

MONTANA FIRST JUDICIAL DISTRICT COURT
LEWIS AND CLARK COUNTY

2011 JUN 23 P 1:16

STATE OF MONTANA,

Plaintiff,

v.

NATIONAL CREDIT SOLUTIONS,
LLC,

Defendant.

) Cause No. DDV 2011-85

) BY **K. RASMUSSEN**
) DEPUTY

) **SETTLEMENT AGREEMENT**
) **AND RELEASE**

SETTLEMENT AGREEMENT AND RELEASE

WHEREAS, The State of Montana (hereinafter "State"), acting by and through Attorney General Steve Bullock filed a lawsuit against NATIONAL CREDIT SOLUTIONS, LLC ("NCS") in Montana First Judicial District Court, Lewis and Clark County, bearing cause number DDV 2011-85 ("the Lawsuit"); and

WHEREAS, the State alleged that NCS was conducting business in Montana in violation of the Montana Unfair Trade Practices and Consumer Protection Act, Mont. Code Ann. §30-14-101 et seq. ("Consumer Protection Act") with respect to collection activities relating to thousands of accounts allegedly owed by Montana residents who were customers of the Movie Gallery and Hollywood Video chain of video rental stores (hereinafter collectively referred to as "Movie Gallery"); and

WHEREAS, NCS ceased all collection activities in Montana with respect to the Movie Gallery accounts, and rescinded all negative credit reports relating to those accounts; and

WHEREAS, NCS disputes the State's allegations that it violated any laws in connection with its collection activities relating to the Movie Gallery accounts; and

WHEREAS, NCS denies liability and nothing contained herein should be considered as an admission of liability by NCS; and

WHEREAS the parties have agreed to resolve the Lawsuit through a voluntary settlement;

IT IS HEREBY AGREED:

1. NCS agrees to permanently cease all collection activities of any kind relating to the Movie Gallery accounts involving any Montana resident.
2. NCS, by the signature of its authorized representative below, hereby affirms and attests that as of January 29, 2011, it had taken all steps necessary to rescind any and all negative credit reports that had been submitted to any credit reporting agency relating to any and all Movie Gallery accounts involving any Montana resident.
3. NCS, by the signature of its authorized representative below, hereby affirms and attests that it has provided the Montana Attorney General's Office with a complete listing of all Montana residents whose Movie Gallery accounts had been assigned to NCS for collection, and that the listing includes all dollar

amounts collected by NCS from any Montana resident relating to any Movie Gallery account.

4. Upon request by any Montana resident, or by the Montana Attorney General's Office, NCS agrees to provide written confirmation that a negative credit report relating to the Movie Gallery accounts has been removed.
5. NCS agrees that there shall be no further reports submitted by NCS to any credit reporting agency relating to any alleged debt owed to Movie Gallery by any Montana resident at any time.
6. NCS acknowledges and agrees that Montana law does not allow a collection agency attempting to collect a debt to impose collection fees upon consumers unless such fees are expressly authorized by a statute or a valid contract that gave rise to the debt.
7. Within 3 days of the execution of this Settlement Agreement, NCS shall forward a check made payable in the amount of \$13,000 to the Montana Office of Consumer Protection, PO Box 200151, Helena, MT 59620-0151. The payment shall be used by the Attorney General, at his sole discretion, for any purposes permitted by State law.
8. NCS acknowledges that in the event of a breach of any of its terms, this Settlement Agreement and Release may be used to prove a violation of the Montana Consumer Protection Act, in which the State may seek additional

penalties of up to \$10,000 for each violation in accordance with Mont. Code Ann. § 30-14-142(2).

9. This Settlement Agreement shall bind NCS and any corporate parents, directors, officers, owners, affiliates, subsidiaries, agents, employees, successors, assigns and all other persons acting on their behalf, directly or indirectly, or through any corporate office.
10. Within 3 days of receipt of the payment specified in paragraph 7 above, counsel for the parties shall file a Stipulated Judgment of Dismissal in the form attached as Exhibit A.
11. In consideration of this Settlement Agreement, the State releases and discharges any and all claims against NCS relating to and arising out of the matters alleged in the State's Complaint against NCS. This Release inures to NCS and any corporate parents, affiliates, subsidiaries, agents, employees, successors, assigns and all other persons acting on their behalf, directly or indirectly, or through any corporate office.
12. Nothing contained in this Settlement Agreement shall be construed to waive or limit any private right of action by any consumer, person, or by any governmental entity in Montana for claims unrelated to the matters at issue in the Lawsuit.
13. This Settlement Agreement may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall

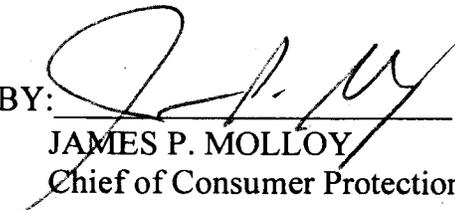
constitute an original counterpart and all of which together shall constitute one and the same document. One or more counterparts of this Settlement Agreement may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart.

14. This Settlement Agreement sets forth all of the promises, covenants, agreements, conditions and understanding between the Parties, and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions, express or implied. There are no representations, arrangements, or understandings, oral or written, between the Parties relating to the subject matter of this Settlement Agreement that are not fully expressed herein or attached hereto. Each party specifically warrants that this Settlement Agreement is executed without reliance upon any statement or representation by any other party hereto, except as expressly stated herein.
15. Nothing in this Settlement Agreement shall be construed as relieving NCS of their obligations to comply with all state and federal laws, regulations, and rules, or as granting permission to engage in any acts or practices prohibited by such law, regulation or rule.
16. NCS shall not state or imply or cause to be stated or implied that the State has approved, sanctioned, or authorized any practice, act or conduct of NCS.
17. The State may choose to pursue remedies for violation of this Settlement Agreement in court. Nothing herein shall be construed to exonerate any

contempt or failure to comply with any provision of this Settlement Agreement, to compromise the authority of the State to initiate a proceeding for any contempt or other sanctions for failure to comply or to compromise the authority of a court to punish as contempt any violation of this Settlement Agreement. Furthermore, nothing herein shall be construed to limit the authority of the State to protect the interests of the State or the people of the State.

We the undersigned, who have authority to consent and sign on behalf of the parties in this matter, hereby consent to the form and content of the foregoing Settlement Agreement and to its entry:

STEVE BULLOCK
Montana Attorney General
P.O. Box 201401
215 N. Sanders
Helena, MT 59601-1401
(406) 444-2026

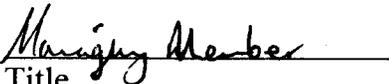
BY: 
JAMES P. MOLLOY
Chief of Consumer Protection

DATE: 6-21-11

NATIONAL CREDIT SOLUTIONS, LLC

BY: 
Name

DATE: 6-1-11


Title

Jun-21-11 09:22am From-State of MT AG's Office

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APPROVED AS TO FORM AND SUBSTANCE:

BY:


Bruce Spencer
Of Attorneys for NCS

DATE:

6/21/2011