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9 *Attorneys for Defendants*  
10 CashCall, Inc. and J. Paul Reddam

11  
12 **IN THE UNITED STATES DISTRICT COURT**  
13 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

14 CONSUMER FINANCIAL  
15 PROTECTION BUREAU,

16 Plaintiff,

17 v.

18 CASHCALL, INC.; WS FUNDING,  
19 LLC; DELBERT SERVICES  
20 CORPORATION; and J. PAUL  
21 REDDAM,

22 Defendants.

Case No. 2:15-cv-07522-JFW (RAOx)

**DECLARATION OF Y. DAVID SCHARF  
IN SUPPORT OF DEFENDANTS'  
NOTICE OF MOTION FOR RELIEF  
FROM THE POST-REMAND  
JUDGMENT**

*Filed concurrently with Defendants' Notice  
of Motion and Motion for Relief from Post-  
Remand Judgment; and [Proposed] Order*

Assigned to Hon. John F. Walter

**DECLARATION OF Y. DAVID SCHARF**

I, Y. David Scharf, declare as follows:

1. I am a partner at Morrison Cohen LLP and counsel for Defendants CashCall, Inc., WS Funding, LLC, Delbert Services Corporation, and J. Paul Reddam (collectively, “CashCall” or “Defendants”). I submit this declaration in support of Defendants’ Motion for Relief from the Post-Remand Judgment pursuant to Federal Rule of Civil Procedure 60(b). Except where stated on information and belief, I have personal knowledge of the facts set forth herein and, if called as a witness, could and would testify competently to them.

2. To stay execution of the Post-Remand Judgment pending appeal, Defendants posted a supersedeas bond in excess of \$175 million, secured in significant part by the personal assets and residences of Mr. Reddam. That bond remains in place today.

3. Beginning in February 2026, my colleagues and I engaged senior personnel from the Bureau and the Office of Management and Budget regarding a consensual resolution of this matter, consistent with the Bureau’s stated enforcement priorities. On February 8, 2026, I requested a meeting, and meetings were arranged during and after the week of February 11, 2026.

4. On February 23, 2026, I met in person in Washington, D.C. with the Bureau’s Chief Legal Officer, Mark Paoletta, and Victoria Dorfman, a detailee then assigned to the Bureau, and arranged to meet on additional dates. I provided Mr. Paoletta and Ms. Dorfman a written memorandum outlining a proposed settlement framework. Attached hereto as Exhibit A is a true and correct copy of a memorandum to Mr. Paoletta and Ms. Dorfman from me dated February 23, 2026.

5. Over the following weeks, the parties exchanged written proposals and held telephone and video conferences regarding the terms of a resolution, including the structure and administration of a consumer redress fund. As part of those discussions, Defendants proposed that Rust Consulting be engaged as the third-party administrator of the redress fund.

1           6.     On March 4 and 5, 2026, I provided the Bureau with the balance of the  
2 agreed-upon settlement terms, including funding of a restitution fund from the posted  
3 collateral, release of the remaining collateral, waiver of statutory interest, resolution of the  
4 civil penalty on the basis of amounts already paid, entry of a consent injunction, and  
5 administration of the redress fund by a third party appointed by the Bureau. On March 5,  
6 2026, Ms. Dorfman wrote that the Bureau wished to “engage on the substance of all  
7 terms.” Attached hereto as Exhibit B is a true and correct copy of email correspondence  
8 between Ms. Dorfman and me dated March 5, 2026.

9           7.     On April 1, 2026, Ms. Dorfman wrote on behalf of the Bureau setting forth  
10 several accommodations the Bureau offered, including (i) giving the remainder of redress  
11 not distributed to consumers back to CashCall, rather than to the United States Treasury;  
12 (ii) waiving court-ordered prejudgment interest, which the Bureau represented should  
13 result in approximately \$24 million in savings to CashCall; and (iii) reducing the \$33  
14 million civil penalty by \$10 million. Attached hereto as Exhibit C is a true and correct  
15 copy of email correspondence between Ms. Dorfman and me dated April 1, 2026.

16           8.     Over the ensuing weeks, the Bureau provisionally accepted a settlement  
17 framework on terms it itself prescribed. Ms. Dorfman confirmed by e-mail that high-level  
18 settlement terms had been agreed upon and that the Bureau was moving through its  
19 internal approval process for the settlement.

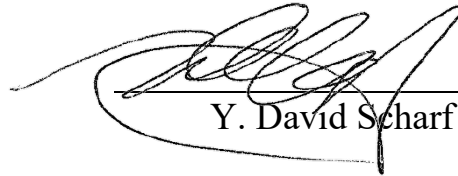
20           9.     On May 1, 2026—the last business day before the date on which the Bureau  
21 would have been positioned to move against the collateral securing Defendants’  
22 supersedeas bond—Mr. Paoletta wrote to me that the Bureau would not proceed with the  
23 agreed-upon vacatur and intended instead to commence collection on the Post-Remand  
24 Judgment. Attached hereto as Exhibit D is a true and correct copy of email  
25 correspondence between Mr. Paoletta and me dated May 1, 2026.

26           10.    Throughout these discussions, Defendants relied on the Bureau’s  
27 representations and conduct: they maintained the supersedeas bond at substantial ongoing  
28 cost; they refrained from pursuing further litigation that the negotiations were intended to

1 obviate; and they expended significant resources to structure the disposition on the terms  
2 the Bureau itself prescribed.

3 I declare under penalty of perjury under the laws of the United States of America  
4 that the foregoing is true and correct.

5 Executed on 25 day of June, 2026, at New York, New York.

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7   
8 Y. David Scharf

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# **EXHIBIT A**



To: Mark Paoletta and Victoria Dorfman

From: Y. David Scharf

Date: February 23, 2026

Re: Proposed settlement terms regarding CFPB Enforcement Action against CashCall, Inc. (“CashCall” or “Company”)

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Following up on today’s meeting, this memo sets forth the proposed settlement framework offered by the Company with respect to the CFPB litigation against CashCall, Delbert Services Corp. and J. Paul Reddam (“CashCall Litigation”). These terms are proposed for discussion purposes only and the Company reserves all rights and remedies in connection with the CashCall Litigation and further discussions regarding a proposed settlement.

1. The withdrawal of the petition to SCOTUS, conditioned on a sixty (60) day forbearance period prohibiting enforcement against any collateral to permit the parties time to enter into a formal settlement agreement, and for Court approval.
2. The creation of a Company administered fund with \$100mm of posted cash collateral (“Fund”). The balance of the collateral would be released to the Company. The existing judgement will remain in place until the fund administration is complete (“Administration Period”).
3. The Company and its principal will consent to an injunction against unlicensed consumer lending (“Consent Injunction”). At present, the principal is running a licensed mortgage firm in California.
4. At a minimum \$10mm of the Fund will benefit CFPB and/or borrowers entitled to received Fund proceeds (“CFPB Floor”).
5. The Company shall select a reputable administrator to maintain and administer the Settlement Fund (“Administrator”). Notably MCLLP is prepared to be the administrator if acceptable to CFPB.
6. The Company shall be responsible for all costs incurred in the administration of the Fund during the Administration Period.
7. The Company shall have no right, title, interest in or ownership of the funds in the Fund until the expiration of the Administration Period.



Mark Paoletta and Victoria Dorfman  
February 23, 2026  
Page 2

8. The Company shall have no right to unilaterally terminate, alter or amend the terms of the Fund.
9. With respect to the administration of the Fund:
  - a. The Administrator shall not be authorized to pay or distribute any money from the Fund except as authorized by the agreement establishing the Fund.
  - b. The form and content of the notice and claim form that will be sent to all borrowers entitled to receive Fund proceeds (“Eligible Claimants”) shall notify Eligible Claimants that they may be eligible to receive restitution of excess interest paid on their Western Sky loan.
  - c. Eligible Claimants shall be limited to those borrowers who are entitled to restitution as determined by the District Court in its Order upon Remand.
  - d. The Administrator will send a notice and claim form to each Eligible Claimant via US Mail to their last known address.
  - e. Eligible Claimants shall have 90 days from the date of mailing to return their claim form to the administrator (“Claim Period”).
  - f. Claim forms shall require Eligible Claimants to sign under penalty of perjury that they are the person entitled to the refund. They will be required to include a photocopy of valid state or federal issued identification (or such other methods determined by the Administrator) to prove their identity and prevent fraud.
  - g. The Administrator shall employ additional fraud prevention measures consistent with industry standard.
  - h. Eligible Claimants shall be eligible to receive an amount of restitution equal to the interest they paid in excess of the loan proceeds they received consistent with the formula adopted by the District Court in its Order upon Remand. For example, an Eligible Claimant who received \$2500 in loan proceeds and made a total of \$3000 in total repayment on the loan would be entitled to receive \$500 from the Fund.
  - i. The Administrator shall verify each claim form returned and determine whether it is valid.



Mark Paoletta and Victoria Dorfman  
February 23, 2026  
Page 3

- j. Claims that are determined to be invalid will be rejected and the Administrator will be under no obligation to notify the claimant of the rejection.
  - k. The Administrator will send checks equal to the refund amount for approved Eligible Claimants within thirty (30) days of receipt of a verified valid claim.
  - l. Any claim form received after the expiration of the Claim Period shall be null and void and no restitution will be issued.
  - m. Eligible claims will be paid out on a first-come-first-served basis. Claims received after the \$100 million Settlement Fund has been exhausted shall not be paid.
10. If the total amount of claims paid to Eligible Claimants is less than the CFPB Floor, the difference up to the CFPB Floor amount shall be remitted to the CFPB.
  11. Any funds remaining in the Fund after the Administration Period shall promptly be returned to the Company.
  12. Upon completion of all the obligations and payment of all funds, CFBP will file a satisfaction of the monetary judgement against the Company and its principal. The Court will retain continuing jurisdiction to enforce the Consent Injunction for a period of ten (10) years.

# **EXHIBIT B**

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**From:** Dorfman, Victoria (Detailee) <Victoria.Dorfman@cfpb.gov>  
**Sent:** Thursday, March 5, 2026 6:08 PM  
**To:** Y. David Scharf <ydscharf@morrisoncohen.com>  
**Cc:** Burnett, Tracy A. <tburnett@morrisoncohen.com>; Roy, Kristin <kroy@morrisoncohen.com>; Altschuller, Shayna <saltschuller@morrisoncohen.com>  
**Subject:** RE: FRE 408 Communication

**CAUTION:** External sender. Verify before continuing.

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David, thank you, received. It will take us a bit of time to review all these terms and figure out our position. I do want to note that my understanding is that pursuant to the parties' Joint Stipulation, execution on the Amended Judgment remains stayed for 60 days after the conclusion of appellate proceedings. Please let me know if that's not your understanding and there is some other, more imminent, deadline.

---

**From:** Y. David Scharf <[ydscharf@morrisoncohen.com](mailto:ydscharf@morrisoncohen.com)>  
**Sent:** Thursday, March 5, 2026 4:22 PM  
**To:** Dorfman, Victoria (Detailee) <[Victoria.Dorfman@cfpb.gov](mailto:Victoria.Dorfman@cfpb.gov)>  
**Cc:** Burnett, Tracy A. <[tburnett@morrisoncohen.com](mailto:tburnett@morrisoncohen.com)>; Roy, Kristin <[kroy@morrisoncohen.com](mailto:kroy@morrisoncohen.com)>; Altschuller, Shayna <[saltschuller@morrisoncohen.com](mailto:saltschuller@morrisoncohen.com)>  
**Subject:** RE: FRE 408 Communication

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Victoria, as per my email of yesterday evening, below is our clients' proposal for the redress fund administration. It is designed to ensure the correct people get the money, creates limited burden upon the borrower but is designed to offset potential fraud, misappropriation, mail theft and is based upon protocols that are used by Rust as we have seen in other cases. While we acknowledge that we know the victims and the amounts they are each due, the loans were made 13-16 years ago, and we want the money to end up with the borrowers. It also is designed to prevent claims being made by borrowers that their rightful redress was misappropriated by others (in other words, an exercise of care was undertaken). Our proposal follows, supplements number 7 in my email of yesterday and is the approach to fund administration:

1. Rust Consulting to be engaged as administrator. Rust to be given the list of borrowers, the last known addresses and emails and the amount of restitution due from the redress fund to each borrower.
2. All mailing addresses will be checked against the USPS National Change of Address system (mimicking FTC process) to ensure accuracy.
3. Once emails are checked and updated from the National Change of Address System, Rust begins a 90-day Identity Verification Period to be in contact with the relevant borrowers.
4. Rust will mail and email identity forms to the borrowers 3x during the Identity Verification Period (day 0, day 30 and day 60). The form, its substance and contents would be prepared as directed by Rust based upon its recommended best practices.
5. Notices will require borrowers of record to return the identify identification form via USPS confirming their address and electing to receive a check or PayPal payment. Consumers will be required to provide valid proof of identity and verify under penalty of perjury that they are the borrower to whom the restitution is due.
6. Once received, Rust will verify the recipient's identity and determine whether he or she is the borrower to whom restitution should be made. If so, Rust shall mail checks to the confirmed address (or initiate PayPal payments).
7. Borrowers who chose to receive a PayPal payment will have 30 days to accept it. Consumers who chose to receive a check will have 90 days to cash it.
8. Payments shall be made on a rolling basis as Rust verifies the borrower identity.

We look forward to your favorable review to our approach and our mindfulness of the conversations we have had over these last few weeks.

David



**Y. David Scharf**

Partner & Chair of the Executive Committee

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**From:** Dorfman, Victoria (Detailee) <[Victoria.Dorfman@cfpb.gov](mailto:Victoria.Dorfman@cfpb.gov)>

**Sent:** Thursday, March 5, 2026 9:14 AM

**To:** Y. David Scharf <[ydscharf@morrisoncohen.com](mailto:ydscharf@morrisoncohen.com)>

**Cc:** Burnett, Tracy A. <[tburnett@morrisoncohen.com](mailto:tburnett@morrisoncohen.com)>; Roy, Kristin <[kroy@morrisoncohen.com](mailto:kroy@morrisoncohen.com)>;

Altschuller, Shayna <[saltschuller@morrisoncohen.com](mailto:saltschuller@morrisoncohen.com)>

**Subject:** RE: FRE 408 Communication

**CAUTION:** External sender. Verify before continuing.

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David, thank you, received. We look forward to hearing the rest of the proposal and then we can engage on the substance of all terms.

---

**From:** Y. David Scharf <[ydscharf@morrisoncohen.com](mailto:ydscharf@morrisoncohen.com)>

**Sent:** Wednesday, March 4, 2026 7:45 PM

**To:** Dorfman, Victoria (Detailee) <[Victoria.Dorfman@cfpb.gov](mailto:Victoria.Dorfman@cfpb.gov)>

**Cc:** Burnett, Tracy A. <[tburnett@morrisoncohen.com](mailto:tburnett@morrisoncohen.com)>; Roy, Kristin <[kroy@morrisoncohen.com](mailto:kroy@morrisoncohen.com)>;

Altschuller, Shayna <[saltschuller@morrisoncohen.com](mailto:saltschuller@morrisoncohen.com)>

**Subject:** FRE 408 Communication

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Victoria. I wanted to get back to you with a comprehensive response to our conversation on Monday. Although we are still working on finer details of one aspect of the settlement

agreement, the administration process and procedure for the restitution fund, I did want to get back to with the rest of agreeable terms.

Subject to approval of the District Court:

1. Upon Court approval, the Company would fund from the existing collateral a restitution fund of \$134mm representing the amount of base restitution to borrowers.
2. Upon Court approval, the balance of the collateral would be released to the Company or its principal, at defendants' election.
3. Statutory interest would be waived/forgiven.
4. The \$33mm in civil penalties would be resolved on the basis of the \$10.5mm already paid.
5. A permanent injunction against the Company and its principal from engaging in Tribal Lending would issue.
6. The judgment would be satisfied based upon the above terms.
7. A third-party claims fund administrator appointed by the CFPB would manage the redress fund at the cost of the Company. This cost would be agreed to in advance based upon an agreed scope of work and the terms and conditions of the fund administration which remain under discussion.
8. At the conclusion of the fund administration period, all amounts left in the fund would be immediately paid over to the Company or its principal, at defendants' election.
9. The motion to the DC for approval would initially be drafted by Company counsel as a joint motion to approve settlement. If necessary, the parties would request an extension of the current order that requires the Company to pay the full amount of the judgement within 60 days of a final decision.

While I appreciate that you can't go to the Director until we have a full agreement on terms, I hope you and Mark can support the above, understanding we are working to provide a claims and payment administration process that is less susceptible to mail and other fraud that could plague a process where checks are put in the mail to the borrowers. Looking forward to your feedback on this email and expect to have a proposal on the one open issue by Thursday or Friday.

Best,  
David



**Y. David Scharf**

Partner & Chair of the Executive Committee

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# **EXHIBIT C**

**From:** [Y. David Scharf](#)  
**To:** [Dorfman, Victoria \(Detailee\)](#)  
**Cc:** [Paoletta, Mark \(Detailee\)\(CFPB\)](#); [Burnett, Tracy A.](#); [Roy, Kristin](#); [Altschuller, Shayna](#)  
**Subject:** RE: Cash Call FRE 408 submission quick note on the topics we discussed on our call  
**Date:** Monday, April 6, 2026 1:46:53 PM

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Hi Mark and Victoria, I see my last second email as I was signing off suffered from some typos for which I apologize.

First, let me state that we are appreciative of the settlement concessions outlined in the three bullet points in your email.

Second, the Company is not looking for a Company run process; we have always proposed a third-party administrator and respect, with your recent explanation, the need for a procurement process in the selection of the administrator.

Third, the Company is not looking to create a complicated process in order to dissuade the cashing of the checks; it is looking to ensure that the people cashing the checks are the right people, and we are not looking to create a claims process but rather an identity verification process before checks or electronic funds are transferred. I think we all want the same thing, and our divergence is on the means and methods of the identity verification steps to put checks in the right hands.

You mention we are proposing a process that increases cost- a cost that the Company has said it would bear. We are not looking to waste our resources, so perhaps the way we can address how the administrator should administer the fund, is to allow us to propose our method to the administrator that is chosen through the procurement process? This way we don't have to "argue" about it. Not sure what my client would think about this idea but wanted to take your temperature on this.

I am hoping you view is that this as a productive suggestion. I confess that I do not know where in the procurement process the means and methods of the claims administration details are determined, so please pardon my ignorance if that come through in my request. Happy to get on a call to hear your thoughts.

We can take your other comments and implement them in a redraft.



**Y. David Scharf**  
Partner & Chair of the Executive Committee

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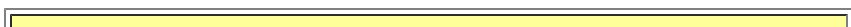
**From:** Dorfman, Victoria (Detaillee) <[Victoria.Dorfman@cfpb.gov](mailto:Victoria.Dorfman@cfpb.gov)>

**Sent:** Wednesday, April 1, 2026 5:42 PM

**To:** Y. David Scharf <[ydscharf@morrisoncohen.com](mailto:ydscharf@morrisoncohen.com)>

**Cc:** Paoletta, Mark (Detaillee)(CFPB) <[Mark.Paoletta@cfpb.gov](mailto:Mark.Paoletta@cfpb.gov)>; Burnett, Tracy A.  
<[tburnett@morrisoncohen.com](mailto:tburnett@morrisoncohen.com)>

**Subject:** RE: Cash Call FRE 408 submission quick note on the topics we discussed on our call



**CAUTION:** External sender. Verify before continuing.

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Good afternoon, David,

Thank you for your email. We understand your desire to advocate for your clients. Fundamentally, you want your clients to run a claims process, dictating not only the administrator but also how the redress is to be administered. We told you from the very first meeting that this is not how it works. It is a redline for us and is not acceptable.

The Bureau will run its typical process, including having vendors bid for the contract in accordance with federal procurement laws. Once an appropriate administrator has been selected, the Bureau will work with the administrator on the specifics on the process. This is an established process, in line with processes that government agencies have used for many years, not the one that your clients cobbled together, based on completely inapposite circumstances. The likely effect is reducing significantly the amount of redress victims of your clients' scheme will receive. With the Bureau being open to returning money to CashCall that remains after a distribution, this is an effort to keep more of the misbegotten gains.

A claims process is not necessary in this case, and would increase the cost and time required to administer redress. The examples you cite are not analogous. Your characterization of the FTC process in MoneyGram appears incorrect based on the press release. It indicates that FTC sent pre-filled forms to already identified consumers and then opened a claims process for "people who did not receive prefilled forms, but were victimized through MoneyGram." So the claims were for people who were not already identified. The Bureau has used claims processes in a small number of cases, but has done so only when we did not have sufficient information, which is not the case here. You linked to a Bureau webpage to support your proposed process, but that webpage actually includes information that is contrary to your proposed process, including that "You do not need to do anything or provide any other information to us to cash this check."

While you claim that the age of the loans justifies a claims process, the Bureau has administered redress in other cases that had loans of similar ages. Our standard process involves updating addresses so this does not present any unusual circumstances. And any issues with mailing checks would also apply to mailing claims forms. Our vendors have indicated that sending checks proactively is typically the best practice. Doing outreach causes delays and it's often not as successful as mailing

checks. So it's actually more efficient to deal with undeliverable mail, even in cases where the addresses are several years old.

Furthermore, in our conversations, you emphasized fraud in administering redress by using the process laid out by the FTC and used successfully by that agency and the Bureau for the circumstances such as these. We asked to provide supporting materials of this fraud in administration of the redress process we believe is appropriate. What you sent are generic materials on mail fraud and the government urging care in not leaving the mail out for too long. That is not what's at issue here. Moreover, the Bureau already takes steps to minimize the risks of someone else trying to cash a victim's check. You also raised the Payment Integrity Information Act, but the Bureau is audited annually for compliance with the PIIA and no issues have been identified to date.

As to the legal issues, your proposed motion uses a wrong legal standard throughout, as if there were no final judgment and the case were still at the prosecution/enforcement stage. Because this is a final order, any request to modify would have to satisfy Rule 60(b). Under Rule 60(b)(5), relief is available only when applying a judgment prospectively is no longer equitable, with courts typically requiring a showing of significant change either in factual conditions or in law. Rule 60(b)(6) requires "extraordinary circumstances."

In addition to applying the wrong standard, the discussion of reducing the penalty does not address that the penalty was imposed following a remand or that CashCall did not appeal the penalty. We anticipate the judge would be skeptical about reducing the penalty given the history, but the draft does not even discuss the history, much less justify a modification. The discussion of mitigating factors is irrelevant at this stage – the penalty has been ordered. The one example you cite was an administrative order, which the Bureau has authority to modify, without any judicial oversight. That is not an analogous situation.

On the waiver of post-judgment interest, the brief does not acknowledge that the court expressly ordered post-judgment interest from the effective date of the judgment, and the examples are not instructive. One case involved a bankruptcy estate. The other was an administrative order that included the Bureau's standard 10-day grace period for payment, and provided if payment is not made in that window, interest would be assessed starting on the effective date of the order. Nor does it grapple with the fact that victims have waited 13 years for their redress and the post-judgment interest's function in making them whole.

Despite multiple unsuccessful appeals and a cert denial, we nonetheless offered several accommodations:

- Giving the remainder of redress that does not go to consumers back to CashCall, instead of the Treasury
- Waiving court-ordered prejudgment interest, which should result in \$24M savings to CashCall
- Reducing the amount of the civil penalty from \$33M by \$10M

All these are very substantial savings and concessions to CashCall. Yet, notwithstanding our repeated explanations of concerns regarding CashCall's proposal, CashCall insists on running the redress process and doing so in a way fundamentally incompatible with the circumstances of this case. Perhaps we are at an impasse, and the judgment should be effectuated.

Victoria

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**From:** Y. David Scharf  
**Sent:** Tuesday, March 31, 2026 10:35:38 AM  
**To:** Dorfman, Victoria (Detailee) <[Victoria.Dorfman@cfpb.gov](mailto:Victoria.Dorfman@cfpb.gov)>  
**Cc:** Paoletta, Mark (Detailee)(CFPB) <[Mark.Paoletta@cfpb.gov](mailto:Mark.Paoletta@cfpb.gov)>; Burnett, Tracy A. <[tburnett@morrisoncohen.com](mailto:tburnett@morrisoncohen.com)>  
**Subject:** RE: Cash Call FRE 408 submission quick note on the topics we discussed on our call

Mark and Victoria, I am reaching out because I have been trying to align our conversations and meetings to where we are, and I am struggling to do so.

I have done everything I was asked. 1. Substantiate from credible federal sources my concern with using the US mails as outlined. I did. 2. Substantiate a credible alternative that satisfies my client's legitimate concerns with a process that correlates to the situation at hand. I have done so. 3. Substantiate the basis why a court would approve acceptance of the original penalty in full satisfaction. I did that.

Now I recognize a few things: (i) you have the ultimate power, and I have no negotiation leverage. I am simply trying to take a commonsense approach; (ii) we can always find point of distinction, disagreement, and ways to distinguish each other's position. I heard you that there needs to be a credible position for any proposal I would make that can be substantiated and acceptable to a reviewing court. But I feel like we remain in an adversarial mindset where we are "litigating" the contents of a consent motion instead of trying to support it to get to a yes. No precedent is perfect but tis credible and can be presented to a reviewing court- the agency is given great deference and I am sure there are policy considerations that can be added that are not my place to do if you wanted to; (iii) That my client is viewed as a bad actor that lacked any remorse and litigated to the end, and Judges we respect concluded all that.

But I am here trying to get this over a finish line and take this out of the queue of things that require resolution and am working hard with my team to get it done in a thoughtful and pragmatic way. I am appreciative of the concessions that have been made and really am looking for an outlook and approach that feels more collaborative while tethered to the key principles you have outlined.

David



**Y. David Scharf**

Partner & Chair of the Executive Committee

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Morrison Cohen LLP

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**From:** Dorfman, Victoria (Detailee) <[Victoria.Dorfman@cfpb.gov](mailto:Victoria.Dorfman@cfpb.gov)>

**Sent:** Monday, March 30, 2026 5:45 PM

**To:** Y. David Scharf <[ydscharf@morrisoncohen.com](mailto:ydscharf@morrisoncohen.com)>

**Cc:** Paoletta, Mark (Detailee)(CFPB) <[Mark.Paoletta@cfpb.gov](mailto:Mark.Paoletta@cfpb.gov)>

**Subject:** RE: Cash Call FRE 408 submission quick note on the topics we discussed on our call

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Good afternoon, David,

Thank you for your message and for the draft. Upon the initial review, there are issues that we are seeing both with the factual description and with legal arguments. We are looking into them and will provide feedback when ready.

Best,

Victoria

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**From:** Y. David Scharf <[ydscharf@morrisoncohen.com](mailto:ydscharf@morrisoncohen.com)>

**Sent:** Monday, March 30, 2026 7:30 AM

**To:** Dorfman, Victoria (Detailee) <[Victoria.Dorfman@cfpb.gov](mailto:Victoria.Dorfman@cfpb.gov)>

**Cc:** Paoletta, Mark (Detailee)(CFPB) <[Mark.Paoletta@cfpb.gov](mailto:Mark.Paoletta@cfpb.gov)>

**Subject:** Fw: Cash Call FRE 408 submission quick note on the topics we discussed on our call

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Victoria, good morning and welcome back. I wanted to share with you what we sent over

to Mark last week. I am sure you have many things to dig out of these next couple of days but I will be offline at the end of the week because of Passover observance and would appreciate any feedback before then if possible. Thank you.

Best,  
David



**Y. David Scharf**

Partner & Chair of the Executive Committee

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**From:** Y. David Scharf

**Sent:** Wednesday, March 25, 2026 12:31:12 AM

**To:** [mark.paoletta@cfpb.gov](mailto:mark.paoletta@cfpb.gov) <[mark.paoletta@cfpb.gov](mailto:mark.paoletta@cfpb.gov)>

**Cc:** Burnett, Tracy A. <[tburnett@morrisoncohen.com](mailto:tburnett@morrisoncohen.com)>; Altschuller, Shayna <[saltschuller@morrisoncohen.com](mailto:saltschuller@morrisoncohen.com)>

**Subject:** Cash Call FRE 408 submission quick note on the topics we discussed on our call

Mark, thank you for the call last week and your willingness to allow me to advocate for your consideration a proposal that (i) uses Rust as the administrator, (ii) uses an identity verification process before mailing checks and providing for the use of a PayPal transmission option for funds and (iii) substantiates the reasonableness of accepting the penalty already paid as the full penalty remedy. My headlines follow:

The use of Rust: As I mentioned on our call, we are not wed to Rust; Rust came up in an earlier conversation with the CFPB team and as shown below, it is well recognized and used Federal agency and CFPB resource for the process we propose. Our proposal was just running with a name of a company that was mentioned by the team and that my client easily got comfortable with as well. We provide the sources where CFPB used Rust

The proposed Process: The concern about mail fraud is not theoretical and is backed by

well sourced federal concerns that you asked me to bring to your attention. Additionally, the process we propose conforms the Director's policies and conforms to FTC precedent. The details are excerpted below

The reduction of penalty: As noted in the lead section of the memorandum of law, the courts defer to the administrative agency in settling matters and the purposes of the \$10.5 million payment already received along with the injunction, long time cessation of the lending practice and losses incurred on that business along with full restitution fund make the settlement and compromise fair and reasonable.

I would really appreciate your's and the Director's support of the proposed approach. We have taken painstaking care to hear the concerns raised in our meetings and calls, propose something that we are confident will be approved by the Court and aligns with the goals of the administration. And while some people may not perceive it as "textbook CFPB", I am hopeful that our fresh but precedentially substantiated approach creates a best-in-class process that can be the gold standard for future settlements.

The full proposed motion for consideration is attached and appreciating you don't have time to read it all, I excerpted from the proposed submission those relevant sections that are my pitch to you with the support and precedent for our proposal.

1. Defendants' Retention of a Third Party Administrator Appointed by the Bureau to Manage the Fund is Reasonable and Appropriate. The Proposed Order's requirement that Defendants retain Rust Consulting LLC to manage the Fund is also reasonable and appropriate. **Rust Consulting LLC** is a third-party settlement **fund administrator frequently contracted by the Bureau** to manage the distribution of refund payments to consumers. *See e.g., CFPB v. Navient*, [www.consumerfinance.gov](http://www.consumerfinance.gov), <https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/payments-by-case/navient/> (last visited Mar. 24, 2026); *see also CFPB v. TMLG, CFLG*, [www.consumerfinance.gov](http://www.consumerfinance.gov), [https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/payments-by-case/tmlg\\_cflg/](https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/payments-by-case/tmlg_cflg/) (last visited Mar. 24, 2026); *CFPB v.*

*Sutherland*, [www.consumerfinance.gov](http://www.consumerfinance.gov),  
<https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/payments-by-case/sutherland/> (last visited Mar. 24, 2026); *CFPB v. Western Benefits Group, LLC*, [www.consumerfinance.gov](http://www.consumerfinance.gov),  
<https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/payments-by-case/western-benefits/> (last visited Mar. 24, 2026); *CFPB v. Fay Servicing, LLC*, [www.consumerfinance.gov](http://www.consumerfinance.gov),  
<https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/payments-by-case/fayservicing/> (last visited Mar. 24, 2026).

2. The Proposed Order's use of a claims process to distribute Fund proceeds is appropriate and reasonable under the circumstances because it provides a trusted and reliable mechanism for ensuring that eligible claimants receive refund payments. The use of a **claims process is appropriate and reasonable even where the defendant's records identify the affected consumers, the apparent loss amount, and the affected consumers' mailing address information.** For example, in the FTC's redress program related to its enforcement action against MoneyGram, the agency mailed prefilled claim forms to alleged victims who had already been identified based on MoneyGram's and law enforcement's records. *See Claims Process Opens for Customers Who Were Victimized by Fraudulent MoneyGram Transfers*, FTC.gov (June 1, 2021), <https://www.ftc.gov/news-events/news/press-releases/2021/06/claims-process-opens-consumers-who-were-victimized-fraudulent-moneygram-transfers> (last visited Mar. 24, 2026); Federal Trade Commission, Consumer Advice, [www.consumer.ftc.gov](http://www.consumer.ftc.gov), <https://consumer.ftc.gov/node/76814> (last visited Mar. 24, 2026). Even though the identity and mailing address of affected consumers, and the amounts that they self-reported to have lost, were known, **the FTC still required those consumers to submit claims** rather than simply sending payments automatically. The claims process is especially justified here because the loans at issue and borrower contact

date back to 2010. Thus, the borrower contact information in Defendants' records is less reliable because the information has not been updated in well over a decade. Indeed, the most recent borrower information in Defendants' records is now approximately thirteen years old. The age of the alleged conduct increases the likelihood that the mailing addresses that are available are outdated, stale and inaccurate, and increases the risk of unclaimed, misdirected, or fraudulent claims if distributions are made without verification. The latter **risk is not merely theoretical**. Federal authorities have warned about a **surge in recent years in mail theft** and related fraud schemes, including **mail theft related check fraud and identity based misuse of mailed payments**. See FBI & USPS, *Alert Number: I-012725-PSA: Mail Theft-Related Check Fraud is on the Rise*, [www.ic3.gov](http://www.ic3.gov) (Jan. 27, 2025), [https://www.ic3.gov/PSA/2025/PSA250127#:~:text=The%20FBI%20and%20USPIS%20are%20warning%20that,USPS%20employees%20\\*%20Bribery/collusion%20of%20USPS%20employees](https://www.ic3.gov/PSA/2025/PSA250127#:~:text=The%20FBI%20and%20USPIS%20are%20warning%20that,USPS%20employees%20*%20Bribery/collusion%20of%20USPS%20employees) (last visited Mar. 24, 2026); see also *FIN-2023-Alert003: FinCEN Alert on Nationwide Surge in Mail Theft-Related Check Fraud Schemes Targeting the U.S. Mail*, [www.fincen.gov](http://www.fincen.gov) (Feb. 27, 2023), <https://www.fincen.gov/system/files/shared/FinCEN%20Alert%20Mail%20Theft-Related%20Check%20Fraud%20FINAL%20508.pdf> (last visited Mar. 24, 2026).

Specifically, federal authorities have **warned about the vulnerability of having checks** – such as refund checks and checks related to government assistance programs – delivered to residential mailboxes, especially where checks are left in residential mailboxes overnight or for long periods of time. **Providing notice** to Eligible Claimants and **requiring them to verify current contact information** before mailing checks is a sensible safeguard that reduces the risk that mailed checks will be intercepted or sent to outdated addresses and vulnerable to fraud. In addition to protecting against fraud, verifying current address information also protects against other distribution problems that can result from outdated address

information. Processing returned checks returned as undeliverable due to outdated addresses causes significant delays and expense. Misdirected mail may also result in stale dated checks that expire before cashing and go unclaimed. Reissuing checks potentially multiple times adds to the time, expense and potential for fraud. Requiring claimants to submit claims **verifying contact and identity information, and giving them the option to elect an electronic payment**, serves the core compensatory objective of the Fund by helping ensure that the payments reach the right persons. By creating a reliable method for the verification and distribution of payments to the borrower who is owed redress, the claims process also protects both Defendants and the Bureau from later complaints or claims from Eligible Claimants who contend that they never received the refund to which they were entitled. **The claims process also aligns with the federal government's payment integrity policy.** The Improper Payments Elimination and Recovery Act of 2010, codified at 31 U.S.C. §§3301, 3321 note, and the subsequent Payment Integrity Information Act of 2019, codified at 21 U.S.C. §3351 et seq., were enacted to identify and reduce improper payments by federal agencies to ineligible or incorrect recipients. **The federal policy expressly emphasizes the importance of implementing controls to verify eligibility before disbursing government funds.** See Russell Vought, Dir., OMB, Memorandum to Heads of Executive Departments and Agencies, *Preventing Improper Payments and Protecting Privacy Through Do Not Pay* (Aug. 20, 2025), <https://www.whitehouse.gov/wp-content/uploads/2025/08/M-25-32-Preventing-Improper-Payments-and-Protecting-Privacy-Through-Do-Not-Pay.pdf> (last visited Mar. 24, 2026). Although the Fund is not a federal benefit payment or direct Treasury disbursement, the same **payment integrity principles should apply.** The Fund is being distributed pursuant to a court-approved resolution negotiated by a federal enforcement agency and overseen through a government-directed remedial process; therefore, the government's payment integrity principles provide a sensible analogue for

assessing the reasonableness of the Fund administration. The proposed administration of the settlement fund is consistent with the process by which similar settlement funds administered by government agencies have distributed refunds to consumers. Past refund programs administered by the Bureau have required consumers to submit a claim form online and submit additional documentation verifying the consumer's eligibility for a refund payment. *See e.g.*, Courtney-Rose Dantus, *Got a check in the mail from the CFPB? Here's how to tell if it's legit*, [www.consumerfinance.gov](http://www.consumerfinance.gov) (Sept. 1, 2017), <https://www.consumerfinance.gov/about-us/blog/got-check-mail-cfpb-heres-how-tell-if-its-legit/> (last visited Mar. 24, 2026). The Federal Trade Commission ("FTC") also often utilizes a claims process to distribute refunds to consumers affected by alleged violations of the consumer protection laws that involves mailing or emailing notices to consumers and requiring consumers to file a claim. *See e.g.*, *FTC Announces Claims Process for Consumers Affected by CafePress's Data Security Failures*, FTC.gov (Jan. 10, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/01/ftc-announces-claims-process-consumers-affected-cafepresss-data-security-failures> (last visited Mar. 24, 2026). **The proposed method used to confirm and update Defendants' outdated records and the method to distribute refunds are likewise reasonable. The U.S. Postal Service's National Change of Address System ("NCAS") is a secure, comprehensive and widely used database to confirm current addresses and update address information. Providing electronic payment through PayPal and requiring claimants to accept PayPal payments within 30 days or cash checks within 90 days reflects standard administration practice and provides clear, reasonable deadlines for completion of distribution. The FTC uses similar methods to obtain current address information and to distribute settlement payments. The FTC uses the NCAS to verify and update address information from defendant's records.** *How the FTC Provides Refunds*, FTC.gov

<https://www.ftc.gov/enforcement/ftc-refund-programs/how-ftc-provides-refunds> (last visited Mar. 24, 2026). **The FTC’s claims process has also included sending refunds via PayPal payment that must be accepted within 30 days or by check that must be cashed by consumers within 90 days.** See e.g., *FTC Returns More Than \$9.7 Million to Consumers Harmed by LendingClub’s Deceptive Hidden Fees*, FTC.gov (Aug. 11, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/08/federal-trade-commission-returns-more-97-million-consumers-harmed-lendingclubs-deceptive-hidden-fees> (last visited Mar. 24, 2026). In short, the proposed claims administration procedures are reasonable and appropriate under the circumstances because they strike the appropriate balance between prompt consumer redress and the equally important need to protect against fraud and misdirection, verify identity and ensure this government-overseen settlement fund reaches the intended borrowers that are supposed to receive payment.

3. The Reduction of the Civil Penalty and Waiver of Post-Judgment Interest are Legally Authorized and Reasonable. The Proposed Order’s reduction of the civil penalty and waiver of post-judgment interest is legally authorized and reasonable. Section 5565(c) directs that in determining a civil penalty mitigating factors should be taken into consideration, including the financial resources available, good faith of the defendant and “any other matters as justice may require.” 12 U.S.C. § 5565(c)(3). It also authorizes **the Bureau to “compromise, modify or remit” a penalty that may be assessed or that has already been assessed.** *Id.* § 5565(c)(4). That authority supports the negotiated penalty reduction here. Multiple mitigating factors support compromise and modification of the penalty award including the fact that the Collateral available to satisfy the monetary obligations includes illiquid assets. The penalty reduction avoids the uncertainty, and risk of delay and valuation disputes associated with forced sale of the illiquid assets. Another mitigating factor supporting modification of the penalty is Defendants’ cession of the business activities that gave rise to this action. Because Defendants

long ago ceased the consumer lending practices at issue here and Defendants are **consenting to a permanent injunction** that prohibits involvement in any tribal lending, the conduct that was the basis of the Bureau’s Amended Complaint, the risk of recurrence and **the need for forward-looking deterrent sanctions is substantially diminished**. The substantial \$10,283,886 civil penalty Defendants have already paid still preserves the penalty’s general deterrent function. The Bureau has **recently entered into other consent decrees that reduced previously entered civil penalty awards**. For example, the Bureau made a finding that Wise US Inc. (“Wise”) violated the CFPA and ordered Wise to pay a civil penalty of \$2.025 million, in addition to an order to pay redress. *See In the Matter of Wise US Inc.*, 2025-CFPB-0004 (Jan. 30, 2025). The Bureau subsequently entered an amended consent order, superseding its previously order, reducing the civil money penalty to \$44,955, while leaving the redress obligation unchanged. *In the Matter of Wise US Inc.*, 2025-CFPB-0004 (May 15, 2025). The amended consent order also provided that Wise was only obligated to pay post-judgment interest in the event of default of its obligations under the amended order. *Id.* The Bureau stated that the amended civil penalty aligned with the Bureau’s authority under §5565(c) (4) to “compromise, modify or remit” any penalty already assessed.

As I said in a prior reach out to you, I am not looking to make this harder for CFPB to say yes to; I am doing everyhting to show you that there is a bssis to say “yes” so we this can be wrapped up quickly.

Thank you for hearing me out. My team that helped me work this up uring these last few weks is copied with my deep appreciation to them for their efforts.

David



**Y. David Scharf**

Partner & Chair of the Executive Committee

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# **EXHIBIT D**

**From:** Paoletta, Mark (Detaillee)(CFPB) <Mark.Paoletta@cfpb.gov>  
**Sent:** Friday, May 1, 2026 3:10:59 PM  
**To:** Y. David Scharf <ydscharf@morrisoncohen.com>  
**Cc:** Dorfman, Victoria (Detaillee) <Victoria.Dorfman@cfpb.gov>  
**Subject:** CashCall

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Good afternoon, David,

We have thoroughly reviewed and discussed all the relevant materials. At this procedural stage, the appropriate vehicle for modifying the judgment would be a motion under Rule 60, which would require a district court judge to approve it. That would be the same district court judge who presided over this case for over a decade and issued adverse rulings in this matter. We do not believe there is a credible basis for such a motion for several reasons, which we have also discussed with you at various points.

First, there are multiple adverse rulings against the Company by the district court and the Ninth Circuit, as well as the cert denial by the Supreme Court. Nothing has substantively changed since these rulings or the cert denial.

Second, the Company's profile is particularly troubling, given that the Company issued

loans at interest rates ranging from 89 to 169 percent, contrary to state law, and, as noted below, even against advice of counsel. In the words of the Ninth Circuit’s panel: “After attracting unwanted attention from regulators, [CashCall] sought to avoid state usury and licensing laws by using an entity operating on an Indian reservation.” *CFPB v. CashCall, Inc. (CashCall I)*, 35 F.4th 734, 738 (9th Cir. 2022). That entity “was formed for the purpose of making loans for CashCall, and it amounted to little more than a shell for CashCall’s operations.” *Id.* at 744-45. But, as CashCall was repeatedly warned, see *id.* at 748, the loans it was making were void under the laws of more than a dozen states, *id.* at 745-46. Nevertheless, CashCall demanded payment from consumers under the (false) pretense that the consumers had a valid obligation to pay. *Id.* at 746. Because CashCall “led borrowers to believe that they had an obligation to pay, when in fact under their States’ laws they did not,” the Ninth Circuit concluded that CashCall’s conduct “clearly” violated the Consumer Financial Protection Act. *Id.* at 747.

Third, all of the rulings, taken together, have resulted in a multi-pronged judgment against the Company, aimed at making consumers whole, both via redress for the illegal loans and via awarding post-judgment interest for the 13 years that consumers had to wait to receive their money. The judgment also penalizes the Company for engaging in acts that even its counsel warned posed a “significant risk,” that the plan “likely won’t work,” and that if the Company were to reach the Supreme Court, it would “lose.” *CashCall I*, 35 F.4th at 748. As the program unfolded, the counsel’s assessment became even more dire, leading to the recommendation that the program cease because “the regulatory and litigation environments have risen from dangerous to near extinction.” Faced with that advice, the Company stopped buying new loans, but continued to collect on existing loans and “even after this litigation began, CashCall continued collecting fees and interest until it lost at summary judgment in August 2016.”

In sum, given these facts and the rulings by multiple courts at every level of the judicial system, we will not pursue a modification of the judgment. I have discussed this matter with Acting Director Vought, and he concurs. The team will be in touch regarding initiating the collection process in the coming days.

Regards,

Mark

Mark Paoletta  
Chief Legal Officer