

in unauthorized lending and by making consumer loans at grossly usurious rates. The Court decrees that, as a matter of law, Defendants JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR. are adjudged liable to the State of Texas as prayed for in Plaintiff's Original Petition. The Court specifically finds as follows:

1. That Defendant JOHN A. GILL, JR. is the principal member of JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., and through it operated "Advance Internet" and "Texas Advance Internet" stores; Defendants engaged in unlicensed loan activity; they contracted for, charged, or received interest greater than the amount allowed by law, using the subterfuge that they were selling the right to use computers at the stores for internet access and giving "rebates" related to the amount of time of internet usage, rather than charging interest; they conspired to commit unfair debt collection practices and false, misleading or deceptive acts or practices; and they were unjustly enriched to the detriment of Texas consumers;
2. That Defendant JOHN A. GILL, JR. has the responsibility for the overall management and oversight of JAGJRTX, L.L.C., including compliance with all state and federal statutes.
3. That Defendant JOHN A. GILL, JR. has the responsibility of supervising other officers, members, directors, and employees of the company;
4. That Defendant JOHN A. GILL, JR. directs and has personal knowledge of the day-to-day activities of the company;

5. That Defendant JOHN A. GILL, JR. was actively involved in the affairs of JAGJRTX, LLC and the making of corporate policy, including assuming the duties of a corporate officer, and he knew of the acts and practices at issue herein;
6. That Defendants JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR. violated the following laws:
 - (a) § 342.051(a)(1), Tex. Fin. Code, by making cash advance loans in Texas for more than 10% interest without being an authorized lender;
 - (b) § 342.051(a)(2), Tex. Fin. Code, by making loans in Texas for greater than 10% interest;
 - (c) § 342.051(b), Tex. Fin. Code, for using the misleading pretense of “sale” of “internet access” to disguise the fact that they were making loans at usurious interest rates;
 - (d) § 17.46(b)(5) of the DTPA, by representing that the cash advances made to Advance Internet customers are not loans and are therefore not subject to usury and other consumer credit laws;
 - (e) § 17.46(b)(5) of the DTPA, by representing that fees charged Advance Internet customers are for the purchase of internet access when in fact the charge is for the use of money advanced, and for forbearance by Advance Internet in depositing the customers’ checks;
 - (f) § 17.46(b)(5) of the DTPA, by representing, directly or by implication, that they are authorized to engage in the business of making consumer loans when in fact they are not so authorized, and thereby representing that they have sponsorship, approval, status, affiliation or connection which they do not have;

- (g) § 17.46(b)(12) of the DTPA by representing that the cash advances made to Advance Internet customers are not loans and are therefore not subject to usury and other consumer credit laws;
- (h) § 17.46(b)(12) of the DTPA by representing that the loan contracts Advance Internet makes with its customers are valid, enforceable agreements when in fact they are not;
- (i) § 17.46(b)(23) of the DTPA by failing to disclose that the void usurious loan contracts Advance Internet makes with its customers, under which the customers are forced to waive valuable legal rights, are unenforceable as against public policy;
- (j) § 17.46(b)(23) of the DTPA by failing to disclose that the cash advance loans made by Advance Internet have an effective annual interest rate of 782%; and
- (k) § 341.404, Tex. Fin. Code, by performing acts, including advertising and offering a service that causes others to believe that Defendants are offering to make, arrange, or negotiate a loan subject to Subtitle B, Title 4, Tex. Fin. Code, when Defendants are not authorized to perform those acts or offer those services as an authorized lender.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED that Defendants JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR., their officers, agents, servants, employees and any other persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, assignee or other device, are enjoined from engaging in the following acts or practices:

- a. transferring, spending, hypothecating, concealing, encumbering, withdrawing, removing or allowing the transfer, removal, or withdrawal from any bank, savings association, credit union or other financial institution or from the jurisdiction of this Court any money, stocks, bonds, assets, sports memorabilia, notes, equipment, funds, accounts receivable, policies of insurance, trust agreements, or other property, real, personal or mixed, wherever situated, belonging to or owned by, in the possession or custody of, standing in the name of, or claimed by such Defendants without further order of this court;
- b. transferring, concealing, destroying or removing from the jurisdiction of this Court any books, records, documents, invoices, or other written materials relating to Defendants's business which are in Defendants's possession, custody, or control except in response to further orders or subpoenas in this cause;
- c. making consumer loans, as defined by Texas law, that have an effective interest rate of greater than 10% per year without being licensed as an authorized lender;
- d. making consumer loans, as defined by Texas law, at any rate of interest that is usurious;
- e. advertising or offering services that would cause people to believe that Defendants is offering to make, arrange, or negotiate a loan as defined by Texas law, unless and until Defendants are authorized lenders;
- f. advertising their "internet access," "equipment leasing," "catalog sales" or "phone cards" with the word "rebate," when in fact the service is a loan as defined by Texas law;
- g. misrepresenting their customers' "debts" as enforceable;
- h. collecting, or attempting to collect, by whatever manner or means, including the filing of civil lawsuits, on any obligation arising from the advance of money or a consumer loan made by Defendants while they were not authorized lenders or not licensed to make consumer loans;
- i. collecting or attempting to collect, by whatever manner or means, including the filing of civil claims, or criminal charges or complaints, on a dishonored check already in Defendants' possession, custody, or control, obtained by Defendants in return for making a cash advance, a consumer loan, or in furtherance of Defendants' alleged sale of "internet access," "equipment leasing," "catalog sales" or "phone cards" where purchase of the internet access or leasing of equipment was a condition of a customer's receipt of a cash advance;
- j. representing, directly or by implication, that Defendants are authorized to make advances of money or consumer loans in Texas, for more than ten percent interest as defined by Texas law, unless and until Defendants are licensed to make consumer loans in Texas;

- k. misrepresenting their business by claiming that they do not make loans and do not charge interest;
- l. asking any customer to sign any agreement which purports to waive rights a customer has under the Texas Finance Code;
- m. asking any customer to sign any agreement which purports to waive rights a customer has under any other law;
- n. charging, receiving, or contracting for any money that is in any way related to a cash advance or to any transaction defined under Texas law as a “loan” that has an effective interest rate of greater than 10% per year, until and unless Defendants obtain licenses to be authorized lenders;
- o. failing to disclose the effective annual interest rate charged on any loan made by Defendants to any Texas consumer; and
- p. representing, directly or by implication, that this court or the Attorney General has approved any good or service sold or offered for sale by Defendants, or has approved any of Defendants’ business practices.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that Defendants JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR., jointly and severally, will make restitution and disgorge to THE STATE OF TEXAS for the benefit of all consumers who obtained the above described loans and paid the above described unlawful interest in the amount of \$5,204,500.00. The STATE OF TEXAS will use reasonable efforts to disburse restitution to the consumers. In the event any portion of this restitution is not able to be distributed to consumers within a reasonable time period, such amounts will revert to Plaintiff, STATE OF TEXAS, as additional attorney fees.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that the STATE OF TEXAS have and recover of and from Defendants JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR.,

jointly and severally, the sum of \$5,000,000.00 in civil penalties as provided by the Texas Deceptive Trade Practices-Consumer Protection Act, TEX. BUS. & COM. CODE ANN. §17.47.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that the STATE OF TEXAS have and recover of and from JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR., jointly and severally, the sum of \$51,875.00, the same being the STATE OF TEXAS' reasonable and necessary attorney's and investigative fees through this date.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that in the event a Motion for New Trial is filed but denied, the STATE OF TEXAS shall have and recover of and from Defendants additional attorney's fees of \$2,500.00. In the event the Motion is granted, the STATE OF TEXAS shall have and recover of and from Defendants additional attorney's fees of \$5,000.00. In the event an appeal is taken to the Court of Appeals but is unsuccessful, the STATE OF TEXAS shall have and recover of and from Defendants additional attorney's fees of \$5,000.00. In the event a petition for review is filed but not granted by the Supreme Court of Texas, the STATE OF TEXAS shall have and recover of and from Defendants additional attorney's fees of \$5,000.00. In the event the petition for review is granted but denied, dismissed or refused, the STATE OF TEXAS shall have and recover of and from Defendants additional attorney's fees of \$7,500.00. In the event a motion for rehearing is filed but not granted by the Supreme Court of Texas, the STATE OF TEXAS shall have and recover of and from Defendants additional attorney's fees of \$5,000.00. In the event a petition for writ of certiorari is filed but not granted by the United States Supreme Court, the STATE OF TEXAS shall have and recover of and from Defendants additional attorney's fees of \$5,000.00. In the event a petition for writ of certiorari is granted but the appeal to the United States

Supreme Court is unsuccessful, the STATE OF TEXAS shall have and recover of and from Defendants additional attorney's fees of \$10,000.00.

IT IS FURTHER ORDERED, ADJUDGED, and DECREED that the STATE OF TEXAS have and recover of and from JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR., jointly and severally, all costs of court in this cause.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that, it being found that JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR., jointly and severally, made: (1) knowingly false representation(s); (2) with intent to deceive consumers; (3) who relied on such representation; and (4) therefore sustained loss; and further, since the money to be paid as restitution was obtained by Defendants by false pretenses, false representations, and actual fraud, this entire judgment payable to and for the benefit of the STATE OF TEXAS is not dischargeable under bankruptcy pursuant to 11 U.S.C. §523 (a)(2);

IT IS FURTHER ORDERED, ADJUDGED, and DECREED that the STATE OF TEXAS have and recover of and from Defendants JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR., jointly and severally, interest on the total judgment from the date of judgment until paid at the rate of 8.25 percent per annum, until paid.

THIS JUDGMENT finally disposes of all claims of THE STATE OF TEXAS against JAGJRTX, L.L.C., a/k/a JAG TX L.L.C., d/b/a ADVANCE INTERNET and d/b/a TEXAS ADVANCE INTERNET and JOHN A. GILL, JR., jointly and severally.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Plaintiff shall have all writs of execution and other process necessary to enforce this judgment.

SIGNED this ^{26th}~~16th~~ day of June, 2007.



JUDGE LINDA Y. CHEW