

UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

CLASS ACTION SETTLEMENT NOTICE

**IF YOU PAID FAMILY CREDIT COUNSELING CORPORATION, DEBT SOLUTIONS FOUNDATION, INC.,  
OR CONSUMER DEBT MANAGEMENT & EDUCATION, INC.  
A SET-UP FEE, CONTRIBUTION, AND/OR SERVICE FEE TO ESTABLISH OR MAINTAIN A DEBT  
MANAGEMENT PLAN, YOU COULD GET A PAYMENT  
AND FREE INTERNET SEMINAR FROM A CLASS ACTION SETTLEMENT**

*A federal court authorized this notice. This is not a solicitation from a lawyer.  
This is not a notice that you have been sued.*

The proposed class action settlement will pay cash and provide a free internet debt management seminar to certain people who paid money to Family Credit Counseling Corporation, Debt Solutions Foundation, Inc., or Consumer Debt Management & Education, Inc. (the “Companies”) between August 1, 2002 and February 28, 2006 for a debt management plan operated by any of those companies. To get the payment and seminar, people must submit a claim form by **January 8, 2008**.

If you are a Class Member, your legal rights are affected by the settlement whether you act or don’t act, so it is important to read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
<b>SUBMIT A CLAIM FORM</b>	The only way to get benefits under the settlement.
<b>EXCLUDE YOURSELF</b>	Get no payment. This is the only option that allows you to be part of any other lawsuit against the Companies and the other defendants about the legal claims in this case.
<b>OBJECT</b>	Write to the Court about why you don’t like the settlement.
<b>GO TO A HEARING</b>	Ask to speak in Court about the settlement.
<b>DO NOTHING</b>	Get no payment. Give up rights to be part of any other lawsuit against the Companies and the other defendants about the legal claims in this case.

These rights and options — and the deadlines to exercise them — are explained in this notice. The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement, and after any appeals are resolved. Please be patient.

**BASIC INFORMATION ABOUT THE LAWSUIT AND SETTLEMENT**

**1. Why did I get this notice?**

You may have used one or more of the Companies for a Debt Management Plan. A Court authorized this notice because you have a right to know about a proposed settlement of a class action lawsuit, including the right to claim money, and about all of your options, before the Court decides whether to give “final approval” to the settlement. If the Court approves the settlement, and after any appeals are resolved, payments will be made and access to a free internet debt management seminar will be given to everyone who submitted a valid claim. This notice explains the lawsuit, the settlement, your legal rights, what benefits are available, who may be eligible for them, and how to get them.

**2. What is the lawsuit about and what is a class action?**

The lawsuit, known as *Baker et al. v. Family Credit Counseling Corporation, et al.*, No. 04-CV-5508, filed in the United States District Court for the Eastern District of Pennsylvania, claims that Family Credit Counseling Corporation (“FCCC”), Debt Solutions Foundation, Inc. (“DSF”), James R. Armstrong, Jr., Igor M. Gelman, FCCC Services, Inc., JRA Property & Land Management, LLC, Top Financial Sales & Marketing, Inc., Consumer Financial Marketing, Inc., Consumer Debt Management & Education, Inc. (“CDME”) and Vegga Corporation (collectively “Defendants”)

failed to properly represent the terms of, and implement, debt management plans in violation of their agreements and/or the law, including the Racketeer Influenced and Corrupt Organizations Act and the Credit Repair Organization Act (“CROA”). Defendants deny all of the charges and allegations of wrongdoing asserted in the Lawsuit, and contend that they acted lawfully and in compliance with their agreements and/or the law at all times.

In a class action, one or more people, called Class Representatives, sue on behalf of people who have similar claims. All these people are a “Class” or “Class Members.” One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. The United States District Court for the Eastern District of Pennsylvania is overseeing this class action lawsuit. The people who sued are called the “Plaintiffs,” and the companies and people they sued are called the “Defendants.” The lawyers for the Plaintiffs are called “Class Counsel.”

### **3. Why is there a settlement?**

Both sides agreed to a settlement to avoid the cost and risk of a trial, and so that the people affected can get compensation, in exchange for releasing Defendants from liability. The Court has not decided whether Defendants did anything wrong or violated any laws. The Plaintiffs and Defendants used a mediator to help them settle this case.

Plaintiffs and their lawyers think the settlement is fair and best for all Class Members because it was not certain the Class would win the lawsuit and even if the Class did win, the Defendants might not be able to pay Class Members any more money than what they are paying now.

Most of the defendants argue that they did not contract or deal directly with Class Members and so can’t be required to pay anything to them. Armstrong and Gelman also argue that the law protects them, as individuals, from being held responsible for anything the companies might have done. The Plaintiffs argue that all the defendants are interrelated and benefited from each other’s actions so all of them should have to pay damages to Class Members. Preparing for trial on these issues would require a lot of factual and legal research and both sides would have to hire forensic accountants, data management and computer specialists, and other experts. All of this would be time-consuming and very expensive.

FCCC, DSF, and CDME argue that debt management plans are not covered by the Credit Repair Organization Act and even if DMPs were covered, CROA does not apply to non-profit companies like FCCC. There is not much governing law on these points so both sides would have to spend a lot of time and money researching and writing about them. And because the issues are very important for the Companies, if they lost they would appeal, spending even more time and money.

The costs of continuing with the lawsuit are especially important if they reduce how much defendants can spend for a settlement. Class Counsel worry that even if Plaintiffs get a big judgment against Defendants, Defendants might not be able to pay any more than what they have agreed to pay in the settlement. For example, their financial statements show that CDME and FCCC owe more money than they have. Most of DSF’s assets are really payments owed to DSF on loans it made to others, and DSF must reserve a lot of its money for refunds to clients who satisfactorily complete their DMPs. FCCC has an insurance policy that is being used to pay for this settlement and might apply to any judgment after a trial. But the policy also pays FCCC’s legal fees and costs for defending lawsuits. Both sides agree that going to trial probably would eat up all or most of the difference between what the insurance company will pay to settle the lawsuit now and the policy limits.

In summary, it would cost a lot of money and time to take this lawsuit to a trial. Settling now means that the money the Defendants and the insurer would have spent on legal fees can be given to the Class Members instead. From the Defendants’ perspective, settling now means that they do not have to keep spending money, time and effort on the lawsuit, and their employees can concentrate on their jobs instead.

### **4. Who is in the settlement?**

For the purposes of the settlement, everyone who fits this description is a Class Member:

- All persons who, between August 1, 2002 and February 28, 2006, (a) paid FCCC, DSF or CDME a set-up fee, contribution, and/or service fee to establish or maintain a debt management plan (“DMP”) and/or
- (b) made one or more consolidated monthly payments to FCCC, DSF or CDME pursuant to a DMP.

## 5. What does the settlement provide and how much money will I get?

\$500,000 has been put into a Settlement Fund. All of this money will be paid out, and no unclaimed money will go back to Defendants. Up to \$75,000 will be taken from the fund to pay for the cost of notice and settlement administration. The amounts approved by the Court for Class Counsel's fees and expenses and for payments to Class Representatives (see section 13) also will be deducted from the fund. The net fund remaining will be distributed, by check, to Class Members who submit valid claim forms by the deadline of **January 8, 2008**. Class Members who submit valid claim forms on time will also get access to a free internet debt management seminar valued at \$25.00. As part of the settlement, Defendants also are changing some of their business practices, are revising or removing their websites, and are posting on a settlement website a letter that clients can use to explain why some of the payments to their creditors might have been late even if the clients paid FCCC on time. A more detailed description of the settlement is found in a written settlement agreement filed with the Court; see section 20 for how you can review that agreement.

Your share of the settlement fund will be paid on a *per capita* basis, which means the settlement fund, after the deductions described in the paragraph before this one, will be divided evenly among the Class Members who file claim forms on time. It is impossible to know now how much you will get because it depends on how many Class Members file valid claims; the parties estimate that it will be between \$10 and \$45. All checks must be cashed within four months of when they are mailed. Checks not cashed within four months will be void and the money will go back into the Fund to be used for attorney fees and expenses and/or to be donated to a non-profit charitable, educational, or consumer advocacy organization to be approved by the Court.

Please note that the settlement does not cancel your enrollment in any DMP.

## 6. How do I get the free internet debt management seminar and the letter I can send to creditors?

The letter explaining how payments to creditors could be late even if you paid on time will be posted on the settlement website listed in section 20 below. You will be able to download and print the letter until at least April 1, 2008. You can also ask to have a copy of the letter mailed to you with your settlement check but printing the letter from the website would be much faster.

Instructions for accessing the free internet debt management seminar will be sent out with the settlement checks.

## 7. What am I giving up as part of the settlement?

Unless you exclude yourself, you are staying in the Class, and that means that you can't sue, continue to sue, or be part of any other lawsuit against Defendants about the legal issues resolved in *this* settlement. It also means that all of the Court's orders will apply to you and legally bind you. Regardless of whether you send in a claim form, if the settlement becomes final and you don't exclude yourself from the Class, you will be releasing Defendants from all the claims identified in Paragraph 8 of the "Revised Settlement Agreement" relating to or arising from the marketing and management of debt management plans operated by Family Credit Counseling Corporation, Debt Solutions Foundation, Inc., and Consumer Debt Management & Education, Inc. See section 20 for how to review the Revised Settlement Agreement. The written agreement describes the released claims with specific descriptions, in necessarily accurate legal terminology, so read it carefully.

## 8. How can I get a payment and when will I get it?

To ask for a payment, you must complete and submit the Claim Form accompanying this notice. Claim Forms must be postmarked by **January 8, 2008**, and mailed to the Settlement Administrator at:

FCCC Litigation  
P.O. Box 540  
Philadelphia, PA 19105-0540

You should keep a copy of the filled-out Claim Form. You cannot get a payment unless your Claim Form is actually received by Settlement Administrator or you are able to prove that it was mailed to or received by the Settlement Administrator. If you want proof that you mailed it or that it was received, you should get a "proof of mailing," delivery confirmation, or return receipt.

Payments will be mailed to Class Members after the Court grants “final approval” of the settlement and any appeals are resolved. This could take many months. But you still must send in your Claim Form by **January 8, 2008**. The Court is scheduled to consider final approval at a hearing on November 9, 2007 (see the section “The Court’s Fairness Hearing” below).

### EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don’t want a payment from this settlement, and instead want to keep the right to sue or continue to sue Defendants on your own over the legal issues in this case, then you must take steps to get out. This is called asking to be excluded from — or “opting out” of — the Class.

#### 9. How do I get out of the settlement?

To be excluded from the settlement, you must mail a letter, or other written document personally signed by you, saying that you want to be excluded from Baker v. Family Credit Counseling Corporation, No. 04-CV-5508 (E.D. Pa.). This request for exclusion must be postmarked on or before **September 8, 2007**. Be sure to include your name, address, telephone number, and signature. If you are represented by a lawyer, you need to provide the name, address, and telephone number of your lawyer. All exclusion requests must be mailed to:

FCCC Litigation  
P.O. Box 540  
Philadelphia, PA 19105-0540

You can’t ask to be excluded on the phone or by e-mail.

#### 10. If I exclude myself, can I get money or the debt management seminar?

No. If you exclude yourself, do not send in a claim form to request a payment. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. But you may sue, continue to sue, or be part of a different lawsuit against Defendants in the future. You will not be bound by anything that happens in this lawsuit.

#### 11. If I don’t exclude myself, can I sue later?

No. Unless you exclude yourself, you give up the right to sue Defendants for the claims that this settlement resolves. You must exclude yourself from this Class to start or continue your own lawsuit. Remember, the exclusion deadline is **September 8, 2007**. If you have a pending lawsuit against Defendants, speak to your lawyer immediately.

### THE LAWYERS REPRESENTING YOU

#### 12. Do I have a lawyer in the case?

The law firms that started the FCCC lawsuit have been representing you and the other Class Members. These lawyers are called “Class Counsel.” You can get information to contact these lawyers by visiting the website [www.FCCCLitigation.com](http://www.FCCCLitigation.com) or by calling 1-800-866-7023. Also, you can send any questions to them at the address for Class Counsel in section 14. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

#### 13. How will the lawyers be paid?

Class Counsel have worked on this Lawsuit for three years without receiving any payments at all for their work or their out of pocket expenses. They will ask the Court for attorneys’ fees and reimbursement of their expenses of \$125,000, to be paid out of the settlement fund described in section 5 above. This is less than what the lawyers would have earned if they had billed clients for their time and expenses so far. Defendants have agreed not to oppose the request but the Court may award more or less than \$125,000. If there is money left in the settlement fund after checks have been sent to all Class Members who submit valid and timely claim forms, Class Counsel may ask the Court to award them fees and expenses that were not covered by any prior award of fees and expenses. Defendants can oppose that request. Class Counsel also will ask the Court to approve payments totaling \$6,500 to the five Class Representatives who helped the lawyers on behalf of the whole Class, and Defendants agree not to oppose that request. The Court may award less than the amounts requested. Defendants will pay all of the costs and expenses to administer the settlement.

## OBJECTIONS

### 14. How do I tell the Court if I don't like the settlement?

If you're a Class Member and do not exclude yourself, you can object to the settlement if you don't like any part of it. To object, you must send a letter saying that you object to the settlement in *Baker v. Family Credit Counseling Corp.*, No. 04-CV-5508. Be sure to include your name, address, telephone number, your signature, and the reasons why you object to the settlement. The Court will consider your views. You do not have to appear personally in court, but you may do so. Send the objection to all three of these places, postmarked no later than **September 8, 2007**:

Settlement Administrator:	Class Counsel:	Defense Counsel:
FCCC Litigation P.O. Box 540 Philadelphia, PA 19105-0540	Debora A. O'Neill, Esquire Meyerson & O'Neill 1700 Market Street, Suite 3025 Philadelphia, PA 19103	Andrew Hanan, Esquire Conrad O'Brien Gellman & Rohn, P.C. 1515 Market Street, Sixteenth Floor Philadelphia, PA 19102

### 15. What's the difference between objecting and excluding?

Objecting is just telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you cannot object to any part of the settlement because the case no longer affects you and you will not receive a settlement payment.

### THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend, but you don't have to. You may also ask to speak at the hearing.

### 16. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing at 2:00 p.m. on Friday, November 9, 2007 at the United States District Court for the Eastern District of Pennsylvania, Court Room No. 12-B, 601 Market St., Philadelphia, PA. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. The Court will decide whether to approve the settlement and the motion for attorneys' fees and expenses and awards to the Class Representatives. If there are objections, the Court will consider them. The hearing may be moved to a different date without notice, so it is a good idea to check the website or call the toll-free telephone number listed in section 20 for updated information.

### 17. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

### 18. May I speak at the hearing?

To speak at the Fairness Hearing, you must send a letter or other written document saying that the letter or document is your "Notice of Intention to Appear" in *Baker v. Family Credit Counseling Corp.*, No. 04-CV-5508. Be sure to include your name, address, telephone number, and your signature. You must send your "Notice of Intention to Appear" to the addresses listed in section 14 above. It must be postmarked no later than **September 8, 2007**. You cannot speak at the hearing if you exclude yourself from the Class.

## IF YOU DO NOTHING

### 19. What happens if I do nothing at all?

If you do nothing, you will not get any payment or the internet debt management seminar. Unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the legal issues in this case.

## GETTING MORE INFORMATION

### 20. How do I get more information?

This notice summarizes the proposed settlement. More details are in the Revised Settlement Agreement. You can get a copy of the entire agreement at the settlement website, [www.FCCCLitigation.com](http://www.FCCCLitigation.com), or by calling toll-free at 1-800-866-7023. During business hours, you can review the settlement agreement and other pleadings in the lawsuit at the Clerk's Office of the United States District Court for the Eastern District of Pennsylvania, United States Courthouse — Second Floor, 601 Market Street, Philadelphia, PA 19106.

You can also call the toll free number or visit the settlement website to find answers to common questions about the settlement, obtain another Claim Form, and obtain information about the status of the settlement approval process.

Please do not call the Court or the Clerk about this Settlement.

Date: July 11, 2007

**BY: THE HONORABLE JAN E. DUBOIS**  
**Senior Judge, United States District Court for the**  
**Eastern District of Pennsylvania**

# CLAIM FORM

## Baker v. Family Credit Counseling Corporation Settlement

In order to receive a payment and free internet debt management seminar pursuant to the Settlement Agreement, you must complete, sign and mail this Claim Form postmarked no later than January 8, 2008 to FCCC Litigation, P.O. Box 540, Philadelphia, PA 19105-0540. If you want proof that you mailed this or that it was received, you should get a U.S. Postal Service certificate of mailing, delivery confirmation, or similar receipt.

### CLAIMANT INFORMATION:

Check here if the address above is different from your current address, provide your current address below:

Address:

City:  State:  Zip Code:  -

If you move after submitting this Claim Form but before receiving your payment you must send a letter to FCCC Litigation, P.O. Box 540, Philadelphia, PA 19105-0540 to ensure that the check is mailed to your new address.

### PLEASE PROVIDE THE FOLLOWING INFORMATION:

-    -   
Area Code Telephone No. (Day) Area Code Telephone No. (Evening)

E-mail:

Tear off at fold and return completed form

Fill in the circle next to the Company with whom you have/had a debt management plan ("DMP")

- Family Credit Counseling Corporation
- Debt Solutions Foundation, Inc.
- Consumer Debt Management & Education, Inc.

Write your Debt Management Plan Account ("DMP") number in the boxes and fill in the appropriate circles of your DMP number below):

(example: if your DMP number is 529, you will fill in 00529)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
①	①	①	①	①
②	②	②	②	②
③	③	③	③	③
④	④	④	④	④
⑤	⑤	⑤	⑤	⑤
⑥	⑥	⑥	⑥	⑥
⑦	⑦	⑦	⑦	⑦
⑧	⑧	⑧	⑧	⑧
⑨	⑨	⑨	⑨	⑨

Check here if you need us to mail you a copy of the letter explaining why payments could have been late to creditors even if people made DMP payments on time, but remember that it will come with your payment several months from now. You can download or print the letter from the website [www.FCCCLitigation.com](http://www.FCCCLitigation.com) now; it will be posted until April 1, 2008.

Check here if any correspondence or questions are attached.

(Signature)

FCCC Litigation  
Claim Administrator  
c/o Heffler, Radetich & Saitta L.L.P.  
P.O. Box 540  
1515 Market Street, Suite 1700  
Philadelphia, PA 19105-0540

**FIRST CLASS MAIL**

**PLEASE FORWARD—IMPORTANT LEGAL NOTICE**