

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

PEOPLE OF THE STATE OF NEW YORK, by  
LETITIA JAMES, Attorney General of the  
State of New York,

Petitioner,

— against —

YELLOWSTONE CAPITAL LLC, *et al.*,

Respondents.

Index No. 450750/2024

IAS Part 47

Assigned to Justice Goetz

CONSENT ORDER AND JUDGMENT

Upon reading the Verified Petition (“Petition”) (Doc. No. 1) of Petitioner, the People of the State of New York, by their attorney Letitia James, Attorney General of the State of New York (“NYAG”), the Affirmation of Adam J. Riff in support of the Petition (Doc. No. 4), and exhibits in support thereof (Doc. Nos. 5-476), alleging that Respondents engaged in repeated fraudulent, deceptive and illegal conduct in violation of Executive Law § 63(12) and General Business Law § 349 through conduct including (i) issuance and servicing of so-called purchases of receivables, also called merchant cash advances (“Merchant Cash Advances”) to merchants (“Merchants”); (ii) obtaining of personal guarantees from individuals (“Guarantors”); (iii) collection and receipt of payments from Merchants and Guarantors in connection with such Merchant Cash Advances; (iv) engaging in civil and criminal usury in violation of General Obligations Law § 5-501(1) and Penal Law § 190.40, respectively; (v) making of high-interest loans without a license in violation of Banking Law §§ 340 and 356; and upon Settling Respondents’ Motions

to Dismiss (Doc. No. 573), and all papers filed therewith; and upon Petitioner's Opposition to Respondents' Motions to Dismiss (Doc. Nos. 586, and 587); and upon the Consent and Stipulation, dated December 2, 2024, which is incorporated by reference herein and in which the parties thereto consent to entry of this Consent Order and Judgment ("Consent Order"); and upon all other papers and proceedings had herein;

WHEREAS, the Settling Respondents, as defined below, neither admit nor deny all of these and the other allegations the NYAG asserted in the Petition;

WHEREAS, in response to the Petition, the Settling Respondents filed a motion to dismiss all of the claims asserted in the Petition, which is pending at the time of this Consent Order and, as consideration to the NYAG, Settling Respondents agree is moot due to this Consent Order;

IT NOW APPEARS that the respondent entities Yellowstone Capital LLC, Fundry LLC, ABC Merchant Solutions, LLC, Advance Merchant Services LLC, Business Advance Team LLC, Capital Advance Services LLC, Capital Merchant Services, LLC, Cash Village Funding LLC, Fast Cash Advance LLC, Fundzio LLC, Green Capital Funding LLC, HFH Merchant Services LLC, High Speed Capital LLC, Merchant Capital Pay LLC, Merchant Funding Services LLC, Midnight Advance Capital LLC, Mr. Advance Capital LLC, Ocean 1213 LLC, Simply Equities LLC, TVT Cap Fund LLC, TVT Capital HR, LLC, Thryve Capital Funding LLC, WCM Funding LLC, West Coast Business Capital LLC, World Global Capital LLC, and their respective parent, subsidiary, or affiliate entities (collectively, "Yellowstone Entities," or "Settling Respondents," and with Petitioner, the

“Parties”), and Petitioner are willing to enter this Consent Order to resolve all of the Petition’s Causes of Action as to the Yellowstone Entities without the Settling Respondents having admitted any fact or violation of law;

NOW, on application of LETITIA JAMES, Attorney General of the State of New York, attorney for Petitioners (Adam J. Riff and Oluwadamilola E. Obaro, of counsel), and upon consent of Settling Respondents and their counsel;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows.

#### FINDINGS

1. This Court has jurisdiction over the Parties and the subject matter of this action.
2. Each Party has executed the Consent and Stipulation filed contemporaneously with this Consent Order consenting to entry of this Final Judgment without further notice.
3. Entry of this Consent Order and satisfaction of the provisions herein are in the public interest and the interests of substantial justice.

#### PROHIBITION OF UNLAWFUL ACTS

4. The Settling Respondents shall not engage in any acts or practices in violation of General Obligations Law § 5-501(1), Penal Law § 190.40, Banking Law §§ 340 and 356, General Business Law § 349, or Executive Law § 63(12).

#### TERMINATION OF MERCHANT CASH ADVANCE OPERATIONS

5. As of the signing of this Consent Order, the Settling Respondents are permanently barred from engaging in any Merchant Cash Advance business. In

order to effect this provision, the Settling Respondents are specifically restrained and enjoined from each of the following actions ("Enjoined Actions"):

- a. Marketing, advertising, or offering for sale any Merchant Cash Advance;
- b. Underwriting, planning, managing, administering, or servicing any Merchant Cash Advance;
- c. Receiving or collecting any money owed or purportedly owed in connection with any Merchant Cash Advance;
- d. Receiving any proceeds, profits, dividends, or other financial benefit in connection with the sale, issuance, and servicing of any Merchant Cash Advance or collecting or receiving any money from Merchants or Guarantors in connection with such transactions;
- e. Assisting or supervising any person or entity engaged in any of the Enjoined Actions; or
- f. Serving, whether directly or through an entity or entities, as a director, officer, owner, shareholder, member, employee, contractor, consultant, representative, or agent of any person or entity engaged in any of the Enjoined Actions.

6. Nothing in the foregoing paragraph shall prohibit the Settling Respondents from (i) carrying out obligations pursuant to this Consent Order, and (ii) resolving claims with third parties, apart from those cancelled pursuant to paragraphs 7-10 herein.

### DEBT CANCELLATION

7. Upon the signing of this Consent Order by the Court, all obligations owed or purportedly owed by Merchants or their Guarantors to the Settling Respondents or to any parent entity or subsidiary entity of the Yellowstone Entities, or to their assigns, in connection with the Yellowstone Entities' Merchant Cash Advances, including but not limited to unpaid balances of any kind, fees, attorneys' fees, settlement amounts, and unsatisfied judgments shall be and are irrevocably cancelled ("Cancelled Debts"). Each and every agreement giving rise to a Cancelled Debt, including but not limited to Merchant Cash Advance agreements, guarantees, and settlement agreements, but excluding agreements with no outstanding balance, is also prospectively cancelled as of the signing of this Consent Order.

8. Based on current calculations and information, the amount of the Cancelled Debts is currently calculated by the Settling Respondents to be \$534,552,724.00, as stated in paragraph 21 below.

9. The Settling Respondents shall as of the signing of this Consent Order cease any and all attempts to recover any Cancelled Debts and shall receive no money or other consideration in connection with the Cancelled Debts. The Settling Respondents shall not receive any money or other consideration in connection with a Cancelled Debt, shall not grant, transfer, or assign any purported right or authority to collect a Cancelled Debt to any third party, and shall exercise all rights and authority to ensure that no third party (including any subsidiary, director, officer, partner, debt collector, employee, contractor, representative, agent, attorney

or assign) attempts to recover any Cancelled Debt or receives any money or other consideration in connection with any Cancelled Debts. In the event that Settling Respondents receive money or consideration in connection with the Cancelled Debts, such monies or consideration shall, within fourteen (14) days of receipt, be returned to the Merchants if possible or, if not possible, turned over to the NYAG.

10. The Settling Respondents represent that they have not prior to the signing of this Consent Order assigned, sold, or otherwise transferred to any other person or entity ("Third Party Assignees") any claimed right to collect on a debt or purported debt of Merchants or Guarantors in connection with the Yellowstone Entities' Merchant Cash Advances. In the event that this representation is not accurate and that such assignment, sale, or transfer has been made, the Settling Respondents shall remain jointly and severally liable to return to Merchants and/or Guarantors any and all amounts collected by such persons or entities.

**VACATUR, DISMISSAL OF PENDING ACTIONS, & UCC LIEN  
TERMINATION**

11. Pursuant to the Consent and Stipulation and in the interest of justice, all unsatisfied court judgments issued against Merchants and/or Guarantors in connection with the Yellowstone Entities' Merchant Cash Advances and in favor of any of the Settling Respondents ("MCA Judgments") should be vacated.

12. Based on the allegations in the Petition and supporting documentation filed therewith, and on the Consent and Stipulation, the Court finds that sufficient grounds exist for vacatur of all MCA Judgments in the interest of substantial justice.

13. Settling Respondents shall, within ninety (90) days of the signing of this Consent Order, initiate seeking vacatur of all such MCA Judgments that are identifiable through the good faith efforts of the Settling Respondents by filing omnibus motions in each such county seeking vacatur of all MCA Judgments in such county. Any application for vacatur shall state that it is made pursuant to paragraphs 11-12 of this Consent Order and provide a copy of this Consent Order. Settling Respondents shall take reasonable measures to ensure that all MCA Judgments are vacated within six (6) months of the signing of this Consent Order.

14. As used in the foregoing paragraph, "reasonable measures" shall consist of the following, except that Settling Respondents are not required to take all such measures if fewer measures or different measures succeed in obtaining vacatur: (i) contacting the office of the clerk of court of each county in which an MCA Judgment has been issued in favor of the Settling Respondents and against a Merchant and/or Guarantor to request the vacatur of such MCA Judgments; (ii) contacting the office of the clerk of each such county, as needed, to obtain information about the acceptable form for submitting motions seeking vacatur; (iii) filing omnibus motions in each such county seeking vacatur of all MCA Judgments in such county through an omnibus motion; (iv) in the event an omnibus vacatur motion is denied, giving prompt notification to Petitioner and, following good faith consultation with Petitioner, taking reasonable steps to remedy any curable defects in the form of the motion; and (v) in the event an omnibus vacatur motion cannot be cured after taking reasonable steps to cure, and solely upon the written request of a Merchant received within three hundred sixty-five (365) days

after the Court's signing of this Consent Order, Settling Respondents shall, within forty-five (45) days of receiving such written request, file motions to vacate in the requesting merchant's individual proceeding in which an MCA Judgment was entered. In each omnibus application seeking vacatur of more than one MCA Judgment, Settling Respondents shall identify by caption, date, and docket number each MCA Judgment for which vacatur is sought by that application. Settling Respondents shall provide Petitioner with an exemplar of the omnibus application it intends to file at least fourteen (14) days before the first such application is filed.

15. Within ninety (90) days of the signing of this Consent Order, Settling Respondents shall provide to the NYAG proof of filing of the omnibus motions in the foregoing paragraph. Thereafter, Settling Respondents shall provide updated proof of such compliance every three (3) months until all the reasonable measures set forth above have been taken.

16. Settling Respondents shall move to discontinue with prejudice any pending court action brought by Settling Respondents against a Merchant or Guarantor in which judgment has not yet issued and shall, within ninety (90) days of the signing of this Consent Order, provide proof to the NYAG that such actions have been discontinued.

17. Upon the written request of a Merchant made within one hundred and eighty (180) days of the signing of this Consent Order, Settling Respondents shall, within fourteen (14) days of receipt of such written request, file notice pursuant to Article 3 of the Uniform Commercial Code ("UCC") terminating that Merchant's



unexpired UCC lien(s) obtained in Settling Respondents' benefit and against such Merchant and/or its Guarantors.

### MONETARY RELIEF

18. Settling Respondents agree, within five (5) calendar days of the signing of this Consent Order by the Court, to pay to the NYAG by wire transfer to the State the total amount of Three Million, Four Hundred Thousand Dollars (\$3,400,000.00) ("Cash Payment"), and to comply fully with the terms of this Consent Order. Settling Respondents shall use the wire instructions provided by the NYAG.

### JUDGMENT

19. Settling Respondents further consent to entry of this Consent Order as a judgment against the Settling Respondents, in favor of the NYAG on behalf of the People of the State of New York, in the total amount of One Billion, Sixty-Five Million Dollars (\$1,065,000,000.00) (the "Total Judgment Amount").

20. Upon receipt of the Cash Payment by Petitioner from the Settling Respondents and the cash settlement payments from Isaac Stern and Jeffrey Reece, such payments will be credited against and accepted as partial satisfaction of the Total Judgment Amount.

21. Further, as consideration for entering into the Consent and Stipulation, the total amount of the Cancelled Debts shall also be credited dollar-for-dollar against and accepted as partial satisfaction of the Total Judgment Amount. However, the Cancelled Debts shall not be credited against the Total Judgment Amount if, at any time in the future, a court or other tribunal determines

that the Cancelled Debts, or any significant portion thereof, are nevertheless recoverable, collectable, or marketable by any person or entity. Based on information provided in good faith to the NYAG by the Settling Respondents as of the date of the signing of the Consent and Stipulation, the amount of the Cancelled Debts recognized and accepted by the NYAG as partial satisfaction of the Total Judgment Amount is Five Hundred Thirty-Four Million, Five Hundred Fifty Two Thousand, Seven Hundred Twenty Four Dollars (\$534,552,724.00).

22. Taking into account the Cash Payment and the Cancelled Debts identified in the foregoing paragraph, and the payments to be made by Issac Stern and/or Jeffrey Reece, the unsatisfied portion of the Total Judgment Amount is, as of the signing of the Consent and Stipulation, Five Hundred Fourteen Million, Three Hundred Forty-Seven Thousand, Two Hundred Seventy-Six Dollars (\$514,347,276.00).

23. Any payment and all correspondence related to this Consent Order shall reference Index No. 450750/2024.

24. The NYAG shall apply any monetary relief obtained from the Settling Respondents to restitution for Merchants and/or Guarantors, penalties, costs of investigation, or costs of administering restitution and debt relief, as determined by the NYAG in her sole discretion.

#### COOPERATION

25. Settling Respondents agree to cooperate fully in any investigation or legal proceeding by the NYAG, including the above-captioned proceeding, concerning any non-settling Respondents named in the Petition but not party to the

Consent and Stipulation (the "Non-Settling Respondents"), or individuals or entities affiliated with the Non-Settling Respondents, or other individuals or entities involved in the Merchant Cash Advance business. Such cooperation includes but is not limited to Settling Respondents, upon reasonable notice, making a corporate representative available to the NYAG for interviews, depositions, or sworn investigatory hearings and providing complete and truthful answers to the questions asked; providing truthful testimony, written or oral, under oath before the NYAG and any other tribunal or court of law; and provide documents and information as requested by the NYAG in accordance with Settlement Respondents' obligations herein. Settling Respondents retain the right to assert valid and applicable privileges, including the attorney-client privilege. This paragraph does not alter Settling Respondents' independent obligation to provide documents and testimony pursuant to subpoena.

26. Settling Respondents shall take economically reasonable measures to preserve all documents and information potentially relevant to this proceeding for the longer of (i) three (3) years or (ii) the conclusion of this proceeding against all Respondents, by final judgment, dismissal, settlement, or otherwise.

#### PROVISION OF DOCUMENTS AND INFORMATION

27. Within sixty (60) calendar days of the signing of this Consent Order by the Court, Settling Respondents shall provide further information reasonably accessible to them relevant to the calculation of monetary relief as to the Non-Settling Respondents, including documents sufficient to show payments made by the Settling Respondents, and by any entity affiliated with them, to or for the

benefit of any Non-Settling Respondent, including to any trust associated with a Non-Settling Respondent.

#### SETTLEMENT OF ALL CLAIMS

28. Upon receipt of the full Cash Payment by Petitioner, and subject to the following paragraph, this Consent Order shall resolve all claims brought by Petitioner, or which could have been brought by Petitioner, against the Yellowstone Entities concerning their Merchant Cash Advance business prior to the date of the filing of the fully executed Consent and Stipulation, other than the claim for the unsatisfied portion of the Total Judgment Amount conceded to herein.

29. Petitioner's claims against the Non-Settling Respondents remain pending following this Consent Order absent any subsequent agreement between Petitioner and such Non-Settling Respondents expressly settling any such claims. Expressly excluded from this settlement are any claims, pending or potential, against Respondents Delta Bridge Funding LLC and Cloudfund LLC, based on conduct undertaken by or through those entities.

30. The terms of the Consent Order were agreed upon as a compromise, and Settling Respondents' acceptance of its terms do not constitute, and may not be construed as, admissions of liability or wrongdoing.

#### ENFORCEMENT

31. This Court shall retain jurisdiction to hear any proceeding seeking to enforce the terms of this Consent Order. The Court shall also retain jurisdiction of this action for the purpose of carrying out or modifying the terms of this Consent Order or granting such further relief as the Court deems proper.

32. If the NYAG reasonably determines that the Settling Respondents have materially failed to comply with the terms of this Consent Order, the NYAG shall provide written notice of such non-compliance sufficient for the Settling Respondents to cure any issues. If the Settling Respondents fail to cure an instance of material non-compliance within forty-five (45) days from the notice, then the NYAG may seek appropriate relief from this Court.

33. Settling Respondents shall reimburse reasonable costs paid by the NYAG to third parties (e.g., translators, court fees, court reporters, etc.) related to any action to enforce this Consent Order.

34. The Settling Respondents represent and warrant each of the following: (i) that the Financial Asset Summaries provided to the NYAG were materially accurate and complete, to the best of their knowledge, information and belief at the time they were provided, (ii) that Settling Respondents did not exclude any material assets from them, (iii) that the Financial Asset Summaries did not exclude any assets with a fair market value greater than \$10,000.00, and (iv) that Settling Respondents exercised best efforts to diligently discover all relevant and material assets prior to submitting the Financial Asset Summaries to the NYAG.

35. In any subsequent civil litigation or claim by the NYAG to enforce any provision of this Consent Order, including the NYAG's rights to any payment, money judgment, or other relief pursuant to this Consent Order, such as a nondischargeability complaint in any bankruptcy case, the facts alleged in the Petition shall be taken as true, without further proof thereof. These facts are sufficient to establish all the elements necessary to sustain a nondischargeability

action by the NYAG pursuant to 11 U.S.C. § 523(a)(2)(A), made applicable through section 1141(d)(6) of the Bankruptcy Code, 11 U.S.C. § 1141(d)(6), and this Consent Order shall have collateral estoppel effect for such purposes. However, if a court, including a bankruptcy court, deems these facts as being insufficient to establish the elements necessary to sustain an action by the NYAG pursuant to 11 U.S.C. § 523(a)(2)(A), made applicable through section 1141(d)(6) of the Bankruptcy Code, 11 U.S.C. § 1141(d)(6), such a determination shall not itself constitute a default of this Consent Order. The Settling Respondents specifically reserve their rights to contest the facts set forth in the Petition where such facts are asserted by any party other than the NYAG.

#### MISCELLANEOUS PROVISIONS

36. The signatories to the Consent and Stipulation represent and warrant that as of the date of the Consent and Stipulation, they have authority to consent to this Consent Order on behalf of the Yellowstone Entities and to legally bind the Yellowstone Entities to its terms.

37. All parts of this Consent Order shall be binding on and apply to the Settling Respondents and, as applicable, their successors and assigns, with the exception of the Non-Settling Respondents, including merged or acquired entities and wholly-owned subsidiaries who receive actual notice of this Consent Order, whether acting directly or indirectly.

38. Petitioner and the Settling Respondents waive all rights to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

39. In the future, any of the Parties shall have the right to move to change the amount of Cancelled Debts recognized and accepted as partial satisfaction of the Total Judgment Amount by way of motion to this Court. The moving party or parties shall seek consent to such requested relief from the nonmoving party or parties, and the nonmoving party or parties shall provide such consent absent reasonable grounds to challenge the request or absent insufficient information on which to consent.

40. Nothing in this Consent Order shall be construed as relieving Settling Respondents of their obligation to comply with all state, city, and federal laws and regulations, nor shall any of the terms of this Consent Order be deemed to grant Settling Respondents permission to engage in any acts or practices prohibited by such laws and regulations. Acceptance of this Consent Order by the NYAG shall not be deemed approval by the NYAG of any of the practices or procedures referenced herein, and Settling Respondents shall make no representation to the contrary.

41. Any failure of the NYAG to exercise any right under any provision of this Consent Order shall not constitute a waiver of any rights of the NYAG hereunder.

42. Nothing contained in this Consent Order shall be construed to deprive any individual or entity of any private right of action under the law.

43. This Consent Order (along with the Consent and Stipulation that is incorporated by reference into this Consent Order) sets forth all of the promises, covenants, agreements, conditions, and understandings between the Parties, and

supersedes all prior and contemporaneous agreements, understandings, inducements, or conditions, express or implied, between the Parties. There are no representations, arrangements, or understandings, oral or written, between the Parties relating to the subject matter of this Consent Order that are not fully expressed herein.

44. Settling Respondents shall not state or cause to be stated that the NYAG has approved, sanctioned, or authorized any practice, act, or conduct of Settling Respondents.

45. Settling Respondents shall not take any action or make any statement denying the propriety of this Consent Order, or expressing the view that this Consent Order is without basis. Nothing in this provision affects Settling Respondents' (i) testimonial obligations or (ii) right to take legal or factual positions in defense of litigation or other legal proceedings to which the NYAG is not a party.

46. The terms, duties, and obligations in this Consent Order are not transferable to parties that are not the Settling Respondents.

47. Settling Respondents waive any further notice of submission of this Consent Order to and filing thereof with this Court and agree to accept service of a conformed copy by email to the email addresses stated in Paragraph 49.

48. This Consent Order shall be administered, construed, and enforced according to the laws of the State of New York.

49. Any notices, statements or other written documents required by this Consent Order shall reference Index No. 450750/2024, and shall be provided by



electronic mail to the intended recipient at the addresses set forth below, unless a different address is specified in writing by the party changing such address.

**For Petitioner:**

Adam J. Riff, Esq.  
Assistant Attorney General  
Office of the New York State Attorney General  
Bureau of Consumer Frauds and Protection  
28 Liberty Street  
New York, NY 10005  
Adam.Riff@ag.ny.gov

Or, in his absence, to the person holding the title of Bureau Chief at the Office of the New York State Attorney General Bureau of Consumer Frauds and Protection.

**For Yellowstone Entities:**

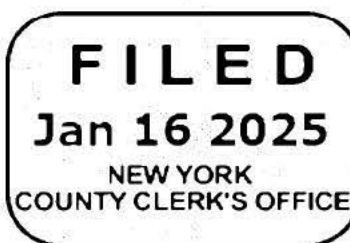
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50. Settling Respondents shall provide the NYAG with written notice within thirty (30) days of any changes to the information in the foregoing paragraph.

51. The Clerk is hereby directed to enter this Consent Order and Judgment forthwith.

  
HON. PAUL A. GOETZ  
J.S.C.

17



  
Clerk

450750/2024

People Of The State Of New York, By Letitia James, Attorney General Of The State Of New York  
v.

Yellowstone Capital Llc, Fundry Llc, Delta Bridge Funding Llc, Cloudfund Llc, Abc Merchant Solutions, Llc, Advance Merchant Services Llc, Business Advance Team Llc, Capital Advance Services Llc, Capital Merchant Services, Llc, Cash Village Funding Llc, Fast Cash Advance Llc, Fundzio Llc, Green Capital Funding Llc, Hfh Merchant Services Llc, High Speed Capital Llc, Merchant Capital Pay Llc, Merchant Funding Services Llc, Midnight Advance Capital Llc, Mr. Advance Capital Llc, Ocean 1213 Llc, Simply Equities Llc, Tvt Cap Fund Llc, Tvt Capital Hr, Llc, Thryve Capital Funding Llc, Wcm Funding Llc, West Coast Business Capital, Llc f.k.a. YELLOWSTONE CAPITAL WEST LLC, World Global Capital Llc, David Glass, Yitzhak Stern a.k.a. Isaac Stern, Jeffrey Reece, Bartosz Maczuga a.k.a. Bart Maczuga, Vadim Serebro, Tsvi Davis a.k.a. Steve Davis, Aaron Davis, Matthew Melnikoff, Mark Sanders, David Sngfer

**Judgment**

**Attorney for Judgment Creditor**

**ADAM JOSEPH RIFF**

**OFFICE OF THE NEW YORK STATE ATTORNEY GENERAL**

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**2124166250**

