

IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

FILED
2007 APR 24 AM 10:48
CLERK OF COURT
KANAWHA COUNTY, WEST VIRGINIA

STATE OF WEST VIRGINIA, ex rel.
DARRELL V. McGRAW, JR.,
Attorney General,

Plaintiff/Petitioner,

v.

CIVIL ACTION NO. : 06-C-755

CHECK GAME SOLUTIONS, INC., and
CATHERINE KEY, Individually and as
President of Check Game Solutions, Inc

Defendants/Respondents.

AGREED ORDER

On this day came the plaintiff/petitioner, the State of West Virginia by and through its Attorney General, Darrell V McGraw, Jr (hereinafter "the State"), by counsel Christopher Hedges, Assistant Attorney General, and also came the Defendants, Check Game Solutions, Inc., and Catherine Key (hereinafter collectively referred to as "Defendants"), by counsel, Nicholas Preservati and Joseph Jenkins, and advised the Court that they have reached agreement on all issues in dispute in this matter, and jointly move that the Court approve this agreement as its final order herein

The State had filed its Complaint and Petition for Preliminary and Permanent Injunction on April 25, 2006, alleging among other matters that the Defendants had engaged in a number of unlawful debt collection practices in the state of West Virginia, including the attempted coercion of consumers by accusing them of criminal offenses, and

threatening to disclose alleged debts to third parties, including a fictitious law enforcement agency, as well as operating a collection agency without a West Virginia collection agency license, all in violation of the West Virginia Consumer Credit and Protection Act, W. Va Code § 46A-1-101 *et seq.* On June 26, 2006, the parties agreed to an Agreed Preliminary Injunction Order, preliminarily enjoining the Defendants from engaging in any debt collection vis a vis a West Virginia consumer until such time that this matter is resolved

The Court after full consideration of the terms and conditions of the parties agreement, finds that the agreement is just and in accord with law. Accordingly, the Plaintiff and the Defendants agree to the terms as set forth herein below

It is therefore, ORDERED as follows

1 The Defendants confess Judgment as to all causes of action asserted in the States' Complaint and Petition for Preliminary and Permanent Injunction, filed on April 25, 2006.

2 The Defendants confess Judgment for civil penalties in the amount of \$8,500.00, due and owing to the State, pursuant to West Virginia Code § 46A-7-111. This amount will be distributed by the State to consumers who have filed complaints with the State against the Defendants. From this pool of funds the State will provide refunds to consumers who have filed complaints against either of the Defendants, within ninety (90) days of receiving the Defendants' payment, and any portion remaining from this \$8,500.00 that is not distributed to consumers may be placed in trust and used solely for consumer protection purposes, including but not limited to, consumer education, credit or bankruptcy counseling and education, conflict resolution programs, and costs associated with implementing restitution orders. Such civil penalties are the result of an enforcement

action brought pursuant to the Attorney General's police or regulatory powers under the West Virginia Consumer Credit and Protection Act, W. Va. Code § 46A-1-101, *et seq* See, 11 U.S.C. § 523(a)(7)

3 The \$8,500.00 due under Paragraph Number Two (2), above, shall be paid by the Defendants to the State by no later than the close of business on Friday April 27, 2007, by delivery of such \$8,500.00 to the West Virginia Attorney General's Office, 812 Quarrier Street, 1st Floor, Charleston, West Virginia 25301. In the event the full balance of the above amount is not delivered to the State at the above address by April 27, 2007, post-judgment interest shall accrue to the balance of the entire unpaid amount, at 9.75% per annum, pursuant to West Virginia Code § 56-6-31

4 The Defendants shall execute this Agreed Order before a Notary Public, and ensure delivery of such executed Agreed Order to this Court and to the State by no later than April 27, 2007

5 The Defendants are prohibited from violating the West Virginia Consumer Credit and Protection Act, W. Va. Code 46A-1-101, *et seq.*, and more specifically the Defendants shall not:

A. Engage in any further business in the state of West Virginia relating to debt collection, or relating in any way to magazine sales, either directly or indirectly W. Va. Code 46A-2-122(c);

B Engage in the business of soliciting from or collecting from any West Virginia resident or consumer, either by mail, by telephone, via the Internet, or by any other means, any bill or indebtedness asserted to be owed or due by such consumer. W. Va Code § 47-16-4(a); and W. Va. Code § 46A-6-104;

C Engage in an attempt to collect money from a West Virginia consumer by accusing or threatening to accuse a person of fraud, a crime, or any conduct which, if true, would tend to disgrace such person. W. Va. Code § 46A-2-124(b); and W. Va. Code § 46A-6-104;

D. Use a fraudulent, deceptive or misleading representation or means to collect a claim or obtain information concerning consumers W. Va. Code § 46A-2-127; and W. Va. Code § 46A-6-104

E Threaten to disclose information relating to a consumer's alleged indebtedness to a third party. W. Va. Code § 46A-2-124(f); W. Va. Code § 46A-2-126(c); and W. Va. Code § 46A-6-104;

F Employ any representation that an existing obligation of a consumer may be increased by the addition of fees when such fees may not lawfully be added W. Va. Code § 46A-2-127; and W. Va. Code § 46A-6-104;

G Seek collection of debts which are not owed. W Va. Code § 46A-6-104;

H Operate a collection agency without filing a surety bond executed by a corporation which is licensed to transact the business of fidelity and surety insurance in the state of West Virginia W. Va. Code § 47-16-4(b); and W. Va. Code § 46A-6-104; or

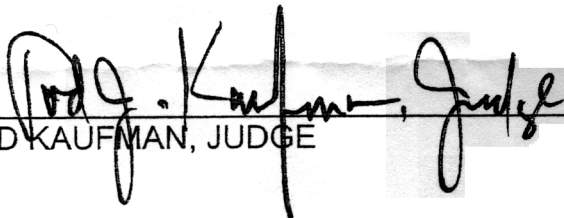
Operate a collection agency without keeping records of sums collected. W. Va. Code § 47-16-4(c)

WHEREFORE, the agreement and AGREED ORDER having disposed of all issues in the State's Complaint and Petition for Preliminary and Permanent Injunction, and as to

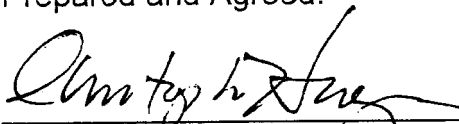
all issues known by the Attorney General regarding the Defendants as of the date of this Agreed Order, ORDERS the parties to comply with the foregoing agreed terms. ~~Other than such jurisdiction as is necessary to oversee implementation of the terms of the Agreed Order and enforcing the terms set forth herein, this action is dismissed.~~ * T.G.K., Judge


It is further ORDERED that the Clerk of this Court shall provide a copy of this order to all counsel of record

Entered this 24th day of April, 2007

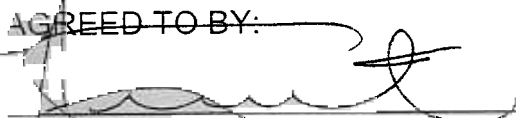

TOD KAUFMAN, JUDGE

Prepared and Agreed:


CHRISTOPHER HEDGES (WV #7894)
ASSISTANT ATTORNEY GENERAL
Consumer Protection Division
Post Office Box 1789
Charleston, West Virginia 25326-1789
Telephone: 304-558-8986
Facsimile: 304-558-0184

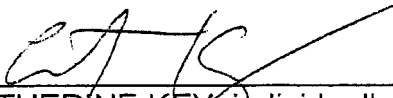
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA, SS
I, CATHY S. GATSON, CLERK OF CIRCUIT COURT OF SAID COUNTY
AND IN SAID STATE, DO HEREBY CERTIFY THAT THE FOREGOING
IS A TRUE COPY FROM THE RECORDS OF SAID COURT.
GIVEN UNDER MY HAND AND SEAL OF SAID COURT THIS 24th
DAY OF April 2007

CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

AGREED TO BY:


NICHOLAS PRESERVATI (WV# 8050)
JOSEPH JENKINS (WV# 9680)
300 Capitol Street, Ste. 1018
P.O. Box 1431
Charleston, WV 25325
Telephone: 304-346-1431

Facsimile: 304-346-1744

AGREED TO BY



CATHERINE KEY, individually and
as President of
CHECK GAME SOLUTIONS, INC.

STATE OF Kentucky,
COUNTY OF Jefferson, TO-WIT

Taken, subscribed, and sworn to before me in the County and State aforesaid this
19th day of April, 2007

Notary Public, State at Large, KY
My commission expires July 7, 2010
My commission expires _____



NOTARY PUBLIC