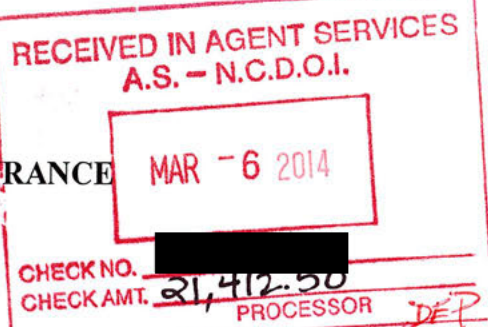


**NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA**



**STATE OF NORTH CAROLINA  
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER  
OF INSURANCE**

**IN THE MATTER OF  
THE LICENSURE OF  
ALLIANCEONE RECEIVABLES  
MANAGEMENT, INC.  
CA #3701 and #3703**

**VOLUNTARY SETTLEMENT  
AGREEMENT**

**NOW COME** AllianceOne Receivables Management, Inc., (hereinafter "AllianceOne"), its officers, Tim Casey, Harry Neerenberg, Kevin Underwood, Roy Buchholz, and the North Carolina Department of Insurance (hereinafter "Department") and hereby enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

**WHEREAS**, AllianceOne is a corporation organized and existing under the laws of the State of Minnesota;

**WHEREAS**, the Department has the authority and responsibility for the enforcement of the provisions of Article 70 of Chapter 58 of the General Statutes of North Carolina applicable to Collection Agencies and the collection agency business; and

**WHEREAS**, AllianceOne's offices in Anderson, Indiana; Gig Harbor, Washington; Maumee, Ohio; Eagan, Minnesota; San Diego, California; and Montego Bay, Jamaica hold permits to operate as a collection agency in North Carolina issued pursuant to N.C.G.S. § 58-70-5;

**WHEREAS**, Tim Casey is AllianceOne's President and Chief Executive Officer, Harry Nurenburg is AllianceOne's Vice President, Chief Financial Officer, Secretary, and Treasurer, Kevin Underwood is AllianceOne's Vice President of Legal Affairs and Roy Buchholz is AllianceOne's Senior Vice President of Administration and Operations Support;

**WHEREAS**, on February 25, 2013, the Department received a complaint from consumer David F. Lauer which indicated that AllianceOne charged him \$10.00 to pay a medical bill in January 2013 and another \$10.00 to pay a second medical bill in February 2013;

**WHEREAS**, in response to Mr. Lauer's complaint, AllianceOne informed the Department that it charges a \$10.00 processing fee for payments made by credit or debit card;

**WHEREAS**, on June 5, 2013, the Department requested pursuant to N.C.G.S. § 58-70-25 that AllianceOne provide information regarding North Carolina consumers from whom AllianceOne has charged and collected processing fees from July 1, 2010 to June 1, 2013;

**WHEREAS**, the term “consumer” is defined under N.C.G.S. § 58-70-90(2) as “an individual, aggregation of individuals, corporation, company, association, or partnership that has incurred a debt or alleged debt;”

**WHEREAS**, on June 20, 2013, AllianceOne’s Vice President of Legal Affairs, Kevin Underwood, produced spreadsheets in response to the Department’s request for information which show that AllianceOne collected \$20,912.50 in processing fees from North Carolina consumers for credit/debit card and phone check payments between June 1, 2010 through June 5, 2013. The spreadsheet also indicates that AllianceOne charged these consumers a fee of \$5.00, \$7.50, or \$10.00 for each payment method;

**WHEREAS**, collection agencies are prohibited under Part 3 of Article 70 of Chapter 58 from collecting or attempting to collect certain fees from consumers. In particular, N.C.G.S. § 58-70-115 provides, in pertinent part, that:

No collection agency shall collect or attempt to collect any debt by use of any unfair practices. Such practices include, but are not limited to, the following:  
... *Collecting or attempting to collect from the consumer all or any part of the collection agency's fee or charge for services rendered*, collecting or attempting to collect any interest or other charge, fee or expense incidental to the principal debt unless legally entitled to such fee or charge.

N.C.G.S. § 58-70-115(2) (Emphasis added);

**WHEREAS**, N.C.G.S. § 58-70-130(c) provides that “The specific and general provisions of Part 3 of this Article shall constitute unfair or deceptive acts or practices proscribed herein or by N.C.G.S. § 75-1.1 in the area of commerce regulated thereby ....;”

**WHEREAS**, it is the Department’s position that N.C.G.S. § 58-70-115(2) prohibits collection agencies from charging and collecting any collection fees from consumers, including the processing fees charged and collected by AllianceOne for payments made by phone, credit card or debit card;

**WHEREAS**, it is AllianceOne’s position that N.C.G.S. § 58-70-115(2) does not prohibit collection agencies from charging and collecting the processing fees charged and collected by AllianceOne for payments made by phone, credit card or debit card so long as the consumer voluntarily agrees to pay such processing fees and the consumer is offered a payment option that does not include processing fees;

**WHEREAS**, on July 15, 2013, the Department sent an e-mail to AllianceOne’s Vice President of Legal Affairs, Kevin Underwood, requesting additional information regarding the fees which AllianceOne has charged to North Carolina consumers and requesting that AllianceOne immediately cease and desist collecting or attempting to collect collection fees from North Carolina consumers;



**WHEREAS**, AllianceOne promptly responded, and in a July 26, 2013 e-mail response to the Department, Mr. Underwood stated that "North Carolina was reclassified as a 'no fee' state on June 6, 2013 in response to your [Department's] inquiries";

**WHEREAS**, N.C.G.S. § 58-70-40(e) provides, in pertinent part, that "A collection agency shall report to the Commissioner any administrative action taken against the collection agency by another state or by another governmental agency in this State within 30 days after the final disposition of the matter. This report shall include a copy of the order or consent order and other information or documents filed in the proceeding necessary to describe the action";

**WHEREAS**, AllianceOne failed to report administrative action taken against it by Minnesota in September 2011 and failed to report administrative action taken against it by Colorado in November 2011 within 30 days after the final disposition of the matters;

**WHEREAS**, AllianceOne did voluntarily report administrative action taken against it by Minnesota in September 2011 and administrative action taken against it by Colorado in November 2011 by disclosing the same on its July 2012 license renewal application;

**WHEREAS**, the Department has requested that AllianceOne and its officers enter into this agreement to permanently cease and desist collecting any fees for its services from North Carolina consumers, including but not limited to processing fees, and to pay a civil penalty of twenty thousand nine hundred twelve dollars and fifty cents (\$20,912.50) in lieu of administrative action against AllianceOne's collection agency permits;

**WHEREAS**, the Department has requested that AllianceOne and its officers have further agreed to promptly and fully reimburse any North Carolina consumer from whom it collected fees between June 1, 2010 through June 5, 2013 upon receipt of a written request from the consumer for such refund made within one year of the execution of this agreement;

**WHEREAS**, the Department has requested that AllianceOne and its officers have agreed to pay a civil penalty of five hundred dollars (\$500.00) for its violations of N.C.G.S. § 58-70-40(e); and

**WHEREAS**, pursuant to N.C.G.S. § 58-2-70(g), the Commissioner of Insurance and the Department have the express authority to negotiate "a mutually acceptable agreement with any person as to the status of the person's license or certificate or as to any civil penalty or restitution"; and

**WHEREAS**, AllianceOne does not acknowledge any wrongdoing and denies it has violated N.C.G.S. §58-70-1 *et seq*;

**WHEREAS**, the parties are desirous of resolving all issues arising out of the foregoing alleged violations without an administrative hearing;

**WHEREAS**, the parties to this Agreement have reached a mutually agreeable resolution of this matter as set out in this Agreement; and

**NOW THEREFORE**, in consideration of the promises and agreements set out herein, the Department, AllianceOne, and its officers hereby agree to the following;

1. AllianceOne shall pay a civil penalty of twenty one thousand four hundred twelve dollars and fifty cents (\$21,412.50) to the Department. The check for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." AllianceOne shall remit the civil penalty along with a copy of this signed agreement by mailing the same via certified mail, return receipt requested on or before March 10, 2014 to the Department in care of its counsel, Assistant Attorney General Anne Kirby. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. AllianceOne and its officers shall permanently cease and desist from collecting any collection fees from North Carolina consumers, including but not limited to processing fees for payments made by credit card, debit card or phone, and shall otherwise comply with all provisions of Article 70 of Chapter 58 of the General Statutes of North Carolina.
3. AllianceOne shall promptly and fully reimburse any North Carolina consumer from whom it collected fees between June 1, 2010 through June 5, 2013 upon receipt of a written request from the consumer for such refund made within one year of the execution of this agreement.
4. AllianceOne and its officers shall comply with all provisions of Article 70 of Chapter 58 of the General Statutes of North Carolina and Title 11 of the North Carolina Administrative Code that are applicable to AllianceOne.
5. This Agreement does not in any way affect the Department's disciplinary power in any future or follow-up examination of AllianceOne, or in any cases or complaints involving AllianceOne. In the event that AllianceOne or any of its present or future locations fail to comply with this Agreement or otherwise fail to comply with the laws and rules applicable to AllianceOne, the Department may take any administrative or legal action it is authorized to take.
6. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner of Insurance. AllianceOne understands that N.C.G.S. § 58-70-40(c)(6) provides that a collection agency's permit may be revoked if a partner or proprietor or officer of the collection agency has violated or refused to comply with an Order of the Commissioner.
7. AllianceOne and its officers enter into this Agreement freely and voluntarily and with knowledge of its right to have an administrative hearing on this matter. AllianceOne and its officers have consulted with an attorney prior to entering into this Agreement.



8. This Voluntary Settlement Agreement, when finalized will be a public record and will not be treated as confidential. Any and all permits issued by the Department to AllianceOne shall reflect that Regulatory Action has been taken against the licensee following the execution of this Agreement. The Department may disclose the contents of this Agreement to third parties upon request or pursuant to any law or policy providing for such disclosure.
9. This Agreement shall become effective when signed by the parties.

**AllianceOne Receivables Management, Inc.**

By:

  
Tim Casey  
President and Chief Executive Officer

Date: 2/10/14

**AllianceOne Receivables Management, Inc.**

By:

\_\_\_\_\_  
Harry Neerenberg  
Vice President, Chief Financial Officer,  
Secretary, and Treasurer

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

**AllianceOne Receivables Management, Inc.**

By:

\_\_\_\_\_  
Kevin Underwood  
Vice President, Legal Affairs

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

**AllianceOne Receivables Management, Inc.**

By:

\_\_\_\_\_  
Roy Buchholz  
Senior Vice President of Administration  
and Operations Support

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

**North Carolina Department of Insurance**

By:

  
Angela K. Ford  
Senior Deputy Commissioner

Date: March 7, 2014

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Date: 2/10/2014

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Kevin Underwood  
Vice President, Legal Affairs

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By: \_\_\_\_\_  
Kevin Underwood  
Vice President, Legal Affairs

Date: 2-17-14

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Roy Buchholz  
Senior Vice President of Administration  
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Angela K. Ford  
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Vice President, Legal Affairs

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Roy Buchholz  
Senior Vice President of Administration  
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Date: 3-3-14

**North Carolina Department of Insurance**

By: \_\_\_\_\_  
Angela K. Ford  
Senior Deputy Commissioner

Date: March 7, 2014