

**NOTICE OF CLASS ACTION SETTLEMENT AND FAIRNESS HEARING**

***Jason Dobosenski, et. al. v. Payday America, Inc.,***  
**Hennepin County District Court, Fourth Judicial District, State of Minnesota**  
**Case File No. 27-cv-15-18990**

This Notice is to let you know that this class action litigation (the “Action”) has been settled. As a member of the Class, ***you are not being sued*** and you will receive benefits from the proposed settlement, if approved by the Court.

**WHAT IS THIS LAWSUIT ABOUT?**

In October 2015, former Plaintiff, Randy Merle Holte,<sup>1</sup> commenced this lawsuit against Payday America on behalf of himself and all others similarly situated asserting that the payday loans entered into were unlawful under Minnesota state law because (1) certain fees that were assessed exceeded the maximum allowed by law; (2) that the annual percentage rates calculated for each loan were not properly disclosed; and (3) that Payday America engaged in prohibited debt collection practices in connection with loans in default.

Payday America does not admit any fact or liability regarding the claims in this lawsuit, and that the Settlement Agreement reached by the parties (the “Settlement”) is entered into by way of compromise and for settlement purposes only.

On April 26, 2017, the Honorable Daniel H. Mabley, District Judge of the Fourth Judicial District Court in Hennepin County, Minnesota, certified this lawsuit to proceed as a class action. A previous Notice of Pending Class Action was sent to members of the class on August 11, 2017, which is defined as follows:

All persons residing in Minnesota who, from October 2, 2013 to December 31, 2016 (the “Class Period”):

- (a) Entered into one or more consumer short-term loans with Payday America, Inc., wherein each loan contained a principal amount, or an advance on a credit limit, of \$1,000 or less and required a minimum payment within 60 days of loan origination or credit advance of more than 25 percent of the principal balance or credit advance; and
- (b) At the time of origination for each loan transaction, was assessed a finance charge consisting of the following components: “Financing Charge resulting from application of Monthly Periodic Rate,” “Cash Advance Charge,” and “Annual Fee Applicable to Advances,” and
- (c) Received a standard form “Periodic Statement with Cash Advance Feature” at the time of each loan origination or cash advance that stated the actual annual percentage rate (APR) for each loan in less than 24 point type.

In addition, all persons in the following subclass:

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<sup>1</sup> Jason Dobosenski was substituted in place of Randy Merle Holte as named Plaintiff and Class Representative on behalf of the certified class on October 11, 2017.

All those persons identified in (a) - (c) of this definition and who were sent letters by Payday America, Inc., informing the class member of loan default and/or who were served with process in one or more collection lawsuits in a Conciliation Court in Minnesota.

On February 5, 2018, the Court granted partial summary judgment in favor of Plaintiff and the class, finding Defendant liable on the three causes of action, as described above, pending the application of various defenses to individual members of the class. On May 14, 2018, the parties participated in a day-long mediation and reached a settlement agreement in this matter.

### **BENEFITS FOR CLASS MEMBERS UNDER THE PROPOSED SETTLEMENT**

The terms of the Settlement are explained below. You do not need to do anything to receive these benefits. As a class member, you will automatically benefit from the Settlement, if approved, and be bound by the Settlement Agreement. But you may, if you want, object to the settlement in writing.

1. Payday America Agrees to Permanently Change Its Payday Loan Product and the Higher Fees Associated with that Product. Payday America agrees to no longer market and sell the payday loan product that is the subject of this lawsuit as “open-end” credit, and further agrees that if it sells the loan product this is the subject of this lawsuit, then it will not assess, charge, and collect annual charges and cash advance fees in violation of Minnesota Statute Section 47.59, as amended. In addition, to the extent required under Minn. Stat. § 47.601, Payday America agrees to disclose the actual Annual Percentage Rate (APR) calculated at the time each loan product is taken out by a consumer borrower in at least bold, 24-point type.
2. Class Member Accounts. Payday America will reduce to \$0 any owing balances on class member accounts that arose from a payday loan taken out during the class period. It will also cease any and all collection efforts on active class member accounts for any amounts owed on a payday loan taken during the Class Period.
3. Relief from Judgments. For Class Member Accounts in which debt collection judgments have already been rendered against the class member, Payday America will file documents in court that will indicate satisfaction of unsatisfied judgments entered against class members that arose from a payday loan taken out during the class period.

### **PAYMENT OF ATTORNEYS’ FEES, CLASS REPRESENTATIVE SERVICE AWARD AND OTHER COSTS**

For their efforts in prosecuting this action for nearly three years on a contingency basis without any guarantee of success, Class Counsel will seek approval from the Court of its attorneys’ fees incurred, in addition to reimbursement of their costs and expenses, which Defendant shall pay into a Settlement Fund in the amount of \$714,500 for fees and \$28,000 for reimbursed litigation costs, and which Defendant has agreed not to oppose.

Class Counsel will also ask the Court for approval of a Class Representative Service Award in the amount of \$7,500 to be paid from the Settlement Fund, for the Plaintiff for the time and effort he has personally invested in the Class Litigation, and which Defendant will not oppose.

Other costs incurred in this Settlement include the costs of the Claims Administrator, which Defendant has agreed to pay.

## RELEASE OF CLAIMS AND DISMISSAL OF ACTION

In exchange for the settlement benefits, class members give up their right to sue any of the Payday Released Parties, as defined in the Settlement Agreement, individually and all the Court's orders will apply to the class, including giving Defendant a "release." A release means class members cannot sue or be part of any other future lawsuit or other legal proceeding against any of the Payday Released Parties about the claims or issues which arise from or relate to a loan obtained from Payday during the Class Period or which were or could have been asserted in this Action.

## FAIRNESS HEARING

Mr. Dobosenski and Class Counsel believe this settlement is fair and reasonable. The Court has given its preliminary approval to the Settlement and will hold a final fairness and approval hearing (see below). This Settlement avoids the time, expense and risk of continued litigation and provides immediate benefit for the class instead of more years of protracted litigation and appeals that could otherwise follow. Class Counsel believe the benefits of settling today outweigh the possibility of a greater recovery in the future, as well as the risk of recovering less or nothing if the Court's determination in favor of Plaintiff and the class are reversed on appeal, or if the Defendant is unable to pay on any award of judgment rendered against it.

A fairness hearing will be held before District Court Judge Daniel H. Mabley in Courtroom 1753 of the Fourth Judicial District Court at 8:45 AM on Friday, August 24, 2018, at the Hennepin County Government Center, 300 South Sixth Street, Minneapolis, MN 55487, to consider: (1) the fairness, adequacy and reasonableness of the proposed settlement; and (2) Class Counsel's request for reimbursement of litigation costs and attorneys' fees. If the Settlement is not finally approved, this lawsuit will return to its pre-settlement status. YOU ARE NOT OBLIGATED TO ATTEND THIS HEARING.

You have the right to object to the settlement and to appear and be heard at the fairness hearing. If you want to object to the settlement and be heard at the fairness hearing, you must first send a written notice postmarked within 30 days of the date of this notice. It must include (1) your name, address and telephone number; (2) the name and case number of this lawsuit; (3) a statement that you intend to object to the settlement; (4) a detailed statement of the grounds and reasons for your objection, including why you believe the Court should find that the proposed Settlement is not in the best interests of the class; (5) a statement of whether you intend to appear at the fairness hearing, either in person or through your attorney; and (6) your signature. Please note that it is not sufficient to simply state that you object. You must state reasons why the Settlement should not be approved.

You must file the written objection with the District Court Administrator, Hennepin County District Court, Fourth Judicial District of Minnesota, 300 South Sixth Street, C-332, Minneapolis, MN 55487. For your objection to be considered valid, **the objection must be RECEIVED by the District Court Administrator on or before August 13, 2018.** You must also mail copies of your objection by the same date on the following attorneys: Class Counsel are Vildan Teske and Marisa Katz, Teske, Katz, Kitzer & Rochel, PLLP, 222 South Ninth Street, Suite 4050, Minneapolis, MN 55402; and Counsel for Defendant are Douglas Boettge and Calvin Hoffman, Stinson Leonard Street, 50 South Sixth Street, Suite 2600, Minneapolis, MN 55402. You may withdraw your objection at any time.

Any Class Member who fails to object in the manner prescribed herein shall be deemed to have waived his or her objections and forever be barred from making any such objections in this Settlement.

## **INQUIRIES REGARDING THE SETTLEMENT AND EXAMINATION OF PAPERS**

DO NOT CONTACT THE COURT, DEFENDANT OR THE JUDGE REGARDING THIS NOTICE OR LAWSUIT. If you have any inquiries regarding the Settlement, you may contact Class Counsel by writing to Vildan Teske and Marisa Katz, Teske, Katz, Kitzer & Rochel, PLLP, 222 South Ninth Street, Suite 4050, Minneapolis, MN 55402; or [teske@tkkrlaw.com](mailto:teske@tkkrlaw.com) and [katz@tkkrlaw.com](mailto:katz@tkkrlaw.com), or by telephone at (612) 746-1558.

This description of the Action is general and does not cover all of the issues and proceedings to date. To see the complete file, including a copy of the Settlement Agreement, you should visit <https://minnesotapaydayclassaction.com/> or visit the office of the District Court Administrator, Hennepin County District Court, Fourth Judicial District of Minnesota, 300 South Sixth Street, C-332, Minneapolis, Minnesota 55487. The Clerk will make the files relating to this lawsuit available to you for inspection. If you would like copies of any or all of the file, the clerk will provide them at your own expense.