

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA, Plaintiff, v. CASHCALL, INC., <i>et al.</i> , Defendants.	Case No. 2015 CA 006904 B
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CONSENT ORDER AND JUDGMENT

This matter comes before the Court on the joint motion of the District of Columbia (“District”) and Defendants CashCall, Inc., WS Funding, LLC, and J. Paul Reddam (collectively “Defendants”) (and collectively with the District, the “Parties”), pursuant to SCR-Civil 68-I, for entry of this Consent Judgment and Order (“Consent Order”). The Parties agree to the relief set forth in this Consent Order, and the Court further finds that the entry of the Consent Order is in the public interest.

This Consent Order fully resolves this matter.

I. THE PARTIES

1. Plaintiff the District of Columbia is a municipal corporation empowered to sue and be sued and is the local government for the territory constituting the seat of the government of the United States. Pursuant to D.C. Code §§ 28-3814 and 28-3909(a)-(b), the Attorney General for the District of Columbia (the “Attorney General”) is authorized to bring legal actions seeking injunctive relief, consumer restitution, civil penalties, costs, and attorneys’ fees for violations of the District’s Consumer Protection Procedures Act (“CPPA”), D.C. Code §§ 28-3901, *et seq.* and the District’s Debt Collection Law, D.C. Code § 28-3814.

2. Defendant CashCall, Inc. ("CashCall") is a California corporation with its principal office located at One City Boulevard West, Orange, CA 92868. CashCall engages in the business of making, servicing, and collecting on consumer loans. It previously engaged in the business of buying loans.

3. Defendant WS Funding LLC ("WS Funding") is a Delaware limited liability company with its principal office also located at One City Boulevard West, Orange, CA 92868. WS Funding is a wholly owned subsidiary of CashCall, and previously engaged in the business of buying consumer loans.

4. Defendant J. Paul Reddam ("Reddam") has served as the CEO, President, Director, and owner of CashCall, and the president of WS Funding.

II. DEFINITIONS

5. "Consumer loan(s)" for purposes of this Consent Order shall mean loans that were made, bought, serviced, or collected by Defendants from consumers residing in the District of Columbia, with the exception of any residence-secured mortgage loans.

III. PRIOR PROCEEDINGS

6. The District commenced this action with the filing of its Complaint on September 8, 2015. The District filed and the Court accepted the District's Second Amended Complaint on October 19, 2016.

7. In its action, the District alleges that Defendants violated the District's CPPA and Debt Collection Law by offering consumer loans to District of Columbia consumers and collecting interest well in excess of the District's usury law and by making misleading statements to consumers in connection with the companies' collection practices.

8. Defendants deny that they engaged in any wrongdoing, and specifically deny that they violated the CPPA and the District's Debt Collection Law.

9. The Parties have agreed to the relief set forth in this Consent Order in order to fully resolve this matter.

IV. APPLICATION

10. The payment terms of the Consent Order, including all payment obligations, shall apply jointly and severally to each of the Defendants.

11. The injunctive terms of the Consent Order shall apply to Defendants CashCall and WS Funding and their officers, employees, agents, successors, assignees, affiliates, merged or acquired entities, parent or controlling entities, or wholly owned subsidiaries.

12. The injunctive terms of the Consent Order shall apply to Defendant Reddam and any partnership, corporation, or entity in which he, individually or jointly, currently or in the future, directly or indirectly, has any ownership interest and/or right to control.

V. INJUNCTIVE TERMS

13. Defendants shall not engage in any unlawful practice prohibited by the District's CPPA, D.C. Code §§ 28-3901, *et seq.*

14. Defendants shall not engage in any unlawful practice prohibited by the District's Debt Collection Law, D.C. Code § 28-3814.

15. Defendants shall not collect on or attempt to collect any amount that remains due and owing on any existing consumer loans.

16. Defendants shall not sell, assign, or transfer any existing consumer loans that they own to any third party.

17. Defendants shall not offer or make any consumer loans to District of Columbia consumers, directly or indirectly, unless they comply with District law, including (i) collecting interest that does not exceed the usury rate set forth in D.C. Code § 28-3301(a), and (ii) obtaining the money lenders license required by the District's Money Lenders Act, D.C. Code § 29-901, *et seq.*, and implementing regulations.

18. Defendants shall discharge, cancel, release, forgive, and adjust to a zero-balance all consumer loans they made to District consumers and still own.

19. Defendants shall contact applicable credit bureaus to which they made any report concerning consumer loans and request that any credit entries reported in connection with such loans be removed.

20. No later than thirty (30) days from the entry of this Consent Order, Defendants shall send all third parties to which Defendants have sold, assigned, or transferred any consumer loans, a copy of the Consent Order, as well as the notice attached hereto as Exhibit A informing them that the loans should be deemed discharged, canceled, released, and forgiven, and requesting that such third parties refrain from further collection on, or resale of, such loans.

21. Within thirty (30) days of the entry of this Consent Order, Defendants shall identify each third party to whom they have sold, assigned, or transferred any consumer loan by providing the Office of Attorney General the name of the third-party purchaser, the address of the third-party purchaser, the phone number of the third-party purchaser, and the information concerning each of the sold consumer loans required under paragraph 24 (m) through (o).

VI. PAYMENT TERMS

a. Restitution

22. Within thirty (30) days of the date of the entry of this Consent Order, Defendants shall pay the District of Columbia One Million Eight Hundred and Sixty-Two Thousand, Five Hundred and Seventy-Three Dollars and Thirty-Eight Cents (\$1,862,573.38) (the "Restitution Payment"), which shall be paid to the District of Columbia Treasurer and be held by the Chief Financial Officer for the District of Columbia and shall be distributed through the claims procedure described herein. Subject to paragraph 28, this amount, together with the payment described in paragraph 29, constitutes all money that is to be paid by Defendants.

23. District consumers are eligible to receive restitution under this Consent Order if they made interest payments to the Defendants in excess of the District's usury rate. The amount of the restitution payment each consumer is entitled to receive under this Consent Order is listed in Exhibit B.

24. Within thirty (30) days of the date of the entry of this Consent Order, Defendants shall provide the Office of the Attorney General with a list of all consumers with whom it entered into any consumer loan(s) (the "Consumer List"). Defendants shall produce the Consumer List in electronic form. For each such consumer whose name is contained on the Consumer List, Defendants shall provide the following information in the form of a spreadsheet, with each item below contained in a separate field:

- (a) First Name;
- (b) Last Name;
- (c) Street Address;
- (d) City, State and Zip Code;
- (e) Phone Number(s);
- (f) Email Address(es);
- (g) Social Security Number;
- (h) The Original Loan Amount (the total of the principal amount borrowed);

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- (i) A Reformed Total Loan Amount (the sum of the original principal amount borrowed with interest charges calculated over the original term of the loan at annual percentage rate of 24%);
 - (j) The Total of Amounts Paid By Consumer to Defendants;
 - (k) Restitution Payment Owed to the Consumer following Reformation(if applicable);
 - (l) The Loan Amount that is to be Discharged (if applicable);
 - (m) Name of Third-Party Purchaser of the Loan (if applicable);
 - (n) Date Loan Sold To Third-Party Purchaser (if applicable); and
 - (o) Balance Owed on Date of Sale to Third-Party Purchaser (if applicable).

25. Using the data contained in the Consumer List, the Attorney General shall conduct a claims procedure the purpose of which shall be to confirm the location of each consumer entitled to receive restitution under this Consent Order and to direct that such restitution payment be sent to the consumer by the Office of the Chief Financial Officer, less any amount that the consumer may owe the District of Columbia.

26. At the conclusion of any claims process conducted by the Attorney General, any part of the Restitution Amount that has not been distributed to consumers may be (a) held for consumers by the Office of the Chief Financial Officer as an unclaimed fund or (b) used for any other purpose permitted by District of Columbia law.

27. If any consumer's consumer loan account that is still held by the Defendants has a balance that remains due and owing following reformation, Defendants shall discharge the balance of the consumer loan and send the consumer the written notice attached hereto as Exhibit C under the Attorney General's signature, on the Attorney General's letterhead, informing the consumer that his or her loan has been cancelled pursuant to this Consent Order and that they have no further obligation to pay their loan.

28. The District has agreed to the Restitution Amount provided under paragraph 22 based on the truthfulness, accuracy, and completeness of Defendants' consumer loan payment data supplied to the District. If the District learns that the consumer loan payment data is false,

incomplete or inaccurate (*i.e.*, the data does not include loans made to every District consumer or inaccurately reflects the payments made by District consumers), the District may enforce this Consent Order against Defendants by seeking additional relief for consumers that is commensurate with the restitution payments provided to the District for payment to consumers under this Consent Order.

b. Costs

29. Within thirty (30) days of the date of the entry of this Consent Order, Defendants shall pay to the District One Hundred Thousand Dollars (\$100,000.00) for civil penalties and for costs the District has incurred investigating and litigating this matter.

VII. ADDITIONAL TERMS

30. Upon receipt of all payments that are due, the District shall release Defendants from all civil claims that the Attorney General asserted or could have asserted, based on the facts alleged in the District's Second Amended Complaint, for violations of the District's Consumer Protection Procedures Act, D.C. Code § 28-3901, *et seq.* and Debt Collection Law, D.C Code § 28-3814, that occurred prior to date of the entry of the Consent Order.

31. Any breach of the Injunctive Relief section of the Consent Order shall be considered an unlawful trade practice that violates the CPPA.

32. This Court retains jurisdiction to enforce or modify the terms of this Consent Order as necessary.

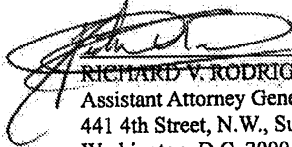
CONSENTED TO FOR THE DISTRICT OF COLUMBIA:

KARLA A. RACINE
Attorney General for the District of Columbia

NATALIE LUDAWAY
Chief Deputy



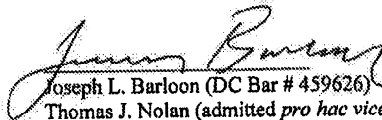
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Dated: 12/20/16

**CONSENTED TO FOR DEFENDANTS CASHCALL, INC., WS FUNDING, LLC,
AND J. PAUL REDDAM:**



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Dated: 12/15/16

WHEREFORE, it is this 6th day of JANUARY, hereby:

ORDERED, that the terms of this Order and Judgment set forth above are incorporated as if fully set forth herein; and it is further,

ORDERED, that this Consent Order and Judgment is entered and Defendants CashCall, Inc., WS Funding, LLC, and J. Paul Reddam, jointly and severally, shall pay to Plaintiff District of Columbia One Million Nine Hundred and Sixty-Two Thousand, Five Hundred and Seventy-Three Dollars and Thirty-Eight Cents (\$1,962,573.38).

SO ORDERED AND ADJUDGED.


Judge Jennifer Di Toro
Superior Court Judge