

**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
EGS FINANCIAL CARE, INC.
(FORMERLY NCO FINANCIAL SYSTEMS, INC.)
AND SYSTEMS & SERVICES
TECHNOLOGIES, INC.**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COME EGS Financial Care, Inc., Systems & Services Technologies, Inc., their officers, and the North Carolina Department of Insurance [hereinafter "Department"] and hereby enter into the following Voluntary Settlement Agreement [hereinafter "this Agreement"].

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, until May 19, 2015, EGS Financial Care, Inc. was organized and operated under the name NCO Financial Systems, Inc. Effective May 19, 2015, NCOF changed its name to EGS Financial Care, Inc. EGS Financial Care, Inc. is a Pennsylvania corporation with its principal place of business located in Horsham, Pennsylvania. EGS Financial Care, Inc. has 10 offices licensed in North Carolina in 6 States in the United States, offices in Taguig, Philippines; Marikina, Philippines; and, Quezon City, Philippines and an office in Montreal, QC, which each hold a permit to operate as a collection agency in North Carolina issued pursuant to N.C.G.S. § 58-70-5; and

WHEREAS, Systems & Services Technologies, Inc. [hereinafter, "SST"] is a Missouri corporation with its principal place of business located in St. Joseph, Missouri. SST holds a permit to operate as a collection agency in North Carolina issued pursuant to N.C.G.S. § 58-70-5; and

WHEREAS, EGS Financial Care, Inc. and SST are ultimately owned by Expert Global Solutions, Inc. [hereinafter, "EGS"], formerly known as NCO Group, Inc. EGS is a Delaware corporation with its principal place of business in Plano, Texas; and

WHEREAS, during the period in which the purported violations alleged herein occurred, EGS Financial Care, Inc. was organized and operated under the name NCO Financial Systems, Inc. ["NCOF"]. NCOF and SST were affiliates of another collection agency named Transworld Systems Inc. [hereinafter, "TSI"], which was also ultimately owned by EGS; and

WHEREAS, this Agreement does not constitute an admission of EGS Financial Care, Inc. or SST of any fact or non-compliance with any state or federal law, rule or regulation. The acceptance of this Agreement by the Department is not acceptance or approval by the Department of any of EGS Financial Care, Inc. or SST's business practices and neither EGS Financial Care, Inc. nor SST will make any representation to that effect. EGS Financial Care, Inc. and SST enter into this Agreement for settlement purposes only and deny the Department's allegations. This Agreement is made without any trial or adjudication of any issue of fact or law; and

WHEREAS, in April 2013, the Department began investigating alleged violations of N.C.G.S. § 58-70-115(2) by TSI after it received a written complaint from a North Carolina consumer [hereinafter, "Complainant"] indicating that on three occasions TSI separately drafted \$12.00 from her checking account in addition to a \$50.00 monthly payment on a medical bill; and

WHEREAS, 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); and

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;" and

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 . . .;" and

WHEREAS, the Department alleges that N.C.G.S. § 58-70-115(2) prohibits collection agencies from assessing or collecting convenience fees. On June 14, 2013, the Department informed Mayas Erickson, Assistant Corporate Secretary of Regulatory Affairs for NCOF and SST, of the Department's position that N.C.G.S. § 58-70-115(2) prohibits collection agencies from assessing or collecting convenience fees; and

WHEREAS, in July 2013, counsel for NCOF and SST provided the Department with a copy of NCOF's debt collectors training manual [hereinafter, "Manual"] used by NCOF's debt collectors. The Manual provided NCOF's policy regarding the assessment of convenience fees; and

WHEREAS, in August 2013, counsel for NSOF and SST provided the Department with an analysis detailing its position that convenience fees do not violate N.C.G.S. § 58-70-115. The Department disagreed; and

WHEREAS, EGS Financial Care, Inc. represents that, subject to certain limited mistakes that have since been corrected, it voluntarily ceased charging convenience fees for check or credit card/debit card payments processed over the telephone or for online payments processed through its computer collection systems for consumers that reside in North Carolina effective May 27, 2013, and

WHEREAS, SST represents that, subject to certain mistakes that have since been corrected, it voluntarily ceased charging convenience fees to North Carolina consumers effective August 23, 2013; and

WHEREAS, in September 2013, an officer of NCOF and SST provided verified responses to the Department's August 1, 2013 requests which included convenience fee reports outlining convenience fees with NCOF and SST charged and collected from North Carolina consumers; and

WHEREAS, while self-reported and confirmed to the Department as system errors by NCOF, after May 27, 2013, NCOF mistakenly accepted pre-arranged convenience fees totaling \$1,061.80 and SST mistakenly accepted pre-arranged convenience fees totaling \$1,108; and

WHEREAS, while denied by NCOF and SST, the Department alleges that NCOF and SST committed unfair practices in violation of N.C.G.S. § 58-70-115(2) by collecting convenience fees from North Carolina consumers. Again, while denied by NCOF and SST, the Department also alleges that NCOF and SST did not offer consumers an alternative method of making payments without incurring a convenience fee; and

WHEREAS, based upon the information which NCOF and SST have provided to the Department regarding the convenience fees which they collected from North Carolina consumers and the representations which NCOF and SST have made to the Department regarding those fees, the Department agrees not to pursue other regulatory action against EGS Financial Care, Inc. and SST for those prior alleged violations of N.C.G.S. § 58-70-115(2) in consideration of EGS Financial Care, Inc. and SST's agreement to the terms stated in this Agreement; and

WHEREAS, EGS Financial Care, Inc., SST, and their officers agree to permanently cease and desist collecting convenience fees or any other fees from North Carolina consumers which are prohibited by N.C.G.S. § 58-70-115(2) or any other applicable laws; and

WHEREAS, EGS Financial Care, Inc. and SST agree to pay a civil penalty of three hundred thirty thousand two hundred and sixty dollars (\$330,260.00) for their alleged violations of N.C.G.S. § 58-70-115(2); and

WHEREAS, the Department requested, and EGS Financial Care, Inc. and SST have further agreed, to promptly and fully reimburse all convenience fees collected from any North Carolina consumer from whom NCOF and SST collected convenience fees between August 1, 2010 to March 31, 2014 upon receipt of a written request from the consumer for such refund made within one year of the execution of this Agreement; 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, the parties to this Agreement have reached a mutually agreeable resolution of this matter as set out in this Agreement.

NOW THEREFORE, in consideration of the promises and agreements set out herein, the Department, EGS Financial Care, Inc., SST, and their officers hereby agree to the following:

1. Immediately upon signing this agreement, EGS Financial Care, Inc. and SST shall pay a civil penalty of three hundred thirty thousand two hundred and sixty dollars (\$330,260.00) to the Department. The form of payment shall be via wire transfer, certified check, cashier’s check or money order. The wire transfer, check or money order for the payment shall be payable to the “North Carolina Department of Insurance.” EGS Financial Care, Inc. and SST shall remit the payment or confirmation of payment by certified mail, return receipt requested, to the Department along with a copy of this signed agreement. The payment and the signed Agreement must be received by the Department no later than **September 15, 2015**. 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. EGS Financial Care, Inc., SST, and their officers shall permanently cease and desist from collecting any convenience fees or other fees from North Carolina consumers prohibited by N.C.G.S. § 58-70-115(2) or any other applicable laws, and shall otherwise 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 NCOF and SST.
3. EGS Financial Care, Inc. and SST shall promptly and fully reimburse all convenience fees collected from any North Carolina consumer from whom NCOF or SST collected fees between August 1, 2010 through March 31, 2014 upon receipt of a written request from the consumer for such refund made within one year of the execution of this Agreement. NCOF and SST shall track all refunds

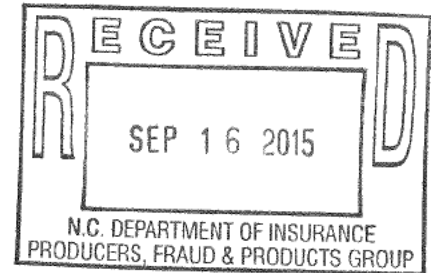
made to North Carolina consumers pursuant to this agreement and provide a list of the names, dates and amounts reimbursed to North Carolina residents within 14 months of the execution of this Agreement.

4. This Agreement shall be binding upon EGS Financial Care, Inc., SST, their officers, agents, subsidiaries and subdivisions, as well as their successors and assigns. Only ¶ 3 of this Agreement shall be binding upon purchasers of all or substantially all of EGS Financial Care, Inc.'s assets or SST's assets.
5. Except relating to the convenience fee issues being resolved by this agreement, this Agreement does not in any way affect the Department's disciplinary power in any future or follow-up examination of EGS Financial Care, Inc. and SST, or in any cases or complaints involving EGS Financial Care, Inc. and SST. In the event that EGS Financial Care, Inc. or SST fail to comply with this Agreement or otherwise fail to comply with the laws and rules applicable to EGS Financial Care, Inc. or SST, 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. EGS Financial Care, Inc. and SST understand 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. EGS Financial Care, Inc. and SST enter into this Agreement freely and voluntarily and with knowledge of their right to have an administrative hearing on this matter. EGS Financial Care, Inc. and SST have consulted with an attorney prior to entering into this Agreement.
8. This Agreement, when finalized will be a public record and will not be treated as confidential. Any and all permits issued by the Department to NCOF and SST shall reflect that Regulatory Action has been taken against those permits 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.
10. By signing below, EGS Financial Care, Inc., SST, and their officers agree to comply with all of the terms of this Agreement.

North Carolina Department of Insurance

By: [REDACTED]
Angela K. Ford
Senior Deputy Commissioner

Date: 9/16/15



EGS Financial Care, Inc.

By: [REDACTED]
James King
as President of EGS Financial Care, Inc.

Date: 8/25/15

EGS Financial Care, Inc.

By: [REDACTED]
Wallace Funk, Jr.
as Vice President of EGS
Financial Care, Inc.

Date: 8/25/15

EGS Financial Care, Inc.

By: [REDACTED]
Ignazio (Tony) L'Abbate
As Senior Vice President, Chief
Compliance Officer, Secretary
EGS Financial Care, Inc.

Date: 8/25/15

EGS Financial Care, Inc.

By: [REDACTED]
Lloyd Cochran
As Senior Vice President, Chief
Financial Officer, Treasurer of
EGS Financial Care, Inc.

Date: 8/25/15

Systems & Services Technologies, Inc.

By: _____

~~James King~~
as President of SST

Date: _____

8/25/15

Systems & Services Technologies, Inc.

By: _____

Lloyd Cochran
as Senior Vice President, Chief
Financial Officer, and Treasurer
of SST

Date: _____

8/25/15