

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street – 5th Floor
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Newark, New Jersey 07101
Attorney for New Jersey Division of Consumer Affairs

FILED

July 11 2023

Division of Consumer Affairs

By: Jeffrey Koziar
Deputy Attorney General
(973) 648-7819

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS

In the Matter of

FREEDOM MORTGAGE CORP.

Respondent.

Administrative Action

CONSENT ORDER

WHEREAS this matter was opened by the New Jersey Division of Consumer Affairs, Office of Consumer Protection (“Division”), as an investigation to determine whether violations of the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 to -227 (“CFA”), the Regulations Governing General Advertising Practices, N.J.A.C. 13:45A-9.1 to -9.8 (“Advertising Regulations”), the Telemarketing Do Not Call Law, N.J.S.A. 56:8-119 to -129 (“Do Not Call Law”) and the regulations promulgated thereunder, N.J.A.C. 13:45D-1.1 to -1.4 (“Do Not Call Regulations”) have been or are being committed by Freedom Mortgage Corporation (“Freedom Mortgage” or “Respondent”) (hereinafter referred to as the “Investigation”);

WHEREAS the Division alleges that Respondent violated the CFA, the Advertising Regulations, the Do Not Call Law and the Do Not Call Regulations by, among other practices: (a)

making unsolicited Telemarketing Sales Calls to Consumers despite not being registered with the Division as a Telemarketer; (b) engaging in abusive and deceptive Telemarketing practices; (c) engaging in “bait and switch” sales tactics; (d) failing to timely disburse payments from escrow; (e) failing to apply consumers’ mortgage loan payments in a timely manner, or at all, resulting in negative credit reporting for consumers, as well as late fees; (f) failing to timely issue escrow refunds to consumers; and (g) failing to respond to consumer inquiries with accurate information (“the Covered Claims”).

WHEREAS Respondent denies the Division’s allegations as set forth above;

WHEREAS nothing contained in the within order (“Consent Order”) waives Respondent’s defenses under all applicable State and/or Federal laws, rules and regulations, as now constituted or as may hereafter be amended;

WHEREAS the Division and Respondent (collectively, “Parties”) have reached an amicable agreement thereby resolving the issues in controversy and concluding the Investigation without the need for further action, and Respondent having voluntarily cooperated with the Investigation and consented to the entry of the Consent Order and for good cause shown;

IT IS ORDERED AND AGREED as follows:

1. EFFECTIVE DATE

1.1 This Consent Order shall be effective on the date that it is filed with the Division (“Effective Date”).

2. DEFINITIONS

As used in this Consent Order, the following words or terms shall have the following meanings, which meanings shall apply wherever the words and terms appear in this Consent Order:

2.1 “ADR Unit” refers to the Alternate Dispute Resolution Unit of the Division.

2.2 “Additional Consumer[s] shall refer to any Consumer who submits to the Division directly or through CALA or another agency, after the Effective Date, a complaint concerning Respondent’s business practices, other than a complaint submitted through the Better Business Bureau (“BBB”) which shall be addressed by Respondent directly with the BBB.

2.3 “Advertisement” shall be defined in accordance with N.J.S.A. 56:8-1(a) for purposes of the CFA and in accordance with N.J.A.C. 13:45A-9.1 for purposes of the Advertising Regulations. This definition applies to other forms of the word “Advertisement” including without limitation, “Advertise” and “Advertised.”

2.4 “Attorney General” shall refer to the Attorney General of the State of New Jersey and the Office of the Attorney General of the State of New Jersey.

2.5 “CALA” shall refer to Consumer Affairs Local Assistance offices located within counties and/or municipalities in the State.

2.6 “Clearly and Conspicuously” shall mean a statement that, regardless of the medium in which it is made, is presented in such size, color, contrast, duration, location and audibility, compared to the other information with which it is presented, that it is readily visible and understandable and in language and terms used in accordance with their common or ordinary usage and meaning. If such statement modifies, explains or clarifies other information with which it is presented, it must be presented in proximity to the information it modifies, explains or clarifies and in a manner that is readily apparent and understandable.

2.7 “Consumer” shall refer to any Person who is offered Merchandise for Sale.

2.8 “Customer Service Representative” means an employee of Freedom Mortgage, or an independent contractor, who works at one of Freedom Mortgage’s customer service locations.

2.9 “Freedom Mortgage” means Freedom Mortgage Corporation, as well as its owners, officers, directors, shareholders, founders, managers, agents, servants, employees, Sales Representatives, attorneys, corporations, subsidiaries, affiliates, successors, assignees, or any Person acting or purporting to act on its behalf.

2.10 “Freedom Mortgage Services” shall include all mortgage origination and lending services provided by Freedom Mortgage.

2.11 “include” and “including” shall be construed as broadly as possible and shall mean “without limitation.”

2.12 “Merchandise” shall be defined in accordance with N.J.S.A. 56:8-1(c), and includes mortgage origination and lending services.

2.13. “New Jersey” and “State” shall refer to the State of New Jersey.

2.14 “Person” shall be defined in accordance with N.J.S.A. 56:8-1(d).

2.15 “Represent” means to state or imply through claims, statements, questions, conduct, graphics, symbols, lettering, formats, devices, language, documents, messages, or any other manner or means by which meaning might be conveyed. This definition applies to other forms of the word “Represent” including “Representation” and “Misrepresent.”

2.16 “Restitution” shall refer to all methods undertaken by Respondent to resolve Consumer complaints including the issuance of credits or refunds or the reversal of credit card or debit card charges.

2.17 “Sale” shall be defined in accordance with N.J.S.A. 56:8-1(e).

2.18 “Sales Representative” means any employee of Freedom Mortgage, or any Person acting on its behalf, engaged in the Sale or Advertisement of Freedom Mortgage Services.

2.19 “Telemarketer” shall be defined in accordance with N.J.S.A. 56:8-120 and N.J.A.C. 13:45D-1.3.

2.20 “Telemarketing” shall be defined in accordance with N.J.S.A. 56:8-120 and N.J.A.C. 13:45D-1.3.

2.21 “Telemarketing Sales Call” shall be defined in accordance with N.J.S.A. 56:8-120 and N.J.A.C. 13:45D-1.3.

3. REQUIRED AND PROHIBITED BUSINESS PRACTICES

3.1 Respondent shall continue to comply with all applicable State and/or Federal laws, rules and regulations, as now constituted or as may hereafter be amended, including, but not limited to, the CFA, the Advertising Regulations, the Do Not Call Law and the Do Not Call Regulations.

3.2 Respondent shall not make Telemarketing Sales Calls to Consumers without being registered with the Division as a Telemarketer.

3.3 Respondent shall not make Telemarketing Sales Calls to Consumers after these Consumers have asked Respondent to remove them from their call list.

3.4 In their Advertisement, offer for Sale and/or Sale of Freedom Mortgage Services, Respondent shall not engage in deceptive Sales tactics.

3.5 Respondent shall not Advertise Freedom Mortgage Services in a manner that is inconsistent with the CFA or any applicable Advertising Regulations, including, but not limited to, N.J.A.C. 13:45A-9.2(a)(9) and N.J.S.A. 56:8-2.2.3.6

3.6 Respondent shall apply Consumers’ mortgage loan payments in accordance with the terms of the Consumers’ loans and relevant law in a timely manner.

3.7 Respondent shall disburse payments from Consumer's escrow accounts in accordance with the terms of the loan and relevant law in a timely manner.

3.8 Respondent shall, when appropriate, issue escrow refunds to Consumers in a timely manner.

3.9 Respondent shall respond to Consumer inquiries with accurate information and in a timely manner.

4. SETTLEMENT AMOUNT

4.1 The Parties have agreed to a settlement in the amount of Five Hundred Two Thousand and 00/100 Dollars (\$502,000.00) ("Settlement Amount").

4.2 The Settlement Amount is comprised of Three-Hundred Sixty-Five Thousand Two Hundred and 00/100 Dollars (\$365,200.00) in civil penalties, pursuant to N.J.S.A. 56:8-13, Forty-Five Thousand and 00/100 Dollars (\$45,000.00) in reimbursement of the Division's attorneys' fees, pursuant to N.J.S.A. 56:8-19, and Ninety-One Thousand Eight-Hundred and 00/100 Dollars (\$91,800.00) in reimbursement of the Division's investigative costs, pursuant to N.J.S.A. 56:8-11.

4.3 Respondent shall pay Four Hundred Fifty-Two Thousand and 00/100 Dollars (\$452,000) of the Settlement Amount ("Settlement Payment") on or before the Effective Date.

4.4 The Settlement Payment shall be made by certified or cashier's check, money order, wire transfer or credit card payable to the "New Jersey Division of Consumer Affairs" and shall be forwarded to:

Jeffrey Koziar, Deputy Attorney General
State of New Jersey
Office of the Attorney General
Department of Law and Public Safety
Division of Law
Consumer Fraud Prosecution Section
124 Halsey Street-5th Floor
P.O. Box 45029

Newark, New Jersey 07101

4.5 Upon making the Settlement Payment, Respondent shall immediately be fully divested of any interest in, or ownership of, the monies paid and all interest in the monies, and any subsequent interest or income derived therefrom, shall inure entirely to the benefit of the Division pursuant to the terms herein.

4.6 The Fifty Thousand and 00/100 Dollars (\$50,000.00) balance of the Settlement Amount shall be suspended and automatically vacated one year from the Effective Date (“Suspended Penalty”) provided that:

- (a) Respondent complies with the restraints and conditions set forth in this Consent Order; and
- (b) Respondent makes the Settlement Payment as set forth in Section 4.3.

In the event that Respondent fails to comply with Section 4.6, the Suspended Penalty and the unpaid amount of the Settlement Payment shall be immediately due and payable upon notice by the Division (“Notice of Non-Compliance”). In any such Notice of Non-Compliance, however, the Division shall provide Respondent with the specific details of the alleged non-compliance in writing and Respondents shall be afforded a fifteen (15) day period within which to cure any such non-compliance (“Cure Period”). If Respondent fails to cure the non-compliance during the Cure Period, Respondent shall be liable for all of the Suspended Payment and the unpaid amount of the Settlement Payment. The Division may move on Notice of Motion or Order to Show Cause to have a judgment entered for the Suspended Penalty and the unpaid amount of the Settlement Payment.

5. ADDITIONAL CONSUMER COMPLAINTS

5.1 For a period of one (1) year from the Effective Date, the Division shall forward to

Respondent copies of any Additional Consumer complaints. The Division shall forward to Respondent such complaints within thirty (30) days of the Division's receipt thereof.

5.2 After forwarding to Respondent the complaints of an Additional Consumer, the Division shall notify each Additional Consumer, in writing, of the following: (a) that his/her complaint has been forwarded to Respondent; (b) that he/she should expect a response from Respondent within thirty (30) days from the date of this notice; and (c) the right to refer his/her complaint to the ADR Unit for binding arbitration if Respondent disputes the complaint and/or requested relief.

5.3 Within thirty (30) days of receiving the Additional Consumer complaint from the Division, Respondent shall send a written response to each Additional Consumer, with a copy sent by first class mail, fax or email to the following: New Jersey Division of Consumer Affairs, Office of Consumer Protection, Case Management Tracking Supervisor, 124 Halsey Street, P.O. Box 45025, Newark, New Jersey 07101, fax number: 973-648-3139, cmt@dca.lps.state.nj.us.

5.4 If Respondent does not dispute the Additional Consumer's complaint and requested relief, Respondent's written response shall so inform the Additional Consumer. Where Restitution concerns the reversal of credit or debit card charges, Respondent shall include documents evidencing that such adjustments have been made. Where Restitution concerns a refund or other payment, such shall be made by bank check, money order or other guaranteed funds made payable to the Additional Consumer.

5.5 If Respondent disputes the Additional Consumer's complaint and/or requested relief, Respondent's written response shall include copies of all documents concerning Respondents' dispute of the Additional Consumer's complaint.

5.6 Within forty-five (45) days of receiving from the Division the Additional

Consumer's complaint, Respondent shall provide the Division with written notification as to whether such Additional Consumer's complaint has been resolved. Such notification shall include the following:

- (a) The name and address of the Additional Consumer;
- (b) Whether or not the Additional Consumer's complaint has been resolved;
- (c) An identification of any Restitution provided as to each such Additional Consumer along with an acknowledgement from the consumer that their complaint has been resolved;
- (d) Copies of all documents evidencing any Restitution;
- (e) In the event Respondent's written response was returned as undeliverable, a copy of the undeliverable notice; and
- (f) Confirmation that Respondent sent all mailings to the Additional Consumer as required by this Section.

Following the Division's receipt and verification that an Additional Consumer's complaint has been resolved, the Additional Consumer's complaint shall be deemed closed for purposes of this Consent Order.

5.7 If within sixty (60) days of Respondent's receipt of the Additional Consumer's complaint: (a) Respondent has not notified the Division that the Additional Consumer's complaint has not been resolved; (b) Respondent has notified the Division that the Additional Consumer's complaint has not been resolved; or (c) Respondent has notified the Division that the Additional Consumer refuses Respondent's offer of resolution, the Division shall forward such Additional Consumer complaint to the ADR Unit for binding arbitration. Respondent agrees herein to consent to this arbitration process and to be bound by the arbitrator's decision. Contemporaneously with its execution of this Consent Order, Respondent shall sign and return to the Division the Agreement to Arbitrate (a copy of which is attached as Exhibit A). Respondent further agrees to be bound by

the immunity provisions of the New Jersey Arbitration Act, N.J.S.A. 2A:23B-14, and the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 to 59:14-4. The Division shall notify any such Additional Consumer and Respondent of the referral of the complaint to the ADR Unit. Thereafter, the arbitration shall proceed in accordance with the ADR Guidelines, a copy of which is attached as Exhibit B.

5.8 If Respondent refuses to participate in the ADR program, the arbitrator may enter a default against Respondent. Unless otherwise specified in the arbitration award, Respondent shall pay all arbitration awards within thirty (30) days of the arbitrator's decision unless a timely motion to vacate or modify the award has been filed.

5.9 Respondent's failure or refusal to comply with the requirements of Sections 5.3 through 5.6 and/or participate in the arbitration process or pay an arbitration award timely if a motion to vacate or modify the award is not timely filed shall constitute a violation of this Consent Order. Under these circumstances, the Additional Consumer complaint resolution process shall be terminated upon written notice to Respondent.

5.10 If an Additional Consumer refuses to participate in the ADR program, that Additional Consumer's complaint shall be deemed closed with prejudice for the purposes of this Consent Order.

5.11 The Parties may agree in writing to alter any time periods or deadlines set forth in this Section.

6. COMPLAINT COORDINATOR

6.1 Within thirty (30) days of the Effective Date, Respondent shall designate one of its employees as its Complaint Coordinator ("Coordinator"). The Coordinator will perform the functions set forth in Section 6.2 for a period of eighteen (18) months immediately following the

Effective Date. Respondent shall provide the Division with the Coordinator's name, business address (street and mailing), the telephone number and electronic mail address within seven (7) days of his or her designation.

6.2 The Coordinator shall perform the following functions: (a) use his or her reasonable efforts to ensure Respondent's compliance with the terms of this Consent Order, as well as with the CFA, the Advertising Regulations, the Do Not Call Law and the Do Not Call Regulations; (b) use his or her reasonable efforts to facilitate the resolution of Additional Consumer complaints of which the Coordinator is aware; and (c) provide to the Division written quarterly reports.

6.3 The Coordinator's quarterly reports referenced in Section 6.2 shall include the following: (a) a summary report with respect to all Additional Consumer complaints received or resolved since the date of the last quarterly report, of which the Coordinator becomes aware that sets forth the basis of such Additional Consumer complaints and the disposition thereof; and (b) any other relevant information concerning any material changes in Respondent's business practices that are referenced in Section 3. The Coordinator's quarterly reports shall be exempt from disclosure as applicable under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 to -13.

6.4 The Coordinator shall serve as a neutral facilitator and his or her efforts to carry out the functions set forth in Section 6.2 shall not be supervised or controlled by the Division nor shall his or her quarterly reports be subject to prior review by Respondent. The Coordinator shall have no personal liability for any action or inaction hereunder or otherwise in respect of this Consent Order.

7. GENERAL PROVISIONS

7.1 This Consent Order is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of obligations and duties imposed by this Consent Order.

7.2 This Consent Order shall be governed by, and construed and enforced in accordance with, the laws of this State. Nothing in this Consent Order, however, is intended to supersede any applicable statutory or regulatory requirements to which either Party is subject. In addition, Respondent is entitled to rely on any applicable State and/or Federal laws, rules and regulations in its defense in connection with this Consent Order.

7.3 The Parties have fully reviewed the terms of this Consent Order and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction or interpretation of this Consent Order.

7.4 This Consent Order contains the entire agreement between the Parties. Except as otherwise provided herein, this Consent Order shall be modified only by a written instrument signed by or on behalf of the Parties.

7.5 Except as otherwise explicitly provided in this Consent Order, nothing in this Consent Order shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.

7.6 If any portion of this Consent Order is held invalid or unenforceable by operation of law, the remaining terms of this Consent Order shall not be affected.

7.7 This Consent Order shall be binding upon the Respondent, and any entity or device through which it may now or hereafter act.

7.8 This Consent Order shall be binding upon the Parties and their successors in interest. In no event shall assignment of any right, power or authority under this Consent Order be used to avoid compliance with this Consent Order.

7.9 This Consent Order is entered into by the Parties for settlement purposes only. Neither the fact of, nor any provision contained in this Consent Order shall constitute, or be construed as: (a) an approval, sanction or authorization by the Attorney General, the Division or any other governmental unit of the State of any act or practice of Respondent; and (b) an admission by Respondent that any of its acts or practices described in or prohibited by this Consent Order are unlawful or unconscionable or violate the CFA, the Advertising Regulations, the Do Not Call Law and/or the Do Not Call Regulations. Neither the existence of, nor the terms of this Consent Order, shall be deemed to constitute evidence or precedent of any kind or for any purpose except in: (a) any action or proceeding by one of the Parties to enforce, rescind or otherwise implement or affirm any or all of the terms herein; or (b) any action or proceeding involving a Released Claim (as defined in Section 8) to support a defense of res judicata, collateral estoppel, release or other theory of claim preclusion, issue preclusion or similar defense.

7.10 The Parties represent and warrant an authorized representative of each has signed this Consent Order with full knowledge, understanding and acceptance of its terms and that the representative has done so with authority to legally bind the respective Party.

7.11 Unless otherwise prohibited by law, any signatures by the Parties required for entry of this Consent Order may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Order.

7.12 This Consent Order is a public document subject to the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 to -13.

8. RELEASE

8.1 In consideration of the payments, undertakings, mutual promises and obligations provided for in this Consent Order and conditioned on Respondent making the Settlement Payment as specified in Section 4, the Division hereby agrees to release Respondent, its directors, officers and employees and any entity or device through which it may now or hereafter act, from any and all civil claims or Consumer related administrative claims, to the extent permitted by State law, which the Division could have brought prior to the Effective Date against Respondent arising out of or concerning the Covered Claims (“Released Claims”).

8.2 Notwithstanding any term of this Consent Order, the following do not comprise Released Claims: (a) private rights of action (provided, however, that nothing herein shall prevent Respondent from raising the defense of set-off, estoppel, res judicata or collateral estoppel against a Consumer who has received restitution) unless released separately via arbitration, mediation or private settlement; (b) actions to enforce this Consent Order; and (c) any claims against Respondent by any other agency or subdivision of the State.

9. PENALTIES FOR FAILURE TO COMPLY

9.1 The Attorney General (or designated representative) shall have the authority to enforce the provisions of this Consent Order or to seek sanctions for violations hereof or both.

9.2 The Parties agree that any future violations of the provisions of Section 3 of this Consent Order, the CFA, the Advertising Regulations, the Do Not Call Law and/or the Do Not Call Regulations may constitute a second or succeeding violation pursuant to N.J.S.A. 56:8-13 and that Respondent may be liable for enhanced civil penalties.

10. COMPLIANCE WITH ALL LAWS

10.1 Except as provided in this Consent Order, no provision herein shall be construed as:

- (a) Relieving Respondent of its obligation to comply with all State and Federal laws, regulations or rules, as now constituted or as may hereafter be amended, or as granting permission to engage in any acts or practices prohibited by any such laws, regulations or rules; or
- (b) Limiting or expanding any right the Division may otherwise have to obtain information, documents or testimony from Respondent pursuant to any State or Federal law, regulation or rule, as now constituted or as may hereafter be amended, or limiting or expanding any right Respondent may otherwise have pursuant to any State or Federal law, regulation or rule, to oppose any process employed by the Division to obtain such information, documents or testimony.

11. NOTICES UNDER THIS CONSENT ORDER

11.1 Except as otherwise provided herein, any notices or other documents required to be sent to the Division or Respondent pursuant to this Consent Order shall be sent by United States mail, Certified Mail Return Receipt Requested, or other nationally recognized courier service that provides for tracking services and identification of the Person signing for the documents. The notices and/or documents shall be sent to the following addresses:

For the Division:

Jeffrey Koziar, Deputy Attorney General
Consumer Fraud Prosecution Section
State of New Jersey
Department of Law and Public Safety
Division of Law
124 Halsey Street 5th Floor
Newark, New Jersey 07101

For Respondent:

R. Stephen Stigall, Esq.
Ballard Spahr, LLP
700 East Gate Drive
Suite 330
Mt. Laurel, New Jersey 08054

AND

David McGeorge, Esq.
Freedom Mortgage Corporation
Via Email: david.mcgeorge@freedommortgage.com

IT IS ON THE 11th DAY OF July, 2023 SO ORDERED.

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY

By: 
CARI FAIS, ACTING DIRECTOR
DIVISION OF CONSUMER AFFAIRS

**THE PARTIES CONSENT TO THE FORM, CONTENT AND ENTRY OF THIS
CONSENT ORDER ON THE DATES BESIDE THEIR RESPECTIVE SIGNATURES.**

FOR THE DIVISION:

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY

By: Jeffrey Koziar Dated: July 5, 2023
Jeffrey Koziar
Deputy Attorney General
Consumer Fraud Prosecution Section
124 Halsey Street – 5th Floor
P.O. Box 45029
Newark, New Jersey 07101
(973) 648-7819

FOR RESPONDENT:

BALLARD SPAHR, LLP

R. Stephen Stigall Dated: June 28, 2023
R. Stephen Stigall, Esq.
700 East Gate Drive
Suite 330
Mt. Laurel, New Jersey 08054
(856) 761-3458

FREEDOM MORTGAGE CORP.

By: _____

Dated: 6/28/23, 2023

Stanley Middleton
(Print Name)

CEO
(Print Title)

951 Yamato Blvd
(Print Address)

suite 175

Boca Raton FL 33431

EXHIBIT A

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION ON CONSUMER AFFAIRS
ALTERNATIVE DISPUTE RESOLUTION UNIT
153 Halsey Street - Seventh Floor
Newark, New Jersey 07101
(973) 504 - 6100

Arbitration Program

PLEASE REVIEW THIS DOCUMENT. SIGN IT AND RETURN IT TO THIS OFFICE IN THE SELF STAMPED ENVELOPE NO LATER THAN 10 DAYS AFTER RECEIVING THIS AGREEMENT. KEEP A COPY FOR YOUR OWN RECORDS.

INTRODUCTION

In order to resolve a pending dispute that resulted in the filing of a complaint with or against a State agency, you have agreed to participate in an arbitration conducted by the **Alternative Dispute Resolution Unit ("ADR Unit")** of the New Jersey Department of Law and Public Safety's Division of Consumer Affairs.

Arbitration is a process in which a trained volunteer reviews the facts of the case and the issues in question in order to come up with a final decision which will resolve the controversy. Although the arbitrator is not a judge, the decision issued is final and binding on the parties who have agreed to participate in arbitration as a method of settling a dispute.*

There are certain of your rights that may be altered by participating in arbitration and there are certain agreements to which you must be willing to commit in order for this process to be successful in resolving your complaint. Completion of the "Agreement to Arbitrate" is designed to ensure that you understand the process involved, as well as the impact of a completed arbitration.

By signing this form, you agree to comply with its terms and with the terms of any agreed upon resolution, as set forth below.

DISCLOSURE

Before agreeing to participate in arbitration, all parties must be aware that the arbitrator's decision is final and binding and after a decision has been issued the parties cannot use any process, including the court system, to seek further relief for the dispute at hand. Essentially, once an arbitration has been completed and a decision issued, there is no more dispute. Consequently, decisions are issued as conclusions only. There will be no findings of fact, and no opinion or rationale given by the arbitrator. In short, the arbitrator's award is final, binding and prevents either party from looking for further assistance through any other process.

* There are only a very few instances in which an arbitration can be reviewed by a court or reconsidered by the arbitrator. An arbitrator's award is final and usually not subject to review by the courts unless it can be shown that fraud, corruption, or misconduct occurred in the process of arbitration or by the arbitrator. This is not legal advice nor is it a legal interpretation upon which any party can rely. At no time can any member of the ADR Unit, including the arbitrator, offer or provide any form of legal advice to a participant in dispute resolution.

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION ON CONSUMER AFFAIRS
ALTERNATIVE DISPUTE RESOLUTION UNIT

AGREEMENT TO ARBITRATE

By signing this form and participating in the arbitration process, I hereby state that I understand and agree with the following:

1. I am willingly and voluntarily participating in arbitration;
2. I will participate fully in the arbitration process and participate in good faith at all times;
3. I will not subpoena or ask the arbitrator or any member of the ADR staff and its legal counsel to testify or divulge any records or information from the arbitration process in any judicial, administrative or other proceeding or action;
4. I agree that neither the arbitrator nor the staff of the ADR Unit will be liable in anyway for damages or injunctive relief for any act or omission in connection with the arbitration conducted in accordance with the rules, procedures and guidelines provided to me before the start of the session;
5. I agree that arbitration sessions are to be private and that persons other than the parties, their attorney or other representative, the director of the ADR Unit or an authorized representative and the arbitrator may attend the proceedings only with the permission and agreement of both parties and the arbitrator;
6. I will not record the arbitration session by or with any electronic or other recording or stenographic device;
7. I will comply with all the rules, procedures and guidelines set out in the document and established by the arbitrator at the start of the session;
8. There will be no finding of fact, and no opinion or rationale provided by the arbitrator.

I HAVE READ THIS DOCUMENT CAREFULLY AND UNDERSTAND THE RULES SET FORTH ABOVE. THE ARBITRATION PROCESS HAS BEEN EXPLAINED TO ME AND ALL OF MY QUESTIONS HAVE BEEN ANSWERED. I UNDERSTAND THAT I DO NOT HAVE TO PARTICIPATE IN THIS ARBITRATION PROGRAM AND THAT PARTICIPATION IS NOT A PRECONDITION TO SEEKING ANY OTHER RELIEF PRIOR TO THE BEGINNING OF THE ADR PROCESS. I AM AWARE AND AGREE THAT ONCE I HAVE SIGNED THIS AGREEMENT TO ARBITRATE I MAY NO LONGER WITHDRAW FROM THIS ARBITRATION PROCESS. ALSO, WHEN A DECISION IS REACHED ALL PARTIES ARE BOUND BY THAT DECISION. MOREOVER, THAT DECISION IS BINDING AND PREVENTS EITHER PARTY FROM PURSUING ADDITIONAL RELIEF RELATED TO THIS MATTER IN ANY OTHER FORUM OR THROUGH ANY OTHER PROCESS.

COMPLAINANT

Signature

Print Name

Address

City, State, and Zip Code

Date

RESPONDENT

Stanley Middleman
Signature

Stanley C. Middleman, CEO

Print Name

951 Yamato Blvd., Suite 175

Address

Boca Raton, FL 33431

City, State, and Zip Code

6/28/23

Date

EXHIBIT B

NEW JERSEY DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
ALTERNATIVE DISPUTE RESOLUTION UNIT

ADR UNIT GUIDELINES

INTRODUCTION

The Division of Consumer Affairs ("Division") started the Alternative Dispute Resolution ("ADR") Unit in May 1992 as an independent, non-advocacy unit within the Division. It was designed to offer a method of resolving problems without using the court system, thereby avoiding the time and expense of court cases. Two programs are available for settling disputes: mediation and arbitration. In the mediation program, the parties involved work directly with a mediator who, as an uninvolved third party, helps to create an atmosphere that is conducive to resolving the issues. In arbitration, the parties present their problem to a neutral individual who analyzes the presentations and then issues a final decision that all parties must follow. Both approaches use trained volunteers and are generally available to the parties at no cost. Originally, the Division made these services available only for settling disputes between businesses and consumers. Over time, however, the focus has been expanded and this assistance is now available to various State agencies.

I. DEFINITIONS

Listed below are definitions for terms used in these Guidelines and in the various ADR processes:

(1) **"Arbitration"** is a voluntary means of settling a disagreement in which an arbitrator assigned by the ADR Unit reviews the facts of the case, meets with the parties, and issues a final non-reasoned award that is binding on everyone involved. (A "non-reasoned award" means the parties receive the decision reached by the arbitrator but not the rationale that went into reaching that decision.) Once such a decision is issued, the parties' right to seek further review through the court system is very limited. If necessary, however, the terms of the award can be enforced by the courts. (See discussion below). For the purposes of these Guidelines, an arbitration begins at the time the parties sign the arbitration agreement. (See section VI below.)

(2) An **"arbitrator"** is a volunteer trained by the Division who reviews the facts of the case, meets with the parties and issues a final and binding decision.

(3) A **"complaint"** is a dispute arising out of an interaction between a business and a consumer or between an individual and a State agency, as well as from cases referred by a State agency.

(4) A **"complainant"** is the person who brings the dispute to the attention of the Division or the Unit.

(5) **"Mediation"** is the process by which a mediator works with the parties in an effort to help them craft and agree upon a solution to the dispute. For the purposes of these Guidelines, a mediation begins at the time the parties agree to mediate. That settlement, once reached, is binding on the parties. (See section VI below.)

(6) A **"mediation document"** is any written material prepared before or during the mediation for purposes of the mediation. Such papers may include, but are not limited to, memoranda, notes, files and records.

(7) A **"mediator"** is a volunteer trained by the Division to serve as a neutral third party to help settle disputes brought to the ADR Unit. The mediator does not have the authority to impose a resolution upon the parties.

(8) A **"party"** is a complainant or respondent and may be an individual, corporation, association or other legal entity.

(9) A **"respondent"** is the party against whom the complaint is filed.

II. **WHAT IS MEDIATION?**

In mediation, through one or more sessions, the mediator encourages the parties to explain their positions about the dispute and helps them develop a solution that is acceptable to them. This is a voluntary procedure that, when successful, quickly turns a dispute into a winning situation for both parties; as a result, long and costly litigation can be avoided.

The mediator may conduct joint and separate meetings with the parties and may propose oral and written suggestions for settlement. (At the discretion of the mediator, the mediation may be conducted by telephone.) The mediator determines when each party may speak during a mediation conference. The mediator may also decide whether the party's representative may speak during the conference. If necessary, the mediator may obtain expert advice concerning technical aspects of the dispute. When appropriate, and when they agree, the parties will jointly pay for such advice. Arrangements for obtaining that input will be made by the mediator or by agreement of all parties.

It is important to note that although mediation is non-binding, once a resolution is reached and agreed upon by the parties, it is binding on all involved, as would any agreed upon contract.

III. **WHAT IS ARBITRATION?**

The arbitration process also uses trained volunteers to resolve disputes. The arbitrator reviews the facts and issues of the dispute, hears testimony, accepts evidence and evaluates the positions of the parties. Unlike mediation where the parties have agreed to a resolution, in arbitration the arbitrator issues a binding decision. That decision is in the form of a non-reasoned award; that is, no findings of fact and no opinion or rationale are provided by the arbitrator. Additionally, arbitration is not as formal as a court

proceeding. For example, evidence often unacceptable in a court proceeding may be admissible in an arbitration. The parties are bound by and must follow the decision. This process is also faster and less costly than taking a case to court, and the arbitrator's award is viewed as an end to the case. Arbitration awards cannot be challenged in court except under very limited circumstances. For example, in order to overturn a decision, there must be a showing of favoritism, prejudice, fraud, misconduct, or blatant disregard of the rules and procedures in relation to the process of the arbitration. Once a dispute has been submitted for arbitration and an award is issued, neither party can later choose to resolve the dispute again in any other manner, including use of the court system. Please note that if any party to the dispute fails to comply with the arbitrator's decision, the offended party may apply to a court of appropriate jurisdiction to have the decision enforced pursuant to N.J.S.A. 2A:23B-22.

IV. GENERAL GUIDELINES FOR DISPUTE RESOLUTION

Standard for Participation

The Director of the ADR Unit accepts referrals from State agencies for mediation or arbitration of complaints that are appropriate for those types of dispute resolution. Such complaints include, among others, requests for restitution, replacements or exchanges of merchandise, warranty claims, and specific performance under a contract.

The Director of the Unit may, in his discretion, decline to accept matters for dispute resolution if the matter is not suitable for arbitration or mediation. In making that determination, the Director shall consider the nature of the relief sought by the complainant (money damages or other relief that can be awarded) and whether the responding party continues to exist or has the resources to address the complaint (for example, the company is bankrupt). If the referral is made pursuant to a Consent Order from a State Agency, any decision to decline to attempt dispute resolution shall be promptly conveyed to that agency along with the reasons for the decision.

Complaint Review

The ADR Unit reviews the complaints it receives to determine their suitability for the Unit's dispute resolution processes. If the Unit finds that a complaint is appropriate for resolution, either through mediation or arbitration, it will offer those services to the parties involved. Though the ADR Unit and/or the parties decide if mediation or arbitration will be used, generally, unless otherwise required by consent order, matters will be mediated.

If the ADR Unit considers a complaint inappropriate for its dispute resolution procedures, it will return the complaint to the agency that initially referred it to the Unit.

Beginning the Process

Once a complaint has been accepted by the ADR Unit, a letter is sent to all parties. When

mediation is the proposed process, the letter to the complainant says that the complaint has been received and that the other party, the respondent, is being contacted. The letter to the respondent offers a brief description of the complaint. The letters to both parties name the neutral third party appointed and state how to best contact that person.

In matters to be arbitrated, both parties will be informed of the date of the hearing through ADR Unit staff. In arbitration, ex parte communication, that is contact by one party without the presence of the other, is strictly prohibited. Once the parties agree to participate in dispute resolution, the process is started. Should an arbitrator or mediator become unwilling or unable to serve, the ADR Unit will appoint an alternate.

Representation

Any party may be represented by an attorney during dispute resolution proceedings. In mediation, any individual designated by a party may accompany the party to and participate in a mediation.

Date, Time and Place of Mediation or Arbitration

The mediator shall set the date and time of each conference. In the case of an arbitration, the ADR Unit staff, will fix the date and time of the hearing. Unless the parties are notified otherwise, sessions are held at the offices of the ADR Unit, located at 153 Halsey Street, 7th floor, Newark, New Jersey. In mediation, the mediator and the parties may decide that the sessions will be conducted over the telephone. In arbitration, telephone hearings will only be conducted under extenuating circumstances. The Unit attempts to arrange convenient dates and times for all sessions. In the case of an arbitration, if necessary, the date and time of the hearing may be imposed by the ADR Unit staff. Parties failing to cooperate in setting a date and time or failing to appear when required, may forfeit the ability to present their case to the arbitrator and a decision may be rendered without their ability to offer testimony or evidence beyond those documents submitted to the Unit in advance of the arbitration.

Identification of Matters in Dispute

A) Mediation

During an initial telephone conference, the mediator and the parties will discuss what information should be provided, including a brief description of the facts, issues and positions in dispute and the parties' desired outcome. That information and copies of any supporting documents must be produced at least five days before the first session. Documents may be exchanged between the parties if everyone expressly agrees to that process. The mediator may ask that additional information be provided before, during or after the sessions.

B) Arbitration

The ADR Unit will assign an arbitrator who will hear the matter. Once an arbitrator has been selected to hear the case, the arbitrator's curriculum vitae will be sent to each party to the dispute. (Please

see the **Disclosure** section - **D**, below, for the process used to challenge the selection of that arbitrator.) An ADR staff member will then contact the parties to establish a schedule. At least ten days before the first session, each party must provide the arbitrator, through the Unit staff, a brief written description of the facts and issues in dispute, all appropriate documents and background information that are relevant to the dispute and a statement of the relief sought through the arbitration process. Arbitration, through the ADR Unit will not award punitive or consequential damages. At any time during the process, the arbitrator may compel the production of additional information through documents or witnesses by way of subpoena.

Parties will be given the opportunity to present their case in its entirety, including all necessary documentation. However, unless otherwise expressly stated by the arbitrator, no evidence or testimony will be accepted by the arbitrator once the hearing has been concluded.

C) Written Requirements

Before starting a face-to-face mediation or an arbitration, parties must agree to certain terms. There are agreement forms that must be read, understood and signed before anyone can participate. Copies of those forms are provided to the parties prior to the initial mediation or arbitration session but are signed only in the presence of the mediator or arbitrator. (Generally parties who participate in telephone mediation are not required to sign the form. They will, however, be required to indicate acceptance of the terms governing the mediation during the telephone conference.)

D) Disclosure

A person appointed as an arbitrator shall disclose to the ADR staff and to the parties any circumstance likely to raise any question as to the arbitrator's impartiality or independence, including any bias or financial interest or past or present relationship with parties or their representatives. This shall remain a continuing obligation of the arbitrator. Notice of any challenge to the impartiality or independence of the arbitrator shall be made within five (5) days of becoming aware of circumstances giving rise to the challenge. This notice shall be in writing to the ADR Unit and shall set forth the facts and circumstances giving rise to the challenge.

V Privacy

All sessions are private and confidential. Only parties and their designated representatives may attend conferences and/or hearings. Other persons may attend only with the permission of the parties and with the consent of the mediator or arbitrator and the Unit Director.

VI CONFIDENTIALITY OF DISPUTE RESOLUTION SESSIONS

All information provided by parties during the mediation process is confidential. Success of mediation depends in large part on a free exchange of information, so it is important that parties feel free to discuss issues openly. Information provided by one party will not be revealed to the opposing party without the explicit authorization of the revealing side. Mediators cannot be forced to release any

information or to testify about the mediation in a lawsuit or court proceeding. All mediation documents are considered confidential. (For a full description of these rights and responsibilities please see N.J.S.A. 2A:23C-4, 5 and 6.)

In arbitrations, information provided to the arbitrator must also be given to the opposing party. Parties must maintain the confidentiality of the arbitration and may not disclose information except to the staff of the ADR Unit. Confidentiality as discussed in this section, takes effect upon the parties' agreement to participate in the ADR process. The following documents related to the arbitration proceeding are ***not*** considered confidential and may be available upon request to persons or entities:

- a) The complaint, with all its attachments, that initiated the arbitration;
- b) The response to the initial complaint, with all its attachments,; and
- c) The arbitrator's award.

All other documents submitted in the course of the arbitration are considered confidential and not available to any person or entity except the parties involved, the staff of the ADR Unit and its counsel.

No taped or stenographic record may be made of any dispute resolution process.

VII TERMINATION

A mediation will be concluded in one of the following ways:

- 1) the signing of a written settlement agreement by the parties;
- 2) an oral agreement between the parties;
- 3) a written or oral statement of the mediator saying that further efforts at mediation will not be productive; or
- 4) a statement by a party or parties withdrawing from the mediation proceedings.

An arbitration will be concluded in one of the following ways:

- 1) upon the issuance of a decision by the arbitrator;
- 2) a written agreement between the parties resolving the dispute; or
- 3) a written statement by all parties that they no longer wish to continue the arbitration.

VIII EXCLUSION OF LIABILITY

Neither the staff of the ADR Unit nor any mediator or arbitrator is a necessary party in a judicial proceeding related to the dispute that is being resolved. Parties to an arbitration expressly agree to be bound by the immunity provisions of the New Jersey Arbitration Act, N.J.S.A. 2A:23B-14 and the New Jersey Tort Claims Act, N.J.S.A. 59:10A-1 et seq. Parties to a mediation or arbitration shall be deemed to have consented that neither the staff of the ADR Unit nor any mediator or arbitrator shall be liable to any party in any way for damages or for injunctive relief for any act or omission in connection with any mediation or arbitration conducted under these rules.

IX INTERPRETATION AND APPLICATION OF RULES

Mediators and arbitrators shall interpret and apply these rules as they relate to their duties and responsibilities. All other rules shall be interpreted and applied by the Director of the ADR Unit.

Revised June 2008