

No. D-1-GV-09-000417

STATE OF TEXAS,
Plaintiff,

IN THE DISTRICT COURT OF

v.

TRAVIS COUNTY, TEXAS

CSA-CREDIT SOLUTIONS OF
AMERICA, INC.
Defendant

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261st JUDICIAL DISTRICT

PLAINTIFF'S ORIGINAL PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff, STATE OF TEXAS, acting by and through the Attorney General of Texas, Greg Abbott, complains of CSA-CREDIT SOLUTIONS OF AMERICA, INC., Defendant, or "CSA," and for cause of action would respectfully show as follows:

DISCOVERY CONTROL PLAN

1. The discovery in this case is intended to be conducted under Level 2 pursuant to TEX. R. Civ. P. 190.2(b)(3); 190.3(a).

JURISDICTION

2. This action is brought by Attorney General Greg Abbott, through his Consumer Protection and Public Health Division, in the name of the State of Texas and in the public interest under the authority granted him by § 17.47 of the Texas Deceptive Trade Practices-Consumer Protection Act, TEX. BUS. & COM. CODE ANN. § 17.41 *et seq.* (Vernon 2002 & Supp. 2008) ("DTPA") upon the ground that Defendant has engaged in false, deceptive and misleading acts and practices in the course of trade and commerce as defined in, and declared unlawful by, §§ 17.46(a) and (b) of the DTPA.

NATURE OF DEFENDANT'S OPERATIONS

3. Defendant operates a for-profit debt settlement company. Debt settlement is a form of consumer debt relief, targeted to consumers with thousands of dollars of unsecured debt. Consumers interested in debt settlement likely are also considering options such as traditional credit counseling, debt management plans, debt consolidation loans, and possibly bankruptcy.

4. Unlike those alternatives, debt settlement is an aggressive form of debt relief, in which consumers stop paying all of their unsecured debts, and begin saving the money they would normally use to pay those debts. After several months, when the accounts are in default, the debt settlement company will contact the creditor, and negotiate a lump-sum payoff of the debt, ideally at a highly reduced percentage. The consumer then uses the money that he/she has been saving to pay the lump-sum, and can then have the benefit of a significant portion of their original debt being forgiven.

5. Because of its potential for a quick turnaround and significant savings, debt settlement is often promoted emphasizing these facts. For example, Defendant CSA prominently represents on its web site that consumers can: "Settle your debt up to 50%," and "Get out of debt in as little as 12 - 36 months." Moreover, debt settlement companies may also disparage the alternative forms of debt relief, in order to persuade consumers that settlement is the best option for them. For example, Defendant CSA advises potential customers that bankruptcy "Requires you to pay your complete outstanding balance," and that "The residual effects of Bankruptcy will **never** go away" (emphasis in original). In reality, the debt settlement company has no interest or ability to advise consumers on the best option for them. Rather, they are selling their program.

6. Because debt settlement only works if consumers are not making monthly payments on their unsecured debts (since creditors will not want to settle a debt if they are receiving monthly

payments), there are inherent risks involved with participating in a debt settlement program that can have catastrophic effects on the consumer. Specifically, consumers entering a debt settlement program may experience any or all of the following:

- A. Creditors will continue to assess interest, late fees, over-limit charges, and any other fees associated with the account. As a result, at the time that a settlement is reached, the consumer owes significantly more on their account, thus reducing the actual savings.
- B. Creditors are under no obligation to accept, or even entertain, a settlement offer.
- C. Because they are no longer receiving monthly payments, creditors will likely engage in collection activities which may include repeated phone calls and other correspondence. Over time, these activities can increase, especially as the consumer's account may get transferred to a collection agency.
- D. Once a consumer stops paying on their accounts, the creditor may file a lawsuit against the consumer for breaking their contract.
- E. The consumer's credit reports will reflect the late charges and non-payment of their unsecured debt. As a result, the consumer's credit score will drop while participating in the program and the consumer may experience the long term effects of a low credit score, which can include difficulty in buying a house or car, obtaining insurance, or obtaining employment.
- F. The debt forgiveness that occurs as part of the settlement is taxable as income.

7. Because debt settlement is generally a “for-profit” industry, companies charge large fees of their customers. Fees are typically calculated as a percentage of the total debt the consumer brings into the program, are often collected in the first several months of the program, and are for the most part non-refundable. In addition, there may be monthly maintenance fees, enrollment fees, administrative fees, and back-end settlement fees. As a result, the high fees cut into the potential savings that a consumer can experience in the program. Moreover, these fees may be the tip of the iceberg for consumers - if they are sued and want an attorney they may have to pay a lawyer’s legal fees, if they want to improve their credit after participating in the settlement program they may have to pay a credit repair firm’s fees, and if they want tax advice regarding debt forgiveness, they may need to pay an accountant.

8. Because of the additional costs and negative effects of debt settlement, it is often difficult to say what a consumer’s true cost is in a program, or what benefit they may really see. For example, a consumer with a \$10,000 unsecured debt may be told their debt can settle for \$4,000, or a 60% savings, but when the company’s fees are added, along with whatever costs are associated with improving the damage caused by the settlement process, the consumer likely will spend far more than \$4,000 in resolving the debt. In addition, late fees and interest will likely increase the \$10,000 debt, such that a 60% settlement will actually be for much more than \$4,000. Add to this the risk that a creditor will not settle an account, and it becomes evident that debt settlement is a risky form of debt management that requires clear disclosures to consumers so that they can make an informed decision.

DEFENDANT

9. Defendant CSA-Credit Solutions of America, Inc. is a Texas corporation that does business in Texas and throughout the United States of America as Credit Solutions of America and

www.creditsolutions.com. Defendant CSA-Credit Solutions of America, Inc. can be served with process through its registered agent, Douglas M. Van Arsdale at 2370 Performance Drive, Building D, Richardson, Texas 75082-4333.

VENUE

10. Venue is proper in Travis County, Texas under § 17.47(b) of the DTPA because Defendant has done business in Travis County, Texas.

PUBLIC INTEREST

11. Because Plaintiff STATE OF TEXAS has reason to believe that Defendant has engaged in and will continue to engage in the unlawful practices set forth below, Plaintiff STATE OF TEXAS has reason to believe that Defendant has caused and will cause adverse effects to legitimate business enterprise which conducts its trade and commerce in a lawful manner in this State. Therefore, the Consumer Protection and Public Health Division of the Office of the Attorney General of Texas believes and is of the opinion that these proceedings are in the public interest and at least seven days prior to instituting this action contacted Defendant to inform it in general of the alleged unlawful conduct.

TRADE AND COMMERCE

12. Defendant is engaged in trade and commerce as that term is defined by § 17.45(6) of the DTPA.

ACTS OF AGENTS

13. Whenever in this Petition it is alleged that Defendant did any act, it is meant that:
- A. Defendant performed or participated in the act; or
 - B. Defendant's officers, agents, or employees performed or participated in the act on behalf of and under the authority of the Defendant.

STATEMENT OF FACTS

Defendant's Operation

14. In February of 2005 Douglas Van Arsdale formed Credit Solutions of America as a limited partnership. In April of 2005 the limited partnership was converted to a for-profit corporation, with Douglas Van Arsdale as the Chief Executive Officer. CSA is located in Richardson, Texas. In the last 36 months, the Better Business Bureau of Dallas has processed 1663 consumer complaints against CSA. CSA has an "F" rating from the BBB.

15. CSA is a full service debt settlement company that represents to consumers that it can eliminate a consumer's unsecured debt in 36 months or less by reducing the amount owed to the consumer's creditors by 60 percent. Consumers must have at least six thousand dollars in unsecured debt to enroll in CSA's debt settlement program; however, there does not appear to be a maximum amount of debt above which the consumer would not qualify for the program. Each consumer is presented with a program whereby the consumer will be debt-free in 36 months time regardless of the size of the unsecured debt or the consumer's other financial circumstances, such as income, other debt obligations, and assets.

16. CSA informs the consumer that while CSA cannot advise the consumer to stop paying his or her unsecured creditors, the debt settlement program will not work if the consumer continues to make payments. In effect, the consumer is instructed to stop paying creditors upon enrollment in the program.

Defendant's Sales Process

17. CSA solicits consumers through its web site at www.creditsolutions.com, and purchases leads, i.e., contact information for consumers who are interested in information on debt

relief, from third-party vendors. In promotion of its debt settlement program, CSA makes the following representations on its web site:

- A. "Debt Settlement specifically reduces your current outstanding total balances 40-60%".
- B. "A typical settlement can be accomplished within 36 months or less with a lower monthly payment than any other debt resolutions option."
- C. "Bankruptcy is a permanent decision that will follow you for the rest of your life; therefore, it should only be considered as an absolute last resort to solving financial matters."
- D. "While debt consolidation programs often offer consumers a lower overall interest rate and a larger tax break, the sad realization is that many consumers who take out consolidation loans often find themselves in a much worse financial situation than before; only now the consumer faces the very real possibility of losing one of their most valued possessions - their home."
- E. On Consumer Credit Counseling programs: "Truth is, over 50% of all people who start a CCC program never actually complete paying off their debt."
"CCC companies work for the creditors." "These companies DO NOT reduce the total debt you owe, but rather "sell" you on the concept of combining your total monthly payments into one payment - often 5 times higher than your regular monthly minimums."
- F. On debt settlement: "By reducing your total outstanding credit balances 40-60%, people can begin to realize the only alternative to regaining control of personal finances is by negotiating the total balances...Debt settlement is the

best debt reduction option as it creates an environment that totally benefits the consumer.”

G. On debt settlement’s effect on the consumer’s credit: “Any debt management program will affect your credit in the beginning. However, as you begin to pay off the accounts and obtain zero balances, you will ultimately lower your debt to income ratio and therefore improve that specific portion of your credit score.”

H. “More than 200,000 people from every walk of life have entrusted us to help them become debt-free. Credit Solutions is the industry leader, managing more than \$2.25 billion of debt for our clients.”

18. The web site has a form that can be filled out with a consumer’s name, telephone number, email address, and amount of debt. Consumers who request more information through the web site receive a telephone sales call from CSA.

19. The sales representatives use scripts provided to them by CSA in the sales calls to consumers. The sales scripts include the following representations:

A. The CSA script represents that debt consolidation and consumer credit counseling are the same thing, that it will take years for the consumer to get out of debt, that consolidation and credit counseling only lower the interest rate on debt by 3%, and that these companies misrepresent their non-profit status and are actually paid by creditors while they charge consumers fees for their services.

B. The CSA script represents that CSA’s debt settlement program will “dramatically reduce your debt and get you out in 3 years or less.”

C. The cost of CSA's debt settlement program is represented to the consumer:
"Based on \$ _____ (original amount) what we'll do is reduce your debt down to \$ _____ (40% of the original amount). Our service fee for doing that is 15%. So your total program cost is only \$ _____ (40% + 15% fee) and we save you \$ _____ (total savings) off what you owe right now."

20. Over 90% of CSA's debt settlement customers sign up for the program by filling out the "Customer Enrollment Package" online through "Esign," an electronic signature program. Exhibit 1, attached, is a copy of the Customer Enrollment Package. The CSA sales script contains instructions to advise the consumer to click through important disclosures, while the sales representative paraphrases the contents of the disclosures. Furthermore, the script instructs the sales representative to put the consumer on hold while the consumer is filling in information to avoid questions from the consumer. The script instructs the sales representative to put the consumer on hold to avoid questions numerous times throughout the sign up procedure.

21. The monthly cost of the program is presented to the consumer as part of the "Customer Enrollment Package." CSA calculates the monthly cost by ascertaining the total amount of debt that the consumer would like to include in the debt settlement program. CSA then determines what forty percent of that amount is, and represents that figure will be the amount the consumer will need to settle all the debts in full. CSA adds fifteen percent of the total amount of debt to that figure as its fees for debt settlement services, and represents that amount as the total cost to the consumer of settling all the debts. That figure is divided by thirty six (representing the number of months the consumer will be in the program), to arrive at the monthly cost to the consumer (See Exhibit 1). For example, if the consumer enters the debt settlement program with CSA with \$20,000.00 in unsecured debt, CSA will represent that the consumer will be able to settle those debts

by paying a total of \$8,000.00 to the creditors. CSA would charge the consumer \$3,000.00 in fees, bringing the total cost of debt settlement to \$11,000.00.

22. The enrollment package includes the following representations:

- A. "The estimated personal saving plan is the *minimum* suggested for payoff of your enrolled accounts. [...] Credit Solutions highly recommends that any additional funds which may become available be allocated towards your personal savings account. You are encouraged to add as much towards savings as possible. It is to your advantage to do so. The quicker you save money, the sooner you can get your enrolled debts resolved."
- B. In a paragraph on Compensation, CSA represents that the client may not withdraw authorization of electronic funds transfers from the consumer's bank account for CSA's fees without express written concurrence of CSA.
- C. In a paragraph on the Service Guarantee, CSA represents that it will refund the fifteen percent service fee associated with any debt that it is unable to settle. However, the "Service Guarantee" does not state that CSA must have been able to settle the debt for forty percent or less, and the provision further requires that the consumer "have sufficient funds to the settle the account in order to be eligible for service guarantee."
- D. The Customer Enrollment Package contains an "acknowledgment" by the consumer that CSA does not provide investment, tax, or legal advice of any kind.

23. In addition to the sales script, CSA furnishes its representative with rebuttal scripts, which contain scripted answers to common objections raised by consumers. Those scripts include the following common objections and scripted answers:
- A. Customer service representatives are instructed to respond to the inquiry: “Will I get sued?” with “We want to reassure the client that there is nothing that can happen that we will not try to assist them with.”
 - B. In response to the question: “What is this going to do to my credit?” CSA offers a response that includes the erroneous information that negative effects on the consumer’s credit caused by non-payment of their accounts will disappear within six months of the account being settled. In fact, the negative effects of non-payment or late payments to an account can last as long as seven years.
 - C. In this same scripted response, CSA fails to mention the negative effects of a charged-off account, a lawsuit, or a judgment on the consumers credit. In addition, CSA recommends that the CSA employee respond to this inquiry with a “trick question,” by asking the consumer “What’s your current credit score?” Since most consumers will not know, the employee can distract them from their original inquiry without providing an accurate response. In fact, as part of this deflection, CSA instructs its employees to give the consumer more false information: “After you’re out of the program, your score will be as good if not better than it is now...”

- D. The scripted responses include an answer to the query: "Can you guarantee that my creditors will settle with you?" Here is CSA's response: "We guarantee our service fee because we know that your creditors will negotiate settlement with us. (Let them know that we are currently building relationships with as many creditors as possible). Some Creditors actually set aside certain days of the week just to work with us. *Notice, we do not say we "don't guarantee," but rather tell them what we can and do guarantee.*"
- E. CSA supplies the following response to the query "will I have to pay taxes on my settlement?": "Most people are not taxed, but if you are, it's no more than 10% of the amount that we negotiated down. So, for example, if you owed \$10,000 and we settled for \$4,000 you would only be taxed on the \$6,000 and no more that 10% can be taxed - which works out to \$600." CSA does not just give false information on the tax consequences of cancellation of debt income, which is taxed as ordinary income, but also gives the consumer legal advice on how to respond to a 1099 sent by a creditor. CSA advises the consumer to file a form F982, and claim insolvency. It further instructs the consumer to not fill in the amount on form F982.

24. In addition to the scripts and scripted rebuttals to consumer objections, CSA gives its employees the following instruction: "We are NOT EXCLUSIVELY SCRIPTED! Formulate Your own artillery of rebuttals! Don't be a robot! Be creative!"

The Reality of Defendant's Program

25. On its websites, in the sales scripts, and in its contracts with consumers, CSA represents to consumers that it will get the consumer out of debt within 36 months by reducing the amount of unsecured debt with which the consumer enrolls in the program by 60 percent. The cost of the debt settlement program that CSA sells to consumers is based on this representation that debts will be reduced by 60 percent. CSA does not disclose that the cost of getting out of debt will most likely be far higher than the numbers it uses to sell its program. In fact, CSA's own data show that over 80% of the debts enrolled in the program do not settle. The small percentage of enrolled debts for which CSA obtains settlements settle on average for far more than 40% of the enrolled amount.

26. CSA also fails to disclose that the consumers enrolled debts will likely grow far larger while the consumers are in the program due to accrued interest, late fees, and other charges. Furthermore, if the consumer is sued on a debt enrolled in the program for failure to make payments, any judgment may include additional amounts for attorney fees and costs of court.

27. CSA fails to adequately disclose to consumers the myriad of possible negative consequences of its debt settlement program. For example, while CSA advises consumers to stop talking to their creditors, send out Cease and Desist letters to their creditors, and make CSA the contact for all communications with their creditors, CSA fails to disclose that enrollment in a debt settlement program will likely lead to more frequent and aggressive creditor contacts and collection efforts, up to and including lawsuits.

28. CSA fails to adequately disclose to consumers the negative effect of debt settlement on the consumer's credit report and score. CSA fails to disclose that debt settlement will cause good and even fair credit scores to drop precipitously, and that reports of late payments, charge offs, lawsuits, and judgments can remain on their credit report for years.

29. While CSA represents to consumers that it does not give legal advice, and that lawsuits are extremely rare, it maintains a department called "Support Service," which was formerly known as "Litigation Support." This department is not staffed by licensed attorneys. CSA describes the duties of Support Services as "[a]ssist[ing] with Summons/Arbitration" and "[n]egotiat[ing] settlements with law offices." Consumers who receive a Summons or Notice of Arbitration are instructed to email or fax it to Support Services. Customer service representatives are instructed to transfer CSA clients to Support Services if there is a Summons or Notice of Arbitration in the consumer's file. Consumers allege that Support Services assisted the consumers in drafting answers to lawsuits. Support Services employees are given instruction sheets on litigation and arbitration. The training materials for this department include an answer form from the National Arbitration Forum. This form is filled out for the consumer, including a box that waives the consumer's right to a hearing.

30. While CSA never indicates to the consumer that it will most likely not be able to settle the consumer's debt for 40% or less of the amount owed, its training materials acknowledge that "Settlement Percentage Too High" is one of the top five reasons that consumers give for wanting to cancel the program.

31. As a result of CSA's debt settlement program, many consumers find themselves in far greater debt than when they enrolled in the program, with destroyed credit and out thousands of dollars in fees to Credit Solutions of America, the cause of this disastrous outcome.

VIOLATIONS OF DTPA

32. Plaintiff, the State of Texas, incorporates and adopts by reference the allegations contained in each and every preceding paragraph of this petition.

33. CSA, as alleged and detailed above, has in the course of trade and commerce engaged in false, misleading and deceptive acts and practices declared unlawful in § 17.46(a) and (b) of the DTPA. Such acts include:

- A. Engaging in false, misleading or deceptive acts or practices in violation of § 17.46(a) of the DTPA;
- B. Causing confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services in violation of § 17.46(b)(2) of the DTPA;
- C. Causing confusion or misunderstanding as to affiliation, connection, or association with, or certification by, another in violation of § 17.46(b)(3) of the DTPA;
- D. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not in violation of § 17.46(b)(5) of the DTPA;
- E. Disparaging the goods, services, or business of another by false or misleading representation of facts in violation of § 17.46(b)(8) of the DTPA;
- F. Representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law in violation of § 17.46(b)(12) of the DTPA; and
- G. Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such

information was intended to induce the consumer into a transaction which the consumer would not have entered into had the information been disclosed in violation of § 17.46(b)(24) of the DTPA.

PRAYER

34. By reason of the acts and practices described herein above, DEFENDANT has violated and will continue to violate the laws as herein alleged unless enjoined by this Honorable Court.

35. WHEREFORE, PREMISES CONSIDERED, Plaintiff prays that DEFENDANT be cited according to law to appear and answer herein; that after due notice and hearing a temporary injunction be issued; and that upon final hearing a permanent injunction be issued, restraining and enjoining DEFENDANT, its officers, agents, servants, employees, and attorneys and any other person in active concert or participation with DEFENDANT, from engaging in the following acts or practices:

A. Representing to consumers that Defendant will settle consumers debts for a certain percentage of the debt, or within a certain percentage range, unless Defendant has a substantial basis in fact for the representations.

1. For purposes of compliance with this term, the substantial basis in fact shall be:

a. Contractual agreements with creditors to settle debts with clients of the Defendant at the represented percentage of the debt, or within the represented percentage range, or

- b. A documented record of at least three years of settlement data which reflects that at least 75% of accounts handled by Defendant settled at or below the represented percentage or percentage range.
- B. Failing to refund the fees collected by Defendant for any account for which Defendant did not negotiate a settlement within the represented time frame of the debt settlement program sold to a consumer.
- C. Interfering in the contractual relationship between a consumer and his or her creditor, including but not limited to:
 - 1. Instructing the consumer not to talk with the creditor; and
 - 2. Instructing the consumer to discontinue payments to the creditor.
- D. Failing to inform consumers that CSA cannot assist with certain types of debt including, but not limited to, student loans.
- E. Failing to refund the fees associated with any consumer debt that should not have been included in a consumer's debt settlement program because CSA is unable to assist the consumer with that type of debt.
- F. Failing to disclose to consumers that they are likely to be sued by their creditors if the consumers stop making payments on their debts.
- G. Failing to disclose to consumers that CSA will not be able to assist the consumer in any way with any lawsuit that is filed by a creditor against the consumer.

- H. Failing to disclose to consumers that enrollment in a debt elimination program will likely result in aggressive collection efforts by the consumers creditors.
- I. Representing to consumers that Defendant can cease contact and collection efforts by the consumers creditors.
- J. Failing to disclose to consumers any creditors who refuse to work with Defendant and/or any other debt settlement companies.
- K. Failing to refund the fees associated with a debt if the creditor informs the consumer or Defendant that it will not work with a debt settlement service.
- L. Failing to disclose to consumers any settlement offers that are being made on the consumer's behalf to his or her creditors.
- M. Failing to verify that a consumer has adequate settlement funds prior to making settlement offers to a consumer's creditors.
- N. Failing to disclose that a consumer's debt will continue to increase while the consumer is participating in Defendant's debt settlement program, including but not limited to:
 - 1. Increases due to compounding interest;
 - 2. Late fees and other penalties for non-payment; and
 - 3. Increased interest rates due to default.

- O. Failing to disclose to consumers that the amount of debt they are ultimately required to pay in order to resolve a debt obligation may be far larger than the amount of debt with which they enter Defendant's program.
- P. Failing to disclose that Defendant cannot guarantee that the consumers creditors will agree to settle with the consumers for any amount less than the full amount owed.
- Q. Failing to disclose all costs associated with Defendant's debt settlement program, including but not limited to, certified mail fees.
- R. Failing to disclose that consumers will owe taxes on forgiven debt amounts.
- S. Failing to respond to customer inquiries in a timely manner.
 - 1. For purposes of compliance with this provision, voice mails and emails received by Defendant from current customers must be responded to within 24 hours, and Defendant must send a response to written inquiries received by Defendant from current customers by post within 5 business days of receipt.
- T. Requiring consumers to cancel the debt settlement program in writing.
- U. Failing to cease all automatic debits from the consumer's bank account once Defendant has received notice that the consumer wishes to cancel the debt settlement program.

- V. Failing to refund any monies that were debited from the consumers bank account after the Defendant received notice that the consumer wishes to cancel the debt settlement program.

36. Plaintiff further requests that upon final hearing this Court award such relief as the Court finds necessary to redress injury to consumers including, but not limited to, restitution of monies paid by consumers; and further order Defendant to pay to the State of Texas:

- A. Restitution of monies paid by consumers;
- B. Disgorgement of any ill-gotten gains;
- C. Civil penalties of up to \$20,000.00 per violation of the DTPA;
- D. Pre-judgment and post-judgment interest on all awards of restitution, damages, or civil penalties, as provided by law; and
- E. All costs of Court, costs of investigation, and reasonable attorney's fees pursuant to TEX. GOVT. CODE ANN. § 402.006(c).

37. Plaintiff further prays for such other relief to which Plaintiff may be justly entitled.

JURY DEMAND

38. Plaintiff asserts its right to a trial by jury, under Texas Constitution article 1, section 15, and makes this demand for a jury trial at least 30 days before the date this case is set for trial, in accordance with Texas Rule of Civil Procedure 216. Prepayment of jury fee by the State is waived by statute.

Respectfully submitted,

GREG ABBOTT
Attorney General of Texas

C. ANDREW WEBER
First Assistant Attorney General

JEFF L. ROSE
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Client Service Agreement

Important — Please read before signing

1. **Parties.** This entire AGREEMENT is made this day 4 of April, 2007, (hereinafter referred to as "CLIENT", even if more than one person) and CSA - Credit Solutions of America, Inc. (hereinafter referred to as "COMPANY") which is located at 15601 Dallas Parkway, Suite 700, Addison, Texas 75001.

2. **Effective Dates and Terms of Agreement.** The AGREEMENT will take effect as of the date stated in paragraph 1, but the effective date will be retroactive to the date Company first provided services. This AGREEMENT will terminate when all of CLIENT'S enrolled accounts have been resolved or upon termination by either party as provided below.

3. **Subject Matter of Agreement.** The subject matter of this representation of Client by Credit Solutions is for the resolution of outstanding debts through negotiation and settlement with the following creditors:

1	2	3	4	5
Capital One	American Express	Bank of America	Chase	Miscellaneous - Personal Loan
Discover Financial Services	American Express			

4. **General Obligations of COMPANY.** a) COMPANY will maintain the confidences and secrets of CLIENT. b) COMPANY will promptly and efficiently perform the duties described within the AGREEMENT, keep Client reasonably informed of progress, and respond promptly to inquiries and communications from CLIENT. c) COMPANY will notify CLIENT'S enrolled creditors within 72 hours of initial payment to COMPANY and request all telephone communications from creditors be directed the COMPANY corporate office. d) When appropriate, COMPANY will respond, or assist CLIENT in responding, to any communication between CLIENT and CLIENT'S enrolled creditors. e) Upon verification from CLIENT, of funds availability, COMPANY will facilitate negotiation and settlement of CLIENT'S enrolled credit accounts.

5. **General Obligations of CLIENT.** a) CLIENT agrees to be truthful and cooperative; to promptly notify COMPANY of any phone number or address changes; and to promptly forward all correspondence from creditors to COMPANY. b) CLIENT will fill out and return any and all papers and questionnaires supplied by COMPANY WITHIN FIVE DAYS. c) CLIENT will reasonably consider COMPANY'S recommendations regarding any potential settlements. d) CLIENT will inform COMPANY of any credit account(s) that may have a cosigner, may be secured by personal property or wages, or any accounts that are not enrolled with COMPANY and are held by the same creditor of an enrolled account, prior to enrollment with COMPANY. e) CLIENT will submit WITHIN FIVE DAYS anything CLIENT feels COMPANY should review in furtherance of CLIENT'S representation including but not limited to: correspondence, letters, records, receipts, bills statements, evidence, legal papers, and/or judgments.

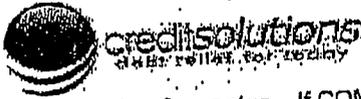
6. **Obligations of Both Parties Regarding Settlements.** a) COMPANY will inform CLIENT of the amount, and the terms and conditions of all written settlement offers. b) COMPANY will not settle CLIENT'S account without approval of CLIENT, who possesses the absolute right to accept or reject any settlement offer. c) CLIENT will notify COMPANY IN WRITING by mail, email, or facsimile of any settlement offers made directly to CLIENT, verbally or written, from any enrolled creditor. d) CLIENT WILL MAKE ALL SETTLEMENT PAYMENTS DIRECTLY TO CREDITOR.

7. **Compensation.** In consideration for debt negotiation and settlement services provided by COMPANY, CLIENT will pay to COMPANY a service fee equal to 15.00% of CLIENT'S total debt enrolled with COMPANY. Service fees will be paid according to paragraph 13 Service Fee payment schedule. CLIENT authorizes COMPANY to initiate debit of CLIENT'S bank account in accordance with the attached Electronic Funds Transfer Authorization for payment of the service fee. The attached Electronic Funds Transfer Authorization is hereby incorporated into this AGREEMENT by reference. CLIENT shall not instruct the bank holding any account from which COMPANY is authorized to draw funds to refuse payment or demand reimbursement without the express written concurrence of COMPANY. Any such action constitutes material breach of this agreement and gives grounds for termination of this agreement. No payment reschedule will be authorized within five business days of a scheduled payment date. Pertinent Document

Requirements. CLIENT must submit a complete financial profile to COMPANY WITHIN FIVE(5) BUSINESS DAYS including all correspondence, letters, records, receipts, bills, statements, evidence, legal papers, judgments and anything the CLIENT feels COMPANY should review in furtherance of CLIENT'S representation.

Client Initials **X**





8. **Service Guarantee.** If COMPANY is unable to settle an enrolled account, COMPANY will refund to CLIENT, an amount equal to 15.00% of that particular account balance at initial enrollment. CLIENT must have sufficient funds to settle the account in order to be eligible for service guarantee.

9. **Acknowledgement and Disclaimers.** CLIENT expressly acknowledges that COMPANY does not provide investment, tax, or legal advice of any kind. If CLIENT needs legal advice, legal expertise or court filings, CLIENT should consult with an attorney. CLIENT agrees COMPANY has not represented it will assist CLIENT in the modification, improvement or correction of credit entries on CLIENT'S credit reports or that COMPANY can stop all collection telephone calls or correspondence. CLIENT understands this AGREEMENT is not a "debt consolidation" agreement and COMPANY will not disburse any funds to any CLIENT creditor accounts, CLIENT understands debts less than one thousand dollars (\$1000.00) may require payment of the full balance due at the time of settlement and are therefore not subject to the service guarantee stated above. CLIENT understands contracted credit accounts will continue to accrue interest and/or late fees until accounts are settled. CLIENT also understands creditors may continue to impose other penalties as a result of delinquent payments, including but not limited to: the reporting of adverse information to credit bureaus, the filing of a lawsuit to collect subject debts if the creditor is unwilling to accept a settlement offer, or CLIENT is unable to propose a settlement offer acceptable to the creditor. CLIENT understands the services of COMPANY may have a negative impact on some clients' credit reports. CLIENT understands the discharge of indebtedness may be considered taxable income to CLIENT.

CLIENT acknowledges that COMPANY has not nor shall it take any actions to disrupt the relationship between CLIENT and any creditors or persons with whom CLIENT has any contractual or business relationship. CLIENT further acknowledges that COMPANY has not provided CLIENT with any advice or recommendations regarding the reduction or termination of payments to creditors. CLIENT has engaged COMPANY for the sole purpose of negotiating a resolution of said creditors within the AGREEMENT.

10. **Arbitration of Dispute.** - If there is any dispute between the parties arising out of this agreement, the parties agree to submit that dispute to binding arbitration under the auspices of the American Arbitration Association (AAA). If such arbitration is held under the auspices of any other organization, the arbitration will be held in accord with AAA rules to the extent possible. Binding arbitration means that both parties give up the right to a trial by jury and to appeal except for a narrow range of issues that may be appealed under Texas law. Discovery may be limited by the arbitrator.

11. **Choice of Law and Jurisdiction.** - In the event of any dispute regarding this AGREEMENT including but not limited to service fees and costs, CLIENT and COMPANY agree that venue of resolution shall be in the county and city of Dallas, Texas. Both COMPANY and CLIENT agree that the laws of the State of Texas shall govern any disputes arising from this AGREEMENT.

12. **Client Payments to Creditors.** CLIENT agrees to budget in personal savings 390.12 per month for 14 months, beginning 07/10/2007, then 760.48 per month, all on the 10 th day of the month beginning 09/10/2008. These funds are budgeted for ultimate distribution to creditors, and will be budgeted until all contracted creditors are settled in full. CLIENT will make all settlement payments directly to creditors.

13. SERVICE FEES. Credit Solutions charges a flat 15.00% service fee for all services provided.		
TOTAL SERVICE FEE:	7,466.60	PAYMENT SCHEDULE:
Payment Schedule: 1st payment	760.48	Due on: 04/10/2007
Payment Schedule: 2nd payment	760.48	Due on: 05/10/2007
Payment Schedule: 3rd payment	760.48	Due on: 06/10/2007
Payment Schedule: Remaining Service FEE	14 Payments of \$370.36	Beginning on: 07/10/2007

Client Initials **X**

Enrollment Summary Page

Client:

**** Please Note: This page must be returned with your Enrollment Package in order for the set up of your file to be completed.**

Credit Solutions Estimated Settlement Plan Cost		Credit Solutions Service Fee Payment Schedule		Estimated Personal Savings Plan for Payments to Creditors	
Total Unsecured Debt:	49,776.66	Credit Solutions Total Service Fee:	7,466.50	Estimated Settlement Amount (Approx. 40%):	19,910.66
Estimated Settlement Amount (Approx. 40%):	19,910.66	3 Initial Payment(s) of:	780.48	Savings Budget During Initial Payments:	* Optional *
Credit Solutions Service Fee:	7,466.50	Credit Solutions Initial Payment Total:	2,281.44	Minimum Savings During 14 Remaining Service Fee Payments:	390.12
Total Debt Elimination Cost:	27,377.16	Remaining Service Fee Balance:	5,185.06	Minimum Personal Saving Payments After Credit Solutions Fee is Paid:	760.48
Total Debt Savings:	22,399.50	14 Monthly Service Fee Payments of:	370.36	Total Payments towards Savings After All Payments:	19
Estimated Monthly Budget Payments:	780.48	Total Months to Payoff Service Fee:	17	Estimated DEBT FREE Time Frame:	36 Months

**** NOTE:** The estimated saving plan is the minimum suggested for payoff of your enrolled accounts. Credit Solutions highly recommends that any additional funds, which may become available, be allocated towards your personal savings account. You are encouraged to add as much towards savings as possible, as it is to your advantage to do so. The quicker you save money, the sooner you can get your enrolled debts resolved.

ACH Debit Service Fee Summary / Personal Savings Summary			
Program Start Date:	04/10/2007	3 Initial Payments of:	760.48
Remaining Service Fee Start Date:	07/10/2007	14 Monthly Service Fee Payments of:	370.36
Personal Savings Start Date:	07/10/2007	14 Personal Savings Deposits of:	390.12

***Important:** The above debit schedule is the Credit Solutions recommended payment and personal savings budget. Any date changes of your scheduled ACH Debit, Credit Solutions service fee payments, require a minimum of five(5) business days notice.

Electronic Funds Transfer Authorization

As a duly authorized check signer on the financial institution account identified below, I/We authorize CSA - Credit Solutions of America, Inc. to perform scheduled electronic funds transfer debits from my/our account identified below for service fee payments due, or when applicable, apply electronic funds transfer credits to the same account. This applies to check by phone payments as well as any other electronic payment.

Furthermore, if any electronic debit(s) should be returned by my financial institution as Non-Sufficient Funds (NSF), I/We authorize, CSA - Credit Solutions of America, Inc. to collect a returned item fee of \$10.00 per item by electronic debit from the account identified below.

For accounting purposes, all electronic debits and/or credits will be reflected in the monthly bank statement that corresponds with the financial institution account identified below.

I/We understand and authorize all of the below as evidenced by my/our signature below.

Financial Institution:		Branch:	
City:	State:	Zip:	
Routing/ABA#:	Account #:	Account Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings	
Signature:		Date: 4/4/07	
Spouse/ Cosigner Signature (if Applicable):		Date:	

Client ID: 3583936