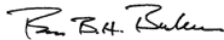


DISTRICT COURT, DENVER COUNTY, COLORADO Court Address: 1437 Bannock Street, Rm 256, Denver, CO, 80202	DATE FILED: May 6, 2016 11:40 AM CASE NUMBER: 2015CV31423  <p style="text-align: center;"><b>△ COURT USE ONLY △</b></p>
<b>Plaintiff(s)</b> ST OF COLO et al. v. <b>Defendant(s)</b> FREEDOM STORES INC et al.	
<b>Order: (Proposed) Consent Judgment (also filed on behalf of Defendants)</b>	

The motion/proposed order attached hereto: GRANTED.

THIS MATTER comes before the Court on the parties' Proposed Consent Judgment. The Court, having reviewed the Proposed Consent Judgment, the court file, and being otherwise fully advised in the premises, HEREBY ADOPTS the Proposed Consent Judgment as an Order of this Court. The seven-day court trial set to commence on October 17, 2016, is HEREBY VACATED.

Issue Date: 5/6/2016



ROSS B BUCHANAN  
 District Court Judge

<p>DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO  1437 Bannock Street  Denver, Colorado 80202</p> <hr/> <p>STATE OF COLORADO ex rel. CYNTHIA H. COFFMAN, ATTORNEY GENERAL FOR THE STATE OF COLORADO, and JULIE ANN MEADE, ADMINISTRATOR, UNIFORM CONSUMER CREDIT CODE,</p> <p>Plaintiffs,</p> <p>v.</p> <p>FREEDOM STORES, INC. d/b/a FREEDOM FURNITURE &amp; ELECTRONICS, MILITARY CREDIT SERVICES, LLC, FREEDOM ACCEPTANCE CORPORATION, LEONARD B. MELLEY, JR. and JOHN F. MELLEY,</p> <p>Defendants.</p>	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
	<p>Case No.: 15 CV 31423</p> <p>Courtroom: 275</p>
<p><b>CONSENT JUDGMENT</b></p>	

Plaintiffs, the State of Colorado ex rel. Cynthia H. Coffman, Attorney General for the State of Colorado, and Julie Ann Meade, Administrator of the Uniform Consumer Credit Code (collectively “the State”) and defendants Freedom Stores, Inc. d/b/a Freedom Furniture & Electronics, Military Credit Services, LLC, and Freedom Acceptance Corporation (the “Entity Defendants”) Leonard B. Melley, Jr. and John F. Melley (the “Individual Defendants”) (collectively the “Defendants”), hereby consent to the entry of final judgment in this matter as embodied in this Consent Judgment, to resolve fully and finally the claims alleged in the above-captioned case, without trial or hearing, and to avoid the additional time and expense associated with continuing litigation.

The Court, having considered this matter and being otherwise fully advised in the premises,

DOES HEREBY FIND, CONCLUDE, ORDER, DECREE, and ADJUDGE, as follows:

### **I. JURISDICTION AND VENUE**

1. This Court has jurisdiction over the parties and the subject matter of this action.

2. By Order dated January 29, 2016, the Court granted the State's Motion to Amend its Complaint. The State's First Amended Complaint dated October 9, 2015 (Complaint), which is fully incorporated herein by this reference, states claims against Defendants pursuant to Colorado's Uniform Consumer Credit Code, C.R.S. § 5-1-101, *et seq.* (Code) and the Colorado Consumer Protection Act, C.R.S. § 6-1-101, *et seq.* (CCPA).

3. The Entity Defendants filed their Answer to the First Amended Complaint, asserting various defenses, on February 19, 2016.

4. The Individual Defendants were served with the First Amended Complaint in February, 2016, were granted an extension of time to file their responses to the Complaint until April 4, 2016. The Individual Defendants filed a Motion to Dismiss Pursuant to C.R.C.P. 12(b)(2) and C.R.C.P. 12(b)(5) on April 4, 2016.

5. The Court is authorized to issue the relief requested in the Complaint pursuant to the Code and CCPA.

6. Venue is proper in the City and County of Denver, Colorado.

### **II. PARTIES**

7. Plaintiff Cynthia H. Coffman is the duly elected Attorney General of the State of Colorado. She is authorized under C.R.S. § 6-1-103 to enforce the CCPA, and may bring a civil action against a person for engaging in deceptive trade practices. In such action, the State may seek injunctive relief to prohibit the person from violating the CCPA, obtain consumer restitution, and collect civil penalties for violations of the CCPA. *See* C.R.S. §§ 6-1-110, 6-1-112, and 6-1-113.

8. Plaintiff Julie Ann Meade is the duly appointed Administrator of the Code. She is charged with enforcement of the Code. *See* C.R.S. § 5-6-104. In particular, she is authorized to bring a civil action to enforce compliance with the Code. In such action, she may seek injunctive relief to restrain a person from violating the Code, obtain consumer restitution, and seek civil penalties for Code

violations. See C.R.S. §§ 5-6-111 to -114.

9. Defendant Freedom Stores, Inc., d/b/a Freedom Furniture & Electronics, is a corporation duly formed and existing under the laws of Delaware. It has corporate offices at 700 Godwin Avenue, Suite 110, Midland Park, New Jersey 07432.

10. Defendant Military Credit Services, LLC is a limited liability company formed and existing under the laws of Virginia. It has business offices located at 1150 E. Little Creek Road, Norfolk, Virginia 23518.

11. Defendant Freedom Acceptance Corporation is a corporation duly formed and existing under the laws of Virginia. It has business offices located at 1150 E. Little Creek Road, Norfolk, Virginia 23518.

12. Defendant Leonard B. Melley, Jr. is a resident of the state of North Carolina, and is an officer of each of the Entity Defendants.

13. Defendant John F. Melley is a resident of the Commonwealth of Virginia, and is an officer of each of the Entity Defendants.

### **III. DEFINITIONS**

For purposes of this Consent Judgment, the following terms have the meanings stated.

14. “BOLM” means Bank of Lake Mills, a FDIC insured bank chartered by the state of Wisconsin.

15. “Club Membership Product” means a membership in any club or organization that a Colorado Consumer purchases in connection with a Consumer Credit Transaction.

16. “Colorado Consumer” means a consumer to whom credit is granted in a Consumer Credit Transaction.

17. “Consumer Credit Transaction” has the meaning set forth in C.R.S. 5-1-301(12) except that it includes only those Consumer Credit Transactions “made in this state” as defined in C.R.S. § 5-1-201(1) or that otherwise fall within the scope of the Code pursuant to C.R.S. §§ 5-1-201 and 5-1-202.

18. “Debt Waiver Product” means an agreement under which a creditor agrees to reduce or forgive the consumer’s obligations under a Consumer Credit

Transaction upon the occurrence of a specified event, such as the death or injury of the consumer, or the damage or destruction of the collateral. “Debt Waiver Product” does not include credit insurance or property insurance for which the cost is permitted to be treated as an “additional charge” by C.R.S. § 5-2-202(3).

19. “Enjoined Persons” means the Defendants, the officers and employees of the Entity Defendants, and those persons in active concert or participation with the Enjoined Persons who have actual or constructive notice of this Consent Judgment. The term “Enjoined Persons” refers both to each individual Enjoined Person and to the Enjoined Persons collectively, as appropriate based upon the specific context in which the term is used herein.

20. “Distant Forum Action” means a debt-collection action or proceeding filed against a consumer in a forum other than one in: (i) the city, county, or parish, where the consumer resides at the time the action is filed; (ii) the city or county where the consumer was physically present when the agreement on which the action is based was signed; or (iii) a city, county, or parish contiguous to, adjacent to, or within 50 miles of (i) or (ii).

21. “Effective Date” means the date this Consent Judgment is entered by the Court.

22. “Freedom Furniture” means defendant Freedom Stores, Inc. d/b/a Freedom Furniture & Electronics.

23. “FAC” means defendant Freedom Acceptance Corporation.

24. “Military Credit” means defendant Military Credit Services, LLC.

25. “Proper Forum” means a forum in: (i) the city, county, or parish where the consumer resides at the time the action is filed; (ii) the city or county where the consumer was physically present when the agreement on which the action is based was signed; or (iii) a city, county, or parish contiguous to, adjacent to, or within 50 miles of (i) or (ii).

#### **IV. GENERAL PROVISIONS**

26. It is expressly understood, acknowledged and agreed to by the parties that nothing in this Consent Judgment constitutes an admission, declaration, or other evidence of the rights or liabilities of any person or entity, except with respect to the terms provided in the Consent Judgment. The State acknowledges that the Defendants have denied liability for the allegations and claims set forth in the Complaint.

## **V. INJUNCTIVE RELIEF**

27. In the event that an Enjoined Person purchases or otherwise acquires, after the Effective Date, a Consumer Credit Transaction originated by a bank or other depository institution that is entitled to the benefits of the federal usury preemption doctrine pursuant to 12 U.S.C. § 85, 12 U.S.C. § 1831d, or other equivalent federal laws, the Enjoined Person shall treat each Consumer Credit Transaction as though it did not originate from such bank or other depository institution, and thus shall not rely upon any federal law permitting the exportation of interest rates as a basis for failing to comply with the Code, including the Code's finance charge ceilings. This prohibition applies only when:

- a. an Enjoined Person plays any role in the marketing of the Consumer Credit Transaction;
- b. an Enjoined Person plays any role in underwriting the Consumer Credit Transaction or otherwise determining whether credit should be extended to the subject consumer;
- c. the Consumer Credit Transaction was originated by a bank to finance the sale of goods by an Enjoined Person; or
- d. an Enjoined Person owed an obligation to purchase the Consumer Credit Transaction as of the time of the Consumer Credit Transaction's origination.

28. Enjoined Persons shall not sell a Debt Waiver Product to Colorado Consumers after the Effective Date without including the cost of such product in the calculation of the finance charge for each Consumer Credit Transaction pursuant to C.R.S. § 5-1-301(20) for purposes of compliance with the maximum finance charge restrictions of the Code. Enjoined Persons shall disclose the finance charge and the annual percentage rate for a Consumer Credit Transaction as required by the Federal Truth in Lending Act, 15 U.S.C. 1601, *et seq.*, regulations issued thereunder, and the Code.

29. In the event that Enjoined Persons acquire a Consumer Credit Transaction after the Effective Date from a third party that contains a Debt Waiver Product, Enjoined Persons are prohibited from collecting fees or charges for such Debt Waiver Product to the extent that the collection of such fees or charges would cause the Colorado Consumer to pay charges that exceed the maximum finance charge restrictions of the Code. Enjoined Persons are prohibited from selling, assigning, or otherwise transferring such Consumer Credit Transactions to any party other than the originating party.

30. Enjoined Persons shall not sell a Club Membership Product in connection with a Consumer Credit Transaction after the Effective Date which provides membership rights only during the period that credit is extended to the Colorado Consumer.

31. Unless authorized by a rule adopted by the Administrator, Enjoined Persons shall not charge Colorado Consumers fees based on the manner in which such consumers make payments owed pursuant to the terms of a Consumer Credit Transaction.

32. Enjoined Persons shall not charge Colorado Consumers a fee for the refinancing of a previous Consumer Credit Transaction without including such fee in the calculation of the finance charge for the refinanced Consumer Credit Transaction pursuant to C.R.S. § 5-1-301(20) and in the finance charge and annual percentage rate that are disclosed for a Consumer Credit Transaction as required by the Federal Truth in Lending Act, 15 U.S.C. 1601, *et seq.*, regulations issued thereunder, and the Code.

33. In the event that Enjoined Persons offer credit insurance in connection with a Consumer Credit Transaction and seek to qualify the fees associated with the insurance as an additional charge pursuant to C.R.C.P. 5-2-202(3), Enjoined Persons shall implement policies and procedures to ensure compliance with the requirements of C.R.C.P. 5-2-202(3). Entity Defendants shall implement such written policies and procedures within 60 days of the Effective Date. The referenced policies and procedures shall be in writing and shall be produced to the State upon request.

34. Where the agreement evidencing a Consumer Credit Transaction authorizes Enjoined Persons to charge a delinquency charge in compliance with C.R.S. § 5-2-203, Enjoined Persons shall not charge a delinquency charge that is greater than the amount authorized by the agreement, regardless of whether a greater charge could have been contracted for in compliance with the Code.

35. Enjoined Persons shall not file or threaten to file Distant Forum Actions against Colorado Consumers in connection with Consumer Credit Transactions. Enjoined Persons further shall not file actions against Colorado Consumers in connection with Consumer Credit Transactions unless the actions are filed in a Proper Forum and in accordance with all applicable statutes of limitations and other laws.

36. Enjoined Persons shall not use language in agreements for Consumer Credit Transactions originated by Defendants that call for the application of the law

of a state other than Colorado, nor shall Enjoined Persons seek to enforce provisions in agreements that evidence Consumer Credit Transactions which purport to call for the application of the law of a state other than Colorado.

37. Enjoined Persons shall implement policies and procedures to ensure that all fees and charges assessed in connection with a Consumer Credit Transaction, and all payments received on a Consumer Credit Transaction, are identified in the account records for a Colorado Consumer and are readily accessible by Enjoined Persons' employees who have a business need to access such record. Entity Defendants shall implement such written policies and procedures within 60 days of the Effective Date. The referenced policies and procedures shall be in writing and shall be produced to the State upon request.

38. Enjoined Persons shall implement policies and procedures to ensure that the Enjoined Persons do not collect or attempt to collect fees until such fees are actually owed by a Colorado Consumer under the terms of a Consumer Credit Transaction. As an example, Enjoined Persons shall ensure that costs and fees that may be awarded by a court in connection with a lawsuit for the collection of a Consumer Credit Transaction are not posted to the unpaid balance of a Consumer Credit Transaction until actually awarded by a court. Entity Defendants shall implement such written policies and procedures within 60 days of the Effective Date. The referenced policies and procedures shall be in writing and shall be produced to the State upon request.

39. Enjoined Defendants shall implement policies and procedures to ensure that Defendants do not engage in unconscionable debt collection practices as defined in C.R.S. § 5-5-109(4). Entity Defendants shall implement such written policies and procedures within 60 days of the Effective Date. The referenced policies and procedures shall be in writing and shall be produced to the State upon request.

40. Within twenty (20) days of the Effective Date, Defendants shall provide notice of this Consent Judgment by providing a copy of it to their officers, directors, agents, servants, employees whose duties include compliance with the Consent Judgment, attorneys, affiliates, subsidiaries, and assigns, including, without limitation, any entity affiliated with or related to Defendants through direct or indirect common ownership, control, or management, or any assignee of any of Defendants' Consumer Credit Transactions, whether for collection or otherwise, and to all persons in active concert or participation with Defendants. Within thirty days of the Effective Date, Defendants shall provide proof and certify to the Court and the State that they gave such notice, via sworn affidavit identifying the names, titles, addresses, website addresses, if any, and telephone numbers of the persons and entities to whom Defendants provided a copy of this



Consent Judgment.

## **VI. MONETARY RELIEF/CONSUMER REDRESS**

41. Defendants shall pay the Colorado Attorney General the amount of \$77,000 in settlement of the States' claims with respect to Distant Forum Actions within 10 business days of the Effective Date. Payment shall be deemed paid upon the State's receipt of the payment, and only upon such receipt. The payment shall be held in trust by the Attorney General, including any interest earned thereon, to be used in the Attorney General's sole discretion for reimbursement of the State's costs and attorney's fees in this matter, consumer restitution, consumer or creditor educational purposes, or consumer credit or consumer protection enforcement efforts, or for initiatives to benefit military personnel and their families.

42. Defendants shall pay redress in the total amount of \$310,000 to Colorado Consumers who received extensions of credit from Defendants Military Credit or Freedom Stores between April 21, 2011 and December 31, 2015. Defendants shall pay the \$310,000 in redress in the following order:

- a. to reverse any refinance fees assessed;
- b. to reverse any court costs or attorneys' fees assessed;
- c. to reverse any fee assessed for a Debt Waiver Product;
- d. to reverse any electronic payment fees assessed;
- e. any remaining balance shall be applied to all accounts for which redress is provided pursuant to the above provisions of this Paragraph 42 with an equal amount credited or paid to each such account.

43. Defendants shall pay redress in the total amount of \$502,000 to Colorado Consumers who entered into Consumer Credit Transactions that were represented to consumers as originating from BOLM and that were subsequently sold and assigned to FAC (each a "BOLM Account" and collectively the "BOLM Accounts"). Defendants shall pay the \$502,000 in redress as follows:

- a. Defendants shall divide the BOLM Accounts into three groups: (1) accounts that are paid in full as of the Effective Date ("Paid Accounts"); (2) accounts that are "Delinquent Accounts" as defined in Paragraph 44.b., below, as of the Effective Date; and (3) accounts that are "Current Accounts" as defined in Paragraph 44.b., below, as of the Effective Date.
- b. Defendants shall perform an audit of each Paid Account and calculate the "Excess Charge" for each Paid Account as follows:
  - (i) Defendants shall determine the interest paid by each Colorado Consumer on a Paid Account based on the actual dates and amounts of the payments made by the Colorado Consumer.

- (ii) Defendants shall then add the fee, if any, for a Debt Waiver Product charged in connection with the Consumer Credit Transaction, net of any adjustment permitted by Paragraph 44.h., to the amount determined under subparagraph (i).
    - (iii) Defendants shall determine the “Excess Charge” for each Paid Account by calculating the amount, if any, by which the amount determined under subparagraph (ii) exceeds the maximum finance charge permitted by C.R.S. § 5-2-201(2) for each Paid Account.
  - c. Defendants shall perform an audit of each Delinquent Account and calculate the “Excess Charge” for each Delinquent Account as follows:
    - (i) Defendants shall determine the interest paid by each Colorado Consumer on a Delinquent Account based on the actual dates and amounts of the payments made by the Colorado Consumer for the period between the date the Delinquent Account was originated and the date of the last payment made by the Colorado Consumer.
    - (ii) Defendants shall then add the fee, if any, for a Debt Waiver Product charged in connection with the Consumer Credit Transaction, net of any adjustment permitted by Paragraph 44. h., to the amount determined under subparagraph (i).
    - (iii) Defendants shall determine the “Excess Charge” for each Delinquent Account by calculating the amount, if any, by which the amount determined under subparagraph (ii) exceeds the maximum finance charge permitted by C.R.S. § 5-2-201(2) for each Delinquent Account for the period between the date the Delinquent Account was originated and the date of the last payment made by the Colorado Consumer.
  - d. Defendants shall perform an audit of each Current Account and calculate the “Excess Charge” for each Current Account as follows:
    - (i) Defendants shall determine the interest to be paid on each Current Account based upon the assumption that each Consumer Credit Transaction will be paid in full in accordance with its terms.
    - (ii) Defendants shall then add the fee, if any, for a Debt Waiver Product charged in connection with the Consumer Credit Transaction, net of any adjustment permitted by Paragraph 44.h., to the amount determined under subparagraph (i).
    - (iii) Defendants shall determine the “Excess Charge” for each Current Account by calculating the amount, if any, by which the amount determined under subparagraph (ii) exceeds the maximum finance charge permitted by C.R.S. § 5-2-201(2) for each Current Account based upon the assumption that each

Consumer Credit Transaction will be paid in full in accordance with its terms.

- e. Upon calculating the “Excess Charge” for each BOLM Account as provided in subparagraphs a. through d., above, Defendants shall add the Excess Charges for all Paid, Delinquent and Current Accounts together to determine the Total Excess Charges for all BOLM Accounts. Defendants shall then determine the redress to be applied to each BOLM Account by multiplying \$502,000 by the ratio, expressed as a percentage, which the Excess Charge for each BOLM Account bears to the Total Excess Charges for all BOLM Accounts. BOLM Accounts with an Excess Charge of \$0 or less, which thus had no Excess Charge, shall not be included in the calculation set forth in this subparagraph (e).

44. The following provisions apply to redress payable to Colorado Consumers pursuant to the provisions of Paragraphs 42 and 43:

- a. Redress may be paid by means of a credit to the outstanding balance owed by a Colorado Consumer to an Entity Defendant, or by check payable to a Colorado Consumer.
- b. Accounts of Colorado Consumers for which all payments are current or are less than 180 days delinquent are defined for the purposes hereof as “Current Accounts.” Accounts of Colorado Consumers for which payments are delinquent by 180 days or more are defined for the purposes hereof as “Delinquent Accounts.”
- c. In the event the amount of the credit to be applied to a Current Account exceeds the remaining balance due and owing on the account (an “excess credit”), the Colorado Consumer will be paid an amount equal to the excess credit by check.
- d. Payment of an excess credit is not required in connection with a Delinquent Account. The amount of an excess credit for a Delinquent Account is defined as an “over balance credit” for the purposes hereof. Over balance credits shall be applied to Current Accounts in accordance with the provisions of subparagraphs i. and j., below.
- e. Redress for accounts which were paid in full by a Colorado Consumer prior to the application of redress credits to the account pursuant to the terms hereof will be paid by check.
- f. In the event the total redress, in the aggregate, for a Current or a Delinquent Account is \$10 or less, no payment or credit on that Account is required.
- g. No redress is required with respect to a fee or charge for which redress was provided to the Colorado Consumer in response to the UCCC Administrator’s 2012 examination of Freedom Stores.

- h. Redress of the amount of the fee for a Debt Waiver Product is not required in connection with accounts for which the amount of the fee was credited to the Colorado Consumer's account prior to the Effective Date, or for accounts for which a claim was honored and the amount of the debt forgiven exceeded the amount of the fee.
- i. The aggregate amount of all over balance credits of the redress to be paid pursuant to Paragraph 42 shall be divided by the number of Current Accounts to which redress was paid pursuant to the provisions of that Paragraph, and an equal portion credited or paid to each of such accounts.
- j. The aggregate amount of all over balance credits of the redress to be paid pursuant to Paragraph 43 shall be divided by the number of Current Accounts to which redress was paid pursuant to the provisions of that Paragraph, and an equal portion credited or paid to each of such accounts.

45. Within twenty (20) days of the Effective Date, Defendants shall submit to the State, at the address specified in Paragraph 57, an accounting or spreadsheet reflecting the redress to be paid to each Colorado Consumer in accordance with the provisions of Paragraphs 42, 43 and 44 (the "Redress Plan"). The Redress Plan shall identify:

- a. each Colorado Consumer to whom redress is payable by name, account number and current address as shown on Defendants' records,
- b. whether the Colorado Consumer's account is a Current Account or a Delinquent Account;
- c. the amount of redress to be paid the Colorado Consumer for each type of fee specified in Paragraphs 42 and 43, and as a portion of over balance credits pursuant to Paragraph 44;
- d. the total amount of redress to be paid to each Colorado Consumer;
- e. the amount to be credited to each Colorado Consumer's account;
- f. the amount to be paid to each Colorado Consumer by check;
- g. for Delinquent Accounts, the amount of any over balance credit, and the total of all over balance credits.

46. Within thirty (30) days of the submittal of Defendants' Redress Plan to the State, Defendants shall apply credits to accounts and prepare checks payable to Colorado Consumers consistent with the Redress Plan. Defendants are liable, jointly and severally, for the penalty and redress obligations set forth in Paragraphs 41-43.

47. Within thirty-five (35) days of the submittal of Defendants' Redress Plan to the State, Defendants shall notify each Colorado Consumer of the amount of the credit Defendants have applied to the Colorado Consumer's account, and shall

mail checks to each Colorado Consumer to whom a check is due under the Redress Plan.

48. Within fifteen (15) days of providing the consumer redress notices and checks to Colorado Consumers pursuant to Paragraph 47, Defendants shall provide the State with a list of Colorado Consumers receiving consumer redress pursuant to the provisions of this Consent Judgment and the amount of each credit and check.

49. Within thirty (30) days of providing the consumer redress notices and checks to Colorado Consumers pursuant to Paragraph 47, Defendants shall report to all consumer reporting agencies to which it has previously furnished credit information regarding the Colorado Consumers of the updated account balances.

50. For a period of four (4) years, Defendants must maintain evidence of the credits applied to the accounts of Colorado Consumers pursuant to the provisions of this Consent Judgment and make such evidence available to the State on request.

51. In the event that Defendants are unable to locate a Colorado Consumer to whom a redress check is issued pursuant to the provisions of Paragraph 47 within 180 days of the date the check was issued, Defendants shall cancel the check payable to the Colorado Consumer and issue a check payable to the Colorado Attorney General in an equal amount. Such payment shall be delivered to the State at the address designated in Paragraph 57 and shall be deemed paid upon the State's receipt of the payment, and only upon such receipt. The payment shall be held in trust by the Attorney General, including any interest earned thereon, to be used in the Attorney General's sole discretion for reimbursement of the State's costs and attorney's fees in this matter, consumer restitution, consumer or creditor educational purposes, or consumer credit or consumer protection enforcement efforts. When making a payment to the State pursuant to this Paragraph, Defendants shall provide the State with information indicating the name and address of each Colorado Consumer that could not be located and the amount of the payment owed to each consumer.

52. In the event that any Defendant that grants a credit or makes a payment pursuant to this Consent Judgment, or is jointly and severally liable for such credit or payment, files for bankruptcy within 90 days after making any payment or credit, the State may file a motion to vacate this Consent Judgment and resume its claims in the above-captioned action. Defendants will not oppose any such motion and hereby stipulate that any such bankruptcy filing will constitute valid grounds to vacate this Consent Judgment pursuant to C.R.C.P. 60. In any such resumed proceeding, the State shall not be limited to pursuing the monetary or injunctive relief set forth in this Consent Judgment and instead may pursue all

remedies available under Colorado law.

## VII. MISCELLANEOUS

53. It is the intent and purpose of this Consent Judgment to resolve fully and finally the issues between the State and Defendants raised and alleged in this action, or which could have been alleged based upon the information known to the State as of the Effective Date, and only those issues. Amongst other claims that are resolved by this Consent Judgment, the State will not pursue any claim against Defendants for failure to have a license to make supervised loans with respect to accounts owned by Defendants as of the Effective Date that were made or purported to have been made to Colorado Consumers by Military Credit or the Bank of Lake Mills. The omission from the Complaint or this Consent Judgment of other acts, conduct, or transactions, which might constitute other violations of the Code or CCPA, shall not be deemed approval by the State of such acts, conduct, or transactions.

54. This Consent Judgment shall in no way limit, constrain, abridge, abrogate, waive, release, or otherwise prejudice the right of any consumer to bring any private action permitted by law.

55. This Consent Judgment shall not be modified except in a writing signed by the parties or their authorized representatives and approved and entered by the Court.

56. This Consent Judgment shall be governed by Colorado law without regard to choice of law rules. As with the Code and CCPA, it shall be liberally construed in the State's favor and strictly construed against Defendants, who shall comply fully, completely, and strictly with all of its terms and provisions.

57. All notices under this Consent Judgment shall be in writing and given as follows:

To the State:

By regular mail and by email to:

Julie Ann Meade, Administrator  
Jay Simonson, First Assistant Attorney General  
Nikolai Frant, Assistant Attorney General  
Consumer Protection Section – Consumer Credit Unit  
Colorado Department of Law  
Ralph L. Carr Colorado Judicial Center

1300 Broadway, 6th Floor  
Denver, Colorado 80203  
[Julie.Meade@coag.gov](mailto:Julie.Meade@coag.gov)  
[Jay.Simonson@coag.gov](mailto:Jay.Simonson@coag.gov)  
[nikolai.frant@coag.gov](mailto:nikolai.frant@coag.gov)

To Defendants:

By regular mail and email to:

Freedom Stores, Inc. d/b/a Freedom Furniture and Electronics:  
Mr. Link Melley  
Freedom Stores, Inc.  
700 Godwin Avenue, Suite 110  
Midland Park, New Jersey 07432  
[lmelley@freedomfe.com](mailto:lmelley@freedomfe.com)

Military Credit Services, LLC:  
Mr. John Melley  
Military Credit Services, LLC  
1150 E. Little Creek Rd.  
Ste. 201  
Norfolk, VA 23518  
[jmelley@militarycredit.com](mailto:jmelley@militarycredit.com)

Freedom Acceptance Corporation:  
Mr. John Melley  
Freedom Acceptance Corporation  
1150 E. Little Creek Rd.  
Ste. 201  
Norfolk, VA 23518  
[jmelley@militarycredit.com](mailto:jmelley@militarycredit.com)

With copies to the following:

Janice Hofmann Clark  
Hellerstein and Shore, P.C.  
5347 S. Valentia Way, Suite 100  
Greenwood Village, CO 80111  
[jlark@shoreattys.com](mailto:jlark@shoreattys.com)

and

L. Jean Noonan  
Hudson Cook, LLP  
1020 19th Street, NW  
7th Floor  
Washington, D.C. 20036  
[jnoonan@hudco.com](mailto:jnoonan@hudco.com)

Such names and addresses may be changed by giving the other parties notice delivered pursuant to this Paragraph.

58. Any claims or causes of actions arising out of or based upon this Consent Judgment shall be commenced in the District Court for the City and County of Denver, Colorado, and Defendants hereby consent to the jurisdiction, venue, and process of such Court. In the event of any such action or proceeding alleging or asserting a violation of or failure to comply with this Consent Judgment, this Consent Judgment shall be admissible in full.

59. Nothing in this Consent Judgment shall prevent either party from petitioning the Court for the modification of this Consent Judgment in the event that a future federal or state law or a decision of a court of applicable jurisdiction creates a conflict with the provisions of this Consent Judgment or authorizes conduct which is enjoined by the provisions of this Consent Judgment, or in the event that an otherwise unforeseen event justifies the modification of the provisions of this Consent Judgment.

60. This Court shall retain jurisdiction over this matter for the purpose of enabling any party to it to apply to the Court at any time for such further orders as may be necessary or appropriate for the construction, execution, or enforcement of, or compliance with or punishment for violations of, this Consent Judgment.

61. Except as otherwise provided herein or as a court previously may have awarded, each party shall bear its own costs and attorney's fees in connection with this matter.

62. Defendants have had the opportunity to be represented by legal counsel, and to consult with counsel for the State to negotiate a resolution of this matter. Defendants knowingly and voluntarily enter into this Consent Judgment and waive any right to a formal hearing on the matters forming the basis of this Consent Judgment and any right to appeal therefrom.

63. This Consent Judgment represents the entire agreement between the parties hereto and a complete merger of prior negotiations and agreements, and is binding upon the parties and all officers, directors, employees, shareholders,



managers, members, principals, affiliates, successors, and assigns of the parties.

64. This Consent Judgment may be executed in counterparts.

65. On the date this Consent Judgment is signed by the Court, it shall be entered as and become a final judgment of the Court.

SO ORDERED, ADJUDGED, and DECREED this \_\_\_\_ day of \_\_\_\_\_, 2016.

BY THE COURT:

\_\_\_\_\_  
District Court Judge

AGREED AND CONSENTED TO:

STATE:

State of Colorado ex rel. Cynthia H. Coffman, Attorney General for the State of Colorado

By: /s/ Julie Ann Meade  
First Assistant Attorney General

Julie Ann Meade, Administrator,  
Uniform Consumer Credit Code

By: /s/ Julie Ann Meade  
Administrator

DEFENDANTS:

Freedom Stores, Inc. d/b/a Freedom Furniture and Electronics

By: /s/ Leonard B. Melley, Jr.  
Its: President

Military Credit Services, LLC

By: /s/ John F. Melley  
Its: Manager

Freedom Acceptance Corporation

By: /s/ John F. Melley  
Its: President/CEO

/s/ Leonard B. Melley, Jr.  
Leonard B. Melley, Jr.

/s/ John F. Melley  
John F. Melley

As to form, on behalf of the State:

As to form, on behalf of the Defendants:

/s/ Jay B. Simonson  
Jay B. Simonson, Reg. No. 24077 \*  
First Assistant Attorney General

Hellerstein and Shore, P.C.

/s/ Nikolai N. Frant  
Nikolai N. Frant, Reg. No. 38716\*  
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\*Counsel of Record

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