

# Exhibit 1

UNITED STATES OF AMERICA  
Before the  
CONSUMER FINANCIAL PROTECTION BUREAU

ADMINISTRATIVE PROCEEDING  
File No. 2015-CFPB-0029

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In the Matter of:	)	DECLARATION OF
	)	CHRISTOPHER
INTEGRITY ADVANCE, LLC	)	ALBANESE
and	)	
JAMES R. CARNES,	)	
	)	
Respondents.	)	
	)	

---

**DECLARATION OF CHRISTOPHER ALBANESE  
PURSUANT TO 28 U.S.C. § 1746**

I, Christopher Albanese, hereby declare and state as follows:

1. My name is Christopher Albanese. I am a citizen of the United States and am over eighteen (18) years of age. The following facts are known to me personally and, if called as a witness, I could and would competently testify thereto.

2. I am employed by the Consumer Financial Protection Bureau (“Bureau”) as an investigator with the Office of Enforcement within the Bureau in Washington, D.C., and have been so employed since February 2013. I was previously employed as a Special Agent with the United States Secret Service (“USSS”) for approximately eight and one-half years. Prior to being employed with the USSS, I was a State Investigator with the New Jersey Attorney General’s Office, Division of Consumer Affairs, for approximately four years. I am a

graduate of the Criminal Investigator Training Program of the Federal Law Enforcement Training Center in Glynco, Georgia, and the USSS Special Agent Training Course. I have received extensive training in criminal investigation procedures and criminal law. I also attended and graduated from the New Jersey Division of Consumer Affairs State Investigator Training Program. In 2000, I received a Bachelor of Science in the Administration of Justice from Rutgers University.

3. I am currently assigned to the Bureau's Office of Enforcement and my responsibilities include the investigation and enforcement of violations of the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act and other federal consumer protection laws. I have planned, organized, and conducted a wide range of investigations related to violations of consumer protection laws and regulations. I have examined, analyzed and collected evidence, and preserved its chain of custody.

4. On May 18, 2016, and May 23, 2016, I spoke telephonically to E. Quinn Miller, Investigative Supervisor in the Office of the State Bank Commissioner of Delaware.

5. Investigative Supervisor Miller stated she did not specifically remember reviewing Integrity Advance's license application but that her Office followed the same standard procedure for all businesses seeking to obtain a lending license in the State of Delaware.

6. Investigative Supervisor Miller stated that prior to issuing any license, her Office would request that the business provide two or three samples of Truth in Lending Act ("TILA") disclosures. She added her Office would have made this request to Integrity Advance.

7. Investigative Supervisor Miller stated that her Office takes the TILA disclosure amounts supplied by the business and inputs them into an Annual

Percentage Rate (“APR”) calculation program used by the Office of the Comptroller of the Currency (“OCC”). She continued that if the OCC program didn’t produce the exact same APR results as disclosed by the business it would become a factor in withholding the issuance of a license. She added her Office did not review TILA compliance beyond the APR calculation check.

8. Investigative Supervisor Miller stated that mathematical TILA compliance was one of the factors in either granting or denying the issuance of a license. She further stated that her Office only checked for this type of TILA compliance during the business’ initial license request and did not re-check for TILA compliance when the business renewed its license.

9. Investigative Supervisor Miller stated that TILA was a federal law and that it was not the job of a state agency to ensure businesses were TILA compliant.

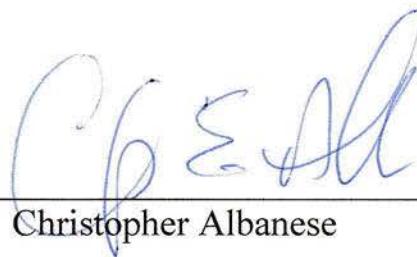
10. Investigative Supervisor Miller stated that she was familiar with the Electronic Funds Transfer Act but did not check licensees for compliance with this law.

11. Investigative Supervisor Miller said: “Except for TILA I never looked at or used other federal laws.”

12. Investigative Supervisor Miller stated that she was familiar with laws prohibiting unfair and deceptive conduct, but did not check licensees for compliance with these laws.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 25, 2016.



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Christopher Albanese

# Exhibit 2

**UNITED STATES OF AMERICA  
Before the  
CONSUMER FINANCIAL PROTECTION BUREAU**

**ADMINISTRATIVE PROCEEDING**  
**File No. 2015-CFPB-0029**

**In the Matter of:**

**INTEGRITY ADVANCE, LLC and  
JAMES R. CARNES,**

## **Respondents.**

**DECLARATION OF  
ROBERT J. HUGHES**

## **DECLARATION OF ROBERT J. HUGHES**

## District of Columbia:

I, Robert J. Hughes, hereby declare and state as follows:

1. I am employed by the Consumer Financial Protection Bureau (“CFPB”) as a Data Scientist in the CFPB Office of Technology and Innovation in Washington, DC. The following reflects an analysis that I performed based on a dataset provided by Integrity Advance and if called as a witness, I would competently testify thereto.
  2. As part of my job, I perform numeric analysis for Enforcement investigations at the CFPB. I have been assigned to work on the Bureau’s administrative proceeding against Integrity Advance, LLC and James R. Carnes.

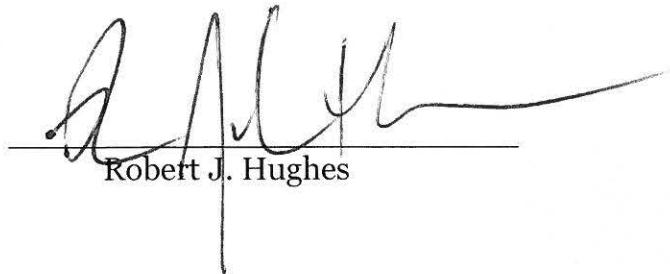
3. Respondents' dataset demonstrates that Integrity Advance originated 1271 loans after December 31, 2012.
4. Respondents' dataset demonstrates that July 9, 2013 was the last date that Integrity Advance processed a payment transaction for a loan.
5. Respondents' dataset demonstrates that May 13, 2013 was the last date on which Integrity Advance originated a loan.

Explanation of Analysis

6. I performed this analysis entirely in SQL based on the dataset provided by Respondents.
7. I confined my analysis to loans which were observable in the dataset provided by Respondents that contained at least one transaction record.
8. I relied on two primary source documents for interpreting the fields in the dataset: the data dictionary provided by Integrity Advance ( INTEG036035-036037), and the TransDotCom Loan Management System Operations Manual (CFPB038354-038369)
9. I have used the term "loan" above to refer to the sequence of repayments and renewals made against an original loan application number.
10. When counting payment transactions, I have included only records that:
  - a. had a Payment Mode field of ACH, Cash, or Check;
  - b. were designated as NSF Payment, Charge Off Payment, or Standard Payment type; and
  - c. were marked as Cleared.
11. I have assumed that loans originate at the time of the first transaction.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Executed on May 25, 2016.



A handwritten signature in black ink, appearing to read "Robert J. Hughes". The signature is fluid and cursive, with a prominent 'R' at the beginning. It is positioned above a thin horizontal line.

# Exhibit 3



PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS

**Steven L. Beshear**  
Governor

1025 Capital Center Drive, Suite 200  
Frankfort, KY 40601  
Phone: (502) 573-3390  
Fax: (502) 573-8787  
[www.kfi.ky.gov](http://www.kfi.ky.gov)

**Robert D. Vance**  
Secretary

**Charles Vice**  
Commissioner

December 8, 2011

Integrity Advance, LLC  
300 Creek View Road, Suite 102  
Newark, DE 19711

RE: [REDACTED] Williamsburg, KY.

To Whom It May Concern:

To protect citizens of the Commonwealth of Kentucky, the Department of Financial Institutions is responsible for regulating and examining deferred deposit service businesses and check cashing to ensure compliance with all statutory requirements. This charge can be found in Chapter 286 of the Kentucky Revised Statutes, applicable administrative regulations, and relevant interpretative authority.

Recently, it was discovered that your company, Integrity Advance, LLC, who you are trying to collect funds, seeks to advertise its online payday loan service as being available in Kentucky and presumably conduct business in the Commonwealth. Our records do not reveal that you have obtained the proper authority from this Department to conduct such activities. It is unlawful to engage in check cashing services without a license in the Commonwealth. See Ky. Rev. Stat. 286.9-020. This provision specifically states that “[e]xcept as provided in KRS 286.9-030, no person shall engage in the business of cashing checks or accepting deferred deposit transactions for a fee or other consideration without having first obtained a license. A separate license shall be required for each location from which the business of cashing checks or accepting deferred deposit transactions is conducted.”

Not only is it unlawful to make payday loans without a license, because your activities are conducted online, there are no physical locations available for you to comply with many of the applicable requirements under our laws. If you do have a physical location available for licensure, please advise us in writing immediately. Until it is appropriately licensed by the Department, Integrity Advance, LLC must cease and desist conducting any online payday lending in the Commonwealth of Kentucky. Please be advised that the Department possesses a range of administrative authority in addressing violations of Chapter 286.9 including license revocation or denial. In addition, violations of this Chapter could subject Integrity Advance, LLC, to criminal penalties including fines and imprisonment. Ky. Rev. Stat. 286.9-990.

Integrity Advance LLC

December 8, 2011

Page 2

Should you wish to establish a physical location and obtain a proper license, you may contact our agency for additional information. If you have questions or wish to discuss these matters further, please contact me at (502) 573-3390, Ext. 226.

Sincerely,

  
Andrea "Andie" Cubert  
Consumer Complaints Investigator III/Ombudsman  
Division of Non-Depository Financial Institutions

cc: [REDACTED]

# Exhibit 4



# The State of South Carolina

## Board of Financial Institutions

Consumer Finance Division

1205 Pendleton Street, Suite 306  
Columbia, S.C. 29201

JIM COPELAND  
INTERIM COMMISSIONER

GAYLE FLETCHER  
ASSISTANT COMMISSIONER

TELEPHONE: (803) 734-2020  
FAX: (803) 734-2025

May 30, 2012

Integrity Advance  
300 Creek View Road, Ste. 102  
Newark, Delaware 19711

RE: Third and Final Request for Response

To Whom It May Concern:

It has come to the attention of the South Carolina Board of Financial Institutions that the aforementioned company has issued advances/ loans via the internet, loans to South Carolina consumers. Pursuant to the South Carolina Consumer Protection Code (Title37), you have not been authorized to conduct business. Reference is made to the following sections:

Title 37, Chapter 3, Section 305  
Title 37, Chapter 3, Section 501 (1) (2) (3) & (4)  
Title 37, Chapter 3, Section 502 (1) & (2)  
Title 37, Chapter 3, Section 503 (1 - 8)  
Title 37, Chapter 6, Section 117 (J)

Pursuant to the South Carolina Consumer Finance Act, please reference the following section:

Title 34, Chapter 29, Section 20, 40, 120 and 220

This company is not a licensed lender in South Carolina and is not authorized to operate as a foreign corporation by the South Carolina Secretary of State. The South Carolina Board of Financial Institutions respectfully requests the following **ACTION**:

- (1) Immediately cease all collection efforts to South Carolina borrowers.
- (2) Rebate to the South Carolina consumer all interest charged and/or collected.
- (3) Submit a list of ALL South Carolina borrowers to: **South Carolina Board of Financial Institutions, Consumer Finance Division, 1205 Pendleton Street, Suite 306, Columbia, SC 29201.**

The response to the above-listed actions will be expected by 6/10/2012. If the requested response is not received, action will be taken pursuant to Title 34-39-220;230;240.

Sincerely,

James L. Copeland  
Interim Commissioner



# The State of South Carolina

## Board of Financial Institutions

Consumer Finance Division

1205 Pendleton Street, Suite 306  
Columbia, S.C. 29201

JIM COPELAND

INTERIM COMMISSIONER

GAYLE FLETCHER

ASSISTANT COMMISSIONER

TELEPHONE: (803) 734-2020  
FAX: (803) 734-2025

May 25, 2012

Intergrity Cash Advance / aka iadvancecash.com  
300 Creek View Road, Suite 102  
Newark, Delaware 19711

Dear Legal / Licensing Department

Enclosed / attached is a consumer complaint the SC Board of Financial Institutions has received from the SC Department of Consumer Affairs, other state or federal agency or directly from the consumer.

Our responsibility as a licensing and regulatory agency is to investigate the complaint to assure that as a lender there have not been compliance issues with any state or federal lending statutes / guidelines. We ask that all collection, interest accrual and any other action be suspended on the account until the complaint is resolved.

Your responsibility is to provide our agency with a written response, possible solutions, **copy of application, contract (current & last renewed) with all applicable disclosures, closing documents, all payment and collection history, any legal notices sent to the borrower and any other supporting documentation that supports your response and / or solution.**

We also ask that you supply our office with copies of the proper licensing and Secretary of State filing authorizing your company at the proper physical and or internet address to do this type of business and charge these interest rates or fees in South Carolina.

We ask that you supply all of this information in a timely manner as indicated on the fax cover sheet (within 15 days). Please do not hesitate to contact me or Sally Estes with any questions at 803-734-2020.

Sincerely,

Jim Copeland  
Interim Commissioner

Enclosure(s)



**The State of South Carolina**  
**Department of Consumer Affairs**

2221 DEVINE STREET, STE 200  
 PO BOX 5757  
 COLUMBIA, SC 29250-5757

Carri Grube Lybarker  
 Administrator

*Celebrating Over 35 Years of Public Service*

March 21, 2012

Commissioners	David Campbell
Chair	Columbia
Johnny E. Sosebee	Vice Chair
Piedmont	Mark Hammond
Clifford Ray Keasler	Secretary of State
Myrtle Beach	Columbia
Terrell A. Parrish	Piedmont
Greer	Clifford Ray Keasler
Magaly P. Penn	Myrtle Beach
Simpsonville	Terrell A. Parrish

Mr. Jim Copeland, Commissioner  
 Consumer Finance Division  
 Board of Financial Institutions  
 P. O. Box 11905  
 Columbia, SC 29211

RE: Complaint No. 12-00922-C4, INTEGRITY ADVANCE

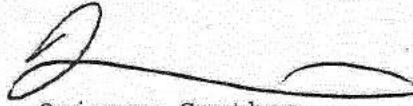
Dear Mr. Copeland:

Based upon our evaluation of the allegations made in the above referenced complaint, it appears the business is a licensed lender. Therefore, we have enclosed a copy of the complaint for your review and whatever actions you deem appropriate.

Please send us any written suggestions, comments, or actions you may take regarding this situation. We have placed the complaint in a pending status until we hear from you.

Thank you for your assistance in this matter.

Sincerely,

  
 Quianna Couthen  
 Complaint Analyst I  
 803-734-2771

Enclosure  
 cc:



**RECEIVED**

MAR 23 2012

STATE BOARD OF  
 FINANCIAL INSTITUTIONS  
 CONSUMER FINANCE DIVISION

INTEGRITY ADVANCE

300 CREEKVIEW RD STE 102  
 NEWARK DE 19711

ADMINISTRATOR  
 803-734-4233  
 ACCOUNTING  
 803-734-4264  
 Fax: 803-734-4299

PUBLIC INFORMATION  
 803-734-4296  
 Fax: 803-734-4229

E-Mail: [SCDCA@SCCONSUMER.GOV](mailto:SCDCA@SCCONSUMER.GOV)  
 Website: [WWW.SCCONSUMER.GOV](http://WWW.SCCONSUMER.GOV)

CONSUMER ADVOCACY  
 803-734-4200  
 Fax: 803-734-4287

Toll Free in SC: 800-922-1594  
 Voice/TT: 800-735-2905

ENFORCEMENT/  
 INVESTIGATORS  
 803-734-4236  
 Fax: 803-734-4287

CONSUMER COMPLAINTS  
 803-734-4200  
 Fax: 803-734-4286

INTEG008923  
 CFPB034325

[REDACTED] has successfully registered a complaint.

\*\*\*\*\*  
CUSTOMER INFORMATION

## COMPANY OR ORGANIZATION INFORMATION

Integrity Cash Advance  
300 Creek View Road Suite 102  
Newark, Delaware 19711  
United States

MAR 23 2012

RECEIVED

STATE BOARD OF  
FINANCIAL INSTITUTIONS  
CONSUMER FINANCE DIVISION  
U.S. DEPARTMENT OF FINANCIAL SERVICES

Person they spoke with: Would not give a name  
Business Contact Number: 8005056073  
Business Email Address:  
[info@iadvancecash.com](mailto:info@iadvancecash.com)  
Business Web Site: [www.iadvancecash.com](http://www.iadvancecash.com)

RECEIVED

COMPLAINT INFORMATION:  
Date Received: March 5, 2012

COMPLAINT NUMBER \_\_\_\_\_ Assigned by Agency

MAR 06 2012  
DEPT. OF CONSUMER  
AFFAIRS

## Complaint

When in desperate need, I turned to Integrity Cash Advance for help. Being so desperate I accepted the terms. My only complaint at this time is that they will not give me any information about my loan. I called to ask how many more payments and the reply was "until the loan is paid" I just want to know how many more payments I have so that I can plan accordingly. I know the amount of the loan, although some of the information is vague. Most loans will give you a payoff date. Thank you in advance for any help that you may provide. My loan was for 500.00 amount to be paid back was 650.00 at an interest rate of 1216.67% APR. I make 150.00 payments every 2 weeks. The first payment was on 12/21/2011 for a total of 6 payments totaling 850.00. The last payment made was 200.00 on 02/29/2012. I feel that I have surpassed my obligation. ANNUAL PERCENTAGE RATE The cost of your credit as a yearlyrate.1216.67% FINANCE CHARGE The dollar amount the credit will cost you. \$150.00 Amount Financed The amount of credit provided to you or on your behalf. \$500.00 Total of Payments The amount you will have paid after you have made all payments as scheduled. \$650.00 Security: You are giving a security interest in the ACH Authorization. Prepayment: If you pay off early, you will be entitled to a refund of the unearned portion of the finance charge. See the terms of the Loan Agreement below for any additional information about nonpayment, default, and prepayment refunds. Itemization of Amount Financed: Amount given to you directly: \$500.00. Amount paid on Loan#: 54164431 with us: \$650.00. PAYMENT OPTIONS: You must select your payment option at least three (3) business days prior to your Payment Due Date by contacting us at (800) 505-8722; 6073. At that time, you may choose: (a) Payment in full: You may pay the Total of Payments shown above, plus any accrued fees, to satisfy your loan in full. When you contact us and choose this option, we will debit Your Bank Account (defined below in the ACH Authorization) for the Total of Payments plus any accrued fees, in accordance with the ACH Authorization below; OR (b) Renewal: You may renew your loan (that is, extend the Payment Due Date of your loan until your next Pay Date\*) by authorizing us to debit Your Bank Account for the amount of the Finance Charge, plus any accrued fees. If you choose this option, your new Payment Due Date will be your next Pay Date, and the rest of the terms of the Loan Agreement will continue to apply.\* The term "Pay Date," as used in this Loan Agreement, refers to the next time following the Payment Due Date, that you receive regular wages or salary from your employer. Because Renewals are for at least fourteen (14) days, if you are paid weekly, your loan will not be renewed until the next Pay Date that is at least fourteen days after the prior Payment Due Date. AUTO&#8722;RENEWAL: If you fail to contact us to confirm your Payment Option at least three (3) business days prior to any Payment Due Date, or otherwise fail to pay the loan in full on any Pay Date, Lender may automatically renew your loan as described under (b) above, and debit Your Bank Account on the Payment Due Date or thereafter for the Finance Charge and any accrued fees. Your new Payment Due Date will be your next Pay Date, and the rest of the terms of the Loan Agreement

will continue 2015 CFPB-0029 contact us at least three (3) business days prior to your new Payment Due Date to confirm your payment option for the Renewal. If you fail to contact us, or otherwise fail to pay the loan in full on your new Payment Due Date, we may automatically renew the loan until your next Pay Date. After your initial loan payment, you may obtain up to four (4) Renewals. All terms of the Loan Agreement continue to apply to Renewals. All Renewals are subject to Lender's approval. Under Delaware law, if you qualify, we may allow you to enter into up to four (4) Renewals, also known as a "refinancing" or a "rollover". The full outstanding balance shall be due upon completion of the term of all Renewals, unless you qualify for Auto&#8722;Workout, as described below.

**AUTO&#8722;WORKOUT:** Unless you contact us to confirm your option for Payment in Full prior to your Fourth Renewal Payment Due Date, your loan will automatically be placed into an Auto&#8722;Workout payment plan. Under the Auto&#8722;Workout payment plan, Your Bank Account will automatically be debited on your Pay Date for accrued finance charges plus a principal payment of \$50.00, until all amounts owed hereunder are paid in full. This does not limit any of Lender's other rights under the terms of the Loan Agreement. All Auto&#8722;Workout payment plans are subject to Lender's approval.

**DISBURSEMENT:** In order to complete your transaction with us, you must electronically sign the Loan Agreement by clicking the "I Agree" button at the end of the Loan Agreement, as well as all other "I Agree" buttons that appear within the Loan Agreement and related documents that appear below. We will then approve or deny your application and the Loan Agreement. If the Loan Agreement is approved, we will use commercially reasonable efforts to affect a credit entry by depositing the proceeds from the Loan Agreement into Your Bank Account on the Disbursement Date. Unavoidable delays as a result of bank holidays, the processing schedule of your individual bank, the untimely receipt of pay stubs, if such pay stubs are required, inadvertent processing errors, "acts of God", and/or "acts of terror" may extend the time for the deposit. You will have the option of rescinding the loan and this Loan Agreement in accordance with the "RESCISSON" provision listed below, which describes, among other things, the time and manner within which notice of rescission must be given to be effective. Failure to give such notice as and when set out in the "RESCISSON" provision will be deemed to constitute acceptance by you of the delayed disbursement date.

**YOUR PROMISE TO PAY:** You promise to pay us the Total of Payments according to the terms of our disclosures set forth below on the Payment Due Date and all other amounts owed to us under the Loan Agreement. You grant us a security interest in your ACH Authorization (defined below) in the amount of the Total of Payments which we may negotiate on the Payment Due Date or thereafter. All payments will be applied first to interest and fees and then to principal. Both the amount of interest charged and rate thereof are set forth respectively in the Finance Charge and Annual Percentage Rate disclosures in the Loan Agreement. Pursuant to the ACH Authorization, you have directed us to initiate one or more ECheck/ACH (collectively "ACH") automatic credit debit entries to Your Bank Account for the amounts owed to us under the Loan Agreement on the Payment Due Date or thereafter and for certain fees that may be assessed in the event of dishonor when presentation is made to your bank on your ACH Authorization.

**CONSENT TO ELECTRONIC COMMUNICATIONS :** The following terms and conditions govern electronic communications in connection with the Loan Agreement and the transaction evidenced hereby (the "Consent"). By electronically signing the Loan Agreement by clicking the "I AGREE" button and entering your name below, you are confirming that you have agreed to the terms and conditions of the Consent and that you have downloaded or printed a copy of this Consent for your records. You agree that: Any disclosure, notice, record or other type of information that is provided to you in connection with your transaction with us, including but not limited to, the Loan Agreement, this Consent, the Truth in Lending disclosures set forth above, change&#8722;in&#8722;term notices, fee and transaction information, statements, delayed disbursement letters, notices of adverse action, state mandated.

Thank You

**Desired Settlement:**

To know when my loan will be satisfied. If it is satisfied, please stop taking the payments from my account.

They answered yes or no to the following Questions:

Contacted Business: yes

Received any Reply from the Business: no

Filed with any Consumer Protection Agency: no

Filed with Better Business Bureau: no

Retained Legal Counsel: no

Do they have Support Documentation: yes

**RECEIVED**

MAR 23 2012

STATE BOARD OF  
FINANCIAL INSTITUTIONS  
CONSUMER FINANCE DIVISION

# Exhibit 5

## Complaint ID #: 8196578

### Business Information

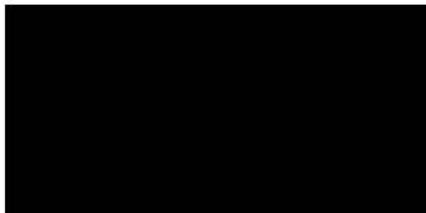
**Integrity Advance LLC**  
300 Creek View Road Suite 102  
Newark , DE 19711

**Business ID:** 32000124

NEW CASTLE

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### Consumer Information



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### Complaint Details

**Date Filed:** 5/28/2010

**Nature of the Complaint:** Customer Service Issues

**Consumer's Original Complaint:**

I contacted this company on 1/22/2010 and was approved for a payday advance (Loan # 37522819) for \$500 with a financing charge of \$150 (totaling \$650). I was told by the customer service rep via phone that the loan would be paid back through debit from my checking account in increments of \$150 until paid in FULL. I contacted the company via phone on 2/24/10 (as outlined in my contract) to authorize them to PAY the loan IN FULL before the 3/08/2010 debit. On 5/24/2010 I noticed on my bank statement a recent debit from Integrity Advance on 5/21/2010 in the amount of \$185.00. I began to investigate and found several (5) debits in varying amounts had been made AFTER my phone call was placed. I IMMEDIATELY phoned the company and they denied my claim that I requested to have the loan paid in full back in March via phone. The customer service rep kept referring to my contract as if it would justify these debits and the fact I followed through with what I was supposed to do outlined in my loan contract before 3/05/10. I once AGAIN agreed to pay the premium in full this time with a credit card and WITH CONFIRMATION to put a stop to this activity. I paid \$372.11 on 5/24/10 and received confirmation via email later that day that my payment was received. I am ONLY disputing the additional \$1,027 in fees racked up on my account after the fact beyond the \$675 (loan premium/fees/insufficient funds charge). My account has been charged a grand total of \$1,330 on a \$650 loan. I am a consumer that has NEVER had an issue with paying what I rightfully owe nor choose to waste my time to file a BBB report but, after having dealt with

such dishonest, cunning, and predatory practices from a business that has the nerve to call themselves "Integrity"... I have to say something.

**Consumer's Desired Resolution:**

I would like to be refunded the additional \$1,027.00 charged to my account beyond the \$675 (\$500 loan premium, \$150 finance fee, \$25 Insufficient funds fee)

**Business/Consumer Responses:**

# Exhibit 6

## Complaint ID #: 8111118

### Business Information

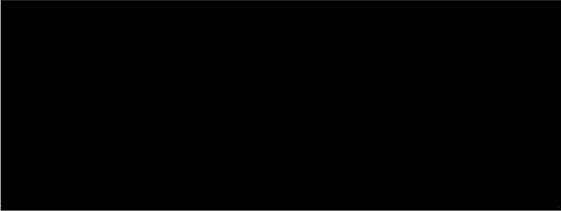
**Integrity Advance LLC**  
300 Creek View Road Suite 102  
Newark , DE 19711

**Business ID:** 32000124

NEW CASTLE

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### Consumer Information



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### Complaint Details

**Date Filed:** 2/20/2010

**Nature of the Complaint:** Billing or Collection Issues

**Consumer's Original Complaint:**

After taking a loan out with this company for emergency purposes I was advised to call within three days of the billing date to have the full amount and service charges to be taken out of my checking account. After I did so, I was never given the name of the person I was talking to or a confirmation number, I was simply told that it was noted in my account. On the billing date only the service charge was taken out. Upon calling the company I was told that there was no such notation on my account and that they would rectify it by charging me an additional service charge. Their resolution to my complaint was that I had to come up with the name of the individual I had spoken to. As I had no way to do that, it would be impossible. So here I am stuck with these charges. To take advantage of people in an emergency is dispicable and truly UNETHICAL!

**Consumer's Desired Resolution:**

To have this company change their policies and to stop taking advantage of those who turn to their services in emergency and desperation as they advertise.

**Business/Consumer Responses:**

# Exhibit 7

## Complaint ID #: 8531386

### Business Information

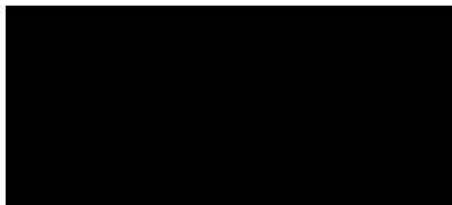
**Integrity Advance LLC**  
300 Creek View Road Suite 102  
Newark , DE 19711

**Business ID:** 32000124

NEW CASTLE

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### Consumer Information



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### Complaint Details

**Date Filed:** 3/13/2011

**Nature of the Complaint:** Billing or Collection Issues

**Consumer's Original Complaint:**

In 2009, iadvancecash aka Integrity Advance LLC deposited \$300 in my checking account. I was never contacted by any representative regarding the details of this cash deposit. For several months, Integrity Advance LLC continued to deduct \$90 from my checking account every two weeks despite my constant effort to stop withdrawals. When I finally managed to close my checking account, Integrity Advance LLC had already collected \$845.00 on a \$300.00 cash deposit! I have tried to contact customer service regarding this issue, and the only reply I receive is that my account has been sent to collections. Since I am a New Jersey resident, all Internet payday lending is illegal in my state. Since I have already repaid the principal amount that was deposited in my account, I am demanding that this company issue me a refund for the \$545.00 that I have overpaid, as well as mark this account as paid in full.

**Consumer's Desired Resolution:**

Refund for overpayment of \$545.00 and account marked PIF.

**Business/Consumer Responses:**

# Exhibit 8

## Complaint ID #: 7176125

### Business Information

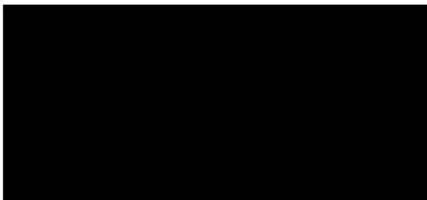
**Integrity Advance LLC**  
300 Creek View Road Suite 102  
Newark , DE 19711

**Business ID:** 32000124

NEW CASTLE

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### Consumer Information



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### Complaint Details

**Date Filed:** 10/30/2008

**Nature of the Complaint:** Service Issues

**Consumer's Original Complaint:**

On Sunday, 10/26/2008, I filled out an online application for a cash advance from this company, because i found myself in a must need of funds situation. I was informed by said company that funds would be transferred to my account with 2 business days from the date of the application. 5 days has passed and i haven't received anything from this company. I also have not received any correspondence from them. No phone call, nor email. I tried calling and no answer. I have a copy of said contract/loan agreement, if needed.

**Consumer's Desired Resolution:**

i want the loan they promised.

## Business/Consumer Responses:

11/12/2008  
[REDACTED]

I do not accept the response made by the business to resolve this complaint

Better Business Bureau:

I have reviewed the response made by the business in reference to complaint ID 7176125, and have determined that this does not resolve my complaint. For your reference, details of the offer I reviewed appear below.

[To assist us in bringing this matter to a close, we would like to know your view on the matter.]

I received an email informing me that due to my credit history, i was not getting the loan. I was not informed that a credit check would be performed prior to receiving my loan, and i was told i was approved of said loan.

Regards,  
[REDACTED]

---

# Exhibit 9

## Complaint ID #: 8085643

### Business Information

**Integrity Advance LLC**  
300 Creek View Road Suite 102  
Newark , DE 19711

**Business ID:** 32000124

NEW CASTLE

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### Consumer Information



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### Complaint Details

**Date Filed:** 1/22/2010

**Nature of the Complaint:** Sales Issues

**Consumer's Original Complaint:**

I took out a payday loan from Integrity Advance in the amount of 250.00 with an obligation to a pay a fee for that loan of about 50.00. The loan and fee was to be debited from my bank account the following payday. The company, instead, withdrew the money in small and varied increments, never the same amount. each debit they made they charged \$65.00 in fee, amounting to nearly three times the original amount of the loan. They never contacted me, never left any message, nor mailed any document.

**Consumer's Desired Resolution:**

I want half of the fees paid returned. Very reasonable. Next stop, State Attorney General

**Business/Consumer Responses:**

# Exhibit 10

## Complaint ID #: 7849613

### Business Information

**Integrity Advance LLC**  
300 Creek View Road Suite 102  
Newark , DE 19711

**Business ID:** 32000124

NEW CASTLE

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### Consumer Information



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### Complaint Details

**Date Filed:** 4/17/2009

**Nature of the Complaint:** Billing or Collection Issues

**Consumer's Original Complaint:**

I took out a loan with integrity advance early on this year (in late jan early feb 2009). It was verbally explained and the contract i viewed stated that the loan would be for 300.00 dollars with a finance charge of an additional 90.00 for a total of 390. Which will be made in 4 payment of 90.00 and there would be a 1 time 50.00 dollar charge. So i agreed to this loan. after the the payment started i called the company after the second payment to see when the last one was going to be. They informed me that i would ahve to pay the total of 390.00 or make several payments of 140.00( 90.for finance and 50 which would deducted from the 300.00 until it was pay off). so i expressed you will be getting over 1000. by the end of the loan for a loan of 300. They replied yes with you applied for the loan. On april 14th the company was pay a total of 505.00. which is more than the loan itself with out and notification of them doing that.

**Consumer's Desired Resolution:**

A REFUND OF THE OVERDRAFT THAT WAS CAUSED BY THEM MAKING A WITHDRAWAL AND NOT NOTIFYING ME.\$ 356.00 THANK YOU

## Business/Consumer Responses:

05/14/2009  
[REDACTED]

I do not accept the response made by the business to resolve this complaint.

Better Business Bureau:

I have reviewed the response made by the business in reference to complaint ID 7849613, and have determined that this does not resolve my complaint. For your reference, details of the offer I reviewed appear below.

[To assist us in bringing this matter to a close, we would like to know your view on the matter.]

Regards,

[REDACTED]

I had 505.00 taken out of my account without notice. it overdrew my account. I was not aware of these actions.

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# Exhibit 11

## Complaint ID #: 7476067

### Business Information

**Integrity Advance LLC**  
300 Creek View Road Suite 102  
Newark , DE 19711

**Business ID:** 32000124

NEW CASTLE

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### Consumer Information

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### Complaint Details

**Date Filed:** 1/13/2009

**Nature of the Complaint:** Product Issues

**Consumer's Original Complaint:**

On October 24, 2008 I found myself in a desperate financial situation that caused me to turn to a quick loan company, Integrity Advance, LLC. I was able to get a loan on the spot for \$350 which was to be direct deposited into my checking account. I was told that the principle on the money was \$105. (\$30 for each \$100 and \$15 for the \$50). The payment arrangement was that the initial payment of \$105 would be withdrawn directly out of my checking account then \$50 to be withdrawn at each pay period until the loan is satisfied. To date Integrity Advance, LLC has withdrawn approximately \$630 out of my account and I am told that I still have a balance of \$280. How can that be??? My concern at this point is a question of being scammed and how I can get my money back. I contacted my attorney who informed me that these types of companies are illegal and was advised to file this complaint immediately. I also made some modifications to my checking account so that there would be no more monies withdrawn from my account. This whole episode that I thought was going to help me in my desperate time, has turned out to be a financial nightmare. Please help!

**Consumer's Desired Resolution:**

Because more money than I borrowed was taken from me and because it is an illegal operation, I would like to be compensated for the amount that I paid above the amount that I originally borrowed. I would also like to be compensated for the stress of trying to resolve this whole ugly

matter. I would also like to see these companies put out of business so that this does not happen to anyone else who is in a desperate situation like me who turns for help.

## Business/Consumer Responses:

01/23/2009  
[REDACTED]

I do not accept the response made by the business to resolve this complaint.

Better Business Bureau:

I have reviewed the response made by the business in reference to complaint ID 7476067, and have determined that this does not resolve my complaint. For your reference, details of the offer I reviewed appear below.

[To assist us in bringing this matter to a close, we would like to know your view on the matter.]

Regards,

[REDACTED]  
Since the transactions were illegal, I would like the return of my money and discontinue any further EFT's.

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# Exhibit 12

## Complaint ID #: 8207967

### Business Information

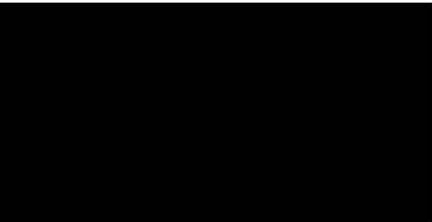
**Integrity Advance LLC**  
300 Creek View Road Suite 102  
Newark , DE 19711  
8005056073

**Business ID:** 32000124

NEW CASTLE

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### Consumer Information



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### Complaint Details

**Date Filed:** 6/11/2010

**Nature of the Complaint:** Billing or Collection Issues

**Consumer's Original Complaint:**

May 2010 I made a loan with Integrity Advance for \$400. I asked about any additional charges and was told it would be \$120, which would make the total \$520. I was told they would take a payment of \$120 out of my account starting on 05/14/10 and continue until paid off. I was ok with this, I asked several times about additional charges and told the lady I did not want if any other additional charges. She assured me this was not the case and it would be the \$520. She said if I wanted to pay it off earlier I could call or go online to change the arrangements or pay it in full, I told her that would be fine to take the \$120. On 05/14/10 the drafted my checking account for \$120, on 05/28/10 they drafted for \$120 and today, 06/11/10 they drafted for \$120. I tried each time to find this company online to view/inquire about my account and no site was available to do this so after the 3rd deduction I called to get my balance to pay it off and was told the balance was \$520 and I would have to pay \$170 before I could start paying off the balance. I could not believe this! I asked about the three payments already drafted from my account and was told that was INTEREST. I told her it was payments, she said no, it was interest. I told her that was not what i was told and that money should be applied to my loan. She said I had to call them to make a payment, I then asked why they asked for my bank information and drafted my account? She again told me this was FINANCE CHARGES. I told her that was a rip-off and that was not the case and I had been trying to pull up my account online like I was told I could and was unable and would not even had called if I

hadn't already had three payments out of my account and wanted the balance of the loan. They have drafted my account for \$360 for a \$520 loan with the charge for the loan and tell me I owe them \$520 and had to pay them \$170 before I could even pay on the loan. THIS IS A RIP OFF.....PLEASE ASSIST.....

**Consumer's Desired Resolution:**

I would like the \$360 drafted from my checking account applied to the loan, the loan amount to be the \$520 as I was told and to be able to pay off the balance without having to pay them additional monies to pay off a loan.

**Business/Consumer Responses:**

# Exhibit 13



**SUBJECT TO PROTECTIVE ORDER IN 2015-CFPB-0029**

Transcript of **Manoj Hastak, Ph.D.**

**Date:** March 11, 2016

**Case:** Integrity Advance, LLC and James R. Carnes, In the matter of

Planet Depos  
Phone: 888-433-3767  
Fax: 888-503-3767  
Email: [transcripts@planetdepos.com](mailto:transcripts@planetdepos.com)  
Internet: [<www.planetdepos.com>](http://www.planetdepos.com)



2

1                   Deposition of MANOJ HASTAK, PH.D., held at the  
2 offices of:

3                   VENABLE LLP  
4                   575 Seventh Street, Northwest  
5                   Washington, D.C. 20004  
6                   (20) 344-4000

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Pursuant to Notice, before Karen Young,

Notary Public of the District of Columbia.

1 A P P E A R A N C E S

2 ON BEHALF OF THE CONSUMER

3 FINANCIAL PROTECTION BOARD:

4 WENDY J. WEINBERG, ESQUIRE

5 VIVIAN W. CHUM, ESQUIRE

6 ALUSHEYI J. WHEELER, ESQUIRE

7 CONSUMER FINANCIAL PROTECTION BUREAU

8 1700 G Street, Northwest

9 Washington, D.C. 20006-4702

10 (202) 435-7688

11

12

13

14

15

16

17

18

19

20

21

22

1 ON BEHALF OF INTEGRITY ADVANCE, LLC and

2 JAMES R. CARNES:

3 ALLYSON B. BAKER, ESQUIRE

4 PETER FRECHETTE, ESQUIRE

5 VENABLE LLP

6 575 Seventh Street, Northwest

7 Washington, D.C. 20004

8 (202) 344-4000

9

10 HILLARY S. PROFITA, ESQUIRE

11 VENABLE LLP

12 Rockefeller Center

13 1270 Avenue of the Americas

14 New York, New York 10020

15 (212) 307-5500

16

17

18

19

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1 Q Okay, great, thank you. "In other words,  
2 borrowers could incorrectly infer that choosing this  
3 option does not change their total payment amount."

4 A Right.

5 Q What is your basis for making that  
6 statement?

7 A That is simply based on an analysis of this  
8 sentence, which I highlight earlier, if you choose  
9 this option, your new payment due date will be your  
10 next pay date and the rest of the terms of the loan  
11 agreement will continue to apply. In my reading of  
12 the loan agreement, one interpretation of these terms  
13 are the costs that are highlighted in the TIL box.  
14 Those are the only specific costs that are provided  
15 to the consumer. So one possible interpretation of  
16 this sentence is nothing really changes in terms of  
17 the terms and conditions of these loans other than  
18 your pay date, the date when the loan is due will  
19 change. That's one possible interpretation.

20 Q And that interpretation, or one possible  
21 interpretation is one that you derive not from  
22 speaking with any customer of Integrity Advance.

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1           A     No, I didn't talk to any customers of  
2     Integrity Advance, but I should say that I have  
3     looked at some of the complaints that customers had  
4     submitted, and at least in my reading, several  
5     customers seem to have this misperception that their  
6     total payment would be the amount that was in the TIL  
7     box.

8                   So I knew that at least some customers, and  
9     I don't know how many, but at least some customers  
10    were taking away the message that whether they  
11    chose a single payment option or a multiple payment  
12    option, and these customers I'm talking about had a  
13    multiple payment option, that they thought the total  
14    payment would be the same. So this is consistent  
15    with that information.

16           Q     So you -- how many customer complaints as  
17    you understand that term did you review in connection  
18    with preparing this report?

19           A     I sampled through them fairly randomly, and  
20    I must have looked at about 50 or so.

21           Q     Fifty?

22           A     Yeah.

1 Q And of the 50 that you looked at, how many  
2 concerned this particular issue that you just  
3 described?

4 A I don't have an actual number. It was --  
5 it was quite a few, but -- it was more than one, but  
6 I don't -- I don't have a number.

7 Q Okay, so you said it was quite a few. Is  
8 that fair to say it was ten?

9 A Could have been.

10 Q More than ten?

11 MS. WEINBERG: If you don't -- if you don't  
12 know, don't speculate.

13 A I just don't recall.

14 Q Okay. Do you have an understanding as to  
15 how many total customers Integrity Advance had at any  
16 point in time?

17 A I know I was shown a number. I believe  
18 it's tens of thousands.

19 Q And -- and that's the total during the  
20 duration of the company's existence. That's your  
21 understanding?

22 A May have been more than that, but yeah, it

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1 was in the tens of thousands, is my understanding.

2 Q Do you have an understanding as to how many  
3 unique transactions there were total during the time  
4 of Integrity Advance's operations?

5 A I don't have a number in mind, but it's  
6 going to be of that or significantly larger  
7 magnitude.

8 Q Okay.

9 A It's going to be more than the number of  
10 customers.

11 Q Other than looking at customer complaints,  
12 what's the basis for the statement that you make, in  
13 other words, borrowers could incorrectly infer?

14 A So let me clarify, I'm not relying on the  
15 customer complaints to make this inference. I'm just  
16 saying it's consistent with this. The basis for this  
17 inference is very simple. It's simply reading the  
18 sentence and trying to understand it as an English  
19 sentence. So I read it and I say when somebody says  
20 the rest of the terms of the loan agreement will  
21 continue to apply, I'm looking at it and thinking I  
22 could well interpret this -- a consumer could well

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1 interpret this as meaning that the terms and  
2 conditions that have been set forth in the loan  
3 agreement will apply, and one of the terms that's  
4 stated in the loan agreement is the cost in the TIL  
5 box, so that's something that consumers could take as  
6 possibly applying.

7 Q I want to make sure I understand, but it's  
8 -- it's your testimony that you didn't rely on an  
9 understanding that customers had in writing this  
10 sentence.

11 A No, I have -- certainly didn't talk to any  
12 customers, and I didn't rely on the complaints  
13 either. The complaints simply validated the  
14 possibility that people may have made this inference.

15 Q Why did you not rely on the complaints?

16 A Well, the complaints are not  
17 representatives of the customers of Integrity  
18 Advance, and so they're just a small sampling of  
19 individuals who had a problem with Integrity Advance,  
20 so I don't take that as -- I don't take that as  
21 representative in any way of what a -- what a typical  
22 consumer, if you will, might -- might take.

1 Q So it says, "Rather, the figures appear to  
2 be based upon single-payment loans. My understanding  
3 is that most consumers did not have such loans. In  
4 sum, it is not clear what the data in these tables  
5 are and how they relate to loan costs based on  
6 different repayment schedules." Specifically as to  
7 that last sentence, what is the basis of your  
8 statement there? And by the last sentence, I mean  
9 the sentence starting with, "In sum."

10 A "In sum," okay. So what I'm saying there  
11 is I'm not clear what the data in these tables are.  
12 I can try to guess or figure out what they are, but I  
13 find them really confusing, and it's not clear to me  
14 how these data are related to the types of loans that  
15 consumers actually had. My understanding again is a  
16 majority of consumers paid off their loans over  
17 multiple installments, and it's not clear how these  
18 data, if at all, how these data relate to the costs  
19 that those consumers will incur. That's what I'm  
20 trying to say.

21 Q And again, did you -- your understanding,  
22 but did you test that understanding?

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1                   THE WITNESS: Maybe we should go to the  
2 exhibit.

3                   MS. WEINBERG: Are you talking about the --

4 BY MS. BAKER:

5                   Q        You're talking about page 9 of your expert  
6 report?

7                   MS. WEINBERG: Of the report, not the  
8 exhibit.

9 BY MS. BAKER:

10                  Q        That's right, okay. Page 9 of the expert  
11 report, which has an excerpt of what appears to be  
12 called VIP customer fees; is that right? Is that  
13 what you're referring to?

14                  A        That, and there's a table -- it's two  
15 tables really. The other one is standard loan fees.  
16 The headline is -- is abutting the previous table.

17                  Q        I see. So both tables of data are what  
18 you're referring to when you say that you understand  
19 this to be confusing.

20                  A        Yes.

21                  Q        And when you say it's confusing, what is  
22 the basis for your confusion, or put another way,

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1 what is -- what is the basis for that statement?

2 A Well, the basis is that I spent a fair  
3 amount of time trying to understand this table,  
4 because it was the first and really the only place in  
5 the loan agreement other than the TIL box where there  
6 was some quantitative cost information, and so I was  
7 quite interested in seeing if there was anything in  
8 this disclosure that might have value to consumers  
9 that consumers could understand and that could help  
10 qualify what is in the TIL box, and I couldn't.

11 I mean, I had a really hard time doing  
12 that. The more I looked at it, the more it looked  
13 like the more obvious conclusions are clearly wrong,  
14 and that's what I state in my analysis. So yeah, I  
15 had trouble with it. I don't think -- in my opinion,  
16 this is not very clear. If it's trying to  
17 communicate something to consumers, it's not clear to  
18 me what it is.

19 Q You didn't assess what a customer, an  
20 Integrity Advance customer's understanding of this  
21 data would be, did you?

22 A No, again, as I said, I didn't test the

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1 loan was renewed.

2 A No, I don't know that.

3 Q And so if there were instances where  
4 customers did not pay additional fees, would it be  
5 correct to then use the phrase "will accrue"?

6 A If it was the case that for some customers,  
7 there were no additional fees or costs, then "will  
8 accrue" would be wrong. "May accrue" would be --  
9 would be correct.

10 Q You said earlier that in your -- your  
11 understanding of customer complaints was that they  
12 were not representative of Integrity Advance  
13 customers. Do you recall that testimony?

14 A Yes.

15 Q Why do you believe that to be the case?

16 A Because there is a very small fraction of  
17 customers who complain, and so while complaints  
18 provide useful information, you can't generalize from  
19 the complaints to the entire customer base. Customer  
20 -- complainers are not a random sample, if you will,  
21 of all the customers of any company.

22 Q What's the basis for that statement that

# Exhibit 14

**EXPERT REPORT OF DR. NATHAN NOVEMSKY**

**I. QUALIFICATIONS.**

1. I am a Professor of Marketing at the School of Management, Yale University. I also have an affiliated appointment as a Professor of Psychology at the Department of Psychology, Yale University. A copy of my curriculum vitae, which includes a complete list of my publications, is attached as Appendix A. I hold a Ph.D. and Master's degree in Psychology from Princeton University, and a Bachelor's degree from Wesleyan University in Psychology, Math and Physics.

2. My field of expertise is consumer decision making, consumer experiences, consumer information processing, marketing research, and consumer psychology. Most of my research has focused on buyers' purchasing behavior, the effect of available information and product characteristics (such as brand name, price, and features), consumer's beliefs and attitudes, and marketing activities (such as promotions, advertising) on buying decisions and on consumer experiences.

3. At Yale University I have taught MBA and executive MBA courses on Marketing Management, covering such topics as buyer behavior, developing marketing strategies, building brand equity, advertising, sales promotions, and retailing. I also taught an MBA course Consumer Behavior, focusing on all aspects of how consumers make decisions and how information and marketing activities influence consumers' decisions and experiences. I have taught an MBA course applying Behavioral Science to decision making. In addition, I have guided and supervised many MBA student teams in their work on company and industry projects dealing with a variety of markets.

4. I have taught several doctoral courses on Behavioral Decision Making, one focusing on Judgment and one focusing on Choice. I also have taught in various executive education programs, including a program I jointly developed that applies Behavioral Science to marketing activities and marketing research.

about taking out a loan, but more specifically it would dissuade consumers from getting loans from Integrity Advance. As with his other ideas, there exist competing ideas that might apply in this particular context. For instance, it could be that consumers find the loan renewal option, despite its costs, not to be a deterrent to accepting Integrity Advance's offering. Indeed, there are several observations that support this idea. The first such observation involves the decision to renew the loan. Before making that decision consumers receive more disclosures about the cost of renewal. Customers receive a welcome e-mail (See Appendix B), a reminder e-mail (Appendix C) and they receive a phone call from Integrity Advance.

26. Customers receive a welcome e-mail once their loan is approved. The welcome e-mail (Appendix B) describes the three payment options available to customers and how to execute each option, including renewal as one of the options. They are also reminded that they can choose to pay off the loan at any time. This information is prominent within the email message and constitutes the majority of the information contained in that message. This information is repeated in a reminder e-mail that is sent shortly before the first payment due date. These two email messages clearly bear on customer's knowledge at the time they choose to renew their loan.

27. Customers also receive a phone call from Integrity Advance. During that call, consumers had the opportunity to ask any questions they had about costs of the loan including renewal costs. If there were confused about renewal costs after examining the loan agreement, this phone call would have been an opportunity to clear up those confusions.

28. Dr. Hastak provides no analysis of these e-mail messages or the phone call despite his own acknowledgment that the phone call could have facilitated consumers' understanding of the renewal costs. *See Hastak Dep. 93:9-20.*

29. There are two possible beliefs consumers can hold when facing the renewal decision. First, they might correctly believe that extending the duration of the loan