Docket #0887 Date Filed: 09/29/2016

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re USA DISCOUNTERS, LTD., *et al.*,[1] Debtors.	Chapter 11 Case No. 15-11755 (CSS) (Jointly Administered) **Re: Docket No.** 857

ORDER, PURSUANT TO BANKRUPTCY CODE SECTION 105(a) AND BANKRUPTCY RULE 9019, APPROVING THE SETTLEMENT AGREEMENT AMONG THE DEBTORS AND CERTAIN STATES PARTY THERETO

Upon the motion (the "Motion")[2] of USA Discounters, Ltd. ("USA Discounters") and its affiliated debtors and debtors in possession (the "Debtors") in the above-captioned jointly administered chapter 11 cases (the "Cases"), for entry of an order, pursuant to section 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), approving a proposed settlement agreement (the "Settlement Agreement") by and among the Debtors and the 49 States party thereto, as well as the District of Columbia, acting through their respective Attorneys General, Departments of Justice, or Offices of Consumer Protection (collectively the "Attorneys General"); and upon consideration of the Dorsey Declaration and the entire record of these chapter 11 Cases; and it appearing that the Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 1334 and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and it appearing that the Motion is a core matter pursuant to 28 U.S.C. § 157(b)(2) and that the Court

[1] The Debtors and the last four digits of their respective federal taxpayer identification numbers are as follows: USA Discounters, Ltd. (5123); USA Discounters Holding Company, Inc. (8192); and USA Discounters Credit, LLC (3128). The Debtors' address is 6353 Center Drive, Building 8, Suite 101, Norfolk, Virginia, 23502.

[2] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

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may enter a final order consistent with Article III of the United States Constitution; and it appearing that venue of these Cases and of the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and adequate notice of the Motion has been given under the circumstances, and that no other or further notice need be given; and it appearing that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and after due deliberation, and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED, as set forth herein.

2. Pursuant to Bankruptcy Code section 105(a) and Bankruptcy Rule 9019, the Settlement Agreement, which is attached hereto as **Exhibit 1**, is approved in its entirety.

3. The Debtors and the Attorneys General are authorized and empowered to take such actions as may be necessary or appropriate to implement the terms of this Order and the Settlement Agreement, and to perform their respective obligations under the Settlement Agreement.

4. On the Effective Date of the Settlement Agreement, all the proofs of claim set forth on **Schedule 2** to the Settlement Agreement shall be deemed withdrawn with prejudice and the Debtors' claims and noticing agent is authorized to revise the claims register in these Cases to reflect the withdrawal of such claims other than the allocated portion of the Allowed Payment Claim forth on **Schedule 1** to the Settlement Agreement.

5. Upon the Effective Date of the Settlement Agreement, the Settlement Agreement shall be binding upon and shall inure to the benefit of the parties thereto and their respective

successors and assigns, including, for the avoidance of doubt, any trustee subsequently appointed on behalf the Debtors' estates.

6. Notwithstanding any provision in the Bankruptcy Rules to the contrary, this Order shall be effective immediately and enforceable upon its entry and the Debtors are not subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order.

7. Subject to the terms of the Settlement Agreement, the Court retains jurisdiction and power with respect to all matters arising from or related to the implementation or interpretation of this Order. Without limitation, subject to the terms of the Settlement Agreement, the Court hereby retains jurisdiction and judicial power to enforce all the provisions of the Settlement Agreement (which shall be imposed and binding on the Parties through this Order as a judgment and consent decree), including the injunctive relief contained therein, and to resolve any disputes with respect to and enforce the Settlement Agreement as a "core" matter under 28 U.S.C. § 157(b).

Dated: Wilmington, Delaware

9-29, 2016

Honorable Christopher S. Sontchi
United States Bankruptcy Judge

EXHIBIT 1

Settlement Agreement

In the Matter of

USA Discounters, Ltd. (d/b/a USA Living and Fletcher's Jewelers)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into between (1) USA Discounters, Ltd. (d/b/a USA Living and Fletcher's Jewelers); USA Discounters Holding Company, Inc.; USA Discounters Credit, LLC; and their respective divisions and subsidiaries (referred to collectively as "USA Discounters" or "the Company"); and (2) the States of Arkansas, California, Delaware, Florida, Georgia, Hawaii,[1] Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Hampshire, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, the District of Columbia, and any other state (except Colorado) that subsequently agrees to join in and be bound by the terms of this Agreement on or before the Effective Date (collectively referred to as the "States," or individually, a "State"), acting through their respective Attorneys General, Departments of Justice, or Offices of Consumer Protection (the "Attorneys General"), to fully and finally settle allegations by the Attorneys General that USA Discounters' conduct has violated various state and federal Consumer Protection statutes

[1] Hawaii is being represented in this matter by its Attorney General in his own official capacity and by its Office of Consumer Protection, an agency which is not part of the Hawaii Attorney General's Office, but which is statutorily authorized to undertake Consumer Protection functions, including legal representation of the State of Hawaii. For simplicity, the entire group will be referred to as the "Attorneys General," and such designation, as it includes Hawaii, refers to the Executive Director of the State of Hawaii Office of Consumer Protection.

and regulations that the Attorneys General have or may have authority to enforce including, but not limited to, the following: the Military Lending Act (10 U.S.C. § 987), the Truth in Lending Act (15 U.S.C. §§ 1601–67f) and its implementing regulations (*e.g.,* Regulation Z 12 C.F.R. § 1026), the Fair Debt Collection Practices Act (15 U.S.C. §§ 1692–92p), the Fair Credit Reporting Act (15 U.S.C. §§ 1681–81x), the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. §§ 5311–5641), and the States' respective Consumer Protection laws relating to unfair and deceptive business acts and practices.[2] The signatories hereto are referred to collectively as the "Parties" or each individually as a "Party." The Parties have agreed to execute this Agreement for the purposes of settlement only.

BACKGROUND AND THE MULTISTATE INVESTIGATION

1. USA Discounters was founded in May 1991 in Norfolk, Virginia, under the name USA Furniture Discounters, Ltd. The Company's retail business sold brand-name consumer products, including furniture, appliances, televisions, computers, smartphones, jewelry, and other consumer goods. These goods were sold through two groups of stores — one group of specialty

[2] *See generally* Ark. Code Ann. §§ 4-88-101 to 4-88-905; Cal. Bus. & Prof. Code, § 17200, *et seq.*; Del. Code Ann. tit. 6, 2511 to 2527; D.C. Code § 28-3901, *et seq.* (2001); Fla. Stat. §§ 501.201 to 501.213; Ga. Code Ann. §§ 10-1-390 to 10-1-407; Haw. Rev. Stat. §§ 480-1 to 480-24; 815 Ill. Comp. Stat. 505/1 to 505/12; Ind. Code §§ 24-5-0.5-0.1 to 24-5-0.5-12; Iowa Code §§ 714.16 to 714.16A; Kan. Stat. Ann. §§ 50-623 to 50-679a; La. Rev. Stat. Ann. §§ 51:1401 to 51:1427; Md. Code Ann., Com. Law §§ 13-101 to 13-501 (West); Mass. Gen. Laws Ann. ch. 93A, §§ 1 to 11; Mich. Comp. Laws §§ 445.901 to 445.922; Mo. Rev. Stat. §§ 407.010 to 407.1500; Neb. Rev. Stat. §§ 59-1601 to 59-1623 and §§ 87-301 to 87-306; Nev. Rev. Stat. §§ 598.0903 to 598.0999; N.H. Rev. Stat. Ann. 358-A; N.Y. Gen. Bus. Law §§ 349 and 350; N.C. Gen. Stat. §§ 75-1.1 to 75-16.2, §§ 75-50 to 75-56; Ohio Rev. Code Ann. §§ 1345.01 to 1345.13 (West); Okla. Stat. tit. 15 §§ 751, *et seq.*; 73 Pa. Stat. Ann. §§ 201-1 to 201-9.3 (West); R.I. Gen. Laws §§ 6-13.1-1 to 6-13.1-29; S.C. Code Ann. §§ 39-5-10, *et seq.*; Tenn. Code Ann. §§ 47-18-101 to 47-18-130; Tex. Bus. & Com. Code Ann. §§ 17.41 to 17.63 (West); Utah Code Ann. §§ 13-11-1 through 23; Vt. Stat. Ann. tit. 9, §§ 2451 to 2481x; Va. Code Ann. §§ 59.1-196, *et seq.*; Wash. Rev. Code Ann. §§ 19.86.010, *et seq.*

retail stores operating under the "USA Discounters" brand (later, "USA Living"), typically in standalone locations, and seven additional retail stores operating under the "Fletcher's Jewelers" brand, typically in major shopping malls.

2. While it was operating, USA Discounters sold products principally on credit through revolving or retail installment sales contracts. The installment contracts typically had a term of up to 30 months, a fixed monthly payment, and included reference to a security interest in the merchandise purchased by the consumer. USA Discounters also offered warranty and debt cancellation plans.

3. On August 24, 2015, USA Discounters, Ltd.; USA Discounters Holding Company, Inc.; and USA Discounters Credit, LLC each filed a voluntary petition under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), thereby commencing the bankruptcy cases styled as *In re USA Discounters, Ltd., et al.*, Case No. 15-11755 (CSS) (Bankr. D. Del.) (the "Bankruptcy Cases") before the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). Those chapter 11 cases remain pending.

4. The primary stakeholders in the Bankruptcy Cases are (a) the agent and secured lenders (collectively, "the Secured Lenders") under the prepetition financing documents as described in the Order of the Bankruptcy Court entered on September 17, 2015 in the Bankruptcy Cases at Docket Number 133, and (b) creditors holding general unsecured claims and represented by an official committee appointed by the Office of the United States Trustee in the Bankruptcy Cases.

5. All of the "USA Living" stores closed in the summer of 2015, before the commencement of the Bankruptcy Cases.

6. In December 2015, USA Discounters closed its seven "Fletcher's Jewelers" stores.

7. Because of the length of its typical retail installment contracts and the typical repayment periods on revolving contracts, USA Discounters still has accounts receivable on which it continues to collect.

8. On July 6, 2015, the Tennessee Attorney General's Office, on behalf of a group of States, which now includes the States listed above, issued a Request for Information to USA Discounters.

9. The Attorneys General assert that USA Discounters violated and continue to violate numerous state and federal Consumer Protection laws under which the Attorneys General assert they are empowered to seek both legal and equitable relief, including injunctive relief, restitution, damages, penalties, and costs from any person or entity who has committed violations of law.

10. Specifically, the Attorneys General allege that USA Discounters engaged in the following actions they believe were unfair, abusive, false, deceptive, and/or in violation of state and federal law:

a. Failing to disclose material terms of transactions clearly and conspicuously;

b. Making misleading statements about the total price or the cost of a good;

c. Attempting to evade state usury laws;

d. Using misleading disclaimers regarding the characteristics, availability, source, or quality of goods;

e. Failing to clearly and conspicuously disclose delivery terms;

f. Failing to clearly and conspicuously disclose the terms of gift incentive offers;

g. Holding itself out as a discount store when it was not;

h. Deceptively and unfairly representing that consumers would receive an extension of credit with no interest for twelve months;

i. Failing to honor its debt cancellation program;

j. Failing to register as an insurance provider in states that require registration for debt cancellation products;

k. Failing to register as an insurance provider for a consumer guaranty contract in the state(s) it was required to do so;

l. Selling warranties in violation of state law;

m. Unlawfully contacting third parties, including servicemembers' chain of command, as part of its debt collection practice;

n. Unlawfully garnishing consumers' wages in several states;

o. Failing to provide accurate truth-in-lending disclosures to consumers;

p. Suing consumers in forums other than in the locality in which a contract was signed by the consumer or in the locality where the consumer resided;

q. Failing to properly refund unearned premiums on warranties;

r. Violating the Military Lending Act, 10 U.S.C. § 987, by, *inter alia*, requiring servicemembers to pay indebtedness by allotment and by having effective interest rates in excess of 36%;

s. Violating the Truth in Lending Act, 15 U.S.C. § 1601, et seq., 12 C.F.R. § 226, by deceptively advertising finance charges and interest rates; and

t. Violating state Consumer Protection statutes. *See generally* supra at n.2.

11. USA Discounters cooperated with the Attorneys General and participated in mediation over June 1, 2, and 3, 2016, in an effort to address the Attorneys General's Consumer Protection concerns and reach a resolution acceptable to the Attorneys General and USA Discounters.

12. USA Discounters denies wrongdoing of any kind (including, but not limited to, the allegations of wrongdoing set forth in paragraph 10 of this Agreement) and asserts that it has fully complied with all federal and state laws that govern its business activities, has not violated any applicable state or federal law, and has voluntarily agreed to the relief set forth in this Agreement solely to resolve the disputed claims.

DEFINITIONS

13. "Affected Consumer" means any consumer who executed a financing agreement with USA Discounters and (a) as shown on the records of USA Discounters, resides, as of the Effective Date, in any state that is represented by one of the Attorneys General, as defined herein who has signed this Agreement, or (b) made an In-Store Purchase from any store located in any such state. Notwithstanding the foregoing, "Affected Consumer" shall not mean consumers (a) whose In-Store Purchase or Mail Order Purchase was from one of USA Discounters' Colorado stores (Stores 440 and 840), unless such consumer made a Mail Order Purchase from a non-Colorado store while living in Colorado; or (b) who, as shown on the records of USA Discounters, filed for bankruptcy on or before the Effective Date.

14. "Affected Servicemember" means any Affected Consumer who was an active duty member of the United States Armed Services, as shown on the records of USA Discounters, at the time of purchase. If an Affected Consumer is later identified on or before the Effective Date to have been an active duty member of the United States Armed Services at the time of purchase, such consumer shall be considered an Affected Servicemember.

15. "Approval Order" means an order of the Bankruptcy Court granting the 9019 Motion.

16. "Assets" means the assets of USA Discounters, whether owned in its own name or administered by any third party without limitation, consolidated in the USA Discounters bankruptcy estate and yielded to the Bankruptcy Court for administration of this Agreement. For the avoidance of doubt, the Assets shall include any USA Discounters Contract.

17. "Consumer Lending" means (a) granting a consumer the right, for primarily personal, family, or household purposes, to defer payment of a debt, incur debt and defer its payment, or purchase property or services and defer payment for such purchases, and/or (b) purchasing accounts or debts generated as described in subsection (a) above. Consumer Lending shall not include any act or omission related to the granting or collection of any receivable owed to a business, person, or other entity whose primary business or personal purpose is not to engage in Consumer Lending.

18. "Consumer Protection," when used herein with reference to any statute, law, rule or regulation, means the statutes listed in n.2; the state and federal statutes listed in paragraph 56;

and any other federal or state civil statute or common law cause of action which gives a state Attorney General authority to file suit or take any other enforcement action against a retail merchant, such as USA Discounters, or any individual associated with such merchant, for any unfair, deceptive, fraudulent, misleading, unconscionable or abusive practices that occur in connection with a Consumer Transaction. "Consumer Transaction" means (a) the sale, lease, offering for sale, financing, or advertising of goods or services that are sold to individuals for personal, family, or household purposes, (b) the collection of such accounts, or (c) the performance by such merchant in connection with any agreement related to such sale, financing or collection. "Consumer Protection," when used herein with reference to any claim, obligation, suit, governmental enforcement action, right, controversy, damage, remedy, cause of action, liability, concern, function, matter, or investigation, means such of the foregoing (*i.e.,* claim, obligation, etc.) as may arise under, pursuant to or in connection with any Consumer Protection statute, law, rule or regulation.

19. "CRAs" means the three major Credit Reporting Agencies: Equifax, Experian, and TransUnion.

20. "Debt Collection" means collection on any USA Discounters Contract or, if obtained, resulting judgment, whether such collection is done by USA Discounters or an individual or entity collecting on behalf of USA Discounters.

21. "Designated Forum" means a forum that is in: (a) the city or county where the consumer resides at the time the action is filed; or (b) subject to applicable state rules or laws

relating to venue, the state where the consumer was physically present when the contract on which the action is based was signed by the consumer.

22. "Effective Date" means the date on which the Approval Order becomes a Final Order. Within three (3) calendar days after the occurrence of the Effective Date, USA Discounters shall file a notice on the docket of the Bankruptcy Cases indicating the specific day of the Effective Date.

23. "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and no appeal or petition for certiorari is pending or has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or has otherwise been dismissed with prejudice.

24. "In-Store Purchase" means a purchase where the consumer was physically present in the store at the time of purchase.

25. "Local Forum Military Judgment" means a judgment that is both (a) not an Out-of-State Judgment and (b) taken against an Affected Servicemember.

26. "Mail Order Purchase" means a purchase where the consumer was not physically present in the store at the time of purchase and the merchandise was shipped to the consumer.

27. "Out-of-State Judgment" means a judgment obtained in a state other than (a) the state of the store that made the sales transaction with the consumer who is the subject of the judgment, or (b) the state of the consumer's residence at the time the lawsuit was filed. This term is defined solely for the purposes of this Agreement.

28. "Outstanding USA Discounters Contracts" means USA Discounters Contracts with a positive balance, as shown on the books of USA Discounters as of the Effective Date.

29. "Parties" means, collectively the Attorneys General and USA Discounters, as defined herein.

30. "USA Discounters" shall mean USA Discounters, Ltd.; USA Discounters Holding Company, Inc.; USA Discounters Credit, LLC; and their respective divisions and subsidiaries.

31. "USA Discounters Active Accounts" means all Outstanding USA Discounters Contracts that were entered into after June 1, 2012, and which have not been reduced to an Out-of-State Judgment or Local Forum Military Judgment as of the Effective Date.

32. "USA Discounters Contract(s)" means financing agreements between USA Discounters and Affected Consumers, whether performing or not, originated, generated, purchased, or otherwise owned by, assigned to, or serviced by USA Discounters, including the financing agreements that are part of the Assets.

33. "USA Discounters Inactive Accounts" means all Outstanding USA Discounters Contracts that were entered into on or before June 1, 2012.

34. "9019 Motion" means a motion filed under Federal Rule of Bankruptcy Procedure 9019 seeking Bankruptcy Court approval of the Agreement.

RELIEF

WHEREAS, the Attorneys General assert that USA Discounters violated multiple state and federal Consumer Protection laws under which the Attorneys General assert they are empowered to seek both legal and equitable relief, including injunctive relief, restitution, damages, penalties, and costs from any person or entity who has committed violations of law; and

WHEREAS, the USA Discounters Contracts have been the subject of a bona fide dispute with the Attorneys General, which dispute this Agreement settles and resolves; and

WHEREAS, USA Discounters denies any such violation and maintains that it fully complied with all federal and state laws; and

WHEREAS, the Secured Lenders have consented to the relief granted in paragraphs 35–38 and 44, which relief directly impacts the Assets comprising the collateral securing the obligations owing to the Secured Lenders; and

WHEREAS, the Attorneys General are willing to accept the terms of this Agreement, provide the release set forth in this Agreement, and discontinue their investigation; and

WHEREAS, the balance of this Agreement contains the relief agreed to by the Parties; and

WHEREAS, the Parties each believe the obligations imposed by this Agreement represent the fairest and most efficient method for resolving the Consumer Protection matters that have been or could be raised by the Attorneys General.

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the Parties that:

I. Affirmative Obligations and Prohibitions

35. Within 30 days following the Effective Date, USA Discounters shall deem satisfied, and permanently cease and desist from collecting on all USA Discounters Inactive Accounts, as shown by the records of USA Discounters. Thereafter, at its next regularly scheduled monthly submission to the CRAs, but no later than 45 days after the Effective Date, USA Discounters shall submit to the CRAs a credit reporting file that marks for deletion the trade lines for these accounts. Any amounts paid after the Effective Date shall be remitted back to the Affected Consumer via check within 35 days of receipt of such payment.

36. Within 30 days following the Effective Date, USA Discounters shall apply a credit of One Hundred Dollars ($100.00) to all USA Discounters Active Accounts. This $100 credit shall be applied to the balance owed as of the Effective Date, as shown by the records of USA Discounters. If the amount of the credit would extinguish the current balance, USA Discounters shall apply only such amount as will reduce the balance to zero and no refund shall be due. Thereafter, at its next regularly scheduled monthly submission to the CRAs, but no later than 45 days after the Effective Date, the adjusted balances following application of such credits (including zero balances, where they occur) shall be reported by USA Discounters to the CRAs.

The application of the $100 credits as specified in this paragraph does not operate to change the scheduled monthly payment amounts that customers are contractually obligated to make (*e.g.*, if an Affected Consumer is obligated to make monthly payments of $300 on the first of each month, he/she must continue to make monthly payments of $300 on the first of each month following such credit, except that such monthly payments are applied against a balance that is $100 less than that which existed before the credit). Any amounts paid after the Effective Date by those whose accounts are reduced to a zero balance shall be remitted back to the Affected Consumer via check within 35 days of receipt of such payment.

37. Within 30 days following the Effective Date, USA Discounters shall deem satisfied, and permanently cease and desist from collecting on all Out-of-State Judgments that exist as of the Effective Date, as shown by the records of USA Discounters. Thereafter, at its next regularly scheduled monthly submission to the CRAs, but no later than 45 days after the Effective Date, USA Discounters shall submit to the CRAs a credit reporting file that marks for deletion the trade lines for these accounts. Any amounts paid after the Effective Date shall be remitted back to the Affected Consumer via check within 35 days of receipt of such payment.

38. Within 30 days following the Effective Date, USA Discounters, for all Local Forum Military Judgments in existence on the Effective Date, shall deem such judgment credited in an amount equal to fifty percent (50%) of the original judgment amount, as shown by the records of USA Discounters. If the amount of this debt relief would extinguish the current legal balance, USA Discounters shall apply only such amount as will reduce the balance to zero, and

no refund shall be due. Thereafter, at its next regularly scheduled monthly submission to the CRAs, but no later than 45 days after the Effective Date, the adjusted balances (including zero balances, where they occur) shall be reported by USA Discounters to the CRAs. Any amounts paid after the Effective Date by those whose accounts are reduced to a zero balance shall be remitted back to the Affected Consumer via check within 35 days of receipt of such payment.

39. Any USA Discounters Contracts, Out-of-State Judgments, or Local Forum Military Judgments deemed satisfied, in whole or in part, and pursuant to approval by the Bankruptcy Court, shall not be considered abandoned from the bankruptcy estate and the disposition of any contracts or judgments shall constitute administration of estate property.

40. As an interim measure, between (a) Monday, August 1, 2016, and (b) the Effective Date, USA Discounters shall use its best efforts to refrain from actively calling, contacting or making an attempt to collect further payments on USA Discounters Inactive Accounts and Out-of-State Judgments. Any funds received on such accounts and existing judgments on or before the Effective Date shall be subject to the Cash Collateral Order entered by the Bankruptcy Court. In the event the Effective Date does not occur, then the obligations arising from this interim measure shall terminate.

41. USA Discounters shall not sell any Local Forum Military Judgments or USA Discounters Active Accounts unless the relief required by paragraphs 36 and 38 has first been applied and the purchaser of such judgments or accounts agrees in writing to adhere to the provisions contained in paragraph 44 of this Agreement with respect to such accounts. USA

Discounters shall provide Attorneys General with a copy of the purchaser's signed acknowledgement within 10 business days following the sale, along with the name and contact information of the purchaser and/or the representative of the purchaser.

42. In addition, within 30 days of the Effective Date, USA Discounters shall send notice to all Affected Consumers whose accounts will be extinguished by this Agreement. That notice shall be sent to such Affected Consumers' last mail address or last email address and shall state that the validity of the Affected Consumer's financing agreement was in bona fide dispute as asserted by the Attorneys General, which dispute has been resolved by deeming them satisfied. USA Discounters shall use its reasonable best efforts to ensure that the mail address last known to USA Discounters or email address last known to USA Discounters is used.

43. Starting not later than 30 days after the Effective Date, at such time as USA Discounters communicates to or with any other Affected Consumer regarding the balance of his or her account, USA Discounters shall communicate the balance reflecting the credit provided by this Agreement.

44. As of the Effective Date, USA Discounters, and all persons acting in concert therewith, shall permanently cease and desist from, and agree to be permanently enjoined from:

a. suing any Affected Consumers unless the actions are filed in a Designated Forum and in accordance with all applicable statutes of limitations;

b. garnishing the wages of any Affected Consumer residing in a state which prohibits garnishing wages for consumer debts of such Affected Consumer;

c. in attempting to collect a debt, contacting any person or entity besides the Affected Consumer for any purpose other than ascertaining the Affected Consumer's Contact

Information or requesting that the Affected Consumer contact USA Discounters. For purposes of this subparagraph:

i. "Affected Consumer" includes the consumer's spouse, parent (if the consumer is a minor), guardian, executor, administrator, the consumer's attorney, and any person the consumer expressly requests be contacted, unless that contact is prohibited by state law;

ii. "Contact Information" means the Affected Consumer's address, phone numbers, and place of employment;

iii. the contact must not:

1. disclose that the Affected Consumer owes any debt;

2. disclose that the communication relates to the collection of a debt; or

3. occur more than once to the same third party unless requested by that party or unless USA Discounters reasonably believes that the earlier response of that person is erroneous or incomplete and that the person now has correct or complete contact information;

iv. USA Discounters may not contact an Affected Servicemember's chain-of-command to discuss the consumer's debt;

v. USA Discounters may not contact an Affected Consumer's employer to discuss the consumer's debt; and

vi. the limitations of this subparagraph do not apply to contacts made by order of a court of competent jurisdiction or as reasonably necessary to effectuate a post-judgment judicial remedy;

d. collecting, selling, or transferring for collection any portion of the debt that is refunded or credited under this Agreement;

e. violating any applicable state or federal Consumer Protection law, including but not limited to, the Truth in Lending Act, the Dodd-Frank Act, and the applicable state statutes (*see supra* at n.2); and

f. violating Tex. Fin. Code § 392.001-404.

Persons acting in concert with USA Discounters, for purposes of the injunctive relief provided

by this paragraph shall include: (i) USA Discounters, Ltd.; USA Discounters Holding Company, Inc.; USA Discounters Credit, LLC, and their divisions and subsidiaries, and (ii) each of their respective advisors, agents, assigns, attorneys, consultants, directors, employees, managers, officers, officials, professional persons, representatives, shareholders, and successors, whether past or present, in each case solely in their capacity as such.

45. As an interim measure, between (a) Monday, August 1, 2016, and (b) the Effective Date, USA Discounters shall use its best efforts to cease and desist from engaging in any of the activities that shall, as of the Effective Date, be permanently prohibited under paragraph 44 (a) through (c), or (e). In the event the Effective Date does not occur, then the obligations arising from this interim measure shall terminate.

46. The Parties agree that USA Discounters (but not its directors, employees, managers, and officers unless acting in concert with USA Discounters or on its behalf), whether acting directly or indirectly, shall permanently cease and desist from any new Consumer Lending in any Attorneys General jurisdiction. This paragraph shall not be construed to limit or otherwise affect USA Discounters' actions with respect to accounts receivable existing as of the Effective Date, which actions may include, without limitation, deferring, restructuring, modifying, collecting, enforcing, transferring or selling any or all of the debts constituting such accounts receivable, regardless of whether such actions are performed by USA Discounters or a third party servicing or collecting the accounts receivable. Any such transfer or sale shall be in conformity with paragraph 41.

47. Following the collection or other disposition of all accounts receivable existing as of the Effective Date, USA Discounters, or any successors in interest created solely for the purpose of receiving and collecting USA Discounters accounts receivables, shall take steps to cause the business entities' statuses to be dissolved, and shall not restore or operate any more business entities or activities.

48. USA Discounters further agrees that, except as may be necessary or helpful in the collection of accounts receivable, or in a sale, assignment, or transfer in conformity with paragraph 41 above, it shall not sell, transfer, or otherwise provide to any other person, its corporate and brand names, copyrights, trademarks, customer telephone numbers and addresses, methods of doing business, promotional and operational systems and coding, text, and designs.

49. Nothing contained herein shall be construed to release, waive or otherwise bar any claim of any individual consumer or class of consumers; however, it is not the intention of the Parties to allow for the possibility of a double or duplicative recovery by any consumer. To the extent that any Affected Consumer hereafter obtains any monetary relief against USA Discounters in connection with any such claim, the relief obtained by that Affected Consumer under this Agreement shall be set off against such monetary relief.

50. USA Discounters shall communicate to the CRAs the information required by paragraphs 35–38, but shall not be responsible for any failure by the CRAs to adjust their records accordingly.

51. USA Discounters, to the extent that any relief provided under this Agreement extinguishes or deems satisfied a judgment or lien against any Affected Consumer, shall duly notify any relevant agency or tribunal, or clerk's office of the satisfaction of such debt, and shall provide a copy of such notice to the Affected Consumer.

II. Allowed Penalty Claim

52. On the Effective Date, the Attorneys General are hereby allowed a subordinated penalty claim against the bankruptcy estate of USA Discounters, Ltd. in the aggregate amount of Forty Million Dollars ($40,000,000.00) (the "Allowed Penalty Claim"), the amount of which Allowed Penalty Claim shall be allocated among the Attorneys General as set forth on **Schedule 1** to this Agreement. The Allowed Penalty Claim shall be (a) deemed allowed and hence not be subject to objection, disallowance, offset, or defense by USA Discounters or by any other party in interest in the Bankruptcy Cases; (b) subordinated in all respects to all secured, administrative, priority, and general unsecured claims that are allowed in the Bankruptcy Cases; and (c) the sole and exclusive right to payment that the Attorneys General shall have to any distribution or recovery in the Bankruptcy Cases. On the Effective Date, each of the Attorneys General (a) agrees that all the proof(s) of claim set forth on **Schedule 2** shall be deemed withdrawn with prejudice and that the claims register in the Bankruptcy Cases may be revised to reflect the withdrawal of such claims in the Bankruptcy Cases other than the allocated portion of the Allowed Penalty Claim and (b) agrees not to file, assert, or otherwise pursue against USA Discounters any further Consumer Protection claims or causes of action in or in connection with

the Bankruptcy Cases or in any other forum (regardless whether such claims or causes of action are unsecured, secured, priority, administrative, seek money damages, seek injunctive or non-monetary relief, or otherwise). The Attorneys General assert that this civil penalty is designed to assure that the business model shall not be revived, propagated, or reinstituted.

III. Release and Covenant

53. For purposes of this Agreement, the term "Released Parties" shall mean (a) USA Discounters, Ltd.; USA Discounters Holding Company, Inc.; USA Discounters Credit, LLC, and their divisions and subsidiaries, and the Secured Lenders, and (b) each of their respective advisors, agents, assigns, attorneys, bankers, consultants, directors, employees, managers, officers, officials, professional persons, representatives, shareholders, and successors, whether past or present, in each case solely in their capacity as such.

54. Each of the Attorneys General signing this Agreement, on behalf of his/her respective State, hereby releases, waives, and forever discharges each of the Released Parties from the following (individually and collectively, "Claims"): any and all civil Consumer Protection claims, obligations, suits, governmental enforcement actions, rights, controversies, damages, remedies, causes of action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing which relate to Consumer Protection law, in law, equity, or otherwise, that the Attorney General of that State, and to the extent allowed by law, the Consumer Protection agency (or similar agency) of that State, or any other agency or office deriving its power from that State and

authorized to bring a Consumer Protection claim could have asserted under (a) any civil Consumer Protection statute, regulation, rule, common law or other law of that State that relate to Consumer Protection, or (b) any federal statute, regulation, rule, common law or other federal law, relating to Consumer Protection, for any act or omission arising out of, relating to, or in connection with USA Discounters and/or the activities of USA Discounters on or before the Effective Date (regardless of the name under which such act or omission occurred, and specifically including the names "USA Living" and "Fletcher's Jewelers"). The acts and omissions subject to this release include, but are not limited to, any act or omission arising out of, relating to, or in connection with USA Discounters and/or USA Discounters' (a) sale and financing of products, debt cancellation agreements, warranties, and credit insurance, (b) collection of accounts, including the collection of accounts by litigation, (c) advertising of products, and (d) obtaining or failure to obtain licenses, registrations or certifications to the extent that the obtaining or failure to do so would result in liability under Consumer Protection laws.

55. Each of the Attorneys General signing this Agreement hereby covenants not to sue, or otherwise commence or maintain any Claim or any Consumer Protection action or proceeding against any of the Released Parties, before any local, state, federal or other court, tribunal, or agency, based in whole or in part on any act or omission occurring in connection with the activities of USA Discounters on or before the Effective Date. This covenant shall be binding on the Attorney General of each State signing this Agreement, and to the extent allowed

by law, the Consumer Protection agency (or similar agency) of that State, and on any other agency or office deriving its power from that State and authorized to bring a Consumer Protection claim, and shall apply to such Claims, Consumer Protection suits, actions, and proceedings brought in the name of the State, the Attorney General or other authority, as well as such Claims, Consumer Protection suits, actions, and proceedings brought in a *parens patriae* or other capacity.

56. Claims shall include, but not be limited to, any and all Consumer Protection claims arising from the following federal and state statutes and regulations: the Military Lending Act (10 U.S.C. § 987), the Truth in Lending Act (15 U.S.C. §§ 1601–67f) and its implementing regulations (*e.g.*, Regulation Z, 12 C.F.R. § 1026), the Fair Debt Collection Practices Act (15 U.S.C. §§ 1692–92p), the Fair Credit Reporting Act (15 U.S.C. §§ 1681–81x), the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. §§ 5311–5641), state Consumer Protection statutes, statutes regulating unfair and deceptive acts and practices, statutes regulating the collection of debts, statutes regulating credit repair agencies, statutes regulating the advertising and sale of warranties, debt cancellation agreements and credit insurance, garnishment statutes, Washington State statutes ARCW § 48.110.010 *et* seq., Texas Finance Code § 392.001-.404, and regulations, rules, or policies implementing any of the foregoing. Claims shall also include all claims arising out of any acts or omissions alleged by the Attorneys General in paragraph 10 of this Agreement. Claims shall not include any claims based on asserted tax liability.

57. The Parties expressly acknowledge and agree that the releases set forth herein are intended to extinguish civil Consumer Protection claims known and unknown and suspected and unsuspected, even if those claims may materially affect the undersigned's decision to enter into the release. This Agreement involves full and final releases for any civil claims arising under Consumer Protection laws and the Parties expressly, voluntarily, and knowingly waive and relinquish any and all rights and benefits which they have or may have (a) under California Civil Code section 1542, which provides as follows:

> **A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

or, (b) under any similar law of any State. The Parties are aware that they may hereafter discover facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of this Agreement, but it is their intention fully, finally, and forever to settle and release any and all of the Consumer Protection claims referred to herein upon the Effective Date.

58. The terms of this release and covenant are to be broadly construed so as to effectuate a global resolution of all civil Consumer Protection claims that might otherwise be brought, in whole or in part, based on any acts or omissions of USA Discounters before the Effective Date.

59. This release shall not preclude or affect any right of the Attorneys General to ensure compliance with the terms and provisions of the Agreement, or to seek any and all

remedies for any violations of this Agreement. Nor shall this release preclude or affect the right of the Attorneys General to take any action regarding any future violation of any law which they have the authority to enforce. For purposes of determining whether a future violation of law has occurred, all USA Discounters Active Accounts shall, after application of the credits required by paragraphs 36 and 38, be deemed valid for purposes of any Attorney General enforcement action and shall be collectible through means that satisfy the requirements of applicable law and this Agreement.

60. The Agreement (including, without limitation, the jurisdictional and enforcement provisions of paragraph 66) shall remain in full force and effect notwithstanding any dismissal or conversion of the Bankruptcy Cases.

61. Nothing contained in this Agreement shall be construed to diminish (a) the post-investigation confidentiality obligations set forth in the Confidentiality Agreement dated December 8, 2015 (as shown by signature of USA Discounters), or (b) or the Parties' confidentiality obligations contained in the Agreement to Mediate dated June 1, 2016. Said obligations shall survive the execution of this Agreement and shall continue to be in effect. In addition, said confidentiality obligations (including but not limited to related notice obligations) shall inure to the benefit of the following individuals as third party beneficiaries, who shall have standing to enforce said confidentiality obligations: former and current officers and directors of USA Discounters and individuals deposed by any Attorney General's office during the course of investigating USA Discounters (collectively, "Interested Individuals"). For so long as USA

Discounters has a registered agent in the Commonwealth of Virginia, the obligation to provide notice to any Interested Individual shall be deemed satisfied if notice directed to USA Discounters is served upon such registered agent. At such time as USA Discounters does not have a registered agent in the Commonwealth of Virginia, the obligation to provide notice to any Interested Individual shall be satisfied by serving notice upon such persons, who shall be no more than three in number, as the registered agent may have designated in writing for that purpose. Any person designated to receive such notice may provide written notice of a successor designee. Any such written designations shall be provided to the Attorneys General pursuant to the provisions of paragraph 83. Nothing contained herein shall be construed to diminish any confidentiality obligations arising under state law with respect to materials or information obtained during the course of said investigation. Nothing contained herein shall be construed to require that this Agreement be kept confidential.

IV. Bankruptcy Court Approval Process

USA Discounters and the Attorneys General agree to the following process regarding approval and consummation of this Agreement:

62. This Agreement must be submitted to the Bankruptcy Court for final approval after notice and a hearing in accordance with Federal Rule of Bankruptcy Procedure 9019 and other applicable bankruptcy law. USA Discounters agrees (a) to file a 9019 Motion with the form and substance agreed to by the Attorneys General, within 5 calendar days after the date on which the Agreement has been executed by all the Parties; (b) not to withdraw the 9019 Motion after it

has been filed; and (c) not to file any other motion, application, pleading, or request that is in any respect inconsistent with the 9019 Motion, or that would threaten, hinder, or prevent the relief requested in the 9019 Motion.

63. Except with respect to applicable provisions of Part IV and Part V of this Agreement and the interim measures described in paragraphs 40 and 45, none of the terms or provisions of this Agreement shall be effective and binding on any of the Parties or any other creditors and parties in interest until the Effective Date.

64. Upon execution of this Agreement, in order to provide the Parties an opportunity to obtain the Approval Order, the Attorneys General shall suspend all pending Consumer Protection investigatory or other proceedings relating to Consumer Protection and not commence any Consumer Protection litigation in any forum, as it relates to USA Discounters and the Claims.

65. If the Bankruptcy Court declines to approve this Agreement despite the reasonable efforts of the Parties to obtain such approval, then (a) this Agreement shall be null and void and of no force or effect (other than with respect to the evidentiary stipulations in paragraphs 67 and 72 of this Agreement) and (b) the Parties' respective rights and remedies with respect to all matters addressed by this Agreement shall be fully reserved and the Parties shall be restored to their respective positions, *status quo ante*, as of the date on which the Agreement was executed by all the Parties.

V. Miscellaneous

66. By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees that any dispute regarding the interpretation or enforcement of, or otherwise relating to, this Agreement shall be resolved by the Bankruptcy Court, which shall have and retain jurisdiction and judicial power to enforce all the provisions of this Agreement (which shall be imposed and binding on the Parties through the Approval Order as a judgment and consent decree), including the injunctive relief contained herein, and to resolve any disputes with respect to and enforce this Agreement as a "core" matter under 28 U.S.C. § 157(b); provided, however, that if the Bankruptcy Court declines to exercise jurisdiction or upon the closing of the Bankruptcy Cases, then any dispute regarding the interpretation or enforcement of, or otherwise relating to, this Agreement will be resolved by any state court of competent jurisdiction in the state of the Attorney General who is party to such action. Any such court in which an action is brought pursuant to this paragraph shall have concurrent jurisdiction to interpret this Agreement and enforce any of its provisions. Any violation of this Agreement may result in the imposition of any legal or equitable relief allowable under applicable law. If any future action by USA Discounters is both a violation of this Agreement and a violation of applicable law, the Attorney General taking enforcement action may either (a) enforce the Agreement as provided in this paragraph or (b) take enforcement action in any court having jurisdiction with respect to such violation of law.

67. USA Discounters represents and warrants, through the signatures below, that the terms and conditions of this Agreement are duly approved, and execution of this Agreement is duly authorized. Nothing in this paragraph affects USA Discounters' (a) testimonial obligations or (b) right to take legal or factual positions in defense of litigation or other legal proceedings to which the Attorneys General are not a party. This Agreement is not intended for use by any third party in any other civil or administrative proceeding, court, arbitration, or other tribunal, and is not intended, and should not be construed, as any concession, as evidence of or an admission of wrongdoing or liability by USA Discounters except to the extent allowed in a state court proceeding by Tenn. Code Ann. § 47–18–109. The Parties agree that nothing in this Agreement shall create any private rights, causes of action, third party rights, or remedies for any individual or entity against USA Discounters. The Parties further agree that nothing in this Agreement shall be construed to create, waive, or limit any private right of action. This Agreement is not intended to permit, nor do the Attorneys General intend to provide, an avenue for consumers to obtain more than single restitution for any identical allegation resolved in this Agreement.

68. Any future practice of the conduct described in this Agreement may be utilized by the Attorneys General in future enforcement actions against USA Discounters and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty, however, this shall not prejudice the right of USA Discounters to maintain that such practice or conduct is lawful.

69. The Parties hereby represent and warrant that they have not assigned or otherwise transferred any Consumer Protection claim that they may have had against the other, or asserted any such claims in any other action or proceeding.

70. If for any reason, any provision of this Agreement is determined to be invalid or unenforceable, such provision shall be automatically reformed to embody the essence of that provision to the maximum extent permitted by law. In the event that such reformation of the invalid or unenforceable provision is not feasible, then such invalidity or unenforceability shall not affect any other provision of this Agreement.

71. To the extent not already provided under this Agreement, USA Discounters shall, upon request by the Attorneys General, provide all documentation and information reasonably necessary for the Attorneys General to verify compliance with this Agreement.

72. This Agreement constitutes a compromise of the Parties' disputes. Nothing contained herein shall constitute or be deemed to be an admission or concession by any Party as to any matter. All pre-execution drafts of this Agreement and all communications among counsel for the Parties regarding this Agreement and the exhibits or schedules hereto (collectively, the "Negotiation Materials") constitute settlement discussions pursuant to Federal Rule of Evidence 408 and any other applicable rules of similar import. The Negotiation Materials, and any documents or statements referred to therein, shall not be admissible in evidence against any Party in any litigation, matter, or proceeding between the Parties or involving any other parties.

73. Notwithstanding anything in this Agreement, if compliance by USA Discounters with any provision of this Agreement would render compliance with any existing or future provision of state or federal laws or regulations relating to the same subject matter impossible or unlawful, then compliance with such provision of state or federal law or regulation shall be deemed compliance with the relevant provision of this Agreement. USA Discounters shall provide written notice to the Attorneys General within 15 days of its determination that state or federal law or regulation renders compliance with a provision of this Agreement impossible or unlawful.

74. This Agreement is the product of good faith negotiations between the Parties and their respective counsel. There shall be no presumption that any ambiguity in this Agreement is to be construed against any one of the Parties.

75. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy, PDF images, or other method of electronic transmission shall be considered original executed counterparts provided that receipt of copies of such counterparts is confirmed.

76. Each Party shall bear its own fees and expenses, including all attorneys' and accounting fees, incurred in connection with the matters that are the subject of this Agreement.

77. Nothing in this Agreement shall be construed as allowing USA Discounters to violate any law, rule, or regulation.

78. Subject to Bankruptcy Court approval, after notice and a hearing as provided for by 11 U.S.C. § 102, each person executing this Agreement on behalf of an entity represents and warrants to the others that he/she has authority to execute this Agreement on behalf of and to bind the entity thereto.

79. Starting 30 days after the Effective Date and continuing until such time as the relief and obligations in paragraphs 35–38 of this Agreement are distributed, applied, or otherwise completed, USA Discounters shall provide to the Attorneys General a status report every 30 days. Such report shall include, but is not limited to, which accounts have been deemed satisfied, credited, or otherwise affected; the extent to which such accounts have been deemed satisfied, credited, or otherwise affected; and any other information that USA Discounters deems relevant to the report. Nothing in this paragraph shall be construed to limit the applicability of paragraph 71.

80. This Agreement shall be binding upon, and shall inure to the benefit of, the predecessors, successors, heirs, receivers, and assigns of the Parties, and each of them. The Released Parties not otherwise Parties to this Agreement are intended third-party beneficiaries of paragraphs 53-59 of this Agreement, and, as such, shall be entitled to enforce and rely on such provisions.

81. This Agreement shall be binding on and inure to the benefit of any subsequently appointed Chapter 11 or Chapter 7 Trustee, other estate representative, or administrator under a Chapter 11 plan.

82. Except as set forth in paragraph 61, this Agreement constitutes the entire agreement between the Attorneys General and USA Discounters and supersedes any prior communication, understanding or agreement, whether written or oral, concerning the subject matter of this Agreement, including, without limitation, any prior term sheets. No Party has entered into this Agreement in reliance on any other Party's prior representation, promise, or warranty (oral or otherwise) except for those that may be set forth expressly herein.

83. All notices, requests, and other communications to any Party pursuant to this Agreement shall be in writing and shall be directed as follows:

If to the Attorneys General to:

Stephen J. Sovinsky
Assistant Attorney General
Office of the Attorney General of Virginia
202 North 9th Street
Richmond, Virginia 23219
E-mail: SSovinsky@oag.state.va.us

Deputy Attorney General
Consumer Protection and Advocate Division
Tennessee Office of the Attorney General
315 Deaderick Street, 20th Floor
Nashville, Tennessee 37201
Email: travis.brown@ag.tn.gov and cynthia.kinser@ag.tn.gov

Laura M. Tucker, Deputy Attorney General
Office of the Nevada Attorney General
Bureau of Consumer Protection
100 North Carson Street
Carson City, Nevada 89701
E-mail: LMTucker@ag.nv.gov

Or to other such representative of the Attorneys General as the Virginia Attorney

General's Office, Tennessee Attorney General's Office, or Nevada Attorney General's Office may, in writing, hereafter identify.

If to USA Discounters to:

Siran S. Faulders
Troutman Sanders LLP
1001 Haxall Point
Richmond, Virginia 23219
Tel: (804) 697-1200
Fax: (804) 698-6058
Email: siran.faulders@troutmansanders.com

Lee R. Bogdanoff
Klee, Tuchin, Bogdanoff & Stern LLP
1999 Avenue of the Stars, 39th Floor
Los Angeles, California 90067
Tel: (310) 407-4000
Fax: (310) 407-9090
Email: lbogdanoff@ktbslaw.com

Or to such other persons as USA Discounters may, in writing, hereafter identify.

84. This Agreement shall be presented to the Bankruptcy Court for approval when signed by USA Discounters and the Attorneys General of all the States listed on page one of the Agreement; however, USA Discounters may, in its sole discretion, elect to proceed with this Agreement without the signature of any Attorney General, in which event this Agreement shall have no force or effect with respect to such non-signing Attorney General unless such non-signing Attorney General later signs the Agreement on or before the Effective Date.

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

USA DISCOUNTERS, LTD.

By: _____
Timothy W. Dorsey
Vice President and General Counsel

USA DISCOUNTERS, LTD.

By: _____
SIRAN S. FAULDERS
Troutman Sanders LLP
Counsel for USA Discounters, Ltd.

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

USA DISCOUNTERS HOLDING COMPANY, INC.

By: _____
Timothy W. Dorsey
Vice President and General Counsel

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

USA DISCOUNTERS CREDIT, LLC

By: _____
Timothy W. Dorsey
Manager

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/8/16

Luther Strange
Attorney General

By: _____
Oliva Martin
Assistant Attorney General
Office of the Alabama Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/9/16

Jahna Lindemuth
Attorney General

By: _____
Cynthia C. Drinkwater
Assistant Attorney General
Alaska Bar No. 8808159

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

For the Arizona Attorney General's Office:

Dated: September 7, 2016

MARK BRNOVICH
Arizona Attorney General

By:

Dena R. Benjamin
Assistant Attorney General
1275 W. Washington St.
Phoenix, AZ 85007
Tel.: (602) 542-7717
Email: consumer@azag.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 8, 2016

Leslie Rutledge
Arkansas Attorney General

By: Suzanne Hixson
Suzanne Hixson
Assistant Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/6/16

KAMALA D. HARRIS
Attorney General of California
NICKLAS A. AKERS
Senior Assistant Attorney General
JUDITH FIORENTINI
Supervising Deputy Attorney General

By: _____
ANGELA ROSENAU
Deputy Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/9/2016

George Jepsen
Attorney General

By: Sandra G. Arenas, AAG

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9-9-16

MATTHEW P. DENN
ATTORNEY GENERAL OF DELAWARE

By: Jillian G. Remming

Jillian G. Remming
Deputy Attorney General
Delaware Department of Justice
820 North French Street
Wilmington, DE 19801
(302) 577-8600

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 8, 2016

Karl A. Racine
Attorney General

By: _____
Philip Ziperman
Director
Office of Consumer Protection
Office of the Attorney General for the District of Columbia

_____
Gary Tan
Assistant Attorney General
Office of Consumer Protection
Office of the Attorney General for the District of Columbia

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 8, 2016

PAMELA JO BONDI
Attorney General
State of Florida

By: _____

William B. Armistead
Assistant Attorney General
Florida Office of the Attorney General
PL-01 The Capitol
Tallahassee, Florida 32399
P: 850-414-3805
F: 850-488-1259
William.Armistead@myfloridalegal.com

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/7/16

SAMUEL S. OLENS
Attorney General of the State of Georgia

By: Christine E. Hom

Christine E. Hom
Assistant Attorney General
Georgia Department of Law – Consumer Protection Unit

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/7/16

Stephen H. Levins
Executive Director
State of Hawaii Office of Consumer Protection

By: Lisa P. Tong
Lisa P. Tong
Staff Attorney

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9-6-16

LAWRENCE G. WASDEN
Idaho Attorney General

By: _____

JANE HOCHBERG
Deputy Attorney General
Consumer Protection Division
954 W. Jefferson Street, 2nd Floor
PO Box 83720
Boise, Idaho 83720-0010
Telephone: (208) 332-3553
Fax: (208) 334-4151
Email: jane.hochberg@ag.idaho.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

LISA M. MADIGAN
Illinois Attorney General

By: _____
Deborah Hagan
Chief, Consumer Protection Division
Office of the Illinois Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: Sept. 9, 2016

GREGORY F. ZOELLER
Indiana Attorney General

By: _____
Thomas E. Irons
Deputy Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: Sept. 7, 2016

By: _____
THOMAS J. MILLER
Attorney General of Iowa
1305 E. Walnut Street, 2nd Floor
Des Moines, IA 50319

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/6/2016

DEREK SCHMIDT
Kansas Attorney General

By: Derek Schmidt

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

Andy Beshear
Attorney General
Commonwealth of Kentucky

By: _____
Don W. Rodgers
Assistant Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9 8-1 p

Jeff Landry
Attorney General

By: _____
Alberto De Puy
Assistant Attorney General
Consumer Protection

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/6/16

JANET T. MILLS
Attorney General

By: _____

LINDA CONTI
Assistant Attorney General
Office of the Attorney General
Burton Cross State Office Building
111 Sewall Street, 6th Floor
Augusta, Maine 04330
Tel: 207-626-8591
Linda.conti@maine.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Brian E. Frosh
Attorney General

Dated: 9/8/16

By: William D. Gruhn

William D. Gruhn
Chief, Consumer Protection Division
Office of the Attorney General of Maryland
200 Saint Paul Place
Baltimore, MD 21202
(410)576-6557

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 8, 2016

Maura Healey
Attorney General of Massachusetts

By: _____
Lisa R. Dyen, Assistant Attorney General
Consumer Protection Division
Office of the Massachusetts Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 6, 2016

Bill Schuette
Attorney General

By: _____

William R. Bloomfield
Assistant Attorney General
Corporate Oversight Division
Michigan Department of Attorney General
P.O. Box 30755
Lansing, MI 48909
(517) 373-1160
bloomfieldw@michigan.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/9/16

LORI SWANSON
Attorney General

By: _____
Jason Pleggenkuhle
Assistant Attorney General
Office of the Minnesota Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 2, 2016

JIM HOOD, ATTORNEY GENERAL
STATE OF MISSISSIPPI

BY: _____

Bridgette W. Wiggins, MSB No. 9676
Special Assistant Attorneys General
Post Office Box 22947
Jackson, MS 39225
Telephone: 601-359-4279
Facsimile: 601-359-4231

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

Chris Koster
Attorney General

By: _____
Joseph P. Bindbeutel
Chief Counsel
Consumer Protection Division

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/9/16

TIM FOX
Attorney General for the State of Montana

By: Anne W. Gates on behalf of

KELLEY L. HUBBARD
Assistant Attorney General
Department of Justice
Office of Consumer Protection
555 Fuller Avenue
PO Box 200151
Helena, MT 59620-0151
Phone: 406.444.2026
Fax: 406.442.1894

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/8/16

THE STATE OF NEBRASKA, ex rel.
DOUGLAS J. PETERSON, Attorney General

By: _____

Daniel J. Birdsall #25726
Assistant Attorney General
Consumer Protection Division
Nebraska Attorney General's Office
2115 State Capitol Building
Lincoln, NE 68509
P: 402.471.3840
dan.birdsall@nebraska.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 09/09/2016

Adam P. Laxalt
Nevada Attorney General

By:

Laura M. Tucker, Deputy Attorney General
Bureau of Consumer Protection, Nevada Attorney General's Office
(775) 684-1244
LMTucker@ag.nv.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 8, 2016

Joseph A. Foster
Attorney General
State of New Hampshire

By:

John W. Garrigan
Assistant Attorney General
Consumer Protection and Antitrust Bureau
New Hampshire Department of Justice
33 Capitol Street
Concord, NH 03301
603-271-1252
john.garrigan@doj.nh.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 8, 2016

CHRISTOPHER S. PORRINO
Attorney General of New Jersey

By: Patricia Schiripo
Patricia Schiripo
Deputy Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

HECTOR H. BALDERAS
ATTORNEY GENERAL OF NEW MEXICO

By: _____

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New Mexico Office of the Attorney General
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cchavezreyes@nmag.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York

By: _____
Deanna R. Nelson, AAGIC

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 09.09.16

ROY COOPER
Attorney General of North Carolina

By: Kristine M. Ricketts

KRISTINE M. RICKETTS
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Financial Fraud Unit
Consumer Protection Division
North Carolina Department of Justice
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Fax: 919.716.6050

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/8/16

Wayne Stenehjem
Attorney General

By: _____
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Assistant Attorney General
Consumer Protection & Antitrust Division
Office of Attorney General of North Dakota
1050 E. Interstate Ave., Ste. 200
Bismarck, ND 58503-5574
Ph: 701-328-5570
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In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/6/16

Michael DeWine
Ohio Attorney General

By: Melissa Wright

Melissa G. Wright (Ohio Bar No. 0077843)
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Consumer Protection Section
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In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/9/2016

E. SCOTT PRUITT
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By: Malisa McPherson

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Assistant Attorney General
Consumer Protection Unit
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In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

ELLEN F. ROSENBLUM, OSB 753239
Oregon Attorney General

By: Carolyn G. Wade
Carolyn G. Wade, OSB 832120
Senior Assistant Attorney General

In the Matter of:

USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9.9.16

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL
Bureau of Consumer Protection

By: _____

John M. Abel
Senior Deputy Attorney General
15th Floor, Strawberry Square
Harrisburg, PA 17120
Telephone (717) 783-1439
Fax (717) 705-3795

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 8, 2016

PETER F. KILMARTIN
ATTORNEY GENERAL
STATE OF RHODE ISLAND

By his attorney

Edmund F. Murray, Jr.
Special Assistant Attorney General
Rhode Island Department of Attorney General
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(401) 274-4400 ext. 2401
emurray@riag.ri.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/9/16

Alan Wilson
Attorney General of the State of South Carolina

By: _____

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Assistant Deputy Attorney General
OFFICE OF THE ATTORNEY GENERAL
P.O. Box 11549
Columbia, SC 29211
(803) 734-3970
(803) 734-3677 (fax)

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: Sept. 8, 2016

MARTY J. JACKLEY
Attorney General

By: _____

Philip D. Carlson
Assistant Attorney General
South Dakota Attorney General's Office
1302 E. Highway 14, Suite 1
Pierre, SD 57501
(605) 773-3215
Phil.Carlson@state.sd.us

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

FOR THE STATE OF TENNESSEE:

Dated: 9/9/2016

HERBERT H. SLATERY III
Attorney General and Reporter
B.P.R. No. 9077

B. TRAVIS BROWN
B.P.R. No. 34164
JEFFREY L. HILL
B.P.R. No. 16731
Assistant Attorney General
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Attorneys for the State of Tennessee

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

KEN PAXTON
Attorney General of Texas

JEFFREY C. MATEER
First Assistant Attorney General

BRANTLEY STARR
Deputy First Assistant Attorney General

JAMES E. DAVIS
Deputy Attorney General for Civil Litigation

DAVID A. TALBOT
Division Chief, Consumer Protection Division

Gabriella Gonzalez
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Assistant Attorneys General
Office of the Attorney General
Consumer Protection Division
P.O. Box 12548 (MC-010)
Austin, Texas 78711
Tel. (512) 463-0286
Fax (512) 473-8301

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/9/16

Sean Reyes
Attorney General
State of Utah
On behalf of Division of Consumer Protection
Department of Commerce
State of Utah

By: _____
Thomas M. Melton
Assistant Attorney General

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

DATED at Montpelier, Vermont, this 8th day of September, 2016.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By: _____

Merideth C. Chaudoir
Assistant Attorney General
Vermont Attorney General's Office
109 State Street
Montpelier, VT 05609
Tel. (802) 828-1422
merideth.chaudoir@vermont.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: September 9, 2016

MARK R. HERRING
Attorney General

By:

Stephen John Sovinsky
Assistant Attorney General
David B. Irvin
Senior Assistant Attorney General
Consumer Protection Section
Office of the Attorney General of Virginia
202 North 9th Street
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SSovinsky@oag.state.va.us
Phone: (804) 823-6341
Fax: (804) 786-0122

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/6/16

Robert W. Ferguson
Washington Attorney General

By: _____
John A. Nelson
Assistant Attorney General
Consumer Protection Division

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9/12/16

PATRICK MORRISEY
Attorney General

By: _____

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Assistant Attorney General
Office of the Attorney General
Eastern Panhandle Office
269 Aikens Center
Martinsburg, WV 25404
304-267-0239
Laurel.k.lackey@wvago.gov

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)
Settlement Agreement

Dated: September 8, 2016

BRAD D. SCHIMEL
Wisconsin Attorney General

LARA SUTHERLIN
Assistant Attorney General
State Bar #1057096
Wisconsin Department of Justice
Post Office Box 7857
Madison, Wisconsin 53707-7857

In the Matter of:
USA Discounters, Ltd. (d/b/a USA Living)

Settlement Agreement

Dated: 9-7-16

Peter K. Michael
Attorney General

By: _____

Benjamin M. Burningham
Wyoming Bar Number 7-5616
Assistant Attorney General
Kendrick Building
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F: (307) 777-3435
ben.burningham@wyo.gov

Schedule 1

In re USA Discounters Ltd.
Civil Penalty Distribution for Attorneys General Settlement

States	Total Payment
32	
Arkansas	$770,174.00
California	$3,292,136.00
Delaware	$628,460.00
District of Columbia*	$1,009,394.00
Florida	$1,976,048.00
Georgia*	$1,674,804.00
Hawaii	$662,318.00
Illinois	$1,459,250.00
Indiana	$1,024,100.00
Iowa	$780,326.00
Kansas	$765,530.00
Louisiana	$888,200.00
Maryland	$981,332.00
Massachusetts	$1,036,286.00
Michigan	$1,254,410.00
Missouri	$986,732.00
Nebraska	$694,718.00
Nevada**	$1,297,423.33
New Hampshire	$655,280.00
New York*	$2,342,892.00
North Carolina*	$1,662,798.00
Ohio	$1,372,328.00
Oklahoma	$835,244.00
Pennsylvania	$1,455,236 00

Rhode Island	$636,164.00
South Carolina	$903,914.00
Tennessee**	$1,556,083.33
Texas*	$2,877,960.00
Utah	$771,416.00
Vermont	$606,158.00
Virginia**	$1,680,391.34
Washington*	$1,462,494.00
TOTAL	**$40,000,000.00**

* Executive Committee State

** Lead State

Schedule 2

Proof of Claim Number	State	Date Filed
171	Arkansas	03/04/2016
148	California	02/11/2016
149	California	02/11/2016
150	California	02/11/2016
197	Delaware	05/18/2016
191	Florida	04/04/2016
178	Georgia	03/08/2016
176	Hawaii	03/07/2016
185	Illinois	03/21/2016
170	Indiana	03/04/2016
192	Iowa	04/06/2016
189	Kansas	03/04/2016
194	Louisiana	04/26/2016
201	Maryland	05/20/2016
184	Massachusetts	03/17/2016
173	Michigan	03/07/2016
175	Missouri	03/07/2016
180	Nebraska	03/09/2016
172	Nevada	03/07/2016
182	New Hampshire	03/14/2016
186	New York	03/23/2016
187	North Carolina	03/23/2016
188	Ohio	03/29/2016
179	Oklahoma	03/09/2016
198	Pennsylvania	05/19/2016
199	Rhode Island	05/20/2016
147	Tennessee	02/10/2016
200	Texas	05/20/2016
193	Utah	04/08/2016
168	Vermont	03/01/2016
169	Virginia	03/02/2016
196	Washington	05/12/2016
183	Washington D.C.	03/14/2016