

## SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement"), effective this 12<sup>th</sup> day of September 2006, is made by and on behalf of the following entities: (i) Ambassador Financial Services, Inc. d/b/a Nationwide Cash, a Wyoming Corporation domiciled in New Mexico ("Ambassador"); and (ii) the State of California, by and through Preston DuFauchard, California Corporations Commissioner or his duly authorized representative ("California"). Ambassador and California are referred to collectively as the "Parties."

WHEREAS, the State of California, through its Department of Corporations, has alleged that various transactions of Ambassador Financial Services, Inc. d/b/a Nationwide Cash (hereinafter "Ambassador") violate California's Deferred Deposit Transaction Law (hereinafter, the "Act") Cal Fin Code § 23000 *et seq.*;

WHEREAS, the transactions which allegedly violated the Act occurred during the period from January 2, 2003, when Ambassador was incorporated, to the present. (the "Covered Period.")

WHEREAS, Ambassador contests California's claim of jurisdiction over its activities as well the application of California law to the alleged transactions;

WHEREAS, litigation of the procedural and substantive aspects of these claims would subject the parties to significant expenses; and

WHEREFORE, Ambassador and California desire to settle and compromise certain of their disputes by entering into this Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

### **1. Ambassador Shall Cease Lending to California Residents**

A. On October 1, 2006, or within fifteen days of approval of this Agreement by the State of California, whichever occurs later, Ambassador shall cease conducting deferred deposit transactions and/or making or originating any other type of loan authorized by the Act to any individual who provides a California address in a loan application, unless Ambassador first obtains all necessary authorizations to make such loans under the Deferred Deposit Transactions Law, Cal Fin Code § 23000 *et seq.*

B. Upon the execution of a final Settlement Agreement by both parties, Ambassador shall place on its websites and/or URL's a conspicuous disclaimer which states that it does not offer deferred deposit transactions and/or other loans authorized by the Act to California residents. Such disclaimer shall likewise appear on the home page any future web sites or URL's created by or maintained for Ambassador.e

## **2. No admission of liability.**

This Agreement constitutes the settlement of disputed claims. It does not and shall not constitute an admission of liability by either of the Parties and shall not be used by any Party or any other person or entity in any litigation or proceeding for that purpose. Similarly, it shall not be deemed a waiver of any defense or objection by Ambassador regarding any alleged transaction made during the Covered Period. The Parties further agree that the disputes and allegations that are subject to this Agreement shall not be considered in any context except as may be required to respond truthfully to governmental inquiries or required testimony.

## **3. Governing law and venue.**

Any disputes arising out of or in connection with this Agreement, shall be governed by the laws of the State of California and may be resolved by any court of competent jurisdiction. Such application of California law is expressly limited to this Agreement, and Ambassador reserves all rights, objections and defenses it may have regarding the applicable law in any other dispute, including any separate claims by individuals which may arise from the same transactions covered by this Agreement.

## **4. Costs and attorney's fees.**

The Parties agree to bear their own costs and attorney's fees in connection with the negotiation of this Agreement.

## **5. Releases.**

Except as provided in this Agreement, each of the Parties (on behalf of their respective affiliates, parents, subsidiaries, shareholders, officers, directors, employees, agents, attorneys, predecessors, successors and assigns) hereby releases and discharges the other (and their respective affiliates, parents, subsidiaries, shareholders, officers, directors, employees, agents, attorneys, predecessors, successors and assigns) from any and all claims and causes of action, whether known or unknown, that have arisen as of the date of this Agreement, including, without limiting the generality of the foregoing, any or all claims that were or could have been made in an Administrative Action or lawsuit in a State or Federal court of competent jurisdiction under the Interstate Commerce and Due Process Clauses of the United States Constitution and/or the Deferred Deposit Transaction Law (hereinafter, the "Act") Cal Fin Code § 23000 *et seq.*

Each of the Parties acknowledges and expressly waives the provisions of California Civil Code section 1542, which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him, must have materially affected his settlement with the debtor."

**6. Successors and assigns.**

This Agreement shall be binding and inure to the benefit of the Parties and their respective successors and assigns.

**7. Counterparts.**

This Agreement may be signed in counterparts, each of which shall be deemed an original. This Agreement may only be amended in writing, which amendment may also be signed in counterparts.

**8. Further assurances.**

The Parties agree to execute and deliver any additional papers, documents and other assurances, and take all acts that are reasonably necessary to carry out the intent of this Agreement.

**9. No third-party beneficiaries.**

Nothing in this Agreement shall confer any rights upon any person or entity who is not a party to this Agreement, nor shall anything in this Agreement be construed as creating an obligation by either Ambassador or California to any non-party to this agreement.

**10. Notices.**

Any notices that are provided pursuant to this Agreement shall be provided via both electronic mail and writing to the other party as follows:

To California: Department of Corporations

Attn: Alan Weinger, Acting Deputy Commissioner  
Enforcement Division  
320 West 4<sup>th</sup> Street  
Suite 750  
Los Angeles, CA 90013-2344

To Ambassador: c/o Dennis P. Williams, Esq.  
Langhorne Law, P.A.  
884 Town Center Drive  
Langhorne, PA 19047

Wherefore, the Parties have executed this Agreement as of the date set forth above.

**Ambassador Financial Services, Inc.:**

\_\_\_\_\_  
John D'Angelo  
Director

Date: 9/7/06

**State of California:**

\_\_\_\_\_  
Name: *Alan S. Weinger*  
Title: *Supervisory Counsel*

Date: 9/12/06