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By JAMES N. HATTEN  
*[Signature]*  
Deputy Clerk

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

COMPUCREDIT CORPORATION  
and JEFFERSON CAPITAL  
SYSTEMS, LLC,

Defendants.

Civil No. 1:08-CV-1976-  
BBM-RGV

STIPULATED ORDER FOR PERMANENT INJUNCTION  
AND OTHER EQUITABLE RELIEF  
AGAINST DEFENDANT JEFFERSON CAPITAL SYSTEMS

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), commenced this action by filing the Complaint for Permanent Injunction and Other Equitable Relief herein. The Complaint alleges that CompuCredit Corporation and Jefferson Capital Systems, LLC ("Defendants") have violated Section 5(a) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 45(a), and further alleges that Jefferson Capital Systems, LLC has violated Sections 806 and 807(10) of the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. §§ 1692d and

1692e(10). Defendants have filed Answers denying liability for any of the violations alleged in the Complaint.

Plaintiff and Defendant Jefferson Capital Systems, by and through their respective counsel, have agreed to entry of this Stipulated Order for Permanent Injunction and Other Equitable Relief by this Court, without adjudication of any issue of fact or law, and without Defendant admitting liability for any of the violations alleged in the Complaint.

**NOW, THEREFORE**, on the joint motion of the parties, **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** as follows:

#### **FINDINGS**

1. This Court has jurisdiction of the subject matter of this case and the parties pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, and 1692l.
2. Venue in the Northern District of Georgia is proper under 28 U.S.C. §§ 1391(b) and (c), and 15 U.S.C. § 53(b).

3. The acts and practices of Defendant Jefferson Capital Systems, as alleged in the Complaint, are in or affecting "commerce," as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

4. The Complaint states a claim upon which relief may be granted against Defendant Jefferson Capital Systems under Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FDCPA, 15 U.S.C. § 1692 *et seq.*

5. Defendant Jefferson Capital Systems has entered into this Order freely and without coercion. Defendant Jefferson Capital Systems further acknowledges that it has read the provisions of this Order and is prepared to abide by them.

6. The Commission and Defendant Jefferson Capital Systems stipulate and agree to entry of this Order under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), without trial or final adjudication of any issue of fact or law, to settle and resolve all matters of dispute arising from the conduct alleged in the Complaint in this action and the concurrent administrative Federal Deposit Insurance Corporation ("FDIC") action (FDIC-08-139b, FDIC-08-140k, FDIC-07-256b, FDIC-07-257k, FDIC-07-228b, and FDIC-07-260k), to the date of this Order.

7. Defendant Jefferson Capital Systems waives all rights to seek appellate review or otherwise challenge or contest the validity of this Order.

Defendant Jefferson Capital Systems further waives and releases any claim it may have against Plaintiff, or its employees, representatives, or agents.

8. Defendant Jefferson Capital Systems agrees that this Order does not entitle it to seek or obtain attorneys' fees as a prevailing party under the Equal Access to Justice Act, 28 U.S.C. § 2412, as amended by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996), and further waives any right to attorneys' fees that may arise under said provision of law.

9. This action and the relief awarded herein are in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law.

10. Entry of this Order is in the public interest.

#### **DEFINITIONS**

For the purposes of this Order, the following definitions shall apply:

1. Unless otherwise specified, "Defendant Jefferson Capital" or "Jefferson Capital" shall mean Jefferson Capital Systems, LLC, and its successors and assigns.

2. "Initial Fee" shall mean any annual, activation, account opening, membership, periodic, or other fee imposed for the issuance or availability of a

credit card at the time the account is opened; *provided* that "Initial Fee" shall not include: (i) any fee imposed for an extension of credit in the form of cash; (ii) any fee imposed for a late payment; or (iii) any fee imposed in connection with an extension of credit in excess of the amount of credit authorized to be extended with respect to such account.

## **CONDUCT RELIEF**

### **I.**

**IT IS THEREFORE ORDERED** that Defendant Jefferson Capital and its officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, whether acting directly or through any corporation, subsidiary, division, or other entity, who receive actual notice of this Order by personal service or otherwise:

A. Shall disclose as clearly and prominently as, and on the same page as, any representation about credit limits or available credit in any credit card solicitation:

- (1) A description of –
  - (a) All Initial Fees;

(b) All other fees imposed for the issuance or availability of a credit card, or imposed based on account activity or inactivity, other than: (i) any fee imposed for an extension of credit in the form of cash; (ii) any fee imposed for a late payment; (iii) any fee imposed in connection with an extension of credit in excess of the amount of credit authorized to be extended with respect to such account; or (iv) any fee imposed in connection with foreign country transactions or foreign currency exchange;

(c) The amount and timing of all such fees; and

(d) All other restrictions imposed for the issuance or availability of credit;

(2) If the aggregate amount of the Initial Fees or other restrictions that affect initial available credit is material, the amount of credit available upon activation after application of the Initial Fees and other restrictions, *provided* that if the solicitation offers a credit limit of "up to" a certain amount, the amount of available credit after application of Initial Fees and restrictions shall be expressed as an example of a typical offer of credit; and

(3) If the effect of the fees described in SubPart I.A(1)(b) or the restrictions described in SubPart I.A(1)(d) on available credit is material, a description of the effect of such fees or restrictions on available credit; and

B. Shall not make any misrepresentation, expressly or by implication, about any material term of an offer or extension of credit, including but not limited to the amount of available credit or the relationship between an offer or extension of credit and a debt repayment plan or the repayment of existing debt, in connection with the advertising, marketing, soliciting, billing, or servicing of open-end credit.

C. Shall not make any representations to any consumer or any other person or entity that the FTC or FDIC or any employee, agent, or representative of the FTC or FDIC has endorsed or approved any aspect of any product or service offered by Defendant Jefferson Capital.

D. In connection with debt collection activities governed by the FDCPA, 15 U.S.C. §§ 1692-1692p, is hereby permanently restrained and enjoined from:

(1) Using false, deceptive, or misleading representations or means in connection with the collection of any debt, including, but not limited to, representations regarding the amount of available credit or the relationship between

an offer or extension of credit and a debt repayment plan or the repayment of existing debt in connection with the advertising, marketing, soliciting, billing, or servicing of open-end credit, in violation of Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10);

(2) Engaging in conduct the natural consequence of which is to harass, oppress, or abuse any person in connection with the collection of a debt, in violation of Section 806 of the FDCPA, 15 U.S.C. § 1692d, including, but not limited to:

(a) Using obscene or profane language or language the natural consequence of which is to abuse the hearer, in violation of Section 806(2) of the FDCPA, 15 U.S.C. § 1692d(2); and

(b) Causing a telephone to ring or engaging a person in telephone conversation repeatedly or continuously with the intent to annoy, abuse, or harass a person at the number called, in violation of Section 806(5) of the FDCPA, 15 U.S.C. § 1692d(5); and

(3) Engaging in any other act or practice that violates the FDCPA, 15 U.S.C. § 1692 *et seq.*



E. In connection with any debt collection activity covered by the FDCPA, shall, for a period of five (5) years from the date of entry of this Order:

(1) Provide the following information, clearly and conspicuously, on each written collection communication that is sent to a consumer:

(a) That the company must comply with a federal law called the Fair Debt Collection Practices Act ("FDCPA") that provides consumers with certain rights.

(b) That one of these is the right to have the company stop communicating with the consumer about the debt. If the consumer writes to the company and asks the company to stop communicating with the consumer about the debt, the company will stop, except (1) to advise the consumer that the company intends to pursue specific remedies permitted by law; or (2) to advise the consumer that the company's efforts are being terminated.

(c) If the consumer has a complaint about the way the company is collecting the debt, the consumer may contact the company in writing at a specified address or call the company at a specified toll-free telephone number between 9:00 A.M. and 5:00 P.M. Central Time, Monday through Friday.

(d) The FDCPA is enforced by the Federal Trade Commission. The consumer may contact the FTC online at *www.ftc.gov*, call the FTC at 1-877-FTC-HELP, or write the FTC at Federal Trade Commission, Consumer Response Center, 600 Pennsylvania Ave., N.W., Washington, D.C. 20580, about the way the company is collecting the debt.

This information shall be provided in the languages that appear in such communications sent to consumers. The information shall be given in addition to, and not in lieu of, all notices required by the FDCPA, including the notices required by Sections 807(11) and 809(a) of the FDCPA, 15 U.S.C. §§ 1692e(11) and 1692g(a).

(2) Provide a copy of the following notice to all officers, servants, agents, and employees having responsibility with respect to the collection of debts, within thirty (30) days of entry of this Order, and to each employee hired for a period of five (5) years after that date, no later than the time the employee assumes responsibility with respect to the collection of debts, and secure from each such person a signed statement acknowledging receipt of a copy of the notice:

**Debt collectors must comply with the federal Fair Debt Collection Practices Act, which limits your activities in trying to collect money from consumers. Among other prohibited debt collection activities, Section 806 of the Act prohibits you**

from harassing, oppressing, or abusing a person, including, but not limited to, using obscene or profane language. Section 807 of the Act prohibits you from using any false, deceptive, or misleading representation or means to collect a debt, including, but not limited to, falsely representing or implying that any action, including legal action, will be taken against a consumer. Section 805 of the Act prohibits you from communicating with third parties for purposes other than acquiring location information about a consumer and from contacting a consumer at work if you know or should know that the consumer's employer prohibits the consumer from receiving such communications.

**Individual debt collectors may be financially liable for their violations of the Act.**

## **CREDIT REPORTING**

### **II.**

**IT IS FURTHER ORDERED** that within sixty (60) days of Defendant CompuCredit Corporation posting the credits required by Part II of the separate and concurrent Stipulated Order for Permanent Injunction and other Equitable Relief Against Defendant CompuCredit Corporation ("CompuCredit Final Order"), for all closed accounts included in Part II that have charged off and have a zero balance or a net credit balance as a result of the credits issued pursuant to the CompuCredit Final Order, Defendant Jefferson Capital shall request that each consumer reporting agency to which it has reported information remove the

affected trade line or trade lines. For all other accounts that receive a credit under the CompuCredit Final Order, Defendant Jefferson Capital shall request that each consumer reporting agency to which it has reported information remove the affected trade line or trade lines, or shall furnish such agency accurate information regarding the modifications to each account resulting from the CompuCredit Final Order.

### **COMPLIANCE MONITORING**

#### **III.**

**IT IS FURTHER ORDERED** that, for the purpose of monitoring and investigating compliance with any provision of this Order:

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

B. In addition, the Commission is authorized to use all other lawful means, including but not limited to:

(1) Obtaining discovery from any person, without further leave of Court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45 and 69;

(2) Posing as consumers and suppliers to Jefferson Capital, its employees, or any other entity managed or controlled in whole or in part by Defendant Jefferson Capital, without the necessity of identification or prior notice; and

C. Defendant Jefferson Capital shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

*Provided*, however, that nothing in this Order shall limit the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things,

testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

## **COMPLIANCE REPORTING**

### **IV.**

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

A. For a period of three (3) years from the date of entry of this Order, Defendant Jefferson Capital shall notify the Commission of any changes in structure of Defendant Jefferson Capital or any business entity that Defendant Jefferson Capital directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including but not limited to: incorporation or other organization; a dissolution, assignment, sale, merger, or other action; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; or a change in the business name or address, at least thirty (30) days prior to such change, *provided* that, with respect to any proposed change in the business entity about which Defendant Jefferson Capital learns less than thirty (30) days prior to the date

such action is to take place, Defendant Jefferson Capital shall notify the Commission as soon as is practicable after obtaining such knowledge.

B. One hundred eighty (180) days after the date of entry of this Order and annually thereafter for a period of three (3) years, Defendant Jefferson Capital shall provide a written report to the Commission, which is true and accurate and sworn to under penalty of perjury, setting forth in detail the manner and form in which it has complied and is complying with this Order. These reports shall include, but not be limited to:

- (1) Copies of all advertisements and promotional materials containing any representation covered by this Order;
- (2) A copy of each acknowledgment of receipt of this Order obtained pursuant to Part VI, titled "Distribution of Order"; and
- (3) Any other changes required to be reported under SubPart IV.A;

C. Defendant Jefferson Capital shall notify the Commission of the filing of a bankruptcy petition by Defendant within fifteen (15) days of filing;

D. For the purposes of this Order, Defendant Jefferson Capital shall, unless otherwise directed by the Commission's authorized representatives, send by

overnight courier all reports and notifications to the Commission to the following address:

Associate Director for Enforcement  
Federal Trade Commission  
600 Pennsylvania Avenue, N.W., Room NJ-2122  
Washington, D.C. 20580  
RE: DEBrief@ftc.gov.

E. For purposes of the compliance reporting and monitoring required by this Order, the Commission is authorized to communicate directly with the Defendant.

#### **RECORD KEEPING PROVISIONS**

##### **V.**

**IT IS FURTHER ORDERED** that, for a period of six (6) years from the date of entry of this Order, in connection with any business where Defendant Jefferson Capital is engaged in conduct related to the subject matter of this Order, Defendant Jefferson Capital and its agents, employees, officers, corporations, and those persons in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, are hereby restrained and enjoined from failing to create and retain the following records:



A. Accounting records that reflect revenues generated in connection with the collection of debts, and the disbursement of such revenues, to the extent such information is obtained in the ordinary course of business;

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

C. Customer files containing the names, addresses, phone numbers, dollar amounts paid for Initial Fees and all other fees imposed for the issuance or availability of a credit card, or imposed based on account activity or inactivity, to the extent such information is obtained in the ordinary course of business;

D. Collection account files containing the consumer and creditor names, addresses, telephone numbers, dollar amounts of debt owed, records of collection activity, collector notes, amounts collected, and amounts disbursed to creditors;

E. For every consumer complaint or refund request relating to the subject matter of this Order, whether received directly, indirectly, or through a third party, records that include:

(1) Any complaint and the date received, and the nature of any complaint as reflected in any notes, logs, or memoranda, including a description of the conduct alleged; and

(2) The basis of the complaint, including the names of any debt collectors or supervisors complained about; the nature of any investigation conducted concerning the validity of any complaint; all documents relating to the disposition of the complaint, including records of all contacts with the consumer; the Defendant's response to the complaint and the response date, whether the complaint was resolved, the date of the resolution; and any action taken to correct alleged conduct that violated the FTC Act and/or the FDCPA;

F. Copies of all scripts, training materials, advertisements, or other marketing materials related to the subject matter of this Order; and

G. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of all procedures for receiving and responding to consumer complaints, all documents

relating to investigations of consumer complaints, and all documents demonstrating how each consumer complaint was responded to or addressed; all communications with governmental or consumer protection organizations relating to the subject matter of this Order; copies of acknowledgments of receipt of notices required by SubPart II.E(2); copies of acknowledgments of receipt of this Order, required by Parts VI and VII, titled "Distribution of Order" and "Acknowledgment of Receipt of Order"; and all reports submitted to the Commission pursuant to Part IV, titled "Compliance Reporting."

## **DISTRIBUTION OF ORDER**

### **VI.**

**IT IS FURTHER ORDERED** that, for a period of three (3) years from the date of entry of this Order, Defendant Jefferson Capital shall deliver copies of this Order as directed below:

A. Defendant Jefferson Capital must deliver a copy of this Order to: (1) all of its principals, officers, directors, and managers; (2) all of its employees, agents, and representatives who engage in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure set

forth in SubPart A of Part IV, titled "Compliance Reporting." For current personnel, delivery shall be within five (5) days of service of this Order upon Defendant Jefferson Capital. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in SubPart A of Part IV, titled "Compliance Reporting," delivery shall be at least ten (10) days prior to the change in structure.

B. Defendant Jefferson Capital must secure a signed and dated statement acknowledging receipt of the Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order pursuant to this Part VI.

#### **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

#### **VII.**

**IT IS FURTHER ORDERED** that Defendant Jefferson Capital, within seven (7) business days of receipt of this Order as entered by the Court, must submit to the Commission a truthful sworn statement acknowledging receipt of this Order.

**RETENTION OF JURISDICTION**

**VIII.**

**IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

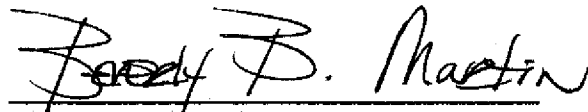
**RESERVATION OF RIGHTS**

**IX.**

Except as limited by this Stipulated Order for Permanent Injunction and Other Equitable Relief, this Order shall not bar, estop or otherwise prevent any federal or state agency or department from taking any action against Defendant Jefferson Capital, its affiliates, or its directors, officers, and employees. Except as limited by this Stipulated Order for Permanent Injunction and Other Equitable

Relief, Defendant Jefferson Capital reserve all of its rights with respect to the assertion of any claims, in any forum, by any individual, agency, or entity, including all governmental agencies.

IT IS SO ORDERED, this 19<sup>th</sup> day of December, 2008.

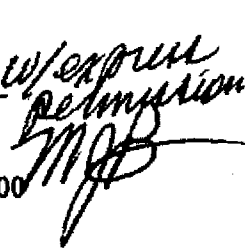
  
UNITED STATES DISTRICT JUDGE

**STIPULATED AND AGREED TO BY:**

**FOR DEFENDANT JEFFERSON CAPITAL SYSTEMS, LLC:**



\_\_\_\_\_  
DAVID M. BURTON  
PRESIDENT, JEFFERSON CAPITAL SYSTEMS, LLC

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