

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the Matter of:

Department of Insurance and
Financial Services,

Petitioner,

v

Western Sky Financial, LLC
and Martin A. Webb,

Respondents,

and

CashCall, Inc., WS Funding, LLC,
Delbert Services Corporation, and
J. Paul Reddam,

Interested/Participating Parties.

MAHS Docket No. 13-007464-DIFS

DIFS Enforcement Case No. 12-11579

DIFS Agency No. 13-930-RL

CONSENT ORDER AND AGREEMENT

CONSENT ORDER

Issued and entered
this 6th day of May, 2015
by Annette E. Flood, Director

Based on the attached CONSENT AGREEMENT and the files and records of the Department of Insurance and Financial Services ("DIFS") relating to this matter, the Director of DIFS finds and concludes that:

1. Pursuant to Executive Order 2013-1, effective March 18, 2013, all authority, powers, duties, functions, and responsibilities of the Commissioner of the Office of Financial and

Insurance Regulation (“Commissioner”) have been transferred to the Director of DIFS (“Director”).

2. The Director has jurisdiction and authority to accept the attached Consent Agreement and issue this Consent Order pursuant to the Regulatory Loan Act (“RLA”), 1939 P.A. 21, as amended, MCL 493.1 *et seq.*, and the Michigan Administrative Procedures Act of 1969 (“APA”), 1969 P.A. 306, as amended, MCL 24.201 *et seq.*
3. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
4. Acceptance of the Consent Agreement and issuance of this Consent Order are reasonable and in the public interest.
5. All applicable provisions of the APA have been met.
6. All defined terms used in this Consent Order not expressly defined herein shall have the meanings ascribed to them in the attached Consent Agreement.
7. DIFS alleges that in violation of:
 - Section 1 of the Interest Rates Act, MCL 438.31(1);
 - Sections 2(1) and 13(1) and (4) of the RLA, MCL 493.2(1) and 493.13(1) and (4); and
 - Sections 4(1) and 6(1) of the Credit Reform Act, MCL 445.1854(1) and 445.1856(1),

Respondents and Participating Parties, as the originators, assignees, and/or servicers of Western Sky Loans made to Michigan Borrowers, contracted for, charged, or collected on the Western Sky Loans without being properly licensed, and further charged, contracted for, or received a rate of interest and fees on the Western Sky Loans that exceeded the maximum amounts permitted under the foregoing statutes. Respondents and Participating Parties neither admit nor deny these allegations.

Now, therefore, IT IS ORDERED THAT:

- A. The attached Consent Agreement is incorporated herein and made a part of this Consent Order by reference.
- B. Respondents and Participating Parties shall comply with all terms agreed to in the attached Consent Agreement.
- C. Specifically, and without waiving full compliance with all other terms contained in the attached Consent Agreement, Respondents and Participating Parties shall CEASE AND DESIST from engaging in any violations of Michigan law identified in Paragraph 7 above.

- D. The Director retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary, and appropriate in accordance with the RLA and APA.
- E. If Respondents and Participating Parties fail to comply with the terms of the Consent Agreement or this Consent Order, Section 9e of the RLA, MCL 493.9e, authorizes the Director to apply to the Ingham County Circuit Court to enforce such terms, and the State of Michigan may pursue this or any other available administrative or judicial remedies to enforce compliance. Respondents and Participating Parties neither admit nor deny any issues regarding jurisdiction, however, they expressly consent and agree to jurisdiction before the DIFS Director and Michigan courts solely for purposes of executing the attached Consent Agreement, entry of this Consent Order, and any necessary enforcement actions involving their non-compliance with same.



Annette E. Flood
Director of DIFS

CONSENT AGREEMENT

THIS CONSENT AGREEMENT is agreed and entered into by and between the State of Michigan Department of Insurance and Financial Services (“DIFS”) and Department of Attorney General (collectively, the “State of Michigan”), and Respondent Western Sky Financial, LLC and its subsidiaries (collectively, “Western Sky”), Respondent Martin A. Webb, individually (“Mr. Webb”), and Interested/Participating Parties CashCall, Inc., WS Funding, LLC, Delbert Services Corporation and their subsidiaries (collectively, “CashCall”) and CashCall’s principal, J. Paul Reddam, individually (“Mr. Reddam”), as assignees and/or servicers of loans to Michigan residents originated by Western Sky.

Western Sky and Mr. Webb are referred to collectively hereafter as “Respondents,” CashCall and Mr. Reddam are referred to collectively hereafter as the “Participating Parties,” and all of the above-named parties to this Consent Agreement are referred to collectively hereafter as the “Parties.”

I.

RECITALS

WHEREAS, pursuant to the Michigan Regulatory Loan Act (“RLA”), 1939 P.A. 21, as amended, MCL 493.1 *et seq.*, the Director of DIFS (“Director”) is responsible for licensing and regulating all persons that engage in the business of making loans of money and charge, contract for, or receive on those loans a greater rate of interest than the lender would be permitted by law to charge if the lender were not a licensee under the RLA; and

WHEREAS, Western Sky Financial, LLC is a limited liability company organized under the laws of South Dakota with its principal place of business located at 612 E Street, Timber Lake, South Dakota 57656 on the Cheyenne River Indian Reservation; and

WHEREAS, Mr. Webb is the managing and sole member/owner of Western Sky Financial, LLC, is an enrolled member of the Cheyenne River Sioux Tribe, and resides in South Dakota on the Cheyenne River Indian Reservation; and

WHEREAS, CashCall, Inc. is a corporation incorporated under the laws of California with its principal place of business located at One City Boulevard West, Suite 1000, Orange, CA 92868; and

WHEREAS, WS Funding, LLC (“WS Funding”) is a limited liability company organized under the laws of Delaware and a wholly-owned subsidiary of CashCall, Inc.; and

WHEREAS, Delbert Services Corporation (“Delbert”) is a corporation incorporated under the laws of Nevada with its principal place of business located at 7125 Pollock Drive, Las Vegas, NV 89119, and is wholly-owned by Mr. Reddam; and

WHEREAS, Mr. Reddam is the chief executive officer, president, and sole owner of CashCall, Inc.; the president and sole member/owner of WS Funding; and the director and owner of Delbert; and

WHEREAS, pursuant to the RLA, a person engaged in the business of making loans to Michigan residents for personal, family, or household use is limited to charging, contracting for, or receiving an interest rate that does not exceed the usury limit of 7% per annum on a written agreement (or 5% on an unwritten agreement) provided in the Michigan Interest Rates Act, 1966 P.A. 326, as amended, MCL 438.31 *et seq.* ("Interest Rates Act"), unless the person has first obtained a license from the Director under the RLA, the Michigan Consumer Financial Services Act ("CFSA"), 1988 P.A. 161, as amended MCL 487.2051 *et seq.*, or is exempt from licensure pursuant to Section 20 of the RLA, MCL 493.20; and

WHEREAS, under the authority granted by Section 9b of the RLA, MCL 493.9b, DIFS staff conducted an investigation of Respondents and determined that Respondents, via Internet and television advertisements received by or visible to residents of the State of Michigan, solicited, advertised, and offered loans, and via the Internet and telephone, made loans to individuals who, at the time of making the loan, were residents of the State of Michigan (a "Michigan Borrower"); and

WHEREAS, Western Sky assigned to WS Funding the loans that it made to Michigan Borrowers (the "Western Sky Loans"), making WS Funding the owner of the loans, and CashCall, Inc. or Delbert serviced the loans on behalf of WS Funding, making CashCall, Inc. or Delbert responsible for servicing, charging, and collecting all principal, interest, and fees provided for in the loan agreements; and

WHEREAS, at all pertinent times referred to herein, Respondents and Participating Parties did not possess a license under the RLA or CFSA, and the State of Michigan alleges that neither Respondents nor Participating Parties were exempt from licensure under Section 20 of the RLA, MCL 493.20; and

WHEREAS, the State of Michigan alleges that all of the Western Sky Loans included and charged interest rates exceeding the 7% per annum interest rate permitted for unlicensed lenders under the Interest Rates Act, as well as the 25% interest rate permitted for licensed lenders under the RLA and Michigan Credit Reform Act ("CRA"), 1995 P.A. 162, as amended, MCL 445.1851 *et seq.*; and

WHEREAS, the State of Michigan alleges that all of the Western Sky Loans included and charged late fees exceeding the maximum late fee permitted under the RLA and CRA. Moreover, the State of Michigan alleges that many of the Western Sky Loans included and charged loan processing fees exceeding the maximum loan processing fee permitted under the RLA; and

WHEREAS, pursuant to Section 9a of the RLA, MCL 493.9a, on July 25, 2013, DIFS Senior Deputy Director Stephen R. Hilker issued a Notice of Intention to Issue a Cease and Desist Order and Order for Hearing (the "Notice and Hearing Order") directed to Respondents relative to the foregoing alleged violations of Michigan law. The Notice and Hearing Order was referred to the Michigan Administrative Hearing System ("MAHS") and assigned MAHS Docket No. 13-007464-DIFS (the "Pending Administrative Proceeding"); and

WHEREAS, to accommodate ongoing discussions between the Parties and their counsel regarding a potential resolution of this matter, the Administrative Law Judge assigned to preside over the Pending Administrative Proceeding, Lauren G. Van Steel, has entered various orders adjourning the scheduled hearing date. Currently, the Pending Administrative Proceeding is scheduled for a contested case hearing on May 28, 2015 at 9:00 a.m.; and

WHEREAS, the Parties and their counsel have reviewed, discussed, and negotiated this matter extensively. To avoid the further time, expense, and uncertainty associated with the Pending Administrative Proceeding and any related litigation or appeals, the Parties now agree to resolve this matter pursuant to the terms contained in this Consent Agreement.

II.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing facts and the following mutually agreed upon promises and covenants and other good and valuable consideration, the adequacy and sufficiency of which the Parties hereby expressly acknowledge, the Parties agree as follows:

EFFECTIVE DATE

1. This Consent Agreement becomes fully effective and binding after its execution by each of the Parties and upon the date that the DIFS Director signs and enters the accompanying Consent Order (the "Effective Date").

MANDATORY INJUNCTIVE AND OTHER RELIEF

2. Respondents and Participating Parties will immediately cease and desist from violating the RLA, the CRA, and the Interest Rates Act. The Parties agree that the collection activity on existing Western Sky Loans permitted under Paragraph 7 below is allowed solely for purposes of and in accordance with the terms of this Consent Agreement.

3. Specifically, unless and until they are properly licensed and/or otherwise comply with applicable Michigan law, Respondents and Participating Parties will cease and desist from soliciting, advertising, offering, or making any loans of any kind to Michigan residents. For the avoidance of doubt, this prohibition means and includes that if Respondents or Participating Parties offer loans that are not fully compliant with Michigan law (including licensing

requirements, if any), Respondents and Participating Parties: (a) will remove Michigan from the drop down list of states in which their loans are available on any and all websites that Michigan residents may access to apply for loans from Respondents or Participating Parties; (b) will add Michigan to all lists and notices appearing on any websites or other marketing materials that identify states in which their loans are not available; and (c) will otherwise ensure that their loans are unavailable to any applicants who identify themselves as Michigan residents or who provide addresses located within the State of Michigan.

4. Respondents and Participating Parties will immediately cease and desist from making any negative credit reports to credit bureaus, and within fourteen (14) calendar days of the Effective Date will submit a request to remove all pre-existing credit reports made by them, with respect to all Western Sky Loans made to Michigan Borrowers.

5. As of the Effective Date, Respondents and Participating Parties will permanently cease and desist from selling or assigning all Western Sky Loans made to Michigan Borrowers to any unaffiliated third party.

6. Respondents and Participating Parties will immediately surrender any Michigan lending licenses they currently hold, and will withdraw any pending appeals of license denials.

7. Within forty-five (45) calendar days of the Effective Date, for all outstanding Western Sky Loans made to Michigan Borrowers still owned by Respondents or Participating Parties on the Effective Date, Respondents and Participating Parties will permanently reset the interest rate on the loan's then-outstanding balance of principal to 7% per annum. Except as provided in Paragraphs 24 and 25 below, Respondents and Participating Parties may continue to charge, collect, and receive payments on such loans at the Michigan Borrower's current monthly payment amount until the outstanding loan balance (including unpaid principal, accrued but unpaid interest, and future interest on principal at 7%) is paid in full. For the avoidance of doubt, this paragraph requires no action by a Michigan Borrower and is independent of the additional relief afforded to Michigan Borrowers who file valid claims as described in Paragraphs 24 and 25 below.

MICHIGAN SETTLEMENT FUND AND FUND ADMINISTRATOR

8. Respondents and Participating Parties agree to establish a settlement fund in the amount of Two Million Two Hundred Thousand and 00/100 Dollars (\$2,200,000.00) (the "Michigan Settlement Fund") for the benefit of Michigan Borrowers who are eligible for a pro rata refund as described in Paragraph 24 below. Respondents and Participating Parties will, at their expense, retain third-party administrator Dahl Administration, LLC (the "Fund Administrator") to maintain and administer the Michigan Settlement Fund and conduct the associated notice and claim process for Michigan Borrowers. Respondents and Participating Parties will pay the amount of \$2,200,000 into the Michigan Settlement Fund according to the following schedule: \$200,000 within thirty (30) calendar days of the Effective Date; \$200,000

within ninety (90) calendar days of the Effective Date; and the remaining balance of \$1,800,000 within three (3) calendar days after the claim filing deadline provided in Paragraph 20 below.

9. Payments made by Respondents and Participating Parties into the Michigan Settlement Fund shall be held in irrevocable trust by the Fund Administrator for the benefit of Michigan Borrowers. Once paid, Respondents and Participating Parties shall have no right, title, or interest in, nor any power, privilege, or incident of ownership with respect to, assets paid into the Michigan Settlement Fund. Respondents and Participating Parties likewise shall have no right or ability to alter, amend, revoke, or terminate the Michigan Settlement Fund.

10. The Fund Administrator shall pay or distribute assets from the Michigan Settlement Fund only in accordance with, and as specifically authorized by, this Consent Agreement. Any questions by the Fund Administrator about the requirements of this Consent Agreement will be presented expeditiously to the Parties for resolution. The State of Michigan shall have the right to remove and replace the Fund Administrator for failing to comply with the terms of this Consent Agreement or for otherwise acting improperly. In the event that the State of Michigan exercises its right to remove the Fund Administrator by providing notice to Respondents and Participating Parties, the Parties will work promptly and cooperatively to mutually select a successor administrator.

11. Respondents and Participating Parties are jointly and severally responsible for and agree to pay any and all expenses associated with creating, maintaining, and administering the Michigan Settlement Fund, including but not limited to expenses incurred in connection with providing notice to Michigan Borrowers, processing their submitted claims, and issuing pro rata refunds to eligible Michigan Borrowers ("Fund Administration Expenses"). All Fund Administration Expenses will be separately and directly paid by Respondents and Participating Parties, and will not be paid from or otherwise reduce the \$2.2 million paid into the Michigan Settlement Fund pursuant to Paragraph 8. In no event shall the State of Michigan be liable for any Fund Administration Expenses, nor shall the State of Michigan have any liability whatsoever to Respondents, Participating Parties, the Fund Administrator, or Michigan Borrowers arising out of or relating to the Michigan Settlement Fund, its administration, or the disposition of assets from the Fund.

DISCLOSURES BY RESPONDENTS AND PARTICIPATING PARTIES

12. Within fourteen (14) calendar days of the Effective Date, Respondents and Participating Parties will provide to the State of Michigan and Fund Administrator an updated, complete list of all Western Sky Loans made to Michigan Borrowers, which list shall include with respect to each loan identified: (a) the Michigan Borrower's name, last-known address, telephone number (if available), and e-mail address (if available); (b) the loan identification number; (c) the date the loan was made; (d) the loan proceeds, meaning the sum of money actually provided to the borrower excluding any fees or charges added to the principal balance, such as origination/processing fees, late fees, or prepaid finance charges ("Loan Proceeds"); (e) the loan term, monthly payment amount, interest rate charged, and all origination/processing,

late, and other fees charged on the loan; (f) the total amount paid to Respondents and Participating Parties on the loan, inclusive of all payments of principal, interest, and fees of any nature; and (g) the current status of the loan (i.e., charged off, paid off, sold, or outstanding), and if outstanding the total unpaid balance reflected as owing on the loan. Respondents and Participating Parties will additionally provide, to the Fund Administrator only, any unique identifying information for each Michigan Borrower required by the Fund Administrator to process and ensure the validity of a borrower's claim (e.g., last four digits of borrower's Social Security number), together with such other information requested by the Fund Administrator that may be reasonably necessary to discharge its duties under this Consent Agreement.

13. If a loan identified in the foregoing paragraph has been sold or assigned to an unaffiliated third party, Respondents and Participating Parties will additionally provide to the State of Michigan, within the timeframe specified and with respect to each such loan: (a) the date of the sale or assignment; and (b) the name, address, and telephone number of the entity to which the loan was sold or assigned.

14. Upon request by the State of Michigan, Respondents and Participating Parties will provide to the State of Michigan any other documentation and information that may be reasonably necessary to confirm compliance with this Consent Agreement.

SETTLEMENT NOTICE AND CLAIM FORM

15. Within seventy-five (75) calendar days of the Effective Date, the Fund Administrator will make all reasonable efforts to locate and directly contact every Michigan Borrower by mail, with duplicate and/or follow-up notice by e-mail and telephone as the Fund Administrator deems necessary to effectuate the purposes of this paragraph, providing notice of this Consent Agreement and the borrower's rights and obligations hereunder ("Settlement Notice"). This 75-day period is referred to hereafter as the "Notice Period," and the term "reasonable efforts" as used in this Consent Agreement shall include, but not be limited to, the use of commercially-available databases, public records, and other resources at the Fund Administrator's disposal to ensure that Michigan Borrowers are located and provided the Settlement Notice. The Fund Administrator will prepare and determine the final form of the Settlement Notice and mailing envelopes after considering the Parties' drafts attached as Exhibit A, seeking input from the Parties on the Fund Administrator's changes to those drafts, and obtaining the State of Michigan's consent to the final form of the Settlement Notice and mailing envelopes.

16. If the Fund Administrator cannot locate and provide the Settlement Notice to a Michigan Borrower within the Notice Period, the Fund Administrator will continue to make all reasonable efforts to locate and provide notice to that borrower for an additional thirty (30) days after the Notice Period. However, any Michigan Borrower who receives the Settlement Notice after the Notice Period pursuant to this paragraph must still file his or her claim by the deadline provided in Paragraph 20 below, and is not entitled to any extension.

17. The Settlement Notice will enclose a claim form that Michigan Borrowers may complete and return to receive a modification and/or pro rata refund on their Western Sky Loan (“Claim Form”), as described in Paragraphs 24 and 25 below. The Settlement Notice will also enclose a postage-paid, business reply envelope that Michigan Borrowers may use to mail their Claim Form to the Fund Administrator. The Fund Administrator will prepare and determine the final form of the Claim Form, after seeking input from the Parties, in a manner that maintains appropriate measures to promote accuracy and prevent fraudulent claims. Notwithstanding this discretion afforded to the Fund Administrator, the Claim Form: (a) will not impose a notarized signature requirement; (b) will not impose an initial requirement that Michigan Borrowers provide copies of any documents to the Fund Administrator, whether to verify identity or otherwise; (c) will require Michigan Borrowers to certify under penalty of law that the information provided is true and correct; and (d) will include, and require Michigan Borrowers to acknowledge and execute, a release of Respondents and Participating Parties as provided in Paragraph 32 below. Following receipt of a Michigan Borrower’s Claim Form, the Fund Administrator may, at its discretion, request additional information from that borrower to the extent necessary to reasonably promote accuracy, prevent fraud, and/or substantiate the borrower’s claim.

18. As the Fund Administrator deems advisable in its discretion, the Fund Administrator may prepare and include with the Settlement Notice, after seeking input from the Parties, instructions for completing the Claim Form and/or answers to frequently or commonly asked questions (“FAQs”). The Fund Administrator will prepare and mail to Michigan Borrowers both English and Spanish versions of the Settlement Notice, Claim Form, and any Claim Form instructions or FAQs.

19. In addition to the Settlement Notice and Claim Form being sent and received by mail, the Fund Administrator will develop and maintain a website that provides notice to Michigan Borrowers of this Consent Agreement (including a link to the agreement) and advises borrowers of their rights and obligations hereunder. The website will also, with appropriate measures to minimize fraud and promote accuracy, include a process enabling Michigan Borrowers to complete and submit their Claim Form online instead of by mail. The Fund Administrator will develop and implement the online Claim Form process in compliance with the Claim Form requirements contained in Paragraph 17.

CLAIM DEADLINE, LATE CLAIMS, AND DEFICIENT CLAIMS

20. A Michigan Borrower must file his or her Claim Form with the Fund Administrator no later than one-hundred thirty-five (135) calendar days after the Effective Date (the “Claim Deadline”). If filed by mail, a Claim Form will be deemed timely “filed” with the Fund Administrator if it bears a postmark (or other mailing confirmation if by delivery method other than U.S. Mail) dated on or before the Claim Deadline. If filed online, a Claim Form will be deemed timely “filed” with the Fund Administrator if the online Claim Form process is completed at or before 11:59 p.m. Eastern Standard Time on the Claim Deadline.

21. The Fund Administrator will not accept or process any Claim Forms filed after the Claim Deadline, and Michigan Borrowers who file untimely Claim Forms are ineligible to receive a modification and/or pro rata refund on their Western Sky Loan as described in Paragraphs 24 and 25 below. This paragraph does not affect the relief that all Michigan Borrowers are entitled to receive under Paragraphs 2 through 5 and 7.

22. If a Michigan Borrower files his or her Claim Form on or before the Claim Deadline but the Fund Administrator determines that the Claim Form is materially deficient to an extent that precludes processing of the borrower's claim, the Fund Administrator shall promptly notify the Michigan Borrower of the deficiencies and advise the borrower that these deficiencies must be cured by the Claim Deadline or the Claim Form will not be processed. If a Michigan Borrower cures the material deficiencies in his or her Claim Form by the Claim Deadline, the Fund Administrator will accept and process the Claim Form as though the deficiencies never existed. If a Michigan Borrower fails to cure the material deficiencies in his or her Claim Form by the Claim Deadline, the Claim Form will be deemed untimely and will not be accepted or processed by the Fund Administrator.

CLAIM PROCESSING AND RELIEF FOR MICHIGAN BORROWER CLAIMANTS

23. The Fund Administrator will accept and process all Claim Forms submitted by the Claim Deadline as they are received, determining whether the Claim Form is valid using appropriate measures to promote accuracy and prevent fraudulent claims. Upon determining that a Claim Form is valid, the Fund Administrator will promptly notify Respondents, Participating Parties, and the Michigan Borrower that the borrower is entitled to a loan modification and/or pro rata refund (although the amount may not yet be determined) as described in Paragraphs 24 and 25 below.

24. Any Michigan Borrowers who submit a valid Claim Form, and who repaid an amount equal to or greater than their Loan Proceeds plus 7% interest per annum to Respondents and Participating Parties (a "Refund Eligible Borrower"), are eligible to receive a pro rata refund from the Michigan Settlement Fund in accordance with the formula below. In addition, with respect to Refund Eligible Borrowers whose loans are still owned by Respondents or Participating Parties on the Effective Date, within ten (10) calendar days after the Fund Administrator provides notice to Respondents and Participating Parties that the Refund Eligible Borrower has submitted a valid Claim Form, Respondents and Participating Parties will: (a) reduce any outstanding balance on that borrower's Western Sky Loan to zero; (b) record the loan as paid-in-full; and (c) cease any collection activities related to that loan.

To determine the pro rata refund for each Refund Eligible Borrower, the Fund Administrator will perform the following calculations:

- (a) Determine each Refund Eligible Borrower's "Individual Claim Amount" by: (i) amortizing the borrower's loan at 7% interest per annum using the same Loan Proceeds and loan term, then adding all payments due to determine the "Total Amount Collectible"

on the loan; (ii) adding all payments made by the borrower to Respondents and Participating Parties on the loan, including all payments of principal, interest, and fees of any nature ("Borrower's Total Payments"); and (iii) Subtracting the Total Amount Collectible on the loan from the Borrower's Total Payments, the difference of which is the borrower's Individual Claim Amount;

(b) Add the Individual Claim Amounts of all Refund Eligible Borrowers, the sum of which is the "Total Claims Received." However, when performing this calculation the Fund Administrator will exclude as a "De Minimis Claim" any Individual Claim Amount that is less than five and 00/100 Dollars (\$5.00), because it is anticipated that such a claim will result in a Pro Rata Refund less than One Dollar (\$1.00). Any Refund Eligible Borrower submitting a De Minimis Claim will not receive a Pro Rata Refund, but is entitled to the loan forgiveness relief described above;

(c) Divide the \$2.2 million available in the Michigan Settlement Fund by the Total Claims Received, resulting in the "Pro Rata Claim Percentage"; and

(d) Multiply the Pro Rata Claim Percentage by the Individual Claim Amount of each Refund Eligible Borrower (except those submitting De Minimis Claims), resulting in the "Pro Rata Refund" for that borrower.

If the \$2.2 million available in the Michigan Settlement Fund exceeds the Total Claims Received, resulting in a Pro Rata Claim Percentage of greater than 1.00 (100%), the Fund Administrator will consult with the State of Michigan to adjust the Pro Rata Refund formula in a manner ensuring that the Michigan Settlement Fund is fully and fairly distributed to Michigan Borrowers. Likewise, if the Fund Administrator experiences any other unforeseen difficulties when calculating or applying the Pro Rata Refund formula, the Fund Administrator will consult with the State of Michigan to resolve these difficulties.

25. Any Michigan Borrowers who submit a valid Claim Form, and who repaid an amount less than their Loan Proceeds plus 7% interest per annum to Respondents and Participating Parties, are entitled to a modification of their Western Sky Loan in accordance with this paragraph if their loan is still owned by Respondents or Participating Parties on the Effective Date (a "Modification Eligible Borrower"). Within fifteen (15) calendar days after the Fund Administrator provides notice to Respondents and Participating Parties that a Modification Eligible Borrower has submitted a valid Claim Form, Respondents and Participating Parties will: (a) reset the balance on that borrower's Western Sky Loan to the difference between the Loan Proceeds and the Borrower's Total Payments; and (b) permanently reset the interest rate on this adjusted loan balance going forward to 7% per annum. For purposes of this paragraph, the Fund Administrator will use the "Total Amount Collectible" calculation in Paragraph 24(a) to determine whether a Michigan Borrower repaid less than the Loan Proceeds plus 7% interest per annum on his or her loan.

PRO RATA REFUND CHECKS AND DISPOSITION OF UNCLAIMED FUNDS

26. Within fourteen (14) calendar days after the Claim Deadline, the Fund Administrator will mail to every Refund Eligible Borrower (except those submitting De Minimis Claims) his or her Pro Rata Refund check, which will be valid for sixty (60) calendar days after the date it is issued.

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

28. If a Pro Rata Refund check is delivered but remains uncashed after its 60-day validity period, the Fund Administrator will promptly notify the Refund Eligible Borrower by mail, with duplicate notice by e-mail and telephone as the Fund Administrator deems necessary, that his or her Pro Rata Refund check was not cashed. If the Refund Eligible Borrower contacts the Fund Administrator within thirty (30) calendar days after this notice is given, the Fund Administrator will mail a re-issued Pro Rata Refund check to the Refund Eligible Borrower valid for forty-five (45) calendar days after the date it is re-issued.

29. Within fourteen (14) calendar days after the last applicable period that a Pro Rata Refund check could be reissued and validly cashed under Paragraphs 27 and 28, the Fund Administrator will report and remit to the Michigan Department of Treasury as unclaimed property, pursuant to Michigan's Uniform Unclaimed Property Act, MCL 567.221 *et seq.*, any undeliverable or uncashed funds remaining in the Michigan Settlement Fund.

REPORTING BY FUND ADMINISTRATOR

30. Beginning thirty (30) days after commencement of the Notice Period and until dissolution of the Michigan Settlement Fund under Paragraph 29, the Fund Administrator will provide to the State of Michigan, Respondents, and Participating Parties a monthly report containing the following information, as applicable, for the monthly period: (a) number of Settlement Notices mailed and date(s) of mailing; (b) number of Settlement Notices returned undeliverable or for which the Michigan Borrower could not be located; (c) number of Claim Forms received (during the period and in total); (d) number of Claim Forms deemed materially deficient, and date and manner of providing notice of deficiency to each claimant; (e) number of deficient Claim Forms subsequently cured; (f) number of Claim Forms deemed invalid; (g) name and loan identification number of each Michigan Borrower whose Claim Form was deemed deficient or invalid; (h) reason(s) each Claim Form was deemed deficient or invalid; (i) number of valid Claim Forms in total, from Refund Eligible Borrowers, and from Modification Eligible Borrowers; (j) time period between determining Claim Forms valid and notice to Respondents,

Participating Parties, and Michigan Borrower; (k) number of untimely Claim Forms; (l) Total Claims Received and Pro Rata Claim Percentage [Paragraphs 24(b) and (c)]; (m) number of Pro Rata Refund checks mailed and date(s) of mailing; (n) number of Pro Rata Refund checks returned undeliverable; (o) number of Pro Rata Refund checks remaining uncashed after check's validity period; and (p) total amount reported and remitted to the Michigan Department of Treasury upon dissolution of the Michigan Settlement Fund under Paragraph 29.

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

RELEASE OF RESPONDENTS AND PARTICIPATING PARTIES

32. Michigan Borrowers who submit a Claim Form to receive the loan modification and/or pro rata refund relief provided in Paragraphs 24 and 25 of this Consent Agreement must agree, and execute a Release as part of the Claim Form indicating, that they forever and absolutely release and discharge Respondents, Participating Parties, and their principals, directors, officers, shareholders, employees, successors or assigns, and agents in active concert or participation with any of the foregoing, from any and all grievances, suits, causes of action and any claims of any nature whatsoever relating to or arising out of the origination, making, or servicing of any Western Sky Loan to that Michigan Borrower, whether arising in contract, tort, statute, or any other theory of action, whether arising in law or equity, whether known or unknown, choate or inchoate, matured or unmatured, contingent or fixed, liquidated or unliquidated, accrued or unaccrued, asserted or unasserted, based upon any fact, whether known or unknown, that is based on actions, facts, or occurrences that happened prior to the Effective Date. However, Michigan Borrowers who execute the Release as part of their Claim Form, but who do not actually receive the loan modification and/or pro rata refund relief provided in Paragraphs 24 and 25 of this Consent Agreement because their Claim Form is untimely, materially deficient, invalid, or for any other reason, are not bound by the Release. For the avoidance of doubt, the terms "successors," "assigns," and "agents in active concert or participation" as used in this paragraph do not apply to unrelated parties that have purchased loans from Respondents and/or Participating Parties.

33. Subject to Paragraph 32, the Parties acknowledge and agree that nothing in this Consent Agreement or the accompanying Consent Order shall be construed to limit or affect the rights of any Michigan resident or other person or entity to take any action, assert any claim, or otherwise pursue any available right or remedy, nor do they create any private rights or causes of action in any third parties.

34. Upon execution of this Consent Agreement and entry of the accompanying Consent Order, and as long as Respondents and Participating Parties are in compliance with the terms of this Consent Agreement, DIFS and the Michigan Department of Attorney General, to the extent permitted by law, hereby release and discharge Respondents, Participating Parties, and their principals, directors, officers, shareholders, employees, successors or assigns, and agents in

active concert or participation with any of the foregoing, from any and all claims, grievances, suits, and causes of action relating to or arising out of the following actual or alleged conduct that occurred on or before the Effective Date: (a) the conduct alleged in the July 25, 2013 Notice and Hearing Order; (b) the conduct alleged in the Recitals to this Consent Agreement; and (c) any other conduct involving the origination, making, or servicing of any Western Sky Loan to a Michigan Borrower. For the avoidance of doubt, the terms “successors,” “assigns,” and “agents in active concert or participation” as used in this paragraph do not apply to unrelated parties that have purchased loans from Respondents and/or Participating Parties.

COMPLIANCE AND ENFORCEMENT

35. Notwithstanding Paragraph 34, Respondents and Participating Parties acknowledge and agree that if they fail to comply with the terms of this Consent Agreement or the accompanying Consent Order, Section 9e of the RLA, MCL 493.9e, authorizes the DIFS Director to apply to the Ingham County Circuit Court to enforce such terms, and the State of Michigan may pursue this or any other available administrative or judicial remedies to enforce compliance. Respondents and Participating Parties further acknowledge and agree that the State of Michigan may pursue any available administrative or judicial remedies based on conduct occurring after the Effective Date, or that is unrelated to the conduct specifically released in Paragraph 34. Respondents and Participating Parties neither admit nor deny any issues regarding jurisdiction, however, they expressly consent and agree to jurisdiction before the DIFS Director and Michigan courts solely for purposes of executing this Consent Agreement, entry of the Consent Order, and any necessary enforcement actions involving their non-compliance with same.

36. Respondents and Participating Parties are jointly and severally liable for paying the entire \$2.2 million into the Michigan Settlement Fund according to the payment schedule provided in Paragraph 8. If Respondents and Participating Parties fail to make any payments into the Michigan Settlement Fund in the amount and/or when due, they will be liable, jointly and severally, to the State of Michigan for: (a) the amount of the outstanding payment; plus (b) interest at the rate of seven percent (7%) per annum, compounded annually, from the date of non-compliance until the outstanding payment is made in full; plus (c) reasonable costs and attorney fees incurred to collect the payment(s). If a payment made into the Michigan Settlement Fund by one or more of Respondents and Participating Parties is avoided or recovered in connection with a bankruptcy or other proceeding involving the paying party, all of the remaining Respondents and Participating Parties will be jointly and severally liable for repaying the avoided or recovered payment into the Michigan Settlement Fund.

MISCELLANEOUS PROVISIONS

37. Within ten (10) calendar days of the Effective Date, the Parties will notify Administrative Law Judge Lauren G. Van Steel that a Consent Order has been entered and, if necessary, stipulate to dismiss the Pending Administrative Proceeding with prejudice and without costs or attorney fees to any party.

38. Respondents and Participating Parties agree to promptly respond to all future complaints received from Michigan Borrowers regarding their Western Sky Loans, and to provide copies of any such complaints to DIFS within fifteen (15) calendar days after receipt.

39. Respondents and Participating Parties agree that any activity to form a new or separate entity for the purpose of engaging in the conduct prohibited by this Consent Agreement, or for any other purpose that would circumvent any part of this Consent Agreement, shall be deemed as non-compliance with this Consent Agreement. Respondents and Participating Parties further acknowledge and agree that this Consent Agreement shall be binding on any of their successors or assigns arising after the Effective Date, and that they will fully disclose and incorporate this Consent Agreement into any future sale, merger, assignment, or similar transaction.

40. The Parties understand and agree that this Consent Agreement will be presented to the DIFS Director for ultimate approval through entry of the accompanying Consent Order, and that the DIFS Director may, in her sole discretion, decide to accept or reject this Consent Agreement. If the DIFS Director accepts this Consent Agreement by entering the accompanying Consent Order, this Consent Agreement becomes fully effective and binding, and Respondents and Participating Parties waive any and all rights that they may now or hereafter have to an administrative hearing, judicial review, or appeal concerning this matter. If the DIFS Director rejects this Consent Agreement by refusing to enter the accompanying Consent Order, Respondents and Participating Parties waive any objection to the Director electing to continue the Pending Administrative Proceeding and remaining the final decisionmaker at the conclusion of that proceeding.

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

42. The Parties agree that this Consent Agreement, the accompanying Consent Order, and any action to enforce them will be interpreted under and governed by the laws of the State of Michigan.

43. The Parties agree that the terms of this Consent Agreement will be held strictly confidential and will not be disclosed beyond the Parties and their attorneys, representatives,

consultants, and the Fund Administrator unless and until the DIFS Director signs and enters the accompanying Consent Order.

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

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

46. The Parties acknowledge and agree that this Consent Agreement contains the entire understanding of the Parties and supersedes and forever terminates all prior and contemporaneous representations, promises, agreements, understandings, and negotiations, whether oral or written, with respect to its subject matter. The Parties further agree that this Consent Agreement may only be amended, modified, or supplemented by a duly executed writing signed by each party and approved by Order of the DIFS Director.

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

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

IN WITNESS WHEREOF, the Parties hereto have agreed to and executed this CONSENT AGREEMENT, with the intent to be legally bound hereby, as of the Effective Date of this CONSENT AGREEMENT provided in Paragraph 1 above.

WESTERN SKY FINANCIAL, LLC

By: *Martin A. Webb*
[Print Name] Martin A. Webb
Its: Member
DATED: 4/29/15

WS FUNDING, LLC

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

MARTIN A. WEBB, Individually

Martin A. Webb
Martin A. Webb
DATED: 4/29/15

J. PAUL REDDAM, Individually

J. Paul Reddam
DATED: _____

CASHCALL, INC.

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

DELBERT SERVICES CORPORATION

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

IN WITNESS WHEREOF, the Parties hereto have agreed to and executed this CONSENT AGREEMENT, with the intent to be legally bound hereby, as of the Effective Date of this CONSENT AGREEMENT provided in Paragraph 1 above.

WESTERN SKY FINANCIAL, LLC

By: _____

[Print Name] _____

Its: _____

DATED: _____

WS FUNDING, LLC

By: _____

[Print Name] J. Paul Reddam

Its: _____

DATED: 5-5-15

MARTIN A. WEBB, Individually

Martin A. Webb

DATED: _____

J. PAUL REDDAM, Individually

J. Paul Reddam

DATED: 5-5-15

CASHCALL, INC.

By: _____

[Print Name] J. Paul Reddam

Its: President

DATED: 5-5-15

DELBERT SERVICES CORPORATION

By: _____

[Print Name] J. Paul Reddam

Its: Owner

DATED: 5-5-15

**MICHIGAN DEPARTMENT OF INSURANCE
AND FINANCIAL SERVICES**

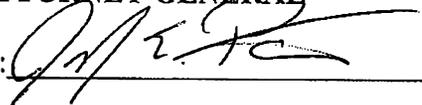
By: _____

[Print Name] _____

Its: _____

DATED: _____

**MICHIGAN DEPARTMENT OF
ATTORNEY GENERAL**

By:  _____

[Print Name] JOSEPH E. POTCHEN

Its: COD DIVISION CHIEF

DATED: 5/6/15

**MICHIGAN DEPARTMENT OF INSURANCE
AND FINANCIAL SERVICES**

By: Teri L. Morante

[Print Name] Teri L. Morante

Its: Chief Deputy Director

DATED: May 6, 2015

**MICHIGAN DEPARTMENT OF
ATTORNEY GENERAL**

By: _____

[Print Name] _____

Its: _____

DATED: _____