

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

FEDERAL TRADE COMMISSION and
PEOPLE OF THE STATE OF NEW YORK,
by ERIC T. SCHNEIDERMAN, Attorney
General of the State of New York,

Plaintiffs,

v.

NATIONAL CHECK REGISTRY, LLC, et
al.,

Defendants.

Case No.: 14-cv-490-A

**STIPULATION TO ENTER INTO A
FINAL ORDER FOR PERMANENT
INJUNCTION AND SETTLEMENT OF
CLAIMS**

Plaintiffs Federal Trade Commission ("FTC") and the People of the State of New York ("State of New York," and, collectively with the FTC, "Plaintiffs") commenced this civil action on June 23, 2014, pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), Section 814(a) of the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. § 1692l(a), N.Y. Executive Law § 63(12), and N.Y. General Business Law Articles 22-A, § 349, and 29-H, § 602. On motion by Plaintiffs, on June 24, 2014, this Court entered a temporary restraining order ("TRO") with asset freeze, appointment of a receiver, and other equitable relief against Defendants National Check Registry, LLC, Check Systems, LLC, Interchex Systems, LLC, American Mutual Holdings, Inc., Goldberg Maxwell, LLC, Morgan Jackson, LLC, Mullins & Kane, LLC, Buffalo Staffing, Inc., eCapital Services, LLC, Joseph C. Bella, III, Diane L. Bella, and Luis A. Shaw. On July 10, 2014, this Court entered a Stipulated Preliminary Injunction against the Defendants. The FTC, State of New York, and Defendants National Check Registry, LLC, Check Systems, LLC, Interchex Systems, LLC, American

Mutual Holdings, Inc., Goldberg Maxwell, LLC, Morgan Jackson, LLC, Mullins & Kane, LLC, Buffalo Staffing, Inc., eCapital Services, LLC, Joseph C. Bella, III, Diane L. Bella, and Luis A. Shaw, have stipulated and agreed to the entry of this final order for permanent injunction and settlement of claims ("Order") to resolve all matters in dispute in this action.

THEREFORE, IT IS ORDERED as follows:

FINDINGS OF FACT

1. The Court has jurisdiction over this matter.
2. The Complaint charges that Defendants participated in unlawful debt collection practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, the FDCPA, 15 U.S.C. §§ 1692 – 1692p, N.Y. Executive Law § 63(12), N.Y. General Business Law § 349, and N.Y. General Business Law § 601.
3. Defendants neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, Defendants admit the facts necessary to establish jurisdiction.
4. Defendants waive any claim that they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order, and agree to bear their own costs and attorney fees.
5. Defendants and Plaintiffs waive all rights to appeal or otherwise challenge or contest the validity of this Order.

DEFINITIONS

For purposes of this Order, the following definitions apply:

1. **“Credit repair services”** means using any instrumentality of interstate commerce or the mails to sell, provide, or perform any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of (i) improving any consumer’s credit record, credit history, or credit rating, or (ii) providing advice or assistance to any consumer with regard to any activity or service described in clause (i).
2. **“Debt”** means any obligation or alleged obligation to pay money arising out of a transaction, whether or not such obligation has been reduced to judgment.
3. **“Debt collection activities”** means any activities of a debt collector to collect or attempt to collect, directly or indirectly, a debt owed or due, or asserted to be owed or due, another.
4. **“Debt collector”** means any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose of which is the collection of any debts, or who regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due another. The term also includes any creditor who, in the process of collecting its own debts, uses any name other than its own which would indicate that a third person is collecting or attempting to collect such debts. The term also includes any person to the extent such person receives an assignment or transfer of a debt in default solely for the purpose of facilitating collection of such debt.
5. **“Financial-related product or service”** means any product, service, plan, or program represented, expressly or by implication, to:
 - A. provide to any consumer, arrange for any consumer to receive, or assist any consumer in receiving, an extension of consumer credit;

- B. provide to any consumer, arrange for any consumer to receive, or assist any consumer in receiving, credit repair services; or
 - C. provide to any consumer, arrange for any consumer to receive, or assist any consumer in receiving, any secured or unsecured debt relief product or service.
6. **“Person”** means a natural person, an organization or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, or any other group or combination acting as an entity.
7. **“Receivership Entities”** means the Corporate Defendants, with the exception of Buffalo Staffing, Inc., and any successors, assigns, affiliates, and subsidiaries that conduct any business related to the Defendants’ debt collection business and that the Receiver has reason to believe are owned or controlled in whole or in part by any of the Defendants.
8. **“Secured or unsecured debt relief product or service”** means, with respect to any mortgage, loan, debt, or obligation between a person and one or more secured or unsecured creditors or debt collectors, any product, service, plan, or program represented, expressly or by implication, to: (A) negotiate, settle, or in any way alter the terms of payment or other terms of the mortgage, loan, debt, or obligation, including but not limited to, a reduction in the amount of interest, principal balance, monthly payments, or fees owed by a person to a secured or unsecured creditor or debt collector; (B) stop, prevent, or postpone any mortgage or deed of foreclosure sale for a person’s dwelling, any other sale of collateral, any repossession of a person’s dwelling or other collateral, or otherwise save a person’s dwelling or other collateral from foreclosure or repossession; (C) obtain any forbearance or modification in the timing of payments from any secured or

unsecured holder of any mortgage, loan, debt, or obligation; (D) negotiate, obtain, or arrange any extension of the period of time within which the person may (i) cure his or her default on the mortgage, loan, debt, or obligation, (ii) reinstate his or her mortgage, loan, debt, or obligation, (iii) redeem a dwelling or other collateral, or (iv) exercise any right to reinstate the mortgage, loan, debt, or obligation or redeem a dwelling or other collateral; (E) obtain any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling or other collateral; or (F) negotiate, obtain, or arrange (i) a short sale of a dwelling or other collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any other disposition of a mortgage, loan, debt, or obligation other than a sale to a third party that is not the secured or unsecured loan holder. The foregoing shall include any manner of claimed assistance, including, but not limited to, auditing or examining a person's application for the mortgage, loan, debt, or obligation.

9. **"Individual Defendants"** means Joseph Bella, III, Diane Bella, and Luis Shaw.
10. **"Corporate Defendants"** means National Check Registry, LLC, Check Systems, LLC, Interchex Systems, LLC, American Mutual Holdings, Inc., Goldberg Maxwell, LLC, Morgan Jackson, LLC, Mullins & Kane, LLC, Buffalo Staffing, Inc., eCapital Services, LLC, and their successors, assigns, affiliates, or subsidiaries, and each of them by whatever names each might be known.
11. **"Defendants"** means the Individual Defendants and the Corporate Defendants, individually, collectively, or in any combination, and each of them by whatever names each might be known.

12. The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to make the applicable phrase or sentence inclusive rather than exclusive.

ORDER

BAN ON DEBT COLLECTION ACTIVITIES

- I. IT IS THEREFORE ORDERED** that the Defendants, whether acting directly or through any other person, are permanently restrained and enjoined from:
- A. Engaging in debt collection activities;
 - B. Assisting others engaged in debt collection activities; and
 - C. Advertising, marketing, promoting, offering for sale, or selling, or assisting others engaged in the advertising, marketing, promoting, offering for sale, or selling, of any portfolio of consumer or commercial debt or any program that gathers, organizes, or stores consumer information relating to a debt or debt collection activities.

PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL-RELATED PRODUCTS OR SERVICES

- II. IT IS FURTHER ORDERED** that the Defendants and their officers, agents, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any financial-related product or service, are hereby permanently restrained and enjoined from:

- A. Misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:
1. The terms or rates that are available for any loan or other extension of credit;
 2. Any person's ability to improve or otherwise affect a consumer's credit record, credit history, credit rating, or ability to obtain credit;
 3. That any person can improve any consumer's credit record, credit history, or credit rating by permanently removing negative information from the consumer's credit record, credit history, or credit rating, even where such information is accurate and not obsolete;
 4. Any aspect of any secured or unsecured debt relief product or service, including but not limited to, the amount of savings a consumer will receive from purchasing, using, or enrolling in such secured or unsecured debt relief product or service; the amount of time before which a consumer will receive settlement of that consumer's debts; or the reduction or cessation of collection calls;
 5. That a consumer will receive legal representation;
 6. That any particular outcome or result from a financial-related product or service is guaranteed, assured, highly likely or probable, or very likely or probable;
 7. The nature or terms of any refund, cancellation, exchange, or repurchase policy, including, but not limited to, the likelihood of a consumer

obtaining a full or partial refund, or the circumstances in which a full or partial refund will be provided to the consumer; and

8. Any other fact material to consumers concerning any financial-related product or service, such as: the total costs; any material restrictions, limitations, or conditions; or any material aspect of its performance, efficacy, nature, or central characteristics; and

B. Advertising or assisting others in advertising credit terms other than those terms that actually are or will be arranged or offered by a creditor or lender.

CONSUMER INFORMATION

III. IT IS FURTHER ORDERED that the Defendants and their officers, agents, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, are permanently restrained and enjoined from directly or indirectly:

- A. Failing to provide sufficient consumer information to enable the Plaintiffs to administer efficiently consumer redress. If a representative of the Plaintiffs requests in writing any information related to redress, the Defendants must provide it, in the form prescribed by the Plaintiffs, within 14 days.
- B. Disclosing, using, or benefitting from consumer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account

(including a credit card, bank account, or other financial account) of any person that any Defendant obtained prior to entry of this Order in connection with the collection or attempted collection of any debt.

- C. Failing to destroy such consumer information in all forms in their possession, custody, or control within thirty (30) days after receipt of written direction to do so from a representative of the Plaintiffs.
- D. *Provided, however,* that consumer information need not be disposed of, and may be disclosed, to the extent requested by a government agency or required by a law, regulation, or court order.

MONETARY JUDGMENT AND PARTIAL SUSPENSION

IV. IT IS FURTHER ORDERED that

- A. Judgment in the amount of EIGHT MILLION THREE HUNDRED NINETY FIVE THOUSAND FOUR HUNDRED TWENTY THREE dollars (\$8,395,423) is entered in favor of the Plaintiffs against the Defendants, jointly and severally, as equitable monetary relief.
- B. In partial satisfaction of the judgment against the Defendants:
 - 1. All financial institutions holding accounts in the name of, or for the benefit of, any Receivership Entity shall, within ten (10) business days from receipt of a copy of this order, transfer as directed below all funds, if any, in such accounts, including, but not limited to:
 - a. Bank of America, N.A., shall, within ten (10) business days from receipt of a copy of this Order, transfer to the Receiver or her

designated agent, all funds, if any, in account numbers xxxx [REDACTED] in the name of Check Systems, LLC, xxxx [REDACTED] in the name of American Mutual Holdings, Inc., xxxx [REDACTED] in the name of American Mutual Holdings, Inc., xxxx [REDACTED] in the name of eCapital Services, LLC., and xxxx [REDACTED] in the name of Buffalo Staffing, Inc.;

b. Global Payments shall, within ten (10) business days from receipt of a copy of this Order, transfer to the Receiver or her designated agent, all funds, if any, in account number xxxx [REDACTED] in the name of American Payment Services; xxxx [REDACTED] in the name of Interchex Systems LLC; and xxx [REDACTED] in the name of Check Systems, LLC.

2. Tampa Bay Federal Credit Union shall, within (10) business days from receipt of a copy of this Order, transfer to the Receiver or her designated agent, all funds, if any, in account number xxxx [REDACTED] in the name of Diane Bella.

C. The Receiver is authorized and directed to liquidate the vehicles identified in Item 16 of the Financial Statement of Individual Defendant Joseph C. Bella III dated July 2, 2014, including the (1) 1969 Pontiac GTO, (2) 2013 Infiniti QX56, (3) 1998 Donzi X275, and (4) 1980 Donzi Hornet, without further order of this Court. To facilitate the Receiver's completion of this directive, Individual Defendant Joseph C. Bella III is ordered to

1. Take all steps necessary to assist the Receiver in the sale of the vehicles, including but not limited to, transferring possession and title of any vehicle to any person identified by the Receiver and not adding any encumbrances to any vehicle.
 2. As necessary, execute documents, within three (3) days of a request from the Plaintiffs or the Receiver, to facilitate the liquidation of any vehicle.
 3. Maintain the vehicles in good repair and to timely pay all taxes, fees, and all other attendant expenses related to the maintenance and ownership of the vehicles until the vehicles are liquidated as required by this Subsection IV.C.
 4. Maintain insurance on each vehicle in an amount not less than the full replacement value of each vehicle until each vehicle is liquidated as required by this Subsection IV.C. In the event that any vehicle suffers any loss or damage covered by such insurance policy, Individual Defendant Joseph C. Bella, III is ordered to make such claims that are permitted by the insurance policy and shall assign or remit any insurance payment he receives as a result of such loss or damage to the Receiver or her designated agent.
- D. Individual Defendant Joseph C. Bella III shall pay to the Plaintiffs an additional ONE HUNDRED TWELVE THOUSAND DOLLARS (\$112,000). In complying with this subsection, Individual Defendant Joseph C. Bella III is ordered, within five (5) days of entry of this Order, to transfer all funds held in trust by Counsel

for Individual Defendant Joseph C. Bella III to the Receiver or her designated agent. The remaining payment must be made by no later than ten (10) days after entry of this Order. The payment shall be made in accordance with instructions provided by the Receiver or her designated agent. Upon entry of this judgment, Defendant Joseph C. Bella III shall not encumber any real estate he owns, unless he does so to facilitate the \$112,000 payment.

- E. As set forth in Section V, the Receiver is directed to liquidate assets held by the Receiver and, after satisfaction of any Court-authorized payments, transfer the remaining assets and net proceeds, if any, from the sale of these assets to the FTC. Any assets or proceeds turned over to the Plaintiffs as part of this Section shall be applied to the Judgment, with the remainder of the Judgment suspended as described in this Section.
- F. Upon the asset transfers and payments identified in this Section, the remainder of the judgment is suspended as to the Individual Defendants and Corporate Defendant Buffalo Staffing, Inc., subject to the Subsections below.
- G. The asset freeze is modified to permit the transfers identified in this Section. Upon completion of those transfers, the asset freeze as to the Defendants is dissolved.
- H. Plaintiffs' agreement to the suspension of the judgment against the Individual Defendants and Corporate Defendant Buffalo Staffing, Inc., is expressly premised upon the truthfulness, accuracy, and completeness of the Defendants' sworn

financial statements and related documents (collectively, "financial statements") submitted to Plaintiffs, including:

1. The financial statement of Defendant Joseph C. Bella, III and attachments, submitted to the FTC on July 2, 2014;
2. The financial statement of Defendant Diane Bella and attachments, submitted to the FTC on June 30, 2014;
3. The financial statement of Defendant Luis A. Shaw and attachments, submitted to the FTC on June 30, 2014;
4. Joseph C. Bella, III's responses to Plaintiff Federal Trade Commission's First Set of Interrogatories to Defendant Joseph C. Bella III Pursuant to the Stipulated Preliminary Injunction, dated February 11, 2015; and
5. Joseph C. Bella, III's sworn statement, taken by Plaintiffs on February 17, 2015.

- I. The suspension of the judgment will be lifted as to any Defendant if, upon motion by the Plaintiffs, the Court finds that Defendant failed to disclose any material asset, materially misstated the value of any asset, or made any other material misstatement or omission in the financial statements identified above.
- J. If the suspension of the judgment is lifted, the judgment becomes immediately due as to that Defendant in the amount specified in Subsection A above (which the parties stipulate only for purposes of this Section represents the unjust enrichment alleged in the Complaint), less any payment previously made pursuant to this Section, plus interest computed from the date of entry of this Order.

- K. All money paid to Plaintiffs pursuant to this Order may be deposited into a fund administered by Plaintiffs or their designee to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If representatives of the Plaintiffs decide that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, Plaintiffs may apply any remaining money for such other equitable relief (including consumer information remedies) as Plaintiffs determine to be reasonably related to Defendants' practices alleged in the Complaint. Plaintiffs shall retain authority and sole discretion over the division among Plaintiffs of any funds not used for equitable relief. Any funds paid to the FTC not used for equitable relief shall be deposited to the U.S. Treasury as disgorgement. Any funds paid to the State of New York not used for equitable relief may be used to the full extent authorized by the State's laws, including but not limited to, as payment for the State's costs of investigating and litigating the instant case.
- Defendants have no right to challenge any actions the Plaintiffs or their representatives may take pursuant to this Subsection.
- L. The Defendants relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.
- M. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation, by or on behalf of Plaintiffs, in a proceeding to

enforce their rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.

N. The facts alleged in the Complaint establish all elements necessary to sustain an action by Plaintiffs pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.

O. The Defendants acknowledge that their Taxpayer Identification Numbers (Social Security Numbers or Employer Identification Numbers), which the Defendants previously submitted to Plaintiffs, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

P. Pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency may furnish a consumer report concerning any of the Defendants to Plaintiffs, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

CONTINUATION OF RECEIVER

V. **IT IS FURTHER ORDERED** that the Receiver must complete all duties, including, but not limited to, winding up the Receivership Entities and liquidating all assets, within 120 days after entry of this Order, but any party or the Receiver may request that the Court extend that Receiver's term for good cause.

COOPERATION WITH PLAINTIFFS AND RECEIVER

VI. IT IS FURTHER ORDERED that the Defendants must fully cooperate with representatives of any Plaintiff and the Receiver in this case and in any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint. The Defendants must provide truthful and complete information, evidence and testimony. The Individual Defendants must appear and the Corporate Defendants must cause their officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that a representative of any Plaintiff or the Receiver may reasonably request upon 5 days written notice, or other reasonable notice, at such places and times as a representative of any Plaintiff or the Receiver may designate, without the service of a subpoena.

ORDER ACKNOWLEDGMENTS

VII. IT IS FURTHER ORDERED that the Defendants obtain acknowledgments of receipt of this Order:

- A. Each Defendant, within 7 days of entry of this Order, must submit to the FTC and the New York Office of the Attorney General, an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For 20 years after entry of this Order, the Individual Defendants for any business that any of the Individual Defendants, individually or collectively with any other Defendant, is the majority owner or directly or indirectly controls, and the Receivership Entities, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees, agents,

and representatives who participate in any offering or provision of any Financial-Related Products or Services; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within 7 days of entry of this Order for current personnel. To all others, delivery must occur before they assume their responsibilities.

- C. From each individual or entity to which a Defendant delivered a copy of this Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

COMPLIANCE REPORTING

VIII. IT IS FURTHER ORDERED that the Defendants make timely submissions to the FTC:

- A. One year after entry of this Order, each Defendant must submit a compliance report, sworn under penalty of perjury.
1. Each Defendant must: (a) identify the primary physical, postal, and email and telephone number, as designated points of contact, which representatives of the FTC may use to communicate with such Defendant; (b) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant (which the Individual Defendant must describe if he or she knows or should know due to his or her own involvement); (d) describe in detail whether and how that Defendant is in

compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the FTC;

2. Additionally, each Individual Defendant must: (a) identify all telephone numbers and all physical, postal, email, and Internet addresses, including all residences; (b) identify all business activities, including any business for which the Individual Defendant performs services whether as an employee or otherwise and any entity in which the Individual Defendant has any ownership interest; and (c) describe in detail the Individual Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.

B. Individual Defendant Diane Bella, for 10 years after entry of this Order, and each other Defendant, for 20 years after entry of this Order, must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

1. Each Defendant must report any change in: (a) any designated point of contact; or (b) the structure of any Corporate Defendant or any entity that such Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

2. Additionally, each Individual Defendant must report any change in: (a) name, including aliases or fictitious name, or residence address; or (b) title or role in any business activity, including any business for which the Individual Defendant performs services whether as an employee or otherwise and any entity in which the Individual Defendant has any ownership interest, and identify its name, physical address, and any Internet address of the business or entity.
- C. Each Defendant must submit to the FTC notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Defendant within 14 days of its filing.
- D. Any submission to the FTC required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: "I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____" and supplying the date, signatory's full name, title (if applicable), and signature.
- E. Unless otherwise directed by a FTC representative in writing, all submissions to the FTC pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: *FTC v. National Check Registry, Matter Number X140043.*

RECORDKEEPING

- IX. IT IS FURTHER ORDERED** that the Defendants must create certain records for 20 years after entry of the Order, and retain each such record for 5 years. Specifically, the Corporate Defendants and the Individual Defendants for any business in which the Individual Defendants, individually or collectively with any other Defendant, is a majority owner or controls directly or indirectly, must maintain the following records:
- A. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name, addresses, and telephone numbers; job title or position; dates of service; and, if applicable, the reason for termination;
 - B. Records of all complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
 - C. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the FTC; and
 - D. A copy of each unique advertisement or other marketing material.

COMPLIANCE MONITORING

- X. IT IS FURTHER ORDERED** that, for the purpose of monitoring the Defendants' compliance with this Order, including the financial representations upon which part of the judgment was suspended and any failure to transfer any assets as required by this Order:
- A. Within 14 days of receipt of a written request from a representative of any Plaintiff, each Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for

depositions; and produce documents, for inspection and copying. Plaintiffs are also authorized to obtain discovery, without further leave of Court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

- B. For matters concerning this Order, Plaintiffs are authorized to communicate directly with each Defendant. The Defendants must permit representatives of any Plaintiff to interview any employee or other person affiliated with any Defendant who has agreed to such an interview. The person interviewed may have counsel present.
- C. Plaintiffs may use all other lawful means, including posing, through their representatives, as consumers, suppliers, or other individuals or entities, to the Defendants or any individual or entity affiliated with the Defendants, without the necessity of identification or prior notice. Nothing in this Order limits the FTC's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

EFFECT ON ASSURANCE OF DISCONTINUANCE

- XI. IT IS FURTHER ORDERED** that this Order supersedes the Assurance of Discontinuance that was entered into on October 30, 2013 by the New York Office of the Attorney General and Defendants Joseph C. Bella III, Check Systems, LLC, Interchex Systems, LLC, Goldberg Maxwell, LLC, Mullins & Kane, LLC, Morgan Jackson, LLC, and National Check Registry, LLC, attached hereto as Attachment A.

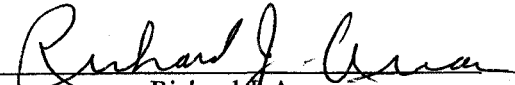
ENTRY OF JUDGMENT

XII. IT IS FURTHER ORDERED that there is no just reason for delay of entry of this judgment, and that, pursuant to Federal Rule of Civil Procedure 54(b), the Clerk immediately shall enter this Order as a final judgment as to Defendants National Check Registry, LLC, Check Systems, LLC, Interchex Systems, LLC, American Mutual Holdings, Inc., Goldberg Maxwell, LLC, Morgan Jackson, LLC, Mullins & Kane, LLC, Buffalo Staffing, Inc., eCapital Services, LLC, Joseph C. Bella, III, Diane L. Bella, and Luis A. Shaw.

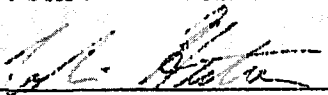
RETENTION OF JURISDICTION

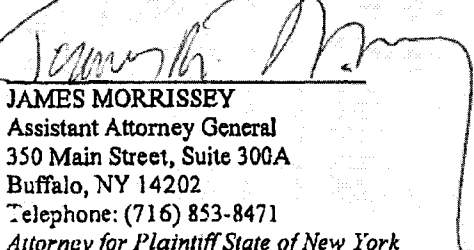
XIII. IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.


IT IS SO ORDERED, this 15 day of Oct, 2015.



Richard J. Arcara
United States District Judge
United States District Court

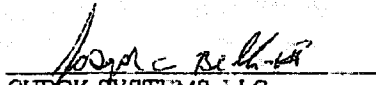
SO STIPULATED AND AGREED.

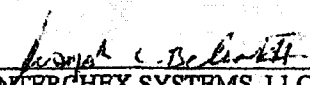

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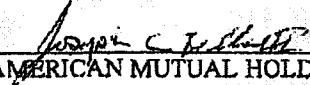

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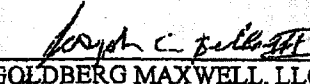

JOSEPH C. BELLA, III
Settling Individual Defendant

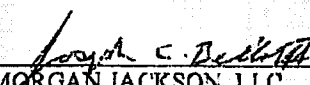

NATIONAL CHECK REGISTRY, LLC
By: Joseph C. Bella, III
Settling Corporate Defendant

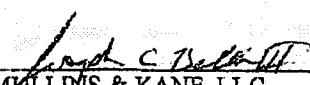

CHECK SYSTEMS, LLC
By: Joseph C. Bella, III
Settling Corporate Defendant

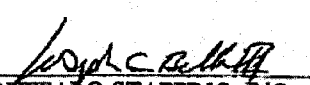

INTERCHEX SYSTEMS, LLC
By: Joseph C. Bella, III
Settling Corporate Defendant



AMERICAN MUTUAL HOLDINGS, INC.
By: Joseph C. Bella, III
Settling Corporate Defendant


GOLDBERG MAXWELL, LLC
By: Joseph C. Bella, III
Settling Corporate Defendant


MORGAN JACKSON, LLC
By: Joseph C. Bella, III
Settling Corporate Defendant


MULLINS & KANE, LLC
By: Joseph C. Bella, III
Settling Corporate Defendant


BUFFALO STAFFING, INC.
By: Joseph C. Bella, III
Settling Corporate Defendant


eCAPITALSERVICES, LLC
By: Joseph C. Bella, III
Settling Corporate Defendant

Diane L. Bella

DIANE L. BELLA
Settling Individual Defendant

[Signature]

DENNIS VACCO
CHRISTIAN LOVELACE
ERIC SOEHNLEIN
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Defendants*

LUIS A. SHAW
Settling Individual Defendant

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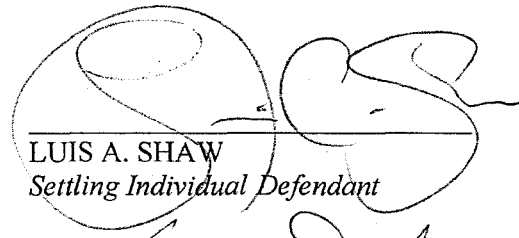
Attorney for Defendant Luis A. Shaw



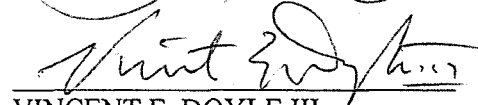
DIANE L. BELLA
Settling Individual Defendant

DENNIS VACCO
CHRISTIAN LOVELACE
ERIC SOEHNLEIN
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*Attorneys for Defendants Joseph C. Bella
III, Diane L. Bella, and Corporate
Defendants*



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Settling Individual Defendant



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Attorney for Defendant Luis A. Shaw

Attachment A

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK
BUFFALO REGIONAL OFFICE

In the Matter of the Investigation by Eric T. Schneiderman,
Attorney General of the State of New York of Joseph Bella,
individually and as owner of Check Systems, LLC,
Interchex Systems, LLC, Goldberg Maxwell, LLC,
Mullins & Kane, LLC, Morgan Jackson, LLC, and National
Check Registry, LLC

AOD #13-458

**ASSURANCE OF DISCONTINUANCE
PURSUANT TO EXECUTIVE LAW
SECTION 63(15)**

Pursuant to the provisions of Executive Law § 63(12) and General Business Law ("GBL") Article 22-A, Eric T. Schneiderman, Attorney General of the State of New York ("OAG"), caused an inquiry to be made into the debt collection practices of Joseph Bella ("Bella"), Check Systems, LLC, Interchex Systems, LLC, Goldberg Maxwell, LLC, Mullins & Kane, LLC, Morgan Jackson, LLC, and National Check Registry, LLC, all companies operated by Bella. Specifically, the OAG investigated whether Bella and his companies had repeatedly violated, *inter alia*, General Business Law ("GBL"), Article 22-A and the Fair Debt Collection Practices Act, 15 U.S.C.A. §§ 1692-1692(o) ("FDCPA"). As part of the OAG's investigation, on December 6, 2012, Bella, pursuant to a subpoena, appeared for a deposition without counsel. References herein to Bella's statements are derived from that deposition. Based upon that inquiry the OAG makes following findings:

BELLA'S VARIOUS DEBT COLLECTION COMPANIES

1. Bella is a resident of Erie County and has operated the following debt collection companies: Check Systems, LLC, Interchex Systems, LLC, Goldberg Maxwell, LLC, Mullins & Kane, LLC, Morgan Jackson, LLC and National Check Registry, LLC (referred to collectively as "the Bella Debt Collection Companies"). Bella has in the past, operated several of these companies on a one-at-a-time basis for a very short period, usually for less than six months, when he would shut the company down and simply began operations under a new name.

Check Systems, LLC

2. In or around July 24, 2009, Bella formed Check Systems, LLC ("Check Systems") located at 268 Main Street, Buffalo, New York 14202. Check Systems was in the business of collecting consumer debt and, according to Bella, it ceased operating in or around December 2010 after it received a "cease and desist" letter from a business called "Chex Systems." Bella was not able to produce a copy of the letter. Notwithstanding the prior suspension of business through Check Systems, Check Systems d/b/a Lighthouse Recovery is presently operating in the business of collecting consumer debt.

3. Bella described himself as the sole owner of Check Systems, but was unable to name the officers of the company because he owns twelve different companies. Bella operated Check Systems on a day-to-day basis and, among other things, monitored its collectors for compliance with the FDCPA. Check Systems had approximately 25 collectors. At any given time, Check Systems debt collectors, and the debt collectors for all of the Bella debt collection companies, worked on about 100 accounts. Currently Check Systems has no actual employees; all collectors are placed and paid for by Buffalo Staffing, Inc. (the "Staffing Company").

4. According to Bella, Check Systems had a legal department that was staffed by legal assistants and an attorney named M. Robert Madia ("Madia"). According to Bella, "When I went to St. Joes [Madia] went to Nichols. He's a man I played with. Is now licensed and [admitted] in the State of New York who I often times hired to sue debtors who were welching on their debt." According to Bella, Madia was an employee of Check Systems and Check Systems sent letters to consumers under Madia's signature, for example, whenever a consumer asked for a letter with respect to the debt owed. According to Bella, Madia did not have a fixed schedule or a fixed payment structure.

5. Although Bella described Madia as an employee of Check Systems, Check Systems never issued a Form W-2 or Form 1099 to Madia.

Interchex Systems, LLC

6. In or around June 22, 2010, Bella formed Interchex Systems, LLC ("Interchex") a business that like Check Systems, collected on consumer debt. Interchex was located at the same street address as Check Systems and at least some of the debt collectors that worked for Check Systems also worked for Interchex. Interchex also had a business location at 2005 Niagara Falls Boulevard, Amherst, New York 14228. Interchex employed about 40 debt collectors. Bella operated Interchex on a day-to-day basis.

7. Bella stated that he operated Interchex for six months to a year and then ceased operating it because, according to Bella, he thought the name was bad and it sounded too much like a technology company. Bella could not state the approximate date that it ceased operations. According to Bella, Interchex had a legal department staffed by Madia.

8. Although Bella stated that Madia staffed the Interchex legal department, in 2011, Interchex paid Madia a total of only \$350.

Mullins & Kane, LLC, Goldberg Maxwell, LLC and Morgan Jackson, LLC

9. In or around May 3, 2011, Bella formed, and was the sole owner of, Mullins & Kane, LLC ("Mullins & Kane"), Goldberg Maxwell, LLC ("Goldberg Maxwell") and Morgan Jackson, LLC ("Morgan Jackson, LLC), all of which were in the business of collecting consumer debt. According to Bella, he created the three companies so that he could shift consumer account from one company to the other and make repeated collection attempts using the names of the three companies.

Morgan Jackson

10. Morgan Jackson was located at 268 Main Street, Buffalo, New York, the same street address as Check Systems and Interchex and was operated by Bella. According to Bella, there was no one associated with the company named Morgan or Jackson; he simply made the names up.

11. According to Bella, he began operating Morgan Jackson in 2011 but operated it only for a few months (six months or less), and it is no longer operating. Bella was unable to state

the approximate dates when he began operating and then ceased operating Morgan Jackson but it began and ceased operations in 2011. According to Bella, he closed Morgan Jackson because it was not profitable and he wanted to switch from collecting on delinquent payday loans to collecting on delinquent credit card debt.

12. According to Bella, Morgan Jackson had a legal department that was staffed by Madia.

13. Neither Morgan Jackson or the Staffing Company, however, issued Form W-2 of form 1099 to Madia in 2011.

14. Morgan Jackson had no actual employees; all collectors were placed and paid for by the Staffing Company.

Mullins & Kane

15. Mullins & Kane was located at 1673 Hertel Avenue, Buffalo, New York 14216 and was operated by Bella after he ceased operating Morgan Jackson. According to Bella, there was no one associated with the company named Mullins or Kane; he simply made the name up. According to Bella, he began operating Mullins & Kane sometime in 2011 but the company is no longer operating. Bella was unable to state the date that he began or ceased operating the company which, he stated, he shut down because it was not profitable. According to Bella, the Staffing Company placed about 30-45 debt collectors at Mullins & Kane and he operated the company on a day-to-day basis.

16. Mullins & Kane has no actual employees; all collectors were placed and paid for by the Staffing Company.

17. According to Bella, Mullins & Kane had a legal department that was staffed by Madia. Bella described Madia as "[o]ne of our lawyers, he was our house lawyer."

18. According to Bella, Madia was paid "a certain amount per week or month" but he did not indicate the amount.

19. Neither Mullins & Kane or the Staffing Company, however, issued Form W-2 of form 1099 to Madia in 2011.

Goldberg Maxwell

20. Goldberg Maxwell was located at 1673 Hertel Avenue, Buffalo, New York 14216, the same address as Mullins and Kane and was operated by Bella but is no longer operating. According to Bella, there was no one associated with the company named Goldberg or Maxwell; he simply made the name up. Bella was unable to state when Goldberg Maxwell began or ceased operations. According to Bella, Goldberg Maxwell ceased operations because "bigger, better business ventures awaited." Goldberg Maxwell had no actual employees; all collectors were placed and paid for by the Staffing Company.

21. Bella stated that Goldberg Maxwell had a legal department and it was staffed by Madia.

22. Neither Goldberg Maxwell or the Staffing Company, however, issued Form W-2 of form 1099 to Madia in 2011.

National Check Registry, LLC

23. On or around June 15, 2012, Bella formed National Check Registry, LLC ("National Check Registry") and it began operations shortly thereafter. National Check Registry no longer operates.

24. National Check Registry is located at 268 Main Street, Buffalo New York 14202 (the former offices of Check Systems, Interchex Systems, and Morgan Jackson) and 1673 Hertel Avenue, Buffalo, New York 14216 (the former offices of Mullins & Kane and Goldberg Maxwell).

25. National Check Registry has no actual employees and the Staffing Company has placed about 55 collectors with the company.

26. National Check Registry had a legal department staffed by Madia until Bella terminated him.

27. According to Bella, prior to his termination, Madia bought several actions against debtors on behalf of National Check Registry. Bella stated: "we would sue a few debtors a month is our template." In fact National Check Registry just sued I think debtors in New York State.

We're getting to we would enforce, if there was a potential of a kinetic possibility of us suing a debtor that that possibility would be real, it wouldn't be a virtual myth."

28. Again, according to Bella, "[Madia] may have done a few [lawsuits] by mail because I know I've seen a few letters come back in the mail which were for lawsuits. Typically when a debtor has a large amount that they owe we call them to get them to pay their bill then they give us the wrong answer, you know the equivalent to giving us, to flipping us the bird over the phone we'll say, that would be someone I would like to sue please."

29. In fact National Check Registry has never sued a debtor.

30. Despite the fact that Bella terminated Madia in November 2012, as late as February 22, 2013, National Check Registry continued to send letter to consumers from Faith Galloway, Legal Assistant, that, according to the letters, were copied to Madia.

ALLEGED VIOLATIONS OF LAW

Failure to Validate Debts After The Initial Communication With A Consumer

31. 15 U.S.C. § 1692g(a) requires that within five days after the debt collector initially contacts a consumer, it must send the consumer a written notice that, among other things, contains (i) the amount of the debt, (ii) the name of the creditor to whom it is owed, (iii) the right of the consumer to dispute the validity of the debt and require that the debt collector obtain verification it, and (iv) the right of the consumer to obtain the name and address of the original creditor if different from the current creditor (referred to herein as "the Verification Rights Notice").

32. The Verification Rights Notice is a significant feature of the FDCPA, see S. Rep. No. 382, 95th Cong., 1st Sess, 4 at 4, and is intended to minimize the chance that the debt collector is pursuing the wrong consumer or has misstated the amount of the debt. According to the Senate Report, "This provision will eliminate the recurring problem of collectors dunning the wrong person or attempting to collect debts which the consumer paid." *Id*; see also *Jacobson v. Healthcare Fin. Ser., Inc.*, 516 F.3d 85, 89 (2d Cir. 2008).

33. This is especially the case where collectors collect on older portfolios like these have been frequently sold back-and-forth by debt collectors and been collected on many times

before. Recently, the Federal Trade Commission concluded that "debt collectors often have inadequate information when they contact consumers, thereby increasing the likelihood that they will reach the wrong consumer, try to collect the wrong amount, or both." Fed. Trade Comm'n, *Collecting Consumer Debt: Challenges of Change 21* (2009). Indeed, in 2010 alone, the FTC received 33,122 complaints alleging that debt collectors attempted to collect a debt that the consumer did not owe, or was larger than what the consumer actually owed, the precise errors that 15 U.S.C. § 1692g(a) is meant to address.

34. Thus, the significance of the Verification Rights Notice could hardly be overestimated.

35. The OAG subpoenaed from the Bella Debt Collection Companies documentary proof that they were in compliance with 15 U.S.C. § 1692g(a). The Bella companies produced no documents.

36. The Bella Debt Collection Companies did not provide the Verification Rights Notice to consumers.

Use Of Verification Of Employment Forms

37. The Bella Debt Collection Companies routinely sent Verification of Employment ("VOE") forms to the employers of consumers. The VOE form illegally sought, among other things, the consumer's Social Security Number, hourly wage, date of hire, and information on whether the consumer's wages are being garnished.

38. The FDCPA puts very strict limitations on when a debt collector may contact the employer of a consumer; indeed, the strict limitations put on third party contacts are among the most important of the FDCPA protections. According to the FDCPA Senate Report:

[T]his legislation adopts an extremely important protection . . . [I]t prohibits disclosing the consumer's personal affairs to third persons. Other than to obtain location information, a debt collector may not contact third persons such as a consumer's friends, neighbors, relative or **employer**. Such contacts are not legitimate collection practices and result in serious invasions of privacy, as well as loss of jobs.

S. Rep. No. 382, 95th Cong., 1st Sess. 4 at 4. (emphasis added)

39. Section 1692c(b) provides that a debt collector like respondents may not communicate with the employer of a consumer except to acquire location information. Section 1692a(7) defines "location information" as a "consumer's place of abode and his telephone number at such place, or his place of employment." Further, Section 1692b(1) requires that any debt collector contacting an employer to acquire location information about a consumer must "identify himself, state that he is confirming or correcting location information concerning the consumer, and, if expressly requested, identify his employer."

40. The Bella Debt Collection Companies VOE form, *on its face*, violates Sections 1692a(7) and 1692b(1) in two fundamental ways. First, the VOE form does not state that the Bella debt collection companies are confirming or correcting location information of the consumer. Second, the VOE form illegally seeks much more than "location information" about the consumer, including the consumer's Social Security Number, hourly wage, date of hire, and information on whether the consumer's wages are being garnished.

41. The Bella Debt Collection Companies VOE form violates Sections 1692e(4) (prohibiting debt collectors from "represent[ing] or impl[y]ing that nonpayment of any debt will result in . . . the seizure, garnishment, attachment, or sale of any property or wages of any person unless such action is lawful and the debt collector or creditor intends to take such action") and 1692e(10) because it seeks information about garnished wages and it instructs the employer to show the form to the consumer for a signature. As a result, the "least sophisticated consumer" may think his wages are at risk of garnishment. See *Cabron v. Medical Data Systems, Inc.*, 379 B.R. 371 (Bkrtcy. M.D. Ala. 2007). The Bella Debt Collection Companies, however, have never obtained a judgment against a consumer and thus, had no intention of garnishing, or right to garnish, wages.

42. Quite apart from the fact that the VOE form *facially* violates the Section 1692c(b), Bella admitted admits that he used the VOE form for purposes not permitted by the FDCPA. Bella stated: "When we talk to an associate in our company that would not be able to get money from a debtor or find out if they were making money or a debtor would make an arrangement to pay, we

would make sure they actually work here. Let's verify they actually have this job, they're not going to stiff on this debt a third or fourth time."

43. Although Bella stated that after he ceased using the VOE forms after he received a communication from the OAG in March 2012 stating that the forms were not permissible, in fact, as late as August 2012, his companies continued to send them out even after that communication.

Sending Letters That Used Attorney M. Robert Madia's Name

44. The FDCPA has strict limits on the use of an attorney's name and/or stationary in the collection of consumer debt.

45. The Bella Debt Collection Companies routinely sent letters to consumers under the name of Attorney M. Robert Madia. Madia, however, did not have any direct personal involvement in the sending of the letters. Madia had not reviewed the consumers' files prior to the letters being sent, did not determine that the letters should be sent, and did not know the identity of the consumers to whom the letter had been sent.

46. Despite the fact that Bella terminated Madia in November 2012, as late as February 22, 2013, National Check Registry continued to send letters to consumers from Faith Galloway, Legal Assistant, that, according to the letters, were copied to Madia.

Collection On Payday Loans From New York Residents

47. Payday loans are a type of short-term borrowing where an individual borrows a small amount at a very high rate of interest, often 450% or more. The borrower typically writes a post-dated personal check in the amount they wish to borrow plus a fee in exchange for cash. The lender holds onto the check and cashes it on the agreed upon date, usually the borrower's next payday. These loans are also called cash advance loans or check advance loans.

48. Payday loans are illegal in New York State because they are usurious.

49. The Bella Debt Collection Companies have collected on, or have attempted to collect on, payday loans from New York State residents.

50. By reason of the foregoing, the OAG finds that Bella and the Bella Debt Collection Companies (i) has engaged in repeated deceptive and fraudulent practices in violation of GBL §

349 and Executive Law, § 63(12), and (ii) has engaged in repeated illegality in violation of Executive Law, § 63(12).

IT NOW APPEARING that Bella and the Bella Debt Collection Companies desire to settle and resolve the investigation without admitting or denying the OAG's findings, the OAG and Bella and the Bella Debt Collection Companies hereby enter into this Assurance of Discontinuance.

AGREEMENT

51. **IT IS HEREBY AGREED** that Bella and the Bella Debt Collection Companies, and their agents, trustees, servants, employees, successors, heirs and assigns, or any other person under direction and control, whether acting individually or in concert with others, or through any corporate or other entity or device through which they may now or hereafter act or conduct business, operating or doing business in New York State, including businesses in which they have any legal or beneficial interest, are bound by the terms of this Assurance of Discontinuance. Hereinafter, Bella and the Bella Debt Collection Companies are referred to collectively as "Bella."

52. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella hereby acknowledges and agrees that he will abide by all applicable federal and state laws, including but not limited to the FDCPA. Specifically, Bella will not:

- a. communicate with alleged debtors at their places of employment when the debt collectors know, or have reason to know, that the employers do not permit such communications;
- b. discuss alleged debtors' debts with third parties without the consent of the alleged debtor or his/her attorney or unless otherwise permitted by law;
- c. communicate with third parties for any purpose other than acquiring location information without the consent of the alleged debtor or his/her attorney or unless otherwise permitted by law;
- d. communicate with third parties more than once, except as permitted by the FDCPA or other applicable law;
- e. represent or imply that the collector is acting on behalf of an attorney when that is untrue;

- f. represent or imply that the collector is affiliated with a law enforcement agency, a court or state or local agency;
- g. represent or imply that they or a creditor has commenced, or is about to commence, legal action against a consumer when that is untrue;
- h. threaten to revoke a consumer's driver's license;
- i. represent or imply that the consumer has committed a crime or is subject to arrest;
or
- j. threaten to seize a consumer's assets or garnish a consumer's wages.

53. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella will, within five (5) days of the initial contact with consumers, provide the verification rights notice required by 15 U.S.C. § 1692g.

54. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella will create and maintain a file for each consumer complaint he receives, which will include the consumer complaint, any response thereto, including all related written and oral communications and the disposition and the name of the collector associated with the complaint.

55. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella will maintain a personnel file for each employee or contractor (including supervisors) that must include the disciplinary history of the employee or contractor with respect to each complaint in which the employee is named or involved, including a record of all disciplinary actions taken against any employee or contractor in connection with any such complaint. For a period of three (3) years following the date of execution of this Assurance, Bella will, upon written request from the OAG, make available to the OAG any and all information and documents described in this paragraph.

56. **IT IS FURTHER AGREED AND UNDERSTOOD** that, within fifteen (15) days of the execution of this Assurance, Bella will identify to the OAG an employee responsible for directing compliance with the terms of this Assurance ("Compliance Manager"). Within ninety (90) days thereafter, the Compliance Manager(s) shall submit to the OAG a sworn, written statement describing in detail the practices and procedures that Bella has put in place to ensure compliance with the term of this Assurance.

57. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella will maintain a system that will permit the Compliance Manager to monitor electronically any employees' or contractors' telephone calls with debtors, without the employees' or contractors' knowledge, and will maintain a daily log of which employees were monitored, during what period and by whom.

58. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella will ensure that the Compliance Manager monitors each employee or subcontractor at least once per week for thirty minutes and maintains a daily log of which employees or contractors were monitored, during what period and by whom and will make such log available to the OAG. Each daily log will be maintained by Bella for a period of three (3) years.

59. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella will not send letters to consumers that are from legal assistants, paralegals or any other job title that implies legal training or make reference to a legal department or legal department of administration.

60. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella will not send letters signed by, or copied to an attorney unless the attorney has direct personal involvement in the sending of the letters, has reviewed the consumers' files prior to the letters being sent and determined that the letters should be sent.

61. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella will not send verification of employment forms to the employers of consumers, or contact third parties generally except to confirm or correct the address of a consumer which third party may be contacted only once.

62. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella, for a period of three (3) years, shall maintain a file with a physical or electronic copy of all letters and emails sent to consumers arranged in chronological order.

63. **IT IS FURTHER AGREED AND UNDERSTOOD** that, for a period three (3) years following the date of execution of this Assurance, in the event that Bella changes a principal place of business of any of the Bella Debt Collection Companies, incorporates a new corporation or business entity involved in the business of debt collection, or any of the Bella Debt Collection

Companies does business under a new name, (collectively, "Change in Business"), Bella shall inform the OAG in writing within thirty (30) days after any such Change in Business.

64. **IT IS FURTHER AGREED AND UNDERSTOOD** that, for a period of three (3) years following the date of execution of this Assurance, no debt collection company in which Bella has a legal or beneficial interest may collect on a debt that any of the Bella Debt Collection Companies has previously owned.

65. **IT IS FURTHER AGREED AND UNDERSTOOD** that, within 90 days of execution of this Assurance, Bella will cease doing business, of any nature, through the following companies: Interchex Systems, LLC, Goldberg Maxwell, LLC, Mullins & Kane, LLC, Morgan Jackson, LLC, and National Check Registry, LLC.

66. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella will not knowingly engage in any debt collection activities with respect to payday loans involving New York State residents and will, upon the execution of this Assurance, provide full restitution in the total amount of \$2,261.36, per the schedule attached hereto as Exhibit A, to the OAG for the benefit of each New York State resident from whom any Bella Debt Collection Company collected any amounts on a payday loan from January 1, 2012 to date.

67. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella shall pay, as costs and penalties to the Attorney General's Office, the total sum of \$162,738.64 made payable to the State of New York, delivered to Eric T. Schneiderman, Attorney General of the State of New York, 350 Main Street, Suite 300A, Buffalo, NY, 14202 Attention: James M. Morrissey, Assistant Attorney General pursuant to the following terms: (a) Bella shall make an initial payment of \$52,738.64, upon the execution of this Assurance; and (b) Bella shall thereafter make monthly payments in the amount of \$9,166.67 on the first business day of each month, for the eleven (11) months following the month in which this Assurance is executed; (c) Bella shall make a final payment in the amount of \$9,166.63 on the first business day of the twelfth (12th) month following the month in which this Assurance is executed.

68. **IT IS FURTHER AGREED AND UNDERSTOOD** that the OAG has agreed to the terms of this Assurance based on, among other things, the representations made to the OAG by Bella, and the OAG's own factual investigation as set forth in Findings (1) - (50) above. To the extent that any material representations are later found to be inaccurate by a court of competent jurisdiction, this Assurance is voidable by the OAG in its sole discretion.

69. **IT IS FURTHER AGREED AND UNDERSTOOD** that no representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by Bella in agreeing to this Assurance.

70. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella represents and warrants, through the signature below, that the terms and conditions of this Assurance are duly approved, and execution of this Assurance is duly authorized.

71. **IT IS FURTHER AGREED AND UNDERSTOOD** that Bella shall not take any action or make any statement denying, directly or indirectly, the propriety of this Assurance or expressing the view that this Assurance is without factual basis. Nothing in this paragraph affects his (i) testimonial obligations, or (ii) right to take legal or factual positions in defense of litigation or other legal proceedings to which OAG is not a party.

72. **IT IS FURTHER AGREED AND UNDERSTOOD** that this Assurance is not an admission which can be used as evidence against Bella and/or the Bella Debt Collection Companies, in any judicial or administrative hearing, proceeding or action except for a proceeding by the OAG to enforce its terms.

73. **IT IS FURTHER AGREED AND UNDERSTOOD** that this Assurance may not be amended except by an instrument in writing signed on behalf of all the parties to this Assurance.

74. **IT IS FURTHER AGREED AND UNDERSTOOD** that this Assurance shall be binding on and inure to the benefit of the parties to this Assurance and their respective successors and assigns, provided that no party, other than OAG, may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of OAG.

75. **IT IS FURTHER AGREED AND UNDERSTOOD** that, in the event that any one or more of the provisions contained in this Assurance shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

76. **IT IS FURTHER AGREED AND UNDERSTOOD** that, to the extent not already provided under this Assurance, Bella shall, upon request by OAG, provide all documentation and information necessary for OAG to verify compliance with this Assurance.

77. **IT IS FURTHER AGREED AND UNDERSTOOD** that acceptance of this Assurance by OAG shall not be deemed approval by OAG of any of the practices or procedures referenced herein, and Bella shall make no representation to the contrary.

78. **IT IS FURTHER AGREED AND UNDERSTOOD** that all correspondence to the Attorney General shall be delivered or mailed to the following address:

Office of the Attorney General of the State of New York
Attn: James M. Morrissey, Assistant Attorney General
350 Main Street, Suite 300A Buffalo, New York 14202

79. **IT IS FURTHER AGREED AND UNDERSTOOD** that nothing contained in this Assurance shall be construed to limit the rights of a person or an entity who is not a party to this Assurance with respect to any of the matters contained herein. Notwithstanding the foregoing, in no event shall this Assurance be construed to limit the rights of Bella in connection with any action commenced by any party other than the Attorney General.

80. **IT IS FURTHER AGREED AND UNDERSTOOD** by Bella pursuant to Executive Law § 63(15), in the event of any violation of this Assurance, the Attorney General may commence an action or proceeding, under General Business Law Article 22-A and Executive Law '63(12), and that evidence of a violation of the Assurance shall constitute *prima facie* proof of violation of the applicable laws in any civil action or proceeding thereafter commenced by the Attorney General.

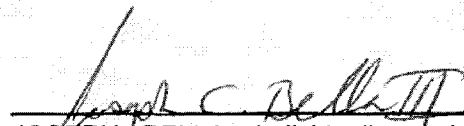
81. **IT IS FURTHER AGREED AND UNDERSTOOD** by Bella that, should the OAG prove in a court of competent jurisdiction that a breach of this Assurance by the Company has

occurred, they shall pay to OAG the cost, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

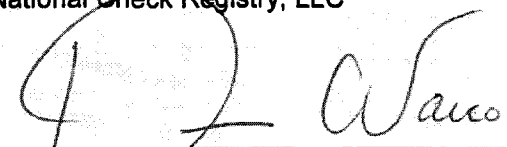
82. **IT IS FURTHER AGREED AND UNDERSTOOD** that the OAG finds the relief and agreements contained in this Assurance appropriate and in the public interest. The OAG is willing to accept this Assurance pursuant to New York Executive Law Section 63(15), in lieu of commencing a statutory proceeding. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

IN WITNESS WHEREOF, the undersigned subscribe their names.

Dated: Buffalo, New York
October 30, 2013



JOSEPH BELLA, individually and on behalf of Check Systems, LLC, Interchex Systems, LLC, Goldberg Maxwell, LLC, Mullins & Kane, LLC, Morgan Jackson, LLC, and National Check Registry, LLC

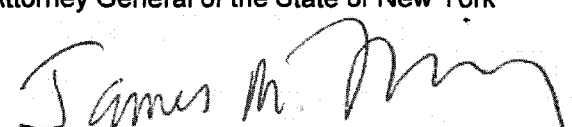


DENNIS C. VACCO, Attorney for Bella and the Bella companies

Consented to:

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York

By:




JAMES M. MORRISSEY, Assistant Attorney General

CORPORATE ACKNOWLEDGMENT

STATE OF NEW YORK)
:ss
COUNTY OF ERIE)

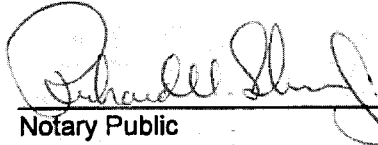
Joseph Bella, being duly sworn, depose and say:

I am the owner and managing member and/or president of Check Systems, LLC, Interchex Systems, LLC, Goldberg Maxwell, LLC, Mullins & Kane, LLC, Morgan Jackson, LLC, and National Check Registry, LLC, and have authority to execute the foregoing Assurance of Discontinuance, and have authority to bind the above-referenced companies to this Assurance. I have executed the aforesaid instrument with the consent and authority of the above-referenced companies and those responsible for the acts of said entity and duly acknowledge the same. I subscribed my name understanding the provisions thereof and entered into it knowingly and willingly.



JOSEPH BELLA

Sworn to before me this
30th day of October, 2013



Notary Public

RICHARD M. SCHERER, JR.
No. 02-906230448
Notary Public, State of New York
Qualified in Erie County
My Commission Expires April 4, 2015

Exhibit A

EXHIBIT A
(New York Pay Day Loans)

Paid	Name	Address	City	State	Zip
\$762.25				NY	13142
\$436.00				NY	10705
\$365.50				NY	11518
\$322.66				NY	11213
\$199.00				NY	14456
\$155.95				NY	11236
\$20.00				NY	13212