

**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

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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’Foghluudha 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 (the “Settlement Fund Balance”). 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 Balance. The remaining amount of the Settlement Fund Balance 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 Balance 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 Balance 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 **June 12, 2024 at 2:30 p.m. ET** 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 authorizations to cancel default judgments within 30 days of the date the Court grants final approval of the Settlement. PRA will attempt to complete the filing of authorizations to cancel default judgments within three months of the final approval order.

When Will Class Members Receive Their Payments? The Court will hold a Final Approval Hearing on **June 12, 2024 at 2:30 p.m. ET** to decide whether to approve the Settlement. Assuming the Settlement is approved and there is no appeal, distribution to Class Members should occur in September 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 **May 13, 2024**, to:

Pounds v. Portfolio Recovery Associates
c/o Kroll Settlement Administration – Opt-Out Request
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

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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 for each of 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? 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 Defendant's Counsel, postmarked or hand-delivered no later than **May 13, 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, Defendant's Counsel, and the Court so that the objection is postmarked or delivered no later than **May 13, 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 **June 12, 2024 at 2:30 p.m. ET** 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

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