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SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN DIEGO

In the Matter of the Agreed Case:
THE PEOPLE OF THE STATE OF CALIFORNIA,
and
LYON FINANCIAL SERVICES, INC., doing
business as U.S. BANCORP BUSINESS
EQUIPMENT FINANCE GROUP

No.
FINAL JUDGMENT
PURSUANT TO AGREED
CASE

The People of the State of California (hereinafter "People") are represented by Bill Lockyer, Attorney General of the State of California, by and through Howard Wayne, Deputy Attorney General. Lyon Financial Services, Inc., a Minnesota corporation which does business under the name U.S. Bancorp Business Equipment Finance Group (hereinafter "USB") is represented by Sheppard, Mullin, Richter & Hampton, LLP, by and through David McCarty.

The People and USB have submitted a controversy without action upon an Agreed Case to the Court for determination and judgment pursuant to section 1138, et seq., of the Code of Civil Procedure. The parties have agreed to submit the controversy prior to the taking of any proof and without this Final Judgment Pursuant to Agreed Case constituting evidence or an admission of any kind by USB regarding any issue set forth in the Agreed Case, without USB admitting any liability or wrongdoing, and on the express condition that this judgment will not have precedential effect.

1 The Court has examined the Agreed Case and after due deliberation determines that
2 judgment should be rendered as follows:

3 IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that:

4 1. This Court, for the purposes of entering this Order and enforcing any provision
5 hereof, has jurisdiction of the subject matter and the parties.

6 2. The provisions of this Final Judgment Pursuant to Agreed Case are applicable to
7 USB, and to the representatives, employees, successors and assignees of USB and to all persons,
8 corporations, or other entities acting by, through, under or on behalf of USB and to all persons acting
9 in concert with or participating with USB with actual or constructive knowledge of this Final
10 Judgment Pursuant to Agreed Case.

11 3. USB shall, because of the alleged injury to certain California businesses inflicted by
12 the conduct of NorVergence, afford such California businesses, subject to the terms and conditions
13 set forth below, an opportunity to be released from what USB believes to be the businesses'
14 continuing obligations under the Equipment Rental Agreements ("Rental Agreements") that those
15 businesses executed with NorVergence to obtain telecommunications equipment. These California
16 businesses shall be referred to as "NorVergence customers" or as "customers." Certain
17 NorVergence customers whose Rental Agreements were sold to USB have entered into settlement
18 agreements or releases with USB prior to the date of this Order (the "Existing Settlements").
19 Because those NorVergence customers have already been released from any continuing obligations
20 under the Rental Agreements, there is no need for USB to offer additional releases to such
21 NorVergence customers. A list of USB's NorVergence customers who have not entered into an
22 Existing Settlement, and who will be offered the opportunity to be released on the terms described
23 below, is attached as Exhibit A. In some cases, NorVergence assigned only a portion of the payment
24 stream under a Rental Agreement to USB, typically a specific number of monthly payments at the
25 beginning of a Rental Agreement's term. Each customer whose Rental Agreement was only
26 partially assigned to USB also is eligible to receive benefits of the settlement program on the terms
27 and conditions described below, but such terms and conditions shall apply only with respect to the
28 portion of the Rental Agreement assigned to USB.

1 A. Terms for accepting the opportunity to be released from the Rental Agreement:

2 1) Within thirty (30) days of the date of this Final Judgment Pursuant to Agreed
3 Case, USB shall offer each of its California NorVergence customers listed on Exhibit A the
4 opportunity to terminate and be released from its Rental Agreement on the condition that the
5 customer make all payments due on its Rental Agreement through January 31, 2005. To take
6 advantage of this opportunity, customers shall not be required to make any payment(s) for late fees,
7 penalties or equipment insurance charged after July 15, 2004. Any such payments already made but
8 not required by this Final Judgment will be refunded or credited to the customer's account by USB.
9 This offer shall be communicated by sending each customer a Notification Letter, by U.S. mail, in
10 the form attached as Exhibit B, provided however, that each customer whose Rental Agreement was
11 only partially assigned to USB shall receive a Notification Letter, by U.S. Mail, in the form attached
12 as Exhibit B-1. To take advantage of the opportunity, the customer must make the required payments
13 and must execute a mutual release that releases USB from any claim the customer may have against
14 USB in connection with the rental of NorVergence-provided equipment. The mutual release, which
15 shall appear in Exhibits C and D (for a customer whose Rental Agreements were only partially
16 assigned to USB, Exhibits C-1 and D-1), shall also provide that the customer has no further
17 obligation under the Rental Agreement to USB or to anyone who takes a Rental Agreement by
18 assignment from USB (except as set forth in Exhibits C-1 and D-1). USB shall provide the People
19 with a list of all California customers to whom the Notification Letter was sent within twenty (20)
20 days after the mailing of such letters.

21 2) USB shall afford each of its NorVergence customers listed on Exhibit A forty-
22 five (45) days from the date of mailing of the Notification Letter (Exhibits B and B-1) to accept the
23 opportunity. Acceptance shall occur by the customer signing and returning to USB the Acceptance
24 and Mutual Release in the form attached as Exhibit C (for a customer whose Rental Agreement was
25 only partially assigned to USB, Exhibit C-1), provided by USB with the Notification Letter. USB
26 shall provide the People, within fifty-five (55) days of mailing the Notification Letter, a copy of each
27 signed Acceptance and Mutual Release form returned by a customer. Any customer who accepts the
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1 Release from Rental Agreement offer shall, as a condition to the effectiveness thereof, dismiss with
2 prejudice any claims or legal action it has commenced or participated in against USB. Upon receipt
3 of all payments necessary, if any, to make the acceptance effective, USB shall dismiss with prejudice,
4 any legal action it has previously brought against any accepting customer or, in the event a judgment
5 has been taken by USB, file a satisfaction of judgment.

6 3) Each customer who accepts the offer shall elect to (a) make a lump sum payment
7 of the entire amount due; or (b) if the amount due is less than \$5,000, pay the amount due in up to
8 twelve (12) equal monthly interest-free installments; or (c) if the amount due is \$5,000 or higher, pay
9 the amount due in up to twenty-four (24) equal monthly installment payments. This Judgment does
10 not preclude USB and the customer from agreeing to mutually acceptable alternative payment terms.

11 4) If a customer who accepts the offer elects to make a lump sum payment, such
12 payment shall be due forty-five (45) days from USB's receipt of the fully executed Acceptance and
13 Mutual Release. If the customer elects to make installment payments, the first installment payment
14 shall be due no earlier than the forty-fifth (45th) day after USB's receipt of the fully executed
15 Acceptance and Mutual Release. USB shall provide a bill, on a minimum of fifteen (15) days' notice,
16 to each such customer stating the date the first installment payment is due and its amount. Any such
17 customer who elects to pay by installment may prepay the remaining balance at any time without any
18 penalty.

19 5) Upon the customer's payment of all amounts required to effectuate acceptance
20 of the opportunity to be released from the Rental Agreement, USB will notify the customer in writing
21 that the Rental Agreement has been terminated and provide the customer with a signed Release From
22 Rental Agreement in the form attached as Exhibit D (for a customer whose Rental Agreement was
23 only partially assigned to USB, Exhibit D-1).

24 6) If any customer does not accept the opportunity to be released from the Rental
25 Agreement or does not satisfy the acceptance requirements described above, USB agrees that any
26 action to enforce the Rental Agreement (other than a counterclaim in an action brought by or on
27 behalf of one or more customers) shall be brought only in California unless the customer raises an
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1 objection to such action being brought in California. USB will dismiss, without prejudice to re-filing
2 in California, all enforcement action against California NorVergence customers pending outside of
3 California (other than any counterclaims in actions brought by or on behalf of one or more
4 customers). Except as described in the two preceding sentences, this Final Judgment Pursuant to
5 Agreed Case shall have no impact on any of the terms of the Rental Agreement of any California
6 customer that does not accept the opportunity, and USB and the customer will be free to pursue all
7 of their rights and remedies under the Rental Agreement and applicable law to the fullest extent
8 permitted by applicable law. If any California customer who accepts the opportunity offered
9 hereunder breaches or fails to adhere to the terms of the settlement, the settlement will be rendered
10 null and void as to that customer and USB, and each such customer and USB will be free to pursue
11 any and all remedies under the Rental Agreement and applicable law to the fullest extent permitted
12 by applicable law, except that USB agrees that it will not institute any legal proceedings against a
13 defaulting customer in any court outside California (unless the customer interposes objection thereto,
14 and except for counterclaims to actions brought by or on behalf of the customer).

15 7) For a period of six months from the date of this Final Judgment Pursuant to
16 Agreed Case, the Attorney General may inspect USB's records as is reasonably necessary to monitor
17 compliance with this Final Judgment Pursuant to Agreed Case.

18 B. Upon approval of the Final Judgment Pursuant to Agreed Case by the Court, and
19 completion of the settlement process described in paragraph A, subdivisions 1) through 7), the
20 Attorney General agrees to close its investigation into the activities of USB in relation to any Rental
21 Agreements with California businesses purchased from NorVergence by USB relating to the rights
22 and obligations of the California businesses and USB, and further agrees that the Final Judgment
23 Pursuant to Agreed Case is a final resolution of the issues presented to the Court in the Agreed
24 Statement of Facts and Joint Affidavits Pursuant to Code of Civil Procedure, Section 1138 et seq.,
25 filed concurrently herewith.

26 C. Nothing herein shall be construed as a waiver of any private rights, causes of action
27 or remedies of any private person against USB, except as to customers who elect to take advantage
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1 of the opportunity offered hereunder. This Final Judgment Pursuant to Agreed Case does not affect
2 the rights of USB to enforce the terms of its contracts or Existing Settlements, or alter any of its
3 current business practices, other than as specifically described herein. This Final Judgment Pursuant
4 to Agreed Case may not be cited as proof or indication that any of USB's business practices violated
5 California law or regulation. Notwithstanding the foregoing, customers and any guarantors who
6 accept the opportunity to be released from the Rental Agreement shall be bound by the terms of the
7 Notification Letter, the Acceptance and Mutual Release to be executed by the customer, and the
8 Release From Rental Agreement to be executed by USB, as set forth in Exhibits B, C and D (for
9 customers who Rental Agreements were only partially assigned to USB, Exhibits B-1, C-1 and D-1),
10 respectively.

11 4. Jurisdiction is retained for the purpose of enabling any party to this Final Judgment
12 Pursuant to Agreed Case to apply to the Court at any time for such further orders and directions as
13 may be necessary or appropriate for the construction or carrying out of this Final Judgment Pursuant
14 to Agreed Case, for the modification of any or all of the provisions hereof, for the enforcement of
15 compliance herewith, and for the punishment of violations hereof.

16 5. All notices required hereunder shall be sufficient if given as follows:

17 **As to the Attorney General**

18 Howard Wayne
19 Consumer Law Section
20 Deputy Attorney General
21 P.O. Box 85266
22 San Diego, Calif. 92186-5266

23 **As to USB**

24 Lyon Financial Services, Inc.
25 c/o Joseph H. Andersen
26 Senior Vice President and Deputy General Counsel
27 U.S. Bancorp
28 U.S. Bancorp Center, BC-MN-H21R
800 Nicollet Mall
Minneapolis, MN 55401

1 6. USB has agreed to the entry of this Final Judgment solely for the purpose of settlement
2 of disputed claims and to avoid the expense, uncertainty, delay and inconvenience that would be
3 associated with continued investigation, and possible litigation, of the issues and actions being
4 resolved hereby. USB agrees to the entry of this Final Judgment without any admission that it has
5 violated the law and indeed denies the same and only agrees to the entry of this Final Judgment for
6 the purpose of settling the Attorney General's investigation of this matter. Neither this Final
7 Judgment nor any offer to any customer made pursuant hereto shall be cited or offered as proof of
8 violation of California law in any future proceeding other than for enforcement, default or breach of
9 this Final Judgment Pursuant to Agreed Statement;

10 7. This Final Judgment Pursuant to Agreed Case shall take effect immediately upon entry
11 hereon.

12 8. The clerk is ordered to enter this Final Judgment Pursuant to Agreed Case forthwith.

13 DATED: June 3, 2005

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JUDGE OF THE SUPERIOR COURT