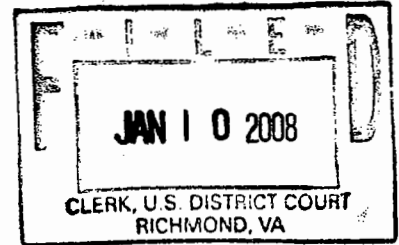
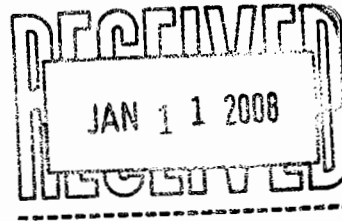


IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division



ROBIN KARNETTE and)
DIANE MCINTYRE,)
)
Plaintiffs,)
)
v.)
)
WOLPOFF & ABRAMSON, L.L.P.,)
)
Defendant.)

Civil Action No. 3:06-CV-00044 REP



**ORDER PRELIMINARILY APPROVING
CLASS SETTLEMENT AND PROVIDING FOR NOTICE AND HEARING**

WHEREAS, a class action entitled Robin Karnette et al. v. Wolpoff & Abramson L.L.P., Civil Action No. 3:06 CV-00044 REP (the "Action") is pending before the Court;

WHEREAS, the parties having made application, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, for an order preliminarily approving the settlement of the Action, in accordance with the terms of the Class Action Settlement Agreement dated as of January 4, 2008 (the "Settlement Agreement") which, together with the Exhibits annexed thereto sets forth the terms and conditions for a proposed settlement of the Action and for dismissal of the Action upon the terms and conditions set forth therein; and the Court having read and considered the Settlement Agreement and the Exhibits annexed thereto; and

WHEREAS, all defined terms contained herein shall have the same meanings as set forth in the Settlement Agreement.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court preliminarily approves the Settlement Agreement and the Settlement set forth therein, subject to further consideration and final approval at the Final Fairness

Hearing described below.

2. The terms of the settlement are as follows:

A. This Court has jurisdiction over the subject matter of this action and over all parties to the action, including all members of the Settlement Class.

B. The Class Claims previously certified by this Court are as follows: that the Defendant,

- a. Misrepresented the character, amount, or legal status of class members' debts in violation of the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. § 1692e(2)(A);
- b. Threatened action that cannot legally be taken or that is not intended to be taken in violation of the FDCPA, 15 U.S.C. § 1692e(5); and
- c. Used false, deceptive, or misleading representations or means in an attempt to collect a debt in violation of the FDCPA, 15 U.S.C. §§ 1692e and e(10).

The Action (including all individual claims and Class Claims presented thereby), with the exception of the Excessive Fees Claim as defined in § 1.6 of the Settlement Agreement, shall be dismissed with prejudice ("Released Claims"). The Excessive Fees Claim shall be dismissed without prejudice pursuant to Rule 41(a)(2) of the Federal Rules of Civil Procedure. The parties are to bear their own fees and costs, except as otherwise provided herein or in the Settlement Agreement.

C. Upon the Effective Date, and in consideration of Wolpoff & Abramson L.L.P.'s ("W&A") payment of the Settlement amounts set forth herein and its agreement not to send any further arbitration notices to consumers that contain the statement "You may request a

Hearing in your Response or in a separate writing. Unless you have agreed otherwise, an In-person Participatory Hearing will be held in the Judicial District where you reside or do business,” each Settlement Class Member shall be deemed to have, by operation of a Final Judgment and Order Approving Class Action, fully, finally and forever released, relinquished and discharged all Released Claims (including “Unknown Claims”) against W&A and the Released parties. A total of fourteen hundred twenty one (1421) persons, exclusive of the Class Representatives, are members of the class. The total monetary benefit to the Settlement Class is the sum of \$49,000 representing the maximum amount recoverable as statutory damages under the FDCPA, which amount shall be paid directly to Class Members. Any portion of that amount which cannot be distributed to the Class Members, as described in § 2.2 of the Settlement Agreement, shall be distributed, as a *cy pres* remedy, to the Legal Services Corporation of Virginia for purposes of consumer representation and advocacy.

- D. The Class Representatives, Robin Karnette and Diane McIntyre, individually shall receive from W&A the following amounts:
- a. \$1,001.00 to each of the two Named Plaintiffs as compensation for their claims for statutory damages;
 - b. an additional \$1,000.00 to each of the two Named Plaintiffs to compensate their claims for actual damages; and
 - c. an additional \$4,000.00 to each of the two Named Plaintiffs to compensate them for their service to the Class.

In exchange, each of the Class Representatives will execute a General Release releasing W&A and the Released parties from all of their individual claims presented in this matter (including their individual Excessive Fees Claim) and their individual claims shall be dismissed with

prejudice.

E. W&A shall bear the cost of class administration, to include sending notices to the class members and distribution of the settlement amounts.

F. W&A shall pay costs and reasonable attorneys' fees to Plaintiffs' Counsel on the terms agreed to by the Parties in § 2.3 of the Settlement Agreement as follows: Plaintiffs' Counsel shall submit a petition to the Court requesting the approval of a total of up to \$250,000.00 in attorneys' fees and documented costs incurred through November 28, 2007. Subject to Court approval, W&A shall pay to Class Counsel, and shall not object to, the payment of the sum up to \$250,000.00 representing Class Counsels' combined total of attorneys' fees and documented costs incurred through November 28, 2007. Further, in the event that Plaintiffs' Counsel expends over twenty (20) hours of legal time after November 28, 2007 (the date upon which the Memorandum of Understanding was executed), W&A shall pay such additional reasonable costs and legal fees. Specifically, and not by way of limitation, Plaintiffs' Counsel are entitled to be compensated by W&A for all reasonable costs and attorneys' fees devoted to considering and/or addressing any intervenors or objectors who may appear.¹ On the fifteenth (15) day after this Court's Final Judgment and Order Approving Class Settlement becomes a non-appealable final order as defined in the Settlement Agreement, W&A shall pay to Plaintiffs' Counsel the agreed upon sum of up to \$250,000.00 (or such other sum as the Court awards) in a lump sum.

3. A hearing (the "Final Fairness Hearing") shall be held before this Court on March 25, 2008, at 10:30 a.m., at the United States District Court, Eastern District of

¹ If the parties are unable to agree as to the reasonableness of such additional costs and legal fees, the Court shall make such determination. W&A expressly reserves the right to object to and challenge the reasonableness of all costs and fees sought in any such supplemental fee application.

Virginia, Courtroom 348, 1000 East Main Street, Richmond, Virginia, to determine whether the proposed Settlement of the Action on the terms and conditions provided for in the Settlement Agreement is fair, just, reasonable, and adequate to each of the Settling Parties and the Settlement Class and should be approved by the Court; and whether a Final Order and Judgment and Approving Settlement Agreement as defined in Section 1.8 of the Settlement Agreement should be entered herein.

4. The Court hereby approves, as to form and content, the Notice of Settlement of Class Action, attached as Exhibit A of Appendix A to the Joint Motion (“Class Notice”), and finds that mailing and distribution of the Notice substantially in the manner and form set forth in paragraph 5 of this Order meets the requirements of Rule 23 of the Federal Rules of Civil Procedure as well as all due process requirements, is the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto.

5. W&A is hereby authorized and directed to mail the approved Class Notice and administer the notice procedure as more fully set forth below:

a. Within five (5) business days of the date of this Order, W&A shall provide to Plaintiffs’ Counsel the most recent names and addresses of Settlement Class Members, as contained in W&A’s books and records as of the date of filing of the Order for Notice and Hearing, after first updating the Class Member list through National Change of Address.

b. Within fourteen (14) business days of the date of this Order W&A shall cause a copy of the Class Notice to be sent by first class mail to the individuals listed at those addresses.

c. At least seven (7) days prior to the Final Fairness Hearing,

Defendant's Counsel shall serve on Plaintiffs' Counsel and file with the Court proof, by affidavit or declaration, that W&A has performed the functions described in paragraphs 5(a) and (b) above.

6. Any Settlement Class Member may appear and show cause (if he or she has any): (1) why the proposed Settlement of the Action should or should not be approved as fair, just, reasonable and adequate; (2) why a Final Order and Judgment Approving Class Settlement should or should not be entered thereon; and/or (3) why attorneys' fees and expenses should or should not be awarded to Plaintiffs' Counsel. However, no Settlement Class Member or any other Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, or, if approved, the Final Judgment and Order Approving Class Settlement to be entered thereon approving the same, or the attorneys' fees and expenses to be awarded to Plaintiffs' Counsel unless that Person has (a) delivered by hand or sent by overnight or first-class mail written objections and copies of any papers and briefs such that they are received on or before twenty-one (21) days before the date of the Final Fairness Hearing, to Dale W. Pittman, The Law Office of Dale W. Pittman, The Eliza Spotswood House, 112-A West Tabb Street, Petersburg, Virginia 23803-3212, and to A. Peter Brodell, Williams Mullen, 1021 E. Cary Street, Richmond, VA 23219, and (b) filed said objections, papers and briefs with the Clerk of the United States District Court, Eastern District of Virginia, Room 307, 1000 East Main Street, Richmond, Virginia, on or before twenty-one (21) calendar days before the date of the Final Fairness Hearing. Any Settlement Class Member who does not make his or her objection in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement as incorporated in the Settlement Agreement, to the Final Judgment and Order Approving Class

Settlement, and/or to the award of attorneys' fees and reimbursement of expenses to Plaintiffs' Counsel, unless otherwise ordered by the Court.

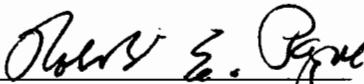
7. All papers in support of the Settlement shall be filed and served at least seven (7) calendar days prior to the Final Fairness Hearing.

8. Neither the Settlement Agreement, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as: (1) an admission or concession by W&A of the truth of any of the allegations in the Action, or of any liability, fault, or wrongdoing of any kind; or (2) an admission or concession by Plaintiffs and/or the Settlement Class of any infirmity in the claims asserted in the Action.

9. The Court reserves the right to adjourn the date of the Final Fairness Hearing without further notice to the members of the Settlement Class, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Settlement Class.

And it is so ORDERED:

1 / 10 / 08



The Honorable Robert E. Payne
United States District Judge