

VIRGINIA:

IN THE CIRCUIT COURT FOR PRINCE WILLIAM COUNTY

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

Plaintiff,

v.

A TO Z PAWN, INC.,
a Virginia corporation,

Defendant.

CIVIL ACTION NO. CL17-2006

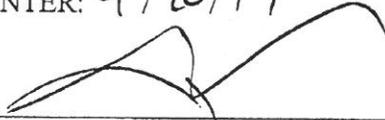
**ORDER APPROVING AND ADOPTING
ASSURANCE OF VOLUNTARY COMPLIANCE**

Upon review of the Complaint and the Assurance of Voluntary Compliance, and with the consent of the parties, it is hereby ADJUDGED, ORDERED, and DECREED that:

1. The attached Assurance of Voluntary Compliance is hereby approved and adopted as an Order of this Court; and

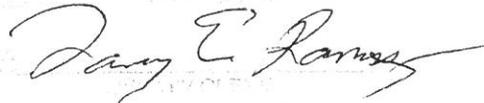
2. The Clerk of this Court shall mail a certified copy of this Order to David B. Irvin, Senior Assistant Attorney General, Consumer Protection Section, 202 North Ninth Street, Richmond, Virginia 23219, and to Christian R. Schreiber, Esquire, Venable LLP, 8010 Towers Crescent Drive, Suite 300, Tysons, Virginia 22182, counsel for A to Z Pawn, Inc.

ENTER: 9/20/17



Judge, Circuit Court for Prince William County

WE ASK FOR THIS:



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

By: David B. Irvin
DAVID B. IRVIN (VSB No. 23927)
Senior Assistant Attorney General
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202 North Ninth Street
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Phone: (804) 786-4047
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Counsel for Commonwealth of Virginia, ex rel. Mark R. Herring, Attorney General

SEEN AND AGREED:

A TO Z PAWN, INC.

By: Christian R. Schreiber
Christian R. Schreiber, Esquire (VSB No. 89544)
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Counsel for A to Z Pawn, Inc.

A TO Z PAWN, INC.

By: Mark R. Herring

Kenneth R. Duncan

Its: President

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ATTORNEY GENERAL,)	
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Plaintiff,)	
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)	
A TO Z PAWN, INC.,)	
a Virginia corporation,)	
)	
Defendant.)	
)	

ASSURANCE OF VOLUNTARY COMPLIANCE

I. PARTIES

1.0 This Assurance of Voluntary Compliance (“Assurance”) is entered into by the Commonwealth of Virginia, by, through and at the relation of its Attorney General, Mark R. Herring (the “Attorney General” or the “Commonwealth”), and A to Z Pawn, Inc. (“A to Z Pawn” or the “Defendant”).

1.1 A to Z Pawn is a Virginia corporation operating in Manassas Park, Virginia. A to Z Pawn operates as a pawnbroker, as defined in Virginia Code § 54.1-4000, making closed-end loans to consumers out of its sole business location at 8462 Centreville Road, Manassas Park, Virginia 20111. A to Z Pawn’s loans (the “pawn loans”) are secured by the consumers’ personal property that is left with the Defendant.

1.2 A to Z Pawn does not contest that it has advertised to and served Virginia consumers. A to Z Pawn consents to and waives all objections to this Court’s jurisdiction for all matters relating to this Assurance’s entry, execution, monitoring and enforcement. A to Z Pawn

further waives all objections it may have to venue in this Court for all matters relating to this Assurance's entry, execution, monitoring and enforcement.

II. COMMONWEALTH'S POSITION

2.0 The statements contained in this Section II represent the position of the Attorney General.

2.1 The Commonwealth alleges that A to Z Pawn was, at all relevant times mentioned herein, a "supplier" of "goods" or "services," and engaged in "consumer transactions," as those terms are defined in § 59.1-198 of the Virginia Consumer Protection Act ("VCPA"), Virginia Code §§ 59.1-196 through 59.1-207, by advertising, offering and providing pawn loans to individual consumers residing in Virginia.

2.2 During the period from at least February 14, 1989 to the present, A to Z Pawn offered to make, and made, pawn loans to Virginia consumers.

2.3 The Commonwealth contends that, during the period from at least March 17, 2015 through March 16, 2016 (the "Relevant Period"), A to Z Pawn operated in violation of the Virginia statutes governing pawnbrokers, Virginia Code §§ 54.1-4000 through 54.1-4014, by charging excessive interest rates and/or fees on all or many of its pawn loans. Specifically, the Commonwealth contends that A to Z Pawn charged interest and/or fees in amounts beyond the "permissible fees," as defined in § 6.2, *infra*.

2.4. The Commonwealth contends that, by violating the statutes applicable to pawnbrokers, A to Z Pawn also operated in violation of the VCPA. *See* Va. Code Ann. §§ 54.1-4014(B) and 59.1-200(A)(33).

2.5 A to Z Pawn informs the Commonwealth, and the Commonwealth understands, that A to Z Pawn voluntarily altered its fee structure on or around March 17, 2016, to charge

only such interest and fees as are specifically authorized under the pawnbroker statutes.

III. DEFENDANT'S POSITION

3.0 The statements contained in this Section III represent the position of A to Z Pawn.

3.1 A to Z Pawn does not contest the allegations contained in Sections 2.1 and 2.2 and denies the allegations contained in Sections 2.3 and 2.4 of this Assurance of Voluntary Compliance.

3.2 A to Z Pawn denies that it has engaged in any acts and practices that violate any Virginia law, including, but not limited to, the Virginia pawnbroker statutes and the VCPA.

IV. GENERAL PROVISIONS

4.0 This Assurance does not constitute an admission or waiver by A to Z Pawn for any purpose of any fact or of a violation of any state or federal law, rule or regulation. A to Z Pawn enters into this Assurance without admitting any wrongdoing or liability and affirmatively states that its execution of this Assurance is for settlement purposes only. This Assurance is made without trial or adjudication of any issue of fact or law. This Assurance does not constitute evidence or admission of any issues of fact or law. A to Z Pawn enters into this Assurance for the purpose of arriving at a complete, full settlement of any disagreement as to the matters addressed in this Assurance and preceding its execution, which may exist between A to Z Pawn and the Attorney General, in the interest of resolving the Attorney General's claims.

4.1 This Assurance shall be governed by the laws of the Commonwealth of Virginia.

4.2 This Assurance does not constitute an approval by the Attorney General of any of A to Z Pawn's services or practices and A to Z Pawn shall not make any representation to the contrary.

4.3 Nothing in this Assurance shall be construed as a waiver of whatever, if any, private rights of action any affected person may have relating to the conduct at issue.

4.4 Nothing in this Assurance shall permit any person or entity not a signatory hereto to enforce any provision of this Assurance.

4.5 Nothing in this Assurance shall be construed to authorize or require any action by A to Z Pawn in violation of applicable federal, state or other laws.

4.6 A to Z Pawn agrees that this Assurance constitutes a legally-enforceable obligation of A to Z Pawn in accordance with its terms.

4.7 The Commonwealth shall not institute any subsequent civil proceeding or take any civil action against A to Z Pawn, its officers, directors, managers, employees or agents under Virginia pawnbroker statutes or the VCPA for any conduct that occurred prior to the date this Assurance is signed by all parties and approved and adopted as an Order of the Court (the "Effective Date" of this Assurance) that is based on any service or practice addressed in this Assurance. The Parties agree that if A to Z Pawn, or its officers, directors, managers, employees, or agents, provided any materially-false information to the Commonwealth during any settlement negotiations between the Parties, this provision shall be null and void.

4.8 The Commonwealth, through its Attorney General, releases and discharges A to Z Pawn, and its officers, directors, managers, employees, or agents, from all potential liability for law violations that the Commonwealth has or might have asserted based on practices alleged herein by the Attorney General, to the extent such practices occurred before the Effective Date and the Attorney General knew about them or had reason to know about them as of the Effective Date. This release does not preclude or affect any right of the Attorney General to determine and ensure compliance with the Order by which this Assurance is approved and adopted by this Court or to seek penalties for any violation of the Order.

4.9 The Parties agree that, if A to Z Pawn files for bankruptcy within ninety (90) days of any required payment under this Assurance, the release appearing in Paragraph 4.8 shall be null and void.

4.10 This Assurance applies to A to Z Pawn, together with its officers, directors, managers, employees, assigns and agents who are engaged in any aspect of the Defendant's lending activities.

4.11 This Assurance constitutes the entire agreement of the parties hereto and supersedes all prior agreements or understandings, whether written or oral, between the parties and/or their respective counsel with respect to the subject matter hereof. Any amendment or modification to this Assurance must be in writing and signed by a duly authorized representative of all the parties hereto.

V. ASSURANCES

5.0 A to Z Pawn voluntarily agrees to this Assurance of Voluntary Compliance without trial or adjudication of any issue of fact or law.

5.1 A to Z Pawn agrees to refrain from and to be permanently enjoined from engaging in those acts and practices alleged to be violations of the Virginia pawnbroker statutes in Paragraph 2.3 of Section II of this Assurance, and A to Z Pawn agrees that engaging in such acts after the Effective Date of this Assurance may constitute, dependent upon the facts and circumstances to be later determined, a violation of the Order by which this Assurance is approved and adopted by this Court.

5.2 A to Z Pawn agrees to refrain from and to be permanently enjoined from engaging in any and all practices in violation of the Virginia pawnbroker statutes, as they now exist, or as they are amended in the future.

5.3 A to Z Pawn agrees to refrain from and to be permanently enjoined from engaging in those acts and practices alleged to be violations of the VCPA in Paragraph 2.4 of Section II of this Assurance, and A to Z Pawn agrees that engaging in such acts or similar acts after the Effective Date of this Assurance may constitute, dependent upon the facts and circumstances to be later determined, a violation of the Order by which this Assurance is approved and adopted by this Court.

5.4 A to Z Pawn agrees to refrain from and to be permanently enjoined from engaging in any and all practices in violation of the VCPA, as it now exists, or as it is amended in the future.

5.5 A to Z Pawn agrees to make available and to disclose the provisions of this Assurance to its officers, directors, managers, employees, agents and representatives within five (5) days of the last execution date of this Assurance, or the date this Assurance is filed with the Court, whichever is later.

5.6 A to Z Pawn shall institute supervisory compliance procedures that are reasonably designed to ensure compliance with this Assurance, including, without limitation, (a) the training of relevant employees and (b) revisions to and/or development of appropriate training materials and internal procedures.

5.7 A to Z Pawn agrees to be permanently enjoined from entering into, forming, organizing or reorganizing into any partnership, corporation, limited liability company, sole proprietorship or any other legal structures, for the purpose of avoiding compliance with the terms of this Assurance, but is permitted to do any of the aforementioned for tax or legitimate corporate reasons.

5.8 A to Z Pawn agrees that it shall not represent that the Attorney General approves of or endorses Defendant's past or future business practices, or that the execution of this Assurance constitutes such approval or endorsement.

VI. RESTITUTION

6.0 "Restitution Period" means the period from March 17, 2015 through March 16, 2016.

6.1 "Restitution-Eligible Consumers" means all consumers who received one or more pawn loans from A to Z Pawn during the Restitution Period, and from whom A to Z Pawn collected impermissible fees as described in Paragraph 6.3, *infra*.

6.2 "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).

6.3 "Impermissible fees" means any fee charged by A to Z Pawn 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 in this Section, "impermissible fees" means the difference between the aggregate fees actually charged by A to Z Pawn, and the aggregate permissible fees described in Paragraph 6.2.

6.4 The "Effective Date" shall mean the date on which this Assurance is entered by the Court.

6.5 Simultaneously with the execution of this Assurance, A to Z Pawn agrees to provide the Attorney General's Office with a verified spreadsheet containing the first and last

name, home street address, city, state and zip code, and phone number for all Restitution-Eligible Consumers. Such spreadsheet also shall include for each Restitution-Eligible Consumer the loan date, the date the loan was fully repaid (if it was repaid), the initial principal amount loaned, the number of payments made (including any monthly renewals and final payment upon redemption of the property item pawned), 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 [where such amount is equal to the total amount paid on account of finance charges and other fees and charges minus the total aggregate permissible fees allowable for that transaction]. The verified spreadsheet shall be accompanied by an affidavit in the attached form.

6.6 Within sixty (60) days of the Effective Date, A to Z Pawn shall set aside in an escrow account a sum total of Ten Thousand Three Hundred Ninety-Eight Dollars and Ninety-Four Cents (\$10,398.94), which represents 25% of the total amount potentially due for restitution to all Restitution-Eligible Consumers. A to Z 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 or less, A to Z Pawn shall, on a rolling basis, replenish the escrow account back to the amount of the initial deposit or the amount needed to satisfy all outstanding claims, whichever is less.

6.7 No later than sixty (60) days after the Effective Date, A to Z Pawn shall issue claim forms to the Restitution-Eligible Consumers along with a letter explaining this settlement and stating that such consumers are entitled to a refund in the amount of the impermissible fees they paid. A to Z Pawn also may require Restitution-Eligible Consumers to release claims relating to the allegations described in this Assurance. The form and substance of the letter and any required release shall be approved in advance by the Attorney General.

6.8 A to Z Pawn shall issue a single claim form (and, ultimately, a single restitution check) to Restitution-Eligible Consumers who received multiple loans during the Relevant Period.

6.9 A to Z Pawn shall manage and conduct the mailing of refund checks to Restitution-Eligible Consumers who return executed claim forms. The Defendant shall issue each refund check no later than sixty (60) days after receipt of an executed claim form, and shall issue refund checks to all Restitution-Eligible Consumers who return completed claim forms that are postmarked within two hundred seventy (270) days of the Effective Date. With exception of the circumstances described in Paragraph 6.11 below, A to Z Pawn will not be obligated to issue restitution checks to consumers who return completed claim forms that are postmarked later than two hundred seventy (270) days after the Effective Date.

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

6.11 A to Z 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 four hundred twenty (420) days from the Effective Date, provide all information compiled pursuant to Paragraph 6.10 above to the Attorney General's Office so that the Attorney General may engage in further efforts to locate the Restitution-Eligible Consumers whose claim forms are returned for incorrect or insufficient address, or for any other reason. A to Z Pawn agrees that it also will use reasonable efforts to locate such Restitution-Eligible Consumers. The Attorney General may

direct A to Z Pawn to send claim forms at any time up to two hundred seventy (270) days after the Effective Date to any Restitution-Eligible Consumer for whom a more current address is found, and A to Z Pawn shall issue refund checks to such consumers whose claim 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 A to Z Pawn.

6.12 In the event a Restitution-Eligible Consumer signs and returns a claim form to A to Z Pawn and the consumer's refund check is returned to A to Z Pawn for any reason after being mailed, A to Z Pawn will forward the amount due to that consumer to the Attorney General's Office. If the Attorney General's Office is not successful in locating any such Restitution-Eligible Consumer, 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.

6.13 A to Z Pawn agrees to use a telephone number designated by A to Z Pawn (and subject to approval by the Attorney General's Office) and staff to handle consumer inquiries relating to the settlement during its normal business hours for at least one (1) year after the Effective Date. For purposes of complying with this requirement, A to Z Pawn agrees to accept collect telephone calls from affected consumers who are calling from outside of its local calling area. The individuals designated to handle such consumer inquiries shall be knowledgeable of the terms of the Assurance and have ready access to the spreadsheet required in Paragraph 6.5, and be prepared to inform consumers of the relief they are eligible to receive pursuant to this Assurance, if any.

VII. MISCELLANEOUS

7.0 A to Z Pawn agrees to preserve any loan records, whether maintained in electronic or hard copy form, relating to any Restitution-Eligible Consumer.

7.1 To the extent that A to Z Pawn has provided any negative information, knowingly or unknowingly, directly or indirectly, to any credit reporting agency concerning any Restitution-Eligible Consumer, the Defendant agrees to contact the credit reporting agency to request removal of the adverse information.

VIII. ATTORNEYS' FEES

8.0 The Commonwealth shall recover from the Defendant, and the Defendant agrees to pay the Commonwealth, the sum of Five Thousand Dollars (\$5,000), 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.

8.1 The Commonwealth agrees to suspend payment of and any accrual of interest on the amounts due pursuant to paragraph 8.0 above for reimbursement of the Commonwealth's expenses, costs and attorneys' fees pending completion of the restitution process described in section VI above. In the event the total amounts paid by the Defendant for consumer restitution pursuant to the process described in section VI above exceed Twenty-Eight Thousand Dollars (\$28,000), the Commonwealth agrees to give the Defendant a dollar-for-dollar credit against the amount otherwise due for reimbursement of the Commonwealth's expenses, costs and attorneys' fees. For example, if the Defendant pays consumer restitution totaling Thirty Thousand Dollars (\$30,000), the amount due from the Defendant for reimbursement of the Commonwealth's expenses, costs and attorneys' fees will drop to Three Thousand Dollars (\$3,000).

IX. SIGNATURES

9.0 Each undersigned individual represents that he or she is fully authorized by the Party he or she represents to enter into this Assurance and to legally bind such Party to the terms and conditions herein.

Signed this 28th day of August, 2017.

FOR THE PLAINTIFF:

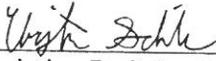
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FOR THE DEFENDANT:

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Counsel for A to Z Pawn, Inc.

FOR THE DEFENDANT:

A TO Z PAWN, INC.

By: 
Kenneth R. Duncan

Its: President

