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

IN THE MATTER OF:

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

Respondents.

File No. 04-144-CZ

Hon. Paula J. M. Manderfield

AG File No. 200418330

ASSURANCE OF DISCONTINUANCE

MICHAEL A. COX
Attorney General

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

Date Filed: DEC 2 9 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,[1] Louisiana, Maryland, Massachusetts, Michigan, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, and Texas,("States"), acting pursuant to their respective consumer protection statutes[2] 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.

---

[1] 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.

[2] 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. 56:8-1 *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
Attorney General
State of Florida
LORI S. ROWE
Assistant Deputy Attorney General

JOSEPH B. DOYLE
Administrator
Governor's Office of Consumer Affairs
State of Georgia
ANNE S. INFINGER
Director, Legal Division

CHARLES C. FOTI, JR.
Attorney General
State of Louisiana
KRISTI M. GARCIA
Assistant Attorney General

J. JOSEPH CURRAN, JR.
Attorney General
State of Maryland
WILLIAM D. GRUHN
Assistant Attorney General

THOMAS F. REILLY
Attorney General
Commonwealth of Massachusetts

KARLEN J. REED
Assistant Attorney General

MICHAEL A. COX
Attorney General
State of Michigan
KATHY FITZGERALD
Assistant Attorney General

PETER C. HARVEY
Attorney General
State of New Jersey
JEFFREY KOZIAR
Deputy Attorney General

ELIOT SPITZER
Attorney General
State of New York
JOY FEIGENBAUM
Assistant Attorney General

ROY COOPER
Attorney General
State of North Carolina
KEVIN ANDERSON
Assistant Attorney General

GERALD J. PAPPERT
Attorney General
Commonwealth of Pennsylvania
E. BARRY CREANY
Senior Deputy Attorney General

PATRICK C. LYNCH
Attorney General
State of Rhode Island
EDMUND F. MURRAY, JR.
Special Assistant Attorney General

GREG ABBOTT
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 22nd date of December, 2004

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

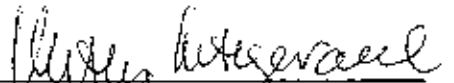
By: _____

Bradley C. Gunstad
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
Lansing, MI 48909
Telephone: 517-335-0855

FOR THE STATE OF NEW YORK

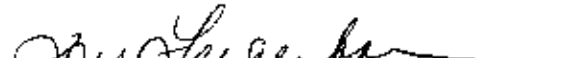
IN THE MATTER OF:

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 20th day of December, 2004.

TERRY GODDARD, Attorney General
of the State of Arizona

By: Noreen Matts

NOREEN R. MATTS
Assistant Attorney General
Consumer Protection & Advocacy Section
400 W. Congress, South Bldg., Suite 315
Tucson, Arizona 85701

BILL LOCKYER
Attorney General of the State of California
ALBERT NORMAN SHELDEN
Acting Assistant Attorney General
SUSAN E. HENRICHSEN
Supervising Deputy Attorney General
HOWARD WAYNE
Deputy Attorney General
State Bar No. 54773
110 West "A" Street, Suite 1100
San Diego, California 92101
P.O. Box 85266
San Diego, California 92186-5266
Telephone: (619) 525-4244
Fax: (619) 645-2012

In the Matter of

TCF LEASING, d/b/a TCF EXPRESS LEASING

DATED: December 20, 2004

BILL LOCKYER
Attorney General of the State of California

By Howard Wayne
HOWARD WAYNE
Deputy Attorney General
110 West A Street, Suite 1100
San Diego, California 92101
howard.wayne@doj.ca.gov

In the Matter of:

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

KEN SALAZAR
Attorney General of Colorado

By: _____
GARTH C. LUCERO
Senior Counsel
Consumer Protection Section
1525 Sherman Street, 7th Floor
Denver, Colorado 80203
(303) 866-5079
(303) 866-4916 (FAX)

Date: December 20, 2004.

In the Matter of
TCF Leasing, Inc d/ba/ TCF Express Leasing

Dated: December 20, 2004

Charles J. Crist, Jr.
Attorney General of the State of Florida

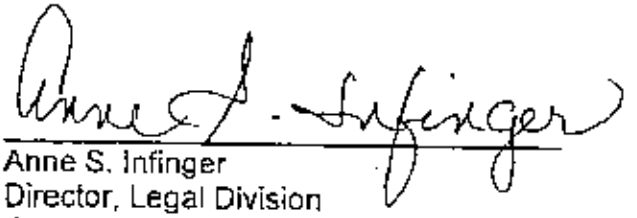
By: _____

Lori S. Rowe
Director of Multi-State Litigation
Office of the Attorney General
PL-01 The Capitol
Tallahassee, Florida 32399
Phone: (850) 414-3300
Facsimile: (850) 410-2672

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



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

Kristi M. Garcia, La. Bar Roll No. 27472
Assistant Attorney General
1885 N. 3rd Street
4th Floor
Baton Rouge, Louisiana 70802
(225)326-6460 phone
(225)326-6499 fax

Dated: December 20, 2004

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

Dated: December 20th, 2004

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

By: William D. Gruhn

William D. Gruhn
Assistant Attorney General
Consumer Protection Division
Office of the Attorney General
200 St. Paul Place, 16th Floor
Baltimore, MD 21202
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
Assistant Attorney General
Utilities Division
Public Protection Bureau
One Ashburton Place
Boston, MA 02108
617-727-2200

By: _____

Geoffrey G. Why
Assistant Attorney General
Consumer Protection/Antitrust Division
Public Protection Bureau
One Ashburton Place
Boston, MA 02108
617-727-2200

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street
P. O. Box 45029
Newark, New Jersey 07101
Attorney for Division of Consumer Affairs

By: Jeffrey Koziar
Deputy Attorney General
(973) 648-3070

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

124 Halsey Street- 5th Floor
P.O. Box 45029
Newark, NJ 07101
(973) 648-3070

Dated: December 21, 2004

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

ROY COOPER
Attorney General of North Carolina

By: _____
Kevin Anderson
Assistant Attorney General

NC ATTY GEN CONS PROT Fax:9197166050 Dec 21 '04 17:21 P.02

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
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/ba/ 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
Fax: (401) 222-1302

By: Edmund F. Murray, Jr.
Edmund F. Murray, Jr.
Special Assistant Attorney General
Rhode Island Department of Attorney General
150 South Main Street
Providence, Rhode Island 02903
Tel.: (401) 274-4400 Ext. 2401
Fax: (401) 222-2995

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
Assistant Attorney General
State Bar No. 07038750
Office of the Attorney General
Consumer Protection and Public Health Division
P.O. Box 12548
Austin, Texas 78711-2548
(512)-475-4233 (telephone)
(512) 473-8301 (facsimile)

EXHIBIT A
[CHART]

NorVergence Portfolio
Cash Receipts

Contract Number	Customer Name	Customer City	Cust State	Term	Purchase Date	End Date	Mo. Pmt	Net Invest	Equip Cost	Receipts after 7/07/04 Rental	Tax	Doc Fee	Receipts before 7/07/04 Rental	Tax	Doc Fee	Sec Dep	Int Rent	Sales
002-0133174-300	Lindstrom OB-GYN, PLC	Gilbert	AZ	62	5/17/2004	7/17/2009	602	28,930	27,481	601.63	46.94	75.00	-	-	-	-	-	
002-0133183-300	Formosa International Systems Co., Inc.	Tempe	AZ	62	6/2/2004	8/2/2009	669	31,920	30,549	-	-	-	-	-	-	-	-	
002-0133108-300	American Exec Cupertino, Inc	Cupertino	CA	62	5/28/2004	7/28/2009	354	17,006	16,150	2,586.80	213.40	-	-	-	-	-	-	
002-0133192-300	California Eye Professionals Medical Group, Inc	Hemet	CA	62	5/10/2004	7/10/2009	289	13,915	13,215	-	-	-	-	-	-	-	-	
002-0133192-301	California Eye Professionals Medical Group, Inc.	Hemet	CA	62	5/10/2004	7/10/2009	248	11,927	11,327	-	-	-	-	-	-	-	-	
002-0133518-300	Sir Mode, Inc	Los Angeles	CA	62	6/7/2004	8/7/2009	261	12,475	11,940	-	-	-	-	-	-	-	-	
002-0133285-300	S & S Tool & Supply, Inc.	Martinez	CA	62	6/8/2004	8/8/2009	796	36,552	34,992	-	-	-	-	-	-	-	-	
002-0132833-300	Daigian, Michael	San Francisco	CA	62	5/26/2004	7/26/2009	420	20,196	19,187	-	-	75.00	-	-	-	-	-	
002-0133464-300	Turbo Press, Inc.	Denver	CO	62	6/7/2004	8/7/2009	650	31,031	29,698	-	-	-	-	-	-	-	-	
002-0132420-300	Lee's Auto Center, Inc	Ellington	CT	62	6/7/2004	8/7/2009	971	46,331	44,342	-	-	-	-	-	-	-	-	
002-0132977-300	Sleeman-Champagne, Inc.	Clearwater	FL	26	5/27/2004	7/27/2006	528	11,186	10,552	-	-	-	-	-	-	-	-	
002-0133966-300	Yagmin Ceiling & Drywall Company	Clearwater	FL	62	6/1/2004	8/1/2009	534	25,479	24,385	-	-	-	-	-	-	-	-	
002-0132821-300	Helmet Ship, Inc., The	Daytona Beach	FL	62	5/25/2004	7/25/2009	803	38,624	35,681	-	-	-	-	-	-	-	-	
002-0133389-300	CFS Industries Inc.	Melbourne	FL	62	6/7/2004	8/7/2006	627	29,894	28,610	-	-	-	-	-	-	-	-	
002-0132996-300	Michigan Drill Corporation	Miami	FL	62	6/17/2004	8/17/2009	1,602	76,426	73,145	-	-	-	-	-	-	-	-	
002-0133252-300	Rock of Sarasota, Inc., The	Sarasota	FL	62	4/29/2004	6/29/2009	1,174	66,875	53,607	-	-	-	-	-	-	-	-	
002-0133237-300	American Development Communities, Inc	Alpharetta	GA	62	5/26/2004	7/26/2006	506	24,330	23,106	-	-	-	-	-	-	-	-	
002-0133431-300	J and D Moore Enterprises, Inc.	Alpharetta	GA	62	6/4/2004	8/4/2009	274	13,057	12,496	-	-	-	-	-	-	-	-	
002-0133053-300	Video Craft Productions, Inc	Cumming	GA	58	6/8/2004	4/8/2009	249	11,375	10,875	-	-	-	-	-	-	-	-	
002-0132969-300	Radha Corporation	Unadilla	GA	62	6/11/2004	8/11/2009	300	14,330	13,715	-	-	-	-	-	-	-	-	
002-0132828-300	D & E Industrial Painting, Inc.	Sulphur	LA	62	5/19/2004	7/19/2009	370	17,782	16,886	-	-	-	-	-	-	-	-	
002-0133195-300	Lebowitz & Associates, LTD	Baltimore	MD	62	5/26/2004	7/26/2009	391	18,808	17,862	-	-	-	-	-	-	-	-	
002-0132767-300	Metropolitan Adjustment Bureau Inc.	Camp Springs	MD	62	6/3/2004	8/3/2009	491	23,414	22,408	-	-	-	-	-	-	-	-	
002-0133013-300	RMD Holdings, LTD.	Chesterfield	MI	62	5/26/2004	7/26/2009	1,277	61,389	58,300	-	-	-	-	-	-	-	-	
002-0133318-300	Metropolitan Plaza Management, Inc.	Dearborn	MI	62	5/24/2004	7/24/2009	261	12,549	11,918	-	-	-	-	-	-	-	-	
002-0133318-301	Metropolitan Plaza Management, Inc.	Dearborn	MI	62	5/26/2004	7/26/2009	261	12,549	11,918	-	-	-	-	-	-	-	-	
002-0133318-302	Metropolitan Plaza Management, Inc.	Dearborn	MI	62	5/27/2004	7/27/2009	261	12,549	11,918	-	-	-	-	-	-	-	-	
002-0133204-300	Great Lakes Home Entertainment, Inc.	Fenton	MI	38	6/2/2004	8/2/2007	221	6,955	6,559	-	-	-	-	-	-	-	-	
002-0133054-300	Teeng Construction Company	Livonia	MI	62	5/20/2004	7/20/2009	884	42,488	40,351	-	-	-	-	-	-	-	-	
002-0133197-300	Cosmetics & Perfumes Filling & Packaging, Inc	Bloomfield	NJ	62	6/3/2004	8/3/2009	629	29,975	28,722	-	-	-	-	-	-	-	-	
002-0133112-300	Warehouse Services, Inc	Camden	NJ	62	5/21/2004	7/21/2009	748	38,069	36,181	-	-	-	-	-	-	-	-	
002-0120860-001	Auto Trim Distributors, Inc.		NJ	60	11/1/2003	11/1/2008	592	24,812	24,910	591.61	-	-	5,324.49	-	75.00	591.61	493.00	
002-0133099-300	Walsh-Atkinson Company, Inc.	Bohemia	NY	62	5/28/2004	7/28/2009	2,098	100,851	95,778	-	-	-	-	-	-	-	-	
002-0133113-300	Media Marketing Research Inc	Long Island	NY	62	6/14/2004	7/14/2009	599	28,788	27,340	-	-	-	-	-	-	-	-	
002-0133250-300	Euro-Mica Inc.	Middle Village	NY	62	6/14/2004	8/14/2009	221	10,548	10,095	-	-	-	-	-	-	-	-	
002-0133184-300	Kanns, John and Richard	Hermitage	PA	62	5/26/2004	7/26/2009	475	22,849	21,700	-	-	-	-	-	-	-	-	
002-0133309-300	Laudenslager, E. F. Inc.	Orefield	PA	62	5/27/2004	7/27/2009	652	31,842	30,241	-	-	-	-	-	-	-	-	
002-0133253-300	Alan's Auto Center & Leasing Corp.	Philadelphia	PA	62	6/4/2004	8/4/2009	551	26,292	25,163	-	-	-	-	-	-	-	-	
002-0133055-300	Angelica Textile Services, Inc.	Pawtucket	RI	62	5/18/2004	7/18/2009	522	25,111	23,848	1,636.90	114.59	-	-	-	-	-	-	
002-0132871-300	Marshall Properties, Inc	Pawtucket	RI	62	6/7/2004	8/7/2009	565	28,265	27,147	-	-	-	-	-	-	-	-	
002-0133161-300	Texas Specialty Fasteners I L L C	Wylie	TX	62	5/26/2004	7/26/2009	681	32,724	31,078	-	-	-	-	-	-	-	-	
002-0119923-001	Schuhmann, Gary L.		TX	36	9/1/2003	9/1/2006	249	5,290	6,709	-	-	-	2,741.27	-	75.00	249.32	24.93	38.66
Totals							24,686	1,166,882	1,113,193	5,416.94	374.93	150.00	8,065.76	-	150.00	840.93	517.93	38.66

Contract Number	Customer Name	Customer City	Cust State	Term	Start Date	End Date
002-0132874-300	Lindstrom OB-GYN, PLC	Gilbert	AZ	62	5/17/2004	7/17/2009
002-0133183-300	Formosa International Systems Co., Inc.	Tempe	AZ	62	6/2/2004	8/2/2009
002-0133108-300	American Exec Cupertino, Inc.	Cupertino	CA	62	5/28/2004	7/28/2009
002-0133192-300	California Eye Professionals Medical Group, Inc	Hemet	CA	62	5/10/2004	7/10/2009
002-0133192-301	California Eye Professionals Medical Group, Inc	Hemet	CA	62	5/10/2004	7/10/2009
002-0133516-300	Be Moos, Inc.	Los Angeles	CA	62	6/7/2004	8/7/2009
002-0133285-300	S & S Tool & Supply, Inc.	Martinez	CA	62	6/8/2004	8/8/2009
002-0132833-300	Deiglan, Michael	San Francisco	CA	62	5/26/2004	7/26/2009
002-0133484-300	Turbo Press, Inc.	Denver	CO	62	6/7/2004	8/7/2009
002-0133420-300	Lee's Auto Center, Inc.	Ellington	CT	62	6/7/2004	8/7/2009
002-0132977-300	Steinman-Champagne, Inc.	Clearwater	FL	36	5/27/2004	7/27/2007
002-0133366-300	Yagmin Ceiling & Drywall Company	Clearwater	FL	62	6/1/2004	8/1/2009
002-0132821-300	Helmet Shop, Inc., The	Daytona Beach	FL	62	5/25/2004	7/25/2009
002-0133399-300	CFS Industries Inc.	Melbourne	FL	62	6/7/2004	8/7/2009
002-0132966-300	Michigan Drill Corporation	Miami	FL	62	6/17/2004	8/17/2009
002-0133252-300	Rock of Sarasota, Inc., The	Sarasota	FL	62	4/29/2004	6/29/2009
002-0133237-300	American Development Communities, Inc.	Alpharetta	GA	62	5/26/2004	7/26/2009
002-0133434-300	J and D Moore Enterprises, Inc.	Alpharetta	GA	62	6/4/2004	8/4/2009
002-0133053-300	Video Craft Productions, Inc.	Cumming	GA	36	6/8/2004	4/8/2007
002-0132969-300	Radha Corporation	Unadilla	GA	62	6/11/2004	8/11/2009
002-0132828-300	D & L Industrial Painting, Inc.	Sulphur	LA	62	5/19/2004	7/19/2009
002-0133196-300	Lebowitz & Associates, LTD.	Baltimore	MD	62	5/25/2004	7/25/2009
002-0132767-300	Metropolitan Adjustment Bureau Inc.	Camp Springs	MD	62	6/3/2004	8/3/2009
002-0133013-300	RMD Holdings, LTD.	Chesterfield	MI	62	5/26/2004	7/26/2009
002-0133318-300	Metropolitan Plaza Management, Inc.	Dearborn	MI	62	5/24/2004	7/24/2009
002-0133318-301	Metropolitan Plaza Management, Inc.	Dearborn	MI	62	5/26/2004	7/26/2009
002-0133318-302	Metropolitan Plaza Management, Inc.	Dearborn	MI	62	5/27/2004	7/27/2009
002-0133304-300	Great Lakes Home Entertainment, Inc.	Fenton	MI	36	6/2/2004	6/2/2007
002-0133064-300	Teera Construction Company	Livonia	MI	62	5/26/2004	7/26/2009
002-0133197-300	Cosmetics & Perfumes Filling & Packaging, Inc.	Bloomfield	NJ	62	6/3/2004	8/3/2009
002-0133112-300	Warehouse Services, Inc.	Camden	NJ	62	5/21/2004	7/21/2009
002-0120660-001	Auto Trim Distributors, Inc.		NJ	60	11/1/2003	11/1/2008
002-0133099-300	Walsh-Atkinson Company, Inc.	Bohemia	NY	62	5/28/2004	7/28/2009
002-0133113-300	Media Marketing Research Inc.	Long Island	NY	62	5/14/2004	7/14/2009
002-0133260-300	Euro-Mics Inc.	Mobile Village	NY	62	6/14/2004	8/14/2009
002-0133164-300	Kivins, John and Richard	Hermitage	PA	62	5/26/2004	7/26/2009
002-0133306-300	Lauderslager, E. F. Inc.	Orefield	PA	62	5/27/2004	7/27/2009
002-0133253-300	Alan's Auto Center & Leasing Corp.	Philadelphia	PA	62	6/4/2004	8/4/2009
002-0133065-300	Angelica Textile Services, Inc.	Pawtucket	RI	62	5/18/2004	7/18/2009
002-0132871-300	Marshall Properties, Inc.	Pawtucket	RI	62	6/7/2004	8/7/2009
002-0133181-300	Texas Specialty Fasteners I L L C	Wylie	TX	62	5/26/2004	7/26/2009
002-0119623-001	Schuhmann, Gary L.		TX	36	9/1/2003	9/1/2006
Totals						

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.

<u>The Settlement Program Offered By TCF:</u>

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.

<u>If You Decide Not To Participate In The Settlement Program:</u>

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.