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13 **SUPERIOR COURT OF ARIZONA**  
14 **IN MARICOPA COUNTY**

15 STATE OF ARIZONA, *ex rel.* MARK  
16 BRNOVICH, Attorney General,

17 Plaintiff,

18 v.

19 CASHCALL, INC., *et al.* and WS Funding  
20 LLC, a wholly owned subsidiary of CashCall,  
21 Inc.;

22 Defendants.  
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Case No.: CV2019-002086

**STIPULATED CONSENT JUDGMENT**

(Assigned to the Hon. Daniel G. Martin)

1 The State of Arizona, *ex rel.* Mark Brnovich, the Attorney General (the “State”), filed a  
2 complaint and two amended complaints (collectively “Complaint”) against Defendants  
3 CashCall, Inc. (“CashCall”) and WS Funding LLC (“WS Funding”) (collectively,  
4 “Defendants”) alleging violations of the Arizona Consumer Fraud Act, A.R.S. §§ 44-1521 to -  
5 1534 (the “CFA”). Defendants and J. Paul Reddam (“Reddam”) have accepted or waived  
6 service of the Complaint, have been advised of the right to a trial in this matter, and have  
7 waived the same. Defendants and Reddam admit the jurisdiction of this Court over the subject  
8 matter and parties solely for purposes of this Consent Judgment, agree to the entry of this  
9 Consent Judgment by this Court without trial or adjudication of any issue of fact or law and  
10 without any admission or finding of any allegations, violations of any laws, guilt, liability,  
11 sanction, penalty, or wrongdoing. Defendants and Reddam acknowledge that this Court will  
12 retain jurisdiction for the purpose of enforcing this Consent Judgment. Defendants and Reddam  
13 have consented and stipulated to entry of this Consent Judgment solely as a compromise of  
14 disputed claims, and Defendants and Reddam do not admit any allegation, liability, guilt,  
15 wrongdoing, violation, or sanction.

16 **PARTIES TO THE STIPULATED CONSENT JUDGMENT**

- 17 1. The State is authorized to bring this action under the CFA.
- 18 2. CashCall is a California corporation, with its principal place of business at One  
19 City Blvd. West, Ste. 102, Orange, CA 92868. As a significant part of its business, CashCall  
20 marketed, funded, serviced, and collected consumer loans. CashCall is registered with the  
21 Arizona Corporation Commission, file number F10889324.
- 22 3. WS Funding is a wholly owned subsidiary of CashCall, through which CashCall  
23 purchased consumer loans from Western Sky Financial, LLC (“Western Sky”).
- 24 4. Reddam is the president, director, and sole owner of CashCall. At all relevant  
25 times, he had managerial responsibility for CashCall and participated in the conduct of its  
26 affairs.
- 27 5. Reddam is not named as a defendant in this action, but he is a party to this  
28 Consent Judgment and agrees to be legally bound by the terms of this Consent Judgment.

1 Reddam specifically agrees to be jointly and severally liable for the financial obligations of this  
2 Consent Judgment with CashCall and WS Funding.

3 6. This Court has jurisdiction over the Complaint and the parties to this Consent  
4 Judgment necessary for the Court to enter this Consent Judgment and any orders hereafter  
5 appropriate pursuant to A.R.S. § 44-1528 and this Consent Judgment.

6 7. Venue is proper in Maricopa County pursuant to A.R.S. § 12-401.

7 **STATE'S FACTUAL ALLEGATIONS**

8 8. As detailed in the Complaint, the State alleges that the following conduct of  
9 Defendants and Reddam constitutes deceptive and unfair acts and practices in violation of the  
10 CFA. Defendants and Reddam expressly deny any and all of the following allegations.

11 9. This action arises from conduct in connection with two loan programs carried out  
12 in Arizona—the first by Defendants from 2010 to 2016 and the second by CashCall from 2013  
13 to present.

14 10. Collectively, Defendants marketed, originated, funded, purchased, serviced,  
15 and/or collected payments on almost 11,000 high-interest loans to Arizona consumers.

16 11. Defendants originated almost all of the loans without an Arizona consumer  
17 lending license, which rendered the loans void at the outset.

18 12. Depending on the cash advance amount, Defendants charged consumers annual  
19 interest rates that ranged from 89% to 169% and the upfront origination fees ranged from \$75  
20 to \$500, amounting to over a 300% annual percentage rate (“APR”) on some loans.

21 13. Such interest rates and, in some circumstances, the origination fees, exceeded the  
22 maximums allowed under Arizona law.

23 14. CashCall and its president, director, and sole owner, Reddam, orchestrated two  
24 separate and sophisticated loan programs to skirt Arizona’s lending restrictions.

25 15. CashCall collected millions under its Western Sky loan program, described  
26 below, and millions under its subsequent “slightly-above-\$10,000” loan program, described  
27 below.

1                   The Western Sky Loan Program (March 2010 – September 2016)

2           16.    In 2009, Defendants and Reddam collaborated with another individual, Martin  
3 Webb a/k/a Butch Webb (“Webb”) to create a more profitable lending scheme than what state  
4 usury laws allowed, including Arizona law.

5           17.    Webb formed Western Sky to serve as the face of the scheme.

6           18.    CashCall, either directly or through WS Funding, would give Western Sky cash  
7 upfront to make the loans, pay for Western Sky’s expenses, provide a wide range of essential  
8 operational services, and then take ownership of all the loans for collection.

9           19.    Western Sky had no meaningful role in the actual economics of the loans.

10          20.    Nevertheless, while representing Western Sky as the face of the program to  
11 consumers, Defendants and Western Sky claimed that the Western Sky loans were initiated,  
12 approved, issued, and disbursed within the confines of the Cheyenne River Indian Reservation,  
13 that the laws of the Cheyenne River Sioux Tribe (“CRST”) applied exclusively to the terms and  
14 conditions of the loans, and that neither the loan agreements nor the lender was subject to state  
15 law.

16          21.    Defendants and Reddam designed the loan program to avoid state regulatory  
17 oversight and overcharge consumers to increase CashCall’s bottom line.

18          22.    From March 2010 to September 2013, Defendants used Western Sky to make  
19 10,661 high-interest loans to Arizona consumers under the Western Sky loan program  
20 (“Western Sky Loans”).

21          23.    In October 2013, Reddam obtained a license from the Arizona Department of  
22 Financial Institutions for CashCall to lawfully engage in consumer lending in this state, but  
23 Defendants and Reddam continued to profit off of the high interest rates and fees paid by  
24 Arizona consumers on the Western Sky Loans for three more years.

25          24.    CashCall consistently misrepresented to Arizona consumers throughout the loan  
26 repayment period, including in situations where consumers challenged the validity of the loans,  
27 that the loans were not subject to Arizona law, that the loans were governed by CRST law, that  
28 CRST law allowed for the high-interest loans, and that the loans were valid.

1           25. Defendants and Reddam’s plan to invoke CRST law was flawed. Although  
2 Webb was a member of the CRST, Western Sky was not owned or operated by the CRST but  
3 instead was a limited liability company organized under South Dakota law.

4           26. Similarly, CashCall had no nexus to the CRST but was a California corporation,  
5 which hosted Western Sky’s website on its servers in California and provided loan funds from  
6 California.

7           27. When consumers were offered, applying for, receiving, or paying the Western  
8 Sky Loans, they did not enter tribal lands, but rather such events occurred in Arizona (and other  
9 states).

10          28. Furthermore, the interest rates charged on the Western Sky Loans were usurious  
11 even under CRST law, which contradicted Defendants’ and their officers and employees’ as  
12 well as Western Sky’s representations to consumers.

13                   CashCall’s “Slightly-Above-\$10,000” Loan Program (2013 – present)

14          29. In late 2013, a few months after the last loan was originated under the Western  
15 Sky loan program, Reddam and CashCall implemented the “slightly-above-\$10,000” loan  
16 program that would allow them to collect more high interest and fees on loans to Arizona  
17 consumers (“Slightly-Above-\$10,000 Loans”).

18          30. The consumer pool for the new lending program included many of the same  
19 borrowers who took out Western Sky Loans.

20          31. Under the “slightly-above-\$10,000” loan program, interest rates ranged from 89%  
21 to 99% and carried up-front origination fees of either \$275 or \$500, amounting to triple digit  
22 APRs in many cases.

23          32. The cash advances consisted of \$10,025 or \$10,100, which by design was an  
24 attempt to avoid Arizona regulatory requirements applicable to cash advances of consumer  
25 loans, which are loans of up to \$10,000.

26          33. With the de minimis amounts of \$25 or \$100 above \$10,000, Defendants skirted  
27 Arizona lending restrictions and supervision by the Arizona Department of Financial  
28 Institutions and benefited from higher interest rates and fees.



1 **ORDER**

2 NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

3 **Injunctive Provisions**

4 43. The injunctive relief set forth in this Consent Judgment is binding upon any of the  
5 following that receive actual notice of this Consent Judgment through personal service or  
6 otherwise: (a) Defendants; (b) Defendants' officers, agents, servants, employees, and attorneys;  
7 and (c) those persons in active concert or participation with Defendants or any of their officers,  
8 agents, servants, employees, or attorneys.

9 44. Defendants shall comply with the CFA, as it is currently written, and as it may be  
10 amended in the future.

11 45. Defendants shall not collect on or attempt to collect on any Western Sky Loans.  
12 Defendants estimate that the total amount that remained due and owing on Western Sky loans  
13 was \$4,446,873.27 in principal and \$11,625,957.48 in interest. Defendants represent and  
14 warrant that, now, \$0 in principal and \$0 in interest is due and owing on the Western Sky  
15 Loans.

16 46. Defendants shall not sell, assign, or transfer any existing Western Sky Loans that  
17 Defendants own to any person or entity.

18 47. Within 30 days from the entry of this Consent Judgment, Defendants shall send  
19 any person or entity to which Defendants previously sold, assigned, or transferred any Western  
20 Sky Loans, a copy of the Consent Judgment, and request that such persons or entities refrain  
21 from further collection on, or resale of, such loans. Defendants warrant that they have  
22 previously made these requests. If Defendants provide the State, within 30 days from the entry  
23 of this Consent Judgment, proof that they have made the requests required by this paragraph,  
24 Defendants need not take further action under this paragraph.

25 48. Within 30 days from the entry of this Consent Judgment, Defendants shall contact  
26 any credit bureaus to which they made any report concerning Western Sky Loans and request  
27 that any negative credit entries reported in connection with such loans be removed. Defendants  
28 warrant that they have previously made these requests. If Defendants provide the State, within

1 30 days from the entry of this Consent Judgment, proof that they have made the requests  
2 required by this paragraph, Defendants need not take further action under this paragraph.

3 49. Defendants shall not collect on or attempt to collect on any Slightly-Above-  
4 \$10,000 Loans. Defendants agree to implement this term no later than February 1, 2022.  
5 Within 30 days of the entry of this Consent Judgment, Defendants must refund any payments  
6 collected from such Arizona consumers from February 1, 2022, to the time of entry of this  
7 Consent Judgment.

8 50. Defendants shall not sell, assign, or transfer any Slightly-Above-\$10,000 Loans  
9 that Defendants own to any person or entity.

10 51. Within 30 days from the entry of this Consent Judgment, Defendants shall send  
11 any person or entity to which Defendants previously sold, assigned, or transferred any Slightly-  
12 Above-\$10,000 Loans, a copy of the Consent Judgment, and request that such persons or  
13 entities refrain from further collection on, or resale of, such loans.

14 52. Defendants and Reddam shall not engage, directly or indirectly, in any financial  
15 services-related business in Arizona or involving Arizona consumers that requires an Arizona  
16 license, including but not limited to making, financing, brokering, originating, servicing,  
17 arranging, facilitating, underwriting or collecting on any consumer, or other loans, to or  
18 involving Arizona consumers, unless and until Defendants obtain the appropriate license and  
19 only to the extent permissible under such license.

20 53. Defendants shall not sell, transfer, assign, or lease, in any manner, any  
21 information or data related to Arizona consumers to any independent person or entity whether  
22 or not affiliated with Defendants, including but not limited to any lender, debt relief entities,  
23 lead generator, or marketer, or otherwise use such information, except as permitted to meet the  
24 obligations of this Consent Judgment.

25 54. Within 30 days from the entry of this Consent Judgment, Defendants shall send  
26 any independent person or entity whether or not affiliated with Defendants, to which  
27 Defendants sold, assigned, or transferred any information or data about Western Sky loans to  
28 Arizona consumers, a copy of the Consent Judgment and inform such persons or entities that



1 they should refrain from using the consumer information and/or data. Defendants warrant that  
2 they previously informed the necessary persons or entities with respect to the Western Sky  
3 Loans. If Defendants provide the State, within 30 days from the entry of this Consent  
4 Judgment, proof that they have informed the necessary persons or entities as required by this  
5 paragraph, Defendants need not take further action under this paragraph with respect to the  
6 Western Sky Loans.

7 55. For purposes of paragraphs 47, 48, and 54, “proof” requires a sworn statement  
8 from a person who would qualify under Ariz. R. Civ. P. Rule 30(b)(6) to testify on the matter.  
9 Should the State have a reasonable basis to believe that the proof offered is insufficient to  
10 demonstrate compliance with paragraphs 47, 48, and 54, the State shall notify Defendants in  
11 writing of the deficiency and state with particularity the State’s basis for believing the proof  
12 offered to be insufficient. The parties agree to confer in good faith regarding the sufficiency of  
13 Defendants’ proof and Defendants shall have a reasonable period of not less than thirty (30)  
14 days to provide additional evidence of compliance to the State. The State may then accept the  
15 additional evidence or may take action to enforce the terms of paragraphs 47, 48, and/or 54.  
16 The State shall not withhold unreasonably a determination that Defendants have provided  
17 sufficient proof of compliance.

18 56. Defendants shall submit to the Arizona Attorney General’s Office a report three  
19 months after the entry of this Consent Judgment detailing the steps taken to comply with the  
20 injunctive terms in this Consent Judgment.

21 **Payment Provisions**

22 57. Pursuant to A.R.S. § 44-1528(A)(2), Defendants and Reddam are jointly and  
23 severally liable and obligated to pay to the Attorney General the amount of \$4,830,000, to be  
24 deposited into an interest-bearing consumer restitution subaccount of the Consumer Restitution  
25 and Remediation Revolving Fund (“Restitution Award”). The Restitution Award is a  
26 compromise in light of the costs and uncertainties associated with further litigation. Prior to the  
27 filing of this Consent Judgment, Defendants and Reddam have paid the Restitution Award in  
28 complete satisfaction of their obligation under this paragraph. The Restitution Award shall be

1 used for the following purposes: (1) to pay for the costs and expenses of the claims  
2 administrator; and (2) as consumer restitution to be distributed to Eligible Consumers by the  
3 Attorney General's Office, pursuant to A.R.S. § 44-1531.02(B).

4 a. For purposes of this Consent Judgment, "Eligible Consumers" includes  
5 consumers who were subjected to the business practices described in this Consent  
6 Judgment and the Complaint.

7 b. The amount of restitution due to each Eligible Consumer, if any, will be  
8 determined at the sole discretion of the Attorney General.

9 c. In the event the amount ordered as restitution herein is insufficient to provide full  
10 restitution to all Eligible Consumers, the restitution collected will be distributed  
11 to Eligible Consumers on a pro rata basis.

12 d. In the event that any portion of the restitution ordered herein cannot be distributed  
13 to Eligible Consumers, or the restitution ordered herein exceeds the amount of  
14 restitution needed for Eligible Consumers, such portion shall be transferred by the  
15 claims administrator to the State to be deposited by the Attorney General's Office  
16 into the Consumer Protection-Consumer Fraud Revolving Fund pursuant to  
17 A.R.S. § 44-1531.02(B), and used for the purposes specified in A.R.S. § 44-  
18 1531.01.

19 58. Defendants agree to promptly provide the State with all information the State  
20 deems necessary to permit the claims administrator to distribute funds to Eligible Consumers.

21 a. This includes, but is not limited to, providing an Excel spreadsheet with  
22 consumers' full names and any known birth names, other names, or aliases; last  
23 known mailing address; last known email and telephone numbers; other prior  
24 mailing or email addresses and telephone numbers as requested; and loan  
25 identification numbers. The State agrees to provide a list of such consumers,  
26 organized by loan number. Defendants agree to provide the Excel spreadsheet  
27 within 10 days of the execution of this Consent Judgment.  
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1 action seeking reorganization, arrangement, adjustment, liquidation, dissolution, or  
2 recomposition of Defendants or Reddam or their debts under any law relating to bankruptcy,  
3 insolvency, reorganization, or the relief of debtors, or seeking the appointment of a receiver,  
4 trustee, custodian, or other similar official prior to complete payment of all amounts due under  
5 this Consent Judgment.

6 63. In the event of a material breach of this Consent Judgment, in addition to all other  
7 remedies available under Arizona law and the penalties specifically provided under A.R.S.  
8 § 44-1532, the State may, in its sole discretion, reopen proceedings and continue with this case  
9 as though this Consent Judgment had not been entered, provided that Defendants and Reddam  
10 will be entitled to an offset for any amount actually paid to the State.

11 64. The parties acknowledge by the execution hereof that this Consent Judgment  
12 constitutes a complete settlement of the allegations contained in this Consent Judgment, and the  
13 State agrees not to institute any civil action against the Defendants and Reddam or their  
14 employees or agents for the violations of the CFA described herein. Notwithstanding the  
15 foregoing, the State may institute an action or proceeding to enforce the terms and provisions of  
16 this Consent Judgment, take action based on future conduct by Defendants and Reddam, take  
17 action based on past conduct not specified in this Consent Judgment, and/or institute an action  
18 or proceeding to prevent the discharge of any debt acquired through this Consent judgment.

19 65. Nothing in this Consent Judgment will be construed as an approval by the  
20 Attorney General, the Court, the State of Arizona, or any agency thereof of Defendants or  
21 Reddam's past, present, or future conduct. Defendants and Reddam must not represent or  
22 imply that the Attorney General, the Court, the State of Arizona, or any agency thereof has  
23 approved or approves of any of Defendants' or Reddam's actions or any of Defendants' or  
24 Reddam's past, present or future business practices.

25 66. This Consent Judgment represents the entire agreement between the parties, and  
26 there are no representations, agreements, arrangements, or understandings, oral or written,  
27 between the parties relating to the subject matter of this Consent Judgment which are not fully  
28 expressed herein or attached hereto.



1 **CONSENT TO JUDGMENT**

2 1. Defendants and Reddam acknowledge that they accepted or waived service of the  
3 Summons and Complaint, have read the Stipulated Consent Judgment, and are aware of their  
4 right to a trial in this matter and have waived the same.

5 2. Defendants and Reddam admit the jurisdiction of this Court for purposes of  
6 entering the Stipulated Consent Judgment, and consent to the entry of the Stipulated Consent  
7 Judgment.

8 3. Defendants and Reddam state that no promise of any kind or nature whatsoever  
9 was made to induce them to enter into the Stipulated Consent Judgment and declare that they  
10 have entered into it voluntarily.

11 4. The Stipulated Consent Judgment is entered as a result of a compromise and a  
12 settlement agreement between the parties. Only the State may seek enforcement of the Consent  
13 Judgment. Nothing herein is intended to create a private right of action by other parties;  
14 however, the Consent Judgment does not limit the rights of any non-party to this action to  
15 pursue any remedies allowed by law.

16 5. Defendants and Reddam acknowledge that their acceptance of the Stipulated  
17 Consent Judgment is for the purpose of settling the ongoing consumer fraud lawsuit filed by the  
18 State, and further acknowledge that the Consent Judgment does not preclude any agency or  
19 officer of this State or subdivision thereof from instituting other civil or criminal proceedings as  
20 may be appropriate.

21 6. The Stipulated Consent Judgment may be executed in counterparts and be  
22 delivered by facsimile or electronic transmission, or a copy thereof, such constituting an  
23 original counterpart hereof, all of which together will constitute one and the same document.

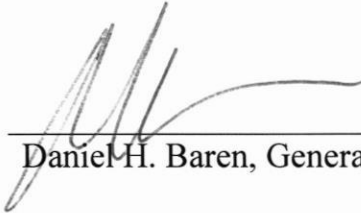
24 7. Defendants represent and warrant that the person(s) signing below on behalf of  
25 CashCall and WS Funding is duly appointed and authorized to do so.  
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EXECUTED on 2-15, 2022


CashCall, Inc.

By:

  
\_\_\_\_\_  
Daniel H. Baren, General Counsel

EXECUTED on 2-15, 2022

WS Funding LLC

  
\_\_\_\_\_  
Daniel H. Baren, General Counsel

EXECUTED on \_\_\_\_\_, 2022

\_\_\_\_\_  
J. Paul Reddam


**APPROVED AS TO FORM AND CONTENT:**

**MARK BRNOVICH**  
**Attorney General**

Mitchell, Stein, Carey, Chapman, P.C.

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Lee Stein  
Kathleen Brody  
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EXECUTED on \_\_\_\_\_, 2022

CashCall, Inc.

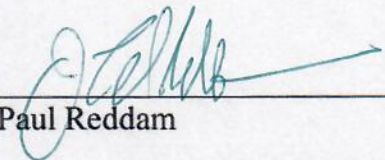
WS Funding LLC

By:

\_\_\_\_\_  
Daniel H. Baren, General Counsel

\_\_\_\_\_  
Daniel H. Baren, General Counsel

EXECUTED on February 15, 2022

  
\_\_\_\_\_  
J. Paul Reddam

**APPROVED AS TO FORM AND CONTENT:**

**MARK BRNOVICH**  
**Attorney General**

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EXECUTED on \_\_\_\_\_, 2022  
CashCall, Inc.

EXECUTED on \_\_\_\_\_, 2022  
WS Funding LLC

By: \_\_\_\_\_  
Daniel S. Baren, General Counsel

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Daniel S. Baren, General Counsel

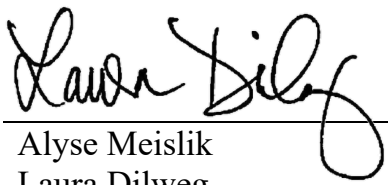
EXECUTED on \_\_\_\_\_, 2022

\_\_\_\_\_  
J. Paul Reddam

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