THOMAS J. DONOVAN, JR.
ATTORNEY GENERAL

JOSHUA R. DIAMOND
DEPUTY ATTORNEY GENERAL

WILLIAM E. GRIFFIN
CHIEF ASST. ATTORNEY GENERAL

STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT
05609-1001

TEL: (802) 828-3171
FAX: (802) 828-3187

http://www.ago.vermont.gov

August 14, 2019

Via hand delivery

Colin Meyn, News Editor
VT Digger

Re: Public Records Act request, dated April 17, 2019

Dear Colin:

Enclosed please find the final responsive documents to your Public Records Act ("PRA") request dated April 17, 2019 (and refined in subsequent emails). Responsive documents from the Civil Rights Unit were produced by email on July 19, 2019. The enclosed are responsive documents from the Consumer and Environmental Units. The Consumer Unit's production is made via thumb drive and the Environmental Unit's production is made via thumb drive and in hard copy.

Note that the Consumer Unit included significant settlements that were filed after the date of your PRA request.

Thank you.

Sincerely,

Charity R. Clark
Chief of Staff

FILED 44-3-10 wnw

ASSURANCE OF VOLUNTARY COMPLIANCE

2010 MAR -1 A 11: 36

This Agreement is entered into effective March 1, 2010 by Santa Fe Natural Tobacco Company, Inc. (SFNTC) and the Signatory States through their respective Attorneys General.

WHEREAS, SFNTC advertises some of its Natural American Spirit brand cigarettes and roll your own (RYO) tobacco as containing "organic" and/or "100% organic" tobacco; and

WHEREAS, the Attorneys General allege that consumers may be misled by this advertising and believe that "organic" or "100% organic" is safer or less harmful than other tobacco; and

WHEREAS, SFNTC does not have competent, reliable, scientific evidence that organic tobacco is safer or less harmful than other tobacco; and

WHEREAS, the Attorneys General believe that the advertisements are deceptive and misleading in violation of the Master Settlement Agreement and Consent Decree as well as various state consumer protection laws; and

WHEREAS, SFNTC believes that the advertisements are true and not misleading because SFNTC uses exclusively tobacco that is certified under the National Organic Program of the United States Department of Agriculture to manufacture its Natural American Spirit brand cigarettes made with organic tobacco and organic roll your own tobacco, and thus are not deceptive; and

WHEREAS, the parties have determined that it is the interest of all parties to enter into this Agreement rather than proceed to litigation; and

WHEREAS, the parties wish to completely settle, release and discharge all claims under the MSA and the Consent Decree, as well as state consumer protection statutes that relate to the legality of advertising cigarettes or RYO tobacco as containing "organic" or "100% organic" tobacco; and

WHEREAS, this Agreement constitutes a good faith settlement of the dispute and disagreement between the parties relating to the advertising of "organic tobacco";

NOW, THEREFORE, in consideration of their mutual agreement to the terms of this Agreement, and other such consideration described herein, the sufficiency of which is hereby acknowledged, the parties, acting by and through their attorneys, stipulate and agree as follows:

A. DEFINITIONS

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

1. "Advertisement" shall mean any written or oral statement, illustration, or depiction that is designed to effect a sale or create interest in the purchasing of any product, including but not limited to a statement, illustration or depiction in or on a brochure, newspaper, magazine, freestanding insert, pamphlet, leaflet, circular, mailer, book insert, letter, coupon, catalog, poster, chart, billboard, transit advertisement, point of purchase display, specialty or utilitarian item, sponsorship material, package insert, film, slide, or on the Internet or other computer network or system.

2. "Tobacco product" shall mean cigarettes, cigars, cigarillos, little cigars, smokeless tobacco, cigarette tobacco, roll your own tobacco, pipe tobacco, and any other product made or

derived from tobacco that is intended for human consumption, including any component, part, or accessory of a tobacco product.

3. "Clearly and prominently" shall mean:

a. In black type on a solid white background, or in white type on a solid red background, or in any other color combination that would provide an equivalent or greater degree of print contrast that is objectively determined by densitometer or comparable measurements of the type and the background color. The color of the ruled rectangle shall be the same color as that of the type; and

b. Centered, both horizontally and vertically in a ruled rectangle. The area enclosed by the rectangle shall be no less than 40% of the size of the area enclosed by the ruled rectangle surrounding the health warnings for tobacco cigarettes mandated by 15 U.S.C. §1333. The width of the rule forming the rectangle shall be no less than 50% of the width of the rule required for the health warnings for tobacco cigarettes mandated by 15 U.S.C. §1333; and

c. In the same type style and type size as that required for health warnings for tobacco cigarettes pursuant to 15 U.S.C. §1333; and

d. In a clear and prominent location, but not immediately next to other written or textual matter for any rectangular designs, elements, or similar geometric forms, including but not limited to any warning statement required under the Federal Cigarette Labeling and Advertising Act, 15 U.S.C. §1331 *et seq.*, or the Comprehensive Smokeless Tobacco Health Education Act, 15 U.S.C. § 4401 *et seq.* In addition, the disclosure shall not be positioned in the margin of a print advertisement. A disclosure shall be deemed "not immediately next to" other

geometric or textual matter if the distance between the disclosure and the other matter is as great as the distance between the outside left edge of the rule of the rectangle enclosing a health warning required by 15 U.S.C. §1333 and a top left point of the letter "S" in the word "SURGEON" in that health warning; and

e. For a multi-paged Advertisement or an Advertisement that contains both a front and back side, either on the first or front page of the Advertisement, or on the same page or side of the Advertisement that displays the health warning required by 15 U.S.C. §1333; and

f. For audiovisual or audio Advertisements, including but not limited to Advertisements on videotapes, cassettes, discs or the Internet; professional films or film strips; and professional audio tapes or other types of sound recordings, the disclosure shall appear on the screen at the end of the Advertisement in the format described above for a length of time and in such a manner that is easily legible and shall be announced simultaneously at the end of the Advertisement in a manner that is clearly audible.

PROVIDED however, that in any Advertisement that does not contain a visual component, the disclosure need not appear in visual form and, and in any Advertisement that does not contain an audio component, the disclosure need not be announced in audio format.

PROVIDED also, however, that these provisions apply consistent with the new amendments and modifications to 15 U.S. C. §1333, enacted in the Family Smoking Prevention and Tobacco Control Act, and shall continue to apply in the future if 15 U.S.C. §1333 is amended, modified or superseded by any other law. Notwithstanding anything else in this Agreement, any disclosure required by this Agreement shall be considered to have been made

"clearly and prominently" if it conforms to the requirements as to size, appearance and placement of disclosures in advertisements for tobacco cigarettes set out in the Decision and Order of the Federal Trade Commission issued June 12, 2000, in *In re Santa Fe Natural Tobacco Company, Inc.*, FTC Docket No. C-3952, as such requirements may be amended in the future in connection with the Family Smoking Prevention and Tobacco Control Act or otherwise.

4. "Effective Date" shall mean March 1, 2010.

5. "Signatory States" shall mean all of those states that have signed this Agreement by an authorized representative of the state's Attorney General by no later than the Effective Date.

B. TERMS

1. Beginning no later than thirty (30) days after the Effective Date of this Agreement, SFNTC will cause any and all Advertisements thereafter placed for display or distribution in any Settling State to conform to the requirements of this Agreement. "Placed for display or distribution," as used in the previous sentence, occurs (a) for electronic Advertisements on any date that such Advertisements are displayed to the public, and (b) for all other Advertisements, on the date that mechanical artwork for the Advertisement is sent by SFNTC or its agent to the printer.

2. In addition to any other statements, disclaimers, warnings required by law, SFNTC shall directly or through any corporation, subsidiary, division or other device and, in connection with the advertising, promotion, offering for sale, sale, or distribution of Natural American Spirit tobacco products, display in Advertisements as specified below, Clearly and Prominently, the following disclosures (including the line breaks, punctuation, bold font and capitalization

illustrated, but not including quote marks). In Advertisements for cigarettes made with organic tobacco:

"Organic tobacco does **NOT** mean a safer cigarette"

In Advertisements for organic roll your own or pouch tobacco:

"Organic tobacco does **NOT** mean safer tobacco"

These disclosures shall be displayed in any Advertisement that, through the use of such terms or phrases as "organic" or "100% organic" or "organic tobacco" or "100% organic tobacco" or other phrase containing the term "organic" represents that any SFNTC product is organic or contains organic tobacco.

3. The above disclosures shall not be required in any cigarette advertisement that is not required to bear a health warning pursuant to 15 U.S.C. §1333.

4. Nothing contrary to, inconsistent with, or in mitigation of any disclosure provided for in this part shall be used in any Advertisement. This provision shall not prohibit SFNTC from truthfully representing through the use of such phrases as "organic" or "100% organic" or other phrase containing the term "organic" that a tobacco product is organic or contains organic tobacco, where such representation is truthful, and is accompanied by the disclosure mandated by this Agreement.

5. No more than forty five (45) days after the Effective Date of this Agreement, SFNTC shall provide a copy of the notice attached hereto as Exhibit A by first-class mail, or other faster delivery method, to each retailer, distributor or other purchaser for resale to whom SFNTC has

supplied organic Natural American Spirit Cigarettes or organic roll your own tobacco since July 1, 2007.

6. SFNTC shall discontinue dealing with any retailer, distributor, or other purchaser for resale once SFNTC has actual knowledge, or knowledge fairly implied on the basis of objective circumstances, that such retailer, distributor, or other purchaser for resale has continued to use or disseminate any of SFNTC's Advertisements for any tobacco products that have been discontinued per this Agreement, unless, upon notification by SFNTC, such retailer, distributor, or other purchaser for resale immediately ceases using or disseminating such Advertisements. If, after such notification, SFNTC obtains actual knowledge, or knowledge fairly implied on the basis of objective circumstances, that such retailer, distributor, or other purchaser for resale has not permanently ceased using or disseminating such Advertisements, SFNTC must immediately and indefinitely discontinue dealing with such retailer, distributor, or other purchaser for resale, until such time as SFNTC has obtained written assurance and verified that such retailer, distributor, or other purchaser for resale has permanently ceased using or disseminating such Advertisements.

7. SFNTC shall maintain for a period of five years from the Effective Date, and upon request make available to the Signatory States, copies of all notification letters sent to retailers, distributors, or other purchasers for resale pursuant to this Agreement, as well as copies of all communications with retailers, distributors, or other purchasers for resale pursuant to paragraph 6 above.

8. SFNTC shall maintain for a period of five years from the Effective Date, and upon request make copies available to the Signatory States, for all representations covered by this Agreement:

a. All Advertisements and packaging containing the representation;

b. All materials that were relied upon in disseminating the representation; and

c. All tests, reports, studies, surveys, demonstrations, or other evidence that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

9. Within 60 days after the Effective Date of this Agreement, SFNTC shall prepare and submit a report to the Signatory States which details compliance with this Agreement and includes copies of relevant advertisements and notices.

10. It is acknowledged that SFNTC enters into this Agreement for settlement purposes only. This Agreement does not constitute an admission by SFNTC that the law has been violated as alleged by the Signatory States, or that the facts alleged by the Signatory States, other than jurisdictional facts, are true

EXHIBIT A

Dear [retailer, distributor, or other purchaser for resale]

This letter is to inform you that Santa Fe Natural Tobacco Co. Inc. (SFNTC) recently reached a settlement agreement with various state Attorneys General concerning advertising for Natural American Spirit cigarettes made with organic tobacco and organic roll your own tobacco (RYO). The States were concerned that the advertising for our products containing organic tobacco might lead consumers to believe that these products are safer than products without organic tobacco. While we believe our advertising is and has been truthful and not misleading, we have agreed to make certain changes to our advertising.

As per the Agreement with the States, we will add disclaimers to cigarette advertising containing the organic or 100% organic claims, indicating:

"Organic tobacco does **NOT** mean a safer cigarette";

and we will add disclaimers to roll your own tobacco advertising containing the organic or 100% organic claims, indicating:

"Organic tobacco does **NOT** mean safer tobacco."

If you carry Natural American Spirit products made with organic tobacco, in the near future you will be receiving new advertising and promotional materials for those products that display the above disclaimers. When you receive these new materials, please discard the earlier materials that they replace and begin using the new materials exclusively.

If you have any questions, please call us at (866) 232-5660 (Distributors) or (800) 982-7454 (Retailers). We apologize for any inconvenience this may cause you and thank you for your assistance and cooperation.

Sincerely yours,

President
Santa Fe Natural Tobacco Company Inc.

Dated: February 2, 2010

Santa Fe Natural Tobacco Company, Inc.

By: _____
Name: Susanne Roubidoux Farr
Title: General Counsel

STATE OF CALIFORNIA

ATTORNEY GENERAL EDMUND G. BROWN JR.

By: _____
Jeanne Finberg
Deputy Attorney General

Date: February 23, 2010

STATE OF Arizona

Attorney General Terry Goddard

By: Michelle Hart

Date: February 12, 2010

OFFICE OF THE ARKANSAS ATTORNEY GENERAL

Dustin McDaniel
ATTORNEY GENERAL

By: _____

Eric B. Estes, Ark. Bar No. 98210
Senior Assistant Attorney General
323 Center Street, Suite 200
Little Rock, Arkansas 72201
Telephone: (501) 682-8090
Email: Eric.Estes@ArkansasAG.gov

STATE OF Colorado

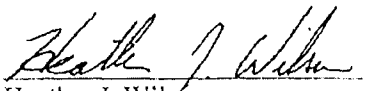
Attorney General John W. Suthers

By: Brian T. Tuttle

Date: February 23, 2010

STATE OF CONNECTICUT

Richard Blumenthal
Attorney General

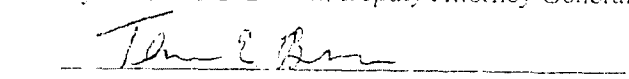
By: 
Heather J. Wilson
Assistant Attorney General

Date: February 26, 2010

STATE OF DELAWARE

Attorney General Joseph R Biden III

By Thomas E Brown, Deputy Attorney General



Date February 22, 2010

DISTRICT OF COLUMBIA
Attorney General Peter J Nickles

By: 
Bennett Rushkoff
Chief, Public Advocacy Section
Office of the Attorney General
for the District of Columbia

Date. February 23, 2010

STATE OF Georgia

Attorney General Thurbert E. Baker

By: [signature], Assistant Attorney General

Date. 2/19, 2010

STATE OF Hawaii

Attorney General Mark J. Bennett

By: [signature]

Date: Jan. 18, 2010

STATE OF Idaho

Attorney General Lawrence Wasden

By: [signature]

Date: 2/18, 2010

STATE OF Illinois

Attorney General Lisa Madigan

By: Katherine Johnson AAG

Date: Feb. 22, 2010

STATE OF Iowa

Attorney General of Iowa

By: Matthew R. Ho

Matthew L. Gannon, Assistant Attorney General

Date: February 23, 2010

STATE OF KANSAS

Attorney General STEVE SIX

By: Jennifer Ackerman

Date: February 18, 2010

STATE OF Kentucky

Attorney General Jack Conway

By: Michael Plumley, Asst. Atty. Gen.

Date: February 22, 2010

THE STATE OF LOUISIANA

JAMES D. "BUDDY" CALDWELL
ATTORNEY GENERAL

By: Sanettria Glasper Pleasant

Sanettria Glasper Pleasant, La. Bar #25396
Director, Public Protection Division
Louisiana Department of Justice
Office of the Attorney General
1885 North Third Street
P. O. Box 94005
Baton Rouge, Louisiana 70804
Telephone: (225) 326-6423
Facsimile: (225) 326-6072

STATE OF Maine

Attorney General Janet T. Mills

By:

Date: February 22, 2010

In re Santa Fe Natural Tobacco Company
Assurance of Voluntary Compliance

STATE OF MARYLAND
Attorney General Douglas F. Gansler

By: _____

Marlene Trestman
Special Assistant to the Attorney General
200 St Paul Place - 20th Floor
Baltimore, MD 21202
410.576.7219
mtrestman@oag.state.md.us

Date: February 23, 2010

ASSURANCE OF VOLUNTARY COMPLIANCE by
SANTA FE NATURAL TOBACCO COMPANY, INC.

Commonwealth of Massachusetts
Attorney General Martha Coakley
By: Elizabeth J Koenig, Assistant Attorney General

_____
Date: February 18, 2010

STATE OF MONTANA

Attorney General Steve Bullock

By: _____

Chris Tweeten
Chief Civil Council

February 22, 2010

STATE OF NEBRASKA

Attorney General Jon Bruning

By: _____
David D Cookson, Chief Deputy

Date: February 4, 2010

STATE OF NEVADA
CATHERINE CORTEZ MASTO
Attorney General

By: _____
DARRELL FAIRCLOTH
Senior Deputy Attorney General

Date February 23, 2010

STATE OF NEW JERSEY

Attorney General Paula T Dow

By: _____

Date: February 23, 2010

STATE OF New Mexico

Attorney General Gary King

By: David K Thomas

Date: Feb 16, 2010

Dated: February 24, 2010

ANDREW M. CUOMO
Attorney General of the State of NewYork
By:

MARC A. KONOWITZ
Assistant Attorney General

STATE OF North Carolina

Attorney General Roy Cooper

By:
Special Deputy Attorney General

Date: February 24, 2010

STATE OF OHIO

Attorney General RICHARD CORDRAY

By: CAROL V. MOSHOLDER

Date: Feb. 3, 2010

STATE OF Oregon

Attorney General John Kroger

By: Drew Tarkopoulos

Date: Feb. 8, 2010

In the Matter of Santa Fe Natural Tobacco Company, Inc.

THOMAS W. CORBETT, JR.
Attorney General
State of Pennsylvania

BY: **CARLY J. WISMER**
Deputy Attorney General
Tobacco Enforcement Section
Attorney I.D. #92598

JOEL M. RESSLER
Chief Deputy Attorney General
Tobacco Enforcement Section
Attorney I.D. #28625

Office of Attorney General
15th Floor, Strawberry Square
Harrisburg, PA 17120
Phone: (717) 783-1794
Fax: (717) 705-0916

DATED: February 19, 2010

STATE OF TENNESSEE

Attorney General R.E. Cooper, Jr.

By: ROBERT E. COOPER, JR.

Date: February 17, 2010

Assurance of Voluntary Compliance
Santa Fe Natural Tobacco Company, Inc.

Dated this 5th day of February, 2010.

MARTY JACKLEY
South Dakota Attorney General

By: Patricia Archer

Patricia Archer
Assistant Attorney General
Office of the Attorney General
1302 E. Highway 14, Suite 1
Pierre, SD 57501
Ph. (605) 773-3215
Email: Pat.Archer@state.sd.us

STATE OF VERMONT

Attorney General WILLIAM H. SORRELL

By:

Date: February 10th, 2010

2-8-10

Robert J. Fallis
Assistant Attorney General
State of Washington

STATE OF WEST VIRGINIA

Attorney General DARREL V. McGRAW

By: John Daggett, SR. ASST. A.G.

Date: 2/25, 2010

STATE OF WISCONSIN

ATTORNEY GENERAL J.B. VAN HOLLEN

By: Christopher J. Blythe
Christopher J. Blythe, Asst. Atty. General

Date: February 9, 2010

re: ave w/Santa Fe Natural Tobacco Co

FILED

2010 MAR 23 P 2:59

STATE OF VERMONT
WASHINGTON COUNTY, SS.

IN RE COUNTRYWIDE FINANCIAL CORPORATION) Washington Superior Court
Docket No. 2023-10

ASSURANCE OF DISCONTINUANCE

This Assurance of Discontinuance ("Assurance") is made between Countrywide Financial Corporation ("***CFC***") and the Vermont Attorney General's Office on March 1, 2010 (the "***Agreement Date***").

Recitals

WHEREAS Countrywide Financial Corporation, a Delaware corporation ("***CFC***"), is a thrift holding company;

WHEREAS Countrywide Home Loans, Inc., a New York corporation and wholly-owned subsidiary of CFC, is or was a licensed mortgage banking organization;

WHEREAS Full Spectrum Lending, Inc., a California corporation and wholly-owned subsidiary of CFC, is or was a licensed mortgage banking organization;

WHEREAS BAC Home Loans Servicing, LP, is a Texas limited partnership engaged in servicing loans, and as of the Agreement Date is a wholly-owned subsidiary of Bank of America, National Association;

WHEREAS on July 1, 2008, Bank of America Corporation, a Delaware corporation ("***BAC***"), announced that it had completed its purchase of CFC, including Countrywide Home Loans, Inc., Full Spectrum Lending, and Countrywide Home Loans Servicing, LP (the predecessor entity to BAC Home Loans Servicing, LP). In connection with the acquisition, BAC announced that it would suspend offering subprime or high cost mortgages (as described in 15 U.S.C. 1602(aa)) and nontraditional forward mortgages (other than those that are Federal Eligible) that may result in negative amortization – such as Pay Option ARMs. BAC also stated that it would, for a time, place restrictions on offering "low documentation" and "no documentation" mortgage loans (other than those that are Federal Eligible) and set limits on mortgage broker compensation;

AND WHEREAS the Attorney General is willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

THEREFORE, the parties agree as follows:

1. DEFINITIONS.

1.1 ***Usage.*** The following rules apply to the construction of this Assurance:

(a) the singular includes the plural and the plural includes the singular;

(b) "include" and "including" are not limiting;

(c) the headings of the Sections and subsections are for convenience and shall not constitute a part of this Assurance, and shall not affect the meaning, construction or effect of the applicable provisions of this Assurance;

(d) a reference in this Assurance or any Schedule to a Section, Exhibit, or Schedule without further reference is a reference to the relevant Section, Exhibit, or Schedule to this Assurance; and

(e) words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of this Assurance and not to any particular Section, subsection or clause hereof.

1.2 ***Defined Terms***. The following capitalized terms shall have the following meanings in this Assurance unless otherwise required by the context or defined:

"***Affiliate***" means, with respect to any company, any company that controls, is under common control with, or is controlled by such company.

"***Affordability Equation***" has the meaning given to such term in Section 4.4.

"***Alt-A Residential Mortgage Loans***" means CFC Residential Mortgage Loans that are (a) not owned by a GSE; (b) not Subprime; (c) not a Pay Option ARM; (d) less than $400,000 in original principal amount, and (e) including documentation or other characteristics that make such loans not Federal Eligible.

"***Annual Increase***" means, with respect to any stated rate of interest, an annual increase in the stated rate of interest such that the aggregate scheduled payments of principal (if applicable) and interest in any year does not increase by more than 7.5% of the aggregate scheduled payments of principal and interest in the preceding year, subject to any stated interest rate cap.

"***ARMs***" means adjustable rate first-lien residential mortgage loans.

"***BAC***" means Bank of America Corporation.

"***Borrower***" means, with respect to any owner-occupied CFC Residential Mortgage Loan, the obligor(s) on such loan. No covenant or commitment herein is intended to require a CFC Servicer to deal with more than one obligor on behalf of any Borrower with respect thereto.

"***CFC***" means Countrywide Financial Corporation.

"***CFC-Originated***" means, with respect to any residential mortgage loan, that such residential mortgage loan is a first-lien residential mortgage that was originated on a retail basis directly or indirectly by CFC or its subsidiaries or through brokers in their wholesale lending channels. "***CFC-Originated***" residential mortgage loans do not include CFC Purchased Loans.

"***CFC Purchased Loans***" means any first-lien residential mortgage loan originated by unaffiliated third parties and directly or indirectly purchased by CFC or its subsidiaries through their correspondent lending channels or otherwise, *provided* that such loan is serviced by a CFC Servicer. "***CFC Purchased Loans***" do not include CFC-Originated residential mortgage loans.

"***CFC Residential Mortgage Loans***" means any (i) CFC-Originated first-lien residential mortgage loans, or (ii) CFC Purchased Loans, so long as, in each case, such loans are serviced by a CFC Servicer.

"***CFC Servicer***" means CFC or any Affiliate of CFC that services CFC Residential Mortgage Loans.

"***CLTV***" means, with respect to a first-lien residential mortgage loan as of the time underwritten, the ratio of the sum of the unpaid principal balance of such mortgage loan *plus* the unpaid principal balance on any second-lien mortgage to the Market Value of the residential property that secures such mortgages.

"***Commencement Date***" means October 6, 2008.

"***Delinquent Borrower***" means, with respect to any Borrower, that the related CFC Residential Mortgage Loan (a) is Seriously Delinquent on or before the Termination Date, or (b) is subject to an imminent reset or Recast and, in the reasonable view of the CFC Servicer, as a result of such reset or Recast is reasonably likely to become Seriously Delinquent on or before the Termination Date.

"***Eligible Borrower***" has the meaning given to such term in Section 4.1.

"***Fannie Mae***" means Federal National Mortgage Association.

"***Fannie Rate***" means, as of any date, the Fannie Mae 30-year fixed rate 60-day delivery required net yield as of such date or if such rate is for any reason not available, a comparable rate published by another nationally recognized source.

"***Federal Eligible***" means, with respect to any first-lien residential mortgage loan that, at the time of origination, (a) such loan is or was eligible for sale to, or guaranty or insurance by, a federal agency, GSE or comparable federally-sponsored entity similar to a GSE, under then applicable guidelines of such agency, GSE or entity, or (b) such loan was made in connection with a program intended to qualify for credit under the Community Reinvestment Act of 1977.

"***Foreclosure Avoidance Budget***" has the meaning given to such term in Section 4.4(a).

"***Foreclosure Relief Program***" means the program under which certain Borrowers will be offered payments, as set forth in Section 6.

"***Foundation***" has the meaning given to such term in Section 7.

"***Freddie Mac***" means Federal Home Loan Mortgage Corporation.

"***GSE***" means a government-sponsored enterprise such as Fannie Mae or Freddie Mac.

"***Interest Rate Floor***" means, with respect to modification of a Qualifying Mortgage hereunder, (a) a rate of 3.5% per annum if the modification results in an interest-only payment; or (b) a rate of 2.5% per annum if the modification results in a fully amortizing payment.

"***LTV***" means, with respect to a first-lien residential mortgage loan as of the time reviewed for eligibility for modification, the ratio of the unpaid principal balance of such mortgage loan to the Market Value of the residential property that secures such mortgage.

"***Market Value***" means, with respect to any residential mortgage loan, the value of the residential property that secures such mortgage loan as determined by a lender or servicer in reliance on an appraisal (whether based on an appraisal report prepared not more than 180 days before the date of determination, broker price opinion prepared not more than 120 days before the date of determination or automated valuation model prepared not more than 90 days before the date of determination).

"***Office of the Attorney General***" means the Office of the Attorney General of the State of Vermont.

"***Pay Option ARMs***" means ARMs that, during an initial period (and subject to Recast), permit the borrower to choose among two or more payment options, including an interest-only payment and a minimum (or limited) payment.

"***Qualifying Mortgage***" has the meaning given to such term in Section 4.2.

"***Recast***" means, in the case of a Pay Option ARM, a contractual payment recast to a fully amortized payment based on a negative amortization trigger.

"***Relocation Assistance payment***" has the meaning given to such term in Section 5.1.

"***Seriously Delinquent***" means, with respect to any residential mortgage loan, that payments of interest or principal are 60 or more days delinquent.

"***Seriously Delinquent Borrower***" means, with respect to any Borrower that, on or before the Termination Date, the related CFC Residential Mortgage Loan is Seriously Delinquent.

"***Subprime 2, 3, 5, 7 and 10 Hybrid ARMs***" means Subprime Mortgage Loans that are 2, 3, 5, 7 and 10 Hybrid ARMs.

"***Subprime Mortgage Loans***" means first-lien residential mortgage loans that combine higher risk features (such as low or no documentation, low equity, adjustable interest rates, prepayment penalties, cash-out financing) with higher risk borrower profiles (lower FICO scores, recent bankruptcies/foreclosures, major derogatory credit), resulting in a loan that could not reasonably be underwritten and approved as a "prime" loan. An existing CFC Residential Mortgage Loan would be a "***Subprime Mortgage Loan***" if it is identified as such in connection with a securitization in which it is part of the pool of securitized assets or, in the case of a CFC Residential Mortgage Loan that is not included in a securitization, was classified as being "subprime" on the systems of CFC and its subsidiaries on June 30, 2008.

"***Termination Date***" means June 30, 2012.

2. CFC SOLE OBLIGOR ON ALL OBLIGATIONS IN THIS ASSURANCE.

2.1 ***Responsibility of CFC.*** Until the Termination Date (or such earlier date as is specified herein), CFC is responsible to the other parties hereto for performance of all of the undertakings in this Assurance, including the changes to the residential mortgage lending practices described in Section 3, the loan modification programs described in Section 4, the Relocation Assistance payments described in Section 5, the Foreclosure Relief Program described in Section 6 and the reporting obligations described in Section 8.

2.2 ***Absence of Defenses.*** It is not an excuse to the performance of the obligations of CFC hereunder that it does not directly or indirectly engage in the business of originating residential mortgage loans or in the business of servicing residential mortgage loans. CFC is responsible for the conduct of CFC Affiliates and CFC Servicers as specified hereunder whether or not it controls such CFC Affiliates or CFC Servicers and the absence of such control shall not be a defense to or otherwise excuse CFC's failure to perform hereunder.

2.3 ***Remedies for Failure of CFC to Cause Performance.*** If there is a material failure to perform the obligations under the loan modification programs described in Section 4,

the Relocation Assistance payments described in Section 5, the Foreclosure Relief Program described in Section 6, or the reporting obligations described in Section 8 and such failure is not promptly cured after notice by the Office of the Attorney General, then the Office of the Attorney General may seek enforcement of this Assurance under Section 10.4, or, in the alternative, terminate this Assurance. If the Office of the Attorney General elects to terminate this Assurance, it shall no longer be bound by the release set forth in Section 9.2.

3. SERVICER PRACTICES.

Until the Termination Date, CFC shall be responsible for the implementation of the following by CFC Affiliates with respect to CFC Residential Mortgage Loans with respect to Borrowers in the State of Vermont:

3.1 ***Residential Mortgage Product Offerings.***

(a) CFC Servicers will maintain robust processes for early identification and contact with Borrowers who are having, or are reasonably expected to have, trouble making their payments on CFC Residential Mortgage Loans. Under these processes, when contact is made with such Borrowers, an individualized evaluation of the Borrowers' economic circumstances will be made to determine if alternatives to foreclosure are available, and consistent with the directions of the investors, if applicable.

(b) CFC Servicers will maintain the current practice of offering loan modifications or other workout solutions to Borrowers who are 30 days or more delinquent in their payments, who desire to remain in their homes and who can afford to make reasonable mortgage payments, subject to applicable investor guidance and approvals.

(c) CFC's reports to the Office of the Attorney General under this Assurance will include information on the numbers and types of workouts concluded on loans secured by Borrower-occupied properties in the State of Vermont.

(d) CFC Servicers will continue the current practice of regularly monitoring the delinquency characteristics of the entire portfolio of CFC Residential Mortgage Loans, including Alt-A Residential Mortgage Loans, loans with interest-only features, and other loans to prime borrowers, to identify high-delinquency segments that may be appropriate for streamlined or non-streamlined loan modification campaigns. CFC shall be responsible for providing reports to the Office of the Attorney General on the delinquency characteristics of such loans, as provided herein.

(e) With respect to Alt-A Residential Mortgage Loans, CFC acknowledges that the Office of the Attorney General has expressed concerns about future delinquencies, and agrees to provide the Office of the Attorney General notification whenever the nationwide rate at which Borrowers on Alt-A Residential Mortgage Loans are 30 days or more delinquent in their payments exceeds 150% of the delinquency rate for comparably-aged FHA-insured loans serviced by CFC Servicers. If such notice is required, CFC agrees to confer with the Office of the Attorney General concerning Alt-A Residential Mortgage Loans delinquency trends, including whether delinquencies are isolated in certain segments of the Alt-A Residential Mortgage Loans portfolio (*e.g.*, loans with interest-only features, loans originated at high CLTV), and concerning the possible deployment of streamlined foreclosure avoidance solutions for such Borrowers.

(f) CFC Servicers will ensure that the values in any AVM system used to generate electronic appraisals are regularly updated and periodically validated so as to provide reasonable assurance as to the accuracy of resulting valuations. Any validation will, as appropriate, include back-testing of a representative sample of valuations against market data on actual sales (where sufficient information is available).

(g) Although the scope of the loan modification program in this Assurance is limited to certain first lien Qualifying Mortgages, CFC acknowledges that (i) many Eligible Borrower-occupied 1-to-4 unit residential properties are subject to second lien mortgages and (ii) the existence of such junior liens may reduce the incentive of Borrowers to remain in their homes and may impair Eligible Borrowers' ability to refinance Qualifying Mortgages. CFC confirms that it is engaged in developing best servicing practices with respect to first lien Qualifying Mortgages secured by Eligible Borrower-occupied 1-to-4 unit residential properties that are subject to second lien mortgages.

3.2 ***Compliance.*** Understanding the circumstances and behaviors of lenders and brokers that may have contributed, in part, to the current mortgage crisis, CFC recognizes its responsibility to ensure the very highest degree of ethical conduct on the part of CFC's agents and employees. CFC shall ensure that, (a) to the extent it resumes subprime lending, it will design and implement an effective compliance management program to provide reasonable assurance as to the identification and control of consumer protection hazards associated with such subprime lending activities, and (b) to the extent of its own lending activities (if any), it will create appropriate consumer safeguards to avoid unfair or deceptive activities or practices arising in connection with its interaction with brokers and other third parties.

4. LOAN MODIFICATIONS FOR DELINQUENT BORROWERS IN CERTAIN MORTGAGE PRODUCTS.

Until the Termination Date, CFC shall be responsible for ensuring that CFC Servicers attempt, on an ongoing basis, to qualify eligible Borrowers in specified mortgage products for affordable loan modifications in accordance with the following provisions:

4.1 ***Eligible Borrowers.*** An "***Eligible Borrower***" is a Borrower who has a Qualifying Mortgage with a first payment date on or before December 31, 2007, that (a) is secured by an owner-occupied 1-to-4 unit residential property, (b) is serviced by a CFC Servicer, and (c) in the event that it is determined that a condition described in Section 4.10 has occurred, the applicable CFC Servicer has determined that such Borrower is in financial distress. Eligible Borrowers are potentially eligible for loan modification relief under this Section 4. A Borrower who does not occupy the 1-to-4 unit residential property that secures the Qualifying Mortgage is not an "***Eligible Borrower.***"

4.2 ***Qualifying Mortgages.*** The following CFC Residential Mortgage Loans are "***Qualifying Mortgages***" if the Borrower is an Eligible Borrower and the Borrower meets one of the specified delinquency profiles:

(a) ***Subprime 2, 3, 5, 7 and 10 Hybrid ARMs.*** A Subprime 2, 3, 5, 7 and 10 Hybrid ARM shall be a Qualifying Mortgage if the Eligible Borrower meets any one of the following delinquency profiles at the time considered for loan modification:

(i) The Eligible Borrower is a Seriously Delinquent Borrower and the LTV is 75% or more; or

(ii) The Eligible Borrower is a Delinquent Borrower and the LTV is 75% or more.

(b) ***Pay Option ARMs***. A Pay Option ARM shall be a Qualifying Mortgage if the Eligible Borrower meets any one of the following delinquency profiles at the time considered for loan modification:

(i) The Eligible Borrower is Seriously Delinquent and the LTV is 75% or more; or

(ii) The Eligible Borrower is a Delinquent Borrower and the LTV is 75% or more.

(c) ***Subprime First Mortgage Loans (Other than Subprime 2, 3, 5, 7 and 10 Hybrid ARMs)***. A Subprime CFC Residential Mortgage Loan shall be a Qualifying Mortgage if the Eligible Borrower is a Seriously Delinquent Borrower and the LTV is 75% or more.

4.3 ***Loan Modifications to Be Considered***. Each Eligible Borrower shall be considered for a range of affordable loan modification options with respect to his or her Qualifying Mortgage. The loan modification options will include those described below and existing modification options, subject in each case to approval of the investor who owns the Qualifying Mortgage and the Affordability Equation as set forth in Section 4.4. Loan modification options for each category of Qualifying Mortgages are as follows:

(a) ***Subprime 2, 3, 5, 7 and 10 Hybrid ARMs***. Qualifying Mortgages that are Subprime 2, 3, 5, 7 and 10 Hybrid ARMs will be eligible for loan modifications as follows, in no particular order:

(i) To the extent the HOPE for Homeowners Program is available, an FHA refinancing under the HOPE for Homeowners Program under the underwriting criteria applicable to that program.

(ii) For Eligible Borrowers (A) who become Seriously Delinquent following a reset, or (B) who are subject to an imminent reset and, in the reasonable view of the CFC Servicer, as a result of such reset are reasonably likely to become Seriously Delinquent on or before the Termination Date (even though they are not Seriously Delinquent at the time of the modification), an unsolicited (subject to Section 4.10) restoration of the introductory rate for five years, without new loan documentation or an evaluation of the Eligible Borrower's current income. Communications to Eligible Borrowers informing them of this modification will invite Eligible Borrowers to contact the applicable CFC Servicer if they do not believe they will be able to afford the introductory rate in order to be considered for more extensive relief under Sections 4.3(a)(iii) or 4.3(a)(iv).

(iii) A streamlined, fully-amortizing loan modification subject to the Affordability Equation consisting of:

(A) until the fifth anniversary of the loan modification, a reduction of the interest rate to the (1) introductory rate or (2) lower (but not less than 3.5%); and

(B) on the fifth anniversary of the loan modification, an automatic conversion to a fixed rate mortgage for the remainder of the loan term at the higher of (1) the Fannie Rate and (2) the introductory rate. If the new payment would not be affordable to the Eligible Borrower based on his or her income at the time of conversion, the Eligible Borrower will be considered for a single two-year period of reduced-rate financing (in which case the conversion to a fixed-rate mortgage will occur at the end of the seventh year).

(iv) A streamlined loan modification subject to the Affordability Equation consisting of:

(A) modification of the Qualifying Mortgage to include a ten-year interest-only period;

(B) reduction of the interest rate to a rate no lower than the Interest Rate Floor, with an Annual Increase subject to an interest-rate cap as provided below in Section 4.3(a)(iv)(C); and

(C) an interest-rate cap for the remaining, fully-amortizing term of the Qualifying Mortgage at an annual interest rate equal to the introductory rate.

(b) ***Pay Option ARMs.*** Qualifying Mortgages that are Pay Option ARMs are eligible for the following loan modifications, in no particular order:

(i) To the extent the HOPE for Homeowners Program is available, an FHA refinancing under the HOPE for Homeowners Program under the underwriting criteria applicable to that program; or

(ii) A streamlined, fully-amortizing (except as provided in Section 4.3(b)(ii)(B)) loan modification subject to the Affordability Equation consisting of:

(A) elimination of the negative amortization feature;

(B) optional introduction of a ten-year interest-only period on the loan;

(C) reduction of the interest rate to a rate no lower than the Interest Rate Floor, with an Annual Increase subject to an interest-rate cap of 7%; and

(D) if the Eligible Borrower owns only one residential property and the LTV is 95% or higher, a write down of the principal balance of the Qualifying Mortgage (but any write down of principal would not be in an amount greater than necessary to achieve an LTV of 95%).

(c) ***Subprime Loans (Other than 2, 3, 5, 7 and 10 Hybrid ARMs).*** Qualifying Mortgages that are Subprime Loans (other than 2, 3, 5, 7 and 10 Hybrid ARMs) are eligible for the following loan modifications, in no particular order:

(i) To the extent the HOPE for Homeowners Program is available, an FHA refinancing under the HOPE for Homeowners Program under the underwriting criteria applicable to that program; or

(ii) A streamlined, fully-amortizing (except as provided in Section 4.3(c)(ii)(A)) loan modification within the limits of the Affordability Equation consisting of:

(A) optional introduction of a ten-year interest-only period on the loan;

(B) reduction of the interest rate on the mortgage to a rate no lower than the Interest Rate Floor, with an Annual Increase subject to an interest-rate cap as provided below in Section 4.3(c)(ii)(C); and

(C) an interest-rate cap for the remaining term of the Qualifying Mortgage at an annual interest rate equal to (i) the fixed interest rate *less* 200 basis points, in the case of fixed-rate loans, and (ii) the remainder of the sum of the contractual index amount *plus* spread immediately before the first loan modification, *minus* 200 basis points, in the case of an ARM.

4.4 ***Affordability Equation.*** Qualifying Mortgages will be considered for loan modifications in accordance with the following Affordability Equation, which establishes a Foreclosure Avoidance Budget that is a cap on the cost of the loan modification.

(a) ***Foreclosure Avoidance Budget.*** Except for Eligible Borrowers who receive an unsolicited reduction of their interest rates pursuant to Section 4.3(a)(ii), a Foreclosure Avoidance Budget will be prepared with respect to the Eligible Borrower and the Qualifying Mortgage. The "***Foreclosure Avoidance Budget***" at any time is the difference between (i) the likelihood and severity of the projected loss in a foreclosure sale and (ii) the likelihood and severity of the projected loss in the event that there was a loan modification with respect to the Qualifying Mortgage and a later foreclosure sale. For purposes of determining the Foreclosure Avoidance Budget for a Qualifying Mortgage, the LTV will be based on the Market Value.

(b) ***Affordability Criteria.***

(i) Subject to the Foreclosure Avoidance Budget, if tax and insurance escrows are maintained with respect to the Qualifying Mortgage, the Eligible Borrower will be offered a loan modification that produces a first-year payment of principal (if applicable), interest, taxes and insurance equating to 34% of the Eligible Borrower's income, or as close to 34% of the Eligible Borrower's income as the Foreclosure Avoidance Budget permits without exceeding 42% of the Eligible Borrower's income.

(ii) Subject to the Foreclosure Avoidance Budget, if tax and insurance escrows are not maintained with respect to a Qualifying Mortgage, the Eligible Borrower will be offered a loan modification that produces a first-year payment of principal (if applicable) and interest equating to 25% of the Eligible Borrower's income, or as close to 25% of the Eligible Borrower's income as the Foreclosure Avoidance Budget permits without exceeding 34% of the Eligible Borrower's income.

(c) ***Borrowers Who Cannot Afford a Loan Modification.*** There is no obligation to offer loan modifications with respect to Qualifying Mortgages if the Eligible Borrower cannot be qualified under the Affordability Equation. Such Eligible Borrowers may be eligible for a Relocation Assistance payment and/or a payment under the Foreclosure Relief Program, all as provided in Sections 5 and 6.

4.5 ***Outreach to Borrowers at Risk of Delinquency.*** Borrowers with Subprime Mortgage Loans or Pay Option ARMs with first-payment due dates between January 1, 2004 and December 31, 2007, whose payments are scheduled to change as a result of an interest-rate reset, Recast, or expiration of an interest-only term, will be sent a communication approximately ninety (90) days before the payment change inviting them to contact their CFC Servicer if they believe they will not be able to afford their new payments. In the event that a borrower responds to this communication, the borrower will be considered for loan modifications under the eligibility criteria in this Assurance.

4.6 ***Restrictions on Initiation or Advancement of Foreclosure Process for Eligible Borrowers.***

(a) The foreclosure process for a Qualifying Mortgage of an Eligible Borrower will not be initiated or advanced for the period necessary to determine such Eligible Borrower's interest in retaining ownership and ability to afford the revised mortgage terms, as well as the investor's willingness to accept a loan modification.

(b) Any such foreclosure process will be initiated or advanced only if:

(i) it is determined, based on communication with the Borrower or based on the Borrower's abandonment of the residential property that secures the mortgage loan, that the Borrower does not wish to retain ownership of the residence that secured the mortgage loan;

(ii) it is or has been determined that the Borrower cannot be qualified for, or has refused, a loan modification under this Assurance within the limits of the Affordability Equation, as applicable; or

(iii) despite reasonable efforts, servicing agents have been unable to make contact with the borrower to determine his or her preferences with regard to home ownership, or to obtain information concerning his or her income and ability to afford a mortgage payment under a modification.

4.7 ***Miscellaneous Provisions Related to Loan Modification Program.***

(a) ***Commitment to Waive Late/Delinquency Fees.*** Late/delinquency fees will be waived to the extent they arise with respect to past due loan payments that remain unpaid as of the date immediately before modification of the Qualifying Mortgage under

this Assurance. Late/delinquency fees will not be waived to the extent they arise with respect to loan payments that were previously past due but were subsequently paid prior to the date immediately before modification.

(b) ***Commitment Not to Charge Loan Modification Fees***. Except to the extent required in connection with the HOPE for Homeowners Program, Eligible Borrowers will not be charged loan modification fees in connection with loan modifications of Qualifying Mortgages hereunder.

(c) ***Prepayment Penalty Waivers.*** Prepayment penalties will be waived in connection with any payoff or refinancing (even if refinanced by a person not Affiliated with CFC) of a Qualifying Mortgage that is a Subprime Mortgage Loan or Pay Option ARM that (i) had a first payment due date between January 1, 2004 and December 31, 2007, (ii) was directly or indirectly held by CFC on June 30, 2008, and (iii) which at the time of the payoff or refinancing is held by CFC or any Affiliate. Investor owners or their representatives of Qualifying Mortgages that are Subprime Mortgage Loans or Pay Option ARMs serviced by a CFC Servicer will be encouraged to waive prepayment penalties in such circumstances.

(d) ***Commitment to Consider Additional Relief for Borrowers Receiving Modifications and Later Becoming Delinquent.*** Eligible Borrowers with respect to Qualifying Mortgages who have earlier received loan modifications or other workouts, whether or not pursuant to this Assurance, will be eligible to be considered for new loan modification offers under this Assurance if they otherwise satisfy the eligibility criteria.

(e) ***Representation Concerning Investor Delegation and Approval.*** CFC represents that CFC Servicers currently have, or reasonably expect to obtain, discretion to pursue the foreclosure avoidance measures outlined in this Assurance for a substantial majority of Qualifying Mortgages. If CFC Servicers do not have discretion to pursue these foreclosure avoidance measures, best efforts will be used to obtain appropriate investor authorization.

4.8 ***Commitment to Implement Relief Measures Authorized by Federal Government.*** To the extent the federal government acquires any Qualifying Mortgages and, as the owner of these mortgages, authorizes loan modifications that offer borrower benefits greater than those associated with the modifications outlined in this Assurance, such relief measures will be pursued in modifying such Qualifying Mortgages to the full extent of such authorization.

4.9 ***Timeframe for Loan Modification Process.*** The loan modification process will be managed to ensure that offers of loan modifications under this Assurance (other than unsolicited interest rate reductions) are made to Eligible Borrowers, on average, no more than 60 days after such Eligible Borrowers make contact with the applicable CFC Servicer and provide any required information concerning a possible modification.

4.10 ***Response to Intentional Nonperformance by Borrowers.*** If CFC detects material levels of intentional nonperformance by Eligible Borrowers that appear to be attributable to the introduction of the loan modification program, it reserves the right to require objective prequalification of Eligible Borrowers for loan modifications under the program by obtaining verification of all sources of income and the application of funds and to take other reasonable steps. Such prequalification could result in the elimination of unsolicited interest rate reductions,

inhibit streamlined solutions and could otherwise significantly slow implementation of the loan modification program.

4.11 ***No Releases with Respect to Loan Modifications.*** In connection with loan modifications offered under this Assurance, no releases of claims will be solicited or required from Eligible Borrowers.

4.12 ***Second or Junior Liens.*** Loan modifications contemplated in Section 4 of this Assurance shall be made without consideration of second or junior liens on mortgaged properties. CFC does not expect that the presence of second or junior liens will impede Eligible Borrowers from receiving a loan modification offer under Section 4 of this Assurance.

5. RELOCATION ASSISTANCE PROGRAM.

Through the Termination Date, payments will be provided to borrowers who are unable to retain their homes in accordance with this Section 5.

5.1 ***Eligibility***. Borrowers under CFC Residential Mortgage Loans who (a) were serviced by a CFC Servicer on June 30, 2008 (whether or not they are Qualifying Mortgages), (b) occupy a 1-to-4 unit residential property subject to servicing by a CFC Servicer on the date of determination of eligibility hereunder, and (c) are subject to a foreclosure sale date on or before the Termination Date, will be offered an agreement under which they can receive a cash payment to assist with the Borrower's transition to a new place of residence ("***Relocation Assistance payment***") in exchange for voluntarily and appropriately surrendering the residence that, at the time of the foreclosure sale, secured the Borrower's mortgage loan. Borrowers who are eligible for, or receive, payments under the Foreclosure Relief Program may also receive a Relocation Assistance payment.

5.2 ***Amount***. The amount of Relocation Assistance payments offered to any Borrower will be in the discretion of CFC or its delegee according to its or their assessment of the individual circumstances of the Borrower (*e.g.*, number of dependents or amount of moving expenses).

5.3 ***Timing of Payments.*** Relocation Assistance payments shall be made to a Borrower no later than fourteen days following the Borrower's voluntary and appropriate surrender of the residence that secured the mortgage loan.

5.4 ***Payment Projection.*** CFC projects that, from October 1, 2008, through December 31, 2010, Relocation Assistance payments will be made to 35,000 borrowers on a nationwide basis in a total amount of more than $70,000,000.

6. FORECLOSURE RELIEF PROGRAM.

Payments shall be made available to borrowers who experienced a foreclosure sale, or who were 120 days or more delinquent in making mortgage payments soon after their loans were originated or after an interest-rate reset, in accordance with this Section 6.

6.1 ***Payment***. CFC shall make available one hundred one thousand one hundred forty-six dollars ($101,146.00) for payments to borrowers within the State of Vermont, or otherwise for foreclosure relief/mitigation or related programs consistent with this Section 6.

6.2 ***Individual Allocation.*** Unless otherwise directed by the Office of the Attorney General in accordance with Section 6.3 hereof, a Borrower will be eligible for payments under the Foreclosure Relief Program if the Borrower:

(a) Has a CFC-Originated Residential Mortgage Loan secured by owner-occupied property;

(b) The first payment on the CFC-Originated Residential Mortgage Loan was due between January 1, 2004 and December 31, 2007;

(c) Six or fewer payments were made on the CFC-Originated Residential Mortgage Loan; and

(d) The CFC-Originated Residential Mortgage Loan was foreclosed or is 120 days or more delinquent as of the Commencement Date.

6.3 ***Expansion or Contraction of the Foreclosure Relief Program; Reservation of Funds for Other Purposes.*** The Office of the Attorney General may expand the Foreclosure Relief Program to cover additional Borrowers or limit the Foreclosure Relief Program to cover a narrower range of Borrowers, provided that at least those eligible Borrowers who made three or fewer payments over the life of the CFC-Originated Residential Mortgage Loan are covered. If the Office of the Attorney General elects to expand or contract the program, the amount allocated to the State of Vermont will remain the same. The Office of the Attorney General may reserve as much as 50% of the sum allocated to the State of Vermont for foreclosure relief/mitigation or related programs other than payments to defaulted Borrowers, including purchasing or rehabilitating foreclosed properties.

6.4 ***Communications.*** CFC and the Office of the Attorney General shall consult as to the form and content of any communication sent to Borrowers who are to receive Foreclosure Relief Program payments.

6.5 ***Unallocated Funds.*** Funds allocated to Borrowers in the State of Vermont who choose not to participate in the Foreclosure Relief Program or who cannot be located after commercially reasonable efforts shall be available to the Office of the Attorney General for re-allocation to Borrowers under this program at the direction of the Office of the Attorney General.

6.6 ***Release.*** In order to receive payments under the Foreclosure Relief Program, Borrowers will be required to execute a release in accordance with Section 9.1. Borrowers offered payments under this Foreclosure Relief Program whose loans have not yet been foreclosed shall be afforded at least a three-month period to decide whether to execute the release to permit them to determine whether they wish to raise claims covered by the release.

7. BANK OF AMERICA FOUNDATION COMMUNITY INVESTMENT ACTIVITIES

The parties understand that, while the Bank of America Foundation (**"Foundation"**) is not a party to, or in any way bound by, this Assurance, the Foundation intends to work actively with non-profit organizations, community development corporations, and others in addressing the adverse effects of the current housing crisis, particularly by promoting community redevelopment and facilitating the application of Housing and Economic Recovery Act funds to beneficial usage of real estate owned properties. CFC commits to collaborate in good faith with the Office of the Attorney General to identify ways in which CFC can support or complement the Foundation's efforts.

8. REPORTING REQUIREMENTS.

8.1 ***Eligible Borrowers in Qualifying Mortgages.***

(a) On a quarterly basis through June 30, 2010, CFC shall report the following information to the Office of the Attorney General:

(i) The names and addresses of Eligible Borrowers in the State of Vermont in Qualifying Mortgages who received loan modification offers under this Assurance, and for whom loan modifications were concluded;

(ii) For loan modifications offered or concluded under this Assurance, the total dollar amount of interest and principal expected to be saved by Borrowers as a result of such modifications over the life of the loans;

(iii) For all loan modifications under this Assurance concluded within the reporting period in the State of Vermont, the original and modified loan terms, and the amounts of late/delinquency fees waived, loan modification fees waived, and prepayment penalties waived by CFC pursuant to this Assurance;

(iv) For a sample of Eligible Borrowers in Qualifying Mortgages for whom CFC was unable to procure a loan modification offer under this Assurance during the reporting period (which sample shall be no less than 5% of all such Eligible Borrowers), the factors preventing a loan modification offer;

(v) The number and total amount of Foreclosure Relief payments made to Borrowers in the State of Vermont during the reporting period;

(vi) Delinquency data on active loans with first payment due dates between January 1, 2004 and December 31, 2007 that are secured by Borrower-occupied residential property in the State of Vermont, broken down by type of loan; and

(vii) Aggregated delinquency/default data on all loans modified under this Assurance for Eligible Borrowers in the State of Vermont, separated by type of modification.

(b) CFC shall provide annual reports to the Office of the Attorney General, that include the information specified in Section 8.1(a) for the periods July 1, 2010 through June 30, 2011, and July 1, 2011 through June 30, 2012.

8.2 ***Other Loan Modifications.*** With the same frequency as specified in Section 8.1, CFC will provide to the Office of the Attorney General a report detailing the numbers and types of modifications concluded on first-lien residential mortgage loans secured by Borrower-occupied property in the State of Vermont (other than Qualifying Mortgages) and the total unpaid principal balance of such modified loans.

8.3 ***Best Servicing Practices for Modifying First Lien Qualifying Mortgages on Residential Property Subject to Second Lien Mortgages.*** CFC will periodically report to the Office of the Attorney General on its progress in developing best servicing practices as described in Section 3.1(g).

8.4 ***Compliance Monitor.*** CFC will appoint an employee as the Compliance Monitor for this Assurance. The Compliance Monitor will be responsible for (a) making reports to the Office of the Attorney General under this Assurance and (b) receiving and responding to complaints from the Office of the Attorney General or from individual borrowers concerning the operation of the loan modification program.

9. RELEASES; MORE FAVORABLE SETTLEMENTS.

9.1 ***Releases from Borrowers.*** Borrowers to whom payments under the Foreclosure Relief Program are offered shall, as a condition of receiving such payments, be required to execute and return to CFC a release of claims that includes the following language:

> In consideration for the payment we are to receive under the Foreclosure Relief Program, we release Countrywide Financial Corporation and its affiliates and their respective directors, officers, employees and agents (except brokers) from all civil claims, causes of action, any other right to obtain any type of monetary damages (including punitive damages), expenses, attorneys' and other fees, rescission, restitution or any other remedies of whatever kind at law or in equity, in contract, in tort (including, but not limited to, personal injury and emotional distress), arising under any source whatsoever, including any statute, regulation, rule, or common law, whether in a civil, administrative, arbitral or other judicial or non-judicial proceeding, whether known or unknown, whether or not alleged, threatened or asserted by us or by any other person or entity on our behalf, including any currently pending or future purported or certified class action in which we are now or may hereafter become a class member, that arise from or are in any way related to CFC Loan No. [_____] and any loans originated directly or indirectly by Countrywide Financial Corporation or its affiliates in connection therewith that are secured by a second mortgage, including, without limitation, the origination of any such loan (and any representations or omissions made during that origination process), the terms and conditions of any such loan, and the servicing or administration of any such loan after its origination; provided, however, that nothing herein shall bar the assertion of any released claim solely as an affirmative defense to any claim against us for a deficiency in respect of any such loan, but in no event shall we be permitted to obtain an affirmative recovery in any such deficiency action.

9.2 ***Release.*** As to CFC and its Affiliates, this Assurance effects a full resolution, complete settlement, and release by the Office of the Attorney General of all claims arising out of the residential mortgage origination or servicing activities of CFC and its subsidiaries occurring before entry of this Assurance that are within the authority of the Office of the Attorney General to release, except for (i) any claims that the State of Vermont might have as an investor in CFC securities; (ii) any regulatory or enforcement proceedings by or on behalf of another State of Vermont officer or agency; (iii) any claims or investigations identified to CFC by the Office of the Attorney General; and (iv) any criminal investigations or proceedings. This Assurance does not resolve or release, but instead specifically preserves, any claims the State of Vermont may have against Angelo Mozilo or David Sambol.

9.3 ***More Favorable Terms.*** The parties agree that should CFC resolve allegations concerning the conduct covered by this Assurance which occurred before the date of this Assurance in actions brought by Attorneys General of other states on terms that are different than those contained in this Assurance (other than terms offered by CFC but not accepted by the

Office of the Attorney General), then CFC will provide a copy of those terms to the Office of the Attorney General for review. If, after review, the Office of the Attorney General determines the terms of such resolutions are, taken as a whole, more favorable than those contained in this Assurance, then CFC shall stipulate that this Assurance shall be amended to reflect all of such terms in place of the terms hereof.

10. OTHER TERMS AND CONDITIONS

10.1 ***No Admission.*** This Assurance shall not constitute an admission of wrongdoing by BAC or CFC, nor shall it be cited as such by the Office of the Attorney General. The Agreement shall not be admissible in any other proceeding as evidence of wrongdoing or a concession of responsibility.

10.2 ***Confidentiality.*** The Office of the Attorney General agrees that all confidential information disclosed to it by BAC or CFC or any of their Affiliates, including but not limited to the periodic reports that will be provided pursuant to Section 8, shall be kept confidential; provided, however, that the following information reported to the Office of the Attorney General on a periodic basis shall not be deemed confidential to the extent aggregated for Borrowers in the State of Vermont for a full reporting period: (a) the total number of loans modified, (b) the total number of loans modified, by type of loan, (c) the total dollar amount of interest and principal expected to be saved by Borrowers as a result of such modifications over the life of the loans, and (d) the total dollar amount of payments under Sections 5 and 6 of this Assurance to Borrowers. The Office of the Attorney General shall not disclose or use any confidential information without the prior written consent of the disclosing party, except to the extent required by law, regulation or court order (and in such case, only upon prior written notice to the disclosing party).

10.3 ***Submission to Jurisdiction for Limited Purpose.*** CFC submits to the jurisdiction of the court in the State of Vermont for the limited purpose of entering into and enforcing this Assurance only. Any acts, conduct or appearance by CFC does not constitute and shall not be construed as a submission to the general jurisdiction of any court in the State of Vermont for any purpose whatsoever.

10.4 ***Enforcement.*** A material failure by CFC to perform the obligations referenced in Section 2.3 that is not promptly cured after notice by the Office of the Attorney General shall constitute a violation of this Assurance and the Office of the Attorney General may apply, at any time, in a court of competent jurisdiction for an order directing the enforcement of any provision of this Assurance, and for sanctions or other remedies applicable to violations of the Vermont Consumer Fraud Act, 9 V.S.A. ch. 63. Any party to this Assurance may apply, upon giving forty-five (45) days written notice to all other parties, in a court of competent jurisdiction, for any other orders and directions as might be necessary or appropriate either for the construction or carrying out of this Assurance or for the modification or termination of one or more injunctive provisions of this Assurance.

10.5 ***Conflict with Subsequent Law.*** In the event that any applicable law conflicts with any provision hereof, making it impossible for CFC to comply both with the law and with the provisions of this Assurance, the provisions of the law shall govern.

10.6 ***No Third-Party Beneficiaries Intended.*** This Assurance is not intended to confer upon any person any rights or remedies, including rights as a third-party beneficiary. This

Assurance is not intended to create a private right of action on the part of any person or entity other than the parties hereto.

10.7 ***Service of Notices and Process.*** Service of notices and process required or permitted by this Assurance or its enforcement shall be in writing and delivered or served (as appropriate) on the following persons, or any person subsequently designated by the parties:

For BAC and CFC:

Brian D. Boyle
O'MELVENY & MYERS LLP
1625 Eye Street, N.W.
Washington, D.C. 20006

with a copy to:

Karen McAndrew
Dinse, Knapp & McAndrew, P.C.
P.O. Box 988
209 Battery Street
Burlington, VT 05402

For the Office of the Attorney General:

Elliot Burg
Assistant Attorney General
Office of the Vermont Attorney General
109 State Street
Montpelier, VT 05609

Any party may change the designated persons and address for delivery with respect to itself by giving notice to the other parties as specified herein.

10.8 ***Waiver.*** The failure of any party to exercise any rights under this Assurance shall not be deemed a waiver of any right or any future rights.

10.9 ***Severability.*** If any part hereof shall for any reason be found or held invalid or unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder hereof, which shall survive and be construed as if such invalid or unenforceable part had not been contained herein.

10.10 ***Counterparts.*** This Assurance may be signed in one or more counterparts, each of which shall be deemed an original. Facsimile copies of this Assurance and the signatures hereto may be used with the same force and effect as an original.

10.11 ***Inurement.*** This Assurance is binding and inures to the benefit of the parties hereto and their respective successors and assigns.

10.12 ***Integration.*** This Assurance constitutes the entire Agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to the subject matter hereof.

10.13 ***Amendment.*** This Assurance may be amended solely by written agreement signed by the Office of the Attorney General and CFC.

10.14 ***Termination.*** Except to the extent an early date is specified or the provisions of this Assurance are earlier terminated according to the terms hereof, the obligations of CFC under this Assurance shall terminate on the Termination Date. Provided, however, that no termination of the obligations under this Assurance shall change or terminate the terms of any loan modification entered into pursuant to Section 4 of this Assurance.

Date: 3/23/10

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: _____
Elliot Burg
Assistant Attorney General

Date: March 18, 2010

COUNTRYWIDE FINANCIAL CORPORATION

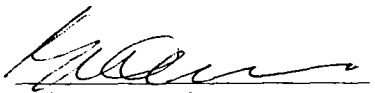
by: _____
Authorized Agent

PAUL LANE
Name

SVP AND ASSISTANCE
Title GENERAL COUNSEL

APPROVED AS TO FORM:

_____
Elliot Burg
Assistant Attorney General
Office of Attorney General
109 State Street
Montpelier, VT 05609



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Washington, D.C. 20006

Karen McAndrew
Dinse, Knapp & McAndrew, P.C.
P.O. Box 988
209 Battery Street
Burlington, VT 05402

For Countrywide Financial Corporation

Brian D. Boyle
O'Melveny & Myers LLP
1625 Eye Street, N.W.
Washington, D.C. 20006

Karen McAndrew
Dinse, Knapp & McAndrew, P.C.
P.O. Box 988
209 Battery Street
Burlington, VT 05402

For Countrywide Financial Corporation

STATE OF VERMONT
WASHINGTON COUNTY, SS.

IN RE CREDIT ALLIANCE GROUP, INC.)

Washington Superior Court
Docket No. 172-3-10 Wncv

ASSURANCE OF DISCONTINUANCE

WHEREAS Credit Alliance Group, Inc. ("Credit Alliance Group" or the "Company") is a Texas corporation with offices at 1700 Main Street, Suite 5800, Dallas, Texas 75201, that is engaged in the business of assisting consumers ("clients") in negotiating and settling their unsecured, personal debts;

WHEREAS Credit Alliance Group offers, among other things, to negotiate with its clients' creditors reductions in the amounts due the creditors;

WHEREAS Credit Alliance Group provides debt settlement services to its clients for a fee of 15 percent of the principal amount of the debt;

WHEREAS Credit Alliance Group first began doing business in March 2006;

WHEREAS Credit Alliance Group provided services to 12 Vermont consumers, who paid a total of over $31,000 to the Company;

WHEREAS the Vermont Attorney General asserts that the Vermont Debt Adjusters Act, 8 V.S.A. § 4861(2) and 8 V.S.A. ch. 133 is applicable to Credit Alliance Group's business and its services;

WHEREAS at no time relevant to this Assurance of Discontinuance did Credit Alliance Group possess a Vermont debt adjuster license;

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ATTORNEY
GENERAL
Montpelier,
Vermont 05609

WHEREAS Credit Alliance Group also did not (1) pay the fees or obtain the bond required by 8 V.S.A. §§ 4862 and 4864-4865; (2) include in its client contract the specific right-to-cancel disclosure required by 8 V.S.A. § 4869a(b); (3) make payments to creditors at least once every 30 days as required by 8 V.S.A. § 4870a; or (4) limit its fee for services to the $50.00 initial setup fee plus ten percent of any payment received by the Company for distribution to creditors, as prescribed by 8 V.S.A. § 4872;

WHEREAS Credit Alliance Group imposed fees on its customers in advance of rendering services to them;

WHEREAS Credit Alliance Group represented that it could achieve particular results for its clients ("With our team of dedicated staff working for you, not the creditors, to eliminate 40%-60% of total outstanding debt," "Our debt reduction method is designed to help you avoid bankruptcy by reducing your personal loans and credit card debt by 40-60%"), for which the Attorney General alleges it did not have prior reasonable factual substantiation as to the typicality of those results;

WHEREAS the Attorney General alleges that all of the above-described practices violated the Vermont Consumer Fraud Act's prohibition on unfair and deceptive trade practices, 9 V.S.A. § 2453(a);

WHEREAS the Attorney General also alleges that Credit Alliance Group violated the right-to-cancel provisions of 9 V.S.A. § 2454 and Vermont Consumer Fraud Rule 113 for telephonic sales;

AND WHEREAS the Attorney General and Credit Alliance Group are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

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ATTORNEY
GENERAL
Montpelier,
Vermont 05609

THEREFORE the parties agree as follows:

1. Credit Alliance Group shall comply with all applicable federal and Vermont laws and regulations, including but not limited to the Vermont Debt Adjusters Act, 8 V.S.A. ch. 133, the Vermont Consumer Fraud Act, 9 V.S.A. ch. 63, and any regulations promulgated under either statute.

2. In the event that it obtains a license to engage in the business of debt adjustment in Vermont in the future, Credit Alliance Group shall further :

   a. Clearly and conspicuously disclose the risks (including the risk of being sued) associated with turning accounts over to the Company and not making payments to creditors; and

   b. Refrain from making any representations in any medium, directly or indirectly, about the results it can or will achieve for its clients without having prior reasonable factual substantiation that those representations reflect the typical experience of its clients.

3. Within thirty (30) days of signing this Assurance of Discontinuance, Credit Alliance Group shall refund to all of its Vermont clients all unrefunded fees paid by each of those clients to the Company. In the event that Credit Alliance Group is unable to make one or more refunds, for example because certain clients cannot be located, the Company shall, within forty-five (45) days of signing this Assurance of Discontinuance, pay the total amount of those unpaid refunds to the State of Vermont, in care of the Vermont Attorney General's Office, as unclaimed funds.

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GENERAL
Montpelier,
Vermont 05609

4. Also within forty-five (45) days of signing this Assurance of Discontinuance, Credit Alliance Group shall pay liquidated damages in the amount of $2,000.00 (two thousand dollars) to any Vermont client who was sued by one or more creditors between the date of the consumer's sign-up with Credit Alliance Group and the date of the Company's settlement with the creditor.

5. Credit Alliance Group shall promptly complete, without charge and at the client's option, negotiations with all listed creditors of each of its Vermont clients, and shall make all reasonable efforts to settle the amount due each creditor at no more than fifty (50) percent of the enrolled amount of the debt. Credit Alliance Group shall document these efforts in writing, including a comparison with past settlements with the same creditor, and provide such documentation to the Attorney General's Office within sixty (60) days of signing this Assurance of Discontinuance. In the event of a dispute about the adequacy or promptness of Credit Alliance Group's efforts under this paragraph, the parties shall attempt in good faith to resolve the issue themselves. If they are unable to do so, either party may petition the Washington Superior Court in Montpelier, Vermont, for a ruling.

6. To implement the provisions of paragraphs 3 through 5, above, within ten (10) days of signing this Assurance of Discontinuance Credit Alliance Group shall send to each of its Vermont clients, by first class mail, postage prepaid, a letter in substantially the same form as Exhibit 1, enclosing an itemized list of the amounts and dates of all fees paid to the Company, and further enclosing any payments required by paragraphs 3 and 4, above, in the form of a check or checks. If the letter is returned as undeliverable, Credit Alliance Group shall make all reasonable efforts to find a valid mailing address for the consumer in question

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GENERAL
Montpelier,
Vermont 05609

and shall promptly resend the letter and any accompanying payment (if applicable) required by this Assurance of Discontinuance to the new address.

7. Credit Alliance Group shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the sum of forty thousand dollars ($40,000.00) in civil penalties and costs, in eight (8) installments of five thousand dollars ($5,000.00) each no later than the first day of each successive calendar month beginning on May 1, 2010, and ending on December 1, 2010.

8. Acceptance of this Assurance of Discontinuance by the Vermont Attorney General does not constitute approval of any business practices by Credit Alliance Group, nor shall the Company or anyone acting on its behalf state or infer otherwise.

9. This Assurance of Discontinuance shall be binding on Credit Alliance Group, its officers, directors, owners, managers, successors and assigns. The undersigned authorized agent of Credit Alliance Group shall promptly take reasonable steps to ensure that copies of this document are provide to all officers, directors, owners, and managers of the Company.

10. This Assurance of Discontinuance resolves all existing claims the State of Vermont may have against Credit Alliance Group stemming from the conduct described in this document.

Date: 2/16/10

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: _____
Elliot Burg
Assistant Attorney General

Office of the
ATTORNEY
GENERAL
109 State Street
Montpelier, VT
05609

Date: 2-23-10

CREDIT ALLIANCE GROUP, INC.

by: _____
Its Authorized Agent

Shane V Garner Pres-Joint
Name and Title of Authorized Agent

APPROVED AS TO FORM:

_____
Elliot Burg
Assistant Attorney General
Office of Attorney General
109 State Street
Montpelier, VT 05609
For the State of Vermont

_____
Steven L. Green, Esq.
Underwood, Perkins & Ralston, P.C.
5420 LBJ Freeway, Suite 1900
Dallas, TX 75240
For Credit Alliance Group, Inc.

Office of the ATTORNEY GENERAL
109 State Street
Montpelier, VT 05609

Exhibit 1

Important Information on Refunds to Consumers

Dear _____:

I am writing to inform you that Credit Alliance Group has entered into a legal settlement with the Vermont Attorney General's Office. The Attorney General alleges that Credit Alliance Group violated Vermont law in several respects, including engaging in the business of debt adjustment without a required license.

Under the settlement, Credit Alliance Group is refunding to you all fees that you paid to Credit Alliance Group, as itemized on the enclosed sheet. If the amount of the enclosed refund appears to be less than the total of what you paid us, please let us know at once by telephone at [telephone number] or by email at [email address].

In addition, if, while we were working for you, you were sued by one of the creditors you told us about, we are enclosing a payment in the amount of an additional $2,000, as required by the settlement. If you were sued during that time but did not notify us of that fact, you will need to provide us with documentation of the lawsuit (for example, a copy of the complaint), which you may fax to [fax number] or mail to [mailing address].

Under the settlement, Credit Alliance Group has also agreed, at your option, to complete its negotiations with your enrolled creditors, at no charge to you, and to make all reasonable efforts to settle those debts for no more than 50 percent of the enrolled amount due. If you would like us to do that, please call or email us as directed above as soon as you can; otherwise, we will assume that you do not want us to continue our settlement efforts.

Finally, if you have any questions about the settlement, you may call the Vermont Attorney General's Office at (802) 828-5507.

Sincerely,

STATE OF VERMONT

SUPERIOR COURT
Washington Unit

CIVIL DIVISION
Docket No. 887-12-10 Wncv

STATE OF VERMONT,
Plaintiff,

v.

THE DANNON COMPANY, INC.,
a Delaware corporation,
Defendant.

proposed

Order

CONSENT JUDGMENT

I. INTRODUCTION

1.1 Plaintiff, the State of Vermont, by and through Attorney General William H. Sorrell, ("the Attorney General," or "Plaintiff"), having filed its Complaint pursuant to the Consumer Fraud Act, 9 V.S.A. §§ 2451-66, and Defendant, The Dannon Company, Inc., a Delaware corporation ("Defendant"), consent to the entry of this Judgment and its provisions.

1.2 After engaging in settlement discussions, Defendant enters into this Judgment to avoid the time and expense associated with litigation. This is a Judgment for which execution may issue. This agreement is for settlement purposes only and does not constitute an admission by Defendant that the law has been violated as alleged in the Complaint, or that the facts as alleged in the Complaint, other than the jurisdictional facts, are true.

1.3 Defendant hereby accepts and expressly waives any defect in connection with service of process issued to Defendant by Plaintiff.

1.4 This Judgment is entered into by Defendant as its own free and voluntary act and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed upon it by this Judgment, and it consents to its entry without further notice, and

avers that no offers, agreements, or inducements of any nature whatsoever have been made to it by Plaintiff or its attorneys or any State employee to procure this Judgment.

1.5 Defendant has, by signature of counsel hereto, waived any right to add, alter, amend, appeal, petition for certiorari, or move to reargue or rehear or be heard in connection with any judicial proceeding upon this Judgment and any and all challenges in law or equity to the entry of the Judgment by the courts. If the Court elects to hold any hearing on this Judgment, a representative of the Attorney General's office will briefly summarize the settlement for the Court. Defendant agrees to support the Judgment and its terms at any such hearing for approval.

1.6 In the event the Court does not approve this Judgment, this Judgment shall be of no force and effect against either party.

II. DEFINITIONS

2.1 As used in this Judgment, the following words or terms shall have the following meanings:

A. **"Adequate and Well-Controlled Human Clinical Study"** means a human clinical study conducted by persons qualified by training and experience to conduct such study. Such study shall be randomized, and unless it can be demonstrated that blinding or placebo control cannot be effectively or ethically implemented given the nature of the intervention, shall be double-blind and placebo-controlled.

B. **"Advertise," "Advertisement,"** or **"Advertising,"** means any written, oral, graphic, or electronic statement, illustration, or depiction, including Labels or Labeling, that is designed to create interest in the purchasing of, impart information about the attributes of, publicize the availability of, or

affect the sale or use of, Defendant's goods or services, whether the statement appears in Labels or Labeling, in a brochure, newspaper, magazine, free standing insert, marketing kit, leaflet, mailer, book insert, letter, catalogue, poster, chart, billboard, electronic mail, website or other digital format, slide, radio, broadcast television, cable television, or commercial or infomercial whether live or recorded.

C. **"And"** and **"Or"** shall be construed conjunctively or disjunctively as necessary, and to make the applicable phrase or sentence inclusive rather than exclusive.

D. **"Attorney General"** means Attorney General William H. Sorrell and the Office of the Attorney General for the State of Vermont.

E. **"Covered Conduct"** shall mean Defendant's Advertising, Marketing and Labeling practices regarding the Covered Products through the Effective Date of this Judgment.

F. **"Covered Product"** or **"Covered Products"** shall mean (i) any yogurt, including but not limited to Activia yogurt; (ii) any dairy drink; and (iii) any food or drink not covered by the foregoing that contains a Probiotic, including, but not limited to, DanActive.

G. **"Defendant"** or **"Dannon"** shall refer to The Dannon Company, Inc., a Delaware corporation with its principal place of business in White Plains, NY. For purposes of this Judgment only, the term includes its successors and assigns and their officers, and each of the above's agents, representatives, and employees.

H. **"Disease"** shall refer to damage to an organ, part, structure, or system of the body such that it does not function properly (*e.g.*, cardiovascular disease), or a state of health leading to such dysfunctioning (*e.g.*, hypertension); except that diseases resulting from essential nutrient deficiencies (*e.g.*, scurvy, pellagra) are not included in this definition.

I. **"Effective Date"** shall refer to the date that this Judgment is signed and fully executed by the parties and approved by the Court. However, the Effective Date as it affects existing Labeling shall be one hundred twenty (120) days after this Judgment is signed and fully executed by the parties and approved by the Court. All Covered Products manufactured after the one hundred twenty (120) days shall have the revised Labeling. However, the Effective Date for existing print Advertisements and broadcast Advertisements shall be ninety (90) days after this Judgment is signed and fully executed by the parties and approved by the Court.

J. **"Essentially Equivalent Product"** means a product that contains the identical ingredients, except for inactive ingredients (*e.g.*, inactive binders, flavors, preservatives, colors, fillers, excipients), in the same form and dosage, and with the same route of administration (*e.g.*, orally, sublingually), as the Covered Product; provided that the Covered Product may contain additional ingredients or other differences in formulation to affect taste, texture, or nutritional value (so long as the other differences do not change the form of the product or involve the ingredients from which the functional benefit is derived), if reliable scientific evidence

generally accepted by experts in the field demonstrates that the amount of additional ingredients, combination of additional ingredients, and any other differences in formulation are unlikely to impede or inhibit the effectiveness of the ingredients in the Essentially Equivalent Product.

K. **"Including"** shall mean including, without limitation.

L. **"Label"** shall mean a display of written, printed or graphic matter upon the immediate container of any article, or on the outside container or wrapper, if any, of the retail package of such article.

M. **"Labeling"** shall mean all Labels and other written, printed, or graphic matter upon any article or any of its containers or wrappers, or accompanying such article.

N. **"Marketing"** shall mean any act or process or technique of promoting, offering, selling, or distributing a product or service.

O. **"Probiotic(s)"** shall mean live microorganisms, which when administered in adequate amounts, confer a health benefit on the host, excluding the cultures *Streptococcus thermophilus* and *Lactobacillus bulgaricus.*

P. **"Settling States"** shall mean and include: Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Washington, West Virginia, and Wisconsin.

Q. **"State"** or **"State of Vermont"** refers to Plaintiff and shall mean the Attorney General.

III. JURISDICTION

3.1. Jurisdiction of this Court over the subject matter and over Defendant for the purpose of entering into and enforcing this Judgment is admitted. Jurisdiction is retained by this Court for the purpose of enabling the State to apply to this Court for such further judgments and directions as may be necessary or appropriate for the construction, modification or execution of this Judgment, including the enforcement of compliance therewith and remedies, penalties and sanctions for violation thereof. Defendant agrees to pay all court costs and attorneys' fees associated with any successful petition to enforce any provision of this Judgment against Defendant.

IV. VENUE

4.1 Pursuant to 9 V.S.A. § 2458(a), venue as to all matters between the parties relating hereto or arising out of this Judgment shall be the Civil Division of the Vermont Superior Court, Washington Unit.

V. DEFENDANT

5.1 Defendant warrants and represents that it is the proper party to this Judgment.

5.2 Defendant warrants and represents that the execution and delivery of this Judgment is its free and voluntary act, and that this Judgment is the result of good faith negotiations.

5.3 Defendant warrants and represents that signatories to this Judgment have authority to act for and bind Defendant.

5.4 Defendant acknowledges that it understands that the State and this Court

expressly rely upon all representations and warranties in this Judgment. Defendant further acknowledges and understands that if it makes any false or deceptive representation or warranty, the State has the right to vacate or set aside this Judgment, *inter alia*, in whole or in part, and to move that Defendant be held in contempt and to seek sanctions and remedies under any other law, regulation or rule, together with any and all such other sanctions, remedies or relief as may be available to the State in law or equity, if the State so elects.

VI. APPLICATION OF JUDGMENT

6.1 Defendant agrees that the duties, responsibilities, burdens and obligations undertaken in connection with this Judgment shall apply to The Dannon Company, Inc., its successors and assigns, and their officers, and each of the above's agents, representatives, and employees.

VII. PERMANENT INJUNCTION

7.1 All of the requirements of this section, Part VII, are cumulative and any representation that Defendant makes shall comply with each and every provision in this Part VII. Except as provided in Paragraph 7.2, upon entry of this Judgment, Defendant, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, is hereby permanently enjoined and restrained pursuant to 9 V.S.A. § 2458 from:

A. Making any express or implied representation in connection with the Advertising, Marketing, or Labeling of a Covered Product, including through the use of a product name, endorsement, depiction, or illustration, which in the context of the Labeling, Advertisement, or Marketing material, directly states or implies that such Product may be used in the diagnosis, cure, mitigation, treatment, or prevention of a Disease,

including but not limited to:

1. Using:

   a. the term *L. casei Defensis*;

   b. the phrase, "strengthens your body's defenses"; or

   c. any depictions, characters or vignettes that imply active germ fighting;

2. Representing that any Covered Product can be used to treat, mitigate, cure or prevent diarrhea; provided, however, a structure/function claim that the Covered Product supports or promotes relief from temporary or occasional diarrhea is not prohibited, if Defendant possesses and relies upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields when considered in light of the entire body of relevant and reliable scientific evidence that substantiates that the representation is true. For purposes of this Paragraph, competent and reliable scientific evidence means tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons and are generally accepted in the profession to yield accurate and reliable results.

3. Representing that any Covered Product can be used to treat, mitigate, cure, or prevent constipation, including through the use of depictions to symbolize relief from constipation; provided,

however, a structure/function claim that the Covered Product supports or promotes relief from temporary and occasional constipation is not prohibited, if Defendant possesses and relies upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields when considered in light of the entire body of relevant and reliable scientific evidence that substantiates that the representation is true. For purposes of this Paragraph, competent and reliable scientific evidence means tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons and are generally accepted in the profession to yield accurate and reliable results.

4. Using the word "immunity," or the phrase, "*L. casei immunitas*", provided, however, a structure/function claim can be made for the word "immunity," or the phrase "*L. casei Immunitas*" in which (a) Defendant clearly and conspicuously modifies the word "immunity," or the phrase, "*L. casei Immunitas*" with a statement that the Covered Product merely helps to promote, support, or maintain the immune system of persons who consume a Covered Product and (b) Defendant possesses and relies upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of

relevant and reliable scientific evidence, to substantiate that the representation is true. For purposes of this Paragraph, competent and reliable scientific evidence means tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons and are generally accepted in the profession to yield accurate and reliable results.

5. Citing, summarizing, or linking to clinical studies or research in the Labeling of a Covered Product if the citation, summary, or link to the clinical studies or research, in the context of the Labeling as a whole, implies that a Covered Product or an ingredient in a Covered Product treats, mitigates, cures, or prevents a Disease, *e.g.*, placement on the immediate product Labeling or packaging, inappropriate prominence, or lack of relationship to the Covered Product's express claims.

6. Depicting a cellular wall fortified with a Covered Product that repels all, or nearly all, of the depictions of germs.

B. Making any express or implied representation in connection with the Advertising, Marketing, or Labeling of a Covered Product, including through the use of a product name, endorsement, depiction, or illustration, that such Product reduces the likelihood of getting a cold or the flu, which in the context of the Labeling, Advertisement, or Marketing material, directly states or implies that any Covered Product can be used to treat, mitigate, or prevent a cold or the flu.

C. Making any express or implied representation in connection with the Advertising, Marketing or Labeling of Activia yogurt, including through the use of a product name, endorsement, depiction, or illustration, that Activia yogurt relieves temporary irregularity or helps with slow intestinal transit time, unless the representation is non-misleading, conveys that eating three servings a day is required to obtain the benefit and, at the time the claim is made, Defendant possesses and relies upon competent and reliable scientific evidence that substantiates that the representation is true; provided, however, that nothing in this Paragraph shall prohibit Defendant from representing that such benefit can be achieved from eating less than three servings a day if such claim is non-misleading and Defendant possesses and relies upon competent and reliable scientific evidence that substantiates that the representation is true. For purposes of Paragraph 7.1(C), competent and reliable scientific evidence shall consist of at least two Adequate and Well-Controlled Human Clinical Studies of Activia yogurt, or of an Essentially Equivalent Product, conducted by different researchers, independently of each other, that conform to acceptable designs and protocols and whose results, when considered in light of the entire body of relevant and reliable scientific evidence, are sufficient to substantiate that the representation is true. Defendant shall have the burden of proving that a product satisfies the definition of Essentially Equivalent Product.

D. Making any express or implied representation in connection with the

Advertising, Marketing or Labeling of any Covered Product other than Activia yogurt, including through the use of a product name, endorsement, depiction, or illustration, that such Product relieves temporary irregularity or helps with slow intestinal transit time, unless the representation is non-misleading and, at the time the claim is made, Defendant possesses and relies upon competent and reliable scientific evidence that substantiates that the representation is true. For purposes of Paragraph 7.1(D), competent and reliable scientific evidence shall consist of at least two Adequate and Well-Controlled Human Clinical Studies of the Covered Product, or of an Essentially Equivalent Product, conducted by different researchers, independently of each other, that conform to acceptable designs and protocols and whose results, when considered in light of the entire body of relevant and reliable scientific evidence, are sufficient to substantiate that the representation is true. Defendant shall have the burden of proving that a product satisfies the definition of Essentially Equivalent Product.

E. Making any express or implied representation in connection with the Advertising, Marketing or Labeling of a Covered Product, including through the use of a product name, endorsement, depiction or illustration, about the health benefits, performance, efficacy or safety of a Covered Product, unless the representation is non-misleading, and, at the time the claim is made, Defendant possesses and relies upon competent and reliable scientific evidence that is sufficient in quality and quantity based

on standards generally accepted in the relevant scientific fields when considered in light of the entire body of relevant and reliable scientific evidence to substantiate that the representation is true. For purposes of Paragraph 7.1(E), competent and reliable scientific evidence means tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons and are generally accepted in the profession to yield accurate and reliable results.

F. Making, in connection with the Advertising, Marketing, or Labeling of a Covered Product, any express or implied representation about the existence, contents, methodology, statistical analyses, study scope, validity, results, conclusions, or interpretations of any test, study, or research that is false, misleading or deceptive, or that is misleading or deceptive when considered together with other representations or depictions.

G. Using, in connection with the Labeling of a Covered Product, the term Bifidus Regularis™, or any other fanciful term that expressly or impliedly represents that a Covered Product helps regulate the digestive system unless Defendant clearly and conspicuously identifies the true scientific name of the bacteria, including its genus, species, and strain.

H. Using, in connection with the Labeling of a Covered Product, the term L. casei Immunitas™, or any other fanciful term that expressly or impliedly represents that a Covered Product supports, promotes, or maintains the functioning of the immune system unless Defendant clearly and

conspicuously identifies the true scientific name of the bacteria, including its genus, species, and strain.

7.2 Additional Terms Governing Injunctive Relief:

A. Notwithstanding any of the foregoing provisions, Defendant, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, is hereby permanently enjoined and restrained from making any express or implied statement(s) in connection with the Advertising, Marketing or Labeling of any Covered Product that is false, misleading, or deceptive, or that is misleading or deceptive when considered together with other representations or depictions; and from omitting any material information such that an express or implied statement made by Defendant, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, is misleading or deceptive.

B. Nothing in this Judgment shall prohibit Defendant, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, from making any lawful, non-misleading, and non-deceptive representation for any Covered Product that is: (i) specifically permitted in Labeling for such Product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990; (ii) lawful for the Covered Product under the Federal Food Drug and Cosmetic Act; (iii) lawful for the Covered Product under any final regulation promulgated by the Food and Drug Administration; (iv) lawful for the Covered Product under any new drug application applicable to

such Product approved by the Food and Drug Administration; (v) part of the lawful Marketing for the Covered Product of a homeopathic drug; (vi) part of the lawful Marketing for the Covered Product of a Medical Food under the Orphan Drug Amendments of 1998; or (vii) lawful for the Covered Product under a FDA monograph of an over-the-counter drug. The failure of the FDA, FTC, or other law enforcement agency to take an enforcement action, or the mere presence of a representation, statement, or claim in the marketplace does not mean a representation, statement, or claim is lawful.

VIII. COMPLIANCE

8.1 Pursuant to 9 V.S.A. § 2458, Defendant shall, in connection with the Advertising, promotion, offering for sale, or distribution in or from Vermont of any Covered Product:

A. Take reasonable steps sufficient to monitor and ensure that Defendant complies with this Judgment. In conducting periodic monitoring of compliance, Defendant shall document and retain sufficient evidence to detail and substantiate its monitoring efforts and produce such documentation as may be requested by the State within thirty (30) days of such a request.

B. Conduct periodic reasonable monitoring of representations made by Defendant concerning any Covered Product when the relevant actors are engaged in sales or other customer service functions, including representations made orally or through electronic communications. For a period of five (5) years from the date of entry of this Judgment, in

conducting periodic monitoring of the representations made by Defendant concerning any Covered Product, Defendant shall document and retain sufficient evidence to detail and substantiate its monitoring efforts and produce such documentation to the State within thirty (30) days of such a request.

C. Conduct periodic reasonable monitoring of representations made about any Covered Product on all Internet websites operated or maintained by Defendant or anyone doing so on its behalf. For a period of five (5) years from the date of entry of this Judgment, in conducting periodic monitoring of representations made about any Covered Product on Internet websites operated or maintained by Defendant or anyone doing so on its behalf, Defendant shall document and retain sufficient evidence to detail and substantiate its monitoring efforts and produce such documentation and records as may be requested by the State within thirty (30) days of such a request.

D. Take appropriate disciplinary action against any employee or agent who knew or should have known that he or she had engaged in any conduct prohibited by this Judgment, up to and including termination of any such employment or agency relationship, within a reasonable period of time not to exceed thirty (30) days after Defendant knows or should have known that such person is, or has been, engaging in such conduct.

E. Within sixty (60) days after entry of this Judgment, send an exact copy of this Judgment to each of Defendant's directors, officers, and any

employee, agent, or third party who creates, reviews, or edits Defendant's Advertising, Marketing or Labeling of Covered Products. Defendant shall document and retain sufficient evidence to confirm distribution as required by this paragraph and shall produce such documentation to the State within thirty (30) days of such a request.

F. Within sixty (60) days of entry of this Judgment, institute a reasonable program of surveillance that is adequate to reveal whether Defendant is disseminating in or from Vermont any Advertising, Marketing or Labeling material that contains any representation that violates the provisions of this Judgment. For a period of five (5) years from the date of entry of this Judgment, Defendant shall document and retain sufficient evidence to detail and substantiate its program of surveillance and shall produce such documentation to the State within thirty (30) days of such a request.

G. Promptly, and in a reasonable manner, investigate any information Defendant receives that any retailer or other third party in Vermont is using or disseminating any Advertisements or Marketing material, or making any oral statements, that violate the provisions of this Judgment, and send Exhibit A to any retailer or other third party whose Advertisements or Marketing materials of a Covered Product may violate the terms of this Judgment if made by Defendant. For a period of five (5) years from the date of entry of this Judgment, Defendant shall document and retain sufficient evidence to detail and substantiate its investigation efforts and shall produce such documentation to the State within thirty

(30) days of such a request.

IX. PAYMENT TO THE STATES

9.1 No later than thirty (30) days after the Effective Date of this Judgment, Defendant shall pay a total amount of $21 million to the Office of the Attorney General of Tennessee through electronic funds transfer. The Tennessee Attorney General shall divide and distribute these funds to each Signatory Attorney General of the Multistate Working Group[1] in an amount to be designated by, and in the sole discretion of, the Multistate Executive Committee.[2] Said payment shall be used by the States as and for attorneys' fees and other costs of investigation and litigation, or to be placed in, or applied to, the consumer protection enforcement fund, including future consumer protection enforcement, consumer education, litigation or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, at the sole discretion of each Signatory Attorney General.

X. GENERAL PROVISIONS

10.1 The acceptance of this Judgment by the State shall not be deemed approval by the State of any of Defendant's advertising or business practices. Further, neither Defendant nor anyone acting on its behalf shall state or imply, or cause to be stated or implied, that the State or any other governmental unit of the State has approved, sanctioned or authorized any practice, act, advertisement or conduct of Defendant.

10.2 This Judgment may only be enforced by the State, Defendant, and this Court.

10.3 The titles and headers to each section of this Judgment are for convenience

[1] The Working Group consists of Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Washington, West Virginia and Wisconsin.

[2] The Executive Committee consists of Arizona, Florida, Kentucky, North Carolina, Ohio, Oregon, Texas, Tennessee, and Wisconsin.

purposes only and are not intended by the parties to lend meaning to the actual provisions of the Judgment.

10.4 Nothing in this Judgment shall limit the State's right to obtain information, documents or testimony from Defendant pursuant to any state or federal law, regulation, or rule.

10.5 Nothing in this Judgment shall be construed to limit the authority of the Attorney General to protect the interests of the State or consumers. Except as provided in Part XII of this Judgment, this Judgment shall not bar the State, or any other governmental entity from enforcing laws, regulations or rules against Defendant.

10.6 It is the intent of the Parties that this Judgment not be admissible in other actions or binding on Defendant in any respect other than in connection with the enforcement of this Judgment.

10.7 No waiver, modification, or amendment of the terms of this Judgment shall be valid or binding unless made in writing, signed by the party to be charged, approved by this Court and then only to the extent specifically set forth in such written waiver, modification, or amendment.

10.8 Any failure by any party to this Judgment to insist upon the strict performance by any other party of any of the provisions of this Judgment shall not be deemed a waiver of any of the provisions of this Judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Judgment and the imposition of any applicable penalties, including but not limited to contempt, civil penalties as set forth in 9 V.S.A. § 2461(a), and/or the payment of attorneys fees to the State.

10.9 If any clause, provision, or section of this Judgment shall, for any reason, be held

illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Judgment and this Judgment shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

10.10 Time shall be of the essence with respect to each provision of this Judgment that requires action to be taken by Defendant within a stated time period or upon a specified date.

10.11 Nothing in this Judgment shall be construed to waive any claims of sovereign immunity the State may have in any action or proceeding.

10.12 This Judgment sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understanding, oral or written, between the parties relating to the subject matter of this Judgment which are not fully expressed hereto or attached hereto.

10.13 Defendant will not participate, directly or indirectly, in any activity or form a separate entity or corporation for the purpose of engaging in acts or practices in whole or in part in Vermont which are prohibited in this Judgment or for any other purpose which would otherwise circumvent any part of this Judgment or the spirit or purposes of this Judgment.

10.14 Defendant has provided the State with certain documents, advertisements, and contracts. Defendant acknowledges and agrees that providing these documents to the State(s) in no way constitutes the State's pre-approval, review for compliance with state or federal law, or with this Judgment, or a release of any issues relating to such documents.

10.15 Defendant further agrees to execute and deliver all authorizations, documents and instruments which are necessary to carry out the terms and conditions of this Judgment.

10.16 This document may be executed in any number of counterparts and by different

signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this Judgment may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof.

XI. COMPLIANCE WITH ALL LAWS

11.1 Nothing in this Judgment shall be construed as relieving Defendant of the obligation to comply with all state and federal laws, regulations, or rules, nor shall any of the provisions of this Judgment be deemed to be permission to engage in any acts or practices prohibited by such law, regulation, or rule.

11.2 Nothing in this Judgment shall require Defendant to: (A) take an action that is otherwise prohibited by the Constitution, laws or rules or regulations made there under, of the United States or Vermont; or (B) fail to take an action which is so required.

XII. RELEASE

12.1 Nothing in this Judgment shall impair or limit the private right of action that any consumer, person, or entity may have against Defendant.

12.2 By execution of this Judgment and following a full and complete payment to the States, the State of Vermont releases and forever discharges to the fullest extent of the law, Defendant from the following: all civil claims, causes of action, damages, restitution, fines, costs, and penalties that the Vermont Attorney General could have asserted against Defendant under the Vermont Consumer Fraud Act, 9 V.S.A. §§ 2451-66 resulting from the Covered Conduct up to and including the Effective Date that is the subject of this Judgment.

12.3 Notwithstanding any term of this Judgment, any and all of the following forms of liability are specifically reserved and excluded from the release in Paragraph 12.2 as to any entity

or person, including Defendant:

A. Any criminal liability that any person or entity, including Defendant, has or may have to the State of Vermont.

B. Any civil or administrative liability that any person or entity, including Defendant, has or may have to the State of Vermont under any statute, regulation or rule not expressly covered by the release in Paragraph 12.2 above, including but not limited to, any and all of the following claims:

(i) State or federal antitrust violations; or

(ii) State or federal tax claims.

C. Any liability under the State of Vermont's above-cited consumer protection laws that any person and/or entity, including Defendant, has or may have to individual consumers, persons, or entities.

XIII. DISPUTES REGARDING COMPLIANCE

13.1 For the purposes of resolving disputes with respect to compliance with this Judgment, should the Attorney General have a reasonable basis to believe that Defendant has engaged in a practice that violates a provision of this Judgment subsequent to the Effective Date of this Judgment, then the Attorney General shall notify Defendant in writing of the specific objection, identify with particularity the provisions of this Judgment that the practice appears to violate, and give Defendant thirty (30) calendar days to respond to the notification; provided, however, that the Attorney General may take any action where the Attorney General concludes that, because of the specific practice, a threat to the health or safety of the public requires immediate action.

13.2 Upon receipt of written notice and within the thirty (30) calendar-day period,

Defendant shall provide a good faith written response to the Attorney General's objection. The response shall include an affidavit containing either:

A. A statement explaining why Defendant believes it is in compliance with the Judgment; or

B. A detailed explanation of how the alleged violation(s) occurred; and

i. A statement that the alleged violation has been remedied and how it has been remedied; or

ii. A statement that the alleged violation cannot be reasonably remedied within thirty (30) calendar days from receipt of the notice, but (1) Defendant has begun to take corrective action to remedy the violation; (2) Defendant is pursuing such corrective action with reasonable and due diligence; and (3) Defendant has provided the Attorney General with a detailed and reasonable time table for remedying the alleged violation.

13.3 Nothing herein shall prevent the Attorney General from agreeing in writing to provide Defendant with additional time beyond the thirty (30) calendar-day period to respond to the notice.

13.4 Nothing herein shall be construed to exonerate any failure to comply with any provision of this Judgment after the date of entry or to compromise the authority of the Attorney General to initiate a proceeding for failure to comply. Further, nothing in this section shall be construed to limit the authority of the Attorney General to protect the interests of the State.

13.5 The Attorney General represents that he or she will seek enforcement of the provisions of this Judgment with due regard for fairness and, in so doing, shall take into account

efforts that Defendant has taken to remedy any claimed violation of this Judgment.

13.6 Upon giving Defendant thirty (30) calendar days to respond to the notification described in Paragraph 13.1 above, the Attorney General shall be permitted to request and Defendant shall produce relevant, non-privileged, non-work-product records and documents in the possession, custody or control of Defendant that relate to its compliance with each provision of this Judgment as to which legally sufficient cause has been shown.

XIV. NOTIFICATION TO STATE

14.1 For five (5) years following execution of this Judgment, Defendant shall notify the State, in writing at least thirty (30) calendar days prior to the effective date of any proposed changes in its corporate structure, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or firm, the creation or dissolution of subsidiaries, or any other changes in Defendant's status that may impact in any way compliance with obligations arising out of this Judgment.

14.2 Any notices required to be sent to the State or Defendant by this Judgment shall be sent by United States mail, certified mail return receipt requested, or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document. The documents shall be sent to the following addresses:

For the State:	For Defendant:
Sarah London Vermont Attorney General's Office 109 State Street Montpelier, VT 05609	Sarah Reznek Bingham McCutchen LLP 2020 K Street, NW Washington, DC 20006-1806

XV. PAYMENT OF COURT COSTS

15.1 All court costs associated with this action and any other incidental costs or expenses incurred in this action thereby shall be borne by Defendant. No costs shall be taxed to the State. Further, no discretionary costs shall be taxed to the State.

XVI. PENALTY FOR FAILURE TO COMPLY

16.1 Failure to comply with the provisions of this Consent Judgment are subject to a civil penalty of up to $10,000.00 per violation pursuant to 9 V.S.A. § 2461(a).

IT IS SO ORDERED, ADJUDGED, AND DECREED.

Presiding Judge

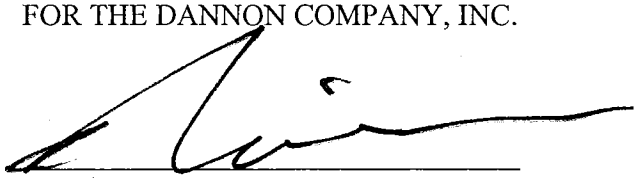
JOINTLY APPROVED AND SUBMITTED FOR ENTRY:

OFFICE OF THE ATTORNEY GENERAL FOR THE STATE OF VERMONT

Sarah B.B. London
Assistant Attorney General
Vermont Office of the Attorney General
109 State Street
Montpelier, VT 05609-1001
(802) 828-5479
slondon@atg.state.vt.us
Counsel for the State of Vermont

12-15-10

FOR THE DANNON COMPANY, INC.



Ritchie Berger
Dinse Knapp & McAndrew, P.C.
209 Battery Street
Burlington, VT 05402
Tel: (802) 864-5751
Fax: (802) 864-1603
Email: rberger@dinse.com
VT Bar No. 187

Date: 12-13-10

THE DANNON COMPANY, INC.
100 Hillside Avenue
White Plains, NY 10603
Phone: 914-872-8400
Fax: 914-872-1554

By: Kenneth Strick
Title: Vice President and Secretary

Date: December 9, 2010

Bingham McCutchen LLP
National Counsel for **THE DANNON COMPANY, INC.**

Sarah Reznek
Bingham McCutchen LLP
2020 K Street, NW
Washington, DC 20006-1806
Phone: 202-373-6171
Fax: 202-373-6001

Date: 12/10/10

EXHIBIT A

GOVERNMENT-ORDERED DISCLOSURE
[on Dannon Company, Inc., letterhead]

[Insert Date]

[Addressee]

Dear Dannon Company, Inc., Distributor, Reseller, or Retailer:

The Dannon Company, Inc., (Dannon) recently reached a settlement with the Attorneys General of thirty-eight states and the State of Hawaii, Office of Consumer Protection (State AGs) resolving an investigation into what the State AGs believed to be unsubstantiated and/or deceptive and unlawful claims concerning Dannon's Activia and DanActive products. Although we dispute the views of the State AGs and deny any wrongdoing, we have agreed to resolve the State AGs' investigation.

Dannon will work with you to ensure the advertisements that you distribute are in compliance with the Settlement Agreement. To comply with the Settlement Agreement reached with the State AGs, Dannon offers its assistance in ensuring that the advertising or promotional materials that you disseminate regarding Activia and DanActive products will be in compliance with the terms of the Settlement Agreement, including claims identified in the Consent Judgment. Such claims about Activia and DanActive products may only be made if they are true, adequately substantiated and otherwise permitted by law as stated in the Settlement Agreement.

A copy of the settlement with the State AGs is attached. If you have any questions, please call [insert name and telephone numbers of the responsible Dannon Company, Inc. Attorney or Officer].

Sincerely,

The Dannon Company, Inc.

STATE OF VERMONT
WASHINGTON COUNTY, SS.

IN RE DEBT SETTLEMENT AMERICA, INC.	)	**Washington Superior Court** **Docket No.** 56-1-10 Wncv

ASSURANCE OF DISCONTINUANCE

WHEREAS Debt Settlement America, Inc. ("Debt Settlement America") is a Texas corporation with offices at 17304 Preston Road, Suite 1400, Dallas, Texas 75252, that is engaged in the business of settling consumer ("client") debts;

WHEREAS Debt Settlement America offers to negotiate with its clients' creditors reductions in the amounts due the creditors;

WHEREAS Debt Settlement America charges its clients a fee of between 10 and 15 (though mostly between 14 and 15 percent) of the principal amount of the debt enrolled in its program;

WHEREAS Debt Settlement America began doing business in Vermont in March 2005;

WHEREAS Debt Settlement America entered into contracts to provide its debt settlement services to 25 Vermont consumers, who paid a total of over $69,000 to the company;

WHEREAS the business of Debt Settlement America falls within the definition of "debt adjustment" under 8 V.S.A. § 4861(2) and is thus subject to licensure under the Vermont Debt Adjusters Act, 8 V.S.A. ch. 133;

Office of the
ATTORNEY
GENERAL
109 State Street
Montpelier, VT
05609

WHEREAS at no time relevant to this Assurance of Discontinuance did Debt Settlement America possess a Vermont debt adjuster license;

WHEREAS Debt Settlement America also did not (1) pay the fees or obtain the bond required by 8 V.S.A. §§ 4862 and 4864-4865; (2) include in its client contract the right-to-cancel disclosure required by 8 V.S.A. § 4869a(b); (3) make payments to creditors at least once every 30 days as required by 8 V.S.A. § 4870a; or (4) limit its fee for services to the $50.00 initial setup fee plus ten percent of any payment received by the company for distribution to credits, as prescribed by 8 V.S.A. § 4872;

WHEREAS Debt Settlement America also violated the right-to-cancel provisions of 9 V.S.A. § 2454 and Vermont Consumer Fraud Rule 113 for telephonic sales;

WHEREAS Debt Settlement America charged some fees to its customers in advance of rendering the promised services to them;

WHEREAS Debt Settlement America represented, directly or indirectly, that it could achieve particular results for its clients ("less than 50 cents on the dollar") for which the Attorney General asserts that the company did not have prior reasonable factual substantiation as to the typicality of those results;

WHEREAS the Attorney General asserts that all of the above-described practices violated the Vermont Consumer Fraud Act's prohibition on unfair and deceptive trade practices, 9 V.S.A. § 2453(a);

AND WHEREAS the Attorney General and Debt Settlement America are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

Office of the ATTORNEY GENERAL 109 State Street Montpelier, VT 05609

THEREFORE the parties agree as follows:

1. Debt Settlement America shall comply with all applicable federal and Vermont laws and regulations, including but not limited to the Vermont Debt Adjusters Act, 8 V.S.A. ch. 133, the Vermont Consumer Fraud Act, 9 V.S.A. ch. 63, and any regulations promulgated under either statute.

2. In the event that it obtains a license to engage in the business of debt adjustment in Vermont in the future, Debt Settlement America shall further:

   a. Clearly and conspicuously disclose the risks (including the risk of being sued) associated with turning accounts over to the company and not making payments to creditors; and

   b. Refrain from making any representations in any medium, directly or indirectly, about the results it can or will achieve for its clients without having prior reasonable factual substantiation that those representations reflect the typical experience of its clients.

3. Within sixty (60) days of the filing of this Assurance of Discontinuance with the Washington Superior Court, Debt Settlement America shall refund to all of its Vermont clients all unrefunded fees and other charges of whatever kind paid by each of those clients to the company. This time frame takes into account Debt Settlement America's documented inability to pay consumer refunds in any shorter time. In the event that Debt Settlement America is unable to make one or more refunds, for example because certain clients cannot be located, the company shall, within ninety (90) days of the filing of this Assurance of Discontinuance, pay the total amount of those unpaid refunds to the State of Vermont, in care of the Vermont Attorney General's Office, as unclaimed funds.

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4. Debt Settlement America shall also pay liquidated damages in the amount of $2,000.00 (two thousand dollars) to any Vermont client who was sued by one or more creditors between the consumer's sign-up with Debt Settlement America and the date of the company's settlement with the creditor. Debt Settlement America shall pay this amount within ninety (90) days of receipt by the company of documentation of the lawsuit.

5. Debt Settlement America shall promptly complete, without charge, negotiations with all listed creditors of each of its Vermont clients, at the client's option, and shall make all reasonable efforts to settle the amount due each creditor at no more than 50 percent of the enrolled amount of the debt, to be paid over a reasonable period of time. Debt Settlement America shall document these efforts in writing, including a comparison with past settlements with the same creditor, and provide such documentation to the Attorney General's Office at sixty- (60-)day intervals from the date this Assurance of Discontinuance is filed with the Washington Superior Court. In the event of a dispute about the adequacy or promptness of Debt Settlement America's efforts under this paragraph, the parties shall attempt in good faith to resolve the issue themselves. If they are unable to do so, either party may petition the Washington Superior Court in Montpelier, Vermont, for a ruling.

6. To implement the provisions of paragraphs 3 through 5, above, within sixty (60) days of the filing of this Assurance of Discontinuance with the Washington Superior Court, Debt Settlement America shall send to each of its Vermont clients, by first class mail, postage prepaid, a letter in substantially the same form as Exhibit 1, enclosing an itemized list of the amounts and dates of all fees paid to the company, and further enclosing any payments required by paragraphs 3 and 4, above, in the form of a check or checks. If the

Office of the ATTORNEY GENERAL 109 State Street Montpelier, VT 05609

letter is returned as undeliverable, Debt Settlement America shall make all reasonable efforts to find a valid mailing address for the consumer in question and shall promptly resend the letter and any accompanying payment required by this Assurance of Discontinuance to the new address.

7. Debt Settlement America shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the sum of fifty thousand dollars ($50,000.00) in civil penalties and costs according to the following schedule: eight thousand three hundred thirty-three dollars and thirty-three cents ($8,333.33) on the first day of each of the six calendar months beginning April 1, 2010, and ending September 1, 2010.

8. Acceptance of this Assurance of Discontinuance by the Vermont Attorney General does not constitute approval of any business practices by Debt Settlement America, nor shall the company or anyone acting on its behalf state or infer otherwise.

9. This Assurance of Discontinuance shall be binding on Debt Settlement America, its officers, directors, owners, managers, successors and assigns. The undersigned authorized agent of Debt Settlement America shall promptly take reasonable steps to ensure that copies of this document are provide to all officers, directors, owners, and managers of the company.

10. This Assurance of Discontinuance resolves all existing claims the State of Vermont may have against Debt Settlement America stemming from the conduct described in this document.

Office of the ATTORNEY GENERAL 109 State Street Montpelier, VT 05609

Date: 1/20/10

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: _____
Elliot Burg
Assistant Attorney General

Date: 26 Jan 2010

DEBT SETTLEMENT AMERICA, INC.

by: _____
Its Authorized Agent

Christopher Kesterson CEO
Name and Title of Authorized Agent

APPROVED AS TO FORM:

_____
Elliot Burg
Assistant Attorney General
Office of Attorney General
109 State Street
Montpelier, VT 05609
For the State of Vermont

James C. Kesterson
James Kesterson, Esq.
Debt Settlement America, Inc.
3333 Earhardt Drive, Suite 250
Carrollton, TX 75006
For Debt Settlement America, Inc.

Office of the ATTORNEY GENERAL 109 State Street Montpelier, VT 05609

Exhibit 1

Important Information on Refunds to Consumers

Dear _____:

I am writing to inform you that Debt Settlement America has entered into a legal settlement with the Vermont Attorney General's Office. The Attorney General alleges that Debt Settlement America violated Vermont law in several respects, including engaging in the business of debt adjustment without a required license.

Under the settlement, we are refunding to you all fees and charges of any kind that you paid to Debt Settlement America, as itemized on the enclosed sheet. If the amount of the enclosed refund appears to be less than the total of what you paid us, please let us know at once by telephone at [telephone number] or by email at [email address].

In addition, if, while we were working for you, you were sued by one of the creditors you told us about, we will make an additional payment of $2,000, as required by the settlement. If you were sued while we were working for you, to receive the $2000, you will need to provide us with documentation of the law suit (for example, a copy of the complaint), which you may fax to [fax number] or mail to [mailing address].

Under the settlement, Debt Settlement America has also agreed, at your option, to complete its negotiations with your creditors, at no charge to you, and to make all reasonable efforts to settle those debts for no more than 50 percent of the enrolled amount due. If you would like us to do that, please call or email us as directed above as soon as you can; otherwise, we will assume that you do not want us to continue our settlement efforts.

Finally, if you have any questions about the settlement, you may call the Vermont Attorney General's Office at (802) 828-5507.

Sincerely,

Office of the ATTORNEY GENERAL
109 State Street
Montpelier, VT 05609

VERMONT SUPERIOR COURT
CIVIL DIVISION, WASHINGTON UNIT

2008 DEC 22 A 9:30

STATE OF VERMONT,	)	
	)	
Plaintiff,	)	
	)	
v.	)	**No.** 888-12-10 Wncv
	)	
DIRECTV, INC., a California Corporation,	)	
	)	
Defendant.	)	

AGREED FINAL JUDGMENT AND PERMANENT INJUNCTION

Plaintiff, the State of Vermont ("the State"), by and through William H. Sorrell, the Attorney General ("Attorney General"), and Defendant, DIRECTV, Inc., a California corporation, (hereinafter referred to as "DIRECTV"), as evidenced by their signatures, do consent to the entry of this Agreed Final Judgment ("Judgment") and its provisions. DIRECTV enters into this Judgment to avoid the time and expense associated with litigation. This is a Judgment for which execution may issue.

Plaintiff and Defendant acknowledge that each party has agreed to the entry of this Judgment solely for the purposes of settlement. Nothing contained in this Judgment shall constitute an admission or concession by Defendant, nor evidence or findings supporting any of the allegations of fact or law alleged by the State or set forth in the Complaint, or of any violation of state or federal law, rule or regulation, or any other liability or wrongdoing whatsoever, and neither this Judgment, nor any negotiations, statements or documents related thereto, shall be offered or received in any legal or administrative proceeding or action as an

admission, evidence, or proof of any violation of, liability under or wrongdoing in connection with any statute or regulations. However, nothing herein shall prevent the Attorney General from using this Judgment in enforcing the terms of the Judgment.

DIRECTV expressly waives any statutory notice requirement of the Attorney General's intention to file an action. This Judgment fully resolves all matters set forth in the State's Complaint and/or otherwise addressed by this Judgment under the Consumer Protection Statute, Consumer Fraud Act, 9 V.S.A. §§2451 *et.seq.* and all related rules and regulations as set forth in Paragraph 15.1. DIRECTV hereby accepts and expressly waives service of process and any defect in connection with service of process.

This Judgment is entered into by DIRECTV freely and voluntarily and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed upon it by this Judgment. DIRECTV consents to the entry of this Judgment without further notice unless DIRECTV and/or its counsel is required to make an appearance before the Court in connection with the entry of this Judgment. No offers, agreements or inducements of any nature whatsoever have been made to DIRECTV by the State or its attorneys or any employee of the Attorney General's Office or the State to procure this Judgment.

In the event the Court shall not approve this Judgment, this Judgment shall be of no force and effect.

This Judgment shall bind DIRECTV, and with respect to conduct in connection with DIRECTV's operations within the United States (excluding Puerto Rico and other U.S. territories), its employees, officers, directors, managers, affiliates, subsidiaries, predecessors, parents, successors, assigns, and agents authorized to act on behalf of DIRECTV.

1. JURISDICTION

1.1 Jurisdiction of this Court over the subject matter and over DIRECTV for the purposes of entering into and enforcing this Judgment is admitted. Jurisdiction is retained by this Court for the purpose of enabling the parties to this Judgment to apply to this Court for such further orders and directions as may be necessary or appropriate for the construction, modification or execution of this Judgment, including the enforcement of compliance and penalties for violation.

2. VENUE

2.1 Pursuant to the Consumer Fraud Act, 9 V.S.A.§2458, venue as to all matters between the parties relating to or arising out of this Judgment is solely in the Vermont Superior Court, Civil Division, Washington Unit.

3. PARTIES

3.1 DIRECTV warrants and represents that it is the proper party to this Judgment and that DIRECTV, Inc., a California Corporation, is the true legal name of the entity entering into this Judgment. DIRECTV further acknowledges that it understands that the State expressly relies upon these representations and warranties, and that if either is false, deceptive, misleading or inaccurate, the State has the right to move to vacate or set aside this Judgment.

3.2 The Office of the Attorney General is responsible for enforcement of the consumer protection laws set forth herein.

4. DEFINITIONS

As used in this Judgment, the following words or terms shall have the following meanings:

4.1 "Advertise," "Advertised," "Advertisement," or "Advertising" shall mean any written, oral, graphic, or electronic statement, illustration, or depiction that is designed to create interest in the purchase or lease of, impart information about the attributes of, publicize the availability of, or affect the sale, lease, or use of,

goods or services, whether the statement appears in a brochure, newspaper, magazine, free-standing insert, billboard, circular, mailer, package insert, package label, product instructions, electronic mail, website, homepage, television (in all forms), radio, commercial or any other medium.

4.2 "Agreement" shall refer to any written or oral agreement between DIRECTV and a consumer for the purpose of the purchase, sale, lease, rental, installation and/or activation of any DIRECTV Goods and/or DIRECTV Services.

4.3 "Clear and Conspicuous" or "Clearly and Conspicuously," when referring to a statement or disclosure, shall mean that such statement or disclosure is disclosed in such size, color, contrast, location, duration, and audibility that it is readily noticeable, readable and understandable. A statement or disclosure may not contradict or be inconsistent with any other information with which it is presented. An audio statement or disclosure shall be delivered in a volume and cadence sufficient for a consumer to hear and understand the entire statement or disclosure. A video statement or disclosure shall be of a size and shade and appear on the screen for a duration sufficient for a consumer to read and understand the entire statement or disclosure. In a print Advertisement, or other printed promotional material, including, but without limitation, point of sale display or brochure materials directed to consumers, statements or disclosures shall be in a type size, font, appearance and location sufficiently noticeable for a consumer to read and comprehend it, in a print that contrasts with the background against which it appears.

4.4 "Consumer Act" or "Consumer Protection Act" shall refer to the Consumer Fraud Act, 9 V.S.A. §§2451 *et seq.*

4.5 "Direct Proximity" means that a term is disclosed immediately beneath, beside, or adjacent to an offer or term.

4.6 "DIRECTV Goods" shall mean the equipment that DIRECTV offers, leases, and/or sells to consumers, directly and/or through Third-Party Retailers, that enables customers to receive DIRECTV audio and video programming.

4.7 "DIRECTV Services" shall mean the audio and video programming that DIRECTV offers, leases, and/or sells to consumers, directly and/or through Third-Party Retailers, including, but not limited to, the installation, activation and/or delivery of DIRECTV programming, equipment, and/or any other DIRECTV Goods.

4.8 "Network Local Channels" shall refer to the local affiliates of ABC, CBS, Fox, PBS and NBC broadcast in a customer's designated market area.

4.9 "Third-Party Retailer" shall mean one or more persons, a corporation, a partnership, or any other type of entity, as the case may be, who enters into an

agreement with DIRECTV which permits the person or entity to Advertise, promote, or sell DIRECTV Services in connection with the person's or entity's sale or lease of DIRECTV Goods, including bundling partners.

4.10 A "material fact," "material condition," "material term," or any similar phrase or combination of words or phrases is any fact that, if known, would have been important to a consumer making a purchasing decision. A "material limitation" means a term or condition under DIRECTV's control that necessarily affects a consumer's ability to obtain a price or offer as Advertised.

4.11 "Residential Account" means an account for a single family residence or a single unit of a multi-dwelling residence that contracts with DIRECTV for DIRECTV Services.

4.12 The "Effective Date" of the Judgment is January 1, 2011.

5. APPLICATION OF JUDGMENT TO DIRECTV AND ITS SUCCESSORS

5.1 DIRECTV shall, within thirty (30) days after the Effective Date, inform and give actual notice to all personnel at the Vice-President level and above, and shall implement a program to train appropriate employees and agents on the relevant terms of this Judgment.

5.2 Within thirty (30) days of the Effective Date, DIRECTV shall notify its Third-Party Retailers, in writing, of the terms and conditions of this Judgment and that they are required to comply with the terms and conditions of this Judgment. DIRECTV shall also require such Third-Party Retailers to comply with the terms and conditions of this Judgment as set forth in paragraphs 6.34, 6.36, 6.37, and 6.38.

5.3 The provisions of this Judgment shall be limited to DIRECTV Residential Accounts, and DIRECTV Goods and/or DIRECTV Services for Residential Accounts.

6. INJUNCTIVE PROVISIONS

It is hereby agreed by DIRECTV that upon the Effective Date of this Judgment, pursuant to 9 V.S.A. §2458 , DIRECTV shall be permanently and forever enjoined, restrained and bound

from directly or indirectly engaging in the prohibited practices set forth herein and further, permanently required to directly or indirectly satisfy the affirmative requirements set forth herein.

General Consumer Protection Provisions

6.1 DIRECTV shall not commit any unfair or deceptive trade practices as defined by the State's Consumer Protection Statute set forth in Paragraph 4.4, and shall comply with all applicable State and local laws, rules and regulations on use of the word "free," free offers and/or other prize, gift, award and incentive promotions.

6.2 DIRECTV shall not offer, Advertise, lease, or sell any DIRECTV Goods or DIRECTV Services unless, at the time of the offer, Advertisement, lease or sale, it is able to provide consumers with a good or service that complies with the material representations made in connection with the offer, Advertisement, lease, or sale. This paragraph shall not be construed to apply in instances where factors beyond DIRECTV's control prevent consumers from receiving DIRECTV Goods and/or DIRECTV Services.

6.3 If a consumer notifies DIRECTV or one of its Third-Party Retailers of a problem regarding a recurring impairment and/or material limitation to the quality or usability of any DIRECTV Services, including, but not limited to, recurring material interference of signal reception, that is not caused or attributable to improper installation by the consumer, a change in alignment of the satellite receiving equipment that is not caused by DIRECTV, misuse or abuse of the equipment, and/or other factors not within DIRECTV's control, DIRECTV shall either (i) allow the consumer to cancel his or her Agreement without the imposition of a cancellation fee, or (ii) directly, through a Third-Party Retailer, or other third party contractor, schedule and complete an in-home service appointment to correct the problem. If DIRECTV cannot correct

the impairment or limitation problem within thirty (30) days of DIRECTV's receipt of such consumer's initial impairment or limitation notification, the consumer shall have the right to cancel his or her Agreement with DIRECTV without the imposition of an early cancellation fee.

6.4 DIRECTV shall promptly replace any leased DIRECTV Goods that cease to operate when such cessation is not caused or attributable to improper installation by consumers or misuse or abuse of the equipment at no cost to consumers other than reasonable shipping and handling fees; provided, however, DIRECTV shall waive shipping and handling fees if the DIRECTV Goods require replacement within ninety (90) days of such DIRECTV Goods' initial activation.

Advertising Provisions

6.5 DIRECTV shall not use any statements or illustrations in any Advertisement or representations made to consumers that create a false impression of a material fact regarding the grade, quality, quantity, make, value, age, size, color, usability, or origin of any goods or services, or which may otherwise misrepresent material facts regarding the nature, quality and/or characteristics of any DIRECTV Goods and/or DIRECTV Services.

6.6 DIRECTV shall Clearly and Conspicuously disclose any and all material terms or conditions of an offer to sell or lease any DIRECTV Goods and/or DIRECTV Services.

6.7 DIRECTV shall not misrepresent in any Advertisements, or other representations it makes to consumers, the availability of sports programming provided with any DIRECTV Services.

6.8 In any Advertisement that includes a specific price for DIRECTV Goods or DIRECTV Services, DIRECTV shall Clearly and Conspicuously disclose, in Direct Proximity to the price, all material limitations on a consumer's ability to obtain the Advertised price,

including, but not limited to:

a. If the price is after rebate(s), and the consumer is required to take any action(s) to obtain the rebated price, the fact that the price is after rebate(s) or requires a rebate(s);

b. Any commitment/agreement term to DIRECTV Services required to obtain the price; and

c. If the price is promotional, the term of the promotional period.

6.9 In any Advertisement which includes a featured offer for DIRECTV Goods or DIRECTV Services (i.e., non-price offers, e.g., NFL Sunday Ticket or High Definition ("HD") / Digital Video Recorder ("DVR") upgrades), DIRECTV shall Clearly and Conspicuously disclose in Direct Proximity to the offer of DIRECTV Goods or DIRECTV Services, all material limitations on a consumer's ability to obtain the DIRECTV Goods or DIRECTV Services, including, but not limited to, as applicable, the following:

a. If the offer is after rebate(s), and the consumer is required to take any action(s) to obtain the rebated offer, the fact that the offer is after rebate(s) or requires a rebate(s);

b. Any commitment/agreement term to DIRECTV Services required to obtain the DIRECTV Goods or DIRECTV Services;

c. If a featured offer for an Advertised DIRECTV Goods or DIRECTV Services requires payment of a periodic lease or service fee (e.g., HD or DVR fees) to utilize the DIRECTV Goods or DIRECTV Services, the fact that additional fee(s) apply;

d. If the offer features local channels, the fact that local channels are not

available in all areas or the percentage of designated market areas or television viewing households to which it does, or does not, provide local channels; and

e. If the DIRECTV Goods or DIRECTV Services is for a promotional period, the term of the promotional period.

For purposes of this section, a "featured offer" means that the Advertisement as a whole, or a portion of the Advertisement, identifies a particular DIRECTV Goods or DIRECTV Services and makes a particular offer regarding such DIRECTV Goods or DIRECTV Services. "Featured offer" shall not be construed to include an offer that only references the availability of additional DIRECTV Goods or DIRECTV Services; provided however, in instances where the availability of additional DIRECTV Goods or DIRECTV Services is referenced but not a "featured offer," disclosures regarding the availability of such DIRECTV Goods or DIRECTV Services shall be Clearly and Conspicuously made in the Advertisement.

6.10 If an Advertisement contains multiple price, service, equipment, or other similar offers that contain the same material limitations, each disclosure required by Paragraphs 6.8 and 6.9 need only be made once, provided such disclosure is Clear and Conspicuous, and Directly Proximate to the multiple offers, if applicable, pursuant to the terms of Paragraphs 6.8 or 6.9. Such disclosure shall Clearly and Conspicuously identify that it applies to all such offers.

6.11 In its Advertisements, DIRECTV shall Clearly and Conspicuously disclose the following, if applicable:

a. The fact that an Advertisement and/or offer is limited to new customers only;

b. The fact that an Advertisement and/or offer is contingent on a consumer's

creditworthiness;

c. The fact that an Advertisement and/or offer requires a specific form of payment;

d. Any applicable early cancellation fee;

e. The fact that equipment non-return fees may apply;

f. Any applicable HD, DVR, and/or extra receiver fees;

g. If the offer features sports programming and/or packages and their specific availability, the fact that blackouts may apply or that not all games may be available; and

h. Any condition(s) required to claim and/or qualify for a rebate(s), such as completing an online rebate form with a valid e-mail address and/or consenting to the receipt of e-mails.

6.12 INTENTIONALLY LEFT BLANK

6.13 Notwithstanding the foregoing, in instances where a third party Advertising publisher or third party distributor imposes mandatory policies, requirements, rules, or other restrictions on the Advertisement that would make inclusion of the disclosures required by this Judgment impossible because of limitations on the parameters, format, size, and/or technical aspects of an Advertisement, including, but not limited to, restrictions on the maximum number of characters, lines of text or graphics, or pixels, and/or the file size, then such disclosures including, specifically, the disclosures required by Paragraphs 6.8, 6.9, and 6.11, shall not be construed to apply to that specific type of Advertisement. However, in instances where an Advertisement is of such limited space that the disclosures required by this Judgment cannot reasonably be Clearly and Conspicuously made in the Advertisement, but such disclosure would not otherwise be impossible, then DIRECTV shall include in such Advertisements the

disclosures required by Paragraphs 6.8 and 6.9 in the same manner specified by those paragraphs. Provided however, that in any Advertisements covered by this Paragraph, DIRECTV shall also provide a phone number, web site, click-through, link, pop-up or other method for the consumer to access Clear and Conspicuous disclosures of the applicable full terms and conditions.

Sales Disclosures

6.14 Prior to the sale or lease of DIRECTV Goods and/or DIRECTV Services by DIRECTV, DIRECTV shall disclose, Clearly and Conspicuously, any and all material terms or conditions of DIRECTV's offer. Such material terms or conditions include, but are not limited to, the following, if applicable:

a. the cost to the consumer of any DIRECTV Goods ordered;

b. the first month's price of any DIRECTV Services ordered;

c. that a mandatory programming commitment/agreement will apply, including, but not limited to the duration of the contract;

d. the current monthly fees and charges for HD and/or DVR services, if equipment requiring subscription to such services is initially ordered by the consumer;

e. any costs, fees or other consideration consumers must pay to cancel any DIRECTV Services, including, but not limited to the following, if applicable: (i) the existence of any early cancellation fee, (ii) the amount of such fees, and (iii) the amount such fees will decrease and on what basis such fees may be prorated;

f. that an equipment non-return fee may apply if leased DIRECTV Goods

are not returned as required;

g. any promotional price, and (i) the fact that the promotional price is contingent upon the consumer's request for a rebate(s), if such is the case, (ii) each component or requirement for claiming a rebate, if applicable, (iii) the duration of the promotional price, and (iv) the current price of the DIRECTV Goods or DIRECTV Services ordered without any promotion or discount applied;

h. the fact that any price or offer is conditioned upon a consumer's agreement to a particular method and/or manner of payment; and

i. if DIRECTV offers its services, or any part of its services (e.g., a 3-month trial of premium movie channels or a protection plan), at no cost to the consumer for a period of time ("Promotional Period"), (i) whether the consumer will be automatically billed for the service following the expiration of the Promotional Period, (ii) that the consumer must cancel the service within the Promotional Period to avoid being automatically billed for it, (iii) the cost of the service after the Promotional Period, (iv) the length of the Promotional Period, and (v) the means by which the consumer may cancel the service during the Promotional Period.

6.15 In addition to the requirements of 6.14, if the consumer pays DIRECTV a lump sum as a condition of receiving DIRECTV Goods or DIRECTV Services, DIRECTV shall Clearly and Conspicuously disclose, prior to any commitment by the consumer, all material terms and conditions associated with the lump sum payment, including, but not limited to, the following, if applicable:

a. That the consumer's payment is a condition of DIRECTV providing DIRECTV Goods or DIRECTV Services to the consumer;

b. Whether the consumer's payment is fully or partially refundable;

c. What conditions the consumer must meet to obtain a full or partial refund of the consumer's payment;

d. The amount of the consumer's payment; and

e. The time period in which DIRECTV must refund the consumer's payment if any refund conditions apply and are met.

New or Additional Commitment/Agreement

6.16 In addition to the requirements of 6.14, if any offer by DIRECTV, or an upgrade or other change by a consumer, requires a new or additional term of commitment/agreement for DIRECTV Goods or DIRECTV Services, DIRECTV shall first obtain express assent from the consumer to the new or additional term of commitment/agreement and shall Clearly and Conspicuously disclose all of the material terms of the new or additional term, including the term of the commitment/agreement and any cancellation fee that will be charged if the customer does not keep the commitment/agreement.

6.17 DIRECTV shall not obligate consumers to a new or additional term of commitment/agreement as a condition to repair or provide a substantially similar replacement (e.g., "like-for-like" replacement) of any leased DIRECTV Goods that malfunctions, or that is required by DIRECTV in order to continue to receive equivalent programming and that is not the result of an upgrade or other change by the consumer. However, if a consumer elects to upgrade the replaced equipment (e.g., receives a HD and/or DVR receiver as an upgraded replacement for a standard receiver), then DIRECTV may require the consumer to consent to a new or additional

programming commitment/agreement, provided that it obtains the consumer's express assent as required by Paragraph 6.16.

6.18 In addition to the requirements of 6.14, DIRECTV shall not automatically renew its seasonally-provided sports packages unless, prior to the time the consumer becomes obligated to pay for such seasonal sports package, DIRECTV:

a. Clearly and Conspicuously notifies the consumer in a letter, notice or bill, sent via email, if available, or U.S. mail at least thirty (30) days prior to renewal, that service will be renewed;

b. Clearly and Conspicuously discloses to the consumer in its notice a toll-free number which can be used to cancel the service;

c. Clearly and Conspicuously discloses that the consumer shall not be obligated to pay for the automatically renewed service if the consumer cancels prior to the start of the upcoming season, and that no refund will be provided for a cancellation after the start of the season; and

d. Clearly and Conspicuously discloses at the time of the consumer's original order for the service that it is subject to an automatic renewal.

Programming Availability

6.19 During the sale or lease of DIRECTV Goods and DIRECTV Services, DIRECTV shall disclose all material terms and limitations concerning the availability of Network Local Channels, including, but not limited to, specifically identifying which, if any, Network Local Channels are not available on DIRECTV's platform and the fact that consumers may look up detailed information regarding local channels on DIRECTV's website.

6.20 DIRECTV shall not make representations that programming, including sports and

local channel programming, is available when it is not.

Promotional Offers

6.21 If DIRECTV offers its services, or any part of its services, pursuant to a Promotional Period, and the offer ends after the expiration of the Promotional Period, DIRECTV shall Clearly and Conspicuously disclose in each bill during the Promotional Period the total number of months of the offer, or alternatively, the number of months remaining in the offer.

6.22 DIRECTV shall not represent, expressly or by implication that a consumer will get "cash" or "cash back" from DIRECTV when, in fact, the consumer will receive a bill credit for DIRECTV charges.

Sales Confirmation

6.23 DIRECTV shall Clearly and Conspicuously disclose in a document, which shall be mailed or e-mailed to a new customer within seventy-two (72) hours of the consumer's order for DIRECTV Goods or DIRECTV Services ("Confirmation Letter"), all material terms and conditions of the consumer's purchase and activation of DIRECTV Goods and DIRECTV Services.

6.24 The Confirmation Letter required herein shall not contain any marketing or Advertisements for DIRECTV Goods or DIRECTV Services, or the goods or services of any entity associated with DIRECTV unless such materials are on stand-alone documents, inserts, or web pages, or if part of the letter, it is in a stand-alone section or area that does not obstruct the Clear and Conspicuous message of the Confirmation Letter. In addition, disclosures required in the Confirmation Letter may be Clearly and Conspicuously made in materials sent with the Confirmation Letter, including, but not limited to, in a rebate insert or claim form. The Confirmation Letter shall be sent in an envelope and/or e-mail that prominently displays the

phrase, "Important – Your DIRECTV Order Confirmation" or similar language, on the envelope or in the subject line of the e-mail.

6.25 DIRECTV shall Clearly and Conspicuously disclose in the Confirmation Letter all material terms of the consumer's order for DIRECTV Goods and/or DIRECTV Services, including the following information:

a. the length of the term of any programming commitment/agreement between the consumer and DIRECTV;

b. any minimum programming requirements;

c. that if the consumer accepts advanced equipment with optional features such as HD and/or DVR capabilities, the consumer must also (if such is the DIRECTV policy) subscribe to and pay monthly fees for such features;

d. an itemization of all DIRECTV Goods and DIRECTV Services selected by the consumer, and the itemized price for each;

e. the amount and mode of calculation of any cancellation fee, including the method used for calculating the prorated amount of any cancellation fee;

f. equipment return policies and procedures, including DIRECTV's general or standard equipment non-return fees, if any;

g. the address, and toll-free telephone number that the consumer should contact with questions regarding: (i) billing, including the end date of any billing credits on the consumer's account, (ii) installation, (iii) equipment, (iv) service, and (v) cancellation of service; and

h. where applicable, a statement that specifies: (i) the fact that the promotional price is contingent upon the consumer's request for a

rebate(s), (ii) each component or requirement for claiming a rebate, if applicable, and (iii) the duration of the promotional price or period (e.g., "HBO for 3 Months").

6.26 At or prior to installation, DIRECTV shall deliver a written document which contains any other terms and conditions of the Agreement between the consumer and DIRECTV which have not been previously disclosed in the Confirmation Letter.

6.27 At or prior to installation, DIRECTV shall obtain the consumer's signature acknowledging the consumer is entering into a contract or commitment period for DIRECTV Services. In addition, DIRECTV shall provide the consumer with a document that Clearly and Conspicuously discloses:

a. the term of any programming commitment/agreement between the consumer and DIRECTV;

b. the mode of calculation of any cancellation fee, including a description for calculating the prorated amount of any cancellation fee;

c. the general fees associated with failing to return any equipment; and

d. the identity of other documents the consumer has received which include the full terms and conditions associated with their purchase or lease of DIRECTV Goods or Services.

6.28 DIRECTV shall provide Clear and Conspicuous written notice to customers in their first bill that they may contact DIRECTV prior to the due date of the first bill if they believe there is a discrepancy between the amount(s) on their first bill and the price(s) they believe was promised to them at the time of sale. In the event a new customer complains to DIRECTV on or before the tenth day after the due date of his or her first bill that the price charged is not what

was promised, DIRECTV will investigate the matter. To the extent that DIRECTV is unable to resolve any such customer's complaint, or provide evidence that the customer's allegation is unfounded, DIRECTV will agree to one of the following: (i) honor the price that the customer asserts was agreed upon; (ii) provide a resolution that is agreeable to the customer; or (iii) allow the customer to cancel and waive the early cancellation fee. However, the foregoing shall not be construed to apply to instances where the alleged price discrepancy is due to a customer's failure to account for any rebate that will be credited to the customer's account, or due to the fact that a customer has not yet submitted a rebate form. If the price discrepancy is due to any rebate that has not yet been submitted, then DIRECTV shall facilitate the submission of the customer's rebate, including by providing information to assist or permit such customer to submit the rebate. In the event of cancellation by a customer, the customer shall remain obligated to return all equipment, using a postage paid return kit or other method provided at DIRECTV's expense, or be subject to any applicable equipment non-return fee.

Electronic Fund Transfers and Credit Card Autopay

6.29 DIRECTV shall comply with the provisions of the Electronic Fund Transfer Act, 15 U.S.C. §1601, *et seq.*, and any applicable state law equivalent thereof.

6.30 DIRECTV shall comply with any applicable federal and state laws for obtaining authorization to enroll a consumer's credit card in a recurring or auto-payment program.

6.31 DIRECTV shall not charge a final bill to a credit card, debit card or checking account on file unless Clear and Conspicuous disclosure has been provided to the consumer that the final bill may be charged to his or her credit card, debit card or checking account. DIRECTV shall not make a final bill charge to a debit or credit card belonging to someone other than the customer named on the specific DIRECTV account unless DIRECTV provides Clear and

Conspicuous disclosure to the non-account-holder that the card may be used for payment of final bill charges.

Cancellation of Services and Equipment Return

6.32 Before requiring a consumer to pay a cancellation, equipment non-return, and/or other fee for the cancellation of DIRECTV Services and/or non-return of any DIRECTV Goods, DIRECTV shall Clearly and Conspicuously disclose the following information:

a. the amount of any such fee that the consumer is charged;

b. if the amount of any such fee that the consumer is being charged is related to the failure of the consumer to return any DIRECTV Goods, the number of DIRECTV Goods the consumer is required to return, and the terms and conditions under which the consumer must return any DIRECTV Goods to DIRECTV to avoid the equipment non-return fee;

c. notification that the consumer's bank account, or credit or debit card on file will be debited or charged for any such fee;

d. the amount of any such fee for which DIRECTV intends to bill or charge the consumer; and

e. the procedure the consumer may follow to avoid incurring any such fee, if any.

Such disclosure must be made to the consumer at least ten (10) days prior to collecting the fees specified above. In addition, if service is terminated by DIRECTV, DIRECTV must disclose the information in Paragraph 6.32(d) in writing at least ten (10) days prior to collecting such fee.

6.33 In instances where a delinquent early cancellation fee is reported on a consumer's credit report by a third party collection agency, DIRECTV shall, in cases where DIRECTV has

agreed to waive all or part of that early cancellation fee, request that the collection agency contact the credit agencies to remove the negative information relating to the delinquent early cancellation fee from the consumer's credit report. DIRECTV shall further, upon request of a consumer, provide written or electronic confirmation of its agreement to waive all or part of that delinquent early cancellation fee.

Third-Party Retailers

6.34 DIRECTV shall require its Third-Party Retailers to comply with the provisions of this Judgment, including all Advertising and sales disclosures required by this Judgment. If DIRECTV learns that any of its Third-Party Retailers are conducting any activities, directly or through another person, that violate the terms of this Judgment, DIRECTV shall take appropriate action against such Third-Party Retailers. Appropriate action shall be determined by the nature and circumstances of the violation, including, but not limited to, the pattern and/or severity of the conduct and any corrective action taken by the Third-Party Retailer, and shall consist of one or more of the following remedies:

a. Training or re-educating the Third-Party Retailer on the terms of its agreement with DIRECTV, including DIRECTV's standard policies, the terms of the Judgment and the consequences of the Third-Party Retailer's failure to comply with the terms of the Judgment in the future;

b. Requiring the Third-Party Retailer to impose appropriate guidelines to enforce the terms of the agreement between DIRECTV and the Third-Party Retailer, including DIRECTV's standard policies and the terms of the Judgment;

c. Requiring the Third-Party Retailer to impose appropriate guidelines and

provide adequate training for its sales and marketing employees;

d. Withholding of payments available under marketing cooperative programs and/or discretionary funding;

e. Placing the Third-Party Retailer on probation or other appropriate and reasonable discipline under the circumstances; and/or

f. Termination.

6.35 DIRECTV shall reasonably monitor sales activities of Third-Party Retailers in relation to DIRECTV Goods and/or DIRECTV Services, and shall reasonably investigate written customer complaints related to such activities that it receives directly from the Better Business Bureau, any regulatory agencies, or law enforcement entities. For a period of three (3) years from the Effective Date of the Judgment, upon request by the State, DIRECTV shall file a report, no more than semi-annually, with the Attorney General, with the following information:

a. the name, address, and phone number of each consumer who made a written allegation or complaint to DIRECTV regarding a Third-Party Retailer;

b. a copy or description of each allegation or complaint;

c. the name, address and phone number of the Third-Party Retailer against whom each allegation or complaint was lodged; and

d. the specific action DIRECTV took regarding each complaint or allegation.

6.36 If a Third-Party Retailer is providing DIRECTV Goods to the consumer pursuant to a lease, DIRECTV shall require the Third-Party Retailer to Clearly and Conspicuously disclose:

a. A statement that the consumer is entering into a lease of DIRECTV Goods; and

b. A statement that the consumer must return the DIRECTV Goods to DIRECTV at the end of the lease term in working condition, or incur an equipment non-return fee of a specified amount.

6.37 DIRECTV shall require its Third-Party Retailers, when offering, Advertising, installing, servicing, leasing, and/or selling any DIRECTV Goods and/or DIRECTV Services, to identify themselves to consumers, including prominently disclosing their name, address and telephone number, and their relationship to DIRECTV.

6.38 In the event that a written consumer complaint to a Third-Party Retailer or a subcontractor of a Third-Party Retailer is not resolved, DIRECTV shall require its Third-Party Retailer to provide information to the consumer on how to contact DIRECTV. If a consumer contacts DIRECTV regarding any such unresolved written complaint, DIRECTV shall engage in a reasonable investigation of the consumer's complaint.

Complaint Handling

6.39 DIRECTV shall maintain all consumer complaints it receives and DIRECTV's responses to those consumer complaints for a period of three (3) years. For the purposes of this Judgment, consumer complaints shall include any written or electronic message(s) received from a consumer indicating a specific problem, or dissatisfaction in any form in connection with the offer, lease, sale, installation, activation and/or use of any DIRECTV Goods and/or DIRECTV Services.

6.40 Within forty-five (45) days of the Effective Date of this Judgment, DIRECTV shall appoint a person or persons, or an entity, to act as a direct contact for the Attorney General

(or other State agency(ies) responsible for complaint mediation) for resolution of consumer complaints. DIRECTV shall provide the Attorney General (or other State agency(ies)) with the name(s), address(es), telephone number(s), facsimile number(s) and e-mail address(es) of the person(s) or entity(ies) within thirty (30) days of his/her/its/their appointment.

6.41 Upon request by the State and consent of the consumer, DIRECTV shall provide to the State the information and/or materials relied on by DIRECTV to determine the response to the consumer's complaint received by the State, including:

a. the date DIRECTV received the complaint;

b. a summary of all communications with the consumer regarding the complaint, indicating the date of each communication, the name or identifier of the DIRECTV representative communicating with the consumer, all proposed resolutions, and the consumer's response to all proposed resolutions;

c. any applicable account ledger and/or notes; and

d. a description of the ultimate resolution of the complaint that includes any relief provided and the date of the resolution.

6.42 DIRECTV shall engage in a reasonable investigation of the consumer's complaint before providing a response to the consumer. As part of responding to an oral complaint regarding the lack of an agreement by a consumer to a commitment term for DIRECTV Services and corresponding early cancellation fee, DIRECTV shall inform the consumer to file a written complaint if they still object to the imposition of the cancellation fee. As part of investigating a written complaint to DIRECTV regarding the lack of an agreement by a consumer to a commitment term for DIRECTV Services and corresponding early cancellation fee, whether

received directly by DIRECTV or through the Attorney General, a regulatory agency, or Better Business Bureau, DIRECTV shall review any evidence proving the consumer's express assent to the term or commitment in question. If DIRECTV is unable to prove the consumer's express assent to the new or additional programming commitment/agreement through evidence (e.g., a recording, signed agreement or other confirmation of assent including those permissible under the Electronic Signatures in Global and National Commerce Act (E-Sign)), DIRECTV shall, in responding to the complaint, disclose to the consumer that he/she may cancel his/her DIRECTV account without paying the early cancellation fee associated with the commitment/agreement that is the subject of the complaint. The consumer shall remain obligated to pay for any programming provided to the consumer prior to canceling his or her account. The consumer shall also remain obligated to return all leased equipment, using the return kit or other method provided by DIRECTV at its expense, or be subject to any applicable equipment non-return fee.

6.43 DIRECTV shall train its customer service representatives on DIRECTV's customer service policies, including DIRECTV policies requiring the customer service representative to: (i) identify himself or herself by first name and/or other personal identifier when communicating with a consumer regarding the consumer's complaint(s); (ii) note or document the consumer's complaint and any resolution offered; (iii) review and attempt to resolve the consumer's complaint; and (iv) honor any complaint resolution offered to the consumer.

6.44 Whenever DIRECTV agrees to refund to a consumer any amount of money, DIRECTV shall promptly refund the money, and in no event shall DIRECTV take more than forty-five (45) days to refund the money from the date of agreeing to do so.

7. RESTITUTION

7.1 *Eligible Complaint Defined.* An "Eligible Complaint" shall mean a written request or demand from a DIRECTV customer residing in the State of Vermont which meets the following criteria: (i) the complaint was received by DIRECTV, the Attorney General, or a State regulatory agency located in the State, prior to or within one hundred-fifty (150) days of the Effective Date of this Judgment; (ii) the complaint concerns conduct addressed by the terms of this Judgment and that occurred since January 1, 2007; and (iii) the complaint remains unresolved.

7.2 *Resolution of Eligible Complaint by DIRECTV.* Within a reasonable time not to exceed one hundred-fifty (150) days of receiving an Eligible Complaint, DIRECTV shall attempt to resolve the Eligible Complaint by offering the consumer restitution and/or some other appropriate relief; provided, however, if the number of Eligible Complaints exceed 1,500[1], the one hundred-fifty (150) day period for resolving Eligible Complaints shall be extended by an additional sixty (60) days for every 1,000 Eligible Complaints received beyond the initial 1,500 Eligible Complaints. If DIRECTV is unable to resolve the Eligible Complaint to the consumer's satisfaction, DIRECTV shall inform the consumer of his or her ability to submit his or her complaint to the Claims Administrator for resolution by mailing the consumer the Claim Form which will be agreed to by the parties. The Claim Form shall describe the restitution and/or other appropriate relief that DIRECTV is offering to resolve the Eligible Complaint and shall explain the procedure for accepting DIRECTV's offer, and for rejecting the offer and submitting the Eligible Complaint to the Claims Administrator for resolution. If a Claim Form is returned to DIRECTV as undeliverable, DIRECTV shall attempt to locate the consumer by: (i) mailing the Claim Form to any forwarding address provided by the U. S. Postal Service for the consumer;

[1] For purposes of this paragraph, the number of Eligible Complaints refers to the aggregate number of complaints received by DIRECTV from all states entering into similar settlements with DIRECTV, identified in Exhibit A.

(ii) mailing the Claim Form to any additional addresses for the consumer contained in DIRECTV's business records; and/or (iii) contacting the consumer at any phone number, e-mail address, or facsimile number that is contained in DIRECTV's business records regarding the consumer.

7.3 *Review by the Claims Administrator.* A consumer may elect to have his/her Eligible Complaint decided by the Claims Administrator by submitting the Claim Form to DIRECTV within forty-five (45) days of the date of the mailing of the Claim Form by DIRECTV. The consumer may return the Claim Form to DIRECTV by one of the following methods, at the consumer's choice: (i) via the U.S. Postal Service; (ii) via facsimile; or (iii) via any other additional manner set forth by DIRECTV. If the consumer fails to return the Claim Form within the 45-day period, the restitution offer made by DIRECTV will be deemed to be accepted. For purposes of this paragraph, the date on which a Claim Form is returned to DIRECTV shall be either: (i) the date of any postmark contained on the envelope used to return the Claim Form to DIRECTV via the U.S. Postal Service; (ii) the date on which the Claim Form is returned to DIRECTV via facsimile; or (iii) the date on which the consumer returns the Claim Form by any other additional manner set forth by DIRECTV.

7.4 *Forwarding Documentation to the Claims Administrator.* DIRECTV shall, within forty-five (45) days of its receipt of a properly completed Claim Form and a consent to release information from the consumer, provide to the Claims Administrator a copy of: (i) the consumer's Eligible Complaint; (ii) the consumer's submitted Claim Form; and (iii) any other document mailed by the consumer with either his/her Claim Form or Eligible Complaint. DIRECTV shall also provide to the Claims Administrator any documents transmitted by the

consumer to DIRECTV prior to the Claims Administrator's resolution of the consumer's Eligible Complaint relating to the consumer's Eligible Complaint.

7.5 *Restitution Payment or Other Appropriate Relief Within 30 Days.* DIRECTV shall provide any consumer who accepts its offer of restitution and/or other appropriate relief with the restitution payment and/or any other appropriate relief that was accepted by the consumer no later than thirty (30) days from the date of such acceptance.

7.6 *Hiring of the Claims Administrator.* Within sixty (60) days of the Effective Date of this Judgment, DIRECTV shall hire the Claims Administrator. For the purpose of protecting the proprietary and customer information to be provided to him/her by DIRECTV, the Claims Administrator shall enter into a contractual relationship with DIRECTV consistent with the terms of this Judgment. However, the selection of the Claims Administrator and any successor administrator shall be subject to the approval of the State, which shall not be unreasonably withheld or delayed.

7.7 *DIRECTV to Pay Costs of Restitution Program.* DIRECTV shall pay the Claims Administrator and all costs associated with the complaint-resolution program provided for in this Judgment.

7.8 *Duties and Responsibilities of the Claims Administrator.* The Claims Administrator is responsible for the coordination of the complaint-resolution program with the full and complete cooperation of all parties to this Judgment. The Claims Administrator's resolution of Eligible Complaints shall be binding on DIRECTV. The Claims Administrator shall conduct hearings on Eligible Complaints by telephone when requested by either party or when deemed necessary by the Claims Administrator for his or her resolution of an Eligible Complaint. The consumers shall be informed in writing of the option for a telephonic hearing.

The Claims Administrator shall also be responsible for, among other things, the collection of all Eligible Complaints and supporting documents necessary for determination of restitution and/or other appropriate relief to consumers. The Claims Administrator shall request from DIRECTV and the consumer all information he/she deems necessary to make a full and fair resolution of an Eligible Complaint. Restitution provided pursuant to this Judgment shall be limited to the consumer's ascertainable loss, and nothing herein shall entitle any consumer to additional damages, fines or penalties, including, but not limited to, consequential damages. The Claims Administrator shall conduct a paper review or a review as otherwise provided herein of the Eligible Complaint and any supporting documentation. No state or federal rules of evidence shall apply to the Claims Administrator's review. The complaint-resolution program shall be designed in a consumer-friendly non-legal environment to encourage the consumer's participation in the process. Ex parte communication with the Claims Administrator will not be allowed pertaining to any specific Eligible Complaint or as to the criteria used in evaluating each Eligible Complaint.

7.9 *Decision by the Claims Administrator.* The Claims Administrator shall issue a decision regarding an Eligible Complaint within a reasonable period of time following receipt of the Eligible Complaint and all required and/or requested documents, but in no event shall the decision be issued later than thirty (30) days following receipt of the Eligible Complaint or any supporting documentation without good cause, and shall deliver the decision to DIRECTV and to the consumer whose Eligible Complaint is the subject of the decision. In the event a decision issued by the Claims Administrator requires DIRECTV to provide a consumer with a restitution payment and/or other appropriate relief, DIRECTV shall, within thirty (30) days of its receipt of such decision, deliver to the consumer the required restitution payment and/or other appropriate

relief. The Claims Administrator shall resolve all Eligible Complaints subject to the dispute resolution process in a prompt and efficient manner, with the goal of resolving all such Eligible Complaints (taking into account the volume of complaints and extenuating circumstances) within one (1) year from the date the Eligible Complaint is received.

7.10 *Reporting Requirement.* Upon written request, on the first and second year anniversary date of the hiring of the Claims Administrator, DIRECTV shall provide a report to the State, in a format and medium to be agreed upon by DIRECTV and the State, setting forth the following information: (i) the number of Eligible Complaints received from DIRECTV; (ii) a description of the nature of each Eligible Complaint, including a description of the business practice that is the focus of the Eligible Complaint; (iii) the name and address of each consumer who filed an Eligible Complaint; (iv) a description of the resolution of the Eligible Complaint, including the amount of any restitution payment and a description of any other relief offered; (v) a statement whether the Eligible Complaint was submitted to the Claims Administrator; and (vi) if the Eligible Complaint was submitted to the Claims Administrator, the decision of the Claims Administrator, and response, if any, of any consumer to the decision, including documentation of a consumer's acceptance of any relief ordered by the Claims Administrator.

7.11 *Meet and Confer on Administration of Restitution Program.* At the request of DIRECTV, the State, or the Claims Administrator, the Claims Administrator or his/her designee, may meet and confer with the State and DIRECTV for any purpose relating to the administration of the complaint-resolution program provided for under this Judgment, including, but not limited to, monitoring and auditing the complaint-resolution program. Problems that arise concerning the implementation of the complaint-resolution program may be resolved by agreement between

the State, DIRECTV and the Claims Administrator. Such meet and confer requirements may occur either in person or by telephone conference.

8. ATTORNEYS' FEES AND COSTS TO THE STATE

8.1 Within fifteen (15) business days of the Effective Date of this Judgment, DIRECTV shall pay Thirteen Million Two Hundred Fifty Thousand Dollars ($13,250,000.00), to be divided and paid by DIRECTV directly to each Attorney General participating in a similar settlement agreement, as identified in Exhibit A, which shall be used by the States as and for attorneys' fees and other costs of investigation and litigation, or for future public protection purposes, or to be placed in, or applied to, the consumer protection enforcement fund, consumer education, litigation or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, except as set forth below, at the sole discretion of each Attorney General. In no event shall any portion of this payment be characterized as the payment of a fine, civil penalty or forfeiture by DIRECTV to any state. Specifically, the Court awards the State of Vermont judgment in the amount of $185,000.00 (One Hundred Eighty-Five Thousand Dollars).

9. GENERAL PROVISIONS

9.1 The acceptance of this Judgment by the State shall not be deemed approval by the State of any of DIRECTV's Advertising, documents, contracts, or business practices. Further, neither DIRECTV nor anyone acting on its behalf shall state or imply, or cause to be stated or implied, that the State, the Attorney General, or any other governmental unit of the State, has approved, sanctioned or authorized any practice, act, Advertisement, representation, or conduct of DIRECTV.

9.2 To the extent that any changes in DIRECTV's business, Advertising materials, and/or Advertising or customer service practices are made to achieve or to facilitate conformance to the terms of this Judgment, such changes shall not constitute any form of evidence or admission by DIRECTV, explicit or implicit, of wrongdoing or failure to comply with any federal or state statute or regulation or the common law.

9.3 This Judgment may only be enforced by the parties hereto.

9.4 The titles and headers to each section of this Judgment are for convenience purposes only and are not intended by the parties to lend meaning to the actual provisions of the Judgment.

9.5 As used herein, the plural shall refer to the singular and the singular shall refer to the plural, and the masculine, the feminine and the neuter shall refer to the other, as the context requires.

9.6 Nothing in this Judgment shall limit the Attorney General's right to obtain information, documents or testimony from DIRECTV pursuant to any State or federal law, regulation or rule.

9.7 DIRECTV hereby expressly waives and relinquishes all rights to a jury trial, including any rights related to its right to a trial by jury under any State law, rule or regulation, the State Constitution or United States Constitution as it relates to the execution and entry of this Judgment.

9.8 To seek a modification of this Judgment for any reason, including, but not limited to, operational changes and/or technological advances, DIRECTV shall send a written request for modification to the Attorney General, who shall give such petition reasonable consideration. Upon reasonable request by DIRECTV, a representative of the Attorney General shall meet with

DIRECTV by phone and/or in the Office of the Attorney General to discuss the modification request. Further, the State agrees to respond to DIRECTV, and will use reasonable efforts to provide such response within thirty (30) days of receiving DIRECTV's request. If the modification involves the Advertising provisions of this Judgment, the parties agree that, in considering the modification request, they will take into consideration the then-current Advertising industry guidelines, practices and customs, reasonable consumer Advertising expectations, and/or technological requirements and parameters for any Advertisement subject to the requirements of this Judgment.

9.9 No waiver, modification, or amendment of the terms of this Judgment shall be valid or binding unless made in writing, signed by the parties, and then only to the extent set forth in such written waiver, modification or amendment. Provided, however, that the Attorney General may insist that an agreed upon waiver, modification, or amendment shall only be effective upon approval of the Court. In such instances, the Attorney General shall not take any action to enforce the terms of the Judgment with respect to such waiver, modification, or amendment while the parties are seeking Court approval of the same. In the event that the Court does not approve such waiver, modification or amendment, said waiver, modification or amendment shall be null and void; provided, however, nothing herein shall be construed to prohibit or otherwise restrict DIRECTV's rights to seek reconsideration or review of, or to appeal a decision not to approve such waiver, modification or amendment.

9.10 Any failure by any party to this Judgment to insist upon the strict performance by any other party of any of the provisions of this Judgment shall not be deemed a waiver of any of the provisions of this Judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this

Judgment and the imposition of any applicable penalties, including, but not limited to, contempt, civil penalties, and/or the payment of costs and/or attorneys' fees to the State.

9.11 If any clause, provision or section of this Judgment shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Judgment and this Judgment shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

9.12 This Judgment sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Judgment. Certain States, identified in Exhibit B (the "2005 States") entered into an Assurance of Voluntary Compliance with DIRECTV on December 12, 2005 (the "2005 AVC"). For the 2005 States, the terms of the 2005 AVC are incorporated herein by this reference, and as such, the 2005 States agree to forgo any enforcement remedy that may exist under the terms of the 2005 AVC. However, the 2005 States may enforce such terms in enforcing this Judgment and pursuant to any enforcement mechanism available for the enforcement of this Judgment or created by or through the entry of this Judgment. Except for the 2005 AVC to the extent noted herein, this Judgment does not affect the status or validity of any prior agreements reached between DIRECTV and the State. If this Judgment directly conflicts with a prior agreement between the State and DIRECTV, the requirements of this Judgment will control.

9.13 Nothing in this Judgment shall be construed to waive any claims of sovereign immunity the State may have in any action or proceeding.

9.14 Nothing in this Judgment shall be construed to create, waive, or limit any private

right of action.

9.15 DIRECTV will not participate, directly or indirectly, in any activity to form a separate entity or corporation for the purpose of engaging in acts prohibited in this Judgment or for any other purpose which would otherwise circumvent any part of this Judgment or the spirit or purposes of this Judgment.

9.16 DIRECTV agrees that this Judgment does not entitle DIRECTV to seek or to obtain attorneys fees as a prevailing party under any statute, regulation or rule.

9.17 DIRECTV further agrees to execute and deliver all authorizations, documents and instruments which are necessary to carry out the terms and conditions of this Judgment.

9.18 This document may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this Judgment may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof.

9.19 Neither this Judgment nor anything therein shall be construed or used as a waiver, limitation or bar on any defense otherwise available to DIRECTV, or on DIRECTV's right to defend itself from or make arguments in any pending or future legal or administrative action, proceeding, state or federal claim or suit, including without limitation, private individual or class action claims or suits, relating to DIRECTV's conduct prior to the execution of this Judgment, or to the existence, subject matter or terms of this Judgment.

9.20 This Judgment is made without trial or adjudication of any issue of fact or law, or finding of liability of any kind.

9.21 In the event that any statute, rule or regulation pertaining to the subject matter of this Judgment is modified, enacted, promulgated or interpreted by the federal government or any federal agency, or a court of competent jurisdiction holds that such statute or regulation is in conflict with any provision of this Judgment, DIRECTV may comply with such statute or regulation, and such action shall constitute compliance with the counterpart provision of this Judgment. DIRECTV shall provide advance written notice to the Attorney General of the inconsistent provision of the statute or regulation with which DIRECTV intends to comply pursuant to this Judgment, and of the counterpart provision of this Judgment which is in conflict with the statute, rule or regulation.

9.22 If the State receives a request for documents provided by DIRECTV relating to the negotiations of this Judgment, any reports specified or required herein, or information obtained by the Claims Administrator in connection with this Judgment, the State shall comply with applicable public disclosure laws and provide reasonable notice to DIRECTV consistent with the framework of the State's public disclosure law(s). DIRECTV has asserted that such documents include confidential or proprietary information and has, or will, specifically designate such documents as confidential.

9.23 DIRECTV shall not be liable in a contempt or other enforcement proceeding pursuant to Paragraph 12.1 for violations of this Judgment if: (i) DIRECTV has implemented or is in the process of implementing reasonable and appropriate policies and procedures to ensure compliance with the Judgment; (ii) the alleged violation is the result of an isolated or inadvertent error related to technical or coding issues, or systems glitches; (iii) DIRECTV has reasonable safeguards in place to discover and/or prevent these types of occurrences from happening; and (iv) DIRECTV takes appropriate steps to investigate and remedy errors or glitches identified by

DIRECTV or otherwise brought to its attention. Such remedy shall include addressing any adverse or negative customer impact(s) in a way that is consistent with the terms of this Judgment.

9.24 The settlement negotiations resulting in this Judgment have been undertaken by DIRECTV and the Attorney General in good faith and for settlement purposes only. No evidence of any settlement negotiations or settlement communications resulting in this Judgment shall be offered or received in evidence in any action or proceeding for any purpose other than the enforcement of this Judgment.

9.25 With respect to Advertising or marketing which has been purchased, submitted or used prior to the Effective Date of this Judgment, DIRECTV shall not be liable under this Judgment for its non-compliance with the terms and conditions of this Judgment so long as DIRECTV has made reasonable efforts to locate, withdraw, or amend such Advertising or marketing to comply with the requirements of this Judgment. DIRECTV shall not be liable under this Judgment for failing to prevent the re-publication of pre-existing Advertising or marketing that does not comply with this Judgment by independent third-parties or parties who are not subject to DIRECTV's control, so long as DIRECTV has complied with Paragraphs 6.34 through 6.38 of this Judgment, and otherwise makes reasonable efforts to prevent such re-publication, including, but not limited to, exercising any available contractual rights, and, where no contractual relationship exists, requesting in writing that the third-party terminate the re-publication of such Advertising or marketing.

9.26 DIRECTV shall not be liable for conduct of third-parties that violates the terms of this Judgment. However, nothing in this paragraph shall affect any obligations DIRECTV may have under this Judgment in connection with the conduct of third-parties.

9.27 DIRECTV shall comply with the terms of this Judgment beginning one hundred thirty-five (135) days following the Effective Date of this Judgment, or such other dates as specifically agreed to in this Judgment or in writing by DIRECTV and the Attorney General.

10. REPRESENTATIONS AND WARRANTIES

10.1 DIRECTV represents and warrants that the execution and delivery of this Judgment is its free and voluntary act, and that this Judgment is the result of good faith negotiations.

10.2 DIRECTV represents and warrants that the signatories to this Judgment have authority to act for and bind DIRECTV.

11. COMPLIANCE WITH ALL LAWS

11.1 Nothing in this Judgment shall be construed as relieving DIRECTV of the obligation to comply with all State and federal laws, regulations or rules, nor shall any of the provisions of this Judgment be deemed to be permission to engage in any acts or practices prohibited by such law, regulation, or rule.

12. PENALTY FOR FAILURE TO COMPLY

12.1 DIRECTV understands and acknowledges that pursuant to the provisions of the Vermont Consumer Fraud Act, 9 V.S.A.§ 2461 any violation of the terms of this Judgment shall be punishable by civil penalties of not more than Ten Thousand Dollars ($10,000.00) for each violation, in addition to any other authorized sanctions.

12.2 As consideration for the relief agreed to herein, if the Attorney General determines that DIRECTV has failed to comply with any of the terms of this Judgment, and if, in the Attorney General's sole discretion, the failure to comply does not threaten the health or safety of the citizens of the State and/or does not create an emergency requiring immediate

action, the Attorney General will notify DIRECTV in writing of such failure to comply, and DIRECTV shall then have fifteen (15) business days from receipt of such written notice to provide a written response to the Attorney General's determination. The response may include:

a. A statement explaining why DIRECTV believes it is in full compliance with the Judgment;

b. A detailed explanation of how the alleged violation(s) occurred;

c. A statement that the alleged breach has been cured and how; or

d. A statement that the alleged breach cannot be reasonably cured within fifteen (15) business days from receipt of the notice, but

(i) DIRECTV has begun to take corrective action to cure the alleged breach;

(ii) DIRECTV is pursuing such corrective action with reasonable and due diligence; and

(iii) DIRECTV has provided the Attorney General with a detailed and reasonable time table for curing the alleged breach.

Nothing herein shall prevent the Attorney General from agreeing in writing to provide DIRECTV with additional time beyond the fifteen (15) business day period to respond to the notice. In considering whether a violation occurred regarding any of the Advertising provisions of this Judgment, and/or in connection with bringing an enforcement action pursuant to Paragraph 12.1 concerning any of the said Advertising provisions, the Attorney General agrees to take into consideration the then-current Advertising industry guidelines, practices and customs, reasonable consumer Advertising expectations, and/or technological requirements and parameters for any Advertisement subject to the requirements of this Judgment.

13. MONITORING FOR COMPLIANCE

13.1 In order to monitor compliance with this Judgment, the Attorney General shall be permitted to access, inspect and/or copy business records or documents under DIRECTV's control within forty-five (45) days of written request to DIRECTV, provided that the inspection and copying shall be done in such a way as to avoid disruption of DIRECTV's business activities. During the forty-five (45) day period, DIRECTV shall have the right to file a motion with the court objecting to the scope and/or reasonableness of the request by the Attorney General. Nothing in this Judgment shall be construed to limit or prevent the State's right to obtain documents, records, testimony, or other information pursuant to any law, regulation, or rule.

14. NOTIFICATION TO STATE

14.1 Any notices required to be sent to the State or DIRECTV by this Judgment shall be sent by United States certified mail, return receipt requested, or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document. The documents shall be sent to the following addresses:

For the State of Vermont:
Sandra W. Everitt
Assistant Attorney General
Public Protection Division
Office of the Vermont Attorney General
109 State Street, Pavilion Building
Montpelier, VT 05609
Telephone: (802) 828-3171

For DIRECTV:

Robin Rogers
General Counsel
DIRECTV, Inc.
2230 East Imperial Highway
El Segundo, CA 90245

and

Clayton S. Friedman
Manatt, Phelps and Phillips, LLP
695 Town Center Drive
Fourteenth Floor
Costa Mesa, CA 92626

14.2 Any party may designate a different individual to receive the notices required to

be sent by sending written notification to the other parties, at least thirty (30) days before such change will occur, identifying that individual by name and/or title, and mailing address.

15. RELEASE

15.1 This Judgment constitutes a complete and absolute settlement and release of any and all civil claims, causes of actions, damages, restitution, fines, costs and penalties based on, arising out of or in any way related, in whole or in part, directly or indirectly, to conduct, acts or omissions occurring prior to the Effective Date which were asserted in the State's Complaint or addressed by the terms of this Judgment, under the consumer protection statute set forth in Paragraph 4.4, and/or any similar consumer protection or other applicable law, rule or regulation asserted in the State's Complaint or addressed by the terms of this Judgment (the "Released Claims"), by the Office of the Attorney General against DIRECTV and/or all of its subsidiaries and affiliates, past and present, and their past and present representatives, successors, parents, employees, shareholders, officers, directors, attorneys, agents, and assigns (collectively the "Releasees"). Released Claims do not include claims pursuant to any other statute or regulation (including, without limitation, antitrust laws, environmental laws, tax laws, and criminal statutes and codes), nor do they include actions or proceedings brought pursuant to State consumer protection laws or statutes alleging violations that are not addressed by the Attorney General's Complaint or the terms of this Judgment. The relief provided in this Judgment shall be the sole and exclusive remedy for any action or proceeding in any form by the Attorney General, or his/her designee, against the Releasees based upon any Released Claims, including, but not limited to, any action or proceeding seeking restitution, injunctive relief, fines, penalties, attorneys' fees and costs.

16. DISMISSAL AND WAIVER OF CLAIMS

16.1 Upon entry of this Judgment, all claims alleged in the Complaint filed by the Attorney General in the above captioned action, not otherwise addressed by this Judgment are dismissed.

17. PAYMENT OF COURT COSTS

17.1 All court costs associated with this action, and any other incidental costs or expenses incurred thereby shall be borne by DIRECTV. No costs shall be taxed to the State. Further, no discretionary costs shall be taxed to the State.

IT IS SO ORDERED, ADJUDGED AND DECREED.

JUDGE Crawford

JOINTLY APPROVED AND
SUBMITTED FOR ENTRY:

FOR THE STATE OF VERMONT

WILLIAM H. SORRELL
Attorney General

BY Sandra W. Everitt
SANDRA W. EVERITT
Assistant Attorney General
Office of the Attorney General
Public Protection Division
109 State Street, Pavilion Building
Montpelier, VT 05609
Telephone: (802)828-3189
Email: severitt@atg.state.vt.us

APPROVED BY:

WENDY MORGAN
Chief, Public Protection Division

FOR DIRECTV:

Robin N. Rogers
General Counsel and Senior Vice President
2230 Imperial Highway
El Segundo, CA 90245
Telephone No.: 310-964-4583
Facsimile: 310-964-4884
Email: RNRogers@directv.com

and

Clayton S. Friedman
Counsel to DIRECTV
Manatt, Phelps & Phillips, LLP
695 Town Center Drive
Fourteenth Floor
Costa Mesa, CA 92657
Telephone No.: 714-338-2704
Facsimile: 714-371-2573
Email: cfriedman@manatt.com

EXHIBIT A

2010 PARTICIPATING STATES

- Alabama
- Alaska
- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- Delaware
- District of Columbia
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois
- Indiana
- Iowa
- Kansas
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Mississippi
- Missouri
- Montana
- Nebraska
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- North Dakota
- Ohio
- Oklahoma
- Oregon
- Pennsylvania
- Rhode Island
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Vermont
- Virginia
- West Virginia
- Wisconsin
- Wyoming

EXHIBIT B

2005 SETTLING STATES

- Delaware
- Florida
- Georgia
- Idaho
- Illinois
- Kansas
- Maryland
- Massachusetts
- Montana
- Nebraska
- Nevada
- New Jersey
- New Mexico
- New York
- North Carolina
- Ohio
- Oregon
- Pennsylvania
- Tennessee
- Texas
- Vermont
- West Virginia

STATE OF VERMONT
WASHINGTON COUNTY, SS.

IN RE DOLLAR TREE STORES, INC.)
)
)

Washington Superior Court
Docket No. 79-2-10

ASSURANCE OF DISCONTINUANCE

WHEREAS Dollar Tree Stores, Inc. ("Dollar Tree"), whose offices are located at 500 Volvo Parkway, Chesapeake, Virginia 23320, is a large discount variety store chain;

WHEREAS Dollar Tree outlets sell merchandise for one dollar or less;

WHEREAS Dollar Tree has six stores in the State of Vermont, in Barre, Bennington, Brattleboro, Derby, and two in Rutland;

WHEREAS following public reports in November 2007 of the element cadmium in a "Sassy & Chic" bracelet sold at Dollar Tree, and Consumer Product Safety Commission (CPSC) recalls of jewelry from Dollar Tree containing high levels of the element lead in March 2006 and October 2007, the Vermont Attorney General's Office purchased four products at Dollar Tree and sent them to a laboratory to be tested for their total concentrations of lead and cadmium in late November and December 2007;

WHEREAS both lead and cadmium are toxic substances that can cause serious harm to humans, particularly children, if ingested;

WHEREAS as of the time the products in question were tested, there was no mandatory federal or state governmental limit on the amount of lead or cadmium in consumer products, although (1) the U.S. Consumer Product Safety Commission (CPSC) did have an enforcement policy for lead in children's jewelry that included a 600 ppm limit;

Office of the
ATTORNEY
GENERAL
109 State Street
Montpelier, VT
05609

(2) that same limit, and a 90 ppm limit for lead in surface coatings, became mandatory for children's products on February 10, 2009, as a result of the Consumer Product Safety Improvement Act of 2008, Public Law 110-314; and (3) there have also been voluntary limits for surface coatings on toys under "Standard Consumer Safety Specification for Toy Safety," ASTM F 963-07 (from ASTM International, formerly known as the American Society for Testing and Materials), of 90 ppm for lead and 75 ppm for cadmium;

WHEREAS the results of the four product tests ("the tests") commissioned by the Attorney General's Office were as follows, in parts per million ("ppm"):

- "Sassy & Chic" Earrings: 447,539 ppm cadmium;
- "Sassy & Chic" Necklace: 22,751 ppm cadmium, and 152,132 ppm lead;
- "Sassy & Chic" Digital Watch: 483,672 ppm lead; and
- Pony Tail Holder: 49,484 ppm lead;

WHEREAS in December 2007, prior to learning of any action by the Attorney General's Office or of results of the tests, Dollar Tree voluntarily sent a letter to all its importer-vendors, informing them that they would not accept any more products containing lead in paint, decals, or solder or containing other than trace amounts of heavy metals;

WHEREAS Dollar Tree voluntarily removed from its stores in Vermont all jewelry, key chains, hair goods with metal, and toys with visible metal, and stopped ordering any products which it characterized as jewelry.

WHEREAS in addition, Dollar Tree voluntarily adopted a 300 ppm limit on lead in its products, as well as 90 ppm and 75 ppm limits on lead and cadmium, respectively, for surface coatings;

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WHEREAS the Attorney General alleges that the sale of consumer products with very high concentrations of toxic substances like lead and cadmium is, and has been, a violation of the Vermont Consumer Fraud Act's prohibition on unfair and deceptive trade practices, 9 V.S.A. § 2453(a);

WHEREAS, Dollar Tree has not admitted any violation of the Vermont Consumer Fraud Act;

AND WHEREAS the Attorney General and Dollar Tree are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

THEREFORE the parties agree as follows:

1. For the purpose of this Assurance of Discontinuance, the following terms are defined:

   a. "Children's product" means a consumer product designed or intended primarily for children 12 years of age or younger.

   b. "Contain[s]" or "containing" lead or cadmium means containing, or having a surface coating containing, the stated amount by weight of lead, cadmium, or lead or cadmium compound in any component part of a product.

   c. "Sell[s] in or into the State of Vermont" means to distribute or sell to a business or consumer in the State of Vermont through any medium, including, but not limited to, in a store or over the Internet.

2. In the course of doing business in or into the State of Vermont, Dollar Tree shall comply with all applicable federal and Vermont statutes and regulations relating to product

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05609

safety, including, but not limited to, laws limiting the amount of lead and/or cadmium permitted in children's and other consumer products.

3. In keeping with the preceding paragraph, Dollar Tree shall comply with the federal Consumer Product Safety Improvement Act of 2008, Public Law 110-314, the Vermont Lead in Consumer Products Act, 9 V.S.A. chapter 63, subchapter 1C, and any regulations enacted thereunder.

4. Notwithstanding the preceding two paragraphs, and unless and until the requirements of federal and/or Vermont law are more stringent than the following requirements (in which case Dollar Tree shall comply with such more stringent federal and/or Vermont requirements), Dollar Tree shall not sell in or into the State of Vermont:

a. Any product commonly understood to be jewelry;

b. Any children's product, where any component of the product contains more than three hundred (300) ppm of lead, *provided that* effective August 14, 2011, the limit for lead shall be one hundred (100) ppm (or, if the CPSC determines that said limit is not technologically feasible, such limit as the CPSC shall set); or

c. Any children's product, where any component of the product has paint or another surface coating containing more than ninety (90) ppm of lead or seventy-five (75) ppm of cadmium.

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5. Within ten (10) days of the date this Assurance of Discontinuance is signed by Dollar Tree, Dollar Tree shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the sum of $100,000.00 (one hundred thousand dollars), of which $50,000.00 (fifty thousand dollars) is civil penalties and costs, and $50,000.00 (fifty

thousand dollars) shall be forwarded to the Vermont Department of Health for purposes of promoting children's health.

6. This Assurance of Discontinuance shall be binding on Dollar Tree and its successors and assigns.

7. This Assurance of Discontinuance resolves all claims the State of Vermont may have against Dollar Tree relating to the sale of products containing lead or cadmium through the date of its execution.

Dated 1/22/10

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: _____
Elliot Burg
Assistant Attorney General

Dated 1/28/10

DOLLAR TREE STORES, INC.

by: _____
Authorized Agent

James A. Gorry III
General Counsel and
Corporate Secretary
Name of Authorized Agent

Title of Authorized Agent

Office of the
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GENERAL
109 State Street
Montpelier, VT
05609

APPROVED AS TO FORM:

Elliot Burg
Assistant Attorney General
Vermont Attorney General's Office
109 State Street
Montpelier, VT 05609
For the State of Vermont

Robert B. Hemley, Esq.
Gravel and Shea, A Professional Corporation
76 St. Paul Street, 7th Floor, P. O. Box 369
Burlington, VT 05402-0369
(802) 658-0220
For Dollar Tree Stores, Inc.

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109 State Street
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STATE OF VERMONT

SUPERIOR COURT
Washington Unit

CIVIL DIVISION
Docket No. Wncv

STATE OF VERMONT,
Plaintiff,

v.

IRVING SAFFRAN and
BURLINGTON REALTY,
Defendants.

ASSURANCE OF DISCONTINUANCE

NOW COMES the State of Vermont, by and through Vermont Attorney General William H. Sorrell, and hereby accepts from Irving Saffran and Burlington Realty ("Defendants") this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459.

Background

Defendants are the owners of the properties listed in Attachment A (hereinafter "the properties").

The properties are residential rental properties constructed before 1978 and are therefore subject to Vermont's lead law, including the requirement of annual essential maintenance practices ("EMPs") that are designed to reduce childhood lead poisoning risks. 18 V.S.A. § § 1751(19), 1759. Lead-based paint in housing, the focus of the Vermont lead law, is a leading cause of childhood lead poisoning, which can result in adverse health effects, including decreases in IQ. All paint in pre-1978 housing is presumed to be lead-based unless a certified inspector has determined that it is not lead-based. 18 V.S.A. § 1759(a).

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determined that the filed EMP compliance statements are not accurate or if the exterior work described in paragraph 6 is not complete by May 31, 2011, the State may pursue the penalties in paragraph 13 in addition to any other appropriate action under the Vermont lead law.

OTHER RELIEF

16. This Assurance of Discontinuance is binding on Defendants, however, sale of any of the properties may not occur unless all obligations set forth herein have been completed or this Assurance of Discontinuance is amended in writing to transfer to the buyer or other transferee all remaining obligations.
17. Transfer of ownership of any of the properties shall be consistent with Vermont law, including the provisions of 18 V.S.A. § 1767, specifically relating to the transfer of ownership of target housing.
18. This Assurance of Discontinuance shall not affect marketability of title.
19. Should Defendants fully transfer or sell their ownership interest in any of the properties after completing all obligations set forth herein, their obligations with respect to that particular property under this Assurance of Discontinuance are extinguished. However, nothing in this Assurance of Discontinuance in any way affects the obligations of future owners of any of the properties under Vermont law, including under the Vermont lead law.
20. Nothing in this Assurance of Discontinuance in any way affects Defendants' other obligations under state, local, or federal law.
21. Any future failure by Defendants to comply with the Vermont lead law at any of the properties referenced in this Assurance of Discontinuance, or violations of

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the terms of this Assurance of Discontinuance, shall be subject to additional penalties of no less than $10,000.00 per violation per day for each day the violation exists.

Signature

By signing below, Defendants acknowledge and agrees that the facts contained in the section entitled "Background" are true and voluntarily agrees to and submits to the terms of this Assurance of Discontinuance.

DATED at Burlington, Vermont this 4th day of October, 2010.

Irving Saffran, ~~individually and~~ on behalf of Burlington Realty

Acceptance

In lieu of instituting an action or proceeding against Defendants, the Office of the Attorney General, pursuant to 9 V.S.A. § 2459, accepts this Assurance of Discontinuance.

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this 5th day of October, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By:

Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802.828.3186

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ATTACHMENT A

1. 181 Washington Street, Barre, Vermont
2. 47 Summer Street, Barre, Vermont
3. 13-17 Warren Street, Barre, Vermont

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STATE OF VERMONT
WASHINGTON COUNTY, SS.

FILED
2010 JUN 30 A 11:13
SUPERIOR COURT
WASHINGTON COUNTY

STATE OF VERMONT, Plaintiff,	)	
v.	)	Washington Superior Court
	)	Docket No. Wncv
RICHARD JACKSON, Defendant.	)	474-6-10

ASSURANCE OF DISCONTINUANCE

NOW COMES the State of Vermont, by and through Vermont Attorney General William H. Sorrell, and hereby accepts from Richard Jackson ("Defendant") this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459.

Background

Defendant is the owner of 119 Mallets Bay Avenue in Winooski, Vermont (hereinafter "the property").

The property is a residential rental property constructed before 1978 and is therefore subject to Vermont's lead law, including the requirement of annual essential maintenance practices ("EMPs") that are designed to reduce childhood lead poisoning risks. 18 V.S.A. § § 1751(19), 1759. Lead-based paint in housing, the focus of the Vermont lead law, is a leading cause of childhood lead poisoning, which can result in adverse health effects, including decreases in IQ. All paint in pre-1978 housing is presumed to be lead-based unless a certified inspector has determined that it is not lead-based. 18 V.S.A. § 1759(a).

EMPs include, but are not limited to, installing window well inserts, visually inspecting properties at least annually for deteriorated paint, restoring surfaces to be free of deteriorated paint within 30 days after such paint has been visually identified or reported to the owner, and posting lead paint hazard information in a prominent place. 18 V.S.A.

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Vermont 05609

§ 1759(a)(2), (4) and (7). The Vermont lead law requires owners of rental housing to file annual compliance statements attesting to EMP performance with the Vermont Department of Health and with the owner's insurance carrier. 18 V.S.A § 1759(b). A copy of the compliance statement must be given to all tenants and to new tenants prior to entering into a lease agreement. 18 V.S.A. § 1759(b)(3) and (4).

The Vermont Consumer Fraud Act, 9 V.S.A., Chapter 63, prohibits unfair and deceptive acts and practices, including the offering for rent, or the renting of, housing that is non-compliant with the lead law.

A violation of the Vermont lead law may result in a maximum civil penalty of $10,000.00. 18 V.S.A. § 130(b)(6). Each day that a violation continues is a separate violation. 18 V.S.A. § 130(b)(6). Violations of the Consumer Fraud Act are subject to a civil penalty of up to $10,000.00 per violation. 9 V.S.A. § 2458(b)(1). Each day that a violation continues is a separate violation.

The property is not currently in compliance with the Vermont lead law. Defendant has informed the State of his intention to complete the EMP work necessary at the property but does not expect that the work will be complete until August 15, 2010.

INJUNCTIVE RELIEF

Defendant agrees to the following:

1. Defendant shall immediately ensure that access to exterior surfaces and components of the property with lead hazards and areas directly below the deteriorated surfaces are clearly restricted as described in 18 V.S.A. § 1759(a)(3).
2. Defendant shall give priority to completion of EMPs at units of the property where a child age 6 or under is residing.

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3. Not later than August 15, 2010 all EMP work, interior and exterior, shall be completed at the property.
4. All work performed at the property, whether by Defendant, his employees, or by hired contractors and/or painting companies, shall be performed using safe work practices consistent with 18 V.S.A. § 1760. It shall be the obligation of Defendant to ensure that any contractors and/or painting companies he hires to perform EMP work are aware of the provisions of 18 V.S.A. § 1760 and intend to use safe work practices at the property.
5. Upon completion of the EMPs at the property, Defendant will file with the Vermont Department of Health and Defendant's insurance carrier(s), a completed EMP compliance statement for the property, and will give a copy to an adult in each rented unit of the property.
6. Upon completion of EMPs at the property, Defendant shall provide proof of completion to the Office of the Attorney General at the following address: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609. A copy of the EMP compliance statement for the property shall be sufficient proof of completion.
7. If Defendant anticipates not being able to fully comply with the deadlines for EMP compliance solely due to delays relating to contractors and/or painting companies hired to perform the EMP work, Defendant may request an extension of the deadline from the Attorney General's Office. Such request shall be made as soon as the delay is recognized and must include an approximate date by which the work shall be complete.

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8. In the event that Defendant wishes by agreement with the Office of the Attorney General to extend any of the dates above for reasons not relating to delays caused by contractors and/or painting companies hired to perform the EMP work, such request must be made by Defendant at least 10 days in advance of the dates specified in this Assurance of Discontinuance.

9. Defendant shall fully and timely comply with the requirements of the Vermont Lead Law, 18 V.S.A., Chapter 38, as long as he maintains any ownership interest in the property or in any other pre-1978 residential housing in which he currently has or later acquires an ownership interest or provides property management services (unless by property management contract the Defendant is explicitly not responsible for EMPs).

PENALTIES

10. Defendant shall pay civil penalties of five thousand dollars ($5,000.00). Payment shall be due **August 30, 2010**, and payment made to the "State of Vermont" and shall be sent to: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

11. If Defendant complies with the requirements of this Assurance of Discontinuance the penalties provided in paragraph 10 shall be waived by the State of Vermont.

OTHER RELIEF

12. This Assurance of Discontinuance is binding on Defendant, however, sale of the properties may not occur unless all obligations set forth herein have been completed or this Assurance of Discontinuance is amended in writing to transfer to the buyer or other transferee all remaining obligations.

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13. Transfer of ownership of the property shall be consistent with Vermont law, including the provisions of 18 V.S.A. § 1767, specifically relating to the transfer of ownership of target housing.

14. This Assurance of Discontinuance shall not affect marketability of title.

15. Should Defendant fully transfer or sell his ownership interest in the property after completing all obligations set forth herein, his obligations with respect to the property under this Assurance of Discontinuance are extinguished. However, nothing in this Assurance of Discontinuance in any way affects the obligations of future owners of any of the properties under Vermont law, including under the Vermont lead law.

16. Nothing in this Assurance of Discontinuance in any way affects Defendant's other obligations under state, local, or federal law.

17. Any future failure by Defendant to comply with the Vermont lead law at the property, or violations of the terms of this Assurance of Discontinuance, shall be subject to additional penalties of no less than $10,000.00 per violation per day for each day the violation exists.

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Vermont 05609

Signature

By signing below, Defendant acknowledges and agrees that the facts contained in the section entitled "Background" are true and voluntarily agrees to and submits to the terms of this Assurance of Discontinuance.

DATED at Milton, Vermont this 29 day of June, 2010.

Richard Jackson

Acceptance

In lieu of instituting an action or proceeding against Defendant, the Office of the Attorney General, pursuant to 9 V.S.A. § 2459, accepts this Assurance of Discontinuance.

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this 30th day of June, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By: Robert F. McDougall

Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802.828.3186

STATE OF VERMONT
SUPERIOR COURT
WASHINGTON UNIT

2010 AUG 10 P 1:14

STATE OF VERMONT, Plaintiff,	)	
v.	)	CIVIL DIVISION Docket No. 578-8-10 Wncv
GERALD LECLAIR Defendant.	)	

ASSURANCE OF DISCONTINUANCE

NOW COMES the State of Vermont, by and through Vermont Attorney General William H. Sorrell, and hereby accepts from Gerald LeClair ("Defendant") this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459.

Background

Defendant is the owner of the properties listed in Attachment A (hereinafter "the properties").

The properties are residential rental properties constructed before 1978 and are therefore subject to Vermont's lead law, including the requirement of annual essential maintenance practices ("EMPs") that are designed to reduce childhood lead poisoning risks. 18 V.S.A. § § 1751(19), 1759. Lead-based paint in housing, the focus of the Vermont lead law, is a leading cause of childhood lead poisoning, which can result in adverse health effects, including decreases in IQ. All paint in pre-1978 housing is presumed to be lead-based unless a certified inspector has determined that it is not lead-based. 18 V.S.A. § 1759(a).

EMPs include, but are not limited to, installing window well inserts, visually inspecting properties at least annually for deteriorated paint, restoring surfaces to be free of

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deteriorated paint within 30 days after such paint has been visually identified or reported to the owner, and posting lead paint hazard information in a prominent place. 18 V.S.A. § 1759(a)(2), (4) and (7). The Vermont lead law requires owners of rental housing to file annual compliance statements attesting to EMP performance with the Vermont Department of Health and with the owner's insurance carrier. 18 V.S.A § 1759(b). A copy of the compliance statement must be given to all tenants and to new tenants prior to entering into a lease agreement. 18 V.S.A. § 1759(b)(3) and (4).

The Vermont Consumer Fraud Act, 9 V.S.A., Chapter 63, prohibits unfair and deceptive acts and practices, including the offering for rent, or the renting of, housing that is non-compliant with the lead law.

A violation of the Vermont lead law may result in a maximum civil penalty of $10,000.00. 18 V.S.A. § 130(b)(6). Each day that a violation continues is a separate violation. 18 V.S.A. § 130(b)(6). Violations of the Consumer Fraud Act are subject to a civil penalty of up to $10,000.00 per violation. 9 V.S.A. §2458(b)(1). Each day that a violation continues is a separate violation.

The properties listed in Attachment A are not currently in compliance with the Vermont lead law. Defendant has informed the State of his intention to complete the EMP work necessary at the properties but does not expect that the work will be complete until August 31, 2010.

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INJUNCTIVE RELIEF

Defendant agrees to the following:

1. Defendant shall immediately ensure that access to exterior surfaces and components of the properties with lead hazards and areas directly below the deteriorated surfaces are clearly restricted as described in 18 V.S.A. § 1759(a)(3).
2. Defendant shall give priority to completion of EMPs at any of the properties where a child age 6 or under is residing.
3. Not later than August 31, 2010 all EMP work, interior and exterior, shall be completed at all properties listed in Attachment A.
4. All work performed at the properties, whether by Defendant, his employees, or by hired contractors and/or painting companies, shall be performed using safe work practices consistent with 18 V.S.A. § 1760. It shall be the obligation of Defendant to ensure that any contractors and/or painting companies he hires to perform EMP work are aware of the provisions of 18 V.S.A. § 1760 and intend to use safe work practices at the properties.
5. Upon completion of the EMPs at the properties, Defendant will file with the Vermont Department of Health and Defendant's insurance carrier(s), a completed EMP compliance statement for each property, and will give a copy to an adult in each rented unit of the compliance statement for that tenant's property.
6. Upon completion of EMPs at any of the properties, Defendant shall provide proof of completion to the Office of the Attorney General at the following address: Robert F. McDougall, Assistant Attorney General, Office of the

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Attorney General, 109 State Street, Montpelier, Vermont 05609. A copy of the EMP compliance statement for the property shall be sufficient proof of completion.

7. If Defendant anticipates not being able to fully comply with the deadlines for EMP compliance solely due to delays relating to contractors and/or painting companies hired to perform the EMP work, Defendant may request an extension of the deadline from the Attorney General's Office. Such request shall be made as soon as the delay is recognized and must include an approximate date by which the work shall be complete.
8. In the event that Defendant wishes by agreement with the Office of the Attorney General to extend any of the dates above for reasons not relating to delays caused by contractors and/or painting companies hired to perform the EMP work, such request must be made by Defendant at least 10 days in advance of the dates specified in this Assurance of Discontinuance.
9. Defendant shall fully and timely comply with the requirements of the Vermont Lead Law, 18 V.S.A., Chapter 38, as long as he maintains any ownership interest in the properties listed in Attachment A or in any other pre-1978 residential housing in which he currently has or later acquires an ownership interest or provides property management services (unless by property management contract the Defendant is explicitly not responsible for EMPs).

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PENALTIES

10. Defendant shall pay civil penalties of ten thousand five hundred dollars ($10,500.00). Payment shall be due September 10, 2010, and payment made to

the "State of Vermont" and shall be sent to: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

11. If Defendant complies with the requirements of this Assurance of Discontinuance the penalties provided in paragraph 10 shall be waived by the State of Vermont.

OTHER RELIEF

12. This Assurance of Discontinuance is binding on Defendant, however, sale of any of the properties may not occur unless all obligations set forth herein have been completed or this Assurance of Discontinuance is amended in writing to transfer to the buyer or other transferee all remaining obligations.
13. Transfer of ownership of any of the properties shall be consistent with Vermont law, including the provisions of 18 V.S.A. § 1767, specifically relating to the transfer of ownership of target housing.
14. This Assurance of Discontinuance shall not affect marketability of title.
15. Should Defendant fully transfer or sell his ownership interest in any of the properties after completing all obligations set forth herein, his obligations with respect to that particular property under this Assurance of Discontinuance are extinguished. However, nothing in this Assurance of Discontinuance in any way affects the obligations of future owners of any of the properties under Vermont law, including under the Vermont lead law.
16. Nothing in this Assurance of Discontinuance in any way affects Defendant's other obligations under state, local, or federal law.

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17. Any future failure by Defendant to comply with the Vermont lead law at any of the properties referenced in this Assurance of Discontinuance, or violations of the terms of this Assurance of Discontinuance, shall be subject to additional penalties of no less than $10,000.00 per violation per day for each day the violation exists.

Signature

By signing below, Defendant acknowledges and agrees that the facts contained in the section entitled "Background" are true and voluntarily agrees to and submits to the terms of this Assurance of Discontinuance.

DATED at So. Burlington Vermont this 5th day of August, 2010.

Gerald LeClair

Acceptance

In lieu of instituting an action or proceeding against Defendant, the Office of the Attorney General, pursuant to 9 V.S.A. § 2459, accepts this Assurance of Discontinuance.

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this 9th day of August, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By:

Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802.828.3186

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Montpelier, VT
05609

ATTACHMENT A

1. 82-84 North Winooski Ave., Burlington
2. 88-86 North Winooski Ave., Burlington
3. 235 North Willard Ave., Burlington
4. 72-74 East Allen St., Winooski
5. 78-78½ East Allen St., Winooski
6. 34 East Spring St., Winooski
7. 53 Suzie Wilson Road, Essex

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Montpelier, VT
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STATE OF VERMONT
WASHINGTON COUNTY, SS.

STATE OF VERMONT, Plaintiff,	)	
v.	)	Washington Superior Court
	)	Docket No. Wncv
JOHN and CAROLYN LEO, Defendants.	)	

ASSURANCE OF DISCONTINUANCE

NOW COMES the State of Vermont, by and through Vermont Attorney General William H. Sorrell, and hereby accepts from John and Carolyn Leo ("Defendants") this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459.

Background

Defendants are the owners of the properties listed in Attachment A (hereinafter "the properties").

The properties are residential rental properties constructed before 1978 and are therefore subject to Vermont's lead law, including the requirement of annual essential maintenance practices ("EMPs") that are designed to reduce childhood lead poisoning risks. 18 V.S.A. § § 1751(19), 1759. Lead-based paint in housing, the focus of the Vermont lead law, is a leading cause of childhood lead poisoning, which can result in adverse health effects, including decreases in IQ. All paint in pre-1978 housing is presumed to be lead-based unless a certified inspector has determined that it is not lead-based. 18 V.S.A. § 1759(a).

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Vermont 05609

EMPs include, but are not limited to, installing window well inserts, visually inspecting properties at least annually for deteriorated paint, restoring surfaces to be free of deteriorated paint within 30 days after such paint has been visually identified or reported to

the owner, and posting lead paint hazard information in a prominent place. 18 V.S.A. § 1759(a)(2), (4) and (7). The Vermont lead law requires owners of rental housing to file annual compliance statements attesting to EMP performance with the Vermont Department of Health and with the owner's insurance carrier. 18 V.S.A § 1759(b). A copy of the compliance statement must be given to all tenants and to new tenants prior to entering into a lease agreement. 18 V.S.A. § 1759(b)(3) and (4).

The Vermont Consumer Fraud Act, 9 V.S.A., Chapter 63, prohibits unfair and deceptive acts and practices, including the offering for rent, or the renting of, housing that is non-compliant with the lead law.

A violation of the Vermont lead law may result in a maximum civil penalty of $10,000.00. 18 V.S.A. § 130(b)(6). Each day that a violation continues is a separate violation. 18 V.S.A. § 130(b)(6). Violations of the Consumer Fraud Act are subject to a civil penalty of up to $10,000.00 per violation. 9 V.S.A. §2458(b)(1). Each day that a violation continues is a separate violation.

The properties listed in Attachment A are not currently in compliance with the Vermont lead law. Defendants have informed the State of their intention to complete the EMP work necessary at the properties but do not expect that the work will be complete until June 1, 2010

INJUNCTIVE RELIEF

Defendants agree to the following:

1. Defendants shall immediately ensure that access to exterior surfaces and components of the properties with lead hazards and areas directly below the deteriorated surfaces are clearly restricted as described in 18 V.S.A. § 1759(a)(3).

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Montpelier,
Vermont 05609

2. Defendants shall give priority to completion of EMPs at any of the properties where a child age 6 or under is residing.
3. Not later than June 1, 2010 all EMP work, interior and exterior, shall be completed at the properties listed in Attachment A.
4. All work performed at the properties, whether by Defendants, their employees, or by hired contractors and/or painting companies, shall be performed using safe work practices consistent with 18 V.S.A. § 1760. It shall be the obligation of Defendants to ensure that any contractors and/or painting companies they hire to perform EMP work are aware of the provisions of 18 V.S.A. § 1760 and intend to use safe work practices at the properties.
5. Upon completion of the EMPs at the properties, Defendants will file with the Vermont Department of Health and Defendants' insurance carrier(s), a completed EMP compliance statement for each property, and will give a copy to an adult in each rented unit of the compliance statement for that tenant's property.
6. Upon completion of EMPs at any of the properties, Defendants shall provide proof of completion to the Office of the Attorney General at the following address: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609. A copy of the EMP compliance statement for the property shall be sufficient proof of completion.
7. If Defendants anticipate not being able to fully comply with the deadlines for EMP compliance solely due to delays relating to contractors and/or painting

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Vermont 05609

companies hired to perform the EMP work, Defendants may request an extension of the deadline from the Attorney General's Office. Such request shall be made as soon as the delay is recognized and must include an approximate date by which the work shall be complete.

8. In the event that Defendants wish by agreement with the Office of the Attorney General to extend any of the dates above for reasons not relating to delays relating to contractors and/or painting companies hired to perform the EMP work, such request must be made by Defendants at least 10 days in advance of the dates specified in this Assurance of Discontinuance.

9. Defendants shall fully and timely comply with the requirements of the Vermont Lead Law, 18 V.S.A., Chapter 38, as long as they maintain any ownership interest in the properties listed in Attachment A or in any other pre-1978 residential housing in which they currently have or later acquire an ownership interest or provides property management services (unless by property management contract the Defendants are explicitly not responsible for EMPs).

PENALTIES

10. Defendants shall pay civil penalties of $9,000.00. Payment shall be due June 20, 2010, and payment made to the "State of Vermont" and shall be sent to: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

11. If Defendants comply with the requirements of this Assurance of Discontinuance the penalties provided in paragraph 10 shall be waived by the State of Vermont.

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GENERAL
Montpelier,
Vermont 05609

OTHER RELIEF

12. This Assurance of Discontinuance is binding on Defendants, however, sale of any of the properties may not occur unless all obligations set forth herein have been completed or this Assurance of Discontinuance is amended in writing to transfer to the buyer or other transferee all remaining obligations.
13. Transfer of ownership of any of the properties shall be consistent with Vermont law, including the provisions of 18 V.S.A. § 1767, specifically relating to the transfer of ownership of target housing.
14. This Assurance of Discontinuance shall not affect marketability of title.
15. Should Defendants fully transfer or sell their ownership interest in any of the properties after completing all obligations set forth herein, their obligations with respect to that particular property under this Assurance of Discontinuance are extinguished. However, nothing in this Assurance of Discontinuance in any way affects the obligations of future owners of any of the properties under Vermont law, including under the Vermont lead law.
16. Nothing in this Assurance of Discontinuance in any way affects Defendants' other obligations under state, local, or federal law.
17. Any future failure by Defendants to comply with the Vermont lead law at any of the properties referenced in this Assurance of Discontinuance or violations of the terms of this Assurance of Discontinuance shall be subject to additional penalties of no less than $10,000.00 per violation per day for each day the violation exists.

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Signature

By signing below, Defendants acknowledge and agree that the facts contained in the section entitled "Background" are true and voluntarily agree to and submit to the terms of this Assurance of Discontinuance.

DATED at Essex, Vermont this 11th day of March, 2010.

John Leo

DATED at Essex, Vermont this 11th day of March, 2010.

Carolyn Leo

Acceptance

In lieu of instituting an action or proceeding against Defendants, the Office of the Attorney General, pursuant to 9 V.S.A. § 2459, accepts this Assurance of Discontinuance.

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this 15th day of March, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By:

Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802.828.3186

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Montpelier,
Vermont 05609

ATTACHMENT A

1. 36 Jericho Road, Essex, VT
2. 40 Jericho Road, Essex, VT
3. 70 Jericho Road, Essex, VT
4. 155 Sandhill Road, Essex, VT
5. 120-122 Brown River Road, Essex, VT
6. 136 Colchester Road, Essex, VT

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STATE OF VERMONT
WASHINGTON COUNTY

2010 MAR 16 P 3:59

ORDER

STATE OF VERMONT	)	
	)	
Plaintiff,	)	
	)	Washington Superior Court
-vs-	)	Docket No. 167-3-10 Wncv
	)	
LIFELOCK, INC.,	)	
a Delaware Corporation,	)	
	)	
Defendant	)	

FINAL JUDGMENT AND CONSENT DECREE

Plaintiff, State of Vermont, by Attorney General William H. Sorrell, has filed a Complaint for a permanent injunction and other relief in this matter pursuant to the Vermont Consumer Fraud Act, 9 V.S.A. §§ 2451 *et seq.*, alleging Defendant, LifeLock, Inc., committed violations of the Act.

Plaintiff and LifeLock, Inc., have agreed to the Court's entry of this Final Judgment and Consent Decree without trial or adjudication of any issue of fact or law or finding of wrongdoing or liability of any kind. LifeLock denies the allegations of the Complaint and denies having violated the Consumer Fraud Act.

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PREAMBLE

The Attorneys General (collectively, the "Attorneys General," and the "AGs") of the states of Alaska, Arizona, California, Delaware, Florida, Hawaii[1], Idaho, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Missouri, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee[2], Texas, Vermont, Virginia, Washington, and West Virginia (collectively, the "Participating States")[3] conducted an investigation under the State Consumer Protection Laws regarding Defendant's identity theft protection services; and

Defendant is willing to enter into a Final Judgment and Consent Decree (the "Judgment" or "Order") regarding the marketing, advertising, and offering for sale of its identity theft protection services in order to resolve the AGs' investigation under the State Consumer Protection Laws and arrive at a complete and total settlement and resolution of any disagreement as to the matters addressed in this Judgment and thereby avoid unnecessary expense, inconvenience, and uncertainty.

PARTIES

The State of Vermont (hereinafter "the State") is the plaintiff in this case. The State, by and through Attorney General William H. Sorrell, is charged, *inter alia*, with the enforcement of Vermont's Consumer Fraud Act, 9 V.S.A. §§ 2451 *et seq.*

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[1] With regard to Hawaii, Hawaii is represented by its Office of Consumer Protection, an agency which is not part of the state Attorney General's Office, but which is statutorily authorized to represent the State of Hawaii in consumer protection actions.

[2] With regard to Tennessee, Tennessee is represented by its Office of the Tennessee Attorney General on behalf of the Tennessee Division of Consumer Affairs of the Department of Commerce and Insurance.

[3] Hereafter, when the entire group is referred to as the "Participating States" or "Attorneys General," such designation as it pertains to Hawaii refers to the Executive Director of the State of Hawaii Office of Consumer Protection.

LifeLock, Inc. (hereinafter "Defendant") is a corporation formed under the laws of the State of Delaware, with its principal place of business at 60 E Rio Salado Parkway, Suite 400, Tempe, AZ 85281. As used herein, any reference to "LifeLock" or "Defendant" shall mean LifeLock, Inc., including all of its officers, directors, affiliates, subsidiaries and divisions, predecessors, successors and assigns doing business in the United States.

COMMERCE

Defendant, at all times relevant hereto, engaged in commerce affecting consumers within the meaning of the Consumer Fraud Act, 9 V.S.A. §§ 2451a, 2453, in the State of Vermont, including, but not limited to, Washington County.

IT IS HEREBY ORDERED that:

DEFINITIONS

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

1. "State Consumer Protection Laws" shall mean the consumer protection laws[4] under which the Attorneys General have conducted the investigation.

[4]ALASKA – Alaska Unfair Trade Practices and Consumer Protection Act, AS 45.40.471, *et seq.*; ARIZONA – Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*; CALIFORNIA – Bus. & Prof Code §§ 17200 *et seq.* and 17500 *et seq.*; DELAWARE - Delaware Consumer Fraud Act, DEL. CODE ANN. tit. 6. §§2511 to 2527; FLORIDA - Florida Deceptive and Unfair Trade Practices Act, Chapter 501, Part II, Florida Statutes, §501.201 *et seq.*; HAWAII - Hawaii Rev. Stat. §480-2; IDAHO – Consumer Protection Act, Idaho Code §§ 48-601 *et seq.*; ILLINOIS - Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 *et seq.*; INDIANA - Deceptive Consumer Sales Act, Ind. Code Ann. §§ 24-5-0.5-1 to 24-5-0.5-12; IOWA - Consumer Fraud Act, Iowa Code § 714.16; KENTUCKY - Consumer Protection Act, KRS 367.110 *et seq.*; MAINE - Maine Unfair Trade Practices Act, 5 M.R.S. §§ 205-A *et seq.*; MARYLAND - Maryland Consumer Protection Act, Md. Code Ann., Com. Law §13-101, *et seq.*; MASSACHUSETTS - Mass. Gen. Laws c. 93A, §§ 2 and 4; MICHIGAN - Michigan Consumer Protection Act, MCL §445.901 *et seq.*; MISSISSIPPI – Miss. Code Ann. §75-24-1 *et. seq.*; MISSOURI - MO ST §407.010 to 407.145; MONTANA – Mont. Code Ann. § 30-14-101 *et. seq.*; NEBRASKA - Nebraska Consumer Protection Act, Neb. Rev. Stat. §§ 59-1601 *et seq.*, Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. §§ 87-301; NEVADA – Nevada Deceptive Trade Practices Act, Nevada Revised Statutes 598.0903 *et seq.*; NEW JERSEY – Consumer Fraud Act, N.J.S.A. 56:8-1 *et seq.*; NEW MEXICO - New Mexico Unfair Practices Act, NMSA 57-12-1 *et seq.*; NEW YORK - N.Y. Gen. Bus. Law §§ 349 & 350 and Executive Law § 63(12); NORTH CAROLINA – North Carolina Unfair and Deceptive Trade Practices Act, N.C.G.S. 75-1,1, *et seq.*; NORTH DAKOTA - N.D.C.C. §§ 51-15-01 *et seq.*; OHIO - Ohio Consumer Sales Practices Act, R.C. 1345.01, *et seq.*; OREGON - Oregon Unlawful Trade Practices Act, ORS 646.605 *et seq.*; PENNSYLVANIA - Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. 201-1 *et seq.*; SOUTH CAROLINA – South Carolina Unfair Trade Practices Act, S C

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INJUNCTIVE PROVISIONS

I. Representations Concerning the Defendant's Service

2. Defendant, directly or through any corporation, partnership, subsidiary, division, trade name, device, affiliate, or other entity, and their officers, agents, servants, employees, and all persons and entities in active concert or participation with them who receive actual notice of this Judgment, by personal service or otherwise, is hereby permanently restrained and enjoined from:

1. in connection with the advertising, distribution, promoting, offering for sale, or sale of any product, service, or program intended for the purpose of preventing, mitigating, or recovering from any form of identity theft as defined in 13 V.S.A. § 2030 and 18 U.S.C. § 1028, misrepresenting in any manner, expressly or by implication:

a) that such product, service, or program provides complete protection against all forms of identity theft by making customers' personal information useless to identity thieves;

b) that such product, service, or program prevents unauthorized changes to customers' address information;

c) that such product, service, or program constantly monitors activity on each of its customers' consumer reports;

Code Ann. Sections 39-5-10, *et seq.*, SOUTH DAKOTA – South Dakota Deceptive Trade Practices and Consumer Protection, SD ST 37-24-1, 37-24-6, 37-24-23, 37-24-31, 22-41-10; TENNESSEE – Tennessee Consumer Protection Act, Tenn. Code Ann. Section 47-18-101 *et seq.*; TEXAS – Texas Deceptive Trade Practices and Consumer Protection Act, Tex. Bus. And Com. Code 17.41, *et seq.*; VERMONT – Consumer Fraud Act, 9 V.S.A. §§ 2451 *et seq.*; VIRGINIA – Virginia Consumer Protection Act, Section 59.1-196 *et seq.*; WASHINGTON – Washington Consumer Protection Act, RCW §§ 19.86 *et seq.*; WEST VIRGINIA – W. Va. Code § 46A-1-101 *et seq.*

d) that such product, service, or program ensures that a customer will always receive a phone call from a potential creditor before a new credit account is opened in the customer's name;

e) the means, methods, procedures, effects, effectiveness, coverage, or scope of such product, service, or program;

f) the risk of identity theft to consumers;

g) whether a particular consumer has become or is likely to become a victim of identity theft; and/or

h) the opinions, beliefs, findings, or experiences of an individual or group of consumers related in any way to any such product, service, or program.

Such products, services, or programs include, but are not limited to, the placement of fraud alerts on behalf of consumers, searching the Internet for consumers' personal data, monitoring commercial transactions for consumers' personal data, identity theft protection for minors, and guarantees of any such products, services, or programs.

II. Defendant's Mandatory Arbitration Provisions

3. The terms and conditions of Defendant's service, or any customer or member agreement, shall not require customers, including current and former customers, to submit to arbitration in a state other than the state of the customer's residence.

GENERAL PROVISIONS

4. The Parties have agreed to resolve the issues raised by the marketing, advertising, and offering for sale of Defendant's identity theft protection services under the State Consumer Protection Laws by entering into this Judgment. Defendant is entering into

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this Judgment solely for the purpose of settlement and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law or regulation, or of any other matter of fact or law, or of any liability or wrongdoing, all of which Defendant expressly denies. Defendant does not admit any violation of the State Consumer Protection Laws, and does not admit any wrongdoing that was or could have been alleged by any Attorney General before the date of the Judgment under those laws.

5. This Judgment is made without trial or adjudication of any issue of fact or law or finding of wrongdoing or liability of any kind. Except to the extent required by law, it is the intent of the Parties that this Judgment shall not be admissible in any other matter, including, but not limited to, any investigation or litigation, or bind Defendant in any respect other than in connection with the enforcement of this Judgment.

6. This Judgment constitutes a complete settlement and release by the Participating States of all civil claims against Defendant, and its successors, employees, officers, directors and assigns, with respect to the marketing, advertising, and offering for sale its identity theft protection services, which were or could have been asserted prior to the date this Judgment is entered by the Participating States under the State Consumer Protection Laws cited in footnote 4 of this Judgment.

7. This Judgment shall be governed by the laws of the Participating States and is subject to court approval in those Participating States whose procedures require court approval. By entering into this Judgment, Defendant and the Attorneys General agree to all such court approvals, provided that there are no modifications to the terms of this Judgment without the express written consent of Defendant and the Attorneys General. This Judgment does not constitute an admission by Defendant of any Participating State's jurisdiction over it

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other than with respect to this Judgment, and does not alter any Participating State's jurisdiction over it.

8. Defendant represents that it has fully read and understood this Judgment, it understands the legal consequences involved in signing this Judgment, and there are no other representations or agreements between Defendant and the Attorneys General not stated in writing herein.

9. Defendant represents and warrants that it is represented by legal counsel, that it is fully advised of its legal rights in this matter and that the person signing below is fully authorized to act on its behalf.

10. This Judgment shall bind Defendant and shall be binding on any and all of its successors, employees, officers, directors, and assigns.

11. Defendant shall provide a copy of this Judgment and an accurate summary of the material terms of this Judgment to its senior executive officers who have managerial responsibility for the matters subject to this Judgment. Upon written request, Defendant will provide the Attorneys General with proof it has completed this process within 30 days of the request.

12. This Judgment contains the entire agreement between Defendant and the Attorneys General. Except as otherwise provided herein, this Judgment shall be modified as to any Participating State and/or Defendant only by a written instrument signed by or on behalf of the Attorney General of that Participating State and signed by or on behalf of Defendant. Defendant understands that in some Participating States court approval of any modification will be necessary. Defendant and the Attorneys General for such Participating States agree to use their best efforts to obtain such court approval.

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13. Neither Defendant nor anyone acting on its behalf shall state or imply or cause to be stated or implied that a Participating State, an Attorney General, or any governmental unit of a Participating State has approved, sanctioned, or authorized any practice, act, advertising material, or conduct of Defendant.

14. Nothing in this Judgment shall be construed as a waiver of or limitation on Defendant's right to defend itself from or to make agreements in any private individual or class action, state, or federal claim, suit or proceeding relating to the existence, subject matter or terms of this Judgment.

15. Nothing in this Judgment shall be construed to affect or deprive any private right of action that any consumer, person, entity, or by any local, state, federal or other governmental entity, may hold against Defendant, except as otherwise provided by law.

16. The titles and headers to each section of this Judgment are for convenience purposes only and are not intended by Defendant or the Attorneys General to lend meaning to the actual terms of this Judgment.

17. Nothing in this Judgment shall limit an Attorney General's right to obtain information, documents, or testimony from Defendant pursuant to any state or federal law or regulation.

18. If any clause, provision or section of this Judgment shall, for any reason, beheld illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Judgment, and this Judgment shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or provision had not been contained herein.

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19. Nothing in this Judgment shall be construed as relieving Defendant of its obligation to comply with all state and federal laws and regulations, nor shall any of the terms of this Judgment be deemed to grant Defendant permission to engage in any acts or practices prohibited by such laws and regulations.

20. Any failure by any party to this Judgment to insist upon the strict performance by any other party of any of the provisions of this Judgment shall not be deemed a waiver of any of the provisions of this Judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Judgment and the imposition of any applicable penalties, including but not limited to contempt, civil penalties and/or the payment of attorneys fees to the State.

21. Time shall be of the essence with respect to each provision of this Judgment that requires action to be taken by Defendant within a stated time period or upon a specified date.

22. This Judgment sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Judgment which are not fully expressed herein or attached hereto.

23. Defendant has provided the Attorneys General with certain documents, advertisements, and contracts. Defendant acknowledges and agrees that providing these documents to the Attorneys General in no way constitutes the AGs' pre-approval, review for compliance with state or federal law, or with this Judgment, or a release of any issues relating to such documents.

24. Defendant agrees that this Judgment does not entitle Defendant to seek or to obtain attorneys' fees as a prevailing party under any statute, regulation or rule, and

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Defendant further waives any rights to attorneys' fees that may arise under such statute, regulation or rule.

25. Defendant further agrees to execute and deliver all authorizations, documents and instruments which are necessary to carry out the terms and conditions of this Judgment.

26. This document may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this Judgment may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof.

27. This Judgment is conditioned upon the prior approval of the Federal Trade Commission of the FTC's *Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief.*

Jurisdiction

28. Jurisdiction of this Court over the subject matter and over the Defendant for the purpose of entering into and enforcing this Judgment is admitted. Jurisdiction is retained by this Court for the purpose of enabling the State to apply to this Court for such further orders and directions as may be necessary or appropriate for the construction, modification or execution of this Judgment, including the enforcement of compliance therewith and penalties for violation thereof.

Compliance

29. Defendant shall develop and implement compliance procedures reasonably designed to ensure compliance by Defendant with the obligations contained in this Judgment. With respect to its agents, Defendant shall (a) notify its agents of the relevant provisions of

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this Judgment; (b) ensure that all advertisements provided by Defendant to its agents for their use in the marketing and sale of Defendant's identity theft protection services are in conformity with the terms of this Judgment; and (c) not direct its agents to take any action or implement any practice that is in contravention of this Judgment.

Payment to the States

30. Defendant shall pay one million dollars ($1,000,000) to the Participating States. Defendant represents that its undersigned counsel holds these funds in escrow for no purpose other than payment to the states. Such individual payment shall be made to each Participating State (in a specified amount and based on a payment allocation provided to Defendant by Participating States) within 21 days from the date that state enters its Judgment in court. These funds shall be paid to each Participating State by electronic fund transfer in accordance with instructions previously provided to Defendant by Participating States.

31. Said payment may be used by the Participating States for attorney's fees and other costs of investigation and litigation, or to be placed in, or applied to, the consumer protection enforcement fund, including future consumer protection enforcement, consumer education, litigation or local consumer aid fund or revolving fund; used to defray the costs of the inquiry leading hereto; or used for any other purposes permitted by State law, at the sole discretion of each respective Attorney General.

Restitution

32. The States will be participating in the joint FTC and Participating States' Eleven Million Dollar ($11,000,000) consumer redress program outlined in the FTC's *Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief.*

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Modification of Certain Operational Provisions

33. Prior to filing a motion with the Court seeking a modification of this Judgment, Defendant shall send a written request for modification to the Attorney General of Illinois on behalf of the Participating States along with a detailed explanation of the reason and need for any requested modification. The Participating States shall give such petition reasonable consideration and shall respond to Defendant within 90 days of receiving such request. At the conclusion of this 90 day period, Defendant reserves all rights to pursue any legal or equitable remedies that may be available to it.

Notification to State

34. For five (5) years following execution of this Judgment, Defendant shall notify the Attorney General, c/o Sarah London, Vermont Attorney General's Office, Public Protection Division, 109 State Street, Montpelier, VT, 05609-1001, in writing at least thirty (30) days prior to the effective date of any proposed changes in its corporate structure, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or firm, the creation or dissolution or subsidiaries, or any other changes in Defendant's status that may impact in any way compliance with obligations arising out of this Judgment.

35. Any notices required to be sent to the State or the Defendant by this Judgment shall be sent by United States mail, certified mail return receipt requested or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document. The documents shall be sent to the following addresses:

Office of the
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Montpelier,
Vermont 05609

For the Attorney General of the State of Vermont, William H. Sorrell:

Sarah London
Vermont Attorney General's Office
Public Protection Division
109 State Street
Montpelier, VT 05609-1001

For the Defendant:

Clarissa Cerda, General Counsel
LifeLock
60 East Rio Salado Pkwy
Tempe, AZ 85281

Copy to: Robert Sherman
Greenberg Traurig
One International Place
Boston, MA 02110

Stipulation

Defendant acknowledges receipt of and voluntarily agrees to the terms of this Consent Decree and waives any formal service requirements of the Complaint, Consent Decree, and Final Judgment.

DATED at Tempe, Arizona, this ___ day of _____ 2010.

LIFELOCK, INC.

By: _____

Todd Davis
CEO
LifeLock
60 East Rio Salado Pkwy
Tempe, AZ 85281

DATED at Montpelier, Vermont, this 9th day of March 2010.

STATE OF VERMONT
WILLIAM H. SORRELL
ATTORNEY GENERAL

By: _____

Sarah E.B. London
Assistant Attorney General
Public Protection Division
Vermont Attorney General's Office
109 State Street
Montpelier, Vermont 05609-1001
802-828-5479

DECREE, ORDER AND FINAL JUDGMENT

This Consent Decree is accepted and entered as a Decree, Order and Final Judgment of this Court in the matter of: *State of Vermont v. LifeLock, Inc.*, Docket No. 167-3-10 Wncv.

SO ORDERED.

DATED at Montpelier, Vermont this 15 day of March, 2010.

Washington Superior Court Judge
Geoffrey W. Crawford

Office of the
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Montpelier,
Vermont 05609

STATE OF VERMONT

SUPERIOR COURT
WASHINGTON UNIT

CIVIL DIVISION
Docket No. Wncv

STATE OF VERMONT,
Plaintiff,

v.

SHAWN MARTEL,
Defendant.

ASSURANCE OF DISCONTINUANCE

NOW COMES the State of Vermont, by and through Vermont Attorney General William H. Sorrell, and hereby accepts from Shawn Martel ("Defendant") this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459.

Background

Defendant is the owner of 226 Main Street in Winooski, Vermont (hereinafter "the property").

The property is a residential rental property constructed before 1978 and is therefore subject to Vermont's lead law, including the requirement of annual essential maintenance practices ("EMPs") that are designed to reduce childhood lead poisoning risks. 18 V.S.A. § § 1751(19), 1759. Lead-based paint in housing, the focus of the Vermont lead law, is a leading cause of childhood lead poisoning, which can result in adverse health effects, including decreases in IQ. All paint in pre-1978 housing is presumed to be lead-based unless a certified inspector has determined that it is not lead-based. 18 V.S.A. § 1759(a).

EMPs include, but are not limited to, installing window well inserts, visually inspecting the property at least annually for deteriorated paint, restoring surfaces to be free of deteriorated paint within 30 days after such paint has been visually identified or reported

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to the owner, and posting lead paint hazard information in a prominent place. 18 V.S.A. § 1759(a)(2), (4) and (7). The Vermont lead law requires owners of rental housing to file annual compliance statements attesting to EMP performance with the Vermont Department of Health and with the owner's insurance carrier. 18 V.S.A § 1759(b). A copy of the compliance statement must be given to all tenants and to new tenants prior to entering into a lease agreement. 18 V.S.A. § 1759(b)(3) and (4).

The Vermont Consumer Fraud Act, 9 V.S.A., Chapter 63, prohibits unfair and deceptive acts and practices, including the offering for rent, or the renting of, housing that is non-compliant with the lead law.

A violation of the Vermont lead law may result in a maximum civil penalty of $10,000.00. 18 V.S.A. § 130(b)(6). Each day that a violation continues is a separate violation. 18 V.S.A. § 130(b)(6). Violations of the Consumer Fraud Act are subject to a civil penalty of up to $10,000.00 per violation. 9 V.S.A. §2458(b)(1). Each day that a violation continues is a separate violation.

The property is not currently in compliance with the Vermont lead law. Defendant has informed the State of his intention to complete the EMP work necessary at the property but does not expect that the work will be complete until September 30, 2010.

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INJUNCTIVE RELIEF

Defendant agrees to the following:

1. Defendant shall immediately ensure that access to exterior surfaces and components of the property with lead hazards and areas directly below the deteriorated surfaces are clearly restricted as described in 18 V.S.A. § 1759(a)(3).
2. Defendant shall attend the EMP training class on Wednesday, August 18, 2010 at Contois Auditorium in Burlington's City Hall.
3. Not later than September 30, 2010 all EMP work, interior and exterior, shall be completed at the property.
4. Defendant shall give priority to completion of EMPs at any unit of the property where a child age 6 or under is residing.
5. All work performed at the property, whether by Defendant, his employees, or by hired contractors and/or painting companies, shall be performed using safe work practices consistent with 18 V.S.A. § 1760. It shall be the obligation of Defendant to ensure that any contractors and/or painting companies he hires to perform EMP work are aware of the provisions of 18 V.S.A. § 1760 and intend to use safe work practices at the property.
6. Upon completion of the EMPs at the property, Defendant will file with the Vermont Department of Health and Defendant's insurance carrier(s), a completed EMP compliance statement for the property, and will give a copy of the compliance statement to an adult in each rented unit of the property.
7. Upon completion of EMPs at the property, Defendant shall provide proof of completion to the Office of the Attorney General at the following address:

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109 State Street
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Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609. A copy of the EMP compliance statement for the property shall be sufficient proof of completion.

8. If Defendant anticipates not being able to fully comply with the deadlines for EMP compliance solely due to delays relating to contractors and/or painting companies hired to perform the EMP work, Defendant may request an extension of the deadline from the Attorney General's Office. Such request shall be made as soon as the delay is recognized and must include an approximate date by which the work shall be complete.

9. In the event that Defendant wishes by agreement with the Office of the Attorney General to extend any of the dates above for reasons not relating to delays caused by contractors and/or painting companies hired to perform the EMP work, such request must be made by Defendant at least 10 days in advance of the dates specified in this Assurance of Discontinuance.

10. Defendant shall fully and timely comply with the requirements of the Vermont Lead Law, 18 V.S.A., Chapter 38, as long as he maintains any ownership interest in the property or in any other pre-1978 residential housing in which he currently has or later acquires an ownership interest or provides property management services (unless by property management contract the Defendant is explicitly not responsible for EMPs).

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PENALTIES

11. Defendant shall pay civil penalties of five thousand dollars ($5,000.00). Payment shall be due October 10, 2010, and payment made to the "State of

Vermont" and shall be sent to: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

12. If Defendant complies with the requirements of this Assurance of Discontinuance the penalties provided in paragraph 11 shall be waived by the State of Vermont.

OTHER RELIEF

13. This Assurance of Discontinuance is binding on Defendant, however, sale of the property may not occur unless all obligations set forth herein have been completed or this Assurance of Discontinuance is amended in writing to transfer to the buyer or other transferee all remaining obligations.

14. Transfer of ownership of the property shall be consistent with Vermont law, including the provisions of 18 V.S.A. § 1767, specifically relating to the transfer of ownership of target housing.

15. This Assurance of Discontinuance shall not affect marketability of title.

16. Should Defendant fully transfer or sell his ownership interest in the property after completing all obligations set forth herein, his obligations with respect to the property under this Assurance of Discontinuance are extinguished. However, nothing in this Assurance of Discontinuance in any way affects the obligations of future owners of any of the property under Vermont law, including under the Vermont lead law.

17. Nothing in this Assurance of Discontinuance in any way affects Defendant's other obligations under state, local, or federal law.

18. Any future failure by Defendant to comply with the Vermont lead law at the property, or violations of the terms of this Assurance of Discontinuance, shall be

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subject to additional penalties of no less than $10,000.00 per violation per day for each day the violation exists.

Signature

By signing below, Defendant acknowledges and agrees that the facts contained in the section entitled "Background" are true and voluntarily agrees to and submits to the terms of this Assurance of Discontinuance.

DATED at Burlington, Vermont this 30 day of July, 2010.

Shawn Martel

Acceptance

In lieu of instituting an action or proceeding against Defendant, the Office of the Attorney General, pursuant to 9 V.S.A. § 2459, accepts this Assurance of Discontinuance.

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this 4th day of August, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By:

Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802.828.3186

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GENERAL
109 State Street
Montpelier, VT
05609

STATE OF VERMONT
WASHINGTON COUNTY, SS.

STATE OF VERMONT, Plaintiff,	)	
v.	)	Washington Superior Court Docket No. Wncv
JOHN MCKAY, Defendant.	)	

ASSURANCE OF DISCONTINUANCE

NOW COMES the State of Vermont, by and through Vermont Attorney General William H. Sorrell, and hereby accepts from John McKay ("Defendant") this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459.

Background

Defendant is the owner of the properties listed in Attachment A (hereinafter "the properties").

The properties are residential rental properties constructed before 1978 and are therefore subject to Vermont's lead law, including the requirement of annual essential maintenance practices ("EMPs") that are designed to reduce childhood lead poisoning risks. 18 V.S.A. § § 1751(19), 1759. Lead-based paint in housing, the focus of the Vermont lead law, is a leading cause of childhood lead poisoning, which can result in adverse health effects, including decreases in IQ. All paint in pre-1978 housing is presumed to be lead-based unless a certified inspector has determined that it is not lead-based. 18 V.S.A. § 1759(a).

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EMPs include, but are not limited to, installing window well inserts, visually inspecting properties at least annually for deteriorated paint, restoring surfaces to be free of deteriorated paint within 30 days after such paint has been visually identified or reported to

the owner, and posting lead paint hazard information in a prominent place. 18 V.S.A. § 1759(a)(2), (4) and (7). The Vermont lead law requires owners of rental housing to file annual compliance statements attesting to EMP performance with the Vermont Department of Health and with the owner's insurance carrier. 18 V.S.A § 1759(b). A copy of the compliance statement must be given to all tenants and to new tenants prior to entering into a lease agreement. 18 V.S.A. § 1759(b)(3) and (4).

The Vermont Consumer Fraud Act, 9 V.S.A., Chapter 63, prohibits unfair and deceptive acts and practices, including the offering for rent, or the renting of, housing that is non-compliant with the lead law.

A violation of the Vermont lead law may result in a maximum civil penalty of $10,000.00. 18 V.S.A. § 130(b)(6). Each day that a violation continues is a separate violation. 18 V.S.A. § 130(b)(6). Violations of the Consumer Fraud Act are subject to a civil penalty of up to $10,000.00 per violation. 9 V.S.A. §2458(b)(1). Each day that a violation continues is a separate violation.

The properties listed in Attachment A are not currently in compliance with the Vermont lead law. Defendant has informed the State of his intention to complete the EMP work necessary at the properties but does not expect that the work will be complete until April 30, 2010.

INJUNCTIVE RELIEF

Defendant agrees to the following:

1. Defendant shall immediately ensure that access to exterior surfaces and components of the properties with lead hazards and areas directly below the deteriorated surfaces are clearly restricted as described in 18 V.S.A. § 1759(a)(3).

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2. Defendant shall give priority to completion of EMPs at any of the properties where a child age 6 or under is residing.
3. Not later than April 30, 2010 all EMP work, interior and exterior, shall be completed at the remaining five properties listed in Attachment A.
4. All work performed at the properties, whether by Defendant, his employees, or by hired contractors and/or painting companies, shall be performed using safe work practices consistent with 18 V.S.A. § 1760. It shall be the obligation of Defendant to ensure that any contractors and/or painting companies he hires to perform EMP work are aware of the provisions of 18 V.S.A. § 1760 and intend to use safe work practices at the properties.
5. Upon completion of the EMPs at the properties, Defendant will file with the Vermont Department of Health and Defendant's insurance carrier(s), a completed EMP compliance statement for each property, and will give a copy to an adult in each rented unit of the compliance statement for that tenant's property.
6. Upon completion of EMPs at any of the properties, Defendant shall provide proof of completion to the Office of the Attorney General at the following address: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609. A copy of the EMP compliance statement for the property shall be sufficient proof of completion.
7. If Defendant anticipates not being able to fully comply with the deadlines for EMP compliance solely due to delays relating to contractors and/or painting

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companies hired to perform the EMP work, Defendant may request an extension of the deadline from the Attorney General's Office. Such request shall be made as soon as the delay is recognized and must include an approximate date by which the work shall be complete.

8. In the event that Defendant wishes by agreement with the Office of the Attorney General to extend any of the dates above for reasons not relating to delays relating to contractors and/or painting companies hired to perform the EMP work, such request must be made by Defendant at least 10 days in advance of the dates specified in this Assurance of Discontinuance.

9. Defendant shall fully and timely comply with the requirements of the Vermont Lead Law, 18 V.S.A., Chapter 38, as long as he maintains any ownership interest in the properties listed in Attachment A or in any other pre-1978 residential housing in which he currently has or later acquires an ownership interest or provides property management services (unless by property management contract the Defendant is explicitly not responsible for EMPs).

PENALTIES

10. Defendant shall pay civil penalties of $15,000.00. Payment shall be due May 15, 2010, and payment made to the "State of Vermont" and shall be sent to: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

11. If Defendant complies with the requirements of this Assurance of Discontinuance the penalties provided in paragraph 10 shall be waived by the State of Vermont.

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OTHER RELIEF

12. This Assurance of Discontinuance is binding on Defendant, however, sale of any of the properties may not occur unless all obligations set forth herein have been completed or this Assurance of Discontinuance is amended in writing to transfer to the buyer or other transferee all remaining obligations.
13. Transfer of ownership of any of the properties shall be consistent with Vermont law, including the provisions of 18 V.S.A. § 1767, specifically relating to the transfer of ownership of target housing.
14. This Assurance of Discontinuance shall not affect marketability of title.
15. Should Defendant fully transfer or sell his ownership interest in any of the properties after completing all obligations set forth herein, his obligations with respect to that particular property under this Assurance of Discontinuance are extinguished. However, nothing in this Assurance of Discontinuance in any way affects the obligations of future owners of any of the properties under Vermont law, including under the Vermont lead law.
16. Nothing in this Assurance of Discontinuance in any way affects Defendant's other obligations under state, local, or federal law.
17. Any future failure by Defendant to comply with the Vermont lead law at any of the properties referenced in this Assurance of Discontinuance or violations of the terms of this Assurance of Discontinuance shall be subject to additional penalties of no less than $10,000.00 per violation per day for each day the violation exists.

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Vermont 05609

Signature

By signing below, Defendant acknowledges and agrees that the facts contained in the section entitled "Background" are true and voluntarily agrees to and submits to the terms of this Assurance of Discontinuance.

DATED at _____, Vermont this _____ day of February, 2010.

_____
John McKay

Acceptance

In lieu of instituting an action or proceeding against Defendant, the Office of the Attorney General, pursuant to 9 V.S.A. § 2459, accepts this Assurance of Discontinuance.

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this _____ day of February, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By: _____
Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802.828.3186

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Montpelier,
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ATTACHMENT A

1. 85 South Main St., Brattleboro, VT
2. 815 Canal St., Brattleboro, VT
3. 843 Canal St., Brattleboro, VT
4. 1215 Marlboro Rd., Brattleboro, VT
5. 1227 Marlboro Rd., Brattleboro, VT
6. 1298 Marlboro Rd., Brattleboro, VT
7. 136 Elliot St., Brattleboro, VT
8. 33 Ward Drive, Dummerston, VT
9. 6 Papoose Lane, Brookline, VT
10. 3394 Rte. 100, Whitingham, VT

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STATE OF VERMONT
WASHINGTON COUNTY, SS.

STATE OF VERMONT, Plaintiff,	)	
v.	)	Washington Superior Court
	)	Docket No. Wncv
NELSON FARMS, INC. and DOUGLAS NELSON, Defendants.	)	

STIPULATION OF SETTLEMENT AND CONSENT DECREE

To resolve the allegations in the Complaint filed in the above captioned matter, Plaintiff State of Vermont and Defendants Nelson Farms, Inc. and Douglas Nelson, stipulate and agree to the following:

1. Defendants shall complete all essential maintenance practices ("EMPs") at the properties listed in Attachment A of the Complaint ("the properties") as follows:

   a. Not later than June 30, 2010 Defendants shall have an EMP contractor who is certified by the Vermont Department of Health complete all EMPs required by the lead law in the interiors of the properties;

   b. Not later than July 30, 2010, Defendants shall have an EMP contractor who is certified by the Vermont Department of Health complete all EMPs required by the lead law on the exteriors of the properties; and

   c. Not later than July 30, 2010, Defendants will file with the Vermont Department of Health, Defendants' insurance carrier, and will give a copy to an adult in each rented unit of any the properties, a completed EMP compliance statement for the property, and will also provide a copy of the completed EMP compliance statement to: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

2. Defendant Douglas Nelson or his agent shall attend the EMP Training Course at the Northeast Regional Hospital, 1315 Hospital Drive, Business Center, Room 126, St. Johnsbury, VT on Tuesday, May 4, 2010 from 5 to 9 p.m.

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3. Defendants shall report by May 15, 2010 to the Attorney General's Office, at the address listed in paragraph 1 above, the identity of the individual who attended the EMP Training Course and whether or not said individual completed the course. If the individual did not complete the course, Defendants shall identify a certified EMP contractor who will be performing the EMP work described in paragraph 1.

4. Should Defendants wish to otherwise extend any of the above dates by agreement with the Attorney General's Office, including extensions relating to any vacant properties, such request shall be made no later than 10 days in advance of the dates specified in this Consent Decree.

5. Defendants shall not rent, or offer for rent, any unit which becomes vacant in a building that is not EMP compliant until such time as the EMP work is complete and the EMP compliance statement is distributed as described in paragraph 1 above.

6. Defendants shall fully and timely comply with the requirements of the Vermont lead law, 18 V.S.A., Chapter 38, as long as he maintains any ownership or property management service interest in the properties and in any other pre-1978 rental housing in which he acquires an ownership interest.

PENALTIES

7. Not later than June 1, 2010, Defendants shall pay two thousand five hundred dollars ($2,500.00) in civil penalties to the State of Vermont. Payment shall be made to the "State of Vermont" and shall be sent to the Attorney General's Office at the address listed in paragraph 1.

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Vermont 05609

8. Unless Defendants have complied with the provisions of paragraphs 1 through 5, not later than September 1, 2010, or thirty days from any extension of time which has been

previously granted pursuant to paragraph 4, Defendant shall pay two thousand five hundred dollars ($2,500.00) in civil penalties to the State of Vermont. Payment shall be made to the "State of Vermont" and shall be sent to the Attorney General's Office at the address listed in paragraph 1.

OTHER RELIEF

9. This Consent Decree is binding on Defendants, however, sale of any of the properties may not occur unless all obligations in paragraphs 1-5 and 7- 8 have been completed or this Consent Decree is amended in writing to transfer to the buyer or other transferee all remaining obligations. However, nothing in this Consent Decree in any way affects the obligations of future owners of any of the properties under Vermont law, including under the Vermont lead law.

10. Transfer of ownership of any of the properties shall be consistent with Vermont law, including the provisions of 18 V.S.A. § 1767 specifically relating to the transfer of ownership of pre-1978 rental housing.

11. This Consent Decree shall not affect marketability of title.

12. Nothing in this Consent Decree in any way affects Defendants' other obligations under state, local, or federal law.

13. In addition to any other penalties which might be appropriate under Vermont law, any future failure by Defendants to comply with the terms of this Consent Decree shall be subject to a liquidated civil penalty in the amount of ten thousand dollars ($10,000.00) and additional penalties of no less than one thousand dollars ($1,000.00) per violation of the Consent Decree per day for each day the violation exists.

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STIPULATION

Defendants Nelson Farms, Inc. and Douglas Nelson acknowledges receipt of and voluntarily agree to the terms of this Consent Decree and waive any formal service requirements of the Complaint, Consent Decree, and Decree, Order and Final Judgment.

DATED at Montpelier, Vermont this 23 day of April, 2010.

Douglas Nelson, individually and on behalf of Nelson Farms, Inc.

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this 23rd day of April, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By: Robert F. McDougall

Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609

DECREE, ORDER AND FINAL JUDGMENT

This Consent Decree is accepted and entered as a Decree, Order and Final Judgment of this Court in the matter of: *State of Vermont v. Nelson Farms, Inc. and Douglas Nelson*, Docket No._____Wncv.

SO ORDERED.

DATED at Montpelier, Vermont this _____ day of _____, 2010.

_____
Washington Superior Court Judge

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STATE OF VERMONT
WASHINGTON COUNTY, SS.

STATE OF VERMONT,	)	
Plaintiff	)	
	)	**Washington Superior Court**
v.	)	**Docket No. 41-1-00 Wncv**
	)	
PUBLISHERS CLEARING HOUSE,	)	
Defendant	)	

proposed

ORDER

SUPPLEMENTAL CONSENT JUDGMENT

This matter is before the Court on the parties' stipulation for entry of a Supplemental Consent Judgment. The Court has reviewed the Supplemental Consent Judgment and concludes good cause has been shown to enter this Supplemental Consent Judgment (hereafter Supplemental Judgment).

I. RECITALS

In approximately January 1999 or thereafter a number of States, including the State of Oregon (the "State"), filed claims against Defendant Publishers Clearing House (now a New York limited liability company, "PCH") under their consumer protection laws. Approximately one-half of the States settled and resolved their claims with PCH by entering into a Consent Judgment (a similar version was filed in each state on the same day) in August 2000 (hereinafter the "2000 Consent Judgment").

The remaining States resolved their claims with PCH by entering into a separate Consent Judgment (a similar version was filed in each state) in July/August 2001 (the "2001 Consent Judgment").

Since the entry of the Consent Judgments various States from both groups have monitored PCH's compliance with these Consent Judgments. As a result of this compliance

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monitoring the states listed in Schedule A hereto (the "Participating States")[1] have discussed with PCH various instances when the Participating States contend PCH has violated the Consent Judgments. As a result of those discussions PCH has in some instances voluntarily discontinued certain mailings.

PCH denies it has violated the Consent Judgments and denies any liability or wrongdoing.

In the interest of resolving and forever discharging any claims up to the date of filing this Supplemental Judgment that the State has for any alleged violation of the Consent Judgment the parties enter into this Supplemental Judgment.

Accordingly, IT IS ADJUDGED:

II. SCOPE OF SUPPLEMENTAL JUDGMENT

The terms of the 2001 Consent Judgment and 2000 Consent Judgment remain in full force and effect, unless otherwise specified in this Supplemental Judgment. All terms and definitions used herein shall have the same meaning as were used in the Consent Judgments. As used in this Supplemental Judgment, the term "Consent Judgments" shall mean the 2001 Consent Judgment and the 2000 Consent Judgment, together, and the term "Consent Judgment" shall refer to the 2001 Consent Judgment entered in the State.

III. ADDITIONAL CONSUMER PROTECTIONS

The following terms shall take effect on a date (the "Effective Date") that is one hundred twenty (120) days after the date of entry of this Supplemental Judgment. In the event of any conflict or inconsistency between the 2001 Consent Judgment, the 2000 Consent Judgment and this Supplemental Judgment, this Supplemental Judgment shall control.

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[1] The Participating States are led by an Executive Committee (hereafter "EC") of States: Alaska, Colorado, Nevada, North Carolina, Oregon, Pennsylvania, Vermont and Wisconsin.

1. ENTRY/ORDER

Section 33 of the Consent Judgment is amended by adding subparagraphs, each to be lettered sequentially to follow the existing subparagraphs in the Consent Judgment, as follows:

e. PCH shall separate Order-related and Sweepstakes-related portions of the form with a double line, and display the disclosures required by clause (I) (a statement that discloses that no purchase is necessary to enter such sweepstakes) and (II) (a statement that discloses that a purchase will not improve an individual's chances of winning) of 39 U.S.C.A. 3001(k)(3)(A)(ii).

(i) For customers with three (3) or more paid orders in any two (2)-month period within the preceding two (2) years, between the two (2) dividing lines, with a Clear and Conspicuous reference to the location of the Sweepstakes Facts appearing in the Order–related portion of the form either immediately above or immediately below the line separating such messages from the Order-related portion of the form, as applicable, with no intervening copy or graphics; and

(ii) For all others, in the same manner or in a box adjacent to the order boxes (or similar order device), with a Clear and Conspicuous reference to the location of the Sweepstakes Facts appearing immediately adjacent to such messages with no intervening copy or graphics.

The double lines shall extend across the entire page, the lines shall be solid, and the federal disclosures shall be Clear and Conspicuous. The Sweepstakes-related portion shall not include any Order-related information or requests to order merchandise. Instructional copy relating to the location of Sweepstakes stamps or other Sweepstakes interactions on the Sweepstakes

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Entry Form shall be limited to that which is necessary to complete the Sweepstakes entry, and such instructions along with everything else in the Sweepstakes-related portion shall not refer to in any way or by reference or arrows point to the Order-related portion.

f. Similarly the Order-related portion of a combined Entry/Order form shall be completely separated from and not refer to in any way the Sweepstakes-related portion or to entering the Sweepstakes or winning a Prize.

g. Non-Order entrants shall not be required to interact with the Order-related portion in any way to enter, including affixing any stamp or checking any box in the Order-related portion.

h. The Order-related portion shall not include pre-checked boxes that relate to merchandise offers or ordering, and any request in the Order-related portion for product interest information shall be only in the Order-related portion of the combined Entry/Order form. There shall be no request for product interest information in the Sweepstakes-related portion.

i. Instructional copy (confined within the Sweepstakes-related portion) may tell the Recipient to return the form by the deadline date, but shall not state that the recipient must or should return the entire form to enter.

2. ORDER HISTORY/ENTRY HISTORY

Section 20 of the Consent Judgment is amended by adding a subparagraph, to be lettered sequentially to follow the existing subparagraphs in the Consent Judgment, as an act or practice deemed to violate said section, as follows:

j. Using Sweepstakes Communications which contain information relating to a Recipient's Order history and a Recipient's Entry history on the same side of one (1) document or which convey information relating to a Recipient's Order history and Entry history by using titles or text that contain the same or substantially the same wording. Neither Entry nor Order "history" nor

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"information relating to" Entry or Order history shall be deemed to refer to generalized statements referring to or acknowledging a Recipient's status as a previous customer or previous entrant into PCH sweepstakes.

3. IDENTIFYING CHARACTERISTICS/KEY CODES/PRIZE CONFUSION

Section 15(c) of the Consent Judgment is amended by adding subparagraphs, each to be numbered sequentially to follow the existing subparagraphs in the Consent Judgment, as an act or practice deemed to violate said sections, as follows:

(xviii) Using a Recipient's initials, personally identifying number or other personally identifying information to Misrepresent that the Recipient has been specially selected or is in a better position to win a Prize than other timely entrants with the same characteristics. Notwithstanding the previous sentence, PCH may tell a customer what unique number he or she has been assigned in a sweepstakes to identify the customer. Prohibited terms include "key code."

(xix) Representing in a Sweepstakes Communication that a person residing in a particular geographic area or having a particular characteristic has an enhanced status or is more likely to win than other timely entrants residing in the same area or any other geographic area or sharing the same personal characteristics unless such is the case.

(xx) Combining references in any Sweepstakes Communication to different Prizes or Sweepstakes in such a way as to Misrepresent the likelihood of winning any such Prize or Sweepstakes.

(xxi) Making any reference in a Sweepstakes Communication to a particular Sweepstakes or Prize in such a manner as to Misrepresent the likelihood of winning any other Sweepstakes or Prize.

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(xxii) Making a Representation in a Sweepstakes Communication that combines references to more than one Sweepstakes or Prize without also identifying the giveaway number or other uniquely identifying term for each.

4. USE OF WORD GUARANTEE

Section 15(c)(iv) of the Consent Judgment is amended to delete existing subparagraph (b) and add a subparagraph, to be lettered sequentially to follow the remaining subparagraph in the Consent Judgment, as an act or practice deemed to violate said section, as follows:

b. any term that Misrepresents that the Recipient has an enhanced status or position within a Sweepstakes superior to other timely entrants to describe any such status or position, including, but not limited to, use of the word "guarantee" or any variant regarding the Recipient in relationship to a Sweepstakes or Prize.

5. COMMITTEES/BOARDS

Section 17 of the Consent Judgment is amended by adding the following: "Without in any way limiting the foregoing, the following acts or practices are deemed to violate this section:

a. Use of the terms 'Winner Selection Committee' or 'Winner Search Party' or any other term that includes the word 'winner' to refer to any committee or board that plays a role in the conduct of a Sweepstakes.

b. Representing that there is a board, office, committee or other entity that determines the winner of a Sweepstakes unless such is the case.

c. Making any reference to the 'Board of Judges' other than in the Official Rules.

d. For a period of three (3) years following the Effective Date, using a letter, notice, memorandum or envelope that is or purports to be from the 'Office of Contests' or the 'Department of Contests' (or any similar term for an office

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or department that includes the word 'Contest'), or is signed by an individual identified therein as a member thereof, that contains the Recipient's name, address or other personally-identifiable information.

e. Using any other letter, notice or memorandum that is or purports to be from such an office or department referenced in subparagraph d above that:

i. Does not include a Clear and Conspicuous statement as to the role and responsibilities of the office or department;

ii. Represents that the office or department selects the winner of any Sweepstakes; and

iii. Does not include a statement to the effect that PCH doesn't know who the winner is yet."

6. CUSTOMER-ONLY SWEEPSTAKES

Section 20(h) of the Consent Judgment is amended by adding the following additional requirements, each to be numbered sequentially to follow the existing subparagraphs in the Consent Judgment:

(v) Notwithstanding anything contained in clause (iii) above, Customer-Only Sweepstakes will be mailed no more than:

A. Twice a year, for a period of no more than two (2) weeks in each instance, plus

B. Three (3) times a year, for single mailings;

provided that the mail volume for any such two (2)-week period or single mailings is consistent with PCH's normal mailing practices and patterns and does not represent a significant increase over normal volumes in comparable periods.

(vi) Any Sweepstakes Communication that includes a Customer-Only Sweepstakes shall state clearly that no purchase is necessary from that

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mailing in order to enter the Customer-Only Sweepstakes included in that bulletin.

7. DUPLICATE MAGAZINE SUBSCRIPTIONS

PCH shall, as soon as practicable but in any event no later than eighteen (18) months after the date of entry of this Supplemental Judgment, implement procedures designed to identify instances in which a person described in paragraph 1(a)(i) of Article VI below places duplicate magazine subscription orders through PCH during any rolling twelve (12) calendar month period, checked not less frequently than quarterly. Promptly upon identification of any such instance, PCH shall cancel such duplicate subscription orders to the extent that they result in such a person having a subscription to a title for a period in excess of three (3) years.

IV. SPECIAL COMPLIANCE COUNSEL; OMBUDSPERSON

A. **Special Compliance Counsel**. Notwithstanding the time limitation set forth in the 2001 Consent Judgment, PCH shall extend the engagement term of the Special Compliance Counsel, with all the powers, duties and responsibilities set forth in section 52(a) of the 2001 Consent Judgment, for an additional period of three (3) years from and after the date of entry of this Supplemental Judgment.

B. **Ombudsperson**. PCH shall engage an attorney of national stature with a consumer protection background (who may be Jeffrey A. Modisett, Esq., and the Bryan Cave law firm of which he is a member) for a period of three (3) years from the date of entry of this Supplemental Judgment to work with Special Compliance Counsel and to be the "Ombudsperson" with respect to PCH's compliance with the injunctive provisions of the Consent Judgment and this Supplemental Judgment.

1. General Duties and Responsibilities. The Ombudsperson shall have the following general duties and responsibilities:

   a. Within thirty (30) days after the date of entry of this Supplemental Judgment, to meet with Special Compliance Counsel to review its

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promotion review procedures and to examine Special Compliance Counsel's approach to compliance with the Consent Judgments.

b. Within sixty (60) days after the date of entry of this Supplemental Judgment, to undertake and complete an examination of the actual conduct and operation of the promotion review process, and to report to PCH and Special Compliance Counsel (i) any instance or respect in which one or both of them are not, in the view of the Ombudsperson, following the established promotion review procedures and (ii) any recommendations he or she may have for improvements of and enhancements to the process.

c. At all times, to be available to the Attorney General, if he or she has issues with or objections to any promotional mailing package or practice, to transmit such issues or objections to PCH and Special Compliance Counsel and to explain to PCH and Special Compliance Counsel the Attorney General's point of view.

d. PCH shall provide the Ombudsperson with current copies of its promotional mailings and such additional information or materials as the Ombudsperson may reasonably request to fulfill his or her responsibilities hereunder.

2. Quarterly Review of High Volume Mailings. The Ombudsperson shall review (A) the ten (10) most widely distributed PCH promotional packages determined by volume and (B) two (2) less widely distributed (including test mailings) PCH promotional packages, in each case as mailed to persons appearing on its records with an address in the Participating States, during a calendar quarter for compliance with the Consent Judgments and this Supplemental Judgment, in accordance with the following procedures:

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a. As soon as practicable, but no later than fifteen (15) days after the end of each calendar quarter, PCH shall provide the Ombudsperson with a printed sample of each of the promotional mailing packages to be reviewed for that quarter.

b. As soon as practicable, but no later than thirty (30) days after receipt of such printed samples, the Ombudsperson shall review or cause to be reviewed such packages to determine whether or not they are in compliance with the Consent Judgments and this Supplemental Judgment.

c. The Ombudsperson shall report to Special Compliance Counsel and PCH any instance(s) in which such packages are not, in his or her view, in compliance with the Consent Judgments and this Supplemental Judgment.

d. Special Compliance Counsel shall have thirty (30) days after receipt of any such report to make such written or oral submission(s) to the Ombudsperson as it may think fit and proper (if any) to rebut any assertion by the Ombudsperson of non-compliance by PCH.

e. If, after notice and due consideration of any such submission by Special Compliance Counsel, the Ombudsperson is not satisfied that the promotional mailing package in question is in compliance with the Consent Judgments and this Supplemental Judgment, the Ombudsperson shall promptly notify Special Compliance Counsel and PCH.

f. In the event that PCH wishes to mail a promotional mailing package as to which the Ombudsperson has made such a finding, PCH shall promptly provide the Ombudsperson with a schedule showing the mailing date and last change date (i.e., the last step in promotional

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mailing package development before the file is locked down for pre-press production) of the next and all subsequent mailings (if any) for which that package is scheduled.

g. If PCH fails either to withdraw the package from consideration for future mailings, or to make such modifications thereto as shall be satisfactory to the Ombudsperson and Special Compliance Counsel, provided the finding is first communicated to PCH prior to the last change date for the mailing in question, the Ombudsperson shall promptly notify the Attorney General of that fact and provide the Attorney General with a printed sample of the promotional mailing package in question and a statement of the basis for the Ombudsperson's determination of non-compliance.

3. Semi-Annual Reports. The Ombudsperson shall provide the Attorney General with a semi-annual report within thirty (30) days after the end of the first six (6)-month period following the Effective Date and after each of the following three (3) such six (6)-month periods, in each case covering the immediately preceding six (6)-month period, which reports will describe generally his activities in the capacity of Ombudsperson during that period, including a statement of the number of mailings reviewed, the number of instances in which PCH objected to a finding by the Ombudsperson and the number of instances (if any) in which PCH rejected any findings of the Ombudsperson under paragraph B(2)(g) of this Article IV.

4. Review Frequency. No promotional mailing package need be reviewed for compliance by the Ombudsperson more frequently than once in a calendar year. Any promotional mailing package that would otherwise be required to be submitted to the Ombudsperson for review in respect of any calendar quarter under the preceding paragraph need not be so submitted if that

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package, or a package substantially the same as that package in all material respects, had been reviewed by the Ombudsperson without a finding of non-compliance with the Consent Judgment or this Supplemental Judgment, after going through the procedures set forth above, in respect of any of the three (3) preceding calendar quarters.

5. Confidential Treatment of Reports. All reports to the Attorney General by the Ombudsperson hereunder shall be deemed to be confidential information subject to such protections as may be accorded to such information under the laws, including FOIA laws or Vermont's Public Records Act, of the State. The State acknowledges that the undertaking to provide notices and reports to the Attorney General set forth herein is given for the purposes of settlement and that the reports of neither Special Compliance Counsel nor the Ombudsperson shall constitute any admission of wrongdoing by PCH nor may they be introduced into evidence in any proceeding by the Attorney General or the State in the event of any litigation between the State and PCH or any other person whatsoever. Nothing that Special Compliance Counsel or the Ombudsperson expresses or concludes may be used by any person as evidence for or against PCH in any dispute or litigation involving the mailings.

6. Fees and Expenses. PCH shall be responsible for and shall promptly pay the reasonable fees and disbursements of the Ombudsperson incurred in connection with the performance of his or her duties and responsibilities hereunder.

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V. REVIEW OF SWEEPSTAKES COMMUNICATIONS

1. PCH shall provide the Office of the Attorney General upon letter of request to PCH or its counsel with a sample copy of any Sweepstakes Communication that is delivered by mail, e-mail and/or the Internet to

persons appearing on its records as having an address in the State. The Attorney General may make such a request at any time. Receipt and/or review of sample Sweepstakes Communications by the Attorney General shall not constitute approval of or agreement to PCH's use of the Sweepstakes Communication(s); and

2. PCH shall take into account not only its own quality control and the recommendations of its legal counsel but also the input from Special Compliance Counsel and the Ombudsperson and in the event of any report from the Ombudsperson as to possible non-compliance shall carefully review its Sweepstakes Communications, including the one at issue, to ensure compliance with the judgments as contemplated herein.

VI. PCH'S HIGH ACTIVITY CUSTOMER (HAC) PROGRAM

PCH shall in addition to complying with the current provisions of sections 46 through 52 of the 2001 Consent Judgment and sections 41 through 47 of the 2000 Consent Judgment, institute the following enhancements to the "High Activity Customer" programs prescribed by these paragraphs:

1. Quarterly Identification of Customers Subject to Survey. PCH shall, within thirty (30) days after the end of each calendar quarter, identify each person appearing on its customer file with an address within the State that meets any of the following criteria:

   a. The customer

      i. has paid Orders of five hundred dollars ($500) or more in the preceding quarter from Sweepstakes Communications, and

      ii. is determined to be sixty-five (65) years of age or older (or his or her age is unknown), and

      iii. is found to have a higher than average probability of being unpromotable through the application of the regression risk model

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shown to the EC December 10, 2007, a copy of which has been provided to each Participating State requesting the same, or a more accurate version (hereinafter the "Regression Risk Model"); or

b. The customer has paid Orders of nine hundred dollars ($900) or more in the triggering quarter from Sweepstakes Communications; or

c. The customer is a "Spiking Customer." The term "Spiking Customer" means a person who meets all of the following criteria:

i. The person has been a PCH customer for at least five (5) consecutive calendar quarters;

ii. The person has paid Orders of five hundred dollars ($500) or more in the triggering quarter from Sweepstakes Communications; and

iii. The aggregate amount of such paid Orders during the triggering quarter is more than two and five-tenths (2.5) standard deviations above the average amount of their paid Orders during the four (4) consecutive calendar quarters immediately preceding the triggering quarter.

PCH shall not select any such identified customer for the receipt of Sweepstakes Communications unless and until the Special Compliance Counsel determines that such Sweepstakes Communications are appropriate for the customer via the PCH survey under Section 46(a) of the 2001 Consent Judgment and Article IV of the 2000 Consent Judgment. The Quarterly Identification process described in this paragraph is not subject to a three (3)-year limitation and will continue indefinitely. As used in this paragraph, the expression "higher than average probability" means any model score greater than one (1) standard deviation above the mean for the score distribution of the original model development population for the Regression Risk Model.

2. Annual Identification of 500 Customers Most Likely to be Unpromotable. PCH

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shall, within sixty (60) days after the end of each calendar year, identify each person that meets all of the following criteria:

a. The person appears on PCH's customer file with an address within the Participating States; and

b. The person has paid Orders of one thousand dollars ($1000) or more in the preceding calendar year from Sweepstakes Communications; and

c. The person is among the five hundred (500) customers from among all those resident in the Participating States, taken as a whole, meeting the criteria in subparts (a) and (b) of this paragraph 2 who are found to have the highest probability of being unpromotable through the application of the Regression Risk Model.

PCH shall not select any such identified customer for the receipt of Sweepstakes Communications unless and until the Special Compliance Counsel determines that such Sweepstakes Communications are appropriate for the customer via the PCH survey under Section 46(a) of the 2001 Consent Judgment and Article IV of the 2000 Consent Judgment.

3. Annual Automatic Permanent Suppression. For a period of three (3) years following the entry of this Supplement Consent Judgment, PCH shall annually apply the Regression Risk Model to each person appearing on its records with an address in the State who has paid Orders in the preceding year at or above three thousand eight hundred dollars ($3800) and, in lieu of surveying the person as mandated by section 46 of the 2001 Consent Judgment and Article IV of the 2000 Consent Judgment, automatically permanently suppress all those who are found to have a high probability of being unpromotable.

a. This is a failsafe mechanism, and it is anticipated that no one will fail to be identified by the Quarterly Identification process before reaching the three thousand eight hundred dollar ($3800) annual level.

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b. However, if twenty (20) or more persons from the Participating States, who should have been identified and suppressed by the Quarterly Identification process before reaching that level, reach the three thousand eight hundred dollar ($3800) level in the third year, PCH shall continue for an additional three (3) years to apply the Regression Risk Model to persons at this dollar level in accordance with this section and shall automatically suppress the persons in lieu of surveying them under the annual survey program.

As used in this paragraph, the term "high probability" means any model score greater than one and eight-tenths (1.8) standard deviations above the mean for the score distribution of the original model development population for the Regression Risk Model.

4. Regression Risk Model Improvements. PCH shall review the Regression Risk Model from time to time and make such improvements or adjustments therein as may be necessary to reflect recent transaction activity and so render the Regression Risk Model more accurate. The States may retain, at their expense, an expert of recognized standing in the field to consult with PCH on the construction and application of the Regression Risk Model. PCH shall work in good faith with the State's expert and take into consideration any reasonable recommendations from the State's expert.

5. Annual Minimum Number of Surveys to Be Completed by PCH.

a. Annually, for each of the first three (3) Survey Years following the entry of this Supplemental Consent Judgment, PCH shall survey at least a Minimum Number of its customers in the Participating States. The Minimum Number shall be equal to the product of sixteen thousand (16,000) multiplied by a percentage, the numerator of which is the population of the Participating States and the denominator of which is the population of the United States, according to the latest pronouncement by the United States Census Bureau,

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excluding from both the numerator and the denominator persons shown on PCH's records with an address in the State of Iowa. If the total number of persons identified for survey under section 46 of the 2001 Consent Judgment and Article IV of the 2000 Consent Judgment and paragraphs 1 (Quarterly Identification of Customers Subject to Survey) , 2 (Annual Identification of 500 Customers Most Likely to be Unpromotable) and 11b (Annual Letter Screening and Suppression), of this Article VI is less than the Minimum Number , PCH shall then survey additional customers as set forth in this paragraph to reach the Minimum Number.

b. In order to reach the Minimum Number, if needed, PCH shall use the Quarterly Identification process to identify customers who had paid orders in the preceding quarter of less than five hundred dollars ($500) in decreasing amounts and also meet the criteria in paragraph 1a of this Article VI, or from the pool of persons with one thousand dollars ($1000) or more in paid Orders in the preceding year by increasing the number identified for survey under paragraph 2 of this Article VI, as necessary to make up the shortfall. PCH shall assess the amount of any shortfall in reaching the Minimum Number each quarter on the basis of good faith projections for the year.

c. The term "Survey Year" means each successive period of four (4) consecutive calendar quarters, the first such Survey Year commencing with the first full calendar quarter following the entry of this Supplemental Judgment and the second and third Survey Years commencing with the fifth and ninth calendar quarters, respectively, following that quarter.

6. CPI Escalator.

a. The reference to "in this paragraph 52" in paragraph 46(i) of the 2001 Consent Judgment is amended to "in this paragraph 46".

b. On January 1 of each calendar year after the date of entry of this

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Supplemental Consent Judgment, the paid Order Dollar Thresholds, within the meaning of Paragraph 46(i) of the Consent Judgment, or measuring amounts, within the meaning of Article IV of the 2000 Consent Judgment, for the HAC program set forth above shall be adjusted (upward or downward) (i) by the annual change in the consumer price index, and (ii) to exclude (A) one single item Merchandise Order of one hundred twenty-five dollars ($125) or more per quarter and (B) any single item Merchandise Order of five hundred dollars ($500) or more (such amounts likewise to be adjusted upward or downward with the CPI), and the resulting amount shall be the new dollar threshold or measuring amount for that year.

c. CPI Escalator Freeze. Notwithstanding the provisions of paragraph 46(i) of the 2001 Consent Judgment and Article IV of the 2000 Consent Judgment, the paid Order Dollar Threshold or measuring amount for automatic suppression shall (i) be five thousand five hundred ($5500) for order activity in calendar year 2010, and (ii) together with the special three thousand eight hundred dollar ($3800) per year figure in paragraph 3 of this Article VI, shall not be increased to take into account increases in the Consumer Price Index for three (3) years, commencing with calendar year 2011. Also the dollar amounts for (A) Annual Identification of five hundred (500) Customers Most Likely to be Unpromotable and (B) spending of one thousand dollars ($1000) triggering the Annual No Purchase Necessary Letter shall not be increased to take into account increases in the Consumer Price Index for three (3) years, commencing with calendar year 2011.

7. High Activity Customer Survey. Communications shall be considered "appropriate" for a person if the Special Compliance Counsel determines by the survey contemplated by Section 46(a) of the 2001 Consent Judgment and Article IV of the 2000 Consent Judgment that the person is (a) not generally confused or disoriented,

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(b) does not believe that buying shall help him/her win, and (c) is not making excessive purchases in relation to his or her means.

a. PCH and the EC, or so many of the Participating States on the EC as wish to participate in the endeavor, shall work in good faith on modifications to the existing High Activity survey to better assure that communications to High Activity Customers are appropriate in light of each customer's individual circumstances measured against the above three prongs.

b. All survey modifications shall be undertaken in an effort to achieve the neutral and unbiased gathering of pertinent information, giving due regard to the need to identify and protect vulnerable individuals.

c. Recommendations for modifications shall be submitted to a firm of experts of recognized standing in the field with special experience with applied research and senior populations selected by PCH (which may be the firm of experts that designed the original survey) for consideration and rejection and/or implementation. PCH and the Participating States on the EC will provide their respective ideas and goals for the process in a single joint letter to the firm of experts.

d. In the event that the EC determines that the decisions of the firm of experts selected by PCH are unsatisfactory for any reason, the EC may select a second firm of experts of recognized standing in the field with special experience with applied research and senior populations to consider the matter. The States shall bear their own expense.

e. The cost of the firm of experts selected by the EC shall be borne by PCH, but shall not exceed fifteen thousand dollars ($15,000) plus travel and out-of-pocket expense. If the two firms are unable to agree, PCH and the EC may jointly select a third firm of experts to consider the matter. The cost of any

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third firm of experts shall be borne jointly by PCH and such of the EC Participating States as choose to participate in this endeavor.

f. The work of the panel shall be completed within eighty (80) days of the matter's being assigned to the panel and then PCH and each Participating State in this Supplemental Judgment must then decide to accept the survey or take the matter to court. If the panel cannot reach agreement the matter may be taken to court by PCH or any Participating State in each State or the current survey left in place.

g. PCH and such EC Participating States shall exercise their best efforts to complete the survey review and revision project within six (6) months after the date of entry of this Supplemental Consent Judgment.

h. Should the parties decide to modify the survey in the future they may do so by stipulation.

i. PCH shall review the survey from time to time, in light of new information obtained in the conduct of the HAC program, and make such modifications and changes therein as shall appear to be necessary and proper to better assure the proper assessment of those being surveyed; provided that PCH shall not make any changes in the survey unless the same shall have been approved by Special Compliance Counsel and the Ombudsperson; and provided no material change arrived at in the survey modification process described in paragraphs a through g of this Section 7 will be changed by PCH for a period of three (3) years without the consent of the expert or experts engaged under paragraphs c and/or d of this Section 7, in addition to the consent of Special Compliance Counsel and the Ombudsman.

j. PCH shall promptly provide copies on request of all completed surveys to the Attorney General's consumer protection office in the customer's state for all surveys resulting in a determination of "promotable." This provision shall

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not limit in any way the Attorney General's right to challenge such a determination. All surveys provided to the Attorney General by PCH hereunder shall be deemed to be supplied as confidential information subject to such protections as may be accorded to such information under the laws, including FOIA laws and other applicable open records statutes of the State. Nothing in this section shall prohibit a State from using information contained in or obtained as a result of any survey provided hereunder, with due regard for any sensitive content, for the purpose of assisting individual consumers or for enforcement purposes by the Attorney General. If an outside party other than someone the State is sharing information with seeks access to a survey or surveys, the State will notify PCH.

8. Survey Procedures

a. Survey Costs and Expenses. All costs and expenses of conducting HAC surveys to be borne exclusively by PCH.

b. No Incentives. Survey-takers shall have no incentive, whether in the form of compensation formulas or otherwise, to skew the results of any survey, or to avoid explaining the results of any survey.

c. Avoiding Undue Intrusiveness. A person who is surveyed and determined to be promotable need not be surveyed again for the next three (3) quarters following the quarter in which such determination is made, but shall be eligible for identification and survey in the ordinary course thereafter.

9. Avoiding the Resumption of Mailings. In order to better avoid a resumption of mailings to a High Activity Customer-suppressed individual due to minor variations in a person's name and address, PCH shall quarterly apply to its customer and suppression files, for persons appearing thereon with an address in the State:

a. The best name and address duplication identification and elimination technology and procedures available on commercially reasonable terms;

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b. Weekly updates of the National Change of Address file provided by the United States Postal Service or other authorized service provider; and

c. Industry-standard address correction software certified by the United States Postal Service or other authorized service provider.

10. Avoiding Inappropriate Reinstatement. No person who is surveyed and determined to be inappropriate for sweepstakes promotion pursuant to the HAC program described in the foregoing sections of this Article VI shall be reinstated to promotable status without the written consent of the Attorney General.

11. Annual No Purchase Necessary Letter.

a. PCH shall mail to all persons appearing on its customer file with an address within the State and having paid Orders of one thousand dollars ($1000) or more in any calendar year a non-promotional stand-alone letter reminding them of the "Buying Won't Help You Win" and "No Purchase Necessary" messages, and including this message, conspicuously presented and in contrasting bold:

"In fact, the majority of Publishers Clearing House winners did not submit an order with their winning entry."

Such mailing shall occur not more than one hundred eighty (180) days after the end of each calendar year.

b. Annual Letter Screening and Suppression. The Annual No Purchase Necessary Letter shall include a specially created dedicated 800# number as a toll-free customer assistance hotline. Consumer calls to the customer assistance hotline, whether from customers themselves or from their friends and relatives, shall be screened by PCH's representatives for warning signs, such as general confusion or a belief that a purchase is necessary, that would suggest a survey is in order. PCH shall promptly attempt to contact and survey any customer as to whom such warning signs are detected and shall

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permanently suppress such individual if appropriate in light of the survey criteria then applicable.

VII. MONETARY PROVISIONS

Upon execution of this Supplemental Judgment, PCH shall pay a total of Three Million Five Hundred Thousand Dollars ($3,500,000) to the Participating States, to be divided among them as they shall in their discretion determine. Said payment shall be used by the Participating States for attorney's fees and other costs of investigation and litigation, or be placed in, or applied to, the consumer protection enforcement fund, consumer education, litigation or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, at the sole discretion of the Attorney General for each Participating State.

VIII. EFFECTIVE DATES

1. High Activity Program. The provisions of Article VI shall be applied on the basis of paid Order activity in the first full calendar quarter after the date of entry of this Supplemental Judgment.

2. Additional Consumer Protections. The provisions of Article III shall become effective one hundred twenty (120) days after date of entry of this Supplemental Judgment.

3. Special Compliance Counsel and Ombudsman. The provisions of Articles IV and V shall become effective immediately upon entry of this Supplemental Judgment.

IX. GENERAL AND ADMINISTRATIVE PROVISIONS

1. No Modification of Obligations under Consent Judgment. Nothing herein is intended to or shall reduce, modify or mitigate in any way the compliance obligations of PCH under the Consent Judgment.

2. No Limitation of Consumer Rights and Remedies. Nothing herein is intended to or shall limit the rights of or remedies available to any consumer under the laws of the State.

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3. Preservation of Law Enforcement Action. Nothing herein precludes the Attorney General from enforcing the provisions of the Consent Judgment and this Supplemental Consent Judgment or pursuing any law enforcement action with respect to the acts or practices of PCH not covered by the Consent Judgment and this Supplemental Consent Judgment or any acts or practices of PCH conducted after the date of entry of this Supplemental Judgment (or, in the case of the Additional Consumer Protections in Article III hereof; after the Effective Date).

4. Compliance with Law; Applicable Law. Nothing herein relieves PCH of its duty to comply with applicable laws of the State nor constitutes authorization by the Attorney General for PCH to engage in acts and practices prohibited by such laws. This Supplemental Judgment shall be governed by the laws of the State.

5. Non-Approval of Conduct. Nothing herein constitutes approval by the Attorney General of PCH's post or future Sweepstakes or other practices, and PCH shall not make any Representation contrary to the foregoing.

6. No Inducement. PCH acknowledges and confirms that no promise of any kind or nature whatsoever, other than the written terms hereof, was made to it to induce it to enter into this Supplemental Judgment, that it has entered into this Supplemental Judgment voluntarily, and that the Consent Judgment and this Supplemental Judgment constitutes the entire agreement between PCH and the State with respect to the subject matter hereof.

7. No Use of Settlement as Defense. PCH acknowledges that it is the Attorney General's customary position that an agreement restraining certain conduct on the part of a defendant does not prevent the Attorney General from addressing later conduct that could have been prohibited, but was not, in the earlier agreement, unless the earlier agreement expressly limited the enforcement options of the State or the Attorney General in that manner. Therefore, nothing herein shall be interpreted to prevent the State or the Attorney General from taking enforcement action to address conduct occurring after the date of entry of this Supplemental Judgment that the Attorney General believes to be in violation of the

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law. The fact that such conduct was not expressly prohibited by the terms of the Consent Judgment or this Supplemental Judgment shall not be a defense to any such enforcement action.

8. Additional States. PCH's commitments in Section 1, Article VI, are based on the understanding that the Participating States would consist only of the states and the District of Columbia identified in Schedule A as "Participating States." PCH has stated, and the Participating States do not contest, that it cannot effectively administer or support an increase in surveys beyond these commitments and in particular is not in a position to expand this program to States other than the Participating States.

9. Release of Claims. The State acknowledges by its execution hereof that this Supplemental Judgment constitutes a complete settlement and release of all civil claims on behalf of the State against PCH, and all of its subsidiaries and affiliates, past and present, and their past and present members, officers, directors, employees, agents and servants, and the representatives of any of them, and the successors and assigns of each thereof (all such released parties shall be collectively referred to as the "Releasees"), with respect to all civil claims, causes of action, damages, fines, costs, and penalties which were asserted or could have been asserted under its consumer protection statutes and relating to or based upon the acts or practices which are the subject of the Consent Judgment and this Supplemental Judgment prior to the date of entry of this Supplemental Judgment (or, in the case of those relating to Sweepstakes Communications, prior to the Effective Date). The State agrees that it shall not proceed with or institute any civil action or proceeding based upon the above-cited consumer protection statutes against the Releasees, including but not limited to an action or proceeding seeking restitution, injunctive relief, fines, penalties, attorney's fees, or costs, for any Sweepstakes Communication disseminated prior to the Effective Date or for any other conduct or practice prior to the date of entry of this Supplemental Judgment which relates to the subject matter of the Consent Judgment or this Supplemental Judgment. Notwithstanding the foregoing, the State or the Attorney General may institute an action or

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proceeding to enforce the terms and provisions of the Consent Judgment or this Supplemental Judgment or to take action based on future conduct by the Releasees.

10. Modification. PCH and the Attorney General may modify the requirements and obligations imposed by the Consent Judgment and this Supplemental Judgment at any time by written agreement. If PCH comes to believe in good faith at any time hereafter that any of the terms hereof are no longer necessary for the protection of consumers, on that they conflict with any federal, state or local laws, rules or regulations, or that they are unreasonably burdensome, it may request such a modification. The Attorney General shall consider any such request in good faith, and grant it on good cause shown, but shall not under any circumstances be obligated to grant any such request that it deems in good faith to be contrary to the public interest.

WHEREFORE, the parties request the Court enter this Supplemental Judgment.

SO ORDERED.

Dated this 21 day of September, 2010.

Geoffrey Crawford
Superior Judge

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STIPULATION

The undersigned parties stipulate and agree to the foregoing Supplemental Consent Judgment.

Dated 9/2/10

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: _____
Elliot Burg
Assistant Attorney General

Dated 9/3/10

PUBLISHERS CLEARING HOUSE, LLC

By: _____
Its Authorized Agent

APPROVED AS TO FORM:

_____
Elliot Burg
Assistant Attorney General
109 State Street
Montpelier, VT 05609
For the State of Vermont

_____
M. Jerome Diamond, Esq.
Diamond & Robinson, P.C.
P.O. Box 1460
Montpelier, VT 05601-1640
For Publishers Clearing House, LLC

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Schedule A (Participating States)

Alaska
Arizona
Colorado
District of Columbia
Delaware
Florida
Georgia
Hawaii
Idaho
Illinois
Maryland
Michigan
Minnesota
Mississippi
Missouri
Nebraska
Nevada
New Mexico
North Carolina
North Dakota
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Vermont
Virginia
Washington
West Virginia
Wisconsin

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STATE OF VERMONT
WASHINGTON COUNTY

FILED
ORDER
2010 JUN 11 A 11:08

FILED
Stip.
2010 JUN -7 P 2:37

State of Vermont,
Plaintiff,

v.

Robert A. Gordon, d/b/a
Allofourbutts.com and
CigarettesAmerica.com,
Defendant

Washington Superior Court
Docket No. 232-4-10 Wncv

CONSENT DECREE, FINAL ORDER AND JUDGMENT

To resolve the violations of law alleged in the Complaint filed in the above-captioned matter, Defendant Robert A. Gordon stipulates and agrees to the following:

1. Defendant is permanently enjoined and restrained from violating 7 V.S.A. § 1010.

2. Defendant is permanently enjoined and restrained from violating 20 V.S.A. § 2757.

3. Defendant enters into this stipulation for the purpose of avoiding further litigation without admitting or denying any liability or prior violations of 7 V.S.A. § 1010 and 20 V.S.A. § 2757.

4. Within ten (10) days of the date on which this Consent Decree, Final Order and Judgment is approved by the Court, Robert A. Gordon, d/b/a Allofourbutts.com and CigarettesAmerica.com, shall pay the sum of $6,500.00 in settlement of all claims set forth in this action. Payment shall be made to the "State of Vermont" and shall be sent

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Vermont 05609

to: Sarah London, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

5. Nothing in this Consent Decree in any way affects Defendant's other obligations under state, local, or federal law.

STIPULATION

Defendant acknowledges receipt of and voluntarily agrees to the terms of this Consent Decree and waives any formal service requirements of the Complaint, Consent Decree, and the Decree, Order and Final Judgment.

DATED at Salamanca, New York, this 28 day of May, 2010.

Robert A. Gordon

Robert A. Gordon, d/b/a Allofourbutts.com and CigarettesAmerica.com

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this 7th day of June, 2010.

STATE OF VERMONT
WILLIAM H. SORRELL
ATTORNEY GENERAL

By: _____

Sarah E.B. London
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802-828-5479

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Montpelier,
Vermont 05609

DECREE, ORDER AND FINAL JUDGMENT

This Consent Decree is accepted and entered as a Decree, Order and Final Judgment of this Court in the matter of: *State of Vermont v. Robert A. Gordon, d/b/a Allofourbutts.com and CigarettesAmerica.com,* Docket No. 232-4-10 Wncv.

SO ORDERED.

DATED at Montpelier, Vermont this 11 day of June, 2010.

Washington Superior Court Judge

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Vermont 05609

STATE OF VERMONT
WASHINGTON COUNTY, SS.

STATE OF VERMONT, Plaintiff,	)	
v.	)	Washington Superior Court Docket No. Wncv
CECILE ROCHELEAU, Defendant.	)	

ASSURANCE OF DISCONTINUANCE

NOW COMES the State of Vermont, by and through Vermont Attorney General William H. Sorrell, and hereby accepts from Cecile Rocheleau ("Defendant") this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459.

Background

Defendant is the owner of 93 Weaver Street, Winooski, Vermont (hereinafter "the property").

The property is a residential rental property constructed before 1978 and is therefore subject to Vermont's lead law, including the requirement of annual essential maintenance practices ("EMPs") that are designed to reduce childhood lead poisoning risks. 18 V.S.A. § § 1751(19), 1759. Lead-based paint in housing, the focus of the Vermont lead law, is a leading cause of childhood lead poisoning, which can result in adverse health effects, including decreases in IQ. All paint in pre-1978 housing is presumed to be lead-based unless a certified inspector has determined that it is not lead-based. 18 V.S.A. § 1759(a).

EMPs include, but are not limited to, installing window well inserts, visually inspecting properties at least annually for deteriorated paint, restoring surfaces to be free of deteriorated paint within 30 days after such paint has been visually identified or reported to the owner, and posting lead paint hazard information in a prominent place. 18 V.S.A.

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GENERAL
Montpelier,
Vermont 05609

§ 1759(a)(2), (4) and (7). The Vermont lead law requires owners of rental housing to file annual compliance statements attesting to EMP performance with the Vermont Department of Health and with the owner's insurance carrier. 18 V.S.A § 1759(b). A copy of the compliance statement must be given to all tenants and to new tenants prior to entering into a lease agreement. 18 V.S.A. § 1759(b)(3) and (4).

The Vermont Consumer Fraud Act, 9 V.S.A., Chapter 63, prohibits unfair and deceptive acts and practices, including the offering for rent, or the renting of, housing that is non-compliant with the lead law.

A violation of the Vermont lead law may result in a maximum civil penalty of $10,000.00. 18 V.S.A. § 130(b)(6). Each day that a violation continues is a separate violation. 18 V.S.A. § 130(b)(6). Violations of the Consumer Fraud Act are subject to a civil penalty of up to $10,000.00 per violation. 9 V.S.A. §2458(b)(1). Each day that a violation continues is a separate violation.

The property is not currently in compliance with the Vermont lead law. Defendant has informed the State of her intention to complete the EMP work necessary at the property but does not expect that the work will be complete until September 15, 2010.

INJUNCTIVE RELIEF

Defendant agrees to the following:

1. Defendant shall immediately ensure that access to exterior surfaces and components of the property with lead hazards and areas directly below the deteriorated surfaces are clearly restricted as described in 18 V.S.A. § 1759(a)(3).
2. Defendant shall give priority to completion of EMPs at any of the units of the property where a child age 6 or under is residing.

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Montpelier,
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3. Not later than September 15, 2010 all EMP work, interior and exterior, shall be completed at the property.
4. All work performed at the property, whether by Defendant, her employees, or by hired contractors and/or painting companies, shall be performed using safe work practices consistent with 18 V.S.A. § 1760. It shall be the obligation of Defendant to ensure that any contractors and/or painting companies she hires to perform EMP work are aware of the provisions of 18 V.S.A. § 1760 and intend to use safe work practices at the property.
5. Upon completion of the EMPs at the property, Defendant will file with the Vermont Department of Health and Defendant's insurance carrier(s), a completed EMP compliance statement for each property, and will give a copy to an adult in each rented unit of the property.
6. Upon completion of EMPs at the property, Defendant shall provide proof of completion to the Office of the Attorney General at the following address: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609. A copy of the EMP compliance statement for the property shall be sufficient proof of completion.
7. If Defendant anticipates not being able to fully comply with the deadlines for EMP compliance solely due to delays relating to contractors and/or painting companies hired to perform the EMP work, Defendant may request an extension of the deadline from the Attorney General's Office. Such request shall be made as soon as the delay is recognized and must include an approximate date by which the work shall be complete.

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8. In the event that Defendant wishes by agreement with the Office of the Attorney General to extend any of the dates above for reasons not relating to delays relating to contractors and/or painting companies hired to perform the EMP work, such request must be made by Defendant at least 10 days in advance of the dates specified in this Assurance of Discontinuance.

9. Defendant shall fully and timely comply with the requirements of the Vermont Lead Law, 18 V.S.A., Chapter 38, as long as she maintains any ownership interest in the property or in any other pre-1978 residential housing in which she currently has or later acquires an ownership interest or provides property management services (unless by property management contract the Defendant is explicitly not responsible for EMPs).

PENALTIES

10. Defendant shall pay civil penalties of five thousand dollars ($5,000.00). Payment shall be due October 1, 2010, and payment made to the "State of Vermont" and shall be sent to: Robert F. McDougall, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

11. If Defendant complies with the requirements of this Assurance of Discontinuance the penalties provided in paragraph 10 shall be waived by the State of Vermont.

OTHER RELIEF

12. This Assurance of Discontinuance is binding on Defendant, however, sale of the property may not occur unless all obligations set forth herein have been completed or this Assurance of Discontinuance is amended in writing to transfer to the buyer or other transferee all remaining obligations.

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Vermont 05609

13. Transfer of ownership of the property shall be consistent with Vermont law, including the provisions of 18 V.S.A. § 1767, specifically relating to the transfer of ownership of target housing.

14. This Assurance of Discontinuance shall not affect marketability of title.

15. Should Defendant fully transfer or sell her ownership interest in the property after completing all obligations set forth herein, her obligations with respect to the property under this Assurance of Discontinuance are extinguished. However, nothing in this Assurance of Discontinuance in any way affects the obligations of future owners of the property under Vermont law, including under the Vermont lead law.

16. Nothing in this Assurance of Discontinuance in any way affects Defendant's other obligations under state, local, or federal law.

17. Any future failure by Defendant to comply with the Vermont lead law at the property or any other properties referenced in this Assurance of Discontinuance or violations of the terms of this Assurance of Discontinuance shall be subject to additional penalties of no less than $10,000.00 per violation per day for each day the violation exists.

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Signature

By signing below, Defendant acknowledges and agrees that the facts contained in the section entitled "Background" are true and voluntarily agrees to and submits to the terms of this Assurance of Discontinuance.

DATED at Winooski, Vermont this 10th day of July, 2010.

Cecile Rocheleau

Acceptance

In lieu of instituting an action or proceeding against Defendant, the Office of the Attorney General, pursuant to 9 V.S.A. § 2459, accepts this Assurance of Discontinuance.

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this 13th day of July, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By:

Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802.828.3186

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

STATE OF VERMONT
WASHINGTON COUNTY, SS.

2010 FEB -4 A 10:54

IN RE RUSSELL STOVER CANDIES, INC.,)
and WHITMAN'S CANDIES, INC.)

Washington Superior Court
Docket No. 17-2-10 Wncv

ASSURANCE OF DISCONTINUANCE

WHEREAS Russell Stover Candies, Inc. ("Russell Stover") is a Missouri corporation with offices at 4900 Oak Street, Kansas City, Missouri 64112-2702;

WHEREAS Whitman's Candies, Inc. ("Whitman's") is a Missouri corporation that is owned by Russell Stover and has offices located at the same address;

WHEREAS Russell Stover and Whitman's sell packaged and boxed candies at wholesale to stores in Vermont, among other states, and directly to consumers over the Internet;

WHEREAS some of the products of Russell Stover and Whitman's have borne the name "Vermont" on their packaging—specifically, Russell Stover's "Vermont Fudge Pecan Roll" and Whitman's "Vermont Fudge" (one of several products in the "Whitman's Sampler" box);

WHEREAS none of the ingredients in these products are known to come from Vermont, nor are the products manufactured in Vermont;

WHEREAS, effective January 5, 2006, the State of Vermont began to limit the use of the word "Vermont" in connection with the advertising and marketing of certain consumer products to ensure that consumers are not misled about the products' geographic origin, through the promulgation of the Vermont Attorney General's Consumer Fraud Rule (CF) 120, available at http://www.atg.state.vt.us/upload/1186586537_Rule_CF120_-_Adopted_Rule.pdf;

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ATTORNEY
GENERAL
Montpelier,
Vermont 05609

WHEREAS CF 120.04 prohibits the unqualified use of the word "Vermont" to describe a food product unless the product is in fact a "Vermont product," which in turn requires, among other things, that the product be made in Vermont and its primary ingredients (if indigenous to the state) originate in Vermont;

WHEREAS it is an unfair and deceptive trade act and practice in commerce under the Consumer Fraud Act, 9 V.S.A. § 2453(a), to violate Rule 120;

WHEREAS because the Russell Stover and Whitman's "Vermont"-labeled products described above were manufactured outside of Vermont and contained no primary ingredients known to have originated in Vermont, the Vermont Attorney General alleges that both companies violated the Vermont Consumer Fraud Act, 9 V.S.A. § 2453(a), by failing to comply with Rule 120.04;

WHEREAS following the promulgation of CF 120 in January 2006, Russell Stover and Whitman's sold approximately $10,000 (retail) worth of products in Vermont whose packaging was not in compliance with CF 120;

AND WHEREAS the Attorney General is willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

THEREFORE, the parties agree as follows:

1. *Injunctive relief.* Russell Stover and Whitman's, themselves and through their officers, directors, employees and other agents, shall comply strictly with CF 120, including, but not limited to, the provisions of CF 120 relating to the use of the word "Vermont" to describe a food product.

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Vermont 05609

2. *Civil Penalties and costs.* Within 10 (ten) business days of signing this Assurance of Discontinuance, Russell Stover and Whitman's shall together pay to the State of Vermont, in care of the Vermont Attorney General's Office, the total sum of $10,000.00 (ten thousand dollars) in civil penalties and costs. Russell Stover and Whitman's shall be jointly and severally liable for the payment of this sum.

3. *Final resolution.* This Assurance of Discontinuance resolves all existing claims the State of Vermont may have against Russell Stover and/or Whitman's stemming from the facts described in this Assurance of Discontinuance.

Date: 1/27/10

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: _____
Elliot Burg
Assistant Attorney General

Date: 2/2/10

RUSSELL STOVER CANDIES, INC.

by: _____
Authorized Agent

David C. Ingraham
Name

Chief Financial Officer
Title

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

Date: 2/2/10

WHITMAN'S CANDIES, INC.

by: _____
Authorized Agent

David Shapland
Name

Vice President
Title

APPROVED AS TO FORM:

_____
Elliot Burg
Assistant Attorney General
Office of Attorney General
109 State Street
Montpelier, VT 05609

_____
Kristen V. Toner, Esq.
2345 Grand Blvd., Suite 2200
Kansas City, MO 64108
For Russell Stover Candies, Inc., and
Whitman's Candies, Inc.

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

STATE OF VERMONT

SUPERIOR COURT
Washington Unit

CIVIL DIVISION
Docket No. 35-1-09

STATE OF VERMONT,
Plaintiff,

v.

SISTERS and BROTHERS INVESTMENT GROUP, LLP,
Defendant.

ASSURANCE OF DISCONTINUANCE

NOW COMES the State of Vermont, by and through Vermont Attorney General William H. Sorrell, and hereby accepts from Sisters and Brothers Investment Group, LLP ("Defendant") this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459:

WHEREAS on January 20, 2009, this Court approved the parties' Stipulation of Settlement and Consent Decree in the above captioned matter and entered a Decree, Order and Final Judgment (hereinafter "Order"). *See* Stipulation of Settlement and Consent Decree, *State of Vermont v. Sisters and Brothers Investment Group, LLP*, No. 35-1-09 Wncv (Toor, J. Jan. 20, 2009) (copy attached);

WHEREAS under the terms of the Order, Defendant was required, by February 15, 2009, to complete essential maintenance practice ("EMP") compliance statements for 22 pre-1978 rental properties it owns in Vermont;

WHEREAS by February 15, 2009, completed EMP compliance statements for the 22 properties were to be filed with the Vermont Department of Health, Defendant's insurance carrier and with the Office of the Attorney General, and an adult tenant in each rented unit of the properties;

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05609

WHEREAS under the terms of both the Order and the Vermont lead law, 18 V.S.A., Chapter 38, Defendant is required to file EMP compliance statements for the 22 properties annually with the Vermont Department of Health, Defendant's insurance carrier and an adult tenant in each rented unit of the properties;

WHEREAS under the terms of the Order, Defendant is required to "fully and timely comply with the requirements of the Vermont lead law... as long as it maintains any ownership or property management service interest in the properties or in any other pre-1978 residential housing in which it acquires an ownership interest." *Id.* at ¶ 7;

WHEREAS the State of Vermont was satisfied that Defendant had satisfactorily complied with the terms of the Order, including the filing of EMP compliance statements in 2009;

WHEREAS the State of Vermont alleges that Defendant failed to file EMP compliance statements for the 22 properties in a timely fashion in 2010;

AND WHEREAS the State of Vermont is willing to accept this Assurance of Discontinuance;

THEREFORE the parties agree as follows:

1. Defendant admits that it failed to timely file EMP compliance statements for the 22 properties in 2010 with the Vermont Department of Health, Defendant's insurance carrier and an adult tenant in each rented unit of the properties.
2. Defendant admits that it violated the terms of the Order, specifically those provisions which require it to fully and timely comply with the Vermont lead law.
3. No later than December 30, 2010, Defendant shall complete all EMP work necessary at the 22 properties and file EMP compliance statements for the properties with

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Vermont Department of Health, Defendant's insurance carrier and an adult tenant in each rented unit of the properties.

4. No later than December 30, 2010, Defendant shall provide the Office of the Attorney General with written confirmation that EMPs have been completed and the compliance statements have been filed as described in paragraph 3 above.
5. Defendant shall pay to the State of Vermont, in the care of the Office of the Attorney General, the sum of three thousand three hundred dollars ($3,300.00) in civil penalties.
6. This Assurance of Discontinuance resolves only the existing claims the State of Vermont has against Defendant relating to the untimely filing of EMP compliance statements in 2010.
7. Nothing in this Assurance of Discontinuance shall impair or limit the private right of action that any consumer, person, or entity may have against Defendant.
8. Nothing in this Assurance of Discontinuance shall alter the terms or conditions set forth in the January 21, 2009 Stipulation of Settlement and Consent Decree. All obligations set out under that document remain.

DATED at Montpelier, Vermont this 10th day of December, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By: _____
Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802.828.3186

Office of the
ATTORNEY
GENERAL
109 State Street
Montpelier, VT
05609

DATED at Burlington, Vermont this 7th day of December, 2010.

Joseph Handy, Manager
as authorized agent on behalf of
Sisters and Brothers Investment Group, LLP

APPROVED AS TO FORM:

Robert F. McDougall
Assistant Attorney General
Office of Attorney General
109 State Street
Montpelier, VT 05609

For the State of Vermont

David H. Greenberg
70 South Winooski Ave.
P.O. Box 201
Burlington, Vermont 05402-0201

For Sisters and Brothers Investment Group, LLP

Office of the
ATTORNEY
GENERAL
109 State Street
Montpelier, VT
05609

STATE OF VERMONT
SUPERIOR COURT
WASHINGTON UNIT

2010 OCT 28 A 9:11

In re START POSITIVE LOSS MITIGATION, LLC	)	**CIVIL DIVISION**
	)	**Docket No.** 767-10-10 Wnv

ASSURANCE OF DISCONTINUANCE

WHEREAS Start Positive Loss Mitigation, LLC ("Start Positive") is a Maryland limited liability corporation with offices at 7125 Thomas Edison Drive, Suite 201, Columbia, Maryland 21046, that is engaged in the business of offering to assist consumers in negotiating modification of the terms of their home loans;

WHEREAS Start Positive began doing business in Vermont around January 2009;

WHEREAS Start Positive charged an advance fee for its services based on the value of the consumer's mortgage, generally—$900 for mortgages valued at less than $100,000, and $1,450 for mortgages valued at $100,000 or more;

WHEREAS Start Positive received money from 13 Vermont consumers, who paid a total of approximately $16,000 to the company;

WHEREAS Start Positive made a number of representations on its website about the company and the results it could achieve for consumers, including a statement that Start Positive's negotiators have "many years of experience negotiating thousands of cases with lenders across the country," that Start Positive "guarantee[s] an answer from your bank and we guarantee to submit a loan modification package that will significantly improve the terms of your loan to your lender," and that Start Positive can "save your home," "stop the foreclosure," and "lower your mortgage payments."

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Montpelier, VT
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WHEREAS Start Positive had no factual substantiation for these representations, including factual substantiation of the typicality of the results claimed;

WHEREAS no loan modification resulted from Start Positive's work on behalf of Vermont consumers;

WHEREAS the Attorney General alleges that all of the above-described practices—the charging of advance fees, the lack of substantiation, and the lack of work done for Vermont consumers—violated the Vermont Consumer Fraud Act's prohibition on unfair and deceptive trade practices, 9 V.S.A. § 2453(a);

WHEREAS the Attorney General also alleges that Start Positive failed to provide proper notice of consumers' three-business-day right to cancel their contracts with the company, in violation of Vermont Consumer Fraud Rule 113 for telephonic sales and the Consumer Fraud Act, 9 V.S.A. § 2453(a);

AND WHEREAS the Attorney General and Start Positive are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

THEREFORE the parties agree as follows:

1. If it continues to do business in or into the State of Vermont, Start Positive shall:
    a. Comply with all applicable federal and Vermont laws and regulations, including but not limited to the Vermont Consumer Fraud Act, 9 V.S.A. ch. 63, and any regulations promulgated thereunder;
    b. Clearly and conspicuously disclose the uncertainties associated with undertaking to negotiate modifications of the terms of consumers' home loan; and

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c. Refrain from making any representations in any medium, directly or indirectly, about the results it can or will achieve for its clients without having prior reasonable factual substantiation that those representations reflect the typical experience of its clients.

2. Within sixty (60) days of signing this Assurance of Discontinuance, Start Positive shall send to each of its Vermont customers a check in the amount of all unrefunded fees paid by each customer to the company, by first-class mail, postage prepaid, to the consumer's last-known address, along with a letter in substantially the same form as Exhibit 1 and an itemized list of the amounts paid to the company by the consumer and the dates.

3. If the mailing required under paragraph 2, above, is returned as undeliverable, Start Positive shall make all reasonable efforts to find a valid mailing address for the consumer in question and shall promptly resend the letter and the accompanying payment required by this Assurance of Discontinuance to the new address. In the event that Start Positive is still unable to make one or more refunds, for example because certain consumers cannot be located, the company shall, within seventy-five (75) days of signing this Assurance of Discontinuance, pay the total amount of the unpaid refunds to the State of Vermont, in care of the Vermont Attorney General's Office, to be held by the State as unclaimed funds.

4. Within ninety (90) days of signing this Assurance of Discontinuance, Start Positive shall send to the Attorney General's Office a list of refunds paid to consumers or to the State under paragraphs 2 and 3, above, including the name and address of each consumer, the amount paid or attempted to be paid, the date(s) of payment or attempted payment, and to whom the payment was ultimately made.

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5. In the event of a dispute about Start Positive's compliance with this Assurance of Discontinuance, the parties shall attempt in good faith to resolve the issue themselves. If they are unable to do so, either party may petition the Washington Superior Court in Montpelier, Vermont, for a ruling.

6. Start Positive shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the sum of ten thousand dollars ($10,000.00) in civil penalties and costs, according to the following schedule: two thousand five hundred dollars ($2,500.00) upon signing this Assurance of Discontinuance, and three installments of two thousand five hundred dollars ($2,500.00) each no later than thirty (30), sixty (60), and ninety (90) days after said signing.

7. Acceptance of this Assurance of Discontinuance by the Vermont Attorney General does not constitute approval of any business practices by Start Positive, nor shall the company or anyone acting on its behalf state or infer otherwise.

8. This Assurance of Discontinuance shall be binding on Start Positive, its officers, directors, owners, managers, successors and assigns. The undersigned authorized agent of Start Positive shall promptly take reasonable steps to ensure that copies of this document are provided to all officers, directors, owners, and managers of the company.

9. This Assurance of Discontinuance resolves all existing claims the State of Vermont may have against Start Positive stemming from the conduct described in this document.

Office of the
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GENERAL
09 State Street
Montpelier, VT
05609

Date: 10/7/10

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: _____
Elliot Burg
Assistant Attorney General

Date: 10/20/10

START POSITIVE LOSS MITIGATION, LLC

by: _____
Its Authorized Agent

JOHN WAINN PRESIDENT
Name and Title of Authorized Agent

APPROVED AS TO FORM:

_____
Elliot Burg
Assistant Attorney General
Office of Attorney General
109 State Street
Montpelier, VT 05609
For the State of Vermont

_____
Robby H. Birnbaum, Esq.
Greenspoon Marder P.A.
Trade Center South, Suite 700
100 W. Cypress Creek Road
Fort Lauderdale, FL 33309-2140
For Start Positive, LLC

Office of the
ATTORNEY
GENERAL
09 State Street
Montpelier, VT
05609

Exhibit 1

Important Information on Refunds to Consumers

Dear _____:

I am writing to inform you that Start Positive, a company that offered to negotiate a modification of the terms of your home loan, has entered into a legal settlement with the Vermont Attorney General's Office. The Attorney General alleges that Start Positive violated Vermont law in several respects, including making unsupported claims on the Internet about the results we could achieve.

Under the settlement, Start Positive is refunding to you all fees that you paid us, as itemized on the enclosed sheet. If the amount of the enclosed refund appears to be less than the total of what you paid us, please let us know at once by telephone at [telephone number] or by email at [email address].

Finally, if you have any questions about the settlement, you may call the Vermont Attorney General's Office at (802) 828-5507.

Sincerely,

Office of the
ATTORNEY
GENERAL
09 State Street
lontpelier, VT
05609

STATE OF VERMONT FILED
WASHINGTON COUNTY, SS.

2010 JUL 16 P 12:27

In re:	)	SUPERIOR COURT WASHINGTON COUNTY
SCF STATE CAPITAL FINANCIAL,	)	Washington Superior Court
INC.	)	Docket No. 511-7-10 Wncv
	)	

ASSURANCE OF DISCONTINUANCE

WHEREAS SCF State Capital Financial, Inc ("State Capital Financial" or "the company") is a Florida corporation with offices at 1920 E. Hallandale Beach Blvd. Suite 806, Hallandale Beach, Florida, 33009, that is engaged in the business of assisting consumers ("clients") in negotiating and settling their unsecured, personal debts;

WHEREAS State Capital Financial offers, among other things, to negotiate with its clients' creditors reductions in the amounts due the creditors;

WHEREAS State Capital Financial provides debt settlement account processing, negotiations, settlement, and customer service (collectively, "services") to its clients for a fee of 10-15% of the principal amount of the debt enrolled in the program;

WHEREAS State Capital Financial began doing business in Vermont on November 1, 2006;

WHEREAS State Capital Financial provided services to 11 Vermont consumers, who paid a total in fees, after refunds, of over $26, 815 to the company;

WHEREAS the Attorney General asserts that the Vermont Debt Adjusters Act, 8 V.S.A. ch. 133, is applicable to State Capital Financial's business and its services;

WHEREAS at no time relevant to this Assurance of Discontinuance did State Capital Financial possess a Vermont debt adjuster license;

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GENERAL
Montpelier,
Vermont 05609

WHEREAS State Capital Financial also did not (1) pay the fees or obtain the bond required by 8 V.S.A. §§ 4862 and 4864-4865; (2) include in its client contract the right-to-cancel disclosure required by 8 V.S.A. § 4869a(b); (3) make payments to creditors at least once every 30 days as required by 8 V.S.A. § 4870a; or (4) limit its fee for services to the $50.00 initial setup fee plus ten percent of any payment received by the company for distribution to credits, as prescribed by 8 V.S.A. § 4872;

WHEREAS State Capital Financial represented that it could achieve particular results for its clients (e.g., "Debt Free in 12 to 36 Months," "Settle Debts for 40-60% of Balance," "State Capital Financial settles your outstanding debt by eliminating 40-60% of your total outstanding debt through negotiations!"), for which the Vermont Attorney General alleges that the company did not have prior reasonable factual substantiation as to the typicality of those results;

WHEREAS the Attorney General alleges that all of the above-described practices violated the Vermont Consumer Fraud Act's prohibition on unfair and deceptive trade practices, 9 V.S.A. § 2453(a);

WHEREAS the Attorney General also alleges that although State Capital Financial offered consumers a right to cancel, the company's disclosures of that right, and its exclusion of refunds for its processing fee, violated the right-to-cancel provisions of 9 V.S.A. § 2454 and Vermont Consumer Fraud Rule 113 for telephonic sales;

AND WHEREAS the Attorney General and State Capital Financial are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

THEREFORE the parties agree as follows:

1. State Capital Financial shall comply with all applicable federal and Vermont laws and regulations, including but not limited to the Vermont Debt Adjusters Act, 8 V.S.A. ch. 133, the Vermont Consumer Fraud Act, 9 V.S.A. ch. 63, and any regulations promulgated under either statute.

2. In the event that it obtains a license to engage in the business of debt adjustment in Vermont in the future, State Capital Financial shall further:

a. Clearly and conspicuously disclose the risks (including the risk of being sued) associated with turning accounts over to the company and not making payments to creditors; and

b. Refrain from making any representations in any medium, directly or indirectly, about the results it can or will achieve for its clients without having prior reasonable factual substantiation that those representations reflect the typical experience of its clients.

3. Within sixty (60) days of signing this Assurance of Discontinuance, State Capital Financial shall refund to all of its Vermont clients, all unrefunded fees paid by each of those clients to the company. In the event that State Capital Financial is unable to make one or more refunds, for example because certain clients cannot be located, the company shall, within ninety (90) days of signing this Assurance of Discontinuance, pay the total amount of those unpaid refunds to the State of Vermont, in care of the Vermont Attorney General's Office, as unclaimed funds.

4. Also within sixty (60) days of signing this Assurance of Discontinuance, State Capital Financial shall pay liquidated damages in the amount of $2,000.00 (two thousand dollars) to any Vermont client who was sued by one or more creditors between the

consumer's sign-up with State Capital Financial and the date of the company's settlement with the creditor.

5. State Capital Financial shall promptly complete, without charge, negotiations with all listed creditors of each of its Vermont clients, at the client's option, and shall make all reasonable efforts to settle the amount due each creditor at no more than 50% percent of the enrolled amount of the debt. State Capital Financial shall document these efforts in writing, including a comparison with past settlements with the same creditor, and provide such documentation to the Attorney General's Office within sixty (60) days of signing this Assurance of Discontinuance. In the event of a dispute about the adequacy or promptness of State Capital Financial's efforts under this paragraph, the parties shall attempt in good faith to resolve the issue themselves. If they are unable to do so, either party may petition the Washington Superior Court in Montpelier, Vermont, for a ruling.

6. To implement the provisions of paragraphs 3 through 5, above, within sixty (60) days of signing this Assurance of Discontinuance, State Capital Financial shall send to each of its Vermont clients, by first class mail, postage prepaid, a letter in substantially the same form as Exhibit 1, enclosing an itemized list of the amounts and dates of all fees paid to the company, and further enclosing any payments required by paragraphs 3 and 4, above, in the form of a check or checks. If the letter is returned as undeliverable, State Capital Financial shall make all reasonable efforts to find a valid mailing address for the consumer in question and shall promptly resend the letter and any accompanying payment (if applicable) required by this Assurance of Discontinuance to the new address.

7. State Capital Financial shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the sum of $40,000.00 (forty thousand dollars) in civil penalties and costs.

8. Payment of the $40,000 (forty thousand dollars) civil penalty described in paragraph 7 shall be made in ten monthly installments of at least $4,000.00 (four thousand dollars). Payment shall be due on the last day of each month. The first payment shall be due July 31, 2010.

9. Acceptance of this Assurance of Discontinuance by the Vermont Attorney General does not constitute approval of any business practices by State Capital Financial, nor shall the company or anyone acting on its behalf state or infer otherwise.

10. This Assurance of Discontinuance shall be binding on State Capital Financial, its officers, directors, owners, managers, successors and assigns. The undersigned authorized agent of State Capital Financial shall promptly take reasonable steps to ensure that copies of this document are provided to all officers, directors, owners, and managers of the company.

11. This Assurance of Discontinuance resolves all existing claims the State of Vermont may have against State Capital Financial stemming from the conduct described in this document.

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

DATED at Montpelier, Vermont this 16th day of July, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By: _____
Robert F. McDougall
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, VT 05609

DATED at _____, _____ this 9 day of July, 2010.

STATE CAPITAL FINANCIAL

By: _____
Its Authorized Agent

Richard S Rister President
Name and Title of Authorized Agent

APPROVED AS TO FORM:

_____
Robert F. McDougall
Assistant Attorney General
Office of Attorney General
109 State Street
Montpelier, VT 05609
For the State of Vermont

_____
Ben A. Donnell
Donnell, Abernethy & Kieschnick
555 N. Carancahua, Suite 400
Corpus Christi, TX 78401-0817
Burlington, VT 05402-1489
For State Capital Financial

Exhibit 1

Important Information on Refunds to Consumers

Dear _____:

I am writing to inform you that State Capital Financial has entered into a legal settlement with the Vermont Attorney General's Office. The Attorney General alleges that State Capital Financial violated Vermont law in several respects, including engaging in the business of debt adjustment without a required license.

Under the settlement, State Capital Financial is refunding to you all fees that you paid to State Capital Financial, as itemized on the enclosed sheet. If the amount of the enclosed refund appears to be less than the total of what you paid us, please let us know at once by telephone at [telephone number] or by email at [email address].

In addition, if, while we were working for you, you were sued by one of the creditors enrolled in your program, we are enclosing a payment in the amount of an additional $2,000, as required by the settlement. If you were sued during that time but did not notify us of that fact, you will need to provide us with documentation of the lawsuit (for example, a copy of the complaint), which you may fax to [fax number] or mail to [mailing address] or email to [email address].

Under the settlement, State Capital Financial has also agreed, at your option, to complete its negotiations with your creditors, at no charge to you, and to make all reasonable efforts to settle those debts for no more than 50% of the enrolled amount due. If you would like us to do that, please call or email us as directed above as soon as you can; otherwise, we will assume that you do not want us to continue our settlement efforts.

Finally, if you have any questions about the settlement, you may call the Vermont Attorney General's Office at (802) 828-5507.

Sincerely,

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

FILED STATE OF VERMONT
SA WASHINGTON COUNTY

2010 FEB 22 P 3:09

ORDER

AW

proposed

STATE OF VERMONT, Plaintiff,	)	
v.	)	Washington Superior Court Docket No. 661-9-09 Wncv
Stuff Your Own.com and Jeff Gimotty Defendants	)	

CONSENT DECREE, FINAL ORDER AND JUDGMENT

To resolve the violations of law alleged in the Complaint filed in the above-captioned matter, Defendant Jeff Gimotty, d/b/a Stuff Your Own.com, stipulates and agrees to the following:

1. Defendant is permanently enjoined and restrained from violating 7 V.S.A. § 1010.

2. Within ten (10) days of the date on which this Consent Decree, Final Order and Judgment is approved by the Court, Defendant shall pay the sum of $3,000.00 as civil penalties and costs in this action. Payment shall be made to the "State of Vermont" and shall be sent to: Sarah London, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

3. Nothing in this Consent Decree in any way affects Defendant's other obligations under state, local, or federal law.

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

STIPULATION

Defendant acknowledges receipt of and voluntarily agrees to the terms of this Consent Decree and waives any formal service requirements of the Consent Decree, and the Decree, Order and Final Judgment.

DATED at Buford, Georgia this 11th day of February, 2010.

Jeff Gimotty, d/b/a StuffYourOwn.com

ACCEPTED on behalf of the State of Vermont:

DATED at Montpelier, Vermont this 16th day of February, 2010.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By: _____

Sarah E.B. London
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, Vermont 05609
802-828-5479

DECREE, ORDER AND FINAL JUDGMENT

This Consent Decree is accepted and entered as a Decree, Order and Final Judgment of this Court in the matter of: *State of Vermont v. Stuff Your Own.com and Jeff Gimotty*, Docket No. 661-9-09 Wncv.

SO ORDERED.

DATED at Montpelier, Vermont this 22 day of Feb, 2010.

_____
Washington Superior Court Judge

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

FILED

2010 JUN 28 P 2:12

SUPERIOR COURT
WASHINGTON COUNTY

STATE OF VERMONT
WASHINGTON COUNTY, SS.

IN RE TIMESHARE RELIEF, INC.)

Washington Superior Court
Docket No. 469-6-10 Wncv

ASSURANCE OF DISCONTINUANCE

WHEREAS Timeshare Relief, Inc. ("Timeshare Relief" or "the Company") is a California corporation with offices at 2239 W. 190th Street, Torrance, California 90504, that is engaged in the business of transferring ownership of timeshares for a fee, so that the original timeshare owner may be relieved of maintenance fees, taxes and special assessments associated with the timeshare;

WHEREAS the Company's representatives came to Burlington, Vermont, on at least eight occasions between 2007 and 2010 to solicit consumers to pay to transfer ownership of their timeshares;

WHEREAS the Company advertised these meetings in Vermont with direct mailings to timeshare owners containing statements such as, "If you have tried to get rid of your timeshare with no success, we invite you to call us at 888-391-7734 to find out about our Guaranteed Timeshare Relief Solution. We hope to have the honor of helping you make a beneficial decision for you and your family for generations to come.";

WHEREAS neither the Company's advertising nor its telephone scripts included any reference to consumers having to pay the Company to accept transfer of their timeshares;

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

WHEREAS a number of Vermont consumers who regarded the costs associated with their timeshares as burdensome understood the Company's advertising to mean that Timeshare Relief would be offering them money in exchange for their timeshares;

WHEREAS in fact, the Company charged consumers purchasing Timeshare Relief's services a fee in the amount of several hundred to several thousand dollars to transfer ownership of the consumers' timeshares;

WHEREAS the Vermont Attorney General ("the Attorney General") alleges that as a consequence, the Company omitted a material fact—namely, the need to pay a fee for Timeshare Relief's timeshare transfer service—from its advertising, in violation of the Vermont Consumer Fraud Act's prohibition on deceptive trade practices, 9 V.S.A. § 2453(a);

WHEREAS through July 2009, the Company's representatives in Vermont used a "Financial Benefits Worksheet" to calculate potential tax deductions as an offset against consumers' payment to Timeshare Relief;

WHEREAS this Financial Benefits Worksheet contained a starred statement at the bottom of the page that read, "These deductions apply to Timeshares purchased as an investment, or purchased with the intent of generating revenue by renting or selling. *If you bought your timeshare for personal enjoyment only, then you should not take these deductions.*" (Emphasis added.);

WHEREAS this statement was not fully true, because an income tax deduction may be claimed for a loss on a timeshare only if the *primary purpose* for which the timeshare was originally purchased was as an investment;

WHEREAS in July 2009 Timeshare Relief unilaterally stopped using the Financial Benefits Worksheet and states that it does not provide income tax advice to consumers;

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

WHEREAS the Attorney General alleges that by making the above-quoted representation, the Company violated the Vermont Consumer Fraud Act's prohibition on deceptive trade practices, 9 V.S.A. § 2453(a);

WHEREAS the Consumer Fraud Act, 9 V.S.A. §§ 2451a(d) and 2454, also requires sellers of goods or services at a transient location like a hotel in Vermont to offer consumers a three-business-day right to cancel their transaction, which right must be disclosed both verbally and in prominent short-form and long-form written disclosures on and attached to the consumer's contract or receipt, respectively;

WHEREAS prior to October 2008—that is, through its June 2008 seminar in Vermont—the Company did not provide Vermont consumers with all three statutorily required notices of the right to cancel;

WHEREAS instead, the Company's earlier contracts stated, "Client has a three day right of rescission period. Dissolution requires the client to request, in writing, a cancellation form from the TSR office within three calendar days of this agreement, and return the completed form within seven days of receipt";

WHEREAS there was no "short-form" disclosure of the right to cancel above the signature line, nor any reference to any long-form disclosure, as required by Vermont law;

WHEREAS the above language was also difficult for reasonable consumers to understand (with its use of terms like "rescission" and "dissolution"), and it required them to take an added step in order to cancel, namely, to request a cancellation form from the Company;

WHEREAS the Attorney General alleges that the Company's failure to properly disclose consumers' right to cancel in Vermont also violated the Consumer Fraud Act;

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

WHEREAS in June 2008 Timeshare Relief unilaterally changed its "short form" and "long form" right-to-cancel disclosures to comply with the Vermont Consumer Fraud Act;

WHEREAS of the consumers who attended Timeshare Relief's presentations in Vermont and have not already received a refund, 56 entered into agreements with the Company and paid the Company a total of over $202,000;

AND WHEREAS the Attorney General and Timeshare Relief are willing to accept this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459;

THEREFORE the parties agree as follows:

1. In the event that Timeshare Relief does business again in Vermont, Timeshare Relief:

a. Shall comply with all applicable federal and Vermont laws and regulations, including but not limited to the Vermont Consumer Fraud Act, 9 V.S.A. ch. 63, and any regulations promulgated thereunder, and including specifically the three-day right to cancel provisions of the Act; and

b. Shall not give any written or oral tax advice to consumers, other than that they should consult with their accountant or other tax preparer about whether there may be any tax consequence to transferring ownership of their timeshare.

2. The Company shall offer to all Vermont consumers (i) who paid money to the Company before July 2008, and (ii) who did not receive a full refund before that month, (hereinafter the "right-to-cancel consumers") an opportunity to cancel their transaction.

a. Specifically, within thirty (30) days from the date of this Assurance of Discontinuance below, the Company shall send a notice by certified mail, return receipt requested, substantially in the form attached as Exhibit 1 (with the bracketed information

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

inserted) (each a "Right to Cancel Notice") to all right-to-cancel consumers listed in the Confidential Addendum hereto (one letter for multiple right-to-cancel consumers residing at the same address). Each Right to Cancel Notice shall offer the addressee an opportunity, within ten (10) business days from receipt, to cancel their transaction in writing or by email and receive a refund of all unrefunded monies paid to Timeshare Relief, with no further obligation to the Company. For this purpose, the term "business day" shall have the same meaning as it does in 9 V.S.A. § 2451a(e).

b. Timeshare Relief shall employ due diligence to determine an accurate mailing address for each right-to-cancel consumer. If a Right to Cancel Notice is returned to the Company as undeliverable, the Company shall promptly notify the Attorney General's Office, which shall have thirty (30) days from receipt of such notification to try to locate a new address for the consumer and provide the new address to Timeshare Relief. No later than ten (10) days after receiving a new address from the Attorney General's Office, the Company shall send to the applicable right-to-cancel consumer at the new address, by certified mail, return receipt requested, another Right to Cancel Notice in substantially the same form as the original Right to Cancel Notice.

c. Within thirty (30) days after receiving a timely written or emailed notice from a right-to-cancel consumer invoking his or her right to cancel identified in a Notice of Right to Cancel, the Company shall send a full refund, in the amount of all unrefunded monies paid by the consumer to the Company, to the applicable right-to-cancel consumer by first-class mail.

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

d. Each right-to-cancel consumer shall also have the option of receiving back his or her original timeshare from the Company, if the Company is able to locate and transfer the

timeshare back, but only if the consumer exercises that option in writing within ten (10) days after receiving a Right to Cancel Notice from the Company. If the consumer does not exercise that option, the timeshare shall not be transferred back to the consumer.

e. In the event of a dispute about the receipt of a right-to-cancel consumer's cancellation notice, the parties shall attempt in good faith to resolve the issue themselves. If they are unable to do so, either party may petition the Washington Superior Court in Montpelier, Vermont, for a ruling.

f. Within forty-five (45) days after sending the last Right to Cancel Notice, Timeshare Relief shall provide to the Attorney General's Office the names and addresses of the right-to-cancel consumers to whom Right to Cancel Notices and payments were sent under this paragraph 2, and the date and amount of each payment.

g. The parties to this Assurance of Discontinuance have signed a Confidential Addendum hereto, setting out the names of 28 right-to-cancel consumers identified by Timeshare Relief and the amounts they are entitled to under this paragraph, the total of which is approximately $84,206.

h. In the event that, within one year after the date of this Assurance of Discontinuance below, more than the 28 Vermont consumers identified in the Confidential Addendum qualify as right-to-cancel consumers or any right to-cancel consumer identified in the Confidential Addendum is due a larger refund than stated in the Confidential Addendum, the Attorney General shall have the right to seek to modify this Assurance of Discontinuance accordingly, by agreement or in court, and to seek to increase the dollar amount of the penalties to be paid to the State of Vermont under this Assurance of Discontinuance.

Office of the
ATTORNEY
GENERAL
09 State Street
Iontpelier, VT
05609

3. Within thirty (30) days after the date of this Assurance of Discontinuance below, Timeshare Relief shall also refund to each Vermont consumer who has paid Timeshare Relief money, but excluding the right-to-cancel consumers (collectively, the "payment consumers"), the sum of two hundred fifty dollars ($250.00) as compensation for Timeshare Relief's conduct described above.

a. To implement this paragraph 3, within thirty (30) days after the date of this Assurance of Discontinuance below, Timeshare Relief shall mail the payments required by this paragraph 3 to the payment consumers by first-class mail, postage prepaid, with a letter in substantially the same form as Exhibit 2 hereto (each a "Payment Letter"). If a Payment Letter is returned as undeliverable, Timeshare Relief shall make all reasonable efforts to find a valid mailing address for the payment consumer in question and shall promptly resend the Payment Letter and the accompanying payment to the new address. In the event that the Payment Letter is returned again as undeliverable, the Company shall promptly pay, as unclaimed funds, the amount due the applicable payment consumer to the State of Vermont, in care of the Attorney General's Office, 109 State Street, Montpelier, Vermont 05609.

b. The Confidential Addendum hereto sets out the names of 28 consumers identified by the Company who qualify as payment consumers. In the event that more than these 28 consumers qualify as payment consumers within one year after the date of this Assurance of Discontinuance below, the Attorney General shall have the right to seek to modify this Assurance of Discontinuance, by agreement or in court, to make those additional consumers whole, and to seek to increase the dollar amount of the penalties to be paid to the State of Vermont under this Assurance of Discontinuance.

4. The Company shall pay to the State of Vermont, in care of the Vermont Attorney General's Office, the additional sum of fifty thousand dollars ($50,000.00) in civil penalties and costs, according to the following schedule: twelve thousand five hundred dollars ($12,500.00) upon signing this Assurance of Discontinuance; and another three installments of twelve thousand five hundred dollars ($12,500.00) each no later than the tenth day of the months of August, September, and October 2010, respectively.

5. Acceptance of this Assurance of Discontinuance by the Attorney General does not constitute approval of any business practices by Timeshare Relief, nor shall Timeshare Relief or anyone acting on its behalf state or imply otherwise. Acceptance of this Assurance of Discontinuance does not constitute disapproval of any business practice by Timeshare Relief other than the business practices identified on pages one through four above.

6. This Assurance of Discontinuance shall be binding on Timeshare Relief, its officers, directors, owners, managers, successors and assigns. The undersigned authorized agent of Timeshare Relief shall promptly take reasonable steps to ensure that copies of this Assurance of Discontinuance are provided to all officers, directors, owners, and managers of Timeshare Relief.

7. This Assurance of Discontinuance resolves all existing claims the State of Vermont may have against Timeshare Relief stemming from the conduct described in this Assurance of Discontinuance to the date of this Assurance of Discontinuance below.

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

Date: 6/17/10

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: _____
Elliot Burg
Assistant Attorney General

TIMESHARE RELIEF, INC.

by: Cindy Martin
Its Authorized Agent

Timeshare Relief CEO
Name and Title of Authorized Agent

APPROVED AS TO FORM:

_____
Elliot Burg
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, VT 05609
For the State of Vermont

_____
James R. Carroll, Esq.
Much Shelist Denenberg Ament
and Rubenstein, P.C.
191 North Wacker Drive, Suite 1800
Chicago, IL 60606
For Timeshare Relief, Inc.

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

EXHIBIT 1

NOTICE OF RIGHT TO CANCEL AND RECEIVE A REFUND

Date: _____

Dear _____:

Sometime between November 2007 and June 2008, you attended a presentation by Timeshare Relief, Inc., in Burlington, Vermont, where you signed a contract that transferred ownership of one or more timeshares (your **"Contract"**). Timeshare Relief has recently entered into an agreement with the Vermont Attorney General's office to settle a claim that the company needed to provide you with proper notice of your right under Vermont law to cancel your Contract.

Under the agreement with the Attorney General, you may cancel your Contract, without any penalty or obligation, within ten business days after the date you receive this notice. ("Business days" do not include weekends or holiday.) **If you elect to cancel, Timeshare Relief will refund to you any payment you made under your Contract.** That amount, according to our records, is [insert amount].

To exercise your right to cancel, you must contact Timeshare Relief within ten business days from the date you receive this notice. You may do so by writing to Timeshare Relief to say that you want to cancel and sending your cancellation request by either of these methods:

- By first-class mail to [**address**].
- By email to: [**email address**]. If you e-mail, please include your full name in your e-mail.

If you cancel, Timeshare Relief will also return your original timeshare(s) to you if: (a) you request return of your timeshare in writing within ten days from the date you receive this notice *and* (b) your timeshare(s) is/are still available to Timeshare Relief.

If you have any questions, please call the Vermont Attorney General's office at (802) 828-5507.

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

Sincerely,

_____
On behalf of Timeshare Relief, Inc.

EXHIBIT 2

PAYMENT LETTER

Date: _____

Dear _____:

Between July 2008 and February 2010 you attended a presentation by Timeshare Relief, Inc. in Burlington, Vermont, where you signed a contract that transferred ownership of one or more timeshares. Timeshare Relief has recently entered into an agreement with the Vermont Attorney General's office to settle claims alleging that the company omitted material facts from certain advertisements promoting their presentations because those advertisements did not mention that the company charges a fee for transferring timeshares. Under the agreement with the Attorney General, Timeshare Relief has agreed to pay you $250 to compensate you for the time you spent and travel expenses you may have incurred to attend the presentation.

Enclosed is a check for $250 payable to you under the agreement with the Attorney General.

If you have any questions, please call the Vermont Attorney General's office at (802) 828-5507.

Sincerely,

_____
On behalf of Timeshare Relief, Inc.

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

STATE OF VERMONT
WASHINGTON COUNTY, SS.

IN RE TIMESHARE RELIEF, INC.) **Washington Superior Court**
Docket No. _____

Confidential Addendum to Assurance of Discontinuance

1. Timeshare Relief, Inc. ("Timeshare Relief") and the Vermont Attorney General (the "Attorney General") entered into an Assurance of Discontinuance dated the same day as this Addendum. Under the Assurance of Discontinuance, Timeshare Relief will (a) provide renewed rights of cancellation to the consumers identified as right-to-cancel consumers and (b) pay $250 to the consumers identified as payment consumers.

2. The names and addresses of the 28 right-to-cancel consumers are identified in Exhibit A attached to this Addendum.

3. The names and addresses of the 28 payment consumers are identified in Exhibit B attached to this Addendum.

Date: 6/17/2010

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

by: _____
Elliot Burg
Assistant Attorney General

TIMESHARE RELIEF, INC.

by: _____
Its Authorized Agent

Timeshare Relief CEO
Name and Title of Authorized Agent

Office of the
ATTORNEY
GENERAL
Montpelier,
Vermont 05609

Exhibit A

Right-to-Cancel Consumers

[Redacted]

Office of the
ATTORNEY
GENERAL
09 State Street
Montpelier, VT
05609

Exhibit B

Payment Consumers

[Redacted]

Office of the
ATTORNEY
GENERAL
09 State Street
Montpelier, VT
05609

JOINT STATEMENT OF
TOPIX, LLC AND ATTORNEYS GENERAL

Topix, LLC (hereinafter "Topix") and the Attorneys General listed below announce measures that Topix is taking to improve public safety and to deter abusive activity on its website, Topix.com.

This joint statement culminates an exchange of information and discussions between Chris Tolles, the CEO of Topix, Jack Conway, the Attorney General of Kentucky, Richard Blumenthal, the Attorney General of Connecticut and Jon Bruning, the Attorney General of Nebraska.

Topix.com is a popular website that, *inter alia*, allows consumers to post comments, polls and surveys in local forums for the purpose of facilitating discussion about news and other matters of local community interest, and thus provides consumers with an open platform to become more informed regarding local matters. As with all communication tools, it can be misused by consumers. Specifically, a number of posts submitted by consumers contain false, obscene or derogatory information. Some consumers have also complained to the Attorneys General about the impact of inappropriate posts on their personal and family relationships, their reputations in their communities and the impact upon their children. Consumers have also raised concerns about the amount of time it takes Topix to review reports of abusive posts and Topix's policy of charging $19.99 for a "Priority Review" of such posts.

The Attorneys General are concerned about derogatory posts that are personal in nature, particularly those that relate to minors. As such, the Attorneys General collectively and individually have taken steps to combat cyberbullying. Those steps include:

a) Educating parents, teachers and students through a variety of educational and outreach programs;

b) Proposing and/or supporting legislation to outlaw cyberbullying or cyberstalking;

c) Conducting or assisting in investigations and prosecutions of allegations of cyberbullying and cyberstalking; and

d) Entering into partnerships with non-profit organizations and other government agencies to enhance public awareness of the psychological harm that cyberbullying can cause, particularly to minors, including but not limited to suicide.

Topix is the largest platform for local forums in the US and has received over 100 million user-generated posts since its inception. Notably, Topix averages over 125,000 user-generated posts per day. Topix has and continues to invest in sophisticated software systems that pre-screen all posts in an effort to limit the number of abusive or inappropriate posts that may appear online.

Topix takes every complaint and feedback request very seriously. Topix manually reviews every Feedback form that is submitted through its online Feedback system. The turnaround time to review a Feedback request has historically been less than seven (7) working days.

Accordingly, Topix and the Attorneys General announce the following measures for improving public safety and deterring inappropriate activity on Topix's web site, and providing a better consumer experience:

I. REMOVAL OF $19.99 FEE FOR "PRIORITY REVIEW" AND IMPROVED ELECTRONIC SCREENING AND ABUSE REPORT RESPONSE TIME

Topix will eliminate the "Priority Review" option from its site, and all reviews shall be free of charge.

Topix has implemented and will continue to refine and improve the technical tools and human resources necessary to allow it to review Feedback requests for reported posts.

Topix will no longer employ the current "flag" system which requires multiple users to report a post before it is reviewed. All complaints and reported posts on the Topix.com branded site will now be handled through the Feedback system.

Topix will continue to explore the implementation and use of technology that could assist it in pre-screening posts, as well as in the review of reported posts. Topix will endeavor to review and remove inappropriate posts as promptly as possible and will use commercially reasonable effort to try and achieve a response time of three (3) working days. Topix will also seek to improve its processes and technologies in an effort to improve this response time.

Topix will refine and simplify its Terms of Service to inform consumers that Topix may remove any post in its sole discretion.

Topix will advise consumers to contact their local law enforcement agency if they believe a particular post threatens violence or constitutes illegal harassment.

II. LAW ENFORCEMENT COOPERATION

Topix will continue to cooperate with law enforcement agencies to assist them in combating unlawful activity on its website.

Topix has developed a Law Enforcement Primer that will provide contact information, including a telephone number and e-mail address, for law enforcement agencies to use in order to obtain a prompt response from Topix regarding urgent law enforcement matters. The primer will include instructions on points of contact and requirements for subpoena and search warrant requests.

III. FUTURE EFFORTS

Topix and the Attorneys General will consult on an as-needed basis to discuss issues of concern including, but not limited to, responsiveness to abuse reports and other consumer complaints.

Topix will continue to explore and evaluate new technology and processes for improving and limiting the misuse of its site.

Topix shares the Attorneys General concerns regarding the special nature of posts involving minors and will continue to treat Feedback regarding minors diligently.

Topix and the Attorneys General shall endeavor to inform consumers that while certain subject matter will create heated commentary, there is value in the open exchange of ideas.

Sincerely,

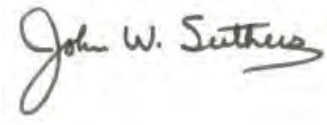
Richard Blumenthal
Attorney General of Connecticut

Jack Conway
Attorney General of Kentucky

Jon Bruning
Attorney General of Nebraska

Terry Goddard
Attorney General of Arizona

Dustin McDaniel
Attorney General of Arkansas



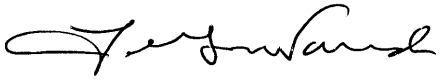
John Suthers
Attorney General of Colorado

Bill McCollum
Attorney General of Florida

(no signature available)

John Weisenberger
Attorney General of Guam

Mark J. Bennett
Attorney General of Hawaii



Lawrence G. Wasden
Attorney General of Idaho

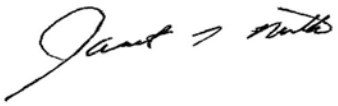
Lisa Madigan
Attorney General of Illinois

Greg Zoeller
Attorney General of Indiana

Tom Miller
Attorney General of Iowa

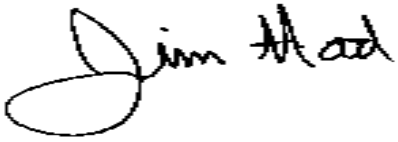
Steve Six
Attorney General of Kansas

James D. Caldwell
Attorney General of Louisiana



Janet T. Mills
Attorney General of Maine

Douglas F. Gansler
Attorney General of Maryland



Jim Hood
Attorney General of Mississippi

Steve Bullock
Attorney General of Montana

Catherine Cortez Masto
Attorney General of Nevada

Michael A. Delaney
Attorney General of New Hampshire

Gary K. King
Attorney General of New Mexico

Wayne Stenehjem
Attorney General of North Dakota

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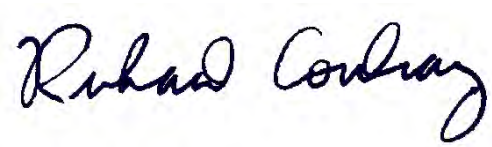
Edward T. Buckingham
Attorney General of the Commonwealth
of the Northern Mariana Islands



Richard Cordray
Attorney General of Ohio

W.A. Drew Edmondson
Attorney General of Oklahoma

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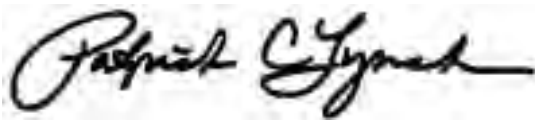
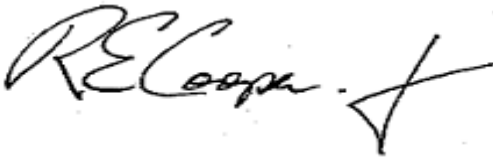
Attorney General of Puerto Rico

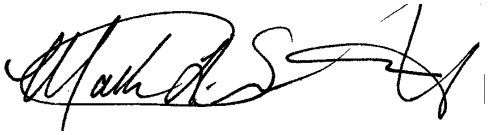


Patrick C. Lynch
Attorney General of Rhode Island

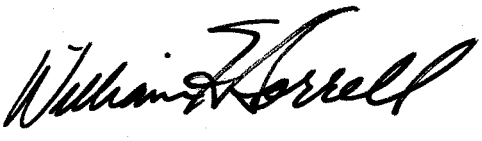
Marty J. Jackley
Attorney General of South Dakota



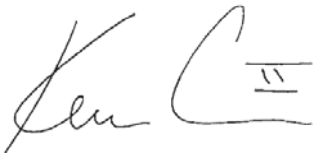
Robert E. Cooper, Jr.
Attorney General of Tennessee



Mark L. Shurtleff
Attorney General of Utah



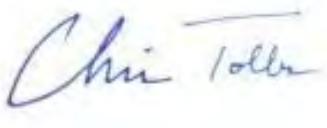
William H. Sorrell
Attorney General of Vermont



Kenneth T. Cuccinelli, II
Attorney General of Virginia

Rob McKenna
Attorney General of Washington

Darrell V. McGraw, Jr.
Attorney General of West Virginia



Chris Tolles
CEO
Topix, LLC

Docket #248-4-16 Wncv

FILED

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In the Matter of
Valero Retail Holdings, Inc., and Valero Marketing and Supply Company

ASSURANCE OF VOLUNTARY COMPLIANCE

BACKGROUND

WHEREAS, the undersigned Attorneys General believe that underage access to tobacco products constitutes a serious and continuing threat to public health based upon the following:

- More than 80% of regular adult smokers began smoking as children;
- Every day in the United States about 2,000 children begin smoking cigarettes, and one third of those children will one day die from a tobacco-related disease;
- Studies show that the younger a person begins smoking, the more likely it is that he or she will be unable to quit later in life and will suffer a disease attributable to tobacco use;
- Studies indicate that youth demonstrate signs of addiction after smoking only a few cigarettes;
- According to the United States Food & Drug Administration ("FDA"), on average among all U.S. retailers, one in every four attempts by a person 15 to 17 years old to purchase cigarettes over the counter results in a sale;
- An estimated 690 million packs of cigarettes are sold illegally to children each year nationwide, and 47% of youth who report buying cigarettes identify retail outlets that sell gasoline as their primary point of purchase, and another 27% identify convenience stores;
- More than 400,000 Americans die each year from diseases caused by tobacco use;

WHEREAS, Valero Retail Holdings, Inc. ("VRH") and Valero Marketing and Supply Company ("VMSC") (collectively referred to herein as "Valero") believe that they are in full compliance with laws and regulations governing the sale of tobacco products;

WHEREAS, Valero is nevertheless committed to doing more to demonstrate its commitment to the health and welfare of our nation's youth, and to step forward voluntarily to help lead additional efforts against youth access to tobacco products;

THEREFORE, Valero agrees to enter into the following Assurance of Voluntary Compliance on the terms set forth below.

AGREEMENT

1. This Assurance of Voluntary Compliance ("Assurance")[1] is entered into by the Attorneys General of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and Wyoming (collectively, "the Attorneys General")[2] on behalf of their respective states, commonwealths, or jurisdictions (collectively, "the States") and Valero.

2. This Assurance follows an analysis of the results of compliance checks conducted by state authorities under state statutes and federal law (42 U.S.C. § 300x-26(b)(2)) to enforce laws prohibiting sales of tobacco products to minors. Such data indicate that Retail Outlets and Wholesale Outlets, as those terms are defined in Paragraph 3, below, operating under the Valero, Beacon, Diamond, Shamrock, Ultramar, Corner Store, or Stop N Go trademarks made tobacco product sales to persons under the age of 18 in controlled compliance checks. The Attorneys General believe that such sales may violate the Consumer Protection statutes[3] of their respective States and/or other laws. Valero believes that it sells tobacco products in full compliance with applicable laws and regulations.

3. Valero maintains as follows: VRH is a Delaware corporation having its principal place of business in San Antonio, Texas. VRH owns and/or operates, either itself or

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[1] With regard to Georgia and Virginia, this document will be titled an "Agreement." With regard to Tennessee, this Assurance is entered into in conjunction with the Tennessee Division of Consumer Affairs.

[2] For States in which Valero has no branded retail outlets as of the Effective Date of this Assurance, the Assurance shall apply if and when Valero brands, develops, or acquires such outlets in such states.

[3] § 13A-12-3, Code of Alabama (1975); Alaska Unfair Trade Practices and Consumer Protection Act, AS 45.50.471 et seq.; A.R.S. § 44-1521 et seq. (AZ); Arkansas Code Annotated 4-88-101 et seq.; Cal. Bus. & Prof. Code § 17200 et seq. (CA); Colorado Consumer Protection Act, §§ 6-1-101, et seq., C.R.S. (2005); Conn. Gen. Stat. § 42-110a et seq. (2009) (CT); Del. Code Ann. Tit. 6, §§ 2501-2536 (2005); District of Columbia Consumer Protection Procedures Act, D.C. Code § 28-3901 et seq. (2001) (DC); Fla. Stat. Ann. § 501.201 et seq. (West)(FL); O.C.G.A. § 45-15-3 (GA); Haw. Rev. Stat. § 481A-1 et seq. (HI); Idaho Code Section 48-601 et seq; Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS § 505/1 et seq.; Iowa Code § 714.16; Kan.Stat.Ann. 50-623, et seq. (KS); KRS 367.110-367.300 (KY); La. Rev. Stat. Ann. § 51:1401 (West)(LA); Title 5 Maine Revised Statutes § 203-A, and Title 5 Maine Revised Statutes §§ 205-A-214 (Maine Unfair Trade Practices Act); Maryland Annotated Code, Commercial Law Article, §§ 13-101 et seq.; Massachusetts Consumer Protection Act, M.G.L. c.93A; Michigan Consumer Protection Act, MCL 445.901 et seq.; Mont. Code Ann. § 30-14-101 et seq. (MT); Neb.Rev.Stat. § 87-301 et seq. (Reissue 2008) (NE); Nevada Revised Statutes Chapter 598; NH Rev.Stat.Ann. 358-A (1995 Michie Butterworth, and Supp. 2005 West) (NH); N.J.S.A. 56:8-1 et seq. (NJ); New Mexico Unfair Practices Act NMSA 1978, S 57-12-1 et seq (1967); R.C. 1345.01 et seq. (OH); 15 O.S. (2001) § 751 et seq. (OK); ORS 646.605, et seq. (OR); Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1 *et seq.* (PA); Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18-101 et seq.; Tex. Bus. & Com. Code Ann. § 17.41 et seq. (Vernon 2002 and Supp. 2005) (TX); Utah Code Ann. §§ 13-5-1 through 13-5-18 & 13-11-1 through 13-11-23; Vermont Consumer Fraud Act, 9 V.S.A. § 2451 et seq.; Virginia Consumer Protection Act, Va. Code § 59.1-196 et seq.; Wash. Rev. Code Ann. § 19.86.100 (WA); Wyo. Stat. § 40-12-101 et seq. (WY).

through its wholly owned affiliates, approximately 1,000 convenience store outlets in the states of Texas, California, New Mexico, Arizona, Colorado, Louisiana, Wyoming, and Oklahoma (the "Retail Outlets"). For purposes of this Agreement only, VRH is authorized to enter into this Assurance on behalf of its affiliated companies.

Pursuant to a branded supply agreement that is regulated by the Petroleum Marketing Practices Act ("Branded Supply Agreement"), VMSC sells branded motor fuel under a Valero owned or licensed trademark through approximately 3,916 outlets that are owned and/or operated by independent, third party businesses and entrepreneurs in the states of Arkansas, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Iowa, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Maine, Michigan, Missouri, North Carolina, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Virginia, Vermont, Washington, West Virginia, and Wyoming (the "Wholesale Outlet(s)"). Few of these independent third parties are dealers who sell motor fuel to consumers at retail; rather, the vast majority function as wholesalers or jobbers who in turn sell to other independent retailers. Thus, each Branded Supply Agreement between VMSC and an independent third party may contain one or more Wholesale Outlet(s) that is granted permission to sell motor fuel under a Valero owned or licensed mark. Each independent third party is responsible for any communications and enforcements regarding any sublicensed dealer listed as a part of their Branded Supply Agreement. VMSC does not operate the Wholesale Outlets or their dealers. VMSC does not control whether or how these independent third parties choose to sell tobacco products at the Wholesale Outlets or their dealers.

4. VRH has expressed its commitment to employing tobacco retailing practices that are designed to prevent the sale of tobacco products to minors. Without admitting liability for any acts, practices, or policies described or referred to herein, Valero agrees to enter into this Assurance and to abide by the provisions set forth herein in connection with its Retail Outlets and its Wholesale Outlets (referred to at times collectively as the "Outlets") in each signatory State, including Outlets operating under the Valero, Beacon, Diamond, Shamrock, Ultramar, Corner Store, and Stop N Go trademarks. The undersigned Attorneys General, for their part, also agree to abide by the provisions set forth herein. The parties reserve the right to discuss the appropriateness of any or all of the provisions of this Assurance as they are implemented, having due regard for changes in laws and regulations, as well as changes in equipment, technology, or methodology of retail sales over time. Any modifications to these provisions shall be by prior written agreement of Valero and the affected undersigned Attorneys General.

5. The undersigned Attorneys General, on behalf of their respective States, agree to release and hold harmless Valero and its officers, employees, directors, successors, affiliates, parents, subsidiaries, assigns, principals, and agents from any and all causes of action that the Attorneys General may have under the laws referred to in footnote 3 herein, insofar as those causes concern tobacco product sales occurring on or before the Effective Date of this Assurance, as defined below. Nothing herein shall affect other remedies available to any state or local jurisdiction in connection with a past or future

underage sale of tobacco products at a particular retail location. Before seeking to enforce this Assurance, a signatory Attorney General shall contact Valero to attempt to resolve the State's concern.

6. This Assurance may be executed in counterparts. This Assurance shall not be effective or considered executed until May 1, 2010 (hereinafter, "Effective Date"), by which date the signatures of Valero and all of the Attorneys General of the States listed in Paragraph 1 shall have been affixed.

7. No provision of this Assurance is intended or shall be interpreted to authorize conduct in violation of applicable local, state, or federal law, which law supersedes any and all terms of this Assurance in conflict with such law.

8. The tobacco retailing practices set forth herein relate to efforts to prevent persons under legal age from having access to and using tobacco products. Although tobacco products are not the only item to which youth access is restricted, the term "youth access" is used herein as a shorthand reference solely to age restrictions on tobacco products. The term "tobacco products" is intended to include cigarettes of all kinds (including bidis), little cigars, cigars, loose tobacco, chewing tobacco, and snuff, to the extent such substances are or in the future may be offered for sale at the Outlets.

I. PRACTICES FOR SALE OF TOBACCO PRODUCTS AT RETAIL OUTLETS

VRH agrees to implement the following hiring and training policies relating to youth access to tobacco products at all retail outlets it owns or operates in the States:

A. *Employee Hiring*

1. VRH shall not hire anyone under the age of 18 for positions that may involve selling tobacco products.

2. As part of the interview process, VRH shall inform all applicants for positions that may involve selling tobacco products, or may involve supervising anyone who sells tobacco products, of the importance of complying with the laws relating to youth access. The information VRH provides shall include references to company policies, legal consequences, and health concerns associated with youth access.

3. VRH shall ask all applicants for positions as store managers, or the equivalent position, about past violations of prohibitions on selling or supplying tobacco products to minors by that person or anyone under that person's supervision while employed in a prior work position, and VRH in its discretion shall give appropriate consideration under the circumstances to such violations in making hiring decisions.

4. Before he or she may assume job responsibilities that involve the sale of tobacco products, VRH shall inform each new hire that: (a) the employee's compliance with youth access laws and policies will be taken into account in connection with compensation, promotion, and retention decisions; (b) VRH monitors employee compliance with youth access laws and policies by checking security tapes periodically as part of VRH's ongoing general compliance policy, and in other ways; and (c) failure to comply with youth access laws and policies may constitute grounds for termination. VRH shall also provide the new hire this information in writing and shall require the employee to sign an acknowledgment that he/she has read and understands the information provided.

B. *Employee Training*

1. Before assuming any job duties that involve or may involve the sale of tobacco products, a VRH employee shall receive comprehensive training in the laws and company policies relating to youth access. VRH shall tailor the training for in-store personnel to those laws and company policies that are to be followed and implemented by in-store personnel.

2. Such training shall be performed by a person experienced in providing youth access training, or if conducted electronically, such electronic training shall be overseen by such person, and shall include, at a minimum, the following components:

   a. A review of applicable federal, state, and local laws relating to youth access;

   b. A review of all VRH policies relating to youth access;

   c. A brief explanation of health-related reasons for the laws, including the information set forth in the initial "Whereas" clauses of this Assurance, and VRH's policies that restrict youth access;

   d. A review of the range of tobacco products, and where applicable, smoking paraphernalia, sold by VRH, to which VRH's policies and/or youth access laws apply;

   e. A review of the law and company policies and procedures regarding when identification is required, including: (i) the age that triggers the I.D. requirement; (ii) acceptable forms of I.D.; (iii) features of an I.D. that must be checked, with particular emphasis on the government-issued forms of identification most commonly possessed by adults in the market area; (iv) how to tell if an I.D.

may have been altered or is being misused; and (v) what an employee is to do if an I.D. appears altered or misused;

f. An explanation of the fact that many illegal sales are made to minors who produce I.D.'s showing that they are under the legal age, and the importance of devoting the time and effort needed to perform the necessary calculation to establish that a customer is of legal age;

g. A review of prescribed methods, practical techniques, or stock phrases (if any are employed) for handling the following recurring situations: (i) asking for I.D.; (ii) making the necessary age calculations; (iii) declining to make a sale based on concerns relating to whether the I.D. has been altered or is being misused; (iv) declining to make a sale for failure to have an I.D.; (v) recognizing a potential "third party" sale (which refers herein to an adult purchasing tobacco products in order to furnish them to a minor); (vi) declining to make a sale that appears to be a "third party" sale; (vii) declining to make a sale of smoking paraphernalia (if and where sold by VRH); (viii) resisting customer pressure and handling customer's abusive conduct; (ix) meeting special challenges associated with declining to sell tobacco products to underage persons who are friends, acquaintances, and/or peer group members; and (x) contacting the police when required by store policy to do so;

h. Actual or computer demonstrations of the methods, techniques, and stock phrases (if any are employed) to be used in the situations described in the immediately preceding paragraph, in the form of role playing;

i. A written or electronic test to establish that the employee has fully acquired the knowledge required to perform in accordance with the laws and VRH's policies relating to youth access. VRH shall provide supplemental training to ensure that any weaknesses identified by such testing are remedied before tobacco product responsibilities are assumed and shall retain test scores for each employee in accordance with its retention policies; and

j. Instruction that an employee is not required to make a tobacco product sale, and must decline to do so, if the circumstances reasonably suggest that doing so would violate the laws or company policies regarding youth access.

3. VRH shall provide all in-store personnel with additional periodic training to ensure that they maintain the requisite knowledge, skill, and

motivation. Such training shall occur no less frequently than annually and shall include a review of applicable youth access laws, VRH's policies on youth access, and ways to attain better performance concerning sales of tobacco products to minors. VRH shall require that each employee, upon completion of such training, sign an acknowledgment that he or she has read and understands the policy statements and other information provided.

4. In the event an employee sells tobacco products to minors in violation of state or local laws, or fails to pass a compliance check pursuant to Section III.B below, VRH shall provide such employee with appropriate remedial attention as soon as practicable, and in any event, within thirty (30) days of VRH's receipt of notice of the triggering event.

II. SUPPORT TOOLS

VRH agrees to use the following support tools relating to youth access to tobacco products at all Retail Outlets it owns or operates in the States:

A. VRH agrees to designate an appropriate employee ("Youth Access Designee") to be responsible for taking the steps reasonably necessary to ensure compliance with youth access laws and monitoring implementation of this Assurance, including reviewing reports of violations of laws concerning the sale of tobacco products to minors. VRH will identify the Youth Access Designee to the person or persons designated by the Attorneys General within sixty (60) days of the Effective Date of this Assurance.

B. To the extent practicable, VRH agrees to program its existing cash registers and, as existing cash registers are replaced with programmable ones, agrees to program new or replacement cash registers to: (i) lock when a tobacco product is scanned; (ii) prompt the employee to I.D. the customer; (iii) require the clerk to enter the birth date shown on the I.D. or, if it cannot be programmed in that manner, display the date on or before which the customer must have been born in order to make a legal tobacco product purchase; and (iv) indicate whether the tobacco product sale can proceed. The cash register operator, in his or her discretion, may override the lock if the customer is beyond the age at which I.D. must be produced under prevailing company policies.

C. VRH agrees to post the statement "WE ID under 27" in the following locations: (i) a static cling sign attached to the front door, facing outward; and (ii) a 6" X 8" counter card, placed so as to be visible to customers or (iii) 2" X 3" register toppers. Where required by local statute or company policy, VRH may instead post a signage package with the same elements

described in the previous sentence but with the message "We ID Everyone." VRH reserves the right to change the manner in which it communicates the above message to employees and customers through signage to the extent that the overall effectiveness in communicating the message is not significantly diminished. VRH will also post any age of sale warning signs that are required by state laws.

D. Each employee with responsibility for selling tobacco products shall be reminded each time he or she begins a shift of the importance of performing proper I.D. checks for tobacco product purchases through a sign-in sheet, a cash register prompt, or other means.

E. VRH agrees to periodically monitor developments in technology relating to electronic age verification devices and systems and consider employing such devices and systems to the extent reasonable and practicable. This Assurance does not require or authorize VRH to retain specific information identifying individual purchases, nor does it require VRH to use any particular device or system.

F. VRH agrees to provide a web-based communications site, which will include: (i) training materials related to Section I.B and any updates to those materials; and (ii) periodic information regarding youth access prevention resources, including but not limited to continuing training opportunities and messages reminding stores of the importance of complying with youth access laws.

III. SELF-MONITORING MEASURES

VRH agrees to implement the following self-monitoring measures relating to youth access to tobacco products at all Retail Outlets it owns or operates in the States:

A. *Supervision and Accountability of Employees*

1. VRH agrees to instruct each store manager and assistant store manager immediately upon assuming responsibility for supervising employees selling tobacco products to monitor staff compliance with youth access laws and policies on an ongoing basis, and agrees to inform the store manager and assistant store manager that instances of compliance and non-compliance with youth access laws and company policies on the part of those supervised will be given serious consideration in connection with that store manager's or assistant store manager's periodic performance review and in connection with subsequent decisions relating to the store manager's or assistant store manager's compensation, promotion, and retention (as applicable).

2. Each store manager or assistant store manager shall report all violations of federal, state, and local laws concerning the sale of tobacco products to minors occurring at the store to VRH's Youth Access Designee as soon as practicable after receiving notice of the alleged violation but in any event, within five (5) business days of receiving such notice.

3. Each VRH employee shall be informed that, to the extent that his or her job performance is reflected in the compliance or non-compliance of other employees or contractors with youth access laws and VRH's business practices, VRH will give such compliance or non-compliance consideration in connection with his or her compensation, promotion, and retention (as applicable). This paragraph applies to all employees and contractors whose duties include hiring, retention, training, and/or supervision of employees or contractors with responsibilities relating to youth access.

B. *Compliance Checks/Mystery Shops*

VRH agrees to arrange for an independent entity to perform at least two compliance checks/mystery shops every six (6) months at each of 250 of its Retail Outlets that sell tobacco products in the States. In the event that a Retail Outlet fails a compliance check, the independent entity shall conduct a second check ("re-check") of the outlet within sixty (60) days. The independent entity shall also conduct a re-check at each Retail Outlet that has received notice from a law enforcement agency of an alleged violation of law concerning the sale of tobacco products to minors that occurred after the Effective Date of this Assurance. The independent entity will be instructed to perform the checks for the purposes of obtaining an accurate and reliable indication of actual employee practices in connection with tobacco product sales, rather than for the purpose of ensuring favorable results. The compliance checks will proceed as follows:

1. The independent entity will determine the schedule for performing the compliance checks and will not inform VRH in advance, directly or indirectly, when particular outlets are to be checked.

2. The compliance checks will be conducted using a person of legal age to buy tobacco products who is within the age range requiring that he or she be asked to produce identification to test whether identification is requested as required by store policy. The check will determine whether the employee selling the tobacco product asked the purchaser to produce identification.

3. For purposes of retaining an independent entity to perform the compliance checks, VRH agrees to evaluate the performance of the entity on the basis of the competency of the entity's performance in

obtaining an accurate and reliable indication of actual employee practices in connection with the sale of tobacco products, rather than on the basis of whether the results were favorable.

4. An employee failing a compliance check shall receive remedial training provided for in paragraph I.B.4, above. An employee passing a compliance check shall be promptly informed of the success and shall be provided a reward, such as store- or company-wide recognition.

5. The undersigned Attorneys General agree not to institute legal proceedings under the laws referred to herein insofar as those proceedings are based on any tobacco product sales that are made during compliance checks conducted pursuant to this section.

6. In the event VRH attains a compliance rate of 90% or higher for any six-month period, VRH may reduce the number of compliance checks conducted in subsequent six (6) month periods by 25%. In the event VRH attains a 90% rate for any two (2) consecutive six-month periods, VRH may cease conducting compliance checks.

C. *Videotapes*

In all Retail Outlets that have one or more security cameras designed and placed to videotape transactions at the cash register, VRH agrees to adopt the following policies and procedures:

1. The security cameras will continuously videotape sales transactions at the cash register.

2. If a Retail Outlet receives a reported violation of youth access laws from a governmental authority, when appropriate and practicable supervisory personnel shall periodically review portions of the tapes to monitor compliance with youth access laws and company policies on the part of each employee who sells tobacco products at that Retail Outlet.

3. Such reviews will be conducted in a manner that does not permit an employee to predict which shifts or transactions are likely to be reviewed.

4. As soon as practicable after a review is performed, the supervisor shall meet with the employee whose performance was reviewed for the purpose of informing him/her of the fact that a review was performed and discussing the employee's performance. Employees who performed well shall be commended. If the review reveals an apparent

violation of youth access policies and if VRH intends to retain the employee, VRH will inform the employee of the consequences of the violation and any subsequent violations, will provide such employee appropriate remedial attention, and will inform the employee that he or she may be the subject of additional reviews in the future.

5. VRH shall display a sign at the front of the stores that states: "All In-Store Activities Are Being Monitored by Closed Circuit Television & Audio Recording."

IV. VENDOR-ASSISTED SALES

VRH agrees to implement the following vendor-assisted sales practices relating to youth access to tobacco products at all Retail Outlets it owns or operates in the States:

A. VRH agrees to display and store all tobacco products in a format that does not permit a customer to take possession of the tobacco products without requesting an employee's assistance in retrieving them from a restricted-access location.

B. VRH agrees not to use vending machines to sell tobacco products at any Retail Outlets that it owns or operates.

V. OTHER TOBACCO PRODUCT POLICIES

A. *Written Employee Policies*

VRH agrees to put into writing the employee policies regarding the sale of tobacco products that it adopts pursuant to this Assurance. VRH agrees to include in such employee policies the following:

1. A policy requiring that no one under the legal age for purchasing tobacco products be permitted to purchase smoking paraphernalia, including but not limited to lighters, matches, cigarette papers, and pipes.

2. A policy that youth access to tobacco products will be given no less stringent treatment than that of underage access to alcohol in employee training, except where differences in the law or this Assurance require differences in policy.

3. A policy against selling single cigarettes or other modes of packaging cigarettes in quantities less than twenty (i.e., so-called "kiddie packs").

4. A policy against distribution of free samples of tobacco products on store property.

5. A policy against the retail sale of non-tobacco products that are intended to look like tobacco products.

6. A policy requiring that an I.D. be checked in connection with tobacco product purchases and tobacco product paraphernalia purchases by persons under age 27.

7. Unless otherwise required by law, a policy that only the following forms of photo-identification are acceptable for purposes of establishing legal age to purchase tobacco products: (a) a driver's license; (b) a state-issued photo identification card; (c) a U.S. passport; (d) a military identification card; or (e) a U.S. immigration card. Unless otherwise required by law, VRH may have a policy under which not all of the foregoing potential forms of identification are acceptable. The photo-identification must be current and valid.

8. A policy against increasing youth demand for tobacco products through in-store advertising. In-store advertising shall be limited to brand names, logos, other trademarks, and pricing, and to the extent practicable, shall only be located in the area in the store where tobacco products are sold and at the store entrance. In any event, tobacco product signage shall not be placed adjacent to (within two feet of) candy, toys, or other products typically purchased by or for children. Notwithstanding the terms of Section V.B, VRH may have up to one hundred and eighty (180) days after the Effective Date of this Assurance to implement this Section V.A.8.

B. *Implementation*

VRH voluntarily agrees to abide by this Assurance for implementation at all Retail Outlets it owns or operates in the States. VRH agrees to implement this Assurance at such outlets within one hundred and twenty (120) days following the Effective Date of this Assurance. Valero will provide to employees who sell tobacco products at company operated outlets a copy of the youth access policies adopted pursuant to this Assurance within one hundred and twenty (120) days following the Effective Date of this Assurance or upon hiring that occurs thereafter. Valero will provide a copy of such policies to new employees as part of Valero's training program for newly hired company operated Retail Outlet employees. Valero will also provide a copy of such policies to a person or persons designated by the Attorneys General within sixty (60) days of the Effective Date, and thereafter will provide, upon request, copies of any changes or modifications to such policies to such designee within thirty (30) days of the request.

VI. RETAIL OUTLETS NOT OWNED OR OPERATED BY VALERO

Valero maintains that VMSC supplies fuel to the Wholesale Outlets which have been granted permission to use a Valero owned or licensed mark pursuant to Branded Supply Agreements between VMSC and independent third parties and that VMSC has no control over the tobacco product retailing practices or policies of these third parties. None of the foregoing provisions of this Assurance are intended to apply to the Wholesale Outlets operating under their Branded Supply Agreements with VMSC. Nothing in this Assurance is intended to alter or affect in any way the status of such third parties as independent contractors of VMSC, or the rights or obligations between VMSC and any of its Wholesale Outlets, including but not limited to any contractual or lease or indemnity relationships.

Within one hundred twenty (120) days following the Effective Date of this Assurance, VMSC voluntarily agrees to take the following actions intended to reduce youth access to tobacco products at the Wholesale Outlets operating under their Branded Supply Agreements with VMSC:

A. Provide the Wholesale Outlets operating under their Branded Supply Agreements with VMSC written correspondence (which may be sent electronically or placed on VMSC's web-based communications site) reminding them of the importance of preventing underage sales of tobacco products and the seriousness of complying with laws regarding youth access to tobacco products and noting that failure to comply with such laws could constitute grounds for termination or non-renewal of their right to operate under the Valero owned trademarks at the non-complying Wholesale Outlet location. This correspondence shall include a reference to sources where the operator of the Wholesale Outlet can find tobacco product training materials and shall request that VMSC be notified within five (5) business days, in writing or electronically, of any notices of violation received by the operator from local, state, or federal authorities concerning the sale of tobacco products to minors. Thereafter, correspondence bearing the same message shall be sent once per year by VMSC to the Wholesale Outlets with a Branded Supply Agreement or the supplier of the Wholesale Outlets with which VMSC has a Branded Supply Agreement.

B. Offer each Wholesale Outlet the opportunity to participate in a tobacco product compliance program as described in Section III.B, above, provided the Wholesale Outlet pay the reasonable cost of its participation. The Attorneys General agree to extend the provisions of Section III.B.5 to compliance checks at such Wholesale Outlets.

C. In evaluating legal options to terminate or non-renew an independent third-party operator's or supplier's Branded Supply Agreement to operate outlets or to distribute or sell fuel under Valero's trademarks, VMSC shall give appropriate consideration under the circumstances and applicable law in its

discretion to youth access to tobacco product violations, if any, by the operator or supplier.

D. At the time an independent third party enters into a written contract or contract renewal with VMSC to operate a Wholesale Outlet, VMSC agrees, to the extent permitted by law, including the PMPA, and beginning with the next revision of VMSC's Branded Supply Agreement, to incorporate provisions into the contract: (i) specifically requiring compliance with laws regarding youth access to tobacco products, and (ii) requiring that VMSC be notified within five (5) business days, in writing or electronically, of any notices of violation received by the operator from local, state, or federal authorities concerning the sale of tobacco products to minors.

VII. COSTS

Valero agrees to voluntarily pay the total sum of $100,000 to such accounts and addresses as the Attorneys General may direct within sixty (60) days after the Effective Date of this Assurance. Such sum is to be divided by the States as they may agree, and is to be used by the individual States for attorneys fees or costs of investigation, or it shall be placed in or applied to consumer education, public protection, or local consumer aid funds, including for the implementation of programs designed to decrease possession and use of tobacco products by minors, or for any other purpose authorized by state law at the sole discretion of each State's Attorney General or as required by law.

DATED: 4-1, 2010

VALERO RETAIL HOLDINGS, INC., a Delaware corporation

By _____ CP#
Gary L. Arthur, Jr., Chief Executive Officer and President

VALERO MARKETING and SUPPLY COMPANY, a Delaware corporation

By _____
Joseph W. Gorder, Executive Vice President

EDMUND G. BROWN JR.
Attorney General
State of California

MARTHA COAKLEY
Attorney General
State of Massachusetts

TROY KING
Attorney General
State of Alabama

TERRY GODDARD
Attorney General
State of Arizona

JOHN SUTHERS
Attorney General
State of Colorado

JOSEPH R. BIDEN III
Attorney General
State of Delaware

BILL MCCOLLUM
Attorney General
State of Florida

MARK J. BENNETT
Attorney General
State of Hawaii

LISA MADIGAN
Attorney General
State of Illinois

JACK CONWAY
Attorney General
State of Kentucky

JANET T. MILLS
Attorney General
State of Maine

STEVE SIX
Attorney General
State of Kansas

W.A. "DREW" EDMONDSON
Attorney General
State of Oklahoma

DANIEL S. SULLIVAN
Attorney General
State of Alaska

DUSTIN MCDANIEL
Attorney General
State of Arkansas

RICHARD BLUMENTHAL
Attorney General
State of Connecticut

PETER J. NICKLES
Attorney General
District of Columbia

THURBERT E. BAKER
Attorney General
State of Georgia

LAWRENCE WASDEN
Attorney General
State of Idaho

TOM MILLER
Attorney General
State of Iowa

JAMES D. CALDWELL
Attorney General
State of Louisiana

DOUGLAS F. GANSLER
Attorney General
State of Maryland

MICHAEL COX
Attorney General
State of Michigan

JON BRUNING
Attorney General
State of Nebraska

MICHAEL DELANEY
Attorney General
State of New Hampshire

GARY KING
Attorney General
State of New Mexico

JOHN KROGER
Attorney General
State of Oregon

ROBERT E. COOPER, JR.
Attorney General
State of Tennessee

MARK SHURTLEFF
Attorney General
State of Utah

KEN CUCCINELLI
Attorney General
State of Virginia

BRUCE A. SALZBURG
Attorney General
State of Wyoming

STEVE BULLOCK
Attorney General
State of Montana

CATHERINE CORTEZ MASTO
Attorney General
State of Nevada

PAULA DOW
Attorney General
State of New Jersey

RICHARD CORDRAY
Attorney General
State of Ohio

TOM CORBETT
Attorney General
State of Pennsylvania

GREG ABBOTT
Attorney General
State of Texas

WILLIAM H. SORRELL
Attorney General
State of Vermont

ROB MCKENNA
Attorney General
State of Washington

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 23, 2010

EDMUND G. BROWN JR.
Attorney General of the State of California

ALAN LIEBERMAN
Deputy Attorney General
Office of the Attorney General
1300 I Street
Sacramento, California 95814

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 19. 2010

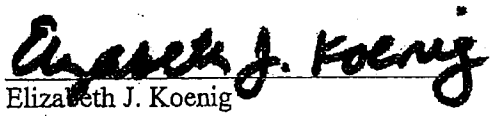
OFFICE OF THE KANSAS ATTORNEY GENERAL STEVE SIX

Emily Haack
Assistant Attorney General
Tobacco Enforcement Unit

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 19, 2010

MARTHA COAKLEY
Attorney General of the
Commonwealth of Massachusetts



Elizabeth J. Koenig
Assistant Attorney General
Office of the Attorney General
One Ashburton Place
Boston, MA 02108

In the Matter of :

VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

W.A. "DREW" EDMONDSON
Attorney General of the State of Oklahoma

PHILLIP L. STAMBECK
ASSISTANT ATTORNEY GENERAL
313 N.E. 21st Street
Oklahoma City, OK 73105
(405) 522-3080 Fax: (405) 522-4534
phil.stambeck@oag.ok.gov

VALERO RETAIL HOLDINGS, INC., SIGN-ON

The State of Alabama agrees to participate in the proposed Assurance of Voluntary Compliance and agrees to the monetary distribution proposed by the Executive Committee.

Counsel for Plaintiff:

Troy King
Alabama Attorney General

L. Daniel Morris, Jr.
Chief Deputy Attorney General

Date: 3/29/2010

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

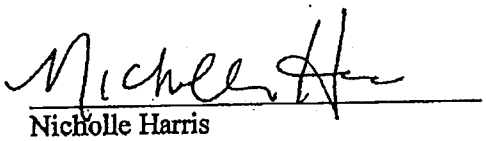
DANIEL S. SULLIVAN
Attorney General of the State of Alaska

Cynthia C. Drinkwater
Assistant Attorney General
Alaska Attorney General's Office
1031 W. 4th Avenue, Suite 200
Anchorage, AK 99501

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

Terry Goddard
Attorney General of the State of Arizona



Nicholle Harris
Assistant Attorney General
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

IN THE MATTER OF VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING & SUPPLY COMPANY

Dated: March 18, 2010

DUSTIN McDANIEL
Attorney General of the State of Arkansas

By: _____

Eric B. Estes, Ark. Bar No. 98210
Senior Assistant Attorney General
Office of the Arkansas Attorney General
323 Center Street, Suite 200
Little Rock, Arkansas 72201

In the Matter of
Valero Retail Holdings, Inc., and Valero Marketing and Supply Company

Dated: March 26, 2010

JOHN W. SUTHERS
Attorney General of the State of Colorado

BRIAN L. LAUGHLIN
Assistant Attorney General
Office of the Colorado Attorney General
1525 Sherman Street, Seventh Floor
Denver, Colorado 80203

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

RICHARD BLUMENTHAL
Attorney General of the State of Connecticut

JERRY FARRELL, JR.
Commissioner of Consumer Protection
State of Connecticut

HEATHER J. WILSON
Assistant Attorney General
Office of the Attorney General
55 Elm Street, P.O. Box 120
Hartford, CT 06141-0120

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

JOSEPH R. BIDEN, III
Attorney General of the State of Delaware

Thomas E. Brown
Deputy Attorney General
Del. Department of Justice
820 North French Street
Wilmington, DE 19801

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 23, 2010

BILL McCOLLUM
Attorney General of the State of Florida

Pat A Conners

PATRICIA A. CONNERS
Associate Deputy Attorney General
JAMES A. PETERS
Special Counsel
Office of the Attorney General
PL-01, The Capitol
Tallahassee, FL 32399-1050

In the Matter of: Valero Retail Holdings, Inc., and
Valero Marketing & Supply Company

STATE OF GEORGIA

THURBERT E. BAKER
Georgia Bar No. 033887
Attorney General

ISAAC BYRD
Georgia Bar No. 101150
Deputy Attorney General

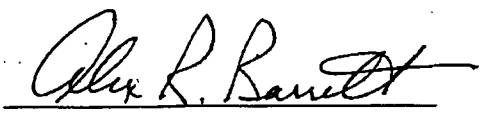
SIDNEY R. BARRETT, JR.
Senior Assistant Attorney General
Georgia Bar No. 039752

March 30, 2010

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MAR 25 2010

MARK J. BENNETT
Attorney General of the State of Hawaii



ALEX R. BARRETT
Deputy Attorney General
Department of the Attorney General
425 Queen Street
Honolulu, Hawaii 96813

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

LAWRENCE G. WASDEN
ATTORNEY GENERAL
STATE OF IDAHO

BRETT T. DeLANGE
Deputy Attorney General
Consumer Protection Division
Office of the Attorney General
954 West Jefferson, 2nd Floor
P.O. Box 83720
Boise, Idaho 83720-0010
Telephone: (208) 334-4115
Facsimile: (208) 334-4151
Email: brett.delange@ag.idaho.gov

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 30, 2010

LISA MADIGAN
Attorney General of the State of Illinois

Elizabeth Blackston

ELIZABETH BLACKSTON
Assistant Attorney General
Office of the Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

In the Matter of

VALERO RETAIL HOLDINGS, INC., AND
VALERO MARKETING AND SUPPLY COMPANY

Dated: March 29, 2010

TOM MILLER
Attorney General of the State of Iowa

STEVE ST. CLAIR
Assistant Attorney General
Office of the Iowa Attorney General
1305 E. Walnut
Des Moines, Iowa 50319

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 22, 2010

JACK CONWAY
Attorney General of the
Commonwealth of Kentucky

Michael Plumley

Michael Plumley
Assistant Attorney General
Office of the Attorney General
700 Capital Avenue, Suite 118
Frankfort, KY40601

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

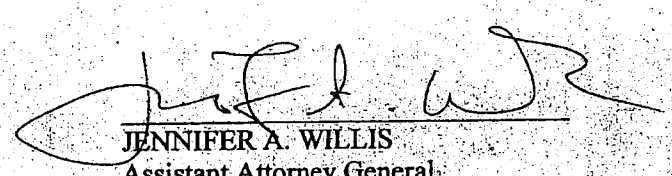
JAMES D. "BUDDY" CALDWELL
Attorney General of the State of Louisiana

SANETTRIA GLASPER PLEASANT
Assistant Attorney General
Director, Public Protection Division
Office of the Louisiana Attorney General
1885 North Third Street
Baton Rouge, Louisiana 70802

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 25, 2010

JANET T. MILLS
Attorney General of the State of Maine



JENNIFER A. WILLIS
Assistant Attorney General
Maine Bar No. 9896
Office of the Attorney General
6 State House Station
Augusta, Maine 04333-0006

In the Matter of
VALERO RETAIL HOLDINGS, INC., and
VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 26, 2010

DOUGLAS F. GANSLER
Attorney General of the State of Maryland

MARLENE TRESTMAN
Special Assistant to the Attorney General
200 St. Paul Place – 20th Floor
Baltimore, Maryland 21202
410.576.7219
mtrestman@oag.state.md.us

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: March 23, 2010

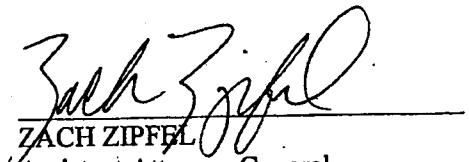
Michael A. Cox.
Attorney General of the State of Michigan

Brian D. Devlin
Assistant Attorney General
Environment, Natural Resources,
and Agriculture Division
525 W. Ottawa
P. O. Box 30755
Lansing, MI 48909

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 23, 2010

STEVE BULLOCK
Attorney General of the State of Montana

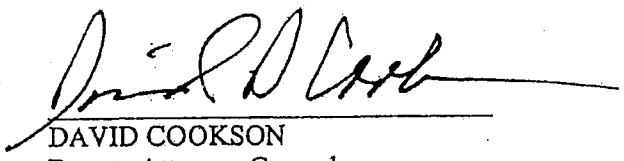


ZACH ZIPFEL
Assistant Attorney General
Office of the Attorney General
215 N. Sanders
Helena, MT 59620

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

JON BRUNING
Attorney General of the State of Nebraska



DAVID COOKSON
Deputy Attorney General
Office of the Attorney General
2115 State Capitol
Lincoln, Nebraska 68509

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

CATHERINE CORTEZ MASTO
Attorney General of the State of Nevada

By: 
DARRELL FAIRCLOTH
Senior Deputy Attorney General

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: March 26, 2010

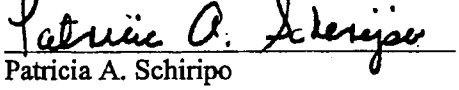
MICHAEL A. DELANEY
Attorney General of New Hampshire

Michael A. Delaney
Attorney General
Office of the Attorney General
33 Capitol Street
Concord, New Hampshire 03301

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: April 1, 2010

PAULA T. DOW
Attorney General of the State of New Jersey



Patricia A. Schiripo
Deputy Attorney General
Assistant Chief, Consumer Fraud Prosecution
124 Halsey Street, 5th Floor
PO Box 45029
Newark, New Jersey 07101

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 19, 2010

Gary K. King
Attorney General of the State of New Mexico

Lawrence Otero

Lawrence Otero
Assistant Attorney General
Office of the Attorney General
P.O. Drawer 1508
Santa Fe, New Mexico 87504

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 24, 2010

Richard Cordray
Ohio Attorney General

SUSAN C. WALKER
Chief
Tobacco Enforcement Section
Ohio Attorney General Richard Cordray
30 E. Broad Street, 16th Floor
Columbus, Ohio 43215

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 23, 2010

JOHN R. KROGER
Attorney General of the State of Oregon

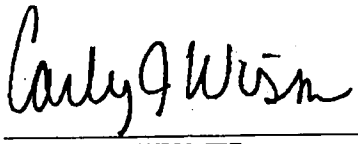
Janelle F Wipper OSB #962754
Sr. Assistant Attorney General
Financial Fraud/Consumer Protection Section
Department of Justice
Of Attorneys for Plaintiff
1162 Court Street NE
Salem, OR 97301-4096
Phone: (503) 934-4400
Fax: (503) 378-5017
Email: janelle.f.wipper@doj.state.or.us

JUSTICE-#1959363-v1

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: March 25, 2010

THOMAS W. CORBETT, JR.
Attorney General of the Commonwealth of Pennsylvania



CARLY J. WISMER
Deputy Attorney General
Tobacco Enforcement Section
15th Floor, Strawberry Square
Harrisburg, PA 17120

In the Matter of Valero Retail Holdings, Inc. ("VRH") and Valero Marketing and Supply Company

Date: March 26, 2010

FOR THE TENNESSEE ATTORNEY GENERAL'S OFFICE:

By:

ROBERT E. COOPER, JR.
Attorney General and Reporter

(16731)
CYNTHIA E. KINSER (MILLS)
Deputy Attorney General

ANNE D. SIMMONS
Assistant Attorney General
State of Tennessee
Office of the Attorney General
Consumer Advocate & Protection Division
Post Office Box 20207
Nashville, TN 37202-0207
Telephone: (615) 741-2935
Facsimile: (615) 532-2910

In the matter of the State of Texas and Valero Retail Holdings, Inc., and Valero Marketing and Supply Company

GREG ABBOTT
Attorney General of Texas

C. ANDREW WEBER
First Assistant Attorney General

DAVID S. MORALES
Deputy First Assistant Attorney General for Litigation

PAUL D. CARMONA
Chief, Consumer Protection Division
& Public Health Division

D. Esther Chavez

D. ESTHER CHAVEZ
State Bar No. 04162200
Assistant Attorney General
Consumer Protection & Public Health Division
P.O. Box 12548
Austin, Texas 78711-2548
Telephone: (512) 475-4628
Facsimile: (512) 473-8301

Date: March 29, 2010

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 22, 2010

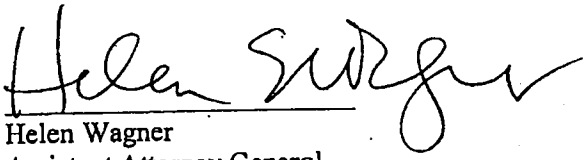
MARK L. SHURTLEFF
Attorney General of the State of Utah

JOHN SWALLOW
Chief Civil Deputy Attorney General
Office of the Attorney General
Utah State Capitol Complex, Suite 230
350 North State Street
Salt Lake City, Utah 84114-2320

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 25, 2010

William H. Sorrell
Attorney General of the State of Vermont

By: 

Helen Wagner
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, VT 05609-1001

In the Matter of:

VALERO RETAIL HOLDINGS, INC.

and

VALERO MARKETING AND SUPPLY COMPANY

Dated: MARCH 30, 2010

KENNETH T. CUCCINELLI, II
Attorney General of the
Commonwealth of Virginia

DAVID B. IRVIN
Senior Assistant Attorney General
Antitrust and Consumer Litigation Section
Office of Attorney General
900 East Main Street
Richmond, Virginia 23219
(804) 786-4047

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 18, 2010

ROBERT M. MCKENNA
Attorney General of the State of Washington

ROBERT J. FALLIS
Assistant Attorney General
Office of the Attorney General
800 5th Avenue
Suite 2000, TB-14
Seattle, Washington 98104-3188

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: March 30, 2010

PETER J. NICKLES
Attorney General for the District of Columbia

GEORGE VALENTINE
Deputy Attorney General
Civil Litigation Division

BENNETT RUSHKOFF
Chief, Public Advocacy Section

GRANT G. MOY, JR.
Assistant Attorney General
Office of the Attorney General
441 Fourth Street, N.W., Suite 650 North
Washington, D.C. 20001
(202) 727-6337

Attorneys for the District of Columbia

In the Matter of
VALERO RETAIL HOLDINGS, INC., and VALERO MARKETING and SUPPLY COMPANY

Dated: MARCH 30, 2010

BRUCE A. SALZBURG
Attorney General of the State of Wyoming

Kenneth Miller
Senior Assistant Attorney General
Office of the Attorney General
123 Capitol Avenue
Cheyenne, WY 82002