

**IN THE MATTER OF:**  
**NATIONAL LAWSUIT FUNDING, LLC,**  
**Respondent.**

**BEFORE THE MARYLAND**  
**COMMISSIONER OF**  
**FINANCIAL REGULATION**

**CFR-FY2012-128**

**SETTLEMENT AGREEMENT**

This Settlement Agreement (this "Agreement") is entered into this 4<sup>th</sup> day of October, 2012, by and between the Maryland Commissioner of Financial Regulation (the "Commissioner") and National Lawsuit Funding, LLC (the "Respondent"). The Commissioner and the Respondent ("the Parties") consent to the entry of this Agreement as a final resolution of this matter. All paragraphs below are intended to be part of the contractual obligations of the Parties hereto, so far as they may be so construed, and are not mere recitals to this Agreement.

1. Pursuant to the Maryland Consumer Loan Law (Md. Code Ann., Fin Inst. § 11-201 *et seq.* and Md. Code Ann., Com. Law § 12-301 *et seq.*) and the Interest and Usury Law (Md. Code Ann., Com. Law § 12-101 *et seq.*), the Commissioner is charged with the responsibility of licensing and regulating consumer loans and advances in this State.

2. As a result of an investigation by the Office of the Commissioner of Financial Regulation (the "Agency"), it was alleged that National Lawsuit Funding, LLC, Adrian Rubin, and James Hill had engaged in the business of making litigation funding advances or other loans to Maryland residents without the proper licenses under Maryland

law, and that such loans exceeded the permissible interest rate caps under Maryland law (the "Alleged Violations").

3. In connection with these Alleged Violations, the Commissioner issued a Summary Order to Cease and Desist and Order to Produce on January 19, 2012 (the "Summary Order"), in which the named persons were ordered to cease and desist from engaging in the business of making advances or other loans to Maryland residents.

4. The Respondent does not admit to the Alleged Violations set forth herein, and denies any liability under the Maryland Consumer Loan Law, or any other State laws or regulations applicable to lending in Maryland. Respondent, nonetheless, wishes to resolve the Alleged Violations without the need for an administrative hearing and any potential appeals, thereby avoiding the costs associated with such hearing and potential appeals, and Respondent, therefore, agrees to resolve this matter fully, finally, and completely without an administrative hearing as set forth in this Agreement, and further accepts without condition, and fully agrees to abide by, each and every term set forth in this Agreement.

5. The Commissioner desires to ensure that Respondent complies with all applicable statutes, regulations, and others laws governing the making of consumer loans to Maryland consumers, and further wishes to avoid the costs to the taxpayers of an administrative hearing and any potential appeals. The Commissioner notes that the Respondent has acted in good faith in resolving the present matter with the Agency.

6. Respondent represents that it has fully complied with the Summary Order, and that it has stopped making advances or other loans to Maryland residents.

7. Respondent agrees to take each and every one of the following actions in exchange for a final resolution of this matter:

a. Respondent will pay a voluntary penalty of \$45,000 (FORTY-FIVE THOUSAND DOLLARS) in the form of a single check made payable to the "Commissioner of Financial Regulation" immediately upon this Agreement being fully executed and delivered.

b. Respondent will provide restitution to those Maryland residents who have previously obtained litigation funding advances or other loans from the Respondent (the "affected consumers") as follows:

(1). Respondent shall update its internal account records to reflect that the two advances that Respondent previously made to [REDACTED] are fully satisfied, and shall send a letter to [REDACTED] to that effect. Any payments received from [REDACTED] at any time related to these advances shall be refunded within 15 days of receipt by the Respondent.

(2). For each advance or other loan made to affected consumers who satisfied their account with Respondent at any time between January 1, 2011 and April 30, 2012, inclusive (whether through repayment of the contract amount or of a negotiated settlement amount), the following applies:

(A). For loans with an original principal balance of more than \$1,000, Respondent shall provide a full refund of any amounts collected by Respondent above 24% annual interest rate (with the original underwriting and origination fees, as well as any other charges or fees beyond the amount actually disbursed to the consumer, being considered interest for purposes of the annual interest rate calculation).

(B). For loans with an original principal balance of \$1,000 or less, Respondent shall provide a full refund of any amounts collected by Respondent above 33% annual interest rate (with the original underwriting and origination fees, as well as any other charges or fees beyond the amount actually disbursed to the consumer, being considered interest for purposes of the annual interest rate calculation).

(C). Attachment 1 is a spreadsheet providing the name of each affected consumer, the consumer's last known home address and telephone number, and the amount of the refund due to the consumer for each advance or other loan (*i.e.*, each "transaction") subject to this provision covering January 1, 2011 through December 31, 2011, inclusive. There are 61 transactions for which a refund is due under this provision, and the amount of refunds to be paid to all affected consumers under this provision totals \$25,515.53 (TWENTY-FIVE THOUSAND FIVE HUNDRED FIFTEEN DOLLARS AND FIFTY-THREE CENTS).

(D). Attachment 2 is a spreadsheet providing the name of each affected consumer, the consumer's last known home address and telephone number, and the amount of the refund due to the consumer for each advance or other loan (*i.e.*, each "transaction") subject to this provision covering January 1, 2012 through April 30, 2012, inclusive. There are 48 transactions for which a refund is due under this provision, and the amount of refunds to be paid to all affected consumers under this provision totals \$21,759.64 (TWENTY-ONE THOUSAND SEVEN HUNDRED FIFTY-NINE DOLLARS AND SIXTY-FOUR CENTS).

(3). For each advance or other loan made to affected consumers who satisfied their account with Respondent at any time between May 1, 2012 and the date

this Agreement is fully executed, inclusive (whether through repayment of the contract amount or of a negotiated settlement amount), the Respondent shall provide a full refund of any amounts collected by the Respondent above the amount that was actually disbursed to the consumer. Attachment 3 is a spreadsheet providing the name of each affected consumer, the consumer's last known home address and telephone number, and the amount of the refund due to the consumer for each advance or other loan (*i.e.*, each "transaction") subject to this provision. There are 12 transactions for which a refund is due under this provision, and the amount of refunds to be paid to all affected consumers under this provision totals \$11,492.54 (ELEVEN THOUSAND FOUR HUNDRED NINETY-TWO DOLLARS AND FIFTY-FOUR CENTS).

(4). Respondent represents that it does not have account records for each advance or other loan made to affected consumers who satisfied their accounts with the Respondent on or before December 31, 2010. For every advance or other loan involving an affected consumer (*i.e.*, every "transaction") subject to this provision of which the Agency or the Respondent becomes aware at any time, whether through being contacted by the consumer or otherwise, the Respondent will provide a full refund of any amounts collected by Respondent above 24% annual interest rate (with the original underwriting and origination fees, as well as any other charges or fees beyond the amount actually disbursed to the consumer, being considered interest for purposes of the annual interest rate calculation). The Respondent will notify the Agency of every transaction of which it becomes aware that is subject to this provision, and will provide the Agency with an update to the spreadsheet at Attachment 1 (into which the relevant information for

newly-identified transactions will be incorporated), within 15 days of becoming aware of the transaction.

(5). For each advance or other loan made to affected consumers who have not yet satisfied their account with Respondent prior to the date this Agreement is fully executed, the Respondent shall waive all interest, fees, and any other charges stated in the litigation funding agreement above the amount that was actually disbursed to the consumer. Attachment 4 is a spreadsheet providing the name of each affected consumer, the consumer's last known home address and telephone number, and the value of the amount waived by the Respondent (based on the recovery that the Respondent otherwise would have expected). There are 146 transactions subject to this provision, and the value of all waivers under this provision totals \$381,371.33 (THREE HUNDRED EIGHTY-ONE THOUSAND THREE HUNDRED SEVENTY-ONE DOLLARS AND THIRTY-THREE CENTS).

c. The Respondent shall issue refunds to the affected Maryland consumers indicated in paragraphs 7.b(2), b(3), and b(4), above, in accordance with the following:

(1). Within 15 days of the date this Agreement is fully executed (for transactions subject to paragraph 7.b(2) or b(3)), or within 15 days of identifying a transaction subject to paragraph 7.b(4), Respondent shall mail a check for the amount of money to be refunded to each consumer via First Class U.S. Mail, to each affected consumer's last known address, or to an updated address as can be identified through customary address verification means. Each refund shall be accompanied by a letter indicating that that the refund is being issued pursuant to a Settlement Agreement between

the Respondent and the Commissioner of Financial Regulation, and that the Settlement Agreement does not in any way affect the consumer's legal rights; the form of such letters shall be pre-approved by the Agency prior to mailing.

(2). On or before November 15, 2012 (for transactions subject to paragraph 7.b(2) or b(3)), or within 90 days of identifying a transaction subject to paragraph 7.b(4), the Respondent shall furnish evidence to the Agency that refunds were tendered to each affected consumer in the agreed amount by providing a copy of the front and back of the cancelled check for each refund payment that was negotiated by the affected consumer.

(3). On or before November 30, 2012 (for transactions subject to paragraph 7.b(2) or 7.b(3)), or within 105 days of identifying a transaction subject to paragraph 7.b(4), if any refund payment checks mailed by the Respondent to affected Maryland consumers in accordance with this Agreement are either not cashed or are returned to the Respondent as non-deliverable (collectively, the "Undeliverable Refunds"), such Undeliverable Refunds will escheat to the State of Maryland. In such event, the following procedures will be followed:

(A). For transactions subject to paragraph 7.b(2) or b(3), the Respondent will stop payment on such undeliverable refund payment checks, and shall pay the total amount of all Undeliverable Refunds in the form of a single check made payable to the "Comptroller of Maryland," which shall be submitted to the Comptroller, copy to the Agency, both of which shall be accompanied by an update to the applicable spreadsheets referenced above as Attachments 1, 2 and 3, which updated spreadsheets shall be submitted in both hard copy and in an electronic format mutually agreeable to both

Parties, and which shall be supplemented with the following additional information for each affected consumer: the social security number of the consumer (if known), the date of birth of the consumer (if known), the date on which each refund check was mailed, and an indication of which refund checks were cashed, and which refund checks were either not cashed or were returned to the Respondents as non-deliverable. Such action on the part of the Respondent shall relieve the Respondent of any further obligation to make refunds to the consumers subject to paragraphs 7.b(2) and b(3).

(B). For transactions subject to paragraph 7.b(4), the Respondent will stop payment on such undeliverable refund payment check(s), and shall pay the amount of the new Undeliverable Refund(s) in the form of a check made payable to the "Comptroller of Maryland," which shall be submitted to the Comptroller, copy to the Agency, both of which shall be accompanied by a spreadsheet (only in hard-copy) identifying the following for each consumer to which the new Undeliverable Refund applies: the consumer's name; last known home address and telephone number; the amount of the refund due to the consumer; the social security number of the consumer (if known); the date of birth of the consumer (if known); and the date on which the refund check was mailed. Such action on the part of the Respondent shall relieve the Respondent of any further obligation to make refunds only to those consumers identified in the spreadsheet; the Respondent shall have a continuing obligation to other consumers pursuant to paragraph 7.b(4).

(4). The Respondent shall not seek releases from consumers in conjunction with these refunds.

d. The Respondent, as well as the owners, directors, officers, members, partners, managers, employees, and agents of the Respondent, agree not to offer or provide advances to Maryland residents, or to otherwise engage in lending activities in Maryland or involving Maryland residents, without first becoming licensed by the Commissioner as a consumer lender subject to the Maryland Consumer Loan Law.

8. Respondent acknowledges that it has voluntarily entered into this Agreement with full knowledge of its right to a hearing pursuant to FI § 11-518 and the Maryland Administrative Procedure Act – Contested Cases (at SG § 10-201 *et seq.*) arising from any charges brought by the Agency based on the Alleged Violations, and that Respondent hereby waives its right to a hearing. Respondent further acknowledges that it has had an opportunity to consult with independent legal counsel in connection with the waiver of this right and with the negotiation and execution of this Agreement, and that it has in fact consulted with independent legal counsel.

9. The Parties hereto agree that this Agreement shall be binding and enforceable in court by the Commissioner and by the Respondent, shall be admissible in court if relevant, and shall be binding upon and inure to any of the Respondent's present and future owners, directors, officers, members, partners, managers, employees, agents, successors, and assigns.

10. The Parties hereto acknowledge that this Agreement does not in any way relate to, impact, or otherwise effect the legal rights of, or preclude the Commissioner from bringing actions against, persons not Parties to this Agreement, except as set forth in Paragraph 11, below.

11. The Commissioner agrees that he will not bring an enforcement action of any kind, civil or administrative, against the Respondent, or against any of Respondent's owners, directors, officers, members, partners, managers, or employees, for any matter arising out of or related to any advance which Respondent made to a Maryland resident prior to the date on which this Agreement is fully executed related to the investigation referred to in the Summary Order or otherwise covered by this Agreement, with the following exception: This paragraph is inapplicable if the Agency later determines that more than 75 Maryland residents had satisfied their accounts with the Respondent on or before December 31, 2010 (whether through repayment of the contract amount or of a negotiated settlement amount).

12. The Parties hereto agree that any notices hereunder shall be effectively "delivered" when sent via overnight delivery or certified mail as follows:

- a. To the Commissioner:  
Commissioner of Financial Regulation  
500 North Calvert Street, Suite 402  
Baltimore, Maryland 21202-3651  
Attention: Anne Balcer Norton, Deputy Commissioner  
  
Copy to:  
W. Thomas Lawrie, Assistant Attorney General  
Department of Labor, Licensing, and Regulation  
500 North Calvert Street, Suite 406  
Baltimore, Maryland 21202-3651
- b. To the Respondent:  
Denise M. Bowman, Esq.  
Managing Partner  
Alexander & Cleaver, PA, Attorneys at Law  
11414 Livingston Road  
Fort Washington, Maryland 20744

NOW, THEREFORE, it is, by the Commissioner of Financial Regulation,  
HEREBY

**ORDERED** that Adrian Rubin and James Hill are dismissed from this action; it is further

**ORDERED** that, with regard to Respondent National Lawsuit Funding, LLC, this Agreement fully supersedes the Summary Order to Cease and Desist and Order to Produce issued to Respondent on January 19, 2012 (the "Summary Order"), and said Summary Order is no longer in effect as of the date this Agreement is fully executed; and it is further

**ORDERED** that the Respondent shall adhere to all terms of this Settlement Agreement; and it is further

**ORDERED** that, in the event the Respondent, or any of the owners, directors, officers, members, partners, managers, employees, or agents of the Respondent, violates any provision of this Settlement Agreement, the Maryland Consumer Loan Law, or any other State law or regulation applicable to lending in Maryland, the Commissioner may, at the Commissioner's discretion, take any enforcement actions available under FI § 2-115 and/or under the Maryland Consumer Loan Law, as well as take any other enforcement actions as permitted by, and in accordance with, applicable State law; and it is further

**ORDERED**, that this matter shall be resolved in accordance with the terms of this Settlement Agreement and the same shall be reflected among the records of the Office of the Commissioner of Financial Regulation; and it is further

**ORDERED** that this document shall constitute a Final Order of the Maryland Commissioner of Financial Regulation, and that the Commissioner may consider this Agreement and the facts set forth herein in connection with, and in deciding, any action

brought by or proceeding before the Commissioner; and that this Agreement may, if relevant, be admitted into evidence in any matter brought by or proceeding before the Commissioner.

It is so ORDERED.

IN WITNESS WHEREOF, this Agreement is executed on the day and year first above written.

MARYLAND COMMISSIONER OF  
FINANCIAL REGULATION



By: Anne Balcer Norton  
Deputy Commissioner

NATIONAL LAWSUIT FUNDING, LLC



By: Adrian Rubin  
Managing Member

**Attachments 1 – 4**

**Redacted in Full**