

DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO

Case No. 98CV6898, Courtroom 14

PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION AND REQUEST FOR FORTHWITH DISPOSITION AND HEARING

STATE OF COLORADO, ex rel. GALE A. NORTON, ATTORNEY GENERAL FOR THE STATE OF COLORADO, and LAURA E. UDIS, ADMINISTRATOR, UNIFORM CONSUMER CREDIT CODE,

Plaintiffs,

v.

THE CASH NOW STORE, INC.,

Defendant.

Plaintiffs, State of Colorado, ex rel. Gale A. Norton, Attorney General for the State of Colorado (State), and Laura E. Udis, Administrator, Uniform Consumer Credit Code (Administrator), hereby move this Court, pursuant to § 5-6-112, C.R.S. 1997, or alternatively C.R.C.P. 65, for an order preliminarily enjoining defendant, The Cash Now Store, Inc. (Cash Now), from engaging in transactions and otherwise making loans in violation of or otherwise violating the Uniform Consumer Credit Code, §§ 5-1-101, et seq., C.R.S. 1997 (UCCC or Code), pending final determination of this action. Plaintiffs further request a forthwith disposition of and, if necessary, a forthwith hearing on this motion.

In support, plaintiffs state:

1. The facts and law upon which this motion is based are contained in the Complaint, dated September 1, 1998, filed in this action (Complaint), the attached affidavits of Laura E. Udis, sworn to September 11, 1998 (Udis Afft.), and LaShawna F. Morgan, sworn to September 11, 1998 (Morgan Afft.)¹, and the Memorandum of Law in Support of Plaintiffs' Motion for

¹ Due to unforeseen difficulties, the Morgan Afft. is a fax copy. The original will be filed or otherwise substituted in place of the fax copy when it is received.

Code, and will continue to do so unless restrained by the Court. See Udis Afft., ¶¶ 11, 12.

8. No doubt, in view of the upcoming tax season, Cash Now also would like to see a quick resolution of this matter, which is an "issue important to [its] business". See Udis Afft., ¶¶ 10, 11, Exs. 8, 9.

9. Accordingly, an expeditious disposition of and, if necessary, hearing on this motion are both desirable and appropriate.

Certification of Compliance with
C.R.C.P. 121 Section 1-15(8)

10. For the following reasons, undersigned counsel for plaintiffs has not conferred with opposing counsel about this motion:

a. As stated in the Committee Comment to Rule 121 Section 1-15(8), conferring "would obviously not be appropriate prior to a motion for temporary restraining order". For the same reasons, conferring also is not appropriate prior to a motion for a preliminary injunction.

b. Further, conferring would be useless under the circumstances of this case. See C.R.C.P. Rule 121 Section 1-15, Committee Comment. Here, among other things, Cash Now rejected the Administrator's offers of an assurance of discontinuance and has otherwise made it clear it will not voluntarily cease and desist from engaging in its transactions. It also has commenced its own declaratory judgment action seeking an adjudication that it is not violating the UCCC. See Udis Afft., ¶¶ 10, 11, Exs. 8-10.

c. In any event, at an August 5, 1998, meeting among Cash Now, its attorneys, the Administrator, and the undersigned, Cash Now was advised that, in the event this matter could not be resolved, preliminary injunctive relief would be sought against it.

WHEREFORE, for all the foregoing reasons, plaintiffs request that (1) this motion be granted in all respects, (2) pending the final determination of this action, Cash Now be preliminarily enjoined from engaging in its transactions and otherwise making

loans in violation of or otherwise violating the UCCC, and (3) plaintiffs be awarded all such further relief as the Court deems just.

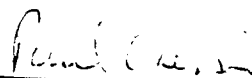
Dated: Denver, Colorado
September 11, 1998

GALE A. NORTON
Attorney General

RICHARD A. WESTFALL
Solicitor General

LINDA L. SIDERIUS
Deputy Attorney General

LAURA E. UDIS
First Assistant Attorney General



PAUL CHESSIN, 12695*
Assistant Attorney General
Uniform Consumer Credit Code

Attorneys for Plaintiffs

1525 Sherman Street, 5th Floor
Denver, Colorado 80203
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*Counsel of Record

AG ALPHA: LW UC HZGWF
AG FILE: P:\RL\RLCHESPZ\UCCC\CASHNOW\PRELMINJ.MOT

DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO

Case No. 98CV6898, Courtroom 14

AFFIDAVIT OF LAURA E. UDIS

STATE OF COLORADO, ex rel. GALE A. NORTON, ATTORNEY GENERAL FOR
THE STATE OF COLORADO, and LAURA E. UDIS, ADMINISTRATOR, UNIFORM
CONSUMER CREDIT CODE,

Plaintiffs,

v.

THE CASH NOW STORE, INC.,

Defendant.

STATE OF COLORADO

CITY AND COUNTY OF DENVER

)
) ss.:
)

Laura E. Udis, being duly sworn, deposes and says:

1. I am the Administrator for the Colorado Uniform Consumer Credit Code and one of the plaintiffs in this action. I submit this affidavit in support of Plaintiffs' Motion for Preliminary Injunction and Request for Forthwith Disposition and Hearing, dated September 11, 1998 (Motion). I have personal knowledge of the matters stated herein.

2. As stated in the Complaint, dated September 1, 1998, filed in this action, which I hereby adopt and incorporate herein by this reference, in March 1998, my office commenced an investigation of the business and activities of defendant, The Cash Now Store, Inc. (Cash Now).

3. In the course of this investigation, Cash Now, through its attorneys, provided certain information and documents to my office.

4. For example, under cover of letter dated April 24, 1998, a copy of which is attached as Exhibit 1, Cash Now provided:

a. copies of its standard form of "Purchase and Assignment Agreement", "Application", and "Offer", copies of which are attached as Exhibits 2, 3, and 4, respectively;

b. a written description of how Cash Now's business - described as the "purchase" of consumers' anticipated tax refunds at a discount - works, a copy of which is attached as Exhibit 5;

c. copies of documentation relating to approximately fifteen representative transactions with various customers, but with certain information, such as the name of the customers, redacted; and

d. copies of radio script and print advertisements, examples of which are attached as Exhibit 6.

5. By letters dated June 12 and 19, 1998, Cash Now provided my office with additional information regarding its business, including a further explanation of how it arrived at a "purchase price" for a consumer's tax refund. Copies of these letters are attached as Exhibit 7.

6. As a result of the investigation and the information Cash Now provided, I determined that Cash Now, rather than "purchasing" anticipated tax refunds at a discount, actually was in the business of making loans. Further, in view of the small amounts of money involved - none of Cash Now's loans were in excess of \$25,000.00, most were under \$1,500.00, and some were less than \$200.00 - I concluded it was likely the consumers used the money for personal, family, or household purposes. Accordingly, I determined that Cash Now was making consumer loans subject to the provisions of the Uniform Consumer Credit Code, §§ 5-1-101, et seq., C.R.S. 1997 (UCCC).

7. To determine the effective annual percentage rate (APR) of Cash Now's loans, I assumed it received the proceeds of the tax refund 12 weeks after the transaction was entered, which I believe is a conservative estimate of time. Since it advances the consumer approximately 50-60% of the face amount of the anticipated refund, this yields an effective APR in excess of 200%. I note that, if Cash Now receives the refund proceeds in less than 12 weeks or advances less than what it states, the APR would be correspondingly higher.

8. Because its loans involved APRs in excess of 12%, Cash Now was required to have a supervised lender's license pursuant to the UCCC. However, my office has no record that Cash Now is, or ever was, licensed as a supervised lender.

9. My review of Cash Now's documents further revealed that it was not disclosing to its customers various information required by the UCCC, such as the loan's finance charge, APR, or amount financed.

10. Accordingly, I instructed my attorneys to notify Cash Now of my findings and determinations and to demand, by way of an offer of an assurance of discontinuance, among other things to cease and desist from further violating the UCCC. By letter dated June 25, 1998, a copy of which is attached as Exhibit 8, my attorneys did so.

11. Subsequent discussions to resolve this matter were unfruitful and ultimately, by letter dated September 1, 1998, a copy of which is attached as Exhibit 9, Cash Now rejected my offer. By reason of this letter, I believe that, unless restrained by this court, it is likely Cash Now will continue to engage in its transactions in violation of the UCCC. Indeed, on or about September 1, 1998, as indicated in its letter, Cash Now commenced a declaratory judgment action seeking an adjudication that it is not violating the UCCC. A copy of its complaint in that action is attached as Exhibit 10.

12. Further, although I understand Cash Now's business apparently is largely seasonal, corresponding with tax season, I also understand it nevertheless is making loans daily in violation of the UCCC.

13. Therefore, and for the reasons more fully set forth in plaintiffs' memorandum of law in support of the Motion, I respectfully request that this Court grant the Motion in all respects, that it preliminarily enjoin Cash Now from engaging in its transactions or otherwise violating the UCCC, and that it award plaintiffs all such further relief as the Court deems just.

Laura E. Udis

Laura E. Udis
Administrator, Uniform Consumer
Credit Code

Sworn to before me this 11th
day of September, 1998

[Signature]
Notary Public

My commission expires: 9/5/2001

AG ALPHA: LW UC HZGW
AG FILE: P URL RLCHESPZAUCCOACASHNOW UDIS.AFT

ISAACSON, ROSENBAUM, WOODS & LEVY, P.C.
ATTORNEYS & COUNSELORS AT LAW

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STEVEN M. WEISER
PAULA J. WILLIAMS
PAMELA A. JOHNSON
MELISSA K. THOMPSON
STACEY R. STERN
CHRISTOPHER J. SVARCZKOPF

LOUIS G. ISAACSON (1910-1993)
CHARLES ROSENBAUM (1901-1973)
SAMUEL M. GOLDBERG (1903-1974)
JOSEPH J. STOLLAR (1940-1964)

Sender's Internet E-mail Address
gkleiman@irwl.com

April 24, 1998

Laura E. Udis, Esq.
Office of the Attorney General
State Services Building
1525 Sherman Street, 5th Floor
Denver, CO 80203

RECEIVED
APR 27 1998

OFFICE OF THE
ATTORNEY GENERAL

RE: The Cash Now Store, Inc.

Dear Ms. Udis:

This letter is in response to your recent inquiry concerning The Cash Now Store, Inc. ("Cash Now"). Pursuant to our phone conversation, the response date to your letter was extended to April 25, 1998. The enclosed information supports the position that Cash Now purchases refunds from its customers and does not engage in loan transactions. I have enclosed the following for your review:

1. Radio advertisement scripts and published advertisements for the Cash Now Store, Inc.
2. All documentation relating to five standard transactions with the Cash Now Store, Inc. customers.
3. All documentation relating to five transactions with customers who owed back taxes to federal or state authorities. These customers failed to disclose this information to Cash Now. As a result, Cash Now incurred losses on these transactions. Cash Now makes no attempt to recover funds in such situations. Cash Now purchased the refund and suffers the loss if the federal or state agency retains the refund.
4. All documentation relating to five transactions in which customers fail to disclose amounts owed as unpaid child support. As a result, Cash Now incurred losses. As stated above, no attempt

EXHIBIT 1

April 24, 1998
Page 2

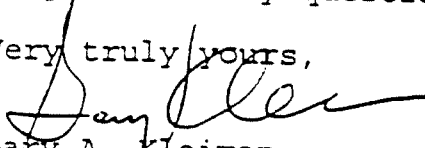
is made to recover funds previously paid to customers. Cash Now purchased the refund and suffers the loss if the federal or state agency retains the refund.

5. A written description of how customers obtain cash for future tax refunds.

6. A copy of a Cash Now Application, a Cash Now Offer, and Cash Now Purchase and Assignment Agreement.

Please feel free to call if you have any questions.

Very truly yours,


Gary A. Kleiman

GAK:CR/179789/Enclosures

cc: Mr. Leroy Belcher

RECEIVED

APR 27 1998

OFFICE OF THE
ATTORNEY GENERAL

**CASH NOW
PURCHASE AND ASSIGNMENT AGREEMENT**

THIS PURCHASE AND ASSIGNMENT AGREEMENT ("Agreement") is made as of the day and year set forth below by and between CASH NOW STORE, INC. ("CASH NOW"), a Colorado corporation and the undersigned assignee(s) ("Assignee(s)").

RECITALS:

- A. Cash Now is a financial service firm engaged in the buying of rights in federal and state income tax refunds from individuals at a discount.
- B. The undersigned Assignee(s) desires to assign to Cash Now all of Assignee's right, title and interest in and to the tax refunds more particularly described herein. Cash Now is willing to accept such assignment in accordance with the terms and provisions hereof.
- C. Cash Now is not a Tax Preparation Company and Assignee's tax return has not been prepared by Cash Now.

NOW, THEREFORE, in consideration of the terms and provisions hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby acknowledge and agree as follows:

1. Tax Refund. Assignee(s) hereby represents and warrants to Cash Now that, to the best of Assignee's knowledge and belief, Assignee(s) is entitled to a federal income tax refund(s) of \$ _____ and a state income tax refund(s) of \$ _____ for a total of \$ _____ (collectively, the "Tax Refunds"). Assignee(s) further represents and warrants to Cash Now that either Assignee(s), or an authorized representative of Assignee(s), has prepared the tax returns submitted to Cash Now hereunder and that in no event shall Cash Now be deemed to have prepared such tax returns.
2. Payment. In consideration of the terms and provisions hereof, Cash Now agrees to pay to Assignee(s) the sum of \$ _____ (the "Total Payment"). Assignee(s) acknowledges that \$ _____ of the Total Payment shall be paid to Assignee(s) by Cash Now upon Assignee's execution of this Agreement (the "Initial Payment") and the remaining \$ _____ of the Total Payment shall be paid to Assignee(s) not later than thirty days from Cash Now's receipt of the Tax Refund funds. However, if the actual amount of the Tax Refund funds actually received by Cash Now are less than the amounts set forth in Section 1 above, the balance paid to Assignee(s) will be the stated balance less the difference in the expected amount.
3. Assignment. In consideration of the terms and provisions hereof, Assignee(s) hereby transfers, conveys and assigns all of Assignee's right, title and interest in and to the Tax Refunds to Cash Now. In accordance with such assignment, Assignee(s)
 - (a) acknowledges that Cash Now shall have the right to take possession of Assignee's completed tax forms and mail such to the proper Tax agency;
 - (b) acknowledges that Cash Now shall have the right to receive, open and review all correspondence received by Cash Now related to the Tax Refunds subsequent to the date hereof. Cash Now agrees to mail such correspondence to Assignee(s) address indicated on the application, which was completed by the Assignee(s).
 - (c) agrees that in no event shall Cash Now be obligated to refund to Assignee(s) any amounts received by Cash Now hereunder in the event that Assignee's Tax Refunds are audited at a later time;
 - (d) represents and warrants to Cash Now that Assignee(s) has not assigned its interest in the Tax Refunds to any other party and that such Tax Refunds are not subject to any lien or encumbrance.

4. Special Power of Attorney. The Assignee(s) hereby grants to Cash Now and/or LeRoy Belcher a Special Power of Attorney granting the right, power and authority to receive, endorse, deposit and cash any and all Tax Refund checks or cause such Tax Refund funds to be an automatic deposit to a Cash Now bank account, including any interest thereon and any amounts in excess of the stated Tax Refunds amount. This is an irrevocable appointment by the Assignee(s) appointing Cash Now as the Assignee(s) exclusive agent to receive, endorse, deposit and/or cash the Tax Refunds.
5. Indemnification. Assignee(s) agrees to indemnify, hold harmless and defend Cash Now from and against any claim, liability, loss, damage, cost or expense which may be imposed upon or incurred by Cash Now as a result of the breach of any representation or warranty made by Assignee(s) hereunder or as a result of Cash Now not receiving the full amount of the Tax Refunds set forth above. Assignee(s) acknowledges that Assignee's indemnification obligation shall include, without limitation, indemnifying Cash Now for any portion of the Tax Refund not received by Cash Now in connection with the enforcement of this Agreement.
6. Further Documents. Assignee(s) agrees to execute subsequent to the date hereof any and all other documents which may be required to effectuate the terms and provisions of this Agreement.
7. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of any successors or assigns of the parties hereto. Assignee(s) acknowledges that in the event Cash Now does not receive the full amount of the Tax Refunds as set forth above, Cash Now may enforce the provisions hereof through the use of a collection agency or other means, including, but not limited to the assignment of all claims hereunder to a collection agency.
8. Choice of Law/Venue. The laws of the State of Colorado shall govern this Agreement. In the event any disputes arise hereunder, the parties acknowledge and agree that the proper jurisdiction to hear such disputes shall be in the court of proper jurisdiction in the City and County where this Agreement is executed.
9. Amendment and Termination. This Agreement may not be abrogated, modified, rescinded, amended or terminated, in whole, or in part, without the prior written consent of both parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be effective as of the date below.

ASSIGNOR

CASH NOW STORE, INC., a Colorado corporation

By: _____

Date: _____

ASSIGNEE(S)

Date: _____

Date: _____

Today's Date:

Cash Now Application

Sequence Number

6903

Yourself

Please Print

Last Name

First Name & M. I.

Social Security Number

Date of Birth

Spouse

Please Print

Last Name

First Name & M.I.

Social Security Number

Date of Birth

Please Print Address

Street

Apt. #

City

State

Zip

Phone

Your Home Phone Number

Your Pager Number

Current Employer

Please Print

Employer

Contact

Address

Phone #

Please Print

Name & Address of Nearest Relative Not Living With You

Please Print

Last Name

First Name & M. I.

Street

Apt. #

City

State

Zip

Relationship to You

Home Phone Number

I HEREBY CERTIFY, ATTEST AND INFORM "CASH NOW" THAT:

- 1) I DO NOT OWE ANY FEDERAL OR STATE PRIOR YEAR(S) INCOME TAXES
- 2) I DO NOT OWE ANY CHILD SUPPORT PAYMENTS
- 3) I DO NOT OWE ANY STUDENT LOAN PAYMENTS
- 4) I DO NOT OWE ANY STATE OR FEDERAL AGENCY ANY MONEY
- 5) I HAVE ALL OF MY W-2'S FROM ALL EMPLOYERS

I/WE AUTHORIZE "CASH NOW" TO OBTAIN AND REVIEW MY/OUR CREDIT REPORT FOR THIS TRANSACTION.

TAX PAYER SIGN

SPOUSE SIGN

M F W A H 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19
 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41

Last Name

First Name

1st

2nd

Final

WHAT IS CASH NOW?

CASH NOW BUYS TAX REFUNDS

CASH NOW WILL BUY FROM YOU, AT A DISCOUNT, YOUR RIGHT TO RECEIVE YOUR TAX REFUND(S).

CASH NOW WILL PAY YOU MONEY TODAY FOR YOUR TAX REFUND(S). THE TOTAL AMOUNT THAT WE PAY WILL BE LESS THAN THE AMOUNT OF THE TAX REFUND(S).

THE ONLY WAY TO GET THE FULL AMOUNT OF YOUR TAX REFUND(S) IS FOR YOU TO FILE YOUR TAX RETURN(S) WITH THE IRS AND/OR STATE.

WHAT CASH NOW IS NOT:

CASH NOW IS NOT A TAX PREPARATION COMPANY.

CASH NOW DOES NOT PREPARE RETURNS, EITHER FOR A FEE OR FOR FREE.

CASH NOW DOES NOT GIVE TAX ADVICE. IF YOU HAVE A TAX QUESTION, WE SUGGEST THAT YOU ASK A QUALIFIED TAX PROFESSIONAL, OR CONTACT THE IRS.

CASH NOW DOES NOT REPRESENT ANY AGENCY OF THE FEDERAL OR STATE GOVERNMENT.

I HAVE REVIEWED THE ABOVE STATEMENTS BY CASH NOW. IF I HAVE ANY QUESTIONS OR NEED CLARIFICATION CONCERNING THE ABOVE STATEMENTS, I WILL ASK THE PERSONNEL OF CASH NOW FOR SUCH.

SIGNED: _____ DATE: _____

CASH NOW OFFER

NAME: _____

SPOUSE: _____

According to the information you have provided Cash Now Store, Inc., it appears you may receive a Federal refund in the approximate amount of \$ _____ and a State tax refund in the approximate amount of \$ _____ for total tax refunds of \$ _____.

Please consider the following offer for you tax refunds:

An offer of \$ _____ for your tax refunds.

If you accept the offer, you will be paid \$ _____ now and the balance of \$ _____ after your tax refund check(s) are received for at least the expected amount. This payment will be made not later than 30 days from receipt of all your tax refund check(s). However, if the actual amount of the tax refund check(s) are less than the expected amount, the balance paid to you will be the stated balance less the difference in the expected amount and the actual amount.

This supersedes any previous agreements concerning the purchase offer and is subject to the Purchase and Assignment Agreement.

CASH NOW STORE, INC.

X _____
AUTHORIZED REPRESENTATIVE

X _____
DATE

ACCEPTANCE

We hereby accept the above offer to purchase our tax refunds. We also hereby authorize "CASH NOW" to receive, endorse and deposit our Federal and State tax refund check(s) OR to have our tax refund(s) deposited directly to a Cash Now's bank account.

X _____
YOUR SIGNATURE

X _____
DATE

X _____
SPOUSE SIGNATURE

X _____
DATE

The following is a description of how a transaction happens and how to determine the purchase price:

1. Customer fills out an application and a credit report is pulled.
2. Cash Now looks at the credit report to determine if customer owes any state or federal agencies or student loans.
3. If the customer owes any of the above, he is rejected. The agency involved will take his/her refund and apply it to the balance due.
4. If the customer does not owe anything, then questions are asked to determine his filing status and any dependents.
5. After the status is determined, Cash Now will enter the customer's W-2s, 1099s and anything else that has income on it.
6. Cash Now will make an offer to purchase the tax return in two different ways, a single pay or a two-pay:
 - (a) A single pay is a one-time purchase;
 - (b) A two-pay is that Cash Now will offer the customer a small payment that day and a larger payment when Cash Now gets paid by the state or the IRS.
7. Factors that determine the purchase price:
 - (a) How large the refund is;
 - (b) How many dependents and what kind of proof the customer has that the dependent lived with him/her all year;
 - (c) Credit Report;
 - (d) How Cash Now feels about the deal;
 - (e) Has the customer been with Cash Now in previous years;
 - (f) If the customer does not have all the necessary information, i.e., social security cards, birth certificates, picture identification;
 - (g) What year the returns are for.
8. Once a purchase price has been agreed upon, the customer has to have his returns prepared. They can be self-prepared or professionally prepared.
9. After the returns are prepared, a check is written to the customer. If it is a two-pay, the customer will pick up the second check in 4-6 weeks or when we get paid.
10. If Cash Now does not get paid, no second pay is given. If it is a single pay, it is Cash Now's loss.

Radio

STRAPPED FOR CASH? WELL NOW THERE'S A SOLUTION. GET CASH IN LESS THAN TWO HOURS FOR YOUR FEDERAL AND STATE INCOME TAX RETURNS WITHOUT WAITING FOR YOUR MONEY. THAT'S RIGHT, YOU CAN GET YOUR CASH NOW WITHOUT HAVING TO WAIT. CASH NOW WILL BUY YOUR INCOME TAX REFUND SO YOU CAN JUST WALK WITH THE CASH. IT'S EASY! ALL YOU HAVE TO DO IS BRING IN ALL OF YOUR W-2'S, A PHOTO ID, AND YOUR SOCIAL SECURITY CARD. IF YOU ARE CLAIMING CHILDREN YOU WILL NEED A SOCIAL SECURITY CARD AND BIRTH CERTIFICATE AND IN LESS THEN TWO HOURS YOU'LL BE ON YOUR WAY... NO REFUND IS TOO SMALL OR TOO LARGE. CASH NOW AT 832-5977. THAT NUMBER IS 832-5977. CASH NOW IS OPEN SEVEN DAYS A WEEK AT ELEVEN TEN EAST COLFAX. THE NUMBER TO CALL IS 832-5977. WHY WAIT WEEKS FOR CASH, WHEN YOU CAN HAVE IT TODAY!!! CALL CASH NOW AT 832-5977 AND ENJOY YOUR CASH NOW!! 832-5977

12/16/97

CASH NOW - APRIL 1-15

APRIL IS HERE AND THE DEADLINE FOR YOUR TAXES IS JUST AROUND THE CORNER! IF YOU ARE FEELING STRAPPED FOR CASH. NOW, THERE'S A SOLUTION! CASH NOW; IN LESS THAN TWO HOURS, YOU CAN GET CASH FOR YOUR FEDERAL AND STATE INCOME TAX REFUNDS. JUST CALL 832-5977, CASH NOW... LOCATED AT ELEVEN TEN EAST COLFAX.. CASH NOW WILL BUY YOUR INCOME TAX REFUND, SO YOU CAN JUST WALK WITH YOUR CASH, NOW! IT'S EASY, ALL YOU'VE GOT TO DO IS BRING IN ALL OF YOUR W-2 FORMS, A PHOTO ID. AND YOUR SOCIAL SECURITY CARD... YOU'LL NEED TO BRING ALONG SOCIAL SECURITY CARDS AND BIRTH CERTIFICATES FOR YOUR DEPENDENTS... AND, IN LESS THAN TWO HOURS, YOU'LL BE ON YOUR WAY WITH CASH! CALL CASH NOW, 832-5977. CASH NOW IS OPEN SEVEN DAYS A WEEK. CALL 832-5977! WHY WAIT WEEKS FOR YOU'RE YOUR MONEY WHEN YOU CAN HAVE CASH TODAY! CALL CASH NOW, 832-5977. CASH NOW LOCATED AT 11-10 EAST COLFAX, CALL TODAY AND BEGIN ENJOYING YOUR CASH NOW!! 832-5977, THAT'S 832-5977.

\$

CASH NOW!

Get cash Today For Your Tax Refund
Two Hours Processing Time
Both Federal and State Tax Refunds
No Amount Too Small or Too Large



Call Now!
832-5977
Call Anytime

er

ISAACSON, ROSENBAUM, WOODS & LEVY, P.C.
ATTORNEYS & COUNSELORS AT LA

SUITE 2200

633 - 17TH STREET

DENVER, COLORADO 80202-3622

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JOHN A. CHANDIN
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BLAIN D. MYHRE
SEAN E. MURPHY
STEPHANIE Y. O'MALLEY
STEVEN M. WEISER
PAULA J. WILLIAMS
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LOUIS G. ISAACSON (1910-1992)
CHARLES ROSENBAUM (1901-1973)
SAMUEL M. GOLDBERG (1902-1974)
JOSEPH J. STOLLAR (1906-1994)

Sender's Internet E-mail Address
gkleiman@irwl.com

June 12, 1998

VIA FAX

State of Colorado
Department of Law
Office of Attorney General
1525 Sherman Street - 5th Floor
Denver, CO 80203

Attn: Paul Chessin

RE: Cash Now Store, Inc.

Dear Mr. Chessin:

The purpose of this letter is to respond to your correspondence of May 28, 1998 concerning the operations of Cash Now Store, Inc. ("Cash Now"). The responses listed below are with reference to the questions raised in your letter.

Your first question relates to whether there are any quantitative measures used in arriving at the discount price. As previously submitted to your office, there are numerous qualitative factors which are taken into account when determining the discount for purposes of acquiring a customer's tax refund. There are no specific quantitative measures for determining the discount. The size of the discount is subjective and depends upon the factors which have previously been submitted to your office. The subjective factors ultimately relate to an objective discount.

On average, Cash Now pays somewhere between 50-60% of the face amount of a customer's tax refund. To arrive at this discount, Cash Now factors in that a certain proportion of its refund purchases will not result in refunds due to Internal Revenue Service ("IRS") authorized setoffs or other pre-existing claims. In addition, Cash Now has certain operating expenses which must be recouped as any business would factor in for an appropriate purchase price. Further, Cash Now builds in a profit margin before federal and state income tax. On very rough approximations, if you are looking for a quantitative measure, Cash Now typically adds up the discount as approximately 15% no pay due to IRS prior claims, 20-30% to recoup administrative expense, and approximately 8-10%

EXHIBIT 7

June 12, 1998

Page 2

profit margin. Therefore, this results in a payment of somewhere between 50-60% of the face amount of the tax refund.

Cash Now's offers to its customers would be on the lower end of that scale for new customers or other customers that fit a profile that increase the risk of an IRS no pay. For example, customers with poor credit ratings, prior tax claims, or risks that some of the categories and positions taken on a tax return may be incorrect, result in lower purchase prices because of higher risk for Cash Now. On the other hand, toward the higher end of the scale are those customers with clean credit reports, tax returns that do not reflect risk factors, and perhaps most importantly, past customers.

The second question you raised relates to the difference between single pay and two pay arrangements. The customer is given the option for a one pay or two pay arrangement. In a two pay arrangement, an initial payment is made to the customer with a second payment coming at the time the tax refund is received. In this circumstance, there is less risk for Cash Now and the percentage of the face amount payment increases. The average payment percentage for two pays is approximately 65%. The customers are given the option to take the two pay option which results in a higher payment for the customer.

On some occasions, Cash Now will only offer a two pay arrangement because of higher risk factors for a particular customer.

Cash Now's customers are not bound or obligated to accept either the one or two pay arrangement. In fact, Cash Now's figures indicate that approximately 50% of its customers accept the payment arrangement offered by Cash Now. Of the remaining 50%, roughly half reject Cash Now's offer and the other half are rejected by Cash Now because the customer is high risk.

Cash Now estimates that approximately two-thirds of its customers choose the one pay option with the remaining one third using the two pay option.

You also asked how Cash Now's tax refund transaction differ from tax refund anticipation loans. Primarily, the difference is that Cash Now purchases the tax refund. Cash Now's purchase is a risk transaction for Cash Now as it assumes the risk that the IRS will have a prior claim on a customer's tax refund. Another risk is that there are pre-existing child support claims against a customer's anticipated tax refund. Cash Now has no recourse against the customer in the event the IRS does not make the refund. There is no obligation of Cash Now's customer to pay back the amount which Cash Now paid for the tax refund.

Cash Now's transaction is completely different than a refund anticipation loan. In a refund anticipation loan, a company enters

June 12, 1998

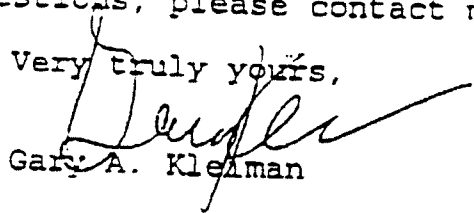
Page 3

into a loan transaction where the customer signs a loan agreement and is obligated to pay back the lender. I do not have any personal exposure to refund anticipation loans, but it is my understanding that the lender often takes a security interest in the refund claim and sets up a bank account for the electronic deposit of the refund claim by the IRS. The IRS has indicated in Revenue Procedure 91-69 that refund anticipation loans are a contract between the taxpayer and the lender. In a refund anticipation loan, the lender has merely loaned funds with recourse against the taxpayer. By contract, Cash Now purchases the tax refund and has no recourse other than a claim for breach of representation that there were no prior liens on the tax refund. The risk feature is completely different.

Last, you inquire as to the applicability of the Assignment of Claims Act 31 U.S.C. § 3727 ("Claims Act") to Cash Now transactions. I believe the Claims Act is irrelevant to Cash Now transactions at least to any analysis of whether transactions are loans or purchases. The Claims Act would, in certain circumstances, give the IRS priority over any purported assignment of a federal refund claim. However, as indicated above, Cash Now acknowledges that the IRS has priority on a tax refund claim. In fact, as indicated above, many of Cash Now's assignments are worthless because the IRS has priority over the refund and does not pay the customer's refund, i.e., a no pay. Thus, the Claims Act has priority and Cash Now acknowledges it as such for any particular customer's tax refund claim. Nevertheless, the Claims Act does not affect the contractual arrangement between Cash Now and its customer. Thus, although the assignment may be ineffective with respect to the IRS to give Cash Now any type of priority over the IRS, it is effective between Cash Now and its customer. I would also bring to your attention, that I am aware of at least one bankruptcy case which indicates that the Claims Act does not apply to tax refund claims. Nevertheless, I believe the Claims Act is irrelevant to your inquiry since Cash Now acknowledges that the IRS has priority on a customer's tax refund.

If you have any additional questions, please contact me.

Very truly yours,


Gary A. Kleiman

GAK:cr/186649

cc: Mr. LeRoy Belcher

ISAACSON, ROSENBAUM, WOODS & LEVY, P.C.
ATTORNEYS & COUNSELORS AT LAW

SUITE 2200

633 - 17TH STREET

DENVER, COLORADO 80202-362

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(303) 292-5656

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PATRICIA HILL KELLEY
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CHARLES ROSENBAUM (1893-1973)
SAMUEL M. GOLDBERG (1883-1974)
JOSEPH J. STOLLAR (1846-1941)

Sender's Internet E-mail Address
gkleiman@irwl.com

June 19, 1998

VIA FAX

State of Colorado
Department of Law
Office of Attorney General
1525 Sherman Street - 5th Floor
Denver, CO 80203

Attn: Paul Chessin

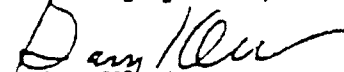
RE: Cash Now Store, Inc.

Dear Mr. Chessin:

In our most recent telephone conference, you raised an additional question concerning the two pay arrangement. In a two pay arrangement, approximately 60% of the face value of a customer's tax refund is the purchase price. At the first installment of the two pay, approximately 25-35% of the purchase price is paid to the customer. The remaining balance (i.e., 65-75%) is paid at the time the tax refund is obtained from the IRS. Cash Now has unequivocally purchased the tax refund and initially is at risk for 25-35% of the purchase price.

If you have any additional questions concerning the two pay arrangement or any other issue, please advise. As I indicated in our phone conversation, I would appreciate a prompt response from the Attorney General's office if there are any other questions concerning this matter.

Very truly yours,


Gary A. Kleiman

GAK:cx/186645

cc: Mr. LeRoy Belcher



GALE A. NORTON
Attorney General

MARTHA PHILLIPS ALLBRIGHT
Chief Deputy Attorney General

RICHARD A. WESTFALL
Solicitor General

STATE OF COLORADO
DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STATE SERVICES BUILDING
1525 Sherman Street - 5th Floor
Denver, Colorado 80203
Phone (303) 866-4500
FAX (303) 866-5691

June 25, 1998

Gary A. Kleiman, Esq.
Isaacson, Rosenbaum, Woods & Levy,
P.C.
633 17th Street, Suite 2200
Denver, Colorado 80202-3622

RE: The Cash Now Store, Inc.

Dear Mr. Kleiman:

Thank you for your fax of June 19, 1998. Both the Administrator and I greatly appreciate your prompt responses to the questions we have asked and the cooperation you have shown in this matter.

To recap our understanding, your client describes its business as purchasing anticipated tax refunds at a discount. Briefly, in return for what it terms an assignment of a taxpayer's anticipated tax refund, it pays the taxpayer approximately 50% to 60% of the face amount of the anticipated refund.

Most of these transactions are of the "single pay" type, in which the full amount of the purchase price is paid to the taxpayer at the time the transaction is entered. Some transactions are so-called "two pay", in which approximately 25% to 35% of the purchase price is paid the taxpayer at the time the transaction is entered, and the remainder of the purchase price paid when the refund is received.

After careful consideration, the Administrator has determined that these transactions actually are loans. Assuming your client receives the proceeds of the tax refund within 12 weeks after it pays the taxpayer the purchase price, these loans have effective annual percentage rates (APRs) in excess of 200%.

Because the APRs exceed 12%, these transactions require a supervised lender's license, see §§ 5-3-501, et seq., of the Uniform Consumer Credit Code, §§ 5-1-101, et seq., C.R.S. 1997 (UCCC). According to our records, your client does not possess such a license.

Further, it is evident from the sample transactions you have provided that your client did not comply with other aspects of the UCCC, such as the disclosure provisions in §§ 5-3-301, et seq.

To settle this matter, the Administrator is willing to offer your client an assurance of discontinuance pursuant to UCCC § 5-6-109 (AOD). Among other things, the AOD will require your client to cease and desist from engaging in further similar transactions without complying with the UCCC, and to make appropriate refunds to taxpayers.

I glean from your letters that your client is interested in resolving this matter as quickly as possible. Therefore, I would appreciate it if you could get back to me with your client's response within three weeks from the date of this letter. As I recall, this letter may catch you while you are on vacation. Therefore, if this time frame does not work for you, please do not hesitate to give me a call.

Once again, the Administrator and I thank you for your cooperation in and attention to this matter. If you have any questions, please do not hesitate to call.

Sincerely yours,

FOR THE ATTORNEY GENERAL



PAUL CHESSIN
Assistant Attorney General
Uniform Consumer Credit Code
(303) 866-4494
(303) 866-5691 (FAX)

AG ALPHA:
AG FILE:

LW UC HZGWF
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ATTORNEYS & COUNSELORS AT LAW

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Sender's Internet E-mail Address
gkleiman@irwl.com

September 1, 1998

VIA FAX

State of Colorado
Department of Law
Office of Attorney General
1525 Sherman Street - 5th Floor
Denver, CO 80203

Attn: Mr. Paul Chessin

RE: Cash Now Store, Inc.

Dear Mr. Chessin:

This is in response to your letter dated August 19, 1998. This will confirm that our client has rejected the Administrator's offer as set forth in the Assurance of Discontinuance. We are proceeding immediately to file a declaratory action for a judicial determination of this issue important to our client's business. We will pass along a courtesy copy of the Complaint under separate cover.

Please feel free to contact either Ed Ramey or me if you have any questions.

Very truly yours,
Gary Kleiman
Gary A. Kleiman

GAK:cr/186649

cc: Mr. LeRoy Belcher
Edward T. Ramey, Esq.

DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO

Case No. _____, Courtroom _____

COMPLAINT FOR DECLARATORY JUDGMENT

THE CASH NOW STORE, INC., a Colorado Corporation,

Plaintiff,

vs.

THE STATE OF COLORADO, acting by and through the Administrator of the Uniform Consumer Credit Code,

Defendant.

Plaintiff, The Cash Now Store, Inc. ("Cash Now"), a Colorado corporation, through its undersigned counsel, states as follows:

General Allegations

1. This action is brought pursuant to the Colorado Uniform Declaratory Judgments Law, C.R.S. § 13-51-101, *et. seq.*, and Colo.R.Civ.P. 57, for the purpose of obtaining a declaration of rights and determination of a question of construction arising under a statute of the State of Colorado, to wit C.R.S. §§ 5-3-101, *et. seq.*, of the Colorado Uniform Consumer Credit Code. Cash Now is a person whose rights have been and are being affected by asserted application of such statute by the Defendant State of Colorado, acting by and through the Administrator of the Uniform Consumer Credit Code ("the Administrator").

2. Cash Now is a Colorado corporation with its principal place of business at 1110 East Colfax Avenue in the City and County of Denver. Cash Now is a financial service firm engaged in the business of purchasing assignments of the rights of individuals in unpaid federal and state income tax refunds for a mutually agreed price reflecting a discount from the face amount of the refund. Cash Now has been engaged in the above described business activity since 1994.

3. The Administrator is the Assistant Attorney General duly designated by the Attorney General of the State of Colorado to perform the functions set forth in C.R.S. §§ 5-6-101, *et. seq.*, of the Colorado Uniform Consumer Credit Code.

4. In the context of its business as described in paragraph 2, above, Cash Now enters into contracts with individuals whereunder it pays to them an immediate sum of money in return for an assignment and conveyance to it of the individuals' rights to receive federal and/or state income tax refunds which have been independently determined to be due to such individuals but which are generally not yet payable. The price paid to such individuals is in an amount less than the face amount of the anticipated tax refunds which are being purchased thereby (usually 50-60%). Most purchase transactions involve a single payment of the entire purchase price by Cash Now at the time the Purchase and Assignment Agreement is executed with the individual seller, though some involve a deferral of a portion of the purchase price until the tax refund is received. A true and correct copy of the standard form Purchase and Assignment Agreement utilized by Cash Now is attached hereto as **Exhibit A**.

5. Cash Now takes or holds no security for payment of the tax refunds which it purchases, and the sole remaining contractual liability of the individual seller is to indemnify Cash Now for any portion of a purchased tax refund ultimately not received by Cash Now as a result of misrepresentations or breaches of warranty by the seller, or otherwise. In no event is the individual seller ever contractually liable for more than the face amount of the purchased refund(s). In practice, Cash Now generally assumes the complete risk that all or a portion of a purchased tax refund will not be received for whatever reason, to include miscalculation of amount, application to priority claims, seizure by other creditors, refusal of the taxing authority to honor the assignment, or conversion by the individual seller.

6. On or about June 25, 1998, Cash Now was advised by the Administrator that she had determined that the transactions described above were actually "disguised consumer loans" within the purview of the Colorado Uniform Consumer Credit Code, that the "interest" rates being charged therefor were usurious, that Cash Now was operating as a "supervised lender" without a proper license, and that Cash Now was in violation of the "consumer loan" disclosure provisions set forth in the Colorado Uniform Consumer Credit Code. Accordingly, the Administrator has demanded that Cash Now cease and desist its business activities, execute an Assurance of Discontinuance, and refund "excess charges" to the individuals from whom it had purchased tax refunds.

7. Cash Now has communicated with the Administrator in an effort to resolve the issues described above, but these discussions have been unavailing.

8. If the position of the Administrator is correct and/or if Cash Now accedes to the Administrator's requests, it will be necessary for Cash Now to terminate completely its business operations. The damage to Cash now will be immediate, permanent, and irreparable.

9. If Cash Now continues its business activities in the face of the demands of the Administrator, it runs the risk of incurring additional liabilities, and perhaps penalties, should the position of the Administrator ultimately be determined to be correct.

10. Cash Now believes in good faith that the transactions it enters into as described above are legitimate purchase and sale transactions, do not involve an extension of "consumer credit" or the making of a "consumer loan," and are not "disguised" loans in any respect. Cash Now believes and submits that it is fully in compliance with all applicable state and federal laws.

Claim for Relief

11. Paragraphs 1 through 10, above, are incorporated herein by reference as if set forth in full.

12. Cash Now is entitled to a declaration of its rights and status under or as affected by the Colorado Uniform Consumer Credit Code, and particularly C.R.S. §§ 5-3-101, *et. seq.*, to include a determination and declaration as to whether its business transactions are "disguised consumer loans," whether it is charging a usurious "interest" rate in connection therewith, whether its activities require that it be a licensed "supervised lender," and whether it is in noncompliance with the statutory "consumer loan" disclosure provisions.

Prayer for Relief

WHEREFORE, Cash Now prays for judgment as follows:

a. for entry of Judgment declaring its rights and status under or as affected by the Colorado Uniform Consumer Credit Code, and particularly C.R.S. §§ 5-3-101, *et. seq.*, to include a determination and declaration as to whether its business transactions are "disguised consumer loans," whether it is charging a usurious "interest" rate in connection therewith, whether its activities require that it be a licensed "supervised lender," and whether it is in noncompliance with the statutory "consumer loan" disclosure provisions;

- b. for its costs incurred in connection with this action; and
- c. for such further and different relief as to this Court may seem just and proper.

ISAACSON, ROSENBAUM, WOODS & LEVY, P.C.

By: 

Edward T. Ramey, No. 6748

Gary A. Kleiman, No. 10791

633 17th Street, Suite 2200

Denver, CO 80202

Telephone: (303) 292-5656

ATTORNEYS FOR PLAINTIFF THE CASH NOW
STORE, INC.

Plaintiff's Address:

1110 East Colfax Avenue

Denver, CO 80218

CASH NOW
PURCHASE AND ASSIGNMENT AGREEMENT

THIS PURCHASE AND ASSIGNMENT AGREEMENT ("Agreement") is made as of the day and year set forth below by and between CASH NOW STORE, INC., a Colorado corporation and the undersigned assignee ("Assignee").

R E C I T A L S:

A. Cash Now is a financial service firm engaged in the buying of rights in federal and state income tax refunds from individuals at a discount.

B. The undersigned Assignee desires to assign to Cash Now all of Assignee's right, title and interest in and to the tax refunds more particularly described herein. Cash Now is willing to accept such assignment in accordance with the terms and provisions hereof.

NOW, THEREFORE, in consideration of the terms and provisions hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby acknowledge and agree as follows:

1. Tax Refund. Assignee hereby represents and warrants to Cash Now that, to the best of Assignee's knowledge and belief, Assignee is entitled to a 1994 federal income tax refund of \$ _____ and a 1994 state income tax refund of \$ _____ (collectively, the "Tax Refunds"). Assignee further represents and warrants to Cash Now that either Assignee, or an authorized representative of Assignee, has prepared the tax return submitted to Cash Now hereunder and that in no event shall Cash Now be deemed to have prepared such tax return.

2. Assignment. In consideration of the terms and provisions hereof, Assignee hereby transfers, conveys and assigns to Assignee all of Assignee's right, title and interest in and to the Tax Refunds to Cash Now. In accordance with such assignment, Assignee (a) acknowledges that Cash Now shall have the right to receive, endorse, cash and negotiate all 1994 federal and state income tax refund checks payable to Assignee, any and all interest thereon, and any tax refund payments received in excess of the Tax Refund amounts stated above; and (b) grants to Cash Now and/or Leroy Belcher a special power of attorney to endorse, negotiate and cash all 1994 federal and state income tax refund checks payable to Assignee. Assignee further acknowledges that Cash Now shall have the right to receive all correspondence related to the Tax Refunds subsequent to the date hereof. Assignee agrees that in no event shall Cash Now be obligated to refund to Assignee any amounts received by Cash Now hereunder in the event that Assignee's Tax Refunds are audited at a later time. Assignee represents and warrants to Cash Now that it has not assigned its interest in the Tax Refunds to any other party and that such Tax Refunds are not subject to any lien or encumbrance.

3. Payment. In consideration of the terms and provisions hereof, Cash Now agrees to pay to Assignee the sum of \$ _____ (the "Total Payment"). Assignee acknowledges that \$ _____ of the Total Payment shall be paid to Assignee by Cash Now upon Assignee's execution of this Agreement (the "Initial Payment") and the remaining \$ _____ of the Total Payment shall be paid to Assignee upon Cash Now's receipt of the Tax Refunds. However, if the actual amount of the Tax Refund checks actually received by Cash Now are less than the amounts set forth in Section 1 above, the balance paid to Assignee will be the stated balance less the difference in the expected amount.

Assignee's signature below acknowledges that Assignee has received from Cash Now the Initial Payment.

4. Indemnification. Assignee agrees to indemnify, hold harmless and defend Cash Now from and against any claim, liability, loss, damage, cost or expense which may be imposed upon or incurred by Cash Now as a result of the breach of any representation or warranty made by Assignee hereunder or as a result of Cash Now not receiving the full amount of the Tax Refunds set forth above. Assignee acknowledges that Assignee's indemnification obligation shall include, without limitation, indemnifying Cash Now for any portion of the Tax Refund not received by Cash Now and indemnifying Cash Now for all attorneys' fees and collection costs incurred by Cash Now in connection with the enforcement of this Agreement.

5. Further Documents. Assignee agrees to execute subsequent to the date hereof any and all other documents which may be required by the Internal Revenue Agency or any state Revenue Agency required to effectuate the terms and provisions of this Agreement.

6. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of any successors or assigns of the parties hereto. Assignee acknowledges that in the event Cash Now does not receive the full amount of the Tax Refunds as set forth above, Cash Now may enforce the provisions hereof through the use of a collection agency or other means, including, but not limited to the assignment of all claims hereunder to a collection agency.

7. Choice of Law \ Venue. This Agreement shall be governed by the laws of the State of _____ . In the event any disputes arise hereunder, the parties acknowledge and agree that the proper jurisdiction to hear such disputes shall be in court of proper jurisdiction in the City and/or County where this Agreement is executed.

8. Amendment and Termination. This Agreement may not be abrogated, modified, rescinded, amended or terminated, in whole, or in part, without the prior written consent of both parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be effective as of the date first above written.

ASSIGNOR

CASH NOW STORE, INC., a Colorado corporation

Date: _____

By: _____

Title: _____

ASSIGNEE

Date: _____

City and County of Execution: _____

AFFIDAVIT OF LASHAWNA F. MORGAN

STATE OF TEXAS)
) ss.:
COUNTY OF BEXAR)

Lashawna F. Morgan, being duly sworn, deposes and says:

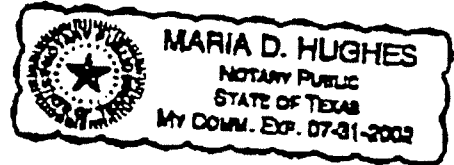
1. I was a customer of The Cash Now Store, Inc. I have personal knowledge of the matters stated herein.
2. In February and March of 1998, I had heard radio advertisements for Cash Now saying they could give quick cash for your tax refunds. In April 1998, I decided to take advantage of Cash Now's services.
3. At the time, I was in a difficult financial situation and I needed money in a hurry. I am a single parent, I had just begun a new job, and my daughter was staying with my mother. I owed my mother money for food, clothes, and other expenses she incurred in taking care of my daughter.
4. On April 10, 1998, I went into Cash Now's store on East Colfax Avenue in Denver, Colorado. I brought with me my IRS Form 1040EZ which I had filled out.
5. While there, they had me fill out other paperwork, including a purchase agreement. A copy of that agreement is attached as Exhibit 1.
6. They also told me that if I didn't get my refund, they could come after me for repayment. It was my understanding that they were giving me a loan.
7. They took my Form 1040EZ, had me erase my address which was on the form, and put in their return address. They took care of filing the form with the IRS.
8. My expected total tax refund was \$1,099.00, for which I

received \$525.00 from Cash Now. Most of that money went to repay my mother for her expenses in taking care of my daughter, and the rest went to other bills I had.

LaShawna F. Morgan
LaShawna F. Morgan

Sworn to before me this 11
day of September, 1998

Maria D. Hughes
Notary Public



My commission expires:

07/31/2002

CASH NOW PURCHASE AND ASSIGNMENT AGREEMENT

THIS PURCHASE AND ASSIGNMENT AGREEMENT ("Agreement") is made as of the day and year set forth below by and between CASH NOW STORE, INC. ("CASH NOW"), a Colorado corporation and the undersigned assignee(s) ("Assignee(s)").

RECITALS:

- A. Cash Now is a financial service firm engaged in the buying of rights in federal and state income tax refunds from individuals at a discount.
- B. The undersigned Assignee(s) desires to assign to Cash Now all of Assignee's right, title and interest in and to the tax refunds more particularly described herein. Cash Now is willing to accept such assignment in accordance with the terms and provisions hereof.
- C. Cash Now is not a Tax Preparation Company and Assignee's tax return has not been prepared by Cash Now.

NOW, THEREFORE, in consideration of the terms and provisions hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby acknowledge and agree as follows:

1. **Tax Refund.** Assignee(s) hereby represents and warrants to Cash Now that, to the best of Assignee's knowledge and belief, Assignee(s) is entitled to a federal income tax refund(s) of \$ 1000 and a state income tax refund(s) of \$ 210 for a total of \$ 1210 (collectively, the "Tax Refunds"). Assignee(s) further represents and warrants to Cash Now that either Assignee(s), or an authorized representative of Assignee(s), has prepared the tax returns submitted to Cash Now hereunder and that in no event shall Cash Now be deemed to have prepared such tax returns.
2. **Payment.** In consideration of the terms and provisions hereof, Cash Now agrees to pay to Assignee(s) the sum of \$ 525 (the "Total Payment"). Assignee(s) acknowledges that \$ 525 of the Total Payment shall be paid to Assignee(s) by Cash Now upon Assignee's execution of this Agreement (the "Initial Payment") and the remaining \$ 700 of the Total Payment shall be paid to Assignee(s) not later than thirty days from Cash Now's receipt of the Tax Refund funds. However, if the actual amount of the Tax Refund funds actually received by Cash Now are less than the amounts set forth in Section 1 above, the balance paid to Assignee(s) will be the stated balance less the difference in the expected amount.
3. **Assignment.** In consideration of the terms and provisions hereof, Assignee(s) hereby transfers, conveys and assigns all of Assignee's right, title and interest in and to the Tax Refunds to Cash Now. In accordance with such assignment, Assignee(s):
 - (a) acknowledges that Cash Now shall have the right to take possession of Assignee's completed tax forms and mail such to the proper Tax agency;
 - (b) acknowledges that Cash Now shall have the right to receive, open and review all correspondence received by Cash Now related to the Tax Refunds subsequent to the date hereof. Cash Now agrees to mail such correspondence to Assignee(s) address indicated on the application, which was completed by the Assignee(s);
 - (c) agrees that in no event shall Cash Now be obligated to refund to Assignee(s) any amounts received by Cash Now hereunder in the event that Assignee's Tax Refunds are audited at a later time;
 - (d) represents and warrants to Cash Now that Assignee(s) has not assigned its interest in the Tax Refunds to any other party and that such Tax Refunds are not subject to any lien or encumbrance.



4. **Special Power of Attorney.** The Assignee(s) hereby grants to Cash Now and/or LeRoy Belcher a Special Power of Attorney granting the right, power and authority to receive, endorse, deposit and cash any and all Tax Refund checks or cause such Tax Refund funds to be an automatic deposit to a Cash Now bank account, including any interest, dividends and any amounts in excess of the stated Tax Refund amount. This is an irrevocable appointment by the Assignee(s) appointing Cash Now as the Assignee(s) exclusive agent to receive, endorse, deposit and/or cash the Tax Refunds.
5. **Indemnification.** Assignee(s) agrees to indemnify, hold harmless and defend Cash Now from and against any claim, liability, loss, damage, cost or expense which may be imposed upon or incurred by Cash Now as a result of the breach of any representation or warranty made by Assignee(s) hereunder or as a result of Cash Now not receiving the full amount of the Tax Refunds set forth above. Assignee(s) acknowledges that Assignee's indemnification obligation shall include, without limitation, indemnifying Cash Now for any portion of the Tax Refund not received by Cash Now in connection with the enforcement of this Agreement.
6. **Further Documents.** Assignee(s) agrees to execute subsequent to the date hereof any and all other documents which may be required to effectuate the terms and provisions of this Agreement.
7. **Successors and Assigns.** The terms and provisions of this Agreement shall be binding upon and inure to the benefit of any successors or assigns of the parties hereto. Assignee(s) acknowledges that in the event Cash Now does not receive the full amount of the Tax Refunds as set forth above, Cash Now may enforce the provisions hereof through the use of a collection agency or other means, including, but not limited to the assignment of all claims hereunder to a collection agency.
8. **Choice of Law/Venue.** The laws of the State of Colorado shall govern this Agreement. In the event any disputes arise hereunder, the parties acknowledge and agree that the proper jurisdiction to hear such disputes shall be in the court of proper jurisdiction in the City and County where this Agreement is executed.
9. **Amendment and Termination.** This Agreement may not be abrogated, modified, amended, rescinded or terminated, in whole, or in part, without the prior written consent of both parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be effective as of the date below.

ASSIGNOR

CASH NOW STORE, INC. a Colorado corporation

By: [Signature]

Date: 4/10/98

ASSIGNEE(S)

[Signature]

Date: 4/10/98

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the within Plaintiffs' Motion for Preliminary Injunction and Request for Forthwith Disposition and Hearing, dated September 11, 1998, was duly served upon all parties herein by hand delivering copies of same to their offices this 11th day of September, 1998, addressed as follows:

The Cash Now Store, Inc.
1110 East Colfax Avenue
Denver, Colorado 80218
Attention: Mr. Leroy Belcher

and a courtesy copy this same date by first-class mail, postage prepaid, at Denver, Colorado, upon:

Jay Horowitz, Esq.
Krendl, Horowitz & Krendl
370 17th Street, Suite 5350
Denver, Colorado 80202

