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EDWARD F. JEWETT, CLERK
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VIRGINIA:

IN THE CIRCUIT COURT FOR THE CITY OF RICHMOND
John Marshall Courts Building

COMMONWEALTH OF VIRGINIA,)
EX REL. MARK R. HERRING,)
ATTORNEY GENERAL,)
)
Plaintiff,)
)
v.)
)
B&B PAWNBROKERS, INC.,)
a Virginia corporation,)
)
Defendant.)
)

Case No. CL15-3155

CONSENT DECREE

The Plaintiff, Commonwealth of Virginia, by, through and at the relation of its Attorney General, Mark R. Herring, and the Defendant, B&B Pawnbrokers, Inc., on behalf of themselves, their officers, directors, agents, related entities, successors, and assigns, have resolved the matters in controversy between them and have agreed to the terms of this Consent Decree, as follows:

I. STIPULATED RECITALS

1. The Plaintiff is the Commonwealth of Virginia, *ex rel.* Mark R. Herring, Attorney General (hereinafter referred to as the "Plaintiff" or "the Commonwealth"). The Attorney General has statutory authority to enforce the Virginia statutes applicable to motor vehicle title lenders, Virginia Code §§ 6.2-2200 to 6.2-2227, Virginia statutes applicable to pawnbrokers,

Virginia Code §§ 54.1-4000 through 54.1-4014, the Virginia statutes applicable to consumer finance companies (the “consumer finance statutes”), Virginia Code §§ 6.2-1500 to 6.2-1543, and the Virginia Consumer Protection Act (“VCPA”), Virginia Code §§ 59.1-196 to 59.1-207.

2. The Defendant is B&B Pawnbrokers, Inc. (“B&B” or the “Defendant”), a Virginia corporation with its principal place of business at 4420 Lafayette Blvd., Fredericksburg, Virginia 22408 (Spotsylvania County).

3. The Defendant has operated, and currently operates, as a pawnbroker as that term is defined in Virginia Code § 54.1-4000.

4. The Commonwealth and the Defendant have agreed to a settlement of the Complaint, by and through the entry of this Consent Decree between the parties without trial or further adjudication of the validity of any alleged issue of law or fact.

5. The Defendant denies the allegations set forth in the Commonwealth’s Complaint not previously admitted, and affirmatively states that its execution of this Consent Decree is for settlement purposes only. This Consent Decree does not constitute evidence or admission of any issues of fact or law.

6. The Defendant and the Commonwealth state that each party has entered into this Consent Decree voluntarily and state that no promises of any kind were made to enter into this Consent Decree, except as provided herein.

II. ORDER

NOW, THEREFORE, based upon the advice and stipulation of the parties, and good cause appearing,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

1. Upon agreement of the parties, the Court hereby enters this Consent Decree.

2. The Court shall retain jurisdiction to enforce the terms and conditions of this Consent Decree.

A. Injunctive Relief

3. B&B, in its own name, or doing business under any other trade name, its agents, officers, directors, and any other persons in active concert or participation with any of them, with either actual or constructive knowledge of this Consent Decree, are hereby permanently enjoined from:

a. engaging in any act or practice in violation of the Virginia pawnbroker statutes;

b. engaging in any act or practice in violation of the Virginia motor vehicle title loan statutes;

c. engaging in any act or practice in violation of the Virginia consumer finance statutes; and

d. engaging in any act or practice in violation of the VCPA.

4. Nothing in this Consent Decree shall be construed to prohibit B&B from imposing fees different from, or in addition to, the fees specifically permitted by Virginia Code §§ 54.1-4004, 54.1-4008(A), 54.1-4009(C), and 54.1-4013(B) in connection with its pawnbroking activities, provided that such fees are consistent with: (a) a subsequent change to the Code of Virginia enacted by the Virginia General Assembly; or (b) a subsequent opinion issued in connection with a litigated matter by (i) a Virginia appellate court; (ii) a Virginia circuit court in a jurisdiction in which the Defendant has a physical business location; or (iii) a Virginia

circuit court where the Attorney General was a party to the litigation or otherwise had an opportunity to weigh in through the filing of an amicus brief or similar pleading.

B. Refunds

5. “Refund-Eligible/Title-Loan Borrowers” shall mean all borrowers who received a loan from the Defendant, where such loan was secured by a non-purchase-money security interest in a motor vehicle, and where physical possession of such motor vehicle securing the loan was not taken by the Defendant.

6. “Refund-Eligible/Pawn-Transaction Borrowers” shall mean all borrowers who entered into an initial pawn loan transaction with the Defendant during the period from January 1, 2015 through April 30, 2016, and who paid fees and charges beyond those specifically permitted by the Virginia pawnbroker statutes.

7. “Refund-Eligible Borrowers” shall mean all Refund-Eligible/Title-Loan Borrowers and Refund-Eligible/Pawn-Transaction Borrowers.

8. “Effective Date” shall mean the date on which this Consent Decree is entered by the Court.

9. “Pawn-Transaction Refund Amount” shall mean all fees, as reflected on the pawn ticket prepared in connection with each pawn loan transaction (including renewals), ultimately collected by B&B where the amount collected is in excess of the aggregate of (a) a five percent service fee for making daily electronic reports, not to exceed \$3, (b) a five percent monthly storage fee; and (c) interest in the amount of ten percent per month on a loan of \$25 or less; seven percent per month on a loan of more than \$25 and less than \$100; or five percent per

month on a loan of \$100 or more. This term shall not include fees charged in connection with loan renewal transactions if the related initial pawn loan transaction was entered into before the period specified in Section II, Paragraph 6, *supra*.

10. "Title-Loan Refund Amount" shall mean the total refund due to all Refund-Eligible/Title-Loan Borrowers. It shall equal the amount paid on account of principal, finance charges and other fees and charges minus the total principal amount loaned.

11. Simultaneously with the execution of this Consent Decree, B&B agrees to provide the Attorney General's Office with a verified spreadsheet containing the first and last name, home address, and phone number for all Refund-Eligible/Title-Loan Borrowers, as provided initially to B&B at the time of the transaction or later updated with B&B. Such spreadsheet also shall include for each Refund-Eligible/Title-Loan Borrower the loan date, the date, if any, the loan was fully repaid, the initial principal amount loaned, the total amount paid on account of principal, finance charges and other fees and charges, and the Title-Loan Refund Amount. The verified spreadsheet shall be accompanied by an affidavit in the attached form.

12. Simultaneously with the execution of this Consent Decree, B&B agrees to provide the Attorney General's Office with a verified spreadsheet containing the first and last name, home address, and phone number for all Refund-Eligible/Pawn-Transaction Borrowers, as provided initially to B&B at the time of the transaction or later updated with B&B. Such spreadsheet also shall include for each Refund-Eligible/Pawn-Transaction Borrower the initial pawn transaction date, the principal amount borrowed for said transaction, the finance charges and other fees contained on the pawn ticket recording said transaction, and the Pawn-Transaction

Refund Amount. The verified spreadsheet shall be accompanied by an affidavit in the attached form.

13. Within thirty (30) days of the Effective Date, B&B shall set aside in an escrow account a sum total of Fifteen Thousand Five Hundred Eight Dollars and Forty-Six Cents (\$15,508.46), which represents slightly more than twenty-five percent (25%) of the total amount potentially due for restitution to all Refund-Eligible Borrowers. B&B shall provide verification of deposit to the Attorney General, in the form of copies of a deposit slip and bank statement. If the amount in the escrow account is depleted to One Thousand Dollars (\$1,000), B&B shall, on a rolling basis, replenish the escrow account back to the amount of the initial deposit, or the amount necessary to satisfy all outstanding claims, whichever is less.

14. No later than thirty (30) days after the Effective Date, B&B shall issue claim forms to all Refund-Eligible Borrowers along with a letter explaining this settlement and stating that such consumers are entitled to a refund in the Title-Loan Refund Amount if a Refund-Eligible/Title-Loan Borrower, or in the Pawn-Transaction Refund Amount if a Refund-Eligible/Pawn-Transaction Borrower. The Defendant may also, in its discretion, require Refund-Eligible Borrowers to release claims relating to the allegations contained in the Complaint filed in this matter as a precondition to receiving said refund. The Defendant may also, in its discretion, require proof of identity for each Refund-Eligible Borrower in the form of their driver's license number, if such information was given by the Refund-Eligible Borrower at the time of the initial title loan or pawn loan transaction.

15. The form and substance of the letter and any required release shall be approved in advance by the Attorney General. The Attorney General agrees to review and approve all

required letters and releases in good faith and in a timely fashion to ensure that the Defendant may comply with the deadlines set forth in this Consent Decree.

16. B&B shall issue a single claim/release form (and, ultimately, a single refund check) to Refund-Eligible Borrowers who engaged in multiple transactions during the Relevant Period.

17. B&B shall manage and conduct the mailing of refund checks to Refund-Eligible Borrowers who return properly completed and signed claim and release forms. The Defendant shall mail/issue each refund check no later than sixty (60) days after receipt of an executed claim and release form, and shall issue refund checks to all consumers who return completed claim and release forms that are postmarked within sixty (60) days of the date B&B mailed the corresponding form. With the exception of the circumstances described in Section II, Paragraph 19 below, B&B will not be obligated to issue refund checks to consumers who return completed claim and release forms that are postmarked more than sixty (60) days after the claim forms are mailed by B&B. If for any reason B&B rejects a Refund-Eligible Borrower's claim and release form, B&B shall notify such Refund-Eligible Borrower of the reason for the rejection in writing, and provide a reasonable opportunity to resubmit the claim and release form.

18. B&B shall track and compile the identity of those consumers (a) whose claim and release forms are returned to B&B for incorrect or insufficient address or for any other reason; (b) who return signed claim and release forms; (c) who deposit the refund checks; (d) who do not deposit the refund checks; and (e) whose refund checks are returned to B&B for incorrect or insufficient address or for any other reason. B&B agrees to cover all costs relating to such mailing, tracking, and compiling.

19. B&B shall on an ongoing basis, starting within one hundred twenty (120) days of the Effective Date, and at least once every sixty (60) days thereafter through one (1) year from the Effective Date, provide all information compiled pursuant to Section II, Paragraph 18 above to the Office of the Attorney General so that the Attorney General may engage in further efforts to locate the Refund-Eligible Borrowers whose claim and release forms are returned for incorrect or insufficient address, or for any other reason. B&B agrees that it also will use reasonable efforts to locate such Restitution-Eligible Borrowers. For said returned forms, the Attorney General may direct B&B to send claim and release forms at any time up to two hundred seventy (270) days after the Effective Date to any Refund-Eligible Borrower for whom a more current address is found, and B&B shall issue refund checks to such borrowers whose claim and release forms are postmarked within three hundred sixty (360) days of the Effective Date. Once all approved claims are paid, any remainder of the funds in the escrow account may be returned to B&B.

20. In the event a Refund-Eligible Borrower properly completes, signs, and returns a claim and release form to B&B and the consumer's check is returned to B&B for any reason after being mailed, B&B will forward the amount due to that consumer to the Office of the Attorney General. If the Office of the Attorney General is not successful in locating any such Refund-Eligible Borrower, such amounts will be forwarded to the Unclaimed Property Division of the Department of the Treasury pursuant to, and for the purposes set forth in, §§ 55-210.9 and 55-210.2 of the Uniform Disposition of Unclaimed Property Act, Virginia Code §§ 55-210.1 to 55-210.30.

21. B&B agrees to designate a telephone number and staff it to handle consumer inquiries relating to this settlement. B&B agrees to staff the telephone number during normal

business hours until at least one (1) year from the Effective Date. The individuals designated to handle such consumer inquiries shall be knowledgeable of the terms of this Consent Decree and have ready access to the spreadsheets required in Section II, Paragraphs 11 and 12, and be prepared to inform borrowers of the relief they are eligible to receive pursuant to this Consent Decree, if any.

C. Refund Floor/Cy Pres

22. The Defendant shall not mail a claim and release form or a refund check to a Refund-Eligible Borrower if the total aggregate refund due to that particular borrower is less than Three Dollars (\$3) (the "Cy-Pres Borrowers"). The total aggregate restitution due to all Cy-Pres Borrowers is One Hundred Twenty-Eight Dollars and Seventy-Five Cents (\$128.75) (the "Cy Pres Funds").

23. The Attorney General will distribute the Cy Pres Funds to one or more nonprofit organizations that specialize in credit counseling, debt relief, or other related purpose in Spotsylvania County and/or surrounding geographic areas. The specific organization(s) to receive these funds shall be selected by the Attorney General, in his sole discretion.

D. Forbearances

24. "Forbearance-Eligible/Title-Loan Borrowers" shall mean all borrowers who received a title loan from B&B at any time, and who continue to make payments on such title loan.

25. With respect to all Forbearance-Eligible/Title-Loan Borrowers, B&B agrees to cease all collection efforts once the principal amount is recovered.

26. With respect to all Forbearance-Eligible/Title-Loan Borrowers from whom B&B has recouped at least the principal amounts loaned, if any debt owed has been turned over by the Defendant to a debt collector, the Defendant agrees to provide notice to the debt collector requiring the debt collector to cease all further collection efforts. The Defendant shall provide notice to debt collectors within fifteen (15) days of the Effective Date.

E. Attorneys' Fees

27. The Commonwealth shall recover from the Defendant, and the Defendant agrees to pay the Commonwealth, the sum of Eleven Thousand One Hundred Twenty-One Dollars and Twenty-Five Cents (\$11,121.25), pursuant to § 59.1-206(C) of the VCPA for reimbursement of the Commonwealth's reasonable expenses, costs, and attorneys' fees in investigating and preparing this action. Any amounts paid and collected shall be deposited to the Attorney General's Regulatory, Consumer Advocacy, Litigation and Enforcement Revolving Trust Fund.

F. Civil Penalties

28. The Commonwealth shall recover from the Defendant, and the Defendant agrees to pay the Commonwealth, the sum of Two Thousand Five Hundred Dollars (\$2,500.00), pursuant to § 59.1-206(A) of the VCPA, as a civil penalty for alleged violations of the VCPA, relating to the Defendant's alleged non-possessory motor-vehicle title loans made. Any amounts paid and collected shall be deposited to the Attorney General's Regulatory, Consumer Advocacy, Litigation and Enforcement Revolving Trust Fund.

G. Payment of Attorneys' Fees and Civil Penalties, and Cy Pres

29. Simultaneously with the execution of this Consent Decree, the Defendant agrees to make payment of the attorneys' fee, civil penalty, and Cy Pres Fund amounts specified in Section II(C), (E), and (F) above by delivering to the Commonwealth a cashier's or certified check in the amount of Thirteen Thousand Seven Hundred Fifty Dollars (\$13,750.00), payable to "Treasurer of Virginia," and remitted to the Office of the Attorney General, Attn: Mark S. Kubiak, 202 North Ninth Street, Richmond, Virginia 23219.

H. Miscellaneous

30. This Consent Decree constitutes the entire agreement between B&B and the Commonwealth, concludes the Office of the Attorney General's inquiry into this matter to its satisfaction, and releases B&B from all claims asserted or which might have been asserted, by the Commonwealth under the pawnbroker statutes, the motor vehicle title loan statutes, the consumer finance statutes, and the VCPA, or any other consumer protection law arising out of the allegations set forth by the Commonwealth in its Complaint. The parties agree that, if B&B files for bankruptcy within ninety (90) days of any required payment under this Consent Decree, this release shall be null and void.

31. Nothing in this Consent Decree shall affect the Defendant's obligation to comply with all applicable state and federal laws.

32. The entry of this Consent Decree shall not bar private causes of action, if any, with the exception of those causes of action specifically released by individual consumers in connection with refunds provided pursuant to Section II(B), *supra*.

33. The Commonwealth accepts this Consent Decree in full satisfaction of the claims it asserted, or could have asserted, in its Complaint against the Defendant, arising out of the subject matter hereof.

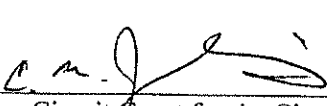
34. This Consent Decree may be modified only by order of this Court. After making a good faith effort to obtain the concurrence of the other party for the requested relief, the Defendant or the Commonwealth may petition this Court for modification of the terms and conditions of this Consent Decree.

35. A violation of any provision of this Consent Decree shall be punishable as contempt and may subject the person or entity in violation to all penalties or sanctions allowed by law.


36. The waiver or failure of any party to exercise any rights under this Consent Decree shall not be deemed a waiver of any right or any future rights. If any part of this Consent Decree shall for any reason be found or held invalid or unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of this Consent Decree, which shall survive and be construed as if such invalid or unenforceable part had not been contained herein.

And this Consent Decree is FINAL.

ENTER: 7/27/17




Judge, Circuit Court for the City of Richmond

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BY:  D.C.

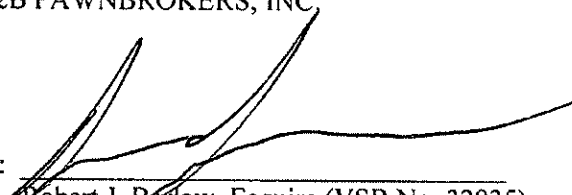
WE ASK FOR THIS:

COMMONWEALTH OF VIRGINIA,
EX REL. MARK R. HERRING
ATTORNEY GENERAL

By: 
David B. Irvin (VSB No. 23927)
Senior Assistant Attorney General
Mark S. Kubiak (VSB No. 73119)
Assistant Attorney General
Consumer Protection Section
202 North Ninth Street
Richmond, Virginia 23219
Phone: (804) 786-7364
Fax: (804) 786-0122

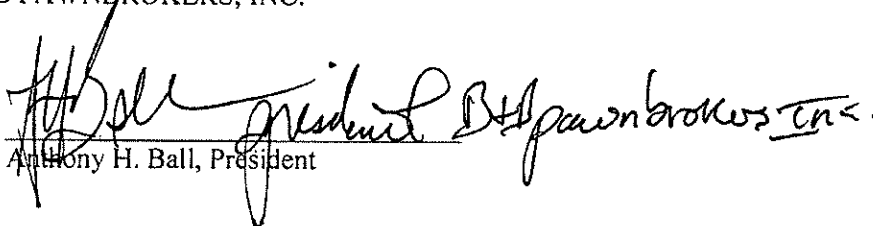
Counsel for Commonwealth of Virginia, ex rel. Mark R. Herring, Attorney General

B&B PAWNBROKERS, INC.

By: 
Robert J. Barlow, Esquire (VSB No. 32935)
Marc R. Thomas, Esquire (VSB No. 84538)
Law Offices of Robert J. Barlow P.L.C.
3516 Plank Road, Suite 104
Fredericksburg, Virginia 22407
Phone: (540) 548-4120
Fax: (540) 548-4123

Counsel for B&B Pawnbrokers, Inc.

B&B PAWNBROKERS, INC.

By: 
Anthony H. Ball, President

AFFIDAVIT VERIFYING SPREADSHEETS

The undersigned has supervised a complete search and examination of all files and loan records of B&B Pawnbrokers, Inc. in accordance with the Consent Decree entered into with the Commonwealth in the case styled *Commonwealth v. B&B Pawnbrokers, Inc.*, Circuit Court for the City of Richmond, Case No. CL15-3155, and, based on this search and examination, has prepared the attached spreadsheets to provide the loan information required by the Consent Decree. The attached spreadsheets are accurate and complete to the best of my knowledge.

B&B Pawnbrokers, Inc.

By: _____

Printed Name

Title: _____

STATE/COMMONWEALTH OF _____:

CITY/COUNTY OF _____:

Sworn to and subscribed before me, a notary public in and for the jurisdiction aforesaid, this ___ day of _____, 2017.

Notary Public

My commission expires: / /