

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

IN THE MATTER OF:

TCF Leasing, Inc.  
d/b/a TCF Express Leasing ("TCF")

Respondents.

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File No. 04-144-CZ

Hon. Paula J. M. Manderfield

AG File No. 200418330

**ASSURANCE OF DISCONTINUANCE**

MICHAEL A. COX  
Attorney General

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517-335-0855

Date Filed: DEC 29 2004

**In the Matter of:**

**TCF LEASING, INC. d/b/a TCF Express Leasing,**

**Respondent.**

**ASSURANCE OF VOLUNTARY COMPLIANCE /DISCONTINUANCE**

This Assurance of Voluntary Compliance /Discontinuance (“Assurance”) is entered into by the Attorneys General of the States of Arizona, California, Colorado, Florida, Georgia,<sup>1</sup> Louisiana, Maryland, Massachusetts, Michigan, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, and Texas, (“States”), acting pursuant to their respective consumer protection statutes<sup>2</sup> and TCF Leasing, Inc., d/b/a TCF Express Leasing (“TCF”). As used herein, TCF shall refer to TCF Leasing, Inc. and its successors and assigns, and any wholly owned subsidiaries, which hold Equipment Rental Agreements for customers of the former NorVergence which were taken by assignment.

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<sup>1</sup> With regard to Georgia, the Administrator of the Fair Business Practices Act, appointed pursuant to O.C.G.A. 10-1-395, is statutorily authorized to undertake consumer protection functions, including acceptance of assurances of Voluntary Compliance for the State of Georgia. Hereafter, when the entire group is referred to as the “States” or “Attorneys General,” such designation, as it pertains to Georgia, refers to the Administrator of the Fair Business and Practices Act.

<sup>2</sup> ARIZONA - Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*; CALIFORNIA - Bus. & Prof. Code §§ 17200 *et seq.*, and 17500 *et seq.*; COLORADO - Colorado Consumer Protection Act, C.R.S. §§ 6-1-101 *et seq.*; FLORIDA - Deceptive and Unfair Trade Practices Act, Fla. Stat. Ch. 501.201 *et seq.*; GEORGIA - Fair Business Practices Act of 1975, O.G.C.A. § 10-1-390 *et seq.*; LOUISIANA - LSA R. S. 51:1410 and LSA R. S. 51:1401, *et seq.*; MARYLAND - Md. Code Ann., Com. Law Section 2-302; MASSACHUSETTS - M.G.L. c. 93A, §§ 1-11; MICHIGAN - Consumer Protection Act, M.C.L. 445.901 *et seq.*, M.S.A. 19.418(1) *et seq.* (1994); NEW JERSEY - NJ Consumer Fraud Act, N.J.S.A. § 6:8-1 *et seq.*; NEW YORK - General Business Law §§ 349 and 350 and Exec. Law § 63(12); 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.*; RHODE ISLAND - Unfair Trade Practice and Consumer Protection Act, R.I. Gen. Laws § 6-13.1-1, *et seq.*; TEXAS - Deceptive Trade Practices and Consumer Protection Act, Tex. Bus. And Com. Code § 17.41 *et seq.*, (Vernon 1987 and Supp. 2004).

## I. STATES' POSITION

1. The statements contained in this "States Position" Section represent the position of the States only with respect to the business practices of NORVERGENCE, Inc. and NORVERGENCE CAPITAL LLC, including the assignment and procurement of certain Equipment Rental Agreements to and for several leasing companies, including respondent TCF Express Leasing, and TCF does not admit the truth of any of the statements contained in this "States' Position" Section.
2. NorVergence, Inc. is a New Jersey corporation with its principal place of business located at 550 Broad Street, Newark, New Jersey 07102. Prior to the filing of an involuntary bankruptcy proceeding on June 30, 2004 (Docket 04-32079-RG), NorVergence, Inc. was engaged in the business of offering for sale and reselling telecommunications service, together with the provision of certain telecommunications equipment, to small businesses and not-for-profit organizations in the States.
3. NorVergence Capital LLC is a limited liability corporation and a subsidiary of NorVergence, Inc., with offices at 550 Broad Street, Newark, New Jersey 07102. NorVergence Capital LLC is a debtor, along with NorVergence, Inc. in the bankruptcy proceeding, Docket 04-32079-RG. Prior to the bankruptcy, NorVergence Capital LLC, together with NorVergence, Inc., was engaged in the business of offering for sale and reselling telecommunications service, together with the provision of certain telecommunications equipment, to small businesses and not-for-profit organizations in the States. NorVergence, Inc. and NorVergence Capital LLC are hereinafter collectively referred to as "NorVergence."

4. Respondent TCF Leasing, Inc., d/b/a TCF Express Leasing ("TCF") is a corporation organized and existing under the laws of the State of Minnesota, with its principal place of business located at 11100 Wayzata Blvd., Suite 801, Minnetonka, MN 55305. TCF is one of the leasing companies which held Equipment Rental Agreements with NorVergence customers in the States and elsewhere. TCF obtained its NorVergence Equipment Rental Agreements by assignment from NorVergence. It has a total of forty-two Equipment Rental Agreements from customers in fifteen states.

5. TCF holds Equipment Rental Agreements from customers in the states of Arizona, California, Colorado, Connecticut, Florida, Georgia, Louisiana, Maryland, Michigan, Missouri, New Jersey, New York, Pennsylvania, Rhode Island, and Texas. The aggregate rental payments due on TCF's NorVergence leases is \$1,453,074. TCF has collected a total of \$10,973.36 on these Agreements prior to the NorVergence bankruptcy. Unlike other leasing companies, TCF did not attempt to enforce the NorVergence Equipment Rental Agreements subsequent to the NorVergence bankruptcy.

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

6. Since at least 2002 and continuing until shortly before the NorVergence bankruptcy filing in June 2004, NorVergence was in the business of offering to sell and reselling telecommunications services as integrated long-term packages, including local and long distance telephone, cellular and high speed Internet access. NorVergence marketed its services principally to small businesses and not-for-profit organizations with high credit ratings, and which, for the most part, did not have in-house counsel or technology personnel. NorVergence's salespeople personally visited these entities, offering to provide telecommunications services at greatly

reduced prices compared to the prices charged by the customers' then current service providers.

7. NorVergence represented that customers would receive over a five year period, dramatic savings of 20-60% on telecommunications services and unlimited free minutes. NorVergence claimed to be offering these services through its purported alliances with Nortel Networks and Qwest Communications. NorVergence further represented that its highly beneficial service offering was made possible by a purportedly proprietary, technologically innovative, and carrier neutral "black box" called, the "Matrix Solution," that would be installed on the customer's premises. In fact, the "Matrix Solution" did not eliminate per minute charges or make cost savings possible.

8. The cost savings in NorVergence's proposal had nothing to do with the "black box" or other innovative technology touted by NorVergence. Rather, NorVergence constructed its cost savings proposals simply by applying a discount of 20-30% to the potential customer's current cost for telecommunications services. In fact, NorVergence chose this discounted price without regard to the actual cost of providing the services (which was generally much higher).

9. The promised savings were set forth in the form of a "Cost Savings Proposal," and were represented as a monthly cost for an integrated service package, including the cost of telecommunications services and rental of related hardware.

10. Through deceptive and high pressure sales tactics and outright trickery, NorVergence salespeople signed customers up, putting the bulk (*i.e.*, at least 80%) of the service agreement into an equipment finance lease, designated "Equipment Rental Agreement," purportedly for the Matrix box. The rental payments due on the Equipment Rental Agreements varied from approximately \$200 to \$5,700 per month (or \$12,000 to over \$340,000 over a 60 month lease),

while the actual price of the Matrix was not greater than \$1,500. Customers were not provided the option to purchase the box.

11. Potential customers were told falsely by NorVergence's salespeople that they needed to "qualify" for NorVergence's telecommunications services, which were in high demand and available only to a limited number of applicants. The NorVergence salespeople further told the customers that the forms were non-binding and no-risk, and merely served to reserve the circuitry and hardware, while the customers' "qualifications" were being investigated.

12. The Equipment Rental Agreements that were included in the stack of supposedly non-binding forms were, in actuality, noncancellable agreements. Contrary to the customers' understanding of the transaction as presented by NorVergence's salespeople, the Agreements, under these circumstances, were fraudulently characterized as UCC Article 2A finance leases for the Matrix box. As such, these Agreements were designed to obtain the special protections applicable to equipment finance leases.

13. Under the circumstances, the Equipment Rental Agreements are unconscionable in that they contain terms that are unreasonably and unfairly harsh and one-sided in favor of NorVergence and the leasing companies. In fact, included in the fine print of the Equipment Rental Agreements are provisions that purported to:

- a. remove any obligations by assignees of NorVergence to the customers;
- b. require that all legal actions relating to the agreement be brought in a forum distant from the customer's place of business, in many cases where the leasing company that would take a assignment was located, unknown at the time the customer signed the contract ("floating jurisdiction clauses");

- c. characterize the vast majority of the total fees agreed to by the customer as payments for the Matrix box which grossly exceeded its actual price and value;
- d. characterize the Equipment Rental Agreement as a finance lease under Article 2A of the Uniform Commercial Code in a fraudulent and unconscionable attempt to gain the protections of equipment finance leases. In fact, the Agreement was for an integrated telecommunications service offering, although the service component was not documented in the Agreements. Moreover, the equipment purportedly financed under the Agreement was not first offered for sale to the customers or offered in a buy-out to the customer at the end of the Agreement's five-year term;
- e. suggest that the customers were given information about the comparative costs of purchasing and renting the Matrix box that enabled them to make a reasoned decision to rent rather than purchase (*i.e.*, "You understand that the Equipment may be purchased for cash or it may be rented."), when, in fact, the customers had no opportunity to purchase the Matrix, and were not provided any information about the costs of the box; and
- f. waive all the customer's defenses to demands for payment, even if the promised services were not provided ("hell or high water clauses").

14. Soon after the customers signed the Equipment Rental agreements, NorVergence assigned the agreements to one of the leasing companies. In some cases, as with respondent, the NorVergence salesperson had the customer sign an Equipment Rental Agreement directly with the leasing company as "owner."

15. The leasing companies paid NorVergence the full-five year Equipment Rental Agreement value less a "lease factor" such that NorVergence received approximately 75-85% of the value of

the Equipment Rental Agreements up front.

16. The NorVergence business plan was a "Ponzi" scheme. NorVergence deceived small, unsophisticated businesses into signing sham equipment finance leases with unconscionable terms, and obtained up front payments from the assignment or procurement of those sham leases. NorVergence then used these payments to purchase the telecommunications services it resold to its customers. Yet even with those monies, the NorVergence business plan was doomed to fail before NorVergence could fulfill the five year term it promised to provide service to the customers because (a) NorVergence was selling unlimited local, long distance, high speed Internet and wireless service for a fixed monthly price, while it was actually liable to Qwest, T-Mobile, and other carriers on a per minute toll basis; (b) the cost of providing the unlimited service NorVergence was selling far exceeded the small payments that customers were required to make directly to NorVergence for their telecommunications service, together with the monies NorVergence received from the leasing companies; and (c) NorVergence had promised the customers long-term (*i.e.*, five year) service, but had no long-term contracts in place to provide that service.

17. Less than three years after NorVergence put its scheme into effect, NorVergence failed to pay its obligations to its carriers and suppliers, triggering the filing of an involuntary Chapter 11 bankruptcy proceeding against it. Service to the customers was turned off on or about July 15, 2004.

18. Although NorVergence had represented to its customers that its Matrix box could be used with any carrier of their choice, after the termination of telecommunications service, the customers could not find carriers who would use the Matrix box to provide service to them. In

fact, the customers were required to pay significantly more for their telecommunications services despite their having the Matrix box which NorVergence had touted as a cost savings solution.

19. Even after the termination of telecommunications service to the customers, and while the customers were required to pay higher costs for alternative telecommunications services provided by other carriers which had no use for the Matrix and Soho boxes, most of the leasing companies, improperly continued to enforce the Equipment Rental Agreements as against the customers.

Respondent TCF, however, did not attempt to enforce the Equipment Rental Agreements following the filing of the NorVergence bankruptcy, and TCF ceased billing customers.

20. The practices which NorVergence engaged in as set forth in paragraphs 6 through 19 are fraudulent under the laws of the States as set forth in footnote 2, and the Equipment Rental Agreements NorVergence entered into with its customers are unconscionable under the laws of the States as set forth in footnote 2 and the Uniform Commercial Code ("UCC") 2-302. Accordingly, the Equipment Rental Agreements should be rescinded as of the date that telecommunications services to NorVergence's customers was terminated.

## **II. TCF'S POSITION**

1. The statements contained in this "TCF's Position" Section represent the position of TCF only, and the States do not admit the truth of any of the statements contained in this "TCF's Position" Section.

2. Without an admission as to the State's position on the enforceability of the Equipment Rental Agreements, TCF desires to resolve this investigation by forgiving 100% of any monies owed on the Equipment Rental Agreements since July 15, 2004.

3. TCF affirmatively alleges that it has at all times acted lawfully with respect to its

NorVergence Equipment Rental Agreements. TCF supports the goals of the State Attorneys General in relieving the customers and any guarantors from any obligations under the NorVergence Equipment Rental Agreements.

### III. GENERAL AGREEMENTS

1. The parties have agreed to resolve the issues raised during the States' inquiry by entering into this Assurance. TCF is entering into this Assurance solely for the purpose of settlement and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law, or of any other matter of fact or law, or of any liability or wrongdoing, all of which TCF expressly denies.
2. Each State agrees that such State shall not proceed with or institute any civil action or proceeding based upon the above-cited consumer protection statutes against TCF or its parents, and all of its subsidiaries and affiliates, past and present, and their past and present representatives, successors, administrators, employees, shareholders, officers, directors, boards of directors, attorneys, agents, servants, and assigns, including but not limited to an action or proceeding seeking restitution, injunctive relief, fines, penalties, attorneys' fees or costs, for any conduct or practice prior to the Effective Date of this Assurance which relates to the subject matter of this Assurance. Notwithstanding the foregoing, a State may institute an action or proceeding to enforce the terms and provisions of this Assurance.
3. This Assurance may be entitled an "Assurance of Voluntary Compliance" or an "Assurance of Discontinuance" as provided by applicable State law.
4. As to each customer and guarantor listed on the chart annexed hereto as Exhibit A

which elects to participate in the settlement terms agreed to herein (hereinafter, "participating customer"), TCF agrees to forgive 100% of the remaining outstanding balance due on the participating customers' obligations to TCF under the Equipment Rental Agreements and refund any rental payments or other amounts which have been paid to TCF since the filing of the NorVergence bankruptcy on June 30, 2004.

5. In the event that it is subsequently determined that additional customers in the same or additional states have NorVergence Rental Agreements with TCF, TCF shall make the same offer available to such customers on the same terms.

6. Within thirty (30) calendar days of the Effective Date of this Assurance, TCF shall mail a letter in the form annexed hereto as Exhibit B to each customer listed on Exhibit A. Such letter shall inform the customers and guarantors of the opportunity to participate in the settlement described herein. As to four customers who have agreed to an independent settlement with TCF after July 15, 2004, within five (5) calendar days of the Effective Date of this Assurance, TCF will issue refunds to those customers of any amounts paid.

7. As a condition to TCF's agreement to forgive 100% of the customers' outstanding obligations under the Equipment Rental Agreements, the participating customers will be required to sign a Settlement and Mutual Releases in the form annexed hereto as Exhibit B.

8. Within ninety (90) days of the Effective Date of this Assurance, TCF shall submit an affidavit to the Attorney General of each State, subscribed to by an officer of the corporation, attesting that it sent the letters to the customers and guarantors of that Attorney General's State listed in Exhibit A in accordance with the terms of paragraph 5 of this Assurance.

9. This Assurance shall be governed by the laws of the respective States. Nothing in this Assurance shall be deemed to permit or authorize any violation of the laws of any state or otherwise be construed to relieve TCF of any duty to comply with the applicable laws, rules and regulations of any state, nor shall anything herein be deemed to constitute permission to engage in any acts or practices prohibited by such laws, rules or regulations.

10. Nothing in this Assurance shall be construed to authorize or require any action by TCF in violation of applicable federal, state or other laws. TCF agrees that this Assurance constitutes a legally enforceable obligation of TCF in accordance with its terms.

11. This Assurance does not constitute an approval by the States of any of TCF's programs or practices and TCF shall not make any Representation to the contrary.

12. This Assurance may be executed in counterparts.

13. The "Effective Date" of this Assurance shall be December 23, 2004

14. Nothing in this Assurance shall be construed as a waiver of any private rights of any person, consumer or customer except to the extent such person, consumer or customer executes a Settlement and Mutual Releases in the form annexed hereto as Exhibit C.

15. This Assurance constitutes the entire agreement of the parties hereto and supersedes all prior agreements or understandings, whether written or oral, between the parties and/or their respective counsel with respect to the subject matter hereof. Any amendment or modification to this Assurance must be in writing and signed by duly authorized representatives of all the parties hereto.

16. The undersigned representative for each party certifies that he/she is fully authorized by the party he/she represents to enter into the terms and conditions of this Assurance and to legally bind the party he/she represents to the Assurance.

**FOR THE STATES**

**TERRY GODDARD**

Attorney General  
State of Arizona

**NOREEN R. MATTS**

Assistant Attorney General

**BILL LOCKYER**

Attorney General  
State of California

**HOWARD WAYNE**

Deputy Attorney General

**KEN SALAZAR**

Attorney General  
State of Colorado

**GARTH C. LUCERO**

Assistant Attorney General

**CHARLIE CRIST**

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**LORI S. ROWE**

Assistant Deputy Attorney General

**JOSEPH B. DOYLE**

Administrator  
Governor's Office of Consumer Affairs  
State of Georgia

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Director, Legal Division

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Assistant Attorney General

**J. JOSEPH CURRAN, JR.**

Attorney General  
State of Maryland

**WILLIAM D. GRUHN**

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Attorney General  
Commonwealth of Massachusetts

**KARLEN J. REED**

Assistant Attorney General

**MICHAEL A. COX**

Attorney General  
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**KATHY FITZGERALD**

Assistant Attorney General

**PETER C. HARVEY**

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Senior Deputy Attorney General

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State of Rhode Island

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Special Assistant Attorney General

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Attorney General  
State of Texas

**LEELA R. FIRESIDE**

Assistant Attorney General

**FOR TCF LEASING, INC., D/B/A TCF EXPRESS LEASING**

We the undersigned, who have the authority to consent and sign on behalf of the parties in this matter, hereby consent to the form and contents of the foregoing Assurance and to its entry:

Signed this 22<sup>nd</sup> date of December, 2004

TCF LEASING, INC., D/B/A TCF EXPRESS  
LEASING

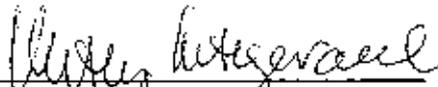
By: \_\_\_\_\_

  
**Bradley C. Ginstad**  
**Senior Vice President and Counsel**

In the Matter of TCF LEASING, INC., d/b/a TCF Express Leasing,

MICHAEL A. COX  
ATTORNEY GENERAL  
State of Michigan

Dated: 12/20/04

By:   
Kathy Fitzgerald  
Assistant Attorney General  
Consumer Protection Division  
P.O. Box 30213  
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Telephone: 517-335-0855

FOR THE STATE OF NEW YORK

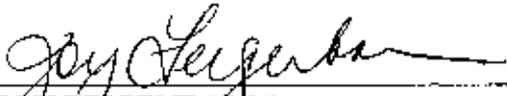
IN THE MATTER OF:

TCF LEASING, INC. D/B/A TCF EXPRESS LEASING,

RESPONDENT.

Dated: December 22, 2004

ELIOT SPITZER  
Attorney General of the State of New York

  
\_\_\_\_\_  
JOY FEIGENBAUM  
Assistant Attorney General  
Bureau of Consumer Frauds and Protection  
120 Broadway  
New York, NY 10271

In the Matter of:

TCF LEASING, INC. d/b/a TCF EXPRESS LEASING

Dated this 20<sup>th</sup> day of December, 2004.

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8 Fax: (619) 645-2012

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10  
11  
12 In the Matter of  
13 TCF LEASING, d/b/a TCF EXPRESS LEASING  
14

15 DATED: December 20, 2004

16  
17 BILL LOCKYER  
Attorney General of the State of California

18  
19  
20 By   
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21 Deputy Attorney General  
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In the Matter of:

TCF Leasing, Inc. d/b/a TCF Express Leasing

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Date: December 20, 2004.

In the Matter of  
TCF Leasing, Inc d/b/a/ TCF Express Leasing

Dated: December 20, 2004

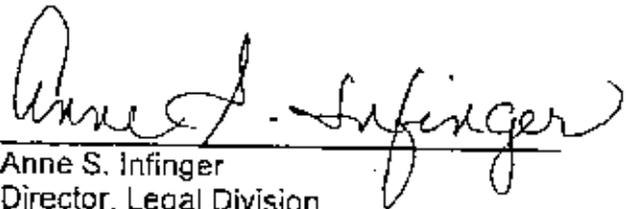
Charles J. Crist, Jr.  
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By: Lois S. Rowe  
Lois S. Rowe  
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In the Matter of TCF LEASING, INC. d/b/a TCF EXPRESS LEASING  
ASSURANCE OF VOLUNTARY COMPLIANCE

Dated: December 20, 2004

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

A handwritten signature in cursive script that reads "Anne S. Infinger". The signature is written in black ink and is positioned above a horizontal line.

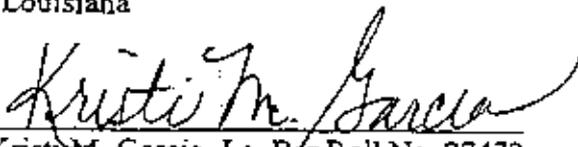
Anne S. Infinger  
Director, Legal Division  
Governor's Office of Consumer Affairs  
2 Martin Luther King, Jr. Drive, Suite 356  
Atlanta, GA 30334-4600

In the Matter of:  
TCF LEASING, INC. d/b/a TCF Express Leasing,  
Respondent

Respectfully submitted:

Charles C. Foti, Jr.  
Attorney General  
State of Louisiana

By:



Kristi M. Garcia, La. Bar Roll No. 27472  
Assistant Attorney General  
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Dated: December 20, 2004

In the Matter of  
TCF Leasing, Inc d/b/a TCF Express Leasing

Dated: December 20<sup>th</sup>, 2004

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Attorney General of the State of Maryland

By: William D. Gruhn  
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Assistant Attorney General  
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Office of the Attorney General  
200 St. Paul Place, 16<sup>th</sup> Floor  
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410-576-6558

In the Matter of

TCF Leasing, Inc d/ba/ TCF Express Leasing

Dated: December 20, 2004

Thomas F. Reilly

Attorney General of the Commonwealth of Massachusetts

By: Karlen J. Reed

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One Ashburton Place  
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By: Geoffrey G. Why

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Assistant Attorney General  
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ATTORNEY GENERAL OF NEW JERSEY  
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By: Jeffrey Koziar  
Deputy Attorney General  
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STATE OF NEW JERSEY  
DEPARTMENT OF LAW & PUBLIC SAFETY  
DIVISION OF CONSUMER AFFAIRS

In the Matter of

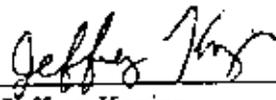
TCF LEASING, INC., d/b/a TCF EXPRESS  
LEASING

Administrative Action

ASSURANCE OF VOLUNTARY  
COMPLIANCE/DISCONTUANCE

PETER C. HARVEY  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Division of Consumer Affairs

By:

  
Jeffrey Koziar  
Deputy Attorney General

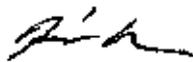
Dated: December 21, 2004

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In the Matter of:  
TCF Leasing, Inc. d/b/a TCF Express Leasing

ROY COOPER  
Attorney General of North Carolina

By:



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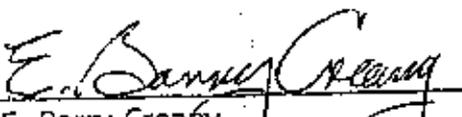
Kevin Anderson  
Assistant Attorney General

In the Matter of

TCF Leasing, Inc d/ba/ TCF Express Leasing

Dated: December 20, 2004

Gerald J. Pappert,  
Attorney General  
Commonwealth of Pennsylvania

By:   
E. Barry Creany,  
Senior Deputy Attorney General

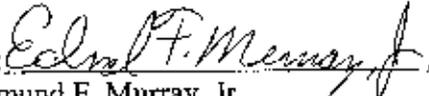
Office of Attorney General  
Bureau of Consumer Protection  
171 Lovell Avenue, Suite 202  
Ebensburg, PA 15931

In the Matter of

TCF Leasing, Inc d/b/a/ TCF Express Leasing

Dated: December 20, 2004

Patrick C. Lynch  
Attorney General of the State of Rhode Island  
Rhode Island Department of Attorney General  
150 South Main Street  
Providence, RI 02903  
Tel.: (401) 274-4400 Ext. 2339  
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By:   
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In the Matter of TCF Leasing, Inc d/ba/ TCF Express Leasing

Date: December 21, 2004

GREG ABBOTT  
Attorney General of Texas

BARRY R. McBEE  
First Assistant Attorney General

EDWARD D. BURBACH  
Deputy Attorney General for Litigation

PAUL D. CARMONA  
Chief, Consumer Protection and Public Health Division



LEELA R. FIRESIDE  
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**EXHIBIT A**  
**[CHART]**

NonVergencia Polifolk  
Cash Receipts

Contract Number	Customer Name	Customer City	Customer State	Term	Purchase Date	End Date	Mo. pmt	Net Invest	Equip Cost	Receipts after 7/07/04	Receipts before 7/07/04	Leases	
										Rental	Tax	Doc Fee	
002-0132174-300	Lindsay, OB-GYN, PLLC	Calbart	AZ	62	5/17/2004	7/17/2005	602	29,506	27,481	601.83	40.94	75.00	
002-0133165-300	Formosa International Systems Co., Inc.	Tempe	AZ	62	6/27/2004	9/22/2008	669	31,920	30,548	2,585.60	213.40		
002-0133109-300	American Exec Computer, Inc	Cupertino	CA	62	5/28/2004	7/28/2009	354	17,036	16,150				
002-0133193-300	California Eye Professionals Medical Group, Inc	Hemal	CA	62	5/10/2004	7/10/2005	789	13,915	13,215				
002-0133192-301	California Eye Professionals Medical Group, Inc	Hemal	CA	62	5/10/2004	7/10/2005	248	11,927	11,327				
002-0133181-300	SB Media, Inc	Los Angeles	CA	62	6/7/2004	8/7/2009	261	12,475	11,940				
002-0133285-300	S & S Tool & Supply, Inc.	Mantinez	CA	62	6/8/2004	8/8/2009	768	36,562	34,992				
002-0133283-300	Dejihan, Michael	San Francisco	CA	62	5/25/2004	7/25/2005	430	20,188	19,387				
002-0133246-300	Turbo Press, Inc.	Dinair	CO	62	6/7/2004	8/7/2009	650	31,031	29,698				
002-0133240-300	Lee's Auto Center, Inc	Ellington	CT	62	6/7/2004	8/7/2009	971	46,331	44,342				
002-0133277-300	Slantern Company, INC.	Cleaveland	FL	26	5/27/2004	7/27/2006	528	11,185	10,852				
002-0133145-300	Valgrin Ceiling & Drywall Company	Clearwater	FL	62	6/1/2004	8/1/2009	534	25,479	24,365				
002-0133282-300	Helmet Shop, Inc., The	Baytona Beach	FL	62	5/25/2004	7/25/2009	803	30,624	29,681				
002-0133288-300	SFS Industries Inc	Mechanic	FL	62	6/7/2004	8/7/2009	527	29,854	28,610				
002-0133152-300	Michigan Drill Corporation	Milani	FL	62	6/7/2004	8/7/2009	1,602	76,476	73,145				
002-0133337-300	Rock of Saron, Inc. The	Sarasota	FL	62	4/29/2004	6/29/2009	1,174	66,875	63,867				
002-0133252-300	American Developmental Communications, Inc.	Alpharetta	GA	62	5/25/2004	7/25/2006	506	24,330	23,135				
002-0133194-300	J and D Motors Enterprises, Inc.	Alpharetta	GA	62	6/4/2004	8/4/2009	274	19,057	18,495				
002-0133163-300	Video Craft Productions, Inc	Cumming	GA	58	6/8/2004	4/8/2009	249	11,375	10,873				
002-0132998-300	Rudha Construction	Unadilla	GA	62	6/1/2004	8/1/2009	309	4,330	13,715				
002-0132628-300	D & L Industrial Painting, Inc.	Sulphur	LA	62	5/19/2004	7/19/2009	370	17,752	16,968				
002-0133166-300	Lebowitz & Associates, LTD	Baltimore	MD	62	5/25/2004	7/25/2009	381	18,868	17,862				
002-0132767-300	Metropolitan Adjustment Bureau Inc.	Camp Springs	MD	62	5/29/2004	8/29/2009	481	28,414	22,408				
002-0133015-300	RMD Holdings, LTD.	Chesterfield	MI	62	5/26/2004	7/26/2009	1,277	61,349	58,300				
002-0133318-300	Metropolitan Plaza Management, Inc.	Detroit	MI	62	5/24/2004	7/24/2009	261	12,549	11,518				
002-0133319-301	Metropolitan Plaza Management, Inc.	Detroit	MI	62	5/28/2004	7/28/2009	261	12,549	11,518				
002-0133319-302	Metropolitan Plaza Management, Inc.	Detroit	MI	62	5/27/2004	7/27/2009	261	12,549	11,518				
002-0133054-300	Great Lakes Home Enterprises, Inc.	Fennell	MI	58	6/2/2004	8/2/2007	221	6,955	6,559				
002-0133191-300	Terra Construction Company	Lkonia	MI	62	5/10/2004	7/10/2009	884	42,488	40,351				
002-0133112-300	Cosmetics & Perfumes Filling & Packaging, Inc	Bloomfield	NJ	62	6/2/2004	8/2/2009	626	29,973	28,722				
002-0133112-300	Warehouse Services, Inc	Cumand	NJ	62	5/21/2004	7/21/2009	748	38,068	36,181				
002-0133095-300	Auto Trim Distributors, Inc.	Cumand	NJ	60	11/17/2003	11/17/2008	592	24,812	24,910	591.61	75.00		
002-0133096-300	Wash-Matison Company, Inc.	Bethlehem	NY	62	6/28/2004	7/28/2009	2,084	100,851	95,728				
002-0133113-300	Media Marketing Research Inc	Long Island	NY	62	6/14/2004	7/14/2009	599	25,798	27,340				
002-0133050-300	Euro-Med Inc.	Middle Village	NY	62	6/14/2004	8/14/2009	231	10,548	10,095				
002-0133184-300	Kearns, John and Richard	Hemetside	PA	62	5/25/2004	7/25/2009	475	22,849	21,700				
002-0133205-300	Laudenburger, E. F. Inc.	Onesfield	PA	62	5/27/2004	7/27/2009	652	37,842	30,241				
002-0133065-300	Alan's Auto Center & Leasing Corp.	Philadelphia	PA	62	6/4/2004	8/4/2009	561	25,282	25,163				
002-0133065-300	Angela Textile Services, Inc.	Parkville	RI	62	5/18/2004	7/18/2009	522	25,111	23,848	1,636.90	114.58		
002-0132671-300	Marshall Properties, Inc.	Parkville	RI	62	6/7/2004	8/7/2009	565	28,265	27,143				
002-0133161-300	Texas Specialty Fisheries LLC	Wylie	TX	62	6/29/2004	7/29/2009	681	32,724	31,078				
002-0119992-301	Schulmann, Gary L.		TX	36	9/17/2003	9/17/2006	248	5,290	6,709	2,741.27	75.00	248.32	
Totals							24,688	1,450,882	1,113,193	5,416.94	374.93	150.00	150.00
												248.32	248.32
													517.83
													38.66

Contract Number	Customer Name	Customer City	Cont State	Term	Start Date	End Date
002-0132974-300	1 Madison GB-5YR, P.L.C.	Glenc	AZ	60	5/17/2004	7/17/2008
002-0133183-300	Famous International Eyecare Co, Inc.	Tampa	AZ	60	8/29/2004	8/29/2008
002-0133308-300	Armedian Esac Dispensing, Inc.	Cupertino	CA	60	5/28/2004	7/28/2008
002-0133192-300	California Eye Professionals Medical Group, Inc.	Hanford	CA	60	5/10/2004	7/10/2008
002-0133192-301	California Eye Professionals Medical Group, Inc.	Hanford	CA	60	5/10/2004	7/10/2008
002-0133216-300	St. Louis, Inc.	Los Angeles	CA	60	8/7/2004	8/7/2008
002-0133285-300	S & S Tool & Supply, Inc.	Martinez	CA	60	6/8/2004	8/8/2008
002-0132853-300	Enlighten, Michael	San Francisco	CA	60	5/26/2004	7/26/2008
002-0133241-300	Turbo Print, Inc.	Denver	CO	60	8/7/2004	8/7/2008
002-0132927-300	Lee's Auto Center, Inc.	Elgin	CT	60	8/7/2004	8/7/2008
002-0133366-300	Skovira-Chambers, Inc.	Clearwater	FL	24	5/27/2004	7/27/2008
002-0133366-300	Yegorin-Celmy & Dryell Company	Clearwater	FL	60	6/1/2004	8/1/2008
002-0132821-300	Hairer Shop, Inc., The	Dyersburg	FL	60	5/25/2004	7/25/2008
002-0133268-300	CFB Industries Inc.	Methuen	FL	60	8/11/2004	8/11/2008
002-0133292-300	Michigan Drill Corporation	Barrett	FL	60	4/28/2004	6/28/2008
002-0133292-300	Rick of Services, Inc., The	Barrett	FL	60	4/28/2004	6/28/2008
002-0133287-300	American Development Communities, Inc.	Alpharetta	GA	60	6/24/2004	7/24/2008
002-0133434-300	J and D Mason Enterprises, Inc.	Alpharetta	GA	60	8/4/2004	8/4/2008
002-0133263-300	Vision Drill Productions, Inc.	Cumming	GA	60	8/8/2004	8/8/2008
002-0132958-300	Pacific Corporation	Umatilla	GA	60	8/11/2004	8/11/2008
002-0132928-300	D & L Industrial Printing, Inc.	Suwanee	LA	60	5/18/2004	7/18/2008
002-0133188-300	Lohrke & Associates, LTD	Baltimore	MD	60	5/25/2004	7/25/2008
002-0133188-300	RAC Holdings, LTD	Camp Springs	MD	60	8/2/2004	8/2/2008
002-0133201-300	Metropolitan Administrative Bureau Inc.	Chesapeake	MD	60	5/25/2004	7/25/2008
002-0133118-300	Metropolitan Plaza Management, Inc.	Dearborn	MI	60	5/24/2004	7/24/2008
002-0133304-300	Great Lakes Home Entertainment, Inc.	Dearborn	MI	60	5/24/2004	7/24/2008
002-0133304-300	Metropolitan Plaza Management, Inc.	Dearborn	MI	60	5/24/2004	7/24/2008
002-0133304-300	Terra Construction Company	Livonia	MI	30	5/25/2004	8/25/2007
002-0133187-300	Decoratives & Perfumes Filling & Packaging, Inc.	Blacksburg	NJ	60	8/3/2004	8/3/2008
002-0133112-300	Warehouse Services, Inc.	Carmel	NJ	60	5/24/2004	7/24/2008
002-0132960-300	Wash-A-Rainbow Company, Inc.	Bethlehem	NY	60	5/14/2004	7/14/2008
002-0133399-300	Kovins, John and Richard	Hempstead	NY	60	5/24/2004	7/24/2008
002-0133308-300	Laudenberger, E. F. Inc.	Oran	PA	60	8/28/2004	7/28/2008
002-0133065-300	Mart's Auto Center & Learning Corp.	Philadelphia	PA	60	8/4/2004	8/4/2008
002-0132971-300	Angelica Tende Services, Inc.	Pawtucket	RI	60	5/18/2004	7/18/2008
002-0133181-300	Texas Specialty Printers LLC	Pawtucket	RI	60	8/7/2004	8/7/2008
002-0119823-011	Schurman, Gary L.	Wyle	TX	60	5/28/2004	7/28/2008
	<b>Totals</b>		TX	36	8/11/2003	8/11/2008

**Exhibit B**

**NOTICE TO BUSINESSES AND NOT-FOR-PROFIT ORGANIZATIONS THAT ENTERED INTO AN EQUIPMENT RENTAL AGREEMENT WITH TCF [DIRECTLY OR] BY ASSIGNMENT FROM NORVERGENCE, INC., AND TO ANY GUARANTORS**

[Date]

Dear [name of Lessee and/or Guarantor]:

You are receiving this notice because the records of TCF Leasing, Inc., d/b/a TCF Express Leasing ("TCF") reflect that [Lessee] entered into an Equipment Rental Agreement (referred to herein as the "Rental Agreement") with TCF, [either directly or] by assignment from NorVergence, Inc. ("NorVergence") in connection with its prior service from NorVergence, Inc. Pursuant to an agreement with the Attorneys General of the States of New York, \_\_\_\_\_ (the "Attorneys General"), TCF is offering you the opportunity to participate in a Settlement Program in which you will be forgiven 100% of the outstanding balance on the Rental Agreement, no part of which has been collected since the filing of the NorVergence bankruptcy on June 30, 2004, and settle any and all disputes between you and TCF arising from the Rental Agreement.

**The Settlement Program Offered By TCF:**

If you elect to participate in this Settlement Program, TCF will (a) forgive one hundred percent (100%) of the remaining balance due under [Lessee's] Rental Agreement, no part of which has been collected since the filing of the NorVergence bankruptcy on June 30, 2004. In exchange for the benefits provided above, you must agree to release TCF from any claims concerning your Rental Agreement, as described more fully below.

To inform TCF of your acceptance of this Settlement Program, you must complete, sign and return to TCF, by [date 60 days from the date of the mailing of this notice] the enclosed document entitled "Settlement and Mutual Releases." In that document, you must fully release TCF from, and agree not to sue TCF for any and all claims (including any claims as a member or representative of a putative class action) that you have or may have had against TCF based upon [Lessee's] Rental Agreement. If you are currently involved in any litigation with TCF over [Lessee's] Rental Agreement and you wish to participate in the Settlement Program, you and TCF will mutually dismiss that action with prejudice. TCF, 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 [Lessee's] Rental Agreement. Both you and TCF will retain all rights under law to enforce the "Settlement and Mutual Releases."

TCF has agreed to this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of TCF that it engaged in any form of unlawful conduct or business practices. Indeed, TCF 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 TCF 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 TCF and the Attorneys General prevents you from pursuing any right or remedy at law which you may have against TCF, except to the extent that you elect to participate in this settlement and execute a Settlement and Mutual Release.

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

TCF has the following information about the Rental Agreement and the amount you would be forgiven under the Settlement Program :

**Balance remaining to be forgiven:\_\_\_\_\_**

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

Yours truly,

TCF Leasing, Inc., d/b/a TCF Express Leasing

**Exhibit C**

**SETTLEMENT AND MUTUAL RELEASES**

between

**[LESSEE AND ANY GUARANTOR] and TCF LEASING, INC., d/b/a TCF EXPRESS LEASING**

I, \_\_\_\_\_, on behalf of the entity named above (the "Lessee") and/or as personal guarantor (together, the "Lessee and/or Guarantor"), elect to take advantage of the Settlement Program agreed to by the Attorneys General of the States of \_\_\_\_\_ and TCF Leasing, Inc. d/b/a/ TCF Express Leasing ("TCF") to resolve Lessee's Rental Agreement with TCF (the "Rental Agreement") at a substantial discount and to settle any and all disputes between Lessee and/or Guarantor and TCF arising from the Rental Agreement. With this Settlement and Mutual Releases I am: (1) enrolling in the Settlement Program; and (2) entering into a mutual release of claims with TCF and related parties.

I understand that TCF and the Attorneys General of the States of \_\_\_\_\_ 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 TCF that it engaged in any form of unlawful conduct or business practices, and that TCF 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. Enrolling In The Settlement Program**

I understand that, upon Lessee's and/or Guarantor's acceptance of this Settlement Program, TCF will forgive 100% of the outstanding balance due under the Equipment Rental Agreement, no part of which has been collected since the filing of the NorVergence bankruptcy on June 30, 2004. I also understand that TCF's records reflect the following information about Lessee's Rental Agreement account:

**Balance remaining which will be forgiven \_\_\_\_\_**

**2. Release Of Claims**

I understand that, in exchange for the opportunity to be relieved of any obligations under the Rental Agreement, Lessee and/or Guarantor hereby release and discharge TCF and all of its subsidiaries, parents, affiliates, predecessors, successors and assigns, officers, directors, employees, shareholders and agents (the "TCF Parties") from, and covenant not to file or pursue any lawsuit or claim in any place against any TCF Party for, any and all claims (including claims as a member or representative of a proposed class action) that Lessee and/or Guarantor has or may have had against it for any and all damages, restitution, equitable relief, attorneys' fees

and/or penalties based upon the Rental Agreement. Lessee and/or Guarantor further agree that if they are currently involved in any litigation arising from the Rental Agreement, Lessee and/or Guarantor and TCF will mutually dismiss that litigation with prejudice.

In exchange for Lessee and/or Guarantor's release pursuant to this Settlement and Mutual Releases, TCF hereby releases and discharges Lessee and/or Guarantor from, and covenants not to file or pursue any lawsuit or claim in any place against Lessee and/or Guarantor for, any and all claims that TCF has or may have had against Lessee and/or Guarantor and all of its subsidiaries, parents, affiliates, predecessors, successors, assigns, officers, directors, employees, shareholders, agents, and guarantors for any and all damages, equitable relief, attorneys' fees and penalties based upon the Rental Agreement.

I hereby acknowledge and represent that I have read this Settlement and Mutual Releases; that I have had the opportunity to consult with a lawyer concerning it; that Lessee and/or Guarantor are voluntarily entering into this Settlement and Mutual Releases; that neither TCF 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 Lessee and/or Guarantor has or may have against the TCF Parties concerning the Rental Agreement.

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

This Settlement and Mutual Releases shall be deemed accepted upon your return to TCF of an executed copy of this agreement.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the undersigned has caused this Settlement and Mutual Releases to be executed this \_\_\_ day of \_\_\_\_\_, 2004.

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

[NAME OF LESSEE]

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

[Name]

[Title]

[Address]

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

[Name], as Guarantor

TCF Leasing, Inc., d/b/a TCF Express Leasing

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

**FILL OUT COMPLETELY AND SEND TWO SIGNED ORIGINALS TO TCF AT:**

**PLEASE KEEP A COPY FOR YOUR RECORDS. A FULLY EXECUTED DOCUMENT WILL BE SENT TO LESSEE AND ANY GUARANTOR.**