

# Exhibit C

**UNITED STATES OF AMERICA  
Before the  
CONSUMER FINANCIAL PROTECTION BUREAU**

**ADMINISTRATIVE PROCEEDING  
File No. 2015-CFPB-0029**

**In the Matter of:**

**INTEGRITY ADVANCE, LLC and  
JAMES R. CARNES,**

**Respondents.**

**DECLARATION OF  
ROBERT J. HUGHES**

**DECLARATION OF ROBERT J. HUGHES**

District of Columbia:

I, Robert J. Hughes, hereby declare and state as follows:

1. I am employed by the Consumer Financial Protection Bureau (“CFPB”) as a Data Scientist in the CFPB Office of Technology and Innovation in Washington, DC. The following reflects an analysis that I performed based on a dataset provided by Integrity Advance and if called as a witness, I would competently testify thereto.
2. As part of my job, I perform numeric analysis for Enforcement investigations at the CFPB. I have been assigned to work on the Bureau’s administrative proceeding against Integrity Advance, LLC and James R. Carnes.

3. Respondents' dataset demonstrates that Integrity Advance originated 304,227 loans from May 2008 through May 2013.
4. Respondents' dataset demonstrates that Integrity Advance serviced 108,789 loans with payments made on or after July 21, 2011.

Overpayments

5. Respondents' dataset demonstrates that 209,899 of 304,227, or 69% of all loans (including those in which there were no rollovers) paid more than the amount that the company would have disclosed as the 'total of payments' in the TILA box in its loan agreements.
6. Respondents' dataset demonstrates that 76% of loans *which were renewed or rolled over* paid more than the amount that the company would have disclosed as the 'total of payments' in the TILA box in its loan agreements.
  - a. Specifically, Respondents' dataset demonstrates that from May 2008 to May 2013, 209,899 renewed loans paid a total of \$133,422,838.83 more than the total amounts that would have been disclosed by Respondents as the 'total of payments' in the TILA box.
  - b. Respondents' dataset demonstrates that on or after July 21, 2011, 59,689 renewed loans paid a total of \$40,886,753 more than the total amounts that would have been disclosed by Respondents as the 'total of payments' in the TILA box.
7. Respondents' dataset shows that renewed loans (with at least one cleared payment transaction) that paid exactly the amount disclosed in the loan agreement represent only 0.99% of all loans.

ACH Payments

8. Respondents' dataset shows that 98.5% of initial loan repayments (on loans with any cleared payment transaction) were made via ACH.

Remotely Created Checks

9. Respondents' dataset shows that the company used remotely created checks on 2,024 loans after the consumer had previously revoked or otherwise blocked ACH debits from her account.
10. Respondents' dataset shows that the company used remotely created checks 3,545 times after the consumer had revoked or otherwise blocked ACH debits from her account.
11. Respondents' dataset shows that \$839,879.50 was taken by Integrity Advance through remotely created checks after the consumer had revoked or otherwise blocked ACH debits from her account.
  - a. Respondents' dataset shows that after July 21, 2011, \$265,452.50 was taken by Integrity Advance through remotely created checks after the consumer had revoked or otherwise blocked ACH debits from her account.

Explanation of Analysis

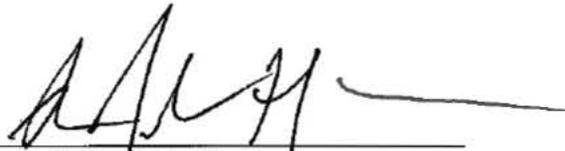
12. I performed this analysis entirely in SQL based on the dataset provided by Respondents.
13. I confined my analysis to loans which were observable in the dataset provided by Respondents that contained at least one transaction record.
14. I relied on two primary source documents for interpreting the fields in the dataset: the data dictionary provided by Integrity Advance (INTEG036035-036037), and the

TransDotCom Loan Management System Operations Manual (CFPB038354-038369)

15. I have used the term “loan” above to refer to the sequence of repayments and renewals made against an original loan application number.
16. When calculating amounts paid by the customer, I have included only records that:
  - a. had a Payment Mode field of ACH, Cash, or Check;
  - b. were designated as NSF Payment, Charge Off Payment, or Standard Payment type;
  - c. were marked as Cleared; and
  - d. were not void.
17. I have used the term “renewed loan” to refer to all loans that were rolled over. This list is defined as loans which were initially renewed concurrent with a payment.
18. I have assumed for renewed loans that:
  - a. the initial renewal record indicates the principal borrowed, and
  - b. that the initial payment record following the renewal (as allocated to Finance Charge) indicates the expected finance charge payment of the loan.
19. I have assumed that the principal borrowed plus initial payment record following the renewal, together equal the amount that that would have been disclosed by Respondents as the ‘total of payments’ in the TILA box.
20. I have used the phrase “revoked or otherwise blocked ACH debits” to refer to the ACH return codes R07, R08, and R10.
21. I have assumed that loans originate at the time of the first transaction.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Executed on May 10, 2016.



Robert J. Hughes