

**CLASS ACTION SETTLEMENT AGREEMENT IN THE MATTER OF
RODOLFO HERNANDEZ ON BEHALF OF HIMSELF AND THOSE SIMILARLY
SITUATED v. ENHANCED RECOVERY COMPANY, LLC
SUPERIOR COURT OF NEW JERSEY – DOCKET NO.: MID-L-2640-12**

This Settlement Agreement memorializes the settlement negotiated between, and entered into between the Plaintiff, individually and on behalf of the class of persons defined in this Agreement, in the above referenced case, Rodolfo Hernandez (hereinafter referred to as "Plaintiff") and the Defendant, Enhanced Recovery Company, LLC (hereinafter referred to as "Defendant"). The Settlement Agreement was reached after arm's-length settlement negotiations between Plaintiff and Defendant through counsel and with the assistance of the Court via a settlement conference. Plaintiff and Defendant have agreed to settle the above referenced matter in order to avoid the uncertainty, risk, expense and interference with ongoing business operations inherent in any litigation and without any admission of liability or wrongdoing. To that end, the parties have agreed to a class action settlement with regard to a proposed Settlement Class, subject to Final Approval by the Court after Notice to the Settlement Class.

SETTLEMENT CLASS RELIEF

1. For settlement purposes only, the parties stipulate to the appointment as Class Counsel of Andrew R. Wolf, Esq., Henry P. Wolfe, Esq., Daniel I. Rubin, Esq. of the Wolf Law Firm, LLC; the appointment of Plaintiff Rodolfo Hernandez as the Class Representative; and a Settlement Class for monetary relief pursuant to New Jersey Court Rule 4:32-1(b)(3), which is defined as follows:

All New Jersey consumers who at any time during the period beginning on April 13, 2011 and ending on February 18, 2012 were sent initial collection letters from ERC or on ERC letterhead to collect a debt allegedly owed to Verizon Wireless where the letter demanded an amount due for collection fees.

Specifically excluded from the Class are any Judges presiding over this Action and members of their immediate families.

2. The settlement shall be submitted to the Court for preliminary approval of the settlement and of the class notice, and then for final approval following the mailing of such notice, The "final approval date" for the purposes of this agreement shall mean the later of: (a) 45 days after the date that the Court has entered the Final Order and Judgment if a timely objection has been filed with no appeal taken or (b) If an appeal is taken the day of final dismissal of any appeal taken or affirmance of the Final Order which is not subject to further review by any court with appellate jurisdiction over the Litigation if an objection is timely filed, or (c) the date the final approval order is filed if no objection is filed. Within 14 days after the final approval date, Defendant shall establish a settlement fund with the Settlement Administrator in the amount of \$38,700 which is approximately 70% of 1% of Defendant's net worth.

The Defendant has made representations as to its net worth as of 12/31/2011 and has provided confirmatory discovery in the form of certified answer to interrogatories that corroborates this estimate. Plaintiff has relied on Defendant's representation as to its net worth and considers same to be a material term in negotiating the terms of this Settlement Agreement.

The settlement fund shall be equally distributed by the Settlement Administrator to the members of the Settlement Class who do not timely exclude themselves from the settlement and who timely submit a claim form. For purposes of settlement discussions and this Settlement Agreement, Defendant has represented that there are 2,580 members included in the Settlement Class, in addition to the named Plaintiff. The number of Settlement Class members shall be confirmed through Defendant's certification of due diligence. Plaintiff has relied on Defendant's representation as to the number of Settlement Class members as a material term in negotiating the terms of this Settlement Agreement. Based on the Defendant's representations, if all Settlement Class Members remain in the Class Action Settlement and timely submit a claim form then each member of the Settlement Class other than the named Plaintiff will be mailed a check in the amount of \$15.00. If less than all Settlement Class Members remain in the Class Action Settlement and timely submit a claim form then each member of the Settlement Class other than the named Plaintiff will be mailed a check in an amount equal to the \$38,700.00 divided by the number of Settlement Class members who timely submit a claim form rounded down to the nearest whole cent, subject to a maximum payment. The maximum amount each Settlement Class member can receive under the settlement is \$100.00. The checks will be provided to members of the Settlement Class by the Settlement Administrator as follows:

a. Each member of the Settlement Class, other than the named Plaintiff, who has not timely excluded him- or herself from the settlement and who timely submits a claim form, shall automatically be mailed a check payable to him or her. The ultimate amount that each Settlement Class member will receive will be dependent on the total number of the Settlement Class members who timely submit a claim form divided equally into the amount deposited into the settlement fund according to the terms of this Agreement reduced to the nearest whole one cent, subject to the maximum payment. Settlement class members who timely submit a claim form shall receive a check in the minimum amount of \$15.00 and maximum amount of \$100.00. Each check, in addition to having the date it is issued printed directly on the check, will bear a notation with its actual expiration date, which shall be four months plus five days from the date the checks are mailed. If a check is reissued and re-mailed to a Settlement Class Member for any reason other than as set forth in paragraph #9, the new check shall have the initial expiration date as long as there are at least 30 days remaining from the date it is mailed until the expiration date. If less than 30 days remain until the initial check expiration date, the re-issued check shall have an expiration date of 30 days from the date it is mailed.

b. In the event: (1) a settlement check issued is not deliverable to a member of the Settlement Class; (2) a settlement check is not negotiated prior to its expiration date; or (3) amounts remain in the settlement fund due to the rounding down of settlement checks to the nearest cent (collectively, the "Unpaid Settlement Funds"), then the

Settlement Administrator shall make a *cy pres* payment in the amount of the Unpaid Settlement Funds to Central Jersey Legal Services, 317 George Street, Suite 201, New Brunswick, NJ 08901 with no restrictions on its use. In addition, if there is money left over in the settlement fund because less than 387 Settlement Class members timely submit claim forms, the balance in the settlement fund shall be distributed as follows: (1) If between and including 350 and 386 Settlement Class members timely submit claim forms, then the entire balance of the settlement fund, including the Unpaid Settlement Fund plus up to an additional \$3,700.00, shall be included in the *cy pres* payment to Central Jersey Legal Services; and (2) if less than 350 Settlement Class members timely submit claim forms, the remaining balance of the settlement fund, after making the calculation as set forth in part (1) of this provision, shall revert to defendant. The *cy pres* award, if any, and the reversion to Defendant, if any shall be made within 30 days of the last un-cashed check expiration date. The *cy pres* check, if any, shall be issued by the Settlement Administrator payable to the recipient and be provided to Class Counsel, who shall deliver it within 10 days of receipt. The reversion check, if any, shall be issued by the Settlement Administrator payable to the recipient and be provided to Defendant's counsel, who shall deliver it within 10 days of receipt.

3. Upon final approval of the Settlement, the Court will enter a final judgment that will include the dismissal of the complaint with prejudice. The final judgment will provide for a release of all claims relating to the factual allegations in the complaint covering Plaintiff and all members of the Settlement Class who have not timely opted out. The following release language shall appear in the final judgment:

As a result of the settlement that has been approved in this matter, when this judgment becomes effective upon the final approval date, Plaintiff and each Member of the Settlement Class, for themselves, their heirs, successors and assigns shall have jointly and severally remised, released, acquitted and forever discharged Defendant, including past and present partners, members, officers, directors, shareholders, employees, agents, successors and assigns of Enhanced Recovery Company, LLC of and from any and all actions, causes of action, suits, claims, defenses, covenants, controversies, agreements, promises, damages, judgments, demands, liabilities and obligations in law or in equity that Plaintiff and Members of the Settlement Class, as defined herein, asserted or could have asserted as a result of, arising out of, or in connection with the practices described in the Complaint in this action as they relate to Defendant's alleged attempts to collect unauthorized collection fees on behalf of Verizon Wireless.

The final judgment will enjoin prosecution by Plaintiff and Settlement Class members who have not timely opted out of any of the released claims.

PAYMENT OF THE SETTLEMENT, INCENTIVE PAYMENT AND ATTORNEYS'
FEES, COSTS AND EXPENSES

4. Defendant shall bear any and all costs of the Notice, claims processing and all the costs and expenses for administering the settlement including the costs of the Settlement Administrator.

5. Within 10 days after the final approval date, the Settlement Administrator shall establish a non-interest bearing escrow account from which to provide relief checks to settlement class members and ultimately from which to fund the *cy pres* award and reversion, if any. Within 14 days after the final approval date, Defendant shall fund the bank account established by the Settlement Administrator with the entire settlement amount, which shall be \$38,700. Within 21 days after the final approval date, the Settlement Administrator shall mail relief checks to all Settlement Class Members who did not timely opt-out of the settlement.

6. Plaintiff Rodolfo Hernandez shall receive a \$2,000.00 payment from Defendant which includes an incentive payment in recognition of his efforts on behalf of the Settlement Class and to resolve his individual FDCPA claims. This payment shall be made by Defendant within 10 days after the final approval date by issuance and delivering a separate check in the amount of \$2,000.00, made payable to Rodolfo Hernandez. The check shall be delivered to Andrew Wolf, Esq. at The Wolf Law Firm, LLC office in North Brunswick, NJ.

7. Subject to Court approval, Class Counsels' fees and costs shall be paid by Defendant in the amount of \$73,600., which was negotiated and agreed upon after the other terms of settlement were agreed upon. This payment includes costs and expenses, time already spent and time to be spent including finalizing the Settlement, preparing settlement documents, drafting briefs, attending hearings, responding to and defending against any objections to the settlement and monitoring of the settlement and settlement administration. The fees are in addition to the settlement benefits each Settlement Class member will be receiving and are the sole property of Class Counsel, not plaintiffs or the Settlement Class. This payment shall be made by the Defendant via check made payable to the Wolf Law Firm, LLC delivered to Andrew Wolf, Esq. at the firm's North Brunswick office within 10 days after the final approval date. The amount set forth herein does not include any time that may be spent enforcing any breach of this agreement.

The Parties agree that the amount of the attorneys' fee and cost award is not part of the substantive terms of this Settlement and will be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the Settlement.

NOTICE AND ADMINISTRATION OF CLASS ACTION SETTLEMENT

8. Subject to Court approval the parties agree that Strategic Claims Services located in Media, PA shall serve as the Settlement Administrator. No later than five (5) days¹ after the date of preliminary approval of the Settlement by the Court, Defendant shall provide the Settlement Administrator with an electronic list or database of all Settlement Class members. The electronic list or database shall include the name and last known address of each Settlement Class member and to the extent it is in the possession of the Defendant, the database provided to the Settlement

¹ If the due by date falls on a Saturday, Sunday or Legal Holiday then the due by date is extended to the next business day. This footnote applies to all deadlines throughout this agreement.

Administrator shall also include each Settlement Class Member's social security number and telephone number.

The electronic list or database of settlement class members shall be completed and given to Class Counsel, which will be subject to the Discovery Confidentiality Order, by no later than five (5) days after this agreement is signed by or on behalf of the Settlement Class and Defendant. Along with the database, Defendant shall submit to Class Counsel a detailed Certification of Due Diligence, certifying in detail how the Settlement Class was determined, how the database was prepared and attesting to its accuracy and completeness.

9. The Settlement Administrator shall format, address, print and mail the Notice, by first class United States mail, postage prepaid, to the last known address of each Settlement Class member. The agreed-upon form of notice is attached as Exhibit A. The Settlement Administrator will update the addresses of those Settlement Class members by means of the National Change of Address Databank (NCOA) maintained by the U.S. Postal Service prior to the initial mailing of the Notice **and** shall update the addresses by other reasonable methods available to the Administrator after receipt of returned undeliverable mailed Notices, reasonable methods include the use of social security numbers, telephone numbers and databases such as Accurant, Westlaw and other databases, and the preliminary approval order shall expressly permit the use of such databases. The Settlement Administrator shall also establish a website for class members to obtain additional information about the Settlement. The website address shall appear in the Notice to the Settlement Class and shall be established no later than the day Notices are initially mailed to the members of the Settlement Class and remain active until the Settlement administrator issues the *cy pres* check and reversion check, if any, set forth herein. The website shall contain this Settlement Agreement, the Notice, all orders entered by the court related to the settlement of this matter and contact information for members of the Settlement Class to call for additional information. The Settlement Administrator shall also process claim forms and format, address, print and mail the relief checks, **and** will also update the addresses of those Settlement Class members as necessary only after receipt of any returned undeliverable mailed relief checks. Relief checks that are returned undeliverable as addressed (UAA) shall be re-mailed only one additional time if a new address is found **and** without any extension of the check's expiration date except as set forth in paragraph #2 above.

The Settlement Administrator shall also provide to Class Counsel and Defendant's counsel one or more declarations stating that the Notice was deposited in the United States Mail in accordance with the terms of the Order Preliminarily Approving the Class Settlement and as required by this Settlement Agreement along with statistics on:

- how many Notices were mailed successfully;
- how many were returned as undeliverable; and
- how many were re-mailed successfully.

The Settlement Administrator shall also provide to Class Counsel and Defendant's counsel a declaration which shall state the number and identity of Settlement Class Members who the Settlement Administrator has determined to have submitted a valid and timely Request for Exclusion (opt-out).

In addition, the Settlement Administrator shall: (a) deliver to Class Counsel and to Defendant's counsel copies of any and all Requests for Exclusion that have been received by the Settlement Administrator and provide the Settlement Administrator's determinations as to whether each Request for Exclusion was timely received; (b) remove all Settlement Class members who have successfully excluded themselves from the settlement from the Settlement Class member database; and (b) notify in writing any Settlement Class Member for whom the Settlement Administrator has determined that a Request For Exclusion received from the Settlement Class Member was not timely received. This information shall also be stated in the declaration(s) referred to within.

No later than five (5) days after the Objection/Exclusion Deadline Date the Settlement Administrator shall provide Counsel for all Parties with a list (the "final opt-out list") of Settlement Class Members who have timely requested exclusion from the Settlement Class and an affidavit to be filed with the court with all of the final statistics set forth above.

If after the final opt-out list is provided to Counsel for the Parties by the Settlement Administrator, twelve percent (12%) or more members of the Settlement Class timely submit requests for exclusion from the Settlement Class, Defendant may, at its option, withdraw from this Settlement Agreement. In that event, all of the Parties' obligations under this Settlement Agreement shall cease to be of any force and effect; the certification of the Settlement Class provided in this Settlement Agreement shall be vacated without prejudice to any Parties' positions on the issue of class certification in the Lawsuit; and the Parties shall be restored to their respective litigation positions existing immediately before the execution of this Settlement Agreement. In order to elect to withdraw from this Settlement Agreement on the basis set forth in this paragraph, Defendant shall notify Class Counsel and the Court in writing of its election to do so no later than five (5) days after the final Opt-Out List has been provided to Counsel for the Parties by the Settlement Administrator.

In addition, the Settlement Administrator shall be responsible for processing claims forms and determine whether Settlement Class members timely submit claim forms and the amount that each Settlement Class member who timely submits a claim form will receive under the settlement. The Claim Form shall be included in the Notice sent to class members. It shall be prominently placed as a separate and detachable page to in the Notice. The claim form shall be pre-printed with each class member's identifying information including name, address, and class member ID number. The claim form shall prominently display the address it is to be mailed to and the date by which it must be postmarked or returned to the Settlement Administrator in order to be timely. The claim form shall also contain a space to update an address. It shall also clearly state that in order to receive relief under the settlement that all a Settlement Class member is required to do is sign the Claim Form in the space provided and mail it to the Settlement Administrator by the return date. The Claim Form shall also provide the Settlement Administrator's website for the Settlement Class member to check to see if the settlement was approved at the final fairness hearing and the scheduled date of the final fairness hearing.

No later than eight (8) days after the Claim Form return date the Settlement Administrator shall provide Counsel for all Parties with a list of all Settlement Class Members who have timely submitted claim forms and an affidavit to be filed with the court with statistics on how many claim forms were timely received and how many were received after the claim

form return date, if any. The parties shall recommend to the court that the Claim Form return date be set at the date 65 days after the Notice is initially mailed to Settlement Class members which date shall be reflected in the Preliminary Approval Order and the Class Notice.

10. Class Counsel shall prepare, subject to approval by Defendant, the content of the Preliminary Approval Order, the Notice to Settlement Class Members, the Final Approval Order, and the letter to accompany the settlement check and envelope. Any dispute over the content or wording of any settlement documents, which cannot be resolved by the parties' respective attorneys, shall be submitted to the Court for immediate resolution. The final version of the Notice is subject to Defendant's approval and Court approval.

OBJECTIONS AND REQUESTS FOR EXCLUSION

11. Individuals who fall within the definition of the Settlement Class may choose to opt out of the Settlement Class under such procedures as may be adopted by the Court, which shall be reflected in the Preliminary Approval Order and the Class Notice. Individuals who fall within the definition of the Settlement Class may also choose to object to (but not opt-out of) the settlement.

The parties shall recommend to the Court the following procedures for opting out and objecting:

Settlement Class Members who wish to opt out of this settlement must mail to the Settlement Administrator a written statement opting out of this settlement which must include: (1) the Settlement Class member's name and address, and (2) a statement that the Settlement Class member wishes to be excluded from the Settlement Class in the Hernandez v. ERC class action settlement. Such notice must be received by the Settlement Administrator no later than 5:00 pm on the date set forth in the Preliminary Approval Order and in the Settlement Class Notice. The opt-out date shall be set by the Court. The parties will suggest that the opt-out date be set 5 weeks after the Settlement Class Notice is mailed or the next business day thereafter if that day is on a weekend or holiday. (This deadline is referred to herein as the "Objection/Exclusion Deadline Date.") Any such individual who serves notice of their desire to opt out of the Settlement will receive no compensation pursuant to this Agreement and shall not release any claims. Every Settlement Class Member who does not timely opt out shall be deemed a Settlement Class Member.

Any person seeking to object to the settlement must be a Settlement Class Member and cannot therefore opt-out of the Settlement. Any objector shall notify the Court, Settlement Class Counsel and counsel for Defendant, in writing, of their intent to object to one or more of the terms of this Agreement or the Final Approval Order. Such written statement or notice must be filed with the Court and served on Settlement Class Counsel and Defendant's counsel no later than 5:00 pm on the Objection/Exclusion Deadline Date. Any such notice of objections shall include:

1. a statement of each objection being made;

2. a description of the facts and legal basis for each objection;
3. a statement of whether the objector intends to appear at the Fairness Hearing;
4. a list of witnesses whom the objector may call by live testimony, oral deposition testimony or affidavit during the Fairness Hearing; and
5. a list of exhibits which the objector may offer during the Fairness Hearing, along with copies of all of the exhibits.

Settlement Class Members who fail to file and serve timely written objections or notice of intention to appear and object in the manner specified above shall be deemed to have waived any objections and shall be foreclosed from making any objection (whether by appeal or otherwise) to this settlement

MISCELLANEOUS

12. The parties shall engage in confirmatory discovery consisting of a Certification of Due Diligence confirming the total number of the Settlement Class members during the class period. The Certification of Due Diligence shall state in detail how the Settlement Class members were determined, how the database was prepared and attest to its accuracy and completeness. Defendant shall furnish Class Counsel with the Certification of Due Diligence and supporting documents as set forth herein above. In addition, Defendant shall simultaneously submit to Class Counsel a Certification, which may be marked confidential, evidencing the Defendant's net worth, which may rely on the documents already produced subject to the Discovery Confidentiality Order. Class counsel agrees to maintain these supporting documents in their files as confidential and expressly warrants that such documents shall not be used for any other case or purpose. If the supporting documents are required to be submitted to the court for any reason, the burden will be on Defendant to prove to the Court that the information is truly confidential and should be filed under seal; however, Plaintiff shall not oppose any motion by Defendant to seal financial records. Although it is anticipated only as last resort, if the certifications submitted by Defendant are deemed to be unacceptable, incomplete or inaccurate by Class Counsel, Plaintiff may depose any person involved in the preparation of the database or the certifications. Any deposition will be limited to the issues required to be in the certifications, i.e., Defendant's net worth and/or the identity of Settlement Class members and the total number of Settlement Class members and how the database was prepared. Any disputes regarding the confirmatory discovery provided for herein shall be submitted to the Court for immediate resolution. The parties agree to abide by the Court's rulings as to such disputes.

13. The Settlement Administrator shall provide Class Counsel with one report of the number of checks cashed. The report shall be submitted to Class Counsel within 30 days after the last Settlement Class member check expiration date and shall include a cumulative report of the number of checks cashed together with the names of the persons who either cashed or did not cash their respective check or if the check was undeliverable and the amount of the *cy pres* check. The final report shall also include verification and a detailed certification confirming that the requirements of paragraph 2(b) above have been complied with.

14. Defendant denies any violation and any liability, and this settlement agreement is not an admission of liability as to any claim or of any fact alleged by Plaintiff.

15. The Parties will cooperate in seeking certification of the Settlement Class for settlement purposes under New Jersey Court Rule 4:32 and will cooperate in seeking both preliminary approval and final approval of the Settlement consistent with the terms and provisions of this Agreement.

16. Within seven (7) days after this Settlement Agreement has been executed, the Parties shall jointly request the Court to enter an Order Preliminarily Approving the terms of the settlement and Notice, setting a schedule for providing Notice to settlement class members and a date for a final approval hearing.

17. The Parties intend this Settlement to be a final and complete resolution of all disputes between them with respect to this Litigation and the Released Claims. The Settlement compromises claims that are contested and shall not be deemed an admission by any Party as to the merits of any claim. The final judgment submitted by the parties shall expressly state that no finding of liability or wrongdoing has been made against Defendant.

18. If the Court indicates, prior to making a final ruling on the Settlement, that the Settlement will not be approved unless certain changes are made, the Parties will attempt in good faith to reach agreement to those changes prior to withdrawing from this agreement. However, if no such agreement can be reached within 60 days then Plaintiff or Defendant may terminate this Agreement. If this Agreement is terminated under such circumstances, Plaintiff, Defendant, and each of the Settlement Class Members shall be deemed to be in the same position as existed prior to its execution, with the same *status quo ante* rights and interests as they may have had absent the entry by Defendant and Plaintiff into this Agreement and all other understandings and agreements between the parties and their respective counsel relating to the settlement shall be deemed to be null and void and of no force and effect. Upon termination under this paragraph, the parties will jointly notify the Court of the need to decide class certification as a contested motion.

19. If the proposed settlement does not receive the Court's final approval, final approval is reversed on appeal or the proposed settlement otherwise fails to become effective for any reason, the Court's preliminary approval of certification of the settlement Classes shall be vacated and become null and void without further Court action or Order of Court. Upon either of those events, the parties shall be placed in the *status quo ante* the settlement agreement being executed.

20. The Agreement may be amended or modified only by a written instrument executed by all Parties or their respective successors-in-interest.

21. No provisions of or breach of this Agreement may be waived except by a writing executed by or on behalf of all Parties. The waiver by any Party of any breach of this Agreement by another Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

22. Except as expressly provided in this Agreement, each of the Parties shall bear his, her or its own fees and expenses in connection with the Litigation and this Settlement. Nothing in this

Agreement shall obligate Defendant to pay any fees, costs, or expenses of any Settlement Class Member who objects to or opts out of the Settlement.

23. The Court shall retain jurisdiction to implement and enforce the Agreement and its terms, and the Parties and the Settlement Classes submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

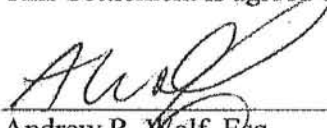
24. In any dispute between the Parties regarding the terms of this Settlement, all terms of this Agreement shall be governed and interpreted according to the substantive laws of the State of New Jersey, without reference to its conflict of law principles. This agreement shall be deemed to have been drafted equally by the parties and shall not be construed strictly against Plaintiff or Defendant.

25. This Agreement may be executed in counterparts and/or by facsimile signatures with the same force and effect as if executed in one complete document with the original signature of all parties.

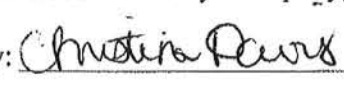
26. Counsel for the parties represent that they are authorized to enter into this Agreement with full knowledge and authority of their clients.

27. Plaintiff expressly warrants from and including the date of execution of this Agreement through and including the date of final approval there is and shall be no legal impediment to their consummation of this agreement and that they own, and will own on the date of final approval the individual claims that they are releasing.

This Settlement is agreed to be effective as of August 1, 2013, by:

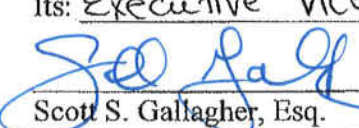

Date: August 28, 2013
Andrew R. Wolf, Esq.
The Wolf Law Firm, LLC
Attorneys for Plaintiff and the Settlement Class

Enhanced Recovery Company, LLC

By:  Date: August 28, 2013

Print name: CHRISTINA DAVIS

Its: Executive Vice President


Date: August 28, 2013
Scott S. Gallagher, Esq.
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Attorneys for Defendant