

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS
12 DIVISION

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

PLAINTIFF

vs.

CASE NO. C108-4217

BIG R TOBACCO, INC.,
D/B/A FIRST UNION CASH ADVANCE,
ARKADELPHIA CASH ADVANCE, LLC,
D/B/A ARKADELPHIA CASH ADVANCE AND
GLENWOOD PAYDAY ADVANCE,
ASHDOWN CASH ADVANCE, LLC,
D/B/A ASHDOWN PAYDAY ADVANCE,
HOPE CASH ADVANCE, LLC,
D/B/A HOPE CASH ADVANCE AND
HOPE PAYDAY ADVANCE,
NASHVILLE CASH ADVANCE, LLC,
D/B/A NASHVILLE PAYDAY ADVANCE,
TEXARKANA CASH ADVANCE, LLC,
DAVID R. THOMPSON, AND
PATRICK PATTON

05/01/08 09:44:55
Pat O'Brien
Pulaski Circuit/County Clerk

DEFENDANTS

COMPLAINT

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

PARTIES

1. Plaintiff is the State of Arkansas *ex rel.* Dustin McDaniel, the duly elected Attorney General for the State of Arkansas. This is a 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. Defendant Big R Tobacco, Inc. is an Arkansas corporation conducting business under the name First Union Cash Advance. Big R Tobacco, Inc. and Defendant David Thompson are hereinafter referred to collectively as “First Union.”

3. Defendants Arkadelphia Cash Advance, LLC, Ashdown Cash Advance, LLC, Hope Cash Advance, LLC, Nashville Cash Advance, LLC, and Texarkana Cash Advance, LLC are limited liability companies formed in Arkansas. These entities and Defendant Patrick Patton are hereinafter referred to collectively as “Patton’s Payday Advance Stores.”

4. Defendant David Thompson is the sole and controlling owner of seven First Union locations throughout Arkansas. Defendant Thompson is a resident of Arkansas. Thompson, as the sole owner of First Union, personally formulated, directed, controlled, supervised, managed, participated in, had knowledge of, and acquiesced in the practices of First Union (as more specifically set out below) to such a degree that Defendant Thompson is personally liable for the unconscionable and otherwise unlawful acts and practices described below. Defendant Thompson is a “controlling person” within the meaning of Ark. Code Ann. § 4-88-113(d).

5. Defendant Patrick Patton is the sole and controlling owner of seven Payday Advance locations throughout Arkansas. Defendant Patton is a resident of Arkansas. Patton, as the sole owner of these Payday Advance stores, personally formulated, directed, controlled, supervised, managed, participated in, had knowledge of, and acquiesced in the practices of Payday Advance Stores (as more specifically set out below) to such a degree that Defendant Patton is personally liable for the unconscionable and otherwise unlawful acts and practices described below. Defendant Patton is a “controlling person” within the meaning of Ark. Code Ann. § 4-88-113(d).

6. Throughout the Complaint any reference to Big R Tobacco, Inc. (d/b/a First Union Cash Advance) shall be deemed to include Big R Tobacco and David Thompson, as Thompson is sole owner and in control of the operations of Big R Tobacco, Inc, d/b/a First Union Cash Advance.

7. Throughout the Complaint any reference to Arkadelphia Cash Advance, LLC (d/b/a Arkadelphia Cash Advance and Glenwood Payday Advance), Ashdown Cash Advance, LLC (d/b/a Ashdown Payday Advance), Hope Cash Advance, LLC (d/b/a Hope Cash Advance and Hope Payday Advance), Nashville Cash Advance, LLC (d/b/a Nashville Payday Advance), or Texarkana Cash Advance, LLC (d/b/a Texarkana Cash Advance) shall be deemed to include Patrick Patton as Patton is the sole owner and in control of the operations of all of these corporate entities.

JURISDICTION AND VENUE

8. This Court has jurisdiction over this matter pursuant to Ark. Code Ann. § 4-88-104, and the common law of the State of Arkansas. Venue is proper pursuant to Ark. Code Ann. § 4-88-104, § 4-88-112, and the common law of the State of Arkansas. The Defendants have transacted a substantial amount of business in the State of Arkansas with numerous Arkansas consumers.

BUSINESS PRACTICES OF THE DEFENDANTS

9. During the period of time starting approximately August of 2003, through the present, Patrick Patton operated what is commonly termed a “payday loan” business under the name Discount Tobacco of Arkadelphia, Inc. (d/b/a Arkadelphia Cash Advance) at 203 S. 26th St., Ste. A-1, Arkadelphia, AR 71923. Sometime in 2007, Discount Tobacco of Arkadelphia,

Inc. was dissolved and Arkadelphia Cash Advance, LLC was formed and continued operation of Arkadelphia Cash Advance.

10. During the period of time starting approximately January of 2004, through the present, Patrick Patton operated what is commonly termed a “payday loan” business under the name Discount Tobacco of Glenwood (d/b/a Glenwood Payday Advance) at 200 Hwy 70 E, Ste. 11, Glenwood, AR 71943. The State reasonably believes that Discount Tobacco of Glenwood operated through Discount Tobacco of Arkadelphia, Inc, which was dissolved sometime in 2007. After Discount Tobacco of Arkadelphia, Inc. was dissolved, Glenwood Payday Advance continued to operate under the newly formed Arkadelphia Cash Advance, LLC.

11. During the period of time starting approximately January of 2004, through the present, Patrick Patton operated what is commonly termed a “payday loan” business under the name Discount Tobacco of Ashdown, Inc. (d/b/a Ashdown Payday Advance) at 410 S. Constitution, Ashdown, AR 71822. Sometime in 2007, Discount Tobacco of Ashdown, Inc. was dissolved and Ashdown Cash Advance, LLC was formed and continued operation of Ashdown Payday Advance.

12. During the period of time starting approximately August of 2003, through the present, Patrick Patton operated two “payday loan” businesses under the name Discount Tobacco of Hope, Inc. (d/b/a Hope Cash Advance at 120 S. Hervey, Hope, AR 71801 and d/b/a Hope Payday Advance at 903 E. 3rd St., Hope, AR 71801). Sometime in 2007, Discount Tobacco of Hope, Inc. was dissolved and Hope Cash Advance, LLC was formed and continued operation of both Hope Cash Advance and Hope Payday Advance.

13. During the period of time starting approximately January of 2004, through the present, Patrick Patton operated what is commonly termed a “payday loan” business under the

name Discount Tobacco of Nashville, Inc. (d/b/a Nashville Payday Advance) at 107 W.

Shepherd #4, Nashville, AR 71854. Sometime in 2007, Discount Tobacco of Nashville, Inc. was dissolved and Nashville Cash Advance, LLC was formed and continued operation of Nashville Payday Advance.

14. During the period of time starting approximately January of 2004, through the present, Patrick Patton operated what is commonly termed a “payday loan” business under the name Discount Tobacco of Texarkana, Inc. (d/b/a Texarkana Cash Advance) at 314 East St., Texarkana, AR 71854. Sometime in 2007, Discount Tobacco of Texarkana, Inc. was dissolved and Texarkana Cash Advance, LLC was formed and continued operation of Texarkana Cash Advance.

15. During the period of time starting approximately January of 2004, through sometime in 2007, Patrick Patton operated what is commonly termed a “payday loan” business under the name Discount Tobacco N More Payday Advance at 3809 E. 9th St., Ste. 3, Texarkana, AR 71854. Sometime in 2007, Patrick Patton sold Discount Tobacco N More Payday Advance to David Thompson, who continued operating the store under the name Big R Tobacco (d/b/a First Union Cash Advance).

16. During the period of time starting approximately June of 2006, through the present, David Thompson operated what are commonly termed “payday loan” businesses under the name First Union Cash Advance at the following locations:

- a. 809 East St.
Texarkana, AR 71854
- b. 1100 Hwy 71 N, Ste. F
Mena, AR 71953
- c. 1228 Hwy 52 N
Crossett, AR 71635

- d. 601 W. Collin Raye Dr.
DeQueen, AR 71832
- e. 610 E. Main
Magnolia, AR 71753
- f. 103 Crooked Bayou
Mcgehee, AR 71654

17. The Defendants, First Union and Patton's Payday Advance Stores, offered high interest, short term loans to their customers by advancing funds against present-dated checks. The amount of each advance was substantially less than the face value of the check presented. The difference between the amount advanced and the face value of the check is interest on the loan. The resulting annual percentage rates ("APR's") of First Union and Patton's Payday Advance Stores lending transactions ranged from approximately 173% to 868% depending on the terms of the individual transaction.

18. The following describes a typical initial check advancement (a/k/a deferred presentment) loan transaction: A prospective customer visited a First Union location in Mcgehee, AR, completed an application, and wrote a present-dated check to Defendants for \$400.00 (The amount of the check may vary from transaction to transaction, but this amount is both typical and instructive.) The customer received \$350.00 in cash. First Union agreed to hold the customer's check for a period of up to fourteen (14) days, with the due date of the loan coinciding with the customer's next pay day. Exhibit A, attached to this Complaint, contains a copy of the above described transaction. First Union discloses the APR for this transaction as 372.45%.

19. When First Union or Patton's Payday Advance Stores enter into lending transactions like the one described above, the customer and the Defendants know that the customer's checking account does not have a balance sufficient to cover the check. On the due

date, the typical customer deposits his pay check in his checking account and immediately withdraws an amount necessary to pay off the loan. In the above example the amount to pay off the loan would be \$400.00. The customer must then proceed directly to the store where he got the loan to pay it off. With his checking account thus depleted, the customer is now likely unable to pay one or more of his monthly bills, such as rent, mortgage payment, utilities, or groceries. Without sufficient funds to pay living expenses, the customer then immediately writes a new check for a new loan under the same or similar terms. In the above case, on the due date of the original transaction the customer would pay \$400.00, and immediately receive \$350.00 back. The effect is not two separate transactions, but the continuation of the initial \$350 transaction, renewed bi-weekly for another interest payment of \$50.00. If the consumer renewed the \$350.00 contract bi-weekly for one year, which is not an uncommon situation, the customer would pay approximately \$1300.00 in interest on a loan of \$350.00, and still owe the \$350.00 principal at the end of the year.

20. If the customer described above did not return to First Union on the due date, First Union would deposit the check. If there are sufficient funds in the account, the check is honored. Of course, since the customers of the Defendants tend to be people who work hard, but who live from paycheck to paycheck, the burden of the interest charged on the loan makes it less likely that the customer will be able to maintain a sufficient balance. The result is that the customer is often forced to obtain additional payday loans from other lenders to juggle loans as they come due. As the customer takes on more payday loans, more and more of the customers' wages are devoted to interest payments to payday lenders, such as First Union or Patton's Payday Advance Stores, and less and less is available to devote to necessary living expenses. A customer who engages in a single transaction with one lender is rare. The majority, including many of the

customers of First Union and Patton's Payday Advance Stores, engage in repeated back-to-back transactions with each lender, and many juggle three or more loans with different lenders at any one time. For many customers, this process continues until the customer is somehow, though some windfall income, able to extract himself from the debt cycle, or until the customer's financial situation collapses completely, often resulting in bankruptcy.

21. Another example of a lending transaction engaged in by First Union is found in Exhibit B. The disclosed APR found on this contract is 456.25%.

22. Also attached to this complaint as Exhibits C, D, E are three examples of similar contracts that were initiated at Patton's Payday Advance Stores. The disclosed interest rates are 268.714%, 347.619%, and 211.935%, respectively.

VIOLATIONS OF THE ARKANSAS DECEPTIVE TRADE PRACTICES ACT

23. The Plaintiff incorporates herein by reference all matters set forth in Paragraphs 1 through 22 above.

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

25. The conduct engaged in by the Defendants constitutes deceptive and unconscionable trade practices prohibited by the Arkansas Deceptive Trade Practices Act. The prohibited practices engaged in by the Defendants include, but likely are not limited to, violations of Arkansas Code Ann. §§ 4-88-107(a)(1), 4-88-107(a)(8), 4-88-107(a)(10), and 4-88-108. More specifically, the Defendants violate the Arkansas Deceptive Trade Practices Act by:

- (a) Charging and collecting unconscionable rates of interest on short term lending transactions. The practice of charging ultra- high usurious rates of interest is

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

VIOLATIONS OF THE ARKANSAS CONSTITUTION

26. The Plaintiff incorporates herein by reference all matters set forth in Paragraphs 1 through 25 above.

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

(a) General Loans:

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

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

28. During the relevant time period, the maximum legal rate of interest permitted on loans such as those made by First Union and Patton's Payday Advance Stores varied between 7.00 % APR to a high of 11.25% APR.

29. Defendants were engaged in the business of offering and making short term loans in amounts of typically between \$100.00 and \$500.00. The interest, charges, compensation, consideration or expense First Union and Patton's Payday Advance Stores charged, contracted for, and received on those loans greatly exceeded the maximum amount allowed under the Arkansas Constitution.

30. The interest charged by First Union and Patton's Payday Advance Stores on the loan transactions described in Paragraphs 18 through 22 ranged from a low of 211.935% APR to a high of 456.25% according to First Union and Patton's Payday Advance Stores' own disclosures. These are typical lending transactions engaged in by First Union and Patton's Payday Advance Stores. The Defendants have engaged in thousands of such transactions.

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

RELIEF REQUESTED

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 by the Defendants. Plaintiff seeks civil penalties against the Defendants in the amount of \$10,000.00 for each violation of the Arkansas Deceptive Trade Practices Act. Each unconscionable lending transaction should be considered an individual violation of the Arkansas Deceptive Trade Practices Act. The total recovery sought by the Plaintiff for restitution, disgorgement, and civil penalties is in an amount in excess of that required for federal court jurisdiction in diversity of citizenship cases.

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

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

WHEREFORE, Plaintiff requests that this Court preliminarily and permanently restrain and enjoin the Defendants from engaging in acts which constitute violations of the Arkansas Deceptive Trade Practices Act and the Arkansas Constitution; that 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 any corporate charter, license, permit, or authorization to do business in the State of Arkansas and currently enjoyed by the Defendants be revoked; that the Plaintiff be awarded from the Defendants reimbursement for all expenses reasonably incurred in the investigation and prosecution of this matter, together with reasonable attorneys fees and cost, and for all other relief to which the Plaintiff may be entitled.

Respectfully submitted,

DUSTIN MCDANIEL,
Attorney General

By: Charles Saunders

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EXHIBIT A

DEFERRED PRESENTMENT SERVICES AGREEMENT

Customer: _____ Agreement Date: 12/28/2006 Contract No: _____
 Check Amount: \$400.00 Check No.: 1084 Date of Presentment: 1/11/2007 4038

Customer has delivered to First Union Cash Advance (Company), the check referenced above.

Company will not deposit said check before the date of presentment shown above. Customer has the right to redeem said check from Company prior to the date of presentment upon payment to the Company of the full amount of said check.

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
<u>372.45%</u>	<u>\$50.00</u>	<u>\$350.00</u>	<u>\$400.00</u>

Customer has the right to receive an itemization of the amount financed: I want an itemization
 No security interest is being given. I do not want an itemization

There will be no prepayment penalty, and no prepayment discount or refund if Customer redeems the check by paying it in full before the date of presentment. Your payment schedule will be:

No. of Payments	Amount of Payments	When Payment is Due (Date of Presentment)
<u>1</u>	<u>\$400.00</u>	<u>1/11/2007</u>

I hereby acknowledge receipt of the foregoing disclosure with all blanks appropriately filled on the Twenty-Eighth Day of December 2006.

Customer and Company **WAIVE THEIR RIGHT TO TRIAL BY JURY** and to the judicial process in any action brought in connection with this Agreement of the services rendered pursuant to this Agreement. All claims, controversies, and disputes arising out of our relating in any way to this deferred presentment transactions, including but not limited to fees, interest, or other charges and all claims based on contract, tort, statute, or any alleged breach, fraud, misrepresentation, or fraud in the inducement of this contract shall be **RESOLVED BY BINDING ARBITRATION** administered by the American Arbitration Association ("AAA") pursuant to the Federal Arbitration Act ("FAA"), according to the rules and procedures of the AAA. Any contests to the validity or the enforceability of this Agreement shall be determined by the provisions of the FAA and the rules of the AAA. The parties agree that this deferred presentment transaction involves interstate commerce and is subject to arbitration.

Customer certifies (1) that the account upon which the above check is drawn is legitimate, open, and will be open on the date of presentment, and (2) that Customer has no outstanding deferred presentment checks with Company. There will be a \$25.00 charge for all returned checks. This charge is in addition to any other remedies which Company may have against Customer, and Customer agrees to reimburse Company for any costs incurred in enforcing Customer's obligation under this Agreement, including but not limit to, Company's attorney's fees.

Company will deposit Customer's check no earlier than the Date of Presentment; however, Company is not obligated to deposit the check on said date and may deposit the check after the date of Presentment. Customer is solely responsible for any and all charges which his or her bank or financial institution may assess against him or her including, but not limited to, insufficient funds charges. Customer hereby releases and discharges Company from any and all liability associate with the presentment of said check and agrees to indemnify and hold harmless Company and its agents from and against any charges and liability associated therewith.

Customer: _____ Date: 12-28-06 Company: First Union Cash Advance Date: 12/28/2006
 Address: _____ Address: 103 Crooked Bayou
 Phone: _____ Phone: McGehee, Ar 71654
 Phone: _____ Phone: (870) 222-3398

EXHIBIT B

EXHIBIT C

AR DEFERRED PRESENTMENT AGREEMENT

Transaction

23460

Transaction
Date

11-1-07

Payment

Due Date: 12-1-07

Representative:

Arkadelphia Cash
Advance

Customer:

Social Security Number:

FEDERAL TRUTH-IN-LENDING DISCLOSURE

ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small>	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small>	AMOUNT FINANCED <small>The amount of credit provided to you or on your behalf.</small>	TOTAL OF PAYMENTS <small>The amount you will have paid after you have made all payments as scheduled.</small>
268.714 %	\$ 20 ⁰⁰	\$ 100 ⁰⁰	\$ 120 ⁰⁰

PAYMENT SCHEDULE

One payment in the amount of \$ 120⁰⁰ due on 12-1-07

PREPAYMENT: There will be no rebate of the Finance Charge if this Agreement is prepaid before the Payment Due Date. See the rest of this Agreement for additional information about the method of payment, our rights in the event of nonpayment, and any required repayment before the scheduled date and prepayment refunds and penalties.

Itemization of the Amount Financed

1. Amount Financed \$ 100⁰⁰
2. Amount Paid Directly to You: \$ 100⁰⁰

THE ABOVE DISCLOSURES ARE REQUIRED BY THE FEDERAL TRUTH-IN-LENDING ACT. THE AMOUNT STATED IN THE AMOUNT FINANCED BOX ABOVE CONSISTS SOLELY OF THE AMOUNT OF CASH THE CUSTOMER WAS GIVEN IN EXCHANGE FOR THE CUSTOMER'S CHECK. You, the Customer, have asked us to purchase your Check

564 and we have agreed to do so for a fee. You have also asked us to Delay Depositing (or Deferring Presentment of) your Check pursuant to this Agreement and we have agreed to do so for an additional fee to be paid by you. BEFORE YOU ASK US TO DELAY DEPOSITING YOUR CHECK, PLEASE CAREFULLY CONSIDER THE FOLLOWING DISCLOSURE OF THE DOLLAR (\$) AND PERCENTAGE (%) COST OF THIS DELAYED DEPOSIT TO YOU.

The Amount of Your Check	\$ 120 ⁰⁰
Less Our Check Cashing Fee	(\$ 10) (10% of face value)
Less Our Deferred Presentment Fee	(\$ 10) (Not to exceed \$10.00)
We Pay To You	\$ 100 ⁰⁰

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

Check #:	Date on Check:	Amount of Check:	Total Fees Charged	We Give You:	Deposit Date:
564	12-1-07	\$ 120 ⁰⁰	\$ 20 ⁰⁰	\$ 100 ⁰⁰	12-1-07
<p>By signing below, I, the customer, acknowledge that this agreement was completely read in before I signed it, that I read, understand, and agree to all of the terms and conditions of this agreement, and that I have received a completed copy of this agreement. I also certify that the account on which the check is drawn is a legitimate and open account. I understand I have no obligation to you, except as evidenced by the check you have purchased from me.</p>					
<p>X _____ Customer Print Name</p>			<p>_____ <u>11-1-07</u> Customer's Signature Date</p>		

Shelia Beckman 11-1-07
Check Cashing Representative Date

DISPOSITION:

Cash from Customer: Date _____ \$ _____ Signature _____

Check Deposited on Date _____ Check Cashing Representative _____

ARBITRATION AGREEMENT

PLEASE READ THIS ARBITRATION AGREEMENT. BY SIGNING THIS AGREEMENT, YOU AGREE TO THE FOLLOWING TERMS AND CONDITIONS CONTAINED HEREIN WHICH WILL HAVE A SUBSTANTIAL IMPACT ON YOUR LEGAL RIGHTS.

YOU ACKNOWLEDGE AND AGREE AS FOLLOWS:

1. Definitions:

- A. The word "you" or "your" refers to the customer and/or consumer.
- B. The word "we" or "us" refers to the check cashing facility/business.
- C. The word "Deferred Presentment Award" herein referred to as "DPA" refers to the Deferred Presentment Agreement signed and entered into between you and us at the time you sign this Arbitration Agreement.
- D. The word "claim" means any legal claim (state or federal), cause of action, dispute, or controversy that might potentially arise from you entering into the "DPA", Membership Agreement, and/or this Arbitration Agreement, including the validity, enforceability, or scope of any said Agreements. The word "claim" is to be given the broadest possible meaning encompassing any and all possible common-law, statutory, or judicial causes of action.
- E. The word "party" refers to either you or us.

2. Resolution of Claims by Arbitration: Any and all claims shall be received by binding arbitration. Any party may request an arbitration hearing by sending the other party written notice of said request, via certified mail. If you demand arbitration, you just inform us of which arbitration organization, as set forth below, you wish to utilize or whether you desire to utilize a local arbitrator, enclosed with your initial request for arbitration. We will then have twenty (20) days to respond to your request. If an agreement can not be reached regarding a local arbitrator. Then the party making the initial request will have the choice of one of the three arbitration organizations. If either party fails to answer within the said time period, a default judgement may be entered against you or us. If a local arbitrator is selected, he/she must be an attorney (of more than ten (10) years), retired judge, or registered with an arbitration association and in good standing. If an arbitration organization is selected, by you or us, one of the following three (3) organizations must be selected: (1) The American Arbitration Association (800-778-7879), (2) JAMS/Endispute (800-352-5267), and/or (3) National Arbitration Forum (800-474-2371). Whichever organization is selected the rule of said organization shall be applicable.

3. Governing Law and FAA: This Arbitration Agreement is made pursuant to a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act. The arbitrator shall apply applicable substantive law and statutes of limitations, shall honor claims of privilege recognized at law, and shall provide a brief written explanation of the basis for any award. The arbitrator shall not apply federal or state rules of civil procedure or rules of evidence, except as provided for in the rules of organization.

4. Location and Costs: Any arbitration hearing will take place in the federal judicial district of your residence. Any party demanding arbitration shall be responsible for paying for any and all filing, administrative, and hearing fees with the local arbitration organization. Each party shall remain responsible for their own costs, including expert and attorney fees, regardless of the outcome, unless otherwise ordered by the arbitrator.

5. Binding Effect and Assignment: The "OPA" and the arbitration Agreement shall be binding on the listed parties, their legal representatives, successors, and assigns. The "DPA" and the arbitration Agreement shall not be assigned or modified without the written consent of all parties to this contract.

6. Severability: The "DPA" and the Arbitration Agreement are separate agreements. However, if any part(s) of either the "OPA" or arbitration Agreement are deemed to be invalid or void, then the remaining portions shall still constitute binding agreements and remain in full force and effect.

7. Disclosure and Assent: By the signing of the "OPA" and the Arbitration Agreement, all parties agree that each has fully read and understand the "OPA" and the arbitration Agreement, and that each party's signature represents mutually agreed to and binding contractual agreements.

8. Merger Clause: The "OPA" and the Arbitration Agreement, although separate contractual agreements, constitute the entire agreements between the parties. Any attempted oral or written supplementations or modifications shall be deemed void.

9. Primacy: In the event of a conflict between the rules of the arbitrator and/or organization and this Arbitration Agreement this Arbitration Agreement shall control and govern.

10. Waiver of Jury Trial and Class Action: BY THE SIGNING OF THIS ARBITRATION AGREEMENT, YOU ARE WAIVING YOUR RIGHT TO A TRIAL BY JURY and WAIVING YOUR RIGHT TO HAVE A COURT RESOLVE ANY CLAIM OR DISPUTE. YOU ARE ALSO WAIVING YOUR RIGHT TO SERVE AS A REPRESENTATIVE OF A CLASS ACTION or PARTICIPATE AS A MEMBER OF ANY CLASS ACTION LAWSUIT AGAINST US.

Dated this 1st day of Nov, 2007

Customer Print Name

Customer's Signature

Check Casher

Shelia Beckner

EXHIBIT D

AR L ERRED PRESENTMENT AGREEMENT

Transaction
17344

Transaction
Date 8-25-06

Payment
Due Date: 9-1-06

Representative:
Hope Cash Advance

Customer:
Social Security Number:

FEDERAL TRUTH-IN-LENDING DISCLOSURE

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 347.619 %	FINANCE CHARGE The dollar amount the credit will cost you. \$ 40.00	AMOUNT FINANCED The amount of credit provided to you or on your behalf. \$ 300.00	TOTAL OF PAYMENTS The amount you will have paid after you have made all payments as scheduled. \$ 340.00
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PAYMENT SCHEDULE
One payment in the amount of \$ 340.00 due on 9-1-06

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

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

Itemization of the Amount Financed

1. Amount Financed \$ 300.00 2. Amount Paid Directly to You: \$ 300.00

THE ABOVE DISCLOSURES ARE REQUIRED BY THE FEDERAL TRUTH-IN-LENDING ACT. THE AMOUNT STATED IN THE AMOUNT FINANCED BOX ABOVE CONSISTS SOLELY OF THE AMOUNT OF CASH THE CUSTOMER WAS GIVEN IN EXCHANGE FOR THE CUSTOMER'S CHECK. You, the Customer, have asked us to purchase your Check

2774 and we have agreed to do so for a fee. You have also asked us to Delay Depositing (or Deferring Presentment of) your Check pursuant to this Agreement and we have agreed to do so for an additional fee to be paid by you. BEFORE YOU ASK US TO DELAY DEPOSITING YOUR CHECK, PLEASE CAREFULLY CONSIDER THE FOLLOWING DISCLOSURE OF THE DOLLAR (\$) AND PERCENTAGE (%) COST OF THIS DELAYED DEPOSIT TO YOU.

The Amount of Your Check	\$ 340.00	
Less Our Check Cashing Fee	(\$ 30.00)	(10% of face value)
Less Our Deferred Presentment Fee	(\$ 10.00)	(Not to exceed \$10.00)
We Pay To You	\$ 300.00	

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

Check #: 2774	Date on Check: 8-25-06	Amount of Check: \$ 340.00	Total Fees Charged: \$ 40.00	We Give You: \$ 300.00	Deposit Date: 9-1-06
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By signing below, I, the customer, acknowledge that this agreement was completely filled in before I signed it, that I read, understand, and agree to all of the terms and conditions of this agreement, and that I have received a completed copy of this agreement. I also certify that the account on which the check is drawn is a legitimate and open account. I understand I have no obligation to you, except as evidenced by the check you have purchased from me.

X Customer Print Name _____ Customer's Signature _____ Date 8/25/06

S. Applegate 8-25-06
Check Cashing Representative Date

DISPOSITION:
 Cash from Customer: Date _____ \$ _____ Signature _____
 Check Deposited on Date 9-6-06 Check Cashing Representative [Signature]

EXHIBIT E

