

STATE OF NORTH CAROLINA
COUNTY OF DURHAM

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
16-CVS-5190

IRIS POUNDS, CARLTON MILLER,)
VILAYUAN SAYAPHET-TYLER, and)
RHONDA HALL, on behalf of themselves and)
all others similarly situated,)
)
Plaintiffs,)
)
v.)
)
PORTFOLIO RECOVERY ASSOCIATES,)
LLC,)
)
Defendant;)
)
_____)

AMENDED CLASS ACTION SETTLEMENT AGREEMENT AND RELEASE

This Amended Class Action Settlement Agreement and Release (“Agreement”) is entered into by and between: (A) Plaintiffs Iris Pounds, Carlton Miller, Vilayuan Sayaphet-Tyler, and Rhonda Hall (“Plaintiffs”), in their individual capacities and on behalf of the Class Members described in this Agreement, and (B) Defendant Portfolio Recovery Associates, LLC (“PRA” or “Defendant”), collectively being the “Settling Parties,” as defined below. This Agreement is intended by the Settling Parties to fully, finally, and forever resolve, discharge, and settle the Released Claims, as defined below, upon and subject to the approval of the Court and the terms and conditions herein.

RECITALS

WHEREAS, on November 21, 2016, Plaintiffs filed a complaint against PRA in the General Court of Justice, Superior Court Division, Durham County, North Carolina, asserting claims for alleged violations of the Prohibited Practices by Collection Agencies Act, N.C. Gen.

Stat. §§ 58-70-90, *et seq.* (“PPCA”), alleging PRA obtained default judgments against Plaintiffs and the putative class members in violation of N.C. Gen. Stat. §§ 58-70-155; and

WHEREAS, the Complaint sought to certify a class of “All persons against whom PRA obtained a default judgment entered by a North Carolina court in a case filed on or after October 1, 2009”; and

WHEREAS, the default judgments at issue in the putative class and the underlying debts are disputed; and

WHEREAS, PRA has denied liability, raised defenses to the allegations of the Complaint and to class certification, and maintained that it would ultimately prevail on the claims asserted in the Complaint; and

WHEREAS, Class Counsel (as defined below) has conducted a thorough and comprehensive investigation into the claims and underlying events and transactions alleged in the Complaint; has analyzed the evidence adduced through the public record, extensive discovery, and information derived through the mediation process, and has researched the applicable law with respect to the claims asserted in the Complaint and the defenses thereto; and

WHEREAS, Class Counsel has conducted extensive discussion and arm’s-length negotiations with counsel for PRA with respect to a possible compromise and settlement of this matter and, to that end, engaged in a mediation conference conducted in Raleigh, North Carolina on March 28 and 29, 2023, as well as extended mediated discussions between the parties throughout the course of the next six months, with the assistance of James Cooley as mediator, with a view toward settling the Action and achieving the best relief possible consistent with the interests of the Settlement Class (as defined below) on the terms set forth herein; and

WHEREAS, the Settling Parties have concluded that it is desirable for this matter to be settled to avoid further inconvenience, delay, and expense and to dispose of potentially

burdensome, unpredictable, and protracted litigation;

WHEREAS, Class Representatives and Class Counsel have carefully considered this Settlement and have concluded and believe the terms and conditions of this Settlement to be fair, reasonable, and adequate and in the best interests of the Class Representatives and the Class Members;

WHEREAS, the parties executed a prior version of this Class Action Settlement Agreement and Release on January 4, 2024, and filed a motion for preliminary approval of the settlement and class notice on the same date;

WHEREAS, Judge O’Foghludha entered an Order granting preliminary approval of the settlement and class notice on January 12, 2024;

WHEREAS, in the process of conducting the due diligence set forth in paragraph 42 of this agreement, it became apparent that not all of the default judgments belonging in the Class were “unexpired” judgments that would be cancelled under the terms of the agreement;

WHEREAS, the parties agreed to amend the agreement to correct the representations regarding the status of the default judgments, to provide that all default judgments in the Class would be cancelled, except for judgments marked as satisfied or vacated by the Court that had entered the judgment, and to change the plan of allocation for the Settlement Fund in light of the changed circumstances.

NOW THEREFORE, the Parties agree to execute this amended agreement, and the Parties will jointly move the Court for a revised preliminary approval order substantially in the form attached hereto as Exhibit 2 and further agree as follows:

DEFINITIONS

For purposes of this Agreement, the Settling Parties agree upon the following definitions:

1. "Accessible Contact Information" means the names and addresses of Class Members as presently contained in the records of or available to PRA and using standard address forwarding that may be supplied by the United States Post Office.

2. "Action" means the above-captioned action currently pending in the General Court of Justice, Superior Court Division, Durham County, North Carolina.

3. "Attorneys' Fees" means reasonable attorneys' fees of Class Counsel, as already incurred or to be incurred in connection with the investigation, preparation, filing, prosecution, and settlement of this Action, exclusive of claims administration expenses.

4. "Class Counsel" means the following counsel for the Class Representatives and the Class Members:

Carlene McNulty
Jason Pikler
North Carolina Justice Center
P.O. Box 28068
Raleigh, NC 27611
Telephone: (919) 856-2161
Facsimile: (919) 856-2175
carlene@ncjustice.org
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Travis E. Collum
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 Mooresville, NC 28115
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J. Jerome Hartzell
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Adrian M. Lapas
Lapas Law Offices, PLLC
P.O. Box 10688
Goldsboro, NC 27532
Telephone: (919) 583-5400
adrian@lapaslaw.com

5. "Class Effective Date" means the date that the Court grants preliminary approval to the settlement.

6. "Settlement Class" means the class of persons defined in paragraph 27 of this Agreement.

7. "Class Member" means any member of the Class.

8. “Class Representatives” means Plaintiffs Iris Pounds, Carlton Miller, Vilayuan Sayaphet-Tyler, and Rhonda Hall.

9. “Complaint” means the class action complaint filed in this case, now pending in the General Court of Justice, Superior Court Division, Durham County, North Carolina.

10. “Court” means the General Court of Justice, Superior Court Division, Durham County, North Carolina.

11. “Defendant” means Portfolio Recovery Associates, LLC, or “PRA.”

12. “Defendant’s Counsel” means the following counsel for PRA:

Jon Berkelhammer
Joseph Hammond
Ellis & Winters LLP
300 North Greene Street, Suite 800
Greensboro, North Carolina 27401
Telephone: (336) 389-5683
Facsimile: (336) 217-4198
Email: jon.berkelhammer@elliswinters.com
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Michelle Liguori
Ellis & Winters LLP
Post Office Box 33550
Raleigh, NC 27636
Telephone: (919) 865-7000
Facsimile: (919) 865-7010
Email: michelle.liguori@elliswinters.com

13. “Final Approval Date” is the date which is thirty (30) days after the entry of Final Judgment with no appeal having been filed. If an appeal or other petition or pleading seeking review or rehearing is filed, then “Final Approval Date” is the date thirty (30) days after the date upon which all appellate and other proceedings resulting therefrom have been finally terminated in such a manner to permit the Final Judgment to take effect.

14. “Final Judgment” means the Final Judgment provided for in paragraph 40.

15. “Class Notice” means the Notice of Proposed Class Action Settlement in the form

attached hereto as Exhibits 1A (the “Summary Notice”) and 1B (the “Long-form Notice”).

16. “Opt-Out Date” means the deadline set by the Court for Class Members to postmark requests for exclusion from the Settlement.

17. “Person” (whether used in the singular or plural form) means an individual, corporation, partnership, limited partnership, limited liability company, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any other recognizable legal entity.

18. “Preliminary Approval Order” means the order signed by the Court conditionally approving this Settlement, certifying the Settlement Class, approving the Class Notice, setting a date for a Final Approval Hearing to determine the adequacy, fairness, and reasonableness of the Settlement, and setting deadlines for Class Members to opt-out and to object to the Settlement, the form of which is attached hereto as Exhibit 2.

19. “Related Parties” means each of Defendant’s present or former parents, corporations, companies, affiliates, partners, members, principals, owners, shareholders, directors, officers, managers, employers, employees, agents, representatives, attorneys, predecessors, successors, and assigns, whether past or present.

20. “Released Claims” means the claims released, relinquished, discharged, and waived under Paragraph No. 35.

21. “Settlement” means the terms and conditions set forth in this Agreement, including all Exhibits.

22. “Settlement Administrator” means Kroll, LLC, which has been agreed to by the Settling Parties.

23. “Settlement Checks” are the checks issued to pay certain Class Members under this Settlement.

24. “Final Approval Hearing” means the hearing before the Court to determine whether the Settlement is adequate, fair, and reasonable and should be given final approval, whether the proposed plan for allocating the settlement funds should be approved, whether the application of Class Counsel for Attorneys’ Fees should be approved, and whether service awards to the Class Representatives should be approved.

25. “Settling Parties” means Plaintiffs Iris Pounds, Carlton Miller, Vilayuan Sayaphet-Tyler, and Rhonda Hall, on behalf of themselves and the Class Members, and Defendant Portfolio Recovery Associates, LLC and Related Parties.

26. “Unsatisfied or Unvacated Default Judgment” means a default judgment obtained by PRA in a case filed on or after October 1, 2009, for which a notice of satisfaction or vacatur had not been filed with the court that entered the judgment. This includes renewals of default judgments that were entered in cases filed on or after October 1, 2009.

TERMS OF SETTLEMENT

27. Certification of the Class

It is agreed that the Court shall certify the Settlement Class for purposes of effectuating this settlement, pursuant to Rule 23 of the North Carolina Rules of Civil Procedure. The class shall be defined as follows:

All persons against whom PRA obtained a default judgment entered by a North Carolina court in a case filed on or after October 1, 2009, where default judgment was entered on or before September 30, 2023,

PROVIDED HOWEVER, that the class does not include anyone who meets the categories above if (a) they have filed for or were placed in bankruptcy after October 1, 2009; or (b) they are deceased. For the avoidance of doubt, subject to the limitations set forth above, the class shall include default judgments renewed

on or after October 1, 2009, and before September 30, 2023, so long as the underlying lawsuit leading to default judgment was filed on or after October 1, 2009. The class shall not include renewals of default judgments that were entered in cases filed before October 1, 2009.

Any certification of the Settlement Class shall be for settlement purposes only, and PRA does not waive any arguments that it may have that class certification for any other purpose would be improper.

28. Relief to Class Members.

- (a) PRA will pay or have paid on its behalf Five Million and Seven Hundred Fifty Thousand Dollars (\$5,750,000) to the Settlement Administrator, through a qualified settlement fund, to be distributed to Class Members, in such manner as the Court shall approve, and to be used to pay Attorneys' Fees and expenses of Class Counsel and service awards to the Class Representatives, in such amount as may be awarded by the Court. The amount of the settlement fund to be distributed to Class Members after deducting payments of Attorney's Fees and expenses to Class Counsel and service awards to the Class Representatives is the "Settlement Fund Balance."
- (b) PRA or its counsel will file an authorization to cancel judgment for each Unsatisfied or Unvacated Default Judgment included within the Settlement Class with the court that entered the judgment. PRA represents that, according to its records, there are approximately 12,500 Unsatisfied or Unvacated Default Judgments included within the Settlement Class, and that the total amount of money owed on the Unsatisfied or Unvacated Default Judgments is approximately \$35,000,000. The template for the authorization to cancel judgment forms is attached as Exhibit 3. PRA will undertake best efforts to begin filing such authorizations to cancel judgment within

thirty (30) days of the Final Approval Date and to complete the process of filing the authorizations to cancel judgment within three months of the Final Approval Date.

- (c) PRA will place the accounts for default judgments included within the Settlement Class in terminal status. PRA will not seek to collect on the accounts for the default judgments included within the Settlement Class, and any payment received on those accounts after October 19, 2023 (the date PRA executed a Memorandum of Settlement setting out the main terms of this agreement) will be refunded or returned to the last known address for the account.

29. Relief to Class Representatives.

The Class Representatives shall be entitled to a class representative award in the amount of up to \$10,000, subject to approval by the Court, such sum to be paid out of the amounts to be paid to the Class Members and referred to in Paragraph No. 28(a).

30. Settlement Administration and Settlement Administration Costs and Expenses.

PRA will bear the cost of administering the class to include all notifications to the Class Members and costs of claim administration. The Settlement Administrator shall administer and facilitate the Settlement by (a) conducting a single national change of address search for all members of the Class, and printing and mailing the Summary Notice; (b) Conducting a single skip trace for all Summary Notices returned undeliverable upon the first mailing and resending the Summary Notice; (c); Identifying opt-outs; (d) Issuing and mailing Settlement Checks to Class Members as provided herein; (e) Paying the Class Representatives' awards, Attorneys' Fees, and Expenses; (f) Maintaining an automated toll-free telephone number for Class Members to obtain prerecorded information, the form of which is to be agreed to by the Settling Parties; (g) Maintaining a website throughout the duration of the Claims Period that will contain (i) the

Complaint; (ii) the Order Granting Preliminary Approval of the Settlement; (iii) the Long-form Notice; (iv) the Final Judgment; and (v) “Frequently Asked Questions,” the form of which is to be agreed to by the Settling Parties; (h) Making a supplemental distribution of funds to Class Members who cash their initial check as indicated below; (i) Paying the sum of any “Remainder Funds,” as described in Paragraph No. 32, according to N.C. Gen. Stat. § 1-267.10; and (j) Performing such related tasks as may be customary in the administration of class action settlements, necessary for this specific Settlement, or requested by the Court.

As each cost or expense is incurred and invoiced by the Settlement Administrator, PRA shall pay directly to the Settlement Administrator all the reasonable costs and expenses necessary to administer and facilitate the Settlement, including, but not limited to, the costs and expenses of printing and mailing the Summary Notice, updating addresses for Summary Notices returned undeliverable and re-mailing the previously undeliverable Summary Notices, issuing and mailing Settlement Checks to Class Members, and identifying opt-outs.

31. Allocation of Settlement Fund to Class Members.

The Settlement Fund Balance, as defined in Paragraph 28(a), will be allocated as follows: First, each Class Member will receive a payment of \$50 for each default judgment that PRA obtained against the Class Member that is within the Class. Second, the money remaining in the Settlement Fund Balance will be used to compensate those Class Members who paid money to PRA or had property seized from them as a result of their default judgments. Each such Class Member will receive, in addition to the \$50 minimum payment, a proportional share of the Settlement Fund Balance, based on the amount of money that was collected from the Class Member compared to the total amount collected by PRA from all Class Members.

Specifically, the proportional share amount for Class Members will be computed as follows: The amount paid by or collected from each Class Member after entry of default judgment

will be divided by the total amount paid or collected from the entire Class after entry of default judgment to determine the Class Member's proportional share percentage. That percentage will be multiplied by the amount of the Settlement Fund Balance to determine the amount that the Class Member will receive from the Settlement Fund Balance in addition to the \$50 minimum payment.

PRA or its counsel maintains records that show the amount paid or collected from each Class Member after entry of default judgment and the total amount paid or collected from the entire Class after entry of default judgment. These records will be used to determine Class Members' proportional shares of the Net Settlement Fund using the formula explained above.

32. Supplemental Distribution and Remainder Funds.

The Settlement Administrator will cause the Settlement Checks to indicate "VOID AFTER 90 DAYS" prominently on the face of the checks. If Settlement Checks from the initial distribution remain un-cashed after ninety (90) days from the date upon which they were mailed, a supplemental pro rata distribution of funds will be made to those Class Members who cashed their initial checks, provided that (1) the total payment to the Class Member would not exceed the amount collected from the Class Member on his/her default judgment and (2) the amount of the supplemental check would be \$10 or more.

Remainder funds shall be paid as directed by the Court pursuant to N.C. Gen. Stat. § 1-267.10. Such funds shall consist of the cash distribution to any of the Class Members whose supplemental distribution Settlement Check remains un-cashed after ninety (90) days from the date upon which it was mailed in connection with the supplemental distribution of funds, if any. If no supplemental distribution of funds occurs, then the remainder funds shall consist of the cash distribution to any of the Class Members whose Settlement Check remains un-cashed after ninety (90) days from the date upon which it was mailed in connection with the initial distribution of funds.

33. Attorneys' Fees and Expenses.

The amount of Attorneys' Fees and expenses, as approved by the Court, shall be paid from the funds referred to in Paragraph No. 28(a) such that the amount of fees will not affect the amount to be paid by PRA and referred to in Paragraph No. 28(a). Class Counsel intend to file a motion for an award of Attorneys' Fees in the amount of \$1.725 million, which is 30% of the settlement fund. PRA agrees not to oppose Class Counsel's motion so long as it does not exceed that amount of Attorneys' Fees. The Settlement Administrator will pay the amount of the award to the North Carolina Justice Center for distribution to Class Counsel within thirty (30) days after the entry of the Court's Final Judgment.

34. Class Notice.

Class Notice, in a form equivalent to attached Exhibit 1A, will be sent by the Settlement Administrator within twenty-one (21) days following the receipt of the electronic class list provided by PRA pursuant to Paragraph 53 of this Agreement. To the extent that the notice to any of the Class Members is returned as "undeliverable," the Settlement Administrator shall (a) conduct a skip trace, as set forth in Paragraph 30(b), to attempt to obtain a current address for such Class Member(s) and (b) send the notice a second time to those Class Members for whom a current address is obtained. The Settlement Administrator need only perform a skip trace once throughout the administration period. A long-form version of the Class Notice, in a form equivalent to attached Exhibit 1B will be maintained by the Settlement Administrator on the settlement website.

RELEASED CLAIMS

35. Upon entry of a Final Judgment, each Class Member and Plaintiffs shall forever release, remise, acquit, satisfy, waive, and forever discharge Defendant and Related Parties from any and all claims concerning debt collection or other activity relating to the accounts and/or alleged debts at issue in this lawsuit, whether known or unknown, asserted or not asserted

including, but not limited to those claims arising under the PPCA and/or other law, those claims asserted in the Action or that could have been asserted in the Action, or those claims arising out of the facts alleged in the Complaint (collectively the “Released Claims”), that arose on or before the Class Effective Date. Class Members are not releasing any claims that arise after the Class Effective Date. Plaintiffs and Class Members hereby expressly agree that they, acting individually or together, shall not seek to institute, maintain, prosecute, sue, or assert in any action or proceeding any of the Released Claims. The failure of any Class Member to receive or view a Class Notice or any other document as described in this Agreement shall not be a basis for invalidating the Settlement, this Agreement, any order entered pursuant thereto, or any of the exhibits or documents referenced herein, and/or attached hereto, and the Settlement shall nevertheless be binding and the Final Judgment shall be binding and enforceable.

The Complaint shall be dismissed, with prejudice, within 10 days after the Date of Final Approval. Defendant’s Counterclaims shall also be dismissed, with prejudice, within 10 days after the Date of Final Approval.

OPT-OUT

36. Class Members have the right to exclude themselves from this Settlement by opting out. To do so, a Class Member must timely mail a letter to the Settlement Administrator saying that the Class Member wants to be excluded from *Pounds v. Portfolio Recovery Associates, LLC* Class Action settlement. The letter must contain the Class Member’s name, address, telephone number, and signature and must specifically request not to be part of the Settlement. To be timely, the letter must be postmarked no later than the Opt-Out Date set by the Court in the Preliminary Approval Order, which will be set forth in the Class Notice, and must be addressed to the Settlement Administrator as follows:

Pounds v. Portfolio Recovery Associates, LLC Opt Out
c/o Settlement Administrator
[Address]
[Address]

A Class Member cannot opt out of the Settlement Class by telephone, fax, or e-mail.

Any Class Member who opts out shall not be bound by the Settlement and shall not be entitled to any of its benefits.

37. Within 15 days of the Opt-Out Date, the Settlement Administrator shall provide a list of the name and address of each Person who has requested exclusion from the Class to Class Counsel and PRA. If more than two percent (2%) of the Class Members opt out of the Settlement Class pursuant to the requirements for opting out set forth in the Preliminary Approval Order, PRA shall have the unilateral right to withdraw from this Settlement. To exercise this right of withdrawal, PRA must notify the Court within fifteen (15) days of notice of the number of opt-outs by the Settlement Administrator. Upon receipt of the notice of unilateral withdrawal, the Settling Parties will coordinate with the Court for a status conference to determine the handling of further proceedings.

38. Written objections. Any Class Member who has not opted out of the Settlement Class and who wishes to object to the fairness, reasonableness or adequacy of the proposed Settlement, or to Class Counsel's motion for attorneys' fees and expenses, or to the request for a special additional award for the Class Representative, shall be required to deliver written objections to Class Counsel and Counsel for Portfolio Recovery Associates, LLC, and have them file-marked by the Court, no later than 45 days from the mailing of the Summary Notice, or as the Court may otherwise direct. Written objections must include: (i) the objector's name, address, and telephone number; (ii) the name of this case and the case number; (iii) a clear and concise statement of each objection; and (iv) an explanation of the specific reasons, if any, for each objection,

including any legal and factual support upon which the objector intends to rely along with any evidence the objector intends to introduce in support of the objection(s).

39. Appearance at Final Approval Hearing. Any Class Member who properly and timely files and serves a written objection may appear at the Final Approval Hearing, either in person or through counsel hired at the Class Member's personal expense, to object to the fairness, reasonableness, or adequacy of the Agreement or the proposed Settlement, or to an award of attorneys' fees. Class Members or their attorneys intending to make an appearance at the Final Approval Hearing must deliver to Class Counsel and Counsel for Portfolio Recovery Associates, LLC, and have file-marked by the Court, no later than 45 days from the mailing of the Summary Notice or as the Court otherwise may direct, a Notice of Intention to Appear. The Notice of Intention to Appear must: (i) state how much time the Class Member and/or his attorney anticipates needing to present the objection; (ii) identify, by name, address, telephone number and detailed summary of testimony, all witnesses the Class Member and/or his or her attorney intends to present any testimony from; and (iii) identify all exhibits the Class Member and/or his attorney intends to offer in support of the objection and attach complete copies of all such exhibits.

FINAL JUDGMENT

40. Final Judgment.

The Final Judgment entered upon the Final Approval Hearing by the Court shall include, at a minimum, the following provisions:

(a) A finding that the distribution of the Class Notice fully and accurately informed all Class Members entitled to notice of the material elements of the Settlement, constituted the best notice practicable under the circumstances, constituted valid, due, and sufficient notice, and complied fully with Rule 23 of the North Carolina Rules of Civil Procedure, the United States Constitution, and any other applicable law;

(b) A finding that after proper notice to the Class Members and after sufficient opportunity to object, no timely objections to this Settlement Agreement have been made or that all timely objections have been considered and denied;

(c) Final certification of the class of people defined herein as Class Members;

(d) Approval of the Settlement, as set forth in the Agreement, as adequate, fair, and reasonable, and in the best interests of the Class Members under Rule 23 of the North Carolina Rules of Civil Procedure;

(e) A finding that the Settlement is in good faith, and ordering the Settling Parties to perform the Settlement in accordance with the Agreement;

(f) The award of Attorney's Fees and Expenses for Class Counsel and service award for the Class Representatives.

41. In the event this Agreement is finally rejected upon the Final Approval Hearing, or in the event a Final Judgment is not entered, or does not become final, or in the event the Agreement is rejected by the mandate of an appellate court, then the terms of this Agreement shall be null and void; and in such events:

(a) The terms of this Agreement shall have no further force and effect with respect to the Settling Parties;

(b) This Agreement shall not be used in any litigation for any purpose; provided however, this Agreement may be used for bringing an action against any of the Settling Parties for breach of this Agreement;

(c) The Settling Parties shall be restored to their respective positions in the litigation as of the time immediately prior to the execution of the Agreement; and

(d) Any Judgment or orders entered by the Court in accordance with this Agreement shall be treated as vacated.

MISCELLANEOUS PROVISIONS

42. Representations as to Class Size.

PRA has represented that there are approximately 19,771 class members. Should the number of people in the putative class exceed two percent (2%) of the number relied on during settlement negotiations, PRA will provide a pro rata increase of the amount of the funds it will pay pursuant to Paragraph No. 28(a). As soon as practicable after the execution of the Settlement, counsel for PRA and one or more Class Counsel will engage in a due diligence discussion to confirm the number of people in the database of putative class members provided by PRA to its counsel, including the number of people who would otherwise meet the Class Definition but who have filed bankruptcy or are deceased.

43. Payment of Settlement Funds.

Within thirty (30) days of the Final Approval Date, PRA shall transfer to the Settlement Administrator all monetary sums required to be paid pursuant to Paragraph No. 28(a), unless otherwise ordered by the Court. The Settlement Administrator shall then distribute all such payments as soon as practical as set forth in Paragraph No. 30. Any appeal of a Court order regarding Attorneys' Fees shall not delay or stay PRA's obligation to transfer such funds to the Settlement Administrator.

44. Enforcement.

If any term or provision of the class settlement is not satisfied by a party, each party agrees to provide reasonable notice in writing to the other party informing of the deficiency and allowing reasonable time and opportunity to cure. If, following such notice and opportunity to cure, any of the Settling Parties fails to perform his, her, or its obligations hereunder, any other of the Settling Parties shall be entitled to specific performance of this Agreement, including through mandatory preliminary and final injunctive relief, in addition to such other remedies as may be provided

herein. Nothing contained herein shall be construed to preclude any of the Settling Parties from applying for contempt or other remedy or sanction provided by the North Carolina Rules of Civil Procedure for breach of this Agreement.

45. Agreement to Cooperate.

The Settling Parties agree to cooperate to the extent necessary to effectuate and implement all terms and conditions of the Agreement and to exercise their best efforts to accomplish the foregoing terms and conditions of the Agreement and to execute all other documents that may be necessary to effectuate the terms of this Agreement.

46. Good Faith Settlement and Advice of Counsel.

The Settling Parties agree that the terms and conditions of the Settlement reflect a good-faith settlement of the Class Representatives' and other Class Members' claims in the Action and were reached voluntarily after consultation with experienced legal counsel. The Settlement and this Agreement have been made after an independent, full, frank, and fair examination of the facts pertaining to this Settlement and Agreement, and neither this Settlement nor this Agreement is made in reliance upon any statement of any person connected with, representing, or represented by PRA and/or Related Parties, nor have Class Representatives or Class Counsel been influenced to any extent whatsoever by the persons, firms, or corporations hereby released, or by any persons representing them. The Settling Parties reached agreement on all substantive terms for relief to Class Members prior to negotiating relief for the Class Representatives' service awards and Class Counsels' Attorneys' Fees.

47. Known Claims and Facts.

Each Class Member and Class Representative expressly waives and assumes the risk of any and all claims for damages which exist as of this day, but of which he/she does not know or suspect to exist, whether through ignorance, oversight, error, negligence or otherwise, and all

claims or facts which may exist or come to light in the future and which, if known, would materially affect he/she in his/her decision to enter this Settlement. The Settling Parties acknowledge and agree that if the facts or law related to this Settlement are, or may be found hereafter to be, other than or different from the facts or law in that connection now believed by either of the Settling Parties to be true, the Settling Parties expressly accept and assume the risk of such possible difference and agree that all provisions of this Agreement shall be and remain effective notwithstanding any such difference.

48. Incorporation.

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

49. No Waiver.

The waiver by one of the Settling Parties of any breach of this Agreement by any other of the Settling Parties shall not be deemed a waiver of any prior, other, or subsequent breach of this Agreement by any of the Settling Parties.

50. Exclusive Jurisdiction and Venue for Enforcement. Any dispute relating to this Agreement and/or Final Judgment shall be resolved exclusively in the General Court of Justice, Superior Court Division, Durham County, North Carolina, which Court shall retain exclusive jurisdiction and venue with respect to the consummation, implementation, enforcement, interpretation, performance, and administration of the Agreement and/or Final Judgment. The Settling Parties agree to submit to the Court's exclusive jurisdiction and venue for the purposes described above.

51. Choice of Law. This Agreement and any document executed in furtherance of the Settlement shall be governed by, subject to, and construed in accordance with the laws of North Carolina, exclusive of its choice of law principles.

52. Interpretation.

All Settling Parties have participated in the drafting of this Agreement and, accordingly, any claimed ambiguity should not be presumptively construed for or against any of the Settling Parties.

53. List of Class Members.

No later than seven (7) days after the entry of the Revised Preliminary Approval Order, Defendant will produce an updated electronic list for Class Counsel and the Settlement Administrator containing the names and addresses of Class Members.

54. Calculation of Dates and Deadlines. In the event any date or deadline set forth in this Agreement falls on a weekend or court-observed holiday, such date or deadline shall be on the first business day thereafter.

55. Taxability.


The parties agree that the cancellation of the Unsatisfied or Unvacated Default Judgments does not constitute forgiveness of debt because the debts are disputed. Accordingly, no IRS Form 1099-C will be issued to Class Members arising from the cancellations.

The parties agree that settlement funds paid to Class Members that constitute the return of allegedly wrongfully obtained money do not give rise to the issuance of an IRS Form 1099-MISC.


The parties agree that the service awards paid to named Plaintiffs do not constitute return of allegedly wrongfully obtained money and therefore would give rise to the issuance of an IRS Form 1099-MISC.

IN WITNESS WHEREOF, the Settling Parties have executed this Amended Agreement, intending to be bound thereby effective the 1st day of March, 2024.

Approved by:



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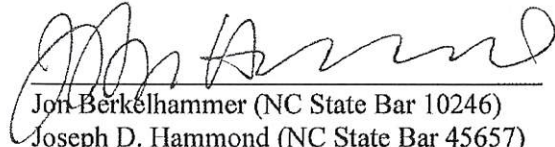


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Counsel for Plaintiffs and for Class



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Michelle Liguori (NC State Bar 52505)
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Counsel for Defendant

SIGNATURES CONTINUE ON NEXT PAGE

Iris Pounds

Iris Pounds
In her individual and representative capacities

Carlton Miller

Carlton Miller
In her individual and representative capacities

Vilayvan Sayaphet-Tyler

Vilayuan Sayaphet-Tyler
In her individual and representative capacities

Rhonda Hall

Rhonda Hall
In her individual and representative capacities

Portfolio Recovery Associates, LLC, Defendant

By: _____
Its _____

Signature: *Iris Pounds*
Iris Pounds (Mar 1, 2024 08:38 EST)
Email: irispounds@gmail.com

Signature: *Vilayvan Sayaphet-Tyler*
Vilayvan Sayaphet-Tyler (Mar 1, 2024 08:47 EST)
Email: jomina3blas@aol.com

Signature: *Carlton Miller*
Carlton Miller (Mar 1, 2024 08:46 EST)
Email: jos1842@gmail.com

Signature: *Rhonda Hall*
Rhonda Hall (Mar 1, 2024 08:09 EST)
Email: ben_and_rhonda@yahoo.com

Iris Pounds
In her individual and representative capacities

Carlton Miller
In her individual and representative capacities

Vilayuan Sayaphet-Tyler
In her individual and representative capacities

Rhonda Hall
In her individual and representative capacities

DocuSigned by:

Ralph Mesisco

BFFE9EE4EA1CAE5

Portfolio Recovery Associates, LLC, Defendant

By: _____

Its _____

EXHIBIT 1A

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Pounds et al. v. Portfolio Recovery Associates, LLC, Case No.: 16-CVS-5190

If Portfolio Recovery Associates, LLC (“PRA” or “Defendant”) Obtained A Default Judgment Against You In A Lawsuit Filed In North Carolina, You May Be Eligible For Benefits From A Class Action Settlement

Please Read this Legal Notice—It May Affect Your Rights

A proposed Settlement has been reached in a class action lawsuit known as *Pounds et al. v. Portfolio Recovery Associates, LLC, Case No.: 16-CVS-5190*, (“Action”), filed in the General Court of Justice, Superior Court Division, County of Durham, North Carolina.

What is this Action about? The Class Representatives in this case, Iris Pounds, Carlton Miller, Vilayuan Sayaphet-Tyler, and Rhonda Hall, allege that Portfolio Recovery Associates, LLC (“PRA”) violated North Carolina debt collection law by obtaining default judgments in North Carolina without providing proper documentation and information to the courts. You can read the full claims at www.PRA-PoundsSettlement.com. PRA denies the allegations in the Action. By settling this Action, PRA is not admitting that it has done anything wrong.

Who is a Class Member? Included in the Class are all persons against whom PRA obtained a default judgment entered by a North Carolina court in a case filed on or after October 1, 2009, where default judgment was entered on or before September 30, 2023. Excluded from the Class are (a) persons that have filed for or were placed in bankruptcy after October 1, 2009; (b) persons that are deceased; or (c) default judgments that were entered in cases filed before October 1, 2009, and renewed after October 1, 2009.

What are the benefits? The Settlement provides the following benefits:

- PRA will seek to cancel all default judgments included within the Class, except for those judgments that have already been marked as satisfied or vacated with the Court that entered the judgment. PRA will seek to cancel the default judgments by filing an “authorization to cancel judgment” with the court that entered the judgment and asking for the cancellation to be reflected on the judgment docket.
- PRA will not seek to collect on the accounts for the default judgments included within the Class, and any payment received on those accounts after October 19, 2023, will be refunded or returned to the last known address for the account.
- PRA will pay \$5,750,000 into a settlement fund. Each Class Member will receive a minimum Settlement payment of \$50 from the settlement fund. In addition to the minimum payment of \$50, Class Members who paid money to PRA or had property seized from them as a result of the default judgments will also receive a proportional share of the settlement fund based on the amount of money that was collected from the Class Member. The settlement fund will be distributed to Class Members after deducting the amounts approved by the Court to pay for attorneys’ fees and expenses of Class Counsel and for service awards for the Class Representatives. If the court approves the requested attorneys’ fees, expenses, and service awards, Class Counsel anticipates that approximately \$3,962,000 would be available to distribute to Class Members.

- If any settlement checks are not cashed by Class Members within 90 days of mailing, a supplemental distribution may be sent to Class Members who cashed their initial check, provided the total payment to the Class Member would not exceed the amount collected from the Class Member on his/her default judgment and the amount of the supplemental check would be \$10 or more. Any amounts remaining in the settlement fund after this process will be distributed as directed by the Court for purposes that will benefit the public. The money will not go back to PRA.

What are my rights?

- **Do Nothing:** If you do nothing, you will remain in the Class and obtain the benefits of the Settlement if it receives final approval from the Court. This means your default judgment will be cancelled if it is not already expired or satisfied, and you will receive a check from the Settlement Administrator for your portion of the settlement fund. You also give up your rights to sue the Defendant regarding PRA's debt collection or other activity relating to the accounts and/or alleged debts at issue in this Action.

- **Exclude yourself:** If you do not want to be part of the Class, you can take yourself out of the Class by "opting out." To opt out of the Settlement, you must send a letter by mail, postmarked no later than _____, 2024 saying that you want to be excluded from the *Pounds v. Portfolio Recovery Associates, LLC* Settlement. Opt-out requests must be mailed to: *Pounds v. PRA* – Opt Out Request, c/o Kroll Settlement Administration, P.O. Box 225391, New York, NY 10150-5391. If you opt out of the Class, you will not receive any money or other benefits from the Settlement, you cannot object to the Settlement, and neither you, nor, with respect to you, PRA, will be legally bound by anything that happens in the Action. You cannot opt-out of the Class by telephone, fax, or email.

- **Object:** If you do not opt out of the Class, you can stay in the Settlement and file an objection by _____, 2024 to tell the Court that you do not agree with the Settlement or some part of it, or with the request for attorneys' fees. You can give reasons why you think the Court should not approve the Settlement or the fee request.

For complete information about all of your rights and options, visit www.PRA-PoundsSettlement.com, or call (833) 462-3510.

The Court has scheduled a Final Approval Hearing in this case for [DATE] at [TIME] in the Durham County Courthouse at 510 South Dillard Street, Durham, NC, to consider whether to approve the Settlement, Attorneys' Fees in the amount of \$1.725 million, which is equal to thirty percent of the total settlement fund, and reimbursement of expenses incurred by Class Counsel in prosecuting this Action, Service Awards of up to \$10,000 for the Class Representatives, as well as any objections. You or your own lawyer, if you have one, may ask to appear and speak at the hearing at your own cost, but you do not have to do so.

This is only a summary. For additional information, including a copy of the Settlement Agreement and other documents, visit the Settlement Website at www.PRA-PoundsSettlement.com or call (833) 462-3510. You may also contact the Settlement Administrator at *Pounds v. PRA*, c/o Kroll Settlement Administration, P.O. Box 225391, New York, NY 10150-5391.

EXHIBIT 1B

**IF PORTFOLIO RECOVERY ASSOCIATES, LLC OBTAINED A
DEFAULT JUDGMENT AGAINST YOU IN A LAWSUIT FILED IN
NORTH CAROLINA**

Please Read this Legal Notice—It May Affect Your Rights

A North Carolina Court has authorized this Class Notice. It is not a solicitation from a lawyer. It is not a debt collection letter. This Class Notice is a summary only. For more information, visit www.PRA-PoundsSettlement.com.

A North Carolina Court has taken the first step in approving the Settlement of a class action lawsuit described below. The lawsuit involves certain debt collection activity in North Carolina by Portfolio Recovery Associates, LLC at any time after October 1, 2009, through September 30, 2023.

The case is named *Pounds v. Portfolio Recovery Associates, LLC*, and is case no. 16-CVS-5190, pending in the Superior Court of Durham County, in Durham, North Carolina (the “Action”). The judge in charge of the case is North Carolina Superior Court Judge Michael O’Foghludha.

What Is a Class Action? In a class action, one or more people, called “Class Representatives,” sue on behalf of a group of people who have similar claims. All the people in the group are called “Class Members” and are part of the “class.” In a class action, one court decides the issues for all Class Members in one single case, except for those persons who choose to exclude themselves (by “opting out”) from the class. As a result, a large group of people can all get relief in one case without having to hire their own attorneys and without having to go to court.

What Is This Action About? The Class Representatives in this case, Iris Pounds, Carlton Miller, Vilayuan Sayaphet-Tyler, and Rhonda Hall, allege that Portfolio Recovery Associates, LLC (“PRA”) violated North Carolina debt collection law by obtaining default judgments in North Carolina without providing proper documentation and information to the courts. You can read the full claims at www.PRA-PoundsSettlement.com.

PRA denies the allegations in the Action. By settling this Action, PRA is not admitting that it has done anything wrong.

Why Is There a Settlement? The Court did not decide the case in favor of either side. Instead, both sides agreed to a Settlement. That way, they avoid, among other things, the risks, delays, and costs of further litigation. Class Counsel believe the Settlement is best for the Class Members. Even though the parties have agreed to a proposed Settlement, it is up to Judge O’Foghludha to decide whether the Settlement will be approved.

How Do You Know If You Are Part of the Settlement? The Class Members are:

All persons against whom PRA obtained a default judgment entered by a North Carolina court in a case filed on or after October 1, 2009, where default judgment was entered on or before September 30, 2023, PROVIDED HOWEVER, that the class does not include

Questions? Call (833) 462-3510, or visit www.PRA-PoundsSettlement.com

anyone who meets the categories above if (a) they have filed for or were placed in bankruptcy after October 1, 2009; or (b) they are deceased. For the avoidance of doubt, subject to the limitations set forth above, the class shall include default judgments renewed on or after October 1, 2009, and before September 30, 2023, so long as the underlying lawsuit leading to default judgment was filed on or after October 1, 2009. The class shall not include renewals of default judgments that were entered in cases filed before October 1, 2009.

What Are The Terms of the Settlement? If approved, the Settlement provides the following benefits to Class Members:

- PRA will seek to cancel all default judgments included within the class, except for those judgments for which a notice of satisfaction or vacatur has already been filed with the Court that entered the judgment. PRA will seek to cancel the default judgments by filing an “authorization to cancel judgment” with the Court that entered the judgment and asking for the cancellation to be reflected on the judgment docket.
- PRA will place the accounts for default judgments included within the class in terminal status. PRA will not seek to collect on the accounts for the default judgments included within the class, and any payments received on those accounts after October 19, 2023, will be refunded or returned to the last known address for the account.
- PRA will pay \$5,750,000 (5.75 Million Dollars) into a Settlement fund. The Settlement fund will be distributed to Class Members after deducting the amounts approved by Judge O’Foghludha to pay for Attorneys’ Fees and expenses of Class Counsel and for service awards for the four Class Representatives. If the Court approves the requested Attorneys’ Fees, expenses, and service awards, Class Counsel anticipates that approximately \$3,962,000 would be available to distribute to Class Members. PRA has agreed to pay separately for the administration costs of the Settlement.

How Will the Settlement Fund be Divided Among the Class Members? Each Class Member will receive a minimum payment of \$50 from the Settlement fund. The remaining amount of the Settlement fund will then be used to compensate those Class Members who had money collected from them or property seized by PRA as a result of the default judgments. All such Class Members will receive a proportional share of the Settlement fund based on the amount of money that was collected from the Class Member, in addition to the minimum payment of \$50.

Uncashed Settlement Checks. If Settlement Checks (a) cannot be delivered to all Class Members because the Class Members cannot be located or (b) Settlement Checks are not cashed by all the Class Members to whom they are sent within 90 days of mailing, a supplemental distribution of funds may be sent to Class Members who do cash the first Settlement Check provided that (1) the total payment to the Class Member would not exceed the amount collected from them on their default judgment and (2) the amount of the supplemental Settlement Check would be \$10 or more. Any amounts remaining in the Settlement fund after this process will be distributed as directed by the Court for purposes that will benefit the public. The money will not go back to PRA.

When Will PRA Cease Attempting to Collect on Your Debt? PRA has agreed to cease attempting to collect on accounts included within the class as the Court considers whether to approve the Settlement. Any payments that you may have made on your account to PRA after October 19, 2023, will be returned to you.

When Will Class Members' Default Judgments Be Cancelled? The Court will hold a Final Approval Hearing on _____ to decide whether to approve the Settlement. If the Settlement is approved and there is no appeal, PRA will undertake best efforts to begin to file cancellations of default judgments within 30 days of the date the Court grants final approval of the Settlement. PRA will attempt to complete the cancellation of all default judgments within 3 months of the final approval order.

When Will Class Members Receive Their Payments? The Court will hold a Final Approval Hearing on _____ to decide whether to approve the Settlement. Assuming the Settlement is approved and there is no appeal, distribution to Class Members should occur in _____ 2024, and the supplemental distribution, if any, should occur in early 2025.

What Are Class Members Giving Up? Unless you exclude yourself ("opt out") from the Settlement, you will be part of the class. By staying in the Class, you give PRA a "release" of any existing claims you may have against it concerning debt collection or other activity on the accounts and/or alleged debts at issue in this case. A release means you cannot sue or be part of any other lawsuit against PRA over any of the released claims that existed on or before the Class Effective Date, which is January 12, 2024, the date the Court granted preliminary approval of the Settlement. Class Members are not releasing any claims that arise after January 12, 2024.

Excluding Yourself From the Settlement. If you do not want to be part of the class, you can take yourself out of the Class by "opting out." To opt out of the Settlement, you must send a letter by mail saying that you want to be excluded from *Pounds v. Portfolio Recovery Associates, LLC*. Be sure to include your name, address, telephone number, and your signature. You must mail your opt-out request postmarked no later than _____, 2024, to:

Pounds v. Portfolio Recovery Associates
c/o Kroll Settlement Administration
P.O. Box 225391
New York, NY 10150-5391

You cannot opt out of the class by telephone, fax, or e-mail. If you opt out of the class, you will not receive any money from the Settlement, you cannot object to the Settlement, and neither you nor PRA will be legally bound by anything that happens in the case regarding you.

Do You Have a Lawyer in This Case? Yes. The following are "Class Counsel" who have been appointed by Judge O'Foghludha to represent the class.

- Carlene McNulty and Jason Pikler of the North Carolina Justice Center, Raleigh, NC
- J. Jerome Hartzell, Attorney at Law, Raleigh, NC
- Travis E. Collum of Collum & Perry, PLLC, Mooresville, NC
- Adrian M. Lapas of Lapas Law Offices, PLLC, Goldsboro, NC

Questions? Call (833) 462-3510, or visit www.PRA-PoundsSettlement.com

How Will Class Counsel be Paid? Class Counsel will ask the Court to award them Attorneys' Fees equal to thirty percent of the Settlement amounts paid by PRA. If the Court approves this, Class Counsel would receive a fee of \$1.725 million out of the total Settlement fund of \$5.75 million. In addition, Class Counsel will also request reimbursement from this fund of litigation-related expenses they have incurred on behalf of the class.

Class Counsel will file a motion seeking the Court's approval of the requested fees and expenses, and copies of the papers relating to this request will be posted on the website **www.PRA-PoundsSettlement.com**.

Will the Class Representatives Receive an Award to Compensate Them for their Efforts? Yes, Class Counsel will ask the Court to approve a service award of \$10,000 each for the four Class Representatives in this case. These awards would compensate the Class Representatives for the time and effort they have dedicated to this case over the past seven years. It is important to recognize that without their hard work, this case would not have been filed, and no one would have had their default judgment canceled or received any cash payment that will result from the Settlement.

Do You Have to do Anything to Participate in the Settlement? No. If you are a Class Member, receive this Class Notice, and do not opt out, the Settlement Administrator will mail you a Settlement Check. Likewise, so long as you do not opt-out, you do not need to do anything to have your default judgment cancelled.

Can You Object to the Settlement or to the Attorneys' Fees? Yes, so long as you do not opt out of the class.

By filing an objection, you can tell the Court that you do not agree with the Settlement or some part of it, or with the request for Attorneys' Fees. You can give reasons why you think the Court should not approve the Settlement or the fee request. The Court will consider your views. To object, you must file your objection with the Court and deliver written objections to Class Counsel and PRA's Counsel, postmarked or hand-delivered no later than _____, 2024, stating (i) your name, address, and telephone number; (ii) the name of this case and the case number; (iii) a clear statement of each objection; and (iv) an explanation of any specific reasons for each objection, including any legal and factual support, and any evidence you intend to offer in support of the objection.

Mail or hand-deliver the objection to Class Counsel, PRA's Counsel, and the Court so that the objection is postmarked or delivered no later than _____, 2024, to:

Carlene McNulty, Esq.
N.C. Justice Center
P.O. Box 28068
Raleigh, N.C. 27611

Jon Berkelhammer, Esq.
Ellis & Winters, LLP
PO Box 2752
Greensboro, N.C. 27402

Pounds Class Settlement
Superior Court
510 South Dillard Street,
Durham, N.C. 27701

You may object only if you stay in the class. Excluding yourself (by “opting out”) is telling the Court that you do not want to be part of the class. If you exclude yourself, you have no basis to object because the case does not affect you.

The Final Approval Hearing. The Court will hold a hearing to decide whether to approve the Settlement. At the Final Approval Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will decide whether to approve the Settlement. The Court will also decide the request for Attorneys’ Fees.

You may attend the Final Approval Hearing and you may ask to speak, but you do not have to. Class Members or their attorneys intending to speak at the hearing must file with the Court and deliver to Class Counsel and Defendants’ Counsel a notice stating how much time the Class Member anticipates needing to present the objection; identifying, by name, address, telephone number, and detailed summary of testimony, any witnesses the Class Member intends to present; and identifying and providing copies of all exhibits the Class Member intends to offer. You cannot speak at the hearing if you do not file a notice as provided herein or if you have opted out of the Settlement.

The Final Approval Hearing will be held before Judge O’Foghludha on [DATE] at [TIME] at the following address:

Durham County Courthouse
510 South Dillard Street
Durham, N.C. 27701

YOU DO NOT HAVE TO ATTEND THIS HEARING TO RECEIVE YOUR SHARE OF THE SETTLEMENT.

Getting More Information. This Class Notice summarizes the proposed Settlement. More details are in a Settlement Agreement. You can get a copy of the Settlement Agreement by going to www.PRA-PoundsSettlement.com or by calling toll-free (833) 462-3510. The website will be updated periodically.

Please do not call the Judge or Clerk of Court; they cannot give you advice about this Action.

IF YOUR ADDRESS HAS CHANGED FROM THE ADDRESS SHOWN ON THE ENVELOPE, OR IF YOU MOVE BEFORE YOU RECEIVE A SETTLEMENT CHECK IN THE MAIL, YOU MUST NOTIFY THE CLASS ADMINISTRATOR, EITHER BY TELEPHONE, E-MAIL, OR IN WRITING, AT THE FOLLOWING ADDRESS:

Pounds v. Portfolio Recovery Associates
c/o Kroll Settlement Administration
P.O. Box 225391
New York, NY 10150-5391

Questions? Call (833) 462-3510, or visit www.PRA-PoundsSettlement.com

EXHIBIT 2

STATE OF NORTH CAROLINA
 COUNTY OF DURHAM

IN THE GENERAL COURT OF JUSTICE
 SUPERIOR COURT DIVISION
 16-CVS-5190

IRIS POUNDS, CARLTON MILLER,)
 VILAYUAN SAYAPHET-TYLER, and)
 RHONDA HALL, on behalf of)
 themselves and all others similarly situated,)
)
 Plaintiffs,)
)
 v.)
)
 PORTFOLIO RECOVERY ASSOCIATES,)
 LLC,)
)
 Defendant.)

**REVISED PRELIMINARY APPROVAL
 ORDER**

THIS MATTER COMING ON FOR CONSIDERATION on the Parties’ Joint Motion for Revised Preliminary Approval Order, and after reviewing the Motion and supporting materials, the proposed Amended Settlement Agreement, and revised Class Notice,

IT IS HEREBY ORDERED AND DECREED as follows:

1. **Preliminary Approval.** The Court finds that the proposed Amended Settlement Agreement (“Agreement”) attached as Exhibit A to the Parties’ Joint Motion for Approval of Amended Class Action Settlement is “within the range of possible approval,” such that notice of the Agreement should be given to potential class members. *Ehrenhaus v. Baker*, 216 N.C. App. 59, 73, 717 S.E.2d 9, 19 (2011). The Court therefore grants preliminary approval to it.

2. **Certification of Settlement Class.** Pursuant to Rule 23 of the North Carolina Rules of Civil Procedure, the matter is preliminarily certified as a class action for settlement purposes only. In support of this ruling, and for settlement purposes only, the Court finds:

- a) that a class exists, as the class members share common issues of law and fact that

predominate over any issues affecting only an individual class member;

- b) the Plaintiffs are adequate class representatives, as they will fairly and adequately represent the class, there is no conflict of interest between the named representatives and the class, and the named parties have a genuine personal interest in the outcome of the case;
- c) the class is so numerous as to make joinder impracticable;
- d) adequate notice can be provided to the class; and
- e) a class action would be superior to other methods of resolution of this action.

3. Class Definition. Accordingly, for settlement purposes only, the Court preliminarily certifies a class defined as follows:

All persons against whom PRA obtained a default judgment entered by a North Carolina court in a case filed on or after October 1, 2009, where default judgment was entered on or before September 30, 2023,

PROVIDED HOWEVER, that the class does not include anyone who meets the categories above if (a) they have filed for or were placed in bankruptcy after October 1, 2009; or (b) they are deceased. For the avoidance of doubt, subject to the limitations set forth above, the class shall include default judgments renewed on or after October 1, 2009, and before September 30, 2023, so long as the underlying lawsuit leading to default judgment was filed on or after October 1, 2009. The class shall not include renewals of default judgments that were entered in cases filed before October 1, 2009.

There are approximately 19,771 class members.

4. Appointment of Class Representatives and Class Counsel: Pursuant to Rule 23 of the North Carolina Rules of Civil Procedure, Iris Pounds, Carlton Miller, Vilayuan Sayaphet-

Tyler, and Rhonda Hall are appointed as class representatives, and the following attorneys are appointed as Class Counsel: Carlene McNulty and Jason Pikler from the North Carolina Justice Center; J. Jerome Hartzell, Attorney at Law; Travis Collum, of Collum & Perry, PLLC; and Adrian Lapas, of Lapas Law Offices, PLLC.

5. Final Approval Hearing. A hearing on the fairness and reasonableness of the Agreement and whether final approval shall be given to it and the requests for fees and expenses will be held before Superior Court Judge Michael O’Foghludha on **June 12, 2024, at 2:30 p.m.** in Courtroom 7A of the Durham County Courthouse, 510 South Dillard Street, Durham, NC. At the Final Approval Hearing, the Court will consider and finally determine (a) whether the Agreement should be finally approved by the Court as fair, reasonable, and adequate; (b) the Class Representatives’ service award requests; and (c) attorneys’ fees and expense reimbursement requests by Class Counsel. The parties have agreed that the amount of costs and reasonable attorneys’ fees shall be paid out of the settlement funds. Class Counsel shall file their motion for an award of costs and attorneys’ fees within 21 days following the date of this Revised Preliminary Approval Order.

6. Approval of Settlement Administrator. The Court specifically authorizes Kroll, LLC to serve as the Settlement Administrator to implement the terms of this Order, the Settlement Agreement, and any Final Judgment. The Administrator shall assist with various administrative tasks, including without limitation: (i) overseeing the provision of all notices to Class Members; and (ii) overseeing distributions of the Settlement Fund to class members entitled to receive the same pursuant to the terms and conditions of any Final Judgment and the Settlement Agreement. Pursuant to the Agreement, Portfolio Recovery Associates, LLC, (PRA) shall be responsible for payment of the cost of sending notice, distributing proceeds of this settlement to the class members, and any other costs of administration.

7. Notice to the Settlement Class.

(a) Mailed Notice. The Court approves the revised proposed forms of notice attached as Exhibit 1A (the “Summary Notice”) and 1B (the “Long-form Notice”) to the parties’ Amended Agreement. PRA is ordered to provide the Settlement Administrator and Class Counsel with updated electronic data for each Class Member necessary for mailing notices, as discussed herein, within 7 days following the date of this Order. The electronic data is to include, to the extent available, Class Members’ names, addresses, phone numbers, and email addresses. Class Counsel and the Settlement Administrator shall keep the data and information provided by PRA strictly confidential and shall use it only for the purpose of effectuating the settlement of this matter. Within 21 days following the receipt of the electronic data from PRA, the Settlement Administrator will conduct a single national change of address search for all members of the Class and then mail Summary Notices in a form and content substantially similar to Exhibit 1A to the Amended Agreement to all Class Members. For those Summary Notices that are returned as undeliverable, the Settlement Administrator will conduct a single skip trace, and then re-mail the Summary Notice to the Class Members using the updated addresses.

(b) Website. Within 21 days following the receipt of the updated electronic data from PRA, a website shall be established to provide information to Class Members about the case and the proposed settlement. The Long-form Notice shall be available on the website. The mailed Summary Notice shall direct Class Members to the website for further information about the case and the proposed settlement.

(c) Toll free number. Within 21 days following the receipt of the updated electronic data from PRA, a toll-free number shall be established which Class Members may call for additional information about the case and the proposed settlement. The Summary Notice and Long-form Notice shall direct Class Members to this toll-free number for further information about

the case and the proposed settlement.

8. Opting Out (Exclusion from Class). The Summary Notice and Long-form Notice will provide Class Members with the opportunity to request exclusion from the Settlement Class. Such opt out rights may be exercised only individually by a Class Member, and not by any other person in a representative capacity. Class Members shall have 45 days from the mailing of the Summary Notice to opt out of the Settlement Class pursuant to the procedures set forth in the Summary Notice and/or Long-form Notice. A list of the names and addresses of Class Members who have timely submitted a valid request for exclusion from the Settlement Class shall be filed by the parties with the Court no later than 14 days before the Final Approval Hearing.

9. Due Process. The Court finds that mailing of the class notice and the other measures specified above to locate and notify the members of the class is the only notice required and that such notice satisfies the requirements of due process and Rule 23 of the North Carolina Rules of Civil Procedure.

10. Objections to Settlement.

(a) Written objections. Any Class Member who has not opted out of the Settlement Class and who wishes to object to the fairness, reasonableness, or adequacy of the proposed Settlement, or to Class Counsel's motion for attorneys' fees and expenses, or to the request for a service award for the Class Representatives, shall be required to deliver written objections to Class Counsel and Counsel for Portfolio Recovery Associates, LLC, and have them file-marked by the Court, no later than 45 days from the mailing of the Summary Notice, or as the Court may otherwise direct. Written objections must include: (i) the objector's name, address, and telephone number, (ii) the name of this case and the case number, (iii) a clear and concise statement of each objection; and (iv) an explanation of the specific reasons, if any, for each objection, including any legal and factual support upon which the objector intends to rely along with any evidence the

objector intends to introduce in support of the objection(s).

(b) Appearance at Final Approval Hearing. Any Class Member who properly and timely files and serves a written objection may appear at the Final Approval Hearing, either in person or through counsel hired at the Class Member's personal expense, to object to the fairness, reasonableness, or adequacy of the Agreement or the proposed Settlement, or to an award of attorneys' fees and expenses, or to the request for a service award for the Class Representatives. Class Members or their attorneys intending to make an appearance at the Final Approval Hearing must deliver to Class Counsel and Counsel for Portfolio Recovery Associates, LLC, and have file-marked by the Court, no later than 45 days from the mailing of the Summary Notice or as the Court otherwise may direct, a Notice of Intention to Appear. The Notice of Intention to Appear must: (i) state how much time the Class Member and/or his attorney anticipates needing to present the objection; (ii) identify, by name, address, telephone number and detailed summary of testimony, all witnesses the Class Member and/or his or her attorney intends to present any testimony from; and (iii) identify all exhibits the Class Member and/or his attorney intends to offer in support of the objection and attach complete copies of all such exhibits.

11. Effect of Non-Approval. In the event that the proposed settlement is disapproved by the Court, or Final Approval as that term is defined in the Agreement does not occur for any reason, then the Agreement, all drafts, negotiations, discussions, and documentation relating thereto, and all orders entered by the Court in connection therewith shall become null and void and shall not be used or referred to for any purpose in this Action or in any other proceeding. In such event, the Agreement and all negotiations and proceedings relating thereto shall be withdrawn without prejudice to the rights of any of the Parties thereto, who shall be restored to their respective positions as of the date of the execution of the Agreement.

12. Report of Notice. Within 10 business days following completion of the notice

requirements set forth herein, the Settlement Administrator shall deliver a written report to Class Counsel, to be submitted to the Court, confirming that the notice requirements set out in this Order have been satisfied.

13. Upon entry of an Order Granting Final Approval of Class Settlement, PRA will arrange for the Settlement Administrator to mail settlement checks to be distributed pursuant to the Settlement Agreement.

14. In addition, within thirty (30) days of entry of the Final Approval order, PRA will undertake best efforts to begin filing authorizations to cancel Class Members' unexpired default judgments and will complete the process of filing the authorizations to cancel the judgments within three months of the entry of the Final Approval order.

15. In the event any deadline set forth in this Order falls on a weekend or court-observed holiday, such deadline shall be on the first business day thereafter.

SO ORDERED, This the ____ day of _____, 2024.

Honorable Michael O'Foghludha
Superior Court Judge Presiding

EXHIBIT 3

EXHIBIT 3: TEMPLATE FOR AUTHORIZATION TO CANCEL JUDGMENT

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

COUNTY OF «COUNTY»

SUPERIOR COURT / DISTRICT COURT
DIVISION

PORTFOLIO RECOVERY
ASSOCIATES, LLC,

Plaintiff,

vs.

««Debtor_1_and_Debtor_2»,

Defendants

«Index_»

AUTHORIZATION TO
CANCEL JUDGMENT

Plaintiff Portfolio Recovery Associates, LLC, through its counsel, states as follows:

1. Judgment was previously entered in favor of the Plaintiff on or about «JMTDATE».
2. The Plaintiff authorizes and requests this Judgment be cancelled, and said cancellation be reflected on the Judgment Docket.

«Month» _____, «YEAR»

SESSOMS & ROGERS, P.A.

[Name]
N.C. Bar No. [XXX]
P.O. Box 110564
Durham, North Carolina 27709
Telephone: (919) 688-1000
Attorney for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that on this day a copy of the foregoing was served by e-mail to class counsel at the following address:

Carlene McNulty
Jason A. Pikler
NORTH CAROLINA JUSTICE CENTER
P.O. Box 28068, Raleigh, NC 27611
ClassCounsel@ncjustice.org

Dated: «Month» _____, «YearOnly».

By:

[Name]
N.C. Bar No. [XXX]
P.O. Box 110564
Durham, North Carolina 27709
Telephone: (919) 688-1000
Attorney for Plaintiff