

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY (Newark)**

PHYLLIS SALTERS, on behalf of
herself and all others similarly
situated,

Plaintiff,

vs.

**ALLIANCEONE RECEIVABLES
MANAGEMENT, INC., and JOHN
DOES 1-25,**

Defendants.

Civil Action

No. 2:09-cv-02775-SRC-MAS

**CLASS ACTION SETTLEMENT AGREEMENT AND PROPOSED:
PRELIMINARY APPROVAL ORDER (Exhibit A); CLASS NOTICE
(Exhibit B); FINAL APPROVAL ORDER (Exhibit C); and
FINAL JUDGMENT (Exhibit D)**

This Class Action Settlement Agreement (hereinafter referred to as the "Agreement") dated February 8, 2010, is entered into between Phyllis Salters (hereinafter "Plaintiff"), individually and on behalf of the "Class Members" and defendant, AllianceOne Receivables Management, Inc. (hereinafter "AllianceOne"). This Agreement is intended by AllianceOne and the Plaintiff, on behalf of themselves and the "New Jersey Class Members," (hereinafter collectively referred to as the "Parties") to fully, finally, and forever resolve, discharge, and settle the "Released Claims" (as defined below), upon and subject to the terms and conditions contained herein.

WITNESSETH:

WHEREAS, on June 8, 2009, Plaintiff filed a class action complaint in the United States District Court for the District of New Jersey in the above numbered and captioned matter (hereinafter sometimes referred to as the "Class

Action”) asserting class claims against AllianceOne arising under the Fair Debt Collection Practices Act (“FDCPA”), 15 U.S.C. § 1692, *et seq*;

WHEREAS, AllianceOne denies all liability alleged in the Class Action;

WHEREAS, the Parties wish to avoid the expense and uncertainty of litigation;

WHEREAS, the Parties believe that settlement by way of this Agreement is in their best interests;

WHEREAS, counsel for the Class Members have evaluated the claims to determine how best to serve the interests of the New Jersey Class Members;

WHEREAS, counsel for the Class Members believe, in view of the costs, risks, and delays of continued litigation and appeals balanced against the benefits of settlement to the Class Members, that the class settlement as provided in this Agreement is in the best interest of the Class Members and is a fair, reasonable, and adequate resolution of the Class Action;

WHEREAS, prior to entering into this Agreement, counsel for the Parties engaged in informal discovery and extensive arms-length settlement negotiations;

WHEREAS, the Parties desire and intend to seek court approval of the settlement of the Class Action as set forth in this Agreement and, upon court approval, to seek a Final Order and Judgment from the Court dismissing with prejudice the claims of the Class Members as set forth herein;

WHEREAS, the Parties and their counsel agree to recommend approval of this Agreement to the Court; and

WHEREAS, the Parties agree to undertake all steps necessary to effectuate the terms and purposes of this Agreement, to secure the Court's approval of same, and to oppose any appeals from any orders of final approval.

I. Terms of the Settlement.

NOW, THEREFORE, IT IS HEREBY FURTHER STIPULATED AND AGREED by and between the Class Representative (for herself and the Class Members) and AllianceOne, with the assistance of their respective counsel or attorneys of record, that, as among the Settling Parties, including all Class Members, the Litigation and the Released Claims shall be finally and fully compromised, settled and released, and the Litigation shall be dismissed with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of the Settlement Agreement.

1. Definitions.

As used in all parts of this Settlement Agreement, the following terms have the meanings specified below:

1.1 "AllianceOne" means AllianceOne Receivables Management, LLC, and all predecessors, successors, divisions, joint ventures and assigns, and each of those entities' past or present, officers, employees, partners, members, principals, agents, insurers, co-insurers, re-insurers, shareholders, attorneys, accountants or auditors, associates, personal or legal representatives.

1.2 "Class" means the collective group of those individuals defined as follows:

All New Jersey consumers who received collection letters and/or notices from AllianceOne in a one year period preceding the filing of the Lawsuit, from June 7, 2008 to October 30, 2009, where the letters and/or notices did not contain language advising the consumers that interest would continue to accrue on the subject debt.

1.3 "Class Common Fund" means \$70,000 placed in a common fund, non-interest bearing trust account, held by First Class, which constitutes approximately 39% of the statutory cap for class claims. See 15 U.S.C. §1692k.

1.4 "Class Counsel" means the Law Offices of Joseph K. Jones, LLC, if appointed by the Court.

1.5 "Class Member" or "Member of the Class" means a person who is a member of the Rule 23 Class, other than those who have incurred actual damages and those that "opt-out" of the settlement, as discussed herein.

1.6 "Court" means the United States District Court for the District of New Jersey (Newark).

1.7 "Effective Date" means the date on which the Judgment becomes Final.

1.8 "Final" means: (i) the date of final affirmance on an appeal of the Judgment; (ii) the date of final dismissal with prejudice of the last pending appeal from the Judgment; or (iii) if no appeal is filed, the expiration

date of the time for the filing or noticing of any form of valid appeal from the Judgment. Notwithstanding the foregoing, any proceeding or order, or any appeal or petition for a writ pertaining solely to the award of attorneys' fees and costs shall not, by itself, in any way delay or preclude the Judgment from becoming Final.

1.9 "Judgment" means the judgment to be rendered by the Court pursuant to this Settlement Agreement substantially in the form attached hereto as Exhibit "D".

1.10 The "Litigation" or the "Lawsuit" means the lawsuit styled as Phyllis Salters, individually and on behalf of all others similarly situated, v. AllianceOne Receivables Management, Inc., and John Does 1-25, in the United States District Court for the District of New Jersey, Civil Action No. 2:09-cv-2775-SRC-MAS.

1.11 "Class Notice" means the summary and full notices (and associated response forms) entitled "SUMMARY NOTICE OF PROPOSED CLASS ACTION SETTLEMENT and FAIRNESS HEARING" and "NOTICE OF PROPOSED CLASS ACTION SETTLEMENT and FAIRNESS HEARING" to be approved by the Court substantially in the forms attached hereto as Exhibit B.

1.12 "Notice Issuance Deadline" means within twenty (20) days after the Preliminary Approval Date.

1.13 "Notice Response Deadline" means the date forty-five (45) days after the Class Notice is mailed to the Class Members.

1.14 "Order of Final Approval" or "Order Granting Final Approval of Settlement" means an order to be entered and filed by the Court entitled "Order Granting Final Approval of Settlement" substantially in the form attached hereto as Exhibit "C".

1.15 "Participating Claimant" or "Participating Claimants" means each Member of the Settlement Class who properly and timely submits a Settlement Claim Certification Form, in response to the Class Notice.

1.16 "Preliminary Approval Date" mean the date on which the Court enters the Preliminary Approval Order.

1.17 "Preliminary Approval Order" means an order to be executed and filed by the Court entitled "Order Granting Preliminary Approval" substantially in the form attached hereto as Exhibit "A".

1.18 "Settlement Claim Certification Form" means a Settlement Claim Certification Form attesting that the claimant was a consumer who is a member of the class and who wishes to be a Participating Claimant, that is fully completed, properly executed and timely returned to Class Counsel, via mail at the address provided in the Notice postmarked within forty-five (45) days from the date of the mailing of the Class Notice. The Settlement Claim Certification Form is incorporated into the "Class Notice," in the same or substantially the same manner as set forth in Exhibit "B".

1.19 "Released Claims" mean, collectively, any and all claims, including Unknown Claims as defined herein, demands, rights, liabilities and causes of action of every nature and description whatsoever including,

without limitation, statutory, constitutional, contractual or common law claims, whether known or unknown, whether or not concealed or hidden, against AllianceOne, or any of them, that accrued at any time on or prior to the Preliminary Approval Date for any type of relief, including, without limitation, damages, unpaid costs, penalties, liquidated damages, punitive damages, interest, attorney fees, litigation costs, restitution, or equitable relief, based on any and all claims in any way related to the claims asserted in the Complaint.

1.20 "Settlement Hearing" or "Fairness Hearing" means a hearing set by the Court to take place after the Notice Response Deadline for the purpose of (i) determining the fairness, adequacy and reasonableness of the Settlement Agreement and associated settlement pursuant to class action procedures and requirements; and (ii) entering Judgment.

1.21 "Settling Parties" means AllianceOne and the Class Representative on behalf of herself and all Members of the Settlement Class.

1.22 "Settlement Agreement" means this Agreement and all of its attachments and exhibits, which the Settling Parties understand and agree sets forth all material terms and conditions of the Settlement between them and which is subject to Court approval. It is understood and agreed that AllianceOne obligations for payment under this Settlement Agreement are conditioned on, among other things, the occurrence of the Effective Date.

1.23 "First Class" means the third party administrator, located at 5410 W Roosevelt Rd Ste 222, Chicago, IL 60644-1479, who will handle the issuance of the Class Notices to the Class Members, maintain the

Class Common Fund, collect the Settlement Claim Certification Forms received by the Participating Claimants, and dispense the class check on a pro rata basis to the Participating Claimants, subject to approval by the Court and consistent with the terms of this Agreement.

1.24 "Unknown Claims" means any Released Claims which the Class Representative or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the entry of the Judgment, and which, if known by him, her or it might have affected his, her or its settlement with and release of the AllianceOne Releasees. The Class Representative and each Settlement Class Member may hereafter discover facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of the Released Claims, but the Class Representative and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which then exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Class Representative acknowledges, and the Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing

waiver was separately bargained for and a key element of the settlement of which this release is a part.

2. The Settlement.

2.1 *Consideration to Settlement Class Members;*

2.1.1 AllianceOne, according to the terms, conditions and procedures set forth in this Settlement Agreement, shall provide all Participating Claimants a pro-rata share of the Class Common Fund, capped at \$1,000 per Participating Claimant.

2.1.2 AllianceOne has provided a class list consisting of 21,488 individuals. AllianceOne agrees that it will disseminate settlement checks to the Participating Claimants on a claims-made basis for each Participating Claimant who returned a complete and timely Settlement Claim Certification Form post-marked on or before the date of the Notice Response Deadline with such issuance by AllianceOne to be made within twenty (20) days of the Judgment Order issued by the Court after the Settlement Hearing. Settlement checks will issue on a pro-rata basis.

2.2 *Court Approval of Notice to the Class; Settlement Hearing.*

The Class Representative and AllianceOne, through their counsel of record in the Litigation, shall file this Settlement Agreement with the Court and shall jointly move for preliminary approval of this Settlement Agreement. Through this submission and a supporting motion, the Settling Parties, through their counsel of record, will request that the Court enter the Preliminary Approval Order thereby scheduling the Settlement Hearing for the purposes of

determining the fairness adequacy and reasonableness of the settlement, granting final approval of the settlement, granting final approval of this Settlement Agreement and entering Judgment.

2.2.1 If the Court enters the Preliminary Approval Order, then at the resulting Settlement Hearing, the Class Representative and AllianceOne, through their counsel of record, shall address any written objections from Class Members or any concerns from Class Members who attend the hearing as well as any concerns of the Court, and shall and hereby do, unless provided otherwise in this Settlement Agreement, stipulate to final approval of this Settlement Agreement and entry of the Judgment by the Court.

2.3 *Notice to Class Members.*

2.3.1 If, by entering the Preliminary Approval Order, the Court provides authorization to mail out the Class Settlement Notice to Class Members, AllianceOne will cause the mailing of the Class Settlement Notice to each identified member of the Class within twenty (20) days of the issuance of the Preliminary Approval Order. A copy of the proposed Class Settlement Notice is appended to this Agreement as Exhibit "B".

2.3.2 AllianceOne shall be responsible for paying all costs of Class Settlement Notice.

2.4 *Responses to the Notice Re: Pendency of Class Action; Motion for Final Approval.*

2.4.1 Class Members have the option to participate in this Lawsuit at their own expense by obtaining their own attorney(s). Class Members

who choose this option will be responsible for any attorney fees or costs incurred as a result of this election. The Class Notice will advise Class Members of this option.

2.4.2 Class Members may elect to opt out of the settlement and thus exclude themselves from the Lawsuit and the Class. Class Members who wish to exercise this option must do so in writing by mail postmarked on or before the Notice Response Deadline to Class Counsel at the address provided on the Class Notice. Otherwise, those Class Members will be deemed to have forever waived their right to opt out of the Settlement Class. Class Members who do properly opt out shall have no further role in the Litigation, and for all purposes shall be regarded as if they never were a party to this Litigation, including without limitation any tolling of pertinent statute of limitations.

2.4.3 Class Members may also object to the Agreement by filing written objections with the Court, and serving those objections with Class Counsel no later than the Notice Response Deadline. The Class Notice shall advise Class Members of this option. Any objections must be in writing and timely submitted or else they are waived. Class Counsel shall immediately provide any such objections to counsel for AllianceOne and subsequently the Court in the final approval process.

2.4.4 Class Members will have forty-five (45) days from the mailing of the Class Notice to complete and return the Settlement Claim Certification Form. If the Settlement Claim Certification Form is postmarked after the forty-fifth day, the Claim shall be deemed null and void.

2.4.5 Prior to the Settlement Hearing and consistent with the rules imposed by the Court, the Class Representative and AllianceOne shall jointly move the Court for entry of the Order of Final Approval (and the associated entry of Judgment). AllianceOne has agreed not to oppose Class Counsel's application for fees and costs provided said application does not exceed \$32,000. The Class Representative and Class Counsel shall be responsible for justifying the agreed upon payments set forth in the Agreement. To the extent possible, the motion seeking entry of the Order of Final Approval shall be noticed for the same day as the Settlement Hearing. The Settling Parties shall take all reasonable efforts to secure entry of the Order of Final Approval. If the Court rejects the Settlement Agreement, fails to enter the Order of Final Approval, or fails to enter the Judgment, this Agreement shall be void *ab initio*, and AllianceOne shall have no obligations to make any payments under the Settlement Agreement.

Timing of the issuance of vouchers to Participating Claimants and Notice of Final Approval to Settlement Class Members.

2.4.6 Within twenty (20) days of and only after the Effective Date, (the "mailing date") AllianceOne shall provide to each Participating Claimant his or her Settlement Check.

2.4.7 Settlement Check issued to Participating Claimants pursuant to this Agreement shall be void after a period of ninety (90) days after the mailing date. Participating Claimants who fail to cash their Settlement Check on or before the ninety day period, like all Class Members, shall remain subject to the terms of the Judgment. In the event that any pro-rata Settlement

Check is not cashed before the void date, these moneys shall revert to AllianceOne.

2.4.8 Following the mailing of the Settlement Checks to Participating Claimants, First Class shall provide counsel for AllianceOne with written confirmation of this mailing and counsel for AllianceOne shall notify Class Counsel as to the mailings and provide a copy of the written confirmation from First Class.

2.5 *Releases.*

2.5.1 Upon the Effective Date, the Class Representative and each of the Class Members (and only these persons) shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, dismissed with prejudice, relinquished and discharged all Released Claims.

2.6 *Payment of Costs and Attorney Fees to the Class Representatives.*

2.6.1 Class Counsel shall be entitled, subject to Court approval and the occurrence of the Effective Date, to recover appropriate costs and attorney fees from AllianceOne pursuant to applicable law. In no event will Class Counsel seek fees and costs totaling more than \$32,000. The fee and cost award ultimately approved by the Court shall be paid to Class Counsel within twenty (20) days of the Effective Date. Payments made pursuant to this Paragraph shall constitute full satisfaction of any claim for fees and/or costs, and the Class Representative and Class Counsel, on behalf of themselves and all Class Members, agree that they shall not seek nor be entitled to any additional attorney fees or costs under any theory. The Class Representative and Class

Counsel agree that they shall be responsible for justifying the amount of this cost and fee payment to the Court, and they agree to submit the necessary materials to justify this payment along with the Settling Parties' joint motion for final approval of the Settlement Agreement. Class Counsel shall provide counsel for AllianceOne with the pertinent taxpayer identification number and a Form W-9 for reporting purposes. Other than any reporting of this fee payment as required by this Settlement Agreement or law, which AllianceOne shall make, Class Counsel and the Class Representative shall alone be responsible for the reporting and payment of any federal, state and/or local income or other form of tax on any payment made pursuant to this Paragraph.

2.6.2 Within twenty (20) business days after the Effective Date, and only in event that the Effective Date occurs, AllianceOne will forward a check payable to Class Representative, in her personal capacity only and via his counsel of record, in the gross amount of one thousand (\$1,000.00) United States dollars. This payment addresses the individual statutory claim of Plaintiff, distinct from her role as the Class Representative in the Litigation.

2.7 Claims Administration.

AllianceOne shall be responsible for the fees and expenses reasonably incurred to administer the Settlement Agreement reflected herein. The Class Representative and Class Counsel shall have no responsibility for any costs related thereto.

2.8 Termination of Settlement

2.8.1 In the event that the settlement set forth in this Stipulation shall not be approved in its entirety or substantially as is by the Court, or in the event that the Effective Date does not occur, no payments shall be made by AllianceOne to anyone in accordance with the terms of this Settlement Agreement, the Settling Parties will bear their own costs and fees with regard to the efforts to obtain Court approval, and this Settlement Agreement shall be deemed null and void with no effect on the Litigation whatsoever.

2.9 Miscellaneous Provisions.

2.9.1 The only Class Members entitled to any payment under this Settlement Agreement and the associated Judgment are Participating Claimants. This Settlement Agreement and the associated Judgment do not and will not create any unpaid residue or unpaid residual, and no distribution of such shall be required, other than as expressly indicated in this Agreement.

2.9.2 Unless otherwise ordered by the Court, in the event the Settlement Agreement shall be terminated, cancelled, declared void or fails to become effective in accordance with its terms, or if the Judgment is reversed on appeal, within twenty (20) business days after written notification of such event, AllianceOne's counsel and Class Counsel shall notify each other of this event in writing.

2.9.3 In the event that the Settlement Agreement is not substantially approved by the Court or the settlement set forth in the Settlement Agreement is terminated, cancelled, declared void or fails to become effective in accordance with its terms, or if the Judgment does not become Final, or to the extent termination, cancellation or voiding of the Settlement Agreement is otherwise provided, the Settling Parties shall resume the Litigation at that time as if no Settlement Agreement had been entered. In such event, the terms and provisions of the Settlement Agreement shall have no further force and effect with respect to the Settling Parties and shall not be used in this Litigation or in any other proceeding for any purpose, and any Judgment or order entered by the Court in accordance with the terms of the Settlement Agreement shall be treated as vacated, *nunc pro tunc*.

2.9.4 The Settling Parties (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effect and implement all terms and conditions of the Settlement Agreement and to exercise their best efforts to accomplish the foregoing terms and conditions of the Settlement Agreement.

2.9.5 The Settlement Agreement is intended to resolve claims which are contested in good faith, and it shall not be deemed an admission by any of the Settling Parties as to the merits of any claim or defense. The Settling Parties agree that the amounts paid in Settlement and the other terms of the settlement were negotiated in good faith by the Settling Parties, and reflect a

settlement that was reached voluntarily after consultation with competent legal counsel.

2.9.6 Neither the Settlement Agreement, nor any act performed or document executed pursuant to, or in furtherance of, the Settlement Agreement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of the AllianceOne Releasees, or any of them; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of the AllianceOne Releasees, or any of them, in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal.

2.9.7 All of the exhibits to the Settlement Agreement are material and integral parts hereof and are fully incorporated herein by this reference.

2.9.8 The Settlement Agreement may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

2.9.9 The Settlement Agreement constitutes the entire agreement among the Settling Parties hereto and no representations, warranties or inducements have been made to any party concerning the Settlement Agreement or its exhibits other than the representations, warranties and covenants contained and memorialized in such documents. Except as otherwise provided herein, each party shall bear its own attorneys' fees and costs.

2.9.10 Class Counsel, on behalf of the Class, is expressly authorized by the Class Representative to take all appropriate action required or permitted to be taken by the Class pursuant to the Settlement Agreement to effect its terms, and also are expressly authorized to enter into any modifications or amendments to the Settlement Agreement on behalf of the Class which they deem appropriate.

2.9.11 Each counsel or other Person executing the Settlement Agreement or any of its exhibits on behalf of any party hereto hereby warrants that such Person has the full authority to do so.

2.9.12 The Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument.

2.9.13 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto; but this Settlement Agreement is not designed to and does not create any third party beneficiaries.

2.9.14 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Settlement Agreement, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Settlement Agreement.

2.9.15 The Settlement Agreement and the exhibits hereto shall be considered to have been negotiated, executed and delivered, and to have

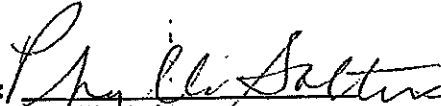
been wholly performed, in the State of New Jersey, and the rights and obligations of the parties to the Settlement Agreement shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of New Jersey, without giving effect to New Jersey's choice of law principles.

2.9.16 The language of all parts of this Settlement Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either party. No party shall be deemed the drafter of this Settlement Agreement. The parties acknowledge that the terms of the Settlement Agreement are contractual and are the product of negotiations between the parties and their counsel. Each party and their counsel cooperated in the drafting and preparation of the Settlement Agreement. In any construction to be made of the Settlement Agreement, the Settlement Agreement shall not be construed against any party. Any canon of contract interpretation to the contrary, under the law of any state, shall not be applied.


2.9.17 The Class Representative and Class Counsel shall not cause any aspect of this Lawsuit or the terms of this Settlement Agreement to be reported to the media or news reporting services, by electronic or any other means.

IN WITNESS WHEREOF, the parties hereto have caused the Settlement Agreement to be executed, intending to be bound by its terms.


DATED: 3/3/10, 2010

By: 
Phyllis Salters
Plaintiff and Class Representative

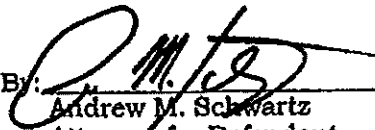
DATED: 2-05-10, 2010

By: 
Authorized Representative of
AllianceOne Receivables
Management, Inc.

DATED: 3/3/10, 2010

By: 
Joseph K. Jones
Attorney for Plaintiff and the Class

DATED: 2/5/10, 2010

By: 
Andrew M. Schwartz
Attorney for Defendant
AllianceOne Receivables
Management, Inc.