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VIRGINIA:

IN THE CIRCUIT COURT FOR THE COUNTY OF STAFFORD
CIRCUIT COURT
STAFFORD VIRGINIA

COMMONWEALTH OF VIRGINIA,)
EX REL. MARK R. HERRING,)
ATTORNEY GENERAL,)
)
Plaintiff,)
)
v.)
)
610 PAWN, INC.,)
d/b/a 610 Pawn and Jewelry, and)
d/b/a 610 Pawn,)
a Virginia corporation,)
)
Defendant.)

Case No. CL16-699

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JUL 31 2017

CONSUMER PROTECTION SECTION

CONSENT JUDGMENT

The Plaintiff, Commonwealth of Virginia, by, through and at the relation of its Attorney General, Mark R. Herring, and the Defendant, 610 Pawn, Inc., on behalf of themselves, their employees, 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 Judgment, 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 pawnbrokers, Virginia Code §§ 54.1-4000 through 54.1-4014, and the Virginia Consumer Protection Act ("VCPA"), Virginia Code §§ 59.1-196 to 59.1-207.



2. The Defendant is 610 Pawn, Inc. d/b/a 610 Pawn and Jewelry, and d/b/a 610 Pawn ("610 Pawn" or the "Defendant"), a Virginia corporation with its principal place of business at 395 Garrisonville Rd., Suite 105, Stafford, Virginia 22554 (Stafford County).

3. The Defendant has operated, and currently operates, as a pawnbroker as that term is defined in Virginia Code § 54.1-4000, whereby it, among other things, has made, and presently makes, loans to consumers for personal, family, and household purposes, and whereby such loans are secured by personal property left with the Defendant (the "pawn loans").

4. Based upon materials received by the Office of the Attorney General, and its subsequent investigation, the Commonwealth previously filed a Complaint alleging that the Defendant operated in violation of (a) §§ 54.1-4008(A) and 54.1-4014(B) of the Virginia pawnbroker statutes by charging excessive and unlawful fees in connection with its pawn loan transactions; and (b) § 59.1-200(A)(33) of the VCPA by virtue of its alleged violations of the Virginia pawnbroking statutes.

5. In the interest of resolving the Commonwealth's claims, the Commonwealth and the Defendant have agreed on a basis for the settlement of the Complaint and stipulated to entry of this Consent Judgment between the parties without trial or the adjudication of the validity of any alleged issue of law or fact.

6. The Defendant does not admit the allegations set forth in the Commonwealth's Complaint, and affirmatively states that its execution of this Consent Judgment is for settlement purposes only. This Consent Judgment does not constitute evidence or admission of any issues of fact or law other than the matters ordered herein.

7. The Defendant and the Commonwealth waive their right to appeal from this Consent Judgment and enter into this Consent Judgment voluntarily and state that no promises of any kind were made to enter into this Consent Judgment, except as provided herein.

8. The Defendant acknowledges and agrees that the Commonwealth's Complaint in this matter states claims upon which relief could be granted under the provisions of the Virginia pawnbroker statutes and the VCPA.

9. The Defendant consents to and submits itself to the jurisdiction of this Court and waives any objections it may have had to the jurisdiction of this Court over it for all matters relating to the entry, execution, monitoring, and enforcement of this Consent Judgment. The Defendant further waives any objections it may have had to venue in this Court for matters relating to the entry, execution, monitoring, and enforcement of this Consent Judgment.

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

A. Injunctive Relief

3. 610 Pawn, in its own name, or doing business under any other trade name and its agents, employees, officers, directors, and any other persons in active concert or participation with it, with either actual or constructive knowledge of this Consent Judgment, are hereby permanently enjoined from:

a. in connection with any pawn loan transaction, charging any interest, charges, compensation, consideration, or expense that in the aggregate exceeds the interest and other charges permitted by the Virginia pawnbroker statutes. For the purposes of this subparagraph, the Commonwealth maintains that only those fees and interest specifically detailed in §§ 54.1-4004, 54.1-4008(A), 54.1-4009(C), and 54.1-4013(B) are permitted under the Virginia pawnbroker statutes.

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

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

B. Restitution

4. The “Restitution Period” means the period from March 12, 2015 through April 11, 2016.

5. The “Restitution-Eligible Borrowers” means all borrowers who received a pawn loan from the Defendant during the Restitution Period.

6. “Permissible fees” means the fees specifically permitted by Virginia Code §§ 54.1-4004 (lost ticket fee of \$5); 54.1-4008(A) (interest 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; and five percent per month on a loan of \$100 or more); § 54.1-4009(C) (a five-percent service fee for making daily electronic reports to the appropriate law-enforcement officers, not to exceed \$3); and 54.1-4013(B) (a five-percent monthly storage fee).

7. "Impermissible fees" means any fee or fees charged by the Defendant in addition to the permissible fees specifically authorized by Virginia Code §§ 54.1-4004, 54.1-4008(A), 54.1-4009(C) or 54.1-4013(B). For purposes of calculating restitution owed to the Restitution-Eligible Borrowers, "impermissible fees" means the difference between the aggregate fees actually charged by the Defendant, and the aggregate permissible fees described in Section II, Paragraph 6 above.

8. The "Effective Date" shall mean the date on which this Consent Judgment is entered by the Court.

9. Simultaneously with the execution of this Consent Judgment, 610 Pawn 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 Restitution-Eligible Borrowers. Such spreadsheet also shall include for each Restitution-Eligible Borrower the loan date, the date the loan was fully repaid (if it was repaid), the initial principal amount loaned, the total amount paid on account of finance charges and other fees and charges, the total aggregate amount of permissible fees, and the total restitution due subject to the per-individual restitution floor described in Section II, Paragraph 18, *infra* [where such amount is equal to the amount paid on account of impermissible fees, i.e., the total amount paid on account of finance charges and other fees and charges minus the total aggregate amount of permissible fees]. The verified spreadsheet shall be accompanied by an affidavit in the attached form.

10. Within sixty (60) days of the Effective Date, 610 Pawn shall set aside in an escrow account a sum total of Thirteen Thousand Eight Hundred Sixty-Five Dollars and Ninety-Four Cents (\$13,865.94), which represents fifty percent (50%) of the total amount potentially

due for restitution to all Restitution-Eligible Borrowers. 610 Pawn 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 escrow is depleted to \$1,000.00 or less, 610 Pawn shall, on a rolling basis, replenish the escrow account back to the amount in the initial deposit or the amount needed to satisfy all outstanding claims, whichever is less.

11. No later than sixty (60) days after the Effective Date, 610 Pawn shall issue claim forms to all Restitution-Eligible Borrowers along with a letter explaining this settlement and stating that such consumers are entitled to a refund in the amounts detailed in Section II, Paragraph 9 above. The Defendant also may require Restitution-Eligible Borrowers to release claims relating to the allegations described in this Consent Judgment. The form and substance of the letter and any required release shall be approved in advance by the Attorney General.

12. 610 Pawn shall issue a single claim/release form (and, ultimately, a single restitution check) to Restitution-Eligible Borrowers who received multiple loans during the Relevant Period.

13. 610 Pawn shall manage and conduct the mailing of refund checks to Restitution-Eligible Borrowers who return executed claim/release forms. The Defendant shall issue each refund check no later than sixty (60) days after receipt of an executed claim/release form, and shall issue refund checks to all consumers who return completed claim/release forms that are postmarked within two hundred seventy (270) days of the Effective Date. With the exception of the circumstances described in Section II, Paragraph 15 below, 610 Pawn will not be obligated to issue restitution checks to consumers who return completed claim/release forms after the two-hundred-seventy (270)-day period referenced herein.

14. 610 Pawn shall track and compile the identity of those consumers (a) whose claim/release forms are returned to 610 Pawn for incorrect or insufficient address or any other reason; (b) who return signed claim/release forms; (c) who deposit the refund checks; (d) who do not deposit the refund checks; and (e) whose refund checks are returned to 610 Pawn for incorrect or insufficient address or for any other reason. 610 Pawn agrees to cover all costs relating to such mailing, tracking, and compiling.

15. 610 Pawn 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 14 above to the Office of the Attorney General so that the Attorney General may engage in further efforts to locate the Restitution-Eligible Borrowers whose claim/release forms are returned for incorrect or insufficient address, or for any other reason. 610 Pawn agrees that it also will use reasonable efforts to locate such Restitution-Eligible Borrowers. The Attorney General may direct 610 Pawn to send claim/release forms at any time up to two hundred seventy (270) days after the Effective Date to any Restitution-Eligible Borrower for whom a more current address is found, and 610 Pawn shall issue refund checks to such borrowers whose claim/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 610 Pawn.

16. In the event a Restitution-Eligible Borrower signs and returns a claim and release form to 610 Pawn and the consumer's check is returned to 610 Pawn for any reason after being mailed, 610 Pawn 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 Restitution-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.

17. At its option, 610 Pawn can provide a separate phone number to be provided in the letter to Restitution Eligible Consumers or use its current telephone number and staff it to handle consumer inquiries relating to this settlement. 610 Pawn 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 Judgment and have ready access to the spreadsheets required in Section II, Paragraph 9, and be prepared to inform borrowers of the relief they are eligible to receive pursuant to this Consent Judgment, if any.

C. Restitution Floor/Cy Pres

18. The Defendant shall not mail a claim/release form or a restitution check to a Restitution-Eligible Borrower if the total aggregate restitution due to that particular borrower is less than Four Dollars (\$4) (the "Non-Restitution Borrowers"). The total aggregate restitution attributed to all Non-Restitution Borrowers is Two Hundred Seventy-Three Dollars and Fifteen Cents (\$273.15) (the "Cy Pres Funds").

19. 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 Stafford 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. Attorneys' Fees

20. The Commonwealth shall recover from the Defendant, and the Defendant agrees to pay the Commonwealth, the sum of Six Thousand Two Hundred Twenty-Six Dollars and Eighty-Five Cents (\$6,226.85), 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.

E. Payment of Attorneys' Fees and Cy Pres Funds

21. Simultaneously with the execution of this Consent Judgment, the Defendant agrees to make payment of the attorneys' fee and cy pres amounts specified in Section II Paragraphs 18 and 20 above by delivery of a cashier's or certified check in the amount of Six Thousand Five Hundred Dollars (\$6,500.00), 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.

F. Miscellaneous

22. This Consent Judgment constitutes the entire agreement between 610 Pawn and the Commonwealth, concludes the Office of the Attorney General's inquiry into this matter to its satisfaction, and releases 610 Pawn from all claims asserted or which might have been asserted, by the Commonwealth under the pawnbroker statutes and the VCPA, or otherwise arising out of the allegations set forth by the Commonwealth in its Complaint. The parties agree that, if 610

Pawn files for bankruptcy within ninety (90) days of any required payment under this Consent Judgment, this release shall be null and void.

23. Nothing in this Consent Judgment shall relieve the Defendant of its obligation to comply with all applicable state and federal laws.

24. The entry of this Consent Judgment shall not bar private causes of action, if any.

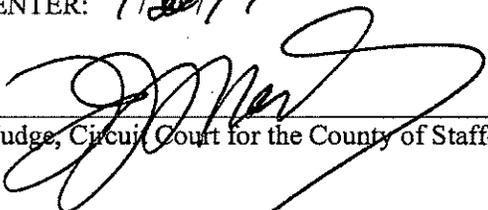
25. The Commonwealth accepts this Consent Judgment in full satisfaction of the claims it asserted, or could have asserted, in its Complaint against the Defendant, arising out of the subject matter hereof.

26. This Consent Judgment 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 Judgment.

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

28. The waiver or failure of any party to exercise any rights under this Consent Judgment shall not be deemed a waiver of any right or any future rights. If any part of this Consent Judgment 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 Judgment, which shall survive and be construed as if such invalid or unenforceable part had not been contained herein.

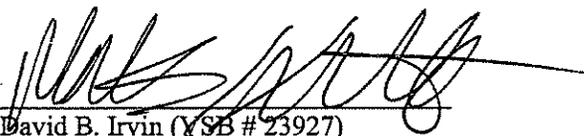
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Judge, Circuit Court for the County of Stafford

WE ASK FOR THIS:

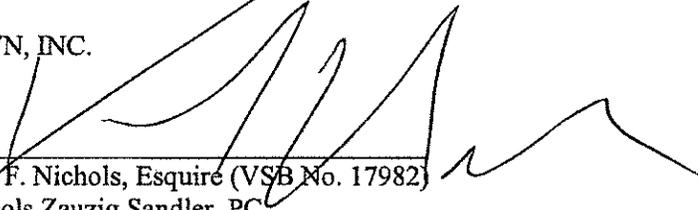
COMMONWEALTH OF VIRGINIA,
EX REL. MARK R. HERRING
ATTORNEY GENERAL

By: 

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

610 PAWN, INC.

By: 

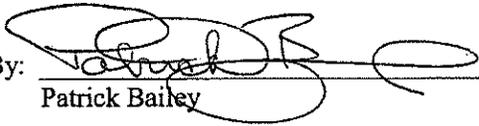
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A COPY TESTE:

Kathleen M. Starna, CLERK
CIRCUIT COURT OF STAFFORD

610 PAWN, INC.

By: 
Patrick Bailey

Title: President