

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS

DIVISION

2ND DIVISION

STATE OF ARKANSAS *ex rel.*

DUSTIN McDANIEL, ATTORNEY GENERAL

PLAINTIFF

v.

60CV2011 CASE NO. 3042

FILED 06/20/11 10:39:24

Larry Crane Pulaski Circuit Clerk
SJ

NATIONAL CREDIT ADJUSTERS

DEFENDANT

PETITION TO ENFORCE CIVIL INVESTIGATIVE DEMANDS

COMES NOW, the State of Arkansas ("the State"), by and through Dustin McDaniel, Attorney General, and for its Petition to Enforce Civil Investigative Demands submitted to National Credit Adjusters, LLC ("NCA"), does hereby state and allege the following:

INTRODUCTION

1. This is a consumer protection action brought pursuant to the Arkansas Deceptive Trade Practices Act, Ark. Code Ann. § 4-88-101, *et seq.*
2. In this action, the State seeks an order requiring NCA to fully respond to Civil Investigative Demands ("CID") issued pursuant to Ark. Code Ann. § 4-88-112(a) by the Attorney General on March 2, 2010 and April 6, 2011. See Exhibits 1 & 2.
3. The State further seeks a temporary injunction against NCA, precluding it from undertaking any further business activities in the State of Arkansas until such time that it fully responds to the CIDs issued by the Attorney General and produces all of the documentary materials requested by those CIDs.

PARTIES

4. Plaintiff is the State of Arkansas *ex rel.* Dustin McDaniel, the duly elected Attorney General for the State of Arkansas.
5. NCA is a foreign corporation conducting business in the State of Arkansas. NCA is in the business of debt procurement and debt collection. NCA is currently licensed by the

Arkansas State Board of Collection Agencies. NCA regularly contacts residents of the State as part of its collection efforts.

6. NCA maintains its principal place of business at 327 West 4th Street, Hutchinson, Kansas 67504.

7. NCA's registered agent in Arkansas is National Registered Agents, Inc. of Arkansas, 455 West Maurice Street, Hot Springs, Arkansas 71901.

JURISDICTION

8. This Court has subject matter jurisdiction pursuant to Ark. Code Ann. § 4-88-112. This Court has personal jurisdiction over the Defendant 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.” Defendant routinely directs communications, by phone, mail, and other means, at Arkansas residents in order to collect money on delinquent contractual obligations. Based upon its activities in the State of Arkansas, the Defendant should reasonably expect to defend itself in the courts of this State for alleged violations of Arkansas laws.

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

FACTUAL BACKGROUND

10. NCA is engaged in the business of debt collection.

11. NCA is primarily a debt buyer. As a debt buyer, NCA purchases delinquent obligations from either the original creditor or some other third party that previously held these debts.

12. In the course of its debt collection business, NCA engages in debt collection activity with residents of the State of Arkansas.

13. An unknown number of the debts NCA has attempted to collect, has collected, and continues to attempt to collect from Arkansas residents are based upon original loans that the Attorney General believes are usurious, illegal, and unenforcable under Arkansas law. Many of these debts are the result of small dollar loans more commonly referred to as "payday loans."

14. The Arkansas Constitution, Article 19, Section 13, amended by Amendment 89, prohibits lenders from charging more than 17% per annum. The Constitution provides that loans which exceed this rate are void as to both principal and interest.

15. In part based on the Arkansas Constitution's prohibition against usury, the Arkansas Supreme Court has determined that lending money to Arkansas consumers at ultra-high usurious rates of interest is unconscionable as a matter of law and violates the Deceptive Trade Practices Act. See *State of Ark. v R & A Investment Co., Inc.*, 336 Ark. 289, 985 SW 2d 299 (1999) (title loans with interest rates exceeding 300% violate Arkansas Constitution and DTPA); *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) (finding the Arkansas Check Cashers Act, which purported to legalize usurious payday loans, to be unconstitutional).

16. NCA has collected, and continues to collect, debts from Arkansas residents based on payday loan contracts that carry interest rates very similar to those loans found illegal by the Arkansas Supreme Court.

17. NCA may be attempting to collect debts based upon other types of lending agreements that are also void under Arkansas law.

18. In February of 2010, the Attorney General's Office learned that NCA had caused at least two lawsuits to be filed against Arkansas consumers seeking judgments for unpaid loan balances resulting from the non-payment of payday loans. See Exhibit 3 for copy of one of the complaints.

19. The Complaint in Exhibit 3 is against Ms. Green. Although not noted in NCA's complaint, the Attorney General believes that the original lender was Mycashnow.com, Inc. The disclosed annual percentage rate of the original contract is 485.45%. See Exhibit 4 for the Mycashnow.com contract with Ms. Green.

20. In March of 2010, the Attorney General issued a CID to NCA pursuant to Ark. Code Ann. § 4-88-111. See Exhibit 1 for a copy of the CID.

21. The purpose of this CID was to determine the scope of NCA's collection activities in Arkansas related to payday loans. Further, the State sought to identify the original lenders and the details of those original lending agreements.

22. In response to the CID, NCA produced a spreadsheet of lenders with names such as Advance America, Check into Cash, Check N' Go, Ace Cash Express, BMG Accounts, Cash Central, Cash Net, Internet Payday, Global Payday, Internet Payday Loans, Rapid Cash for You, Sonic Cash Payday Loans, and FNS Payday Loans.

23. Despite being required to provide the full corporate names, addresses, and websites for each original lender, NCA produced no other information concerning the identities of the original lenders.

24. Also included with that spreadsheet appears to be the number of accounts in NCA's possession for each original payday lender. At that time, there appeared to be over 5,000 Arkansas residents, whom NCA claimed owed a debt related to what was originally identified by NCA as being a payday loan.

25. Despite being requested to produce the identity and contact information for each Arkansas consumer, NCA did not provide this information.

26. NCA was requested to produce the original date of each payday loan, copies of any loan documents, and the amounts owed and collected on each account; as well as information regarding NCA's acquisition of these accounts. None of this information was provided.

27. Despite the Attorney General's demand that NCA abandon collection efforts on any and all payday loan-related debts alleged to be owed by Arkansas residents, NCA has continued to engage in collection efforts with respect to some unknown portion of these accounts.

28. The Attorney General issued a second CID on April 6, 2011. This CID largely sought the information that was requested in the earlier CID, but not provided by NCA. See Exhibit 2 for a copy of the second CID.

29. Pursuant to Question 17 of the 2011 CID, the Attorney General requested that NCA identify any lending accounts where the interest rate exceeds 17% per annum, including any payday loans or similar such high interest loans.

30. In response, NCA objected stating "[t]he Attorney General has no jurisdiction outside the state of Arkansas and no jurisdiction over potential claims or issues more than five years from this date. This request for information is beyond the jurisdiction of the state of Arkansas regarding transactions that did not occur in Arkansas. Without waiving this objection and without admitting any allegations stated in this Question, NCA states that it has purchased accounts for collection from Advanced American, Check into Cash, Check NGO, EZ Corp, and Ace Cash Express." NCA's Response to No. 17, 2011 CID.

31. NCA's statement that the Attorney General has no jurisdiction outside of Arkansas is incorrect. The Attorney General has jurisdiction to investigate and prosecute matters that affect Arkansas consumers, regardless of where the Defendant is located. It is believed that many of the underlying transactions were initiated by application utilizing Internet websites, with the lenders location unknown to the Attorney General. Many of these loans involve a resident of the State of Arkansas, located in Arkansas at the time of the transaction with loan proceeds both deposited and withdrawn from Arkansas based bank accounts. Under these circumstances, Arkansas law applies to these transactions. While these payday lenders, the locations of which have not been disclosed by NCA, may be located outside Arkansas, the Attorney General's Office may exercise its authority over such lenders where they solicit Arkansas residents via the Internet or some other medium, and the transaction is consummated without the borrower ever leaving Arkansas. See *Quick Payday, Inc. v. M. Stork*, 549 F.3d 1302 (2008); *Cash America Net of Nevada, LLC v. Commonwealth of Pennsylvania*, 978 A.2d 1028 (2009); *Cash America Net of Nevada, LLC v. Commonwealth of Pennsylvania*, 8 A.3d 282 (2010).

32. Also, since NCA has affirmatively chosen to engage in collection practices directed towards residents of Arkansas, those practices are undeniably subject to both Arkansas law and the investigatory authority of the Attorney General.

33. Pursuant to Question No. 25 of the 2011 CID, the Attorney General requested that NCA identify all collection accounts owned or placed with NCA involving a payday loan, or other usurious loans, purportedly owed by an Arkansas consumer. The term "Identify", as used in the CID, required that NCA include in its response the Arkansas consumer and contact information for that consumer, the internal alpha-numerical identifier used by NCA, all information pertaining to the identity of the original lender, a copy of the original lending agreement, the date of the original obligation, the interest rate of the original obligation, amounts paid by the consumer to the original lender and to NCA, the amount alleged to be owed when NCA acquired the debt, copies of collection materials sent to the consumer by NCA, and copies of any call notes made by NCA.

34. In response to Question No. 25 of the 2011 CID, NCA refused to produce any accounts classified as "Internet Loans," but indicated it would produce information regarding loans originated at storefront locations in Arkansas. This response was received on April 29, 2011. To date no further communication or information has been received from NCA.

VIOLATIONS OF LAW

35. The State incorporates by reference the allegations set forth in paragraphs 1 thru 34 above.

36. The Arkansas Deceptive Trade Practices Act, Ark. Code Ann. § 4-88-101, *et seq.*, sets forth the State's statutory scheme for governing deceptive and unconscionable trade practices.

37. Pursuant to Ark. Code Ann. § 4-88-111(a), the Attorney General may undertake an investigation to establish "whether a person has engaged in, is engaging in, or shows evidence of intent to engage in any practice declared to be unlawful."

38. The DTPA allows the Attorney General to "[r]equire that person to file a statement or report in writing as to the facts and circumstances concerning the matter, together with such other data as may be reasonably related thereto." Ark. Code Ann. § 4-88-111(a)(1). Additionally, the Attorney General may conduct depositions and examine records. Ark. Code Ann. § 4-88-111(a)(2)-(3).

39. Ark. Code Ann. § 4-88-112(a) provides that in the event any person fails or refuses to file a statement, appear, or produce records as required by Ark. Code Ann. § 4-88-111, the Attorney General may file, in the circuit or chancery court of the county in which the person resides or transacts business or of the judicial district in which the State Capitol is located, a petition for an order of such court for the civil enforcement of such section.

40. Ark. Code Ann. § 4-88-112(b) further provides upon the filing of the petition and service upon the person, the court shall have jurisdiction to hear and determine the matter so presented and to enter such order, including temporary injunctions, as may be required to effectuate the Arkansas Deceptive Trade Practices Act.

WHEREFORE, the above premises considered, the State of Arkansas *ex rel.* Dustin McDaniel, Attorney General, respectfully requests that this Honorable Court:

(A) Issue an Order, pursuant to Ark. Code Ann. § 4-88-112(b), requiring NCA to respond to the Civil Investigative Demands issued by the Office of the Attorney General in this matter;

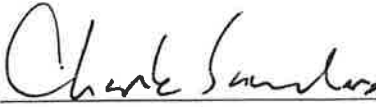
(B) Issue an Order, pursuant to Ark. Code Ann. § 4-88-112(b), requiring NCA to cease all business activities in the State of Arkansas until such time that it answers the Civil Investigative Demands issued by the Attorney General;

(C) Issue an Order, pursuant to Ark. Code Ann. § 4-88-112(b), requiring NCA to pay the State's costs in this litigation, including, but not limited to, attorney's fees.

(D) Grant all other relief which may be just and appropriate.

Respectfully submitted,

DUSTIN McDANIEL
Attorney General

By:  _____

Charles Saunders
Assistant Attorney General
Arkansas Bar No. 03117
323 Center Street, Suite 500
Little Rock, Arkansas 72201
(501) 683-1501

EXHIBIT 1



STATE OF ARKANSAS
OFFICE OF THE ATTORNEY GENERAL
DUSTIN McDANIEL

CIVIL INVESTIGATIVE DEMAND

To:

National Credit Adjusters, LLC
327 W 4th
P.O. Box 3023
Hutchinson, Kansas 67504

The State of Arkansas by Dustin McDaniel, Attorney General, and Charles Saunders, Assistant Attorney General, pursuant to Ark. Code Ann § 4-88-101 et seq., directs to you the following Civil Investigative Demand (CID).

Therefore, you are directed to deliver to Charles Saunders, Assistant Attorney General, Consumer Protection Division, 323 Center Street, Suite 200, Little Rock, Arkansas 72201 within twenty (20) days of the receipt of this demand, a written response **given under oath** to the following requests for information and documents.

Pursuant to Ark. Code Ann § 4-88-112, failure to cooperate in this investigation may lead to the filing of a petition to enforce this Civil Investigative Demand.

Instructions and Definitions

1. The terms National Credit Adjusters, "you," and "your" refer to the person or persons who engage in any business under the name National Credit Adjusters or any affiliate of those entities.
2. The term "Documents" shall be used in its broadest sense and shall mean and include all written, printed, typed, and recorded matter of every kind and description, originals and copies, and all attachments and appendices thereto. Without limiting the foregoing, "documents" shall include all agreements, contracts, communications, correspondence, messages, memoranda, records, reports, books, diary entries, calendars, appointment books, time records, instructions, work assignments, statistical data, work papers, drafts, graphs, charts, tables, consultants' reports, notices, marginal notations, bills, statements, records of obligation and expenditure, invoices, advertising, storyboards, recommendations, studies, surveys, transcripts of hearings or testimony, microfilm, articles, speeches, recordings, film, tapes, photographs, electronic mail,

web pages, data compilations, and all other printed, handwritten, typewritten, recorded, stenographic, computer-generated, computer-stored, or electronically stored matter, however and by whomever produced, prepared, reproduced, disseminated, or made.

3. Identical copies of documents which do not contain any additional markings, additions, or deletions need not be separately produced. "Documents" includes all matter within the foregoing description that is in your possession, control or custody. A document is deemed to be within your control if you have the right to secure the document or a copy from any person having physical possession thereof, including third parties not named in this CID.

4. The term "relating to" means to be relevant in any way to the subject matter in question, including without limitation all information that directly or indirectly contains, records, reflects, summarizes, evaluates, refers to, indicates, comments upon, or discusses the subject matter or that states the background of, or was the basis for, or that records, evaluates, comments upon, or was referred to, relied upon, utilized, generated, transmitted, or received in arriving at any conclusion, opinion, estimate, position, decision, belief, or assertion concerning the subject matter.

5. The term "Person" shall include natural persons, corporations, firms, associations, partnerships, joint ventures, any form of business entity, any governmental agencies, departments, units, or subdivisions thereof.

6. The term "Contract" means any contract, understanding, or arrangement, whether oral or written, including all attachments, addenda, modifications, amendments, memoranda of understanding and modifications thereto.

7. The term "Policy" shall mean each rule, procedure or directive, formal or informal, written or unwritten, and each common understanding or course of conduct which was recognized as such by you, your present and former officers, agents, employees or other persons acting or purporting to act on your behalf, which was in effect at any time during the period covered by this request and which includes any changes of policy.

8. The term "Identify," when used in reference to:

a. a natural person, means to state his/her full name, including middle name or initial, date of birth, present or last known address;

b. a corporation, partnership, or other business entity, means to state the full name and last known address of the entity;

c. a document, means to state its date, its author, its recipient and his/her address, and the names of each of its present custodians; and

d. when used in reference to a factual situation or allegation means to state with particularity and specificity all facts known which bear upon or are related to the matter which is the subject of the inquiry, using the simplest and most factual statements of which you are capable.

9. For the purposes of this CID an "Arkansas consumer" shall mean any consumer having an Arkansas address, phone number, or other identifiable characteristic, whereby a reasonable person would identify the consumer to have lived in Arkansas at the time the debt or obligation was incurred or is presently living in Arkansas.

10. For the purposes of this CID "payday" lending means the practice of extending short-term loans at high annual percentage rates; including loans made over or facilitated by the use of internet websites.

Claims of privilege

11. If any document called for by this Request is withheld under any claim or privilege, furnish a list identifying each document for which the privilege is claimed, the names and addresses of the author(s) and recipient(s) of the document, a description of the substance of the document, and the nature or basis for the claim of privilege.

Verification of Investigative Report

12. Your responses to requests for information other than documents shall be set forth in a separate document, captioned "**Investigative Report**" which sets forth each request, and for each request your response, the paragraphs of which shall be numbered, and to which a signed, notarized verification shall be attached **for each person** providing information responsive to the request, in the following form:

<p>Before me, the undersigned Notary Public, on this day personally appeared _____, who being by me duly sworn on oath deposed and said:</p> <p>I affirm under penalty of perjury, that I am over the age of 18 and reside at _____. I have personal knowledge of the information provided in [if you only provided part of the information requested, indicate by paragraph number(s) the information provided] this investigative report and that information is true, correct and complete.</p> <p style="text-align: center;">_____ Name of Affiant</p> <p>Subscribed and sworn to before me on this the _____ day of _____, 20____, to certify which witness my hand and official seal.</p> <p style="text-align: center;">_____ Notary</p>
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Questions & Requests for Documents

1. Please identify by name, address and position all persons who have prepared or aided in the preparation of the answers to the questions contained herein. All persons providing information must do so under oath, verified by a notary, pursuant to Instruction 12 above.

2. Please identify the corporate entities, partnerships, or other similar entities that operate as National Credit Adjusters. Please provide the dates of operation for National Credit Adjusters. If date of operation differs from date of incorporation please so indicate.

3. Please identify all past and current directors or other persons who control or have controlled the policies and procedures of National Credit Adjusters. Please provide the dates this authority was maintained. You may restrict your response to the last five years of operation. Please provide the name, business address, and business telephone number for each person whose name is disclosed pursuant to this inquiry.

4. Please identify all Arkansas consumers that National Credit Adjusters has collected, attempted to collect, or has owned the obligation but has attempted no collection, where the debt purportedly owed stems from a "payday loan." Please provide this information for the last five (5) years. With this list please provide the following:

- a. The name and presently known contact information for each Arkansas consumer.
- b. The name and any identifying information for the lender for each identified Arkansas consumer. Please include any websites used by the lender and ownership information related to the company.
- c. The date the original obligation was incurred.
- d. Copies of all loan documents for each Arkansas consumer identified.

e. Please identify the current status of each consumer account, reflecting the original amount of the obligation, the present amount purportedly owed, what actions have been taken to attempt collection, any amounts that have been collected, and whether or not the account has been placed with a law firm for legal action and the status of any such legal action.

f. Please identify how National Credit Adjusters obtained each consumer account; whether National Credit Adjusters purchased the account and from whom; whether or not the account was placed with National Credit Adjusters by the creditor for collection.

5. Please indicate if National Credit Adjusters or any of its owners, directors, or shareholders, has had or currently has an ownership interest in any company that has offered payday loans to Arkansas consumers. Please identify any such payday loan companies and indicate if any accounts from those companies have been purchased by National Credit Adjusters or placed with National Credit Adjusters for collection.

STATE OF ARKANSAS

DUSTIN MCDANIEL, ATTORNEY GENERAL



Charles Saunders, Arkansas Bar #03117

Prepared by:

Charles Saunders
Assistant Attorney General
Consumer Protection Division
323 Center Street, Suite 200
Little Rock, AR 72201
(501) 683-1501
Charles.saunders@arkansasag.gov

EXHIBIT 2



STATE OF ARKANSAS
OFFICE OF THE ATTORNEY GENERAL
DUSTIN McDANIEL

CIVIL INVESTIGATIVE DEMAND

To:

National Credit Adjusters, LLC
327 W 4th
P.O. Box 3023
Hutchinson, Kansas 67504

The State of Arkansas by Dustin McDaniel, Attorney General, and Charles Saunders, Assistant Attorney General, pursuant to Ark. Code Ann § 4-88-101 et seq., directs to you the following Civil Investigative Demand (CID).

Therefore, you are directed to deliver to Charles Saunders, Assistant Attorney General, Consumer Protection Division, 323 Center Street, Suite 200, Little Rock, Arkansas 72201 within twenty (20) days of the receipt of this demand, a written response **given under oath** to the following requests for information and documents.

Pursuant to Ark. Code Ann § 4-88-112, failure to cooperate in this investigation may lead to the filing of a petition to enforce this Civil Investigative Demand.

Instructions and Definitions

1. The terms National Credit Adjusters, "you," and "your" refer to the person or persons who engage in any business under the name National Credit Adjusters or any affiliate of those entities.
2. The term "Documents" shall be used in its broadest sense and shall mean and include all written, printed, typed, and recorded matter of every kind and description, originals and copies, and all attachments and appendices thereto. Without limiting the foregoing, "documents" shall include all agreements, contracts, communications, correspondence, messages, memoranda, records, reports, books, diary entries, calendars, appointment books, time records, instructions, work assignments, statistical data, work papers, drafts, graphs, charts, tables, consultants' reports, notices, marginal notations, bills, statements, records of obligation and expenditure, invoices, advertising, storyboards, recommendations, studies, surveys, transcripts of hearings or testimony, microfilm, articles, speeches, recordings, film, tapes, photographs, electronic mail,

web pages, data compilations, and all other printed, handwritten, typewritten, recorded, stenographic, computer-generated, computer-stored, or electronically stored matter, however and by whomever produced, prepared, reproduced, disseminated, or made.

3. Identical copies of documents which do not contain any additional markings, additions, or deletions need not be separately produced. "Documents" includes all matter within the foregoing description that is in your possession, control or custody. A document is deemed to be within your control if you have the right to secure the document or a copy from any person having physical possession thereof, including third parties not named in this CID.

4. The term "relating to" means to be relevant in any way to the subject matter in question, including without limitation all information that directly or indirectly contains, records, reflects, summarizes, evaluates, refers to, indicates, comments upon, or discusses the subject matter or that states the background of, or was the basis for, or that records, evaluates, comments upon, or was referred to, relied upon, utilized, generated, transmitted, or received in arriving at any conclusion, opinion, estimate, position, decision, belief, or assertion concerning the subject matter.

5. The term "Person" shall include natural persons, corporations, firms, associations, partnerships, joint ventures, any form of business entity, any governmental agencies, departments, units, or subdivisions thereof.

6. The term "Contract" means any contract, understanding, or arrangement, whether oral or written, including all attachments, addenda, modifications, amendments, memoranda of understanding and modifications thereto.

7. The term "Policy" shall mean each rule, procedure or directive, formal or informal, written or unwritten, and each common understanding or course of conduct which was recognized as such by you, your present and former officers, agents, employees or other persons acting or purporting to act on your behalf, which was in effect at any time during the period covered by this request and which includes any changes of policy.

8. The term "Identify," when used in reference to:
- a. a natural person, means to state his/her full name, including middle name or initial, date of birth, present or last known address;
 - b. a corporation, partnership, or other business entity, means to state the full name and last known address of the entity;
 - c. a document, means to state its date, its author, its recipient and his/her address, and the names of each of its present custodians; and
 - d. when used in reference to a factual situation or allegation means to state with particularity and specificity all facts known which bear upon or are related to the matter which is the subject of the inquiry, using the simplest and most factual statements of which you are capable.

9. For the purposes of this CID an "Arkansas consumer" shall mean any consumer having an Arkansas address, phone number, or other identifiable characteristic, whereby a reasonable person would identify the consumer to have lived in Arkansas at the time the debt or obligation was incurred or is presently living in Arkansas.

10. This CID focuses on obtaining information pertaining to the collection of accounts based on consumer loans having an interest rate greater than 17% per annum. These lending accounts will likely primarily focus on short-term loans more typically referred to as "payday loans." These loans may also include longer term loans often referred to as "installment loans." These loans may originate from store-front locations, or be initiated in none face-to-face transactions by means of electronic or telephonic communications. You may exclude any lending accounts involving the financed purchase of a product, such as a vehicle or furniture. You may also exclude credit card accounts.

Claims of privilege

11. If any document called for by this Request is withheld under any claim or privilege, furnish a list identifying each document for which the privilege is claimed, the names and addresses of the author(s) and recipient(s) of the document, a description of the substance of the document, and the nature or basis for the claim of privilege.

Verification of Investigative Report

12. Your responses to requests for information other than documents shall be set forth in a separate document, captioned "**Investigative Report**" which sets forth each request, and for each request your response, the paragraphs of which shall be numbered, and to which a signed, notarized verification shall be attached **for each person** providing information responsive to the request, in the following form:

Before me, the undersigned Notary Public, on this day personally appeared _____, who being by me duly sworn on oath deposed and said:

I affirm under penalty of perjury, that I am over the age of 18 and reside at _____. I have personal knowledge of the information provided in [if you only provided part of the information requested, indicate by paragraph number(s) the information provided] this investigative report and that information is true, correct and complete.

Name of Affiant

Subscribed and sworn to before me on this the _____ day of _____, 20____,
to certify which witness my hand and official seal.

Notary

Questions & Requests for Documents

1. Identify by name, address and position all persons who have prepared or aided in the preparation of the answers to the questions contained herein. All persons providing information must do so under oath, verified by a notary, pursuant to Instruction 12 above.
2. Identify the entity National Credit Adjusters, LLC (hereinafter National Credit Adjusters). Provide copies of the articles of incorporation for this entity. Note: when a question asks you to identify an entity, person, or document, please refer to Instruction 8 above.
3. Identify all members owning any share of National Credit Adjusters.
4. Identify the entity known as International Financial Services, Inc. Provide copies of the articles of incorporation for this entity.
5. Identify the entity known as 4 Sum, Inc. Provide copies of the articles of incorporation for this entity.
6. Identify the entity known as Huskers, Inc. Provide copies of the articles of incorporation for this entity.
7. Describe the nature of the business engaged in by International Financial Services, Inc. Describe the business relationship between National Credit Adjusters and International Financial Adjusters.
8. Identify all shareholders of International Financial Services, Inc.
9. Describe the nature of the business engaged in by 4 Sum, Inc. Describe the business relationship between National Credit Adjusters and 4 Sum.
10. Identify all shareholders of 4 Sum, Inc.

11. Describe the nature of the business engaged in by Huskers, Inc. Describe the business relationship between National Credit Adjusters and Huskers.

12. Identify all shareholders of Huskers, Inc.

13. Identify Mark L. Huston. Provide Mr. Huston's title, job description, and relationship with National Credit Adjusters.

14. Identify Erwin E. Choitz. Provide Mr. Choitz's title, job description, and relationship with National Credit Adjusters.

15. Identify Richard E. Smith. Provide Mr. Smith's title, job description, and relationship with National Credit Adjusters.

16. Identify the method(s) by which National Credit Adjusters obtains the accounts on which it collects.

17. Identify all third parties from which National Credit Adjusters has obtained, through purchase or otherwise, any lending accounts where the interest rate exceeds 17% per annum. These lending accounts may include short-term loans more typically referred to as "payday loans." These loans may also include longer term loans often referred to as "installment loans." These loans may originate from store-front locations, or be initiated in none face-to-face transactions by means of electronic or telephonic communications. You may exclude any lending accounts involving the financed purchase of an item, such as a vehicle. You may also exclude credit card accounts. See instruction 10 above.

18. Indicate whether or not National Credit Adjusters obtains a copy of the lending agreement prior to attempting collection on a lending transaction account.

19. Provide a list of all National Credit Adjusters' personal that are utilized as collection agents, along with a list of any aliases utilized by those employees for the purposes of interacting with debtors.

20. Provide a list(s) of all call note codes utilized by National Credit Adjusters' collection agents. If these codes have changed over time, provide the dates of their usage.

21. Provide copies of any training materials or handbooks provided to National Credit Adjusters' collection agents. Provide the dates of their usage.

22. Identify any investigations undertaken by a State or Federal agency into the business practices of National Credit Adjusters or any of its members. State the basis of the investigation and the result of the investigation.

23. Identify any lawsuits filed in the United States against National Credit Adjusters or its members stemming from its collection of lending obligations. See Instruction 10 above concerning what lending obligations.

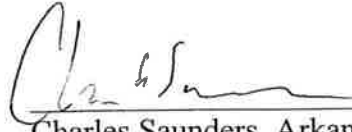
24. Identify any lawsuits filed by National Credit Adjusters against a resident of the State of Arkansas stemming from a subprime lending obligation. Provide the name of the resident, the location where the case was filed, the case number, and the outcome of the suit.

25. Identify all collection accounts owned by or placed with National Credit Adjusters whereby the account involves the collection of a lending obligation (see Instruction 10) purportedly owed by an Arkansas consumer. An "Arkansas consumer" shall mean any consumer having an Arkansas address, phone number, or other identifiable characteristic, whereby a reasonable person would identify the consumer to have lived in Arkansas at the time the debt or obligation was incurred or is presently living in Arkansas. Each identified collection account should include the following:

- a. The name of the Arkansas consumer and any contact information in the possession or control of National Credit Adjusters for that consumer;
- b. Any alpha-numerical identifier used by National Credit Adjusters to identify a specific consumer;
- c. All information in National Credit Adjusters possession or control pertaining to the identity of the original lender(s);
- d. A copy of the lending agreement between the consumer and the original lender;
- e. If no lending agreement is or has been in the possession of National Credit Adjusters indicate that fact;
- f. The date the original obligation was incurred;
- g. The amount of the original loan;
- h. The interest rate as required by the Truth in Lending Act (TILA) on all lending contracts;
- i. If the interest rate of the given transaction is not known indicate that fact;
- j. The amount paid by the consumer to the original lender;
- k. The amount claimed to be owed by the consumer when the account was purchased or placed with National Credit Adjusters;
- l. Any amounts of money collected by National Credit Adjusters; identifying on whose behalf the money was collected;
- m. Copies of any correspondence, through mail, email, or otherwise sent to the Arkansas consumer by or on behalf of National Credit Adjusters;
- n. Copies of any call notes in the possession or control of National Credit Adjusters related to the account being collected on.

STATE OF ARKANSAS

DUSTIN MCDANIEL, ATTORNEY GENERAL

A handwritten signature in black ink, appearing to read "Charles Saunders", written over a horizontal line.

Charles Saunders, Arkansas Bar #03117

Prepared by:

Charles Saunders
Assistant Attorney General
Consumer Protection Division
323 Center Street, Suite 500
Little Rock, AR 72201
(501) 683-1501
Charles.saunders@arkansasag.gov

EXHIBIT 3

*A0008272

IN THE DISTRICT COURT OF PULASKI COUNTY, ARKANSAS
SHERWOOD DIVISION

NATIONAL CREDIT ADJUSTERS, LLC

FILED
PLAINTIFF

vs..

CASE/DIV NO.: **2010-00481** 2010 FEB 16 PM 1 24
DEFENDANT(S)

SHERRY GREEN

COMPLAINT

Plaintiff's Address:

C/O HOSTO, BUCHAN, PRATER & LAWRENCE, P.L.L.C.
P.O. BOX 3397, LITTLE ROCK, ARKANSAS 72203

SHERWOOD DISTRICT COURT
SHERWOOD, ARKANSAS

Defendant's Address:

8608 NORTHGATE DR, SHERWOOD AR 72120

Court Address:

SHERWOOD DISTRICT COURT
2201 EAST KIEHL AVE. SHERWOOD, AR 72120 835-3625

Nature of Claim: Debt on a contract.

Nature and Amount of Relief Claimed: That the Defendant is liable to Plaintiff in the amount of \$1,810.03 plus pre judgment interest until the date of judgment at the contract rate of interest, which accrues at a rate of 0% per annum as shown by the attached affidavit, costs, attorneys fees, prejudgment interest if any, all of which should bear postjudgment interest at the maximum rate allowed by law.

Date Claim Arose: June 8, 2009

Factual Basis of Claim: Defendant signed a promissary note securing a loan. (See Exhibit A, Promissary Note), This note was to be repaid by the Defendant by making monthly payments. At the time the contract was made these terms were reasonably certain and agreed to by both parties. The Defendant has failed to meet her/her obligations under the terms of the promissary note, and therefore has breached the agreement.

Plaintiff's Attorney:

HOSTO, BUCHAN, PRATER & LAWRENCE, P.L.L.C.
ATTORNEYS AT LAW
P.O. BOX 3397
LITTLE ROCK, ARKANSAS 72203
TELEPHONE (501) 374-1300


LINDSEY THOMSON, ABN 2009077

SUMMONS AND NOTICE TO DEFENDANT

You are hereby warned to file a written answer with the clerk of the court within (20) TWENTY days after the date that you receive this complaint within (20) TWENTY DAYS from the day you were served with this complaint; (OR within THIRTY (30) thirty days if you are a non-resident of this state or a person incarcerated in any jail, penitentiary, or other correctional facility in this state) and to send a copy to the Plaintiff or to his or her attorney. If you do not file an answer within 20 TWENTY DAYS (or within 30 days for a nonresident of this state), or if you fail to file an answer, a default judgment may be entered against you.

By: BETH COLLIER, DEPUTY
Signature of Clerk or Judge



*A0008272

AFFIDAVIT OF ACCOUNT

STATE OF KANSAS

§
§

COUNTY OF RAWL

§

Before me, the undersigned authority, personally appeared Kevin Emmerich who, being by me duly sworn, depose as follows:

1. That Kevin Emmerich an authorized agent, is the person in charge of the business records for NATIONAL CREDIT ADJUSTERS, LLC.

2. That after the allowance of all credits and offsets, SHERRY GREEN owes the following sum of \$1,810.03 plus interest accrued in the amount of \$.00 for a total amount due of \$1,810.03 as of November 12, 2009. Additionally, Plaintiff seeks pre-judgment interest from November 12, 2009, until the date of judgment.

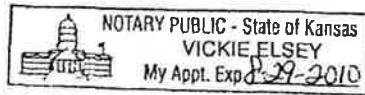
_____ NATIONAL CREDIT ADJUSTERS, LLC

[Signature]
Affiant

Subscribed and sworn to before me, a Notary Public, this 17th day of November, 2009.

[Signature]
Notary Public

My Commission Expires: _____



Client Ref No. xxxxxxxxxxxx

EXHIBIT 4

Loan Agreement

Lender: mycashnow.com Inc.		Borrower: Sherry Kay Green	
Address: Grand Anse, St. George's Grenada W.I.		Address: 8608 Northgate Dr	
Date: NOV 01, 2007		Address: Sherwood, AR 72120	
Due: NOV 15, 2007		SSN: xxx-xx-	
Annual Percentage Rate (Cost of your credit as a yearly rate)	Finance Charge (Cost of credit)	Amount Financed \$550.00 (The amount of credit provided to you or on your behalf)	Total Payments \$652.41 (Amount you will have paid after making all payments as scheduled)
485.450%	\$102.41		

Itemization of the Amount Financed

- | | |
|--|-----------------|
| 1. Amount paid directly to borrower: | \$550.00 |
| 2. Amount paid to creditor: | \$652.41 |
| 3. Total amount to pay lender (payback): | \$652.41 |

Promissory Note

PROMISE TO PAY. You agree to pay the sum of **\$652.41** as stated above to mycashnow.com, its successors and or assignees.

GOVERNING LAW. The transactions related to this loan will be deemed to have taken place in the offices of mycashnow.com at the above address, its successors and or assignees regardless of where you may be viewing or accessing this site.

TELETRACK. I understand that mycashnow.com will not perform a credit check with a credit bureau, but I agree to allow searches of the Teletrack database. The Teletrack database is a national database of consumers and contains information about transactions with lending institutions.

CL VERIFY. I understand that mycashnow.com will not perform a credit check with a credit bureau, but I agree to allow searches of the CL Verify database. The CL Verify database is a national database of consumers and contains information about transactions with lending institutions.

RETURNED TRANSACTIONS. In the event that any transaction, ACH or EFT debit, that you have authorized returns to mycashnow.com, its successors and or assignees for any reason: (1) you agree to pay a returned check charge of \$25.00; (2) in the event that mycashnow.com, its successors and or assignees, initiates collection activity on your account, you agree to be responsible for collection fees, court costs and fees, and all reasonable attorney fees, and (3) you authorize mycashnow.com, its successors and or assignees to initiate debits to any bank accounts in your name in amounts up to and less than the amount owed until the amount owed is paid in full.

AGREEMENT TO ARBITRATE DISPUTES. All disputes and controversies of every kind and nature between the parties hereto arising out of or in connection with this agreement as to the existence, construction, validity, interpretation or meaning, performance, nonperformance, enforcement, operation, breach, continuance, or termination therefore, as well as whether the controversy or dispute is subject to arbitration, and the amount of any loss or damage, shall be submitted to arbitration in a jurisdiction to be chosen by mycashnow.com before three arbitrators appointed by the American Arbitration Association pursuant to the commercial rules of the American Arbitration Association in effect at the time any arbitration proceeding is commenced, which rules are hereby incorporated by reference thereto and made a part of this agreement. The foregoing notwithstanding, the company retains the authority to institute an action in any court to recover sums due company by customer hereunder. The arbitration award shall be final and binding upon both parties and judgement upon such arbitration award may be entered in any court having jurisdiction. The parties specifically state their understanding that the check casher cannot be sued in any court or any controversy or dispute. In the event this provision or any part thereof is held to be invalid or unenforceable for any reason, the remaining terms and conditions of this agreement shall not be effected thereby and shall remain in full force and effect.

AGREEMENT NOT TO BRING OR PARTICIPATE IN CLASS ACTIONS. To the extent permitted by law, you agree not bring, join or participate in any class action as to any claim, dispute or controversy you may have against mycashnow.com or its employees, officers, directors, assignees and servicers. You agree to the entry of injunctive relief to stop such a lawsuit or to remove yourself as a participant in the suit. This agreement is not a waiver of any of your rights and remedies to pursue a claim individually and not as a class action in binding arbitration as provided above. This agreement not to bring or participate in class action suits is an independent agreement and shall survive the closing and repayment of the loan for which you are applying.

SOLVENCY. You are representing that by obtaining the loan as contemplated by this agreement, you are not intending to hinder, delay or defraud any of your present or future creditors. Before obtaining the loan as contemplated in this agreement, you have been paying your debts substantially as they become due. You are presently not in bankruptcy, are not contemplating filing for debt relief under bankruptcy laws, and have not been in bankruptcy for at least five years.

By clicking "I Agree" below, you certify that all of the information provided above is true, complete and correct and provided to us, mycashnow.com, for the purpose of inducing us to make the loan for which you are applying. By clicking "I Agree" below you also agree to the Agreement to Arbitrate Disputes and the Agreement Not to Bring or Participate in Class Action Lawsuits. We have retained an independent company to process your application and service you loan ("Servicer") By clicking "I Agree" below you agree to all of the terms and conditions of this agreement, you represent that you have read and understand the terms of our privacy policy, you authorize us to share your information with the Servicer as necessary to process, fund, and service your loan. You also agree that we may assign your loan to an independent company, and you give your consent to the receipt of any and all notices, including but not limited to initial and annual privacy notices, via our web site or by email at our option.

BE ADVISED THAT TRANSACTIONS RELATED TO LOANS BY MYCASHNOW.COM,its successors and/or assignees ARE INITIATED BY ELECTRONIC TRANSFER (ACH or EFT).

BY CLICKING "I Agree" BELOW, YOU AGREE THAT YOU ARE INDEBTED TO MYCASHNOW.COM,its successors and/or assignees FOR THE AMOUNT STATED ABOVE AND THAT YOU HAVE READ AND FULLY UNDERSTAND THIS AGREEMENT.

Sherry Kay Green