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7

8 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

9 **IN AND FOR THE COUNTY OF MARICOPA**

10 STATE OF ARIZONA, *ex rel.* TERRY
GODDARD, Attorney General,

11 Plaintiff,

12 vs.

13 ASCENDONE CORPORATION,
14 AMERIX CORPORATION,
CAREONE SERVICES, INC.,
15 FREEDOMPOINT FINANCIAL
CORPORATION, 3C, INC. and BERNALDO
16 DANCEL,

17 Defendant(s)

Case No.: _____

CONSENT JUDGMENT

Assigned to the Hon. _____

18
19 Plaintiff, State of Arizona, has filed a Complaint for a permanent injunction and other relief in
20 this matter pursuant to the Arizona Consumer Fraud Act, Arizona Revised Statutes § 44-1521 *et seq.*,
21 (the "Act") alleging Defendants AscendOne Corporation, Amerix Corporation, CareOne Services, Inc.,
22 FreedomPoint Financial Corporation, 3C, Inc. and Bernaldo Dancel (hereinafter "Defendants"),
23 committed violations of the Act in the sale and offer for sale of debt management services to consumers.

24 Plaintiff, by its counsel, and Defendants, by their counsel, have agreed to the entry of this
25 Consent Judgment by this Court without trial or adjudication of any issue of fact or law, and without
26 admission of any wrongdoing or admission of any violations of the Act or any other law as alleged by
Plaintiff.

1 Plaintiff has brought this action to conclude a multi-state investigation of Defendants conducted
2 by the Attorneys General of Arkansas, Arizona, California, Delaware, District of Columbia, Idaho,
3 Indiana, Maryland, Massachusetts, Missouri, Montana, Nevada, New Mexico, North Carolina, Ohio,
4 Oregon, Pennsylvania, Tennessee, Texas, Washington and West Virginia (hereinafter collectively
5 referred to as the "States"). Contemporaneous with this Consent Judgment, Defendants are entering into
6 similar agreements with the Attorneys General of States other than Arizona.

7 PARTIES

8 1. Plaintiff Terry Goddard is the Attorney General of the State of Arizona, who is
9 authorized to bring this action pursuant to the Arizona Consumer Fraud Act.

10 2. Defendant AscendOne Corporation ("AscendOne") is a Maryland corporation located at
11 8930 Stanford Boulevard, Columbia, MD 21046. AscendOne is a for-profit, tax-paying corporation.

12 3. Defendant Amerix Corporation ("Amerix") is a Maryland corporation located at 8930
13 Stanford Boulevard, Columbia, MD 21046. Amerix is a for-profit, tax-paying corporation and a wholly-
14 owned subsidiary of AscendOne.

15 4. Defendant CareOne Services, Inc. ("CareOne"), formerly known as FreedomPoint
16 Corporation, is a Maryland corporation located at 8930 Stanford Boulevard, Columbia, MD 21046.
17 CareOne is a for-profit, tax paying corporation and a wholly owned subsidiary of Ascend One.

18 5. Defendant FreedomPoint Financial Corporation ("FreedomPoint Financial") is a
19 Maryland corporation located at 8930 Stanford Boulevard, Columbia, MD 21046. FreedomPoint
20 Financial is a for-profit, tax-paying corporation and a wholly-owned subsidiary of AscendOne.

21 6. Defendant 3C, Inc. ("3CI") is a Maryland corporation located at 8930 Stanford
22 Boulevard, Columbia, MD 21046. 3CI is a for-profit, tax-paying corporation and a wholly-owned
23 subsidiary of AscendOne.

24 7. Defendant Bernaldo Dancel is the President and Chief Executive Officer of AscendOne.
25 Bernaldo Dancel owns approximately 87% of the stock of AscendOne.
26

1 **DEFINITIONS**

2 For the purposes of this Consent Judgment, the following definitions shall apply:

3 8. "Consumer" for purposes of this Consent Judgment shall be limited to those consumers
4 who seek Debt Management Services for personal, family, household or agricultural purposes.

5 9. A "Credit Counseling Agency" or "CCA" is an organization that offers and provides
6 Debt Management Services to consumers. A CCA as used in this Consent Judgment may be, but is not
7 necessarily, an organization that is exempt from federal taxation under § 501(c)(3) of the Internal
8 Revenue Code, 26 U.S.C. § 501(c)(3).

9 10. A "Debt Management Plan" or "DMP" is a payment plan offered by a Credit Counseling
10 Agency through which the Credit Counseling Agency provides the consumer with Debt Management
11 Services.

12 11. "Debt Management Services" means receiving funds periodically from a consumer under
13 an agreement with the consumer for the purpose of distributing the funds among the consumer's
14 creditors in full or partial payment of the consumer's debts. Debt Management Services include the
15 negotiation of and enrollment of consumers into Debt Management Plans. Solely for the purposes of
16 this Consent Judgment, Debt Management Services shall not include the receipt of funds for the purpose
17 of negotiating the settlement of the principal sum of a debt through lump sum payments to a creditor.

18 12. "Debt Management Services Act" shall mean Arizona Revised Statutes § 6-701 et seq.

19 13. A "Service Agreement" is an agreement pursuant to which Defendants provided a range
20 of services to CCAs to support the offering and selling of Debt Management Services to consumers and
21 performing Debt Management Services on behalf of consumers.

22 14. "Writing/written," as used herein, shall include a writing or other record that is created,
23 generated, sent, communicated, received, or stored by electronic means.

24 **RECITALS**

25 15. CCAs provide financial education and assistance to consumers through different services
26 including, among other things, providing credit counseling, providing Debt Management Services and

1 enrolling consumers in DMPs.

2 16. Under a DMP, a consumer can make monthly payments to the CCA and those payments
3 are distributed to the consumer's creditors under terms agreed to by the CCA and the consumer's
4 creditors. Most creditors provide financial or other benefits to a consumer who commits to making
5 regular payments on their debt through a DMP. In exchange for establishing and processing a DMP,
6 CCAs are generally paid fees or contributions by the consumer. The CCA also sometimes receives
7 voluntary payments from the consumer's creditors called "Fair Share."

8 17. In the past, under the States' debt management laws and other laws regulating the offer
9 and sale of Debt Management Services in the States, a CCA generally had to be a non-profit
10 organization licensed by the States and/or otherwise comply with the States' regulatory requirements.
11 Further, under most States' debt management laws and other laws regulating the offer and sale of Debt
12 Management Services in the States, CCAs that offer Debt Management Services, including enrollment
13 into DMPs, are generally required to provide credit counseling to consumers. In a minority of the
14 States, certain Debt Management Services are prohibited unless they are performed by exempt persons
15 or entities, such as non-profits. However, most of the States now permit for-profit entities to provide
16 Debt Management Services.

17 18. Amerix was founded by Bernaldo Dancel in 1996 (initially under a different corporate
18 name) as a for-profit corporation for the purpose of providing a range of services in connection with
19 offering, selling and performing Debt Management Services. Amerix offered its services to both
20 existing CCAs and to individuals and entities interested in establishing new CCAs.

21 19. In 2002, Amerix went through a corporate reorganization in which AscendOne was
22 organized as a parent holding company and Amerix became a wholly owned subsidiary of AscendOne.
23 At or around the same time, 3CI, CareOne (then named FreedomPoint Corporation), and FreedomPoint
24 Financial were organized, also as wholly owned subsidiaries of AscendOne.

25 20. Beginning in 1997, Amerix and/or other Defendants began entering into Service
26 Agreements with CCAs, pursuant to which Defendants provided a range of services in connection with

1 offering, selling and performing Debt Management Services. The CCAs that Defendants entered into
2 Service Agreements with were:

- 3 • American Credit Counselors Corporation;
- 4 • North Seattle Community College Foundation, doing business as American Financial
5 Solutions;
- 6 • Concord Credit (formerly Freedom Financial Foundation);
- 7 • Consumer Education Services, Inc.;
- 8 • Debt Management Group, Inc.;
- 9 • Foundation for Human Development, Inc., doing business as Clarion Credit Management;
- 10 • Genesis Financial Management, Inc.;
- 11 • Genus Credit Management Corporation; and
- 12 • Rock Valley College Foundation.

13 21. On the date of the entry of this Consent Judgment, Defendants only have Service
14 Agreements with American Financial Solutions and Consumer Education Services, Inc.

15 22. The parties agree that this Consent Judgment shall not constitute an admission of law or
16 fact by any party and that the parties are entering into this Consent Judgment based on a desire to avoid
17 the expense and uncertainty of litigation that would be necessary to resolve the disputed issues of fact
18 and law.

19 ALLEGATIONS

20 23. The States contend that Defendants violated the States' debt management laws, including
21 Arizona Revised Statutes § 6-701 et seq., by offering Debt Management Services to consumers without
22 first obtaining a license or otherwise acting in violation of the States' debt management laws.

23 24. The States contend that the Defendants committed unfair and deceptive trade practices in
24 violation of the States' consumer protection laws, including the Act, by offering and selling their Debt
25 Management Services when they could not lawfully do so; by representing that the Debt Management
26 Services that they were offering and selling were provided by a non-profit CCA when, in fact,

1 Defendants provided the Debt Management Services; by representing to consumers that they would
2 receive credit counseling from a CCA when, in fact, consumers had little or no contact with the CCA or
3 a credit counselor and, instead of receiving counseling regarding all of the options available to them to
4 resolve their debt issues, were enrolled into DMPs that generated fees for the Defendants but did not
5 always benefit consumers.

6 DENIALS

7 25. Defendants deny the States' allegations in paragraphs 23 and 24 that they violated debt
8 management laws or committed unfair and deceptive trade practices in violation of consumer protection
9 laws.

10 26. Contrary to the States' allegations, Defendants contend the States' debt management laws
11 permit CCAs, like other enterprises, to "outsource" and engage agents, such as Defendants, to perform
12 services on behalf of the CCAs. Defendants offered or sold DMPs to consumers or made
13 representations to them as lawful agents of CCAs. CareOne Services, Inc. offered or sold DMPs to
14 consumers or made representations to them as a fully licensed, registered, and qualified debt
15 management services provider. In all cases, Defendants contend their representations were made and
16 services were provided in accordance with law.

17 27. Contrary to the States' allegations, Defendants contend their efforts greatly benefited
18 more than a million consumers in numerous ways over a period of more than twelve years. More
19 specifically, Defendants contend that in the overwhelming majority of cases, DMPs enabled consumers
20 to eliminate or lower debt, avoid bankruptcy, eliminate or reduce late fees, lower monthly payments, and
21 reduce or eliminate collection calls, and also enabled them to learn to better handle finances, improve
22 their financial status and pay off debt in a shorter time.

23 APPLICATION

24 28. The provisions of this Consent Judgment apply to Defendants AscendOne Corporation,
25 Amerix Corporation, CareOne Services, Inc., FreedomPoint Financial Corporation and 3C, Inc., and
26 their officers, employees, agents, successors, assignees, affiliates, merged or acquired entities, parent or

1 controlling entities, wholly owned subsidiaries and all other persons acting in concert or participation
2 with Defendants.

3 29. The provisions of this Consent Judgment apply to Defendant Bernaldo Dancel and any
4 partnership, corporation or entity that he (or he and one or more members of his immediate family)
5 currently, or in the future, owns, controls or holds the power to vote 51% or more of any class voting
6 securities or for which he individually and not as a bona fide member of a board or committee
7 establishes policy or has the authority to establish policy with respect to the subject matter of this
8 Consent Judgment. For purposes of this paragraph "immediate family" shall mean a spouse, father,
9 mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson,
10 stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-
11 in-law, son-in-law, or daughter-in-law.

12 30. The provisions of this Consent Judgment shall apply to each of the Defendants in
13 connection with their offer, sale or performance of Debt Management Services or their offer or provision
14 of services to any CCA offering, selling or performing Debt Management Services.

15 INJUNCTION

16 31. Defendants shall not engage in any deceptive trade practices in violation of the Act.

17 32. Defendants shall comply with any and all Arizona statutes, rules and regulations
18 regarding the provision of Debt Management Services including, but not limited to, Arizona Revised
19 Statutes § 6-701 et seq.

20 33. Defendants shall not make any express or implied misrepresentations that have the
21 capacity, tendency or effect of deceiving or misleading consumers in connection with the offer or sale of
22 any consumer goods and/or the offer, sale or performance of any consumer services.

23 34. Defendants shall inform consumers of any material facts, the omission of which would
24 deceive or tend to deceive consumers, in connection with the offer or sale of consumer goods and/or the
25 offer, sale or performance of consumer services.

26 35. Defendants, directly or on behalf of any CCA, shall not offer or sell Debt Management

1 Services to consumers residing in Arizona, or perform Debt Management Services on behalf of
2 consumers residing in Arizona, unless Defendants have fully complied with the requirements of
3 Arizona's debt management laws and other laws regulating the offer and sale of Debt Management
4 Services in Arizona, including Arizona Revised Statutes § 6-701 et seq., and including, but not limited
5 to, obtaining all licenses, insurance coverage, bonds and fulfilling any and all other requirements of
6 Arizona's debt management laws. For the purposes of this paragraph, offering, selling and performing
7 Debt Management Services shall include the following:

8 (a) Recommending the enrollment of a consumer into a DMP; or

9 (b) Proposing or communicating any alteration of a material term of a DMP to a consumer or
10 a consumer's creditor without first receiving explicit written instructions from either a
11 CCA or a consumer client of the CCA directing Defendants to make the specific
12 alteration.

13 36. Defendants, directly or on behalf of any CCA, shall not originate any DMP on behalf of
14 an Arizona consumer or enroll an Arizona consumer into any DMP unless Defendants have fully
15 complied with Arizona's debt management laws and other laws regulating the offer and sale of Debt
16 Management Services in Arizona, including Arizona Revised Statutes § 6-701 et seq., and including, but
17 not limited to, obtaining all licenses, insurance coverage, bonds and fulfilling any and all other
18 requirements of Arizona's debt management laws.

19 37. Defendants shall not represent that Debt Management Services are being performed by a
20 CCA, a non-profit, or any third party, unless the CCA, non-profit or third party are, in fact, performing
21 the Debt Management Services. For the purposes of this paragraph, performing Debt Management
22 Services shall include the following:

23 (a) Recommending the enrollment of a consumer into a DMP; or

24 (b) Proposing or communicating any alteration of a material term of a DMP to a consumer or
25 a consumer's creditor without first receiving explicit written instructions from either a
26 CCA or a consumer client of the CCA directing Defendants to make the specific

1 alteration.

2 38. Defendants shall not expressly or impliedly represent to any consumer that any of the
3 Defendants is a non-profit organization or that any services that are being performed by the Defendants
4 are being performed by a non-profit organization.

5 39. Defendants shall not expressly or impliedly represent that Debt Management Services are
6 being performed by a CCA, a non-profit, or any third party, if Defendants receive, deposit, or disburse
7 consumer payments made pursuant to any Debt Management Plans provided as part of the Debt
8 Management Services without the authorization of the CCA, non-profit, or third party. The
9 authorization required by this paragraph shall be in writing and must be made within one week of the
10 receipt, deposit or disbursement of any consumer payments except that, on a one time, non-recurring
11 basis, when a consumer's payment is late, Defendants may obtain an oral authorization from a consumer
12 as long as the authorization is subsequently documented in writing or the oral authorization is recorded
13 and maintained by the Defendants for at least three (3) years. For purposes of this paragraph, a payment
14 shall be considered late if it is either past due or it is due in five (5) business days and has not yet been
15 received by the Defendants.

16 40. Defendants shall not enter into any agreement with any CCA that provides Defendants
17 access to any money paid by consumers in connection with the performance of DMPs other than for the
18 purpose of sending payments to consumers' creditors in connection with the performance of a DMP and
19 forwarding payments made to CCAs by consumers to the CCAs.

20 41. Defendants shall not expressly or impliedly represent that any of their goods or services
21 are "free" if the consumer will be asked to make any payment in connection with the goods or services,
22 other than a payment that will be forwarded in its entirety to the consumer's creditors. Defendants may
23 represent that a consultation or other initial contact is "free" if the consultation or contact is provided
24 with no obligation by the consumer to make any payment in connection with the consultation or contact.

25 42. Defendants shall comply with the Federal Trade Commission (FTC) Guide Concerning
26 Use of the Word "Free" and Similar Representations, 16 C.F.R. § 251. 43.

1 Defendants shall not expressly or impliedly represent that any payments made by consumers in
2 connection with DMPs are voluntary contributions, or are payments to support a non-profit organization,
3 unless at least 51% of the payment is paid to or for the benefit of the non-profit organization for
4 purposes other than to pay Defendants for services rendered to the non-profit organization.

5 44. Defendants shall not expressly or impliedly misrepresent the effects of a DMP on a
6 consumer's ability to obtain credit.

7 45. Defendants shall not enroll a consumer into a DMP unless, prior to enrollment, the
8 consumer has received credit counseling that includes access to a credit counselor who has sufficient
9 experience and training to counsel consumers in financial literacy, money management, budgeting and
10 responsible use of credit and is advised of the various options available to the consumer for addressing
11 the consumer's financial problems. Credit counseling pursuant to this paragraph may be provided by the
12 Defendants through an Internet process that requires the consumer to access information covering the
13 specific topics identified herein and provides the consumer with an opportunity to consult with a credit
14 counselor.

15 46. Defendants shall not enroll any consumer into a Debt Management Plan if the
16 consumer's estimated monthly living expenses and estimated monthly DMP payments exceed their
17 income. A consumer in this situation may be enrolled into a DMP if the consumer is specifically
18 advised not to enroll into a DMP because the consumer cannot afford the DMP payment and the
19 consumer independently states that the consumer believes that the consumer can afford the DMP
20 payment by reducing expenses, obtaining additional income or funds from another source, or otherwise
21 adjusting the budget estimate to make the DMP affordable.

22 47. Defendants shall not fund or otherwise financially aid the establishment of any CCA,
23 other than a CCA that is owned and will be operated by Defendants. Nothing contained in this
24 paragraph shall prohibit Defendants from deferring or reducing amounts due from a CCA under a
25 Service Agreement to enable the CCA to manage a difficult financial situation or to promote the CCA's
26 non-profit purpose and mission.

1 48. Defendants shall not disclose or use any consumer's private financial and personal
2 information that they receive in connection with providing Debt Management Services or in providing
3 services to or on behalf of a CCA except in accordance with and as permitted by applicable law
4 including, but not limited to, the Gramm Leach Bliley Act, 15 U.S.C.A. § 6801, *et seq.*

5 49. Defendants shall not limit the rights of any CCA to cancel any Service Agreement it
6 enters into with Defendants, except that this provision does not prohibit Defendants including as a
7 condition precedent in its agreements that a CCA must give reasonable notice of its intent to cancel the
8 agreement under which a Defendant is providing services to the CCA in order to permit an orderly
9 transition to a new service provider. Under this paragraph, reasonable notice shall not exceed ninety
10 (90) days. Nothing contained in this paragraph shall prevent the Defendants from seeking to recover
11 actual damages against a CCA arising from the CCA's cancellation of any Service Agreement, including
12 any costs that Defendants incurred in reliance that the CCA would fulfill its Service Agreement with
13 Defendants. This Consent Judgment is not intended to and does not foreclose Defendants from
14 negotiating with a CCA a formula for the calculation of actual damages as long as such agreement
15 complies with this paragraph.

16 50. Defendants shall not enter into any agreement with any CCA that gives Defendants the
17 right to reassign consumers' accounts to another CCA.

18 51. Defendants shall not enter into any agreement with any CCA that contains any standards
19 or criteria under which the CCA must enroll consumers into a DMP.

20 52. Defendants shall not enter into any agreement with any CCA that sets any minimum
21 enrollment rate, or other standard mandating the numbers of consumers who must be enrolled into
22 DMPs or an amount that the CCA must collect from consumers.

23 53. Defendants shall not enter into any agreement with any CCA that sets any minimum
24 revenues, or other standards mandating the amount of revenue that must be generated through a DMP.

25 54. Defendants shall not expressly or impliedly represent to any consumer that the
26 Defendants are the CCA on whose behalf they are performing any Debt Management Services. Nothing

1 contained in this paragraph shall prevent any of the Defendants from representing to any consumer that
2 it has been hired by any CCA or that it is acting on behalf of any CCA as long as such a representation is
3 truthful and is not misleading to the consumer.

4 55. Defendants shall not use the name or mark of any of their CCA clients when
5 communicating with consumers or creditors in connection with the performance of Debt Management
6 Services unless Defendants identify themselves as acting on behalf of the CCA in connection with their
7 use of the name or mark.

8 56. Defendants shall identify themselves each time they have any contact with consumers on
9 behalf of a CCA in connection with the performance of Debt Management Services, including, but not
10 limited to, through their IVR telephone system, customer service representatives and written
11 communications.

12 57. Defendants shall not enter into any Service Agreement with any CCA that gives
13 Defendants authority to negotiate with consumers the amounts of any contributions or fees paid to a
14 CCA.

15 58. Defendants shall not enter into any agreement with a CCA that permits Defendants to
16 withhold any documentation of the Defendants' performance of Debt Management Services, including
17 data reflecting the payments Defendants have processed or are processing in connection with a DMP
18 except that, to the extent that any such data has been organized by the Defendants or maintained by the
19 Defendants in a manner or form that is proprietary, then the Defendants are only required to produce the
20 data in a form or format that is not proprietary. Defendants cannot avoid their obligation under this
21 paragraph to produce documentation of their performance of any Debt Management Services under this
22 paragraph by only maintaining such documentation in a proprietary fashion.

23 59. Defendants shall not enter into any agreement with a CCA that permits Defendants to
24 limit a CCA's use of any data reflecting Defendants' performance of any Debt Management Services,
25 including data reflecting the payments Defendants have processed or are processing in connection with a
26 DMP.

60. Defendants shall not expressly or impliedly misrepresent the purpose of any fee or contribution that is paid by consumers to any CCA.

PAYMENT TO THE STATES

61. Defendants shall pay the States \$4,500,000.00 dollars (Four and One-Half Million Dollars). Defendants shall make the payment required under this paragraph pursuant to the payment terms provided in paragraph 62 of this Consent Judgment. Defendants shall be jointly and severally liable for all amounts that are due and owed under this paragraph. Such sum is to be divided among the States as they may agree and said payment shall be used by the States for attorneys' fees and other costs of investigation and litigation and/or for future public protection purposes, or be placed in, or applied to, the consumer protection enforcement fund, consumer education, litigation or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, at the sole discretion of each of the States.

62. Defendants shall make the payment required under paragraph 61 in five installments. Defendants shall make their first installment payment, which shall be in the amount of \$1,500,000.00 (One and One-Half Million Dollars), no later than thirty (30) days after the date of the entry of the Maryland Consent Decree. Thereafter, Defendants shall pay the remaining \$3,000,000.00 (Three Million Dollars) that is due and owing under paragraph 61 in four installments payable as follows:

<u>Date</u>	<u>Amount</u>
December 15, 2011	\$750,000.00
December 15, 2012	\$750,000.00
December 15, 2013	\$750,000.00
December 15, 2014	\$750,000.00

Any payment amount due hereunder shall be made payable to the Attorney General of Maryland and shall be delivered on or before the due date to Office of the Maryland Attorney General, Consumer Protection Division, 200 St. Paul Place, 16th Floor, Baltimore, MD 21202 attn: Philip D. Ziperman, or at

1 such other places as the States may from time to time designate in writing, and shall be made in lawful
2 money of the United States in immediately available funds.

3 DEFAULT

4 63. If Defendants fail to make an payment required under paragraph 62 of this Consent
5 Judgment or any Defendant makes an assignment for the benefit of their creditors, file or have filed
6 against them any proceedings under any reorganization, bankruptcy act or similar law, are adjudicated
7 bankrupt, or becomes insolvent, then all amounts due hereunder shall become immediately due and
8 payable without notice. Provided, however, that in the event of a failure to make timely payments,
9 Defendants shall be entitled to a written notice from the State of Maryland of any such delinquent
10 payment and shall be given a period of ten (10) days to make the payment before their payment
11 obligations may be declared in default. Any notice to Defendants provided under this paragraph shall be
12 made by mailing such notice, first class mail, to the person(s) designated by Defendants for the purpose
13 of receiving notice pursuant to paragraph 69 of this Consent Judgment.

14 64. Upon the occurrence of any default in payment required under the terms of this Consent
15 Judgment, Defendants hereby irrevocably authorize and empower any attorney-at-law or Clerk of any
16 court of competent jurisdiction in the State of Maryland, to appear at any time for the Defendants in any
17 action brought against the Defendants on this Consent Judgment at the suit of the States, by and through
18 the State of Maryland, Office of the Attorney General, with or without declaration filed, as of any term,
19 to waive the issuing of service of process, and therein to confess or enter judgment against Defendants,
20 jointly and severally, for the entire unpaid sum of amounts due hereunder, together with all costs and
21 expenses of enforcing this Consent Judgment, including reasonable attorney's fees. This authority to
22 confess judgment shall not be exhausted by any exercise thereof but shall continue from time to time
23 and at all times until payment in full or all the amounts due hereunder have been made.

24 65. The injunctive provisions of this Consent Judgment shall be enforceable by the State of
25 Arizona before this Court and any objections to venue are hereby waived.

26 66. No delay or failure by a party in exercising any right, power or privilege under this

1 Consent Judgment shall affect such right, power or privilege; nor shall any single or partial exercise
2 thereof or any abandonment or discontinuance of steps to enforce such right, power or privilege preclude
3 any further exercise thereof, or any other right, power or privilege.

4 67. Defendants hereby waive demand, diligence, presentment, protest and notice of every
5 kind, except as expressly provided herein. Any notice to Defendants that the States are required to make
6 shall be made by mailing such notice, first class mail, to the person(s) designated by the States or the
7 Defendants for the purpose of receiving notice pursuant to paragraph 69 of this Consent Judgment.

8 ENFORCEMENT

9 68. If the Plaintiff determines that Defendants have failed to comply with the terms of this
10 Consent Judgment, and if, in the Plaintiff's sole discretion, it determines that the failure to comply does
11 not threaten the health or safety of the citizens of Arizona, the State shall not bring any action to enforce
12 any provision of this Consent Judgment without first giving the Defendants written notice of the alleged
13 violation and then allowing the Defendants at least thirty (30) days from the date of the notice to address
14 the alleged violation before the Plaintiff commences any enforcement action.

15 69. Whenever notice is required under this Consent Judgment, notice shall be provided in
16 writing, including electronic mail or facsimile.

17 Notice to the Plaintiff shall be directed to:

18 Cherie L. Howe
19 Assistant Attorney General
1275 W. Washington St.
20 Phoenix, AZ 85007
602-542-7725
21 602-542-4377 (facsimile)
Cherie.Howe@azag.gov
22
23
24
25
26

1 Notice to the Defendants shall be directed to:

2 Robert A. Miller
3 Executive Vice-President and Chief Financial Officer
4 AscendOne Corporation
5 8930 Stanford Boulevard
6 Columbia, MD 21046
7 (410) 910-2766
8 (410) 910-2781 (facsimile)
9 rmiller@ascendone.com

7 Carla Stone Witzel, Esquire
8 Gordon, Feinblatt, Rothman, Hoffberger & Hollander, LLC
9 233 East Redwood Street
10 Baltimore, MD 21202
11 (410) 576-4291
12 (410) 576-4196 (facsimile)
13 cwitzel@gfrlaw.com

14 Any party may change its designated notice recipients by written notice to the other party.

15 MODIFICATION

16 70. The parties may apply to the Court to modify this Consent Judgment by agreement at any
17 time.

18 71. Any party may apply to the Court, without the other party's agreement, to modify this
19 Consent Judgment for good cause shown based on a substantial change in law or fact occurring after the
20 date this Consent Judgment is entered.

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72. On the first and second anniversary dates of this Consent Judgment, Defendants shall

- a. all existing agreements Defendants have entered into with CCAs for which Defendants are providing Debt Management Services;
- b. a copy of each version of every manual and any other materials used by Defendants to train their employees regarding Debt Management Services during the previous year or that was provided to any CCA during the previous year;
- c. a copy of each version of every written script and guideline used by Defendants' employees when contacting consumers regarding Debt Management Services during the previous year or that was provided to any CCA during the previous year;
- d. a copy of each form Debt Management Services agreement, form DMP agreement, or other form agreement used by Defendants' employees when contacting consumers regarding Debt Management Services during the previous year or that was provided to any CCA during the previous year; and
- e. a copy of each form Debt Management Services agreement, form DMP agreement, or other form agreement provided to any CCA during the previous year.

RELEASE AND CONSENT TO JUDGMENT

73. Upon full payment of the amounts due under this Consent Judgment, the Arizona Attorney General releases and discharges Defendants from all civil causes of action that the Arizona Attorney General could have brought under the Arizona Consumer Fraud Act related to the allegations set forth in paragraphs ten through twenty-one of its Complaint concerning the provision of Debt Management Services, as that term is defined by this Consent Judgment, prior to the date of the entry of this Consent Judgment. The term "debt management services" as used in the Complaint shall have the same definition as the one contained in paragraph 11 of this Consent Judgment. As long as Defendants perform their obligations under this Consent Judgment, the Arizona Attorney General shall not bring any claim that it could have brought for conduct prior to the entry of this Order related to the allegations asserted in paragraphs ten through twenty-one of the State's Complaint and paragraphs fifteen through twenty-four of this Consent Judgment. Defendants agree that if Defendants default on any monetary payment herein or file for bankruptcy and seek to either avoid or recover any payment made herein, the Arizona Attorney General may move to set aside this Consent Judgment and seek full restitution, costs, civil penalties and other remedies that would have been available to the Arizona Attorney General prior to entry of this Consent Judgment. Nothing contained in this paragraph shall be construed to limit the ability of the Arizona Attorney General to enforce the non-monetary obligations that Defendants and their officers, agents, servants and employees acting on their behalf, have under this Consent Judgment. Further, nothing contained herein shall release any private cause of action that any citizen of the States may have against any of the Defendants.

74. Defendants, by and through their counsel, acknowledge that they have read the foregoing Consent Judgment, are aware of their right to a trial in this matter and have waived that right.

75. Defendants admit to the jurisdiction of the Court and consent to the entry of this Consent Judgment.

1 76. Defendants state that no promise of any kind or nature whatsoever (other than the written
2 terms of this Consent Judgment) was made to them to induce them to enter this Consent Judgment, that
3 Defendants have entered into this Consent Judgment voluntarily, and that this Consent Judgment
4 constitutes the entire agreement between Defendants and the State of Arizona.

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1 AGREED:

2 PLAINTIFF

DEFENDANTS

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4 TERRY GODDARD

ASCENDONE CORPORATION

5 ATTORNEY GENERAL

8930 Stanford Boulevard

Columbia, MD 21046

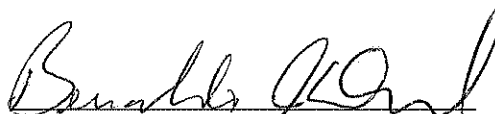
6
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8
9 By:

By:

10
11 

12 CHERIE L. HOWE

13 ASSISTANT ATTORNEY GENERAL

14
15 

16 NAME

Bernaldo J. Dancel

17 TITLE

President / Chief
Executive Officer

18 AMERIX CORPORATION

19 8930 Stanford Boulevard

20 Columbia, MD 21046

21
22 By:

23
24 

25 NAME

Robert A. Miller

26 TITLE

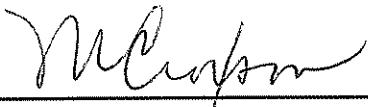
Chief Operating Officer/
President

1
2
3
4 CAREONE SERVICES, INC.

5 8930 Stanford Boulevard

6 Columbia, MD 21046

7
8 By:

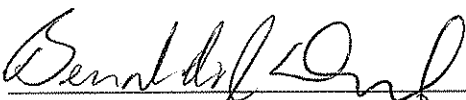
9 
10 _____
11 NAME Michael Croxson
12 TITLE President

13
14
15
16 FREEDOMPOINT FINANCIAL CORPORATION

17 8930 Stanford Boulevard

18 Columbia, MD 21046

19
20 By:

21 
22 _____
23 NAME Bernaldo J. Dancel
24 TITLE Chief Executive Officer/
25 President
26

3C, Inc.

8930 Stanford Boulevard

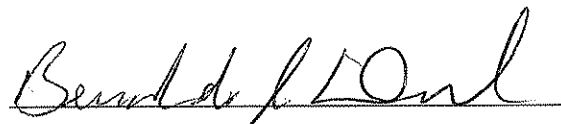
Columbia, MD 21046

By:



NAME Stephen Fragapane

TITLE President



Bernaldo Dancel, Individually

8930 Stanford Boulevard

Columbia, MD 21046

DATED this _____ day of _____, 2010.

Judge of the Superior Court