

FAX TRANSMISSION

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NUMBER OF PAGES (including cover page): 25

SUBJECT: Re: 24-C-17-004282, CPD v. Aequitas Capital Management

COMMENTS:

CONSUMER PROTECTION DIVISION,
OFFICE OF THE ATTORNEY GENERAL

Plaintiff,

v.

AEQUITAS CAPITAL MANAGEMENT INC.,
et al.

Defendants.

* IN THE
* CIRCUIT COURT
* FOR
* BALTIMORE CITY
* Case No.

* * * * *

CONSENT JUDGMENT

This Consent Judgment is entered into between the Plaintiff, Consumer Protection Division of the Office of the Attorney General (the "Division"), and the Defendants, Aequitas Capital Management, Inc., Aequitas Management, LLC, Aequitas Holdings, LLC, Aequitas Commercial Finance, LLC, Campus Student Funding, LLC, CSF Leverage I, LLC, Aequitas Income Opportunity Fund, LLC, and Aequitas Income Protection Fund, LLC including, except as otherwise provided herein, all of their respective subsidiaries, affiliates, successors, and assigns (collectively, "Aequitas" or "Defendants," and, together with the Division, the "Parties"). This Consent Judgment resolves the Division's concerns regarding Aequitas's compliance with the Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101-13-501, with respect to Defendants' funding, purchasing, and maintaining loans made to students at Corinthian Colleges, Inc. (Corinthian).

I. PARTIES

1. The Plaintiff is the Consumer Protection Division of the Office of the Maryland Attorney General. The Division is responsible for enforcement of Maryland consumer

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CIVIL DIVISION

protection laws including, but not limited to, the Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 through 13-501.

2. Aequitas Capital Management, Inc. (“Aequitas Capital”) is an Oregon corporation formed in 1993 with a principal place of business in Lake Oswego, Oregon. Aequitas Capital is the manager of Aequitas Commercial Finance, LLC. As the manager of Aequitas Commercial Finance, LLC, Aequitas Capital is responsible for the overall operations of Aequitas Commercial Finance, LLC, including the management of Aequitas Commercial Finance, LLC’s loan and investment portfolio.

3. Aequitas Management, LLC (“Aequitas Management”) is an Oregon limited liability company with a principal place of business in Lake Oswego, Oregon. Aequitas Management owns 84% of and exercises exclusive control over Aequitas Holdings, LLC, the sole owner and member of Aequitas Commercial Finance, LLC and the sole shareholder of Aequitas Capital.

4. Aequitas Holdings, LLC (“Aequitas Holdings”) is an Oregon limited liability company with a principal place of business in Lake Oswego, Oregon. Aequitas Holdings is the sole owner and member of Aequitas Commercial Finance, LLC and the sole shareholder of Aequitas Capital.

5. Aequitas Commercial Finance, LLC (“ACF”) is an Oregon limited liability company with a principal place of business in Lake Oswego, Oregon. ACF is the sole owner and member of at least seven subsidiaries that engage in the business of acquiring or investing in portfolios of trade receivables in the healthcare, education, transportation, and consumer credit sectors. ACF also holds ownership stakes in Aequitas Income Opportunity Fund, LLC and Aequitas Income Protection Fund, LLC (the “Aequitas Funds”) and a number of other Aequitas-affiliated companies. ACF also has directly held or currently holds title to Genesis student loan promissory

notes and/or the right to collect and receive existing and future principal and interest payments from the Genesis student loan promissory notes.

6. Campus Student Funding, LLC (“CSF”), formerly known as AFSG LLC, is an Oregon limited liability company with a principal place of business in Lake Oswego, Oregon. CSF is owned by ACF and was created as a special-purpose entity for purchasing student loans. CSF originally purchased all Genesis loan notes sold to Aequitas entities, whether directly from Corinthian, the loan servicer, or the issuing bank. Pursuant to Corinthian’s commitment to purchase delinquent loans from Defendants, CSF was also the seller of Genesis loan notes in the sale back to Corinthian. Thus, CSF has held or currently holds title to Genesis student loan promissory notes.

7. CSF Leverage I, LLC (“CSF Leverage”) was an Oregon limited liability company with a principal place of business in Lake Oswego, Oregon. CSF Leverage was owned by ACF and at one time held Genesis student loan promissory notes. CSF Leverage merged into CSF and no longer exists as a separate entity.

8. The Aequitas Funds are various funds owned by the Aequitas entities described above. Aequitas Income Opportunity Fund, LLC is owned by ACF and holds, or has held, the right to collect and receive Genesis student loan receivables. Aequitas Income Protection Fund, LLC is owned by ACF and CSF and holds, or has held, the right to collect and receive Genesis student loan receivables. CSF Leverage I, LLC f.k.a ASFG Leverage I, LLC is, upon information and belief, owned by ACF and CSF and has held the right to collect and receive Genesis student loan receivables.

**II. COORDINATION WITH OTHER ACTIONS
BY OTHER STATES ATTORNEYS GENERAL AND THE CONSUMER FINANCIAL
PROTECTION BUREAU**

9. The Parties acknowledge that this Consent Judgment is being filed simultaneously with similar judgments or settlements in other States and in the United States District Court for the District of Oregon. The Parties intend to coordinate implementation of the terms of this Consent Judgment with those referenced above.

III. DEFINITIONS

10. “**Affected Consumers**” means all Maryland consumers who were Borrowers of Aequitas Genesis Loans and have remaining unpaid amounts on such loans as of the Record Date.

11. “**Active Aequitas Genesis Loans**” means, as of the Record Date, all Aequitas Genesis Loans, with the exception of Defaulted Genesis Loans and Aequitas Closed School Loans.

12. “**Defendants**” means Aequitas Capital Management, Inc., Aequitas Management, LLC, Aequitas Holdings, LLC, Aequitas Commercial Finance, LLC, Campus Student Funding, LLC, CSF Leverage I, LLC, Aequitas Income Opportunity Fund, LLC, and Aequitas Income Protection Fund, LLC as named in the Complaint.

13. “**Aequitas Genesis Loan**” means any private student loan referred to in the Complaint as either a Genesis loan or EducationPlus loan, which was made to a Borrower to pay for tuition, cost of living expenses and/or fees to attend a Corinthian school, and which as of the Record Date is still outstanding on the books and records of Defendants in the possession of the Receiver (or on the books and records of servicers of said loans).

14. “**Borrower**” means a Maryland consumer who was a borrower of an Aequitas Genesis Loan, and his/her/its successors or assigns.

15. “**Closed School Loan**” means an Aequitas Genesis Loan to a Borrower who did not graduate or complete his/her course work and who (a) attended one of the Corinthian schools that Corinthian announced on April 27, 2015 would be closed and described on Schedule 1 to this Consent Judgment and was either attending such school when it closed or withdrew from such school on or after June 1, 2014, or (b) attended one of the Corinthian schools sold to Zenith as denoted on Schedule 2 to this Consent Judgment and whose loan is depicted on a list agreed upon between the Receiver, the Bureau, and the Division prior to the filing of the Complaint.

16. “**Bureau**” means the Consumer Financial Protection Bureau.

17. “**Defaulted Aequitas Genesis Loan**” means an Aequitas Genesis Loan that is 270 days or more past due, charged off, or cancelled as of the Record Date.

18. “**Current Payment Amount**” is the monthly payment amount designated for each Active Aequitas Genesis Loan in order to keep the account current and non-delinquent.

19. “**Effective Date**” means the date on which this Consent Judgment is entered on the docket.

20. “**Re-Amortization Payment Amount**” is a new payment amount per month for each Active Aequitas Genesis Loan, calculated based on the principal reduction provided for in paragraph 45 as of the Effective Date such that the Active Aequitas Genesis Loan will be fully paid if the Re-Amortization Payment Amount is paid by the Borrower each month on time, by the end of that loan’s actual or, in the case of loans that have ever been in or are currently in a forbearance plan, estimated remaining term.

21. “**Receiver**” means Ronald Greenspan, receiver of Aequitas, named as such in the Receivership Order, or any other receiver that is appointed by a superseding order in the same litigation.

22. “**Receivership Action**” means the matter of *SEC v. Aequitas Management, LLC, et al.*, No. 3:16-cv-438(PK) (D. Or.).

23. “**Receivership Court**” means the U.S. Federal District Court, D. Or., in which the Receivership Action is pending.

24. “**Receivership Order**” means the Order Appointing Receiver, ECF No. 156, *SEC v. Aequitas Management, LLC, et al.*, No. 3:16-cv-438(PK) (D. Or. Apr. 14, 2016).

25. “**Record Date**” means March 31, 2017.

26. “**Retained Personnel**” means the agents of the Receiver, as defined by the Receivership Order.

IV. FINDINGS

27. The Division’s Complaint alleges Defendants funded, maintained, and collected upon the private student loan program offered to Corinthian students as part of a scheme to allow Corinthian to present a façade of compliance with federal laws requiring that a certain portion of a for-profit school’s revenue come from sources other than federal student aid.

28. The Complaint also alleges that Defendants profited from this scheme, and in doing so, took unreasonable advantage of Corinthian’s student borrowers who were unaware of the scheme associated with this loan program, and therefore were unable to protect their interests in taking out such loans.

29. The Securities and Exchange Commission commenced the Receivership Action on March 10, 2016 to, among other things, obtain injunctive relief against Defendants for violation of certain federal securities laws, and place Defendants and certain other related parties in receivership for purposes of orderly liquidation.

30. The Receivership Court entered a preliminary injunction against Defendants on March 14, 2016, and by Order dated April 14, 2016 (Receivership Order) appointed the Receiver for

Defendants and certain other related parties. Pursuant to the Receivership Order, the Receiver has the power and authority to enter into this Consent Judgment and to perform certain duties set forth in this Consent Judgment during the pendency of the Receivership.

31. The Division makes no allegations against the Receiver, but only against Defendants. The Receiver is obligated under this Consent Judgment for the sole purpose of acting on behalf of the Defendants to grant certain monetary relief from the assets of the Receivership and to perform certain obligations to the Division set forth in this Consent Judgment.

32. Defendants neither admit nor deny any allegation in the Complaint, except that for purposes of this Consent Judgment, Defendants admit the facts necessary to establish the Court's jurisdiction over Defendants and the subject matter of this action. The loan reductions, discharges and cancellations described in this judgment are based on alleged infirmities that relate back to the original sale of educational services by Corinthian and are for the purpose of correcting alleged unlawful business practices by the Defendants, including alleged unfair and deceptive acts and practices.

33. The parties, by and through respective counsel, have requested the Circuit Court for Baltimore City to enter this Consent Judgment to resolve all matters in dispute arising from the conduct alleged in the Complaint.

V. CONDUCT PROVISIONS

34. Defendants and their respective officers, agents, servants, employees and attorneys, shall cease and desist from engaging in any unfair or deceptive trade practices in violation of the Consumer Protection Act.

35. Defendants shall not make any express or implied representations that have the capacity, tendency or effect of deceiving or misleading consumers in connection with lending to students of for-profit schools.

36. Defendants shall inform consumers of any material facts, the omission of which would deceive or tend to deceive consumers, in connection with lending to students of for-profit schools.

37. Within 30 days of the Effective Date, Defendants, or the Receiver on behalf of Defendants, shall obtain the following reports from servicers currently servicing the Aequitas Genesis Loans, with data as of the Record Date. Upon obtaining such reports, the Defendants or the Receiver on behalf of the Defendants shall provide copies of them to the Division. The following reports are to be obtained, to the extent the specified loan-level data are available:

a. a report of all Aequitas Genesis Loans including for each such Aequitas Genesis Loan, the amount of principal, interest, fees, and any other amount due and owing as of the Record Date on such Aequitas Genesis Loan, the associated Borrower's name, a unique identifying number, and most currently available postal address, phone number, and email address.

b. a report of all Active Aequitas Genesis Loans including for each such Active Aequitas Genesis Loan, the amount of principal, interest, fees, and any other amount due and owing as of the Record Date on such Active Aequitas Genesis Loan, the associated Borrower's name, a unique identifying number, and most currently available postal address, phone number, and email address.

c. a report of all Defaulted Aequitas Genesis Loans, including for each such Defaulted Aequitas Genesis Loan, the amount of principal, interest, fees, and any other amount due and owing as of the Record Date on such Defaulted Aequitas Genesis Loan, the associated Borrower's name, a unique identifying number, and most currently available postal address, phone number, and email address.

d. a report of all Closed School Loans, including for each such Closed School Loan, the amount of principal, interest, fees, and any other amount due and owing as of the Record Date on such Closed School Loan, the associated Borrower's name, a unique identifying number, and most currently available postal address, phone number, and email address.

38. For each Closed School Loan, Defendants, and the Receiver on behalf of Defendants, are permanently restrained and enjoined as of the Effective Date from:

a. Engaging in any collection activity with respect to each such Closed School Loan; however, Defendants (or the Receiver on behalf of the Defendants) will not be regarded as in violation of this Consent Judgment if they send out routine statements or notices that could be considered collection activity within 20 days after the Effective Date;

b. Accepting any future payment on any such Closed School Loan, including any future payment made in connection with any statement or notice permitted by subparagraph (a), provided, however, that in the event that such a payment is discovered to be accepted and processed, Defendants, or the Receiver acting on Defendants' behalf, will return the payment to the Borrower within a reasonable time; and

c. Reselling, transferring, or assigning any such Closed School Loan.

39. For each Defaulted Aequitas Genesis Loan, Defendants, and the Receiver on behalf of Defendants, are permanently restrained and enjoined as of the Effective Date from:

a. Engaging in any collection activity with respect to each such Defaulted Aequitas Genesis Loan; however, Defendants will not be regarded as in violation of this Consent Judgment if they send out routine statements or notices that could be considered collection activity within 20 days after the Effective Date;

b. Accepting any future payment on any such Defaulted Aequitas Genesis Loan, including any future payment made in connection with any statement or notice permitted by subparagraph (a), provided, however, that in the event that such a payment is discovered to be accepted and processed, Defendants, or the Receiver acting on Defendants' behalf, will return the payment to the Borrower within a reasonable time; and

c. Reselling, transferring, or assigning any such Defaulted Aequitas Genesis Loan.

40. For each Active Aequitas Genesis Loan, Defendants, and the Receiver on behalf of Defendants, are permanently restrained and enjoined as of the Effective Date from:

a. Reselling, transferring, or assigning any such Active Aequitas Genesis Loan, unless:

i. Defendants, or the Receiver on behalf of Defendants, ensure that the principal amount of each such loan sold, transferred or assigned reflects the reduction required in paragraph 45;

ii. Within five business days of reaching an agreement in principle to sell, transfer or assign any Active Aequitas Genesis Loans, in which the terms have been agreed upon by the parties but the Receiver has not yet sought the authority of the Receivership Court to make such a sale, transfer, or assignment,

Defendants, or the Receiver on behalf of Defendants, must provide the Division:

1. notice of the fact that such agreement in principle has been reached;
2. the name of the proposed purchaser, transferee or assignee;

3. the list of Active Aequitas Genesis loans to be sold, transferred or assigned; and

4. the proposed written agreement memorializing the terms of the proposed sale, transfer, or assignment.

iii. Within five business days prior to filing a motion seeking court approval for any such sale, transfer or assignment of Active Aequitas Genesis Loans, Defendants, or the Receiver on behalf of Defendants, must provide the Division:

1. notice of its intention to file any such motion; and
2. the proposed motion papers, including any attachments thereto;

iv. Defendants, or the Receiver on behalf of Defendants, ensure that the final agreement memorializing any such sale, transfer or assignment of any Active Aequitas Genesis Loans contains a provision requiring the purchaser, transferee or assignee to adopt or abide by the terms and provisions of this Consent Judgment requiring ongoing performance for the Division ;

b. Any motion seeking approval for any such sale, transfer or assignment of Active Aequitas Genesis Loans shall (1) contain a request to the Receivership Court that the terms of this Consent Judgment requiring ongoing performance for the Division shall be enforceable against the purchaser, transferee or assignee; and (2) not seek to sell, transfer or assign such loans free and clear of rights, claims or defenses of any Borrower, co-borrower or guarantor on any such Loan.

41. For each Active Aequitas Genesis Loan, Defendants, and the Receiver on behalf of Defendants, are permanently restrained and enjoined as of 60 days after the Effective Date from:

a. Engaging in any collection activity with respect to each such Active Aequitas Genesis Loan that seeks an amount in principal greater than the amount identified in paragraph 47, including by:

i. calculating interest or fees based on a principal amount greater than the amount identified in paragraph 47, however, in the event interest or fees have been calculated on a principal amount greater than the amount identified in paragraph 47 the excess amounts that have been paid by the Borrower will be applied to the Borrower's principal balance unless the Borrower seeks a refund of such improperly charged amounts, in which case the Borrower will be supplied a refund; and

ii. representing to the Borrower of any such Active Aequitas Genesis Loan that the principal amount owed is greater than the amount identified in paragraph 47.

42. Within 30 days of the Effective Date, Defendants, or the Receiver on behalf of Defendants, must request and use commercially reasonable efforts to follow up with any servicer that furnished trade line information for Aequitas Genesis Loans to credit reporting agencies to furnish deletion codes to said credit reporting agencies to delete such information from subject Borrowers' credit reports. For Borrowers of Active Aequitas Genesis Loans who perform under such Loans after the Effective Date, Defendants, or the Receiver on behalf of Defendants, may direct the servicer to report such performance to credit reporting agencies in accordance with applicable law. For any Borrowers who become or continue to be delinquent or in default after the Effective Date, Defendants, or the Receiver on behalf of Defendants, may direct the servicer

to report such Borrowers' status to credit reporting agencies in accordance with applicable law; however, any such reporting shall reflect the balance as modified by this Consent Judgment.

43. Defendants, or the Receiver on behalf Defendants, shall direct any person or entity collecting on Active Aequitas Genesis Loans to fully comply with all applicable requirements of Maryland law in any such collection.

VI. REDRESS AND REMEDIATION

44. Within 60 days after the Effective Date, Defendants, or the Receiver on behalf of Defendants, will discharge and cancel all amounts shown as owed in the report provided to the Bureau and to the Division under paragraph 37, including principal, interest, fees or any other amounts, in connection with:

- a. all Closed School Loans; and
- b. all Defaulted Aequitas Genesis Loans.

45. Within 60 days after the Effective Date, Defendants, or the Receiver on behalf of Defendants, shall reduce the principal amount owed as of the Record Date on each Active Aequitas Genesis Loan, as identified in the report provided to the Bureau and to the Division under paragraph 37, by 55% and discharge and cancel such principal and any accrued and unpaid interest, fees and charges that are 30 or more days past due as of the Record Date.

46. Defendants, or the Receiver on behalf of Defendants, shall use commercially reasonable efforts to obtain guidance from the Internal Revenue Service that Receiver is not required to make federal tax filings (including sending 1099 forms to Borrowers) as a result of the debt relief provided in this Consent Judgment, prior to the time such forms would be required to be sent. If the Receiver, in consultation with his counsel, is satisfied that such guidance is reliable, the Receiver shall not make applicable federal tax filings and shall not send Borrowers 1099 forms.

47. Defendants, or the Receiver on behalf of Defendants, must provide each

Borrower of a Closed School Loan and each Borrower of a Defaulted Aequitas Genesis Loan with the following notice within 90 days of the Effective Date. Nothing else but such notice shall be sent in combination with the mailing of this notice and such mailing will be sent to the most recently available postal address as contained on the servicer's system of record. The notice shall contain the following information:

- a. The outstanding amount that had been owed under each Aequitas Genesis Loan as of the Record Date by such Borrower;
- b. The fact that each such amount has been reduced, discharged and canceled in full and such Borrower no longer owes any amounts under his or her Aequitas Genesis Loan;
- c. The fact that the cancellation of the amounts owed for each such Aequitas Genesis Loan is pursuant to this Consent Judgment ;
- d. The fact that the Borrower will not be subjected to any new debt-collection or credit-reporting activities related to each such Aequitas Genesis Loan;
- e. Any such discharge or cancellation of principal may result in tax liabilities of the borrower to the Internal Revenue Service and state taxing authorities;
- f. No amounts that were due and owing and were paid prior to the Record Date will be returned to the Borrower.

48. Within 90 days of the Effective Date, Defendants, or the Receiver on behalf of Defendants, must provide each Borrower of an Active Aequitas Genesis Loan written notice of his/her option to either continue paying the Current Payment Amount on the lowered principal balance or elect to have the loan re-amortized using the lowered principal balance and remaining term of the subject loan, which will result in a Re-Amortization Payment Amount. No such notice is required to a Borrower and no Re-Amortization Payment Amount will be available to a

Borrower, however, if such Borrower's Current Payment Amount before re-amortization is less than \$20; in any event, a Borrower's Re-Amortization Payment Amount will not be less than \$20.

49. Each Borrower of an Active Aequitas Genesis Loan will have 90 days from the mailing date of such notice to make his/her election by completing the notice and returning it to Defendants, the Receiver (on behalf of Defendants) or the applicable servicer. If the Borrower does not make such an election, he or she will be required to pay the Current Payment Amount and the loan will not be re-amortized. For Borrowers as to whom Defendants, the Receiver on behalf of Defendants or the applicable servicer timely have received affirmative notice of election of the Re-Amortization Payment Amount, within 30 days following the expiration of the 90 day election period, Defendants, or the Receiver on behalf of Defendants, will re-amortize loans and adjust the monthly payment amount for all future unbilled and un-accrued loan payments to the Re-Amortization Payment Amount. Notwithstanding the foregoing, for any Active Aequitas Genesis Loan which already has been amended or modified pursuant to a forbearance plan to provide a Borrower with a monthly payment that is less than the applicable Re-Amortization Payment Amount and the Borrower has elected to accept the re-amortization option, Defendants, or the Receiver on behalf of Defendants, shall not be required to adjust the monthly payment until the end of the applicable forbearance period. Defendants, or the Receiver on behalf of Defendants, will adjust the monthly payment to a Re-Amortization Payment Amount based on the principal balance of the Borrower's loan at the end of the applicable forbearance period.

50. Defendants, or the Receiver on behalf of Defendants, must provide each Borrower of an Active Aequitas Genesis Loan with the following notice. Nothing else but such notice shall be sent in combination with the mailing of this notice and such mailing will be sent to the most

recently available postal address as contained on the servicer's system of record. The notice shall contain the following information:

- a. Identification information that associates the loan to the Borrower;
- b. The amount of principal owed as of the Record Date of each Active Aequitas Genesis Loan associated with such Borrower;
- c. The amount of principal owed for each such Active Aequitas Genesis Loan after the reduction required in paragraph 45 has been applied;
- d. A statement notifying the Borrower that the principal has been reduced by 55% pursuant to this Consent Judgment;
- e. A Re-Amortization Payment Amount option whereby the Borrower has 90 days from the mailing date of such notice to inform the servicer of his or her election to opt-in and have his or her loan re-amortized with the minimum monthly payment modified from the Current Payment Amount to a Re-Amortization Payment Amount;
- f. The fact that if the Borrower does not make such an election by the required date, the Current Payment Amount will continue as the amount due on his or her loan each month;
- g. The fact that replacing the Current Payment Amount with the Re-Amortization Payment Amount may reduce the amount such Borrower pays each month but will cost the Borrower more over the life of the loan than if he or she continued with the Current Payment Amount;
- h. The fact that a Borrower's election will not waive any rights, claims or defenses that the Borrower and any co-borrower, co-signer or guarantor may have with respect to the loan.

i. The fact that continuing to pay the Current Payment Amount (or more) each month will result in full satisfaction of his or her loan before the payment term has expired, and will cost the Borrower less overall than if he or she elected to use the Re-amortization Payment Amount;

j. The following specific information individualized for each Borrower on an Active Aequitas Genesis Loan:

i. The estimated total amount of principal and interest the Borrower will pay if the Borrower pays each current Payment Amount as scheduled, as well as the estimated date of pay-off of the Active Aequitas Genesis Loan under these circumstances;

ii. The estimated total amount of principal and interest that the Borrower will pay if the Borrower elects his or her option to pay the Re-Amortization Payment Amount and pays such Re-Amortization Payment Amount as scheduled, as well as the estimated date of pay-off of the Active Aequitas Genesis Loan under these circumstances;

k. Any reduction, discharge or cancellation of principal may result in tax liabilities of the borrower to the Internal Revenue Service and state taxing authorities;

l. A statement notifying the Borrower that, if the Borrower desires, the Borrower at any time may make payments larger than the Re-Amortization Payment Amount, which if the loan is current would result in a shorter payoff period and interest savings; and

m. A statement notifying Borrowers on forbearance plans of their alternative payment options as set forth in paragraph 47.

n. A statement notifying Borrowers that the relief described does not waive or extinguish any rights, claims or defenses that the Borrower, any co-borrower and/or guarantor may have with respect to his or her loan.

51. A proposed form of the notices required by paragraph 47 and 48 shall be provided to the Division for non-objection within 30 days of the Effective Date.

52. Defendants, or the Receiver on behalf of Defendants, shall include no materials other than the notices provided in paragraphs 45 and 48 in any envelope containing such notices, unless Defendants, or the Receiver on behalf of Defendants, has obtained written confirmation from the Division that it does not object to the inclusion of such materials.

VII. REPORTING REQUIREMENTS

53. Defendants, or during the pendency of the Receivership Receiver on behalf of Defendants, shall notify the Division of any development that may affect their obligations arising under this Consent Judgment, including, but not limited to, the replacement of the Receiver or the filing of any bankruptcy or insolvency proceeding by or against Defendants. Defendants, or the Receiver on behalf of Defendants, must provide this notice at least 30 days before the development or as soon as practicable after learning about the development, whichever is sooner.

54. Within 180 days of the Effective Date, and again one year after the Effective Date, Defendants, or the Receiver on behalf of Defendants, must submit to the Division an accurate written compliance progress report, which, at a minimum:

- a. Describes in detail the manner and form in which Defendants, or the Receiver on behalf of Defendants, as applicable, have complied with this Consent Judgment; and
- b. Attaches a copy of each Acknowledgment obtained under Paragraph 58 and 59, unless previously submitted to the Division.

55. Defendants, or the Receiver on behalf of Defendants, in carrying out the provisions of this Consent Judgment, are permitted to make such adjustments to loan balance amounts, accrual of interest and Borrower payment amounts and process refunds to Borrowers (including providing Borrower refunds or reimbursements not expressly required by this Consent Judgment) as may be necessary to assure compliance with this Consent Judgment, but in any event in a manner that is fair and transparent to Borrowers subject to such adjustments and in a manner that is otherwise in compliance with this Consent Judgment.

VIII. RELEASE

56. The Division releases and discharges Defendants from all potential liability for law violations related to the allegations of the Complaint in this action that the Division has brought or could have brought against Defendants or any of their respective current or former affiliates, agents, representatives, or employees pursuant to Maryland's consumer protection statute (Md. Code Ann., Com. Law §§ 13-101 through 13-501 (2013 Repl. Vol. and 2015 Supp.)), to the extent such practices occurred before the Effective Date and the Division knows about them as of the Effective Date. The Division may use the practices described in this Consent Judgment in future enforcement actions against Defendants, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Division to determine and ensure compliance with the Consent Judgment, or to seek penalties for any violations of the Consent Judgment.

57. The Parties agree that this Consent Judgment does not constitute an approval by the Division of any of Defendants' past or future practices, and Defendants shall not make any representation to the contrary.

IX. MISCELLANEOUS PROVISIONS

58. Within 15 days of the Effective Date, Defendants, or the Receiver on behalf of Defendants, must deliver a copy of this Consent Judgment to each employee or agent of the Receiver who or which is, as of the Effective Date, employed or retained by the Receiver and who or which has responsibilities that extend beyond the Effective Date related to the subject matter of this Consent Judgment.

59. Within 30 days of the Effective Date, the Receiver shall provide a signed and dated statement to the Division of the Receiver's compliance with paragraph 58, and shall provide a signed and dated statement from the servicer, or any other third-party service provider tasked with carrying out responsibilities under this Consent Judgment, acknowledging receipt of this Consent Judgment, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. §§ 7001 et. seq.

60. Defendants, or the Receiver on behalf of Defendants, must maintain for 3 years from the Effective Date or the duration of the Receivership, whichever is lesser, all documents and records necessary to demonstrate full compliance with this Consent Judgment, including all submissions to the Division.

61. Aequitas, or the Receiver on Aequitas's behalf, must make the documents identified in this Consent Judgment available to the Division upon the Division's request.

62. Unless otherwise agreed in writing by the Division, Defendants, or the Receiver on behalf of the Defendants, shall provide to the Division all submissions, requests, communications or other documents relating to this Consent Judgment in writing, via email and Overnight Mail to:

William Gruhn
Chief
Consumer Protection Division

200 St. Paul Place, 16th Floor
Baltimore, MD 21202
Email: cmadaio@oag.state.md.us

63. Defendants, or during the pendency of the Receivership the Receiver on behalf of Defendants, will cooperate fully with the Division as necessary to achieve the goals and carry out the requirements of this Consent Judgment.

64. Defendants, or during the pendency of the Receivership the Receiver on behalf of Defendants, will cooperate fully to help the Division determine the identity and the location of, and the relief provided pursuant to this Consent Judgment for each Affected Consumer, from the information within Defendants' or the Receiver's possession and control or a servicer's system of record.

65. Notwithstanding any other provision of this agreement, any time limits for performance fixed by this Consent Judgment may be extended by mutual written agreement of the parties (or, as applicable, the Receiver) and without further Court approval. Additionally, details related to the administration of Sections V. through VII. of this Consent Judgment may be modified by written agreement of the parties (or, as applicable, the Receiver) and without further Circuit Court approval. Any other modifications to this Consent Judgment may be made only upon approval of the Circuit Court, upon motion by any party.

66. Notwithstanding any other terms, conditions or provisions of this Consent Judgment, pursuant to the Receivership Order, the Receiver and the Retained Personnel are entitled to rely on all outstanding rules of law and the orders of the Receivership Court and shall not be liable to any person or party (including, without limitation, the Division) for their own good faith compliance with this Consent Judgment. Pursuant to the Receivership Order, in no event shall the Receiver or Retained Personnel be liable to any person or party (including, without

limitation, the Division) for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by the Receivership Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

67. This Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Consent Judgment.

68. Defendants shall be liable for all court costs.

69. The section headings and subheadings contained in this Consent Judgment are included for convenience of reference only and shall be ignored in the construction or interpretation of this Consent Judgment.

70. If any clause, provision or section of this Consent 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 Consent Judgment and this Consent Judgment shall be construed and enforced as if such illegal, invalid, or unenforceable clause, section, or other provision had not been contained herein.

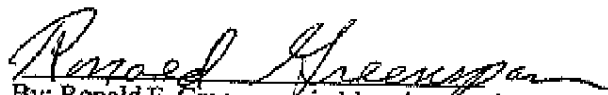
71. Nothing contained in this Consent Judgment shall be construed to create or waive any individual private right of action.

72. The requirements of this Consent Judgment are in addition to, and not in lieu of, any other requirements of state or federal law. Nothing in this Consent Judgment shall be construed as relieving Defendants of the obligation to comply with all local, state, and federal laws, regulations, or rules, nor shall any of the provisions of this Consent Judgment be deemed as

permission for Defendants to engage in any acts or practices prohibited by such laws, regulations, or rules

AGREED TO:

FOR DEFENDANTS AEQUITAS CAPITAL MANAGEMENT, INC., AEQUITAS MANAGEMENT, LLC, AEQUITAS HOLDINGS, LLC, AEQUITAS COMMERCIAL FINANCE, LLC, CAMPUS STUDENT FUNDING, LLC, CSF LEVERAGE I, LLC, AEQUITAS INCOME OPPORTUNITY FUND, LLC, AND AEQUITAS INCOME PROTECTION FUND, LLC



By: Ronald F. Greenspan, in his sole capacity as Receiver for Defendants

LOCAL COUNSEL FOR DEFENDANTS



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(202) 887-6932

FOR PLAINTIFF

BRIAN E. FROSH
Maryland Attorney General

By:



William D. Gruha
Chief, Consumer Protection Division
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Baltimore, MD 21202
(410) 576-6374

IT IS SO ORDERED, ADJUDGED AND DECREED this 28th day of

August, 2017

The Honorable Yolanda Tanner

The judge's signature appears
on the original document

TRUE COPY
TEST

Marilyn Bentley

MARILYN BENTLEY, CLERK