

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

BRIAN K. COSGROVE, on behalf of himself
and all others similarly situated,

Plaintiff,

vs.

CITIZENS AUTOMOBILE FINANCE, INC.
Defendant.

CIVIL ACTION NO. 09-CV-1095(BMS)

CLASS ACTION

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

**You are entitled to receive a settlement payment and forgiveness
of debt in connection with a class action against Citizens Automobile Finance, Inc.**

A Federal court has authorized this notice.

This is not a solicitation from a lawyer.

You are not being sued.

- This settlement resolves a lawsuit over whether Citizens Automobile Finance, Inc. ("CAF") sent Pennsylvania vehicle purchasers proper notice of their rights after vehicle repossession.
- CAF denies and disputes the claims asserted in the Litigation. The settlement avoids the cost and risks to members of the class (like you) from continuing with the lawsuit, pays money to class members, releases deficiency balances, and releases CAF from liability.
- This settlement will (a) provide a gross fund of \$2,900,000.00 to be distributed to class members after payment of administrative costs and legal costs and fees, (b) release contract deficiency balances claimed due to CAF in an amount of approximately \$7,750,000.00, and (c) require CAF to request either that its credit reporting of your account be deleted or report the account balance as satisfied on covered contracts.
- The parties disagree about whether any money (and if so, how much) you could have been awarded if the Plaintiff were to prevail at trial.
- Your rights are affected whether you act or don't act. Read this notice carefully.

Your Legal Rights and Options in this Settlement:

Do Nothing	You will be paid a <i>pro rata</i> share of the net settlement proceeds of approximately \$860.00, have your entire auto repossession deficiency debt to CAF, if any, waived, and have corrections made to your credit report if the settlement is approved by the Court as presented.
Exclude Yourself	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against CAF concerning repossession or financing of your vehicle. Act by July 30, 2011.
Object	Write to the Court about why you don't like the settlement and do not want it approved. Act by July 30, 2011.
Go to a Hearing	Ask to speak in Court about the fairness of the settlement on August 18, 2011.

- These rights and options – **and the deadlines to exercise them** – are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after any appeals are resolved. Please be patient.

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BASIC INFORMATION

1. Why did I get this notice package?

The Court approved this notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it and after objections and any appeals are resolved, the Settlement Administrator will make the payments the settlement allows.

The Court in charge of the case is the United States District Court for the Eastern District of Pennsylvania and the case is known as *Brian K. Cosgrove, on behalf of himself and all others similarly situated v. Citizens Automobile Finance, Inc.*, Civil Action No. 09-CV-1095(BMS). The people who are suing are called Plaintiffs, and the company being sued, Citizens Automobile Finance, Inc., is called the Defendant, or "CAF."

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

You received one or more notices from CAF in connection with the repossession of your vehicle, between March 25, 2005 and June 20, 2011. These notices form the basis for this lawsuit.

2. What is this lawsuit about?

The lawsuit claims that CAF violated Pennsylvania's Uniform Commercial Code ("UCC") by failing to send their borrowers in Pennsylvania proper notice of their rights after repossession of their vehicle(s). Plaintiff says the notices told consumers that they would have to pay off the entire loan balance to get back their repossessed vehicle - when the contract required only payment of past-due amounts and repossession expenses to get the car back. Defendant claims the agreement made return of the vehicle without full payoff discretionary with the Bank. Defendant also argued that some Class Members released their rights or waived entitlement, among other defenses. CAF denies that it did anything wrong and contends that at all times it complied with the law. CAF further contends that many of the members of the Class owe CAF money for balances still allegedly due on their accounts following the sale of their vehicle(s) at auction.

3. Why is this a class action?

In a class action, one or more people called Class Representatives (in this case Brian Cosgrove), sue on behalf of all people who have similar claims. All these people are Class Members when grouped together and are a "Class". One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. Judge Berle M. Schiller of the United States District Court for the Eastern District of Pennsylvania, in Philadelphia, Pennsylvania is overseeing this class action. CAF has challenged whether this case should proceed as a class action and has opposed class certification during the litigation of this case, but has agreed not to oppose certification of a class for settlement purposes only.

4. Why is there a settlement?

Plaintiff believes the Class might have won more money than the settlement amount had the case gone to trial, but would not necessarily have obtained waiver of deficiency balances or modifications to credit reports and satisfaction of judgments. Also, substantial delays and risks would have occurred, including the risk of the suit not being confirmed as a class. CAF believes that the claims asserted in the case are without merit, and that the Plaintiff would have recovered nothing if there had been a trial. But, there has been no trial. Instead, both sides agreed to a settlement. That way, they avoid the cost of a trial and appeal, and the people affected will get compensation. The Class Representative and the class attorneys think the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

5. How do I know that I am part of the settlement?

The Court has preliminarily certified the following group as a Class:

All persons who entered into a Pennsylvania Retail Installment Sales Contract (RISC) for the purchase and financing of a motor vehicle; who purchased the vehicle primarily for consumer use; where the RISC was assigned to or the auto otherwise financed by Citizens Automobile Finance, Inc. (or any similar name under which Defendant did business) (“Citizens”); in which the RISC stated in part, “if the vehicle has been repossessed, you may reinstate this Contract and the vehicle will be returned to you provided you pay all past due installments ...” (“Reinstatement Right”); and, who had their vehicle(s) repossessed by or at the behest of Citizens; from March 25, 2005, and June 20, 2011, were sent a Notice of Repossession or comparable post-repossession notice of plan to sell property from Citizens (“Notice”) which stated:

“You may redeem the vehicle by paying the entire amount you owe on the Contract (not just past due payments) plus, to the extent permitted by law, the cost of taking and storing the vehicle, and other expenses that we incurred”; or

“State law may permit you to get it back (redeem) [or (re-instate)] by curing any payment or other default(s) within the time allowed in the cure notice. If state law does not permit you to cure your default(s) in this manner, you may redeem the vehicle by paying the entire amount you owe on the contract (not just past due payments)...”;

or, were sent no Notice at all.

6. Does this affect my car contract or any obligation to CAF?

Yes. As part of the settlement, CAF has agreed to release any deficiency claimed due by each Class Member under his or her auto installment sale contract following the sale of their repossessed car at auction. CAF will also report such accounts as satisfied to the credit bureaus or delete its reporting all together on covered accounts. CAF has calculated that the deficiency balance for the entire Class is \$7,750,000.00 (approximately \$3,875.00 average per Class Member). However, if you reclaimed your car after it was repossessed and it was not sold at sale or auction, you will receive a monetary payment, but the loan balance will not be satisfied and you must continue making the remaining payments on your contract.

THE SETTLEMENT BENEFITS – WHAT YOU GET

7. What does the settlement provide?

CAF has agreed to create a settlement fund in the amount of \$2,900,000.00. CAF will also waive and release any claim to deficiency balances in the aggregate amount of \$7,750,000.00 and ask the credit reporting bureaus to fix or remove their negative CAF reporting. CAF has also agreed, if the Court approves, to pay up to \$7,500.00 to Mr. Cosgrove for his services as Class Representative, which payment is over and above the settlement fund.

8. How much will my settlement benefit be?

You will receive a *pro rata* share of the total amount of settlement funds available. If fees and expenses are allowed as requested, it is expected that your cash payment will be approximately \$860.00. An additional

benefit will be a complete release from any obligation to CAF on the vehicle contract, in a sum that averages approximately \$3,875.00 per Class Member. You will not be released from your obligation if you reclaimed your car following repossession, although you will receive the cash payment. You will also benefit from a correction to your credit report.

Any settlement funds remaining from uncashed or undistributable checks or unapproved fees or costs will, subject to Court approval, be paid in equal shares to Community Legal Services of Philadelphia and Mid-Penn Legal Services based in Harrisburg.

HOW YOU GET THE BENEFITS OF THE SETTLEMENT

9. How can I get a payment or other settlement benefits?

You do not need to do anything further to get a payment, be released from a deficiency balance, obtain a credit report modification or otherwise remain in the Class. So long as you do not choose to opt-out (exclude) yourself from this case, you will remain a Class Member and will receive a payment and other benefits, after court approval of the settlement.

10. When would I get my payment?

The Court will hold a hearing on August 18, 2011 at 1:30 p.m. in Courtroom 13B, United States Courthouse, 601 Market Street, Philadelphia, Pennsylvania to decide whether to approve the settlement. If the Court approves the settlement after that, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, often more than a year. Please be patient.

11. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will stay in the Class, and that means that you can't sue, continue to sue, or be part of any other lawsuit against CAF for any claims, damages or any other amounts or relief of any kind, whether known or unknown, alleged or not alleged in the Litigation, suspected or unsuspected, contingent or vested, which the Class Representative or any Class Member has had, or now has, which were or could have been raised in the Litigation, which arise out of or relate to the Statutory Notices issued by CAF, the sale of any repossessed motor vehicles, the conditions of reinstatement and/or redemption, the collection of deficiencies allegedly owed by Class Members, the calculation, collection or payment of any balance, surplus or other amount of any kind, or the reporting of deficiency balances to any credit reporting agencies. It also means that the Court's orders will apply to you and legally bind you. Unless you "opt-out" or exclude yourself from this case, you will automatically be deemed to have agreed to a "Release of Claims" which describes exactly the legal claims that you give up if you remain in the Class.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don't want a payment or other benefits from this settlement but you want to keep the right to sue or continue to sue CAF, on your own, about any of the subjects or issues set forth in the paragraph above, then you must take steps to get out. This is called excluding yourself – or sometimes referred to as "opting out" of the Class.

12. How do I get out of the settlement?

To exclude yourself from the settlement, you must send a letter by mail (first class, postage pre-paid) saying that you, as well as any and all other person(s) signatories of the retail installment contract, want to be excluded from *Brian K. Cosgrove, on behalf of himself and all others similarly situated v. Citizens Automobile Finance, Inc.*, Civil Action No. 09-CV-1095(BMS). Be sure to include your name, address, email (if available), telephone number and your signature. You must mail your exclusion request postmarked no later than July 30, 2011 to all of three different places below:

Settlement Administrator

Cosgrove v. Citizens
 Automobile Finance, Inc.
 c/o Strategic Claims Services
 600 N. Jackson Street, Suite 3
 Media, PA 19063
 1-866-274-4004

Class Counsel

Cary L. Flitter, Esq.
 LUNDY, FLITTER, BELDECOS &
 BERGER, P.C.
 450 N. Narberth Avenue
 Narberth, PA 19072
 1-888-668-1225

Defense Counsel

Robert J. Hannen, Esq.
 THORP, REED & ARMSTRONG,
 LLP
 One Oxford Centre
 301 Grant St., 14th Fl.
 Pittsburgh, PA 15219-1425

If you ask to be excluded, you will not get any settlement payment or other relief, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit. You may be able to sue (or continue to sue) CAF in the future.

13.If I don't exclude myself, can I sue CAF for the same thing later?

No. Unless you exclude yourself, you give up any right to sue CAF for the claims that this settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from this Class to continue your own lawsuit.

14.If I exclude myself, can I get money from this settlement?

No. If you exclude yourself, you will not receive any money from this lawsuit or settlement, a release of any deficiency balance, or other relief.

THE LAWYERS REPRESENTING YOU

15.Do I have a lawyer in this case?

The Court approved Cary L. Flitter, Theodore E. Lorenz and Andrew M. Milz of the law firm of Lundy, Flitter, Beldecos & Berger, P.C., in Narberth, Pennsylvania to represent you and other Class Members. These lawyers are called Class Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire a firm at your own expense.

16.How will the lawyers be paid?

Class Counsel will ask the Court to approve a payment out of the settlement fund in the amount of \$1,250,000.00 for class counsel fees and up to \$15,000.00 for reimbursement of expenses. Class Counsel estimates this at about 11% of the value of the settlement (excluding the benefit of credit report correction). The fees would pay Class Counsel for investigating the facts, litigating the case, negotiating the settlement and oversight of future implementation of the settlement including fielding inquiries from Class Members. Class Counsel has not been paid for their time or services since this case was originally filed in March of 2009. The Court could award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the settlement or some part of it.

17.How do I tell the Court that I don't like the settlement?

If you are a Class Member, you can object to the settlement if you don't like any part of it. You should state why you object and why you think the Court should not approve the settlement. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *Cosgrove v. Citizens*

Automobile Finance, Inc., Civil Action No. 09-CV-1095(BMS). Please be sure to include your name, address, email address (if available), telephone number, your signature, and the reasons you object to the settlement. Mail the objection to all of the four different places below, postmarked no later than July 30, 2011.

Court	Class Counsel	Defense Counsel	Settlement Administrator
Clerk, U.S. District Court Room 2609 U.S. Courthouse 601 Market Street Philadelphia, PA 19106	Cary L. Flitter, Esq. LUNDY, FLITTER, BELDECOS & BERGER, P.C. 450 N. Narberth Avenue Narberth, PA 19072 1-888-668-1225	Robert J. Hannen, Esq. THORP, REED & ARMSTRONG, LLP One Oxford Centre 301 Grant St., 14 th Fl. Pittsburgh, PA 15219-1425	Cosgrove v. Citizens Automobile Finance, Inc. c/o Strategic Claims Services 600 N. Jackson Street, Suite 3 Media, PA 19063 1-866-274-4004

18. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the settlement, and that you, for that reason, want the settlement not to be approved. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you don't have to.

19. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing on August 18, 2011 at 1:30 p.m. in Courtroom 13B at the United States Courthouse, 601 Market Street, Philadelphia, Pennsylvania 19106. At this hearing, the Court will consider whether the settlement is fair, reasonable and adequate and meets the test for class action settlements. If there are objections, the Court will consider them. Judge Schiller will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay the Class Representative for his individual settlement award and Class Counsel for their services and expenses. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

20. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. But you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it, but you may. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

21. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter stating that it is your "Notice of Intention to Appear in *Cosgrove v. Citizens Automobile Finance, Inc.*" Your Notice of Intention to Appear must be postmarked no later than July 30, 2011 and be sent to the Clerk of Court, Class Counsel, Defense Counsel and Settlement Administrator, at the four addresses in Section 17 above. You cannot speak at the hearing if you exclude yourself from the settlement.

IF YOU DO NOTHING

22. What happens if I do nothing at all?

If you do nothing, you will be a part of this settlement (if the Court approves it) and will receive a settlement payment and, if you did not reclaim your car, you will also receive debt forgiveness and credit reporting relief. You will also give up the right to bring your own lawsuit.

GETTING MORE INFORMATION

23. Are there more details about the settlement?

This notice summarizes the proposed settlement. The pleadings and other records in this litigation, including a copy of the Settlement Agreement, may be examined at any time during regular office hours at the Office of the Clerk, Room 2609, United States Courthouse, 601 Market Street, Philadelphia, Pennsylvania 19106, or you may look on-line via the Pacer System at www.uscourts.gov.

You may also call or write to the following:

Settlement Administrator

**COSGROVE V. CITIZENS AUTOMOBILE FINANCE, INC.
C/O STRATEGIC CLAIMS SERVICES
600 North Jackson Street, Suite 3
Media, PA 19063
(866) 274-4004 (Toll Free)**

Please **do not** call the Court, CAF, or CAF's counsel.

Dated June 20, 2011

BY THE COURT

MICHAEL E. KUNZ, CLERK