

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

THE PEOPLE OF THE STATE OF  
MICHIGAN,

Petitioner,

No. 26-80-CP

v

HON. ROSEMARIE AQUILINA

WEST CREEK FINANCIAL, INC. d/b/a  
KOALAFI,

Respondent.

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**RECEIVED**

MAY 13 2026

30th Circuit Court  
Clock

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**FILING OF ASSURANCE OF VOLUNTARY COMPLIANCE AND  
DISCONTINUANCE – MCL 445.906(2)**

Attached is an Assurance of Voluntary Compliance and Discontinuance.

Respectfully submitted,

  
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Dated: 05/13/2026

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

THE PEOPLE OF THE STATE OF  
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**ASSURANCE OF VOLUNTARY COMPLIANCE AND DISCONTINUANCE**

Dana Nessel, Attorney General of the State of Michigan, on behalf of the  
People of the State of Michigan (Petitioner) and West Creek Financial, Inc., a  
Virginia corporation doing business under the assumed name Koalafi (Respondent),  
hereby execute and agree to be bound by this Assurance of Voluntary Compliance  
and Discontinuance. This Assurance concerns the resolution of alleged violations of  
the Michigan Consumer Protection Act (MCPA), 1976 PA 331, as amended, MCL

445.901 *et seq.*, and the Rental-Purchase Agreement Act (RPAA), 1984 PA 424, MCL 445.951 *et seq.*

Based on the foregoing, the Parties agree as follows:

## **I. Jurisdiction**

1.1 The Department of Attorney General (Attorney General) has jurisdiction over the subject matter of this Assurance pursuant to MCL 445.905, MCL 445.910, MCL 445.959, and MCL 445.963. Respondent waives all objections and defenses that it may have as to the jurisdiction of the Attorney General over the matters covered by this Assurance.

## **II. Definitions**

2.1 "Assurance" means this Assurance of Voluntary Compliance and Discontinuance.

2.2 "Auto-related" shall refer to the leasing of auto parts, vehicle fluids, tires, and/or auto repair and maintenance services. For purposes of this Assurance, the Parties agree that this definition does not include the sale of tires or wheels through online websites or marketplaces by a particular retailer that has been identified in a letter from COD to Koalafi's counsel dated May 7, 2026.

2.3 "Cash price" refers to the total amount a consumer would pay to purchase the good or goods outright, if the consumer were to pay the full purchase price at the point of sale.

2.4 "COD" means the Michigan Department of Attorney General, Corporate Oversight Division.

2.5 "LTO agreement" refers to a lease to own agreement offered by Respondent, which is a rental purchase agreement within the meaning of the RPAA. This term, however, does not apply to other loan products that Respondent may offer. For purposes of this Assurance, this term should always be read as applying to LTO agreements offered to, or entered into by, persons residing in the State of Michigan.

2.6 "Merchant" means the retailer from which a consumer may rent or purchase goods through an LTO agreement.

2.7 "Non-auto-related" refers to the purchase or leasing of furniture, computer equipment, or any other good not included in the definition of auto-related.

2.8 "Parties" means COD and Respondent, collectively.

2.9 "Petition" refers to the *Ex Parte* Petition For Civil Investigative Subpoenas filed by the Attorney General on September 5, 2024, to commence the investigation underlying this Assurance.

2.10 "Respondent" means West Creek Financial, Inc. whether doing business under its Koalafi alias or any other assumed name or acting through employees, contractors, or any other business entity.

2.11 All other terms shall have the meaning specifically defined in the MCPA and/or RPAA.

### III. COD Investigation of Respondent

3.1 The RPAA protects consumers through provisions ensuring they can return leased goods at any time without penalty. The COD began an investigation of Respondent under the Petition after receiving consumer complaints suggesting that Respondent's LTO agreements were being used in auto-related transactions, including both the service and parts components of such transactions. As set forth in the Petition, COD's position is that the RPAA allows LTO agreements with Michigan residents to be used solely for the lease and acquisition of goods and not for services, partly because it is not possible for consumers to return services as contemplated by the RPAA. Further, COD takes the position that many if not all consumers intend to purchase the auto parts and fluids they are technically leasing through LTO agreements. Based upon information and evidence COD supplied to the Ingham County Circuit Court through the Petition, the Court found there was probable cause to proceed with an investigation under the MCPA and RPAA through an order entered on September 12, 2024.

3.2 The Attorney General proceeded to issue subpoenas to Respondent, as well as to several of its auto-related Merchants in this State. Respondent makes LTO agreements available to consumers through Merchants with which it separately contracts. Respondent produced thousands of pages of documents in response to the subpoenas and presented three of its employees for investigative testimony. To its credit, Respondent cooperated with COD's investigation and its approach to this investigation made the amicable resolution reflected in this Assurance possible.

Through the evidence gathered during the investigation, COD determined that despite Respondent's adoption of a policy in 2020 prohibiting the leasing of services in Michigan, some auto-related Merchants did not comply with this policy, and the concerns elaborated in the Petition are validated. COD further identified additional violations of the law that it seeks to redress through this Assurance. In particular, COD believes Respondent's LTO agreements are presented using a template with content that obscures, or distracts from, their essential terms. An example of one of the LTO agreements is included as Attachment A to this Assurance. COD believes the inclusion of terms relating to legal obligations in other States, and the discussion about "registered obligations," is unnecessary material falling into these categories.

For its part, Respondent acknowledges that COD has identified some situations where its LTO agreements have been used in a manner inconsistent with Respondent's policy regarding the leasing of service in Michigan. But Respondent disagrees with COD's position that Respondent violated the RPAA or MCPA, and also disagrees with COD's assertions about how widespread such problems may be, and the extent to which consumers may have been harmed by any such inconsistencies. Further, Respondent believes that some of its Merchants—rather than Respondent—bear primary responsibility for some of the problems COD has identified, including by failing to comply with Respondent's policy in Michigan.

3.3 Notwithstanding their disagreement over the existence of potential legal violations, the Parties have reached this Assurance, through which both

parties have made compromises based on the specific evidence and information gathered during the investigation and the relevant provisions of Michigan law. Thus, nothing in this Assurance should be regarded as precedentially significant by any other entity investigated by COD or any other law enforcement agency.

3.4 Respondent is offering this Assurance to avoid the time and expense of litigating COD's concerns. This Assurance, and COD's acceptance of it, does not constitute an admission of any wrongdoing by Respondent.

3.5 The entry into this Agreement by Respondent is not an admission of liability with respect to any issue addressed in this Agreement, nor is it an admission of any factual allegations or legal conclusions stated or implied herein. In entering into the Assurance, the mutual objective of the Parties is to resolve, without litigation, COD's potential claims under the MCPA and RPAA for preliminary and permanent injunctive relief, as well as the potential claims for payment of damages and reimbursement of COD's costs and expenses related to COD's enforcement action.

#### **IV. Parties Bound**

4.1 This Assurance binds Respondent, whether acting through associates, owners, principals, officers, directors, employees, representatives, successors or assigns, or through any other subsidiary, corporation, assumed name or business entity. Respondent is responsible for compliance with the terms of this Assurance, and must ensure that all of Respondent's employees, agents, contractors and representatives comply with the terms of this Assurance.

## V. Implementation of Compliance Measures

5.1 Respondent will review its internal operations and training materials to ensure ongoing compliance with the MCPA and RPAA in all future LTO agreements entered into 46 days after the Effective Date and beyond.

5.2 Within three business days of the Effective Date of this Assurance, Respondent shall send an email to all of its Merchants located in Michigan emphasizing the importance that all LTO agreements contain a description of the leased property in conformity with the requirements of MCL 445.953(1)(a). For auto-related Merchants, this email shall also state, in conspicuous, bolded typeface, that LTO agreements "may not be used to pay for auto repair services and may only be used to pay for the auto parts and/or tires installed through such repair services." A copy of this email shall be provided to COD within three business days of it being sent to the Merchants.

5.3 Beginning 45 calendar days after the Effective Date, Respondent shall not knowingly enter into any auto-related LTO agreement with any person residing in the State of Michigan. Respondent shall not knowingly offer auto-related LTO agreements to persons residing in the State of Michigan through any Merchant or other agent upon the effectiveness of this prohibition. During the 45-day period starting at the Effective Date, Respondent shall take such steps as it deems necessary to ensure compliance with this section.

5.4 Any auto-related LTO agreements Respondent has entered into with persons residing in Michigan up to 45 days after the Effective Date of this Assurance shall remain in effect to the extent anticipated by their terms. But, to

the extent such LTO agreements remain in effect, the following requirements shall apply:

A. Respondent shall cap the amount to be collected under each such LTO agreement at an amount not to exceed 1.75 times the cash price. Michigan consumers who have already paid more than 1.75 times the cash price will be eligible to participate in distributions from the settlement fund pursuant to section 6.1. As to consumers who have paid Respondent at least 1.75 times the cash price, Respondent shall reduce the balances of such accounts to zero. With respect to the aforementioned balance reductions, Respondent shall waive all rights with respect to the subject goods and provide these consumers with immediate ownership of such goods without any further rental or other payments due.

B. Respondent shall not enforce the provision in any such LTO agreement purporting to prevent a Michigan consumer from removing the leased good(s) from his or her residence, with the exception of accepting a voluntary return of the leased good(s) pursuant to the LTO agreement. Further, Respondent shall not remove any auto parts, fluids, or tires from the vehicle of any Michigan resident nor take possession of any vehicle that has had parts, fluids or tires installed under such LTO agreement.

C. To the extent such LTO agreement is terminated through the return of any auto parts, fluids, or tires to Respondent or one of its contractors or Merchants, Respondent shall not enforce any provision in such LTO agreement purporting to

allow it to charge the consumer for any damage to the part(s), fluid(s), or tire(s) beyond ordinary wear and tear.

D. Respondent shall give notice to all affected consumers of the adjustments anticipated by this section in a manner calculated to be seen and understood by a reasonable consumer. Prior to Respondent beginning such notices, it will present COD with its anticipated text and manner of providing such notices so that the parties may confer toward a mutually acceptable notice. If the Parties cannot agree in this regard, Respondent may proceed with the notices and within ten days of commencing such notices, Respondent shall provide COD with documentation showing how such notices are being accomplished.

To the extent Respondent proceeds with notices that COD has advised do not reasonably meet the requirements of this section, COD may seek judicial relief without affecting Respondent's other obligations under this Assurance.

5.5 To the extent Respondent believes it has a right to recovery on outstanding obligations on auto-related LTO agreements that have been terminated, defaulted upon, or are otherwise not in effect as of the Effective Date, Respondent shall cap the amount it may claim on the principal debt (i.e., the periodic payments) at 1.75 times the cash price, including past payments. Respondent shall ensure that any attorneys, debt collectors, or other persons it has engaged—or does engage—with respect to collection of these debts is apprised of this cap. Similarly, should Respondent sell or otherwise transfer the right to recover on these obligations, it will ensure the person or entity acquiring such

recovery rights is fully advised of this cap in advance of finalizing the sale or transfer.

5.6 Respondent may continue to offer, and enter into, LTO agreements with people residing in the State of Michigan for purchases of goods that are not auto-related. In such transactions, Respondent shall ensure the following measures are implemented within 46 calendar days of the Effective Date, unless otherwise specified:

A. Respondent shall revise the LTO agreement template used by or through its Michigan Merchants to address the following content that COD asserts is confusing or distracts from the essential terms: (i) Each such LTO agreement shall contain any notices required by Michigan's RPAA; (ii) Respondent will not include information about the laws of States other than Michigan; (iii) It will not include the "registered obligations" provision found in the "Miscellaneous" section of Attachment A. Respondent acknowledges the removal of the content about the laws of other States and registered obligations is being done to make its LTO agreements more concise and easier to understand. While this Assurance does not prevent Respondent from making later or further revisions to its LTO agreement template, Respondent assures that it will not make any changes that unnecessarily lengthen the document or which would unnecessarily undermine the efficiencies being accomplished through this Assurance.

B. To the extent Respondent collects an 'Initial Payment' or any other termed payment to consummate an LTO agreement, Respondent will apply the

amount of such Initial Payment toward the cash price contained in the LTO agreement. The periodic payments to be made under the LTO agreement shall be calculated based upon the cash price as reduced by the amount of the Initial Payment.

C. Respondent will revise the text of its LTO agreement template to comport with the requirement regarding warranties found in MCL 445.953(1)(l).

5.7 Within 45 days of the Effective Date, Respondent shall send an electronic mail message to its Michigan Merchants, other than auto-related Merchants, ensuring they are apprised of the requirements contained in MCL 445.955(3), and shall modify its training materials to include an express mention of these requirements. Respondent shall provide COD copies of both the message and revised training materials within 10 calendar days of meeting the requirements of this section.

## **VI. Financial Obligations**

6.1 Respondent shall pay to the Attorney General the total sum of \$3,250,000.00. This sum is intended to be used primarily to make restitution to Michigan consumers who have entered into LTO agreements with Respondent. The distributions of restitution payments to consumers will be accomplished by the Attorney General through a settlement administrator that will be paid for out of this sum. The total sum Respondent is paying under this section is designed to fully compensate the Attorney General for investigation costs, the costs of settlement administration, and for all consumer restitution obligations arising from

this Assurance. Respondent will have no further financial obligations to the Attorney General arising from this Assurance other than what is stated here.

6.2 Respondent shall pay the sum anticipated in section 6.1 in three installments to an account designated by COD. The first installment in the amount of \$250,000 shall be paid within 10 calendar days of the Effective Date. Installment payments of \$1,500,000.00 shall then be made 30 and 60 calendar days from the Effective Date.

6.3 It is understood that, in making restitution payments, consumers with non-auto-related LTO agreements will qualify for restitution only in the amount of any Initial Payment they have made, plus any sales tax on such Initial Payments. Restitution to consumers with auto-related LTO agreements will be made on criteria to be established at the Attorney General's discretion and carried out by the settlement administrator. At the conclusion of the distribution of restitution payments and the payment of any invoices related to the administration process, any residual funds will revert to the Attorney General's Office as compensation for the investigation that was ultimately paid for by Michigan's taxpayers. Respondent acknowledges it has no right to challenge the restitution amounts or method of distribution, nor the reversion of any residual funds.

6.4 Respondent will cooperate with COD and the settlement administrator by providing any information reasonably necessary to inform consumers about their right to file restitution claims and to ensure a fair distribution to qualifying

consumers. At a minimum, this will include the names, addresses, email addresses and LTO agreement details of all affected consumers.

6.5 After the settlement administrator has completed the distribution of restitution, including making reasonable attempts to contact payees of uncashed checks and waiting a reasonable period not less than 90 calendar days, all uncashed checks may be voided. Once such uncashed checks have been voided, any remaining funds in the settlement account (including any accrued interest) shall be distributed to the Attorney General to be deposited in an interest-bearing account from which both principal and interest shall be expended for any lawful purpose.

## VII. Release

7.1 Following the Effective Date and full payment of the amounts due pursuant to this Assurance, COD hereby releases and discharges Respondent and any of its parent entities, affiliates, subsidiaries, predecessors, successors or assigns, and each and all of its past or present officers, directors, associates, shareholders, controlling persons, representatives, employees, attorneys, counselors, advisors, or agents, from any and all civil or administrative claims, demands, rights, actions, causes of action, and liabilities, of any kind or nature whatsoever, that are based directly or indirectly on the Attorney General's consumer protection investigation under the MCPA and RPAA as identified in the aforementioned Petition, including the alleged acts, failures to act, omissions, misrepresentations, facts, events, transactions, statements, occurrences or other subject matter which were or could have been set forth, alleged, complained of or

otherwise referred to in the Petition and constituting a claim under the MCPA or RPAA. Nothing herein shall be construed as a waiver or release of claims asserted or that may be asserted by individual consumers. This Assurance does not release any claims the Attorney General may have against Respondent's Merchants, whether arising from their representations in offering Respondent's LTO agreements or otherwise.

### **VIII. General Provisions**

8.1 This Assurance is binding upon, inures to the benefit of, and applies to the Parties and their successors-in-interest. This Assurance does not bind any other agencies, boards, commissions or offices of the State of Michigan, or attorneys in other divisions of the Department of Attorney General acting as attorney representatives for other Michigan state agencies.

8.2 This Assurance does not create any private right or cause of action to any third party.

8.3 This Assurance does not constitute an approval by the Attorney General of any of Respondent's business practices and Respondent must not make any representation to the contrary.

8.4 Nothing in this Assurance shall be construed as relieving Respondent of its obligations to comply with all state, local, and federal laws, regulations or rules, or as granting permission to engage in any acts or practices prohibited by such law, regulation or rule.

8.5 No modification of this Assurance is valid unless in writing and signed by all Parties.

8.6 Within seven business days of the Effective Date of this Assurance, COD will file a copy of this Assurance with the Ingham County Circuit Court, as described in MCL 445.906(2).

8.7 Unless a temporary restraining order is sought, COD will make reasonable efforts to provide written notice in the event that COD believes Respondent to be in noncompliance with any provision of this Assurance, setting forth the basis for such belief.

#### **IX. Signatories, Execution in Counterparts, and Electronic Signatures**

9.1 Each undersigned individual represents and warrants that he or she is fully authorized by the Party he or she represents to enter into this Assurance and to legally bind such Party to the terms and conditions of this Assurance.

9.2 This Assurance may be executed in counterparts, each of which is deemed an original hereof, but which together constitute one and the same instrument and agreement, and that facsimile or electronically-transmitted signatures may be submitted in connection with this Assurance and are binding on that Party to the same extent as an original signature.

#### **X. Effective Date**

10.1 The Effective Date of this Assurance is the date upon which the COD representative signs this Assurance.

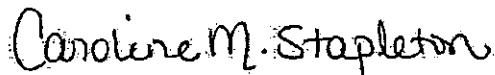
The People of the State of Michigan



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Dated: May 13, 2026



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