

**IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA  
Richmond Division**

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

*Plaintiff-Intervenor,*

v.

CASHCALL, INC.,  
a California corporation,  
and

J. PAUL REDDAM,  
an individual,

*Defendants.*

**Civil Action No. 3:14-cv-258-JAG**

JAMES HAYES, et al.,

*Plaintiffs,*

v.

DELBERT SERVICES CORPORATION,  
JOHN PAUL REDDAM,  
and CASHCALL, INC.,

*Defendants.*

**COMPLAINT IN INTERVENTION**

The Plaintiff-Intervenor, Commonwealth of Virginia, by, through, and at the relation of the Attorney General of Virginia, Mark R. Herring (the “Intervenor” or the “Commonwealth”), petitions this Court to declare that the activities in which the Defendants, CashCall, Inc. (“CashCall”), and its sole owner and chief executive officer (“CEO”), J. Paul Reddam

(“Reddam”) (collectively, “Defendants”), have engaged constitute violations of §§ 59.1-200(A)(2), (3), (5) and (14) of the Virginia Consumer Protection Act (“VCPA”).

### **PRELIMINARY STATEMENT**

The Commonwealth files this Complaint with the goal of providing relief to over 17,000 Virginia consumers deceived by Defendants’ unlawful “rent-a-tribe” lending scheme. CashCall became active in the consumer lending industry in 2003. After its previous lending model (which involved state-chartered, federally-insured banks) met with regulatory scrutiny,<sup>1</sup> CashCall began using a “rent-a-tribe” lending model. In this model, CashCall used the purported tribal affiliation of Western Sky Financial, LLC (“Western Sky”), to make loans supposedly subject only to the laws and jurisdiction of a Native American tribe. Thus, CashCall’s loans would be free from state usury laws—except for one problem. Western Sky’s tribal affiliation was entirely fabricated.

At the marketing level, Western Sky appeared on television and on the Internet as a “tribal” lender, using teepee images and referring to its status as a Native American business. This fiction was reinforced when consumers applied for, and received, their loans. Western Sky’s standard loan agreement touted an affiliation with the Cheyenne River Sioux Tribe (“CRST”) of South Dakota, and claimed that it was subject only to the laws and jurisdiction of the CRST. But the truth was that Western Sky was neither organized under CRST law nor owned by the CRST; it was a South Dakota limited liability company. The truth was that Western Sky was not even the actual lender; CashCall provided marketing support, and underwrote, funded, and serviced each loan. Top to bottom, the Western Sky loan program was nothing more than a scam Reddam used to attempt to exempt CashCall’s loans from state usury laws.

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<sup>1</sup> See, e.g., *CashCall, Inc. v. Morrissey*, No. 12-1274, 2014 W. Va. LEXIS 587, \*2-3 (W. Va. Supreme Court, May 30, 2014) (memorandum decision), cert. denied, 135 S. Ct. 2050 (2015); *CashCall, Inc. v. Maryland Comm’r of Fin. Reg.*, 139 A.3d 990, 995 n.12 (Md. 2016).

Regulators saw through this scheme. In January of 2011, the Colorado Attorney General filed what appears to be the first public enforcement action scrutinizing the deceptive Western Sky loan program. Numerous state and federal enforcement actions and private lawsuits ensued over the coming years, and, today, “No one appears to seriously dispute that Western Sky's . . . loans violated a host of state and federal lending laws.”<sup>2</sup> Indeed, CashCall has been found to be the true or *de facto* lender despite “renting” a Native American tribe to originate its loans, and Reddam has been held personally liable for his active participation in, and control over, the Western Sky loan program.<sup>3</sup>

In sum, the foregoing history of Defendants’ attempts to avoid state usury laws shows how willfully they violated the VCPA. It was not until September of 2016 that Defendants finally ceased their operations in the Commonwealth of Virginia—*five years* after the Colorado Attorney General notified them of the illegality of their rent-a-tribe scheme. Thus, for over five years, CashCall knowingly collected millions of dollars from Virginia consumers on loans that should have been capped at 12% annual interest by Virginia Code § 6.2-303(A). But, by using the Western Sky loan program, CashCall deceived Virginia consumers and charged annual interest at rates between 58% and 238%.

Accordingly, Virginia consumers affected by Defendants’ willful VCPA violations are entitled to considerable relief. The Commonwealth therefore prays that this Court grant the relief requested in its Complaint and states the following in support thereof:

### **JURISDICTION AND VENUE**

1. The Intervenor brings its Complaint in Intervention pursuant to its authority in Virginia Code § 59.1-203, which provides, *inter alia*, that the Attorney General may bring an action to

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<sup>2</sup> Hayes v. Delbert Servs. Corp., 811 F.3d 666, 669 (4th Cir. 2016).

<sup>3</sup> Consumer Fin. Prot. Bureau v. CashCall, Inc., No. 15-cv-7522, 2016 U.S. Dist. LEXIS 130584, at \*19 (C.D. Cal. Aug. 31, 2016).

enjoin any violation of the VCPA. As alleged herein, Defendants violated §§ 59.1-200(A)(2), (3), (5) and (14) of the VCPA.

2. This Court has supplemental jurisdiction over the Intervenor's VCPA claims pursuant to 28 U.S.C. 1367(a) because the Intervenor's claims are so related to the claims of Plaintiffs James Hayes et al., over which this Court has original jurisdiction, that they form the same case or controversy.

3. Prior to the commencement of this action, the Intervenor gave the Defendants written notice that its claims were contemplated. In that written notice, the Defendants were afforded a reasonable opportunity either to appear before the Office of the Attorney General to demonstrate that they had not violated the VCPA, or, to execute an Assurance of Voluntary Compliance ("AVC"), pursuant to Virginia Code § 59.1-203(B). The Defendants were not able to demonstrate that they did not violate the VCPA, but agreed to execute an acceptable Stipulated Final Judgment and Order in lieu of an Assurance of Voluntary Compliance.

### **PARTIES**

4. The Plaintiff-Intervenor is the Commonwealth of Virginia, by, through, and at the relation of Mark R. Herring, Attorney General of Virginia.

5. The Defendant, CashCall, Inc., is a California corporation with its principal place of business at 1 City Boulevard West, Suite 1000, Orange, California 92868. CashCall registered to conduct business in the Commonwealth of Virginia on August 10, 2010.

6. Upon information and belief, the Defendant, J. Paul Reddam, is a resident of Sunset Beach, California. During all relevant times, and since August 10, 2010, Reddam served, and continues to serve, as the CEO of CashCall, and was and is its sole owner.

7. Whenever any reference is made in this Complaint to any act of the "Defendants" or to the acts of any one of them, such allegations shall be deemed to include CashCall and Reddam,

acting jointly and severally, as if the act of any one of them were the act of the other, whether as principal, under an express or implied agency, or with actual or apparent authority to perform the acts alleged.

## **FACTS**

### ***Defendants' Lending History***

8. Reddam has been the CEO and sole owner of CashCall since its creation.

9. In 2003, Reddam involved CashCall in the consumer lending industry to compete with payday loan companies in the State of California.

10. In 2006, one of CashCall's financiers conditioned further funding of CashCall's lending operations in the State of California upon diversifying its default risk by expanding its operations nationwide.

11. To expand its operations nationwide, CashCall paid two stated-chartered, federally-insured banks to make loans that, in turn, CashCall would purchase, service, and collect. These banks were First Bank & Trust of Millbank, South Dakota, and First Bank of Delaware. CashCall used these state-chartered, federally-insured banks as a means to originate loans that it would later claim to be exempt from state usury laws.

12. On June 10, 2008, Sandra L. Thompson, Director of the Federal Deposit Insurance Corporation's ("FDIC") Division of Supervision and Consumer Protection issued a "Notice of Charges for an Order to Cease and Desist and for Restitution" to the First Bank of Delaware—one of the banks used by CashCall.<sup>4</sup> The FDIC's notice specifically refers to the "Consumer Loan Marketing, Origination, and Sale Agreement dated as of January 15, 2007 between CashCall, Inc. and First Bank of Delaware."

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<sup>4</sup> A copy of the FDIC's notice is available at [https://www.fdic.gov/news/news/press/2008/FBD\\_Notice\\_of\\_Charges.pdf](https://www.fdic.gov/news/news/press/2008/FBD_Notice_of_Charges.pdf).

*Defendants' Transition to the Rent-a-Tribe Scheme*

13. Due to regulatory scrutiny from the FDIC, Reddam sought a new way to make CashCall's loans exempt from state usury laws. Otherwise, CashCall's lending operations would not have been profitable enough to continue. Reddam therefore made the decision to switch to a "rent-a-tribe" scheme.

14. The rent-a-tribe scheme included an arrangement whereby CashCall would use a third party to originate loans that would, by virtue of the third party's purported or actual tribal status, be subject to tribal law and free from state usury laws.

15. CashCall's general counsel was introduced to Martin "Butch" Webb ("Webb"), an enrolled member of the Cheyenne River Sioux Tribe ("CRST") who worked in the tribal payday lending industry in South Dakota. At that time, Webb and CashCall's general counsel discussed originating and selling "tribal" loans to CashCall.

16. Webb formed Western Sky Financial, LLC ("Western Sky"), in late 2009 to be the façade behind which CashCall would operate its rent-a-tribe lending scheme. Webb was, and still is, Western Sky's sole owner.

17. Although Webb is an enrolled member of the CRST and the sole owner of Western Sky, Western Sky was not, and is not, owned by the CRST.

18. Western Sky was not organized pursuant to the laws of the CRST.

19. Western Sky was organized under the laws of South Dakota as a limited liability company.

20. Reddam ultimately made the decision to implement CashCall's Western Sky loan program in early 2010.

*The Structure of CashCall's Rent-a-Tribe Scheme*

21. Two agreements were necessary to implement CashCall's rent-a-tribe scheme.

22. First, CashCall and Western Sky entered into an "Agreement for Service" ("Service Agreement").<sup>5</sup> Pursuant to the Service Agreement, CashCall—not Western Sky—was obligated to provide marketing services for the Western Sky loan program, to provide customer support for consumers using the Western Sky loan program, to host the website where consumers would apply for Western Sky loans, and to underwrite the loans.

23. The Service Agreement further required CashCall to establish a toll-free telephone and fax number for Western Sky, and to provide electronic communication systems (e-mail and text), for Western Sky to use when communicating with consumers.

24. In exchange for these services, Western Sky paid CashCall 2.02% of the face value of each loan that it sold to CashCall as explained below.

25. The Service Agreement evidences a high level of operational control that CashCall, and thus Reddam, had over the creation and implementation of the Western Sky loan program.

26. Second, the Defendants' rent-a-tribe scheme needed a means for CashCall to fund loans made by Western Sky. For that reason, Reddam created WS Funding, LLC ("WS Funding"). WS Funding is a wholly-owned subsidiary of CashCall, and Reddam is its president.

27. Pursuant to the "Agreement for the Assignment and Purchase of Promissory Notes" ("Assignment Agreement") entered into by WS Funding and Western Sky, WS Funding opened "a demand deposit account in the name of Western Sky" that Western Sky used to fund the loans.<sup>6</sup>

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<sup>5</sup> A true and accurate copy of the Service Agreement is attached hereto as Exhibit A.

<sup>6</sup> A true and accurate copy of the Assignment Agreement is attached hereto as Exhibit B.

28. Western Sky was then required under the Assignment Agreement to assign all Western Sky loans to WS Funding. In return for assigning the loans to WS Funding, Western Sky received 5.145% of the loan value.

29. The Assignment Agreement further obligated WS Funding to indemnify Western Sky for “all costs arising or resulting from any and all civil, criminal or administrative claims or actions, including but not limited to fines, costs, assessments and/or penalties, which may arise in any jurisdiction.”

30. Western Sky’s actual involvement in and control over the Western Sky loan program was minimal, as was its economic interest in the loans. On the other hand, CashCall’s economic interest in the Western Sky loan program was great; it bore all the risk of non-payment and enjoyed all the benefit of collecting the loans. The extent of CashCall’s interest in the Western Sky loan program can also be seen in the Assignment Agreement, in which WS Funding agreed to indemnify Western Sky.

31. In sum, the Service Agreement and Assignment Agreement illustrate that Western Sky was nothing more than a façade used to make CashCall’s loans appear governed by tribal law and exempt from state usury laws. The risks and rewards of the Western Sky loan program, as well as control of its operation and funding, ultimately resided with CashCall and Reddam.

***Defendants’ Use of the Rent-a-Tribe Scheme in the Commonwealth of Virginia***

32. Beginning in 2010, Defendants used the Western Sky loan program to solicit and make high-interest, usurious loans to residents of the Commonwealth of Virginia online and over the telephone.

33. The following screenshot illustrates how the Western Sky website would have appeared to a Virginia consumer on March 16, 2012:<sup>7</sup>



34. On information and belief, the above images and language, or substantially the same images and language, were posted on Western Sky's website for the entire period during which CashCall implemented the Western Sky loan program in the Commonwealth of Virginia. Thus, Virginia consumers who applied online for Western Sky loans would have seen misleading images of teepees, and read misleading language, all of which combined to misrepresent Western Sky's tribal affiliation.

35. On information and belief, Western Sky television ads aired in the Commonwealth of Virginia, and those ads included images of teepees and contained similar language regarding

<sup>7</sup> This website is no longer available, but this particular screenshot from the website is accessible through an internet archival service at <http://web.archive.org/web/20120316004718/http://www.westernsky.com/>.

Western Sky's status as a Native American business.<sup>8</sup> These television ads also misled consumers into believing that Western Sky was affiliated with a Native American tribe.

36. Western Sky's form loan agreement misrepresented that it was the lender, and that its loan agreement was subject solely to the laws and jurisdiction of the CRST. The following excerpt from a Western Sky loan agreement made to a Virginia consumer makes this clear:<sup>9</sup>

**This Loan Agreement is subject solely to the exclusive laws and jurisdiction of the Cheyenne River Sioux Tribe, Cheyenne River Indian Reservation.** By executing this Loan Agreement, you, the borrower, hereby acknowledge and consent to be bound to the terms of this Loan Agreement, consent to the sole subject matter and personal jurisdiction of the Cheyenne River Sioux Tribal Court, and that no other state or federal law or regulation shall apply to this Loan Agreement, its enforcement or interpretation.

You further agree that you have executed the Loan Agreement as if you were physically present within the exterior boundaries of the Cheyenne River Indian Reservation, a sovereign Native American Tribal Nation; and that this Loan Agreement is fully performed within the exterior boundaries of the Cheyenne River Indian Reservation, a sovereign Native American Tribal Nation.

In this Loan Agreement, the words "you" and "your" mean the person signing as a borrower. "We," "us," "our," and "Lender" mean Western Sky Financial, LLC, a lender authorized by the laws of the Cheyenne River Sioux Tribal Nation and the Indian Commerce Clause of the Constitution of the United States of America, and any subsequent holder of this Note ("Western Sky").

TRUTH IN LENDING DISCLOSURES: The disclosures below are provided to you so that you may compare the cost of this loan to other loan products you might obtain in the United States. Our inclusion of these disclosures does not mean that we consent to application of state or federal law to us, to the loan, or this Loan Agreement.

37. Western Sky's form loan agreement further included a "Governing Law" provision in which Western Sky claimed the agreement was "governed by the Indian Commerce Clause of the Constitution of the United States of America and the laws of the Cheyenne River Sioux Tribe."

38. Accordingly, the language of Western Sky loan agreements misled consumers into believing that Western Sky was the lender, that it was a Native American entity, and that its

<sup>8</sup> An example of Western Sky's television ads can be viewed at <https://www.youtube.com/watch?v=aWjB9yGety0>.

<sup>9</sup> A true and accurate copy of this Western Sky loan agreement is attached hereto as Exhibit C.

loans were governed only by CRST law and the Indian Commerce Clause of the United States Constitution.

39. Despite these misrepresentations, the laws of the CRST and the Indian Commerce Clause of the United States Constitution had no reasonable relationship to any loans made by CashCall to Virginia consumers under its Western Sky loan program. No Virginia consumers traveled to South Dakota or any land owned by or in possession of the CRST to execute a loan pursuant to CashCall's Western Sky loan program. Western Sky was not organized under CRST law nor owned by the CRST.

40. Despite these misrepresentations, Virginia law, including the 12% annual interest limitation prescribed by Virginia Code § 6.2-303(A), applied to each loan CashCall made to Virginia consumers under its Western Sky loan program. Neither CashCall nor Western Sky qualified for any exception to the 12% annual interest limitation prescribed by Virginia Code § 6.2-303(A). Pursuant to Virginia Code § 6.2-306, Virginia consumers could not have waived the interest rate limitation prescribed by Virginia Code § 6.2-303(A) by entering into a loan agreement with CashCall pursuant to its Western Sky loan program. And, the Commonwealth of Virginia recognizes a fundamental public policy against usury, rendering the Western Sky loan agreement's choice of law provision unenforceable.

41. CashCall made approximately 17,046 usurious loans to Virginia consumers and, through its Western Sky loan program, misled Virginia consumers into believing that only CRST law applied and that Virginia Code § 6.2-303(A) did not limit the annual interest rate to 12% or less. Accordingly, these consumers suffered losses as a result of Defendants' use of the deceptive Western Sky loan program.

42. Unknown to Virginia consumers at the time of loan origination, the loans they received under the deceptive Western Sky loan program were actually funded by a wholly-owned subsidiary of CashCall, WS Funding.

43. Unknown to Virginia consumers at the time of loan origination, the loans they received under the deceptive Western Sky loan program were already scheduled to be sold by Western Sky to WS Funding within days of origination.

44. After WS Funding acquired the Virginia consumers' loans, CashCall contacted each of the Virginia consumers within days, informed them that it had acquired their loans, and directed them to make all payments to CashCall—not Western Sky.

45. Based on complaints Virginia consumers filed with the Office of the Virginia Attorney General, the following table summarizes some of the Western Sky loan program offerings made by CashCall to Virginia consumers:

<b>Principal</b>	<b>Annual Percentage Rate (“APR”)</b>	<b>Total Cost</b>	<b>Term</b>
\$2,525.00	<b>138.57%</b>	\$13,995.62	48 months
\$2,525.00	<b>139.63%</b>	\$14,102.87	48 months
\$1,000.00	<b>238.45%</b>	\$4,768.98	24 months
\$2,525.00	<b>138.76%</b>	\$14,015.12	48 months
\$2,525.00	<b>140.04%</b>	\$13,849.37	47 months
\$5,000.00	<b>116.80%</b>	\$40,880.81	84 months
\$2,525.00	<b>139.44%</b>	\$14,083.37	48 months

***Reddam’s Complicity in the Rent-a-Tribe Scheme***

46. Reddam is the CEO, president, sole director, and sole owner of CashCall.

47. Reddam is the president, manager, sole member, and sole owner of WS Funding, the wholly-owned subsidiary of CashCall that provided funding for the Western Sky loans and that acquired Western Sky loans.

48. Reddam's personal finances have been tied to CashCall since it entered the consumer lending market. In 2003 or 2004, Reddam made a personal loan of approximately \$21 million to CashCall. Later, CashCall's Western Sky loan program was funded, in part, through loans from hedge funds, including Alpha Credit Resources, LLC, f/k/a Centurion Credit Resources, LLC. Reddam personally guaranteed CashCall's loans from these hedge funds.

49. Reddam has always had ultimate authority over CashCall's operations. In 2009, Reddam filed a sworn statement with the Connecticut Department of Banking, Consumer Credit Division, in which he stated that he: (1) "runs the day-to-day operations of CashCall, which currently originates and services unsecured loans of \$10,000;" (2) "is responsible for devising and implementing all major company policies – including its various loan programs and interest rates;" and (3) "coordinates all marketing and advertising, and determines where advertising should be directed."<sup>10</sup> In the same statement, Reddam further indicated that "[CashCall's department heads report directly to [him]."

50. Reddam was involved with negotiating the Service Agreement and Assignment Agreement pursuant to which the Western Sky loan program operated, and signed both documents.

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<sup>10</sup> A certified copy of the "Personal and Business History Statement of John Paul Reddam" that Reddam filed with the Connecticut Department of Banking, Consumer Credit Division, is attached hereto as Exhibit D. It is important to note that, in this statement, Reddam swore to the fact that CashCall "originates" loans, despite his and CashCall's claims to the contrary in various Western Sky enforcement actions and lawsuits.

51. Reddam made the decision to wind down the Western Sky loan program in 2013 due to regulatory concerns, but did not direct CashCall to cease servicing and collecting its Virginia loans until September of 2016.

## **CAUSES OF ACTION**

### **COUNT I – Virginia Consumer Protection Act**

52. The Commonwealth re-alleges and incorporates by reference the allegations of Paragraphs 1 through 51 of this Complaint.

53. Pursuant to Virginia Code § 59.1-197, the VCPA is to be applied as remedial legislation to promote fair and ethical standards of dealing between suppliers and the consuming public.

54. In connection with consumer transactions, the VCPA prohibits suppliers from, among other things:

- a. Misrepresenting the source, sponsorship, approval, or certification of goods or services pursuant to Virginia Code § 59.1-200(A)(2);
- b. Misrepresenting the affiliation, connection, or association of the supplier, or of the goods or services, with another pursuant to Virginia Code § 59.1-200(A)(3);
- c. Misrepresenting that goods or services have certain quantities, characteristics, ingredients, uses, or benefits pursuant to Virginia Code § 59.1-200(A)(5); and
- d. Using any other deception, fraud, false pretense, false promise, or misrepresentation in connection with a consumer transaction pursuant to Virginia Code § 59.1-200(A)(14).

55. During all relevant times, CashCall was a “supplier” of “goods” or “services” in connection with “consumer transactions” as those terms are defined in Virginia Code § 59.1-198.

56. CashCall violated the VCPA through the acts and practices described in this Complaint, including without limitation:

- a. Misrepresenting that Western Sky was the lender on CashCall's Virginia loans in violation of Virginia Code §§ 59.1-200(A)(2), (3) and (14);
- b. Misrepresenting that Western Sky is a Native American business entity in violation of Virginia Code §§ 59.1-200(A)(2), (3) and (14);
- c. Misrepresenting that Western Sky loans were subject only to the laws and jurisdiction of the CRST in violation of Virginia Code §§ 59.1-200(A)(5) and (14);
- d. Misrepresenting that the Western Sky loans were governed by the Indian Commerce Clause in violation of Virginia Code §§ 59.1-200(A)(5) and (14);
- e. Misrepresenting that the Western Sky loans were not subject to federal laws, or the laws of the Commonwealth of Virginia, in violation of Virginia Code §§ 59.1-200(A)(5) and (14); and
- f. Misrepresenting the legality of charging more than 12% annual interest in the Commonwealth of Virginia in violation of Virginia Code §§ 59.1-200(A)(5) and (14).

57. CashCall willfully engaged in the acts and practices described in this Complaint in violation of the VCPA.

58. Individual consumers have suffered losses as a result of the aforesaid violations of the VCPA by CashCall.

**Count II – Individual Liability of Reddam for his Active Participation**

59. The Commonwealth re-alleges and incorporates by reference the allegations of Paragraphs 1 through 58 of this Complaint.

60. A corporation can act only through its officers and agents, and where the business itself involves a violation of the law, all who participate in it are liable.

61. During all relevant times, Reddam, individually or together with others, directed, controlled, approved, or participated in the acts and practices of CashCall, including those acts and practices that are the subject of this Complaint.

62. By virtue of his active participation in the wrongful acts of CashCall, Reddam should be held personally liable for all violations of the VCPA committed by or through CashCall.

63. Individual consumers suffered losses as a result of Reddam's use and control of CashCall and his implementation of the Western Sky loan program.

**PRAYER FOR RELIEF**

WHEREFORE, the Plaintiff, Commonwealth of Virginia, prays that this Court:

A. Permanently enjoin Defendants and their officers, employees, agents, successors and assigns from violating § 59.1-200 of the VCPA pursuant to Virginia Code § 59.1-203;

B. Grant judgment against the Defendants, jointly and severally, and award to the Commonwealth all sums necessary to restore to any consumers the money or property acquired from them by Defendants in connection with their violations of § 59.1-200 of the VCPA pursuant to Virginia Code § 59.1-205;

C. Enter any additional orders or decrees as may be necessary to restore to any consumers the money or property acquired from them by Defendants in connection with their violations of § 59.1-200 of the VCPA pursuant to Virginia Code § 59.1-205;

D. Grant judgment against the Defendants, jointly and severally, and award to the Commonwealth civil penalties of up to \$2,500.00 per violation for each willful violation of § 59.1-200 of the VCPA pursuant to Virginia Code § 59.1-206(A), the exact number of violations to be proven at trial;

E. Grant judgment against the Defendants, jointly and severally, and award to the Commonwealth its costs, reasonable expenses incurred in investigating and preparing the case up to \$1,000.00 per violation of § 59.1-200 of the VCPA, and attorneys' fees pursuant to Virginia Code § 59.1-206(C); and

F. Grant such other and further relief as this Court deems equitable and proper.

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

By: \_\_\_\_\_/s/\_\_\_\_\_  
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Agreement for Service

THIS AGREEMENT FOR SERVICE ("Agreement") dated this 9<sup>th</sup> day of January, 2010, by and between Western Sky Financial, LLC, of P.O. Box 370, Timber Lake, SD, 57656 ("Western Sky Financial"), and CashCall, Inc. of 1600 S. Douglass Road, Anaheim, CA 92806 ("SERVICE PROVIDER")

**BACKGROUND:**

1. Western Sky Financial is of the opinion that the Service Provider has the necessary qualifications, experience and abilities to provide services to Western Sky Financial.
2. SERVICE PROVIDER is agreeable to providing such services to Western Sky Financial on the terms and conditions as set out in this Agreement.
3. In furtherance of their agreement and pursuant to this Call Center Agreement for Service, Western Sky Financial hereby grants to SERVICE PROVIDER a non-exclusive license, to reproduce the name, trade name, trademarks and logos of Western Sky Financial (collectively, "Western Sky Financial Properties") during the term of this Agreement in connection with the Agreement on letters, print advertisements, the Internet, television and radio communications and other advertising and promotional materials (all such letters, advertising and promotional materials incorporating Western Sky Financial Properties and all related designs, artwork, logos, slogans, copy and other similar materials shall be referred to collectively herein as the "Promotional Materials"); *provided, however*, SERVICE PROVIDER shall submit all Promotional Materials to Western Sky Financial for its written approval prior to any use thereof and Western Sky Financial shall not unreasonably withhold such approval. All rights not expressly granted to SERVICE PROVIDER herein are reserved by Western Sky Financial. Regardless of whether they incorporate Western Sky Financial Properties, advertising and promotional materials for the Loans (A) shall prominently identify Western Sky Financial as maker of the Loans, (B) shall be accurate, (C) shall not be misleading, (D) shall comply with all applicable Cheyenne River Sioux Tribal Laws, and (E) shall be submitted to Western Sky Financial for prior approval, which shall not be unreasonably withheld or delayed; *provided, however*, that Western Sky Financial's approval shall not constitute any representation or warranty that the advertising and promotional materials are: accurate, not misleading or comply with all applicable laws.
4. In connection with SERVICE PROVIDER's performance of its obligations under this Agreement, it is expressly agreed that (A) Western Sky Financial shall not hold any ownership in SERVICE PROVIDER or possess a leasehold interest in SERVICE PROVIDER's offices or any personal property located therein, except that Western Sky Financial shall be the exclusive owner of all Notes and Loan

Documents as may be stored in SERVICE PROVIDER's computer servers and/or files from time to time. (B) no Western Sky Financial employees shall work in the SERVICE PROVIDER offices (except for Western Sky Financial auditors who may examine SERVICE PROVIDER's practices from time to time for compliance with Western Sky Financial Policies), and (C) other than as may be necessary to effectuate Section 2 of this Agreement, Western Sky Financial shall exercise no authority or control over SERVICE PROVIDER's employees or methods of operation. Neither SERVICE PROVIDER nor any of its employees, officers, directors, representatives or agents will hold themselves out as an agent or employee of Western Sky Financial.

**IN CONSIDERATION OF** the matters described above and of the mutual benefits and obligations set forth in this Agreement, the receipt and sufficiency of which consideration is hereby acknowledged, the parties to this Agreement agree as follows:

**I. Services Provided**

Western Sky Financial hereby agrees to engage SERVICE PROVIDER to provide Western Sky Financial with services as follows:

- A. Inbound/Outbound Customer Service Support, but not limited to underwriting requirements review, Customer service support, marketing services, lead purchase, suppression review, and web site hosting and support, pursuant to Western Sky Financial's practices, policies and procedures established by Western Sky Financial and communicated in writing to the SERVICE PROVIDER from time to time with respect to the services provided by SERVICE PROVIDER.
- B. Customer Services within rules and regulations contained in applicable laws and regulations.
- C. Assignment of a toll free phone and fax number.
- D. Electronic communications such as email and text correspondence with Customers.
- E. SERVICE PROVIDER will provide reporting and maintenance. Monthly reporting will begin immediately for all Customers 30 days past due.
- F. Mailings: This covers postage and materials associated with mailings, and monthly analytics / loan portfolio review data.
- G. SERVICE PROVIDER will comply, as determined by Western Sky Financial in Western Sky Financial's sole and absolute discretion, with the loan underwriting system as administered by Western Sky Financial.

- H. SERVICE PROVIDER shall inform Western Sky Financial within one business day after the discovery of any material breach in the security resulting in unauthorized intrusions that may materially affect Western Sky Financial or its customers.
- I. SERVICE PROVIDER shall track and notify Western Sky Financial of any complaints it receives from customers and the complaint resolution.
- J. SERVICE PROVIDER shall comply with all Western Sky Financial requests for audits and on-site inspections necessary for due diligence, which may be requested by Western Sky Financial from time to time, including third party audits, at SERVICE PROVIDER expense.

and such other services as Western Sky Financial and SERVICE PROVIDER may agree upon from time to time (the "Services"), and the Service Provider hereby agrees to provide such services to the Western Sky Financial. In addition, SERVICE PROVIDER may employ the services of third party contractors to perform any of the above referenced services or all above referenced services, however, such third party contractor services shall be subject to prior written approval of Western Sky Financial.

## **2. Term of Agreement**

- A. The term of this Agreement will begin on the date of this Agreement and will remain in full force and effect for 12 months from the date of the Agreement with one year auto renewals, subject to earlier termination as provided in this Agreement, with the said term being capable of extension by mutual written agreement of the parties.
- B. In the event that Western Sky Financial wishes to terminate this Agreement at a date before the term has expired, it will be required to provide a notice period of Thirty (30) days.
- C. The obligations of SERVICE PROVIDER under this Agreement will terminate upon the earlier of SERVICE PROVIDER ceasing to be engaged by the Western Sky Financial or the termination of this Agreement by Western Sky Financial or SERVICE PROVIDER.

## **3. Performance**

The parties agree to do everything necessary to ensure that the terms of this Agreement take effect.

## **4. Compensation**

- A. For the services rendered by SERVICE PROVIDER as required by this

Agreement, Western Sky Financial will pay to SERVICE PROVIDER compensation in the amount of Two Point Zero Two Percent (2.02%) of the face value of each per approved and executed loan transaction and renewals plus an additional charges as may be documented in this Agreement. A review of the portfolio will be conducted at a minimum of every 6 months to determine if any adjustments to pricing and services are required, or more frequently as required by Western Sky Financial. Any such adjustments must be agreed to in writing by the parties and added to this Agreement.

- B. This compensation will be payable on a weekly basis, while this Agreement is in force. Invoices are generated on the next Tuesday following the billing week and are due by Friday of such billing week.
- C. Western Sky Financial is entitled to deduct from SERVICE PROVIDER'S compensation any applicable deductions and remittances as required by law.
- D. SERVICE PROVIDER shall reimburse Western Sky Financial for all costs billed to Western Sky Financial or California Company Ventures, associated with subcontracts and/or third party services upon presentation of invoice.

#### **5. Additional Compensation**

In the event that the parties agree that additional compensation may be applicable based upon additional services contracted, such compensation shall be pursuant to written agreement between the parties.

#### **6. Provision of Extras**

The set up fee is hereby waived by SERVICE PROVIDER.

#### **7. Confidentiality**

- A. SERVICE PROVIDER agrees that they will not disclose, divulge, reveal, report or use, for any purpose, any confidential information with respect to the business of the Western Sky Financial, which SERVICE PROVIDER has obtained, except as may be necessary or desirable to further the business interests of the Western Sky Financial. This obligation will survive indefinitely upon termination of this Agreement.
- B. Western Sky Financial is aware that SERVICE PROVIDER may at its discretion be contracting with third parties for Western Sky Financial data verification and software services, as such said use of these services by SERVICE PROVIDER and the information obtained in providing these services to the Western Sky Financial is confidential information except as may be necessary or desirable to further the business interests of Western Sky Financial, as determined in the sole

discretion of Western Sky Financial. All such subcontracts must be approved by Western Sky Financial in writing and in advance. All such subcontracts shall be in compliance with Western Sky Financial Policies and Standards, pursuant to the policies and standards adopted by Western Sky Financial. Third party and/or subcontract compliance with Western Sky Financial's Policies and Standards shall be subject to periodic review of Western Sky Financial, and such compliance shall be determined in the sole discretion of Western Sky Financial. This obligation will survive indefinitely upon termination of this agreement.

**8. Non-Competition**

SERVICE PROVIDER will not, during the continuance of this Agreement or within One (1) Year after the termination of this Agreement, be directly or indirectly involved with a business which is in direct competition with the particular Tribal Lending business model of Western Sky Financial, nor will SERVICE PROVIDER divert or attempt to divert from Western Sky Financial any business Western Sky Financial has enjoyed, solicited, or attempted to solicit, from other individuals or corporations, prior to termination of this Agreement.

**9. Non-Solicitation**

- A. Any attempt on the part of SERVICE PROVIDER to induce any person to leave the Western Sky Financial's employ, or any effort by SERVICE PROVIDER to interfere with the Western Sky Financial's relationship with its employees or other service providers would be harmful and damaging to the Western Sky Financial.
- B. SERVICE PROVIDER agrees that during the term of this Agreement and for a period of one (1) year after the termination of the Agreement, SERVICE PROVIDER will not in any way directly or indirectly:
- i. induce or attempt to induce any employee or other service provider of Western Sky Financial to quit employment or retainer with Western Sky Financial;
  - ii. interfere with or disrupt Western Sky Financial's relationship with its employees or other service providers;
  - iii. discuss employment opportunities or provide information about competitive employment to any of the Western Sky Financial's employees or other service providers; or
  - iv. solicit, entice, or hire away any employee or other service provider of the Western Sky Financial.

**10. Ownership of Materials**

All materials developed, produced, or in the process of being so under this Agreement, will be the property of SERVICE PROVIDER. The use of the mentioned materials by Western Sky Financial will not be restricted in any manner.

**11. Return of Property**

Upon the expiration or termination of this Agreement, SERVICE PROVIDER will return to Western Sky Financial any property, documentation, records, or confidential information which is the property of Western Sky Financial, and Western Sky Financial will return to SERVICE PROVIDER any property, documentation, records, or confidential information which is the property of SERVICE PROVIDER.

**12. Assignment**

SERVICE PROVIDER will not voluntarily or by operation of law assign or otherwise transfer its obligations under this Agreement without the prior written consent of Western Sky Financial.

**13. Capacity/Independent Contractor**

It is expressly agreed that SERVICE PROVIDER is acting as an independent contractor and not as an employee in providing the Services under this Agreement. SERVICE PROVIDER and Western Sky Financial acknowledge that this Agreement does not create a partnership or joint venture between them, and is exclusively a contract for service.

**14. Modification of Agreement**

Any amendment or modification of this Agreement or additional obligation assumed by either party in connection with this Agreement will only be binding if evidenced in writing signed by each party or an authorized representative of each party.

**15. Notice**

All notices, requests, demands or other communications required or permitted by the terms of this Agreement will be given in writing and delivered to the parties of this Agreement.

**16. Costs and Legal Expenses**

In the event that legal action is brought to enforce or interpret any term of this Agreement, each party shall be responsible for its own legal costs and fees associated with the action.

**17. Time is of the essence in this Agreement.**

No extension or variation of this Agreement will operate as a waiver of this provision.

**18. Entire Agreement**

It is agreed that there is no representation, warranty, collateral agreement or condition affecting this Agreement except as expressly provided in this Agreement.

**19. Limitation of Liability**

It is understood and agreed that absent willful or negligent acts, SERVICE PROVIDER will have no liability to the Western Sky Financial or any other party for any loss or damage (whether direct, indirect, or consequential) which may arise from the provision of the Services.

**20. Enurement**

This Agreement will enure to the benefit of and be binding on the parties and their respective heirs, executors, administrators, successors and permitted assigns.

**21. Currency**

Except as otherwise provided in this Agreement, all monetary amounts referred to in this Agreement are in United States Dollars.

**22. Titles/Headings**

Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement.

**23. Gender**

Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

**24. Governing Law**

It is the intention of the parties to this Agreement that this Agreement and the performance under this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the Cheyenne River Sioux Tribe, without regard to the jurisdiction in which any action or special proceeding may be instituted.

**26. Dispute Resolution**

- A. In the event a dispute arises out of or in connection with this Agreement the parties will attempt to resolve the dispute through friendly consultation.





**EXHIBIT  
B (Compl.)**

**AGREEMENT FOR THE ASSIGNMENT  
AND PURCHASE OF PROMISSORY NOTES**

This Agreement for the Assignment and Purchase of Promissory Notes ("Agreement") is entered into this 15<sup>th</sup> day of February, 2010, by and between Western Sky Financial, LLC, ("Western Sky Financial") and WS Funding, LLC, a subsidiary of CashCall, Inc. ("Company").

**WITNESSETH:**

WHEREAS, Western Sky Financial is a South Dakota limited liability company incorporated under the laws of the Cheyenne River Sioux Tribe, located on the tribal lands of the Cheyenne River Sioux Tribe; and

WHEREAS, WS Financial, LLC is in the business of lending money; and

WHEREAS, through its web site on the internet, Western Sky Financial has the potential to make loans; and

WHEREAS, Western Sky Financial desires to sell and assign to Company some of Western Sky Financial's loans; and

WHEREAS, Company desires to purchase some of the loans.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the parties hereto agree as follows:

1. Promissory Notes. Western Sky Financial lends money through an internet web site located at http://www.westernsky.com. The loans are memorialized by the borrowers electronically signing promissory notes in the form attached hereto as Exhibit "A" ("Notes").

2. Assignment and Purchase of Notes. Western Sky Financial agrees to assign the Notes on to Company. Company hereby agrees to purchase from Western Sky Financial all loans made through www.westernsky.com as evidenced by the Notes.

3. Purchase Price. The purchase price to be paid by Company to Western Sky Financial for the Notes purchased shall be an amount of Five point One Four Five Percent (5.145%) per each approved and executed Note, payable upon assignment. Regardless of Notes purchased, net minimum payment amount due and owing to Western Sky Financial from Company shall be as follows:

One Hundred Thousand Dollars and No Cents (\$ 100,000.00) payable March 1, 2010, and for each month of the Agreement thereafter.

Any purchased Credit Extensions/renewals shall be considered a new note and shall be purchased by Company in an amount of Five point One Four Five Percent (5.145%) of the face of each approved and executed Credit Extension/renewal, payable upon assignment.

All fees shall be settled weekly between the parties upon presentation of Weekly Settlement Statement, described more fully in Paragraph # 9.

Both parties agree that Western Sky may, at its sole discretion, waive the monthly minimum payment due to events out of the control of Company.

4. Criteria. Company shall only be obligated to purchase Notes which have been approved and executed by Western Sky Financial.

5. Fees. Company shall pay to Western Sky Financial a minimum monthly administration fee in the amount of Ten Thousand Dollars and No Cents (\$ 10,000.00), payable in advance no later than the day of execution of this Agreement and the first day of each month thereafter. In addition, Company shall be obligated to reimburse Western Sky Financial for any and all fees associated with such assignment and purchase, including but not limited to any additional office or personnel costs to Western Sky Financial, ACH, wiring or other bank fees, if any, upon presentation of invoice. In addition, Company shall be obligated to comply with all Western Sky Financial requests for audits and quarterly on-site inspections necessary for due diligence, which may be requested by Western Sky Financial from time to time, including third party audits, at Company expense, including but not limited to reasonable travel expenses.

6. Electronic Files. Within twenty-four (24) hours from the time that Company purchases the Notes, Western Sky Financial will transmit to Company electronic files on each of the Notes containing the signed promissory notes and all other loan documents.

Company also agrees to reimburse Western Sky Financial for all costs of all maintenance, repair and/or update costs associated with Western Sky Financial's server.

7. Representations By Western Sky Financial. Western Sky Financial hereby covenants, represents and warrants:

(a) That each borrower will meet the criteria as set by Western Sky Financial from time to time, as shown more fully in the Criteria Appendix provided by Western Sky Financial;

(b) That each Note has been fully executed (electronically) by the borrower and that such Notes are valid, legally binding obligations of the makers of the Notes, pursuant to the laws of the Cheyenne River Sioux Tribe;

(c) That no payments have been received on any of the Notes and the balances due on each of the Notes are the same as the face amounts of the Notes;

(d) That the making and performance of this Agreement by Western Sky Financial and the consummation of the transactions as herein provided have been duly authorized by all requisite corporate action, and that this Agreement and the subsequent assignments of Notes pursuant hereto, (i) will constitute the valid and binding obligations of Western Sky Financial, enforceable in accordance with their respective terms, (ii) will not violate any provision of law or regulation or any order or decree of the Cheyenne River Sioux Tribe and its respective courts, (iii) will not violate any provision of the Articles of Organization or Operating Agreement of Western Sky Financial or any other undertaking to which Western Sky Financial is a party or by which Western Sky Financial or any of its assets are bound or affected.

8. Reserve Account. Company shall open a demand deposit account in the name of Western Sky Financial at mutually agreed upon financial institution and shall carry a balance in an amount equal to the full value of two (2) days purchased notes calculated on the previous month's daily average, with an initial balance deposited by Company upon execution of this Assignment in the amount of One Hundred Thousand Dollars and no Cents (\$ 100,000.00 ). Thereafter, such Reserve Account balance shall be maintained at a two day average Assignment basis. Should any other bank utilized by Western Sky Financial require a longer time frame than two (2) days purchased notes value, Company agrees to supplement such Reserve Account to comply with such bank policy.

Such Account shall be debited by Western Sky Financial at end of business day for payment of purchased notes assigned to Company and to fund any unpurchased or unfunded Notes which were executed by makers prior to or unfunded prior to the termination of this Agreement. Such Account fund balance shall be reviewed and adjusted on a weekly basis, as per agreement of the parties.

9. Settlement. Western Sky Financial will submit each Friday to Company a Weekly Settlement Statement for that week setting forth:

- (a) Names of the makers of the promissory notes;
- (b) Principal amount of each promissory note;
- (c) Summary of all the information available with respect to the makers and the promissory notes.

Upon presentation of Weekly Settlement Statement, Company agrees to pay any remaining balance due and owing for the purchase of such assigned notes no later than the following Monday of such week.

10. Collections. Company will assume all rights of Western Sky Financial and perform and be responsible for all collection efforts associated with all of the assigned notes from the time of the assignment. Company will follow all requirements of the Fair Debt Collection Practices Act when performing collection procedures.

11. Indemnification. Company agrees to fully indemnify Western Sky Financial for all costs arising or resulting from any and all civil, criminal or administrative claims or actions, including but not limited to fines, costs, assessments and/or penalties, which may arise in any jurisdiction. Such indemnification shall include all reasonable attorneys fees and legal costs associated with a defense of such claim or action.

12. Securities Act. Western Sky Financial represents and warrants that it has not, either directly or through an agent, offered any of the Notes for sale to, or solicited any offers to purchase any of the Notes from, or otherwise approached or negotiated in respect thereof with, any person or persons other than Company. Western Sky Financial agrees that it will not, either directly or through an agent, sell or offer any of the Notes or solicit any offers to purchase any of the Notes, or otherwise approach or negotiate in respect thereof with, any person or business entity other than Company.

13. Representation by Company. Company represents that it is acquiring the Notes for its own account, for the purpose of investment, and not with a view to the distribution or sale of any thereof.

14. Conditions. Companies obligation to purchase and pay for the Notes is subject to the accuracy and correctness of Western Sky Financial 's representations and warranties contained in this Agreement.

15. Term. Either party may terminate this Agreement with or without cause upon ninety (90) days' written notice, specifying the specific date and time of such termination.

16. Notices. All notices pursuant to this Agreement shall be delivered, or mailed by registered mail, postage pre-paid, addressed to the following:

WS Funding, LLC  
Attention: J. Paul Reddam  
1600 S. Douglass Road  
Anaheim, CA 92806

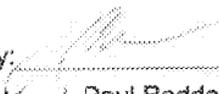
Western Sky Financial, LLC  
Attention: Butch Webb  
PO Box 370  
Timber Lake, SD 57656

17. Law Governing. This Agreement shall be construed in accordance with and governed solely by the laws and jurisdiction of the Cheyenne River Sioux Tribe, and by executing this Agreement, all parties consent to the sole jurisdiction of the courts of the Cheyenne River Sioux Tribe exclusively.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

WS Funding, LLC

Western Sky Financial, LLC

By:   
\_\_\_\_\_  
J. Paul Reddam, President

By:   
\_\_\_\_\_  
Butch Webb, Manager

**EXHIBIT  
C (Compl.)**

**WESTERN SKY CONSUMER LOAN AGREEMENT**

Loan No.: 15432666	Date of Note: August 06, 2012
	Expected Funding Date: August 06, 2012
Lender: Western Sky Financial, LLC	Borrower: [REDACTED]
Address: P.O. Box 370 Timber Lake, SD 57656	Address: [REDACTED]

This Loan Agreement is subject solely to the exclusive laws and jurisdiction of the Cheyenne River Sioux Tribe, Cheyenne River Indian Reservation. By executing this Loan Agreement, you, the borrower, hereby acknowledge and consent to be bound to the terms of this Loan Agreement, consent to the sole subject matter and personal jurisdiction of the Cheyenne River Sioux Tribal Court, and that no other state or federal law or regulation shall apply to this Loan Agreement, its enforcement or interpretation.

You further agree that you have executed the Loan Agreement as if you were physically present within the exterior boundaries of the Cheyenne River Indian Reservation, a sovereign Native American Tribal Nation; and that this Loan Agreement is fully performed within the exterior boundaries of the Cheyenne River Indian Reservation, a sovereign Native American Tribal Nation.

In this Loan Agreement, the words "you" and "your" mean the person signing as a borrower. "We," "us," "our," and "Lender" mean Western Sky Financial, LLC, a lender authorized by the laws of the Cheyenne River Sioux Tribal Nation and the Indian Commerce Clause of the Constitution of the United States of America, and any subsequent holder of this Note ("Western Sky").

TRUTH IN LENDING DISCLOSURES: The disclosures below are provided to you so that you may compare the cost of this loan to other loan products you might obtain in the United States. Our inclusion of these disclosures does not mean that we consent to application of state or federal law to us, to the loan, or this Loan Agreement.

**TRUTH IN LENDING ACT DISCLOSURE STATEMENT**

<b>ANNUAL PERCENTAGE RATE</b> <i>The cost of your credit as a yearly rate</i>	<b>FINANCE CHARGE</b> <i>The dollar amount the credit will cost you</i>	<b>AMOUNT FINANCED</b> <i>The amount of credit provided to you</i>	<b>TOTAL OF PAYMENTS</b> <i>The amount you will have paid after all payments are made as scheduled</i>
139.12 %	\$11,568.12	\$2,525.00	\$14,093.12

**PAYMENT SCHEDULE**

One payment of \$253.50 on September 01, 2012.  
47 monthly payments of \$294.46 beginning on October 01, 2012.

**Late Charge:** If a payment is more than 15 days late, you will be charged \$29.00.

**Prepayment:** If you pay off this loan early, you will not have to pay any penalty.

Please see the remainder of this document for additional information about nonpayment, default and any required repayment in full before the scheduled date.

**ITEMIZATION OF AMOUNT FINANCED**

Amount Financed:	\$2,525.00
Amount Paid to Borrower Directly:	\$2,525.00
Prepaid Finance Charge/Origination Fee:	\$75.00

You promise to pay to the order of Western Sky or any subsequent holder of this Note the sum of \$2,600.00, together with interest calculated at 135.00 % per annum and any outstanding charges or late fees, until the full amount of this Note is paid. You promise to repay this loan by making, at a minimum, the payments described on the payment schedule listed above.

Payments will be applied first to any outstanding charges or late fees, then to earned interest and finally to principal. The payment schedule described above may change in the event you do not make all payments as scheduled or in the event you accrue any fees.

Interest is calculated on a 360/360 simple interest basis. This means that interest is calculated by dividing the annual interest rate by 360, multiplying that number by the outstanding principal balance, and multiplying that number by the number of days the principal balance is outstanding, assuming that each full month is comprised of 30 days.

You may prepay all or any part of the principal without penalty.

If you fail to make any payment due hereunder, the holder of this Note shall have the right, after a 30-day grace period, to declare this note to be immediately due and payable. If you file for an assignment for the benefit of creditors, or for bankruptcy, the holder of this Note shall have the right to declare this Note to be immediately due and payable.

Except as may be provided in the "Arbitration" section of this Note, if we are required to employ an attorney at law to collect any amounts due hereunder, you will be required to pay the reasonable fees of such attorney to protect our interest or to take any other action required to collect the amounts due hereunder.

The Prepaid Finance Charge disclosed above is fully earned upon loan origination and is not subject to rebate upon prepayment or acceleration of this Note.

**LATE FEES.** You will be subject to a late fee of \$29.00 if you fail to make your payment within 15 days of the due date. We can collect any late fees immediately via Electronic Funds Transfer (EFT) from your bank account.

**INSUFFICIENT FUNDS.** You will be subject to a fee of \$29.00 if any payment you make is returned by your bank for insufficient funds.

**E-SIGN/ELECTRONIC COMMUNICATIONS.** Although federal law does not apply to this Agreement, this Note is in original format an electronic document fully compliant with the Electronic Signatures in Global and National Commerce Act (E-SIGN) and other applicable laws and regulations, and the one, true original Note is retained electronically by us. All other versions hereof, whether electronic or in tangible format, constitute facsimiles or reproductions only. You understand that you have previously consented to receive all communications from us, including but not limited to all required disclosures, electronically.

**CREDIT REPORTS.** You agree that we may obtain credit reports on you on an ongoing basis as long as this loan remains in effect. You also authorize us to report information concerning this account to credit bureaus and anyone else we believe in good faith has a legitimate need for such information. Late payments, missed payments, or other defaults on this account may be reflected in your credit report.

**CALL MONITORING/RECORDING.** You understand that, from time to time, we may monitor or record telephone calls between us for quality assurance purposes. You expressly consent to have your calls monitored or recorded.

**TELEPHONE CALLS.** You hereby agree that in the event we need to contact you to discuss your account or the repayment of your loan, we may telephone you at any number, including any cell phone number provided, and that we may leave an autodialed or prerecorded message or use other technology to make that contact or to communicate to you the status of your account.

**VERIFICATION.** You authorize us to verify all of the information you have provided in obtaining approval of this Loan.

**GOVERNING LAW.** This Agreement is governed by the Indian Commerce Clause of the Constitution of the United States of America and the laws of the Cheyenne River Sioux Tribe. We do not have a presence in South Dakota or any other states of the United States. Neither this Agreement nor Lender is subject to the laws of any state of the United States of America. By executing this Agreement, you hereby expressly agree that this Agreement is executed and performed solely within the exterior boundaries of the Cheyenne River Indian Reservation, a sovereign Native American Tribal Nation. You also expressly agree that this Agreement shall be subject to and construed in accordance only with the provisions of the laws of the Cheyenne River Sioux Tribe, and that no United States state or federal law applies to this Agreement. You agree that by entering into this Agreement you are voluntarily availing yourself of the laws of the Cheyenne River Sioux Tribe, a sovereign Native American Tribal Nation, and that your execution of this Agreement is made as if you were physically present within the exterior boundaries of the Cheyenne River Indian Reservation, a sovereign Native American Tribal Nation.

**ASSIGNMENT.** We may assign or transfer this Loan Agreement or any of our rights under it at any time to any party.

**WAIVER OF JURY TRIAL AND ARBITRATION.**

**PLEASE READ THIS PROVISION OF THE AGREEMENT CAREFULLY.** Unless you exercise your right to opt-out of arbitration in the manner described below, any dispute you have with Western Sky or anyone else under this loan agreement will be resolved by binding arbitration. Arbitration replaces the right to go to court, including the right to have a jury, to engage in discovery (except as may be provided in the arbitration rules), and to participate in a class action or similar proceeding. In Arbitration, a dispute is resolved by an arbitrator instead of a judge or jury. Arbitration procedures are simpler and more limited than court procedures. Any Arbitration will be limited to the dispute between yourself and the holder of the Note and will not be part of a class-wide or consolidated Arbitration proceeding.

**Agreement to Arbitrate.** You agree that any Dispute, except as provided below, will be resolved by Arbitration, which shall be conducted by the Cheyenne River Sioux Tribal Nation by an authorized representative in accordance with its consumer dispute rules and the terms of this Agreement.

**Arbitration Defined.** Arbitration is a means of having an independent third party resolve a Dispute. A "Dispute" is any controversy or claim between you and Western Sky or the holder or servicer of the Note. The term Dispute is to be given its broadest possible meaning and includes, without limitation, all claims or demands (whether past, present, or future, including events that occurred prior to the opening of this Account), based on any legal or equitable theory (tort, contract, or otherwise), and regardless of the type of relief sought (i.e. money, injunctive relief, or declaratory relief). A Dispute includes, by way of example and without limitation, any claim based upon marketing or solicitations to obtain the loan and the handling or servicing of my account whether such Dispute is based on a tribal, federal or state constitution, statute, ordinance, regulation, or common law, and including any issue concerning the validity, enforceability, or scope of this loan or the Arbitration agreement. For purposes of this Arbitration agreement, the term "the holder" shall include Western Sky or the then-current note holder's employees, officers, directors, attorneys, affiliated companies, predecessors, and assigns, as well as any marketing, servicing, and collection representatives and agents.

**Choice of Arbitrator.** Any party to a dispute, including a Holder or its related third parties, may send the other party written notice by certified mail return receipt requested at the address appearing at the top of this Agreement of their intent to arbitrate and setting forth the subject of the dispute along with the relief requested, even if a lawsuit has been filed. Regardless of who demands arbitration, you shall have the right to select any of the following arbitration organizations to administer the arbitration: the American Arbitration Association (1-800-778-7879) <http://www.adr.org>; JAMS (1-800-352-5267) <http://www.jamsadr.com>; or an arbitration organization agreed upon by you and the other parties to the Dispute. The arbitration will be governed by the chosen arbitration organization's rules and procedures applicable to consumer disputes, to the extent that those rules and procedures do not contradict either the law of the Cheyenne River Sioux Tribe or the express terms of this Agreement to Arbitrate, including the limitations on the Arbitrator below. The party receiving notice of Arbitration will respond in writing by certified mail return receipt requested within twenty (20) days. You understand that if you demand Arbitration, you must inform us of your demand and of the arbitration organization you have selected. You also understand that if you fail to notify us, then we have the right to select the arbitration organization. Any arbitration under this Agreement may be conducted either on tribal land or within thirty miles of your residence, at your choice, provided that this accommodation for you shall not be construed in any way (a) as a relinquishment or waiver of the Cheyenne River Sioux Tribe's sovereign status or immunity, or (b) to allow for the application of any law other than the law of the Cheyenne River Sioux Tribe of Indians to this Agreement.

**Cost of Arbitration.** We will pay the filing fee and any costs or fees charged by the arbitrator regardless of which party initiates the Arbitration. Except where otherwise provided by the law of the Cheyenne River Sioux Tribal Nation, each party will be responsible for its own attorneys' fees and other expenses. Unless prohibited by law, the arbitrator may award fees, costs, and reasonable attorneys' fees to the party who substantially prevails in the Arbitration.

**Waiver of Rights.** YOU HEREBY AGREE THAT YOU ARE WAIVING YOUR RIGHT TO A JURY TRIAL, TO HAVE A COURT DECIDE YOUR DISPUTE, TO PARTICIPATE IN A CLASS ACTION LAWSUIT, AND TO CERTAIN DISCOVERY AND OTHER PROCEDURES THAT ARE AVAILABLE IN A LAWSUIT. The arbitrator has the ability to award all remedies available by statute, at law, or in equity to the prevailing party, except that the parties agree that the arbitrator has no authority to conduct class-wide proceedings and will be restricted to resolving the individual disputes between the parties. The validity, effect, and enforceability of this waiver of class action lawsuit and class-wide Arbitration is to be determined solely by a court of competent jurisdiction located within the Cheyenne River Sioux Tribal Nation, and not by the arbitrator. If the court refuses to enforce the class-wide Arbitration waiver, or if the arbitrator fails or refuses to enforce the waiver of class-wide Arbitration, the parties agree that the Dispute will proceed in tribal court and will be decided by a tribal court judge, sitting without a jury, under applicable court rules and procedures.

**Applicable Law and Judicial Review.** THIS ARBITRATION PROVISION IS MADE PURSUANT TO A TRANSACTION INVOLVING THE INDIAN COMMERCE

CLAUSE OF THE CONSTITUTION OF THE UNITED STATES OF AMERICA, AND SHALL BE GOVERNED BY THE LAW OF THE CHEYENNE RIVER SIOUX TRIBE. The arbitrator will apply the laws of the Cheyenne River Sioux Tribal Nation and the terms of this Agreement. The arbitrator must apply the terms of this Arbitration agreement, including without limitation the waiver of class-wide Arbitration. The arbitrator will make written findings and the arbitrator's award may be filed in the Cheyenne River Sioux Tribal Court, which has jurisdiction in this matter. The Arbitration award will be supported by substantial evidence and must be consistent with this Agreement and applicable law or may be set aside by a court upon judicial review.

**Small Claims Exception.** All parties, including related third parties, shall retain the right to seek adjudication in a small claims tribunal in the Cheyenne River Sioux Tribal Small Claims Court for disputes within the scope of such tribunal's jurisdiction. Any dispute, which cannot be adjudicated within the jurisdiction of a small claims tribunal, shall be resolved by binding arbitration. Any appeal of a judgment from a small claims tribunal shall be resolved by binding arbitration.

**Other Provisions.** This Arbitration provision will survive: (i) termination or changes in this Agreement, the Account, or the relationship between us concerning the Account; (ii) the bankruptcy of any party; and (iii) any transfer, sale or assignment of my Note, or any amounts owed on my account, to any other person or entity. This Arbitration provision benefits and is binding upon you, your respective heirs, successors and assigns. It also benefits and is binding upon us, our successors and assigns, and related third parties. The Arbitration Provision continues in full force and effect, even if your obligations have been paid or discharged through bankruptcy. The Arbitration Provision survives any termination, amendment, expiration, or performance of any transaction between you and us and continues in full force and effect unless you and we otherwise agree in writing. If any of this Arbitration Provision is held invalid, the remainder shall remain in effect.

**Right to Opt Out.** If you do not wish your account to be subject to this Arbitration Agreement, you must advise us in writing at P.O. Box 370, Timber Lake, South Dakota, 57565, or via e-mail at info@westernsky.com. You must clearly print or type your name and account number and state that you reject Arbitration. You must give written notice; it is not sufficient to telephone us. We must receive your letter or e-mail within sixty (60) days after the date your loan funds or your rejection of Arbitration will not be effective. In the event you opt out of Arbitration, any disputes hereunder shall nonetheless be governed under the laws of the Cheyenne River Sioux Tribal Nation.

**Payments.** You have previously authorized and requested us to initiate an automated clearinghouse or other electronic funds transfer ("EFT") from the bank account identified on your Application (the "Bank Account") to make each payment required hereunder on the day it is due. You also authorize us to initiate an EFT to or from the Bank Account to correct any erroneous payment and, in the event any EFT is unsuccessful, to attempt such payment up to two additional times. You understand that unsuccessful EFTs may result in charges by your bank, and you agree that we are not liable for such charges. We will notify you 10 days prior to any given transfer if the amount to be transferred varies by more than \$50 from your regular payment amount. You also authorize us to withdraw funds from your account on additional days throughout the month in the event you are delinquent on your loan payments. Your request and authorization for us to initiate EFTs is entirely voluntary, and you may terminate this authorization by notifying us in writing via fax (856-347-0666) or email (customer.service@westernsky.com) soon enough to allow us a reasonable opportunity to act on your termination (generally at least three business days in advance).

**THIS LOAN CARRIES A VERY HIGH INTEREST RATE. YOU MAY BE ABLE TO OBTAIN CREDIT UNDER MORE FAVORABLE TERMS ELSEWHERE. EVEN THOUGH THE TERM OF THE LOAN IS 48 MONTHS, WE STRONGLY ENCOURAGE YOU TO PAY OFF THE LOAN AS SOON AS POSSIBLE. YOU HAVE THE RIGHT TO PAY OFF ALL OR ANY PORTION OF THE LOAN AT ANY TIME WITHOUT INCURRING ANY PENALTY. YOU WILL, HOWEVER, BE REQUIRED TO PAY ANY AND ALL INTEREST THAT HAS ACCRUED FROM THE FUNDING DATE UNTIL THE PAYOFF DATE.**

**CAUTION: IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS AGREEMENT BEFORE YOU SIGN IT. YOU ARE ENTITLED TO A COPY OF THIS AGREEMENT.**

<input checked="" type="checkbox"/>	YOU HAVE READ AND UNDERSTAND THE ARBITRATION SECTION OF THIS NOTE AND AGREE TO BE BOUND BY THE TERMS AND CONDITIONS OF THAT SECTION.
<input checked="" type="checkbox"/>	YOU HAVE READ ALL OF THE TERMS AND CONDITIONS OF THIS PROMISSORY NOTE AND DISCLOSURE STATEMENT AND AGREE TO BE BOUND THERETO. YOU UNDERSTAND AND AGREE THAT YOUR EXECUTION OF THIS NOTE SHALL HAVE THE SAME LEGAL FORCE AND EFFECT AS A PAPER CONTRACT.

**CONSUMER COMPLAINTS** - If you have a complaint about our loan, please let us know. You can contact us at P.O. Box 370, Timber Lake, South Dakota, 57565, telephone (877) 860-2274.

[Click here to print out a copy of this document for your records.](#)

**EXHIBIT  
D (Compl.)**

**CERTIFICATION**

\*\*\*\*\*  
\*  
STATE OF CONNECTICUT \*  
COUNTY OF HARTFORD \*  
\*  
\*\*\*\*\*

**ss. Hartford**

I, Carmine Costa, Director, Consumer Credit Division, of the State of Connecticut Department of Banking, do hereby certify that the attached Personal and Business History Statement of John Paul Reddam dated October 26, 2009, submitted in connection with an application filed by Delbert Services Corporation on December 11, 2009, for a license to act as a consumer collection agency in Connecticut is a true copy of the original thereof contained within the records of the Department of Banking, except that the following information has been redacted: date of birth, Social Security number and residential address.

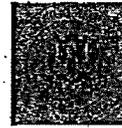
In witness whereof, I have hereunto set my hand this 14<sup>th</sup> day of June 2016.



\_\_\_\_\_  
Carmine Costa  
Director  
Consumer Credit Division



#3859  
STATE OF CONNECTICUT  
DEPARTMENT OF BANKING  
CONSUMER CREDIT DIVISION  
260 CONSTITUTION PLAZA, HARTFORD, CT 06103-1600



**PERSONAL AND BUSINESS HISTORY STATEMENT**

Company Name: Delbert Services Corporation

Identifying Information

Individual Name: John Paul Reddam  
 Date of Birth (MM/DD/YYYY):  
 State of Birth: Windsor, Ontario  
 Country/Province of Birth: Canada  
 Social Security Number:  
 Business Phone: [REDACTED]  
 Home or Cell Phone:  
 Personal Email Address:

Residential Address

Number & Street	City	State/Province	Country	Postal Code
			US	

Employment History - List 10 years of your employment history

From	To	Employer	Location	Position Held
See attached Resume				
What experience have you had in the type of business your company is applying for?				
See attached Resume				

#3860

Other Business

Are you currently engaged in any other business as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise? Yes  No

Pres/CEO of CashCall, Inc.

NOTE: If "Yes", briefly describe.

Disclosure Questions

(a) Have you ever filed a personal bankruptcy petition or been the subject of an involuntary bankruptcy petition? Yes  No

(b) Have you ever been the subject of receivership proceedings? Yes  No

(c) Have you ever made an assignment for the benefit of creditors? Yes  No

(d) Have you ever been refused any license by the Department of Banking or any other governmental body? Yes  No

(e) After such license was granted, was same ever suspended or revoked? Yes  No

(f) Has application for any license ever been withdrawn? Yes  No

(g) Is there any litigation pending against you or any firm or company of which you are now a partner, officer, director or manager? Yes  No

(h) Were you ever a partner, officer, director or manager of any firm or company which has filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition or for which a receiver has been appointed either during the time or within one year after you were so connected therewith? Yes  No

(i) Have you ever been charged in any suit with any fraudulent or illegal acts in any transaction of any kind or character? Yes  No

(j) Have you ever been involved in any civil litigation of any character arising out of the consumer credit business? Yes  No

(k) Have you ever defaulted in the payment of money collected from others? Yes  No

(l) Have you ever been convicted of any crime (not including motor vehicle traffic misdemeanors)? Yes  No

NOTE: If the answer to any of the above questions is "YES", provide complete details of all events or proceedings in an attachment.

Signature of Applicant

JPR (Signature) J. Paul Reddam, Pres/CEO (Name and Title - Print)

STATE OF California

COUNTY OF Orange

On this 20th day of October, 2009, personally appeared

J. Paul Reddam, Pres/CEO  
(Name and Title)

to me known, and known by me to be the signer of the foregoing instrument, who being first duly sworn, depose and says he/she has read, and knows the contents thereof and that the aforesaid contents were read and known by him/her.

Chara A. Shalby-Hawker  
(Notary Public)  
(Commissioner of the Superior Court)

CHARA A. SHALBY-HAWKER  
Commission # 1773700  
Notary Public - California  
Orange County  
My Comm. Expires Oct 16, 2011

NOTE: This application must be signed by a Control Person listed on the Main Office Application.

J. Paul <sup>#3861</sup>Reagan



*EXPERIENCE*

Present	Delbert Services Corporation President Corporation creation and license pending 7125 Pollock Dr. Las Vegas, NV 89119
May 2000 to present	CashCall, Inc (fka Relantis Corporation) President of consumer lending company 1600 S. Douglass Rd. Anaheim, CA 92806
April 1999 to May 2000	GMAC Mortgage dba ditech.com Senior Vice President of nationwide mortgage lender 3200 Park Center Drive Suite 150 Costa Mesa, CA 92626
January 1995 to April 1999	DiTech Funding Corporation Founder and President of nationwide mortgage lender 1920 Main Street, Fourth Floor Irvine, CA 92614
June 1988 to December 1994	SC Funding Corporation Founder and President of mortgage lender 600 Anton, Suite 1200 Costa Mesa, CA 92626
January 1987 to June 1988	CBI Mortgage Company Executive Vice President of mortgage company 800 North Eckhoff Street, Fourth Floor Orange, CA 92688
February 1986 to January 1987	Union National Mortgage Corporation Vice President of mortgage company Southfield, Michigan
June 1985 to February 1986	Capital Mortgage Corporation Secondary Marketing Manager Farmington Hills, Michigan
1979 to 1985	California State University of Los Angeles Associate Professor of Logic and Philosophy

*EDUCATION*

1982	University of Southern California Los Angeles, California Doctorate
1978	University of Toronto

#3862  
Toronto, Canada  
Master of Arts

1976

University of Windsor  
Windsor, Canada  
Bachelor of Arts

## BIOGRAPHY

J. Paul Reddam is the founder, chief executive officer and sole shareholder of CashCall, Inc., a consumer finance company located in Anaheim, California. Mr. Reddam runs the day-to-day operations of CashCall, which currently originates and services unsecured loans of \$10,000. All of the company's department heads report directly to Mr. Reddam. He is responsible for devising and implementing all major company policies – including its various loan programs and interest rates. He coordinates all marketing and advertising, and determines where advertising should be directed.

CashCall obtained a Finance Lender license from the California Department of Corporations in March 2003, and commenced lending operations in July, 2003. The company has since secured licenses or lending authorizations in 15 states. It is in the process of obtaining licenses throughout the country.

Mr. Reddam has extensive experience and a very successful track record in the lending industry. In 1995, he founded DiTech Funding Corporation ("DiTech"), a California-based mortgage lender which grew from five employees in 1995 to more than 700 employees in 1999. DiTech, one of the nation's first direct marketing mortgage lenders, used extensive national cable television and radio advertising to build name recognition and foster rapid growth.

The company offered borrowers a wide range of mortgage products – ranging from prime first mortgage loans to equity lines of credit and second mortgages. DiTech experienced tremendous growth under Mr. Reddam's leadership. It originated \$302 million in loans in 1995, \$621 million in loans in 1996, \$1.2 billion in loans in 1997, and \$2.5 billion in loans in 1998. DiTech started as a California lender, but eventually obtained licenses in all 50 states plus the District of Columbia.

Mr. Reddam started DiTech with only \$300,000; and within four years, the company grew in value to more than \$250 million. In March, 1999, Mr. Reddam sold substantially all of the assets of DiTech to GMAC Mortgage Corporation, which has continued to operate the purchase entity under the name ditech.com. Mr. Reddam remained on as president of ditech.com until May, 2000.

Upon leaving ditech.com, Mr. Reddam took some time off to work on his golf game, but he eventually decided to jump back into the lending industry by establishing CashCall.

Prior to founding DiTech, Mr. Reddam served as the president of SC Funding Corporation from 1991-1994. He has nearly 18 years experience in the mortgage and real estate industries.

Mr. Reddam holds a Bachelor's Degree from the University of Windsor, a Master's Degree from the University of Toronto, and a Doctorate from the University of Southern California. He has lived in Southern California since 1985.