

IN THE CIRCUIT COURT OF DAVIDSON COUNTY  
FOR THE TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

---

STATE OF TENNESSEE, *ex rel.* HERBERT )  
H. SLATERY III, Attorney General and )  
Reporter, )  
) )  
Plaintiff, )  
) )  
v. )  
) )  
HARRIS ORIGINALS OF NY, INC. )  
d/b/a Harris Jewelry, )  
) )  
HARRIS ORIGINALS OF TN, INC. )  
d/b/a Harris Jewelry, )  
) )  
CONSUMER ADJUSTMENT CORP., and )  
) )  
CONSUMER ADJUSTMENT CORP., USA, )  
) )  
Defendants. )

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JURY DEMAND

Case No. \_\_\_\_\_

Judge \_\_\_\_\_

**CIVIL ENFORCEMENT COMPLAINT**

This civil enforcement action seeks to redress serious harm to servicemembers caused by Defendants' operation of an unlawful credit services business and their deceptive and misleading representations related to credit services. Defendants cater their business towards active duty servicemembers, misleading these servicemembers into believing that their products are an easy way to build and restore credit. Defendants have profited significantly as a result of these misrepresentations and should not be permitted to further profit from these illegal acts.

The State of Tennessee brings this civil enforcement action in its sovereign capacity by and through Herbert H. Slatery III, Attorney General and Reporter, pursuant to the Credit Services Businesses Act, Tenn. Code Ann., § 47-18-1001 *et seq.* (CSBA) and the Tennessee Consumer

Protection Act of 1977, § 47-18-101 *et seq.* (TCPA), to obtain injunctive relief, restitution, disgorgement of ill-gotten gains, and other equitable and statutory relief for Defendants' acts and practices in violation of the CSBA and the TCPA.

## **THE PARTIES**

### **Plaintiff**

1. Plaintiff, State of Tennessee, is one of fifty sovereign states of the United States. Herbert H. Slatery III is the Attorney General and Reporter of the State of Tennessee and has been duly appointed to serve as Attorney General by the Tennessee Supreme Court.

2. The Attorney General is authorized by Tenn. Code Ann. §§ 47-18-108 and -1010, and his powers at common law to obtain permanent injunctive relief, rescission or reformation of contracts, disgorgement of ill-gotten gains, damages, and other equitable and statutory relief for Defendants' acts and practices in violation of the CSBA and the TCPA.

3. The Attorney General has reason to believe that Defendants have violated the CSBA and the TCPA by operating an unlawful credit services business; making untrue, misleading, or deceptive representations related to credit services; failing to register a statutorily mandated bond; failing to provide proper disclosures and information statements to consumers; and engaging in the commission of deceptive, unfair, and illegal acts and practices in Tennessee.

4. The Attorney General has reason to believe that this civil enforcement action is in the public interest.

### **Defendants**

5. Defendant Harris Originals of NY, Inc. (Harris NY) is a New York corporation organized in 1958, with its principal place of business at 800 Prime Place, Hauppauge, New York

11788. Out of its Hauppauge office, Harris NY directs and manages the operation of more than 20 retail jewelry stores in states across the country.

6. Defendant Harris Originals of TN, Inc. (Harris TN) is a Tennessee corporation, organized in 1978, with its principal place of business located at 800 Prime Place, Hauppauge, NY 11788. Along with Harris NY, Harris TN operates a retail store in Montgomery County, Tennessee at the Governor's Square Mall, 2801 Wilma Rudolph Blvd., # 465, Clarksville, Tennessee 37040.

7. Hereinafter, Harris NY and Harris TN are collectively referred to as "Harris Jewelry" or "Harris."

8. Defendants Consumer Adjustment Corp. and Consumer Adjustment Corp., USA are New York corporations organized since 1960 and 2009, respectively, with a registered principal place of business at 800 Prime Place, Hauppauge, New York. These two corporations are alter-egos or successors of one another. Hereinafter, both entities are referred to collectively as "Consumer Adjustment."

### **TRADE AND COMMERCE**

9. At all material times, Defendants, individually, collectively, and as agents of one another, have maintained a substantial course of trade or commerce in the advertising, offering for sale, lease or rental, or distribution of any goods, services, commodities, or things of value in the State of Tennessee and elsewhere.

### **COMMON ENTERPRISE AND INDIVIDUAL PARTICIPATION**

10. At all material times, all Defendants have operated together as a common enterprise while engaging in the unfair, deceptive, and misleading acts and practices and other violations of law described in this Complaint.

11. Defendants have engaged in such alleged acts and practices through an interrelated network of entities, affiliates, and aliases that have, among other things, common or shared owners, employees, executives, advertising, company logos, business practices, legal counsel, letterhead, customer services, expertise, and offices.

12. In addition, or in the alternative, all Defendants are alleged to have assisted in and facilitated the unlawful acts and practices alleged in this Complaint, have received ill-gotten funds that are proceeds of the unlawful acts and practices alleged in this Complaint, and have no legitimate claim to those funds.

### **JURISDICTION AND VENUE**

13. This Court has subject matter jurisdiction pursuant to Tenn. Code Ann. §§ 47-18-108(a)(3) and -1010(b).

14. Venue is proper in Davidson County under Tenn. Code Ann §§ 47-18-108(a)(3) and -1010(b) because it is a county where the alleged unlawful acts took place, and one of the counties in which Defendants conduct, transact, or have transacted business.

15. Defendants are subject to personal jurisdiction in Tennessee through its long-arm statutes, including Tenn. Code Ann. §§ 20-2-201, -214, -223, and -225.

16. Each Defendant has conducted and continues to conduct business in Tennessee by, among other things, soliciting and offering the sale of goods and services, including credit services, to Tennessee residents; owning and operating a retail store business located at the Governor's Square Mall, 2801 Wilma Rudolph Blvd # 465, Clarksville, TN 37040; and receiving payments from Tennessee consumers through the Governor's Square Mall retail location. *See* Tenn. Code Ann. §§ 20-2-201, -214(a)(1), and -223(a)(1).

17. Defendants are further subject to jurisdiction in Tennessee under Tenn. Code Ann. §§ 20-2-214(a)(5) and -223(a)(2) because they have entered into and contracted to supply or furnish services or things in this state through their use of their unlawful solicitations and business schemes, as more fully described in this Complaint.

18. Defendants are further subject to jurisdiction in Tennessee under Tenn. Code Ann. §§ 20-2-214(a)(6) and -225 or any other basis authorized by law or not consistent with the constitutions of Tennessee or the United States, as more fully described in this Complaint.

## **FACTUAL ALLEGATIONS**

### **Defendants' History and Business Model**

19. Harris NY was founded in 1958 by Jerome Harris, a marine veteran. Since then, Harris has set up storefronts in malls and shopping centers in military towns to finance the sale of jewelry to active duty servicemembers. Recently, they have also begun to place storefronts within military installations.

20. Harris TN was formed in 1978. It operates the Clarksville, Tennessee location, one of approximately 20 store locations nationwide. All locations fall under the corporate umbrella and operation of Harris NY. These stores are strategically located near military installations to market their proprietary financing directly to active duty servicemembers under the guise of quality and affordable jewelry sales.

21. The Tennessee store is located at the Governor's Square Mall in Clarksville, Tennessee, near Fort Campbell, home of the United States Army's 101st Airborne Division and the 160th Special Operations Aviation Regiment.

22. Consumer Adjustment is wholly owned by Harris NY and exists to provide financing directly to Harris Jewelry customers through the "Harris Program," Defendants'

proprietary financing scheme. While Consumer Adjustment is wholly owned by Harris NY, Consumer Adjustment is the only Defendant that provides financing to consumers.

23. Harris Jewelry stocks and sells assorted pieces of jewelry, including engagement rings, necklaces, earrings, and watches. Many of these items are military-themed.

24. At each retail location, sales employees use promotional teddy bears dressed in military uniforms that match the local branch to draw servicemembers in and sell them on the Harris Program.

25. A vast majority of Defendants' transactions are financed through the Harris Program.

26. The Harris Program is provided by Consumer Adjustment and is available exclusively to active duty servicemembers.

27. Harris Jewelry also sells in-house warranties or protection plans on almost every item of jewelry sold. The cost of these protection plans is also financed through the Harris Program and is included on the same financing contract as the underlying jewelry. In 2016, protection plans were added to over 90% of the products that were eligible for the protection plan.

28. As described in more detail below, active duty servicemembers—Harris Jewelry's pool of targeted consumers—are generally attracted to a Harris Jewelry store through Harris's representation that they cater to active duty servicemembers. Once inside, servicemembers are sold on the Harris Program as a credit-repair or credit-establishing opportunity. Afterwards, Harris Jewelry employees encourage the servicemember to select expensive jewelry to maximize the amount of credit extended to the consumer, which Harris determines based upon the servicemember's branch of service and length of time remaining on active duty. Protection plans, promotional teddy bears, shipping costs, and taxes are added onto the financing contracts, provided

by Consumer Adjustment. The consumer then authorizes an automatic funds transfer for the twice-monthly contract payments.

### **Defendants' Unlawful Credit Services Business**

29. Though Harris holds itself out as a jewelry store, the real profit-generating Harris product—and the core of its business—is the Harris Program. Defendants tout The Harris Program as a way to “Establish, Enhance, Re-Establish” a consumer’s credit, as seen in *Illustration 1* below:



*Illustration 1*

30. Harris Jewelry has been using a program called “Operation Teddy Bear” since late 2011 or early 2012. Through this program, Harris offers for sale promotional teddy bears dressed in military uniforms, often matching the attire of the local military branch. Harris states that a portion of the profit from each bear goes to military charities, making the bears “A Gift that Gives Back!”

31. At each store, Harris employees are instructed to stand near entrances with promotional teddy bears in hand as a tool to get servicemembers in the door, a practice that Harris calls “prospecting” customers. More than half of Defendants’ sales are the result of prospecting.

32. Once a servicemember has been drawn into the store, employees are instructed to get to know the “prospect” and are expected to use a “presentation book” to sell the benefits of financing through the Harris Program.

33. In the ten-page presentation book shown to consumers by Harris employees prior to entering into a transaction, three pages tout the company’s connection to the military, one page states that all Harris Jewelry locations are accredited by the Better Business Bureau, and five pages promote the Harris Program and advise consumers that Harris can help them build their credit for future purchases of cars and other luxury items. Jewelry is mentioned only in passing in the presentation book with no pictures of any merchandise, as the primary focus is the Harris Program.

34. This presentation focuses on Harris Jewelry’s connections with the military and its length of time in business, and it emphasizes that the Harris Program is of special benefit to servicemembers, implying that it is a program or service these servicemembers cannot get elsewhere.

35. Harris Jewelry employees introduce the Harris Program to the servicemember before any jewelry is discussed or before the consumer expresses an interest in purchasing jewelry from Harris. The credit-enhancing aspects of the program are promoted as the primary benefit of doing business with Harris.

36. The Harris Program is marketed to the active duty servicemembers as a way to build or improve their credit scores so that they may buy other things they want, like nice vehicles,

while also indicating that passing up on the Harris Program could put these things out of reach, as seen in *Illustration 2* below:

**What Good Credit can do for YOU!** 

'Good' Credit		'Bad' or No Credit	
Auto Loan Amount	\$20,000	Auto Loan Amount	\$20,000
Auto Loan Term (60 Months)	5 yrs.	Auto Loan Term (60 Months)	5 yrs.
Interest Rate	6.0%*	Interest Rate	26.0%*
Monthly Payment	\$387	Monthly Payment	\$599
<b>PAYMENT DIFFERENCE</b>			
<b>\$212</b>			
TOTAL INTEREST	\$3,199	TOTAL INTEREST	\$15,929
<b>INTEREST DIFFERENCE</b>			
<b>\$12,730</b>			

\*According to bankrate.com 12/14

[www.HarrisJewelry.com](http://www.HarrisJewelry.com)

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*Illustration 2*

37. Defendants make consistent claims of a long-standing relationship with, and commitment to, the military community, including providing servicemembers with easy access to credit.

38. In training documents, Harris explicitly informs its employees that they are supposed to “sell the importance of establishing a credit profile.”

39. Once a servicemember has been introduced to the Harris Program and convinced that it will help to improve or establish his or her credit, only then does the salesperson show them jewelry for themselves or their loved ones and attempt to sell enough product to maximize the amount of credit Consumer Adjustment will advance. Employees are instructed to build up the emotional connection of giving a gift to his or her mother, father, or the servicemember’s “girl.”

40. The amount of credit advanced to active duty servicemembers is not based upon a credit score, a consumer's outstanding debts and obligations, or any potential income. Rather, it is exclusively based upon their branch of service, the amount of time they have remaining on the term of enlistment, and the "category" of merchandise purchased. By using branch of service and the remaining term of enlistment, Harris can determine exactly how a servicemember will be paid, including the amount, frequency, and duration of income payments.

41. Defendants only provide financing to active duty servicemembers with at least nine months of active duty service remaining.

42. Defendants Harris NY and Harris TN have neither registered as a Credit Services Business nor posted the statutorily required bond with the Tennessee Department of Commerce and Insurance.

43. Defendants have not provided to each customer, or maintained for a period of two years, an information statement as required by the CSBA, Tenn. Code Ann. § 47-18-1011.

44. Defendants have not provided each customer with the cancellation notices required by the CSBA, Tenn. Code Ann. § 47-18-1006.

#### **Defendants' Untrue, Misleading, and Deceptive Representations**

45. When advertising and providing its credit services, Harris makes a series of misleading representations to Tennessee Consumers.

46. For example, Harris advertises that the Harris Program will "Establish, Enhance, Re-Establish" a consumer's credit, as seen in *Illustration 1* above, though they do not disclose that good credit is merely a *possible* result of the consumer paying on time. Instead, it leads a consumer to believe that the program *will* establish and enhance their credit.

47. Further, Harris advertises that “All Active Duty Military” will receive “Instant Credit Approval,” leading active duty servicemembers to believe that they will automatically receive credit approval, as seen in *Illustration 3* below:

**How Harris Helps YOU** build your credit. **HARRIS** JEWELRY

- ◆ **Instant Credit Approval up to \$2,500 for All Active Duty Military\***
- ◆ **Convenient and Reasonable Payment Terms**
- ◆ **Easy Payment by Electronic Funds Transfer or Debit Card**
- ◆ **Reported to ALL Major Credit Bureaus:**  
**EQUIFAX** **experian** **TransUnion.**
- ◆ **GOOD CREDIT - As long as ALL payments are made on time!**

\* Must have at least 9 months of Active Service remaining.

[www.HarrisJewelry.com](http://www.HarrisJewelry.com)

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*Illustration 3*

48. The fine print at the bottom left of *Illustration 3* limits that approval only to servicemembers who have at least nine months of active service remaining. By placing this limit in fine print, Harris misleads consumers by causing them to believe that “All” active duty servicemembers will receive automatic approval.

49. In *Illustration 4*, below, a “Dress Blues” pendant with a sapphire is advertised with a retail cost of \$399.99, or “\$50 per payday.”



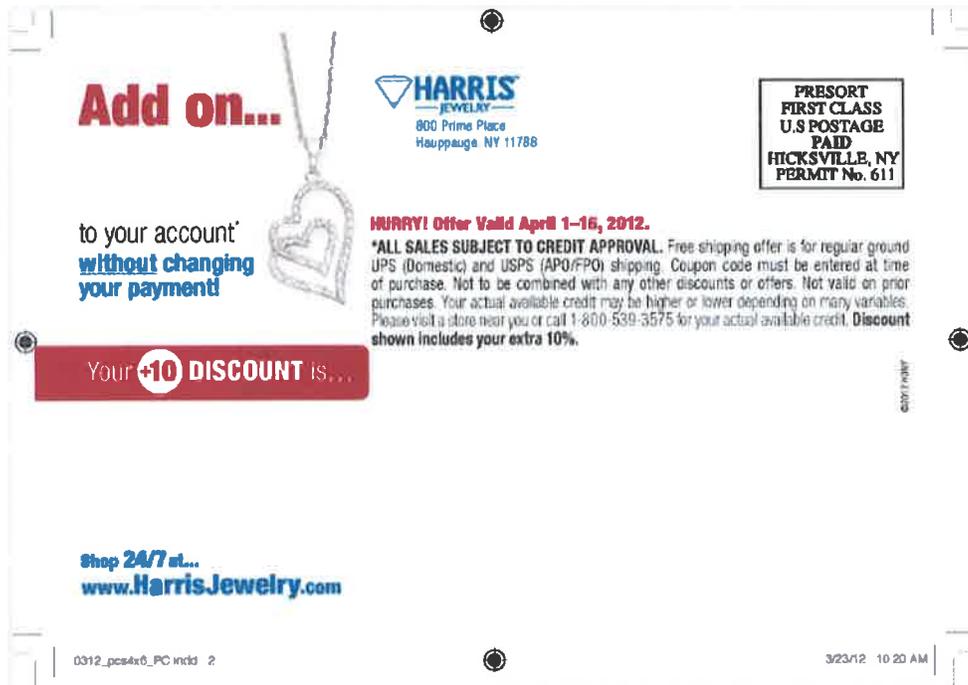
Your Monthly Payment will be calculated using your actual Total Purchase Amount plus applicable Finance Charges (14.99% Annual Percentage Rate) and Sales Tax. Your Total Purchase Amount will include your retail merchandise total (less any promotional discounts), additional non-product purchases (such as a Jewelry & Watch Protection Plans or Ring Sizing) and any Shipping & Handling charges.

The advertised “per payday” prices contemplate additional interest charged on the sale of a protection plan, sizing, and shipping and handling charges.

52. Taken together, these disclosures establish that Harris sets its interest rates and advertised payment terms with the assumption that additional charges will be added to the principal. Furthermore, it makes it virtually impossible for a consumer to calculate or understand the total cost of a transaction. The advertised “per payday” and “retail” prices bear little resemblance to the total amount paid by a consumer at the end of the financing contract.

53. Further, these representations fail to disclose that the payment is collected from servicemembers on a per-paycheck basis via direct deduction from a bank account or credit card. Harris formerly collected payments by allotment—direct deduction from the servicemembers’ paycheck. Harris ceased this practice on new accounts after the Department of Defense prohibited servicemembers from setting up allotment payments for transactions of this type due to widespread abuses of the allotment system by predatory businesses.

54. Harris has also sent out direct-mail advertisements, as seen in *Illustration 5* below, to servicemembers with existing accounts representing that they can add jewelry onto their account without changing their payment.



*Illustration 5*

55. The fine print below then states that a customer’s actual available credit may be higher or lower depending on “many” undisclosed variables.

56. Harris Jewelry also represents that first-time buyers will receive a “Full Rebate” on all finance charges, leading servicemembers to believe they will be paying even less for Harris’s jewelry, as seen in *Illustration 6* below:



*Illustration 6*

57. However, the fine print below indicates that this rebate is limited only to the finance charges applied to the customer's first purchase and will only be received if every payment on that purchase is made on time.

58. Even then, a customer will not receive a rebate unless they specifically request the rebate after paying their account in full, which may be months or years after the claim of a "Full Rebate" is made to the customer.

### **CONSUMER INJURY**

59. Tennessee consumers have suffered significant injury as a result of Defendants' violations of the CSBA and the TCPA. In addition, Defendants have been unjustly enriched as a result of their unlawful acts and practices.

### **VIOLATIONS OF LAW**

#### **COUNT I**

#### **Violations of the Tennessee Credit Services Businesses Act Tenn. Code Ann. § 47-18-1001 *et seq.***

60. Plaintiff, the State of Tennessee, adopts by reference and re-alleges every allegation contained in paragraphs 1–59 of this Complaint.

61. By representing that the Harris Program will improve a consumer's credit record, history, or rating, and that the Harris Program will provide an extension of credit, Defendants are a "credit services business" as defined by the CSBA, Tenn. Code Ann. § 47-18-1002(6)(A).

62. By advertising that active duty servicemembers will receive "Instant Credit Approval," Defendants have made untrue, misleading, or deceptive representations in violation of Tenn. Code Ann. § 47-18-1003(4).

63. By advertising that the Harris Program will “Establish, Enhance, Re-establish” a servicemember’s credit, Defendants have made untrue, misleading, or deceptive representations in violation of Tenn. Code Ann. § 47-18-1003(4).

64. By advertising that servicemembers will receive a “Full Rebate” on all finance charges, Defendants have made untrue, misleading, or deceptive representations in violation of Tenn. Code Ann. § 47-18-1003(4).

65. By advertising a “per payday” pricing system, Defendants have made misleading or deceptive representations in violation of Tenn. Code Ann. § 47-18-1003(4).

66. By acting as a credit services business within the State of Tennessee without registering a bond consistent with provisions of Tenn. Code Ann. § 47-18-1011, Defendants have violated Tenn. Code Ann. § 47-18-1003(6).

67. By executing contracts with consumers as a credit services business without providing the information statement in writing described in Tenn. Code Ann. § 47-18-1005, Defendants have violated Tenn. Code Ann. § 47-18-1004(a).

68. By failing to maintain on file or microfilm for a period of two years the information statement required by Tenn. Code Ann. § 47-18-1004(a), Defendants have violated Tenn. Code Ann. § 47-18-1004(b).

69. By failing to include the cancellation notices required by Tenn. Code Ann. § 47-18-1006, Defendants have violated Tenn. Code Ann. § 47-18-1006.

**COUNT II**  
**Violations of the Tennessee Consumer Protection Act of 1977**  
**Tenn. Code Ann. § 47-18-101 *et seq.***

70. Plaintiff, the State of Tennessee, adopts by reference and re-alleges every allegation contained in paragraphs 1–59 of this Complaint.

71. A violation of the CSBA constitutes a violation of the TCPA as an unfair or deceptive business practice under Tenn. Code Ann. § 47-18-1010(a). By violating the CSBA, Defendants have, therefore, violated Tenn. Code Ann. § 47-18-104(a) and (b).

72. By advertising that active duty servicemembers will receive “Instant Credit Approval,” Defendants have misled and deceived Tennessee Consumers, in violation of Tenn. Code Ann. § 47-18-104(a), (b)(5), and (b)(27).

73. By advertising that servicemembers will receive a “Full Rebate” of all finance charges for their first purchase, Defendants have misled and deceived Tennessee Consumers, in violation of Tenn. Code Ann. § 47-18-104(a), (b)(5), and (b)(27).

74. By advertising that consumers can add on to their accounts without changing their payments, Defendants have misled and deceived Tennessee Consumers, in violation of Tenn. Code Ann. § 47-18-104(a), (b)(5), and (b)(27).

75. By advertising that the Harris Program will “Establish, Enhance, Re-establish” a servicemember’s credit, Defendants have misled and deceived Tennessee Consumers, in violation of Tenn. Code Ann. § 47-18-104(a), (b)(5), and (b)(27).

76. By using a “per payday” pricing structure, Defendants have misled and deceived Tennessee Consumers, in violation of Tenn. Code Ann. § 47-18-104(a), (b)(5), and (b)(27).

77. Further, each of Defendants’ violations of the CSBA constitutes a violation of the TCPA, as each violation “shall be construed to constitute an unfair and deceptive act or practice affecting the conduct of trade or commerce” under Tenn. Code Ann. § 47-18-1010(a).

#### **PRAYER FOR RELIEF**

Therefore, Plaintiff, the State of Tennessee, pursuant to Tenn. Code Ann. §§ 47-18-108 and -1010, and this Court’s own equitable powers, requests that this Court:

A. Enter judgment against Defendants and in favor of the State for each violation alleged in this Complaint;

B. Grant the State of Tennessee such injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action, and to preserve the possibility of effective final relief;

C. Enter a permanent injunction to prevent future violations of the CSBA and the TCPA by defendants;

D. Award such relief as the Court finds necessary to redress consumer injury resulting from Defendants' violations of the CBSA and the TCPA including, but not limited to rescission or reformation of contracts, restitution including pre-judgment statutory interest and costs of a restitution administrator to effectuate redress, refund of monies paid, and disgorgement of ill-gotten gains;

E. Adjudge and decree that each Defendant has engaged in the aforementioned acts and practices which violate the CSBA and the TCPA;

F. Adjudge and decree that every contract entered into by Defendants with Tennessee Consumers be deemed void and unenforceable as contrary to the public policy of this State as provided by Tenn. Code Ann. § 47-18-1007(b);

G. Adjudge and decree that each Defendant separately pay civil penalties of not more than \$1,000 per violation to the State of Tennessee for each violation of the CSBA as provided by Tenn. Code Ann. § 47-18-1010;

H. Adjudge and decree that each Defendant separately pay civil penalties of not more than \$1,000 per violation to the State of Tennessee for each violation of the TCPA as provided by Tenn. Code Ann. § 47-18-108(b);

I. Enter judgment against Defendants and in favor of the State of Tennessee for the reasonable costs and expenses of the investigation and prosecution of Defendants' actions, including attorneys' fees, expert and other witness fees, and costs, as provided by Tenn. Code Ann. § 47-18-108(a) and (b)(4);

J. Order that this Complaint be filed without cost bond as provided by Tenn. Code Ann. §§ 20-13-101, and 47-18-116;

K. Award the State of Tennessee such other and additional relief as the Court may determine to be just and proper.

Respectfully Submitted,

  
HERBERT H. SLATTERY III  
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B.P.R. No. 9077

  
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*State of Tennessee v. Harris Originals of NY, Inc., et al.*

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FOR THE TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

STATE OF TENNESSEE, *ex rel.* HERBERT )  
H. SLATERY III, Attorney General and )  
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Plaintiff, )

v. )

Case No. 20C958

HARRIS ORIGINALS OF NY, INC. )  
d/b/a Harris Jewelry, )

HARRIS ORIGINALS OF TN, INC. )  
d/b/a Harris Jewelry, )

CONSUMER ADJUSTMENT CORP., and )

CONSUMER ADJUSTMENT CORP., USA, )

Defendants. )

**AGREED FINAL JUDGMENT**

1. Plaintiff, the State of Tennessee, by and through Herbert H. Slatery III, Attorney General and Reporter, and Defendants, Harris Originals of NY, Inc., Harris Originals of TN, Inc., Consumer Adjustment Corp., and Consumer Adjustment Corp., USA, collectively doing business as Harris Jewelry, consent, subject to this Court's approval, to the entry of this Agreed Final Judgment.

- 2. This is a final judgment for which execution may issue.
- 3. Defendants waive any defect in connection with service of process.
- 4. Defendants consent to the entry of this Judgment without further notice.

5. Aside from a proceeding related to compliance with this Judgment, Defendants waive any right to add, alter, amend, petition for certiorari, or move to reargue or rehear in connection with any proceeding related to this Judgment.

6. In the event this Court shall not approve this Judgment, it shall be of no force and effect.

### DEFINITIONS

7. As used in this Judgment, the following words or terms shall have the following meanings:

- A. "Advertise" and its variants mean any written, graphic, or electronic statement, illustration, or depiction that is designed to create interest in purchasing of, impart information about the attributes of, publicize the availability of, or affect the use or sale of, goods, services, or other offerings.
- B. "Clear(ly) and Conspicuous(ly)" means a statement that, regardless of the medium in which it is made, is readily understandable and presented in such size, color, contrast, duration, physical or temporal location, or volume, compared to other information with which it is presented, that it is readily apparent to a reasonable recipient of the statement.
- C. "Consumer" means any natural person, individual, governmental agency, partnership, corporation, trust, estate, incorporated or unincorporated association, and any other legal or commercial entity however organized.
- D. "Defendants" or "Harris" mean Harris Originals of NY, Inc., Harris Originals of TN, Inc., Consumer Adjustment Corp., Consumer Adjustment Corp. USA, and all of their general partners, parent corporation(s), affiliates, subdivisions, future or past purchasers, merged parties, inheritors or other successors in interest, officers, directors, owners, affiliates, and assigns acting on their behalf in the state of Tennessee.
- E. "Warranty Product" means any warranty or guarantee provided by Harris in addition to any applicable manufacturer's warranty that is purchased by a consumer in a transaction with Harris.

### **JURISDICTION AND VENUE**

8. The parties admit that this Court has jurisdiction over the subject matter and over the Defendants for the purpose of entering into and enforcing this Judgment. This Court retains jurisdiction for the purpose of enabling the parties to apply for such further orders and directions that may be necessary or appropriate for the construction, modification, or execution of, or compliance with, this Judgment.

9. Pursuant to Tenn. Code Ann. § 47-18-108(a)(3), venue as to all matters between the Parties relating to this Judgment shall be in the Circuit Court of Davidson County, Tennessee.

### **REPRESENTATIONS & WARRANTIES**

10. Defendants represent and warrant the following:

- A. The signatories to this Judgment have the authority to act for and bind Defendants.
- B. Defendants are the proper parties to this Judgment.
- C. Upon receipt of the Tennessee Attorney General's Request for Information issued pursuant to Tenn. Code Ann. § 47-18-106, Defendants provided all responsive documents, information, and written statements under oath.
- D. Defendants have done business and engaged in trade or commerce in Tennessee or with Tennessee consumers from 1978 to the present.

11. Defendants acknowledge that they understand that the State and this Court expressly rely on all representations and warranties in this Judgment and that if any is false, deceptive, misleading, incomplete, or inaccurate, the State may move to vacate or set aside this Judgment in whole or in part, and move to hold Defendants in contempt and require that all payments pursuant to paragraph 14 become immediately due and payable.

12. Defendants neither admit nor deny any of the State's allegations stated herein.

### PERMANENT INJUNCTION

13. Pursuant to Tenn. Code Ann. §§ 47-18-108(a)(4) and -1010, effective 60 days following the date of entry of this Judgment, Defendants shall be permanently and forever enjoined, restrained, and bound from directly or indirectly engaging in the practices set forth herein and, further, permanently required to directly or indirectly satisfy the affirmative requirements set forth herein:

- A. For any consumer with a current Tennessee address, or a consumer making a purchase in Harris's retail location in Clarksville, Tennessee or any other retail location that Harris may operate in the State of Tennessee, Harris shall not base the calculation of a consumer's eligibility of credit solely on a consumer's remaining military service. Instead, Harris shall consider other reasonable factors such as a consumer's credit score.
- B. In any advertising in any medium in the state of Tennessee, Harris shall not advertise any per payday or per month price associated with an advertised product:
  - i. Unless it clearly and conspicuously discloses the total amount a consumer may be obligated to pay Harris for a particular item if such consumer finances the purchase (this projected cost shall be based on standard credit terms extended by Harris);
  - ii. Harris shall clearly and conspicuously disclose the terms of any program whereby Harris will refund the finance charges for a consumer's first purchase with Harris, including an explanation that consumers are required to make all payments on time and as scheduled. If a consumer pays off the account early, the rebate is limited to the amount of interest paid by the consumer;
- C. In any advertising in any medium in the state of Tennessee, Harris shall not represent, in any way, that consumers are or may be automatically approved for credit;
- D. Harris shall only provide Warranty Products on a clearly disclosed opt-in basis;
- E. Harris shall write off all amounts owed by any consumer who purchased in the State of Tennessee that are considered "written off" (but not yet sold to a debt buyer), "to be written off," or "all efforts exhausted," as those terms are used in Harris' internal systems; and

- F. For all consumers who are eligible for restitution under this Order, and whose contracts are now considered Paid in Full, Harris shall contact the three major credit bureaus and request the deletion of any negative trade lines as to that consumer's account if that account has been paid in full as a result of this Order.
- G. Harris shall not engage in any conduct that would constitute a "credit services business" as that term is defined in Tenn. Code Ann. § 47-18-1002(6) unless Harris satisfies all of the requirements contained in the Tennessee Credit Services Businesses Act, Tenn. Code Ann. §§ 47-18-1001-1011.

### RESTITUTION

14. Defendants shall be required to pay restitution in the amount of \$800,000 in total, to all consumers who have purchased any goods from Harris's retail location in Clarksville, Tennessee between January 1, 2016 and March 1, 2019, which includes those customers referenced in ¶ 13(E). Of this, a portion shall be provided to consumers in the form of debt relief. The other portion shall be provided to consumers in the form of a direct refund, to be paid out in installments over the eight quarters immediately following entry of this judgment. Relief will be provided on a pro-rata basis.

15. Defendants shall administer the restitution program required by paragraph 14 of this Judgment.

16. To ensure compliance with this Judgment, Defendants, in consultation with the State's counsel, shall select an independent monitor to audit this restitution program on a quarterly basis until its completion. Defendants shall pay all costs associated with this independent monitor's work pursuant to this Order. The State has the right under this Judgment to reject a monitor selected by Defendants within 10 business days of receiving Defendants' proposal.

17. Defendants shall provide to the independent monitor all names and contact information, or last known contact information if current contact information cannot be

ascertained, of consumers who will be eligible for restitution under this Judgment, in addition to any other reasonable information requested by the independent monitor.

18. The independent monitor may move this Court for any necessary order to secure compliance with paragraphs 16 and 17 of this Judgment.

#### **PAYMENT TO THE STATE**

19. A monetary payment of \$306,000 is entered against Defendants but will held in abeyance unless and until Defendants default on any of the terms of this Judgment. If this payment becomes due, it shall be made payable to the Tennessee Attorney General pursuant to the written directions provided by counsel for the Attorney General. After five years, Defendants' monetary obligations under this paragraph shall cease.

20. If Defendants default on their obligations under paragraphs 13–18, the State shall have the right to collect any amounts owed through any means available under the law which may include recording this judgment as a lien against Defendants' property, garnishing Defendants' income, and seizing or levying Defendants' assets.

21. In the event of default, the State is further entitled to access any reports or other data that may aid in the collection of amounts owed to the State. Defendants are ordered to provide any information necessary to permit the State's collection efforts.

#### **RELEASE**

22. Upon entry of this Judgment, the State of Tennessee and the Attorney General shall release and forever discharge all claims that the Attorney General could have brought in the name of the State against Defendants, as defined hereinunder the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann § 47-18-101 *et seq.*, and the Credit Services Businesses Act, Tenn. Code Ann. § 47-18-1001 *et seq.*, up to the time of entry of this Judgment.

### GENERAL PROVISIONS

23. Acceptance and entry of this Judgment is not an approval of any of Defendants' advertising or business practices.

24. Nothing in this Judgment shall be construed to limit the authority of the State to protect the interests of the State or its citizens, or to enforce any laws, regulations, or rules against Defendants.

25. Defendants expressly waive any rights, remedies, appeals, or other interests related to a jury trial or any related or derivative rights under the Tennessee or United States Constitutions or other laws as to this Judgment.

26. This Court must approve all modifications to this Judgment.

27. If any provision of this Judgment shall be held unenforceable, the Judgment shall be construed as if that provision did not exist.

28. Nothing in this Judgment waives or affects any claims of sovereign immunity by the State.

29. Defendants will not participate in any activity to form a separate entity for the purpose of engaging in acts or practices prohibited by this Judgment or for any other purpose that would circumvent this Judgment.

30. This Judgment may be executed in counterparts that, together, will constitute one whole document.

31. Within 30 days of this Judgment's entry, Defendants shall provide a copy of this Judgment to each of its officers, directors, and owners. Once provided, Defendants shall, within 45 days of this Judgment's entry, provide a certification under oath to the State that affirms compliance with this paragraph.

32. Any notices required or allowed in this Judgment shall be sent by a nationally recognized courier service (including the United States Postal Service), return receipt requested, to the following addresses:

- A. For the State: Deputy Attorney General, Consumer Protection Division, Tennessee Attorney General's Office, P.O. Box 20207, Nashville, TN 37202-0207.
- B. For the Defendants: Allyson Baker, Esq., Venable LLP, 600 Massachusetts Avenue NW, Washington, DC 20001.

33. This Judgment sets forth the entire agreement between the parties.

9-11 7/11 34. Any remaining court costs will be taxed to the Defendants.

**IT IS SO ORDERED.**

  
CIRCUIT JUDGE

**JOINTLY APPROVED AND SUBMITTED FOR ENTRY:**

FOR THE STATE OF TENNESSEE:



HERBERT H. SLATTERY III  
Attorney General and Reporter  
B.P.R. No. 9077



TRAVIS BROWN, B.P.R. No. 034164  
Assistant Attorney General

PATRICK RILEY, B.P.R. No. 037007  
Assistant Attorney General

Tennessee Attorney General's Office  
Consumer Protection Division  
P.O. Box 20207

Nashville, Tennessee 37202-0207

T: (615) 741-3533

F: (615) 532-2910

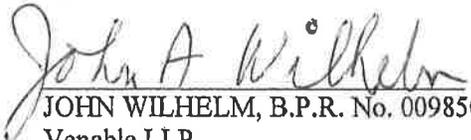
travis.brown@ag.tn.gov

patrick.riley@agn.tn.gov

*Attorneys for Plaintiff, State of Tennessee*

**JOINTLY APPROVED AND SUBMITTED FOR ENTRY:**

FOR DEFENDANTS:

  
JOHN WILHELM, B.P.R. No. 009850

Venable LLP

600 Massachusetts Avenue NW

Washington, DC 20001

T: (202) 344-4708

F: (202) 344-8300

Email: abbaker@venable.com

*Attorney for Defendants, Harris Originals of NY, Inc., Harris Originals of TN, Inc., Consumer Adjustment Corp., and Consumer Adjustment Corp., USA*

**DEFENDANT HARRIS ORIGINALS OF NY, INC.'S  
SIGNATURE AND ACKNOWLEDGMENT**

Defendant Harris Originals of NY, Inc. and its attorney have read and understand this AFJ and each of its terms. Defendant Harris Originals of NY, Inc. admits to the jurisdiction of the Court in this matter and consents to the entry of this AFJ. Defendant Harris Originals of NY, Inc. agrees to each and every term contained herein. I, John A Zimmermann being first duly sworn on oath, depose and say that I am an officer of Defendant Harris Originals of NY, Inc. and am fully authorized and empowered to sign this AFJ on behalf of Defendant Harris Originals of NY, Inc., and bind the same to the terms hereof.

  
\_\_\_\_\_  
John A. Zimmermann  
CEO & President  
Harris Originals of NY, Inc.

SUBSCRIBED AND SWORN to before  
me this 25th day of February, 2020.

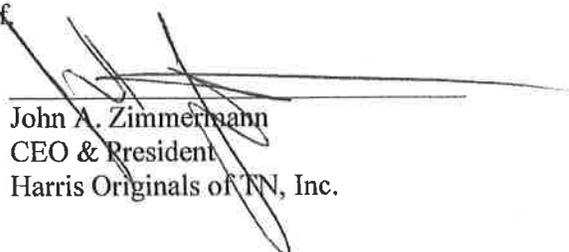
  
\_\_\_\_\_  
Notary Public

My Commission Expires: 5/31/23

**KAREN RABINOWITZ**  
Notary Public, State of New York  
No. 4515256  
Qualified in Suffolk County  
Term Expires May 31 2023

**DEFENDANT HARRIS ORIGINALS OF NY, INC.'S  
SIGNATURE AND ACKNOWLEDGMENT**

Defendant Harris Originals of TN, Inc. and its attorney have read and understand this AFJ and each of its terms. Defendant Harris Originals of TN, Inc. admits to the jurisdiction of the Court in this matter and consents to the entry of this AFJ. Defendant Harris Originals of TN, Inc. agrees to each and every term contained herein. I, John A. Zimmermann, being first duly sworn on oath, depose and say that I am an officer of Defendant Harris Originals of TN, Inc. and am fully authorized and empowered to sign this AFJ on behalf of Defendant Harris Originals of TN, Inc., and bind the same to the terms hereof.

  
\_\_\_\_\_  
John A. Zimmermann  
CEO & President  
Harris Originals of TN, Inc.

SUBSCRIBED AND SWORN to before  
me this 25<sup>th</sup> day of February, 2020.

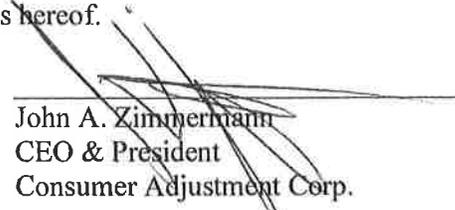
  
\_\_\_\_\_  
Notary Public

My Commission Expires: 5/31/23

**KAREN RABINOWITZ**  
Notary Public, State of New York  
No. 4515256  
Qualified in Suffolk County  
Term Expires May 31 2023

**DEFENDANT CONSUMER ADJUSTMENT CORP.'S  
SIGNATURE AND ACKNOWLEDGMENT**

Defendant Consumer Adjustment Corp. and its attorney have read and understand this AFJ and each of its terms. Defendant Consumer Adjustment Corp. admits to the jurisdiction of the Court in this matter and consents to the entry of this AFJ. Defendant Consumer Adjustment Corp. agrees to each and every term contained herein. I, John A. Zimmermann, being first duly sworn on oath, depose and say that I am an officer of Defendant Consumer Adjustment Corp. and am fully authorized and empowered to sign this AFJ on behalf of Defendant Consumer Adjustment Corp., and bind the same to the terms hereof.

  
\_\_\_\_\_  
John A. Zimmermann  
CEO & President  
Consumer Adjustment Corp.

SUBSCRIBED AND SWORN to before  
me this 25<sup>th</sup> day of February, 2020.

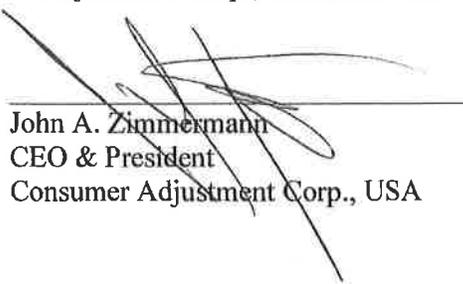
  
\_\_\_\_\_  
Notary Public

My Commission Expires: 5/31/23

**KAREN RABINOWITZ**  
Notary Public, State of New York  
No. 4515256  
Qualified in Suffolk County  
Term Expires May 31 2023

**DEFENDANT CONSUMER ADJUSTMENT CORP., USA'S  
SIGNATURE AND ACKNOWLEDGMENT**

Defendant Consumer Adjustment Corp., USA and its attorney have read and understand this AFJ and each of its terms. Defendant Consumer Adjustment Corp., USA admits to the jurisdiction of the Court in this matter and consents to the entry of this AFJ. Defendant Consumer Adjustment Corp., USA agrees to each and every term contained herein. I, John A. Zimmermann, being first duly sworn on oath, depose and say that I am an officer of Defendant Consumer Adjustment Corp., USA and am fully authorized and empowered to sign this AFJ on behalf of Defendant Consumer Adjustment Corp., USA, and bind the same to the terms hereof.

  
\_\_\_\_\_  
John A. Zimmermann  
CEO & President  
Consumer Adjustment Corp., USA

SUBSCRIBED AND SWORN to before  
me this 25<sup>TH</sup> day of FEBRUARY, 2020.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 5/31/23

**KAREN RABINOWITZ**  
Notary Public, State of New York  
No. 4515256  
Qualified in Suffolk County  
Term Expires May 31 2023

Certificate of Service

Service List RE: 20C958

**Case Number:** 20C958  
**Judge:** JOE P. BINKLEY, JR. - 5th Circuit  
**Court:** DAVIDSON COUNTY CLERK OF COURTS  
Circuit  
**Case Title:** STATE OF TENNESSEE V HARRIS ORIGINALS OF NY

**The electronic filing system will send a Notice of Electronic Filing (NEF) to the following parties:**

PATRICK RILEY for STATE OF TENNESSEE  
BENJAMIN BROWN for STATE OF TENNESSEE

A copy has been mailed, postage prepaid, to:

Travis Brown  
Assistant Attorney General  
P.O. Box 20207  
Nashville, TN 37202-0207

John Wilhelm, Esq.  
VENABLE LLP  
600 Massachusetts Avenue NW  
Washington, DC 20001

On this the 2<sup>nd</sup> day of June, 2020.

  
Deputy Clerk



**Case Title:** STATE OF TENNESSEE V HARRIS ORIGINALS OF NY

**Case Number:** 20C958

**Type:** AGREED ORDER

The foregoing is hereby ORDERED, ADJUDGED  
AND DECREED:

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Judge Joe Binkley, Jr., Fifth Circuit