

**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**

**PREHEARING ORDER**  
**CONCERNING THE STATUS**  
**OF REMAINING ISSUES AND**  
**ALL EXHIBITS**

**Hon. Parlen L. McKenna**

For the convenience of the parties and to maintain clarity for the record, this Prehearing Order memorializes the status of each party's exhibits as well as the remaining issues for hearing.

**REMAINING ISSUES FOR HEARING**

1. Count III: CFPA (Deception) – Against Respondent James Carnes.
2. Count VII: CFPA (Unfairness) – Against Respondents Integrity Advance and James Carnes.
3. Damages and recoupment

**CONSUMER FINANCIAL PROTECTION BUREAU'S EXHIBITS**

<b>Ex. #</b>	<b>Description</b>	<b>Status</b>
1	Completed consumer application and loan agreement	Admitted
2	Completed consumer application and loan agreement	Admitted
3	Completed consumer application and loan agreement	Admitted
4	Completed consumer application and loan agreement	Admitted

5	Completed consumer application and loan agreement	Admitted
6	Completed consumer application and loan agreement	Admitted
7	Completed consumer application and loan agreement	Admitted
8	Completed consumer application and loan agreement	Admitted
9	Completed consumer application and loan agreement	Admitted
10	Completed consumer application and loan agreement	Admitted
11	Completed consumer application and loan agreement	Admitted
12	Completed consumer application and loan agreement	Admitted
13	Completed consumer application and loan agreement	Admitted
14	Completed consumer application and loan agreement	Admitted
15	September 2010 Hayfield balance sheet	Ruling deferred
16	January 2011 Hayfield income statement	Ruling deferred
17	February 2011 Hayfield income statement	Ruling deferred
18	March 2011 Hayfield income statement	Ruling deferred
19	April 2011 Hayfield income statement	Ruling deferred
20	May 2011 Hayfield income statement	Ruling deferred
21	June 2011 Hayfield income statement	Ruling deferred
22	July 2011 Hayfield income statement	Ruling deferred
23	August 2011 Hayfield income statement	Ruling deferred
24	September 2011 Hayfield income statement	Ruling deferred
25	October 2011 Hayfield income statement	Ruling deferred
26	November 2011 Hayfield income statement	Ruling deferred
27	December 2011 Hayfield income statement	Ruling deferred

28	January 2012 Hayfield income statement	Ruling deferred
29	February 2012 Hayfield income statement	Ruling deferred
30	March 2012 Hayfield income statement	Ruling deferred
31	April 2012 Hayfield income statement	Ruling deferred
32	May 2012 Hayfield income statement	Ruling deferred
33	June 2012 Hayfield income statement	Ruling deferred
34	July 2012 Hayfield income statement	Ruling deferred
35	August 2012 Hayfield income statement	Ruling deferred
36	September 2012 Hayfield income statement	Ruling deferred
37	October 2012 Hayfield income statement	Ruling deferred
38	November 2012 Hayfield income statement	Ruling deferred
39	Hayfield 2011 income statement	Ruling deferred
40	Hayfield 2012 income statement	Ruling deferred
41	Hayfield 2012 balance sheet	Ruling deferred
42	2010 Integrity Advance income statement and balance sheet	Ruling deferred
43	2011 Integrity Advance income statement and balance sheet	Ruling deferred
44	2012 Integrity Advance income statement and balance sheet	Ruling deferred
45	Hayfield 2011 tax return	Ruling deferred
46	Hayfield 2011 partnership income tax filing	Ruling deferred
47	Hayfield 2012 partnership income tax filing	Ruling deferred
48	2011 Hayfield partnership distributions to Willowbrook	Ruling deferred
49	2012 Hayfield partnership distributions to Willowbrook	Ruling deferred
50	Asset purchase agreement between Hayfield and EZ Corp	Ruling deferred

51	Lead purchase agreement between Integrity Advance and LeadPile	Ruling deferred
52	Lead purchase agreement between Integrity Advance and Incent Media	Ruling deferred
53	Lead purchase agreement between Integrity Advance and T3 Leads	Ruling deferred
54	Lead purchase agreement between Partner Weekly and Integrity Advance	Ruling deferred
55	Signature card for First Bank of Louisburg	Ruling deferred
56	ACH origination agreement between MoneyGram and Integrity Advance	Admitted (under seal)
57	Invoice from ClearVox to Integrity Advance	Admitted
58	Invoice from ClearVox to Integrity Advance	Admitted
59	Arbitration provision template	Admitted
60	Integrity Advance application template	Admitted
61	Loan agreement template	Admitted
62	Application template	Admitted
63	Application and loan agreement template	Admitted
64	ACH authorization template	Admitted
65	Integrity Advance organizational chart	Admitted
66	Description of Hayfield entities	Admitted
67	Hayfield organizational chart	Admitted
68	James Carnes investigational hearing transcript	Admitted

69	Edward Foster investigational hearing transcript	Admitted
70	November 25, 2013 interrogatory responses	Ruling deferred
71	Integrity Advance's October 25, 2013 interrogatory responses to January 7, 2013 Civil Investigative Demand	Ruling deferred
72	Declaration of Bureau Robert J. Hughes	Admitted
73	Declaration of Christopher Albanese	Admitted
74	Nov. 1, 2011 – Dec. 9, 2011 emails regarding a consumer refund requested by the New Hampshire Banking Department	Ruling deferred
75	Consumer complaints produced by the Better Business Bureau on June 10, 2013 pertaining to ACH stop/revocation and RCC issues	Admitted in Part and Excluded in Part
76	June 10, 2014 email to Alusheyi Wheeler attaching Better Business Bureau complaints	Admitted
77	ClearVox Facilitators Guide	Ruling deferred
78	Integrity Advance procedures manual	Ruling deferred
79	Loan Management System Operations Manual	Ruling deferred
80	Data dictionary produced by Integrity Advance on April 22, 2016 in response to February 19, 2016 subpoena for data	Admitted
81	Section 7.9 of Loan Management System Operations Manual	Ruling deferred
82	NACHA Table of ACH Return Reason Codes	Admitted
83	July 22, 2008 Lead Purchase Insertion Order between Partner Weekly and Integrity Advance	Ruling deferred
84	Hayfield Investment Partners, LLC Consolidated Income	Ruling deferred

	Statement YTD Thru September 2010	
85	January 19, 2009 Debt collection agreement between Integrity Financial Partners, Inc. and Hayfield Investment Partners, LLC	Ruling deferred
86	March 21-23, 2011 emails between ClearVox and Integrity Advance employees	Ruling deferred
87	February 21-25, 2011 emails between James Carnes, Edward Foster, and ClearVox employees	Ruling deferred
88	November 13-14, 2008 emails between James Carnes and ClearVox employees	Ruling deferred
89	February 21, 2008 email from ClearVox employee to James Carnes	Ruling deferred
90	February 20, 2008 emails between James Carnes and ClearVox employee	Ruling deferred
91	Hayfield Investment Partners, LLC 2012 Tax Return	Ruling deferred
92	Expert Report of Dr. Manoj Hastak	Admitted
93	Respondents' December 11, 2015 Answer and Affirmative Defenses to Notice of Charges	Admitted
94	"An Examination of Remotely Created Checks" by Ana R. Cavazos-Wright	Admitted
95	Excel spreadsheet entitled "Check_Draft_Cleared_Payments" produced on May 5, 2016 in response to February 19, 2016 subpoena for data	Admitted
96	16 C.F.R. Part 310 Telemarketing Sales Rule: Federal Register	Admitted

	Notice	
97	Charts containing Integrity Advance values from transaction data produced in response to February 19, 2016 subpoena for data	Admitted
98	"A Guide to Remotely Created Checks" by Dave Mercurio and Angie Spitzley	Admitted
99	May 5, 2016 email from Allyson Baker to Vivian Chum and others	Admitted
100	Consumer #21292653 Transactions on Integrity Advance \$500 loan #54158546	Admitted
101	Integrity Advance consumer transaction data produced in response to February 19, 2016 subpoena for data	Admitted

### RESPONDENTS' EXHIBITS

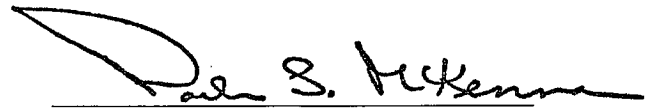
001	Integrity Advance Reporting Structure	Admitted (Confidential)
002	Integrity Advance Amended Operating Agreement	Admitted (Confidential)
003	Novemsky Report dated March 25, 2016	Admitted
004	Novemsky CV dated June 2016	Admitted
005	List of Documents and Materials considered in Novemsky Report	Admitted
006	Attachments to Declaration of Chris Carson	Withdrawn

007	DE LLC Formation	Admitted (Confidential)
008	2011 DE License Renewal Application	Admitted (Confidential)
009	2012 DE License Renewal Application	Admitted (Confidential)
010	2013 DE License Renewal Application	Admitted (Confidential)
011	2011 DE License Renewal Acceptance Letter	Admitted (Confidential)
012	2012 DE License Renewal Acceptance Letter	Admitted (Confidential)
013	2013 DE License Renewal Acceptance Letter	Admitted (Confidential)
014	2011 DE Report of Delaware Assets	Admitted (Confidential)
015	January 25, 2010 email between E. Quinn Miller and Edward Foster (pending response from Delaware Office of the State Bank Commissioner)	Withdrawn
016	January 29, 2010 Letter to E. Quinn Miller from Claudia Callaway (pending response from Delaware Office of the State Bank Commissioner)	Withdrawn
017	January 11, 2012 Email from Kelley R. Jones to Edward Foster,	Withdrawn



	and attachments (pending response by Delaware Office of the State Bank Commissioner)	
018	2012 Report of Exam from the Delaware State Bank Commissioner (pending response by Delaware Office of the State Bank Commissioner)	Withdrawn

**SO ORDERED.**



Hon. Parlen L. McKenna  
Administrative Law Judge  
United States Coast Guard

Done and dated on this 18<sup>th</sup> day of July, 2016 at Alameda, California.

**CERTIFICATE OF SERVICE**

I hereby certify that I have served the *Prehearing Order Concerning the Status of Remaining Issues and all Exhibits* (2015-CFPB-0029) upon the following Parties and Entities in this proceeding as indicated in the manner described below:

**Via Fax and email: D05-PF-ALJBALT-ALJDocket**

United States Coast Guard  
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**Via Electronic Mail to CFPB Counsel(s) and  
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**Via Electronic Mail to Respondents' Counsel as follows:**

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Done and dated this 18<sup>th</sup> day in July, 2016  
Alameda, California

  
Cindy June Melendres  
Paralegal Specialist to the  
Hon. Parlen L. McKenna