

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

In The Matter Of:

File No. 05-32-CZ

DE LANGE LANDEN FINANCIAL SERVICES,
INC.

Hon. James R. Giddings

Respondent.

AG File No. 200511570

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: August 22, 2005

IN THE MATTER OF)
)
DE LAGE LANDEN FINANCIAL SERVICES, INC.)

ASSURANCE OF VOLUNTARY COMPLIANCE

1. This Assurance of Voluntary Compliance¹ ("Assurance") is entered into by the Attorneys General² (collectively, "Attorneys General") of the States of Connecticut, District of Columbia, Delaware, Georgia, Illinois, Maryland, Massachusetts, Michigan, New Hampshire, North Carolina and Pennsylvania (collectively, "Participating States"), and Respondent De Lage Landen Financial Services, Inc. ("DLL") (the Attorneys General and DLL being referred to hereinafter as the "Parties").
2. DLL is a corporation organized and existing under the laws of the State of Michigan.
3. DLL has a principal place of business at 1111 Old Eagle School Road, Wayne, PA 19087-8608.

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

²Of 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. 42-110a, *et seq.*, 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. DLL is one of the leasing companies that entered into and holds Equipment Rental Agreements with NorVergence, Inc. (“NorVergence”) customers in the Participating States and elsewhere.

BACKGROUND

5. This Assurance follows inquiry by the Attorneys General into DLL’s business dealings with NorVergence. This inquiry was part of a larger inquiry regarding whether the practices of NorVergence and those of DLL and other financing companies in connection with NorVergence Equipment Rental Agreements (“Rental Agreements”) violate any of the consumer protection statutes listed herein at footnote 3.³

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.
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:

³ **Connecticut** Unfair Trade Practices Act, C.G.S. 42-110a, *et seq.*; **District of Columbia** Consumer Protection Procedures Act, D.C. Code §28-3901, *et seq.*; **Delaware** Consumer Fraud Act, 6 Del.C. §2511, *et seq.*; **Georgia** Fair Business Practices Act of 1975, O.C.G.A. 10-1-390, *et seq.*; **Illinois** Consumer Fraud and Deceptive Business Practices Act, 815 ILCS §505/1 *et seq.*; **Massachusetts** Consumer Protection Act, G. L. C. 93A; **Maryland**: Md. Code Ann., Com. Law §2-302; **Michigan** Consumer Protection Act, MCL 445.901, *et seq.*; **New Hampshire** Consumer Protection Act, RSA §358-A; **North Carolina** Unfair and Deceptive Trade Practices Act, N.C.G.S. §75-1.1, *et seq.*; **Pennsylvania** Unfair Trade Practices and Consumer Protection Law, 73 P.S. §§ 201-1 *et seq.*

- i. NorVergence was offering to lower a potential customer's monthly expenses for telephone service, high speed Internet service, and wireless telephone service, through the installation of 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 represented to consumers that with the Matrix box, the reduced cost telecommunication services would continue even in the event NorVergence was unable to provide service;
- iv. NorVergence represented to consumers that in the event NorVergence went out of business, customers' telecommunications service would not be interrupted; and
- v. 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.

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.

DLL's Activities in Connection with the NorVergence Equipment Rental Agreements

8. In some cases, shortly after the Rental Agreements were executed between NorVergence and its customers, these agreements were assigned to finance companies, including DLL. In other cases, customers entered into Rental Agreements directly with finance companies, including DLL. DLL assigned its rights to receive lease payments under certain of the Rental Agreements to other finance companies, while retaining other Rental Agreements in its own portfolio.

9. DLL 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.
10. In some circumstances when customers did not directly obtain property damage insurance, DLL's monthly invoices included amounts for monthly insurance premiums and administrative fees, hereinafter referred to as insurance-related charges, in connection with insurance obtained by DLL to protect its interest in the equipment which was the subject of the Rental Agreements.

THE ATTORNEYS GENERAL'S POSITION

11. The Attorneys General allege that their consumers were fraudulently induced to sign the Rental Agreements, and that such agreements are void *ab initio*.
12. The Attorneys General allege that DLL knew or should have known of the alleged fraud perpetrated by NorVergence and is not entitled to collect any monies from its customers in the Participating States.
13. 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.

DLL'S POSITION

14. DLL denies that it knew or should have known of any alleged fraud perpetrated by NorVergence. DLL 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. DLL further denies that the terms of the Rental Agreements are unconscionable.

15. DLL 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 DLL's customers, and the concerns expressed by the Participating States, DLL is willing to afford the NorVergence customers remaining in its portfolio an opportunity to be released from their obligations under the Rental Agreements pursuant to the conditions described herein.

TERMS OF ASSURANCE

17. This Assurance shall be binding upon DLL and extends to 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. This Assurance is not binding, however, on those finance companies to whom DLL assigned its rights to receive lease payments.
18. 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 DLL, that there has been no concession or agreement by DLL 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 DLL 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 DLL. 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. The parties agree that this Assurance, and any representations made by the parties in its negotiation, or any offer made or agreed upon with any State Customer or State Customers, shall not be offered by any party as evidence of DLL's wrongdoing in any future administrative or judicial proceeding, except insofar as the proceeding or evidentiary offer relates to an interpretation or enforcement of the terms of the Assurance, or any alleged default or breach of the terms. A State Customer is any DLL customer in any Participating State that has a NorVergence Rental Agreement that has not been the subject of a subsequent assignment by DLL to another finance company. The Participating States acknowledge that DLL 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 by the suing Attorneys General. DLL was not named as a party in those cases. Accordingly, the applicability of such default judgments, if any, or the enforceability of the Rental Agreements assigned to, or otherwise held by DLL would have to be determined by an appropriate court. The same would be true with respect to DLL for any additional default judgments that may be sought and obtained by any of the Attorneys General against NorVergence.

Customer Settlement Program

19. 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 late fees and taxes, and 33% of all insurance-related charges ("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".
20. DLL will offer the following settlement terms to any State Customer and any personal guarantor of such State Customer's Rental Agreement it may have:
 - a. DLL will forgive eighty-five percent (85%) of the remaining contract balance due on each such Participating Customer's obligations to DLL under the Rental Agreement after July 15, 2004, but not including any applicable taxes due thereon or in connection therewith;
 - b. DLL shall forgive any late fees, penalties or insurance related charges assessed on the Participating Customer's account on or after July 15, 2004 and DLL shall forgive or refund 67% of any insurance-related charges on the Participating Customer's account that were assessed or paid prior to 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, DLL 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 DLL furnished information, if any.

21. DLL 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. DLL 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 20 of this Assurance.
22. As to each Participating Customer, DLL agrees to accept, in full satisfaction of the Customer's obligations to DLL under the Customer's Rental Agreement and any personal guarantor's obligations under any related guarantee, payment of the Cure Amount, plus payment of fifteen percent (15%) of the remaining contract balance due to DLL under the Rental Agreement as of July 15, 2004, minus any late fees or penalties or insurance charges paid by the consumer after July 15, 2004 ("Settlement Balance"). Customers will be responsible for paying all applicable taxes thereon or in connection therewith. For Participating Customers, it is agreed that the Rental Agreements are considered terminated as of the date the Participating Customer signed the Settlement Agreement and Release.
23. DLL agrees that the Settlement Balance shall be paid as follows:
 - a. The Participating Customer shall elect to either:
 - 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 DLL 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-five (35) days of the mailing of the fully executed Settlement and Mutual Release ("Release"), by the Participating Customer, as described in paragraph 26 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 thirty-fifth (35th) day after the mailing of the fully executed Release. DLL 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.
 - e. In the event no Settlement Balance is due from a Participating Customer and a refund is warranted, DLL shall pay any such refund within thirty (30) days of DLL's receipt of the fully executed Release.
24. Within thirty (30) days of the Effective Date, DLL shall mail a Settlement Letter (in the form annexed hereto as Exhibit A) to each State Customer who entered into a Rental Agreement and any personal guarantor thereof. In this mailing, DLL 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 DLL to indicate whether they

will accept the terms of settlement. If any of the State Customer's letters are returned to DLL as undeliverable, DLL must make reasonable commercial efforts to locate that customer. If located, DLL 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 DLL relating to NorVergence;
 - b. The Settlement Balance due from that State Customer and personal guarantor (which shall include any Cure Amount); and
 - c. The State Customer's and/or personal guarantor's options for paying the Settlement Balance if the Customer elects to participate in the settlement.
25. DLL affirmatively states that it did not enter into any settlement with any State Customer after July 15, 2004. In reliance on DLL's statement, the States are not including language to deal with settlements after July 15, 2004 in this Assurance.
26. DLL shall include with the letters referenced in paragraph 24 of this Assurance a document titled "Settlement and Mutual Release" in the form annexed hereto as Exhibit B. 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 DLL within thirty-five (35) days of DLL's mailing of the letter.
27. To the extent set forth in the Settlement and Mutual Release, each Participating Customer shall provide DLL 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, DLL 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 DLI shall agree to mutually dismiss with prejudice (and without award of costs or attorneys' fees to any party) any pending litigation arising from the Rental Agreement or DLL's efforts to collect under or enforce the Rental Agreement.

28. If a State Customer who executes a Settlement and Mutual Release defaults in payment of its Settlement Balance, DLL 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.
29. DLL further agrees that it shall not institute any civil action against the Participating Customer for breach of its Rental Agreement or otherwise seek to enforce the Rental Agreement against any Participating Customer. DLL 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 DLL, they will be dismissed by the Participating Customer as a condition to DLL'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.
30. 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 the 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 DLL's settlement offer. However, notwithstanding any provision authorizing otherwise in any Rental Agreement, if DLL chooses to enforce the Rental Agreement pursuant to this paragraph 30 of the Assurance, then any lawsuit it initiates will be filed by DLL in the state of the State Customer's residence, unless the State Customer objects thereto in reliance on the terms of its Rental Agreement, or unless any State Customer has initiated litigation against DLL, in which case DLL may assert counterclaims or separate claims against such State Customer where its action is pending. If the State Customer does not accept the Settlement outlined in this Assurance and DLL has previously initiated a lawsuit against the State Customer, DLL will dismiss the lawsuit and may refile its lawsuit in the State Customer's state.

Affidavits of Compliance

31. Within sixty (60) days of the Effective Date of this Assurance, DLL shall submit an affidavit to each Participating State's Attorney General, subscribed to by an officer of DLL:
 - 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,
32. Within six months from the Effective Date of this Assurance, DLL shall submit to each Participating State's Attorney General an affidavit, subscribed to by an officer of DLL:

- 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 DLL'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 DLL shall submit such an affidavit within forty-five (45) days of any such request.
33. The affidavits to be provided pursuant to paragraphs 31 and 32 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 DLL, except to provide to the Participating States information concerning the status of compliance with this Assurance.

General Provisions

34. This Assurance is entered into by the Parties on their own free and voluntary act and with full knowledge and understanding of the obligations and duties imposed by this Assurance.
35. This Assurance shall be binding upon DLL 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. This Assurance is not binding, however, on those finance companies to whom DLL assigned its rights to receive lease payments.

36. 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.
37. As used in this Assurance, the plural shall include the singular and the singular shall include the plural.
38. 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.
39. 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.
40. 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 DLL, and then shall be binding only with respect to any or each such State so executing.
41. The exhibits to this Assurance are and shall be considered a part of this Assurance.

42. This Assurance is agreed to by the Parties for settlement purposes only. Neither the fact of this Assurance, nor any provision contained herein or 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 DLL;
- b. Having any impact on the business practices of DLL, 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 DLL 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 DLL, except to the extent, and then solely for the purposes provided for, herein.

43. 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 therefor have been or will be undertaken.

44. 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 DLL

45. Nothing in this Assurance shall be construed to prevent any State Customer or DLL (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

46. This Assurance shall be effective on August 17, 2005 ("Effective Date").

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

47. The parties understand that pursuant to the statutes cited in footnote 3 to this Assurance, a violation of this Assurance shall constitute prima facie evidence of a violation of those statutes in any subsequent proceedings brought by the Attorneys General against DLL 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

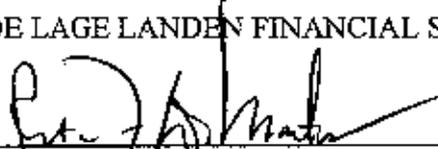
48. The subject matter of this Assurance is the issues covered in paragraphs 7 through 16 of this Assurance. The Attorneys General acknowledge that execution of this Assurance constitutes a complete settlement and release by the Attorneys General of all the civil claims and causes of action for damages, 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 DLL 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 acknowledge that this release does not cover any leases acquired or reacquired after the effective date of this Assurance.

**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)
)
DE LAGE LANDEN FINANCIAL SERVICES , INC.)

DE LAGE LANDEN FINANCIAL SERVICES, INC.

By: 
(Name) Rita Di Martino
Chief Executive Officer/Chief Operating Officer

Date: 8/15/05

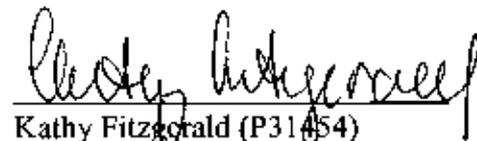
IN THE MATTER OF:

DE LAGE LANDEN FINANCIAL SERVICES, INC.
ASSURANCE OF VOLUNTARY COMPLIANCE

MICHAEL A. COX
ATTORNEY GENERAL
State of Michigan

Dated: August 4, 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 DE LAGE LANDEN FINANCIAL SERVICES, INC.
ASSURANCE OF VOLUNTARY COMPLIANCE

RICHARD BLUMFENHAL
Attorney General of Connecticut for

EDWIN R. RODRIGUEZ
Commissioner
Connecticut Department of Consumer Protection

By: Valerie J. Bryan
Valerie J. Bryan
Assistant Attorney General

Date: August 14, 2005

IN THE MATTER OF DE LAGE LANDEN FINANCIAL SERVICES, INC.
ASSURANCE OF VOLUNTARY COMPLIANCE

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 4th Street, N.W., Suite 450-N
Washington, DC 20001
(202) 727-3500

Attorneys for the District of Columbia

Date: August 11, 2005

IN THE MATTER OF DE LAGE LANDEN
ASSURANCE OF VOLUNTARY COMPLIANCE

M. JANE BRADY
Attorney General of Delaware

A handwritten signature in black ink that reads "M Jane Brady". The signature is written in a cursive, flowing style.

By:

A handwritten signature in black ink that reads "Barbara J. Gaddois". The signature is written in a cursive, flowing style.

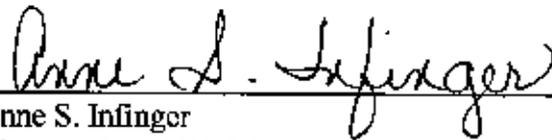
BARBARA J. GADBOIS
Director of Consumer Protection -
Deputy Attorney General

Date: August 11, 2005

IN THE MATTER OF DE LAGE LANDEN
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: August 10, 2005

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

A handwritten signature in cursive script, reading "Anne S. Infinger", is written over a solid horizontal line.

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 DE LAGE LANDEN
ASSURANCE OF VOLUNTARY COMPLIANCE

LISA MADIGAN
Attorney General of the State of Illinois

By: 
JENNIFER MEYER
Assistant Attorney General

Date: 8/2/05

IN THE MATTER OF)
)
DE LAGE LANDEN FINANCIAL SERVICES , INC.)

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

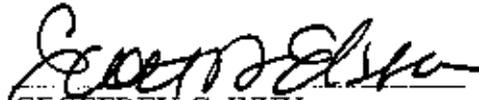
By: V. Scott Bailey
WILLIAM D. GRUHN
VERNON SCOTT BAILEY
Assistant Attorney General
Consumer Protection Division
Office of the Attorney General
200 St. Paul Place, 16th Floor
Baltimore, MD 21202
410-576-6349

Date: 8/10/05

IN THE MATTER OF DE LAGE LANDEN
ASSURANCE OF VOLUNTARY COMPLIANCE

THOMAS F. REILLY
Attorney General of Massachusetts

By:



GEOFFREY G. WHY
KARLEN J. REED
SCOTT SCHAFER
Assistant Attorneys General

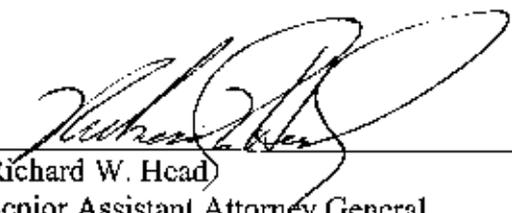
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IN THE MATTER OF DE LAGE LANDEN
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated July 29, 2005

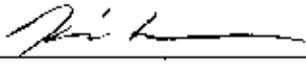
KELLY A. AYOTTE
Attorney General
State of New Hampshire

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 DE LAGE LANDEN
ASSURANCE OF VOLUNTARY COMPLIANCE

ROY COOPER
Attorney General of North Carolina

By: 

KEVIN ANDERSON
Assistant Attorney General

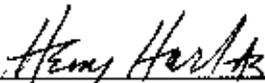
Date: 8/12/05

IN THE MATTER OF)
)
DE LAGE LANDEN FINANCIAL SERVICES, INC.)

Dated: August 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

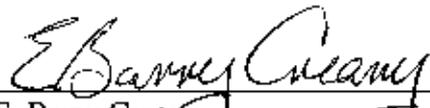
By: 
E. Barry Creany
Senior Deputy Attorney General

EXHIBIT A
DE LAGE LANDEN FINANCIAL SERVICES
SETTLEMENT LETTER

....., 2005

[Insert Customer Name]

[Insert Guarantor Name]

**RE: NOTICE TO FORMER [INSERT STATE] NORVERGENCE CUSTOMERS WHO HAVE
EQUIPMENT RENTAL AGREEMENTS WITH DE LAGE LANDEN FINANCIAL SERVICES,
AND TO ANY GUARANTORS**

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

You are receiving this notice because the records of De Lage Landen Financial Services ("DLL") reflect that [Insert Customer Name] entered into an Equipment Rental Agreement (referred to herein as the "Rental Agreement") in connection with your prior service from NorVergence, Inc. ("NorVergence"), and that the Rental Agreement is held by DLL. Pursuant to an agreement with the Attorney General of the State of [insert State] (the "Attorney General"), DLL 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 DLL arising from or relating to the Rental Agreement.

The Settlement Program Offered By DLL

If you elect to participate in this Settlement Program, in exchange for being current on your rental payments under the Rental Agreement as of July 15, 2004 (the "Cutoff Date") DLL will: (a) forgive eighty-five percent (85%) of the remaining principal balance; (b) forgive any late fees or penalties assessed on your account on or after the Cutoff Date; and (c) forgive or refund 67% of any insurance-related charges assessed on your account prior to the Cutoff Date, and forgive any and all insurance-related charges assessed on your account on or after the Cutoff Date. You will also receive credit for any payments made to DLL after the Cutoff Date. In the event that payments you actually made after the Cutoff Date exceeded 15% percent of the remaining principal balance due as of the

Cutoff Date (plus applicable taxes), you will receive a refund of the amount in excess of that amount if you elect to participate in the Settlement Program. You are responsible for all applicable taxes.

In exchange for the benefits provided above, you must be current on your payments under the Rental Agreement through the Cutoff Date, or you must bring your payments current through the Cutoff Date. You must also agree to release DLL from any claims concerning your Rental Agreement, DLL's efforts to collect under or enforce your Rental Agreement, or DLL's involvement with NorVergence, as described more fully below. You must also agree to pay DLL the "Settlement Balance," which is the amount equal to fifteen percent (15%) of the outstanding balance due under your Rental Agreement after July 15, 2004 (plus all amounts, if any, necessary to bring your account current through that date), minus any late fees, penalties, and any insurance-related charges paid or charged since the Cutoff Date, and minus any credits as described in the preceding paragraph. After settlement, you may be responsible for potential tax liabilities including but not limited to property and usage taxes of the Matrix box and other telephone equipment that was financed through DLL. 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. You may elect to pay the Settlement Balance in one of the following ways:

(a) If your Settlement Balance is equal to Four Thousand Nine Hundred Ninety-Nine and 99/100 Dollars (\$4,999.99) or less, you may either make a lump sum payment of the entire Settlement Balance or pay off the Settlement Balance in up to twelve (12) equal monthly installment payments, with the lump sum payment to be due within thirty-five (35) days of your mailing of the fully executed Settlement and Mutual Release (attached) (also referred to as "Release"). DLL will mail you a bill for the first installment payment at least fifteen (15) days prior to the date on which such payment is due.

(b) If your Settlement Balance is Five Thousand and 00/100 Dollars (\$5,000) or more, you may either make a lump sum payment of the entire Settlement Balance or pay off the Settlement Balance in up to twenty-four (24) equal monthly installment payments, with the lump sum payment to be due within thirty-five (35) days of your mailing of the fully executed Release. DLL will mail you a bill for the first installment payment at least fifteen (15) days prior to the date on which such payment is due.

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

(c) If your account is current through July 15, 2004 and you are entitled to a refund from DLL, DLL will send the refund to you within thirty (30) days of DLL's receipt of the fully executed Release.

To participate in this Settlement Program, **you must complete, sign and return to De Lage Landen Financial Services, postmarked within 35 days from the date of this notice, two copies of the enclosed Release.** Please note that, in order to participate in this Settlement Program, your signatures on these documents must be notarized. Upon DLL's receipt of the fully executed Release, DLL will send you a written notification terminating the Rental Agreement.

By accepting this proposal, you (a) elect and agree to pay the Settlement Balance; and (b) fully release DLL from, and agree not to sue DLL for, any and all claims that you have or may have had against DLL relating to your Rental Agreement or any other matter arising from your dealings with NorVergence, including any such claims you may have as a member or representative of various proposed class action lawsuits that have been brought against DLL on behalf of asserted classes of NorVergence customers (as well as any such proposed class action lawsuits that may be brought in the future). If you are currently involved in any litigation with DLL over your Rental Agreement and you wish to participate in the Settlement Program, you and DLL will mutually dismiss that action with prejudice and without costs or attorney's fees.

DLL, in turn, will fully release you from, and agree that it will not sue you for or will dismiss you from, any and all claims that it has or may have had against you based upon your Rental Agreement. Both you and DLL will retain all rights under law to enforce the Release.

DLL 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 DLL that it engaged in any form of unlawful conduct or business practices. Indeed, DLL 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:

You are not obligated to participate in the Settlement Program agreed to by DLL and the Attorney General, and you have the right to consult with an attorney of your choosing before you decide whether to participate in the Settlement Program. Nothing in the settlement between DLL and the Attorney General prevents you from pursuing any right or remedy at law, equity or contract which you may have against DLL, except to the extent that you elect to participate in this Settlement Program and execute a Release. If you elect not to participate in the Settlement Program, then DLL may seek to enforce all terms of the original Rental Agreement in full and may make use of any of the remedies available to it under the law, equity or contract. DLL has agreed, however, that it will institute any such legal proceedings against you in a court in the State of [insert State], unless you object to the jurisdiction of that Court, or unless you have initiated litigation against DLL, in which case DLL may assert counterclaims or separate claims against you where your action is pending.

DLL and the Attorneys General of [XX] states have agreed that DLL will offer a program like the Settlement Program to DLL's Customers and Guarantors in those states. Some of those Attorneys General have obtained default judgments against NorVergence, a company now in bankruptcy. NorVergence failed to appear in or defend the cases brought against it by the suing Attorneys General. DLL was not named as a party in those cases. Accordingly, the applicability or impact of such default judgments, if any, on the enforceability of the Rental Agreements assigned to DLL would have to be determined by an appropriate court. The same would be true, with respect to DLL, for any additional default judgments that may be sought and obtained by any of the Attorneys General against NorVergence. Those issues would need to be litigated between you and DLL should you decide not to participate in the Settlement Program.

If You Elect To Participate In The Settlement Program:

If you elect to participate in the Settlement Program, and then default on your payment obligation thereunder, DLL will have the right to accelerate all payments remaining due thereunder, and declare as compensation for the loss of its bargain, and not as a penalty, a sum equal to all amounts then due under this Settlement Agreement. DLL will, in that event, also be entitled to receive default interest at the rate of 1% per month on all outstanding balances from the date of default until the date of payment, as well as its costs of collection, including attorneys' fees.

IMPORTANT: If you elect to participate in the Settlement Program, but thereafter fail to pay DLL the Settlement Balance as promised in the Release, DLL may seek to enforce its rights to receive payment (including default interest and costs of collection including attorneys' fees) by use of any of the remedies available to it under the law, equity or contract. DLL has agreed, however, that it will not institute any legal proceedings against you in any court outside the State of [insert State].

What You Would Be Agreeing To Pay If You Enroll In The Settlement Program:

Currently, the remaining balance on your Rental Agreement after you have brought your Rental Agreement account current up to the Cutoff Date of July 15, 2004 is \$_____. If you agree to participate in the Settlement Program, your Settlement Balance will be _____, which results in a savings to you of \$_____.

More specifically, as of [date of letter] DLL has the following information about your Rental Agreement and what the Settlement Program would require you to pay:

- A. Unpaid Balance Due as of July 15, 2004 including applicable taxes plus credit for 67% of insurance-related charges paid before July 15, 2004:

- B. Plus 15% of Remaining Balance Due after July 15, 2004 plus applicable taxes:

- C. Minus: Monies Paid since Cutoff Date (includes monthly payments, late fees, penalties, interest, and insurance-related charges):

Total:

Amount to be Paid (Settlement Balance)

or

Amount to be Refunded

Payment options: Lump sum payment or _____ per month
for _____ months

Please call [phone number] if you have any questions
regarding this Settlement Program or your Rental Agreement account.

Yours truly,

De Lage Landen Financial
Services

EXHIBIT B
DE LAGE LANDEN FINANCIAL SERVICES
SETTLEMENT AND MUTUAL RELEASE

between

[Customer and Guarantor]
and
DE LAGE LANDEN FINANCIAL SERVICES

I, _____, on behalf of the entity named above (the "Customer") and as personal guarantor (together, the "Customer and Guarantor"), elect to take advantage of the Settlement Program agreed to by the ATTORNEY GENERAL OF THE STATE OF [insert State] and De Lage Landen Financial Services ("DLL") to pay off Customer's Rental Agreement with DLL (the "Rental Agreement") at a substantial discount and to settle any and all disputes between Customer and/or Guarantor and DLL arising from the Rental Agreement. With this Settlement and Mutual Release (the "Settlement Agreement" or "Release") I am: (1) accepting the terms of the Settlement Program offered by DLL and (2) entering into a mutual release of claims with DLL and related parties.

I understand that DLL and the Attorney General of the State of [insert State] 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 DLL that it engaged in any form of unlawful conduct or business practices, and that DLL 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

By accepting the terms of this Settlement Program, I understand that, in exchange for being current on all rental payments due on the Rental Agreement through July 15, 2004 (the "Cutoff Date"), DLL will:

- (a) forgive eighty-five percent (85%) of the remaining principal balance due after July 15, 2004;

(b) forgive any late fees, penalties or insurance-related charges assessed on [Customer's] account on or after the Cutoff Date; and

(c) You will also receive a credit for 100% of any and all payments made to DLL after the Cutoff Date and will receive a credit or refund for 67% of all insurance-related charges paid before the Cutoff Date.

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

1. Unpaid Balance Due as of July 15, 2004 including applicable taxes plus credit for 67% of insurance-related charges paid before July 15, 2004

2. Plus 15% of Remaining Balance Due after July 15, 2004 plus applicable taxes

3. Minus: Monies Paid since Cutoff Date (includes monthly payments, late fees, penalties, interest, and insurance-related charges):

Total:

4. Amount to be Paid (Settlement Balance)

or

5. Amount to be Refunded

[NOTE: If Settlement balance due to DLL]

Customer and/or Guarantor agree to pay the amount Settlement Balance by the method checked here and request that DLL invoice Customer and/or Guarantor accordingly:

_____ Pay the Settlement Balance on Line 4 in a lump sum within thirty-five (35) days of your mailing of this agreement.

_____ Pay the Settlement Balance on Line 4 in _____ equal monthly installments of _____, beginning on the date specified in the first DLL invoice, which payment date shall be at least 15 days after the date of mailing of such invoice. I understand that Customer and/or Guarantor may prepay the remainder of the Settlement Balance at any time without penalty.

I understand that if Customer and Guarantor fail to pay the Settlement Balance as promised, DLL 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 DLL prevails in any litigation seeking to enforce this Settlement and Mutual Release, DLL 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 DLL 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 DLL in any court outside the State of {Insert State Name}, DLL may assert a cross-claim or counterclaim in any such proceeding.

Checks are to be made payable to De Lage Landen Financial Services and sent to {ADDRESS TO BE ADDED}. Please include the account number on the check.

[NOTE: If Refund Payment Due by DLL]

DLL will send a refund check in the amount of _____ within 30 days of the receipt of Customer's and/or Guarantor's acceptance of this Settlement.

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 hereby release and discharge DLL, and all of its subsidiaries, parents, affiliates, predecessors, successors and assigns, officers, directors, employees, shareholders and agents (the "DLL Parties") from, and covenant not to file or pursue any lawsuit or claim in any place against any DLL 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 the DLL Parties for any and all damages, restitution, equitable relief, attorneys' fees and/or penalties relating to the Rental Agreement or Customer's dealings with NorVergence. Customer and/or Guarantor further agree that if they are currently involved in any litigation arising from the Rental Agreement or any efforts to collect under or enforce the Rental Agreement, Customer and/or Guarantor and DLL will mutually dismiss these claims with prejudice and without costs or attorney's fees.

In exchange for Customer and/or Guarantor's payment to DLL pursuant to this Settlement Agreement, except for the reservations contained herein, DLL hereby releases and discharges Customer and/or Guarantor from, and covenants not to file or pursue any lawsuit or claim in any place against Customer and/or Guarantor for, any and all claims that DLL has or may have had against Customer and/or Guarantor and all of its subsidiaries, parents, affiliates, predecessors, successors, assigns, officers, directors, employees, shareholders, and agents for any and all damages, equitable relief, attorneys' fees and penalties relating to the Rental Agreement. Notwithstanding the Release contained in the prior sentence, Customer and/or Guarantor shall remain liable for any amounts claimed against DLL by any governmental entity after the date of this Settlement Agreement, for which, under the terms of the Rental Agreement, Customer was liable in addition to the rental payment amounts stated therein.

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 Customer and/or Guarantor are voluntarily entering into this Settlement Agreement; that neither DLL 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/or Guarantor has or may have against the DLL Parties concerning 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.

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 DLL 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

DE LAGE LANDEN FINANCIAL SERVICES

By: _____

**FILL OUT COMPLETELY AND SEND TWO SIGNED ORIGINALS TO DLL at:
[ADDRESS TO BE ADDED]**

**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 C
DE LAGE LANDEN FINANCIAL SERVICES

NOTICE OF TERMINATION OF RENTAL AGREEMENT

_____, 2005

[Insert Customer Name]

[Insert Guarantor Name]

RE: NOTICE TO FORMER [INSERT STATE] NORVERGENCE CUSTOMERS OF
TERMINATION OF EQUIPMENT RENTAL AGREEMENT.

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

Pursuant to the Settlement and Mutual Release (the
"Settlement Agreement") executed between you and De Lage Landen
Financial Services ("DLL"), please be advised that the Equipment
Rental Agreement has been terminated.

Accordingly, pursuant to the terms of the Settlement
Agreement, this notice is to advise you that, except as specifically
provided in the Settlement Agreement, your Rental Agreement has been
terminated as of [Insert Date of DLL's Receipt of the Signed
Settlement Agreement].

Sincerely,

De Lage Landen Financial Services