

STATE OF MINNESOTA  
 COUNTY OF RAMSEY

DISTRICT COURT  
 SECOND JUDICIAL DISTRICT

Case Type: Other Civil  
 (Consumer Protection)

Court File No. \_\_\_\_\_

In the Matter of Encore Law, Inc.

**ASSURANCE OF  
 DISCONTINUANCE**

WHEREAS, this Assurance of Discontinuance (“Assurance”) is entered into pursuant to Minn. Stat. § 8.31, subd. 2b, between the State of Minnesota, through its Attorney General, Keith Ellison (“Attorney General”) and Encore Law, Inc. (“Encore Law”);

WHEREAS, Encore Law is a Texas corporation with its principal place of business in 8311 Block House Way, Apt 712, Knoxville, TN 37923;

WHEREAS, Minnesota Statute § 8.31 vests the Attorney General with authority to enforce Minnesota’s laws respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade, including by bringing a civil action in Minnesota state court and pursuing injunctive relief, restitution and/or disgorgement, a civil penalty of up to \$25,000 per violation, and recovery of the State’s attorneys’ fees and costs;

WHEREAS, the Attorney General alleges that Encore Law marketed, sold, and provided “timeshare exit” services whereby Encore Law offers services to aid in the resolution, settlement, elimination, default, avoidance, or evasion of contractual payment obligations or other debt arising from existing timeshare arrangements to which Minnesota consumers were bound;

WHEREAS, the Attorney General alleges that Encore Law provided debt-settlement services to Minnesota consumers without first becoming registered with Minnesota’s Department of Commerce as required by Minn. Stat. § 332B.03;

WHEREAS, the Attorney General alleges that Encore Law performed for Minnesota consumers, and imposed charges or received payment from Minnesota consumers for, debt-settlement services without first executing written debt-settlement services agreements that complied with Minn. Stat. § 332B, as required by Minn. Stat. § 332B.06, and without first performing all of the services it agreed to perform, as required by Minn. Stat. § 332B.09;

WHEREAS, the Attorney General further alleges that Encore Law sent solicitation mailers to Minnesota consumers' homes and engaged in sales presentations at a Minnesota hotel, thereby engaging in home solicitation sales and personal solicitation sales, and that these solicitation mailers failed to satisfy certain notices requirements and disclosure obligations required by Minn. Stat. §§ 325G.07–08 (requiring oral and written disclosure of 3-day right to cancel), 325G.13 (requiring disclosure at initial contact of seller's name, business name, the identity of goods or services being sold, and that the seller wishes to sell such goods or services);

WHEREAS, the Attorney General alleges that the above-described alleged conduct violates Minn. Stat. §§ 332B.03-.12, 325G.06 *et seq.*, and 325G.12 *et seq.*;

WHEREAS, the Attorney General's Office was further investigating potential violations of the Minnesota Consumer Fraud Act, 325F.69-.70, False Statement in Advertising Act, Minn. Stat. § 325F.67, Deceptive Trade Practices Act, Minn. Stat. § 325D.44, and Unauthorized Practice of Law statute, Minn. Stat. 481.02 *et seq.*, including potential misrepresentations related to the provision of legal services and legal advice as well as representations related to Encore Law's ability to resolve effectively consumers' timeshare obligations;

WHEREAS, Minnesota Statute § 8.31 vests the Attorney General with the authority to accept an assurance of discontinuance to resolve its investigations, and such an assurance may

include a stipulation for performance or remedies provided by § 8.31, and violation of such an assurance is punishable as contempt;

WHEREAS, the Attorney General and Encore Law (collectively, the “Parties”) desire to resolve fully this matter by entering into this Assurance;

NOW THEREFORE, the Parties hereby agree to entry of an order with the following terms and conditions:

### **REPRESENTATIONS AND WARRANTIES**

1. On September 25, 2024, Encore Law provided the Attorney General with a list of Minnesota consumers with whom Encore Law contracted, along with the amount of payments Encore Law collected from each Minnesota consumer on the list (“Minnesota Consumer List”).

2. Encore Law represents and warrants that the Minnesota Consumer List is a complete and accurate list of all Minnesota consumers with whom Encore Law has contracted, and that the payment amounts are accurate.

3. According to the Minnesota Consumer List, Encore Law contracted with 23 Minnesota consumers. Six Minnesota consumers cancelled their contracts with Encore Law and received refunds. 17 Minnesota consumers have not been refunded and paid or agreed to pay a total of \$158,281.

4. The Attorney General relies upon Encore Law’s representations and warranties in its investigation and resolution of this matter.

### **INJUNCTIVE RELIEF**

5. Encore Law, including its principals, officers, directors, employees, independent contractors, affiliates, subsidiaries, and successors, as well as other persons in active concert or participation with Encore Law (including any agents or affiliates who may have acted on its behalf

or who may act on its behalf in the future) who receive actual notice of this order, shall comply with the following permanent injunctive terms and provisions:

6. Encore Law shall rescind any contracts it has in effect with any consumer listed on the Minnesota Consumer List within 10 days of the Court's acceptance of this Assurance. Encore Law shall not enforce the terms of any contract with any consumer on the Minnesota Consumer List. To inform consumers about this rescission, Encore Law will email the 17 consumers the text from the draft email communication that Encore Law shared with the Attorney General on October 9, 2024.

7. Encore Law shall not hereinafter conduct any timeshare exit or other debt-settlement business, directly or indirectly, individually or in conjunction with any other person or entity in the State of Minnesota, including but not limited to collecting payments from, marketing to, selling to, and providing goods or services to consumers located in Minnesota related to exiting timeshares. For purposes of this Assurance, "timeshare exit or other debt-settlement business" shall refer to any service offered for payment to consumers to aid in the resolution, settlement, elimination, default, avoidance, or evasion of contractual payment obligations or other debt arising from any timeshare arrangement, as well as any other conduct as described in Minn. Stat. § 322B.02, subdivision 10.

8. Encore Law shall fulfill the terms of this Assurance, and all of its parents, subsidiaries, and successors shall be bound by this Assurance as if they had signed this Assurance, so as to accomplish the full relief contemplated by this Assurance. Encore Law shall not affect any change in its form of doing business, organizational identity, organizational structure, affiliations, ownership, or management composition as a method or means of attempting to avoid the requirements of this Assurance.

## MONETARY PAYMENT

9. Pursuant to Minnesota Statutes section 8.31, within 10 days of the Court's acceptance of this Assurance Encore Law shall: send monetary refunds, , to the 17 consumers on the Minnesota Consumer List referenced in Paragraph 3 in the amount that Encore Law collected from each respective consumer as listed on the Minnesota Consumer List; refund all monies the 17 Minnesota Consumers paid to any third party financing company(ies) arranged by or through Encore Law to pay for Encore Law's services; and cancel, or cause to be cancelled any and all financing agreements arranged by or through Encore Law that any of the 17 Minnesota Consumers executed to pay for Encore Law's services .

10. Encore Law shall, with the refund checks described in Paragraph 9 above, include a letter to the 17 consumers referenced in Paragraph 3 explaining that the consumer's Encore Law contracts, including any contracts for financing Encore Law's fees, have been rescinded and the consumer is being refunded the full amount that the consumer paid to Encore Law and/or any third party financing company(ies) arranged by or through Encore Law to pay for Encore Law's services pursuant to this Assurance. Within 30 days after the Court's acceptance of this Assurance, Encore Law shall, via sworn affidavit, provide a copy of the letter to the Office of the Attorney General along with a summary of refunds made to consumers, as set forth in Paragraph 9. The summary of refunds must include the consumers' full names, addresses, email addresses, phone numbers, and the amounts distributed to the individuals.

11. If, after execution of this Assurance, the Attorney General learns that Encore Law imposed charges, received payments, or failed to rescind contracts from additional Minnesota consumers not previously disclosed to the Attorney General on the Minnesota Consumer List, the Attorney General shall provide Encore Law written notice of this violation and give Encore Law ten (10) business days to cure this violation. Encore Law shall cure the violation by providing the

additional refunds and explaining contract rescissions directly to the affected consumers and providing the Attorney General with documentation of the refunds and rescission notices together with a sworn affidavit attesting that it has fully refunded and notified the affected consumers consistent with Paragraphs 6–10 of this Assurance.

### **STAYED CIVIL PENALTY**

12. Encore Law shall pay a stayed civil penalty of \$50,000 to the Attorney General upon application to the Court, with an opportunity for Encore Law to respond to such application, and a finding by the Court indicating that Encore Law has violated any of the terms of this Assurance and Order, or failed to provide the Attorney General with an accurate and complete list of Minnesota consumers with whom Encore Law contracted for the provision of goods or services related to exiting timeshares.

### **GENERAL TERMS**

13. Nothing in this Assurance shall relieve Encore Law of its obligation to comply with all applicable Minnesota and federal laws and regulations.

14. Per Minnesota Statute § 8.31, subd. 2b, this Assurance is not considered an admission of a violation for any purpose.

15. This Assurance may be executed in counterparts, each of which constitutes an original, and all of which shall constitute one and the same agreement. This Assurance may be executed by facsimile or electronic copy in any image format.

16. The person signing this Assurance for Encore Law warrants that Encore Law has authorized the person to execute this Assurance and that he or she executes this Assurance in an official capacity that binds Encore Law and its subsidiaries and successors.

17. This Assurance constitutes the full and complete terms of the agreement entered into by Encore Law and the Attorney General.

18. The Parties agree that this Assurance, including any issues related to interpretation or enforcement, shall be governed by the laws of the State of Minnesota.

19. The Ramsey County District Court shall retain jurisdiction of this matter for purposes of enforcing this Assurance. The Attorney General may make such application as appropriate to enforce or interpret the provisions of this Assurance or, in the alternative, maintain any action within his legal authority for such other and further relief as he determines is proper and necessary for the enforcement of this Assurance. The parties agree that, in any action brought by the Attorney General to enforce the terms of this Assurance, the Court shall have the authority to award equitable relief, including specific performance.

20. The failure of a party to exercise any rights under this Assurance shall not be deemed to be a waiver of any right or any future rights.

21. Nothing in this Assurance shall be construed to limit the power or authority of the State of Minnesota or the Attorney General except as expressly set forth herein.

22. Encore Law agrees that the Stayed Civil Penalty in Paragraph 12 of this Assurance, if imposed by any court, represents a civil penalty owed to the State of Minnesota, is not compensation for actual pecuniary loss, and, therefore, is not subject to discharge under the Bankruptcy Code pursuant to 11 U.S.C. § 523(a)(7).

23. Encore Law understands that if a Court of competent jurisdiction holds that Encore Law has committed a violation of this Assurance, that such violation may subject Encore Law to sanctions for contempt pursuant to Minn. Stat. § 8.31, subdivision 2b, and that the Attorney General may thereafter, in his sole discretion, initiate legal proceedings against Encore Law for any and all violations of this Assurance.

24. Each party shall perform such further acts and execute and deliver such further documents as may reasonably be necessary to carry out this Assurance.

25. Encore Law shall notify its principals, officers, directors, agents, employees, affiliates, subsidiaries, and successors, and any other person in active concert or participation with the company of the obligations, duties, and responsibilities imposed on them by this Assurance.

26. Encore Law shall not state or imply, directly or indirectly, that the State of Minnesota or the Attorney General have approved of, condoned, or agree with any conduct or actions by Encore Law.

27. Encore Law agrees that the Attorney General, without further notice to Encore Law, may file this Assurance with the Ramsey County District Court on an *ex parte* basis, and that the Court may issue the Order below without further proceedings.

28. Service of notices required by this Assurance shall be served on the following persons, or any person subsequently designated by the parties to receive such notices:

Emily Scholtes Dykstra, Assistant Attorney General  
Office of the Minnesota Attorney General  
445 Minnesota Street, Suite 1200  
St. Paul, Minnesota 55101

Encore Law, Inc  
8311 Block House Way, Apt 712  
Knoxville, TN 37923-0926

29. On or before executing this Assurance, Encore Law shall provide the Attorney General its taxpayer identification number (TIN). Encore Law understands that it may be subject to a penalty if it fails to provide the Attorney General with its TIN pursuant to 26 C.F.R. 6723, 26 C.F.R. 6724(d)(3), and 26 C.F.R. 301.6723-1. Encore Law shall also cooperate in the Attorney General's Office's completion of Internal Revenue Service Form 1098-F by providing the




Attorney General by December 31, 2024, any additional necessary information requested by the Attorney General's Office.

KEITH ELLISON  
Attorney General  
State of Minnesota

Date: 11/01/2024

By: /s/ Adam Welle  
Adam Welle  
Assistant Attorney General

Date: 10.31.24

By:   
Derek Freels, Mgr  
Encore Law, Inc.

**ORDER**

Having reviewed the terms of the foregoing Assurance of Discontinuance, which is incorporated herein by reference, and which the Court finds reasonable and appropriate, it is SO ORDERED.

Date: \_\_\_\_\_

\_\_\_\_\_  
JUDGE OF DISTRICT COURT

THERE BEING NO CAUSE FOR FURTHER DELAY, LET JUDGMENT BE ENTERED IMMEDIATELY.

