

**NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA**

**STATE OF NORTH CAROLINA  
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER  
OF INSURANCE**

**IN THE MATTER OF  
THE LICENSURE OF  
TRANSWORLD SYSTEMS INC.**

**VOLUNTARY SETTLEMENT  
AGREEMENT**

**NOW COME** Transworld Systems Inc., its officers, and the North Carolina Department of Insurance [hereinafter "Department"] and hereby enter into the following Voluntary Settlement Agreement [hereinafter "this Agreement"].

**WHEREAS**, the Department has the authority and responsibility for the enforcement of the provisions of Article 70 of Chapter 58 of the General Statutes of North Carolina applicable to collection agencies and the collection agency business; and

**WHEREAS**, Transworld Systems Inc. [hereinafter, "TSI"] is a California corporation with its principal place of business located in Horsham, Pennsylvania. TSI currently has 18 offices in 12 States in the United States and three offices in the Philippines that each hold a permit to operate as a collection agency in North Carolina issued pursuant to N.C.G.S. § 58-70-5; and

**WHEREAS**, during the period in which the purported violations alleged herein occurred, TSI was ultimately owned by Expert Global Solutions, Inc. [hereinafter, "EGS"], and was an affiliate of two other agencies named NCO Financial Systems, Inc. (a collection agency)[hereinafter "NCOF"] and Systems & Services Technologies, Inc. (a loan servicer) [hereinafter, "SST"], which were also ultimately owned by EGS. On October 31, 2014, EGS sold TSI to Aston Acquisition Corporation. Effective May 19, 2015, NCOF changed its name to EGS Financial Care, Inc.; and

**WHEREAS**, this Agreement does not constitute an admission by TSI of any fact or non-compliance with any state or federal law, rule or regulation. The acceptance of this Agreement by the Department is not acceptance or approval by the Department of any of TSI's business practices and TSI will not make any representation to that effect. TSI enters into this Agreement for settlement purposes only and denies the Department's allegations. This Agreement is made without any trial or adjudication of any issue of fact or law; and

**WHEREAS**, in April 2013, the Department began investigating alleged violations of N.C.G.S. § 58-70-115(2) by TSI after it received a written complaint from a North Carolina consumer [hereinafter, "Complainant"] indicating that on three occasions TSI separately drafted \$12.00 from her checking account in addition to a \$50.00 monthly payment on a medical bill; and

**WHEREAS**, N.C.G.S. § 58-70-115 provides, in pertinent part, that:

No collection agency shall collect or attempt to collect any debt by use of any unfair practices. Such practices include, but are not limited to, the following:

*. . . Collecting or attempting to collect from the consumer all or any part of the collection agency's fee or charge for services rendered, collecting or attempting to collect any interest or other charge, fee or expense incidental to the principal debt unless legally entitled to such fee or charge.*

N.C.G.S. § 58-70-115(2)(Emphasis added); and

**WHEREAS**, the term "consumer" is defined under N.C.G.S. § 58-70-90(2) as "an individual, aggregation of individuals, corporation, company, association, or partnership that has incurred a debt or alleged debt;" and

**WHEREAS**, N.C.G.S. § 58-70-130(c) provides that "The specific and general provisions of Part 3 of this Article shall constitute unfair or deceptive acts or practices proscribed herein or by N.C.G.S. § 75-1.1 in the area of commerce regulated thereby . . .;" and

**WHEREAS**, the Department alleges that N.C.G.S. § 58-70-115(2) prohibits collection agencies from assessing or collecting convenience fees. On June 14, 2013, the Department informed Mayas Erickson, TSI's Assistant Corporate Secretary of Regulatory Affairs, of the Department's position that N.C.G.S. § 58-70-115(2) prohibits collection agencies from assessing or collecting convenience fees. Ms. Erickson then informed the Department that TSI voluntarily ceased charging convenience fees to North Carolina consumers; and

**WHEREAS**, in July 2013, counsel for TSI provided the Department with a copy of NCOF's debt collectors training manual [hereinafter, "Manual"] used by TSI's debt collectors. The Manual provided TSI's policy regarding the assessment of convenience fees; and

**WHEREAS**, in August 2013, counsel provided the Department with an analysis detailing its position that convenience fees do not violate N.C.G.S. § 58-70-115. The Department disagreed; and

**WHEREAS**, while denied by TSI, the Department alleges that TSI made fraudulent, deceptive or misleading representations to the Complainant in violation of N.C.G.S. § 58-70-110, which provides, in pertinent part, that "No collection agency shall collect or attempt to collect a debt . . . by any fraudulent, deceptive or misleading representation"; and

**WHEREAS**, TSI represents that subject to certain limited mistakes that have since been corrected, TSI voluntarily ceased charging convenience fees for check or credit card/debit card payments processed over the telephone or for online payments processed through their computer collection systems for consumers that reside in North Carolina effective May 27, 2013; and

**WHEREAS**, in September 2013, an officer of TSI provided a verified response to the Department's August 1, 2013 request which included convenience fee reports outlining convenience fees which TSI charged and collected from North Carolina consumers; and

**WHEREAS**, while self-reported and confirmed to the Department as a system error by TSI, after May 27, 2013, TSI mistakenly accepted pre-arranged convenience fees totaling \$8,454.00; and

**WHEREAS**, while denied by TSI, the Department alleges that TSI committed unfair practices in violation of N.C.G.S. § 58-70-115(2) by collecting convenience fees from North Carolina consumers. Again, while denied by TSI, the Department also alleges that TSI did not offer those consumers an alternative method of making payments without incurring a convenience fee; and

**WHEREAS**, based upon the information which TSI has provided to the Department regarding the convenience fees which it collected from North Carolina consumers and the representations which TSI has made to the Department regarding those fees, the Department agrees not to pursue other regulatory action against TSI for those prior alleged violations of N.C.G.S. § 58-70-115(2) in consideration of TSI's agreement to the terms stated in this Agreement; and

**WHEREAS**, TSI and its officers agree to permanently cease and desist collecting convenience fees or any other fees from North Carolina consumers which are prohibited by N.C.G.S. § 58-70-115(2) or any other applicable laws; and

**WHEREAS**, TSI agrees to pay a civil penalty of one hundred sixty three thousand four hundred ten dollars (\$163,410.00) for its alleged violations of N.C.G.S. § 58-70-115(2); and

**WHEREAS**, the Department requested, and TSI have further agreed, to promptly and fully reimburse all convenience fees collected from any North Carolina consumer from whom TSI collected convenience fees between August 1, 2010 to March 31, 2014 upon receipt of a written request from the consumer for such refund made within one year of the execution of this Agreement; and

**WHEREAS**, pursuant to N.C.G.S. § 58-2-70(g), the Commissioner of Insurance and the Department have the express authority to negotiate "a mutually acceptable agreement with any person as to the status of the person's license or certificate or as to any civil penalty or restitution"; and

WHEREAS, the parties to this Agreement have reached a mutually agreeable resolution of this matter as set out in this Agreement.

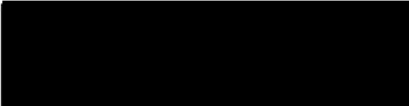
NOW THEREFORE, in consideration of the promises and agreements set out herein, the Department, TSI and its officers hereby agree to the following:

1. Immediately upon signing this agreement, TSI shall pay a civil penalty of one hundred sixty three thousand four hundred ten dollars (\$163,410.00) to the Department. The form of payment shall be via wire transfer, certified check, cashier's check or money order. The wire transfer, check or money order for the payment shall be payable to the "North Carolina Department of Insurance." TSI shall remit payment or confirmation of payment by certified mail, return receipt requested, to the Department along with a copy of this signed agreement. The civil penalty and the signed Agreement must be received by the Department no later than September 15, 2015. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. TSI and its officers shall permanently cease and desist from collecting any convenience fees or other fees from North Carolina consumers prohibited by N.C.G.S. § 58-70-115(2) or any other applicable laws, and shall otherwise comply with all provisions of Article 70 of Chapter 58 of the General Statutes of North Carolina and Title 11 of the North Carolina Administrative Code that are applicable to TSI.
3. TSI shall promptly and fully reimburse all convenience fees collected from any North Carolina consumer from whom TSI collected fees between August 1, 2010 through March 31, 2014 upon receipt of a written request from the consumer for such refund made within one year of the execution of this Agreement. TSI shall track all refunds made to North Carolina consumers pursuant to this agreement and provide a list of the names, dates and amounts reimbursed to North Carolina residents within 14 months of the execution of this Agreement.
4. This Agreement shall be binding upon TSI, its officers, agents, subsidiaries and subdivisions, as well as its successors and assigns. Only ¶ 3 of this Agreement shall be binding upon purchasers of all or substantially all of TSI's assets.
5. Except relating to the convenience fee issues being resolved by this agreement, this Agreement does not in any way affect the Department's disciplinary power in any future or follow-up examination of TSI, or in any cases or complaints involving the TSI. In the event that TSI fails to comply with this Agreement or otherwise fails to comply with the laws and rules applicable to TSI, the Department may take any administrative or legal action it is authorized to take.
6. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner of Insurance. TSI understands that

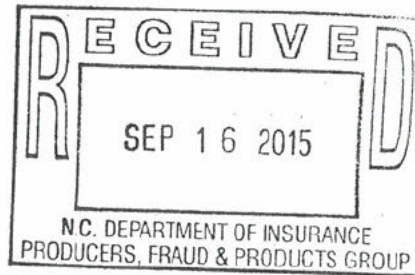
N.C.G.S. § 58-70-40(c)(6) provides that a collection agency's permit may be revoked if a partner or proprietor or officer of the collection agency has violated or refused to comply with an Order of the Commissioner.

7. TSI enters into this Agreement freely and voluntarily and with knowledge of its' right to have an administrative hearing on this matter. TSI has consulted with an attorney prior to entering into this Agreement.
8. This Agreement, when finalized will be a public record and will not be treated as confidential. Any and all permits issued by the Department to TSI shall reflect that Regulatory Action has been taken against those permits following the execution of this Agreement. The Department may disclose the contents of this Agreement to third parties upon request or pursuant to any law or policy providing for such disclosure.
9. This Agreement shall become effective when signed by the parties.
10. By signing below, TSI and its officers agree to comply with all of the terms of this Agreement.


**North Carolina Department of Insurance**

By:   
Angela K. Ford  
Senior Deputy Commissioner

Date: 9/16/15




**Transworld Systems Inc.**

By:   
Joseph Laughlin  
as President and Chief Executive Officer  
of TSI

Date: 10-SEPT-2015

**Transworld Systems Inc.**

By:   
Eva Kalawski  
as Vice President and Secretary of TSI

Date: September 9, 2015

Transworld Systems Inc.

By: 

Mary Ann Sigler  
As Vice President and Treasurer of TSI

Date: 9-9-15