

TAMMY Y. KANESHIRO 6287
Regulated Industries Complaints Office
Department of Commerce and Consumer Affairs
State of Hawaii
Leiopapa A Kamehameha Building
235 South Beretania Street, Suite 900
Honolulu, Hawaii 96813
Telephone: 586-2660

DEPT. OF COMMERCE
AND CONSUMER AFFAIRS

2009 MAY 26 P 1:43

HEARINGS OFFICE

Attorney for Department of Commerce
and Consumer Affairs

COLLECTION AGENCIES PROGRAM
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

In the Matter of the Collection Agencies)	COL 2005-40-L
Registration of)	COL 2005-45-L
)	COL 2008-19-L
NCO FINANCIAL SYSTEMS, INC.,)	COL 2009-9-L
)	COL 2009-13-L
Respondent.)	
)	SETTLEMENT AGREEMENT PRIOR TO
)	FILING OF PETITION FOR DISCIPLINARY
)	ACTION, EXHIBITS "1" – "4", AND
)	DIRECTOR'S FINAL ORDER
)	
)	

244092407

SETTLEMENT AGREEMENT PRIOR TO FILING OF PETITION
FOR DISCIPLINARY ACTION AND DIRECTOR'S FINAL ORDER

Petitioner, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS'

REGULATED INDUSTRIES COMPLAINTS OFFICE (hereinafter "RICO" or "Petitioner"),

through its undersigned attorney, and Respondent NCO FINANCIAL SYSTEMS, INC.

(hereinafter "Respondent"), enter into this Settlement Agreement on the terms and conditions set forth below.

A. UNCONTESTED FACTS

1. At all relevant times herein, Respondent was registered by the Collection Agencies Program (hereinafter the "Program") as a collection agency under Registration Number COLA 143. The registration was issued on or about May 7, 1997. The registration will expire on or about June 30, 2010.

2. Respondent's business address is Richard Gonsalves, Jr., PC, 1003 Bishop Street, Honolulu, Hawaii 96813.

3. Respondent's mailing address is Richard Gonsalves, Jr., PC, [REDACTED]
[REDACTED]

4. RICO received a complaint alleging that Respondent engaged in dishonest and deceitful acts by deducting monies from Complainant Cynthia Massa's checking account without her authorization.

5. RICO alleges that Respondent made repeated false representations or implications of the character, extent or amount of a claim against a debtor or alleged debtor.

6. RICO received a complaint alleging that Respondent used intimidating techniques to collect a debt Complainant Charles Rezentes does not owe.

7. RICO alleges that Respondent had sent Complainant a copy of a letter dated June 9, 2005 to the DMV Licensing Administrator requesting revocation of Complainant's driving privileges claiming that Complainant did not make an agreement to repay the monies owed to Respondent or has defaulted on repayments.

8. RICO alleges that Respondent made a false accusation to another person that a debtor or an alleged debtor has not paid a just debt or threat to so make a false accusation.

9. RICO alleges that Respondent made a false representation or implication of the character, extent or amount of a claim against a debtor or alleged debtor.

10. RICO received a complaint alleging that Respondent had entered into a Consent Order with State of Minnesota, Department of Commerce on January 2, 2002 relating to their collection activities and that Respondent failed to report that disciplinary action in writing to the Hawaii licensing authority within 30 days. Attached hereto as Exhibit “1” is a copy of the Consent Order dated January 2, 2002.

11. RICO received a complaint alleging that Respondent had entered into a Consent Order with State of Minnesota, Department of Commerce on April 23, 2008 relating to its collection activities. Attached hereto as Exhibit “2” is a copy of the Consent Order dated January 2, 2002.

12. RICO received a complaint alleging that Respondent had entered into a Consent Order with State of Minnesota, Department of Commerce on October 8, 2008 relating to their collection activities. Attached hereto as Exhibit “3” is a copy of the Consent Order dated October 8, 2008.

13. RICO received a complaint alleging that Respondent had entered into an Assurance of Voluntary Compliance with the State of Texas on December 2, 2008 relating to their collection activities. Attached hereto as Exhibit “4” is a copy of the December 2, 2008 disciplinary decision.

14. RICO alleges that Respondent received disciplinary actions by other states for reasons provided by the Hawaii licensing laws and that Respondent failed to report the January 2, 2002 State of Minnesota disciplinary action in writing within 30 days.

15. The foregoing RICO allegations, if proven at an administrative hearing before the Program, would constitute violations of the following statute(s) and/or rule(s): Hawaii Revised Statutes ("HRS") §§ 436B-19(13) (disciplinary actions taken in another jurisdiction), 436B-19(15) (failure to report within 30 days), 436B-19(17) (violating chapter, law or rules), 443B-4.57 (violation chapter or rules), 443B-15(3) (false accusation), 443B-18(5) (false representation or implication), and 443B-20 (unfair methods of competition and unfair or deceptive acts or practices).

16. The Program has jurisdiction over the subject matter herein and over the parties hereto.

B. REPRESENTATIONS BY RESPONDENT

1. Respondent is fully aware that Respondent has the right to be represented by an attorney and voluntarily waives that right.

2. Respondent enters into this Settlement Agreement freely, knowingly, voluntarily, and under no coercion or duress.

3. Respondent is aware of the right to have a hearing to adjudicate the issues in the case. Pursuant to HRS § 91-9(d), Respondent freely, knowingly, and voluntarily waives the right to a hearing and agrees to dispose of this case in accordance with the terms and conditions of this Settlement Agreement.

4. Respondent being at all times relevant herein registered as a collection agency by the Program acknowledges that Respondent is subject to penalties including but not limited to, revocation, suspension or limitation of the registration and administrative fines, if the foregoing allegations are proven at hearing.

5. Respondent does not admit that it has violated any law or rule by signing this Settlement Agreement, but acknowledges that RICO has alleged cause to take action based on paragraphs A.1. through A.16. contained herein.

6. Respondent enters into this Settlement Agreement as a compromise of the claims and to conserve on the expenses of proceeding with an administrative hearing on this matter.

7. Respondent agrees that this Settlement Agreement is intended to resolve the issues raised in RICO's investigation in RICO Case Nos. COL 2005-40-L, 2005-45-L, COL 2008-19-L, 2009-9-L, and 2009-13-L.

C. TERMS OF SETTLEMENT

1. Administrative assessment. Respondent agrees to pay an assessment in the amount of SIX THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$6,500.00.). Payment shall be made by **cashier's check or money order made payable to "DCCA - Compliance Resolution Fund"** and mailed to the Regulated Industries Complaints Office, Attn: Tammy Y. Kaneshiro, Esq., 235 S. Beretania Street, 9th Floor, Honolulu, Hawaii 96813. Payment of the assessment shall be due at the time this fully executed Settlement Agreement is returned to RICO.

2. Failure to Comply with Settlement Agreement. If Respondent fails to fully and timely comply with the terms of this Settlement Agreement as set forth in paragraph(s) C.1. above, Respondent's registration shall be automatically revoked upon RICO's filing of an affidavit with the Program attesting to such failure. In case of such revocation, Respondent shall turn in all indicia of the registration to the Executive Officer of the Program within ten (10) days after receipt of notice of the revocation. In case of such revocation, Respondent understands

Respondent cannot apply for a new registration until the expiration of at least five (5) years after the effective date of the revocation. Respondent understands that if Respondent desires to become registered again, Respondent must apply to the Program for a new registration pursuant to and subject to HRS §§ 92-17, 436B-21, and all other applicable laws and rules in effect at the time.

3. Possible further sanction. The Program, at its discretion, may pursue additional disciplinary action as provided by law to include further fines and other sanctions as the Program may deem appropriate if Respondent violates any provision of the statutes or rules governing the conduct of collection agencies in the State of Hawaii, or if Respondent fails to abide by the terms of this Settlement Agreement.

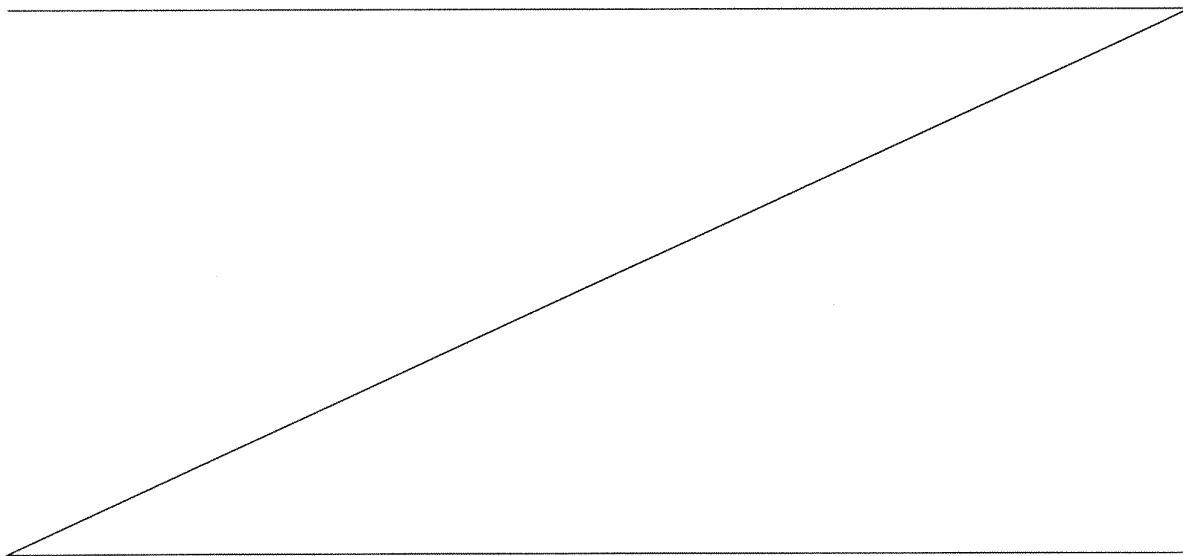
4. Approval of the Program. Respondent agrees that, except for the representations, agreements and covenants contained in Paragraphs C.5., C.6., C.7. and C.8. below, this Settlement Agreement shall not be binding on any of the parties unless and until it is approved by the Program.

5. No Objection if the Program Fails to Approve. If the Program does not approve this Settlement Agreement, does not issue an order pursuant thereto, or does not approve a lesser remedy, but instead an administrative hearing is conducted against Respondent in the Program's usual and customary fashion pursuant to the Administrative Procedure Act, Respondent agrees that neither Respondent nor any attorney that Respondent may retain, will raise as an objection in any administrative proceeding or in any judicial action, to the Program's proceeding against Respondent on the basis that the Program has become disqualified to consider the case because of its review and consideration of this Settlement Agreement.

6. Any Ambiguities Shall be Construed to Protect the Consuming Public. It is agreed that any ambiguity in this Settlement Agreement is to be read in the manner that most completely protects the interests of the consuming public.

7. No Reliance on Representations by RICO. Other than the matters specifically stated in this Settlement Agreement, neither RICO nor anyone acting on its behalf has made any representation of fact, opinion or promise to Respondent to induce entry into this Settlement Agreement, and Respondent is not relying upon any statement, representation or opinion or promise made by RICO or any of its agents, employees, representatives or attorneys concerning the nature, extent or duration of exposure to legal liability arising from the subject matter of this Settlement Agreement or concerning any other matter.

8. Complete Agreement. This Settlement Agreement is a complete settlement of the rights, responsibilities and liabilities of the parties hereto with respect to the subject matter hereof; contains the entire agreement of the parties; and may only be modified, changed or amended by written instrument duly executed by all parties hereto.



IN WITNESS WHEREOF, the parties have signed this Settlement Agreement on the date(s) set forth below.

DATED: New Orleans, Louisiana, May 15, 2009.
(City) (State) (Date)

NCO FINANCIAL SYSTEMS, INC.

By: [Signature]
Its attorney

DATED: Honolulu, Hawaii, 5/22/09.

[Signature]

TAMMY Y. KANESHIRO
Attorney for Department of Commerce and
Consumer Affairs

APPROVED AS TO FORM:

[Signature]
LILLIAN WISE, ESQ.
Attorney for Respondent

STATE OF MINNESOTA
COMMISSIONER OF COMMERCE

In the Matter of the Collection
Agency License of NCO
Financial Systems, Inc.
License #20098351.

CONSENT ORDER

TO: NCO Financial Systems, Inc.
5070 Parkside Avenue, Unit 73, #3301
Philadelphia, PA 19131-4750

Commissioner of Commerce James C. Bernstein (hereinafter "Commissioner")
has determined as follows:

1. The Commissioner has advised NCO Financial Systems, Inc. (hereinafter "Respondent") that he is prepared to commence formal action pursuant to Minn. Stat. §45.027 (2000) against Respondent's collection agency license based on allegations that Respondent failed to respond to a Department request within a timely manner in violation of Minn. Stat. §45.027 subd. 1a (2000).
2. Respondent acknowledges that it has been advised of its rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondent hereby expressly waives those rights. Respondent further acknowledges that it has been represented by legal counsel throughout these proceedings, or has been advised of its right to be represented by legal counsel, which right it hereby waives.
3. Respondent has agreed to disposition of this matter by means of this

EXHIBIT 1

Consent Order, without a hearing as provided under Minn. Stat. §14.59 (2000)
and Minn. R. pt. 1400.5900 (1999).

4. The following Order is in the public interest.

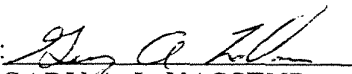
NOW, THEREFORE, IT IS HEREBY ORDERED, that Respondent shall
cease from any further violations of responding to a department request within a timely
manner pursuant to Minn. Stat. §45.027, subd. 1(a) (2000).

IT IS FURTHER ORDERED, that Respondent shall pay to the State of
Minnesota, a civil penalty of \$3,000.

This Order shall be effective upon signature on behalf of the Commissioner.

Dated: 01-02-02

JAMES C. BERNSTEIN
Commissioner of Commerce

By: 
GARY A. LaVASSEUR
Deputy Commissioner
Enforcement Division

85 7th Place East, Suite 500
Saint Paul, Minnesota 55101
Telephone: (651) 296-2594

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of NCO Financial Systems Inc. states the foregoing Consent Order has been read; the contents and effects are fully understood; and that the Respondent has authorized the undersigned to execute this Consent to Entry of Order on behalf of Respondent; and that the Respondent has been advised of its right to a hearing; that Respondent has been represented by legal counsel in this matter; or that Respondent has been advised of its right to be represented by legal counsel and that this right has been waived; and that Respondent consents to entry of this Order by the Commissioner of Commerce. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

NCO FINANCIAL SYSTEMS, INC.

By: [Signature]

Its: Assistant Counsel
150 Crosspoint Parkway
Gettysburg, NY 14068

STATE OF NEW YORK)
COUNTY OF ERIE) ss.

This instrument was acknowledged before me
on 1/20th/01 (date) by JOHN EMMONS (name(s) of person(s))
as ASST. COUNSEL (type of authority, e.g., officer, trustee, etc.) of NCO FINANCIAL SYSTEMS, INC. (name
of party on behalf of whom the instrument was executed)

[Signature]
(signature of notarial officer)

(stamp)

SHARON A. WANDER
Notary Public, State of New York
Qualified in Niagara County
My Commission Expires June 6, 2007
Title (and Rank)
My commission expires:

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Collection Agency
License of NCO Financial Systems, Inc.
License No. CA20098447

CONSENT ORDER

TO: NCO Financial Systems, Inc.
507 Prudential Road
Horsham, PA 19044

Commissioner of Commerce Glenn Wilson (hereinafter "Commissioner") has determined
as follows:

1. The Commissioner has advised NCO Financial Systems, Inc. (hereinafter "Respondent") that he is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2006) and other applicable law, against Respondent's collection agency license based on the allegations that Respondent:
 - A. Contacted a debtor's parents without authorization in violation of Minn. Stat. § 332.37, Subd. 15 and 1692c (3) of the Fair Debt Collection Practices Act.
 - B. Provided a statement from the collector wherein the collector states she had authorization to contact the debtor's parents. The collection account history shows the debtor was refusing to pay and no call record is shown to the debtor's parents. By providing false information to the Department respondent is in violation of Minn. Stat. §§ 332.37 (20) and 45.027.

EXHIBIT "2"

2. Respondent acknowledges that it has been advised of its rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondent hereby expressly waives those rights. Respondent further acknowledges that it has been represented by legal counsel throughout these proceedings.

3. Respondent has agreed to informal disposition of this matter without a hearing as provided in Minn. Stat. § 14.59 (2004) and Minn. R. 1400.5900 (2005).

4. The following Order is in the public interest.

IT IS FURTHER ORDERED, pursuant to Minn. Stat. § 45.027, subd. 6 that the Respondent shall pay to the State of Minnesota a civil penalty of \$10,000.

This Order shall be effective upon signature by or on behalf of the Commissioner.

Dated: 4-23-08.

By: E. Munson-Regala
Emmanuel Munson-Regala
Deputy Commissioner

85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101
Telephone: (651) 296-2488

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of NCO Financial Systems, Inc. states that he has read the foregoing Consent Order; that he knows and fully understands its contents and effect; that he is authorized to execute this Consent to Entry of Order on behalf of Respondent; that he has been advised of Respondent's right to a hearing; that Respondent has been represented by legal counsel in this matter; and that he consents to entry of this Order by the Commissioner of Commerce. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

NCO Financial Systems, Inc.

By: 

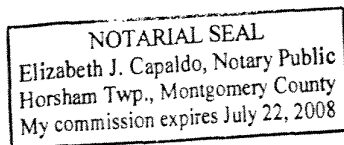
Mr. Joshua Gindin,

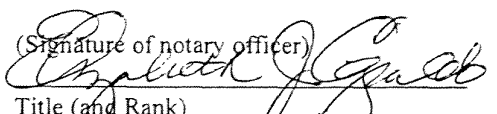
Its: Executive Vice President and General Counsel

STATE OF PennsylvaniaCOUNTY OF Montgomery

This instrument was acknowledged before me on 21st (date) ^{of} April, 2008 name by Elizabeth J. Capaldo

(stamp)



(Signature of notary officer) 
Title (and Rank)
My commission expires: July 22, 2008

CA2802078 MJK

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

31417
OCT '08
State of
Dept. of Commerce
OCT 01 2008
Rec'd \$ 2500
1

In the Matter of the Collection Agency
License of NCO Financial Systems, Inc.
License No. CA20203236

CONSENT ORDER

TO: NCO Financial Systems, Inc.
2020 North Central Ave, Suite 300
Phoenix, AZ 85004

Commissioner of Commerce Glenn Wilson (hereinafter "Commissioner") has determined
as follows:

1. The Commissioner has advised NCO Financial Systems, Inc. (hereinafter "Respondent") that he is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2006) and other applicable law, against Respondent's collection agency license based on the allegations that Respondent: Contacted an alleged debtor after being informed the alleged debtor had been represented by an attorney which is in violation of Minn. Stat. § 332.37 (12) (2006) and 1692c (2) of the Fair Debt Collection Practices Act. Respondent has advised and confirms that all personnel involved with this matter have be re-trained to ensure that when a consumer notifies a collection representative that the consumer is represented by counsel that there be no further contact with the consumer, only with the consumer's attorney.

2. Respondent acknowledges that it has been advised of its rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondent hereby expressly waives those rights. Respondent further acknowledges that it has been represented by legal counsel throughout these proceedings.

EXHIBIT "3"

3. Respondent has agreed to informal disposition of this matter without a hearing as provided in Minn. Stat. § 14.59 (2006) and Minn. R. 1400.5900 (2007).
4. The following Order is in the public interest.

IT IS FURTHER ORDERED, pursuant to Minn. Stat. § 45.027, subd. 6 (2006) that the Respondent shall pay to the State of Minnesota a civil penalty of \$2,500.

This Order shall be effective upon signature by or on behalf of the Commissioner.

Dated: 10-8-08.

By: E. Munson-Regala
Emmanuel Munson-Regala
Deputy Commissioner

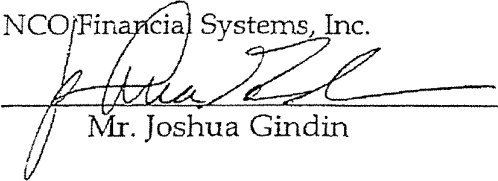
85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101
Telephone: (651) 296-2488

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of NCO Financial Systems, Inc. states that he has read the foregoing Consent Order; that he knows and fully understands its contents and effect; that he is authorized to execute this Consent to Entry of Order on behalf of Respondent; that he has been advised of Respondent's right to a hearing; that Respondent has been represented by legal counsel in this matter; and that he consents to entry of this Order by the Commissioner of Commerce. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

NCO Financial Systems, Inc.

By:


Mr. Joshua Gindin

Its:

Executive Vice President and General Counsel

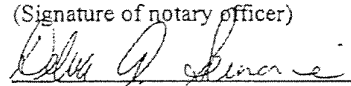
STATE OF: Pennsylvania

COUNTY OF: Montgomery

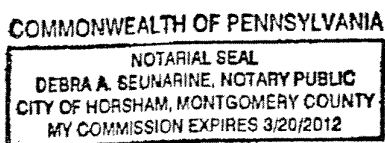
This instrument was acknowledged before me on 9/27/08 (date) by Debra A. Seunarine name

(stamp)

(Signature of notary officer)


Title: Executive Assistant

My commission expires: 3/20/2012



CAUSE NO. 08/4928

ORIGINAL

IN THE MATTER OF

THE STATE OF TEXAS and

NCO FINANCIAL SYSTEMS, INC.

§
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§
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§
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§

IN THE DISTRICT COURT OF

DALLAS COUNTY, TEXAS

L-193rd
JUDICIAL DISTRICT

486L

**AGREED FINAL ORDER OF CONFIRMATION OF APPROVAL OF
ASSURANCE OF VOLUNTARY COMPLIANCE**

ON THIS DAY CAME for consideration the above entitled and numbered cause in which the STATE OF TEXAS and NCO FINANCIAL SYSTEMS, INC. (the parties), have presented the attached Assurance of Voluntary Compliance to the Court for approval. The parties have made the following stipulations and agreed to the approval of the Assurance of Voluntary Compliance.

It has been stipulated that the parties have compromised and settled the matter of the STATE OF TEXAS' claims. It has been further stipulated that the STATE OF TEXAS and NCO FINANCIAL SYSTEMS, INC. agree to and do not contest the approval of the Assurance of Voluntary Compliance, and that by so agreeing NCO FINANCIAL SYSTEMS, INC. does not admit any violation of the Deceptive Trade Practices Act or any other law, regulation or order, nor does NCO FINANCIAL SYSTEMS, INC. admit any wrongdoing.

THE COURT FINDS after review of the pleadings, the Assurance of Voluntary Compliance and stipulations of the parties, that the parties agree to the confirmation of approval of the Assurance of Voluntary Compliance, and that same be accepted and approved.

EXHIBIT " 4 "

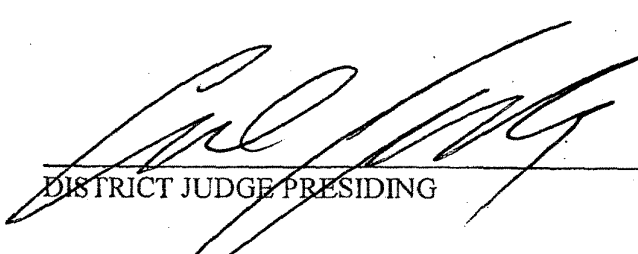
IT IS THEREFORE ORDERED ADJUDGED AND DECREED that the Assurance of Voluntary Compliance by and between the STATE OF TEXAS and NCO FINANCIAL SYSTEMS, INC. be and is hereby accepted and approved and is made a part of the file of this cause.

IT IS FURTHER ORDERED that the Reports to be submitted by NCO FINANCIAL SYSTEMS, INC. to the Office of the Attorney General of the State of Texas are confidential and may not be disclosed to any person without the written agreement of the parties or without an order of this Court.


All costs of Court are assessed against NCO FINANCIAL SYSTEMS, INC.

All relief not granted herein is denied.

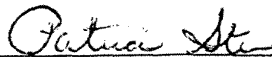
SIGNED this 2nd day of DECEMBER, 20 08.


DISTRICT JUDGE PRESIDING

AGREED AS TO SUBSTANCE AND FORM AND ENTRY REQUESTED::


HARRIET MIERS
JAMES E. DAVIS
LOCKE LORD BISSELL & LIDDELL,
LLP
2200 Ross Avenue, Suite 2200
Dallas, TX 75201
Telephone: (214) 740-8000
Facsimile: (214) 740-8800

ATTORNEYS FOR NCO FINANCIAL
SYSTEMS, INC.



ANDREW D. LEONIE, SBN: 12216500
PATRICIA STEIN, SBN: 24033222
MADALYN S. WELLS, SBN: 24027430
Assistant Attorneys General
Consumer Protection & Public Health
1412 Main Street, Suite 810
Dallas, Texas 75202
T: (214) 969-7639 Ext. 8805
F: (214) 969-7615

ATTORNEYS FOR STATE OF TEXAS

COPY

CAUSE NO.

08-14928

IN THE MATTER OF

THE STATE OF TEXAS and

NCO FINANCIAL SYSTEMS, INC.

§
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§
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§

IN THE DISTRICT COURT OF

DALLAS COUNTY, TEXAS

193rd

JUDICIAL DISTRICT

**AGREED FINAL ORDER OF CONFIRMATION OF APPROVAL OF
ASSURANCE OF VOLUNTARY COMPLIANCE**

ON THIS DAY CAME for consideration the above entitled and numbered cause in which the STATE OF TEXAS and NCO FINANCIAL SYSTEMS, INC. (the parties), have presented the attached Assurance of Voluntary Compliance to the Court for approval. The parties have made the following stipulations and agreed to the approval of the Assurance of Voluntary Compliance.

It has been stipulated that the parties have compromised and settled the matter of the STATE OF TEXAS' claims. It has been further stipulated that the STATE OF TEXAS and NCO FINANCIAL SYSTEMS, INC. agree to and do not contest the approval of the Assurance of Voluntary Compliance, and that by so agreeing NCO FINANCIAL SYSTEMS, INC. does not admit any violation of the Deceptive Trade Practices Act or any other law, regulation or order, nor does NCO FINANCIAL SYSTEMS, INC. admit any wrongdoing.

THE COURT FINDS after review of the pleadings, the Assurance of Voluntary Compliance and stipulations of the parties, that the parties agree to the confirmation of approval of the Assurance of Voluntary Compliance, and that same be accepted and approved.

In the Matter of the State of Texas and NCO Financial Systems Inc.

Agreed Final Order of Confirmation of Approval of Assurance of Voluntary Compliance

Page 1

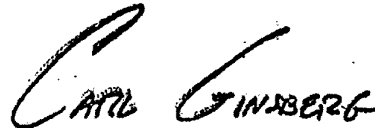
IT IS THEREFORE ORDERED ADJUDGED AND DECREED that the Assurance of Voluntary Compliance by and between the STATE OF TEXAS and NCO FINANCIAL SYSTEMS, INC. be and is hereby accepted and approved and is made a part of the file of this cause.

IT IS FURTHER ORDERED that the Reports to be submitted by NCO FINANCIAL SYSTEMS, INC. to the Office of the Attorney General of the State of Texas are confidential and may not be disclosed to any person without the written agreement of the parties or without an order of this Court.

All costs of Court are assessed against NCO FINANCIAL SYSTEMS, INC.

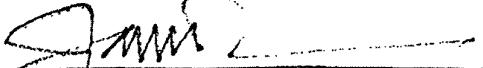
All relief not granted herein is denied.

SIGNED this 2ND day of December, 20 08.



DISTRICT JUDGE PRESIDING

AGREED AS TO SUBSTANCE AND FORM AND ENTRY REQUESTED::



HARRIET MIERS
JAMES E. DAVIS
LOCKE LORD BISSELL & LIDDELL,
LLP
2200 Ross Avenue, Suite 2200
Dallas, TX 75201
Telephone: (214) 740-8000
Facsimile: (214) 740-8800

ATTORNEYS FOR NCO FINANCIAL
SYSTEMS, INC.

Patricia Stein

ANDREW D. LEONIE, SBN: 12216500

PATRICIA STEIN, SBN: 24033222

MADALYN S. WELLS, SBN: 24027430

Assistant Attorneys General

Consumer Protection & Public Health

1412 Main Street, Suite 810

Dallas, Texas 75202

T: (214) 969-7639 Ext. 8805

F: (214) 969-7615

ATTORNEYS FOR STATE OF TEXAS

NO. 08-14928

IN THE MATTER OF

THE STATE OF TEXAS and

NCO FINANCIAL SYSTEMS, INC.,

§
§
§
§
§
§

IN THE DISTRICT COURT OF

DALLAS COUNTY, TEXAS

193rd JUDICIAL DISTRICT

ASSURANCE OF VOLUNTARY COMPLIANCE

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW the STATE OF TEXAS, acting by and through Attorney General Greg Abbott ("State") and comes NCO FINANCIAL SYSTEMS, INC. ("NCO") and respectfully submit the following Assurance of Voluntary Compliance ("AVC") in accordance with discussions between the State and NCO and consistent with the Deceptive Trade Practices-Consumer Protection Act, TEX. BUS. & COM. CODE ANN. § 17.58, ("DTPA").

1. NCO is a foreign corporation that engages in business in the State of Texas. The principal place of business for NCO is 507 Prudential Rd., Horsham, Pennsylvania 19044.
2. NCO acts as a third party debt collector as defined in Chapter 392, Texas Finance Code. This AVC addresses NCO only as it functions as a third party debt collector. In addition to the call centers NCO operates within Texas, NCO handles, as a third party debt collector, several million contacts with Texas consumers annually. The State received over four hundred complaints between 2004 and 2008, many of which

alleged that NCO was engaging in deceptive acts and practices and violating the Texas Debt Collection Act ("TDPA") in its collection of third party debts.

3. The State alleges and NCO denies that NCO has violated the DTPA and the TDPA.

NCO asserts that it substantially complies with the DTPA and the TDPA. NCO and

its legal counsel have sought to work with the State to resolve any issues related to its third party debt collection practices. Both the State and NCO recognize that, given the high volume of consumer contacts and the high number of collectors making those contacts, consumer complaints will invariably arise and need attention. As a measure of its effort, NCO has expended resources, both in terms of time and money, in explaining its policies and procedures, continuing to improve its systems and procedures, in reviewing the complaints made by Texas consumers, and in producing the documents requested by the Office of the Texas Attorney General, in an attempt to resolve this matter.

4. The State and NCO have agreed to settle the issues addressed between them and have agreed to do so by entering into this AVC. Additionally, NCO consents to the jurisdiction of this Court for the purposes of entering this AVC.

I. DEFINITIONS

5. The following definitions shall be used in construing this AVC:

- A. Call centers: Any physical place from which NCO places or receives consumer credit debt collection phone calls.
- B. Chase Providian debts: Consumer debts acquired by Chase Bank USA from Providian National Bank, subsequently sold in June 2005 by Chase Bank

USA to NCOP VII, Inc., a corporation affiliated with NCO Group, Inc., and subsequently referred to NCO for third party collection.

C. Collection centers: Any physical place from which NCO sends or receives consumer credit debt correspondence.

D. Collection system: NCO's system for maintaining records of individual third party consumer debts and directing the status and collection of individual third party consumer debts, currently consisting of CRS, FACS, and imaged records associated with records contained in CRS and FACS.

E. Collector: Any individual who contacts consumers by letter or telephone in an effort to collect a third party consumer debt.

F. Complaints: Any expression of discontent made by a consumer regarding the attempt to collect, or the collection of, a third party consumer debt, constituting: (1) written disputes regarding the accuracy of the amount of the third party consumer debt, (2) written disputes regarding the incurrence of the third party consumer debt, (3) written disputes regarding the identity of the consumer, (4) written requests that are not honored that the collector no longer contact the consumer by telephone regarding a third party consumer debt, (5) written requests that are not honored that the collector no longer contact the consumer by mail regarding a specific third party consumer debt, (6) written statements that the third party consumer debt has previously been discharged in bankruptcy, (7) statements that the collector has been rude or threatening, (8) statements that the collector has made phone calls to the

consumer before 8:00 a.m. or after 9:00 p.m., based on the consumer's local time, and (9) statements that the collector has contacted the consumer at his or her place of employment when the collector knows or has reason to know that the consumer's employer prohibits the consumer from receiving such communication.

- G. Consumer: An individual who has or NCO believes has a third party consumer debt.
- H. Consumer credit debt collection correspondence: Any letters, memoranda, or documents sent to consumers in an effort to collect a third party consumer debt, or received from consumers in response to efforts to collect a third party consumer debt.
- I. Consumer credit debt collection records: Any records of third party consumer debts collected, third party debts that have attempted to be collected, contact information regarding consumers owing a third party consumer debt, and communications between consumers and NCO regarding a third party consumer debt, including communications of every kind, source, and authorship that are handwritten, typewritten, photographic, recorded and printed material, photocopies, electronic mail, microfilm, microfiche, magnetic tapes or computer matter.
- J. Consumer credit debt collection phone calls: Any telephone calls made to consumers by NCO in an effort to collect third party consumer debts.
- K. Skip tracing: The process of determining a consumer's location information

- including the consumer's residence, telephone number or place of employment in connection with efforts to collect a third party consumer debt.
- L. Status/disposition code: Any symbol, whether numeric, letter, electronic, or computer matter, that designates the status of a third party consumer debt, collections efforts made, telephonic contact made with consumers, or complaints received from consumers.
- M. Texas consumer: A consumer who is contacted by NCO regarding what NCO believes to be his or her third party consumer debt if the contact is made to either a telephone number with a Texas area code or a mailing address located in Texas.
- N. Third part consumer debt: An obligation, or an alleged obligation, primarily for personal, family, or household purposes and arising from a transaction or an alleged transaction that is referred to a third party debt collector, as defended in Chapter 392, Texas Finance Code, for collection.

II. MONITORING PROVISIONS

6. For a period of twelve (12) months starting January 1, 2009, NCO or its designee shall monitor twenty-five thousand (25,000) essentially randomly selected consumer credit debt collection phone calls placed by NCO during that time period. Personnel who have received at least four hours of instruction regarding relevant policies and procedures will monitor and evaluate calls for the following:
- A. Whether NCO's employees or agents making consumer credit debt collection phone calls from Texas or to Texas residents, begin with the statement that

includes the words: "This call may be monitored or recorded.";

B. Whether NCO's employees appropriately document the status/disposition and other codes associated with the consumer contacts in the collection system;

C. Whether any of the following occurs when NCO's employees make consumer credit debt collection phone calls;

- (1) Disclosure of the existence of a debt or NCO's third party debt collector status to anyone other than the consumer;
- (2) Contacting a specific third party to skip trace more than once unless new information is documented in the collection system or the third party granted permission and said permission is recorded in the collection system;
- (3) Misrepresenting NCO's status as a third party debt collector, or NCO's employee or agent identifying themselves as anything but a debt collector to a consumer;
- (4) A consumer is subjected to profanity, rudeness, or inappropriate threats;
- (5) Additional charges are added to an account not permitted by the TDPA, or any agreement between the consumer and the creditor;
- (6) The consumer is contacted at work if the collector knows or has reason to know that the consumer's employer prohibits the consumer from receiving such communication at work;
- (7) A message is left for the consumer at another number other than the consumer's home or business after the consumer has already been reached;
- (8) A consumer has been improperly threatened with potential legal action or

wage garnishment;

- (9) All written cease and desist requests were honored;
 - (10) Any voice message for a return call is left, beyond anything other than the collector's name, telephone number, and I.D. code; and
-

- (11) A settlement offer that has already been accepted by the consumer has been or is being reneged upon.

7. For a period of twelve (12) months starting January 1, 2009, NCO or its designee will monitor 120 essentially randomly selected third party consumer debt accounts per month in which NCO receives correspondence from Texas consumers disputing the accuracy of an item in NCO's files by reviewing the consumer credit debt collection records and collection system with respect to such account. Personnel who have received at least four hours of instruction regarding relevant policies and procedures will review the consumer credit debt records and the collection system records to evaluate the following:

- A. Whether any written request made for verification of the third party consumer debt is responded to with a written statement that either denies or admits the inaccuracy or reports that there has not been sufficient time to complete an investigation not later than the 30th day after the date the written request was received by NCO.
- B. If NCO admits the disputed item is inaccurate in its files, whether NCO corrected its files and informed any person who had received notice of the inaccuracy within five (5) days.

- C. If NCO reports that there was insufficient time to investigate the disputed item, whether the item was changed in NCO's files as requested by the consumer to the extent consistent with law, a report of change was sent to any third party previously notified, collection efforts ceased, and NCO closed

and/or returned the account to the owner of the debt when NCO determines to do so.

- D If NCO completes an investigation and is able to deny or admit the disputed item in its files, whether NCO notifies the consumer of the results of the investigation.

8. For a period of twelve (12) months starting January 1, 2009, NCO or its designee shall monitor twenty-five thousand (25,000) third party consumer debt accounts, all or part of which may be accounts associated with the third party consumer debts that are the subject of telephone call monitoring pursuant to paragraph 6, accounts monitored pursuant to paragraph 7, or otherwise essentially randomly selected accounts. Personnel who have received at least four hours of instruction regarding relevant policies and procedures will monitor the accounts by reviewing the consumer credit debt collection records and consumer data collection system with respect to such accounts to determine whether the consumer credit debt records and the collection system records reflect that the following types of consumer complaints have been recorded in a data retrievable format:

- A. The consumer has disputed in writing the accuracy of the amount of the third party consumer debt;

- B. The consumer has complained in writing that he or she never incurred the third party consumer debt;
 - C. An individual has complained in writing that a collector incorrectly stated that the individual is the appropriate debtor for a particular account;
-
- D. The consumer has requested in writing that a collector not contact him or her by telephone regarding a specific third party consumer debt;
 - E. The consumer has requested in writing that a collector no longer contact him by mail regarding a specific third party consumer debt;
 - F. The consumer has informed NCO that a third party consumer debt has previously been discharged through bankruptcy;
 - G. The consumer has complained that a collector was rude, inappropriately threatening, or used profanity;
 - H. The consumer has complained that a collector has made phone calls before 8:00 a.m. or after 9:00 p.m.;
 - I. The consumer has complained that he or she received repeated or continuous phone calls from NCO made with the intent to harass the consumer;
 - J. The consumer has complained that a collector contacted him or her at his or her place of employment when the collector knows or has reason to know that the consumer's employer prohibits the consumer from receiving such communication.
9. For a period of twelve (12) months, starting January 1, 2009, NCO or its designee will monitor the consumer credit debt records and collection system on a quarterly

basis to determine the following:

- A. Whether NCO ceased third party collection efforts on Chase Providian debts from Texas consumers as well as third party collection efforts on Chase Providian debts from Texas call centers and offices located in Texas, not including Chase Providian debts being paid by a consumer pursuant to an agreement with NCO; and
- B. Whether any postdated checks, written by Texas consumers or written in response to a consumer credit debt collection phone call placed from a call center located in Texas, were deposited prior to the date the check was originally issued, or the amount of the check was modified, without the consumer's permission.

III. NOTICE REQUIREMENTS

- 10. For a period of three (3) years with implementation starting on January 1, 2009, and to be fully implemented as soon thereafter as practically possible but not later than June 1, 2009, NCO, as well as its successors and assigns, shall make the following disclosure clearly and conspicuously on the initial written collection communication that is sent to a Texas consumer for the purpose of collecting a third party consumer debt:

For Texas residents, visit our website at [ADDRESS]
to review your rights under Federal and Texas law.

- 11. On or before January 1, 2009, NCO as well as its successors and assigns, shall provide a copy of the following notice to all current employees having responsibility

with respect to collection of third party consumer debts of Texas consumers and current employees located in Texas and having responsibility with respect to collection of third party consumer debts. For a period for three (3) years starting on January 1, 2009, NCO as well as its successors and assigns, shall provide a copy of the following notice to each new employee hired after that date having responsibility with respect to collection of third party consumer debts of Texas consumers and each new employee hired after that date located in Texas and having responsibility with respect to collection of third party consumer debts, and NCO shall secure from each new employee a signed and dated statement acknowledging receipt of a copy of the notice on or before the date the employee assumes responsibility with respect to the collection of third party consumer debts of Texas consumers or from a location in Texas. The notice shall state:

Debt collectors must comply with the federal Fair Debt Collection Practices Act, which limits our activities in trying to collect money from consumers.

Section 805 of the federal act says that you may not contact a consumer at work if you know or have reason to know that the consumer's employer prohibits the consumer from receiving such communication at work, and that you may not communicate with any person other than the consumer, the consumer's attorney, a credit reporting agency if allowed by law, the creditor, or the creditor's attorney in connection with the collection of a debt, for any purpose other than to obtain location information about the consumer.

Section 806 of the Act states that you may not engage in any conduct the natural consequence of which is to harass, oppress, or abuse any person in connection with the collection of a debt.

In addition, Section 807 of the Act prohibits you from representing or implying that any action, including legal action, will be taken unless at the time of the representation, such action is lawful and there is a clear intent to take such action. Further, Section 807 of the Act prohibits the use of any false representation or deceptive means to collect ~~or attempt to collect any debt or to obtain~~ information concerning a consumer.

Individual debt collectors may be financially liable for their violations of the Act.

12. For a period of three (3) years from the date of entry of this AVC, NCO, as well as its successors and assigns, shall maintain a consumer complaint hotline together with a statement on its web site (currently the NCO Group Inc. web site) providing the consumer hotline number designed to allow a consumer to speak with a NCO representative during business hours regarding his or her complaint. NCO agrees to establish policies designed to enable NCO to answer any consumer hotline call in approximately ten minutes of the consumer's placing the phone call with exception for NCO's inability to do so based upon causes beyond NCO's control or the occurrence of events that prompt a surge in calls above the normal range of calls received. NCO shall be free to exercise reasonable business judgment in providing and staffing the hotline. Moreover, the NCO hotline information will be able to be viewed when the consumer first brings up the web site, rather than having to scroll to the bottom of the web site or to the far left or right, off of the initially viewable area.

13. For a period of three (3) years from the date of entry of this AVC, NCO, as well as

its successors and assigns, shall include the following statement on its web site (currently the NCO Group Inc. web site) accessible to a consumer through a link located on the home page labeled, in substance, consumer questions or concerns:

There are Federal and State laws that govern debt collection.
~~You can stop us from contacting you by writing a letter to us~~
that tells us to stop the contact. Sending such a letter does not make the debt go away if you owe it.

If you have a complaint about the way we are collecting this debt, please write to our CONTACT CENTER, [current physical address], or call us toll-free at [current phone number] between 9:00 A.M. Eastern Standard Time and 5:00 P.M. Central Time Monday - Friday.

IV. RECORD KEEPING PROVISIONS

14. For a period of three (3) years from the date of entry of this AVC, NCO, as well as its successors and assigns, will create and implement policies and procedures to the extent not currently existing to retain the following records in connection with NCO's activities as a third party debt collector, unless NCO is otherwise prohibited from retaining such records by law or contractual obligations:
 - A. For each individual employed by NCO to collect third party consumer debts, other than temporary agency personnel and independent contractors, personnel records accurately reflecting the individual's name, address, telephone number, as provided by the individual, and job title or position, hire date, and termination date and reason for termination if applicable;
 - B. Consumer records in the collection system containing the names, addresses, phone numbers, dollar amounts of third party consumer debts owed, records

of third party debt collection activity, and amounts collected;

- C. For every written complaint received by NCO, in its capacity as a third party debt collector, from a Texas consumer or based on a third party consumer credit debt collection phone call or third party consumer credit debt collection

correspondence from a collection center or call center located in Texas, records that include a copy of the complaint, evidence of the date the complaint was received at NCO's principal place of business, and evidence of the disposition of the complaint; and

- D. Copies of all training materials used to collect third party consumer debts from Texas consumers as well as those used by collection centers and call centers located in Texas to collect third party consumer debts.

- E. On or before July 1, 2009 and February 1, 2010, NCO will submit a signed confidential written report to the Office of the Attorney General describing the material monitoring procedures employed pursuant to paragraphs 6, 7, 8 and 9 of this AVC, any conclusions drawn from the results of the monitoring, any material changes made by NCO in its third party debt collection practices as a result of the monitoring, to the extent any are found necessary, and a statement of estimated costs incurred in connection with nationwide call monitoring, account monitoring, and record keeping, as provided in this AVC, and on NCO's continued efforts to develop measures designed to improve quality assurance in connection with third party debt collection activities. The report shall not be disclosed to any third party without the

express written consent of NCO and the Office of the Attorney General.

V. GENERAL PROVISIONS

15. NCO has read and understands this AVC and enters into it voluntarily, having been advised by its undersigned legal counsel of the meaning and effect of each provision of this AVC.
16. NCO further agrees that the State's execution of this AVC does not constitute an approval by the State of Texas of any of its practices and are not to make any representations to the contrary.
17. As set forth in TEX. BUS. & COM. CODE §17.58 (c), notwithstanding any other provision of this AVC, NCO acknowledges that unless this AVC has been rescinded by agreement of the parties, or voided by the Court for good cause, subsequent material failure to comply with the terms of this AVC, is prima facie evidence of a violation of the DTPA and shall give rise to a right of action by the State under the provisions of the DTPA.
18. It is also agreed and understood that this AVC does not affect individual rights of action by consumers. The State and NCO agree that nothing in this AVC shall be construed as a waiver or creation or enlargement of a private right of action of any person not a party to this AVC. This AVC does not create any rights or claims on behalf of any third parties nor do the parties to this AVC intend to confer standing on any third party to enforce the terms of this AVC.
19. The State and NCO agree that this AVC shall not be construed as evidence of any violation of any law, or an admission of any type by NCO, or a payment by NCO had

a violation of law been proved.

20. The Consumer Protection Division of the Office of the Attorney General shall, at least seven days prior to instituting any court action as required by the DTPA, contact NCO to notify NCO of the alleged unlawful conduct in violation of the prohibited practices section of this AVC or of the DTPA.

21. NCO represents and warrants that it has ceased efforts to collect Chase Provident debts from Texas consumers and does not intend to renew efforts to collect such debts.

22. The acceptance of this AVC is conditioned upon the following expenditures by NCO, consistent with the Texas Business and Commerce Code and Texas Government Code:

- A. ONE HUNDRED THOUSAND Dollars (\$100,000.00) paid to the State of Texas' General Revenue Fund;
- B. ONE HUNDRED FIFTY THOUSAND Dollars (\$150,000.00) as attorneys fees and investigative costs under TEX. GOVT. CODE § 402.006(c) to the Office of the Attorney General.
- C. ONE HUNDRED FIFTY THOUSAND Dollars (\$150,000.00) available for restitution for consumer redress. For a period of three (3) years from the date of entry of this AVC, NCO shall pay claims for restitution to the Office of the Attorney General, as provided herein, not to exceed a total payment in the amount of ONE HUNDRED AND FIFTY THOUSAND Dollars (\$150,000.00). During that time period, the State may submit a claim for

restitution to NCO demonstrating a prima facie showing that, as a result of third party debt collection efforts undertaken by NCO, a Texas consumer: (1) paid a third party consumer debt to NCO that was not owed by the consumer; (2) overpaid interest on a third party consumer debt not supported by the underlying agreement between the debtor and the original holder of the debt or as otherwise permitted by law; or (3) paid an amount on a third party consumer debt in excess of an amount NCO agreed to settle the account. Consumer statements not supported with documentary evidence do not constitute a prima facie showing for a restitution claim under this provision. Upon receipt of a restitution claim demonstrating prima facie showing, as described above, NCO may provide information to rebut the State's prima facie showing within thirty (30) days of receipt of the State's claim for restitution. NCO will refund the consumer an amount equal to the consumer's overpayment to NCO, unless NCO timely provides information that raises a question of fact regarding the validity of the claim. NCO may require a written release of liability from the consumer as a condition to making the payment under this provision.

- D. For the period of three (3) years following the entry of this AVC, NCO represents that it reasonably estimates that it will spend not less than THREE HUNDRED THOUSAND Dollars (\$300,000.00) to conduct nationwide call monitoring, account monitoring, and record keeping, as provided in this AVC, and on NCO's continued efforts to develop measures designed to

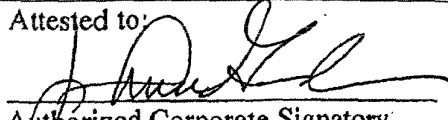
improve quality assurance in connection with third party debt collection activities.

23. All costs of court are adjudged against NCO.

NCO FINANCIAL SYSTEMS, INC.

STATE OF TEXAS

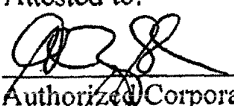
Attested to:


Authorized Corporate Signatory
NCO Financial Systems, Inc.

GREG ABBOTT
Attorney General


KENT C. SULLIVAN
First Assistant Attorney General

Attested to:

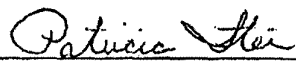

Authorized Corporate Signatory
NCO Financial Systems, Inc.

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Health Division


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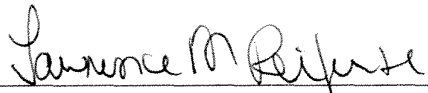
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ATTORNEYS FOR STATE OF TEXAS

IN THE MATTER OF THE COLLECTION AGENCIES REGISTRATION OF NCO
FINANCIAL SYSTEMS, INC.; SETTLEMENT AGREEMENT PRIOR TO FILING OF
PETITION FOR DISCIPLINARY ACTION AND DIRECTOR'S FINAL ORDER; CASE NOS.
COL 2005-40-L, 2005-45-L, COL 2008-19-L, 2009-9-L, AND 2009-13-L

APPROVED AND SO ORDERED:
COLLECTION AGENCIES PROGRAM
STATE OF HAWAII



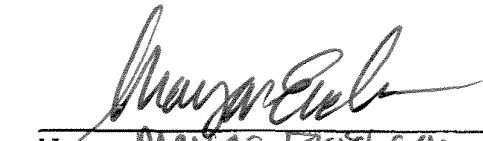
Director of the Department of Commerce
and Consumer Affairs

5/29/09

DATE

STATE OF Louisiana)
COUNTY OF Jefferson) SS.

On this 15 day of May, 2009, before me personally
appeared David Israel, to me known to be the person described,
and who executed the foregoing instrument on behalf of NCO Financial Systems, Inc.
as its attorney, and acknowledged that he/she executed the same as
his/her free act and deed.


Name: Mayas Erickson
Notary Public, State of Louisiana
My Commission expires: is for life

Mayas D. Erickson
Notary Public
State of Louisiana
Bar No. 28010
My commission is for life.