

## INDEMNITY AND HOLD HARMLESS AGREEMENT

THIS AGREEMENT is made this first day of December, 2010, by and between WIRELESS RECEIVABLES ACQUISITION GROUP, a Texas Limited Liability Company; PROFESSIONAL COLLECTION CONSULTANTS, a California corporation; and STATES RECOVERY SYSTEMS, a California corporation; hereinafter referred to as "THE INDEMNIFIED PARTIES", and TURTLE CREEK ASSETS, LTD., by and through its general partner FORWARD PROPERTIES INTERNATIONAL, INC., a Texas corporation; and GORDON ENGLE, an individual; hereinafter referred to as "THE INDEMNIFYING PARTIES", with reference to the following facts:

1. THE INDEMNIFIED PARTIES and THE INDEMNIFYING PARTIES previously entered into a written agreement whereby THE INDEMNIFYING PARTIES sold approximately 30,021 delinquent credit card accounts of California residents owed to J.P. MORGAN CHASE BANK to THE INDEMNIFIED PARTIES.

2. The information for each purchased account, including the name of each consumer, the date each account was closed, and the balance due when the account was closed was initially transferred by an initial electronic data transfer from J.P. MORGAN CHASE BANK to THE INDEMNIFIED PARTIES. THE INDEMNIFIED PARTIES then generated various collection notices and demands, including the initial validation notice required by 15 *United States Code* 1692g, to the consumers based upon the information provided in said initial electronic data transfer from J.P. MORGAN CHASE BANK to THE INDEMNIFIED PARTIES.

3. Approximately 90 days after the initial transfer of electronic data, THE INDEMNIFIED PARTIES received copies of the monthly statements issued to the consumer for the last 18 months by J. P. MORGAN CHASE BANK, including the final statement showing that the account was closed.

4. When THE INDEMNIFIED PARTIES were reviewing the monthly statements to prepare lawsuits to enforce collection of some of the purchased accounts, THE INDEMNIFIED PARTIES discovered a \$39.00 discrepancy on some of the accounts between the balance stated on the final statement to the consumer showing the account had been closed and the balance attributed to the consumer on the electronic data transfer.

5. THE INDEMNIFIED PARTIES immediately brought this discrepancy to the attention of THE INDEMNIFYING PARTIES to obtain clarification. THE INDEMNIFYING PARTIES contacted J. P. MORGAN CHASE BANK, and obtained a written explanation from J. P. MORGAN CHASE BANK stating that the \$39.00 was the imposition of a late charge by J. P. MORGAN CHASE BANK after it had closed the consumer's account. THE INDEMNIFYING PARTIES provided this written explanation to THE INDEMNIFIED PARTIES, and a copy of this explanation is attached hereto, marked Exhibit A.

6. Upon review of the written documentation attached hereto as Exhibit A, THE INDEMNIFIED PARTIES determined that, in their opinion, the \$39.00 late charge was an illegal charge not authorized by law because J. P. MORGAN CHASE BANK had closed the account prior to the posting of the \$39.00 late charge. Since J. P. MORGAN CHASE BANK had closed the account prior to the imposition of the \$39.00 late charge, THE INDEMNIFIED PARTIES believe that the legal effect of closing the account is that the underlying contract permitting the imposition of a \$39.00 late charge was terminated prior to the imposition of the late charge, and that the late charge is therefore not authorized by agreement or law and is, in fact, an illegal charge under California law. Upon further investigation, THE INDEMNIFIED PARTIES determined that the illegal late charge was applied to approximately one-third (1/3) of the entire inventory of 30,021 accounts, or approximately on 10,007 accounts.

7. THE INDEMNIFIED PARTIES brought the issues set forth in paragraph 6 to the personal attention of GORDON ENGLE, the President of TURTLE CREEK ASSETS, LTD., by and through its general partner FORWARD PROPERTIES INTERNATIONAL, INC., a Texas corporation. GORDON ENGLE stated that he understood the problem, and he further stated that he agreed with the legal analysis of THE INDEMNIFIED PARTIES that the \$39.00 late charge was probably illegal. He then agreed to contact J. P. MORGAN CHASE BANK to attempt to correct the problem. However, J. P. MORGAN CHASE BANK acknowledged that the problem existed but refused to do anything to resolve it or even to curtail the practice. THE INDEMNIFYING PARTIES then stated they did not want to push the issue because they did not want to jeopardize their relationship with J. P. MORGAN CHASE BANK, especially since no other purchasers of J. P. MORGAN CHASE BANK debt were raising this issue.

8. THE INDEMNIFIED PARTIES were and are very concerned because the collection notices seeking to collect the illegal late charge had already been sent to more than 10,000 consumers, and THE INDEMNIFIED PARTIES believe that the sending of those notices was a violation of both the Federal and California Fair Debt Collection Practices Act. THE INDEMNIFIED PARTIES therefore gave THE INDEMNIFYING PARTIES the choice of either re-purchasing the entire inventory of accounts or, in the alternative, agreeing to indemnify

and hold THE INDEMNIFIED PARTIES harmless from any subsequent claim that might be made relating to the imposition of a \$39.00 late charge by J. P. MORGAN CHASE after the underlying account was closed.

9. Because identification of the approximately 10,007 accounts that had received an illegal \$39.00 late charge would require a manual search of each account, THE INDEMNIFIED PARTIES decided to avoid the possibility of collecting what they believe was an illegal \$39.00 late charge by issuing a \$39.00 credit to each of the 30,021 accounts in their inventory with a note that the \$39.00 credit was a credit per J. P. MORGAN CHASE. As consideration for this INDEMNITY AND HOLD HARMLESS AGREEMENT, THE INDEMNIFIED PARTIES agree to waive their right to claim reimbursement from THE INDEMNIFYING PARTIES for the foregoing credit that was issued to each customer.

10. THE INDEMNIFYING PARTIES hereby agree to defend, indemnify and hold harmless THE INDEMNIFIED PARTIES, including their agents, Affiliates, employees, contractors, officers, attorneys, directors and representatives against and from any and all liability for, and from and against any and all losses or damages THE INDEMNIFIED PARTY may suffer as a result of any Claim or threatened Claim that THE INDEMNIFIED PARTIES may incur or suffer as a result of the imposition of the illegal \$39.00 late fee by J. P. MORGAN CHASE. This agreement to defend, indemnify, and hold harmless includes, but not limited to, any lawsuits brought against THE INDEMNIFIED PARTIES, or any of them, for violation of any state or federal statute, including, but not limited to, the Federal and California Fair Debt Collection Practices Act and the California Unfair Business Practices Act which are based, in whole or in part, on the illegal \$39.00 late fee imposed by J. P. MORGAN CHASE BANK or any attempt by THE INDEMNIFIED PARTIES to collect said \$39.00 late fee. The obligation under this agreement shall include the obligation to defend, including the obligation to pay all attorney fees and costs incurred in the defense of any such claim. THE INDEMNIFYING PARTIES shall be obligated to retain counsel that is approved by THE INDEMNIFIED PARTIES to defend any such claim. It is anticipated that any claim which may be filed will be filed as a class action, and this agreement to defend, indemnify, and hold harmless shall apply to any and all class actions which may be filed.


11. In the event of any breach of this agreement, the prevailing party shall be entitled to an award of attorney fees.

12. This indemnity and hold harmless agreement shall be interpreted under California law, and the place of venue for any litigation concerning this indemnity and hold harmless agreement shall be the Superior Court of California, County of Los Angeles.

THE INDEMNIFYING PARTIES:

TURTLE CREEK ASSETS, LTD.,  
BY:  
FORWARD PROPERTIES, INTL., INC.,,

BY

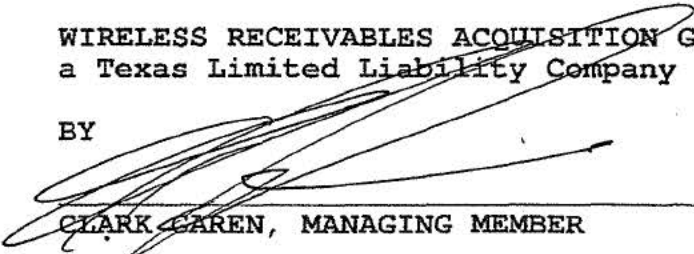
  
\_\_\_\_\_  
GORDON ENGLE, PRESIDENT

  
\_\_\_\_\_  
GORDON ENGLE, AN INDIVIDUAL

THE INDEMNIFIED PARTIES


WIRELESS RECEIVABLES ACQUISITION GROUP,  
a Texas Limited Liability Company

BY

  
\_\_\_\_\_  
CLARK GAREN, MANAGING MEMBER

PROFESSIONAL COLLECTION CONSULTANTS,  
a California corporation

BY

  
\_\_\_\_\_  
TODD A. SHIELDS,  
PRESIDENT

STATES RECOVERY SYSTEMS,  
a California corporation

By

\_\_\_\_\_  
CINDY MARLER

Culver City, CA 90230  
Tel: 310.636.1001 ext. 137  
Fax: 310.636.8154  
Cell: 310.488.8318  
[todd@pcc-crs.com](mailto:todd@pcc-crs.com)

P Please consider the environment before printing this e-mail

From: Gary Gamble [<mailto:garygamble@hotmail.com>]  
Sent: Thursday, October 07, 2010 2:22 PM  
To: [bree@forwardproperties.net](mailto:bree@forwardproperties.net)  
Cc: Todd Shields; Dolores DeLaCruz  
Subject: Chase Statements/Carolyn M. Freeman

Hello Bree,

I am the manager of the legal department for Professional Collection Consultants.

Our attorney sent a notice to the debtor that we have assigned this debt to him to collect the principal amount of \$14,238.82.

The debtor has requested validation of the debt from our attorney. The last statement reflects a balance of \$14,199.82. I realize that the balance is short \$39 which would have been the amount of the next month's late charge.

Do you know if Chase ever sent the debtor a statement for that amount? If so, can we get a copy?

We have two problems without that statement. We cannot validate the debt in the correct amount and we cannot prove the balance to the Court if we sue her.

We cannot use the spreadsheet with the Court of the debtor.

Thank you.

Gary Gamble

Professional Collection Consultants  
6700 S Centinela, 3rd Floor  
Culver City, CA 90230  
(310)636-1001x129

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----- End of Forwarded Message

## Todd Shields

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**From:** Todd Shields <todd@pcc-crs.com>  
**Sent:** Monday, October 11, 2010 3:15 PM  
**To:** 'Clark Garen'  
**Subject:** FW: Chase Statements/Carolyn M. Freeman

Clark,  
Review below response from Chase and call me please.

Thanks.

Todd

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**From:** gordon engle [mailto:gordon@forwardproperties.net]  
**Sent:** Monday, October 11, 2010 2:21 PM  
**To:** Todd Shields  
**Subject:** FW: Chase Statements/Carolyn M. Freeman

Here you go. Call me if you want. 469-471-8944

-- Gordon Engle President- CEO

Turtle Creek Assets, Ltd.  
by and through its general partner  
Forward Properties International, Inc.  
5331 Spring Valley Road  
Dallas, TX 75254  
Phone: (800) 858-8646  
Fax: (214) 593-2328

----- Forwarded Message

**From:** Shana Printz <Shana.Printz@chase.com>  
**Date:** Mon, 11 Oct 2010 16:18:22 -0500  
**To:** gordon engle <gordon@forwardproperties.net>  
**Subject:** FW: Chase Statements/Carolyn M. Freeman

Hi Gordon

I pulled the statements on this account and I do not have one that proofs up the \$14,238.82. The difference is a late fee. The due date on the last statement produced was 10/30/2008. The account happened to charge off on 10/30/2008 and we do not produce any statements after charge off. So in this case the new late fee was applied the day after the account charged off. We really wouldn't see this happen unless the due date happened to be the exact same date as the charge off date. Talk about timing. So the only statement we have available proofs up the balances of \$14,199.82.

Let me know if you need anything else  
Shana

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Shana Printz | Asset Sales | J.P. Morgan | 5202 Presidents Ct DE1-0838  
Frederick MD 21703 | T: 301 620 3063 | F: 301 620 3792| [shana.printz@chase.com](mailto:shana.printz@chase.com)

**From:** Gordon Engle [<mailto:gordon@forwardproperties.net>]  
**Sent:** Thursday, October 07, 2010 7:58 PM  
**To:** Printz, Shana  
**Subject:** Fwd: Chase Statements/Carolyn M. Freeman 4166

Hi shana. (ms Florida now) do you have any thoughts on this? I think there are a lot like this. Thanks. Gordy

Sent from my iPhone

Gordon Engle President- CEO

Turtle Creek Assets, Ltd.  
by and through its general partner  
Forward Properties International, Inc.  
5331 Spring Valley Road  
Dallas, TX 75254  
Phone: (800) 858-8646  
Fax: (214) 593-2328

Begin forwarded message:

**From:** "Todd Shields" <[todd@pcc-crs.com](mailto:todd@pcc-crs.com)>  
**To:** "Gordon Engle" <[gordon@forwardproperties.net](mailto:gordon@forwardproperties.net)>  
**Subject:** FW: Chase Statements/Carolyn M. Freeman

Please find Gary's email to Bree below on the above referenced account. I have attached a copy of the last statement for your convenience.

Please review and let me know your findings ASAP.

Thank you.

-Todd Shields

.....  
Professional Collection Consultants  
6700 S. Centinela Blvd., 3rd Floor



## Todd Shields

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**From:** Todd Shields <todd@pcc-crs.com>  
**Sent:** Monday, October 18, 2010 1:21 PM  
**To:** 'Clark Garen'  
**Cc:** 'Gary Gamble'; 'todd@pcc-crs.com'  
**Subject:** Chase Media Issue

**Importance:** High

Clark,

Gordon with Forward Properties dba Turtle Creek got back to me today about the Chase media issue. Gordon advised me that he spoke to an attorney at Chase and also his contact, Shana. Unfortunately, he feels that nothing is going to be done at Chase concerning this issue. While it appears that Gordon and Chase understand the complexity and potential exposure on this issue, Chase isn't at this point willing to address the concern. He advised me that he doesn't want to cause problems with his purchasing relationship with Chase over this issue. Therefore, as a result, he is willing to offer us an indemnification. I advised him that you will draft the document for his review and signature.

Please provide Gary and I with your next-steps for handling these accounts.

Thanks.

-Todd Shields

.....  
**Professional Collection Consultants**  
6700 S. Centinela Blvd., 3rd Floor  
Culver City, CA 90230  
Tel: 310.636.1001 ext. 137  
Fax: 310.636.8154  
Cell: 310.488.8318  
[todd@pcc-crs.com](mailto:todd@pcc-crs.com)

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