

FORMAL SETTLEMENT AGREEMENT

The Parties to this Agreement are Plaintiff, the People of the State of California by and through the California Corporations Commissioner (“Commissioner”), and Defendants, Money Management International, Inc., formerly known as Defendant Money Management by Mail, Inc., also doing business as Consumer Credit Counseling Services, Centers for Financial Education, American Credit Counselors, Consumer Credit Counseling Service of Greater Denver, Inc., CCCS-Denver, Consumer Credit Counseling Services of San Diego & Imperial Counties, Inc., CCCS-San Diego, Consumer Credit Counseling Services of East Bay, Inc., CCCS-East Bay, Credit Counseling Centers, Inc., CCCS-Maine, FCS Consumer Credit Counseling Corporation, FCSCCC, Consumer Credit Counseling Services of Louisiana, Inc., CCCS-Baton Rouge, Consumer Credit Counseling Services of Greater Washington, Inc., CCCS of Greater Washington, Consumer Credit Counseling Service of Oregon, CCCS-Oregon, Consumer Credit Counseling Service of South Jersey and Family Service Association; along with Money Management International Financial Education Foundation and Consumer Credit Counseling Service of Southern New England, CCCS-SNE (hereafter, collectively, the “Defendants”).

RECITALS

This Agreement is made with reference to the following facts:

- A. Defendant Money Management International, Inc. (“MMI”), was organized under the laws of the State of Texas, as a not-for-profit corporation with its corporate headquarters at 9009 West Loop South, Houston, Texas 77096. MMI first filed with the California Secretary of State’s Office to do business in California on January 16, 2003.
- B. Defendant Money Management by Mail, Inc. (“MMBM”) was organized on February 24, 1997, as a not-for-profit Virginia corporation with its corporate headquarters at 9009 West Loop South, Houston, Texas 77096. MMBM also operated under the name Money Management International, and on January 1, 2003, merged into MMI. According to the California Secretary of State’s Office, MMBM surrendered its certificate to do business in California as a foreign corporation on June 6, 2003.
- C. The California Check Sellers, Bill Payers and Proraters Law (“CSBPPL”) (Financial Code §§ 12000, *et seq.*) obligates persons who operate as bill payers and proraters to comply with basic legal requirements, including licensing or exempt status, when dealing with debtors and their creditors. The Commissioner of the Department of Corporations (“Department”) is mandated to protect the public and is authorized to seek penalties and ancillary relief for continuing CSBPPL violations and for violations of rules and orders made under the CSBPPL pursuant to Financial Code section 12105.
- D. Defendants have never been licensed pursuant to the CSBPPL by the Commissioner, but contend that they have been exempt.

E. On June 4, 2007, the Commissioner filed a civil complaint against Defendants seeking injunctive relief, voiding of contracts, restitution, penalties and ancillary relief captioned *People v. Money Management International, Inc., et al.* Case No. CGC-07-463953 (hereinafter, the “Complaint”) pending in the Superior Court of the State of California City and County of San Francisco (hereinafter, the “Court”). On July 11, 2007, the Court issued to Defendants a preliminary injunction. Without admission of wrongdoing, Defendants consent to the entry of a Stipulated Permanent Injunction, which is attached and incorporated herein as Exhibit 1.

F. It is the intention of the Parties to resolve this matter without the necessity of a trial or other litigation. NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set forth herein, the Parties agree as follows:

TERMS AND CONDITIONS

1. **Purpose.** The purpose of this Agreement is to resolve the Complaint expeditiously, avoid the expense of a trial and/or possible further court proceedings.
2. **Waiver of Hearing Rights.** Except to enforce the rights and obligations set forth in this Agreement, Defendants acknowledge their right to a trial in connection with the allegations in the Complaint and hereby waive that right to a trial, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the CSBPPL, Civil Code, the Code of Civil Procedure, or any other provision of law, as to the Complaint and by waiving such rights, compromise disputed claims in this Agreement so that it is binding, final and enforceable and is a full and complete settlement of the Complaint.
3. **Independent Legal Advice.** Each of the Parties represents, warrants, and agrees that it has received or been advised to seek independent legal advice from its attorneys with respect to the advisability of executing this Agreement. Defendants acknowledge that they have consulted with their attorneys prior to entering into this Agreement.
4. **No Admissions of Liability.** It is understood and agreed that this is a compromise settlement of disputed claims and the furnishing of the consideration for this Agreement shall not be deemed or construed as an admission of liability, responsibility or wrongdoing by Defendants.
5. **Consideration.** In consideration of a dismissal with prejudice of the entire Complaint against Defendants and without admitting or denying the facts therein by 12:00 noon Pacific time on or before October 16, 2008, Defendants agree to make payment to the California Department of Corporations of three million dollars (\$3,000,000) (“Settlement Amount”) which amount will fully release, satisfy and be in lieu of all monetary claims that were alleged in the Complaint, which included claims for penalties, voiding, disgorgement, restitution, investigative costs, attorneys fees, and costs. The Settlement Amount shall be delivered to, Plaintiff’s office located at 71 Stevenson Street, Ste. 2100, San Francisco, CA

94105, to the attention of Plaintiff's counsel who will thereafter acknowledge receipt of the payment of the Settlement Amount to Defendants' counsel.

6. Injunction. Without admission of wrongdoing, Defendants consent to the entry of a Stipulated Permanent Injunction, which is attached and incorporated herein as Exhibit 1.

7. Compliance. Defendants are required to comply with all of the requirements for the exemption found in Financial Code Section 12104. Defendants agree to cooperate and provide access to information concerning their California clients for transactions within the Department's jurisdiction. Defendants agree to refund fees to their California clients to the extent currently unpaid to California consumers which is approximately fifty thousand dollars (\$50,000) by November 30, 2008. Any amounts not successfully refunded by December 31, 2008 shall immediately escheat to the State of California. Upon satisfaction of the terms of this Agreement, Plaintiff agrees to post on its website the Defendants' status as exempt.

8. Dismissal of Complaint with Prejudice. Plaintiff's counsel shall also file a request for dismissal with prejudice of the Complaint, except for the Stipulated Permanent Injunction executed contemporaneously with this Agreement, within 10 court days after the execution of this Agreement by all Parties. The Parties will request the Court to sign an Order of Dismissal that reads as follows: "The entire action is dismissed with prejudice against Defendants except to the extent provided in the Stipulated Permanent Injunction and this Agreement pursuant to Code of Civil Procedure section 664.6. Each party will bear its own costs and attorneys' fees. The Parties request that the Court retain jurisdiction to enforce the Agreement and Stipulated Permanent Injunction is granted. This retained jurisdiction includes jurisdiction to vacate the order of dismissal if necessary to enforce the Parties' Agreement and jurisdiction, authority to modify the Stipulated Permanent Injunction and authority to resolve all disputes over the interpretation, application and enforcement of the Parties' Agreement and Stipulated Permanent Injunction."

9. Future Actions by the Commissioner. The Commissioner reserves the right to bring any future actions against Defendants or any of their partners, owners, employees or successors for any future violations of the California Law. This Agreement shall not serve to exculpate Defendants or any of their partners, owners, employees or successors from liability for any and all unknown or future violations of California Law, except for such violations, known or unknown that were alleged or could have been alleged in the Complaint. If it is found, after the execution of this Agreement that Defendants thereafter violated any of the statutes and/or rules within the Plaintiff's jurisdiction or this Agreement, the Commissioner reserves the right to take further action against Defendants and seek appropriate remedies.

10. Settlement Agreement Coverage. The Parties hereby acknowledge and agree that this Agreement is intended to constitute a full, final and complete resolution of the Complaint, as to the persons named therein. The Parties acknowledge and agree that nothing contained in this Agreement shall operate to limit the Commissioner's ability to

assist any other agencies with any prosecution, administrative, civil or criminal, brought by any such agency against Defendants. This Agreement shall not become effective until signed by Defendants and delivered by all Parties. Each of the Parties represents, warrants, and agrees that in executing this Agreement it has relied solely on the statements set forth herein and the advice of its own counsel and has placed no reliance on any statement, representation, or promise of any other party, or any other person or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to make any statement, representation or disclosure of anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Agreement.

11. Full Integration. This Agreement with exhibits is the final written expression and the complete, exclusive statement of all the agreements, conditions, promises, representations, and covenants between the Parties and supersedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the Parties, their respective representatives, and any other person or entity.

12. Severability. Should any provision of this Agreement be declared or determined to be illegal, invalid, void or otherwise unenforceable, the Court shall determine whether such invalidity affects the enforceability of the remaining terms herein.

13. No Presumption From Drafting. In that the Parties have had the opportunity to draft, review and edit the language of this Agreement, no presumption for or against any party arising out of drafting all or any part of this Agreement will be applied in any action relating to, connected to, or involving this Agreement. Accordingly, the Parties waive the benefit of California Civil Code section 1654 and any successor or amended statute, providing that in cases of uncertainty, language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.

14. Effective Date. This Agreement shall not become effective until signed by all Parties and delivered to all Parties. The Commissioner shall file this Agreement with the Court after execution by the Parties.

15. Binding Effect. This Agreement shall be binding upon the and inure to the benefit of the Parties and their respective heirs, administrators, representative, executors, successors and assigns, and shall inure to the benefit of the Parties and their respective heirs, administrators, representative, executors, successors and assigns. The Parties hereby request the Court to retain jurisdiction of the Parties and of this case to enforce the provision of this Agreement and Stipulated Permanent Injunction.

16. Counterparts. This Agreement may be executed in any number of counter-parts by the Parties and when each Party has signed and delivered at least one such counterpart to the other Party, each counterpart shall be deemed an original and taken together shall constitute one and the same Agreement.

17. Modifications and Qualified Integration. This Agreement constitutes the entire understanding among the Parties and may not be modified without the express written consent of the Parties supported by adequate consideration. No amendment, change or modification of this Agreement shall be valid or binding to any extent unless it is in writing and signed by all of the Parties affected by the amendment, change or modification.

18. Headings and Governing Law. The headings to the paragraphs of this Agreement are inserted for convenience only and will not be deemed a part hereof or affect the construction or interpretation of the provisions of this Agreement. This Agreement shall be construed and enforced in accordance with and governed by California law.

19. Authority For Settlement. Each Party covenants that it possesses all necessary capacity and authority to sign and enter into this Agreement. Each Party warrants and represents that such Party is fully entitled and duly authorized to enter into and deliver this Agreement. In particular, and without limiting the generality of the foregoing, each Party warrants and represents that it is fully entitled to enter into the covenants, and undertake the obligations set forth herein.

20. Public Record. Defendants acknowledge that this Agreement is a public record.

21. Voluntary Agreement. The Parties each represent and acknowledge that he, she or it is executing this Agreement completely voluntarily and without any duress or undue influence of any kind from any source.

22. Representations and Disclosures. Defendants agree that if they receive any inquiry from government agencies, industry associations, consumers or other third parties about the Desist and Refrain Order dated July 14, 2005, the Complaint or this Agreement, that they will direct those parties to Plaintiff's toll free telephone number 1-866 ASK CORP or 1-866-275-2677 and either provide them a copy of this Agreement, direct them to Plaintiff's Internet website at www.corp.ca.gov or provide mailing address of Plaintiff set forth in Paragraph 23 below.

23. Notices. Notice shall be provided to each party at the following addresses:

If to Defendants to:

Douglas Emhoff, Esq. or David A. Kettel Esq.
Venable LLP
2049 Century Park East, Suite 2100
Los Angeles, CA 90067

If to the Commissioner to: Joan E. Kerst, Sr. Corporations Counsel
Enforcement Division
Department of Corporations

71 Stevenson Street, Suite 2100
San Francisco, CA 94105

IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement on the dates set forth opposite their respective signatures.

Dated: October 8, 2008

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Acting Deputy Commissioner
Enforcement Division

MONEY MANAGEMENT INTERNATIONAL, INC., formerly known as
MONEY MANAGEMENT BY MAIL, INC.

Dated: _____

By _____
IVAN HAND, JR.
Officer and Director

Dated: _____

Approved as to form by Defendants' counsel

By _____
Douglas Emhoff, Esq.
Venable LLP