IN THE CIRCUIT COURT FOR MONTGOMERY COUNTY, TENNESSEE
NINETEENTH JUDICIAL DISTRICT AT CLARKSVILLE

STATE OF TENNESSEE, *ex rel.* ROBERT E. COOPER, ATTORNEY GENERAL,	)	
Plaintiff,	)	
v.	)	No. 05500795
BRITLEE, INC., d/b/a THE MILITARY ZONE, MILITARYZONE.COM, and LAPTOYZ COMPUTERS AND ELECTRONICS, STUART L. JORDAN, individually and d/b/a BRITLEE, INC. and MILLENIUM FINANCE, INC., MILLENIUM FINANCE, INC., and ROME FINANCE COMPANY, INC.,	)	Judge Ross Hicks
Defendants.	)	

FINAL JUDGMENT AND PERMANENT INJUNCTION
AS TO DEFENDANT ROME FINANCE COMPANY, INC.

This matter comes before the Court on complaint of Plaintiff, State of Tennessee, *ex rel.* Robert E. Cooper, Jr., Attorney General ("State" or "Attorney General"), on behalf of Mary Clement, Director of the Division of Consumer Affairs of the Tennessee Department of Commerce and Insurance, and against Defendant Rome Finance Company, Inc.

On September 23, 2005, the State filed a civil law enforcement proceeding against Defendant Rome and other defendants for a permanent injunction, restitution, civil penalties, license revocation and other equitable relief pursuant to the Tennessee Consumer Protection Act of 1977 ("TCPA"), Tenn. Code Ann. § 47-18-101 *et seq.* and other consumer protection laws. The State charged Defendant Rome and others with unlawful and predatory sales and

lending practices in connection with the sale and financing of computers and other goods, which targeted members of the military, in violation of Tenn. Code Ann. § 47-18-104(a), (b) and 47-18-113(b). The State previously sought and was awarded partial summary judgment in connection with certain allegations under Tenn. Code Ann. § 47-18-113(b). The State has now prevailed on the remainder of its case through default judgment assessed against Defendant Rome as the ultimate sanction for Rome's litigation misconduct in this case. The Court's findings and conclusions in this case are set forth in its December 18, 2008 Memorandum Opinion, Findings of Fact and Conclusions of Law and are fully incorporated by reference and adopted herein in support of the entry of this Final Judgment and Permanent Injunction ("Judgment"). Accordingly,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

FINDINGS

1. This Court has jurisdiction of the subject matter of this case pursuant to Tenn. Code Ann. § 47-18-108 and personal jurisdiction over the Defendant Rome pursuant to Tenn. Code Ann. § 20-2-201 *et seq.*

2. Venue is proper in Montgomery County pursuant to Tenn. Code Ann. § 47-18-108(a)(3), because it is where Defendant Rome conducted business.

3. The activities of Defendant Rome are in or affecting trade or commerce, pursuant to Tenn. Code Ann. § 47-18-103(11).

4. The Complaint states a claim upon which relief may be granted against Defendant Rome pursuant to Tenn. Code Ann. § 47-18-104(a), (b), 47-18-108 and 47-18-113(b).

5. This Judgment is in addition to, and not in lieu of, any other civil or criminal

remedies that may be provided by law.

6. Entry of this Judgment is in the public interest and shall be without cost bond pursuant to Tenn. Code Ann. § 47-18-108(a)(4).

7. Entry of this Judgment is made with the acknowledgment that on October 15, 2008, Defendant Rome filed a petition for bankruptcy protection under Chapter 13 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of California ("Bankruptcy Court").

8. Entry of this Judgment is made with the further acknowledgment that to the extent this Judgment includes certain equitable and remedial monetary provisions, including awards of restitution, interest, disgorgement, civil penalties, costs, attorney fees and restitution administration expenses, any collection or enforcement of these provisions is barred by the automatic stay under 11 U.S.C. 362(b). This litigation may otherwise proceed as set forth in the Bankruptcy Court's Order dated November 19, 2008 (attached as Exhibit A).

ORDER OF FINAL JUDGMENT AND PERMANENT INJUNCTION

Definitions

For the purpose of this Judgment, the following definitions shall apply:

A. **"Affected Consumer"** shall mean any person, a natural person, individual, governmental agency or other entities, partnership, corporation, trust, estate, incorporated or unincorporated association, and any other legal or commercial entity however organized, that is covered by the instant proceeding in that such consumer entered into any contract or agreement in whole or in part:

1. In the State of Tennessee where Defendant Rome is or was a party to such contract or agreement;

2. In the State of Tennessee or outside the State of Tennessee where (1) Defendant Rome is or was a party to such contract; and (2) the underlying sales contract, purchase agreement or other agreement which documents a sales transaction being financed by Defendant Rome includes, as a party, a vendor who represents itself as a Tennessee business, or having a Tennessee address, or having a principal place of business in Tennessee, or providing that such contract is being executed in whole or in part within the State of Tennessee; or

3. With any consumer who resides in the State of Tennessee and identifies himself or herself as a resident of the State of Tennessee at the time such consumer enters into any contract or agreement with Defendant Rome.

B. **"And"** and **"or"** shall be construed conjunctively or disjunctively as necessary, and to make the applicable phrase or sentence inclusive rather than exclusive.

C. **"Asset"** or **"Assets"** shall mean any legal or equitable interest in, right to, or claim to, any real and personal property— including, but not limited to, chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, premises, contracts, mail or other deliveries, shares of stock, lists of consumer names, inventory, checks, notes, accounts, credits, receivables, funds, and all cash, wherever located.

D. **"Assisting"** shall mean providing any of the following goods or services to any person: (a) performing customer service functions, including receiving or responding to customer complaints; (b) formulating or providing, or arranging for the formulation or provision of, any telephone sales script or any other marketing material; (c) providing names of, or assisting in the generation of, potential customers; (d) performing marketing services of any kind; or (e) acting as an officer or director of a business entity.

E. **"Clear and Conspicuous"** or **"Clearly and Conspicuously"** shall mean that a

statement is **"Clear and Conspicuous"** or **"Clearly and Conspicuously"** disclosed if, by whatever medium, it is readily understandable and presented in such size, color, contrast, location, and audibility, compared to other information with which it is presented, that is readily apparent to the person to whom it is disclosed. If such statement is necessary as a modification, explanation or clarification to other information with which it is presented, it must be presented in close proximity to the information it modifies, in a manner which is readily noticeable and understandable. Further, a disclosure of information is not clear and conspicuous if, among other things, it is obscured by the background against which it appears or there are other distracting elements. Warnings, safety disclosures or statements of limitation must be set out in close conjunction with the benefits described, or with appropriate captions, of such prominence that warnings, disclosures or statements of limitation are not minimized, rendered obscure, presented in an ambiguous fashion, or intermingled with the context of the statement so as to be confusing or misleading or contrary. The statement shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the statement shall be used in any communication.

F. **"Consumer"** shall mean any natural person who seeks or may seek, or acquires by purchase, rent, lease, assignment, award by chance, or other disposition, any goods, services, or property, tangible or intangible, real, personal or mixed, and any other article, commodity, or thing of value wherever situated.

G. **"Defendant Rome"** shall mean Rome Finance Company, Inc., its successors and assigns, its officers, directors, owners, operators, agents, servants, employees, representatives, affiliates, subsidiaries, and those persons or entities in active concert or

participation with it by whatever names each might be known.

H. **"Document"** shall be synonymous in meaning and equal in scope to the usage of the term in Tenn. R. Civ. P. 34, and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained, extracted and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document.

I. **"Financing," "loan," "lending,"** or **"extension of credit"** shall mean any item, product, good or service which assists or is represented to assist consumers in borrowing money, or any other consideration which is extended to or borrowed by a consumer with the understanding it is to be returned or repaid at a later point in time.

J. **"Including"** shall mean **"including, without limitation."**

K. **"Legal Proceeding"** shall mean any court proceeding of any nature, including all legal actions, arbitrations or administrative actions which were commenced or caused to be commenced against an Affected Consumer by Defendant Rome.

L. **"Material"** shall mean likely to affect a person's choice of, or conduct regarding, goods or services.

M. **"Person"** shall mean a natural person, individual, organization or other legal entity, including a corporation, partnership, proprietorship, association, trust, estate, cooperative, limited liability company, government or governmental subdivision or agency, any legal or commercial entity however organized, or any other group or combination acting as an entity.

N. **"Record"** shall mean any document, as document is defined in definition G, above, relating to the business, trade or commerce or business practices of Defendant Rome.

O. **"Restitution Administrator"** shall mean Receivership Management, Inc.

P. **"Services"** shall mean any work, labor, or services including services furnished in connection with the sale or repair of goods or real property or improvements thereto.

Q. **"Trade," "commerce,"** or **"consumer transaction"** shall mean the advertising, offering for sale, lease or rental, or distribution of any goods, services, or property, tangible or intangible, real, personal, or mixed, and other articles, commodities, or things of value wherever situated.

I. JUDGMENT

A. Application of Order

IT IS THEREFORE ORDERED that this Judgment applies to Defendant Rome and those persons or entities who receive actual notice of this Judgment by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division or other device.

B. Ban on Conducting Business in Tennessee

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(2), in connection with the advertising, promotion, offering for sale, sale or distribution of any good or service, Defendant Rome is hereby permanently restrained and enjoined from conducting, or assisting in the conducting, of any business relating in any way to the providing, securing, underwriting, or collecting of any loan, financing or any other form or extension of credit, in whole or in part in the State of Tennessee, including any advertising, promoting, telemarketing, internet broadcasting, offering for sale, selling,

lending, financing, extending credit, collecting any payment, or attempting to collect any payment regarding the same.

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(2), to the extent Defendant Rome may have obtained or is attempting to obtain, any certificate, permit, registration, license or other authorization to conduct business in whole or in part in the State of Tennessee, in light of Defendant Rome's knowing and persistent violations of the TCPA and this Court's prior Orders in this case, the Court hereby permanently revokes Defendant Rome's authority to engage in business in the State of Tennessee.

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(2), to the extent Defendant Rome conducts any form of business in any other jurisdiction, including any advertising, promoting, telemarketing, internet broadcasting, offering for sale, selling, lending, financing, extending credit, collecting any payment, or attempting to collect any payment regarding the same, and such business has the actual or potential ability to reach consumers in whole or in part in the State of Tennessee, then and in such event, Defendant Rome shall cause a prominent, clear and conspicuous disclosure to be published in connection therewith, reflecting the fact that Defendant Rome is prohibited from conducting business in whole or in part in the State of Tennessee.

C. Ban on Disclaimers of Liability, Forum Abuse and Forum Selection Clauses

IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-113(b), in connection with the advertising, promotion, offering for sale, or sale, lease or rental of any goods, services, or property, tangible or intangible, real, personal, or mixed, and

other articles, commodities, or things of value wherever situated, including any loan, financing, or extension of credit, Defendant Rome is hereby permanently restrained and enjoined from making, assisting in the making of, or implementing, any statement, representation or provision relating to a disclaimer of liability, choice of law or forum selection, in whole or in part in the State of Tennessee, involving any actual or potential consumer transaction or Affected Consumer.

IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-113(b)(2), in connection with the advertising, promotion, offering for sale, or sale, lease or rental of any goods, services, or property, tangible or intangible, real, personal, or mixed, and other articles, commodities, or things of value wherever situated, including any loan, financing, or extension of credit, in whole or in part in the State of Tennessee, Defendant Rome is hereby permanently restrained and enjoined from requiring or attempting to require the application of the laws of another state with respect to any claim arising under or relating to the TCPA and related laws.

D. Prohibition Against Misrepresentations

IT IS FURTHER ORDERED, that pursuant to Tenn. Code Ann. §§ 47-18-104(a), (b) and 47-18-108(a)(4), in connection with the advertising, promotion, offering for sale, or sale, lease or rental of any goods, services, or property, tangible or intangible, real, personal, or mixed, and other articles, commodities, or things of value wherever situated, including any loan, financing, or extension of credit, Defendant Rome is hereby permanently restrained and enjoined from making, or assisting in the making, in whole or in part in the State of Tennessee, any statement or representation of material fact that is fraudulent, false, unfair,

deceptive or misleading, or has the tendency to mislead, whether directly or by implication, orally or in writing, including the following:

1. Misrepresenting, expressly or by implication, any fact, information, term or condition related to the status of its licensing, registration, certification or any authorization to conduct business in the State of Tennessee or elsewhere;

2. Misrepresenting, expressly or by implication, any fact, information, term or condition relating to any offers or special offers;

3. Misrepresenting, expressly or by implication, any fact, information, term or condition relating to the reason for any cost, price or discount;

4. Misrepresenting, expressly or by implication, that a product or service is being offered for "free" or at no cost to consumer;

5. Misrepresenting, expressly or by implication, any fact, information, term or condition relating to any product or service directed, offered or relating to, in any way, the military or members of any branch of the military;

6. Misrepresenting, expressly or by implication, any fact, information, term or condition relating to, in any way, the FTC Holder Rule;

7. Misrepresenting, expressly or by implication, any fact, information, term or condition relating to the calculation of any payment, interest or finance charge;

8. Misrepresenting, expressly or by implication, any fact, information, term or condition relating to any assurance, refund, cancellation right, exchange right, repurchase policy, or guarantee; and

9. Misrepresenting, expressly or by implication, any fact, information, term or condition which may be material to a consumer's decision to purchase, finance or use any product, program, or service.

E. Prohibition Against Unfair or Deceptive Business Acts or Practices

IT IS FURTHER ORDERED, in connection with the advertising, promotion, offering for sale, or sale, lease or rental of any goods, services, or property, tangible or intangible, real, personal, or mixed, and other articles, commodities, or things of value wherever

situated, including any loan, financing, or extension of credit, that pursuant to Tenn. Code Ann. §§ 47-18-104(a), (b) and 47-18-113(b), Defendant Rome is hereby permanently restrained and enjoined from engaging in any conduct, in whole or in part in the State if Tennessee, which is unfair or deceptive under the TCPA, including, but not limited to the following:

1. Failing to accept the return of goods or services as promised or represented;

2. Failing to timely issue refunds or credits as promised or represented or as may otherwise be owing and due to a consumer by operation of contract, law, court order or otherwise;

3. Failing to clearly and conspicuously disclose all material terms and conditions related to any refunds or credits;

4. Collecting or attempting to collect on purchase paper that is void or unenforceable;

5. Failing to clearly and conspicuously disclose that financing is not free, or otherwise failing to clearly and conspicuously disclose the actual total cost of financing prior to purchase;

6. Failing to clearly and conspicuously disclose any fact, information, term or condition which may be material to a consumer's decision to purchase, finance or use any product, program, or service prior to purchase;

7. Causing likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of goods or services;

8. Causing likelihood of confusion or misunderstanding as to affiliation, connection or association with, or certification by, another;

9. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have or that a person has a sponsorship, approval, status affiliation or connection that such person does not have;

10. Representing that goods or services are of a particular standard, quality or grade, or that goods are of a particular style or model, if they are of another;

11. Advertising goods or services with intent not to sell them as advertised;

12. Making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

13. Representing that a consumer transaction confers or involves rights, remedies or obligations that it does not have or involve or which are prohibited by law;

14. Using or employing a chain referral sales plan in connection with the sale or offer to sell goods, merchandise or anything of value, which uses the sales technique, plan or arrangement or agreement in which the buyer or prospective buyer is offered the opportunity to purchase goods or services and, in connection therewith, receives the seller's promise or representation that the buyer shall have the right to receive compensation or consideration in any form for furnishing to the seller the names of other prospective buyers if the receipt of compensation or consideration is contingent upon the occurrence of an event subsequent to the time the buyer purchases the merchandise or goods;

15. Using any advertisement containing an offer to sell goods or services when the offer is not a bona fide effort to sell the advertised goods or services; and

16. Engaging in any other act or practice which is unfair or deceptive to the consumer or to any other person.

F. Cessation of Collection on All Affected Consumer Accounts

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4), 47-18-108(b)(1) and 47-18-113(b), Defendant Rome is hereby permanently restrained and enjoined from:

1. Collecting, attempting to collect, or otherwise obtaining or attempting to obtain, any payment, money or other consideration in connection with any transaction or account with an Affected Consumer, including, but not limited to, all 4,396 contracts previously identified by the Restitution Administrator as set forth in its previously filed affidavit of record, or to be identified in the future, as well as any other transaction falling within the definition of an Affected Consumer under this Judgment, irrespective of whether or not such transaction was previously known to the State of Tennessee or to this Court, or in any way otherwise identified of record; and

2. Enforcing any judgment, order, award, settlement, waiver or release against any Affected Consumer that arose as a result of the Affected Consumer's contract with Defendant Rome, irrespective of whether or not such transaction was previously known to the State of Tennessee, this Court or otherwise identified of record.

G. Dismissal and Vacation of Collection Actions and Credit Records Correction

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4), 47-18-108(b)(1) and 47-18-113(b), Defendant Rome is hereby Ordered to:

1. No later than thirty (30) days from the date of this Judgment, dismiss with prejudice, vacate or otherwise cause to be stricken from the record, any legal proceeding commenced against an Affected Consumer and notify each such Affected Consumer of the same by providing each such consumer with a complete copy of the dismissal with prejudice, vacation or other request to strike such Legal Proceeding from the record, together with a copy of this Judgment and a copy of the order from each such respective Legal Proceeding which accomplishes such dismissal with prejudice, vacation of order or otherwise strikes such Legal Proceeding from the record;

2. No later than thirty (30) days from the date of this Judgment, correct, purge or otherwise eliminate any negative, unfavorable or derogatory credit information of any nature which may have been reported by Defendant Rome to any credit bureau or consumer reporting agency regarding any Affected Consumer and notify each such Affected Consumer of the same by providing such consumer with a copy of this Judgment and a written notice from Defendant Rome advising each such Affected Consumer that it has taken steps to correct, purge or otherwise eliminate any negative, unfavorable or derogatory credit information which Defendant Rome caused to be reported to any credit bureau or consumer reporting agency;

3. No later than thirty (30) days from the date of this Judgment, notify each Affected Consumer that their contract with Defendant Rome has been deemed void and unenforceable by this Court and provide each such consumer with a copy of this Judgment; and

4. Cooperate fully and in a timely manner not to exceed thirty (30) days, with any request by any Affected Consumer to resolve and correct a credit rating or credit standing with any other person and notify each such Affected Consumer of the steps Defendant Rome has taken to resolve and correct the Affected Consumer's credit rating or credit standing with such other person.

IT IS FURTHER ORDERED that this Judgment shall serve as *prima facie* evidence that any Affected Consumer contract is void and unenforceable.

H. Record Keeping

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. § 47-18-108(a)(4), and for a period of not less than five (5) years from the date of entry of this Judgment or until such time as all monetary payments required by Section II(A) of this Judgment are paid, whichever time is longer, Defendant Rome is hereby restrained and enjoined from failing to create and retain the following records:

1. Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;

2. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by Defendant Rome, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;

3. Customer files including names, addresses, telephone numbers, amounts paid, quantity of items or services purchased, and description of items or services purchased, contracts, consumer correspondence, credit data, allotment records and all other similar information obtained in the ordinary course of business;

4. Complaints and refund requests relating to Affected Consumers (whether received directly, indirectly or through any third party), including all documents and records pertaining to complaints, refund requests, conversations with Affected Consumers or their family members, friends, employers or others, and attempts to contact Affected Consumers;

5. Copies of all sales scripts, training materials, advertisements or other promotional or marketing materials; and

6. All records and documents necessary to demonstrate full compliance with each provision of this Judgment, including all reports submitted to the Court, Attorney General, Affected Consumers or Restitution Administrator, and copies of the acknowledgments of receipt required by Section VI of this Judgment.

II. MONETARY REMEDIES

A. Consumer Redress and Other Equitable Relief

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(1), Judgment is hereby entered in favor of the State of Tennessee and against Defendant Rome Finance Company, Inc., in the amount of $8,894,706.06, for equitable monetary relief, including consumer restitution and disgorgement, and statutory interest thereon, calculated from the date of the payment of such monies to Defendant Rome. In the event that sufficient information does not exist or cannot be readily obtained regarding the date of payment of such monies to Defendant Rome, then and in such event, such calculation shall be made from the date of the Affected Consumer's contract with Defendant Rome.

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(1), the Restitution Administrator shall prepare a detailed report and plan of distribution ("Plan of Distribution") which should include the following:

1. A description of how the Restitution Administrator proposes to identify, locate and contact consumers eligible for restitution;

2. A description of how the Restitution Administrator proposes to notify eligible consumers of their entitlement to restitution;

3. A detailed description of how the Restitution Administrator proposes to distribute all available restitution and statutory interest to consumers; and

4. A cost estimate as to each of the major stages in the Plan of Distribution.

IT IS FURTHER ORDERED that such Plan of Distribution may be not be implemented, nor any costs advanced thereunder, until approved by the Court.

IT IS FURTHER ORDERED that the following unique situations shall be handled and

resolved as follows upon being identified by the Restitution Administrator:

1. In the event the Restitution Administrator determines that a consumer who is eligible for restitution is deceased, the restitution payment shall be made to the estate of the deceased consumer.

2. In the event the Restitution Administrator determines that a purchase was made by a married couple and such couple is now divorced, a single restitution check shall be made jointly payable to both the former husband and former wife and shall be mailed to the consumer identified in the related transaction as the primary borrower and a copy of the same mailed to the other former spouse.

3. In the event the Restitution Administrator determines that a purchase was made by made jointly by two or more unrelated persons, a single restitution check shall be made jointly payable to those persons and shall be mailed to the consumer identified in the related transaction as the primary borrower and with a copy of the same mailed to all the other joint unrelated persons.

4. In the event the Restitution Administrator determines that a consumer cannot be located at such consumer's last known or available address, the Restitution Administrator shall use reasonable efforts to locate such consumer and is expressly authorized to employ all such reasonable and customary methods as may be required to locate such consumer.

5. In the event the Restitution Administrator is not able to locate, after reasonable effort, any consumer entitled to restitution under this Judgment, the Restitution Administrator shall prepare a recommendation as to how it proposes to proceed regarding the same, and in consultation with the Attorney General, shall submit such recommendation to the Court for approval.

6. The Restitution Administrator shall file quarterly reports with this Court and with the Attorney General regarding its progress in locating Affected Consumers, issuing restitution, statutory interest, and the costs and expenditures incurred as a result of the same. In the event the Restitution Administrator and the Attorney General determine that additional monies must be allocated to the cost of accomplishing consumer redress and restitution beyond the cost approved in this Judgment, the Court will reserve jurisdiction for the purpose of entertaining any such application for approval of additional costs and expenditures.

B. Civil Penalties for Violations of the TCPA

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(3), Defendant Rome Finance Company, Inc., shall pay to Plaintiff, State of Tennessee, a Civil Penalty in the amount of Three Hundred Ninety-Five Thousand Dollars ($395,000.00), based on a total of 4,396 violations of the TCPA at Ninety Dollars ($90.00) per violation. Said payment shall be paid by providing payment to the Attorney General and shall be made with a certified check made payable to the "Treasurer, State of Tennessee Civil Penalty."

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(c), Defendant Rome Finance Company, Inc., shall pay to Plaintiff, State of Tennessee, a Civil Penalty in the amount of One Million Dollars ($1,000,000.00), based on a total of 500 violations of this Court's September 23, 2005 TRO and later Agreed Orders at Two Thousand Dollars ($2,000.00) per violation. Said payment shall be paid by providing payment to the Attorney General and shall be made with a certified check made payable to the "Treasurer, State of Tennessee Civil Penalty."

C. Attorney Fees and Costs

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4), 47-18-108(a)(5), and 47-18-108(b)(4), Defendant Rome Finance Company, Inc., shall pay to Plaintiff, State of Tennessee, its costs and attorney fees incurred in connection with this litigation, pursuant to Tenn. Code Ann. §§ 47-18-108(a)(5) and 47-18-108(b)(4), in the amount of Five Hundred Fifty-Three Thousand, Eight Hundred Eighty-Five Dollars and Twenty Five Cents ($553,885.25) as well as an additional Six Thousand Four Hundred and Twenty-Five

Dollars ($6,425.00) in attorney fees incurred to date. Said payment shall be paid by providing payment to the Attorney General and shall be made with a certified check made payable to the "Attorney General, State of Tennessee" and may be used for consumer protection purposes or other lawful purposes at the sole discretion of the Attorney General.

D. Administration of Restitution

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(1), and for purposes of administering consumer redress and restitution as provided in this Judgment and as may be directed by Court or Attorney General, Receivership Management, Inc. is hereby appointed as Restitution Administrator.

IT IS FURTHER ORDERED that to the extent Receivership Management, Inc. accepts the appointment as Restitution Administrator pursuant to this Judgment, Receivership Management, Inc. shall post a bond in an amount equivalent to the total sum of restitution entrusted in its care, for the benefit of the State of Tennessee. The cost of such bond shall be deemed a cost of the administration of restitution under this Judgment and shall be paid by Defendant Rome.

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(1), and for purposes of administering consumer redress and restitution as provided in this Judgment and as may be directed by the Attorney General, Receivership Management, Inc. is appointed as an officer of the Court.

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(1), and based upon the submission from the Restitution Administrator regarding its estimate of the costs of administering consumer redress and restitution pursuant to the

provisions of this Judgment, Defendant Rome Finance Company, Inc., shall pay to the State of Tennessee, the costs of administering restitution in the amount of Twenty-Nine Thousand Nine Hundred Dollars ($29,000.00). Said payment shall be paid by providing payment to the Attorney General and shall be made with a certified check payable to the "Treasurer, State of Tennessee" and shall be used for the purpose of administering consumer restitution in this matter.

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and 47-18-108(b)(1), and in the event the Restitution Administrator or Attorney General later determine that the costs of administering consumer redress and restitution pursuant to the provisions of this Judgment will exceed the Forty-Six Thousand Dollars ($46,000.00) estimate provided by the Restitution Administrator, further application may be made by the Attorney General and Restitution Administrator for the assessment of additional costs against Defendant Rome and this Court will retain jurisdiction for the purposes of considering such further applications.

E. Payment of Judgment

IT IS FURTHER ORDERED that Defendant Rome Finance Company, Inc. shall make the payments required by this Judgment within twenty (20) days of the date of entry of this Judgment by certified check in accordance with the instructions provided by the State for appropriate disposition.

1. All funds paid pursuant to this Judgment shall be delivered to the Attorney General by certified check, made payable as provided in this Judgment. Consumer redress and restitution funds, as well as funds paid for the cost of administering such consumer redress and restitution, shall be deposited into a special interest bearing and separate account to be administered by the Attorney General or his authorized agent, Restitution Administrator, as the Attorney General may direct, to be used and distributed in accordance with this Judgment.

2. This Judgment resolves only those claims as set forth in the Second Amended Complaint as maintained by the Attorney General against Defendant Rome pursuant to the TCPA. Proceedings instituted under this Judgment are in addition to, and not in lieu of, any other civil or criminal proceedings or remedies that may available under law, rule or regulation, including any private actions brought by any consumer or other person against Defendant Rome, and any other civil or criminal proceeding the State or any other law enforcement or governmental authority may initiate, whether or not related to the allegations set forth in the Second Amended Complaint.

3. The Judgment entered pursuant to this section is solely equitable and remedial in nature and is not a fine, punitive assessment, forfeiture or otherwise penal.

III. ASSETS HELD BY THIRD PARTIES

IT IS FURTHER ORDERED that in order to satisfy part or all of the monetary judgement set forth in Section II above, any law firm, financial or brokerage institution; escrow agent, title company, commodity trading company, automated clearing house, network transaction processor, business entity or person that holds, controls, or maintains custody of any account or asset of, on behalf of, or for the benefit of, Defendant Rome, or has held, controlled, or maintained custody of any account or asset of, or for the benefit of, Defendant Rome, shall turn over such account or asset to the Court, within ten (10) business days of receiving notice of this Judgment by any means including via facsimile, electronic mail, and overnight courier.

IV. CUSTOMER/CONSUMER LISTS

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. § 47-18-108(a)(4), Defendant Rome is permanently restrained and enjoined from selling, receiving, leasing, transferring, or otherwise disclosing the name, address, telephone number, social security number, credit card number bank account number, e-mail address, and any other personally identifying information of any Affected Consumer or other person who paid any money to or

received any credit-related product, program, or service from Defendant Rome, or whose identifying information was obtained for the purpose of soliciting them to pay money to receive services from Defendant Rome at any time prior to the date this Judgment is entered, in connection with the sale or rendition of the products, programs, or services referenced in the Second Amended Complaint.

IT IS FURTHER ORDERED that Defendant Rome shall take all reasonable and necessary steps to protect sensitive, confidential or personal consumer information, including the identity of names, addresses, social security numbers and financial account numbers, as well as all such information which is required to be maintained as confidential by Order of this Court or by operation of law, and shall not disclose such information except as may be necessary to carry out the terms of this Judgment, respond to other law enforcement agency requests or otherwise comply with the law.

IT IS FURTHER ORDERED that all reports provided by Defendant Rome or by the Restitution Administrator to the Attorney General, and all other documents which contain sensitive, confidential or personal consumer information, including consumer names, addresses, social security numbers and financial account numbers, as well as all such information which is required to be maintained as confidential by Order of this Court or by operation of law, shall not be released to any person in order to protect the interest of consumer privacy, prevent any marketing to these consumers, prevent the sale or distribution of their confidential information, and prevent possible identity theft.

V. MONITORING COMPLIANCE OF PERSONNEL

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. § 47-18-108(a),

Defendant Rome is hereby permanently restrained and enjoined from:

A. Failing to take reasonable steps sufficient to monitor and ensure that all employees, representatives, and independent contractors engaged in sales or other consumer/customer service functions comply with this Judgment. Such steps shall include adequate monitoring of sales presentations or other calls with customers, and shall also include, at a minimum, the following:

1. Listening to the oral representations made by persons engaged in sales or other customer service functions;

2. Establishing a procedure for receiving and responding to consumer complaints; and

3. Ascertaining the number and nature of consumer complaints regarding transactions in which each employee or independent contractor is involved;

B. Failing promptly to investigate fully all consumer requests and complaints received by any business to which this Section applies; and

C. Failing to take corrective action with respect to any employee, representative, independent contractor or other agent who is not complying with this Judgment, which may include disciplining and/or terminating such person or entity.

VI. DISTRIBUTION OF FINAL JUDGMENT AND PERMANENT INJUNCTION BY ROME

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Judgment, Defendant Rome shall deliver copies of this Judgment as directed below:

A. Defendant Rome must deliver copies of this Judgment to all of its employees, agents, and representatives who engage in conduct related to the subject matter of the Final Judgment and Permanent Injunction. For current personnel, delivery shall be within twenty

(20) days of service of this Judgment upon Defendant Rome. For new personnel, delivery shall occur prior to them assuming their responsibilities.

B. Defendant Rome must secure a signed and dated statement acknowledging receipt of this Judgment and the TCPA within thirty (30) days of delivery, from all persons receiving copies of the Judgment and the TCPA pursuant to this Section. Copies of such signed and dated statements shall be kept as part of the personnel records described in Section I.G.2 of this Judgment and shall be provided to the Attorney General within twenty (20) days from the date such statement is signed by such employees, agents, and representatives.

VII. RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for purposes of approving the Plan of Distribution to be filed by the Restitution Administrator, and to issue any other expenditure approvals, orders and directions as may be requested by the State or may be necessary or appropriate from time to time for the construction, modification or execution of this Judgment, including the enforcement of compliance therewith and penalties for violation thereof.

VIII. COMPLIANCE REPORTING BY DEFENDANTS

IT IS FURTHER ORDERED that in order that compliance with the provisions of this Judgment may be monitored:

A. For a period of five (5) years from the date of entry of this Judgment, Defendant Rome shall notify the Attorney General of any changes in corporate structure of Defendant Rome, including, but not limited to, a dissolution, assignment, sale, merger, or

other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Judgment; the filing of a bankruptcy petition; or a change in the corporate name or address, at least thirty (30) days prior to such change, provided that, with respect to any proposed change about which Defendant Rome learns less than thirty (30) days prior to the date such action is to take place, Defendant Rome shall notify the Attorney General as soon as is practicable after obtaining such knowledge.

B. One hundred and eighty (180) days after the date of entry of this Judgment, Defendant Rome shall provide a written report to the Attorney General, sworn to under penalty of perjury, setting forth in detail the manner and form in which it has complied and is complying with this Judgment. This report shall include, but not be limited to:

1. The then-current residence address, mailing addresses, and telephone numbers of Defendant Rome;

2. Any other changes required to be reported under Subparagraph A of this Part.

C. For the purposes of this Judgment, Defendant Rome shall, unless otherwise directed by the Attorney General's authorized representatives, mail all written notifications to the Attorney General to:

DEPUTY ATTORNEY GENERAL
Office of the Tennessee Attorney General
c/o Consumer Advocate & Protection Division
Post Office Box 20207
Nashville, Tennessee 37202-0207

D. Any notices required to be sent to the State or Defendant Rome by this Judgment shall be sent by United States certified mail, postage prepaid, return receipt

requested or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document.

IX. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that for purposes of monitoring and investigating compliance with any provision of this Judgment:

A. Within ten (10) days of receipt of written notice from a representative of the Attorney General, Defendant Rome shall submit additional written reports, sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and/or provide entry during normal business hours to any business location in such Defendant Rome's possession or direct or indirect control to inspect the business operation;

B. In addition, the Attorney General is authorized to monitor compliance with this Judgment by all other lawful means, including, but not limited to, the following:

1. Obtaining discovery from any person, without further leave of court, using the procedures prescribed by Tenn. Code Ann. 47-18-106, Tenn. R. Civ. P. 30, 31, 33, 34, 36, and 45; and

2. Posing as customers, vendors, investors, lenders, suppliers, consultants and/or employees of Defendant Rome or its employees, or any other entity managed or controlled in whole or in part by the Defendant Rome without the necessity of identification or prior notice to Defendant Rome or its attorneys.

C. Defendant Rome shall permit representatives of the Attorney General to interview any customers, vendors, investors, lenders, suppliers, consultants and/or employees of Defendant Rome or any other entity managed or controlled in whole or in part by the Defendant Rome, without regard to whether they have agreed to such an interview, relating in any way to any conduct subject to this Judgment. Nothing in this Judgment shall limit the

Attorney General's lawful use of compulsory process to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices under the TCPA.

D. Defendant Rome shall further cooperate with any requests for information made by the Restitution Administrator in connection with its fulfillment of its duties and obligations consistent with this Judgment.

X. COOPERATION WITH THE ATTORNEY GENERAL

IT IS FURTHER ORDERED that Defendant Rome shall, in connection with this action or any subsequent investigation related to or associated with the transactions or the occurrences that are the subject of the State of Tennessee's Second Amended Complaint, cooperate in good faith and in a timely fashion with the State and appear, or cause its officers, employees, representatives or agents to appear, at such places and times as the State shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, review of documents, and for such other matters as may be reasonably required by the State. If requested in writing by the State, Defendant Rome shall appear, or cause its officers, directors, owners, operators, employees, representatives or agents to appear, and provide truthful testimony in any trial, deposition or other proceeding related to or associated with the transactions or the occurrences that are the subject of the Second Amended Complaint, without the service of a subpoena.

XI. INDEPENDENCE OF OBLIGATIONS

IT IS FURTHER ORDERED that the provisions of this Judgment are separate and severable from one another. If any provision expires, is stayed or is determined to be invalid,

the remaining provisions shall remain in full force and effect.

XII. APPLICATION OF JUDGMENT TO DEFENDANT AND ITS SUCCESSORS

IT IS FURTHER ORDERED that the duties, responsibilities, burdens and obligations set forth in connection this Judgment shall apply to Defendant Rome, to each of its officers, directors, owners, operators, partners, subsidiaries, affiliates, managers, parents, related entities, agents, assigns, representatives, employees, successors, sales staff and any and all other persons or entities acting directly or indirectly on its behalf.

IT IS FURTHER ORDERED that Defendant Rome shall not participate directly or indirectly in any activity to form a separate entity or corporation for the purpose of engaging in acts or practices prohibited in this Judgment or for any purpose which would otherwise circumvent any part of this Judgment or the spirit or purposes of this Judgment.

IT IS FURTHER ORDERED that pursuant to Tenn. Code Ann. § 47-18-108(c), any knowing violation of the terms of this Judgment shall be subject to an assessment of civil penalties of not more than Two Thousand Dollars ($2,000.00) recoverable by the State for each violation, in addition to any other penalties, fines or sanctions provided by law including contempt sanctions and the imposition of attorneys' fees and costs.

XIII. EFFECT OF JUDGMENT

IT IS FURTHER ORDERED that nothing in this Judgment shall be construed as relieving Defendant Rome of the obligation to comply with all federal and state laws, regulations and rules, nor shall any of the provisions of this Judgment be deemed to be permission to engage in any acts or practices prohibited by such law, regulation or rule.

IT IS FURTHER ORDERED that nothing in this Judgment shall be construed to

affect, restrict, limit or alter any private right of action that an Affected Consumer, person or entity, or any local, state, federal or governmental entity may have against Defendant Rome.

XIV. JUDGMENT

IT IS FURTHER ORDERED that Judgment is therefore entered in favor of Plaintiff and against Defendant Rome, pursuant to all the terms and conditions recited above.

IT IS FURTHER ORDERED that Defendant Rome Finance Company, Inc., shall pay all court costs associated with this action. No costs shall be taxed to the State as provided by Tenn. Code Ann. § 47-18-116. Further, no discretionary costs shall be taxed to the State.

IT IS SO ORDERED, ADJUDGED AND DECREED this 6th day of February, 2009.

JUDGE ROSS HICKS

Certificate of Service

I, OLHA RYBAKOFF, ASSISTANT ATTORNEY GENERAL, hereby certify that a true and correct copy of the foregoing PLAINTIFF, STATE OF TENNESSEE'S FINAL JUDGMENT AND PERMANENT INJUNCTION AS TO DEFENDANT ROME FINANCE COMPANY, INC. was served upon the below counsel on JANUARY 16, 2009 by United First Class Mail, postage prepaid, addressed as follows:

Hugh J. Moore, Jr., Esquire
William R. Hannah, Esquire
Thomas Greenholtz, Esquire
Theresa L. Critchfield, Esquire
Chambliss, Bahner & Stophel, P.C.
1000 Tallan building
Two Union Square
Chattanooga, Tennessee 37402

John S. Hicks, Esquire
Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
Commerce Center
211 Commerce Street, Suite 1000
Nashville, TN 37201

OLHA N.M. RYBAKOFF
Assistant Attorney General

EXHIBIT A

Entered on Docket
November 19, 2008
GLORIA L. FRANKLIN, CLERK
U.S BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

Signed: November 19, 2008

EDWARD D. JELLEN
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
1300 Clay Street (2d Fl.)
Oakland, CA. 94612

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

In re

ROME FINANCE CO., INC.,
A California Corporation

Debtor./

Case No. 08-45902 EDJ

ROME FINANCE CO., INC.,
A California Corporation

Plaintiff,

vs.

STATE OF TENNESSEE,

Defendant./

Adv. Pro. No. 08-04299

ORDER DENYING EMERGENCY MOTION FOR TEMPORARY RESTRAINING ORDER

The Emergency Motion for Temporary Restraining Order and Preliminary Injunction of Rome Finance Co., Inc. ("Motion") came on for hearing on November 3, 2008, at 10:00 a.m., before The Honorable Edward D. Jellen, United States Bankruptcy Judge. William C. Lewis, Esq., appeared on behalf of Rome Finance Co., Inc. ("Debtor" or

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
1300 Clay Street (2d fl.)
Oakland, CA. 94612

"Plaintiff"). Gill Geldreich, Esq., from the Office of the Attorney General, State of Tennessee, appeared on behalf of the State of Tennessee ("State" or "Defendant"). Heinz Binder, Esq. appeared on behalf of the official unsecured creditors' committee.

The Court having reviewed the pleadings on file herein and having heard the statements and representations of counsel, and good cause appearing therefor,

IT IS HEREBY ORDERED as follows:

1. Rome has not met its burden of demonstrating irreparable injury, or likelihood of a successful reorganization, or that a balance of equities or public policy interests favor the granting of a temporary restraining order as to the litigation brought by the State against Debtor in the Circuit Court of Montgomery County, Tennessee For the Nineteenth Judicial District at Clarksville, Tennessee, Case No. 50500795, (the "Tennessee Action"). Consequently, Rome's Motion is DENIED.

2. As acknowledged by the State, any collection of the monetary portions of any judgment or order rendered in the Tennessee Action is barred by the automatic stay.

3. If Rome wishes to pursue a preliminary injunction in this matter, it must serve notice on the required parties with an opportunity for hearing under the applicable rules.

IT IS SO ORDERED.

END OF ORDER

COURT SERVICE LIST

William C. Lewis
Law Offices of William C. Lewis
510 Waverly St.
Palo Alto, CA 94301

William F. McCormick
Gill R. Geldreich
Tennessee Attorney General's Office
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Matt Kretzer
Office of the U.S. Trustee
1301 Clay St. #690N
Oakland, CA 94612

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
1300 Clay Street (2d Fl.)
Oakland, CA. 94612

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TENNESSEE COURTS
UNIFORM FACSIMILE FILING COVER SHEET

TO (COURT CLERK): **Mary Phillips**

WITH (COURT): **Montgomery County Circuit Court Clerk's Office**

CLERK'S FAX NUMBER: **931-648-5729**

CASE NAME: **State of Tennessee v. Britlee, Inc., et al.**

DOCKET NUMBER: **50500795**

TITLE OF DOCUMENT: **FINAL JUDGMENT AND PERMANENT INJUNCTION AS TO DEFENDANT ROME FINANCE COMPANY, INC.**

FROM (SENDER): **Olha N.M. Rybakoff, Assistant Attorney General**

SENDER'S ADDRESS: **425 Fifth Ave. North, Nashville, TN 37243**

SENDER'S VOICE TELEPHONE NUMBER: **615-741-2935**

SENDER'S FAX TELEPHONE NUMBER: **615-532-2910**

DATE: **January 22, 2009** TOTAL PAGES, INCLUDING COVER PAGE: **34**

FILING INSTRUCTIONS/COMMENTS (attach additional sheet if necessary):
Unless authorized by the Court, a facsimile transmission exceeding ten (10) pages, including the cover page, shall not be filed by the clerk.

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