

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF KENTUCKY

UNITED STATES OF AMERICA, )  
 )  
 )  
 Plaintiff, ) Civil No.  
 )  
 v. )  
 )  
 ACTION LOAN COMPANY, INC., )  
 a Kentucky corporation, )  
 )  
 and )  
 )  
 GUS GOLDSMITH, )  
 individually and as an )  
 officer of the corporation, )  
 )  
 Defendants. )  
 )  
 \_\_\_\_\_ )

CONSENT DECREE

WHEREAS: Plaintiff, the United States of America, has commenced this action by filing the Complaint herein; Defendants have waived service of the Summons and Complaint; the parties have been represented by attorneys whose names appear hereafter; and the parties have agreed to settlement of this action upon the following terms and conditions, without adjudication of any issue of fact or law and without Defendants admitting liability for any of the matters alleged in the complaint.

THEREFORE, on the joint motion of plaintiff and defendants, it is hereby ORDERED, ADJUDGED, AND DECREED that:

1. This court has jurisdiction of the subject matter herein and of the parties hereto.

2. The complaint states a claim upon which relief may be granted against defendants under Sections 5(a)(1), 5(m)(1)(A), 9, 13(b), and 16(a) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 49, 53(b), and 56(a), under the FTC Trade Regulation Rule Concerning Credit Practices ("Credit Practices Rule"), 16 C.F.R. Part 444, under the Equal Credit Opportunity Act ("ECOA"), 15 U.S.C. §§ 1691-1691f, as amended, under the Federal Reserve Board Regulation B, ("Regulation B"), 12 C.F.R. Part 202, under the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. §§ 1681-1681u, as amended, under the Truth in Lending Act ("TILA"), 15 U.S.C. §§ 1601-1666j, as amended, under the Federal Reserve Board Regulation Z, 12 C.F.R. Part 226, under the Real Estate Settlement Procedures Act of 1974 ("RESPA"), 12 U.S.C. § 2607, and under the Department of Housing and Urban Development's Regulation X, 24 C.F.R. § 3500.14.

#### DEFINITIONS

3. As used in this Consent Decree:
- (a) the FTC Trade Regulation Rule Concerning Credit Practices ("Credit Practices Rule") refers to 16 C.F.R. Part 444;
  - (b) the Equal Credit Opportunity Act or ECOA refers to 15 U.S.C. §§ 1691-1691f, as amended;
  - (c) "Regulation B" refers to the Federal Reserve Board Regulation B, 12 C.F.R. Part 202, in effect on or after March 1977;
  - (d) the Fair Credit Reporting Act or FCRA refers to 15 U.S.C. §§ 1681-1681u, as amended;
  - (e) the Truth in Lending Act or TILA refers to 15 U.S.C. §§ 1601-1666j, as amended;

- (f) Regulation Z refers to the Federal Reserve Board's Regulation Z, 12 C.F.R. Part 226, as amended, in effect on or after May 1968;
- (g) the terms "amount financed," "annual percentage rate" ("APR"), "closed-end credit," "consumer credit," and "finance charge" are defined as provided in Regulation Z, 12 C.F.R. § 226.2;
- (h) the terms "adverse action," "applicant," "application," and "credit" are defined as provided in Regulation B, 12 C.F.R. § 202.2;
- (i) the terms "lender," "creditor," "household goods," and "obligation" are defined as provided in the Credit Practices Rule, 16 C.F.R. § 444.1;
- (j) unless otherwise specified, the term "defendants" shall mean Action Loan Company, Inc. ("Action Loan"), a Kentucky corporation, its successors, assigns, subsidiaries, or divisions thereof, any company in which a majority or controlling ownership interest is held by Action Loan or Gus Goldsmith and that engages in the business of extending consumer credit, and their officers; and Gus Goldsmith, individually and as an officer of the corporation.
- (k) The Federal Trade Commission Act refers to 15 U.S.C. §§ 41-58, as originally enacted and subsequently amended.
- (l) The Real Estate Settlement Procedures Act or RESPA refers to 12 U.S.C. § 2607, et seq.
- (m) "Regulation X" refers to the Department of Housing and Urban Development Regulation X, 24 C.F.R. § 3500, as amended.
- (n) The terms "federally related mortgage loan," "thing of value," "settlement services," and "person" are defined as provided in RESPA, 12 U.S.C. § 2602 and Regulation X, 24 C.F.R. § 3500.2.

CIVIL PENALTY

4. Defendants shall pay to plaintiff, pursuant to Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), a civil penalty in the total amount of \$350,000.00 (U.S. Dollars). Defendants are jointly and severally responsible for paying the penalty.

5. Defendants shall make the payment required by Paragraph 4 within ten (10) days of the entry of this Consent Decree. The payment shall be made by electronic fund transfer in accordance with procedures specified by the Office of Consumer Litigation, Civil Division, United States Department of Justice, Washington, D.C. 20530.

6. In the event of any default in payment, which default continues for ten days beyond the due date for payment, the entire unpaid penalty, together with interest, as computed pursuant to 28 U.S.C. § 1961 from the date of default to the date of payment, shall immediately become due and payable.

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CONSUMER REDRESS

7. Defendants, their successors and assigns, within thirty (30) days of entry of this consent decree, shall pay redress to borrowers who were allegedly harmed by Defendants' alleged RESPA violations, as identified by the Department of Housing and Urban Development and set forth in Appendix B, in the aggregate amount of \$[13,000.00] (U.S. Dollars).

8. Defendants shall make the payments to borrowers identified in Appendix B on or before thirty (30) days after the date of issuance of this Consent Decree. Defendants shall also provide the Department of Housing and Urban Development with documentation showing the payments were made to and received by the borrowers. Defendants shall notify the Department of Housing and Urban Development in the event that payment to any borrower is returned to defendants for any reason. Notwithstanding any other provision of this Consent Decree, Defendants agree that if they fail to meet the payment obligations set forth in this Consent Decree, Defendants shall pay the costs and attorneys' fees incurred by the Department of Housing and Urban Development and its agents in any attempts to collect amounts due pursuant to this Consent Decree.

Defendants further agree that the facts as alleged in the Complaint filed in this action shall be taken as true in any subsequent litigation filed by the Department of Housing and Urban Development to enforce its rights pursuant to this Consent Decree, including but not limited to, a nondischargeability complaint in any subsequent bankruptcy proceeding.

9. Defendants shall, within thirty (30) days of the issuance of this Consent Decree, mail to the borrowers on Appendix C a letter in the format specified in Appendix D, which letter shall inform each borrower of his or her option to either continue his or her coverage of previously purchased credit-related insurance, or to terminate such coverage and receive a full refund of premiums paid (hereinafter, the “option form”). Such mailing shall be accomplished through the United States Postal Service using certified mail, return receipt requested. Each mailing shall be accompanied by a self-addressed stamped return envelope and shall inform the borrower that he or she has forty-five (45) calendar days in which to make known which option he or she has selected. For each option form electing a refund that is received by Defendants within forty-five (45) calendar days of its receipt by the borrower, Defendants shall refund the full amount of the insurance premium, as listed on Appendix C, to the borrower within ten (10) business days of receiving such option form. Each refund check must be negotiated within one hundred and eighty (180) calendar days of its mailing to a borrower, or Defendants shall have the right to stop payment on said check. Within thirty (30) days after the forty-five day option period granted to the borrower has expired, Defendants shall provide the Federal Trade Commission and the Department of Housing and Urban Development with documentation showing the number of borrowers that exercised their right to a full refund of the insurance premium, the names of such borrowers, and the payments made to and received by such borrowers. Defendants shall notify the Commission and the Department of Housing and Urban Development in the event that payment to any borrower is returned to Defendants for any reason.

EQUITABLE RELIEF

10. In each instance in which Defendants took or received from a consumer an obligation that constituted or contained a security interest in household goods (other than a purchase money security interest), Defendants, their successors and assigns, shall within thirty (30) days of entry of this consent decree:

- (A) where such security interest remains outstanding, extinguish the security interest in household goods by providing to the consumer the notice contained in Appendix A, taking such action as required under applicable state law to extinguish such security interest, providing a copy of any document filed with public officials to extinguish the security interest in the consumer's household goods to the consumer, and providing a credit to the account of the consumer in the amount of the filing fee paid in connection with the filing of the security interest in the consumer's household goods, as well as that portion of the finance charge paid or to be paid by the consumer that is attributable to the filing fee; and
- (B) where such security interest is no longer outstanding, refund to the consumer the filing fee paid in connection with the filing of the security interest in the consumer's household goods, as well as that portion of the finance charge paid by the consumer that is attributable to the filing fee.

11. In each instance in which Defendants took or received from a consumer an obligation that constituted or contained an executory waiver or limitation of exemption from attachment, execution, or other process on real or personal property held, owned by, or due to the consumer, unless the waiver applies solely to property subject to a security interest executed in connection with the obligation, defendants, their successors and assigns, shall within thirty (30) days of entry of this consent decree:

- (A) Agree that the "waiver of exemption" provision contained in the note or contract is hereby nullified and will not be enforced by Defendants; and

- (B) Mail or deliver to each consumer obligated in a note or contract reformed pursuant to Paragraph 11(A) of this Consent Decree the notice contained in Appendix A describing each change made in the note or contract and stating that each nullified provision will not be enforced by any party, and that does not contain any other information.

### INJUNCTIONS

12. Defendants, their successors and assigns, and their officers, agents, employees, and all persons in active concert or participation with any one or more of them who receive actual notice of this Consent Decree by personal service or otherwise, are hereby enjoined from ever, directly or through any corporation, subsidiary, division or other device:

- (A) Failing to comply with the Credit Practices Rule, 16 C.F.R. Part 444, including, without limitation:
- (1) taking or receiving from a consumer an obligation that constitutes or contains an executory waiver or limitation of exemption from attachment, execution, or other process on real or personal property held, owned by, or due to the consumer, unless the waiver applies solely to property subject to a security interest executed in connection with the obligation, in violation of the Credit Practices Rule, 16 C.F.R. Part 444.2(a)(2).
  - (2) taking or receiving from a consumer an obligation that constitutes or contains a non-possessory security interest in household goods (other than a purchase money security interest) in violation of the Credit Practices Rule, 16 C.F.R. Part 444.2(a)(4).
- (B) Failing to comply with the ECOA, 15 U.S.C. §§ 1691-1691f, as amended, or its implementing Regulation B, 12 C.F.R. Part 202, as amended, including, without limitation:

- (1) failing to notify each applicant in writing within 30 days of adverse action taken on such person's application, in violation of Section 701(d) of the ECOA, 15 U.S.C. § 1691(d), and Sections 202.9(a) and (b) of Regulation B, 12 C.F.R. § § 202.9(a) and (b).
  - (2) failing to provide the applicant with the specific, principal reason(s) for the adverse action or a disclosure of the applicant's right to a statement of such reason(s) within 30 days, if the statement is requested within 60 days of notification, in violation of Section 701(d) of the ECOA, 15 U.S.C. § 1691 (d), and Sections § § 202.9(a) and (b) of Regulation Z, 12 C.F.R. § 202.9(a) and (b).
  - (3) failing to provide each applicant within 30 days of adverse action taken on such person's application with a statement of the provisions of Section 701(a) of the ECOA and the name and address of the federal agency that administers compliance with respect to the creditor, in violation of Section 701(d) of the ECOA, 15 U.S.C. § 1691(d) and Sections 202.9(a) and (b) of Regulation B, 12 C.F.R. §§ 202.9(a) and (b).
  - (4) failing to retain copies of the notification of adverse action taken with respect to applicants, in violation of Section 202.12(b) of Regulation B, 12 C.F.R. 202.12(b).
- (C) Failing to comply with Section 615 of the Fair Credit Reporting Act, 15 U.S.C. 1681m, as amended, including, without limitation:
- (1) failing to advise the consumer, at the time that adverse action is taken on an application, that the adverse action has been taken, in whole or in part, because of information contained in a consumer report from a consumer reporting agency.

- (2) failing to supply the applicant with the name and address of the consumer reporting agency making said report.
  - (3) failing to provide consumers with a statement of their rights, inter alia, to obtain a free copy of their consumer report and to dispute the accuracy or completeness of information in the reports.
- (D) Failing to comply with the TILA, 15 U.S.C. §§ 1601-1666j, as amended, or its implementing Regulation Z, 12 C.F.R. Part 226, as amended, including, without limitation:
- (1) failing to make all disclosures, determined in accordance with Sections 106 and 107 of the Truth in Lending Act, 15 U.S.C. §§ 1605 and 1606, and Sections 226.4 and 226.22 of Regulation Z, 12 C.F.R. §§ 226.4 and 226.22, in the manner, form and amount required by Sections 226.17, 226.18, 226.19 and 226.20 of Regulation Z, 12 C.F.R. §§ 226.17, 226.18, 226.19 and 226.20.
  - (2) failing to include in the finance charge and the annual percentage rate disclosed to the consumer, as required by Sections 106, 107 and 128 of the Truth in Lending Act, 15 U.S.C. §§ 1605, 1606 and 1638, and Sections 226.4(d), 226.22 and 226.18(d) and (e) of Regulation Z, 12 C.F.R. §§ 226.4(d), 226.22, and 226.18(d) and (e), the premiums for credit-life, credit accident and health, credit accident and sickness, or accidental death and dismemberment insurance (hereinafter referred to collectively as "credit-related insurance") that consumers are required to purchase in connection with an extension of credit.
  - (3) failing to exclude from the amount financed disclosed to the consumer, as required by Section 128 of the Truth in Lending Act, 15 U.S.C. § 1638, and Section 226.18(b) of Regulation Z, 12

C.F.R. § 226.18(b), credit-related insurance premiums that consumers are required to purchase in connection with an extension of credit.

- (E) Failing to comply with the RESPA, 12 U.S.C. § 2601, et seq., as amended or its implementing Regulation X, 24 C.F.R. § 3500, et seq., as amended, including, without limitation:
- (1) failing to provide a Good Faith Estimate with the disclosures of charges or range of charges the borrower is likely to incur in connection with the settlement.
  - (2) failing to retain a HUD-1 or HUD-1A, Settlement Statement, and related documents for five years after settlement as required by 24 C.F.R. § 3500.10.
  - (3) failing to provide a disclosure at the time of the application for a federally related mortgage loan whether the servicing of the loan may be assigned, sold, or transferred to any other person at any time while the loan is outstanding, as required by 12 U.S.C. § 2605.
  - (4) giving or accepting any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of the real estate settlement service involving a federally related mortgage loan shall be referred to any person.
  - (5) giving or accepting any portion, split, or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed.

13. Defendants, their successors and assigns, and their officers, agents, employees, and all persons in active concert or participation with any one or more of them who receive actual notice of this Consent Decree by personal service or otherwise, are

hereby further enjoined from ever, directly or through any corporation, subsidiary, division or other device, in connection with any closed-end credit transaction originated by defendants, orally or otherwise, directly or indirectly, misrepresenting:

- (A) That consumers are purchasing only credit-life insurance, when in fact they are also purchasing accident and health insurance or any other type of credit-related insurance;
- (B) The costs or premiums for each insurance product sold, including credit-life insurance, accident and health insurance, or any other type of credit-related insurance; and
- (C) Any costs, terms, conditions, benefits, or coverage of credit life insurance, accident and health insurance, or any other type of credit-related insurance.

14. Defendants, their successors and assigns, and their officers, agents, employees, and all persons in active concert or participation with any one or more of them who receive actual notice of this Consent Decree by personal service or otherwise, are hereby further enjoined from ever, directly or through any corporation, subsidiary, division or other device, in connection with any closed-end credit transaction originated by defendants:

- A. When credit-related insurance premiums are not included in the finance charge:
  - (1) Failing to present to the consumer as the first document at the time of closing, a separate, voluntary insurance election form ("Voluntary Insurance Election Form") that sets forth clearly and prominently the following information:
    - (a) a statement that the consumer has already been approved for the loan;
    - (b) a statement that the consumer does not have to purchase credit-related insurance to obtain the loan;

- (c) a statement that the consumer's decision about credit-related insurance will not affect the amount of the consumer's loan or whether the consumer receives a loan;
- (d) each option (i.e., type of credit-related insurance) available to the consumer;
- (e) the amount of the premium or fee for each credit-related insurance;
- (f) a statement that, if the consumer decides to buy credit-related insurance, the consumer will have to pay the amounts listed in (e) above;
- (g) a statement that, if the consumer decides to buy credit-related insurance, defendants will add the insurance premiums and membership fees to the consumer's loan amount;
- (h) a signature and date line for each option set forth in (d) above for the consumer to indicate his/her election; and
- (i) a statement that, if the consumer does not want to buy one of the products listed on the document described in this section, they should not place their signature on the line next to the product.

(2) Make the disclosures required by Paragraph 14(A)(1) on a separate document entitled "Voluntary Insurance Election Form" that contains no other printed or written material. The disclosures required by Subparagraphs 14(A)(1)(a) through (c) shall not be smaller than 12-point type. Defendants shall maintain the original form for two years following its execution and provide the consumer with an executed copy thereof.

(3) Provide, without marking or otherwise instructing a consumer where to sign or date the form, the separate Voluntary Insurance Election Form required by Paragraph 14(A)(1) in advance of the consumer's free and independent choice for such insurance.

#### REPORTING REQUIREMENTS

15. Within sixty (60) days following the date of entry of this Consent Decree, Defendants shall submit to the Associate Director for Financial Practices, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580, and to the Director of Office of Consumer and Regulatory Affairs, Department of Housing and Urban Development, 451 Seventh Street, S.W., Room 9146, Washington, D.C. 20410, a full and complete description of how Defendants have complied and are complying with the requirements of Paragraphs 7-14 of this Consent Decree. Such report shall include, but is not limited to, a copy of each document used to instruct officers, agents, representatives or employees of Action Loan and Gus Goldsmith regarding the requirements of Paragraphs 7-14, and shall include an affidavit signed by the most responsible individual that identifies the names, addresses and positions of each person to whom the Consent Decree has been provided.

#### GENERAL REQUIREMENTS

16. Defendants Action Loan and Gus Goldsmith, and each of their successors and assigns shall, within ten (10) days following the date of entry of this Consent Decree, provide a copy of this Consent Decree to the manager of each of the offices of Action Loan and Gus Goldsmith, wherever situated, and to each employee who participates in the decision to extend credit to applicants, and secure from each such person a signed statement acknowledging receipt of a copy of the Consent Decree. For a period of five (5) years following the date of entry of this Consent Decree, Defendants shall provide a copy of the Consent Decree to each new Action Loan and Gus Goldsmith manager or employee who is hired after the date of entry of this Consent Decree and who participates

in the decision to extend credit to applicants. Defendants shall secure from each such person a signed statement acknowledging receipt of said Consent Decree. Defendants shall maintain and make available upon reasonable request by representatives of the Federal Trade Commission copies of said signed statements.

17. For a period of five (5) years following the date of entry of this Consent Decree, defendant Action Loan, its successors and assigns, and defendant Gus Goldsmith, shall maintain and make available to the Federal Trade Commission and the Department of Housing and Urban Development, within thirty (30) days of the date of receipt of a written request, all documents demonstrating compliance with this Consent Decree, including but not limited to all credit evaluation criteria and instructions to employees relating thereto.

18. Defendant Action Loan, and its successors and assigns, shall, for a period of ten (10) years after the date of entry of this Consent Decree, notify the Associate Director for the Division of Financial Practices, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580, and the Director of Office of Consumer and Regulatory Affairs, Department of Housing and Urban Development, 451 Seventh Street, S.W., Room 9146, Washington, D.C. 20410, at least thirty (30) days prior to any change in Defendant's business, including, but not limited to, merger, incorporation, dissolution, assignment, or sale which results in the emergence of a successor corporation, the creation or dissolution of a subsidiary or parent, or any other change that may affect compliance obligations under this Consent Decree.

19. Defendant Gus Goldsmith shall, for a period of ten (10) years after the date of entry of this Consent Decree, notify the Associate Director for the Division of Financial Practices, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580, and the Director of Office of Consumer and Regulatory Affairs, Department of Housing and Urban Development, 451 Seventh Street, S.W., Room 9146, Washington,

D.C. 20410, within thirty (30) days of each affiliation with a new business or employment whose activities are anticipated to involve practices covered by this Consent Decree.

20. Defendants are hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the Federal Trade Commission and the Department of Housing and Urban Development their respective taxpayer identifying numbers (social security number or employer identification number), which shall be used for purposes of collecting and reporting on any delinquent amount arising out of such person's or entity's relationship with the government.

21. Defendants are not released by this Consent Decree from any criminal liability under Federal law to include 12 U.S.C. 2607(d)(1) which may have arisen or which may arise from their activities.

22. The Court shall retain jurisdiction over this matter for the purpose of enabling any of the parties to apply to the Court at any time for such further orders or directives as may be necessary or appropriate for the interpretation or modification of this Consent Decree, for the enforcement of compliance therewith, or for punishment of violations thereof.

JUDGMENT IS THEREFORE ENTERED in favor of Plaintiff and against Defendants, pursuant to all the terms and conditions recited above.  
DATED this \_\_\_\_ day of \_\_\_\_\_ 2000.

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United States District Judge

The parties, by their respective counsel, hereby consent to the terms and conditions of the Consent Decree as set forth above and hereby consent to the entry thereof.

Defendants waive any rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412.

FOR THE UNITED STATES OF AMERICA:

MICHAEL TROOP  
United States Attorney  
Western District of Kentucky

BILL LANN LEE  
Acting Assistant Attorney General  
Civil Rights Division

By: \_\_\_\_\_  
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FEDERAL TRADE COMMISSION

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DEVELOPMENT

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451 Seventh Street, S.W.  
Washington, D.C. 20410

FOR THE DEFENDANTS:

ACTION LOAN COMPANY, INC..

By:

GUS GOLDSMITH  
President  
Action Loan Company, Inc.

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GUS GOLDSMITH, individually

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MARK L. ROSENBERG  
Law Offices of Mark L. Rosenberg  
6917 Arlington Road, Suite 301  
Bethesda, MD 20814  
Attorney for Defendants

**APPENDIX A**

[Action Loan/Gus Goldsmith Letterhead]

[Date]  
[Consumer Name]  
[Consumer Address]

Dear [Consumer]:

In consideration of the settlement of the Federal Trade Commission's action against Action Loan Company, Inc. and Gus Goldsmith, [Action Loan Company/Gus Goldsmith] hereby release the security interest in household goods obtained in connection with the loan documents executed by \_\_\_\_\_ [consumer] \_\_\_\_\_ on \_\_\_\_\_ [date] \_\_\_\_\_. We also hereby nullify any "waiver of exemption" provision that may have been contained in your loan documents.

This means, among other things, that if you default on your loan, we cannot repossess any household goods in which we took a security interest or that are exempt under state law from repossession. However, this document does not release you from payment of the debt you owe to Action Loan Company, Inc. and Gus Goldsmith under the above promissory note.

**YOU ARE NOT REQUIRED TO DO ANYTHING TO RECEIVE THE BENEFIT OF THESE CHANGES.**

DATED: \_\_\_\_\_, 2000.

ACTION LOAN COMPANY, INC.

By: \_\_\_\_\_

GUS GOLDSMITH

By: \_\_\_\_\_

**APPENDIX D**

[Action Loan Company/Gus Goldsmith]  
143 West Market Street  
Louisville, KY 40202

[DATE]

[Customer's Name]  
[Address]

Dear [Customer Name]:

When you obtained a loan from [Action Loan Company/Gus Goldsmith] on [Closing Date], in the amount of \$\_\_\_\_\_, you purchased both Accident and Health Insurance and Credit Life Insurance. The total cost of your insurance was \$\_\_\_\_\_.

Under a settlement agreement with the Federal Trade Commission and Department of Housing and Urban Development ("HUD"), Action Loan Company and Gus Goldsmith have agreed to grant you the option of canceling your Accident and Health/Credit Life Insurance, and to receive a full refund of the insurance premiums you already paid. Accident and Health Insurance will make your loan payments under certain circumstances if you are injured during the life of the loan. Credit Life Insurance will pay off your loan under certain circumstances if you die before your loan is paid off.

Attached are two copies of a form on which you may select whether to cancel such insurance coverage. If you decide to cancel the coverage, please circle **CANCEL COVERAGE** and sign and date your signature on both forms, and a full refund of the premium will be made to you. If you wish to continue this coverage, please circle **CONTINUE COVERAGE** and sign and date your signature on both forms. Payment of any refund does not constitute an admission of any nature by this company.

After you have made your selection on the attached forms, please return one form to Action Loan Company in the enclosed self addressed stamped envelope within forty-five (45) days of receipt of this letter. You may keep the second form for your own records. If you decide to cancel your coverage, we will then issue a check that refunds the cost set forth above. The check will be valid for a period of 180 days from the date it is mailed to you. You may direct any questions regarding this letter to the Federal Trade Commission by contacting Rolando Berrelez at 312-960-5609 or Michelle Chua at 202-326-3248, or to the Department of Housing and Urban Development by contacting Ivy Jackson at (202) 708-0502 ext.2233 or Rex Taylor at (202) 708-0614 ext.6993.

Respectfully,  
[Action Loan Company/Gus Goldsmith]

Circle and sign the appropriate response to indicate your choice.

**CONTINUE COVERAGE**

I wish to continue this coverage.  
  
coverage.

**CANCEL COVERAGE**

I wish to cancel this coverage. Please send  
me a full refund of the premium for such

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Please sign                      Date

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Please sign                      Date