

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

STATE OF NEBRASKA, ex rel.)
DOUGLAS J. PETERSON, ATTORNEY)
GENERAL, AND MARK QUANDAHL,)
DIRECTOR, NEBRASKA)
DEPARTMENT OF BANKING AND)
FINANCE,)

CI 16 - 1522

Plaintiff,)

v.)

AGREEMENT TO ENTRY OF FINAL
CONSENT JUDGMENT

CASHCALL, INC., DELBERT)
SERVICES CORPORATION, J. PAUL)
REDDAM, MARTIN A. WEBB,)
WESTERN SKY FINANCIAL, LLC,)
AND WS FUNDING, LLC,)

Defendants.)

AGREEMENT TO ENTRY OF FINAL CONSENT JUDGMENT

The State of Nebraska, by Douglas J. Peterson, Nebraska Attorney General, and Mark Quandahl, Director of the Nebraska Department of Banking and Finance, by and through the undersigned counsel (hereinafter collectively referred to as "Plaintiff" or "the State of Nebraska"), has filed a Complaint against Defendants CashCall, Inc., Delbert Services Corporation, J. Paul Reddam, Martin A. Webb, Western Sky Financial, LLC, and WS Funding, LLC (hereinafter collectively referred to as "Defendants"), requesting a permanent injunction and other relief in this matter pursuant to the Nebraska Consumer Protection Act, Neb. Rev. Stat. § 59-1601 et seq.

LANCASTER COUNTY
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DISTRICT COURT



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(hereinafter “Consumer Protection Act”), the Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. § 87-301 et seq. (hereinafter “Uniform Deceptive Trade Practices Act”), and the Nebraska Installment Loan Act, Neb. Rev. Stat. § 45-1001 et seq. (hereinafter “Nebraska Installment Loan Act”) alleging Defendants committed violations of the aforementioned Acts in the offering, lending, collecting, and servicing of loans to Nebraska Borrowers.

NOW THEREFORE, upon the consent of the Parties hereto, **IT IS HEREBY AGREED AS FOLLOWS:**

Plaintiff, by its counsel, and Defendants, by their counsel, have consented to the entry by the Court of a final consent judgment approving this Agreement to Entry of Final Consent Judgment (hereinafter “Agreement”) without trial or adjudication of any issue of fact or law, and without admission of any wrongdoing or admission of any violations of law, including but not limited to violations of the Consumer Protection Act, the Uniform Deceptive Trade Practices Act, or the Nebraska Installment Loan Act.

PARTIES

1. Douglas J. Peterson, is the duly elected, qualified, and acting Attorney General of the State of Nebraska. The Nebraska Attorney General is responsible for enforcement of Nebraska consumer protection laws, including, but not limited to, the Consumer Protection Act and the Uniform Deceptive Trade Practices Act.

2. Mark Quandahl, the duly appointed Director of the Nebraska Department of Banking and Finance, brings the above-captioned action in his official capacity pursuant to the Nebraska Installment Loan Act.

3. Western Sky Financial, LLC is a limited liability company organized under the laws of South Dakota with its principal place of business located at 612 E Street, Timber Lake, SD

57656.

4. Martin A. Webb is the managing and sole member/owner of Western Sky Financial, LLC.

5. CashCall, Inc. is a California corporation with its principal place of business located at One City Boulevard West, Suite 1000, Orange, CA 92868.

6. WS Funding, LLC is a Delaware limited liability company and a wholly-owned subsidiary of CashCall, Inc.

7. Delbert Services Corporation was a Nevada corporation with its principal place of business at 7125 Pollock Drive, Las Vegas, NV 89119.

8. J. Paul Reddam is the chief executive officer, president, and sole owner of CashCall, Inc., the president of WS Funding, LLC, and was the director and sole owner of Delbert Services Corporation.

DEFINITIONS

9. **“Claim Deadline”** shall mean the date one-hundred and eighty-three (183) calendar days after the Effective Date by which Refund Eligible Borrowers must submit their Claim Form.

10. **“Effective Date”** shall mean the date on which a copy of this Agreement, duly executed by Defendants and Plaintiff, is approved by the Court, pursuant to a final consent judgment of the Court.

11. **“Fund Administrator”** shall mean the third party payment administrator mutually agreed upon by the Parties.

12. **“Fund Administration Expenses”** shall mean any and all expenses associated with creating, maintaining, and administering the Nebraska Western Sky Settlement Fund, as

defined in § 22(A) below, including, but not limited to, expenses incurred in connection with providing notice to Nebraska Borrowers, processing their submitted claims, issuing Pro Rata Refunds to Refund Eligible Borrowers, and any payment(s) made to any Refund Eligible Borrower pursuant to § 26(J) below.

13. **“Loan Proceeds”** shall mean the sum of money actually provided to the Nebraska Borrower excluding any fees or charges added to the principal balance, such as origination/processing fees, late fees, or prepaid finance charges.

14. **“Nebraska Borrower”** shall mean borrowers who entered into loans with Western Sky Financial, LLC since March 1, 2011 while residing in Nebraska.

15. **“Notice Period”** shall mean the period one-hundred and eighty-three (183) calendar days after the Effective Date during which the Fund Administrator shall make all reasonable efforts to contact Nebraska Borrowers.

16. **“Refund Eligible Borrower”** shall mean any Nebraska Borrower who repaid an amount equal or greater than their Loan Proceeds, plus sixteen percent (16%) interest per annum, to Defendants.

APPLICATION

17. The provisions of this Agreement apply to the Defendants and their principals, owners, directors, officers, shareholders, employees, successors or assigns, and agents in active concert or participation with any of the foregoing over which the State of Nebraska has jurisdiction. For the avoidance of doubt, the terms “successors,” “assigns,” and “agents in active concert or participation” do not apply to unrelated third parties that have purchased and/or acquired loans from Defendants.

INJUNCTION

18. Defendants will immediately cease and desist from violating the Consumer Protection Act, the Uniform Deceptive Trade Practices Act, and the Nebraska Installment Loan Act.

19. Unless and until Defendants are properly licensed and/or otherwise comply with Nebraska law, Defendants will cease and desist from soliciting, advertising, offering, or making any loans of any kind to Nebraska residents. For the avoidance of doubt, in accordance with this prohibition, if Defendants offer loans that are not fully compliant with Nebraska law (including licensing requirements), Defendants: (a) will remove Nebraska from any drop down list of states in which their loans are available on any and all websites that Nebraska residents may access to apply for loans from Defendants; (b) will add Nebraska to all lists and notices appearing on any websites or other marketing materials that identify states in which their loans are not available; and (c) will otherwise ensure that their loans are unavailable to any applicants who identify themselves as Nebraska residents or who provide addresses located within Nebraska.

20. Unless and until Defendants are properly licensed and/or otherwise comply with Nebraska law, Defendants will not refer any Nebraska resident to any other lender, lead generator, or independent person to obtain a loan, whether or not affiliated with the Defendants.

21. Defendants will not transfer and/or sell the personal information of Nebraska residents to any other lender, lead generator, or independent person, or otherwise use such personal information to target Nebraska residents with offers for any usurious loans.

CONSUMER RESTITUTION

22. Nebraska Western Sky Settlement Fund and Fund Administrator.

A. Defendants will establish a settlement fund in the amount of nine hundred

fifty thousand dollars (\$950,000.00) (hereinafter the “Nebraska Western Sky Settlement Fund”) for the benefit of Nebraska Borrowers who are eligible for a Pro Rata Refund as described in § 25(B) below. Defendants will, at their expense, retain a Fund Administrator to maintain and administer the Nebraska Western Sky Settlement Fund and conduct the associated notice and claim processes for Nebraska Borrowers. Defendants will pay the amount of nine hundred fifty thousand dollars (\$950,000.00) into the Nebraska Western Sky Settlement Fund within thirty (30) calendar days of the Effective Date or May 15, 2016, as long as the Court has approved this Agreement, whichever is earlier.

B. Payment made by Defendants into the Nebraska Western Sky Settlement Fund shall be held in irrevocable trust by the Fund Administrator for the benefit of Nebraska Borrowers. Once paid, Defendants shall have no right, title, or interest in, nor any power, privilege, or incident of ownership with respect to assets paid into the Nebraska Western Sky Settlement Fund. Defendants likewise shall have no right or ability to alter, amend, revoke, or terminate the Nebraska Western Sky Settlement Fund.

C. The Fund Administrator shall pay or distribute assets from the Nebraska Western Sky Settlement Fund only in accordance with, and as specifically authorized by, this Agreement. Any questions by the Fund Administrator about the requirements of this Agreement will be presented expeditiously to the Parties for resolution.

D. The State of Nebraska shall have the right to remove and replace the Fund Administrator for failing to comply with the terms of this Agreement or for otherwise acting improperly.

E. Defendants are jointly and severally responsible for, and agree to pay, any and all Fund Administration Expenses. All Fund Administration Expenses will be

separately and directly paid by Defendants. Fund Administration Expenses shall not be paid from, or otherwise reduce, the one hundred fifty thousand dollars (\$150,000.00) in payments to the State of Nebraska under § 29 below or the nine hundred fifty thousand dollars (\$950,000.00) paid into the Nebraska Western Sky Settlement Fund pursuant to § 22(A) above. In no event shall the State of Nebraska have any liability whatsoever to Defendants, the Fund Administrator, or Nebraska Borrowers arising out of or relating to the Nebraska Western Sky Settlement Fund, its administration, or the disposition of assets from the Fund.

F. Any interest earned on the Nebraska Western Sky Settlement Fund shall be paid to the Nebraska Attorney General's Office in the manner of, and for the purposes defined in, § 29(A) below. Such payment must occur prior to or upon dissolution of the Nebraska Western Sky Settlement Fund.

23. Loan Analysis and Borrower Refunds.

A. Within fourteen (14) calendar days of the Effective Date, Defendants will provide to the State of Nebraska and the Fund Administrator an updated, complete list of all loans originated by Western Sky Financial, LLC made to Nebraska Borrowers. Said list shall include with respect to each loan identified: (a) the Nebraska Borrower's name, last-known address, telephone number (if available), and e-mail address (if available); (b) the loan identification number; (c) the date the loan was made; (d) the amount of the Loan Proceeds; (e) the loan term, monthly payment amount, interest rate charged, and all origination/processing, late, and other fees charged on the loan; (f) the total amount paid to Defendants on the loan, inclusive of all payments of principal, interest, and fees of any nature; (g) the current status of the loan (i.e., charged off, paid off, sold, or outstanding);

and (h) if outstanding, the total unpaid balance reflected as owing on the loan. Defendants will additionally provide, to the Fund Administrator only, any unique identifying information for each Nebraska Borrower required by the Fund Administrator to process and ensure the validity of a borrower's claim (e.g., last four digits of a borrower's social security number), together with such other information requested by the Fund Administrator that may be reasonably necessary to discharge its duties under this Agreement.

B. The Parties agree that information provided in the list of all loans originated by Western Sky Financial, LLC to Nebraska Borrowers shall be consistent with the amounts disclosed in connection with settlement negotiations, provided, however, that Defendants agree to correct any errors identified if such correction would benefit a Nebraska Borrower(s). The Parties agree to work in good faith to resolve any disagreements concerning information contained in the aforementioned list.

C. If a loan identified in the foregoing paragraph has been sold or assigned to an unaffiliated third party, Defendants will provide to the State of Nebraska, within the timeframe specified and with respect to each loan: (a) the date of the sale or assignment; (b) the total unpaid balance reflected as owing at the time of the sale or assignment; and (c) the name, address, and telephone number of the entity to which the loan was sold or assigned.

D. Upon request by the State of Nebraska, Defendants will provide to the State of Nebraska any other documentation and information that may be reasonably necessary to confirm compliance with this Agreement.

24. Settlement Notice and Claim Form.

A. Beginning within thirty (30) calendar days of the Effective Date and continuing for one hundred eighty-three (183) calendar days, the Fund Administrator will make all reasonable efforts to locate and directly contact every Nebraska Borrower including contact by mail, with duplicate and/or follow-up notice by e-mail and telephone as the Fund Administrator deems necessary to effectuate the purposes of this paragraph, providing notice of this Agreement and the corresponding Final Consent Judgment and the borrower's rights and obligations hereunder (hereinafter "Settlement Notice").

B. The Settlement Notice shall clearly and conspicuously advise Nebraska Borrowers of the loan forgiveness, credit reporting, and Pro Rata Refund provided for and/or available to each Nebraska Borrower under this Agreement and the corresponding Final Consent Judgment.

C. The Settlement Notice shall contain language clarifying the relationship between this Agreement and any settlement preliminarily and/or finally approved in *Heldt, et al. v. Payday Financial, LLC, et al.*, No. 3:13 Civ. 03023 (RAL) (D.S.D.) (hereinafter the "*Heldt* Settlement") and Refund Eligible Borrowers' ability to obtain restitution under either or both actions.

D. Defendants shall direct the Fund Administrator to make all reasonable efforts throughout the execution of all actions necessary to fulfill this Agreement to locate, contact, and/or follow-up with all Refund Eligible Borrowers. Reasonable efforts shall include communication by written letter, email, telephone, or any other reasonable method. Reasonable efforts shall also include, but not be limited to, the use of commercially available databases, public records, and other resources to ensure that Nebraska Borrowers are located and provided the Settlement Notice.

E. The Fund Administrator shall work with the State of Nebraska to draft appropriate and clear communications to Refund Eligible Borrowers consistent with the terms of this Agreement and the corresponding Final Consent Judgment. The Fund Administrator and the State of Nebraska shall, in good faith, consider Defendants' input on the drafting of appropriate communications.

F. The Fund Administrator may make all reasonable efforts to mitigate any real or potential confusion arising from Refund Eligible Borrowers' ability to claim restitution under multiple settlement agreements.

G. The Settlement Notice will enclose a claim form that Nebraska Borrowers may complete and return to receive a Pro Rata Refund on their loan originated by Western Sky Financial, LLC (hereinafter "Claim Form"), as described in § 25(B) below. The Settlement Notice will also enclose a postage-paid, business reply envelope that Nebraska Borrowers may use to mail their Claim Form to the Fund Administrator. The Fund Administrator shall work with the State of Nebraska to prepare and determine the final form of the Claim Form in a manner that maintains appropriate measures to promote accuracy and prevent fraudulent claims. The Fund Administrator and the State of Nebraska shall in good faith, consider the Defendants' input on drafting the final Claim Form.

H. The Claim Form will require Nebraska Borrowers to certify under penalty of law that the information provided is true and correct.

I. Following receipt of a Nebraska Borrower's Claim Form, the Fund Administrator may, at its discretion, request additional information from that borrower to the extent necessary to reasonably promote accuracy, prevent fraud, and/or substantiate the borrower's claim.

J. The Fund Administrator, in consultation with the State of Nebraska, may prepare and include with the Settlement Notice instructions for completing the Claim Form and/or answers to frequently or commonly asked questions (“FAQs”). The Fund Administrator and the State of Nebraska shall, in good faith, consider the Defendants’ input on drafting instructions for completing the Claim Form and/or answers to FAQs. The Fund Administrator will prepare and mail to Nebraska Borrowers both English and Spanish versions of the Settlement Notice, Claim Form, and any Claim Form instructions or FAQs.

K. In addition to all other reasonable efforts to contact Refund Eligible Borrowers regarding the Settlement Notice and Claim Form, the Fund Administrator will develop and maintain a website that provides notice to Nebraska Borrowers of this Agreement and the corresponding Final Consent Judgment (including a link to this Agreement) and advises borrowers of their rights and obligations hereunder. The website will also, with appropriate measures to minimize fraud and promote accuracy, include a process enabling Nebraska Borrowers to complete and submit their Claim Form online instead of by mail. The Fund Administrator will develop and implement the online Claim Form process in compliance with the Claim Form requirements contained in this section.

25. Calculation of Refund Amount.

A. Refund Eligible Borrowers as defined in § 16 above are eligible to receive a Pro Rata Refund from the Nebraska Western Sky Settlement Fund in accordance with the formula below.

B. The Fund Administrator will perform the following calculation to determine the Pro Rata Refund for each Refund Eligible Borrower:

i. Determine each Refund Eligible Borrower’s “Individual Claim

Amount” by: (a) amortizing the Refund Eligible Borrower’s loan originated by Western Sky Financial, LLC at 16% interest per annum using the same Loan Proceeds and loan term, then adding all payments due to determine the Total Amount Collectable (hereinafter “Total Amount Collectable”) on the loan; (b) adding all payments made by the Refund Eligible Borrower to Defendants on the loan, including all payments of principal, interest, and fees of any nature (hereinafter “Borrower’s Total Payments”), and (c) subtracting the Total Amount Collectable on the loan from the Borrower’s Total Payments, the difference of which is the Refund Eligible Borrower’s Individual Claim Amount (hereinafter “Individual Claim Amount”);

ii. Add the Individual Claim Amounts of all Refund Eligible Borrowers, the sum of which is the Total Claims (hereinafter “Total Claims”). However, when performing this calculation, the Fund Administrator will exclude as *de minimis* any Individual Claim Amount that is less than five dollars (\$5.00), because it is anticipated that such a claim will result in a Pro Rata Refund less than one dollar (\$1.00) (hereinafter “De Minimis Claim”). Any Refund Eligible Borrower submitting a De Minimis Claim will not receive a Pro Rata Refund, but is entitled to the loan forgiveness relief described below;

iii. Divide the nine hundred fifty thousand dollars (\$950,000.00) available in the Nebraska Western Sky Settlement Fund by the Total Claims, resulting in the Pro Rata Claim Percentage (hereinafter “Pro Rata Claim Percentage”); and

iv. Multiply the Pro Rata Claim Percentage by the Individual Claim

Amount of each Refund Eligible Borrower (except those submitting De Minimis Claims), resulting in the Pro Rata Refund (hereinafter “Pro Rata Refund”) for that borrower.

C. If the Fund Administrator experiences any unforeseen difficulties when calculating or applying the Pro Rata Refund formula as described in this section, the Fund Administrator will consult with the State of Nebraska to resolve these difficulties.

D. The Fund Administrator shall identify the five Refund Eligible Borrowers entitled the largest Pro Rata Refunds. Once identified, the Fund Administrator shall disclose said Refund Eligible Borrowers’ names and contact information to Plaintiff and Defendants. Within five (5) calendar days of disclosure, Defendants shall provide Plaintiff with copies of all documentation relevant to the five (5) identified Refund Eligible Borrowers’ loans including the loan agreement and payment history.

26. Claims Processing, Pro Rata Refund Check, and Disposition of Unclaimed Funds.

A. A Nebraska Borrower must file his or her Claim Form by the Claim Deadline. If filed by mail, a Claim Form will be deemed timely “filed” with the Fund Administrator if it bears a postmark (or other mailing confirmation if by delivery method other than U.S. Mail) dated on or before the Claim Deadline. If filed online, a Claim Form will be deemed timely “filed” with the Fund Administrator if the online Claim Form process is completed at or before 11:59 p.m. Central Standard Time on the Claim Deadline.

B. If a Refund Eligible Borrower does not submit a Claim Form by the Claim Deadline, the Fund Administrator will report and remit the Refund Eligible Borrower’s Pro Rata Refund to the Nebraska State Treasurer’s Office as unclaimed property, pursuant to Nebraska’s Uniform Disposition of Unclaimed Property Act, Neb. Rev. Stat. § 69-1301 et

seq.

C. If a Refund Eligible Borrower submits a Claim Form after the Claim Deadline, the Fund Administrator shall refer the Refund Eligible Borrower to the appropriate contacts at the Nebraska State Treasurer's Office.

D. The Fund Administrator will accept and process all Claim Forms submitted on or before the Claim Deadline as they are received, determining whether the Claim Form is valid, and using appropriate measures to promote accuracy and prevent fraudulent claims.

E. Within fourteen (14) calendar days of receiving a Claim Form, the Fund Administrator shall determine if a Claim Form is valid and, if valid, mail to the Refund Eligible Borrower (except those submitting De Minimis Claims as defined in § 25(B)(ii) above) his or her Pro Rata Refund check, which shall be valid for sixty (60) calendar days after the date issued.

F. If a Pro Rata Refund check is returned undeliverable to the Fund Administrator, for a period of thirty (30) calendar days after the check is returned undeliverable, the Fund Administrator will make all reasonable efforts to locate the Refund Eligible Borrower and deliver his or her Pro Rata Refund check. If the Fund Administrator subsequently locates the Refund Eligible Borrower within this 30-day period, the Fund Administrator will mail a re-issued Pro Rata Refund check to the Refund Eligible Borrower valid for sixty (60) calendar days after the date it is re-issued.

G. If a Pro Rata Refund check is delivered but remains uncashed after its sixty (60) calendar day validity period, the Fund Administrator will promptly make all reasonable efforts to notify the Refund Eligible Borrower including by mail with duplicate

notice, by e-mail, and telephone as the Fund Administrator deems necessary, that his or her Pro Rata Refund check was not cashed. If the Refund Eligible Borrower contacts the Fund Administrator within thirty (30) calendar days after this notice is given, the Fund Administrator will mail a re-issued Pro Rata Refund check to the Refund Eligible Borrower valid for forty-five (45) calendar days after the date it is re-issued.

H. Within fourteen (14) calendar days after the last applicable period that a Pro Rata Refund check could be reissued and validly cashed under this section, the Fund Administrator will report and remit to the Nebraska State Treasurer's Office as unclaimed property, pursuant to Nebraska's Uniform Disposition of Unclaimed Property Act, Neb. Rev. Stat. § 69-1301 et seq., any undeliverable or uncashed funds remaining in the Nebraska Western Sky Settlement Fund.

I. After all funds in the Nebraska Western Sky Settlement Fund are paid to Refund Eligible Borrowers or remitted to the Nebraska State Treasurer's Office pursuant to § 26 of this Agreement, the Nebraska Western Sky Settlement Fund shall be dissolved. The Nebraska Western Sky Settlement Fund must be dissolved by or before five hundred fifty (550) calendar days after the Effective Date.

J. Should any Refund Eligible Borrower be identified to or by any Party to this Agreement before the Claims Deadline who was not included on the list provided by Defendant to Plaintiff under § 23 above, Defendants shall directly issue within thirty (30) calendar days a refund equal to said borrower's Individual Claim Amount multiplied by the Pro Rata Claim Percentage established under § 25 above. Said payment shall be in addition to Pro Rata Refunds provided through the Nebraska Western Sky Settlement Fund and shall in no way diminish said fund. Any Refund Eligible Borrower requesting a refund

under this provision must provide documentation substantiating the claim to the reasonable satisfaction of the Plaintiff and Defendants. Further, any Refund Eligible Borrower receiving a refund under this subdivision must agree to execute a release pursuant to § 31 below.

27. Reporting by Fund Administrator.

A. Beginning thirty (30) calendar days after commencement of the Notice Period and until dissolution of the Nebraska Western Sky Settlement Fund under § 26(I) above, the Fund Administrator shall provide to the State of Nebraska and Defendants a monthly report containing the following information, as applicable, for the monthly period:

- i. number of Settlement Notices mailed and date(s) of mailing;
- ii. number of Settlement Notices returned undeliverable or for which the Nebraska Borrower could not be located;
- iii. number of Claim Forms received;
- iv. number of Claim Forms deemed materially deficient, and date and manner of providing notice of deficiency to each claimant;
- v. number of deficient Claim Forms subsequently cured;
- vi. number of Claim Forms deemed invalid;
- vii. name and loan identification number of each Nebraska Borrower whose Claim Form was deemed deficient or invalid;
- viii. reason(s) each Claim Form was deemed deficient or invalid;
- ix. number of valid Claim Forms in total, from Refund Eligible Borrowers;
- x. time period between determining Claim Forms valid and mailing of

Pro Rata Refund checks;

- xi. number of untimely filed Claim Forms;
- xii. number of Pro Rata Refund checks mailed and date(s) of mailing;
- xiii. number of Pro Rata Refund checks returned undeliverable;
- xiv. number of Pro Rata Refund checks remaining uncashed after check's validity period;
- xv. contact information for, and the amount of, each individual Refund Eligible Borrower's Pro Rata Refund reported and remitted to the Nebraska State Treasurer's Office under § 26(B) above;
- xvi. total amount reported and remitted to the Nebraska State Treasurer's Office under § 26(B) above; and
- xvii. total amount reported and remitted to the Nebraska State Treasurer's Office upon dissolution of the Nebraska Western Sky Settlement Fund under § 26(H) and (I) above.

B. Upon request by the State of Nebraska, the Fund Administrator will provide to the State of Nebraska any other documentation and information that may be reasonably necessary to confirm compliance with this Agreement and the corresponding Final Consent Judgment.

28. Loan Forgiveness and Credit Reporting.

A. Defendants will immediately cease and desist from making any credit reports to credit bureaus with respect to loans originated by Western Sky Financial, LLC to Nebraska Borrowers, and within fourteen (14) calendar days of the Effective Date shall notify any credit bureau or credit agency, check clearinghouse, or other related service that

maintains a record of the Nebraska Borrowers' loans, that all loan information reported by Defendants relating to loans originated by Western Sky Financial, LLC should be removed from the Nebraska Borrowers' credit history.

B. As of the Effective Date, Defendants will permanently cease and desist from selling or assigning loans originated by Western Sky Financial, LLC to Nebraska Borrowers, to any unaffiliated third party.

C. Within fourteen (14) calendar days of the Effective Date, Defendants shall cancel all current, delinquent, defaulted, charged-off, or outstanding loans originated by Western Sky Financial, LLC to a Nebraska Borrower that Defendants own as of the Effective Date, such that all amounts due on such loans shall be reduced to zero dollars (\$0.00). Defendants shall not undertake any efforts to collect on these loans and shall refund any further payments on these loans. If Defendants reacquire any loans originated by Western Sky Financial, LLC, which Defendants previously made to Nebraska Borrowers, within fourteen (14) calendar days of reacquiring the loans, Defendants shall cancel those loans such that all amounts due on such loans shall be reduced to zero dollars (\$0.00). Defendants shall not undertake any efforts to collect on those loans, and shall refund any further payments on those loans.

D. Defendants are permanently enjoined from representing to Nebraska Borrowers who qualify to have loans cancelled that they must release or discharge any grievance, suit, cause of action, or claim against Defendants to receive loan cancellation pursuant to this Agreement and the corresponding Final Consent Judgment.

MONETARY PAYMENT

29. Defendants, jointly and severally, shall pay to the State of Nebraska the total

amount of one hundred fifty thousand dollars (\$150,000.00) as follows:

A. Within thirty (30) calendar days of the Effective Date or May 15, 2016, as long as the Court has approved this Agreement, whichever is earlier, Defendants shall pay seventy-five thousand dollars (\$75,000.00) to the Nebraska Attorney General's Office to be placed in the State Settlement Cash Fund for such purposes that may include but are not limited to, defraying the costs of the inquiry leading hereto, attorney's fees and other costs of investigation and litigation, consumer protection enforcement, consumer education, or for other uses permitted by Nebraska law.

B. Within thirty (30) calendar days of the Effective Date or May 15, 2016, as long as the Court has approved this Agreement, whichever is earlier, Defendants shall pay seventy-five thousand dollars (\$75,000.00) to the Nebraska Department of Banking and Finance to be placed in the Department of Banking Settlement Cash Fund for such purposes that may include but are not limited to, defraying the costs of the inquiry leading hereto; attorney's fees and other costs of investigation and litigation, enforcement of financial, securities, or consumer issues; education; or for other uses permitted by Nebraska law.

30. The Parties acknowledge the payment described herein is not a fine, penalty, or payment in lieu thereof.

RELEASE

31. Nebraska Borrowers who submit a Claim Form to receive the Pro Rata Refund relief provided in § 25 above, must agree and execute a Release as part of the Claim Form indicating that they forever and absolutely release and discharge Defendants and their principals, directors, officers, shareholders, employees, successors or assigns, and agents in active concert or participation with any of the foregoing (hereinafter "Released Parties), from any and all

grievances, suits, causes of action, and any claims of any nature whatsoever relating to or arising out of the origination, making, lending, collecting, or servicing of any loan originated by Western Sky Financial, LLC to that Nebraska Borrower, whether arising in contract, tort, statute, or any other theory of action, whether arising in law or equity, whether known or unknown, choate or inchoate, matured or unmatured, contingent or fixed, liquidated or unliquidated, accrued or unaccrued, asserted or unasserted, based upon any fact, whether known or unknown, that is based on actions, facts, or occurrences that happened prior to the Effective Date. However, Nebraska Borrowers who execute the Release as part of their Claim Form, but who do not actually receive the Pro Rata Refund relief provided in § 25 above because their Claim Form is untimely, materially deficient, invalid, or for any other reason, are not bound by the Release. For the avoidance of doubt, the terms “successors,” “assigns,” and “agents in active concert or participation” as used in this paragraph do not apply to unrelated third parties that have purchased and/or acquired loans from Defendants. For the further avoidance of doubt, nothing in this Agreement shall preclude a Nebraska Borrower (including, but not limited to, a Nebraska Borrower who participates in, who may participate in, or who otherwise benefits or stands to benefit from this Agreement or the *Heldt* Settlement) from obtaining relief under the terms of a finalized *Heldt* Settlement nor will the *Heldt* Settlement preclude a Nebraska Borrower from obtaining relief under the terms of this Agreement. Notwithstanding the foregoing concerning the relationship between the *Heldt* Settlement and this Agreement, any Nebraska Borrower who obtains relief under the terms of the *Heldt* Settlement, or who is otherwise bound by a finalized *Heldt* Settlement, shall, consistent with law, be barred from maintaining or participating in a separate class, individual, or other private party action against Defendants and/or released parties in *Heldt* relating to the conduct at issue in *Heldt*.

32. Notwithstanding the foregoing, Nebraska Borrowers who submit a claim form to

receive Pro Rata Refund relief will not be required to release or discharge any grievances, suits, causes of action or claims against any of the Released Parties not arising out of the conduct alleged in the Complaint filed by Plaintiff in this matter, related to future collections activity, or made by any other government authority in the public interest.

33. Subject to § 31 above, the Parties acknowledge and agree that nothing in this Agreement or the corresponding Final Consent Judgment shall be construed to limit or affect the rights of any Nebraska resident or other person or entity to take any action, assert any claim, or otherwise pursue any available right or remedy, nor do they create any private rights or causes of action in any third parties.

34. Upon execution of this Agreement and entry of the corresponding Final Consent Judgment, and as long as Defendants are in compliance with the terms of this Agreement, the State of Nebraska, to the extent permitted by law, hereby releases and discharges Defendants and their principals, directors, officers, shareholders, employees, successors or assigns, and agents in active concert or participation with any of the foregoing, from any and all claims, grievances, suits, and causes of action under the Consumer Protection Act, the Uniform Deceptive Trade Practices Act, and/or the Nebraska Installment Loan Act, relating to, or arising out of, Defendants' originating, making, lending, collecting, or servicing of loans originated by Western Sky Financial, LLC to Nebraska Borrowers prior to the Effective Date. For the avoidance of doubt, the terms "successors," "assigns," and "agents in active concert or participation" as used in this paragraph do not apply to unrelated third parties that have purchased and/or acquired loans from Defendants.

COMPLIANCE AND ENFORCEMENT

35. Notwithstanding § 34 above, Defendants acknowledge and agree that if they fail to comply with the terms of this Agreement or the corresponding Final Consent Judgment, the State

of Nebraska shall be entitled to bring matters to a Nebraska court's attention involving potential violations of law by Defendants, and that the State of Nebraska shall not have waived any of its rights to assert and prove any violations of law by Defendants. In the event that this Agreement is voided or otherwise set aside, Defendants retain all jurisdictional and other defenses, including lack of subject matter or personal jurisdiction.

36. Defendants are jointly and severally liable for paying the entire one hundred fifty thousand dollars (\$150,000.00) as provided for in § 29 above, and the entire nine hundred fifty thousand dollars (\$950,000.00) into the Nebraska Western Sky Settlement Fund according to the provisions of § 22(A) above. If Defendants fail to make any payments due pursuant to § 22(A) and § 29 above in the amount due and/or at the time due, they will be liable, jointly and severally, to the State of Nebraska for: (a) the amount of the outstanding payment; plus (b) interest at the rate of twelve percent (12%) per annum, compounded annually, from the date of non-compliance until the outstanding payment is made in full; plus (c) reasonable costs and attorney fees incurred to collect the payment(s). If a payment made pursuant to § 22(A) and § 29 of this Agreement by one or more of Defendants is avoided or recovered in connection with a bankruptcy or other proceeding involving the paying party, all of the remaining Defendants will be jointly and severally liable for repaying the avoided or recovered payment.

MISCELLANEOUS PROVISIONS

37. Defendants CashCall, Inc. and Mr. Reddam represent that they are financially sound and will not declare bankruptcy before honoring their obligations under this Agreement.

38. The Parties understand and agree that this Agreement will be presented to the Lancaster County District Court for ultimate approval through entry of the corresponding Final Consent Judgment.

39. The Parties agree that nothing contained in this Agreement shall be construed as an admission or denial by Defendants of any liability, wrongdoing, or violation of Nebraska law, and that the Parties enter into this Agreement to avoid the time, expense, and uncertainty associated with any litigation. In addition, Defendants neither admit nor deny any issues regarding jurisdiction; however, they expressly consent and agree to jurisdiction before Nebraska courts solely for purposes of executing this Agreement, entry of the Final Consent Judgment, and any necessary enforcement actions involving their non-compliance with same. The Parties further acknowledge and agree that this Agreement is not intended to be used or admissible in any unrelated administrative, civil, or criminal proceeding.

40. The Parties agree that this Agreement, the corresponding Final Consent Judgment, and any action to enforce them will be interpreted under and governed by the laws of the State of Nebraska.

41. The Parties agree that the headings in this Agreement are used for the purpose of convenience only and are not intended to affect the interpretation or construction of this Agreement.

42. The Parties acknowledge and represent that: (a) each party has read this Agreement in its entirety and fully understands all of its terms and conditions and the ramifications and consequences thereof; (b) each party unconditionally consents to the terms of this Agreement; (c) each party has either consulted with or had ample opportunity to consult with legal counsel of their choosing prior to executing this Agreement; (d) each party has freely and voluntarily signed this Agreement; and (e) the consideration received by each party as described in this Agreement is adequate.

43. The Parties acknowledge and agree that this Agreement contains the entire

understanding of the Parties and supersedes and forever terminates all prior and contemporaneous representations, promises, agreements, understandings, and negotiations, whether oral or written, with respect to its subject matter. The Parties further agree that this Agreement may only be amended, modified, or supplemented by a duly executed writing signed by each party and approved by the Director of the Nebraska Department of Banking and Finance and the Nebraska Attorney General.

44. The Parties agree that they may execute this Agreement in any number of counterparts, each of which shall be deemed an original hereof, but which together shall constitute one and the same instrument and agreement, and that facsimile or electronically-transmitted signatures may be attached to this Agreement and shall be binding on such party as an original signature.

45. The provisions of this Agreement shall be severable and should any provision be declared by a court of competent jurisdiction to be unenforceable, the other provisions of this Agreement and the corresponding Final Consent Judgment shall remain in full force and effect.

46. Consent to this Agreement and the corresponding Final Consent Judgment does not constitute an approval by the State of Nebraska of any of Defendants' acts or practices, and the Defendants shall make no representations to the contrary, stated or implied.

47. The signatories below represent and warrant that they have the legal capacity and authority to enter into this Agreement on behalf of the named Parties and to bind the named Parties to the promises and covenants contained herein.

48. Any failure of the State of Nebraska to exercise any right under this Agreement and the corresponding Final Consent Judgment shall not constitute a waiver of any rights of the State of Nebraska hereunder.

49. The provisions of this Agreement and the corresponding Final Consent Judgment do not contravene the Defendants' obligation to comply with all applicable state and federal laws, regulations and rules, or grant permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

50. Any notices, statements, or other written documents required by this Agreement and the corresponding Final Consent Judgment shall be provided by first class mail and email to the intended recipient at the addresses set forth below, unless a different address is specified in writing by the Party changing such address:

A. For the Nebraska Attorney General's Office:

Abigail Stempson
Assistant Attorney General
Chief, Public Protection Bureau and Consumer Protection Division
Nebraska Attorney General's Office
2115 State Capitol Building
Lincoln, NE 68509
abigail.stempson@nebraska.gov

Ann K. Post
Assistant Attorney General
Nebraska Attorney General's Office
2115 State Capitol Building
Lincoln, NE 68509
ann.post@nebraska.gov

B. For the Nebraska Department of Banking and Finance:

Mark Quandahl
Director
Nebraska Department of Banking and Finance
1526 K Street, Suite 300
Lincoln, NE 68509
mark.quandahl@nebraska.gov

C. For the Defendants

Mark A. Keenan
Keenan Law, P.C., L.L.O.
PO Box 330
Madison, NE 68748
keenanlaw@frontiernet.net

Joseph Barloon
Skadden, Arps, Slate, Meagher, & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005-2111
joseph.barloon@skadden.com

IN WITNESS WHEREOF, the Parties hereto have agreed to and executed this Agreement, with the intent to be legally bound hereby, as of the Effective Date of this Agreement provided above.

FOR PLAINTIFF:

STATE OF NEBRASKA, ex rel.
DOUGLAS J. PETERSON, Attorney General,
and
MARK QUANDAHL, Director of the Nebraska Department of Banking and Finance,

BY: Douglas J. Peterson, No. 18146
Attorney General

BY: Ann K Post
Abigail M. Stempson, No. 23329
Ann K. Post, No. 24957
Assistant Attorneys General
2115 State Capitol Building
Lincoln, NE 68509-8920
Tel: 402.471.2683
Fax: 402.471.4725
abigail.stempson@nebraska.gov
ann.post@nebraska.gov

BY: Michael McDannel
Michael McDannel, No. 18120
Attorney for the Nebraska Department of Banking and Finance
1526 "K" Street, Suite 300
Lincoln, NE 68508-2732
Tel: 402.471.2171
Fax: 402.471.3062
michael.mcdannel@nebraska.gov

Counsel for the State of Nebraska

FOR DEFENDANTS:

BY: Mark A Keenan
Mark A. Keenan, No. 18682
Keenan Law, P.C., L.L.O.
111 East Third Street, P.O. Box 330
Madison, NE 68748 - 1331
Tel: 402.454.2288
Fax: 402.454.2249
keenanlaw@frontiernet.net

Counsel for Defendants

WESTERN SKY FINANCIAL, LLC

By: Martin A Webb
[Print Name] Martin A. Webb
Its: Member
DATED: 5/2/16

MARTIN A. WEBB, Individually

Martin A. Webb
Martin A. Webb
DATED: 5/2/16

CASHCALL, INC.

By: _____
[Print Name] _____
Its: _____
DATED: _____

WS FUNDING, LLC

By: _____
[Print Name] _____
Its: _____
DATED: _____

J. PAUL REDDAM, Individually

J. Paul Reddam
DATED: _____

DELBERT SERVICES CORPORATION

By: _____
[Print Name] _____
Its: _____
DATED: _____

FOR DEFENDANTS:

BY: _____
Mark A. Keenan, No. 18682
Keenan Law, P.C., L.L.O.
111 East Third Street, P.O. Box 330
Madison, NE 68748 – 1331
Tel: 402.454.2288
Fax: 402.454.2249
keenanlaw@frontiernet.net

Counsel for Defendants

WESTERN SKY FINANCIAL, LLC

By: _____
[Print Name] _____
Its: _____
DATED: _____

MARTIN A. WEBB, Individually

Martin A. Webb
DATED: _____

CASHCALL, INC.

By: _____
[Print Name] J. Paul Reddam
Its: President
DATED: April 27, 2016

WS FUNDING, LLC

By: _____
[Print Name] J. Paul Reddam
Its: President
DATED: April 27, 2016

J. PAUL REDDAM, Individually

J. Paul Reddam
DATED: April 27, 2016

DELBERT SERVICES CORPORATION

By: _____
[Print Name] J. Paul Reddam
Its: Shareholder
DATED: April 27, 2016