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APR 26 2006
PATRICIA A. NOLAND
CLERK, SUPERIOR COURT

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Attorneys for Petitioner

ARIZONA SUPERIOR COURT

COUNTY OF PIMA

In the Matter of:

POPULAR LEASING U.S.A., INC.

Respondent.

No. C20062246

APPROVAL OF ASSURANCE OF
DISCONTINUANCE

DEBORAH BERNINI

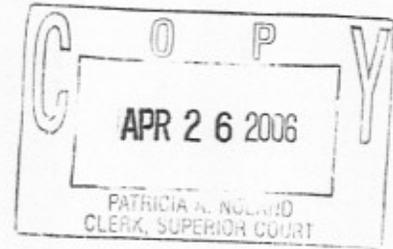
Pursuant to Arizona Revised Statutes §44-1530, the attached Assurance of
Discontinuance is approved by the Superior Court of the State of Arizona.

DATED this 26 day of April, 2006.



JUDGE OF SUPERIOR COURT

APR 26 2006



1 TERRY GODDARD
2 Attorney General
3 Firm Bar No. 14000

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12 Attorneys for Petitioner

13 ARIZONA SUPERIOR COURT
14 COUNTY OF PIMA

15 In the Matter of:

16 POPULAR LEASING U.S.A., INC.,
17 Respondent.

No. **C20062246**

ASSURANCE OF DISCONTINUANCE

DEBORAH BERNINI

18 Pursuant to Arizona Revised Statutes §44-1530, the State of Arizona and Popular
19 Leasing U.S.A., Inc., agree as follows:

- 20 1. This Assurance of Discontinuance ("Assurance") is entered into by the Arizona
21 Attorney General and the Respondent, Popular Leasing U.S.A., Inc. ("Popular
22 Leasing"), a Delaware corporation.
- 23 2. Popular Leasing is a leasing company which purchased and holds the NorVergence
24 Equipment Rental Agreements ("Rental Agreements") of the customers of
25 NorVergence, Inc. ("NorVergence"), in Arizona. An "Arizona Customer" is any
26 Popular Leasing customer in Arizona with a NorVergence Rental Agreement.
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APR 26 2006

BACKGROUND

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3. This Assurance follows an inquiry by the Arizona Attorney General into Popular Leasing's business dealings with NorVergence and Popular Leasing's efforts to collect on or enforce the Rental Agreements against Arizona Customers.

NORVERGENCE'S ALLEGEDLY FRAUDULENT BUSINESS SCHEME

4. The Attorney General has reason to believe and therefore alleges the following. NorVergence's sales representatives misrepresented the nature of NorVergence's offer to Arizona Customers, including, but not limited to, that: NorVergence could lower a potential customer's monthly expenses for telephone service, high speed Internet service, and wireless telephone service by installing a Matrix box, NorVergence could eliminate all per-minute charges for telephone service, high-speed Internet service, and wireless telephone service using special state of the art "voice as data" technology contained in the Matrix box, and that in the event NorVergence went out of business, customers' telecommunications service would not be interrupted.

5. In fact:
- a. The Matrix box is either a T1 box, which has nothing to do with cellular service, or a firewall/router, which has nothing to do with landline telephone service or cellular service;
 - b. The Matrix box has an estimated retail value of \$400 to \$1,500;
 - c. NorVergence crafted the transactions in such a way that the majority of the 60 month contract monthly payment was contained in an "Equipment Rental Agreement", purportedly for the cost of the Matrix box;
 - d. NorVergence failed to clearly and conspicuously disclose material terms and conditions of the Rental Agreements;

- 1 e. NorVergence immediately assigned its Rental Agreements to various finance
2 companies, including Popular Leasing, or caused its customers to execute
3 Rental Agreements with other different finance companies;
4 f. If NorVergence went out of business, it had no arrangements to provide
5 telecommunications services to its customers; and
6 g. Shortly after NorVergence's creditors forced the company into bankruptcy on
7 June 30, 2004, NorVergence ceased providing telecommunications services to
8 all of its customers.
9

10 POPULAR LEASING'S INVOLVEMENT WITH THE NOVERGENCE

11 AGREEMENTS

- 12 6. In many cases, shortly after NorVergence executed the Rental Agreements with its
13 customers, NorVergence assigned the agreements to finance companies, including
14 Popular Leasing. In some cases, NorVergence assigned only a portion of the payment
15 stream under a Rental Agreement to a finance company.
16
17 7. Popular Leasing sent monthly invoices to Arizona Customers regarding NorVergence
18 Rental Agreements in its portfolio and accepted Arizona Customers' payments.

19 THE ATTORNEY GENERAL'S ALLEGATIONS

- 20 8. NorVergence fraudulently induced Arizona Customers to sign NorVergence
21 agreements based upon false representations and/or material omissions.
22
23 9. Popular Leasing knew or should have known of the alleged fraud perpetrated by
24 NorVergence and is not entitled to collect from its Arizona Customers.

25 POPULAR LEASING'S POSITION

- 26 10. Popular Leasing denies that it knew or should have known of any alleged fraud by
27 NorVergence. Popular Leasing asserts that it is not legally responsible for
28 NorVergence's alleged fraud, and further contends that the Arizona Customers'

1 Rental Agreements remain fully enforceable according to their terms despite any
2 improper conduct by NorVergence.

3 11. Popular Leasing expressly denies that it engaged in any unlawful conduct or practices
4 and expressly denies that it is liable to any person or entity in connection with the rental
5 of NorVergence telecommunications equipment.

6 12. At the same time, in light of the allegations against NorVergence, the impact of the
7 NorVergence's conduct on Popular Leasing's customers, and the concerns expressed by
8 the Arizona Attorney General, Popular Leasing is willing to afford its NorVergence
9 Arizona Customers an opportunity to be released from their obligations under the
10 Rental Agreements pursuant to the conditions described below.

11
12 **JURISDICTION**

13 13. The Parties agree that this Court has jurisdiction over Popular Leasing for the purpose
14 of enforcing this Assurance.

15
16 **EFFECTIVE DATE**

17 14. This Assurance shall be effective on April 26, 2006, unless the court has not approved
18 the Assurance as of that date, in which case the Assurance shall be effective on the date
19 the court approves the Assurance.

20
21 **TERMS OF ASSURANCE**

22 15. This Assurance shall be binding on Popular Leasing, its principals, officers, directors,
23 agents (including, but not limited to third party collection agents), employees,
24 successors, assignees, any person or entity with authority to control or that, in fact, does
25 control and direct its business, and any other employee or entity having responsibility
26 concerning the subject matter of this Assurance. In no event shall assignment of any
27 right, power, or authority under this Assurance avoid the obligation to comply with this
28 Assurance.

1 16. Pursuant to A.R.S. §44-1530, this Assurance shall not be considered an admission by
2 Popular Leasing of a violation of law for any purpose.

3 17. This Assurance does not constitute approval by the Attorney General or any state
4 agency of any act or practice of Popular Leasing and Popular Leasing shall not make
5 any representations to the contrary.

6 18. Popular Leasing enters this Assurance solely for the purpose of settlement of disputed
7 claims.

8
9 19. By entering into this Assurance, the parties agree that there are no admissions of
10 wrongdoing or findings of liability or wrongdoing on the part of Popular Leasing, that
11 there has been no concession or agreement by Popular Leasing as to the validity and/or
12 merits of any investigation, that there has been no approval, sanction, or authorization
13 by the State of Arizona of any act or practice of Popular Leasing and that this
14 Assurance does not indicate or constitute the existence or non-existence of any fact or
15 circumstance that may have been alleged in connection herewith by the State of
16 Arizona or by Popular Leasing. This Assurance is entered into solely for the purpose of
17 settlement of disputed claims, and to avoid the expense, uncertainty, delay, and
18 inconvenience that would be associated with continued investigation and potential
19 litigation of the issues. Neither the existence of, negotiation of, nor the terms of this
20 Assurance, nor of any offer made to or agreed upon with any Arizona Customer
21 pursuant hereto shall, in any future proceeding other than for enforcement, default, or
22 breach of this Assurance, be referred to or offered in evidence of wrongdoing, for any
23 purpose, by any person.
24
25

26 CUSTOMER SETTLEMENT PROGRAM

27 20. The Arizona Customer(s) who elect(s) to participate in, and fully perform under, the
28 settlement terms and condition, in the manner described in Paragraphs 20 through

1 30, will be referred to as "Participating Customer(s)."

2 21. Popular Leasing will offer the following settlement terms to any Participating
3 Customer, as well as to any personal guarantor the Participating Customer may have:

4 a. Popular Leasing will forgive an aggregate amount of \$207,215.92 of the sum
5 total of \$243,783.44 due on the remaining contract balances as of July 15, 2004
6 for Participating Customers' obligations to Popular Leasing under the Rental
7 Agreement. The remaining contract balances owed as of July 15, 2004, include
8 any payments due prior to that date but not yet paid. The specific amount that
9 Popular Leasing will forgive of each Participating Customer, and the settlement
10 balance that must be paid by each Participating Customer ("Settlement
11 Balance"), or, if applicable, the amount of any refund from Popular Leasing, is
12 set forth in Exhibit A;

14 b. Popular Leasing shall forgive any late fees or penalties assessed on Participating
15 Customers' NorVergence Rental Agreement(s) on or after July 15, 2004; and

17 c. Within thirty (30) days of the delivery of documents by which any Arizona
18 Customer elects to become a Participating Customer, Popular Leasing shall
19 withdraw and cause to be corrected any adverse credit information it filed, if
20 any, regarding the Participating Customer as a result of non-payment on its
21 Rental Agreement after July 15, 2004. Popular Leasing shall provide written
22 notification of this correction to each credit bureau to whom Popular Leasing
23 furnished derogatory credit information, if any, and provide a written copy to
24 the Participating Customer.

26 22. Popular Leasing shall reduce each Participating Customer's Settlement Balance by an
27 amount equal to any Rental Agreement payments the Participating Customer made after
28 July 15, 2004 (the date NorVergence filed for Bankruptcy), including, but not

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limited to, monthly payments, charges for insurance, late fees, and taxes. Popular Leasing shall issue refunds to those Participating Customers whose post-July 15, 2004 payments or payment arrangements exceed the Participating Customer's remaining obligations under the Rental Agreement as provided by paragraph 21 of this Assurance.

23. Popular Leasing agrees to accept, as full satisfaction of the Participating Customers' obligations under the Rental Agreement, payment of the Participating Customers' "Settlement Balance" set forth in Exhibit A.

24. Popular Leasing agrees that the Settlement Balance shall be paid as follows:

- a. The Participating Customer shall either elect to:
 - i. Make a lump sum payment; or
 - ii. If the Settlement Balance is less than \$5,000, pay the amount in up to twelve (12) equal monthly installment payments. If the Settlement Balance is \$5,000 or higher, the Participating Customer may pay the amount in up to twenty-four (24) equal monthly installment payments.
- b. Nothing in this Assurance shall preclude Popular Leasing and Participating Customers from entering into mutually acceptable alternative payment schedules different from the schedule set forth in Paragraph 24(a)(i) and (ii).
- c. If the Participating Customer elects to make a lump sum payment, the Participating Customer must make the payment within thirty (30) days after the Participating Customer mails the fully executed Settlement and Mutual Release document described below in Paragraph 26 of this Assurance;
- d. If the Participating Customer elects to make installment payments, the first payment is due no earlier than the thirtieth (30th) day after Popular Leasing's receipt of the fully executed Settlement and Mutual Release. Popular Leasing shall provide a bill, with a minimum of twenty-one (21) days notice, to

- 1 such Participating Customers providing the due date for the first installment
2 payment and stating the payment amount which is due.
- 3 e. Any Participating Customer that begins paying its Settlement Balance may pre-
4 pay the remaining Settlement Balance at any time without penalty.
- 5 f. In the event no Settlement Balance is due from a Participating Customer and a
6 refund is warranted, Popular Leasing shall pay any such refund within thirty
7 (30) days of Popular Leasing's receipt of the fully executed Settlement and
8 Mutual Release.
- 9
- 10 25. Within thirty (30) days of the Effective Date, Popular Leasing shall mail a settlement
11 letter in the form of attached Exhibit B to each Arizona Customer and any personal
12 guarantor. In this mailing, Popular Leasing will print "NorVergence-Related
13 Settlement Material Enclosed" on the outside of the envelope in at least 12 point
14 typeface. Each Arizona Customer will have 35 days from the date of the mailing of this
15 settlement letter to respond to Popular Leasing to indicate whether it will accept the
16 terms of the settlement. If any Arizona Customers' letters are returned as
17 undeliverable, Popular Leasing must make reasonable commercial efforts to locate
18 those customers. If located, Popular Leasing shall inform the Arizona Customer and
19 any personal guarantor of the following:
- 20
- 21 a. The thirty-five (35) day opportunity to elect to participate in the settlement in
22 exchange for a release of all claims against Popular Leasing relating to
23 NorVergence;
- 24
- 25 b. The Settlement Balance due from the Arizona Customer; and
- 26 c. The Arizona Customer's options for paying the Settlement Balance if the
27 Arizona Customer elects to participate in the Customer Settlement Program.
- 28 26. Along with the settlement letter required by Paragraph 25, Popular Leasing

1 shall also include a "Settlement and Mutual Release" document in the form of attached
2 Exhibit C. The settlement letter shall further explain that Popular Leasing shall require
3 each Participating Customer to provide a notarized signature of a duly authorized
4 officer, partner or other agent of the company and/or the personal guarantor on the
5 Settlement and Mutual Release form and return the fully executed release document to
6 Popular Leasing within thirty-five (35) days of Popular Leasing's mailing of the
7 settlement letter.

8
9 27. Each Participating Customer shall provide Popular Leasing with a release of claims
10 arising under the Rental Agreement and any and all NorVergence-related claims against
11 Popular Leasing as set forth in the Settlement and Mutual Release document. For each
12 Participating Customer who executes a Settlement and Mutual Release document,
13 Popular Leasing in return shall provide a release of all claims arising under the Rental
14 Agreement, to the extent set forth in the Settlement and Mutual Release document. As
15 set forth in the Settlement and Mutual Release document, each Participating Customer
16 and Popular Leasing shall agree to mutually dismiss with prejudice (and without award
17 of costs to any party) any pending litigation arising from the Rental Agreement or from
18 Popular Leasing's efforts to collect on or enforce the Rental Agreement.

19
20 28. If an Arizona Customer who executes a Settlement and Mutual Release document
21 defaults in payment of its Settlement Balance, Popular Leasing may pursue collection
22 of the unpaid Settlement Balance plus interest, and reasonable costs of collection,
23 including attorneys' fees, as provided in the Settlement and Mutual Release document.

24
25 29. Popular Leasing shall not institute any civil action against a Participating Customer for
26 breach of its Rental Agreement or otherwise seek to enforce the Rental Agreement
27 against any Participating Customer. Popular Leasing will dismiss any of its pending
28 litigation against a Participating Customer. If a Participating Customer has

1 brought counterclaims or separate claims against Popular Leasing, the Participating
2 Customer will dismiss its own claims as a condition to Popular Leasing's dismissal,
3 which may be accomplished by proffering to and obtaining from counsel for the
4 Participating Customer a stipulation dismissing any such claims and counterclaims.

5 **NON-PARTICIPATING ARIZONA CUSTOMER(S)**

6 30. If an Arizona Customer, other than an Arizona Customer who has previously settled
7 their claims with Popular Leasing, does not accept the Customer Settlement Program
8 outlined in this Assurance within the thirty-five (35) days allotted or does not execute
9 the Settlement and Mutual Release document, the Rental Agreement shall remain in
10 effect. Under those circumstances, the Rental Agreement shall be enforceable to the
11 same extent that it was enforceable prior to and without regard to Popular Leasing's
12 settlement offer, except to the extent that Popular Leasing shall not rely on or attempt to
13 enforce any floating forum selection clause in the Rental Agreement. Specifically, if an
14 Arizona Customer, other than an Arizona Customer who has previously settled their
15 claims with Popular Leasing, declines become a Participating Customer and Popular
16 Leasing chooses to enforce the Rental Agreement against the Arizona Customer
17 pursuant to this Paragraph, any lawsuit by Popular Leasing against an Arizona
18 Customer will be filed in Arizona. Likewise, Popular Leasing will dismiss any pending
19 lawsuit it previously filed in another state and re-file the lawsuit in Arizona unless the
20 Arizona Customer objects or unless the Arizona Customer initiated litigation against
21 Popular Leasing in another state, in which case Popular Leasing may assert
22 counterclaims or separate claims in that state or states where such action(s) are pending.
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26 **AFFIDAVITS OF COMPLIANCE**

27 31. Within sixty (60) days of the Effective Date, Popular Leasing shall submit an affidavit
28

1 to the Arizona Attorney General, subscribed to by an officer of Popular Leasing:

- 2 a. Attesting that it sent the letters to the Arizona Customers in accordance with the
3 terms of this Assurance;
- 4 b. Providing an accounting of Participating Customers, including Settlement
5 Balances and payment schedules elected or agreed upon; and
- 6 c. Providing the names of any Arizona Customers whose settlement letters were
7 undeliverable.
8

9 32. Within six months from the Effective Date, Popular Leasing shall submit to the Arizona
10 Attorney General an affidavit, subscribed to by an officer of Popular Leasing:

- 11 a. Affirming Popular Leasing's compliance with the provisions of this Assurance
12 as to the Participating Customers, including Popular Leasing's dismissal of any
13 lawsuits it filed against Participating Customers in states other than Arizona;
14 and
- 15 b. Providing an accounting of the Participating Customers, including the terms of
16 their payment schedules and any payments made; and
- 17 c. On or after the first and second anniversaries of the Effective Date, the Arizona
18 Attorney General may request in writing a further updated affidavit setting forth
19 Popular Leasing's compliance with the provisions of this Assurance as to the
20 Participating Customers from Arizona and an updated accounting of the
21 Participating Customers from Arizona, including the terms of their payment
22 schedules and payments made. Popular Leasing shall submit such an affidavit
23 within forty-five (45) days of any such request.
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26 33. The affidavits Popular Leasing provides pursuant to Paragraphs 31 and 32 of this
27 Assurance are solely for the purposes of ensuring compliance with this Assurance, and
28

1 to provide the Attorney General information concerning the status of and compliance
2 with this Assurance.

3 **GENERAL PROVISIONS**

4 34. Popular Leasing has entered into this Assurance freely and voluntarily and with full
5 knowledge and understanding of the obligations and duties imposed by this Assurance.

6 35. Popular Leasing has negotiated, jointly drafted, and fully reviewed the terms of this
7 Assurance and the rule that uncertainty or ambiguity is to be construed against the
8 drafter shall not apply to the construction or interpretation of this Assurance.

9 36. As used in this Assurance, the plural shall include the singular and the singular shall
10 include the plural.

11 37. If any portion of this Assurance is held invalid or unenforceable by operation of law,
12 the remaining terms of this Assurance shall not be affected.

13 38. This Assurance contains the entire agreement among the Parties. Except as specifically
14 permitted by in Paragraph 24, the terms of this Assurance may be modified only by a
15 written instrument signed on behalf of the State of Arizona and Popular Leasing, and
16 filed with this Court.

17 39. The Exhibits to this Assurance are part of this Assurance.

18 40. Each person executing this Assurance represents that he or she is duly authorized to
19 execute and deliver this Assurance, and that on the Effective Date, this Assurance shall
20 be a valid, binding, and enforceable agreement.

21 **RIGHTS OF ARIZONA CUSTOMERS AND POPULAR LEASING**

22 41. Nothing in this Assurance shall be construed to prevent an Arizona Customer or
23 Popular Leasing (collectively referred to as "rental parties") from pursuing any right or
24 remedy which one rental party may have against the other, except as expressly limited
25 in Paragraph 30, and except to the extent that an Arizona Customer participates
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in the Customer Settlement Program and executes a Settlement and Mutual Release document pursuant to this Assurance, in which event the rights of the rental parties shall be as provided for under the terms of this Assurance and the Settlement and Mutual Release.

VIOLATION OF ASSURANCE

42. Pursuant to A.R.S. §§ 44-1530, et seq., a violation of any term of this Assurance within 6 years shall constitute prima facie evidence of a violation of the Consumer Fraud Act in any future proceeding brought by the Arizona Attorney General against Popular Leasing or any of its officers, agents, directors or employees. Upon any default by Popular Leasing, the Arizona Attorney General has the right to file legal proceedings to enforce this Assurance.

RELEASE

43. The subject matter of this Assurance consists of the issues stated in Paragraphs 4 through 12. Execution of this Assurance constitutes the Arizona Attorney General's settlement and release of Popular Leasing for all claims and causes of action pursuant to A.R.S. §§ 44-1521, et seq. regarding the subject matter of this Assurance for any damages, fines, costs, restitution, injunction, penalties, and any other remedies, either individually or collectively, which could have been asserted on or prior to the Effective Date.

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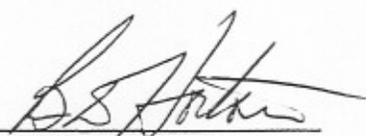
THE PARTIES TO THIS ASSURANCE CONSENT TO THE FORM, CONTENT, AND
ENTRY OF THIS ASSURANCE ON THE DATES UNDER THEIR RESPECTIVE
SIGNATURES.

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IN THE MATTER OF
POPULAR LEASING U.S.A., INC.

POPULAR LEASING U.S.A., INC.

Date: 4/20/2006

By: 
BRUCE HORTON

Title: President

Date: 4/24/2006

By: 
BRIAN BORAN
Attorney for Popular Leasing U.S.A., Inc.

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IN THE MATTER OF POPULAR LEASING U.S.A., INC.
ASSURANCE OF VOLUNTARY COMPLIANCE

TERRY GODDARD
Attorney General of Arizona

Date: 4/25/06

By: Vincent L. Rabago
VINCENT L. RABAGO
Assistant Attorney General
Consumer Protection & Advocacy Section
400 W. Congress, S-Bldg., Suite 315
Tucson, Arizona 85701
(520) 628-6534

956703

EXHIBIT A

Exhibit A

Individual Balances, Amounts to be Forgiven, and Settlement Balances (or Refund)

<u>Popular Leasing's Lease Number for Arizona Customers</u>	<u>Arizona Customers' Remaining Lease Balance as of 7/15/04</u>	<u>Amount to be Forgiven of Popular Leasing's Arizona Customers</u>	<u>Settlement Balance or Refund (Adjusted for Prior Payments)</u>
045849.01	\$14,219.00	\$12,086.15	\$176.93
045782.01	\$18,113.40	\$15,396.39	\$3,018.90
046071.01	\$23,709.60	\$20,153.16	\$3,951.60
046071.02	\$23,709.60	\$20,153.16	\$3,951.60
046553.01	\$24,382.80	\$20,725.38	(\$2,669.91)
046893.01	\$40,438.20	\$34,372.47	\$6,065.73
046966.01	\$34,197.60	\$29,067.96	\$5,129.64
046992.01	\$14,988.24	\$12,740.00	(\$0.78)
046995.01	\$50,025.00	\$42,521.25	\$6,670.00

Aggregate Settlement Amount

Aggregate Amount Owed As of 7/15/04:	\$243,783.44
Aggregate Settlement Amount (total amt forgiven):	\$207,215.92

EXHIBIT B

EXHIBIT B
POPULAR LEASING U.S.A., INC.
SETTLEMENT LETTER

[Date of letter]

[Insert Customer Name]

[Insert Guarantor Name, if any]

**RE: NOTICE TO FORMER ARIZONA NORVERGENCE CUSTOMERS WHO HAVE
EQUIPMENT RENTAL AGREEMENTS WITH POPULAR LEASING U.S.A., INC., AND
TO ANY GUARANTORS**

Dear [Insert Customer Name] and/or [Insert Guarantor Name]

You are receiving this notice because the records of Popular Leasing U.S.A., Inc. ("Popular Leasing") reflect that [Insert Customer Name] entered into an Equipment Rental Agreement (referred to as the "Rental Agreement") to rent telecommunications equipment obtained from NorVergence, Inc. ("NorVergence"), and this agreement was assigned to Popular Leasing. Pursuant to a settlement agreement reached with the Arizona Attorney General, Popular Leasing is pleased to offer you a one-time opportunity to participate in this Settlement Program by which you may resolve any outstanding balance on the Rental Agreement at a substantial discount, and settle any and all disputes between you and Popular Leasing arising from or relating to the Rental Agreement.

The Settlement Program Offered By Popular Leasing

If you elect to participate in the Settlement Program, Popular Leasing will: (a) forgive the specific amount detailed in this letter; (b) forgive any late fees or penalties assessed on your account; and (c) forgive any insurance charges assessed on your account on or after July 15, 2004. You will also receive credit for any payments made to Popular Leasing after July 15, 2004. You are responsible for all applicable taxes. In the event that prior payments or payment arrangements with Popular Leasing after July 15, 2004, exceed the settlement balance, you will receive a refund of the amount in excess of that amount if you elect to participate in the settlement program.

In exchange for these benefits, you must agree to release Popular Leasing from any claims concerning your Rental Agreement, Popular Leasing's efforts to collect under or enforce your Rental Agreement, or Popular Leasing's involvement with NorVergence, as described more fully below. You must also agree to pay Popular Leasing your "Settlement Balance," described below (which will include payments that were due but had not been paid as of July 15, 2004). After settlement, you may be responsible for potential tax liabilities including but not limited to property and usage taxes on the Matrix box and other telephone equipment financed through Popular Leasing. You may have an affirmative obligation to report these tax liabilities to either your local tax assessor or the Arizona Department of Revenue. You may elect to pay the Settlement Balance to Popular Leasing in one of the following ways:

(a) If your Settlement Balance is equal to Four Thousand Nine Hundred Ninety-Nine and 99/100 Dollars (\$4,999.99) or less, you may either make a lump sum payment of the entire Settlement Balance or pay off the Settlement Balance in up to twelve (12) equal monthly installment payments. For installment payments, Popular Leasing will mail you a bill for the first installment within fifteen (15) days of Popular Leasing's receipt of the fully executed Release. Any lump sum payment or first installment payment must be paid within thirty (30) days of Popular Leasing's receipt of the fully executed Settlement and Mutual Release (attached) (also referred to as "Release").

(b) If your Settlement Balance is Five Thousand and 00/100 Dollars (\$5,000) or more, you may either make a lump sum payment of the entire Settlement Balance or pay off the Settlement Balance in up to twenty-four (24) equal monthly installment payments. Any lump sum payment or first installment payment must be paid within thirty (30) days of Popular Leasing's receipt of the fully executed Release. For installment payments, Popular Leasing will mail you a bill for the first installment within fifteen (15) days of Popular Leasing's receipt of the fully executed Release.

If making installment payments, you will have the right to prepay the remainder of the Settlement Balance at any time without penalty.

(c) If your account is current through July 15, 2004, and you are entitled to a refund from Popular Leasing, Popular Leasing will send the refund to you within thirty (30) days of Popular Leasing's receipt of the fully executed Release.

To participate in this Settlement Program, **you must complete, sign and return to Popular Leasing, postmarked within 35 days from the date of this notice**, two copies of the enclosed Release. Please note that, in order to participate in this Settlement Program, your signatures on these documents must be notarized. Upon

Popular Leasing's receipt of the fully executed Release, Popular Leasing will send you a written notification terminating the Rental Agreement.

By accepting this proposal, you: (a) elect and agree to pay the full Settlement Balance; and (b) fully release Popular Leasing from, and agree not to sue Popular Leasing for, any and all claims you have or may have had against Popular Leasing relating to your Rental Agreement or any other matter arising from your dealings with NorVergence, including any such claims you may have as a member or representative of various proposed class action lawsuits brought against Popular Leasing on behalf of asserted classes of NorVergence customers (as well as any such class action lawsuits that may be brought in the future). If you are currently involved in litigation with Popular Leasing over your Rental Agreement and you wish to participate in the Settlement Program, you and Popular Leasing will mutually dismiss that legal action with prejudice.

In turn, Popular Leasing will fully release you from any and all claims that it has or may have had against you based upon your Rental Agreement, and Popular Leasing will also dismiss you from any such pending litigation. Both you and Popular Leasing will retain all rights under law to enforce the Release.

Popular Leasing has agreed to propose this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation. The Settlement Program is not an admission that Popular Leasing engaged in any form of unlawful conduct or business practices. On the contrary, Popular Leasing expressly denies that it engaged in any unlawful conduct or business practices and expressly denies that it is liable to any person or entity in connection with the rental of NorVergence telecommunications equipment.

If You Decide Not To Participate In The Settlement Program:

You are not obligated to participate in this Settlement Program which has resulted from the settlement between Popular Leasing and the Arizona Attorney General. You have the right to consult with an attorney of your choosing before you decide whether to participate. Nothing in the settlement between Popular Leasing and the Arizona Attorney General prevents you from pursuing any right or remedy under law, equity or contract which you may have against Popular Leasing, except to the extent that you do elect to participate in the Settlement Program. If you elect not to participate, Popular Leasing may seek to enforce the terms of the original Rental Agreement and may make use of any available legal, equitable, or contractual remedies. However, Popular Leasing will only institute legal proceedings against you in a court in Arizona and will dismiss any pending proceedings filed against you in other jurisdictions, unless you object or unless you have initiated litigation against Popular Leasing in another jurisdiction.

IF YOU ELECT TO PARTICIPATE IN THE PROGRAM BUT LATER DEFAULT:

If you elect to participate in the Settlement Program, and then default on your payment obligation, Popular Leasing will have the right to accelerate all payments remaining due on the Settlement Balance, and declare as compensation for the loss of its bargain, and not as a penalty, a sum equal to all amounts then due under this Settlement Agreement. In that event, Popular Leasing will also be entitled to receive default interest at the rate of 1% per month on all outstanding balances from the date of default until the date of payment, as well as its costs of collection, including attorneys' fees.

IMPORTANT: If you elect to participate in the Settlement Program, but fail to pay Popular Leasing the Settlement Balance as promised in the Release, Popular Leasing may seek to enforce its rights to receive payment (including default interest and costs of collection including attorneys' fees) by use of any of the remedies available to it under the law, equity or contract. Popular Leasing has agreed, however, that it will only institute any such legal proceedings against you in a court in the State of Arizona.

What You Agree To Pay If You Enroll In The Settlement Program:

Currently, the remaining balance on your Rental Agreement is \$_____.
If you agree to participate in the Settlement Program, your Settlement Balance will be _____, which results in a savings to you of \$_____.

As of [date of letter] Popular Leasing has the following information about your Rental Agreement and what the Settlement Program would require you to pay:

A. **Unpaid Balance Due as of July 15, 2004 including applicable taxes:**_____

B. **Minus: Any Monies Paid since July 15, 2004, (includes monthly payments, late fees, penalties, interest, insurance charges or arranged payment amounts):** _____

Total:

Amount to be Paid (Settlement Balance) _____

Or

Amount to be Refunded (if applicable) _____

**Payment options: Lump sum payment or _____ per month for
_____ months.**

Please call [phone number] if you have any questions regarding this Settlement Program or your Rental Agreement account.

Yours truly,

Popular Leasing U.S.A., Inc.

EXHIBIT C

EXHIBIT C

POPULAR LEASING U.S.A., INC.
SETTLEMENT AND MUTUAL RELEASE

between

[Customer and Guarantor, if any]

and

POPULAR LEASING U.S.A., INC.

I, _____, on behalf of the entity named above (the "Customer") and _____ as personal guarantor, if any, (together, the "Participating Customer and Guarantor"), elect to take advantage of the Settlement Program agreed to by the Arizona Attorney General and Popular Leasing U.S.A., Inc., ("Popular Leasing") to pay off the Customer's Rental Agreement with Popular Leasing (the "Rental Agreement") at a substantial discount and to settle any and all disputes between Customer and/or Guarantor and Popular Leasing arising from the Rental Agreement. With this Settlement and Mutual Release (the "Settlement Agreement" or "Release") I am: (1) accepting the terms of the Settlement Program offered by Popular Leasing and (2) entering into a mutual release of claims with Popular Leasing and related parties.

I understand that Popular Leasing and the Arizona Attorney General have agreed to the terms of this Settlement Program for the purpose of avoiding the expense and inconvenience of litigation and it is not an admission on the part of Popular Leasing that it engaged in any form of unlawful conduct or business practices, and that Popular Leasing expressly denies that it engaged in any unlawful conduct or business practices and denies that it is liable to any person or entity in connection with the Rental Agreement.

1. Terms Of The Settlement Program

By accepting the terms of this Settlement Program, I understand that, in exchange for full payment of the Settlement Balance, Popular Leasing will:

- (a) forgive _____ of the remaining principal balance on [Customer's] account;

- (b) forgive any late fees or penalties assessed on [Customer's] account on or after July 15, 2004; and
- (c) forgive any insurance charges assessed on your account on or after July 15, 2004, and reduce your settlement balance for any late fees or insurance payments made to Popular Leasing after July 15, 2004, as well as any insurance payments paid by the Customer if there was no insurance coverage on the equipment at the time.

I understand that Popular Leasing's records reflect the following information about Customer's Rental Agreement account:

- 1. **Unpaid Balance Due as of July 15, 2004, including applicable taxes** _____

- 2. **Minus: Any Monies Paid since July 15, 2004, (includes monthly payments, late fees, penalties, interest, insurance charges or arranged payment amounts):** _____

- Total:**
- 3. **Amount to be Paid (Settlement Balance)** _____

Or

- 4. **Amount to be Refunded (if applicable)** _____

Customer and/or Guarantor agree to pay the full amount of the Settlement Balance by the method indicated below and request that Popular Leasing invoice Customer and/or Guarantor accordingly:

_____ Pay the Settlement Balance on Line 3 in a lump sum payment within 30 days of your delivery of this agreement.

_____ Pay the Settlement Balance on Line 3 in ___ equal monthly installments of _____, beginning on the date specified in the first Popular Leasing invoice. The payment date shall be at least 21 days after the date of mailing of such invoice. I understand that Customer and/or Guarantor may prepay the remainder of the Settlement Balance at any time without penalty.

I understand that if Customer and/or Guarantor fail to pay the Settlement Balance as promised, Popular Leasing may seek to enforce the Release in full and make use of any of the remedies available under the law, including the right to declare as compensation for the loss of its bargain, and not as a penalty, a sum equal to all amounts then due or to become due under this Settlement Agreement. If Customer defaults on payment of the Settlement Balance, Popular Leasing will also be entitled to receive default interest at the rate of 1% per month on all outstanding balances from the date of default to date of collection, as well as its costs of collection, including attorney fees. However, Popular Leasing will only file suit against Customer and/or Guarantor only in a court in Arizona, unless the Customer and/or Guarantor object.

Checks are to be made payable to Popular Leasing U.S.A., Inc., and sent to [ADDRESS TO BE ADDED]. Please include the account number on the check.

2. Release Of Claims

I understand that, in exchange for the opportunity to pay off the Rental Agreement at a substantial discount, Customer and Guarantor hereby release and discharge Popular Leasing, Inc., and all of its subsidiaries, parents, affiliates, predecessors, successors and assigns, officers, directors, employees, shareholders and agents (the "POPULAR LEASING Parties") from, and covenant not to file or pursue any lawsuit or claim in any place against any POPULAR LEASING Party for, any and all claims (including claims as a member or representative of a proposed class action, whether pending now or filed later) that Customer and/or Guarantor has or may have had

against the POPULAR LEASING Parties for any and all damages, restitution, equitable relief, attorneys' fees and/or penalties relating to the Rental Agreement or Customer's dealings with NorVergence. Customer and/or Guarantor further agree that if they are currently involved in any litigation arising from the Rental Agreement or any efforts to collect under or enforce the Rental Agreement, Customer and/or Guarantor and POPULAR LEASING will mutually dismiss these claims with prejudice.

In exchange for Customer and/or Guarantor's payment to POPULAR LEASING pursuant to this Settlement Agreement, except for the reservations contained herein, POPULAR LEASING hereby releases and discharges Customer and/or Guarantor from, and covenants not to file or pursue any lawsuit or claim in any place against Customer and/or Guarantor for, any and all claims that POPULAR LEASING has or may have had against Customer and/or Guarantor and all of its subsidiaries, parents, affiliates, predecessors, successors, assigns, officers, directors, employees, shareholders, agents, and guarantors for any and all damages, equitable relief, attorneys' fees and penalties relating to the Rental Agreement. Notwithstanding the Release contained in the prior sentence, Customer and/or Guarantor shall remain liable for any amounts claimed against POPULAR LEASING by any governmental entity or other third-party after the date of this Settlement Agreement, for which, under the terms of the Rental Agreement, Customer was liable in addition to the rental payment amounts stated therein.

I hereby acknowledge and represent that I have read this Settlement Agreement; that I have had the opportunity to consult with a lawyer concerning it; that Customer and/or Guarantor are voluntarily entering into this Settlement Agreement; that neither POPULAR LEASING nor its agents or attorneys have made any representations or promises concerning the terms or effects of this Settlement Agreement other than those set forth in this document; and I understand that this is a full and final release of all claims Customer and/or Guarantor has or may have against the POPULAR LEASING Parties concerning the Rental Agreement.

I further agree that this Settlement Agreement constitutes the entire agreement among the parties hereto, may not be changed orally and may not be modified or amended except pursuant to an agreement in writing signed by all of the parties hereto, unless Customer and/or Guarantor change their mind as provided above.

The signatory for the Customer below represents that he or she is duly authorized to enter into this Settlement Agreement and on behalf of the Customer.

This Settlement Agreement shall be deemed accepted upon your return to POPULAR LEASING of an executed copy of this Settlement Agreement.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the undersigned has caused this Settlement Agreement to be executed this ____ day of _____, 2006.

Dated: _____

[NAME OF CUSTOMER]

By: _____ [Name]

[Title]

[Address]

By: _____

[Name], as Guarantor

POPULAR LEASING U.S.A., INC.

By: _____

FILL OUT COMPLETELY AND SEND TWO SIGNED ORIGINALS TO POPULAR LEASING at: [ADDRESS TO BE ADDED]

PLEASE KEEP A COPY FOR YOUR RECORDS. A FULLY EXECUTED DOCUMENT WILL BE SENT TO CUSTOMER AND ANY GUARANTOR UPON COMPLETION OF THE TERMS OUTLINED HEREIN

EXHIBIT D

EXHIBIT D

POPULAR LEASING U.S.A., INC.

NOTICE OF TERMINATION OF RENTAL AGREEMENT

[Date]

[Insert Customer Name]

[Insert Guarantor Name]

**RE: NOTICE TO FORMER ARIZONA NORVERGENCE CUSTOMERS OF
TERMINATION OF EQUIPMENT RENTAL AGREEMENT.**

Dear [Insert Customer Name] and/or [Insert Guarantor Name]

Pursuant to the Settlement and Mutual Release (the "Settlement Agreement") executed between you and Popular Leasing U.S.A., Inc. ("POPULAR LEASING"), please be advised that the Equipment Rental Agreement has been terminated.

Accordingly, pursuant to the terms of the Settlement Agreement, this notice is to advise you that, except as specifically provided in the Settlement Agreement, your Rental Agreement has been terminated as of [Insert Date of Satisfaction of Terms of Settlement Agreement].

Sincerely,

Popular Leasing U.S.A., Inc.