

Leasecomm Corporation - Settlement Information

Q #1: Which government agencies participated in the settlement?

Leasecomm Corporation (“Leasecomm”) has agreed to the entry of final judgments after participating in settlement negotiations with the Attorneys General of the States of Massachusetts, Florida, Illinois, Texas, North Dakota, North Carolina, Kansas, the Federal Trade Commission (“FTC”), and the District Attorney of Ventura County, California.

These final judgments will govern Leasecomm’s conduct throughout the United States. Leasecomm is required to, and has agreed to, make certain changes in its financing contracts and debt collection practices. A copy of the FTC judgment can be viewed at:

www.ftc.gov/ro/leasecomm/index.htm

For further information about the settlements with Leasecomm, visit www.ago.state.ma.us and www.myfloridalegal.com/consumer.

Q #2: Who benefits from the Leasecomm settlement and what are the benefits?

Everyone with an ongoing Leasecomm finance contract or lease will be affected in some way by these judgments because they prohibit Leasecomm from enforcing certain contract provisions. How much you may benefit from these changes, if at all, depends on the product you leased and whether Leasecomm claims you still owe it some money. Many people with Leasecomm court judgments against them and currently subject to debt collection may also benefit.

Q #3: Leasecomm previously obtained a judgment against me and claims I still owe it money. How will this settlement help me?

If the product was leased to you as part of your purchasing a business opportunity, Leasecomm must cease further collections and file a Satisfaction of Judgment in the court where it originally got the judgment against you. The cancellation of collections should be automatic if the product you leased was a virtual terminal or software license. In addition, Leasecomm must notify the three major credit reporting agencies that you no longer owe on the judgment.

IMPORTANT NOTE: If you leased a different product from those listed above, but did so as part of purchasing a business opportunity, you are also eligible to have your judgment cancelled. For example, you may have leased a credit-card swiping machine or computer. In this case, you will have to write to Leasecomm and demonstrate that you leased the product as part of a business opportunity, rather than for your existing business.

Q #4: What do the phrases “business opportunity,” “virtual terminal” and “Satisfaction of Judgment” mean?

A “business opportunity” is a purported profit-making venture, seminar, or promotion (such as multilevel marketing programs, pyramid scheme, buyers' club, coupon-clipping program, or investment opportunity) that seeks to induce customer-lessees to make money through business or investment.

A “virtual terminal” is any intangible product, software, license, or right to access or use services, which enable customer-lessees to process credit-card transactions or account-debits on-line through the Internet.

A "Satisfaction of Judgment" is a document filed in a court indicating that a judgment has been satisfied and that no further payment on the judgment is due.

Q #5: What if a judgment was obtained against me as a result of leasing a virtual terminal or business opportunity, but Leasecomm has not provided me with a Satisfaction of Judgment?

If you leased a virtual terminal or a business opportunity, and you do not receive a Satisfaction of Judgment from Leasecomm by August 15, 2003, you should contact Leasecomm directly at: **Leasecomm Corporation, Attention: Cheri Brown, 10M Commerce Way, Woburn, Massachusetts 01801-1028** and provide evidence that you leased either a virtual terminal or business opportunity - include a copy of your lease agreement and any marketing materials that prompted you to enter the business opportunity. To ensure Leasecomm's receipt of your correspondence, send your letter with attachments by certified mail return receipt requested.

Q #6: What if Leasecomm filed a collection suit against me in a Massachusetts court and that matter is currently pending, that is, no judgment has entered?

If Leasecomm has filed a lawsuit against you personally, or against you as an individual guarantor of a corporation, and that case is pending in a Massachusetts court, Leasecomm must provide you with the opportunity to have the dispute heard in the state and county where you live, or in the county where you originally signed the lease contract. Leasecomm's obligation to do this applies regardless of the type of product leased.

Leasecomm must provide you with notice of this opportunity and permit you additional time to defend the relocated lawsuit. Leasecomm or the court will provide copies of the legal papers needed to cause the transfer to the new court. If you do not complete the papers, the case will not be transferred and Leasecomm may proceed with the suit where it is currently pending. Leasecomm may not charge you for any fees associated with the transfer.

Q #7: What additional remedies does the settlement provide to current and future customer-lessees of Leasecomm?

The settlement prohibits Leasecomm from using or enforcing two provisions that have appeared in its lease contracts. A third provision may not be enforceable, depending on specific facts.

1. With respect to all pending lawsuits and lease agreements with individuals, Leasecomm is now prohibited from enforcing provisions in its contracts which stated that the lessee may not raise any defenses, offsets, or counterclaims against Leasecomm in the event Leasecomm sues to collect money allegedly owed under the lease. In addition, Leasecomm must remove this language from future contracts.

NOTE REGARDING POTENTIAL DEFENSES: You may or may not have lawful defenses or counterclaims against Leasecomm. You may wish to consult a private lawyer for advice regarding any defenses or counterclaims you may have.

2. Leasecomm is now prohibited from enforcing provisions in its contracts which stated that any lawsuit against the customer (or person guarantying the contract) could be brought in Massachusetts. This means that if Leasecomm files a lawsuit against an individual for nonpayment, Leasecomm must file that suit in the person's county of residence or the county where the contract was signed, instead of in a Massachusetts court.

3. Your contract with Leasecomm may provide for the automatic debiting of lease payments

from a bank account. If you are currently having payments automatically debited from a personal bank account to pay Leasecomm, you now have the right to discontinue this and make your payments directly to Leasecomm. If you wish to discontinue the automatic debits, you must notify Leasecomm at **Leasecomm Corporation, Attention: Cheri Brown, 10M Commerce Way, Woburn, Massachusetts 01801-1028** and indicate how you want to make future payments. Leasecomm is required to make this change if the automatic deductions come from a personal account, but not if they come from a business account. You will not be charged for making this change unless your lease contract specifically provides that such a charge will apply.

Q #8: I entered into a lease contract with Leasecomm, I am currently making payments under the lease, and have no dispute with Leasecomm. Does this settlement provide me with any new rights?

The most important rights are explained above under Q #7 “What additional remedies . . .” In addition, the judgments require Leasecomm to notify you of certain rights before your lease term runs out. Leasecomm must notify you that you may either: (1) terminate the lease contract and return the equipment, (2) purchase the equipment, or (3) renew the contract on a month-to-month basis. Leasecomm must also provide these options under all future lease contracts where personal liability may attach under the contract.

Q #9: How can I protect my interests when entering into a business contract?

Always read the terms and conditions of any contract carefully before signing the contract. Never rely on a sales representative to summarize the terms of the contract for you, or to pressure you into signing the contract before you have had an opportunity to review all the terms carefully. If you do not understand the contract’s terms, you should consult an experienced business attorney for advice. Finally, always remember the golden rule: If a deal sounds too good to be true, it probably is.