

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE 30<sup>TH</sup> JUDICIAL CIRCUIT  
INGHAM COUNTY

In The Matter Of:

LYON FINANCIAL SERVICES, INC.,  
D/B/A U.S. BANCORP BUSINESS EQUIPMENT  
FINANCE GROUP

Respondent.

---

File No. 05-32-CZ

Hon. James R. Giddings

AG File No. 200506768

**ASSURANCE OF DISCONTINUANCE**

MICHAEL A. COX  
ATTORNEY GENERAL

Kathy Fitzgerald  
Assistant Attorney General  
Consumer Protection Division  
P.O. Box 30213  
Lansing, MI 48909  
517-335-0855

Dated Filed: May 26, 2005

IN THE MATTER OF )  
 )  
LYON FINANCIAL SERVICES, INC. )  
d/b/a U.S. BANCORP BUSINESS EQUIPMENT FINANCE GROUP )

**ASSURANCE OF VOLUNTARY COMPLIANCE**

1. This Assurance of Voluntary Compliance<sup>1</sup> ("Assurance") is entered into by the Attorneys General<sup>2</sup> (collectively, "Attorneys General") of the States of Arizona, Colorado, Connecticut, District of Columbia, Delaware, Georgia, Illinois, Kansas, Louisiana, Maryland, Massachusetts, Michigan, North Carolina, New Hampshire, Ohio, Pennsylvania, Rhode Island, and West Virginia (collectively, "Participating States"), and the Respondent Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group ("USB").
2. USB is a corporation organized and existing under the laws of the State of Minnesota.
3. USB has a place of business at 1310 Madrid Street, Marshall, Minnesota 55402.

---

<sup>1</sup> This Assurance of Voluntary Compliance shall, for all necessary purposes, also be considered an Assurance of Discontinuance.

<sup>2</sup> Of the states listed, Connecticut is represented by the Commissioner of the Connecticut Department of Consumer Protection, who enters into this Assurance pursuant to the Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. Sec. 42-110j, acting by and through his counsel, Richard Blumenthal, Attorney General for the State of Connecticut. Georgia is represented by the Administrator of the Fair Business Practices Act, who is statutorily authorized to undertake consumer protection functions for the State of Georgia, including acceptance of Assurances of Voluntary Compliance. For simplicity purposes, the entire group will be referred to as the "Attorneys General," and such designation, as it includes Connecticut, refers to the Commissioner of the Connecticut Department of Consumer Protection, and as it includes Georgia, refers to the Administrator of the Fair Business Practices Act.

4. USB is one of the leasing companies that purchased and holds Equipment Rental Agreements with NorVergence, Inc. ("NorVergence") customers in the Participating States and elsewhere.

### **BACKGROUND**

5. This Assurance follows an inquiry by the Attorneys General into USB's business dealings with NorVergence. This inquiry was part of a larger inquiry regarding whether the practices of NorVergence and those of USB and other financing companies in connection with NorVergence Equipment Rental Agreements ("Rental Agreements") violate any of the consumer protection statutes listed herein at footnote 3.<sup>3</sup>

#### **NorVergence's Allegedly Fraudulent Business Scheme**

6. The Attorneys General of Illinois, North Carolina, Massachusetts, Pennsylvania, and Texas and the Federal Trade Commission have sued NorVergence, alleging that NorVergence's business practices violate their respective consumer protection statutes.

<sup>3</sup> Ariz. Rev. Stat. § 44-1521 *et seq.*; Colorado Consumer Protection Act, Colo. Rev. Stat. § 6-1-101 *et seq.*; Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. § 42-110b(a), *et seq.*; Del. Code Ann. tit. 6, § 2511 *et seq.*; District of Columbia Consumer Protection Procedures Act, D.C. Code § 28-3901, *et seq.*; Georgia Fair Business Practices Act of 1975, O.C.G.A. 10-1-390, Ga. Code Ann. § 10-1-399, *et seq.*; Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS § 505/1, *et seq.*; Kan. Stat. Ann. § 50-623, *et seq.*; La. Stat. Ann. § 51:1401, *et seq.*; Maryland Consumer Protection Act, Maryland Commercial Law Code Annotated § 2-302, *et seq.*; Massachusetts Consumer Protection Act, M. G. L. c. 93A, §§ 1-11, *et seq.*; Michigan Consumer Protection Act, M. C. L. § 445.901, *et seq.*; Regulation of Business Practices for Consumer Protection, N.H. Rev. Stat. Ann. § 358-A, *et seq.*; North Carolina Unfair and Deceptive Trade Practices Act, N.C. G. S. § 75-1.1, *et seq.*; Ohio Consumer Sales Practices Act, O. R. C. A. § 1345.01, *et seq.*; Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. §§ 201-1, *et seq.*; Rhode Island Deceptive Trade Practices Act, R.I. Gen. Laws § 6-13.1-1, *et seq.*; and W. Va. Code § 46A-6-104, *et seq.*

7. Among other things, these complaints filed against NorVergence include the following allegations:

a. That NorVergence's sales presentations contained a number of misrepresentations about the nature of NorVergence's offer, including, but not limited to, that:

- i. NorVergence was offering to lower a potential customer's monthly expenses for telephone service, high speed Internet service, and wireless telephone service, which discounts could be achieved by installing a Matrix box;
- ii. NorVergence could eliminate all per-minute charges for telephone service, high-speed Internet service, and wireless telephone service using special "voice as data" technology contained in the Matrix box;
- iii. NorVergence arrived at the price for a 60 month contract for the provision of discounted telecommunications services by taking a percentage discount from a customer's monthly telecommunications expenses, usually 30%, and multiplying the remaining percentage, usually 70%, by 60; and
- iv. In the event NorVergence went out of business, customers' telecommunications service would not be interrupted.

b. In fact:

- i. The Matrix box takes one of two formats: it is either a T1 box, which has nothing to do with cellular service, or a firewall/router, which has nothing to do with landline telephone service or cellular service;

- ii. The Matrix box has an estimated retail value of \$400 to \$1,500;
  - iii. NorVergence crafted the transactions in such a way that the majority of the 60 month contract monthly payment was contained in an "Equipment Rental Agreement", purportedly for the cost of the Matrix box;
  - iv. NorVergence immediately assigned its Rental Agreements to various finance companies or caused its customers to execute Rental Agreements directly with finance companies;
  - v. If NorVergence went out of business, it had no arrangements to provide telecommunications services to its customers; and
  - vi. Shortly after NorVergence's creditors forced the company into bankruptcy on June 30, 2004, NorVergence ceased providing telecommunications services to all of its customers.
- c. The complaints also allege that NorVergence included unfair terms in its Rental Agreements, such as the purported waiver of defenses clause and the floating venue clause, and failed to disclose clearly and conspicuously the material terms and conditions of those Rental Agreements.

#### **USB's Activities in Connection with the NorVergence Equipment Rental Agreements**

8. In many cases, shortly after the Rental Agreements were executed between NorVergence and its customers, these agreements were assigned to finance companies. In some cases, NorVergence assigned only a portion of the payment stream under a Rental Agreement to a finance company, typically a specific number of monthly payments at the beginning of a Rental Agreement's term.

9. USB sent monthly invoices to its customers in connection with all the NorVergence Rental Agreements in its portfolio and accepted payment from customers on those invoices.

#### **THE ATTORNEYS GENERAL'S POSITION**

10. The Attorneys General allege that consumers in their states were fraudulently induced to sign the NorVergence agreements, and that such agreements are void *ab initio*.
11. The Attorneys General allege that USB knew or should have known of the alleged fraud perpetrated by NorVergence and is not entitled to collect from its customers in the Participating States.
12. The Attorneys General also allege that, under the circumstances, the Rental Agreements are unconscionable in that they contain terms that are unreasonable, unfairly harsh, and one-sided in favor of NorVergence and the leasing companies, all in violation of the statutes set forth in footnote 3 to this Assurance and in violation of Section 2-302 of the Uniform Commercial Code.
13. The Attorneys General believe they have authority to investigate USB's activities in connection with the Rental Agreements, and to file suit against USB.

#### **USB'S POSITION**

14. USB denies that it knew or should have known of any alleged fraud perpetrated by NorVergence. USB asserts that it is not legally responsible for any such alleged fraud perpetrated by NorVergence, and contends that, in accordance with the law of each Participating State, the Rental Agreements with NorVergence customers remain fully

enforceable according to their terms notwithstanding any improper conduct by NorVergence.

15. USB expressly denies that it engaged in any unlawful conduct or business practices and expressly denies that it is liable to any person or entity in connection with the rental of NorVergence telecommunications equipment.
16. At the same time, in light of the allegations directed at NorVergence, the impact of the NorVergence conduct on USB's customers, and the concerns expressed by the Participating States, USB is willing to afford its NorVergence customers an opportunity to be released from their obligations under the Rental Agreements pursuant to the conditions described herein.
17. USB believes that, as an operating subsidiary of a national bank: (i) it is subject to the Office of the Comptroller of the Currency's exclusive visitorial jurisdiction; and (ii) certain state laws are preempted.

#### **JURISDICTION**

18. The Attorneys General and USB are entering into this Assurance without waiver of or prejudice to their respective rights to argue that USB is or is not subject to the Attorneys General's investigatory and enforcement powers in connection with any matter other than the NorVergence investigation.

#### **TERMS OF ASSURANCE**

19. This Assurance shall be binding upon and extend to USB, its principals, officers, directors, agents (including, but not limited to third party collection agents), employees, successors and assigns, and any entity or device through which it may now or hereafter

act, as well as any persons who have authority to control or who, in fact, control and direct its business.

20. By entering into this Assurance, the Parties agree that there are no admissions of wrongdoing or findings of liability or wrongdoing on the part of USB, that there has been no concession or agreement by USB as to the validity and/or merits of any investigation, that there has been no approval, sanction, or authorization by any of the Participating States of any act or practice of USB and that this Assurance does not indicate or constitute the existence or non-existence of any fact or circumstance that may have been alleged in connection herewith by any Participating State or by USB. This Assurance is entered into solely for the purpose of settlement of disputed claims, and to avoid the expense, uncertainty, delay, and inconvenience that would be associated with continued investigation and potential litigation of the issues. Neither the existence of, negotiation of, nor the terms of this Assurance, nor of any offer made to or agreed upon with any State Customer pursuant hereto shall, in any future proceeding other than for enforcement, default, or breach of this Assurance, be referred to or offered in evidence of wrongdoing, for any purpose, by any person. A State Customer is any USB customer in any Participating State that has a NorVergence Rental Agreement. The Participating States acknowledge that USB has cooperated fully with the investigation in an effort to satisfy the interests of the Participating States and the State Customers. Some of the Attorneys General have obtained default judgments against NorVergence, a company now in bankruptcy. NorVergence did not appear in or defend the cases brought against it by the suing Attorneys General. USB was not named as a party in those cases.

Accordingly, the applicability of such default judgments, if any, on the enforceability of the Rental Agreements assigned to, or otherwise held by, USB would have to be determined by an appropriate court. The same would be true, with respect to USB, for any additional default judgments that may be sought and obtained by any of the Attorneys General against NorVergence.

Customer Settlement Program

21. In order to participate in the settlement terms described herein, each State Customer must pay all amounts due on its Rental Agreement through July 15, 2004, including any and all monthly payments and charges for insurance, late fees, and taxes ("Cure Amount"). Each State Customer who elects to participate in, and fully perform under, the settlement terms in the manner described herein will be referred to as a "Participating Customer." Each State Customer who settled its claims with USB after July 15, 2004 (a "Previously Settled Customer") also is eligible to be a Participating Customer on the terms and conditions described in paragraph 27 of this Assurance. Each State Customer whose Rental Agreement was only partially assigned to USB also is eligible to be a Participating Customer on the terms and conditions described below, but such terms and conditions shall apply only with respect to the portion of the Rental Agreement assigned to USB.
22. USB will offer the following settlement terms to any Participating Customer, other than a Previously Settled Customer, and any personal guarantor it may have:
  - a. USB will forgive eighty-five percent (85%) of the remaining contract balance due on each such Participating Customer's obligations to USB under the Rental

Agreement after July 15, 2004, but not including any applicable taxes due thereon or in connection therewith;

- b. USB shall forgive any late fees or penalties assessed on the Participating Customer's account with USB on or after July 15, 2004; and
  - c. Within thirty (30) days of the delivery of documents by which any State Customer elects to become a Participating Customer, USB shall withdraw or cause to be corrected any and all adverse credit information filed by it, if any, as to the Participating Customer as a result of not receiving payment from that Customer on its Rental Agreement after July 15, 2004, by providing written notification to each credit bureau to whom USB furnished information, if any.
23. USB shall fully credit each Participating Customer for any payments it has made pursuant to the Rental Agreement after July 15, 2004, including, but not limited to, monthly payments and charges for insurance, late fees, and taxes. USB shall issue refunds to those Participating Customers whose post-July 15, 2004 payments exceed the Participating Customer's remaining obligations under the Rental Agreement as provided by paragraph 22 of this Assurance.
24. As to each Participating Customer, other than a Previously Settled Customer, USB agrees to accept, in full satisfaction of the Customer's obligations to USB under the Customer's Rental Agreement, payment of the Cure Amount, plus payment of fifteen percent (15%) of the remaining contract balance due to USB under the Rental Agreement as of July 15, 2004, minus any late fees or penalties incurred after July 15, 2004 ("Settlement Balance"), plus any applicable taxes thereon or in connection therewith.

25. USB agrees that the Settlement Balance shall be paid as follows:
- a. The Participating Customer shall either elect to:
    - i. Make a lump sum payment of the entire Settlement Balance; or
    - ii. If the Settlement Balance is less than \$5,000, pay the Settlement Balance in up to twelve (12) equal monthly installment payments. If the Settlement Balance is \$5,000 or higher, pay the Settlement Balance in up to twenty-four (24) equal monthly installment payments.
    - iii. Nothing in this Assurance shall be construed to preclude USB in its sole discretion from entering into mutually acceptable alternative payment schedules with any Participating Customer.
  - b. If the Participating Customer elects to make a lump sum payment, such payment shall be due within thirty (30) days of the mailing of the fully executed Settlement and Mutual Release by the Participating Customer, as described in paragraph 28 of this Assurance;
  - c. If the Participating Customer elects to make installment payments, the first installment payment is to be due no earlier than the thirtieth (30<sup>th</sup>) day after USB's receipt of the fully executed Release. USB shall provide a bill, on a minimum of fifteen (15) days' notice, to such Participating Customer stating the date the first installment payment is due and its amount.
  - d. Any Participating Customer that begins paying its Settlement Balance may pre-pay the remaining balance at any time without penalty.

- c. In the event no Settlement Balance is due from a Participating Customer and a refund is warranted, USB shall pay any such refund within thirty (30) days of USB's receipt of the fully executed Settlement and Mutual Release.
26. Within thirty (30) days of the Effective Date, USB shall mail a Settlement Letter (in the form annexed hereto as Exhibit A) to each State Customer, other than a Previously Settled Customer, who entered into a Rental Agreement and any personal guarantor thereof, provided that for State Customers whose Rental Agreements were only partially assigned to USB, USB shall mail a Settlement Letter in the form annexed hereto as Exhibit A-2, instead of Exhibit A. In this mailing, USB will print on the outside of the envelope the following: "NorVergence-Related Settlement Material Enclosed" in at least 12 point typeface. Each State Customer will have 35 days from the date of the mailing of the Settlement Letter to respond to USB to indicate whether they will accept the terms of settlement. If any of the State Customer's letters are returned to USB as undeliverable, USB must make reasonable commercial efforts to locate that customer. If located, USB shall inform the State Customer and personal guarantor of the following:
- a. The thirty-five (35) day opportunity to elect to participate in the settlement described herein in exchange for a release of all claims against USB relating to NorVergence;
  - b. The Settlement Balance due from that State Customer (which shall include any Cure Amount); and
  - c. The State Customer's options for paying the Settlement Balance if the Customer elects to participate in the settlement.

27. Within thirty (30) days of the Effective Date, USB shall mail a letter in the form of Exhibit A-1 to any Previously Settled Customer who agreed to and/or executed an independent settlement agreement or restructured contract, (a restructured contract is a contract where USB allowed State Customers to restructure the payments and the schedule of the payments of State Customers' Rental Agreements), with USB after July 15, 2004, provided, however, that for Previously Settled Customers whose Rental Agreements were only partially assigned to USB, USB shall mail a Settlement Letter in the form annexed hereto as Exhibit A-3 instead of A-1. Those State Customers will have thirty-five (35) days from the date of mailing of the letter to respond to USB to indicate whether they will elect to revise their existing settlement. In that letter, USB shall inform such settled State Customer of the following:
- a. The thirty-five (35) day opportunity to elect to revise the State Customer's existing settlement or restructured contract to achieve terms equivalent to the Settlement Program described in this Assurance except that USB will forgive eighty percent (80%) of the remaining contract balance due on each such State Customer's obligations to USB under the Rental Agreement after July 15, 2004 not including any applicable taxes due thereon or in connection therewith; and
  - b. If the State Customer elects to revise its settlement, the Settlement Balance due and the State Customer's options for payment.
28. USB shall include with the letters referenced in paragraphs 26 and 27 of this Assurance a document titled "Settlement and Mutual Release." Letters in the form of Exhibit A annexed hereto will be accompanied by a Settlement and Mutual Release in the form of

Exhibit B annexed hereto, letters in the form of Exhibit A-1 will be accompanied by a Settlement and Mutual Release in form of Exhibit B-1, letters in the form of Exhibit A-2 will be accompanied by a Settlement and Mutual Release in the form of Exhibit B-2, and letters in the form of Exhibit A-3 will be accompanied by a Settlement and Mutual Release in the form of Exhibit B-3. As referenced in those letters, each Participating Customer will be required to provide a notarized signature of a duly authorized officer, partner or other agent of the company and/or the personal guarantor on the Settlement and Mutual Release and return the same to USB within thirty-five (35) days of USB's mailing of the letter.

29. To the extent set forth in the Settlement and Mutual Release, each Participating Customer shall provide USB with a release of claims arising under the Rental Agreement and any and all NorVergence related issues. As to each Participating Customer who executes a Settlement and Mutual Release, USB shall provide a release of claims arising under the Rental Agreement, to the extent set forth in the Settlement and Mutual Release. To the extent set forth in the Settlement and Mutual Release, each Participating Customer and USB shall agree to mutually dismiss with prejudice (and without award of costs to any party) any pending litigation arising from the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement.
30. If a State Customer who executes a Settlement and Mutual Release defaults in payment of their Settlement Balances, USB may pursue collection of the unpaid Settlement Balance plus interest, and reasonable costs of collection including attorneys' fees, as provided for in the Settlement and Mutual Release.

31. USB further agrees that it shall not institute any civil action against a Participating Customer for breach of its Rental Agreement or otherwise seek to enforce the Rental Agreement against any Participating Customer. USB will dismiss any pending litigation against any Participating Customer who is a party to existing litigation provided that, if any such Participating Customer has brought counterclaims or separate claims against USB, they will be dismissed by the Participating Customer as a condition to USB's dismissal, which may be accomplished by proffering to and obtaining from counsel for the Participating Customer a stipulation dismissing any and all such claims and counterclaims.
32. In the event that any State Customer does not accept the Settlement outlined in this Assurance and requested in the attached Settlement and Mutual Release within thirty-five (35) days allotted or does not execute the Settlement and Mutual Release, the Rental Agreement shall remain in full force and effect and shall be enforceable by all parties to the same extent that it had been enforceable prior to and without regard to USB's settlement offer. However, notwithstanding any provision authorizing otherwise in any Rental Agreement, if USB chooses to enforce the Rental Agreement pursuant to this paragraph 32 of the Assurance, then any lawsuit it initiates will be filed by USB in the state of the State Customer's residence, unless the State Customer objects thereto, or unless any State Customer has initiated litigation against USB, in which case USB may assert counterclaims or separate claims against such State Customer where its action is pending.

### **Affidavits of Compliance**

33. Within sixty (60) days of the Effective Date of this Assurance, USB shall submit an affidavit to each Attorney General, subscribed to by an officer of USB:
  - a. Attesting that it sent the letters to the State Customers in accordance with the terms of this Assurance;
  - b. Providing an accounting of the Participating Customers, including the Participating Customers' Settlement Balances and payment schedules elected or agreed upon; and
  - c. Providing the names of the State Customers whose letters were undeliverable.
  
34. Within six months from the Effective Date of this Assurance, USB shall submit to each Attorney General an affidavit, subscribed to by an officer of USB:
  - a. Affirming its compliance with the provisions of this Assurance as to the Participating Customers from that Attorney General's state;
  - b. Providing an accounting of the Participating Customers, including the terms of their payment schedules and payments made; and
  - c. On or after the second anniversary of the date of this Assurance, the Attorneys General may request in writing a further updated affidavit setting forth USB's compliance with the provisions of this Assurance as to the Participating Customers from that Attorney General's state and an updated accounting of the Participating Customers from that Attorney General's state, including the terms of their payment schedules and payments made, and USB shall submit such an affidavit within forty-five (45) days of any such request.

35. The affidavits to be provided pursuant to paragraphs 33 and 34 of this Assurance shall be used only for the purposes of assuring compliance with this Assurance, and shall be used, cited or referred to for no other purposes whatsoever, and shall not constitute any admission of liability or obligation whatsoever on the part of USB, except to provide to the Participating States information concerning the status and compliance with this Assurance.

#### **General Provisions**

36. The Parties have entered into this Assurance on their own free and voluntary act and with full knowledge and understanding of the obligations and duties imposed by this Assurance.

37. This Assurance shall be binding upon USB as well as its principals, officers, directors, agents (including, but not limited to, third party collection agents), employees, successors and assigns, and any entity or device through which it may now or hereafter act, as well as any persons who have authority to control or who, in fact, control and direct its business. In no event shall assignment of any right, power, or authority under this Assurance avoid the obligation to comply with this Assurance.

38. The Parties have negotiated, jointly drafted, and fully reviewed the terms of this Assurance and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction or interpretation of this Assurance.

39. As used in this Assurance, the plural shall include the singular and the singular shall include the plural.

40. Except as otherwise explicitly provided in this Assurance, nothing herein shall be construed to limit the authority of the Attorneys General to protect the interests of the Participating States or the people of these States.
41. If any portion of this Assurance is held invalid or unenforceable by operation of law, the remaining terms of this Assurance shall not be affected.
42. This Assurance contains the entire agreement among the Parties. Except as otherwise provided herein, this Assurance may be modified only by a written instrument signed by or on behalf of a Participating State and USB, and then shall be binding only with respect to any or each such State so executing.
43. The exhibits to this Assurance are and shall be considered a part of this Assurance.
44. The Parties have agreed to this Assurance for only settlement purposes. Neither the fact of, nor any provision contained in, this Assurance nor any action taken hereunder shall constitute, or be construed as:
  - a. An approval, sanction, or authorization by the Attorneys General of any act or practice of USB;
  - b. Having any impact on the business practices of USB, including but not limited to, the terms of equipment rental or lease agreements, other than as specifically provided herein regarding the rental of NorVergence equipment;
  - c. An admission by USB that any of its acts or practices described in or prohibited by this Assurance are unfair or deceptive or violate any of the consumer protection or other laws of any of the Participating States;

- d. Any agreement or admission by any party to this Assurance as to the existence or non-existence of any fact or allegation that has been made in connection herewith;  
or
  - e. The applicability of any statute, law, rule, or regulation to the business or agreements of USB, except to the extent, and then solely for the purposes provided for, herein.
45. Each person executing this Assurance represents to the other party to the Assurance that he or she is duly authorized to execute and deliver this Assurance, and that, upon the occurrence of the Effective Date, this Assurance shall be a valid, binding, and enforceable agreement, and that all formalities required therefore have been or will be undertaken.
46. Unless otherwise prohibited by law, any signature by the parties to this Assurance may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be one and the same Assurance.

#### **Rights of Customers and USB**

47. Nothing in this Assurance shall be construed to prevent any State Customer or USB (collectively referred to as "rental parties") from pursuing any right or remedy which one rental party may have against the other, except to the extent that a Participating Customer executes a Settlement and Mutual Release pursuant to this Assurance, in which event the rights of the rental parties shall be as provided for therein.

#### **Effective Date**

48. This Assurance shall be effective on May 26, 2005 ("Effective Date").

### **Violation of Assurance as Prima Facie Proof of Violation of Consumer Protection Statutes**

49. The parties understand that pursuant to the statutes cited in footnote 3 to this Assurance, a violation of any term of this Assurance shall constitute prima facie evidence of a violation of those statutes in any subsequent proceedings brought by the Attorneys General against USB or any of its officers, agents, directors or employees. It is further understood that upon any default, an Attorney General's Office has the right to file appropriate legal proceedings to enforce this Assurance.

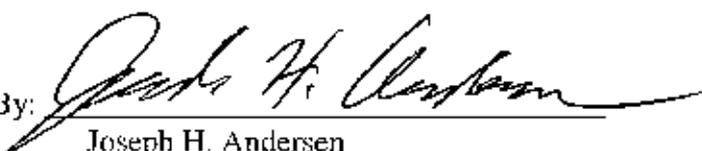
### **Release**

50. The subject matter of this Assurance is the issues covered in paragraphs 7 through 17 of this Assurance. The Attorneys General acknowledge that execution of this Assurance constitutes a complete settlement and release by the Attorneys General of all the civil claims and causes of action for damages, fines, costs, restitution, injunction, penalties, and any other remedies that were asserted or could have been asserted by the Attorneys General, either individually or collectively, on or prior to the effective date of this Assurance against USB arising from the subject matter of this Assurance and pursuant to any common law authority each of the Attorneys General possess, and pursuant to any consumer protection, business fraud, or trade practice statutes, except antitrust statutes, each of the Attorneys General has authority to enforce, including but not limited to, the statutes listed in footnote 3 of this Assurance and the regulations promulgated pursuant to such statutes.

**THE PARTIES TO THIS ASSURANCE CONSENT TO THE FORM, CONTENT, AND  
ENTRY OF THIS ASSURANCE ON THE DATES UNDER THEIR RESPECTIVE  
SIGNATURES.**

IN THE MATTER OF )  
 )  
LYON FINANCIAL SERVICES, INC. )  
d/b/a U.S. BANCORP BUSINESS EQUIPMENT FINANCE GROUP )  
ASSURANCE OF VOLUNTARY COMPLIANCE )

LYON FINANCIAL SERVICES, INC. d/b/a U.S.  
BANCORP BUSINESS EQUIPMENT FINANCE  
GROUP

By:   
Joseph H. Andersen  
Senior Vice President

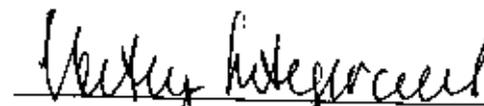
Date: May \_\_, 2005

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

MICHAEL A. COX  
ATTORNEY GENERAL  
STATE OF MICHIGAN

Dated: May 12, 2005

By:

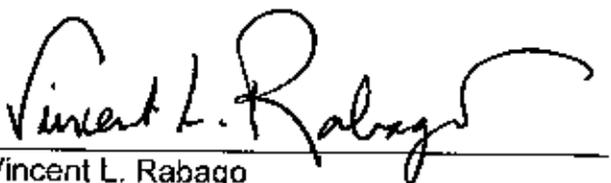


Kathy Fitzgerald (P31454)  
Assistant Attorney General  
Consumer Protection Division  
P.O. Box 30213  
Lansing, MI 48909  
(517) 335-0855

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 12, 2005

TERRY GODDARD  
Attorney General  
State of Arizona

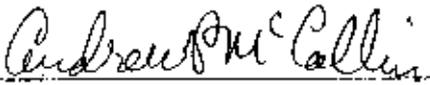
By: 

Vincent L. Rabago  
Assistant Attorney General  
Consumer Protection and Advocacy Section  
400 W. Congress, S-Bldg., Suite 315  
Tucson, AZ 85701  
(520) 628-6534

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

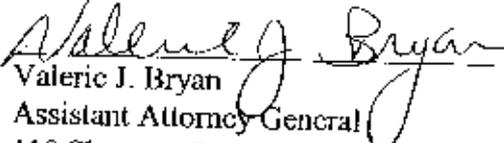
JOHN W. SUTHERS  
Attorney General  
State of Colorado

By:   
Andrew P. McCallin, Reg. No. 20909  
Assistant Attorney General  
Consumer Protection Section  
1525 Sherman Street ~ 5<sup>th</sup> Floor  
Denver, Colorado 80203  
(303) 866-5134

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 26, 2005

RICHARD BLUMENTHAL  
Attorney General  
State of Connecticut

By:   
Valeric J. Bryan  
Assistant Attorney General  
110 Sherman St.  
Hartford, CT 06105  
(860) 808-5420

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

ROBERT J. SPAGNOLETTI  
Attorney General for the District of Columbia

DAVID M. RUBENSTEIN  
Deputy Attorney General  
Public Safety Division

By:   
BENNETT RUSHKOFF  
Chief, Consumer and Trade Protection Section  
Office of the Attorney General  
441 4<sup>th</sup> Street, N.W., Suite 450-N  
Washington, DC 20001  
(202) 727-3500

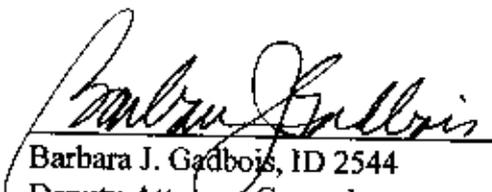
Attorneys for the District of Columbia

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

M. JANE BRADY  
Attorney General of Delaware

By:

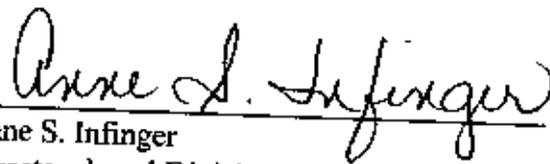


Barbara J. Gadbois, ID 2544  
Deputy Attorney General  
Consumer Protection Unit  
820 N. French Street, Fifth Floor  
Wilmington, DE 19801  
(302) 577-8600

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 12, 2005

JOSEPH B. DOYLE  
Administrator, Governor's Office of Consumer  
Affairs

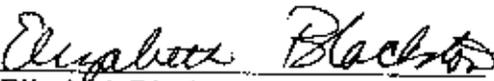


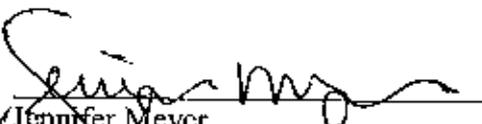
Anne S. Infinger  
Director, Legal Division  
Governor's Office of Consumer Affairs  
2 Martin Luther King, Jr. Drive, Suite 356  
Atlanta, GA 30334-4600

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

LISA MADIGAN  
Attorney General  
State of Illinois

By:   
Elizabeth Blackston  
Assistant Attorney General  
Consumer Fraud Bureau  
500 S. Second Street  
Springfield, IL 62706  
(217) 782-4436

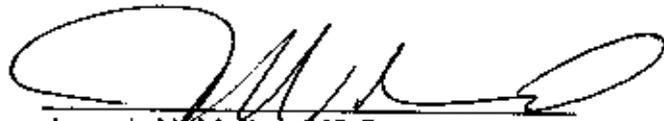
By:   
Jennifer Meyer  
Assistant Attorney General  
Consumer Fraud Bureau  
500 S. Second Street  
Springfield, IL 62706  
(217) 782-4436

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

PHILL KLINE  
Attorney General  
State of Kansas

By:



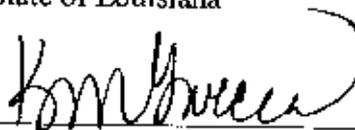
Joseph N. Molina, KS Bar # 20934  
Assistant Attorney General  
120 SW 10<sup>th</sup> Ave., 2<sup>nd</sup> Floor  
Topeka, KS 66612  
(785) 296-3751

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

CHARLES C. FOTI, JR.  
Attorney General  
State of Louisiana

By:



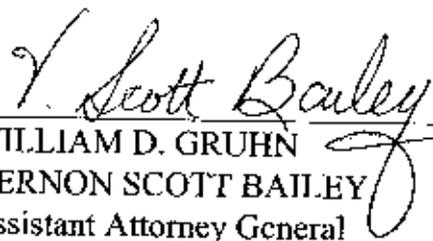
Kristi M. Garcia, LA Bar Roll #27472  
Assistant Attorney General  
Public Protection Division  
Consumer Protection Section  
1885 N. 3<sup>rd</sup> Street, 4<sup>th</sup> Floor  
Baton Rouge, Louisiana 70802  
(225) 326-6460 Phone  
(225) 326-6499 Fax

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

J. JOSEPH CURRAN, JR.  
Attorney General of the State of Maryland

By:

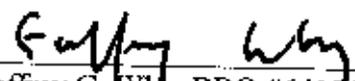
  
WILLIAM D. GRUHN  
VERNON SCOTT BAILEY  
Assistant Attorney General  
Consumer Protection Division  
Office of the Attorney General  
200 St. Paul Place, 16<sup>th</sup> Floor  
Baltimore, MD 21202  
410-576-6349

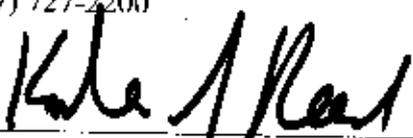
In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

THOMAS F. REILLY  
Attorney General  
Commonwealth of Massachusetts

By:   
Scott D. Schafer, BBO #631384  
Assistant Attorney General  
Consumer Protection and Antitrust Division  
One Ashburton Place  
Boston, MA 02108  
(617) 727-2200

By:   
Geoffrey G. Why, BBO #641267  
Assistant Attorney General  
Consumer Protection and Antitrust Division  
One Ashburton Place  
Boston, MA 02108  
(617) 727-2200

By:   
Karlen J. Reed, BBO #635094  
Assistant Attorney General  
Utilities Division  
One Ashburton Place  
Boston, MA 02108  
(617) 727-2200

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

KELLY A. AYOTTE  
Attorney General  
State of New Hampshire

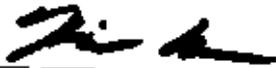
By:

  
Richard W. Head  
Senior Assistant Attorney General  
Consumer Protection and Antitrust Bureau  
33 Capitol Street  
Concord, NH 03301  
(603) 271-3643

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

ROY COOPER  
Attorney General  
State of North Carolina

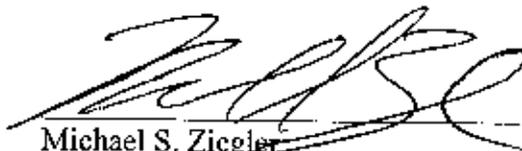
By:   
\_\_\_\_\_  
Kevin Anderson  
Assistant Attorney General  
Consumer Protection Division  
North Carolina Department of Justice  
9001 Mail Service Center  
Raleigh, NC 27699-9001  
919-716-6057

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

JIM PETRO  
Attorney General  
State of Ohio

By:



Michael S. Ziegler  
Assistant Attorney General  
Consumer Protection Section  
30 East Broad Street, 14<sup>th</sup> Floor  
Columbus, Ohio 43215  
(614) 644-9618

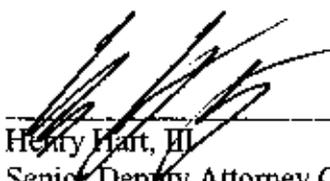
In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

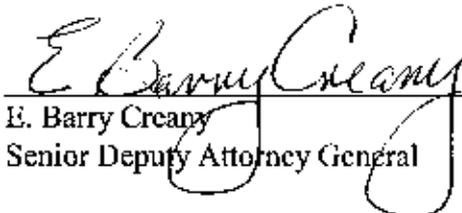
THOMAS W. CORBETT, JR.  
Attorney General of Pennsylvania

FRANK T. DONAGHUE  
Chief Deputy Attorney General

By:

  
Henry Hart, III  
Senior Deputy Attorney General

By:

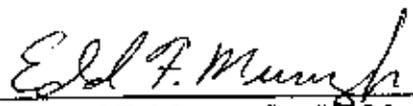
  
E. Barry Creamy  
Senior Deputy Attorney General

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

PATRICK C. LYNCH  
Attorney General  
State of Rhode Island

By:

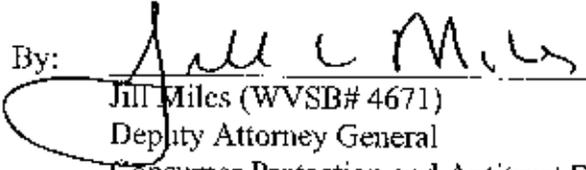
  
Edmund F. Murray, Jr., #3096  
Special Assistant Attorney General  
150 South Main Street  
Providence, RI 02903  
(401) 274-4400, ext. 2401

In the Matter of Lyon Financial Services, Inc., d/b/a  
U.S. Bancorp Business Equipment Finance Group  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: May 17, 2005

DARRELL V. McGRAW, JR.  
Attorney General  
State of West Virginia

By:

  
Jill Miles (WVSB# 4671)  
Deputy Attorney General  
Consumer Protection and Antitrust Division  
812 Quarrier St., Ste. 400  
Charleston, WV 25301  
(304) 558-8986

By:

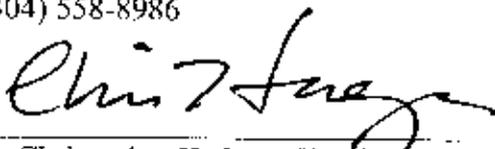
  
D. Christopher Hedges, (WVSB# 7894)  
Assistant Attorney General  
Consumer Protection and Antitrust Division  
812 Quarrier St., Ste. 400  
Charleston, WV 25301  
(304) 558-8986

EXHIBIT A  
LYON FINANCIAL SERVICES, INC.  
SETTLEMENT LETTER

\_\_\_\_\_, 2005

[Insert Customer Name]

[Insert Guarantor Name]

**RE: NOTICE TO FORMER [INSERT STATE NAME] NORVERGENCE  
CUSTOMERS WHO HAVE EQUIPMENT RENTAL AGREEMENTS WITH  
LYON FINANCIAL SERVICES, INC., D/B/A U.S. BANCORP BUSINESS  
EQUIPMENT FINANCE GROUP, AND TO ANY GUARANTORS**

Dear [Insert Customer Name] and/or [Insert Guarantor Name]

You are receiving this notice because the records of Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group ("USB") reflect that [Insert Customer Name] entered into an Equipment Rental Agreement (referred to herein as the "Rental Agreement") with NorVergence, Inc. ("NorVergence"), which subsequently assigned the Rental Agreement to USB. Pursuant to an agreement with the Attorney General of the State of [Insert State Name] (the "Attorney General") regarding alleged violations of [Insert Relevant State Consumer Protection Statute(s)], USB is pleased to offer you a one-time opportunity to participate in a Settlement Program by which you may resolve any outstanding balance on the Rental Agreement at a substantial discount, and settle any and all disputes between you and USB arising from or relating to the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement.

**Here is a summary of how the Settlement Program would work if you accept it:**

- You would pay USB any amounts that became due under the Rental Agreement before July 15, 2004, plus 15% of the amounts coming due under the Rental Agreement after July 15, 2004, plus applicable taxes;
- Any amounts you paid to USB after July 15, 2004 would be applied to reduce the amount you would pay USB under the Settlement Program (or refunded to you, to the extent you have already paid more than that amount); and
- You and USB would exchange mutual releases.

**The Settlement Program is described in more detail in the rest of this letter and the form of Settlement and Mutual Release that is enclosed. You should review those documents carefully. In case of any disagreement between the summary above and the more detailed description, the more detailed description will govern.**

**The Settlement Program Offered By Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group**

If you elect to participate in this Settlement Program, USB will: (a) forgive eighty-five percent (85%) of the aggregate amount remaining payable under your Rental Agreement as of July 15, 2004; (b) forgive any late fees or penalties assessed on your account on or after July 15, 2004; and (c) fully credit you for any payments that you have made to USB on or after July 15, 2004. In the event your payments made after July 15, 2004 exceeded fifteen per cent (15%) of the aggregate amount remaining payable as of July 15, 2004, you will receive a refund of the amount in excess of fifteen per cent (15%) if you elect to participate in the Settlement Program.

In exchange for the benefits provided above, you must be current on your payments under the Rental Agreement as of July 15, 2004, or you must bring your payments current to July 15, 2004. You must also agree to release USB from any claims concerning the Rental Agreement, as described more fully below. You must also agree to pay USB the "Settlement Balance," which is the amount equal to fifteen percent (15%) of the outstanding balance under your Rental Agreement as of July 15, 2004 (once it has been brought current to July 15, 2004), not including any late fees or penalties paid or charged since July 15, 2004, plus any credits as described in the preceding paragraph. You may elect to pay the Settlement Balance in one of two ways. You may either make a lump sum payment of the entire Settlement Balance or pay off the Settlement Balance in up to [insert 12 or 24, as appropriate] equal monthly installment payments, with the lump sum payment due within, or the first installment payment to be due no earlier than, thirty (30) days after USB's receipt of the fully executed Release. USB will mail you a bill for the first installment no later than fifteen (15) days prior to the due date. After settlement, you may be responsible for potential tax liabilities including but not limited to property and usage taxes with respect to the Matrix box and other telephone equipment subject to your Rental Agreement. In regards to these taxes, you may have an affirmative obligation to report these tax liabilities to either your local tax assessor or state department of revenue depending on your state's laws.

If you have any questions about these payment options, please contact USB at \_\_\_\_\_.

You will also have the right at any time to pay the remainder of the Settlement Balance at any time without penalty.

If your account is current through July 15, 2004 and you are entitled to a refund from USB, USB will send the refund to you within thirty (30) days of receipt of the signed Release.

To participate in this Settlement Program, you must complete, sign and have notarized, and return to Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, within 30 days from the date of your receipt of this notice, two copies of the enclosed document entitled "Settlement and Mutual Release." In the Settlement and Mutual Release, you must elect and agree to pay the Settlement Balance according to one of the two payment options described above (either lump-sum or installment). Upon your payment of the Settlement Balance, you will receive written notification from USB that the Rental Agreement has been terminated.

By accepting this proposal, you (a) elect and agree to pay the Settlement Balance; and (b) fully release USB from, and agree not to sue USB for, any and all claims that you have or may have had against USB based upon [Insert Customer Name]'s Rental Agreement, including, without limitation, any such claims you may have as a member or representative of various proposed class action lawsuits that have been brought against USB on behalf of asserted classes of NorVergence customers (as well as any such proposed class action lawsuits that may be brought in the future) and any such claims arising out of any efforts to collect under or enforce the Rental Agreement. If you are currently involved in any litigation with USB over [Insert Customer Name]'s Rental Agreement and you wish to participate in the Settlement Program, you and USB will mutually dismiss that action with prejudice.

USB, in turn, will fully release you from, and agree not to sue you for or to dismiss you from, any and all claims that it has or may have had against you based upon [Insert Customer Name]'s Rental Agreement and will assign to the Customer all of USB's rights in the equipment subject to the Rental Agreement. Both you and USB will retain all rights under law to enforce the Settlement and Mutual Release.

USB has agreed to propose this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of USB that it engaged in any form of unlawful conduct or business practices. Indeed, USB expressly denies that it engaged in any such unlawful conduct or business practices and expressly denies that it is liable to any person or entity in connection with the rental of NorVergence telecommunications equipment.

**If You Decide Not To Participate In The Settlement Program:**

While you are not obligated to participate in the Settlement Program agreed to by USB and the Attorney General, you may wish to consult with an attorney of your choosing before you decide whether to participate in the Settlement Program. If you elect not to participate in the program, or if you enroll in the Settlement Program but change your mind and notify USB before paying the Settlement Balance that you wish to terminate your participation in the Settlement Program, then this Settlement Program will have no impact on any of the terms of your Rental Agreement with USB, and you and USB will each be free to pursue rights and remedies under the law. Even if you do not participate in the Settlement Program, USB has agreed that it will not institute any legal proceedings against you in any court outside the State of [Insert State Name], unless you assert that [Insert State Name] is not the correct forum. Nothing, however, shall prevent USB from asserting a cross-claim or counterclaim in any legal

proceedings, to which you are a party, commenced against USB in any court outside the State of [Insert State Name]. Some of the Attorneys General have obtained default judgments against NorVergence, a company now in bankruptcy. NorVergence did not appear in or defend the cases brought against it by the suing Attorneys General. USB was not named as a party in those cases. Accordingly, the applicability of such default judgments, if any, on the enforceability of the Rental Agreements assigned to, or otherwise held by, USB would have to be determined by an appropriate court should you decide not to participate in the settlement program. The same would be true, with respect to USB, for any additional default judgments that may be sought and obtained by any of the Attorneys General against NorVergence.

**If You Decide To Enroll In The Settlement Program:**

The total amount due under [Insert Customer Name]'s Rental Agreement is [Enter Value].

If you participate in the Settlement Agreement, USB will forgive eighty-five percent of the amount outstanding under your Rental Agreement after it is brought current to July 15, 2004. This means that [you will be required to pay USB][you will receive a refund of] [Settlement Balance], which is calculated as follows:

- 1. **Unpaid balance past due as of July 15, 2004: .....** \_\_\_\_\_
- 2. **Plus fifteen per cent of remaining balance due after July 14, 2004, plus applicable taxes:.....** \_\_\_\_\_
- 3. **Minus all amounts paid since July 15, 2004: .....** \_\_\_\_\_
- 4. **Total remaining Settlement Balance due USB, or:.....** \_\_\_\_\_
- 5. **Amount to be refunded by USB: .....** \_\_\_\_\_

As you can see, the Settlement Program offers you the opportunity to settle this matter at a substantial discount. Please call \_\_\_\_\_ if you have any questions regarding this Settlement Program or the Rental Agreement account.

Very truly yours,

LYON FINANCIAL SERVICES, INC.,  
D/B/A U.S. BANCORP BUSINESS  
EQUIPMENT FINANCE GROUP

EXHIBIT A-1  
LYON FINANCIAL SERVICES, INC.  
SETTLEMENT LETTER

\_\_\_\_\_, 2005

[Insert Customer Name]

[Insert Guarantor Name]

**RE: NOTICE TO FORMER [INSERT STATE NAME] NORVERGENCE  
CUSTOMERS WHO HAVE EQUIPMENT RENTAL AGREEMENTS WITH  
LYON FINANCIAL SERVICES, INC., D/B/A U.S. BANCORP BUSINESS  
EQUIPMENT FINANCE GROUP, AND TO ANY GUARANTORS**

Dear [Insert Customer Name] and/or [Insert Guarantor Name]

You are receiving this notice because the records of Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group ("USB") reflect that [Insert Customer Name] entered into an Equipment Rental Agreement (referred to herein as the "Rental Agreement") with NorVergence, Inc. ("NorVergence"), which subsequently assigned the Rental Agreement to USB, and that [Insert Customer Name] has also entered into a settlement agreement with USB (the "Existing Settlement Agreement"). Pursuant to an agreement with the Attorney General of the State of [Insert State Name] (the "Attorney General") regarding alleged violations of [Insert Relevant State Consumer Protection Statute(s)], USB is pleased to offer you a one-time opportunity to participate in a Settlement Program by which you may nullify the Existing Settlement Agreement and participate in a new Settlement Program, pursuant to which you may resolve any outstanding balance on the Rental Agreement at a substantial discount, and settle any and all disputes between you and USB arising from or relating to the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement.

**Here is a summary of how the Settlement Program would work if you accept it:**

- **You would pay USB any amounts that became due under the Rental Agreement before July 15, 2004, plus 20% of the amounts coming due under the Rental Agreement after July 15, 2004, plus applicable taxes;**
- **Any amounts you paid to USB after July 15, 2004, including amounts paid under the Existing Settlement Agreement, would be applied to reduce the amount you would pay USB under the Settlement Program (or refunded to you, to the extent you have already paid more than that amount); and**
- **You and USB would exchange mutual releases.**

**The Settlement Program is described in more detail in the rest of this letter and the form of Settlement and Mutual Release that is enclosed. You should review those documents carefully. In case of any disagreement between the summary above and the more detailed description, the more detailed description will govern.**

**The Settlement Program Offered By Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group**

If you elect to participate in this Settlement Program, USB will: (a) forgive eighty percent (80%) of the aggregate amount remaining payable under your Rental Agreement as of July 15, 2004; (b) forgive any late fees or penalties assessed on your account on or after July 15, 2004; and (c) fully credit you for any payments that you have made to USB on or after July 15, 2004. In addition, USB and you will be deemed to have rescinded and nullified the Existing Settlement Agreement, which shall be of no further force or effect. In the event your payments made after July 15, 2004, including payments under the Existing Settlement Agreement, exceeded twenty per cent (20%) of the aggregate amount remaining payable as of July 15, 2004, you will receive a refund of the amount in excess of twenty per cent (20%) if you elect to participate in the Settlement Program.

In exchange for the benefits provided above, you must be current on your payments under the Rental Agreement as of July 15, 2004, or you must bring your payments current to July 15, 2004. You must also agree to release USB from any claims concerning the Rental Agreement or the Existing Settlement Agreement, as described more fully below. You must also agree to pay USB the "Settlement Balance," which is the amount equal to twenty percent (20%) of the outstanding balance under your Rental Agreement as of July 15, 2004 (once it has been brought current to July 15, 2004), not including any late fees or penalties paid or charged since July 15, 2004, plus any credits as described in the preceding paragraph. You may elect to pay the Settlement Balance in one of two ways. You may either make a lump sum payment of the entire Settlement Balance or pay off the Settlement Balance in up to [insert 12 or 24, as appropriate] equal monthly installment payments, with the lump sum payment due within, or the first installment payment to be due no earlier than, thirty (30) days after USB's receipt of the fully executed Release. USB will mail you a bill for the first installment no later than fifteen (15) days prior to the due date. After settlement, you may be responsible for potential tax liabilities including but not limited to property and usage taxes with respect to the Matrix box and other telephone equipment subject to your Rental Agreement. In regards to these taxes, you may have an affirmative obligation to report these tax liabilities to either your local tax assessor or state department of revenue depending on your state's laws.

If you have any questions about these payment options, please contact USB at \_\_\_\_\_.

You will also have the right at any time to pay the remainder of the Settlement Balance at any time without penalty.

If your account is current through July 15, 2004 and you are entitled to a refund from USB, USB will send the refund to you within thirty (30) days of receipt of the signed Release.

To participate in this Settlement Program, you must complete, sign and have notarized, and return to Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, within 30 days from the date of your receipt of this notice, two copies of the enclosed document entitled "Settlement and Mutual Release." In the Settlement and Mutual Release, you must elect and agree to pay the Settlement Balance according to one of the two payment options described above (either lump-sum or installment). Upon your payment of the Settlement Balance, you will receive written notification from USB that the Rental Agreement has been terminated.

By accepting this proposal, you (a) elect and agree to pay the Settlement Balance; and (b) fully release USB from, and agree not to sue USB for, any and all claims that you have or may have had against USB based upon [Insert Customer Name]'s Rental Agreement or the Existing Settlement Agreement, including, without limitation, any such claims you may have as a member or representative of various proposed class action lawsuits that have been brought against USB on behalf of asserted classes of NorVergence customers (as well as any such proposed class action lawsuits that may be brought in the future) and any such claims arising out of any efforts to collect under or enforce the Rental Agreement. If you are currently involved in any litigation with USB over [Insert Customer Name]'s Rental Agreement and you wish to participate in the Settlement Program, you and USB will mutually dismiss that action with prejudice.

USB, in turn, will fully release you from, and agree not to sue you for or to dismiss you from, any and all claims that it has or may have had against you based upon [Insert Customer Name]'s Rental Agreement or the Existing Settlement Agreement and will assign to the Customer all of USB's rights in the equipment subject to the Rental Agreement. Both you and USB will retain all rights under law to enforce the Settlement and Mutual Release.

USB has agreed to propose this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of USB that it engaged in any form of unlawful conduct or business practices. Indeed, USB expressly denies that it engaged in any such unlawful conduct or business practices and expressly denies that it is liable to any person or entity in connection with the rental of NorVergence telecommunications equipment.

**If You Decide Not To Participate In The Settlement Program:**

While you are not obligated to participate in the Settlement Program agreed to by USB and the Attorney General, you may wish to consult with an attorney of your choosing before you decide whether to participate in the Settlement Program. If you elect not to participate in the program, or if you enroll in the Settlement Program but change your mind and notify USB before paying the Settlement Balance that you wish to terminate your participation in the Settlement Program, then this Settlement Program will have no impact on any of the terms of

your Existing Settlement Agreement with USB, and you and USB will each be free to pursue rights and remedies under the law. Even if you do not participate in the Settlement Program, USB has agreed that it will not institute any legal proceedings against you in any court outside the State of [Insert State Name], unless you assert that [Insert State Name] is not the correct forum. Nothing, however, shall prevent USB from asserting a cross-claim or counterclaim in any legal proceedings, to which you are a party, commenced against USB in any court outside the State of [Insert State Name]. Some of the Attorneys General have obtained default judgments against NorVergence, a company now in bankruptcy. NorVergence did not appear in or defend the cases brought against it by the suing Attorneys General. USB was not named as a party in those cases. Accordingly, the applicability of such default judgments, if any, on the enforceability of the Rental Agreements assigned to, or otherwise held by, USB would have to be determined by an appropriate court should you decide not to participate in the settlement program. The same would be true, with respect to USB, for any additional default judgments that may be sought and obtained by any of the Attorneys General against NorVergence.

**If You Decide To Enroll In The Settlement Program:**

The total amount due under [Insert Customer Name]'s Rental Agreement is [Enter Value].

If you participate in the Settlement Agreement, USB will forgive eighty-five percent of the amount outstanding under your Rental Agreement after it is brought current to July 15, 2004. This means that [you will be required to pay USB][you will receive a refund of] [Settlement Balance], which is calculated as follows:

- |    |                                                                                                                      |       |
|----|----------------------------------------------------------------------------------------------------------------------|-------|
| 1. | <b>Unpaid balance past due as of July 15, 2004: .....</b>                                                            | _____ |
| 2. | <b>Plus twenty per cent of remaining balance due after July 14, 2004, plus applicable taxes:.....</b>                | _____ |
| 3. | <b>Minus all amounts paid since July 15, 2004, including amounts paid under Existing Settlement Agreement: .....</b> | _____ |
| 4. | <b>Total remaining Settlement Balance due USB, or:.....</b>                                                          | _____ |
| 5. | <b>Amount to be refunded by USB: .....</b>                                                                           | _____ |

As you can see, the Settlement Program offers you the opportunity to settle this matter at a substantial discount. Please call \_\_\_\_\_ if you have any questions regarding this Settlement Program or the Rental Agreement account.

Very truly yours,

LYON FINANCIAL SERVICES, INC.,  
D/B/A U.S. BANCORP BUSINESS  
EQUIPMENT FINANCE GROUP

---

EXHIBIT A-2  
LYON FINANCIAL SERVICES, INC.  
SETTLEMENT LETTER

\_\_\_\_\_, 2005

{Insert Customer Name}

{Insert Guarantor Name}

**RE: NOTICE TO FORMER [INSERT STATE NAME] NORVERGENCE  
CUSTOMERS WHO HAVE EQUIPMENT RENTAL AGREEMENTS WITH  
LYON FINANCIAL SERVICES, INC., D/B/A U.S. BANCORP BUSINESS  
EQUIPMENT FINANCE GROUP, AND TO ANY GUARANTORS**

Dear {Insert Customer Name} and/or {Insert Guarantor Name}

You are receiving this notice because the records of Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group ("USB") reflect that {Insert Customer Name} entered into an Equipment Rental Agreement (referred to herein as the "Rental Agreement") with NorVergence, Inc. ("NorVergence"), which subsequently assigned the first [\_\_] months of that Rental Agreement to USB. Pursuant to an agreement with the Attorney General of the State of {Insert State Name} (the "Attorney General") regarding alleged violations of {Insert Relevant State Consumer Protection Statute(s)}, USB is pleased to offer you a one-time opportunity to participate in a Settlement Program by which you may resolve any outstanding balance on that portion of the Rental Agreement assigned to USB at a substantial discount, and settle any and all disputes between you and USB arising from or relating to the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement.

**Here is a summary of how the Settlement Program would work if you accept it:**

- **You would pay USB any amounts that became due under the Rental Agreement before July 15, 2004, plus 15% of the amounts coming due under that portion of the Rental Agreement assigned to USB after July 15, 2004, plus applicable taxes;**
- **Any amounts you paid to USB after July 15, 2004 would be applied to reduce the amount you would pay USB under the Settlement Program (or refunded to you, to the extent you have already paid more than that amount); and**
- **You and USB would exchange mutual releases.**

**The Settlement Program is described in more detail in the rest of this letter and the form of Settlement and Mutual Release that is enclosed. You should review those documents carefully. In case of any disagreement between the summary above and the more detailed description, the more detailed description will govern.**

**The Settlement Program Offered By Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group**

If you elect to participate in this Settlement Program, USB will: (a) forgive eighty-five percent (85%) of the aggregate amount remaining payable under the portion of your Rental Agreement assigned to USB as of July 15, 2004; (b) forgive any late fees or penalties assessed on your account on or after July 15, 2004; and (c) fully credit you for any payments that you have made to USB on or after July 15, 2004. In the event your payments made after July 15, 2004 exceeded fifteen per cent (15%) of the aggregate amount remaining payable to USB as of July 15, 2004, you will receive a refund of the amount in excess of fifteen per cent (15%) if you elect to participate in the Settlement Program.

In exchange for the benefits provided above, you must be current on your payments under the Rental Agreement as of July 15, 2004, or you must bring your payments current to July 15, 2004. You must also agree to release USB from any claims concerning the Rental Agreement, as described more fully below. You must also agree to pay USB the "Settlement Balance," which is the amount equal to fifteen percent (15%) of the outstanding balance under the [ ] month portion of your Rental Agreement assigned to USB as of July 15, 2004 (once it has been brought current to July 15, 2004), not including any late fees or penalties paid or charged since July 15, 2004, plus any credits as described in the preceding paragraph. You may elect to pay the Settlement Balance in one of two ways. You may either make a lump sum payment of the entire Settlement Balance or pay off the Settlement Balance in up to [insert 12 or 24, as appropriate] equal monthly installment payments, with the lump sum payment due within, or the first installment payment to be due no earlier than, thirty (30) days after USB's receipt of the fully executed Release. USB will mail you a bill for the first installment no later than fifteen (15) days prior to the due date. After settlement, you may be responsible for potential tax liabilities including but not limited to property and usage taxes with respect to the Matrix box and other telephone equipment subject to your Rental Agreement. In regards to these taxes, you may have an affirmative obligation to report these tax liabilities to either your local tax assessor or state department of revenue depending on your state's laws.

If you have any questions about these payment options, please contact USB at \_\_\_\_\_.

You will also have the right at any time to pay the remainder of the Settlement Balance at any time without penalty.

If your account is current through July 15, 2004 and you are entitled to a refund from USB, USB will send the refund to you within thirty (30) days of receipt of the signed Release.

To participate in this Settlement Program, you must complete, sign and have notarized, and return to Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, within 30 days from the date of your receipt of this notice, two copies of the enclosed document entitled "Settlement and Mutual Release." In the Settlement and Mutual Release, you must elect and agree to pay the Settlement Balance according to one of the two payment options described above (either lump-sum or installment). Upon your payment of the Settlement Balance, you will receive written notification from USB that the Rental Agreement has been terminated.

By accepting this proposal, you (a) elect and agree to pay the Settlement Balance, and (b) fully release USB from, and agree not to sue USB for, any and all claims that you have or may have had against USB based upon [Insert Customer Name]'s Rental Agreement, including, without limitation, any such claims you may have as a member or representative of various proposed class action lawsuits that have been brought against USB on behalf of asserted classes of NorVergence customers (as well as any such proposed class action lawsuits that may be brought in the future) and any such claims arising out of any efforts to collect under or enforce the Rental Agreement. If you are currently involved in any litigation with USB over [Insert Customer Name]'s Rental Agreement and you wish to participate in the Settlement Program, you and USB will mutually dismiss that action with prejudice.

USB, in turn, will fully release you from, and agree not to sue you for or to dismiss you from, any and all claims that it has or may have had against you based upon [Insert Customer Name]'s Rental Agreement and will assign to the Customer all of USB's rights in the equipment subject to the Rental Agreement. Both you and USB will retain all rights under law to enforce the Settlement and Mutual Release.

If you elect to participate in the Settlement Program, it will not affect your rights or obligations with respect to the last [ ] months of the Rental Agreement, which were not assigned to USB. Ownership of the last [ ] months may have been retained by NorVergence or assigned to some other financial institution. As you know, NorVergence is a debtor in pending bankruptcy proceedings and the bankruptcy court oversees the distribution of the remaining assets. If you have questions regarding the last twenty-four (24) months of the Rental Agreement, you should contact the Bankruptcy Trustee appointed in NorVergence's bankruptcy case. The trustee is Charles Forman, Forman Holt & Eliades LLC, 218 Route 17 North, Rochelle Park, NJ 07662, telephone (866)808-3616.

USB has agreed to propose this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of USB that it engaged in any form of unlawful conduct or business practices. Indeed, USB expressly denies that it engaged in any such unlawful conduct or business practices and expressly denies that it is liable to any person or entity in connection with the rental of NorVergence telecommunications equipment.

**If You Decide Not To Participate In The Settlement Program:**

While you are not obligated to participate in the Settlement Program agreed to by USB and the Attorney General, you may wish to consult with an attorney of your choosing before you decide whether to participate in the Settlement Program. If you elect not to participate in the program, or if you enroll in the Settlement Program but change your mind and notify USB before paying the Settlement Balance that you wish to terminate your participation in the Settlement Program, then this Settlement Program will have no impact on any of the terms of your Rental Agreement with USB, and you and USB will each be free to pursue rights and remedies under the law. Even if you do not participate in the Settlement Program, USB has agreed that it will not institute any legal proceedings against you in any court outside the State of [Insert State Name], unless you assert that [Insert State Name] is not the correct forum. Nothing, however, shall prevent USB from asserting a cross-claim or counterclaim in any legal proceedings, to which you are a party, commenced against USB in any court outside the State of [Insert State Name]. Some of the Attorneys General have obtained default judgments against NorVergence, a company now in bankruptcy. NorVergence did not appear in or defend the cases brought against it by the suing Attorneys General. USB was not named as a party in those cases. Accordingly, the applicability of such default judgments, if any, on the enforceability of the Rental Agreements assigned to, or otherwise held by, USB would have to be determined by an appropriate court should you decide not to participate in the settlement program. The same would be true, with respect to USB, for any additional default judgments that may be sought and obtained by any of the Attorneys General against NorVergence.

**If You Decide To Enroll In The Settlement Program:**

The total amount due under the [ \_ ] month portion of [Insert Customer Name]'s Rental Agreement that was assigned to USB is [Enter Value].

If you participate in the Settlement Agreement, USB will forgive eighty-five percent of the amount outstanding under the [ \_ ] month portion of your Rental Agreement that was assigned to USB after it is brought current to July 15, 2004. This means that [you will be required to pay USB|you will receive a refund of] [Settlement Balance], which is calculated as follows:

- |    |                                                                                                                                                                    |       |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1. | <b>Unpaid balance past due as of July 15, 2004: .....</b>                                                                                                          | _____ |
| 2. | <b>Plus fifteen per cent of remaining balance due under that portion of the Rental Agreement assigned to USB after July 14, 2004, plus applicable taxes: .....</b> | _____ |
| 3. | <b>Minus all amounts paid since July 15, 2004: .....</b>                                                                                                           | _____ |
| 4. | <b>Total remaining Settlement Balance due USB, or:.....</b>                                                                                                        | _____ |
| 5. | <b>Amount to be refunded by USB: .....</b>                                                                                                                         | _____ |

As you can see, the Settlement Program offers you the opportunity to settle this matter at a substantial discount. Please call \_\_\_\_\_ if you have any questions regarding this Settlement Program or the Rental Agreement account.

Very truly yours,

LYON FINANCIAL SERVICES, INC.,  
D/B/A U.S. BANCORP BUSINESS  
EQUIPMENT FINANCE GROUP

EXHIBIT A-3  
LYON FINANCIAL SERVICES, INC.  
SETTLEMENT LETTER

\_\_\_\_\_, 2005

[Insert Customer Name]

[Insert Guarantor Name]

**RE: NOTICE TO FORMER [INSERT STATE NAME] NORVERGENCE  
CUSTOMERS WHO HAVE EQUIPMENT RENTAL AGREEMENTS WITH  
LYON FINANCIAL SERVICES, INC., D/B/A U.S. BANCORP BUSINESS  
EQUIPMENT FINANCE GROUP, AND TO ANY GUARANTORS**

Dear [Insert Customer Name] and/or [Insert Guarantor Name]

You are receiving this notice because the records of Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group ("USB") reflect that [Insert Customer Name] entered into an Equipment Rental Agreement (referred to herein as the "Rental Agreement") with NorVergence, Inc. ("NorVergence"), which subsequently assigned the first [ ] months of that Rental Agreement to USB, and that [Insert Customer Name] has also entered into a settlement agreement with USB (the "Existing Settlement Agreement"). Pursuant to an agreement with the Attorney General of the State of [Insert State Name] (the "Attorney General") regarding alleged violations of [Insert Relevant State Consumer Protection Statute(s)], USB is pleased to offer you a one-time opportunity to participate in a Settlement Program by which you may nullify the Existing Settlement Agreement and participate in a new Settlement Program, pursuant to which you may resolve any outstanding balance on that portion of the Rental Agreement assigned to USB at a substantial discount, and settle any and all disputes between you and USB arising from or relating to the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement.

**Here is a summary of how the Settlement Program would work if you accept it:**

- **You would pay USB any amounts that became due under the Rental Agreement before July 15, 2004, plus 20% of the amounts coming due under that portion of the Rental Agreement assigned to USB after July 15, 2004, plus applicable taxes;**
- **Any amounts you paid to USB after July 15, 2004, including amounts paid under the Existing Settlement Agreement, would be applied to reduce the amount you would pay USB under the Settlement Program (or refunded to you, to the extent you have already paid more than that amount); and**

- You and USB would exchange mutual releases.

**The Settlement Program is described in more detail in the rest of this letter and the form of Settlement and Mutual Release that is enclosed. You should review those documents carefully. In case of any disagreement between the summary above and the more detailed description, the more detailed description will govern.**

**The Settlement Program Offered By Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group**

If you elect to participate in this Settlement Program, USB will: (a) forgive eighty percent (80%) of the aggregate amount remaining payable under the portion of your Rental Agreement assigned to USB as of July 15, 2004; (b) forgive any late fees or penalties assessed on your account on or after July 15, 2004; and (c) fully credit you for any payments that you have made to USB on or after July 15, 2004. In addition, USB and you will be deemed to have rescinded and nullified the Existing Settlement Agreement, which shall be of no further force or effect. In the event your payments made after July 15, 2004, including payments under the Existing Settlement Agreement, exceeded twenty per cent (20%) of the aggregate amount remaining payable to USB as of July 15, 2004, you will receive a refund of the amount in excess of twenty per cent (20%) if you elect to participate in the Settlement Program.

In exchange for the benefits provided above, you must be current on your payments under the Rental Agreement as of July 15, 2004, or you must bring your payments current to July 15, 2004. You must also agree to release USB from any claims concerning the Rental Agreement or the Existing Settlement Agreement, as described more fully below. You must also agree to pay USB the "Settlement Balance," which is the amount equal to twenty percent (20%) of the outstanding balance under the [ ] month portion of your Rental Agreement assigned to USB as of July 15, 2004 (once it has been brought current to July 15, 2004), not including any late fees or penalties paid or charged since July 15, 2004, plus any credits as described in the preceding paragraph. You may elect to pay the Settlement Balance in one of two ways. You may either make a lump sum payment of the entire Settlement Balance or pay off the Settlement Balance in up to [insert 12 or 24, as appropriate] equal monthly installment payments, with the lump sum payment due within, or the first installment payment to be due no earlier than, thirty (30) days after USB's receipt of the fully executed Release. USB will mail you a bill for the first installment no later than fifteen (15) days prior to the due date. After settlement, you may be responsible for potential tax liabilities including but not limited to property and usage taxes with respect to the Matrix box and other telephone equipment subject to your Rental Agreement. In regards to these taxes, you may have an affirmative obligation to report these tax liabilities to either your local tax assessor or state department of revenue depending on your state's laws.

If you have any questions about these payment options, please contact USB at \_\_\_\_\_ .

You will also have the right at any time to pay the remainder of the Settlement Balance at any time without penalty.

If your account is current through July 15, 2004 and you are entitled to a refund from USB, USB will send the refund to you within thirty (30) days of receipt of the signed Release.

To participate in this Settlement Program, **you must complete, sign and have notarized, and return to Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, within 30 days from the date of your receipt of this notice**, two copies of the enclosed document entitled "Settlement and Mutual Release." In the Settlement and Mutual Release, you must elect and agree to pay the Settlement Balance according to one of the two payment options described above (either lump-sum or installment). Upon your payment of the Settlement Balance, you will receive written notification from USB that the Rental Agreement has been terminated.

By accepting this proposal, you (a) elect and agree to pay the Settlement Balance; and (b) fully release USB from, and agree not to sue USB for, any and all claims that you have or may have had against USB based upon [Insert Customer Name]'s Rental Agreement or the Existing Settlement Agreement, including, without limitation, any such claims you may have as a member or representative of various proposed class action lawsuits that have been brought against USB on behalf of asserted classes of NorVergence customers (as well as any such proposed class action lawsuits that may be brought in the future) and any such claims arising out of any efforts to collect under or enforce the Rental Agreement. If you are currently involved in any litigation with USB over [Insert Customer Name]'s Rental Agreement and you wish to participate in the Settlement Program, you and USB will mutually dismiss that action with prejudice.

USB, in turn, will fully release you from, and agree not to sue you for or to dismiss you from, any and all claims that it has or may have had against you based upon [Insert Customer Name]'s Rental Agreement or the Existing Settlement Agreement and will assign to the Customer all of USB's rights in the equipment subject to the Rental Agreement. Both you and USB will retain all rights under law to enforce the Settlement and Mutual Release.

If you elect to participate in the Settlement Program, it will not affect your rights or obligations with respect to the last [\_\_\_] months of the Rental Agreement, which were not assigned to USB. Ownership of the last [\_\_\_] months may have been retained by NorVergence or assigned to some other financial institution. As you know, NorVergence is a debtor in pending bankruptcy proceedings and the bankruptcy court oversees the distribution of the remaining assets. If you have questions regarding the last twenty-four (24) months of the Rental Agreement, you should contact the Bankruptcy Trustee appointed in NorVergence's bankruptcy case. The trustee is Charles Forman, Forman Holt & Eliades LLC, 218 Route 17 North, Rochelle Park, NJ 07662, telephone (866)808-3616.

USB has agreed to propose this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of USB that it engaged in any form of unlawful conduct or business practices. Indeed, USB expressly denies that it engaged in any such unlawful conduct or business practices and expressly denies that it is

liable to any person or entity in connection with the rental of NorVergence telecommunications equipment.

**If You Decide Not To Participate In The Settlement Program:**

While you are not obligated to participate in the Settlement Program agreed to by USB and the Attorney General, you may wish to consult with an attorney of your choosing before you decide whether to participate in the Settlement Program. If you elect not to participate in the program, or if you enroll in the Settlement Program but change your mind and notify USB before paying the Settlement Balance that you wish to terminate your participation in the Settlement Program, then this Settlement Program will have no impact on any of the terms of your Existing Settlement Agreement with USB, and you and USB will each be free to pursue rights and remedies under the law. Even if you do not participate in the Settlement Program, USB has agreed that it will not institute any legal proceedings against you in any court outside the State of [Insert State Name], unless you assert that [Insert State Name] is not the correct forum. Nothing, however, shall prevent USB from asserting a cross-claim or counterclaim in any legal proceedings, to which you are a party, commenced against USB in any court outside the State of [Insert State Name]. Some of the Attorneys General have obtained default judgments against NorVergence, a company now in bankruptcy. NorVergence did not appear in or defend the cases brought against it by the suing Attorneys General. USB was not named as a party in those cases. Accordingly, the applicability of such default judgments, if any, on the enforceability of the Rental Agreements assigned to, or otherwise held by, USB would have to be determined by an appropriate court should you decide not to participate in the settlement program. The same would be true, with respect to USB, for any additional default judgments that may be sought and obtained by any of the Attorneys General against NorVergence.

**If You Decide To Enroll In The Settlement Program:**

The total amount due under the [ ] month portion of [Insert Customer Name]'s Rental Agreement that was assigned to USB is [Enter Value].

If you participate in the Settlement Agreement, USB will forgive eighty percent of the amount outstanding under the [ ] month portion of your Rental Agreement that was assigned to USB after it is brought current to July 15, 2004. This means that [you will be required to pay USB][you will receive a refund of] [Settlement Balance], which is calculated as follows:

1. Unpaid balance past due as of July 15, 2004: ..... \_\_\_\_\_
2. Plus twenty per cent of remaining balance due under that portion of the Rental Agreement assigned to USB after July 14, 2004, plus applicable taxes: ..... \_\_\_\_\_
3. Minus all amounts paid since July 15, 2004, including amounts paid under Existing Settlement Agreement: ..... \_\_\_\_\_

- 4. **Total remaining Settlement Balance due USB,**  
or:..... \_\_\_\_\_
- 5. **Amount to be refunded by USB:** ..... \_\_\_\_\_

As you can see, the Settlement Program offers you the opportunity to settle this matter at a substantial discount. Please call \_\_\_\_ \_\_\_\_ if you have any questions regarding this Settlement Program or the Rental Agreement account.

Very truly yours,

LYON FINANCIAL SERVICES, INC.,  
D/B/A U.S. BANCORP BUSINESS  
EQUIPMENT FINANCE GROUP

\_\_\_\_\_

EXHIBIT B  
LYON FINANCIAL SERVICES, INC.  
SETTLEMENT AND MUTUAL RELEASE

**SETTLEMENT AND MUTUAL RELEASE**

between

**[Customer and/or Guarantor]**  
and  
**LYON FINANCIAL SERVICES, INC.,**

I, \_\_\_\_\_, on behalf of the entity named above (the "Customer") and if applicable as personal guarantor (if I am a personal guarantor, the "Guarantor"), elect to take advantage of the Settlement Program agreed to by the ATTORNEY GENERAL OF THE STATE OF [Insert State Name] and LYON FINANCIAL SERVICES, INC., D/B/A U.S. BANCORP BUSINESS EQUIPMENT FINANCE GROUP, ("USB") to pay off Customer's Rental Agreement with USB (the "Rental Agreement") at a substantial discount and to settle any and all disputes between (i) Customer and Guarantor and (ii) USB arising from the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement. With this Settlement and Mutual Release (the "Settlement Agreement") I am: (1) accepting the terms of the Settlement Program offered by USB and (2) entering into a mutual release of claims with USB and related parties.

I understand that USB and the Attorney General of the State of [Insert State Name] have agreed to the terms of this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of USB that it engaged in any form of unlawful conduct or business practices, and that USB expressly denies that it engaged in any such unlawful conduct or business practices and expressly denies that it is liable to any person or entity in connection with the Rental Agreement.

**1. Terms Of The Settlement Program**

I understand that, upon timely receipt of an executed copy of this Settlement Agreement and the Settlement Balance, as defined below, USB will:

- (a) forgive eighty-five percent (85%) of the remaining contract balance due under the Rental Agreement as of July 15, 2004;
- (b) forgive any late fees or penalties assessed on that account on or after July 15, 2004;
- (c) fully credit any payments Lessee and/or Guarantor has made to USB on or after July 15, 2004; and

- (d) withdraw any and all adverse credit reports USB filed as to the Lessee and/or Guarantor as a result of not receiving payment on the Rental Agreement on or after July 15, 2004.

I also understand that USB's records reflect the following information about Customer's Rental Agreement account:

- |    |                                                                                                        |       |
|----|--------------------------------------------------------------------------------------------------------|-------|
| 1. | <b>Unpaid balance past due as of July 15, 2004: .....</b>                                              | _____ |
| 2. | <b>Plus fifteen per cent of remaining balance due after July 14, 2004, plus applicable taxes:.....</b> | _____ |
| 3. | <b>Minus all amounts paid since July 15, 2004: .....</b>                                               | _____ |
| 4. | <b>Total remaining Settlement Balance due USB, or:.....</b>                                            | _____ |
| 5. | <b>Amount to be refunded by USB: .....</b>                                                             | _____ |

Lessee and/or Guarantor agree to pay the Settlement Balance by the method checked below and request that USB invoice Lessee and/or Guarantor accordingly:

- \_\_\_\_\_  Pay the Settlement Balance in a lump sum within thirty (30) days of your mailing of this fully executed Release
- \_\_\_\_\_  Pay the Settlement Balance in [insert 12 or 24, as appropriate] equal monthly installments of [payment amount], beginning on the date specified in the first USB invoice, which payment date shall be at least 15 days after the date of mailing of such invoice. I understand that Lessee and/or Guarantor may pay the remainder of the Settlement Balance at any time without penalty.

Checks are to be made payable to Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, 1310 Madrid Street, Marshall, MN 56258, Attn: Jamie Schreurs. Please include the account number on the check.

I understand that if Customer and Guarantor fail to pay the Settlement Balance as promised, USB may seek to enforce the Settlement and Mutual Release in full and make use of any of the remedies available to it under the law. I agree that if USB prevails in any litigation

seeking to enforce this Settlement and Mutual Release, USB shall be entitled to collect its reasonable attorneys' fees, together with interest on the unpaid Settlement Balance from the date of default until the date of payment at the rate of twelve per cent (12%) per annum, or, if lower, the maximum rate permitted under the laws of the State of [Insert State Name]. I understand that USB will not institute any legal proceedings against Lessee and/or Guarantor in any Court outside the State of [Insert State Name] unless I object to the jurisdiction of the courts of [Insert State Name]. I understand, however, that if Lessee and/or Guarantor are parties to any legal proceeding against USB in any court outside the State of [Insert State Name], USB may assert a cross-claim or counterclaim in any such proceeding.

Customer and Guarantor may change their mind and withdraw from the Settlement Program by notifying USB of that decision **in writing** before payment under the Settlement Program is due. Notice must be sent to the same address as this Settlement and Mutual Release.

I understand that if I am a lessee who is entitled to a refund from USB under the Settlement Program, I will be able to obtain that refund by executing this Settlement and Mutual Release. Within thirty (30) days of USB's receipt of this Settlement and Mutual Release, USB will send me my refund check.

## **2. Release Of Claims**

I understand that, in exchange for the opportunity to pay off the Rental Agreement at a substantial discount, Customer and Guarantor each hereby releases and discharges Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, and all of its subsidiaries, parents, affiliates, predecessors, successors and assigns, officers, directors, employees, shareholders and agents (the "USB Parties") from, and covenants not to file or pursue any lawsuit or claim in any place against any USB Party for, any and all claims (including claims as a member or representative of a proposed class action, whether pending now or filed later) that Customer and/or Guarantor has or may have had against it for any and all damages, restitution, equitable relief, attorneys' fees and/or penalties related to the Rental Agreement, including but not limited to claims arising out of efforts to collect under or enforce the Rental Agreement. Customer and Guarantor each further agrees that if either of them is currently involved in any litigation arising from the Rental Agreement or any effort to collect under or enforce the Rental Agreement, Customer, Guarantor and USB will mutually dismiss that litigation with prejudice.

In exchange for Customer and/or Guarantor's payment to USB pursuant to this Settlement Agreement, USB hereby releases and discharges Customer and Guarantor from, and covenants not to file or pursue any lawsuit or claim in any place against either Customer or Guarantor for, any and all claims that USB has or may have had against either Customer or Guarantor and all of their subsidiaries, parents, affiliates, predecessors, successors, assigns, officers, directors, employees, shareholders, agents, and guarantors for any and all damages, equitable relief, attorneys' fees and penalties related to the Rental Agreement. USB also transfers all of its right, title and interest to the equipment subject to the Rental Agreement, if any, to the Customer.

I hereby acknowledge and represent that I have read this Settlement Agreement; that I have had the opportunity to consult with a lawyer concerning it; that each of Customer and Guarantor is voluntarily entering into this Settlement Agreement; that neither USB nor its agents or attorneys have made any representations or promises concerning the terms or effects of this Settlement Agreement other than those set forth in this document; and I understand that this is a full and final release of all claims Customer and Guarantor have or may have against the USB Parties concerning the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement.

I further agree that this Settlement Agreement constitutes the entire agreement among the parties hereto, may not be changed orally and may not be modified or amended except pursuant to an agreement in writing signed by all of the parties hereto, unless Customer and Guarantor change their mind as provided above.

The signatory for the Customer below represents that he or she is duly authorized to enter into this Settlement Agreement and on behalf of the Customer.

This Settlement Agreement shall be deemed accepted upon your return to USB of an executed copy of this Settlement Agreement.

**IN WITNESS WHEREOF**, and intending to be legally bound hereby, the undersigned has caused this Settlement Agreement to be executed this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

Dated: \_\_\_\_\_

[NAME OF CUSTOMER]

By: \_\_\_\_\_

[Name]

[Title]

[Address]

By: \_\_\_\_\_ [Name], as  
Guarantor

[Add appropriate notary clauses for State]

**Lyon Financial Services, Inc., d/b/a U.S. Bancorp  
Business Equipment Finance Group**

By: \_\_\_\_\_

[Name]

**FILL OUT COMPLETELY AND SEND TWO SIGNED ORIGINALS TO USB at:**

**Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group,  
1310 Madrid Street, Marshall, MN 56258, Attn: Jamie Schreurs.**

**PLEASE KEEP A COPY FOR YOUR RECORDS. A FULLY EXECUTED DOCUMENT  
WILL BE SENT TO CUSTOMER AND ANY GUARANTOR UPON COMPLETION OF  
THE TERMS OUTLINED HEREIN**

EXHIBIT B-1  
LYON FINANCIAL SERVICES, INC.  
SETTLEMENT AND MUTUAL RELEASE

**SETTLEMENT AND MUTUAL RELEASE**

between

**[Customer and/or Guarantor]**  
and  
**LYON FINANCIAL SERVICES, INC.,**

I, \_\_\_\_\_, on behalf of the entity named above (the "Customer") and if applicable as personal guarantor (if I am a personal guarantor, the "Guarantor"), elect to take advantage of the Settlement Program agreed to by the ATTORNEY GENERAL OF THE STATE OF [Insert State Name] and LYON FINANCIAL SERVICES, INC., D/B/A U.S. BANCORP BUSINESS EQUIPMENT FINANCE GROUP, ("USB") to pay off Customer's Rental Agreement with USB (the "Rental Agreement") at a substantial discount and to settle any and all disputes between (i) Customer and Guarantor and (ii) USB arising from the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement and that certain [Insert title and date of existing settlement agreement] between Customer[, Guarantor] and USB (the "Existing Settlement Agreement"). With this Settlement and Mutual Release (the "Settlement Agreement") I am: (1) accepting the terms of the Settlement Program offered by USB and (2) entering into a mutual release of claims with USB and related parties.

I understand that USB and the Attorney General of the State of [Insert State Name] have agreed to the terms of this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of USB that it engaged in any form of unlawful conduct or business practices, and that USB expressly denies that it engaged in any such unlawful conduct or business practices and expressly denies that it is liable to any person or entity in connection with the Rental Agreement.

**1. Terms Of The Settlement Program**

I understand that, upon timely receipt of an executed copy of this Settlement Agreement and the Settlement Balance, as defined below, USB will:

- (a) forgive eighty percent (80%) of the remaining contract balance due under the Rental Agreement as of July 15, 2004;
- (b) forgive any late fees or penalties assessed on that account on or after July 15, 2004;

- (c) fully credit any payments Lessee and/or Guarantor has made to USB on or after July 15, 2004; and
- (d) withdraw any and all adverse credit reports USB filed as to the Lessee and/or Guarantor as a result of not receiving payment on the Rental Agreement on or after July 15, 2004.

I also understand that USB's records reflect the following information about Customer's Rental Agreement account:

- 1. **Unpaid balance past due as of July 15, 2004:** ..... \_\_\_\_\_
- 2. **Plus twenty per cent of remaining balance due after July 14, 2004, plus applicable taxes:**..... \_\_\_\_\_
- 3. **Minus all amounts paid since July 15, 2004, including amounts paid under Existing Settlement Agreement:** ..... \_\_\_\_\_
- 4. **Total remaining Settlement Balance due USB, or:**..... \_\_\_\_\_
- 5. **Amount to be refunded by USB:** ..... \_\_\_\_\_

Lessee and/or Guarantor agree to pay the Settlement Balance by the method checked below and request that USB invoice Lessee and/or Guarantor accordingly:

- Pay the Settlement Balance in a lump sum within thirty (30) days of your mailing of this fully executed Release
- Pay the Settlement Balance in [insert 12 or 24, as appropriate] equal monthly installments of [payment amount], beginning on the date specified in the first USB invoice, which payment date shall be at least 15 days after the date of mailing of such invoice. I understand that Lessee and/or Guarantor may pay the remainder of the Settlement Balance at any time without penalty.

Checks are to be made payable to Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, 1310 Madrid Street, Marshall, MN 56258, Attn: Jamie Schreurs. Please include the account number on the check.

I understand that if Customer and Guarantor fail to pay the Settlement Balance as promised, USB may seek to enforce the Settlement and Mutual Release in full and make use of any of the remedies available to it under the law. I agree that if USB prevails in any litigation seeking to enforce this Settlement and Mutual Release, USB shall be entitled to collect its reasonable attorneys' fees, together with interest on the unpaid Settlement Balance from the date of default until the date of payment at the rate of twelve per cent (12%) per annum, or, if lower, the maximum rate permitted under the laws of the State of [Insert State Name]. I understand that USB will not institute any legal proceedings against Lessee and/or Guarantor in any Court outside the State of [Insert State Name] unless I object to the jurisdiction of the courts of [Insert State Name]. I understand, however, that if Lessee and/or Guarantor are parties to any legal proceeding against USB in any court outside the State of [Insert State Name], USB may assert a cross-claim or counterclaim in any such proceeding.

Customer and Guarantor may change their mind and withdraw from the Settlement Program by notifying USB of that decision **in writing** before payment under the Settlement Program is due. Notice must be sent to the same address as this Settlement and Mutual Release.

I understand that if I am a lessee who is entitled to a refund from USB under the Settlement Program, I will be able to obtain that refund by executing this Settlement and Mutual Release. Within thirty (30) days of USB's receipt of this Settlement and Mutual Release, USB will send me my refund check.

## **2. Release Of Claims**

I understand that, in exchange for the opportunity to pay off the Rental Agreement at a substantial discount, Customer and Guarantor each hereby releases and discharges Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, and all of its subsidiaries, parents, affiliates, predecessors, successors and assigns, officers, directors, employees, shareholders and agents (the "USB Parties") from, and covenants not to file or pursue any lawsuit or claim in any place against any USB Party for, any and all claims (including claims as a member or representative of a proposed class action, whether pending now or filed later) that Customer and/or Guarantor has or may have had against it for any and all damages, restitution, equitable relief, attorneys' fees and/or penalties related to the Rental Agreement or the Existing Settlement Agreement, including but not limited to claims arising out of efforts to collect under or enforce the Rental Agreement or the Existing Settlement Agreement. Customer and Guarantor each further agrees that if either of them is currently involved in any litigation arising from the Rental Agreement or any effort to collect under or enforce the Rental Agreement, Customer, Guarantor and USB will mutually dismiss that litigation with prejudice.

In exchange for Customer and/or Guarantor's payment to USB pursuant to this Settlement Agreement, USB hereby releases and discharges Customer and Guarantor from, and covenants not to file or pursue any lawsuit or claim in any place against either Customer or Guarantor for, any and all claims that USB has or may have had against either Customer or Guarantor and all of their subsidiaries, parents, affiliates, predecessors, successors, assigns, officers, directors, employees, shareholders, agents, and guarantors for any and all damages.

equitable relief, attorneys' fees and penalties related to the Rental Agreement or the Existing Settlement Agreement. USB also transfers all of its right, title and interest to the equipment subject to the Rental Agreement, if any, to the Customer.

I hereby acknowledge and represent that I have read this Settlement Agreement; that I have had the opportunity to consult with a lawyer concerning it; that each of Customer and Guarantor is voluntarily entering into this Settlement Agreement; that neither USB nor its agents or attorneys have made any representations or promises concerning the terms or effects of this Settlement Agreement other than those set forth in this document; and I understand that this is a full and final release of all claims Customer and Guarantor have or may have against the USB Parties concerning the Rental Agreement, the Existing Settlement Agreement or USB's efforts to collect under or enforce the Rental Agreement or the Existing Settlement Agreement.

I further agree that this Settlement Agreement constitutes the entire agreement among the parties hereto, may not be changed orally and may not be modified or amended except pursuant to an agreement in writing signed by all of the parties hereto, unless Customer and Guarantor change their mind as provided above.

The signatory for the Customer below represents that he or she is duly authorized to enter into this Settlement Agreement and on behalf of the Customer.

This Settlement Agreement shall be deemed accepted upon your return to USB of an executed copy of this Settlement Agreement.

**IN WITNESS WHEREOF**, and intending to be legally bound hereby, the undersigned has caused this Settlement Agreement to be executed this \_\_\_\_ day of \_\_\_\_\_, 2005.

Dated: \_\_\_\_\_

[NAME OF CUSTOMER]

By: \_\_\_\_\_  
[Name]  
[Title]  
[Address]

By: \_\_\_\_\_ [Name], as Guarantor

[Add appropriate notary clauses for State]  
**Lyon Financial Services, Inc., d/b/a U.S. Bancorp  
Business Equipment Finance Group**

By: \_\_\_\_\_  
[Name]

**FILL OUT COMPLETELY AND SEND TWO SIGNED ORIGINALS TO USB at:  
Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group,  
1310 Madrid Street, Marshall, MN 56258, Attn: Jamie Schreurs.**

**PLEASE KEEP A COPY FOR YOUR RECORDS. A FULLY EXECUTED DOCUMENT  
WILL BE SENT TO CUSTOMER AND ANY GUARANTOR UPON COMPLETION OF  
THE TERMS OUTLINED HEREIN**

EXHIBIT B-2  
LYON FINANCIAL SERVICES, INC.  
SETTLEMENT AND MUTUAL RELEASE

**SETTLEMENT AND MUTUAL RELEASE**

between

**[Customer and/or Guarantor]**  
**and**  
**LYON FINANCIAL SERVICES, INC.,**

I, \_\_\_\_\_, on behalf of the entity named above (the "Customer") and if applicable as personal guarantor (if I am a personal guarantor, the "Guarantor"), elect to take advantage of the Settlement Program agreed to by the ATTORNEY GENERAL OF THE STATE OF [Insert State Name] and LYON FINANCIAL SERVICES, INC., D/B/A U.S. BANCORP BUSINESS EQUIPMENT FINANCE GROUP, ("USB") to pay off Customer's obligations under that portion of its Rental Agreement with NorVergence (the "Rental Agreement") that was assigned to USB at a substantial discount and to settle any and all disputes between (i) Customer and Guarantor and (ii) USB arising from the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement. With this Settlement and Mutual Release (the "Settlement Agreement") I am: (1) accepting the terms of the Settlement Program offered by USB and (2) entering into a mutual release of claims with USB and related parties.

I understand that USB and the Attorney General of the State of [Insert State Name] have agreed to the terms of this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of USB that it engaged in any form of unlawful conduct or business practices, and that USB expressly denies that it engaged in any such unlawful conduct or business practices and expressly denies that it is liable to any person or entity in connection with the Rental Agreement.

**1. Terms Of The Settlement Program**

I understand that, upon timely receipt of an executed copy of this Settlement Agreement and the Settlement Balance, as defined below, USB will:

- (a) forgive eighty-five percent (85%) of the remaining contract balance due under the first [ ] months of the Rental Agreement as of July 15, 2004;
- (b) forgive any late fees or penalties assessed on that account on or after July 15, 2004;

- (c) fully credit any payments Lessee and/or Guarantor has made to USB on or after July 15, 2004; and
- (d) withdraw any and all adverse credit reports USB filed as to the Lessee and/or Guarantor as a result of not receiving payment on the Rental Agreement on or after July 15, 2004.

I also understand that USB's records reflect the following information about Customer's Rental Agreement account:

- 1. **Unpaid balance past due as of July 15, 2004:** ..... \_\_\_\_\_
- 2. **Plus fifteen per cent of remaining balance due under the portion of the Rental Agreement assigned to USB after July 14, 2004, plus applicable taxes:** ..... \_\_\_\_\_
- 3. **Minus all amounts paid since July 15, 2004:** ..... \_\_\_\_\_
- 4. **Total remaining Settlement Balance due USB, or:**..... \_\_\_\_\_
- 5. **Amount to be refunded by USB:** ..... \_\_\_\_\_

Lessee and/or Guarantor agree to pay the Settlement Balance by the method checked below and request that USB invoice Lessee and/or Guarantor accordingly:

- Pay the Settlement Balance in a lump sum within thirty (30) days of your mailing of this fully executed Release
- Pay the Settlement Balance in [insert 12 or 24, as appropriate] equal monthly installments of [payment amount], beginning on the date specified in the first USB invoice, which payment date shall be at least 15 days after the date of mailing of such invoice. I understand that Lessee and/or Guarantor may pay the remainder of the Settlement Balance at any time without penalty.

Checks are to be made payable to Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, 1310 Madrid Street, Marshall, MN 56258, Attn: Janic Schreurs. Please include the account number on the check.

I understand that if Customer and Guarantor fail to pay the Settlement Balance as promised, USB may seek to enforce the Settlement and Mutual Release in full and make use of any of the remedies available to it under the law. I agree that if USB prevails in any litigation seeking to enforce this Settlement and Mutual Release, USB shall be entitled to collect its reasonable attorneys' fees, together with interest on the unpaid Settlement Balance from the date of default until the date of payment at the rate of twelve per cent (12%) per annum, or, if lower, the maximum rate permitted under the laws of the State of [Insert State Name]. I understand that USB will not institute any legal proceedings against Lessee and/or Guarantor in any Court outside the State of [Insert State Name] unless I object to the jurisdiction of the courts of [Insert State Name]. I understand, however, that if Lessee and/or Guarantor are parties to any legal proceeding against USB in any court outside the State of [Insert State Name], USB may assert a cross-claim or counterclaim in any such proceeding.

Customer and Guarantor may change their mind and withdraw from the Settlement Program by notifying USB of that decision **in writing** before payment under the Settlement Program is due. Notice must be sent to the same address as this Settlement and Mutual Release.

I understand that if I am a lessee who is entitled to a refund from USB under the Settlement Program, I will be able to obtain that refund by executing this Settlement and Mutual Release. Within thirty (30) days of USB's receipt of this Settlement and Mutual Release, USB will send me my refund check.

## **2. Release Of Claims**

I understand that, in exchange for the opportunity to pay off the Rental Agreement at a substantial discount, Customer and Guarantor each hereby releases and discharges Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, and all of its subsidiaries, parents, affiliates, predecessors, successors and assigns, officers, directors, employees, shareholders and agents (the "USB Parties") from, and covenants not to file or pursue any lawsuit or claim in any place against any USB Party for, any and all claims (including claims as a member or representative of a proposed class action, whether pending now or filed later) that Customer and/or Guarantor has or may have had against it for any and all damages, restitution, equitable relief, attorneys' fees and/or penalties related to the Rental Agreement, including but not limited to claims arising out of efforts to collect under or enforce the Rental Agreement. Customer and Guarantor each further agrees that if either of them is currently involved in any litigation arising from the Rental Agreement or any effort to collect under or enforce the Rental Agreement, Customer, Guarantor and USB will mutually dismiss that litigation with prejudice.

In exchange for Customer and/or Guarantor's payment to USB pursuant to this Settlement Agreement, USB hereby releases and discharges Customer and Guarantor from, and covenants not to file or pursue any lawsuit or claim in any place against either Customer or Guarantor for, any and all claims that USB has or may have had against either Customer or Guarantor and all of their subsidiaries, parents, affiliates, predecessors, successors, assigns,

officers, directors, employees, shareholders, agents, and guarantors for any and all damages, equitable relief, attorneys' fees and penalties related to the Rental Agreement. USB also transfers all of its right, title and interest to the equipment subject to the Rental Agreement, if any, to the Customer.

I hereby acknowledge and represent that I have read this Settlement Agreement; that I have had the opportunity to consult with a lawyer concerning it; that each of Customer and Guarantor is voluntarily entering into this Settlement Agreement; that neither USB nor its agents or attorneys have made any representations or promises concerning the terms or effects of this Settlement Agreement other than those set forth in this document; and I understand that this is a full and final release of all claims Customer and Guarantor have or may have against the USB Parties concerning the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement.

I further agree that this Settlement Agreement constitutes the entire agreement among the parties hereto, may not be changed orally and may not be modified or amended except pursuant to an agreement in writing signed by all of the parties hereto, unless Customer and Guarantor change their mind as provided above.

The signatory for the Customer below represents that he or she is duly authorized to enter into this Settlement Agreement and on behalf of the Customer.

This Settlement Agreement shall be deemed accepted upon your return to USB of an executed copy of this Settlement Agreement.

**IN WITNESS WHEREOF**, and intending to be legally bound hereby, the undersigned has caused this Settlement Agreement to be executed this \_\_\_\_ day of \_\_\_\_\_, 2005.

Dated: \_\_\_\_\_

[NAME OF CUSTOMER]

By: \_\_\_\_\_

[Name]

[Title]

[Address]

By: \_\_\_\_\_ [Name], as Guarantor

[Add appropriate notary clauses for State]

**Lyon Financial Services, Inc., d/b/a U.S. Bancorp  
Business Equipment Finance Group**

By: \_\_\_\_\_

[Name]

**FILL OUT COMPLETELY AND SEND TWO SIGNED ORIGINALS TO USB at:  
Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group,  
1310 Madrid Street, Marshall, MN 56258, Attn: Jamie Schreurs.**

**PLEASE KEEP A COPY FOR YOUR RECORDS. A FULLY EXECUTED DOCUMENT  
WILL BE SENT TO CUSTOMER AND ANY GUARANTOR UPON COMPLETION OF  
THE TERMS OUTLINED HEREIN**

EXHIBIT B-3  
LYON FINANCIAL SERVICES, INC.  
SETTLEMENT AND MUTUAL RELEASE

**SETTLEMENT AND MUTUAL RELEASE**

between

**[Customer and/or Guarantor]**  
**and**  
**LYON FINANCIAL SERVICES, INC.,**

I, \_\_\_\_\_, on behalf of the entity named above (the "Customer") and if applicable as personal guarantor (if I am a personal guarantor, the "Guarantor"), elect to take advantage of the Settlement Program agreed to by the ATTORNEY GENERAL OF THE STATE OF [Insert State Name] and LYON FINANCIAL SERVICES, INC., D/B/A U.S. BANCORP BUSINESS EQUIPMENT FINANCE GROUP, ("USB") to pay off Customer's obligations under that portion of its Rental Agreement with NorVergence (the "Rental Agreement") that was assigned to USB at a substantial discount and to settle any and all disputes between (i) Customer and Guarantor and (ii) USB arising from the Rental Agreement or USB's efforts to collect under or enforce the Rental Agreement and that certain [Insert title and date of existing settlement agreement] between Customer[, Guarantor] and USB (the "Existing Settlement Agreement"). With this Settlement and Mutual Release (the "Settlement Agreement") I am: (1) accepting the terms of the Settlement Program offered by USB and (2) entering into a mutual release of claims with USB and related parties.

I understand that USB and the Attorney General of the State of [Insert State Name] have agreed to the terms of this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of USB that it engaged in any form of unlawful conduct or business practices, and that USB expressly denies that it engaged in any such unlawful conduct or business practices and expressly denies that it is liable to any person or entity in connection with the Rental Agreement.

**1. Terms Of The Settlement Program**

I understand that, upon timely receipt of an executed copy of this Settlement Agreement and the Settlement Balance, as defined below, USB will:

- (a) forgive eighty percent (80%) of the remaining contract balance due under the first [ ] months of the Rental Agreement as of July 15, 2004;
- (b) forgive any late fees or penalties assessed on that account on or after July 15, 2004;

- (c) fully credit any payments Lessee and/or Guarantor has made to USB on or after July 15, 2004; and
- (d) withdraw any and all adverse credit reports USB filed as to the Lessee and/or Guarantor as a result of not receiving payment on the Rental Agreement on or after July 15, 2004.

I also understand that USB's records reflect the following information about Customer's Rental Agreement account:

- 1. **Unpaid balance past due as of July 15, 2004: .....** \_\_\_\_\_
- 2. **Plus twenty per cent of remaining balance due under the portion of the Rental Agreement assigned to USB after July 14, 2004, plus applicable taxes: .....** \_\_\_\_\_
- 3. **Minus all amounts paid since July 15, 2004, including amounts paid under Existing Settlement Agreement: .....** \_\_\_\_\_
- 4. **Total remaining Settlement Balance due USB, or:.....** \_\_\_\_\_
- 5. **Amount to be refunded by USB: .....** \_\_\_\_\_

Lessee and/or Guarantor agree to pay the Settlement Balance by the method checked below and request that USB invoice Lessee and/or Guarantor accordingly:

- Pay the Settlement Balance in a lump sum within thirty (30) days of your mailing of this fully executed Release
- Pay the Settlement Balance in [insert 12 or 24, as appropriate] equal monthly installments of [payment amount], beginning on the date specified in the first USB invoice, which payment date shall be at least 15 days after the date of mailing of such invoice. I understand that Lessee and/or Guarantor may pay the remainder of the Settlement Balance at any time without penalty.

Checks are to be made payable to Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, 1310 Madrid Street, Marshall, MN 56258, Attn: Jamie

Schreurs. Please include the account number on the check.

I understand that if Customer and Guarantor fail to pay the Settlement Balance as promised, USB may seek to enforce the Settlement and Mutual Release in full and make use of any of the remedies available to it under the law. I agree that if USB prevails in any litigation seeking to enforce this Settlement and Mutual Release, USB shall be entitled to collect its reasonable attorneys' fees, together with interest on the unpaid Settlement Balance from the date of default until the date of payment at the rate of twelve per cent (12%) per annum, or, if lower, the maximum rate permitted under the laws of the State of [Insert State Name]. I understand that USB will not institute any legal proceedings against Lessee and/or Guarantor in any Court outside the State of [Insert State Name] unless I object to the jurisdiction of the courts of [Insert State Name]. I understand, however, that if Lessee and/or Guarantor are parties to any legal proceeding against USB in any court outside the State of [Insert State Name], USB may assert a cross-claim or counterclaim in any such proceeding.

Customer and Guarantor may change their mind and withdraw from the Settlement Program by notifying USB of that decision in writing before payment under the Settlement Program is due. Notice must be sent to the same address as this Settlement and Mutual Release.

I understand that if I am a lessee who is entitled to a refund from USB under the Settlement Program, I will be able to obtain that refund by executing this Settlement and Mutual Release. Within thirty (30) days of USB's receipt of this Settlement and Mutual Release, USB will send me my refund check.

## **2. Release Of Claims**

I understand that, in exchange for the opportunity to pay off the Rental Agreement at a substantial discount, Customer and Guarantor each hereby releases and discharges Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group, and all of its subsidiaries, parents, affiliates, predecessors, successors and assigns, officers, directors, employees, shareholders and agents (the "USB Parties") from, and covenants not to file or pursue any lawsuit or claim in any place against any USB Party for, any and all claims (including claims as a member or representative of a proposed class action, whether pending now or filed later) that Customer and/or Guarantor has or may have had against it for any and all damages, restitution, equitable relief, attorneys' fees and/or penalties related to the Rental Agreement or the Existing Settlement Agreement, including but not limited to claims arising out of efforts to collect under or enforce the Rental Agreement or the Existing Settlement Agreement. Customer and Guarantor each further agrees that if either of them is currently involved in any litigation arising from the Rental Agreement or any effort to collect under or enforce the Rental Agreement, Customer, Guarantor and USB will mutually dismiss that litigation with prejudice.

In exchange for Customer and/or Guarantor's payment to USB pursuant to this Settlement Agreement, USB hereby releases and discharges Customer and Guarantor from, and covenants not to file or pursue any lawsuit or claim in any place against either Customer or Guarantor for, any and all claims that USB has or may have had against either Customer or

Guarantor and all of their subsidiaries, parents, affiliates, predecessors, successors, assigns, officers, directors, employees, shareholders, agents, and guarantors for any and all damages, equitable relief, attorneys' fees and penalties related to the Rental Agreement or the Existing Settlement Agreement. USB also transfers all of its right, title and interest to the equipment subject to the Rental Agreement, if any, to the Customer.

I hereby acknowledge and represent that I have read this Settlement Agreement; that I have had the opportunity to consult with a lawyer concerning it; that each of Customer and Guarantor is voluntarily entering into this Settlement Agreement; that neither USB nor its agents or attorneys have made any representations or promises concerning the terms or effects of this Settlement Agreement other than those set forth in this document; and I understand that this is a full and final release of all claims Customer and Guarantor have or may have against the USB Parties concerning the Rental Agreement, the Existing Settlement Agreement or USB's efforts to collect under or enforce the Rental Agreement or the Existing Settlement Agreement.

I further agree that this Settlement Agreement constitutes the entire agreement among the parties hereto, may not be changed orally and may not be modified or amended except pursuant to an agreement in writing signed by all of the parties hereto, unless Customer and Guarantor change their mind as provided above.

The signatory for the Customer below represents that he or she is duly authorized to enter into this Settlement Agreement and on behalf of the Customer.

This Settlement Agreement shall be deemed accepted upon your return to USB of an executed copy of this Settlement Agreement.

**IN WITNESS WHEREOF**, and intending to be legally bound hereby, the undersigned has caused this Settlement Agreement to be executed this \_\_\_ day of \_\_\_\_\_, 2005.

Dated: \_\_\_\_\_

[NAME OF CUSTOMER]

By: \_\_\_\_\_

[Name]

[Title]

[Address]

By: \_\_\_\_\_ [Name], as Guarantor

[Add appropriate notary clauses for State]

**Lyon Financial Services, Inc., d/b/a U.S. Bancorp  
Business Equipment Finance Group**

By: \_\_\_\_\_  
[Name]

**FILL OUT COMPLETELY AND SEND TWO SIGNED ORIGINALS TO USB at:  
Lyon Financial Services, Inc., d/b/a U.S. Bancorp Business Equipment Finance Group,  
1310 Madrid Street, Marshall, MN 56258, Attn: Jamie Schreurs.**

**PLEASE KEEP A COPY FOR YOUR RECORDS. A FULLY EXECUTED DOCUMENT  
WILL BE SENT TO CUSTOMER AND ANY GUARANTOR UPON COMPLETION OF  
THE TERMS OUTLINED HEREIN**