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STATE OF NORTH CAROLINA
WAKE COUNTY

WAKE CO. *JSJ*
IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
NO-19 CVS 9339

STATE OF NORTH CAROLINA *ex rel*)
JOSHUA H. STEIN, Attorney General,)
Plaintiff,)
v.)
TURTLE CREEK ASSETS, LTD.,)
TURTLE CREEK RENTALS LLC,)
ROYAL PARK HOLDINGS, INC., and)
GORDON SCOTT ENGLE,)
Defendants;)

CONSENT JUDGMENT

THIS CAUSE came ~~on to be heard and was heard~~ before the undersigned Wake County Superior Court Judge for entry of a Consent Judgment between Plaintiff, State of North Carolina, by and through its Attorney General (“the State”), and Defendants Turtle Creek Assets, Ltd., Turtle Creek Rentals LLC, Royal Park Holdings, Inc., and Gordon Scott Engle (collectively “Defendants”). All parties are represented by counsel. The Court finds that the parties have resolved the matters in controversy between them and have agreed to the entry of this Consent Judgment by the Court without trial or adjudication of any issue of fact or law, and without finding or admission of wrongdoing or liability of any kind.

I. FINDINGS OF FACT

- 1.1 Plaintiff State of North Carolina is acting through its Attorney General, Joshua H. Stein, pursuant to authority granted in Chapters 75 and 114 of the North Carolina General Statutes.
- 1.2 Defendant Turtle Creek Assets, Ltd. is a Texas limited liability partnership.
- 1.3 Defendant Turtle Creek Rentals LLC (“TCR”) is a Texas limited liability company.

1.4 Defendant Royal Park Holdings, Inc., is a Texas corporation.

1.5 Defendant Gordon Scott Engle is a resident of North Carolina and is the President and CEO of Turtle Creek Assets, Ltd., the Manager of Turtle Creek Rentals LLC, and the President of Royal Park Holdings, Inc.

1.6 The State filed this action on July 10, 2019. In its Complaint, the State alleged that Defendants violated the North Carolina Collection Agency Act, N.C. Gen. Stat. §§ 58-70-90, *et seq.*, the North Carolina Unfair and Deceptive Practices Act, N.C. Gen. Stat. §§ 75-1.1, *et seq.*, the North Carolina Business Corporation Act, N.C. Gen. Stat. § 55-15-01, the North Carolina Limited Liability Company Act, N.C. Gen. Stat. § 57D-7-01, and the North Carolina Uniform Partnership Act, N.C. Gen. Stat. § 59-91.

1.7 This Court entered a Consent Temporary Restraining Order (“TRO”) on July 15, 2019, restraining Defendants, *inter alia*, from (a) engaging in debt collection activities without obtaining the appropriate certifications and registration from the North Carolina Secretary of State and the required permit(s) from the North Carolina Department of Insurance; and (b) engaging in any unfair or deceptive acts or practices in violation of N.C. Gen. Stat. § 75-1.1.

1.8 This Court entered a Preliminary Injunction on July 24, 2019, continuing, clarifying, and amending the terms and conditions of the TRO entered on July 15, 2019.

1.9 Since that time, the Preliminary Injunction has been in effect pending further hearing or order of the Court.

1.10 Defendants deny the State’s allegations described in paragraph 1.6 and as contained in the Complaint and any violations of law in the conduct of their business; however, Defendants wish to resolve this controversy without further proceedings and are therefore willing to agree to the entry of this Consent Judgment.

1.11 This Consent Judgment shall apply to all North Carolina consumer debt acquired by Defendants from Aaron's, Inc. since and including January 1, 2012 ("the Consumer Debt"). Defendants acknowledge that Defendants have made the following representations to the State regarding the Consumer Debt: (a) the Consumer Debt, in aggregate, is an amount of no less than Twenty-Two Million Nine Hundred Thirty-Four Thousand Seventy-Five and 17/100 Dollars (\$22,934,075.17), including outstanding principal, interest, fees, and charges; (b) that Defendants are the sole owners of the consumer debt, and that no others have any rights or claims to that debt; and (c) that Defendants have not referred, sold, assigned, or otherwise transferred the consumer debt to any collection agency or other third party.

II. CONCLUSIONS OF LAW

2.1 This Court has jurisdiction over the parties and the subject matter of this action.

2.2 Venue is proper in Wake County.

2.3 The North Carolina Attorney General is the proper party to commence these proceedings under the authority of N.C. Gen. Stat. §§ 75-14 and 75-15, and by virtue of his statutory and common law authority to protect the interests of the citizens of the State of North Carolina.

2.4 This Consent Judgment shall be governed by the laws of the State of North Carolina.

2.5 Entry of this Consent Judgment is just and proper and in the public interest.

2.6 The State's Complaint states a cause of action against Defendants upon which relief may be granted; and the Court finds good and sufficient cause to adopt this agreement of the parties, and these findings of fact and conclusions of law, as the Court's determination of the parties' respective rights and obligations, and for entry of this Consent Judgment.

2.7 The parties have agreed to resolve their differences, and the agreement of the parties is just and reasonable with respect to all parties.

2.8 The Court approves the terms of the parties' agreement and adopts them as its own determination of the parties' respective rights and obligations.

III. INJUNCTIVE RELIEF

Based on the foregoing findings of fact and conclusions of law, **IT IS ORDERED, ADJUDGED, AND DECREED** that:

3.1 Defendants, their owner(s), subsidiaries, officers, agents, employees, successors, assigns, and any others acting in concert or under the actual direction or control of Defendants, are hereby permanently restrained and enjoined from:

- (A) acting as a "Collection Agency" as defined in N.C. Gen. Stat. § 58-70-15 or engaging in the collection agency business within the State of North Carolina;
- (B) engaging in any unfair or deceptive acts or practices in violation of N.C. Gen. Stat. § 75-1.1, including but not limited to the acts and practices outlined in N.C. Gen. Stat. §§ 58-70-95 through 58-70-115; and
- (C) disclosing, using, or benefitting from North Carolina customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account (including credit card, bank account, or other financial account), that any Defendant obtained prior to entry of this Consent Judgment; except that any Defendant may disclose such information in response to the following: a lawful order of a court of competent jurisdiction or other compulsory process; request from state or federal law enforcement agency; or requests from consumers whose accounts are the subject of this Consent Judgment.

3.2 Within thirty (30) days of the entry of this Consent Judgment, each entity-Defendant (meaning Turtle Creek Assets, Ltd., Turtle Creek Rentals LLC, and Royal Park Holdings, Inc.) shall file all North Carolina tax returns required under the North Carolina Revenue Act for the 2018 and 2019 tax years and shall remit any tax due as set forth therein. Each entity-Defendant shall be responsible for all additional tax, penalties, and interest assessed by the Secretary of Revenue within the statute of limitations, and nothing herein shall be deemed to waive or in any way preclude any examination or enforcement of the Revenue Act under any legal authority granted to the North Carolina Secretary of Revenue.

IV. DEBT RELIEF

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that:

4.1 The Consumer Debt shall be deemed forgiven, and all outstanding balances on that debt are hereby discharged and cancelled. Defendants shall have no further right to payment on, or to collect upon, such debt, including their associated fees, charges, and interest.

4.2 To avoid all doubt, the property that was the subject of the contracts underlying the Consumer Debt shall be free of any claim of right, title, or interest of Defendants following the entry of this Judgment.

4.3 For any of the Consumer Debt that Defendants reported or caused to be reported to a Consumer Reporting Agency ("CRA") prior to entry of this Consent Judgment, Defendants shall, within 60 days of entry of this Consent Judgment, request that each CRA delete any negative credit entries pertaining to such debt from the consumer's credit reporting file.

4.4 Defendants shall permanently cease collecting on all judgments obtained against any North Carolina consumer related to the Consumer Debt, and within 30 days of entry hereof, Defendants shall move the court of proper jurisdiction in each such instance to vacate the judgment on the basis of this Consent Judgment.

4.5 For any criminal case brought for nonpayment of Consumer Debt in which any Defendant was the complaining witness, Defendants shall cooperate fully with the impacted consumers, Courts, and local District Attorneys to have the matters dismissed or the consumers' records expunged, if requested to do so by the impacted consumer, Courts, or local District Attorneys. This paragraph shall apply to matters pending on the date of entry of this Consent Judgment, and those matters in which the consumer was convicted of a crime prior to entry of this Consent Judgment.

4.6 Defendants shall, within 180 days after entry of this Consent Judgment, provide a signed declaration to the North Carolina Attorney General attesting that they have complied with the requirements of §§ 4.3 through 4.5 herein. Attached to the declaration, Defendants shall provide a list of the following:

4.6.1 The name, account number, last known mailing address, and last known phone number of each consumer whose CRAs received the negative credit deletion request required in § 4.3 above.

4.6.2 The consumer name, account number, last known mailing address, last known phone number, county where filed, and docket number of each case in which Defendants moved to vacate judgment as required by § 4.4 above.

4.6.3 The consumer name, account number, last known mailing address, last known phone number, county where filed, and docket number of each case in which Defendants cooperated fully with the impacted consumers, Courts, and local District Attorneys to have the matters dismissed or the consumers' records expunged, as required by § 4.5 above.

4.7 For a period of at least three years from entry hereof, Defendants shall retain copies of all documents, including but not limited to, all communications with consumers, CRAs, Court

personnel, law enforcement agencies, and District Attorneys' offices related to Defendants' compliance with this Consent Judgment. Defendants shall provide the North Carolina Attorney General with copies of these compliance documents within thirty days of the Attorney General's written request for the documents.

4.8 In the event that a third party attempts to collect on, or asserts any right or claim to, any of the Consumer Debt or property that was the subject of the Consumer Debt's underlying contracts, against any consumer, Defendants shall promptly indemnify and hold those consumers harmless against all such claims.

4.9 Defendants shall fully cooperate with the Attorney General in good faith in providing information and assistance reasonably requested by the Attorney General in responding to consumer inquiries and ensuring that the Defendants' obligations under this Consent Judgment are timely fulfilled.

V. MONETARY RELIEF

5.1 Consumer Restitution. Defendants shall pay the sum of Two Hundred Twenty-Three Thousand Eighteen and 98/100 Dollars (\$223,018.98) to the Attorney General as consumer restitution to be paid by the Attorney General to each consumer who is entitled to a refund of that portion of the Consumer Debt that the consumer paid to Defendants. Defendants shall pay the above sum to the Attorney General via cashier's check or other certified funds made payable to the "North Carolina Department of Justice" as follows: Defendants shall pay the initial sum of Thirteen Thousand Eighteen and 98/100 Dollars (\$13,018.98) on or before the date of entry hereof; and the remaining balance of Two Hundred Ten Thousand Dollars (\$210,000.00) shall be paid within ninety (90) days of entry hereof.

5.2 Attorney Fees and Investigative Costs. Defendants shall pay Twenty Thousand Dollars (\$20,000) to the North Carolina Attorney General. This payment shall be used for attorney

fees, investigative costs, consumer restitution, consumer protection enforcement, other consumer protection purposes, and other purposes allowed by law, at the discretion of the Attorney General. Defendants shall pay said sum to the Attorney General via cashier's check or other certified funds made payable to the "North Carolina Department of Justice" within ninety (90) days of entry hereof.

5.3 Civil Penalties For Violations of Business Registration Acts. On or before the date of entry hereof, Defendants Turtle Creek Assets, Ltd., Turtle Creek Rentals LLC, Royal Park Holdings, Inc. shall each pay civil penalties to the State in the amount of Two Thousand Dollars (\$2,000), comprised of One Thousand dollars (\$1,000) per year, or part thereof, in which it transacted business in this State without having registered in violation of the Business Corporation Act, the North Carolina Limited Liability Company Act, or the North Carolina Uniform Partnership Act, as applicable, pursuant to N.C. Gen. Stat. §§ 55-15-02(d), 57D-702(b), and 59-92(d), respectively (total due from all three entities = \$6,000). Defendants Turtle Creek Assets, Ltd., Turtle Creek Rentals LLC, Royal Park Holdings, Inc. shall pay said sums to the Attorney General via cashier's check or other certified funds made payable to the "North Carolina Department of Justice"

5.4 Civil Penalties for Unfair and Deceptive Trade Practices. Defendants shall pay an additional One Hundred Twenty-Five Thousand Dollars (\$125,000.00) in civil penalties for violations of the Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1; the liability for this payment shall be joint and several. The State's collection of the \$125,000.00 is suspended during the time of Defendants' full compliance with the Consent Judgment. If, at any time, this Court finds that Defendants have violated the terms of this Consent Judgment, this penalty shall be immediately due to the State.

5.5 Registration and Filing Fees.

5.5.1 On or before the date of entry hereof, Defendant Royal Park Holdings, Inc., shall pay business registration fees in the amount of three hundred dollars (\$300), comprised of the Application for Certificate of Authority fee of two hundred fifty dollars (\$250) and the Annual Report filing fee of twenty-five dollars (\$25) per year, or part thereof, in which it transacted business in this State without having registered.

5.5.2 On or before the date of entry hereof, Defendant Turtle Creek Rentals, LLC, shall pay business registration fees in the amount of six hundred fifty dollars (\$650), comprised of the Application for Certificate of Authority fee of two hundred fifty dollars (\$250) and the Annual Report filing fee of two hundred dollars (\$200) per year, or part thereof, in which it transacted business in this State without having registered.

5.5.3 On or before the date of entry hereof, Defendant Turtle Creek Assets, Ltd., shall pay business registration fees in the amount of five hundred twenty-five dollars (\$525), comprised of the Application for Registration as a Foreign Limited Liability Partnership fee of one hundred twenty-five dollars (\$125) and the Annual Report filing fee of two hundred dollars (\$200) per year, or part thereof, in which it transacted business in this State without having registered.

5.5.4 Payment of the Fees provided in ¶¶ 5.5.1 through 5.5.3 (total = One Thousand Four Hundred Seventy-Five Dollars (\$1,475)) shall made to the Attorney General via cashier's check or other certified funds made payable to the "North Carolina Secretary of State" on or before the date of entry hereof, which in turn the Attorney General shall deliver to the North Carolina Secretary of State.

VI. GENERAL PROVISIONS

6.1 Other State Governmental Entities. This Consent Judgment shall not bind any other offices, boards, commissions, or agencies of the State of North Carolina, and nothing in this

Consent Judgment shall in any way preclude any investigation or enforcement under any legal authority granted to the State, for transactions not subject to this action. Notwithstanding the foregoing, nothing herein shall be deemed to waive or in any way preclude any examination or enforcement of the Revenue Act under any legal authority granted to the North Carolina Secretary of Revenue, for any transaction.

6.2 Retention of Jurisdiction. The Court retains jurisdiction over this action to take any further action deemed necessary to enforce this Consent Judgment, including imposition of penalties, and to award the State judgments for any costs, including reasonable attorney's fees, it incurs in the event of material noncompliance by Defendants.

6.3 No Sanction of Business Practices. Defendants shall not represent directly or indirectly or in any way whatsoever that the Court or the Attorney General has sanctioned, condoned, or approved any part or aspect of Defendants' business operations.

6.4 Release of Claims. This Consent Judgment fully resolves all legal claims and issues raised or that could have been raised in the State's Complaint against Defendants for their activities up to the date of this Consent Judgment. The State's entry into this Consent Judgment is premised on the documents previously produced by Defendants to the State represented by Defendants as accurately summarizing all of the Consumer Debt. Defendants acknowledge that the documents produced and representations made to the State are a material part of the consideration for the Attorney General to enter into this Consent Judgment. If it is discovered that any of the documents or representations are false, the State will be entitled to seek appropriate remedies from the Court, including but not limited to restitution, disgorgement, civil penalties, attorneys' fees, and any other relief allowed by law.

6.5 Private Right of Action. Nothing in this Consent Judgment shall be construed to affect any private right of action that a consumer, person, entity, or any governmental entity may hold against Defendants, nor shall this Consent Judgment confer any rights upon, or be enforceable by, any persons or entities besides the State and the Defendants. The State may not assign or otherwise convey any right to enforce any provision of this Consent Judgment.

6.6 Denial and No Admission. Defendants deny that they and/or their employees, officers, directors, subsidiaries, founders, and/or owners have violated any statute, regulation, decision, or other source of law. Defendants are entering into this Consent Judgment for the purpose of compromising and to avoid the time, expense, burden, and uncertainty associated with continuing litigation, and to address the State's concerns with Defendants' business practices. It is expressly agreed that this Consent Judgment is not admissible in any proceeding (except in a dispute between the State and any Defendant regarding compliance with the Judgment), and it is also expressly agreed and understood that nothing contained in this Consent Judgment may be taken as or construed to be an admission or concession of any liability, wrongdoing, or violation of any source of law, or of any other matter of fact or law. This Consent Judgment is not intended to be used or admissible in any unrelated administrative, civil, or criminal proceedings. Defendants do not waive any defenses they may raise elsewhere in other litigation or matters.

6.7 Regulation of Other Conduct. Nothing in this Consent Judgment is intended to relieve Defendants of their responsibility to comply with all applicable North Carolina laws.

6.8 IRS Reporting. On or before the date of entry hereof, each payor Defendant shall submit a completed NC Sub W-9 Form to the North Carolina Attorney General for use in issuing the Form 1098-F required by the Internal Revenue Service.

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SO ORDERED.

This the 10th day of October, 2022.



Superior Court Judge

CONSENTS FOLLOW ON NEXT PAGE

THE UNDERSIGNED PARTIES HEREBY CONSENT TO THE TERMS AND CONDITIONS OF THIS CONSENT JUDGMENT AS SET FORTH ABOVE, AND HEREBY CONSENT TO ENTRY THEREOF:

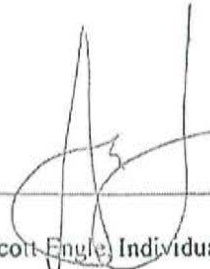
PLAINTIFF:

STATE OF NORTH CAROLINA, *ex rel.* JOSHUA H. STEIN, ATTORNEY GENERAL



By Phillip K. Woods Special Deputy Attorney General
NC Bar No. 18439

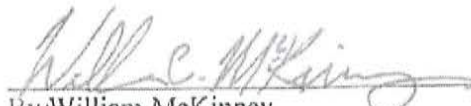
DEFENDANTS:



SEP 26, 2022

By Gordon Scott Engle Individually and in his Capacity as President and CEO of Turtle Creek Assets, Ltd., Manager of Turtle Creek Rentals, LLC; and President of Royal Park Holdings, Inc.

COUNSEL FOR DEFENDANTS:



By William McKinney
HAYNSWORTH SINKLER BOYD, P.A.
NC Bar No.: 46254

Date: September 26, 2022