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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND

MAR 31 2015

AT BALTIMORE
CLERK U.S. DISTRICT COURT
DISTRICT OF MARYLAND
DEPUTY

CONSUMER FINANCIAL PROTECTION)
BUREAU,)
1700 G Street NW)
Washington, DC 20552)

Plaintiff,)

v.)

NATIONAL CORRECTIVE GROUP, INC.,)
a Delaware corporation,)
910 Calle Negocio, San Clemente, CA 92673)

AMERICAN JUSTICE SOLUTIONS, INC.,)
a Delaware corporation, also d/b/a)
CorrectiveSolutions,)
910 Calle Negocio, San Clemente, CA 92673)

VICTIM SERVICES, INC.)
a Delaware corporation,)
910 Calle Negocio, San Clemente, CA 92673)

and)

MATS JONSSON, individually and as an officer)
of National Corrective Group, Inc., and a)
principal and officer of American Justice)
Solutions, Inc., and Victim)
Services, Inc.,)
910 Calle Negocio, San Clemente, CA 92673)

Defendants.)

CIVIL ACTION NO.

Stipulated Final Judgment and Consent Order

INTRODUCTION

Plaintiff, the Consumer Financial Protection Bureau (the "Bureau"), has filed its Complaint for a permanent injunction and other relief in this matter (the "Action"). The Bureau brought this Action against Defendants National Corrective Group, Inc. (NCG);

American Justice Solutions, Inc., doing business as CorrectiveSolutions (AJS); Victim Services, Inc., (VSI); and Mats Jonsson (Jonsson) to enforce provisions of the Fair Debt Collection Practices Act, 15 U.S.C. § 1692 *et seq.* (“FDCPA”) and the Consumer Financial Protection Act, 12 U.S.C. § 5481 *et seq.* (“CFPA”). NCG, AJS, VSI, and Jonsson waived service of the Summons and Complaint. The Bureau, NCG, AJS, VSI, and Jonsson stipulate to entry of this Order to resolve all matters in dispute in this action between them.

The parties having requested the Court to enter this Order, it is therefore ORDERED, ADJUDGED, and DECREED as follows:

FINDINGS

1. This Court has subject-matter jurisdiction over the Bureau’s claims because they are brought under Federal consumer financial law, 12 U.S.C. § 5565(a)(1), present a federal question, 28 U.S.C. § 1331, and are brought by an agency of the United States, 28 U.S.C. § 1345.
2. Venue is proper in this district because Defendants are located in and do business in this district, 28 U.S.C. §§ 1391(b) and (c), and 12 U.S.C. § 5564(f).
3. The Complaint states claims upon which relief may be granted under sections 1031(a) and 1036(a)(1) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a)(1), and under sections 807 and 809 of the FDCPA, 15 U.S.C. §§ 1692e and 1692g. The relief provided in this Order is appropriate and available pursuant to sections 1054 and 1055 of the CFPA, 12 U.S.C. §§ 5564 and 5565, and section 814 of the FDCPA, 15 U.S.C. § 1692l.
4. The Bureau and Defendants stipulate and agree to entry of this Order, without trial or final adjudication of any issue of fact or law, and without any admission of liability or wrongdoing, to settle and resolve all matters in dispute arising from the conduct of the Defendants alleged in the Complaint to the date of entry of this Order.
5. All parties waive all rights to appeal or otherwise challenge or contest the validity of this Order. Defendants further waive and release any claim they may have against the Bureau, and its employees, representatives, or agents.
6. Defendants waive any claim that they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, as amended by Pub L. 104-121, 100 Stat. 847, 863-64

(1996), and further waive any right to attorneys' fees that may arise under said provision of law.

DEFINITIONS

7. For purposes of this Order, the following definitions shall apply:
 - a. "affected consumer" means any consumer who paid financial accountability class fees, directly or indirectly, to Defendants during the relevant time period in relation to a bad check violation.
 - b. "bad check violation" means a violation of the applicable State criminal law relating to the writing of dishonored checks;
 - c. "check" means a draft, payable in United States dollars, on demand and drawn on or payable through or at an office of a depository institution, whether or not negotiable, that is handled for forward collection or return, including a substitute check and a traveler's check, but not including a noncash item;
 - d. "collection" means any procedure or action pursued by Defendants to obtain payments related to a debt and/or restitution;
 - e. "communication" means the conveying of information regarding a debt and/or restitution to any person through any medium;
 - f. "consumer" means any natural person obligated or allegedly obligated to pay any debt and/or restitution;
 - g. "Defendants" means National Corrective Group, Inc., doing business as CorrectiveSolutions; American Justice Solutions, Inc., doing business as CorrectiveSolutions; Victim Services, Inc.; Mats Jonsson, and their successors and assigns;
 - h. "District Attorney" or "DA" means a State or district attorney—the chief elected or appointed prosecuting attorney in a district, county (as defined in section 2 of title 1, United States Code), municipality, or comparable jurisdiction, including State attorneys general who act as chief elected or appointed prosecuting attorneys in a district, county (as so defined), municipality or comparable jurisdiction, who may be referred to by a variety of titles such as district attorneys, prosecuting attorneys, commonwealth's attorneys, solicitors, county attorneys, and state's attorneys, and who are responsible for the

prosecution of State crimes and violations of jurisdiction-specific local ordinances;

i. “debt and/or restitution” means any obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance, or services which are the subject of the transaction are primarily for personal, family, or household purposes, including the amount of any fees associated with a pre-trial bad check diversion program;

j. “pre-trial bad check diversion program” means any pre-charge pre-trial bad check diversion programs for alleged bad check offenders operated by Defendants.

l. “Enforcement Director” shall mean the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his/her delegee.

m. “effective date” means the date on which the Order is entered.

n. “person” means an individual, partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity.

o. “related consumer action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against any of the Defendants based on substantially the same facts as alleged in the Complaint filed in this Action.

p. “relevant time period” means the period from July 21, 2011 through March 15, 2015.

ORDER

Compliance with all applicable laws

IT IS ORDERED that:

8. Defendants, and all of their officers, and employees who have actual notice of this Order, whether acting directly or indirectly, are hereby permanently restrained and enjoined from violating the Fair Debt Collection Practices Act, 15 U.S.C. § 1692 *et seq.* (“FDCPA”) and the Consumer Financial Protection Act, 12 U.S.C. § 5481 *et seq.* (“CFPA”) and, without limiting the scope of the foregoing:

a. Defendants shall not engage in any unfair, deceptive, or abusive acts or practices in connection with the collection of any debt and/or restitution;

b. Defendants shall not engage in any unfair, deceptive, or abusive acts or practices in connection with the operation of a pre-trial bad check diversion program, financial accountability classes, or any other class associated with the collection of any debt and/or restitution;

c. Defendants shall not represent to consumers, directly or indirectly, expressly or by implication, that they are a District Attorney, including through the use of a letterhead or facsimile signature of a District Attorney, through the Defendants' manner of answering telephone calls from consumers, or otherwise; provided, however, that Defendants may reference the District Attorney in communications with consumers if they clearly and conspicuously state that Defendants are a private company administering the pre-trial bad check diversion program on behalf of the District Attorney;

d. Defendants shall clearly and conspicuously inform consumers in all communications that the communication is from the applicable Defendant;

e. Defendants shall not operate or administer a pre-trial bad check diversion program, contact consumers about a pre-trial bad check diversion program, or represent to a consumer, directly or indirectly, expressly or by implication, that they are eligible for a pre-trial bad check diversion program, unless Defendants have received from the District Attorney or an employee of the district attorney authorized to make such a determination a written verification that:

i. the District Attorney or an employee of the district attorney authorized to make such a determination has performed a review of a bad check violation and determined that probable cause of a bad check violation under State penal law exists with regard to that consumer;

ii. the District Attorney or an employee of the district attorney authorized to make such a determination has determined that contact with the alleged offender for purposes of participation in the diversion program is appropriate;

iii. the District Attorney or an employee of the district attorney authorized to make such a determination has determined that the alleged offender has failed to pay the bad check after demand for payment, pursuant to State law, was made for payment of the check amount; and

iv. the District Attorney has met all applicable state law prerequisites for including a bad check violation in the diversion program, including conducting criminal background checks, where required by state law;

f. Defendants shall not operate or administer a pre-trial bad check diversion program unless they are operating under the direction, supervision, and control of a District Attorney;

g. Defendants shall not represent to consumers, directly or indirectly, expressly or by implication, that consumers may be subject to legal action, including criminal prosecution except that Defendants may accurately restate or cite applicable state penal bad check laws;

h. Defendants shall not represent to consumers, directly or indirectly, expressly or by implication, that nonpayment of a debt will result in consumers' arrest or imprisonment;

i. Defendants shall not, directly or indirectly, expressly or by implication, refer to legal action, criminal charges, criminal prosecution, fines, arrest, or imprisonment, in headers, titles, bold font, or all-capital letters in any communication with a consumer;

j. Defendants shall include as part of an initial communication with any consumer the clear and conspicuous statement: The District Attorney's Office has reviewed a summary of the allegations and has determined that you are eligible for the Program. The District Attorney's Office has not decided whether you should be charged with a crime. That decision will be made by that Office at a future date and may depend on many factors. Those factors could include: (1) the amount of the check; (2) whether there is evidence and the weight of the evidence that you knowingly wrote a bad check; (3) your criminal record; and (4) the individual facts and circumstances of your case. Many cases are never prosecuted;

k. In any communication to consumers about a diversion program, Defendants shall clearly and conspicuously disclose: the original amount of the bad check and each fee, including administrative, returned item, and program fees;

l. In any communication to consumers about a diversion program, Defendants shall clearly and conspicuously inform consumers that participation in the diversion program is voluntary; and

m. Defendants shall include as part of an initial communication with any consumer a clear and conspicuous statement as required by section 818(a)(2)(C)(v) of the FDCPA, 15 U.S.C. § 1692p(a)(2)(C)(v), that:

i. the alleged offender may dispute the validity of any bad check violation;

ii. where the alleged offender knows, or has reasonable cause to believe, that the alleged bad check violation is the result of theft or forgery of the check, identity theft, or other fraud that is not the result of the conduct of the alleged offender, the alleged offender may file a crime report with the appropriate law enforcement agency; and

iii. if the alleged offender notifies the private entity or the district attorney in writing, not later than 30 days after being contacted for the first time pursuant to 15 U.S.C. § 1692p(a)(2)(C)(iv), that there is a dispute pursuant to 15 U.S.C. § 1692p(a), before further restitution efforts are pursued, the district attorney or an employee of the district attorney authorized to make such a determination makes a determination that there is probable cause to believe that a crime has been committed.

9. Defendants shall not, if acting as debt collectors under section 803(6) of the FDCPA, 15 U.S.C. § 1692a(6):

a. fail to disclose in the initial written communication with the consumer that Defendants are debt collectors attempting to collect a debt and that any information obtained will be used for that purpose, or fail to disclose in subsequent communications that the communication is from a debt collector;

b. fail to provide consumers in the initial communication or five days thereafter, proper notice under the FDCPA, including:

- i. that unless the consumer, within thirty days after receipt of the notice, disputes the validity of the debt, or any portion thereof, the debt will be assumed to be valid by the debt collector; and
- ii. that if the consumer notifies the debt collector in writing within the thirty-day period that the debt, or any portion thereof, is disputed, the debt collector will obtain verification of the debt or a copy of a judgment against the consumer and a copy of such verification or judgment will be mailed to the consumer by the debt collector.

Civil Money Penalties

IT IS FURTHER ORDERED that:

10. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law alleged in the Complaint, and taking into account the factors set forth in 12 U.S.C. § 5565(c)(3), Defendants shall pay a civil money penalty of \$50,000 to the Bureau, as directed by the Bureau and as set forth herein.

11. Within 10 days of the effective date, Defendants shall pay the civil money penalty in the form of a wire transfer to the Bureau or to such agent as the Bureau may direct, and in accordance with wiring instructions to be provided by counsel for the Bureau.

12. The civil money penalty paid under this Order will be deposited in the Civil Penalty Fund of the Bureau in accordance with section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).

13. Defendants shall treat the civil money penalty paid under this Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Defendants shall not:

- a. claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Order; or
- b. seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Order.

14. To preserve the deterrent effect of the civil money penalty, in any related consumer action, Defendants shall not argue that Defendants are entitled to, nor shall

Defendants benefit by, any offset or reduction of any monetary remedies imposed in the related consumer action, because of the civil money penalty paid in this action (“penalty offset”). If the court in any related consumer action grants such a penalty offset, Defendants shall, within 30 days after entry of a final order granting the penalty offset, notify the Bureau, and pay the amount of the penalty offset to the U.S. Treasury. Such a payment shall not be deemed an additional civil money penalty and shall not be deemed to change the amount of the civil money penalty imposed in this action.

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

15. In the event of any default on Defendants’ obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.

16. Defendants must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Defendants.

17. Under 31 U.S.C. § 7701, Defendants, unless they already have done so, must furnish to the Bureau their taxpayer identification numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

18. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, any Defendant subject or party to such judgment, order, or settlement must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that the Defendant paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

19. Under section 604(a)(I) of the Fair Credit Reporting Act, 15 U.S.C. § 1681 b(a)(1), any consumer reporting agency may furnish a consumer report concerning any Defendant to the Bureau, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

Compliance Plan

IT IS FURTHER ORDERED that:

20. Within 30 days of the effective date, Defendants shall submit to the Enforcement Director for review and determination of non-objection a comprehensive compliance plan designed to ensure that their operation of pre-trial bad check diversion programs complies with all applicable Federal consumer financial laws and the terms of this Order ("Compliance Plan"). The Compliance Plan shall include, at a minimum, detailed steps for addressing each action required by this Order, and specific timeframes and deadlines for implementation of those actions.

21. The Enforcement Director shall have the discretion to make a determination of non-objection to the Compliance Plan or direct the Defendants to revise it. In the event that the Enforcement Director directs the Defendants to revise the Compliance Plan, the Defendants shall make the revisions and resubmit the Compliance Plan to the Enforcement Director within 15 days.

22. Upon notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, Defendants shall implement and adhere to the steps, recommendations, deadlines, and timeframes set forth in the Compliance Plan.

Reporting Requirements

IT IS FURTHER ORDERED that:

23. Defendants shall notify the Bureau of any change that may affect compliance obligations arising under this Order, including but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; the filing of any bankruptcy or insolvency proceeding by or against Defendants; or a change in the name or address of Defendants.

24. Within 90 days of the effective date, and again one year after the effective date, Defendants shall submit to the Enforcement Director an accurate written compliance progress report which has been approved by Defendants' officers, which, at a minimum, describes in detail the manner and form in which Defendants have complied with this Order.

25. After the one-year period, Defendants shall submit to the Enforcement Director additional Compliance Reports within 14 days of receiving a written request from the Bureau.

Cooperation with the Bureau

26. Defendants must cooperate fully to help the Bureau determine the identity and location of, and the amount of injury sustained by, each affected consumer. Each Defendant must provide such information in its or its agents' possession or control within 14 days of receiving a written request from the Bureau.

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that,

27. Within seven days of the effective date, Defendants shall submit to the Enforcement Director an acknowledgment of receipt of this Order, sworn under penalty of perjury.

28. Within 30 days of the effective date, Defendants shall deliver a copy of this Order to each of their board members and executive officers, as well as to any managers, employees, or other agents and representatives who have responsibilities related to the subject matter of the Order.

29. For five years from the effective date, Defendants shall deliver a copy of this Order to any business entity resulting from any change in structure, as set forth in Paragraph 22, and to any future board members and executive officers, as well as to any managers, employees, or other agents and representatives who will have responsibilities related to the subject matter of the Order before they assume their responsibilities.

30. Defendants shall secure a signed and dated statement acknowledging receipt of a copy of this Order, with any electronic signatures complying with the requirements of the E-Sign Act, 15 U.S.C. § 7001 et seq., within 30 days of delivery, from all persons receiving a copy of this Order under this Section.

Recordkeeping

IT IS FURTHER ORDERED that:

31. Defendants shall create, for at least five years from the effective date, and then retain, for at least five years, and make available to the Bureau upon request, the following business records:

- a. all documents and records necessary to demonstrate full compliance with each provision of this Order; and
- b. copies of all template letters to consumers; call scripts; training materials; websites; and other template communications with consumers; and including any such materials used by a third party on behalf of Defendants as they relate to pre-trial diversion program as defined in Paragraph 7(i).

Notices

IT IS FURTHER ORDERED that:

32. Unless otherwise directed in writing by the Bureau, Defendants must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "In re National Corrective Group, File No. 2012-0403-02," and send them either:

- a. By overnight courier (not the U.S. Postal Service), as follows:

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1625 Eye Street, N.W.
Washington D.C. 20006; or

- b. By first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington D.C. 20552

Compliance Monitoring

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Order:

33. Within 14 days of receipt of a written request from the Bureau, Defendants shall: submit additional compliance reports or other requested information, which shall

be made under penalty of perjury; appear for depositions; provide sworn testimony; or produce documents.

34. The Bureau is also authorized to obtain discovery, without leave of court, using any of the procedures prescribed by the Bureau's Rules of Practice for Adjudication Proceedings, 12 C.F.R. Part 1081, or the Federal Rules of Civil Procedure.

35. For purposes of this Section, the Bureau may communicate directly with Defendants, unless Defendants retain counsel in connection with such communications.

36. Defendants shall permit Bureau representatives to interview any employee or other person affiliated with Defendants who has agreed to such an interview. The person interviewed may have counsel present.

37. The Bureau may use all other lawful means, including posing, through its representatives, as consumers, suppliers, or other individuals or entities, to Defendants or any individual or entity affiliated with Defendant, without the necessity of identification or prior notice.

38. Defendants agree to be subject to the Bureau's supervisory authority under 12 U.S.C. § 5514 for 3 years from the effective date. Consistent with 12 C.F.R. § 1091.111, Defendants shall not petition for termination of supervision under 12 C.F.R. § 1091.113.

39. Nothing in this Order shall limit the Bureau's lawful use of compulsory process, under 12 C.F.R. § 1080.6 or any other applicable provision.

Administrative Provisions

IT IS FURTHER ORDERED that:

40. Except for "Released Claims", as defined below, the provisions of this Order shall not bar, estop, or otherwise prevent the Bureau from taking any other action against Defendants and their successors and assigns.

41. Calculation of time limitations shall run from the effective date and shall be based on calendar days, unless otherwise noted.

42. This Order contains the complete agreement between the parties. No promises, representations, or warranties other than those set forth in this Order have been made by any of the parties. This Order supersedes all prior communications, discussions, or understandings, if any, of the parties, whether oral or in writing.

43. Nothing in this Order shall be construed as allowing Defendants to violate any law, rule, or regulation.

Scope of Consent Order

44. The Bureau releases and discharges Defendants and their respective officers, directors, shareholders, successors, and assigns, from all potential liability for any cause of action or claim that has been or might have been asserted by the Bureau based on the practices alleged in the Complaint to the extent such practices or conduct are known to the Bureau prior to the effective date (collectively "Released Claims"). Notwithstanding the foregoing, the practices alleged in this Order may be utilized by the Bureau in future enforcement actions against Defendants and their affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release shall not preclude or affect any right of the Bureau to determine and ensure compliance with the terms and provisions of the Order, or to seek penalties for any violations thereof.

Retention of Jurisdiction

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

SO ORDERED this 31st day of MARCH, 2015.




UNITED STATES DISTRICT JUDGE

THE UNDERSIGNED HEREBY CONSENT TO ENTRY OF THIS ORDER
On behalf of Plaintiff Consumer Financial Protection Bureau

Anthony Alexis
Director for Enforcement

Cara Petersen
Acting Deputy Director for Enforcement

Sarah Auchterlonie
Assistant Deputy Director for Enforcement




Zol D. Rainey, Bar No. 803105
Senior Litigation Counsel

James Meade, Bar No. 803044
Enforcement Attorney

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Email: zol.rainey@cfpb.gov

DATED March 27, 2015.

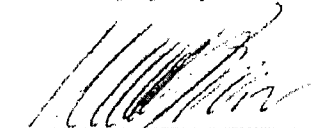
On behalf of Defendant National Corrective Group, Inc.



Mats Jonsson
CEO
National Corrective Group, Inc.

March 17, 2015

On behalf of Defendant American Justice Solutions, Inc.



Mats Jonsson
CEO
American Justice Solutions, Inc.

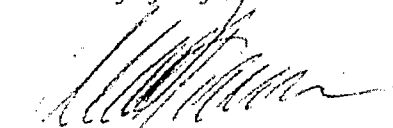
March 17, 2015

On behalf of Defendant Victim Services, Inc.

Thomas Jonsson
President
Victim Services, Inc.

March 17, 2015

On behalf of Defendant Mats Jonsson



Mats Jonsson
Individual

March 17, 2015

On behalf of Defendant National Corrective Group, Inc.

Mats Jonsson
CEO
National Corrective Group, Inc.

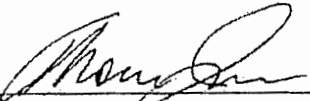
March 17, 2015

On behalf of Defendant American Justice Solutions, Inc.

Mats Jonsson
CEO
American Justice Solutions, Inc.

March 17, 2015

On behalf of Defendant Victim Services, Inc.



Thomas Jonsson
President
Victim Services, Inc.

March 17, 2015

On behalf of Defendant Mats Jonsson

Mats Jonsson
Individual

March 17, 2015