STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CORPORATIONS

In Re: Advance America, Cash Advance
Centers of California LLC
(File No. 100-1204)

SETTLEMENT AGREEMENT
AND DESIST AND REFRAIN ORDER

This Settlement Agreement and Desist and Refrain Order is entered into between the
California Corporations Commissioner ("Commissioner") and Advance America, Cash Advance
Centers of California LLC ("Advance America"), and is made with respect to the following
facts:

RECITALS

A. Advance America has 291 locations in the State of California licensed under the
California Deferred Deposit Transaction Law (hereinafter, the "CDDTL"), Cal. Fin. Code
§23000 et seq., with its principal place of business located at 135 N. Church St., Spartanburg, SC
23906.

B. The Commissioner or the Department of Corporations ("Department") is
responsible for enforcing the CDDTL.

C. In 2008 the Department conducted regulatory examinations of various Advance
America locations. The examinations cited purported violations of the CDDTL, including that
Advance America allegedly collected excess amounts from customers that made partial
payments on their loans, allegedly collected NSF fees on returned checks that were deposited
after customers made partial payments on their loans, allegedly failed to refund finance charges
to customers that paid off their loans the next business day following origination, and allegedly
conducted deferred deposit transactions at an unlicensed location (hereinafter collectively "Exam
Findings"). Advance America disputes and denies the Exam Findings.
D. In an effort to avoid costly and protracted litigation, it is the parties’ intention to resolve the Exam Findings and related matters (File No. 100-1204) without an administrative hearing or other litigation.

NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set forth herein, it is hereby agreed, stipulated and ORDERED as follows:

**DESIST AND REFRAIN ORDER**

Pursuant to Financial Code section 23050 Advance America, Cash Advance Centers of California LLC, is hereby ordered and agrees to Desist and Refrain from any violation of Financial Code sections 23005, 23036(f) and 23037(f). The Order shall remain in full force and effect until further order of the Commissioner.

**TERMS AND CONDITIONS**

1. **Purpose.** The purpose of this Settlement Agreement and Desist and Refrain Order is to resolve the Exam Findings expeditiously, avoid the expense of costly and protracted litigation obviating the need for further proceedings.

2. **Waiver of Hearing Rights.** Advance America acknowledges its right to a hearing under the CDDTL in connection with the allegations of the Exam Findings, and hereby waives that right to a hearing, and to any reconsideration, appeal, or other right to review with may be afforded pursuant to the CDDTL, the California Administrative Procedure Act (“APA”), the California Code of Civil Procedure, or any other provision of law, and by waiving such rights, consent to the Settlement Agreement and Desist and Refrain Order becoming final.

3. **Independent Legal Advice.** Each of the parties represents, warrants, and agrees that it has received or been advised to seek independent legal advice from its attorneys with respect to the advisability of executing this Settlement Agreement and Desist and Refrain Order.
4. No Admission of Liability. This Settlement Agreement and Desist and Refrain Order constitutes the settlement of disputed claims. Advance America denies that it has acted in any improper or illegal manner and denies the allegations of the Exam Findings. The parties enter into this Settlement Agreement and Desist and Refrain Order solely for the limited purpose of resolving the Exam Findings as well as any future proceeding(s) that may be initiated by, or brought before, the Commissioner related to the Exam Findings. The parties agree that this Settlement Agreement and Desist and Refrain Order does not and shall not constitute or be deemed to be an admission or evidence of any violation of statute, regulation or liability or wrongdoing by Advance America, or the proper scope of liability under any statute or law, or the truth of any allegation or finding in the Examination Findings. Nothing contained herein may be admitted in any court, administrative tribunal or elsewhere as evidence of Advance America’s liability for any of the allegations asserted in the Exam Findings.

5. Payments and Forgiveness. Advance America has already escheated to the State of California $11,358.27 comprised of amounts collected by Advance America due and owing to customers who, despite the exercise of due diligence, could not be located. In addition, Advance America shall pay the Commissioner $164,000.00, and shall make refunds to certain of its customers in the aggregate amount of $94,037.75. Of the latter amounts, $48,300.00 will be returned to customers for NSF fees paid on returned checks that were deposited after customers made partial payments on their loans; and, $45,737.75 in finance charges will be returned to customers who paid their loans in full the next business day following origination. Also, $2,500.00 will be paid to the State for Advance America’s operations at a location alleged operating without a license but otherwise operating in compliance with the CDDTL. Finally, Advance America shall forgive $25,590 of charged but uncollected NSF fees associated with the refunds identified above. The payment to the Commissioner shall be made within ten (10)
business days following execution of this Settlement Agreement and Desist and Refrain Order. Refunds to customers shall be made as soon as practicable following execution of this Settlement Agreement and Desist and Refrain Order but no later than within 60 days of the date of this agreement. Any amounts remaining unclaimed by customers shall escheat to the State of California pursuant to the California Code of Civil Procedure, Title 10.

6. Future Actions by the Commissioner. The Commissioner reserves the right to bring any action against Advance America or any of their partners, owners, employees or successors for any and all unknown or future violations of the CDDTL. However, this Settlement Agreement and Desist and Refrain Order resolves and discharges Advance America of any further liability, fine or discipline or other punitive conduct that could have been brought by the Commissioner arising out of or relating to the Exam Findings, the current regulatory examinations and this Settlement Agreement and Desist and Refrain Order so long as Advance America is in compliance with section 5 of the Settlement Agreement and Desist and Refrain Order. If Advance America fails to make any payments to the Commissioner or offer refunds to the consumers referred to in section 5 above, failure to do so shall be a breach of this Settlement Agreement and Desist and Refrain Order and shall be cause for the Commissioner to revoke or deny, respectively any Department license or any pending applications of Advance America or their successors and assigns, by whatever names they might be known.

7. Settlement Agreement Coverage. The parties hereby acknowledge and agree that this Settlement Agreement and Desist and Refrain Order is intended to constitute a full, final and complete resolution of the Exam Findings. The parties further acknowledge and agree that this Settlement Agreement and Desist and Refrain Order shall not operate to limit the Commissioner’s ability to assist any other agencies with any prosecution, administrative, civil or criminal, brought by any such agency against Advance America based upon any of the activities
alleged in this matter or otherwise. Each of the parties represents, warrants, and agrees that in executing this Settlement Agreement and Desist and Refrain Order it has relied solely on the statements set forth herein and the advice of its own counsel and has placed no reliance on any statement, representation, or promise of any other party, or any other person or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to make any statement, representation or disclosure of anything whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this Settlement Agreement and Desist and Refrain Order; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Settlement Agreement and Desist and Refrain Order.

8. **Full Integration.** This Agreement and Desist and Refrain Order is the final written expression and the complete and exclusive statement of all the agreements, conditions, promises, representations, and covenants between the parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the parties, their respective representatives, and any other person or entity.

9. **No Presumption From Drafting.** In that the parties have had the opportunity to draft, review and edit the language of this Settlement Agreement and Desist and Refrain Order, no presumption for or against any party arising out of drafting all or any part of this Settlement Agreement and Desist and Refrain Order will be applied in any action relating to, connected to or involving this Settlement Agreement and Desist and Refrain Order. Accordingly, the parties waive the benefit of California Civil Code section 1654 and any successor or amended statute, providing that in cases of uncertainty, language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.
10. **Effective Date.** This Settlement Agreement and Desist and Refrain Order shall not become effective until signed and delivered by all parties.

11. **Counterparts.** This Settlement Agreement and Desist and Refrain Order may be executed in any number of counter-parts by the parties, and when each party has signed and delivered at least one such counter-part to the other party, each counter-part shall be deemed an original and taken together shall constitute one and the same Settlement Agreement and Desist and Refrain Order.

12. **Modifications and Qualified Integration.** No amendment, change or modification of this Settlement Agreement and Desist and Refrain Order shall be valid or binding to any extent unless it is in writing and signed by both of the parties.

13. **Headings and Governing Law.** The headings to the paragraphs of this Settlement Agreement and Desist and Refrain Order are inserted for convenience only and will not be deemed a part hereof or affect the construction or interpretation of the provisions hereof. This Settlement Agreement and Desist and Refrain Order shall be construed and enforced in accordance with and governed by California law.

14. **Authority For Settlement.** Advance America covenants that it possesses all necessary capacity and authority to sign and enter into this Settlement Agreement and Desist and Refrain Order. Advance America warrants and represents that it is fully entitled and duly authorized to enter into and deliver this Settlement Agreement and Desist and Refrain Order. In particular, and without limiting the generality of the foregoing, Advance America warrants and represents that it is entitled to enter into the covenants, and undertake the obligations set forth herein.

15. **Public Record.** Advance America acknowledges that this Settlement Agreement and Desist and Refrain Order is a public record.
16. Voluntary Agreement. Advance America represents and acknowledges that it is
executing this Settlement Agreement and Desist and Refrain Order completely voluntarily and
without any duress or undue influence of any kind from any source.

17. Notices. Notice shall be provided to each party at the following addresses:

If to Advance America to: Thomas Newell, General Counsel
Advance America, Cash Advance
Centers of California LLC
135 N. Church St.
Spartanburg, SC 23906

With a copy to

Lewis S. Wiener
Sutherland Asbill & Brennan
1275 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

If to the Commissioner to: Steven C. Thompson, Special Administrator
Department of Corporations
320 W. 4th Street, Suite 750
Los Angeles, CA 90013-2344

SIGN AND AGREED TO:

Dated: February 23, 2009

Preston DuPuchard
California Corporations Commissioner

By: ________________________________

Alan S. Weinger, Lead Corporations
Counsel, Department of Corporations

Dated: February 9, 2009

Advance America, Cash Advance
Centers of California LLC

By: ________________________________

Thomas Newell, General Counsel
Advance America, Cash Advance
Centers of California LLC
IT IS SO ORDERED:

Dated: February 23, 2009

PRESTON DUFACHARD
California Corporations Commissioner

By: __________________________________________
    Alan S. Weinger, Lead Corporations
    Counsel