

IN THE MATTER OF:

**PLAINTIFF FUNDING HOLDING, INC.
d/b/a LAWCASH,**

PLAINTIFF HOLDING V LLC,

DENNIS SHIELDS,

HARVEY R. HIRSCHFELD, and

JASON YOUNGER,

Respondents.

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

CFR-FY2014-0052

SETTLEMENT AGREEMENT AND CONSENT ORDER

This Settlement Agreement and Consent Order (this "Agreement") is entered into this 18th day of July, 2016, by and between the Maryland Commissioner of Financial Regulation (the "Commissioner") and Plaintiff Funding Holding, Inc. d/b/a LawCash, Plaintiff Holding V LLC, Dennis Shields, Harvey R. Hirschfeld, and Jason Younger (the "Respondents"). The Commissioner and the Respondents ("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 advances and other consumer loans in the State of Maryland (the "State").

2. As a result of an investigation by the Office of the Commissioner of Financial Regulation (the "Agency"), it was alleged that Respondents had engaged in the business of making

litigation funding advances or other loans to Maryland consumers without the proper licenses under Maryland law, that they had failed to make required disclosures 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 August 18, 2015 (the “Summary Order”), in which the Respondents were ordered to cease and desist from engaging in the business of making advances or other loans to Maryland consumers.

4. The Respondents do not admit to the Alleged Violations set forth herein, and deny any liability under the Maryland Consumer Loan Law, the Interest and Usury Law, or any other State laws or regulations applicable to lending in Maryland. Respondents, nonetheless, wish 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 Respondents, therefore, agree to resolve this matter fully, finally, and completely without an administrative hearing as set forth in this Agreement, and further accept without condition, and fully agree to abide by, each and every term set forth in this Agreement.

5. The Commissioner desires to ensure that Respondents comply with all applicable statutes, regulations, and others laws governing the making of 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 Respondents have acted in good faith in resolving the present matter with the Agency.

6. Respondents represent that they have fully complied with the Summary Order, and that they have ceased making advances or other loans to Maryland consumers.

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

a. Respondents will pay a voluntary penalty of \$140,000 (ONE HUNDRED FORTY THOUSAND DOLLARS) in the form of three checks made payable to the "Commissioner of Financial Regulation," as follows: the first check, in the amount of \$10,000 shall be paid upon execution of this Agreement; the second check, in the amount of \$65,000, shall be paid on or before December 31, 2017; the third check, in the amount of \$65,000, shall be paid on or before June 30, 2018.

b. Respondents shall send a refund to [REDACTED] in the amount of \$8,867.94 upon execution of this Agreement.

c. For Maryland consumers (as of the date of their agreement with Respondents) who obtained litigation funding advances or other loans from the Respondents on or after August 18, 2012 and who have already satisfied their account with Respondents (whether through repayment of the contract amount or of a negotiated settlement amount), Respondents shall provide refunds as follows:

(1). For each advance or other loan made to these consumers, Respondents shall provide a full refund of any amounts collected by Respondents 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).

(2). Attachment 1 is a spreadsheet providing the name of each consumer entitled to a refund under this provision, 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 292 transactions, involving 240 different consumers, for which a refund is due under this provision, and the amount of refunds to be paid to all consumers under this provision totals \$195,842.02 (ONE HUNDRED NINETY-FIVE THOUSAND EIGHT HUNDRED FORTY-TWO DOLLARS AND TWO CENTS).

d. For each advance or other loan made to any Maryland consumer who has not yet satisfied their account with Respondents prior to the date this Agreement is fully executed, the Respondents shall waive all interest, fees, and any other charges stated in the litigation funding agreement 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). Within 30 days of this Agreement being fully executed, Respondents shall provide the Agency with a spreadsheet, labeled as “Attachment 2” and which shall then become Attachment 2 to this Agreement, identifying each transaction entitled to a waiver under this provision, the name of the consumer, the consumer’s last known home address and telephone number, and the amount of the original advance or other loan made to the Maryland consumer for each transaction. There are 100 transactions, involving 77 different consumers, for which a waiver is due under this provision.

e. The Respondents shall issue refunds to the Maryland consumers indicated in paragraph 7.c, above, in accordance with the following:

(1). Respondents 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 no later than June 30, 2017. Each refund shall be accompanied by a letter indicating that that the refund is being issued pursuant to a Settlement Agreement between the Respondents 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 July 31, 2017, the Respondents 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 August 31, 2017, if any refund payment checks mailed by the Respondents to Maryland consumers in accordance with this Agreement are either not cashed or are returned to the Respondents as non-deliverable (collectively, the "Undeliverable Refunds"), such Undeliverable Refunds will escheat to the State of Maryland. The Respondents 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 Agency, and accompanied by an update to the applicable spreadsheet referenced above as Attachment 1, which spreadsheet 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 Respondents shall relieve the Respondents of any further obligation to make refunds to these consumers.

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

f. If the Agency or Respondents become aware that any consumer was omitted from Attachments 1 or 2, but who meets the entitlement for a refund under paragraph 7.c. or waiver under 7.d., above, then Respondents shall provide a refund or waiver within two weeks of Respondents or their counsel being made aware of the omission, as appropriate based on the circumstances. The Parties shall attempt to informally resolve any disagreements or disputes on this issue, but the Agency will have the authority to make the final determination about whether a refund or waiver is required pursuant to this subparagraph.

g. The Respondents, as well as the owners, directors, officers, members, partners, managers, employees, and agents of the Respondents, agree not to offer or provide advances in Maryland or to Maryland consumers, or to otherwise engage in lending activities in Maryland or involving Maryland consumers, without first obtaining the appropriate lending licenses from the Commissioner.

h. The Respondents represent that they will submit applications for the appropriate lending licenses to the Agency as soon as practical.

8. Respondents acknowledge that they have voluntarily entered into this Agreement with full knowledge of their 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 Respondents hereby waive their right to a hearing. Respondents further acknowledge that they have 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 they have 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 Respondents, shall be admissible in court if relevant, and shall be binding upon and inure to any of the Respondents' 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 Respondents, or against any of Respondents' owners, directors, officers, members, partners, managers, or employees, for any matter arising out of or related to any advance which Respondents made to Maryland consumers 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.

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: Jedd Bellman, Assistant 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 Respondents:
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 this Agreement fully supersedes the Summary Order to Cease and Desist and Order to Produce issued to Respondents on August 18, 2015 (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 Respondents shall adhere to all terms of this Agreement; and it is further

ORDERED that, in the event the Respondents, or any of the owners, directors, officers, members, partners, managers, employees, or agents of the Respondents, violates any provision of this Agreement, the Maryland Consumer Loan Law, the Interest and Usury 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, under the Maryland Consumer Loan Law, and/or under the Interest and Usury 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 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

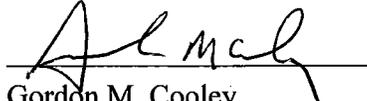
proceeding before the Commissioner; and that this Agreement may, if relevant, be admitted into evidence in any matter brought by or proceeding before the Commissioner.

It is so ORDERED.

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

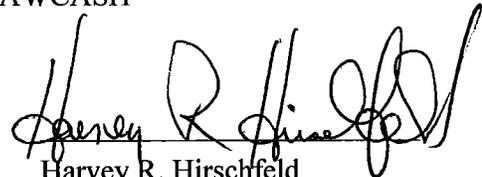
MARYLAND COMMISSIONER OF
FINANCIAL REGULATION

By:


Gordon M. Cooley
Commissioner

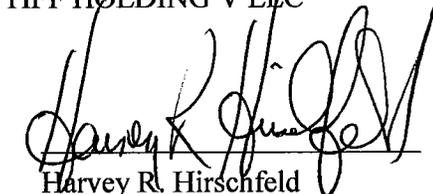
PLAINTIFF FUNDING HOLDING, INC.
d/b/a LAWCASH

By:

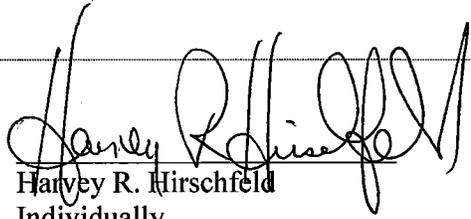

Harvey R. Hirschfeld
President
Authorized Representative

PLAINTIFF HOLDING V LLC

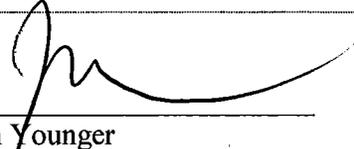
By:


Harvey R. Hirschfeld
Managing Member
Authorized Representative


Dennis Shields
Individually



Harvey R. Hirschfeld
Individually



Jason Younger
Individually

Attachments 1 and 2

Redacted in Full