \$300.00, 2. Amount paid on Agreement No. 33077404 with us: \$ 0.00.

**The Account.** You have deposit account, No: \_\_\_\_\_ (Account) at **SIMMONS FIRST NATL BK** (Bank) You authorize us to effect a credit entry to deposit the proceeds of the Loan (the Amount Financed indicated above) to your Account at the Bank.

**SECURITY.** Pursuant to Comment 2(a)(25) of the Federal Reserve Board Official Staff Commentary to Regulation Z - 226.2, we have disclosed to you that our interest in the ECheck/ACH Authorization is a security interest for Truth-in-Lending purposes only, because federal and Delaware law do not clearly address whether our interest in the ECheck/ACH Authorization is a "security interest."

**CANCELLATION AND PREPAYMENT.** There is no additional charge, fee or any penalty if you prepay in full or in part. You have the right to cancel your obligations without having to pay any finance charge. To cancel this Agreement, you must fax to us, prior to the Deadline, written notice of your intent to cancel. To prepay in full your obligations without having to pay any finance charge, you must fax to us, prior to 4:00 PM Central Time on the Disbursement Date, written authorization to initiate a debit entry to Your Account for the principal amount of the loan. If we receive payment of the principal amount of the loan via such authorization, we agree to rebate both the finance charge we have earned and the unearned finance charge so that you will not owe us any finance charge. At any time after 4:00 PM Central Time on the Disbursement Date and before 4:00 PM Central Time on the business day prior to the Payment Date, you can make partial prepayments or prepay your loan in full. To prepay, you must fax us written authorization to initiate a debit entry to Your Account for the prepayment. If you prepay the loan, you may be entitled to a partial rebate of the un-earned portion of the Finance Charge. Prepayments will be applied first to finance charges and then to principal.

**LATE CHARGE.** You agree to pay \$30 if an item in payment of what you owe is returned unpaid or the Bank for any reason rejects an ACH debit entry, the authorization for which was not properly revoked by you.

**DEFERRAL AND RENEWAL.** Under Delaware law, The Total of Payments set forth in the Federal Truth in Lending Disclosures is due in full in accordance with the Payment Schedule set forth in the Federal Truth in Lending Disclosures. You have the option to refinance your loan five (5) times before you must begin to pay down the principle. If you refinance, we will not debit your account for the Total of Payments, but will instead debit your account in the amount of the Finance Charge set forth in the Truth in Lending Disclosures. You will then owe the Total of Payments fourteen days later.

**DEFAULT, GOVERNING LAW, ASSIGNMENT and EXECUTION.** You will be in default if you do not pay us something you owe us under this Customer Agreement. This Customer Agreement is governed by the laws of the State of Delaware, except that the Arbitration Provision is governed by the Federal Arbitration Act ("FAA"). We may assign or transfer this Agreement or any of our rights hereunder. If this Agreement is consummated,

then you agree that the electronically signed Agreement we receive from you will be considered the original executed Agreement, which is binding and enforceable as to both parties.

**WAIVER OF JURY TRIAL AND ARBITRATION PROVISION.** Arbitration is a process in which persons with a dispute: (a) waive their rights to file a lawsuit and proceed in court and to have a jury trial to resolve their disputes; and (b) agree, instead, to submit their disputes to a neutral third person (an "arbitrator") for a decision. 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 final and binding decision resolving the dispute, which may be enforced as a court judgment. A court rarely overturns an arbitrator's decision. We have a policy of arbitrating all disputes with customers which cannot be resolved in a small claims tribunal, including the scope and validity of this Arbitration Provision and any right you may have to participate in an alleged class action. **THEREFORE, YOU ACKNOWLEDGE AND AGREE AS FOLLOWS:**

1. For purposes of this Waiver of Jury Trial and Arbitration Provision, the words "dispute" and "disputes" are given the broadest possible meaning and include, without limitation (a) all claims, disputes, or controversies arising from or relating directly or indirectly to the signing of this Arbitration Provision, the validity and scope of this Arbitration Provision and any claim or attempt to set aside this Arbitration Provision; (b) all federal or state law claims, disputes or controversies, arising from or relating directly or indirectly to the Loan Agreement, the information you gave us before entering into the Loan Agreement, including the customer information application, and/or any past agreement or agreements between you and us; (c) all counterclaims, cross-claims and third-party claims; (d) all common law claims, based upon contract, tort, fraud, or other intentional torts; (e) all claims based upon a violation of any state or federal constitution, statute or regulation; (f) all claims asserted by us against you, including claims for money damages to collect any sum we claim you owe us; (g) all claims asserted by you individually against us and/or any of our employees, agents, directors, officers, shareholders, governors, managers, members, parent company or affiliated entities (hereinafter collectively referred to as "related third parties"), including claims for money damages and/or equitable or injunctive relief; (h) all claims asserted on your behalf by another person; (i) all claims asserted by you as a private attorney general, as a representative and member of a class of persons, or in any other representative capacity, against us and/or related third parties (hereinafter referred to as "Representative Claims"); and/or (j) all claims arising from or relating directly or indirectly to the disclosure by us or related third parties of any non-public personal information about you.

2. You acknowledge and agree that by entering into this Arbitration Provision:

- (a) **YOU ARE GIVING UP YOUR RIGHT TO HAVE A TRIAL BY JURY TO RESOLVE ANY DISPUTE ALLEGED AGAINST US OR RELATED THIRD PARTIES;**
- (b) **YOU ARE GIVING UP YOUR RIGHT TO HAVE A COURT, OTHER THAN A SMALL CLAIMS TRIBUNAL, RESOLVE ANY DISPUTE ALLEGED AGAINST US OR RELATED THIRD PARTIES; and**
- (c) **YOU ARE GIVING UP YOUR RIGHT TO SERVE AS A REPRESENTATIVE, AS A PRIVATE ATTORNEY GENERAL, OR IN ANY OTHER REPRESENTATIVE CAPACITY, AND/OR TO PARTICIPATE AS A MEMBER OF A CLASS OF CLAIMANTS, IN ANY LAWSUIT FILED AGAINST US AND/OR RELATED THIRD PARTIES.**

3. Except as provided in Paragraph 6 below, all disputes including any Representative Claims against us and/or related third parties shall be resolved by binding arbitration only on an individual basis with you. **THEREFORE, 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 THE ARBITRATION.**

4. 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 the dispute along with the relief requested, even if a lawsuit has been filed. Regardless of who demands arbitration, you shall have the right to select any of the following arbitration organizations to administer the arbitration: the American Arbitration Association (1-800-778-7879) <http://www.adr.org> or National Arbitration Forum (1-800-474-2371) <http://www.arb-forum.com>. 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 related third parties or we 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 arbitration organization. The parties to such dispute will be governed by the rules and procedures of such arbitration organization applicable to consumer disputes, to the extent those rules and procedures do not contradict the express terms of this Arbitration Provision, including the limitations on the arbitrator below. You may obtain a copy of the rules and procedures by contacting the arbitration organization listed above.

5. Regardless of who demands arbitration, at your request we will advance your portion of the arbitration expenses, including the filing, administrative, hearing and arbitrator's fees ("Arbitration Fees"). Throughout the arbitration, each party shall bear his or her own attorneys' fees and expenses, such as witness and expert witness fees. The arbitrator shall apply applicable substantive law consistent with the FAA, and applicable statutes of limitation, and shall honor claims of privilege recognized at law. The arbitration hearing will be conducted in the county of your residence, or within 30 miles from such county, or in such other place as shall be ordered by the arbitrator. The arbitrator may decide, with or without a hearing, any motion that 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 or state rules of civil procedure or evidence. If allowed by statute or applicable law, the arbitrator may award statutory damages and/or reasonable attorneys' fees and expenses. If the arbitrator renders a decision or an award in your favor resolving the dispute, then you will not be responsible for reimbursing us for your portion of the Arbitration Fees, and we will reimburse you for any Arbitration Fees you have previously paid. If the arbitrator does not render a decision or an award in your favor resolving the dispute, then the arbitrator shall require you to reimburse us for the Arbitration Fees we have advanced, not to exceed the amount which would have been assessed as court costs if the dispute had been resolved by a state court with jurisdiction, less any Arbitration Fees you have previously paid. At the timely request of any party, the arbitrator shall provide a written explanation for the award. The arbitrator's award may be filed with any court having jurisdiction.

6. All parties, including related third parties, shall retain the right to seek adjudication in a small claims tribunal in the county of your residence for disputes within the scope of such tribunal's jurisdiction. Any dispute, which cannot be adjudicated within the jurisdiction of a small claims tribunal, shall be resolved by binding arbitration. Any appeal of a judgment from a small claims tribunal shall be resolved by binding arbitration.

7. This Arbitration Provision is made pursuant to a transaction involving interstate commerce and shall be governed by the FAA. If a final non-appealable judgment of a court having jurisdiction over this transaction finds, for any reason, that the FAA does not apply to this transaction, then our agreement to arbitrate shall be governed by the arbitration law of the State of Delaware.

8. This Arbitration Provision is binding upon and benefits you, your respective heirs, successors and assigns. This Arbitration Provision is binding upon and benefits us, our successors and assigns, and related 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 any cancellation, termination, amendment, expiration or performance of any transaction between you and us and continues in full force and effect unless you and we otherwise agree in writing. If any of this Arbitration Provision is held invalid, the remainder shall remain in effect.

#### **Income Verification**

"I hereby authorize Galaxy Marketing Inc. to verify my past and/or present employment history and income as may be necessary to process my Payday Loan. The employment and/or income verification that Galaxy Marketing Inc. obtains is only to be used in the processing of my application for a Payday Loan".

Furthermore, you represent that you are not a debtor under any proceeding in bankruptcy and have no intention to file a petition for relief under any chapter of the United States Bankruptcy Code.

#### **CONSENT TO ELECTRONIC COMMUNICATIONS:**

The following terms and conditions govern electronic communications in connection with this Loan Agreement and the transaction evidenced hereby (the "Consent"). By electronically signing this Loan Agreement by clicking the "I AGREE" button below, you are confirming that you have agreed to the terms and conditions of the Consent and that you have downloaded or printed a copy of this Consent for your records. You agree that: Any disclosure, notice, record or other type of information that is provided to you in connection with your transaction with us, including but not limited to,

this Loan Agreement, this Consent, the Truth in Lending disclosures set forth below, change-in-terms notices, fee and transaction information, statements, delayed disbursement letters, notices of adverse action, state mandated brochures and disclosures, and transaction information ("Communications"), may be sent to you electronically by posting the information at our web site, [www.Sparkloans.com](http://www.Sparkloans.com), or by sending it to you by e-mail.

We will not be obligated to provide any Communication to you in paper form unless you specifically request us to do so.

You may obtain a copy of any Communication by contacting us at 8700 Stateline Rd, Leawood, KS 66206, or by calling us at: 8667929306. You also can withdraw your consent to ongoing electronic communications in the same manner, and ask that they be sent to you in paper or non-electronic form.

You agree to provide us with your current e-mail address for notices at the address or phone number indicated above. If your e-mail address changes, you must send us a notice of the new address by writing to us or sending us an e-mail, using secure messaging, at least five (5) days before the change.

In order to receive electronic communications in connection with this transaction, you will need a working connection to the Internet. Your browser must support the Secure Sockets Layer (SSL) protocol. SSL provides a secure channel to send and receive data over the Internet through HS encryption capabilities. Netscape 4.7+ and above and Microsoft Internet Explorer 5.01+ and above support this feature. You will also need either a printer connected to your computer to print disclosures/notices or sufficient hard drive space available to save the information (e.g., 1 megabyte or more). We do not provide ISP services. You must have your own Internet service provider.

We may amend (add to, delete or change) the term of this consent to electronic disclosure by providing you with advance notice.

By electronically signing this Loan Agreement below, you are confirming that: (1) your system meets the requirements set forth above; (2) you agree to receive Communications electronically; and (3) you are able to access and print or store information presented at this website.

### **Electronic Disbursement and Payment**

You authorize us to debit Your Bank Account for amounts owed under this Agreement, in accordance with the ACH Authorization Agreement, which will appear following this Agreement. You agree that we may represent debit entries any payments that are dishonored for any reason. You also agree that we may represent debit entries for amounts less than the Total of Payments, totaling up to the Total of Payments plus any accrued fees, if any Payment under this Agreement is dishonored for any reason. Such representations may be made immediately following the dishonor of a payment, or may be made on your regularly scheduled pay dates, or on dates that you request.

You understand and agree that this Electronic Payment Method is provided for your convenience, and that you have authorized repayment of your loan by electronic means voluntarily. You agree that you may repay your indebtedness through other means acceptable to us, including by providing timely payment via cashiers check or money order directed to: Galaxy Marketing Inc., 8700 Stateline Rd, Leawood, KS 66206.

**PRIVACY POLICY.** Galaxy Marketing Inc. is serious about protecting your online privacy. This Privacy Statement explains our views and practices concerning privacy, and how they may pertain to you as a user of our website. "You" or "Your" means you as a participant in or as a user of the Galaxy Marketing Inc. program. "We" or "Our" or "Us" means Galaxy Marketing Inc. and its affiliates. All information transmitted, printed or otherwise submitted to Galaxy Marketing Inc. via this website shall be deemed to be the property of Galaxy Marketing Inc. and its affiliates. We shall be free to use such information for any lawful purpose as detailed herein. We reserve the right to release such information to law enforcement or other governmental officials as we, in our sole and absolute discretion, deem necessary to comply with the law.

### **What Information We Collect**

We automatically collect and/or track the following:

- web page http headers (home server domain names, IP address, type of client computer, and type of Web browser);
- information provided by you through on-line forms, registrations forms, surveys, and/or other entries, such as your name, address, drivers license number or other government issued photo ID, social security number, email addresses, assets and income;
- information, user specific or aggregate, on what pages our visitors access;
- the e-mail addresses of visitors that communicate with us via e-mail;
- information about your transactions with Galaxy Marketing Inc. its affiliates or others, such as payment history and loan balances; and
- information we receive from third parties, such as consumer reporting agencies and other lenders, regarding creditworthiness and credit history.

### **How We Use That Information**

We use your personal, demographic and profile data to enhance your experience at our website and to enable us to present content we think you might be interested in. We use your contact information to send you information about our company and promotional material from our partners. We may also use your personal, demographic and profile data to improve our website, for statistical analysis, for marketing and promotional purposes, and for editorial or feedback purposes for our advertisers. Information collected by us may be added to our databases and used for future e-mails or postal mailings regarding site updates, new products and services, upcoming events, and/or status of orders placed online.

### **Disclosure of Data to Third Parties**

If you choose to provide personal information, it will be used for the following purposes:

- considering you for a Payday loan, and
- for marketing products and services which we determine, in our sole judgment, that you might find of interest.

We reserve the right to share, rent, sell, or otherwise disclose data we collect to our affiliates, as well as to non-affiliated third parties, including but not limited to magazine publishers, retailers, direct marketers. Any non-affiliated third party we share, rent, sell, or otherwise disclose data to will be carefully prescreened by us, determined by us to be reputable, and will use the personal data for marketing products and services which we determine, in our sole judgment, that you might find of interest.

### **Your Opt-Out Rights**

You may opt-out of receiving communications from us and/or our third party partners by not submitting your information. We also allow you to remove your information from our database by responding to any of our e-mail communications with "remove" in the subject line. If you remove your information from our database it will no longer be used by us for secondary purposes, disclosed to third parties, or used by us or third parties to send

promotional correspondence to you. We take your privacy seriously and do not tolerate spam.

**Our Right To Contact You**

We reserve the right to contact you regarding your account status and changes to subscriber agreements, privacy policy, or any other policies or agreements relevant to you and/or your loan. You expressly acknowledge and agree we may employ the use of autodialers or pre-recorded messages in its communications with you, including calls to your cell phone.

**Our Right To Change This Policy**

We reserve the right to change this policy at any time by notifying you of the existence and location of the new or revised privacy policy or by posting the changes online at our website.

**We Do Not Intend To Collect Data From Children**

The information services provided by us or our affiliates, sponsors, and advertisers are not intended to be viewed by children (under 18 years old). No information collected from children is knowingly used for any marketing or promotional purposes whatsoever by Galaxy Marketing Inc. or its affiliates.

Galaxy Marketing Inc. performs searches in the CL Verify, TeleTrack and Veritrac databases which house consumer transaction information from various industries including deferred deposit, check cashing, and consumer finance companies. The information obtained can be used in the decision making of loan approvals.

By submitting this application, you certify that all of the information provided is accurate and you authorize Galaxy Marketing Inc. to verify the accuracy of the information by contacting any company or person listed on the application to verify the information. You release all parties from any liability for any damages that may occur. You understand and agree that any false information provided will be sufficient grounds for the rejection of your application.

**As a reminder, a payday advance is a short-term cash flow tool and is not designed as a solution for longer term financial problems. Credit counseling services are available and are a viable option for longer term financial problems.**

By electronically signing this Agreement by typing your name below, you acknowledge that it was filled in before you did so and you have reviewed the entire Loan Agreement including the FEDERAL TRUTH-IN-LENDING DISCLOSURES, the WAIVER OF JURY TRIAL AND ARBITRATION, AND OUR PRIVACY POLICY. **You acknowledge that your right to file suit against us for any claim or dispute regarding this Agreement is limited by the WAIVER OF JURY TRIAL AND ARBITRATION PROVISION.** You represent that you are not a debtor under any proceeding in bankruptcy and have no intention to file a petition for relief under any chapter of the United States Bankruptcy Code. You acknowledge that you have read, understand, and agree to all of the terms of this Agreement, including the provision entitled "WAIVER OF JURY TRIAL AND ARBITRATION PROVISION", and you agree to comply with, and be bound by all of the terms in this agreement.

**Licensee: Galaxy Marketing Inc.**

Borrower's E-Signature: Al S

Please type name as found on the application: A S

Borrower:

First Name: A

Last Name: S

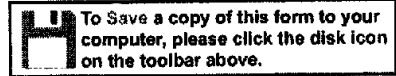
Date: June 30, 2009

**PLEASE NOTE YOU SHOULD PRINT AND RETAIN A COPY OF THIS LOAN AGREEMENT FOR YOUR RECORDS.**

Any comments or questions may be directed to Galaxy Marketing Inc.'s Comment Line at the following toll-free number: 8667929306.

**Multiple claims.** If a complaint asserts multiple claims which involve different subject matter divisions of the circuit court, the cover sheet for that division which is most definitive of the nature of the case should be selected and completed.

**COVER SHEET  
STATE OF ARKANSAS  
CIRCUIT COURT: CIVIL**



The civil reporting form and the information contained herein shall not be admissible as evidence in any court proceeding or replace or supplement the filing and service of pleadings, orders, or other papers as required by law or Supreme Court Rule. This form is required pursuant to Administrative Order Number 8. Instructions are located on the back of the form.

**FILING INFORMATION**

County: Pulaski District: \_\_\_\_\_ Docket Number: CV

Judge: \_\_\_\_\_ Division: \_\_\_\_\_ Filing Date: August 10, 2010

Plaintiff: State of Arkansas, ex rel. Dustin McDaniel Attorney General Defendant: ARROWHEAD INVESTMENTS, INC., GALAXY MARKETING, INC., AND CHRISTOPHER HODES

Attorney Providing Information: Charles Saunders 323 Center St. Suite 500 Little Rock, AR 72201  
 Plaintiff  Defendant  Intervenor Address

Litigant, if Pro Se: \_\_\_\_\_ Address \_\_\_\_\_

Related Case(s): Judge \_\_\_\_\_ Case Number(s) \_\_\_\_\_

**Type of Case:**

- |   |   |  |
|---|---|--|
| <i>Torts</i>  | <i>Equity</i>                             | <i>Miscellaneous</i>   |
| <input type="checkbox"/> (NM) Negligence: Motor Vehicle | <input type="checkbox"/> (FC) Foreclosure | <input type="checkbox"/> (CD) Condemnation   |
| <input type="checkbox"/> (NO) Negligence: Other         | <input type="checkbox"/> (QT) Quiet Title | <input type="checkbox"/> (RE) Replevin   |
| <input type="checkbox"/> (BF) Bad Faith                 | <input type="checkbox"/> (IJ) Injunction  | <input type="checkbox"/> (DJ) Declaratory Judgment                                     |
| <input type="checkbox"/> (FR) Fraud                     | <input type="checkbox"/> (PT) Partition   | <input type="checkbox"/> (UD) Unlawful Detainer  |
| <input type="checkbox"/> (MP) Malpractice               | <input type="checkbox"/> (OT) Other _____ | <input type="checkbox"/> (IN) Incorporation  |
| <input type="checkbox"/> (PL) Product Liability         |   | <input type="checkbox"/> (EL) Election   |
| <input type="checkbox"/> (OD) Other _____               |   | <input type="checkbox"/> (FJ) Foreign Judgment   |
| <i>Contracts</i>  |   | <input type="checkbox"/> (WT) Writs _____  |
| <input type="checkbox"/> (IS) Insurance                 |   | <input type="checkbox"/> (AA) Administrative Appeal                                    |
| <input type="checkbox"/> (DO) Debt: Open Account        |   | <input type="checkbox"/> (CF) Property Forfeiture                                      |
| <input type="checkbox"/> (PN) Debt: Promissory Note     |   | <input type="checkbox"/> (RD) Remove Disabilities                                      |
| <input type="checkbox"/> (EM) Employment                |   | <input type="checkbox"/> (NC) Name Change  |
| <input type="checkbox"/> (OC) Other _____               |   | <input checked="" type="checkbox"/> (OM) Other <small>Deceptive Trade Practice</small> |

Jury Trial Requested:  Yes  No Manner of Filing:  Original  Re-open  Transfer  
 Return from Federal/Bankruptcy Court

**DISPOSITION INFORMATION**

Disposition Date: \_\_\_\_\_  Bench Trial  Non-Trial  Jury Trial

- |   |   |   |
|---|---|---|
| <b>Judgment Type:</b>                               | <b>Dismissal Type:</b>                                    | <b>Other:</b>   |
| <input type="checkbox"/> (DJ) Default Judgment      | <input type="checkbox"/> (DW) Dismissed with Prejudice    | <input type="checkbox"/> (TR) Transferred to Another Jurisdiction |
| <input type="checkbox"/> (SJ) Summary Judgment      | <input type="checkbox"/> (DN) Dismissed without Prejudice | <input type="checkbox"/> (RB) Removed to Bankruptcy Court         |
| <input type="checkbox"/> (CJ) Consent Judgment      |   | <input type="checkbox"/> (RF) Removed to Federal Court            |
| <input type="checkbox"/> (TJ) Trial Judgment        |   | <input type="checkbox"/> (AR) Arbitration                         |
| <input type="checkbox"/> (OJ) Other Judgment        |   |   |
| <input type="checkbox"/> (PG) Petition Granted      |   |   |
| <input type="checkbox"/> (PD) Petition Denied       |   |   |
| <input type="checkbox"/> (DF) Decree of Foreclosure |   |   |

Judgment For:  Plaintiff  Defendant  Both Judgment Amount: \$ \_\_\_\_\_

Clerk's Signature \_\_\_\_\_ Date \_\_\_\_\_  
AOC 23 10-01  
625 Marshall Street  
Little Rock, AR 72201

Send 1 paper or electronic copy to AOC upon filing.  
Send 1 paper or electronic copy to AOC upon disposition.  
Keep original in court file.

**Effective 1-1-2002**