

No. D-1-GV-10-000102

STATE OF TEXAS;
PLAINTIFF,

v.

BLUEHIPPO FUNDING, LLC ,
BLUEHIPPO CAPITAL, LLC
(Virginia),
BLUEHIPPO CAPITAL, LLC
(Nevada),
JOSEPH K. RENSIN, INDIVIDUALLY,
AND EDISON WORLDWIDE, LLC
DEFENDANTS

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IN THE DISTRICT COURT

TRAVIS COUNTY, T E X A S

419TH JUDICIAL DISTRICT

Filed in the District Court
of Travis County, Texas

TJ NOV 09 2012
At J. J. R M.
Amalia Rodriguez-Mendoza, Clerk

AGREED FINAL JUDGMENT AND PERMANENT INJUNCTION

On this date came on for hearing in the above entitled and numbered cause in which the State of Texas (hereinafter “State”), acting by and through Attorney General of Texas, Greg Abbott, is Plaintiff and Joseph K. Rensin, Individually (hereinafter “Rensin”), and Edison Worldwide, LLC. (hereinafter “Edison”) are the Defendants. Through their respective attorneys of record, Plaintiff and Defendants agree to the entry of this Agreed Final Judgment and Permanent Injunction (hereinafter “Final Judgment”). Three additional defendants, BlueHippo Capital, LLC; BlueHippo Funding, LLC (Virginia); and BlueHippo Funding, LLC (Nevada), have wholly defaulted and a default judgment has been previously entered against them in this case. As used in this Final Judgment, “Defendants” refers only to the non-defaulting Defendants, Rensin and Edison and “parties” refers to the State, Rensin and Edison.

I.

STIPULATIONS

The parties wish to make the following stipulations:

1.1 That they agree to the entry of this Agreed Final Judgment and Permanent Injunction;

1.2 That they have compromised and settled all claims alleged by the State of Texas in its petition;

1.3 That Defendants' agreement to enter into this judgment is not an admission of liability and shall not be construed to be an admission or as evidence that Defendants violated any state or federal law or regulation;

1.4 That this Court has specific jurisdiction over the Defendants for the purpose of entering into and enforcing this Judgment;

1.5 Plaintiff's Second Amended Original Petition states a claim for relief against the Defendants.

1.6 Entry of this Final Judgment is in the public interest.

1.7 This Final Judgment is non-appealable.

1.8 The Court shall have continuing jurisdiction to enforce this Final Judgment.

1.9 The Defendants acknowledge notice of this permanent injunction and acceptance of the same; therefore no writ need be issued.

1.10 It appearing to the Court that all remaining parties agree to the entry of this Judgment and that they have approved its entry by their duly authorized signatures and the signature of their respective attorneys below, the Court, after review of the stipulations of the parties and after being fully advised in this matter, finds as follows:

a. THAT it has jurisdiction over the parties for the purpose of entering and enforcing this judgment;

- b. THAT the settlement of this dispute is fair, reasonable, and just; and
- c. THAT it would be in the best interests of the parties if the Court approved the settlement and rendered judgment accordingly.

II.

DEFINITIONS

2.1 For purposes of this Agreed Final Judgment and Permanent Injunction, the following definitions shall apply:

- a. “Blue Hippo” shall mean the retail electronics business conducted from 2003 through 2009 by a group of business entities owned by Rensin. Specifically, “Blue Hippo” includes the activities of Distinctive Call Response, Inc. (a Delaware corporation); Boost Credit, LLC (a Delaware limited liability company); BlueHippo Funding, LLC (a Maryland limited liability company); BlueHippo Capital, LLC (a Virginia limited liability company); BlueHippo Capital, LLC (a Nevada limited liability company); Digital Boulevard, LLC (a Virginia limited liability company); Interactive Call Response, Inc. (a Delaware corporation); Strategic Call Response, LLC (a Delaware limited liability company); Instant Call Response, LLC (a Delaware limited liability company); Alliance Call Response, LLC (a Delaware limited liability company); Reliable Call Response, LLC (a Delaware limited liability company); Omega Call Response, LLC (a Delaware limited liability company); Rapid Call Response, LLC (a Delaware limited liability company); and Dynamic Call Response, LLC (a Maryland limited Liability company, formerly known as Edison Response, LLC), as well as those of any other entity owned or controlled by Rensin relating to the retail electronic

business conducted during the specified time period.

- b. “Consumer” means an individual, partnership, corporation, this state, or a subdivision or agency of this state who seeks, has sought, acquires or has acquired, by purchase or lease, from Blue Hippo or any entity owned or controlled by the Defendants, or either of them, any goods or services, except that the term does not include a business consumer that has assets of \$25 million or more, or that is owned or controlled by a corporation or entity with assets of \$25 million or more.
- c. “Receivables” means the accounts receivable abandoned by the Blue Hippo bankruptcy estate pursuant to the Settlement Agreement entered into on March 16, 2011, by George L. Miller, the Blue Hippo bankruptcy trustee, Rensin, and Five Guys Capital, LLC, a limited liability company owned by Rensin (“Five Guys”). A copy of the Settlement Agreement is attached hereto as Exhibit A.
- d. “Texas consumer” means a consumer who has a Texas address associated with his account, has a telephone number with a Texas area code, or for whom there is any other reasonable basis for believing that he is a resident of Texas.

III.

INJUNCTION

3.1 IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Rensin, Edison, and Five Guys, their officers, agents, servants, employees, assigns, directors, shareholders, and attorneys shall be permanently enjoined from engaging in the following acts or practices:

- a. Collecting, attempting to collect, selling, assigning, transferring, factoring, abstracting, executing, foreclosing, repossessing, sequestering, or otherwise asserting any debt, account receivable, or any right to property that arises out of any debt included in the Receivables that is owed or alleged to be owed by a Texas consumer;
- b. Submitting a negative credit report to any of the credit bureaus for any Texas consumer because of his non-payment of any debt included in the Receivables;
- c. In the sale or financing of retail electronics goods, misrepresenting product delivery dates to Texas consumers, or processing and/or accepting any payments from Texas consumers before Defendants have disclosed all of the material terms of the transaction to the consumer; and
- e. Engaging in the sale or financing of retail electronics goods to any Texas consumer for a period of three years from the date of the entry of this Final Judgment.

IV

RESTITUTION

4.1 IT IS ORDERED THAT the State of Texas have and recover from the Defendants, jointly and severally, judgment in the amount of \$175,000.00 to be used to pay restitution to Texas consumers who were customers of Blue Hippo. The State hereby acknowledges receipt of \$175,000.00 as payment of this judgment. The funds paid by Defendants pursuant to the judgment awarded in this paragraph are designated as “the Restitution Fund.”

4.2 IT IS ORDERED THAT the determination as to how the Restitution Fund is administered is in the sole discretion of the State. More specifically, the State shall have the

sole discretion to determine which of the Blue Hippo Texas consumers receive restitution and how much they receive, including paying claims on a pro-rata basis. In order to be eligible to receive compensation from the Restitution Fund, the Blue Hippo Texas consumers must have either filed a consumer complaint against Blue Hippo with the Office of the Attorney General of Texas, another governmental agency, or the Better Business Bureau; or the consumer must have submitted the appropriate claim form before the end of the Claim Period. Consumers may obtain claim forms from the Office of the Attorney General of Texas. The Claim Period will end ninety (90) days from the date the Judgment is entered by the Court. Any claim forms and/or consumer complaints submitted by Blue Hippo Texas consumers before the end of the Claim Period will be considered for restitution as indicated herein.

4.3 IT IS ORDERED THAT any checks which are either returned in the mail or not cashed as of 100 days following distribution of the refund checks shall be “Unclaimed Funds.” Any Unclaimed Funds shall be treated as unclaimed property pursuant to title 6 of the Texas Property Code (Unclaimed Property), Tex. Prop. Code, Title 6.

4.4 IT IS ORDERED THAT the State may also pay the reasonable expenses it incurs in administering the Restitution Fund with money from this fund.

V.

ATTORNEYS' FEES

5.1 IT IS ORDERED THAT the State of Texas have and recover from the Defendants, jointly and severally, an additional judgment in the amount of \$50,000.00 as attorney's fees. The State hereby acknowledges receipt of \$50,000.00 as payment of this judgment.

VI

RELEASE

6.1 IT IS AGREED and THEREFORE, IT IS ORDERED, ADJUDGED and DECREED that except as provided herein, the State hereby releases Rensin, Edison, and Five Guys and their officers, agents, servants, employees, assigns, directors, shareholders, and attorneys, of liability, other than that created by this Final Judgment, arising out of causes of action connected to Blue Hippo, if such causes of action were pleaded in this action or could have been pleaded in an action brought by the Consumer Protection Division of the Office of the Attorney General.

6.2 It is agreed and understood that this Final Judgment shall in no way affect the rights of individual citizens.

VII

MISCELLANEOUS

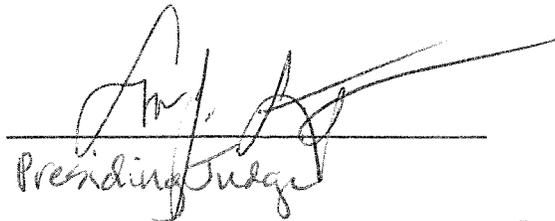
7.1 This agreed judgment does not constitute approval of Defendants' business practices by the State of Texas or the Office of the Attorney General and the Defendants shall not make any representation to the contrary.

7.2 All costs are assessed against party by whom they are incurred, except as otherwise provided herein.

7.3 Default Judgment having been previously granted against Bluehippo Funding, LLC, Bluehippo Capital, LLC (Virginia), and Bluehippo Capital, LLC (Nevada), this Agreed Final Judgment disposes of all remaining parties and claims.

7.4 All relief not granted herein is hereby denied.

SIGNED this 9th day of November, 2012.



Presiding Judge

PRESIDING JUDGE

AGREED AS TO FORM AND SUBSTANCE AND ENTRY REQUESTED

GREG ABBOTT
Attorney General of Texas

DANIEL HODGE
First Assistant Attorney General

JOHN SCOTT
Deputy Attorney General for Litigation

TOMMY PRUDHOMME
Chief, Consumer Protection & Public Health
Division

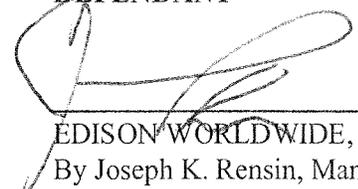


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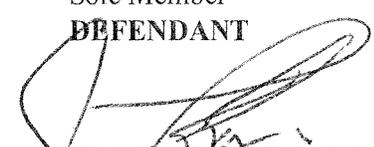
AGREED AS TO FORM AND SUBSTANCE AND ENTRY REQUESTED



JOSEPH K. RENSIN,
DEFENDANT



EDISON WORLDWIDE, LLC
By Joseph K. Rensin, Manager and
Sole Member
DEFENDANT



FIVE GUYS CAPITAL, LLC
By Joseph K. Rensin, Manager and
Sole Member

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ATTORNEYS FOR DEFENDANTS

EXHIBIT A

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (“**Settlement Agreement**”) by and among George L. Miller, the Chapter 7 trustee (the “**Trustee**”) for BlueHippo Funding, LLC and its affiliated debtors (the “**Debtors**”)¹ in Case No. 09-14154 (KG) (Jointly Administered) pending in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”), Five Guys Capital, LLC (“**Five Guys**”) and Joseph Rensin (“**Rensin**”) is made and entered into this 16th day of March, 2011.

WHEREAS, on November 29, 2009, each of the Debtors filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “**Bankruptcy Code**”); and

WHEREAS, on December 23, 2009, the Bankruptcy Court entered an order converting the Debtors’ bankruptcy cases to cases under Chapter 7 of the Bankruptcy Code; and

WHEREAS, on December 23, 2009, the office of the United States Trustee appointed the Trustee as Chapter 7 trustee for the Debtors’ estates; and

WHEREAS, Rensin is the sole direct or indirect beneficial owner of each of the Debtors and served as an officer and/or director of each of the Debtors from time to time prior to the petition Date; and

WHEREAS, Five Guys is a Delaware limited liability company wholly owned by Rensin; and

WHEREAS, on May 30, 2008, Five Guys and the Debtors entered into that certain security agreement (the “**Security Agreement**”) wherein the Debtors granted to Five Guys a continuing security interest in substantially all of the Debtors’ assets (the “**Liens**”) including, but not limited, to the Debtors’ then current and future accounts receivable (the “**Receivables**”); and

WHEREAS, the Liens were granted as security for a term loan extended by Five Guys to the Debtors in the amount of \$500,000, as evidenced by that certain promissory note dated May 30, 2008 (the “**Promissory Note**”); and

WHEREAS, Five Guys perfected its Liens by filing a UCC-1 with the Maryland Secretary of State; and

¹ The Debtors are the following entities: Distinctive Call Response, Inc. No. 09-14153 (KG), BlueHippo Funding, LLC No. 09-14154 (KG), BlueHippo Capital, LLC No.09-14155 (KG), BlueHippo Capital, LLC No.09-14156 (KG), Digital Boulevard, LLC No.09-14157 (KG), Boost Credit, LLC No. 09-14158 (KG), Interactive Call Response, Inc. No. 09-14159 (KG), Strategic Call Response, LLC No. 09-14160 (KG), Dynamic Call Response, LLC No. 09-14161 (KG), Alliance Call Response, LLC No. 09-14162 (KG), Instant Call Response, LLC No. 09-14163 (KG), Omega Call Response, LLC, No. 09-14164 (KG), Rapid Call Response, LLC, No. 09-14165 (KG), Reliable Call Response, LLC No. 09-14166 (KG).

WHEREAS, the Debtors have not made any payments due on the Promissory Note; and

WHEREAS, Five Guys asserts that, as of the Petition Date, the Debtors were indebted to Five Guys in the principal amount of \$500,000, exclusive of interest and costs; and

WHEREAS, as of the Petition Date, the Debtors had a balance of approximately \$310,452.28 (the "Funds") in their bank accounts (the "Accounts"); and

WHEREAS, the Trustee asserts that Five Guys did not perfect any Liens on the Funds because it did not enter into control agreements with respect to the Accounts; and

WHEREAS, Five Guys asserts that it has perfected Liens on the Funds because the Funds are traceable proceeds of the Receivables; and

WHEREAS, the Trustee has considered whether the Debtors' estates may have any claims or causes of action against Five Guys and/or Rensin; and

WHEREAS, Five Guys and Rensin assert that the Debtors' estates do not have any viable claims or causes of action against Five Guys and/or Rensin; and

WHEREAS, following good faith, arms-length negotiations, the Trustee, Five Guys and Rensin have agreed to settle and compromise (the "Settlement") any and all disputes between the (i) Trustee, the Debtors and their estates and (ii) Five Guys and Rensin, on the terms set forth herein.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, subject to the final approval of the Bankruptcy Court, the Parties hereby stipulate and agree, in full and final settlement of all claims, defenses and causes of action available to them as follows:

1. The Trustee, on behalf of the Debtors and their estates, shall pay to Five Guys \$25,000.00 (the "Settlement Amount") on account of any and all claims that Five Guys asserts or may assert with respect to the Funds within ten (10) days of the date of the entry of a final, non-appealable order by the Bankruptcy Court approving this Settlement Agreement (the "Settlement Order"). Five Guys acknowledges and agrees that, upon entry of the Settlement Order and payment of the Settlement Amount, Five Guys shall have no lien on or security interest in the remaining Funds and that the remaining Funds shall not be Five Guys' cash collateral.

2. Upon the entry of the Settlement Order, the Trustee shall abandon any and all interests that the Trustee, the Debtors and/or their estates have or may have in any and all of the Receivables pursuant to Section 554 of the Bankruptcy Code. Upon the abandonment of the Receivables, Five Guys shall be permitted to exercise any and all rights that it has with respect to the Receivables, including the collection of the Receivables, pursuant to the Promissory Note, the Security Agreement, and/or applicable non-bankruptcy law without further order of the Bankruptcy Court. The Settlement Order shall authorize the abandonment of the Receivables and grant to Five Guys relief from the automatic stay imposed by Section 362(a) of the

Bankruptcy Code to permit Five Guys to exercise all of its rights with respect to the Receivables as a condition precedent to the effectiveness of this Settlement Agreement.

3. Effective immediately upon the entry of a final, non-appealable Settlement Order consistent with paragraphs 1 and 2, above, and full payment by the Trustee of the Settlement Amount to Five Guys (the "Settlement Date"), Five Guys and Rensin, on behalf of themselves and their respective successors and assigns, fully and forever release and discharge the Trustee, the Debtors, the Debtors' estates and their respective employees, officers, directors, agents and attorneys, from any and all claims, causes of action, rights, liabilities, obligations, lawsuits and demands of any kind, known or unknown, asserted or unasserted, first accruing prior to the Settlement Date. Notwithstanding the foregoing, Five Guys shall not release any unsecured deficiency claim it may have against the Debtors pursuant to the Promissory Note; provided however, that any unsecured deficiency claim held by either Five Guys or Rensin against any of the estates will be fully subordinated to the claims of general unsecured creditors, other than Five Guys and Rensin, and will receive no dividend until all other general unsecured creditors are paid in full, pursuant to the provisions of the Bankruptcy Code, including but not limited to 11 U.S.C. section 726.

4. Effective immediately upon the Settlement Date, the Trustee, for himself, the Debtors and their estates and their respective successors and assigns, fully and forever releases and discharges Five Guys, Rensin and their respective employees, officers, directors, agents and attorneys, from any and all claims, causes of action, rights, liabilities, obligations, lawsuits and demands of any kind, known or unknown, asserted or unasserted, first accruing prior to the Settlement Date.

5. By releasing and forever discharging all claims, whether known or unknown, the Trustee, Five Guys and Rensin hereby expressly waive any and all provisions, rights and benefits conferred by California Civil Code §1542 (or by any law of any state or territory of the United States, or principle of common law, that is similar, comparable or equivalent to California Civil Code §1542) that provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

6. The Parties hereby declare that the terms of this Settlement Agreement have been completely read and are fully understood and voluntarily accepted for the purpose of making a full and final compromise, settlement and release of any and all claims disputed or otherwise.

7. The Parties each warrant that they have made no assignment, and hereafter will make no assignment, of any claim, chose in action, right of action, or any other right released pursuant to this Settlement Agreement.

8. The Parties each shall bear their respective attorneys' fees and costs, including without limitation, settlement negotiations and implementation of this Settlement Agreement. However,

if any action is commenced by any Party hereto to enforce the provisions of this Settlement Agreement, the prevailing party shall be entitled to an award, in addition to any other claims or damages, of its costs and expenses, including attorneys' fees, in connection with said action.

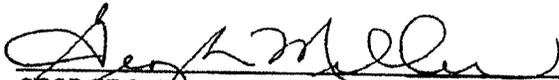
9. The Parties hereto have read all of the foregoing and represent that this Settlement Agreement has been explained to them by their respective legal counsel, and that each understands all of the provisions hereto.

10. This Settlement Agreement is binding on and for the benefit of the Parties, as well as their respective parents, subsidiaries, representatives, successors and assigns.

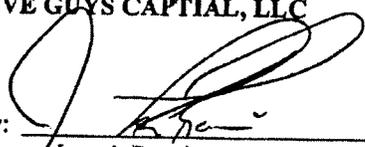
11. Each of the Parties hereto represents and warrants that the person executing this Stipulation on its behalf is duly authorized to do so and is empowered to bind it to the terms of this Stipulation, and that once executed by each Party hereto and upon entry of the Settlement Order, this Stipulation shall be legal, valid, binding and enforceable in accordance with its terms.

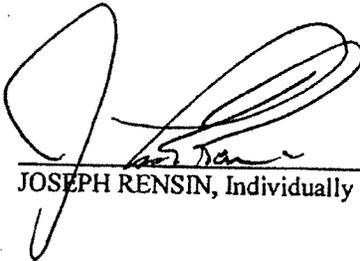
12. The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures. This Settlement Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement which shall be binding on the Parties hereto.

IN WITNESS WHEREOF the Parties have caused this Settlement Agreement to be executed by themselves or on their behalf by their respective attorneys as of the date first above mentioned.


GEORGE L. MILLER, as CHAPTER 7 TRUSTEE

FIVE GUYS CAPTIAL, LLC

By: 
Name: Joseph Rensin
Title: Managing Member


JOSEPH RENSIN, Individually