

## **Crist Announces Settlements with Two Leasing Companies Companies held NorVergence leases**

TALLAHASSEE - Attorney General Charlie Crist today announced settlements with two leasing companies relating to business practices of the bankrupt NorVergence Corporation. Wells Fargo Financial Leasing, Inc., and Lyon Financial Services, Inc., doing business as U.S. Bancorp Business Equipment Finance Group, have agreed to terminate contracts through which Florida consumers became trapped in costly equipment and service leases originally offered by NorVergence.

Under the agreements, lease customers will be freed of all financial obligations to Wells Fargo and U.S. Bancorp beyond January 31, and will not be required to pay any late fees or penalties that have been added to their accounts since July 15, 2004. Lease customers have the option of choosing not to participate in the settlement in order to pursue their own resolution with either Wells Fargo or U.S. Bancorp.

"Hundreds of Florida small business owners were victimized by NorVergence's bogus promises, and then suffered again when leasing companies tried to collect for services the customers were not receiving," said Crist. "We are pleased that these two companies have recognized that the customers should not be penalized any further for the dubious actions of another."

The settlement agreements conclude litigation regarding the collection practices of Wells Fargo and an investigation into U.S. Bancorp stemming from contracts for services from NorVergence. The Attorney General's Office filed a complaint in October 2004 against numerous leasing companies after receiving more than 250 complaints from Floridians asserting that the leasing companies were demanding unfair payments for their contracts with NorVergence. The Attorney General's Office last month reached a settlement with Patriot Leasing Company, Inc., and litigation continues with at least 10 other leasing companies.

The separate settlement agreements require Wells Fargo and U.S. Bancorp to release customers from leases for special equipment that was supposed to provide the customers with low-cost telephone, mobile phone and high-speed Internet services. Wells Fargo and U.S. Bancorp held contracts with dozens of small Florida businesses. Under the agreements, Crist's office reserves the right for six months to inspect the leasing companies' records in order to monitor compliance.

Approximately 700 small Florida businesses agreed to contracts with NorVergence to obtain the low-cost services, and more than a dozen leasing companies purchased those contracts from NorVergence beginning in 2003. NorVergence terminated service when it went into bankruptcy, and thus did not honor its agreement to provide the telecommunications services to customers.

The key to NorVergence's promised low-cost service was a "Matrix" box, which customers would have to rent. It was later determined that the Matrix was nothing more than a commercial router that typically sells for \$500 to \$1,200, creating an unconscionably large disparity between the value of the box and lease payments that in some cases reached as high as \$1,000 per month.

After NorVergence went bankrupt, the leasing companies began demanding payments for services that were never provided. When customers missed their monthly bills, the leasing companies in some cases accelerated payments and demanded payment in full, in sums ranging from \$10,000 to more than \$90,000.

A copy of the draft Wells Fargo settlement can be viewed at:  
<http://www.myfloridalegal.com/WellsFargoSettlement.pdf>

A copy of the draft U.S. Bancorp settlement can be viewed at:  
<http://www.myfloridalegal.com/USBancorpSettlement.pdf>