

**STATE OF FLORIDA  
DEPARTMENT OF BANKING AND FINANCE  
AND  
OFFICE OF THE ATTORNEY GENERAL**

**IN RE:**

**ACE CASH EXPRESS, INC. d/b/a  
ACE AMERICA'S CASH EXPRESS,**

**DBF CASE NO.: 9177-F-9/02**

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**SETTLEMENT AGREEMENT**

The Florida Department of Banking and Finance, Division of Securities and Finance ("DBF"), the Office of the Attorney General ("Attorney General") and ACE Cash Express, Inc. d/b/a ACE America's Cash Express ("Respondent" or "ACE") agree as follows:

1. **JURISDICTION.** DBF is charged with the administration of Chapter 516, 560, and 687, Florida Statutes, and the Attorney General is charged with the administration of Chapters 501, 559, 687, 895, and 896, Florida Statutes. This agreement applies to Florida transactions only.

2. **BACKGROUND.**

**Attorney General**

a. The Attorney General moved to intervene as plaintiff in two civil cases that were pending against ACE, contending that ACE had violated Chapters 501, 516, 559, 560, 687, 895, and 896, Florida Statutes, in connection with deferred deposit check cashing services provided by ACE in Florida prior to April 2000. Those cases are: *Eugene R. Clement and Neil Gillespie and State of Florida, Office of the Attorney General, Department of Legal Affairs vs. ACE Cash Express, Inc., Alternative Financial, Inc., JS of the Treasure Coast, Inc., Raymond C. Hemmig, Donald H. Neustadt, Kay D. Zilliox, Ronald J. Schmitt, and unknown*

*entities and individuals, Consolidated Case No. 99 09730*, in the Circuit Court for the Thirteenth Judicial District of Florida (the “Clement” case); and *Betts v. Ace Cash Express*, 927 So.2d 294 (Fla. 5<sup>th</sup> DCA 2002), (the “Betts” case). DBF was not a named party in either case.

b. ACE and the other defendants disagreed with the claims made by the Plaintiffs and the Attorney General in each of those cases.

c. The Attorney General’s motion to intervene in the Betts case was denied.

d. In the Clement case, the individual Plaintiffs’ claims were dismissed with prejudice, leaving the Attorney General as the sole Plaintiff. The Attorney General’s RICO claims were dismissed with prejudice and are subject of a pending appeal before the Second District Court of Appeal of Florida styled *State of Florida, Office of the Attorney General v. Zilliox*, Case No. 2002-2340 (consolidated with Case No. 2002-3113). All of the claims asserted by the Attorney General in the Clement case are to be settled pursuant to this Agreement, with the Attorney General voluntarily dismissing their claims.

e. ACE and the individual defendants have denied and continue to deny that they engaged in any wrongdoing, and this Agreement shall not constitute any admission of any wrongdoing or liability on the part of ACE or any of the individual defendants.

f. The Attorney General and ACE wish to avoid the time and expense involved in further litigation.

**Department of Banking and Finance**

g. Goleta National Bank, a national bank located in Goleta, California (“Goleta”), has offered loans to residents of Florida since April 2000. ACE has provided agency services to Goleta related to those loans in Florida. On October 25 and 28, 2002, ACE and Goleta entered into separate consent orders with the Office of the Comptroller of the Currency of the United States (“OCC”), pursuant to which Goleta agreed, among other things, to generally cease the origination, renewal and rollover of its loans in Florida and ACE agreed, among other things, to generally cease providing services to Goleta related to the origination, renewal and rollover of such Goleta loans, both by no later than December 31, 2002.

Goleta, ACE and the OCC agreed that the loans provided by Goleta and serviced by ACE were made pursuant to 12 U.S.C. §85 and that the interest rate charged by Goleta was permissible under the laws of the United States for national banks located in the State of California. DBF was not a party to the agreement between Goleta, ACE, and the OCC.

h. ACE also offers a bill paying service through which it offers to accept or receive voluntary utility payments from its Florida customers and, for a fee, electronically transmit the payment to the utility. The DBF has informed ACE that to offer this service, ACE should be licensed as a Funds Transmitter under Part II, Chapter 560, Florida Statutes. ACE disagrees with the position taken by the DBF, but, to avoid the expense and uncertainty of litigation, ACE agreed to file, and has pending with DBF, an application to act as a Funds Transmitter

under Part II, Chapter 560, Florida Statutes. The DBF will issue that license, as well as the license authorizing ACE to act as a Deferred Presentment Provider under Part IV, Chapter 560, Florida Statutes, on or before the effective date of this Agreement. Ace agrees that future transactions involving the transmission of funds will be governed by the provisions of Part II, Chapter 560, Florida Statutes, and ACE will comply with those provisions in all future transactions.

i. ACE is licensed with DBF as a Check Casher under Part III, Chapter 560, Florida Statutes.

**Purpose and Intent**

j. The parties wish to resolve and to release any claims that were asserted, or could have been asserted, or could be asserted, because of or arising from the investigation, litigation, or regulatory review conducted by the DBF or the Attorney General.

k. The DBF agrees that ACE has fully cooperated with it in this matter.

l. It is the intent of the parties that this agreement be implemented promptly, and without injury or inconvenience to ACE customers.

m. It is the intent of the parties that DBF issue or renew any authorization or license necessary for ACE to continue to offer services in Florida, including deferred presentment transactions, check cashing, bill paying, debit card transactions, money orders, wire transfers and other products that are authorized under Florida law.

n. It is the intent of the parties that this agreement be implemented without causing competitive disadvantage to ACE.

3. **CONSIDERATION.** ACE, the DBF, and the Attorney General agree as follows:

- a. ACE will cease providing agent services to Goleta in connection with the origination, renewal, or rollover of any Goleta loans in the State of Florida by December 31, 2002. ACE may, however, continue to provide services to Goleta related to the servicing and collection of Goleta loans originated, renewed, or rolled over in the State of Florida before January 1, 2003, subject to paragraph 3(g) below.
- b. ACE has applied for, and DBF agrees to issue upon the issuance of the final order contemplated by this agreement, a license with an effective date of December 30, 2002, authorizing ACE to act as a Deferred Presentment Provider under Part IV, Chapter 560, Florida Statutes. ACE agrees not to enter into any deferred presentment transactions in Florida unless such deferred presentment transactions are completed in accordance with Part IV, Chapter 560, Florida Statutes. DBF agrees that ACE may act as a Deferred Presentment Provider under Part IV, Chapter 560, Florida Statutes, and as a Funds Transmitter under Part II, Chapter 560, Florida Statutes, between December 30, 2002 and the issuance of the final order, provided that all such funds transmission and deferred presentment transactions engaged in during this time period are otherwise completed in accordance with Part II, Chapter 560, Florida Statutes, and Part IV, Chapter 560, Florida Statutes. DBF agrees that this is consistent with the public interest and will not constitute a violation of this Agreement or any applicable law, including but not limited to, Chapters 501, 516, 559, 560, 687, 895 and 896, Florida Statutes, or an Rules related to those statutes.

c. ACE represents and warrants that it has obtained the consent of Goleta so that no Goleta loans entered into before the effective date of this Agreement will be extended (except for the customers' five-day extension options that are part of the terms of outstanding loans) or converted, without full payment by the Goleta loan customers, to any other type of transaction. Where applicable, ACE agrees that it will not offer deferred presentment services to a Goleta loan customer unless that customer's Goleta loan is repaid or cancelled in accordance with paragraph 3(g)-below. DBF agrees that the continued services provided under the Goleta loan program authorized by this subparagraph and by paragraph 3(a) above are consistent with the public interest and will not constitute a violation of this Agreement or any applicable law, including but not limited to, Chapters 501, 516, 559, 560, 687, 895 and 896, Florida Statutes, or any Rules related to those statutes.

d. DBF agrees to issue to ACE licenses pursuant to Part II, Chapter 560, Florida Statutes, and Part IV, Chapter 560, Florida Statutes, with an effective date of December 30, 2002 upon the issuance of the final order contemplated in this Agreement. ACE and the DBF agree that, until the issuance of the final order contemplated in this agreement, ACE will continue to offer its bill paying service in order to avoid injury to those customers who rely on that service. DBF and the Attorney General agree that continuing to offer that service is consistent with the public interest and will not constitute a violation of this Agreement or any applicable law, including but not limited to, Chapters 501, 516, 559, 560, 687, 895, and 896, Florida Statutes, or any Rules related to those statutes.

e. DBF acknowledges that no additional information is needed from ACE for it to issue the licenses contemplated by this Agreement.

f. ACE agrees to pay a total of \$500,000 in settlement and for issuance by DBF of authorizations, licenses, or other approvals necessary for ACE to continue in business in Florida, and for the releases in paragraphs 7 and 8 below. Of the \$500,000 total settlement, ACE has agreed to pay \$250,000 to the DBF Regulatory Trust Fund in full satisfaction of all attorney's fees, costs, and other expenses incurred by the DBF in connection with this matter and, ACE has agreed to deliver to the Attorney General, a contribution of \$250,000 to the Florida State University College of Law in full satisfaction of all attorney's fees, costs and other expenses incurred by the Attorney General in connection with this matter. These amounts will be paid by check, and will be delivered to the DBF or the Attorney General upon entry of the Final Order as provided for herein.

g. ACE represents and warrants that it has obtained the consent of Goleta so that loans that are delinquent as of October 1, 2002, and remain unpaid as of the effective date of this agreement, from customers who engaged in Goleta loan transactions commenced or originated before October 1, 2002 in Florida (collectively, the "Goleta Loan Customers") need not be repaid, and the debt owed to Goleta from Goleta Loan Customers will be cancelled.

h. If Goleta, either directly or through ACE, its agent, has notified a credit-reporting agency of a Goleta Loan Customer's delinquent debt to Goleta, then ACE represents and warrants that it has obtained the consent of Goleta for ACE to notify the credit agency that the delinquent amount has been cancelled.

i. In addition to the amount specified in paragraph 3(f) above, ACE will pay up to \$15,000 for an independent audit of the loan cancellations provided in paragraph 3(g) above, the credit reporting notifications provided in paragraph 3(h) above, and verification of compliance with the transition from the Goleta loan product to the state licensed product contemplated in paragraph 3(b) and 3(c) above. DBF will select the independent auditor, after consultation with ACE. The independent auditor selected will be required to report to the DBF within 90 days of the selection.

j. The entry of a Final Order by DBF in the form of the Attachment to this agreement.

k. Within 10 days after the entry of the final order contemplated herein, the Attorney General will dismiss with prejudice its lawsuit, *Eugene R. Clement and Neil Gillespie and State of Florida, Office of the Attorney General, Department of Legal Affairs vs. ACE Cash Express, Inc., Alternative Financial, Inc., JS of the Treasure Coast, Inc., Raymond C. Hemmig, Donald H. Neustadt, Kay D. Zilliox, Ronald J. Schmitt, and unknown entities and individuals, Consolidated Case No. 99 09730*, in the Circuit Court for the Thirteenth Judicial District of Florida, as to all defendants.

l. Within 10 days after the entry of the final order contemplated in 3(j) above, the Attorney General will dismiss with prejudice its appeal of any orders in the Clement case litigation, including *State of Florida, Office of the Attorney General v. Zilliox*, Case No. 2002-2240 and *State of Florida, Office of the Attorney General v. Alternative Financial, Inc.*, Case No. 2002-3113.



4. **CONSENT**. Without admitting or denying any wrongdoing, Respondent consents to the issuance by the DBF of a Final Order, in substantially the form of the attached Final Order, which incorporates the terms of this Agreement.

5. **FINAL ORDER**. The Final Order incorporating this Agreement is issued pursuant to Subsection 120.57(4), Florida Statutes, and upon its issuance shall be a final administrative order.

6. **WAIVERS**. Respondent knowingly and voluntarily waives:

- a. its right to an administrative hearing provided for by Chapter 120, Florida Statutes, to contest the specific agreements included in this Agreement;
- b. any requirement that the Final Order incorporating this Agreement contain separately stated Findings of Fact and Conclusions of Law or Notice of Rights;
- c. its right to the issuance of a Recommended Order by an administrative law judge from the Division of Administrative Hearings or from the DBF;
- d. any and all rights to object to or challenge in any judicial proceeding, including but not limited to, an appeal pursuant to Section 120.68, Florida Statutes, any aspect, provision or requirement concerning the content, issuance, procedure or timeliness of the Final Order incorporating this Agreement; and
- e. any causes of action in law or in equity, which Respondent may have arising out of the specific matters addressed in this agreement. DBF for itself and the DBF Released Parties, accepts this release and waiver by Respondent without in any way acknowledging or admitting that any such cause of action does or may exist, and DBF, for itself and the DBF Released Parties, expressly denies that any such right or cause of action does in fact exist.

7. **ATTORNEY GENERAL RELEASE.** The Attorney General, for himself and his predecessors, successors and assigns, hereby waives, releases and forever discharges ACE, its predecessors, successors, affiliates, subsidiaries and parent corporations, shareholders, directors, officers, attorneys, employees, agents, franchisees and assigns, and Goleta, and its predecessors, successors, affiliates, subsidiaries and parent corporations, shareholders, directors, officers, attorneys, employees, agents, franchisees and assigns (collectively, the "ACE Released Parties"), from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, fees, penalties, damages, judgments, liabilities and obligations, both contingent and fixed, known and unknown, foreseen and unforeseen, anticipated and unanticipated, expected and unexpected, related to or arising out of Goleta's or ACE's operations in Florida prior to the effective date of this agreement. This release includes, but is not limited to, any claims related to any loans made, renewed, or rolled over, by Goleta in Florida and any services provided by ACE or its franchisees related thereto, any claims related to any violation of Chapters 501, 516, 559, 560, 687, 772, 895 and 896, *Florida Statutes*, any claims related to check cashing services provided prior to the effective date of Part IV, Chapter 560, *Florida Statutes*, and any claims related to any licensing requirements for the services provided by ACE to its customers in Florida prior to the effective date of this agreement. Without limiting the generality of the foregoing, this release also includes all claims asserted or that could have been or could be asserted against the parties named as defendants or that could have been named as defendants in *Eugene R. Clement and Neil Gillespie and State of Florida, Office of the Attorney General, Department of Legal Affairs vs. ACE Cash Express, Inc., Alternative Financial, Inc., JS of the Treasure Coast, Inc., Raymond C. Hemmig, Donald H. Neustadt, Kay D. Zilliox, Ronald J. Schmitt, and unknown entities and individuals, Consolidated Case No. 99 09730*. ACE, for itself

and on behalf of the ACE Released Parties, accepts this release and waiver by the Attorney General without in any way acknowledging or admitting that any such cause of action does or may exist, and ACE, for itself and on behalf of the ACE Released Parties, expressly denies that any such right or cause of action does in fact exist. Respondent hereby waives, releases and forever discharges the Attorney General and his respective employees, agents, and representatives (collectively, the "Attorney General Released Parties") from any causes of action in law or in equity, which Respondent may have arising out of the specific matters addressed in this agreement. The Attorney General, for themselves and the Attorney General Released Parties, accept this release and waiver by Respondent without in any way acknowledging or admitting that any such cause of action does or may exist, the Attorney General, for himself and the Attorney General Released Parties, expressly deny that any such right or cause of action does in fact exist.

8. **DEPARTMENT OF BANKING AND FINANCE RELEASE.** The DBF, for itself and its predecessors, successors and assigns, hereby waives, releases and forever discharges ACE and its predecessors, successors, subsidiaries and parent corporations, shareholders, directors, officers, attorneys, employees, agents, franchisees and assigns, and Goleta, and its predecessors, successors, affiliates, subsidiaries and parent corporations, shareholders, directors, officers, attorneys, employees, agents, franchisees and assigns (collectively, the "ACE Released Parties"), from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, fees, penalties, damages, judgments, liabilities and obligations, both contingent and fixed, known and unknown, foreseen and unforeseen, anticipated and unanticipated, expected and unexpected, related to or arising out of the conduct of ACE and/or Goleta in connection with the offering of deferred presentment

services or loans in Florida, where such conduct occurred prior to the effective date of this Agreement.. This release includes, but is not limited to, any claims related to any loans made, renewed, or rolled over by Goleta in Florida and any services provided by ACE or its franchisees related thereto, any claims related to any violation of Chapters 501, 516, 559, 560,687, 772, 895 and 896, *Florida Statutes*, any claims related to check cashing services provided prior to the effective date of Part IV, Chapter 560, *Florida Statutes*, and any claims related to any licensing requirements for the services provided by ACE to its customers in Florida prior to the effective date of this Agreement. ACE, for itself and on behalf of the ACE Released Parties, accept this release and waiver by the Attorney General and the DBF without in any way acknowledging or admitting that any such cause of action does or may exist, and ACE, for itself and on behalf of the ACE Released Parties, expressly denies that any such right or cause of action does in fact exist.

9. **EXCLUSION.** This release does not include any claims under Chapter 560, Florida Statutes, against franchisees of ACE related to deferred presentment transactions engaged in after the effective date of Part IV, Chapter 560, Florida Statutes, unless such transactions were under the Goleta loan program.

10. **ATTORNEYS' FEES.** Each party to this Agreement shall be solely responsible for its separate costs and attorneys' fees incurred in the prosecution, defense or negotiation in this matter up to entry of the Final Order incorporating this Agreement and the dismissals by the Attorney General provided for in 3 (k) and 3 (l) above.

11. **EFFECTIVE DATE.** The effective date of this agreement is December 30, 2002.

12. **FAILURE TO COMPLY.** Nothing in this Agreement limits Respondent's right to contest any finding or determination made by DBF or the Attorney General concerning

Respondent's alleged failure to comply with any of the terms and provisions of this Agreement or of the Final Order incorporating this Agreement.

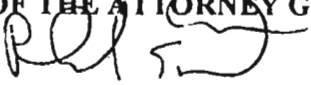
**WHEREFORE**, in consideration of the foregoing, DBF, the Attorney General, and ACE execute this Agreement on the dates indicated below.

**DEPARTMENT OF BANKING AND FINANCE**

By:   
DON SAXON  
Division Director

Date: 12/30/02

**OFFICE OF THE ATTORNEY GENERAL**

By:   
RICHARD DORAN, Attorney General

Date: 12/30/02

**ACE CASH EXPRESS, INC., d/b/a  
ACE AMERICA'S CASH EXPRESS**

By: \_\_\_\_\_  
ERIC C. NORRINGTON  
Vice President

Date: \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_

**BEFORE ME**, the undersigned authority, personally appeared \_\_\_\_\_, as \_\_\_\_\_ of ACE CASH EXPRESS, INC., d/b/a ACE AMERICA'S CASH EXPRESS, who is personally known to me or who has produced \_\_\_\_\_ as identification, and who, after being duly sworn, states that he has read and understands the contents of this Agreement and voluntarily executed the same on behalf of ACE CASH EXPRESS, INC., d/b/a ACE AMERICA'S CASH EXPRESS.

Respondent's alleged failure to comply with any of the terms and provisions of this Agreement or of the Final Order incorporating this Agreement.

WHEREFORE, in consideration of the foregoing, DBF, the Attorney General, and ACE execute this Agreement on the dates indicated below.

**DEPARTMENT OF BANKING AND FINANCE**

By: \_\_\_\_\_  
DON SAXON  
Division Director

Date: \_\_\_\_\_

**OFFICE OF THE ATTORNEY GENERAL**

By: \_\_\_\_\_  
RICHARD DORAN, Attorney General

Date: 12/30/02

**ACE CASH EXPRESS, INC., d/b/a  
ACE AMERICA'S CASH EXPRESS'**

By: \_\_\_\_\_  
ERIC C. NORRINGTON  
Vice President

Date: 12/30/02

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, personally appeared \_\_\_\_\_,  
as \_\_\_\_\_ of ACE CASH EXPRESS, INC., d/b/a ACE AMERICA'S CASH  
EXPRESS, who is personally known to me or who has produced  
\_\_\_\_\_ as identification, and who, after being duly sworn, states that he  
has read and understands the contents of this Agreement and voluntarily executed the same on  
behalf of ACE CASH EXPRESS, INC., d/b/a ACE AMERICA'S CASH EXPRESS.

**SWORN AND SUBSCRIBED** before me this \_\_\_\_ day of \_\_\_\_\_, 2002.

\_\_\_\_\_  
**NOTARY PUBLIC**

**State of Florida**

**Print Name:**

**My Commission No.:**

**My Commission Expires:**

**(SEAL)**



**ACE Cash Express, Inc.**  
 1231 Greenway Drive #600  
 Irving, Texas 75038  
 (972) 550-5000

INVOICE		COMMENT	GROSS	DEDUCTION	AMOUNT PAID
NUMBER	DATE				
12/23/02	12/23/02	Settlement	250,000.00		250,000.00

**PAYMENT ADVICE**



**ACE Cash Express, Inc.**  
 1231 Greenway Drive #600  
 Irving, Texas 75038  
 (972) 550-5000

WELLS FARGO BANK

CHECK NUMBER 005132

DATE	AMOUNT
12/19/02	\$*****250,000.00

PAY Two Hundred Fifty Thousand 00/100 dollars\*\*\*\*\*

TO THE ORDER OF

Florida State University College of Law  
 425 West Jefferson Street  
 Tallahassee, FL 32306

Two Signatures Required Over \$5,000.00

*[Signature]* MP  
*[Signature]* MP  
 VOID AFTER 120 DAYS

⑈005132⑈ ⑆11301787014759 630098⑈