

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-35537

COMMUNITY CHOICE FINANCIAL INC.

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of  
incorporation or organization)

45-1536453

(IRS Employer  
Identification No.)

6785 Bobcat Way, Suite 200, Dublin, Ohio

(Address of principal executive offices)

43016

(Zip Code)

(614) 798-5900

(Registrant’s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-2 of the Act.) Yes ☐ No ☒

There is no market for the registrant’s equity. As of March 31, 2016, there were 7,981,536 shares outstanding.

**Community Choice Financial Inc. and Subsidiaries**  
**Form 10-Q for the Quarterly Period Ended March 31, 2016**  
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**Community Choice Financial Inc. and Subsidiaries**

**Consolidated Balance Sheets**

**March 31, 2016 and December 31, 2015**

**(In thousands, except per share data)**

	March 31, 2016 (unaudited)	December 31, 2015
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 108,659	\$ 98,941
Restricted cash	3,460	3,460
Finance receivables, net of allowance for loan losses of \$16,467 and \$20,552	94,817	119,704
Short-term investments, certificates of deposit	400	1,115
Card related pre-funding and receivables	2,067	1,674
Other current assets	18,321	17,024
<b>Total current assets</b>	<b>227,724</b>	<b>241,918</b>
Noncurrent Assets		
Finance receivables, net of allowance for loan losses of \$2,815 and \$3,340	7,301	8,797
Property, leasehold improvements and equipment, net	41,390	46,085
Goodwill	146,877	152,568
Other intangible assets	1,482	1,913
Security deposits	2,564	3,098
Deferred tax asset, net	—	5,165
<b>Total assets</b>	<b>\$ 427,338</b>	<b>\$ 459,544</b>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 27,149	\$ 34,616
Money orders payable	8,338	11,233
Accrued interest	11,713	6,707
Current portion of capital lease obligation	1,421	1,567
Current portion of line of credit, net of deferred issuance costs	31,242	—
Current portion of related party Florida seller notes	—	10,097
Current portion of subsidiary notes payable, net of deferred issuance costs	42,177	211
Deferred revenue	4,608	3,154
<b>Total current liabilities</b>	<b>126,648</b>	<b>67,585</b>
Noncurrent Liabilities		
Lease termination payable	1,023	1,322
Capital lease obligation	1,191	1,485
Stock repurchase obligation	—	3,130
Lines of credit, net of deferred issuance costs	5,468	26,625
Subsidiary notes payable, net of deferred issuance costs	917	35,506
Senior secured notes, net of deferred issuance costs	250,601	347,913
Deferred revenue	8,800	—
Deferred tax liability, net	848	—
<b>Total liabilities</b>	<b>395,496</b>	<b>483,566</b>
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, par value \$.01 per share, 3,000 shares authorized, no shares issued and outstanding	—	—
Common stock, par value \$.01 per share, 300,000 authorized shares and 7,982 outstanding shares at March 31, 2016 and 8,982 outstanding shares at December 31, 2015	90	90
Additional paid-in capital	128,444	128,331
Retained deficit	(96,642)	(152,443)
Treasury Stock	(50)	—
<b>Total stockholders' equity (deficit)</b>	<b>31,842</b>	<b>(24,022)</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 427,338</b>	<b>\$ 459,544</b>

See Notes to Unaudited Consolidated Financial Statements.

**Community Choice Financial Inc. and Subsidiaries**  
**Consolidated Statements of Income**  
**Three Months Ended March 31, 2016 and 2015**  
**(In thousands)**  
**(Unaudited)**

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Finance receivable fees	\$ 63,884	\$ 82,619
Credit service Fees	22,103	27,387
Check cashing fees	13,355	17,177
Card fees	2,148	2,292
Other	6,067	6,959
Total revenues	<u>107,557</u>	<u>136,434</u>
Operating expenses:		
Salaries and benefits	18,279	20,561
Provision for loan losses	26,475	39,910
Occupancy	6,660	7,577
Advertising and marketing	2,678	4,802
Depreciation and amortization	2,734	2,393
Other	12,612	14,044
Total operating expenses	<u>69,438</u>	<u>89,287</u>
Operating gross profit	<u>38,119</u>	<u>47,147</u>
Corporate and other expenses		
Corporate expenses	21,585	20,809
Depreciation and amortization	1,209	1,415
Interest expense, net	11,463	14,208
Loss on sale of subsidiary	1,569	—
Gain on debt extinguishment	(62,852)	—
Total corporate and other expenses	<u>(27,026)</u>	<u>36,432</u>
Income from operations, before tax	<u>65,145</u>	<u>10,715</u>
Provision for income taxes	<u>9,344</u>	<u>4,272</u>
Net income	<u>\$ 55,801</u>	<u>\$ 6,443</u>

See Notes to Unaudited Consolidated Financial Statements.

**Community Choice Financial Inc. and Subsidiaries**

**Consolidated Statements of Stockholders' Equity**

**Three Months Ended March 31, 2016**

**(Dollars in thousands)**

**(Unaudited)**

	<u>Common Stock</u>		<u>Treasury</u>	<u>Additional</u>	<u>Retained</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Stock</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Total</u>
				<u>Capital</u>		
Balance, December 31, 2015	8,981,536	\$ 90	\$ —	\$ 128,331	\$ (152,443)	\$ (24,022)
Reacquired stock	(1,000,000)		(50)			(50)
Stock-based compensation expense	—	—	—	113	—	113
Net income	—	—	—	—	55,801	55,801
Balance, March 31, 2016	<u>7,981,536</u>	<u>\$ 90</u>	<u>\$ (50)</u>	<u>\$ 128,444</u>	<u>\$ (96,642)</u>	<u>\$ 31,842</u>

See Notes to Unaudited Consolidated Financial Statements.

**Community Choice Financial Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Three months Ended March 31, 2016 and 2015**  
**(In thousands)**  
**(Unaudited)**

	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities		
Net income	\$ 55,801	\$ 6,443
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	26,475	39,910
Loss on disposal of assets	50	16
Gain on debt extinguishment	(62,852)	—
Loss on sale of subsidiary	1,569	—
Depreciation	3,672	3,215
Amortization of note discount and deferred debt issuance costs	616	691
Amortization of intangibles	271	592
Deferred income taxes	6,013	5,163
Change in fair value of stock repurchase obligation	—	(10)
Stock-based compensation	113	258
Changes in assets and liabilities:		
Short term investments	715	—
Card related pre-funding and receivables	(393)	439
Restricted cash	—	(2,090)
Other assets	(1,353)	2,906
Deferred revenue	10,254	(687)
Accrued interest	5,129	11,484
Money orders payable	(2,895)	4,577
Lease termination payable	(299)	—
Accounts payable and accrued expenses	(7,219)	(8,455)
<b>Net cash provided by operating activities</b>	<b>35,667</b>	<b>64,452</b>
Cash flows from investing activities		
Net receivables originated	(6,349)	(16,582)
Net acquired assets, net of cash	—	(810)
Purchase of leasehold improvements and equipment	(1,739)	(5,954)
<b>Net cash used in investing activities</b>	<b>(8,088)</b>	<b>(23,346)</b>
Cash flows from financing activities		
Repurchase of senior secured notes	(36,437)	—
Proceeds from subsidiary note	7,400	2,400
Payments on subsidiary note	(14)	(187)
Payments on related party Florida seller notes	—	(750)
Payments on capital lease obligations	(275)	(673)
Proceeds on lines of credit	10,000	26,700
Debt issuance costs	1,465	(842)
<b>Net cash provided by (used in) financing activities</b>	<b>(17,861)</b>	<b>26,648</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,718</b>	<b>67,754</b>
Cash and cash equivalents:		
Beginning	98,941	77,734
Ending	<u>\$ 108,659</u>	<u>\$ 145,488</u>

See Notes to Unaudited Consolidated Financial Statements.

**Community Choice Financial Inc. and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**  
**(Dollars in thousands, except per share data)**

**Note 1. Ownership, Nature of Business, and Significant Accounting Policies**

**Nature of business:** Community Choice Financial Inc. (together with its consolidated subsidiaries, “CCFI” or “the Company”) was formed on April 6, 2011, under the laws of the State of Ohio. As of March 31, 2016, the Company owned and operated 479 retail locations in 15 states and is licensed to deliver similar financial services over the internet in 31 states. Through its network of retail locations and over the internet, the Company provides customers a variety of financial products and services, including secured and unsecured, short and medium-term consumer loans, check cashing, prepaid debit cards, and other services that address the specific needs of its individual customers.

A summary of the Company’s significant accounting policies follows:

**Basis of presentation:** The accompanying interim unaudited consolidated financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q and accounting principles generally accepted in the United States (“GAAP”) for interim financial information. They do not include all information and footnotes required by GAAP for complete financial statements. Although management believes that the disclosures are adequate to prevent the information from being misleading, the interim unaudited consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2015, included in the Company’s Annual Report on Form 10-K filed with the Securities & Exchange Commission on March 30, 2016. In the opinion of the Company’s management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the Company’s financial condition, have been included. The results for any interim period are not necessarily indicative of results to be expected for the year ending December 31, 2016.

**Basis of consolidation:** The accompanying consolidated financial statements include the accounts of CCFI. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Reclassifications:** Certain amounts reported in the consolidated financial statements for the three months ended March 31, 2015, have been reclassified to conform to classifications presented in the consolidated financial statements for the three months ended March 31, 2016, without affecting the previously reported net income or stockholders’ equity.

**Business segments:** FASB Accounting Standards Codification (“ASC”) Topic 280 *Segment Reporting* requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way operating segments were determined and other items. The Company reports operating segments in accordance with FASB ASC Topic 280. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in determining how to allocate resources and assess performance. The Company operates in two segments: Retail financial services and Internet financial services.

**Revenue recognition:** Transactions include loans, credit service fees, check cashing, bill payment, money transfer, money order sales, and other miscellaneous products and services. The full amount of the check cashing fee is recognized as revenue at the time of the transaction. Fees and direct costs incurred for the origination of loans are deferred and amortized over the loan period using the interest method. The Company acts in an agency capacity regarding bill payment services, money transfers, card products, and money orders offered and sold at its branches. The Company records the net amount retained as revenue because the supplier is the primary obligor in the arrangement, the amount earned by the Company is fixed, and the supplier is determined to have the ultimate credit risk. Revenue on loans determined to be troubled debt restructurings are recognized at the impaired loans’ original interest rates until the impaired loans are charged off or paid by the customer. Credit service organization (“CSO”) fees are recognized over the arranged credit service period.

**Finance receivables:** Finance receivables consist of short term and medium-term consumer loans.

Short-term consumer loans can be unsecured or secured with a maturity up to ninety days. Unsecured short-term loan products typically range in principal from \$100 to \$1,000, with a maturity between fourteen and thirty days, and include a written agreement to defer the presentment of the customer’s personal check or preauthorized debit for the aggregate amount of

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the advance plus fees. This form of lending is based on applicable laws and regulations, which vary by state. State statutes vary from charging fees of 15% to 20%, to charging interest at 25% per annum plus origination fees. The customers repay the cash advance by making cash payments or allowing a check or preauthorized debit to be presented. Secured consumer loans with a maturity of ninety days or less are included in this category and represented 18.9% and 17.7% of short-term consumer loans at March 31, 2016 and December 31, 2015, respectively.

Medium-term consumer loans can be unsecured or secured with a maturity greater than ninety days up to thirty-six months. Unsecured medium-term products typically range from \$100 to \$5,000, and are evidenced by a promissory note with a maturity between three and thirty-six months. These consumer loans vary in structure depending upon the applicable laws and regulations where they are offered. The medium-term consumer loans are payable in installments or provide for a line of credit with periodic payments. Secured consumer loans with a maturity greater than ninety days are included in this category and represented 13.4% and 13.7% of medium-term consumer loans at March 31, 2016, and December 31, 2015, respectively.

**Allowance for loan losses:** Provisions for loan losses are charged to income in amounts sufficient to maintain an adequate allowance for loan losses and an adequate accrual for losses related to guaranteed loans processed for third-party lenders. The factors used in assessing the overall adequacy of the allowance for loan losses, the accrual for losses related to guaranteed loans made by third-party lenders and the resulting provision for loan losses include an evaluation by product by market based on historical loan loss experience and delinquency of certain medium-term consumer loans. The Company evaluates various qualitative factors that may or may not affect the computed initial estimate of the allowance for loan losses, by using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

For short term unsecured consumer loans, the Company's policy is to charge off loans when they become past due. The Company's policy dictates that, where a customer has provided a check or ACH authorization for presentment upon the maturity of a loan, if the customer has not paid off the loan by the due date, the Company will deposit the customer's check or draft the customer's bank account for the amount due. If the check or draft is returned as unpaid, all accrued fees and outstanding principal are charged-off as uncollectible. For short term secured loans, the Company's policy requires that balances be charged off when accounts are thirty days past due.

For medium term secured and unsecured consumer loans which have a term of one year or less, the Company's policy requires that balances be charged off when accounts are sixty days past due. For medium term secured and unsecured consumer loans which have an initial maturity of greater than one year, the Company's policy requires that balances be charged off when accounts are ninety-one days past due.

In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. These reduced interest rates and changed payment terms were limited to loans that the Company believed the customer had the ability to pay in the foreseeable future. These loans were accounted for as troubled debt restructurings and represent the only loans considered impaired due to the nature of the Company's charge-off policy.

Recoveries of amounts previously charged off are recorded to the allowance for loan losses or the accrual for third-party losses in the period in which they are received.

**Change in accounting principle:** As of January 1, 2016, the Company adopted new guidance related to the presentation of deferred debt issuance costs in its balance sheet. Under the new guidance, deferred debt issuance costs are reported as a direct deduction from the carrying amount of the related debt. Previously, deferred debt issuance costs were presented as a noncurrent asset. The new presentation requirements have been applied retrospectively and amounts reported in the December 2015 consolidated balance sheet have been adjusted to apply the new guidance. The change in accounting principle resulted in a reduction of noncurrent assets of \$6,828, an increase in current assets of \$13, a reduction of current liabilities of \$3, and a reduction of noncurrent liabilities of \$6,812 in the December 31, 2015 balance sheet.

**Fair value of financial instruments:** Financial assets and liabilities measured at fair value are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are less attractive.
- Level 3—Unobservable inputs for assets and liabilities reflecting the reporting entity's own assumptions.

The Company follows the provisions of ASC 820-10, which applies to all assets and liabilities that are being measured and reported on a fair value basis. ASC 820-10 requires a disclosure that establishes a framework for measuring fair value within GAAP and expands the disclosure about fair value measurements. This standard enables a reader of consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality



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and reliability of the information used to determine fair values. The standard requires that assets and liabilities carried at fair value be classified and disclosed in one of the three categories.

In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to ASC 820-10. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The Company’s financial instruments consist primarily of cash and cash equivalents, finance receivables, short-term investments, and lines of credit. For all such instruments, other than senior secured notes, notes payable, and stock repurchase obligation at March 31, 2016, and December 31, 2015, the carrying amounts in the consolidated financial statements approximate their fair values. Finance receivables are short term in nature and are originated at prevailing market rates and lines of credit bear interest at current market rates. The fair value of finance receivables at March 31, 2016 and December 31, 2015 approximates carrying value and is measured using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

The fair value of the Company’s 10.75% senior secured notes due 2019 (the “2019 notes”) and the 12.75% senior secured notes due 2020 (the “2020 notes”) were determined based on market yield on trades of the 2019 notes at the end of that reporting period.

The fair value of related party Florida seller notes payable was determined based on applicable market yields of similar debt and the fair value of the stock repurchase obligation was determined based on a probability-adjusted Black Scholes option valuation model.

March 31, 2016			
	Carrying Amount	Fair Value	Level
Financial assets:			
Cash and cash equivalents	\$ 108,659	\$ 108,659	1
Restricted cash	3,460	3,460	1
Finance receivables	102,118	102,118	3
Short-term investments, certificates of deposit	400	400	2
Financial liabilities:			
10.75% Senior secured notes	241,927	107,658	1
12.75% Senior secured notes	12,500	6,599	2
Subsidiary Note payable	43,540	43,540	2
Lines of Credit	37,200	37,200	2

December 31, 2015			
	Carrying Amount	Fair Value	Level
Financial assets:			
Cash and cash equivalents	\$ 98,941	\$ 98,941	1
Restricted cash	3,460	3,460	1
Finance receivables	128,501	128,501	3
Short-term investments, certificates of deposit	1,115	1,115	2
Financial liabilities:			
10.75% Senior secured notes	328,716	77,248	1
12.75% Senior secured notes	25,000	9,063	2
Related party Florida seller notes	10,097	10,097	2
Subsidiary Note payable	36,154	36,154	2
Lines of Credit	27,200	27,200	2
Stock repurchase obligation	3,130	3,130	2

**Treasury Stock:** Treasury stock is reported at cost and consists of 1,000 common shares at March 31, 2016. There were no shares held in treasury at December 31, 2015.

**Subsequent events:** The Company has evaluated its subsequent events (events occurring after March 31, 2016) through the issuance date of May 12, 2016.

**Note 2. Finance Receivables, Credit Quality Information and Allowance for Loan Losses**

Finance receivables representing amounts due from customers for advances at March 31, 2016, and December 31, 2015, consisted of the following:

	March 31, 2016	December 31, 2015
Short-term consumer loans	\$ 57,910	\$ 76,631
Medium-term consumer loans	65,138	78,665
Gross receivables	\$ 123,048	\$ 155,296
Unearned advance fees, net of deferred loan origination costs	(1,648)	(2,903)
Finance receivables before allowance for loan losses	121,400	152,393
Allowance for loan losses	(19,282)	(23,892)
Finance receivables, net	\$ 102,118	\$ 128,501
Finance receivables, net		
Current portion	\$ 94,817	\$ 119,704
Non-current portion	7,301	8,797
Total finance receivables, net	\$ 102,118	\$ 128,501

Changes in the allowance for loan losses by product type for the three months ended March 31, 2016, are as follows:

	Balance 1/1/2016	Provision	Charge-Offs	Recoveries	Balance 3/31/2016	Receivables 3/31/2016	Allowance as a percentage of receivable
Short-term consumer loans	\$ 3,676	\$ 7,731	\$ (26,918)	\$ 18,349	\$ 2,838	\$ 57,910	4.90%
Medium-term consumer loans	20,216	11,978	(17,980)	2,230	16,444	65,138	25.24%
	\$ 23,892	\$ 19,709	\$ (44,898)	\$ 20,579	\$ 19,282	\$ 123,048	15.67%

The provision for loan losses for the three months ended March 31, 2016, also includes losses from returned items from check cashing of \$1,565.

The provision for short-term consumer loans of \$7,731 is net of debt sales of \$417 for the three months ended March 31, 2016.

The Company evaluates all short-term and medium-term consumer loans collectively for impairment, except for medium-term loans that have been modified and classified as troubled debt restructurings, which are individually evaluated for impairment. In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. The provision and subsequent charge off related to these loans totaled \$356 and is included in the provision for medium-term consumer loans for the three months ended March 31, 2016. For these loans evaluated for impairment, there were \$377 payment defaults during the three months ended March 31, 2016. The troubled debt restructurings during the three months ended March 31, 2016 are subject to an allowance of \$96 with a net carrying value of \$288 at March 31, 2016.

Changes in the allowance for loan losses by product type for the three months ended March 31, 2015 are as follows:

	Balance 1/1/2015	Provision	Charge-Offs	Recoveries	Balance 3/31/2015	Receivables 3/31/2015	Allowance as a percentage of receivable
Short-term consumer loans	\$ 5,141	\$ 11,642	\$ (35,561)	\$ 22,802	\$ 4,024	\$ 76,952	5.23%
Medium-term consumer loans	25,222	18,038	(24,186)	2,660	21,734	87,644	24.80%
	\$ 30,363	\$ 29,680	\$ (59,747)	\$ 25,462	\$ 25,758	\$ 164,596	15.65%

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The provision for loan losses for the three months ended March 31, 2015, also includes losses from returned items from check cashing of \$2,256.

The provision for short-term consumer loans of \$11,642 is net of debt sales of \$631 for the three months ended March 31, 2015.

The Company evaluates all short-term and medium-term consumer loans collectively for impairment, except for medium-term loans that have been modified and classified as troubled debt restructurings, which are individually evaluated for impairment. In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. The provision and subsequent charge off related to these loans totaled \$504 and is included in the provision for medium-term consumer loans for the three months ended March 31, 2015. For these loans evaluated for impairment, there were \$1,252 payment defaults during the three months ended March 31, 2015. The troubled debt restructurings during the three months ended March 31, 2015 are subject to an allowance of \$201 with a net carrying value of \$470 at March 31, 2015.

The Company has subsidiaries that facilitate third party lender loans. Changes in the accrual for third-party lender losses for the three months ended March 31, 2016, and 2015 were as follows:

	Three months ended March 31,	
	2016	2015
Balance, beginning of period	\$ 2,610	\$ 4,434
Provision for loan losses	5,201	7,974
Charge-offs, net	(5,595)	(9,305)
Balance, end of period	\$ 2,216	\$ 3,103

Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled \$31,233 and \$40,552 at March 31, 2016, and December 31, 2015, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement. The provision for third party lender losses of \$5,201 for the three months ended March 31, 2016 is net of debt sales of \$352.

The Company considers the near term repayment performance of finance receivables as its primary credit quality indicator. The Company performs credit checks through consumer reporting agencies on certain borrowers. If a third-party lender provides the advance, the applicable third-party lender decides whether to approve the loan and establishes all of the underwriting criteria and terms, conditions, and features of the customer’s loan agreement.

The aging of receivables at March 31, 2016, and December 31, 2015, are as follows:

	March 31, 2016		December 31, 2015	
Current finance receivables	\$ 110,330	89.7%	\$ 138,346	89.1%
Past due finance receivables (1 - 30 days)				
Short-term consumer loans	1,144	0.9%	1,268	0.8%
Medium-term consumer loans	6,782	5.5%	9,433	6.1%
Total past due finance receivables (1 - 30 days)	7,926	6.4%	10,701	6.9%
Past due finance receivables (31 - 60 days)				
Medium-term consumer loans	2,921	2.4%	3,225	2.1%
Total past due finance receivables (31 - 60 days)	2,921	2.4%	3,225	2.1%
Past due finance receivables (61 - 90 days)				
Medium-term consumer loans	1,871	1.5%	3,024	1.9%
Total past due finance receivables (61 - 90 days)	1,871	1.5%	3,024	1.9%
Total delinquent	12,718	10.3%	16,950	10.9%
	\$ 123,048	100.0%	\$ 155,296	100.0%

**Note 3. Related Party Transactions and Balances**

Certain senior members of management have an interest in a vendor from which the Company purchases telecommunications services. The \$788 and \$140, respectively, in hardware and services for the three months ended March 31, 2016 and 2015 were provided to the Company by the vendor at a reduced rate. If the Company were to source the services from another vendor, the overall cost of the services would likely increase.

The Company has a consulting agreement with a related party for information technology consulting services. Consulting services provided to the Company for the three months ended March 31, 2016, and 2015 were \$138 and \$81, respectively.

There were no additional significant new, or changes to existing, related party transactions during the three months ended March 31, 2016.

**Note 4. Goodwill and Other Intangible Assets**

The Company performed a goodwill impairment test for the Retail services segment as required when a portion of a segment is sold. See the Sale of Subsidiary described in Note 10. The test resulted in no impairment of goodwill as of February 1, 2016.

Intangible amortization expense for the three months ended March 31, 2016, and 2015 were \$271 and \$592, respectively. There were no additional significant changes to goodwill and other intangible assets during the three months ended March 31, 2016.

**Note 5. Pledged Assets and Debt**

Lines of credit at March 31, 2016 and December 31, 2015, consisted of the following:

	March 31, 2016			December 31, 2015		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
\$7,000 Revolving credit, secured, prime plus 1.00% with 5.00% floor, due July 2017, collateralized by all of Insight Capital, LLC’s assets	\$ 5,500	\$ 32	\$ 5,468	\$ —	\$ —	\$ —
\$31,700 Revolving credit, secured, interest rate as defined below, due March 2017, collateralized by all Guarantor Company assets	31,700	458	31,242	27,200	575	26,625
	37,200	490	36,710	27,200	575	26,625
Less current maturities	31,700	458	31,242	—	—	—
Long-term portion	\$ 5,500	\$ 32	\$ 5,468	\$ 27,200	\$ 575	\$ 26,625

The deferred issuance costs of \$13 were greater than the carrying value of the \$7,000 Revolving credit facility as of December 31, 2015 and is included in Other Current Assets on the Consolidated Balance Sheet.

The interest rate is one-month LIBOR plus 14% with a 15% floor, and there is a make-whole payment if the revolving principal balance falls below 85% of the aggregate commitment on or before September 27, 2016. The 1-month LIBOR was 0.44% and 0.24% at March 31, 2016 and December 31, 2015, respectively, and the prime rate was 3.50% and 3.25% at March 31, 2016 and December 31, 2015, respectively.

Senior secured notes payable at March 31, 2016, and December 31, 2015, consisted of the following:

	March 31, 2016			December 31, 2015		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
\$395,000 Senior Note payable, 10.75 %, collateralized by all Guarantor Company assets, semi-annual interest payments with principal due April 2019	\$ 241,927	\$ 3,545	\$ 238,382	\$ 328,716	\$ 5,207	\$ 323,509
\$25,000 Senior Note payable, 12.75 %, collateralized by all Guarantor Company assets, semi-annual interest payments with principal due May 2020	12,500	281	12,219	25,000	596	24,404
	254,427	3,826	250,601	353,716	5,803	347,913
Less current maturities	—	—	—	—	—	—
Long-term portion	\$ 254,427	\$ 3,826	\$ 250,601	\$ 353,716	\$ 5,803	\$ 347,913

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For the three months ended March 31, 2016, the Company repurchased \$99,289 of our senior secured notes resulting in a \$62,852 gain on debt extinguishment. The Company may continue to repurchase its outstanding debt, including in the open market through privately negotiated transactions, by exercising redemption rights, or otherwise and any such repurchases may be material.

Non-guarantor notes payable at March 31, 2016, and December 31, 2015, consisted of the following related party Florida seller notes:

	March 31, 2016			December 31, 2015		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Principal
\$8,000 non-guarantor term note, secured, 10.00%, quarterly interest payments with principal due August 2016	\$ —	\$ —	\$ —	\$ 7,905	\$ —	\$ 7,905
\$9,000 non-guarantor term note, secured, 10.00%, quarterly principal and interest payments due August 2016	—	—	—	2,192	—	2,192
	—	—	—	10,097	—	10,097
Less current maturities	—	—	—	10,097	—	10,097
Long-term portion	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

As part of the consideration of the Company’s sale of its Buckeye Check Cashing of Florida II subsidiary on January 31, 2016, the Company was released from its liability for the two previously outstanding non-guarantor notes payable totaling \$10,097. The notes were incurred in connection with the Company’s initial acquisition of this entity.

Subsidiary notes payable at March 31, 2016, and December 31, 2015, consisted of the following:

	March 31, 2016			December 31, 2015		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
\$35,000 Note, secured, 16.5%, collateralized by acquired loans, due January 2017	\$ 35,000	\$ 289	\$ 34,711	\$ 35,000	\$ 425	\$ 34,575
\$7,400 Note, secured, 18.5%, collateralized by acquired loans, due December 2016	7,400	146	7,254	—	—	—
\$1,425 Term note, secured, 4.25%, collateralized by financed asset, due July 2019	981	11	970	995	12	983
\$489 Term note, secured, 8.50%, collateralized by financed asset, due July 2016	159	—	159	159	—	159
	43,540	446	43,094	36,154	437	35,717
Less current maturities	42,615	438	42,177	214	3	211
Long-term portion	\$ 925	\$ 8	\$ 917	\$ 35,940	\$ 434	\$ 35,506

The proceeds from the \$7,400 subsidiary note will be used by a non-guarantor subsidiary for consumer loan acquisitions from guarantor subsidiaries.

There were no additional significant changes to pledged assets or debt during the three months ended March 31, 2016.

**Note 6. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at March 31, 2016, and December 31, 2015, consisted of the following:

	March 31, 2016	December 31, 2015
Accounts payable	\$ 1,995	\$ 4,403
Accrued payroll and compensated absences	6,473	7,673
Wire transfers payable	1,587	1,795
Accrual for third-party losses	2,216	2,610
Unearned CSO Fees	3,607	4,990
Deferred rent	1,046	1,229
Bill payment	1,428	4,611
Lease termination	1,106	1,180
Federal and state tax	3,128	—
Other	4,563	6,125
	<u>\$ 27,149</u>	<u>\$ 34,616</u>

**Note 7. Operating and Capital Lease Commitments and Total Rental Expense**

Rental expense, including common area maintenance and real estate tax expense, totaled \$7,054 and \$7,909 for the three months ended March 31, 2016, and 2015, respectively.

There were no additional significant changes to operating and capital lease commitments during the three months ended March 31, 2016.

**Note 8. Concentrations of Credit Risks**

The Company’s portfolio of finance receivables is comprised of loan agreements with customers living in thirty-four states and consequently such customers’ ability to honor their contracts may be affected by economic conditions in those states. Additionally, the Company is subject to regulation by federal and state governments that affect the products and services provided by the Company. To the extent that laws and regulations are passed that affect the Company’s ability to offer loans or similar products in any of the states in which it operates, the Company’s financial position could be adversely affected.

The following table summarizes the allocation of the portfolio balance by state at March 31, 2016 and December 31, 2015:

State	March 31, 2016		December 31, 2015	
	Balance Outstanding	Percentage of Total Outstanding	Balance Outstanding	Percentage of Total Outstanding
Alabama	\$ 13,738	11.2%	\$ 16,375	10.6%
Arizona	10,987	8.9	14,137	9.1
California	49,086	39.9	56,586	36.4
Florida	1,799	1.5	8,052	5.2
Virginia	11,796	9.6	14,726	9.4
Other retail segment states	20,497	16.6	25,412	16.4
Other internet segment states	15,145	12.3	20,008	12.9
Total	<u>\$ 123,048</u>	<u>100.0%</u>	<u>\$ 155,296</u>	<u>100.0%</u>

The other retail segment states are: Illinois, Indiana, Kansas, Kentucky, Michigan, Missouri, Ohio, Oregon, Tennessee, and Utah.

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The other internet segment states are: Alabama, Alaska, California, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Minnesota, Mississippi, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming. In the third quarter of 2015, the Company ceased all international operations in order to focus on its domestic operations.

In certain markets, the Company offers a CSO product to assist consumers in obtaining credit with unaffiliated third-party lenders. Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled \$31,233 and \$40,552 at March 31, 2016, and December 31, 2015, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement.

### **Note 9. Contingencies**

From time-to-time the Company is a defendant in various lawsuits and administrative proceedings wherein certain amounts are claimed or violations of law or regulations are asserted. In the opinion of the Company's management, these claims are without substantial merit and should not result in judgments which in the aggregate would have a material adverse effect on the Company's financial statements.

### **Note 10. Sale of Subsidiary**

On February 1, 2016, Buckeye Check Cashing of Florida, Inc., a wholly-owned subsidiary of CCFI, completed the sale of the membership interests of Buckeye Check Cashing of Florida II, LLC ("Florida II") to Buckeye Check Cashing of Florida III, LLC ("Buyer"). Florida II most recently operated 43 stores in the South Florida market and was part of the Company's Retail financial service operating segment. Florida II was an unrestricted subsidiary under the Company's outstanding senior secured debt instruments.

The consideration for the sale of Florida II included the following:

- 1,000,000 shares of common stock of the Company held by Check Cashing USA Holdings, Inc., an affiliate of the Buyer, have been assigned to the Company and recorded as treasury stock of \$50. In addition, stock repurchase rights associated with the shares have also been cancelled, resulting in the elimination of a stock repurchase obligation of \$3,130.
- The Company was released from liability for two promissory notes totaling \$10,112 that were incurred in connection with the Company's original acquisition of Florida II (the "related party Florida seller notes").

In connection with the sale, the Company has also provided the Buyer with a short-term \$6,000 line of credit, substantially all of which was drawn by the Buyer as part of, or concurrent with, the sale. As a result of uncertainties associated with repayment of the line of credit, the Company also recognized a \$3,000 loan loss reserve that has been included in the loss on sale of Florida II.

The Company recognized a pre-tax loss of \$1,569 on the sale of Florida II, including the goodwill of \$5,691 allocated to the Florida II transaction based on relative fair value. The difference between the pre-tax loss of \$1,569 and tax loss of \$24,062 on the sale of Florida II reflects the difference in GAAP and tax treatment of goodwill associated with an individual acquisition.

### **Note 11. Stock Based Compensation**

Stock-based compensation costs for the three months ended March 31, 2016 and 2015, were \$113 and \$258, respectively. As of March 31, 2016 and 2015, unrecognized stock-based compensation costs to be recognized over future periods approximated \$825 and \$1,274, respectively. At March 31, 2016, the remaining unrecognized compensation expense was \$726 for certain awards that vest solely upon a change in control and \$99 for certain awards that vest either over the requisite service period or a change in control. The remaining weighted-average period for the awards that vest solely upon a change in control cannot be determined because they vest upon an event not within the Company's control. The remaining unrecognized compensation expense of \$825 is expected to be recognized over a weighted-average period of 0.7 years. The total income tax benefit recognized in the consolidated statements of operations for the stock-based compensation arrangements was \$45 and \$103 for the three months ended March 31, 2016 and 2015, respectively.



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There were no significant stock option, restricted stock unit, or stock appreciation right activities during the three months ended March 31, 2016.

**Note 12. Business Segments**

The Company has elected to organize and report on its operations as two operating segments: Retail financial services and Internet financial services.

The following tables present summarized financial information for the Company’s segments:

As of and for the three months ended March 31, 2016							
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	\$ 356,127		\$ 71,211		\$ —	\$ 427,338	
Goodwill	146,877		—		—	146,877	
Other Intangible Assets	348		1,134		—	1,482	
Total Revenues	\$ 81,369	100.0%	\$ 26,188	100.0%	\$ —	\$ 107,557	100.0%
Provision for Loan Losses	12,565	15.4%	13,910	53.1%	—	26,475	24.6%
Other Operating Expenses	38,738	47.6%	4,225	16.1%	—	42,963	40.0%
Operating Gross Profit	30,066	37.0%	8,053	30.8%	—	38,119	35.4%
Interest Expense, net	7,314	9.0%	4,149	15.8%	—	11,463	10.7%
Depreciation and Amortization	967	1.2%	242	0.9%	—	1,209	1.1%
Loss on Sale of Subsidiary	1,569	1.9%	—	—	—	1,569	1.5%
Gain on Debt Extinguishment (a)	—	—	—	—	(62,852)	(62,852)	(58.4)%
Other Corporate Expenses (a)	—	—	—	—	21,585	21,585	20.1%
Income from Operations, before tax	20,216	24.8%	3,662	14.0%	41,267	65,145	60.6%

(a) Represents income and expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose the gain on debt extinguishment and all other corporate expenses as unallocated.

There were no intersegment revenues for the three months ended March 31, 2016.

As of and for the three months ended March 31, 2015							
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	\$ 534,326		\$ 76,491		\$ —	\$ 610,817	
Goodwill	222,233		—		—	222,233	
Other Intangible Assets	1,408		1,680		—	3,088	
Total Revenues	\$ 103,382	100.0%	\$ 33,052	100.0%	\$ —	\$ 136,434	100.0%
Provision for Loan Losses	21,484	20.8%	18,426	55.7%	—	39,910	29.2%
Other Operating Expenses	44,057	42.6%	5,320	16.1%	—	49,377	36.2%
Operating Gross Profit	37,841	36.6%	9,306	28.2%	—	47,147	34.6%
Interest Expense, net	9,292	9.0%	4,916	14.9%	—	14,208	10.4%
Depreciation and Amortization	1,131	1.1%	284	0.9%	—	1,415	1.0%
Other Corporate Expenses (a)	—	—	—	—	20,809	20,809	15.3%
Income (loss) from Operations, before tax	27,418	26.5%	4,106	12.4%	(20,809)	10,715	7.9%

(a) Represents expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose all other corporate expenses as unallocated.

Intersegment revenues of \$570 for the three months ended March 31, 2015, have been eliminated.

**Note 13. Income Taxes**

The Company files a consolidated federal income tax return. The Company files consolidated or separate state income tax returns as permitted by the individual states in which it operates. The effective rate change is related to permanent differences between book and tax. The Company had no liability recorded for unrecognized tax benefits at March 31, 2016 or December 31, 2015.



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At March 31, 2016, the Company had gross deferred tax assets of \$29,609 and a net deferred tax liability of \$848. At December 31, 2015, the Company had gross deferred tax assets of \$46,441 and a net deferred tax asset of \$1,565. A valuation allowance of \$29,609 and \$41,276 was recognized at March 31, 2016 and December 31, 2015, respectively, to reduce the deferred tax assets to the amount that was more likely than not expected to be realized. In evaluating whether a valuation allowance was needed for the deferred tax assets, the Company considered the ability to carry net operating losses back to prior periods, reversing taxable temporary differences, and estimates of future taxable income. There have been no credits or net operating losses that have expired. In addition, the Company's projections of future taxable income are expected to result in the realization of the remaining deferred tax assets. The projections were evaluated in light of past operating results and considered the risks associated with future taxable income related to macroeconomic conditions in the markets in which the Company operates, regulatory developments and cost containment. The Company will continue to evaluate the need for a valuation allowance against deferred tax assets in future periods and will adjust the allowance as necessary if it determines that it is not more likely than not that some or all of the deferred tax assets are expected to be realized.

The Internal Revenue Service is currently examining the Company's 2013 and 2014 federal income tax returns.

### **Note 14. Transactions with Variable Interest Entities**

The Company has limited agency agreements with unaffiliated third-party lenders. The agreements govern the terms by which the Company refers customers to that lender, on a non-exclusive basis, for a possible extension of credit, processes loan applications and commits to reimburse the lender for any loans or related fees that were not collected from such customers. As of March 31, 2016, and December 31, 2015, the outstanding amount of active consumer loans, which was the Company's maximum exposure, was \$31,233 and \$40,552, respectively, which were guaranteed by the Company. This obligation is recorded as a current liability on the Company's consolidated balance sheet. The accrual for third party lender losses related to these obligations totaled \$2,216 and \$2,610 as of March 31, 2016 and December 31, 2015, respectively. The Company has determined that the lenders are VIEs but that the Company is not the primary beneficiary of the VIEs. Therefore, the Company has not consolidated either lender.

The Company provided a \$6,000 temporary line of credit to the Buyer of Florida II as part of the consideration. The line of credit is a form of subordinated financial support that represents a variable interest in Florida II. The Company does not have the power to direct of the activities that most significantly impact the performance of Florida II, therefore, the Company has determined that it is not the primary beneficiary of Florida II and will not consolidated Florida II.

### **Note 15. Supplemental Guarantor Information**

The 2019 notes and the 2020 notes contain various covenants that, subject to certain exceptions defined in the indentures governing the notes (the "Indentures"), limit the Company's ability to, among other things, engage in certain transactions with affiliates, pay dividends or distributions, redeem or repurchase capital stock, incur or assume liens or additional debt, and consolidate or merge with or into another entity or sell substantially all of its assets. The Company has optional redemption features on the 2019 notes and the 2020 notes prior to their maturity which, depending on the date of the redemption, would require premiums to be paid in addition to all principal and interest due.

The 2019 notes and 2020 notes are guaranteed by all of the Company's guarantor subsidiaries existing as of April 29, 2011 (the date the Company issued the 2019 notes) and any subsequent guarantor subsidiaries that guarantee the Company's indebtedness or the indebtedness of any other subsidiary guarantor (the "Subsidiary Guarantors"), in accordance with the Indentures. The Company is a holding company and has no independent assets or operations of its own. The guarantees under the 2019 notes and 2020 notes are full, unconditional, and joint and several. There are no restrictions on the ability of the Company or any of the Subsidiary Guarantors to obtain funds from its restricted subsidiaries by dividend or loan, except for net worth requirements of certain states in which the Company operates and certain requirements relating to the Company's Alabama subsidiary, Insight Capital, LLC, as a result of its separate revolving credit facility (the "Alabama Revolving Credit Agreement"). Certain Subsidiary Guarantors are required to maintain net worth ranging from \$5 to \$1,000. The total net worth requirements of these Subsidiary Guarantors is \$7.4 million. The Indentures contain certain affirmative and negative covenants applicable to the Company and its Subsidiary Guarantors, including restrictions on their ability to incur additional indebtedness, consummate certain asset sales, make investments in certain entities that create liens on their assets, enter into certain affiliate transactions and make certain restricted payments, including restrictions on the Company's ability to pay dividends on, or repurchase, its common stock.

As long as the \$7,000 Alabama Revolving Credit Agreement remains outstanding, the guarantee provided Insight Capital, LLC is secured on a second-priority basis by the shared Alabama collateral held by such subsidiary. As a result, any obligations under the Alabama Revolving Credit Agreement must first be satisfied before the Alabama subsidiary can make any payments with respect to the 2019 and 2020 Notes.

**Note 16. Supplemental Condensed Consolidating Guarantor and Non- Guarantor Financial Information**

The following presents the condensed consolidating guarantor financial information as of March 31, 2016, and December 31, 2015, and for the three months ended March 31, 2016, and 2015, for the subsidiaries of the Company that serve as guarantors of the 2019 Notes and the 2020 Notes, and for the subsidiaries that do not serve as a guarantor. The non-guarantor subsidiaries are Buckeye Check Cashing of Florida II, LLC, CCFI Funding LLC, CCFI Funding II LLC, Direct Financial Solutions of UK Limited and its subsidiary Cash Central UK Limited, Direct Financial Solutions of Canada, Inc and its subsidiaries DFS-CC Financial Services LLC, DFS-CC Financial Services (Calgary) LLC and DFS-CC Financial Services (Toronto) LLC, and Direct Financial Solutions of Australia Pty Ltd and its subsidiary Cash Central of Australia Pty Ltd. Each of the Company’s guarantor subsidiaries are 100% owned by the Company or its subsidiaries, and all guarantees are full, unconditional, and joint and several.

Of the entities under “Non-Guarantor Subsidiaries” in the tables below, Buckeye Check Cashing of Florida II, LLC, CCFI Funding, and CCFI Funding II are “Unrestricted Subsidiaries” as defined in the Indentures. Buckeye Check Cashing of Florida II, LLC was acquired on July 31, 2012 and was sold on February 1, 2016, CCFI Funding was created on December 20, 2013, and CCFI Funding II was established on September 19, 2014. Refer to the “Non-Guarantor Subsidiaries” columns in the following condensed consolidating schedules. Buckeye Check Cashing of Florida II is not included in the March 31, 2016 Balance Sheet as the entity was sold on February 1, 2016, and is included in the Statement of Operations for only the month ended January 31, 2016. The remainder of the entities included under “non-Guarantor Subsidiaries” in the tables below are “Restricted Subsidiaries” as defined in the Indentures governing the 2019 notes and the 2020 notes and, for the periods specified, did not have material assets, liabilities, revenue or expenses.

The supplemental guarantor information required by GAAP distinguishes between non-guarantor and guarantor financial information based on the legal entities and the guarantor requirements contained in the indentures governing the 2019 Notes, 2020 Notes, and the Company’s Revolving credit agreement. ASC 350-20, Intangibles — Goodwill and Other, however, requires that goodwill be allocated to reporting units irrespective of which legal entity the goodwill is associated with. When a portion of a reporting unit is sold, goodwill is allocated to the business disposed of based on the relative fair values of the business sold and the retained portion of the reporting unit. The sale of Florida II results in a reduction of goodwill of \$5,691 for the Company’s Retail services segment, with the remaining goodwill of approximately \$25,344 allocated to Florida II’s guarantor parent. The book loss on the sale of Florida II is \$1,569 whereas the tax loss on the sale of Florida II is \$24,062. For tax purposes, all of the goodwill associated with the original Florida II acquisition is written off, which reflects the difference in the book and tax treatment of goodwill associated with an individual acquisition.

Community Choice Financial Inc. and Subsidiaries  
Condensed Consolidating Balance Sheet (unaudited)  
March 31, 2016

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ —	\$ 78,929	\$ 29,730	\$ —	\$ 108,659
Restricted cash	—	3,460	—	—	3,460
Finance receivables, net	—	71,511	23,306	—	94,817
Short-term investments, certificates of deposit	—	400	—	—	400
Card related pre-funding and receivables	—	2,067	—	—	2,067
Other current assets	—	25,953	2,380	(10,012)	18,321
<b>Total current assets</b>	<b>—</b>	<b>182,320</b>	<b>55,416</b>	<b>(10,012)</b>	<b>227,724</b>
<b>Noncurrent Assets</b>					
Investment in Subsidiaries	353,808	—	—	(353,808)	—
Finance receivables, net	—	7,301	—	—	7,301
Leasehold improvements and equipment, net	—	41,390	—	—	41,390
Goodwill	—	146,877	—	—	146,877
Other intangible assets	—	1,482	—	—	1,482
Security deposits	—	2,564	—	—	2,564
<b>Total assets</b>	<b>\$ 353,808</b>	<b>\$ 381,934</b>	<b>\$ 55,416</b>	<b>\$ (363,820)</b>	<b>\$ 427,338</b>
<b>Liabilities and Stockholders' Equity</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	\$ —	\$ 29,536	\$ (67)	\$ (2,320)	\$ 27,149
Money orders payable	—	8,338	—	—	8,338
Accrued interest	11,500	37	2,015	(1,839)	11,713
Current portion of capital lease obligation	—	1,421	—	—	1,421
Current portion of lines of credit	31,242	—	—	—	31,242
Current portion of subsidiary note payable	—	212	41,965	—	42,177
CCFI funding notes	—	—	5,853	(5,853)	—
Deferred revenue	—	4,608	—	—	4,608
<b>Total current liabilities</b>	<b>42,742</b>	<b>44,152</b>	<b>49,766</b>	<b>(10,012)</b>	<b>126,648</b>
<b>Noncurrent Liabilities</b>					
Accrued liabilities	—	—	—	—	—
Lease termination payable	—	1,023	—	—	1,023
Capital lease obligation	—	1,191	—	—	1,191
Stock repurchase obligation	—	—	—	—	—
Lines of credit	—	5,468	—	—	5,468
Subsidiary note payable	—	917	—	—	917
Senior secured notes	250,601	—	—	—	250,601
Deferred Revenue	—	8,800	—	—	8,800
Deferred tax liability, net	—	848	—	—	848
<b>Total liabilities</b>	<b>293,343</b>	<b>62,399</b>	<b>49,766</b>	<b>(10,012)</b>	<b>395,496</b>
Stockholders' Equity	60,465	319,535	5,650	(353,808)	31,842
<b>Total liabilities and stockholders' equity</b>	<b>\$ 353,808</b>	<b>\$ 381,934</b>	<b>\$ 55,416</b>	<b>\$ (363,820)</b>	<b>\$ 427,338</b>

Community Choice Financial Inc. and Subsidiaries  
Condensed Consolidating Balance Sheet  
December 31, 2015

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ —	\$ 69,986	\$ 28,955	\$ —	\$ 98,941
Restricted cash	—	3,460	—	—	3,460
Finance receivables, net	—	96,088	23,616	—	119,704
Short-term investments, certificates of deposit	—	1,115	—	—	1,115
Card related pre-funding and receivables	—	1,674	—	—	1,674
Other current assets	—	33,292	2,661	(18,929)	17,024
<b>Total current assets</b>	<u>—</u>	<u>205,615</u>	<u>55,232</u>	<u>(18,929)</u>	<u>241,918</u>
<b>Noncurrent Assets</b>					
Investment in Subsidiaries	378,548	17,156	—	(395,704)	—
Finance receivables, net	—	8,797	—	—	8,797
Leasehold improvements and equipment, net	—	43,300	2,785	—	46,085
Goodwill	—	121,533	31,035	—	152,568
Other intangible assets	—	1,748	165	—	1,913
Security deposits	—	2,943	155	—	3,098
Deferred tax asset, net	—	5,165	—	—	5,165
<b>Total assets</b>	<u>\$ 378,548</u>	<u>\$ 406,257</u>	<u>\$ 89,372</u>	<u>\$ (414,633)</u>	<u>\$ 459,544</u>
<b>Liabilities and Stockholders' Equity</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	\$ —	\$ 35,612	\$ 11,012	\$ (12,008)	\$ 34,616
Money orders payable	—	10,486	747	—	11,233
Accrued interest	6,420	6	1,849	(1,568)	6,707
Current portion of capital lease obligation	—	1,447	120	—	1,567
Current portion of related party Florida seller notes	—	—	10,097	—	10,097
Current portion of subsidiary note payable	—	211	—	—	211
CCFI funding notes	—	—	5,353	(5,353)	—
Deferred revenue	—	3,154	—	—	3,154
<b>Total current liabilities</b>	<u>6,420</u>	<u>50,916</u>	<u>29,178</u>	<u>(18,929)</u>	<u>67,585</u>
<b>Noncurrent Liabilities</b>					
Accrued liabilities	—	—	—	—	—
Lease termination payable	—	1,266	56	—	1,322
Capital lease obligation	—	1,430	55	—	1,485
Stock repurchase obligation	—	—	3,130	—	3,130
Lines of credit	26,625	—	—	—	26,625
Subsidiary note payable	—	931	34,575	—	35,506
Senior secured notes	347,913	—	—	—	347,913
<b>Total liabilities</b>	<u>380,958</u>	<u>54,543</u>	<u>66,994</u>	<u>(18,929)</u>	<u>483,566</u>
Stockholders' Equity (Deficit)	<u>(2,410)</u>	<u>351,714</u>	<u>22,378</u>	<u>(395,704)</u>	<u>(24,022)</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 378,548</u>	<u>\$ 406,257</u>	<u>\$ 89,372</u>	<u>\$ (414,633)</u>	<u>\$ 459,544</u>

**Community Choice Financial Inc. and Subsidiaries**  
**Condensed Consolidating Statements of Income (unaudited)**  
**Three Months Ended March 31, 2016**

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Finance receivable fees	\$ —	\$ 49,887	\$ 13,997	\$ —	\$ 63,884
Credit service fees	—	22,103	—	—	22,103
Check cashing fees	—	12,810	545	—	13,355
Card fees	—	2,110	38	—	2,148
Dividend	—	3,000	—	(3,000)	—
Other	—	6,157	191	(281)	6,067
Total revenues	—	96,067	14,771	(3,281)	107,557
Operating expenses:					
Salaries and benefits	—	17,666	613	—	18,279
Provision for loan losses	—	19,851	6,624	—	26,475
Occupancy	—	6,420	251	(11)	6,660
Advertising and marketing	—	2,674	4	—	2,678
Depreciation and amortization	—	2,656	78	—	2,734
Other	—	12,123	489	—	12,612
Total operating expenses	—	61,390	8,059	(11)	69,438
Operating gross profit	—	34,677	6,712	(3,270)	38,119
Corporate expenses	—	21,336	249	—	21,585
Intercompany management fee	—	(683)	683	—	—
Depreciation and amortization	—	1,201	8	—	1,209
Interest expense, net	9,473	228	2,032	(270)	11,463
Interest expense allocation	(9,473)	9,473	—	—	—
Loss on sale of subsidiary	—	1,569	—	—	1,569
Gain on debt extinguishment	(62,852)	—	—	—	(62,852)
Total corporate and other expenses	(62,852)	33,124	2,972	(270)	(27,026)
Income before income taxes	62,852	1,553	3,740	(3,000)	65,145
Provision for income taxes	9,015	223	536	(430)	9,344
Net income	\$ 53,837	\$ 1,330	\$ 3,204	\$ (2,570)	\$ 55,801

**Community Choice Financial Inc. and Subsidiaries**  
**Condensed Consolidating Statements of Income (unaudited)**  
**Three Months Ended March 31, 2015**

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Finance receivable fees	\$ —	\$ 63,479	\$ 19,140	\$ —	\$ 82,619
Credit service fees	—	27,387	—	—	27,387
Check cashing fees	—	15,973	3,663	(2,459)	17,177
Card fees	—	2,154	138	—	2,292
Dividend	—	3,000	—	(3,000)	—
Other	—	10,002	819	(3,862)	6,959
Total revenues	—	121,995	23,760	(9,321)	136,434
Operating expenses:					
Salaries and benefits	—	18,859	1,702	—	20,561
Provision for loan losses	—	31,950	7,960	—	39,910
Occupancy	—	6,643	934	—	7,577
Advertising and marketing	—	5,142	200	(540)	4,802
Depreciation and amortization	—	2,169	224	—	2,393
Other	—	15,498	1,005	(2,459)	14,044
Total operating expenses	—	80,261	12,025	(2,999)	89,287
Operating gross profit	—	41,734	11,735	(6,322)	47,147
Corporate expenses	—	20,375	492	(58)	20,809
Intercompany management fee	—	(898)	898	—	—
Depreciation and amortization	—	1,205	210	—	1,415
Interest expense, net	12,174	130	2,168	(264)	14,208
Interest expense allocation	(12,174)	12,174	—	—	—
Total corporate and other expenses	—	32,986	3,768	(322)	36,432
Income before income taxes	—	8,748	7,967	(6,000)	10,715
Provision for income taxes	—	3,488	3,176	(2,392)	4,272
Net income	\$ —	\$ 5,260	\$ 4,791	\$ (3,608)	\$ 6,443

Community Choice Financial Inc. and Subsidiaries  
Condensed Consolidating Statement of Cash Flows (unaudited)  
Three Months Ended March 31, 2016

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by (used in) operating activities	\$ 30,283	\$ (2,101)	\$ 7,485	\$ 35,667
Cash flows from investing activities				
Net receivables originated	—	6,098	(12,447)	(6,349)
Purchase of leasehold improvements and equipment	—	(1,739)	—	(1,739)
Net cash provided by (used in) investing activities	—	4,359	(12,447)	(8,088)
Cash flows from financing activities				
Repurchase of senior secured notes	(36,437)	—	—	(36,437)
Proceeds from subsidiary note	—	—	7,400	7,400
Payments on subsidiary note	—	(14)	—	(14)
Proceeds on CCFI Funding Notes	—	(500)	500	—
Payments on capital lease obligations	—	(265)	(10)	(275)
Proceeds on lines of credit	4,500	5,500	—	10,000
Debt issuance costs	1,654	(25)	(164)	1,465
Net cash provided by (used in) financing activities	(30,283)	4,696	7,726	(17,861)
Net increase in cash and cash equivalents	—	6,954	2,764	9,718
Cash and cash equivalents:				
Beginning	—	69,986	28,955	98,941
Ending	\$ —	\$ 76,940	\$ 31,719	\$ 108,659

**Community Choice Financial Inc. and Subsidiaries**  
**Condensed Consolidating Statement of Cash Flows (unaudited)**  
**Three Months Ended March 31, 2015**

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
<b>Net cash provided by operating activities</b>	<b>\$ 12,047</b>	<b>\$ 34,487</b>	<b>\$ 17,918</b>	<b>\$ 64,452</b>
Cash flows from investing activities				
Net receivables originated	—	(14,873)	(1,709)	(16,582)
Net acquired assets, net of cash	—	(810)	—	(810)
Purchase of leasehold improvements and equipment	—	(5,563)	(391)	(5,954)
<b>Net cash used in investing activities</b>	<b>—</b>	<b>(21,246)</b>	<b>(2,100)</b>	<b>(23,346)</b>
Cash flows from financing activities				
Proceeds from subsidiary note	—	—	2,400	2,400
Payments on subsidiary note	—	(187)	—	(187)
Payments on related party Florida seller notes	—	—	(750)	(750)
Payments on capital lease obligations, net	—	(646)	(27)	(673)
Proceeds from lines of credit	26,700	—	—	26,700
Intercompany activities	(37,153)	37,153	—	—
Debt issuance costs	(816)	(26)	—	(842)
<b>Net cash provided by (used in) financing activities</b>	<b>(11,269)</b>	<b>36,294</b>	<b>1,623</b>	<b>26,648</b>
<b>Net increase in cash and cash equivalents</b>	<b>778</b>	<b>49,535</b>	<b>17,441</b>	<b>67,754</b>
Cash and cash equivalents:				
Beginning	—	63,372	14,362	77,734
Ending	<u>\$ 778</u>	<u>\$ 112,907</u>	<u>\$ 31,803</u>	<u>\$ 145,488</u>

**Note 17. Subsequent Events**

In April 2016, the Company amended the amount of the \$7,400 subsidiary note to \$8,100 with the terms and maturity remaining the same.

On May 11, 2016, the Compensation Committee (the “Committee”) of our Board of Directors (the “Board”) took the following compensation actions:

- approved cancelling and re-granting with a lower exercise price of \$2.25 per share the following stock options previously granted to our named executive officers: (1) Mr. William E. Saunders, Jr., our Chief Executive Officer: (A) fully-vested options for 175,008 shares originally granted on December 1, 2008 with an exercise price of \$6.00 per share; (B) fully-vested options for 86,454 shares originally granted on February 13, 2012 with an exercise price of \$8.40 per share; and (C) fully-vested options for 75,000 shares originally granted on May 20, 2013 with an exercise price of \$8.40 per share; (2) Mr. Kyle F. Hanson, our President: (A) 60%-vested options for 20,484 shares originally granted on June 4, 2007 with an exercise price of \$8.40 per share; (B) fully-vested options for 75,000 shares originally granted on December 1, 2008 with an exercise price of \$6.00 per share; (C) fully-vested options for 60,162 shares originally granted on February 13, 2012 with an exercise price of \$8.40 per share; and (D) fully-vested options for 100,000 shares originally granted on May 20, 2013 with an exercise price of \$8.40 per share; (3) Mr. Michael J. Durbin, our Chief Financial Officer: fully-vested options for 31,962 shares originally granted on February 13, 2012 with an exercise price of \$8.40 per share; and (4) Ms. Bridgette C. Roman, our General Counsel: (A) fully-vested options for 35,070 shares originally granted on February 13, 2012 with an exercise price of \$8.40 per share; and (B) fully-vested options for 125,000 shares originally granted on May 20, 2013 with an exercise price of \$8.40 per share. The Committee determined that the fair market value of a share of our common stock was \$2.25 per share as of May 11, 2016;
- approved cancelling the following stock options previously granted to our named executive officers: (1) Mr. Saunders, Jr.: unvested options for 175,008 shares originally granted on December 1, 2008 with an exercise price of \$6.00 per share; (2) Mr. Hanson: unvested options for 75,000 shares originally granted on December 1, 2008 with an exercise price of \$6.00 per share; and (3) Ms. Roman: unvested options for 12,000 shares originally granted on December 1, 2008 with an exercise price of \$6.00 per share; and
- approved the following new vested stock option grants to the following named executive officers pursuant to our 2011 Management Equity Incentive Plan, as amended (the “Plan”): (1) Mr. Hanson: options for 81,972 shares; and (2) Mr. Durbin: options for 252,600 shares. These option awards have a grant date of May 11, 2016 and an exercise price of \$2.25 per share. The new stock option awards will otherwise be subject to the terms and conditions as set forth in the applicable form stock option award agreement under the Plan.



**MANAGEMENT’S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion contains management’s discussion and analysis of Community Choice Financial Inc’s financial condition and results of operations. References to “CCFI”, “the company”, “us”, “we”, “our” and “ours” refer to Community Choice Financial Inc, together with its subsidiaries. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements.*

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

The Private Securities Litigation Reform Act of 1995 (“Act”) provides a safe harbor for forward-looking statements. Certain statements in this report are forward-looking statements within the meaning of the Act, and such statements are intended to qualify for the protection of the safe harbor provided by the Act. The words “anticipate,” “estimate,” “expect,” “objective,” “goal,” “project,” “intend,” “plan,” “believe,” “will,” “should,” “may,” “target,” “forecast,” “guidance,” “outlook,” and similar expressions generally identify forward-looking statements. Similarly, descriptions of our objectives, strategies, plans, goals or targets are also forward-looking statements. Forward-looking statements relate to the expectations of management as to future occurrences and trends, including statements expressing optimism or pessimism about future operating results or events and projected revenues, earnings, capital expenditures and business strategy. Forward-looking statements are based upon a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Forward-looking statements are and will be based upon management’s then current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. Although we believe the expectations expressed in forward-looking statements are based on reasonable assumptions within the bounds of our knowledge, forward-looking statements, by their nature, involve risks, uncertainties and other factors, any one or a combination of which could materially affect our business, financial condition, results of operations or liquidity.

Forward-looking statements that we make herein and in other reports and releases are not guarantees of future performance and actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including, but not limited to, the ongoing impact of the economic and credit crisis, leveling demand for our products, our inability to successfully execute strategic initiatives, our ability to recognize the expected benefits from recently undertaken strategic initiatives, including those described under “-Factors Affecting Our Results of Operations—Recent Strategic Initiatives,” integration of acquired businesses, competitive pressures, economic pressures on our customers and us, regulatory and legislative changes, the impact of legislation, the risks discussed under Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015, and other factors discussed from time to time. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update forward-looking statements whether as a result of new information, future events or otherwise.

Readers are advised, however, to consult any further disclosures we make on related subjects in our public announcements, releases, and reports.

**Overview**

We are a leading provider of alternative financial services to unbanked and under banked consumers. We provide our customers a variety of financial products and services, including short-term and medium-term consumer loans, check cashing, prepaid debit cards, and other services that address the specific needs of our customers. Through our retail focused business model, we provide our customers with high-quality service and immediate access to retail financial services at competitive rates and through the channel most convenient for our customers. As of March 31, 2016, we operated 479 retail locations across 15 states and were licensed in 31 states via the internet.

Our retail business model provides a broad array of financial products and services whether through a retail location or over the internet, whichever distribution channel satisfies the target customer’s needs or desires. We want to achieve a superior level of customer satisfaction, resulting in increased market penetration and value creation. An important part of our retail model is investing in and creating a premier brand presence, supported by a well-trained and motivated workforce with the aim of enhancing the customer’s experience, generating increased traffic and introducing our customers to our diversified set of products.

Factors Affecting Our Results of Operations

Sale of Subsidiary

On February 1, 2016, Buckeye Check Cashing of Florida, Inc., a wholly-owned subsidiary of the Company, completed the sale of the membership interests of Buckeye Check Cashing of Florida II, LLC (“Florida II”) to Buckeye Check Cashing of Florida III, LLC (“Buyer”). Florida II operated 43 stores in the South Florida market at the transaction date and was part of the Company’s Retail financial service operating segment. Florida II was an unrestricted subsidiary under the Company’s outstanding senior secured debt instruments.

In connection with the sale, the Company has also provided the Buyer with a short-term \$6.0 million line of credit, substantially all of which was drawn by the Buyer as part of, or concurrent with, the sale. As a result of uncertainties associated with repayment of the line of credit, the Company also recognized a \$3.0 million loan loss reserve that has been included in the loss on sale of Florida II.

Retail Platform

During the three months ended March 31, 2016, the Company closed three retail locations and sold forty three retail locations. These retail locations had direct costs of \$15.0 million for the prior twelve months.

The chart below sets forth certain information regarding our retail presence and number of states served via the internet as of and for the year ended December 31, 2015, and the three months ended March 31, 2016.

	Year Ended December 31 2015	Three Months Ended March 31, 2016
# of Locations		
Beginning of Period	530	525
Opened	31	—
Closed	36	3
Sold	—	43
End of Period	525	479
Number of states served by our internet operations	30	31

The following table provides the geographic composition of our physical locations as of December 31, 2015, and March 31, 2016:

	December 31 2015	March 31 2016
Alabama	42	42
Arizona	33	33
California	149	147
Florida	61	18
Indiana	21	21
Illinois	12	12
Kansas	5	5
Kentucky	15	15
Michigan	14	14
Missouri	7	7
Ohio	95	94
Oregon	2	2
Tennessee	27	27
Utah	10	10
Virginia	32	32
	525	479

In addition, the Company is licensed to provide internet financial services in the following states: Alabama, Alaska, California, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Minnesota, Mississippi, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming. In the third quarter of 2015, the Company ceased all international operations in order to focus on its domestic operations.

***Changes in Legislation***

In July 2010, the Dodd-Frank Act was signed into law. Among other things, this act created the Consumer Financial Protection Bureau (“CFPB”) and granted it the authority to regulate companies that provide consumer financial services. The CFPB has examined both our retail and internet operations. We do not expect the findings from these exams to result in a material change to our business practices. We expect to be periodically examined in the future by the CFPB as well as other regulatory agencies. The CFPB has expressed its intention to publish proposed rules in 2016, which we would expect to become final in late 2016 and effective in 2017.

***Product Characteristics and Mix***

As the Company expands its product offerings to meet our customers’ needs, the characteristics of our overall loan portfolio shift to reflect the terms of these new products. Our various lending products have different terms. The shift to a CSO program in certain markets has reduced our portfolios and may result in changes to the accrual for third party lender losses. We believe that our prepaid debit card direct deposit offering has reduced our check cashing fees, however, the availability of direct deposit to the Insight prepaid card as an alternative to check cashing extends the customer relationship and increases our revenues associated with the Insight prepaid card.

***Expenses***

Our operating expenses relate primarily to the operation of our retail locations and internet presence, including salaries and benefits, retail location occupancy costs, call center costs, internet advertising, loan loss provisions, and depreciation of assets. We also incur corporate and other expenses on a company-wide basis, including interest expense and other financing costs related to our indebtedness, advertising, insurance, salaries, benefits, occupancy costs, professional expenses and management fees paid to our majority stockholders.

We view our compliance, collections and information technology groups as core competencies. We have invested in each of these areas and believe we will benefit from increased economies of scale and satisfy the increased regulatory scrutiny of the CFPB.

### ***Recent Strategic Initiatives***

The CFPB previously announced that it will release proposed rules that will affect our loan products. Based on the CFPB's anticipated release date for the proposed rules, we expect them to be final in 2016 and effective in 2017. In anticipation of the effectiveness of these rules, the Company enacted several strategic initiatives during the second half of 2015. These strategic initiatives include a reduction in new retail location openings and consolidation of underperforming retail locations, along with a heightened focus on expense and portfolio rationalization. Operating labor costs decreased as a result of the retail consolidation, workforce reductions, and reduced operating hours. The Company also slowed the growth of its portfolios during the second half of 2015. Through the first quarter of 2016, we continued to see improving trends in portfolio performance. We expect that benefits from these strategic initiatives undertaken may be more fully realized in subsequent quarters.

### **Critical Accounting Policies**

Consistent with accounting principles generally accepted in the United States of America, our management makes certain estimates and assumptions to determine the reported amounts of assets, liabilities, revenue and expenses in the process of preparing our financial statements. These estimates and assumptions are based on the best information available to management at the time the estimates or assumptions are made. The most significant estimates made by our management include allowance for loan losses, goodwill, stock based compensation, and our determination for recording the amount of deferred income tax assets and liabilities, because these estimates and assumptions could change materially as a result of conditions both within and beyond management's control.

Management believes that among our significant accounting policies, the following involve a higher degree of judgment:

#### ***Finance Receivables, Net***

Finance receivables consist of short-term and medium-term consumer loans.

Short-term consumer loans can be unsecured or secured with a maturity up to ninety days. Unsecured short-term products typically range in size from \$100 to \$1,000, with a maturity between fourteen and thirty days, and an agreement to defer the presentment of the customer's personal check or preauthorized debit for the aggregate amount of the advance plus fees. This form of lending is based on applicable laws and regulations which vary by state. Statutes vary from charging fees of 15% to 20%, to charging interest at 25% per annum plus origination fees. The customers repay the cash advances by making cash payments or allowing the check or preauthorized debit to be presented. Secured short-term products typically range from \$750 to \$5,000, and are asset-based consumer loans whereby the customer obtains cash and grants a security interest in the collateral that may become a lien against that collateral. Secured consumer loans represented 17.7% and 18.9% of short-term consumer loans at December 31, 2015 and March 31, 2016, respectively.

Medium-term consumer loans can be unsecured or secured with a maturity of three months up to thirty-six months. Unsecured medium-term products typically range from \$100 to \$5,000. These consumer loans vary in structure depending upon the regulatory environments where they are offered. The consumer loans are due in installments or provide for a line of credit with periodic monthly payments. Secured medium-term products typically range from \$750 to \$5,000, and are asset-based consumer loans whereby the customer obtains cash and grants a security interest in the collateral that may become a lien against that collateral. Secured consumer loans represented 13.7% and 13.4% of medium-term consumer loans at December 31, 2015, and March 31, 2016, respectively.

In some instances, the Company maintains debt-purchasing arrangements with third-party lenders. The Company accrues for these obligations through management's estimation of anticipated purchases based on expected losses in the third-party lender's portfolio. This obligation is recorded as a current liability on our balance sheet.

Total finance receivables, net of unearned advance fees and allowance for loan losses, on the consolidated balance sheets as of December 31, 2015, and March 31, 2016, were \$128.5 million and \$102.1 million, respectively. The allowance for loan losses as of December 31, 2015, and March 31, 2016, were \$23.9 million and \$19.3 million, respectively. At December 31, 2015, and March 31, 2016, the allowance for loan losses was 15.7% and 15.9%, respectively, of total finance receivables, net of unearned advance fees, reflecting a higher mix of medium-term loans, which have higher allowances for loan losses.

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Finance receivables, net as of December 31, 2015, and March 31 2016, are as follows (in thousands):

	December 31, 2015	March 31, 2016
Finance receivables, net of unearned advance fees	\$ 152,393	\$ 121,400
Less: Allowance for loan losses	23,892	19,282
Finance receivables, net	<u>\$ 128,501</u>	<u>\$ 102,118</u>

The total changes to the allowance for loan losses for the three months ended March 31, 2015 and 2016, were as follows (in thousands):

	Three Months Ended March 31,	
	2015	2016
Allowance for loan losses		
Beginning of period	\$ 30,363	\$ 23,892
Provisions for finance receivable losses	29,680	19,709
Charge-offs, net	(34,285)	(24,319)
End of period	<u>\$ 25,758</u>	<u>\$ 19,282</u>
Allowance as percentage of finance receivables, net of unearned advance fees	<u>15.9%</u>	<u>15.9%</u>

The provision for loan losses for the three months ended March 31, 2015, and 2016 includes losses from returned items from check cashing of \$2.3 million and \$1.6 million, respectively, and third party lender losses of \$8.0 million and \$5.2 million, respectively.

**Goodwill**

Management evaluates all long-lived assets for impairment annually as of December 31, or whenever events or changes in business circumstances indicate an asset might be impaired, including goodwill and equity method investments. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets at the date of the acquisition and the excess of purchase price over identified net assets acquired.

One of the methods that management employs in the review of such assets uses estimates of future cash flows. If the carrying value is considered impaired, an impairment charge is recorded for the amount by which the carrying value exceeds its fair value. For equity method investments, an impairment charge is recorded if the decline in value is other than temporary. Management believes that its estimates of future cash flows and fair value are reasonable. Changes in estimates of such cash flows and fair value, however, could impact the estimated value of such assets.

The Company performed a goodwill impairment test for the Retail services segment as required when a portion of a segment is sold. See the Sale of Subsidiary described in Note 10. The test resulted in no impairment of goodwill as of February 1, 2016.

There was no impairment loss charged to operations for goodwill for Retail financial services during the three months ended March 31, 2015.

**Income Taxes**

We record income taxes as applicable under generally accepted accounting standards. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recorded to reduce the deferred tax asset if it is more likely than not that some portion of the asset will not be realized.

As of December 31, 2015, the Company recorded a partial valuation allowance on its existing deferred tax assets as it was more likely than not that approximately \$8.2 million of deferred tax assets would be realized in the first quarter of 2016. Based on pre-tax income of \$65.1 million for the three months ended March 31, 2016 and the reversal of temporary items, the Company has support to realize more than the \$8.2 million of deferred tax assets. As a result, the Company released

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approximately \$11.7 million of valuation allowance as of March 31, 2016 for realization of deferred tax assets on which a valuation allowance was placed at December 31, 2015. After reversing \$8.2 million of deferred tax assets, the Company has a remaining deferred tax liability of \$0.8 million as of March 31, 2016.

Primarily as a result of the acquisition of CheckSmart (our predecessor in 2006) and California Check Cashing Stores (which we acquired in 2011), by their respective private equity sponsors at the time, we benefit from the tax amortization of the goodwill resulting from those transactions. For tax purposes this goodwill amortizes over a 15-year period from the date of the acquisitions. We expect the goodwill amortization of \$24.9 million to result in future tax savings of approximately \$10.0 million at the expected combined rate of 40%. Under GAAP, our income tax expense for accounting purposes, however, does not reflect the impact of this deduction for the amortization of goodwill. This difference between our cash tax expense and our accrued income tax expense results in the creation of deferred income tax items on our balance sheet.

The Internal Revenue Service is currently examining the Company's 2013 and 2014 federal income tax returns.

**Non-Guarantor Subsidiaries and Unrestricted Subsidiaries**

As described in more detail under Note 16 to the unaudited financial statements for the three months ended March 31, 2016, we had six non-guarantor subsidiaries. As of March 31, 2016, of the entities classified as "Non-Guarantor Subsidiaries", Buckeye Check Cashing of Florida II, LLC, CCFI Funding, and CCFI Funding II are "Unrestricted Subsidiaries" as defined in the indentures governing the 2019 notes and 2020 notes. Buckeye Check Cashing of Florida II, LLC was acquired on July 31, 2012 and sold on February 1, 2016, CCFI Funding was created on December 20, 2013, and CCFI Funding II was established on September 19, 2014. As of March 31, 2016 and December 31, 2015, these unrestricted subsidiaries had total assets of \$55.4 million and \$89.4 million and total liabilities of \$49.8 million and \$67.0 million, respectively. For the three months ended March 31, 2016 and 2015, they had total revenues of \$14.7 million and \$23.8 million, total operating expenses of \$8.1 million and \$12.0 million, and income before income taxes of \$3.7 million and \$8.0 million, respectively.

Buckeye Check Cashing of Florida II is not included in the March 31, 2016 Balance Sheet as the entity was sold on February 1, 2016, and is included in the Statement of Operations for only the month ended January 31, 2016. The remainder of the entities included under "non-Guarantor Subsidiaries" are "Restricted Subsidiaries" as defined in the indentures governing the 2019 notes and the 2020 notes and do not have material assets, liabilities, revenue or expenses.

Results of Operations

The following table sets forth key operating data for the three months ended March 31, 2015 and 2016 (dollars in thousands):

	Three Months Ended March 31,					
	2015	2016	Increase (Decrease)		2015	2016
			(Percent)		(Percent of Revenue)	
Total Revenues	\$ 136,434	\$ 107,557	\$ (28,877)	(21.2)%	100.0%	100.0%
Operating Expenses						
Salaries and benefits	20,561	18,279	(2,282)	(11.1)%	15.1%	17.0%
Provision for losses	39,910	26,475	(13,435)	(33.7)%	29.3%	24.6%
Occupancy	7,577	6,660	(917)	(12.1)%	5.6%	6.2%
Advertising and marketing	4,802	2,678	(2,124)	(44.2)%	3.5%	2.5%
Depreciation and amortization	2,393	2,734	341	14.2%	1.8%	2.5%
Other operating expenses	14,044	12,612	(1,432)	(10.2)%	10.3%	11.8%
Total Operating Expenses	89,287	69,438	(19,849)	(22.2)%	65.4%	64.6%
Income from Operations	47,147	38,119	(9,028)	(19.1)%	34.6%	35.4%
Corporate and other expenses						
Corporate expenses	20,532	21,404	872	4.2%	15.1%	19.9%
Depreciation and amortization	1,415	1,209	(206)	(14.6)%	1.0%	1.1%
Interest expense, net	14,208	11,463	(2,745)	(19.3)%	10.4%	10.7%
Loss on sale of subsidiary	—	1,569	1,569	100.0%	0.0%	1.5%
Gain on Debt Extinguishment	—	(62,852)	(62,852)	(100.0)%	0.0%	(58.4)%
Income tax expense	4,272	9,344	5,072	118.7%	3.1%	8.6%
Total corporate and other expenses	40,427	(17,863)	(58,290)	(144.2)%	29.6%	(16.6)%
Net income before management fee	6,720	55,982	49,262	733.1%	4.9%	52.0%
Sponsor Management Fee	277	181	(96)	(34.7)%	0.2%	0.2%
Net Income	\$ 6,443	\$ 55,801	\$ 49,358	766.1%	4.7%	51.8%

*Operating Metrics*

The following tables set forth key loan and check cashing operating data as of and for the three months ended March 31, 2015 and 2016:

	Three Months Ended March 31,	
	2015	2016
<b>Short-term Loan Operating Data (unaudited):</b>		
Loan volume (originations and refinancing) (in thousands)	\$ 350,676	\$ 267,498
Number of loan transactions (in thousands)	878	712
Average new loan size	\$ 399	\$ 376
Average fee per new loan	\$ 51.61	\$ 50.98
Loan loss provision	\$ 11,642	\$ 7,731
Loan loss provision as a percentage of loan volume	3.3%	2.9%
Secured loans as percentage of total at March 31st	17.8%	18.9%
<b>Medium-term Loan Operating Data (unaudited):</b>		
Balance outstanding (in thousands)	\$ 87,644	\$ 65,138
Number of loans outstanding	64,611	53,155
Average balance outstanding	\$ 1,356	\$ 1,225
Weighted average monthly percentage rate	16.7%	16.9%
Allowance as a percentage of finance receivables	24.8%	25.2%
Loan loss provision	\$ 18,038	\$ 11,978
Secured loans as percentage of total at March 31st	14.2%	13.4%
<b>Check Cashing Data (unaudited):</b>		
Face amount of checks cashed (in thousands)	\$ 676,818	\$ 564,098
Number of checks cashed (in thousands)	1,072	1,030
Face amount of average check	\$ 631	\$ 548
Average fee per check	\$ 16.02	\$ 12.97
Returned check expense	\$ 2,256	\$ 1,565
Returned check expense as a percent of face amount of checks cashed	0.3%	0.3%



Revenue

(dollars in thousands)	Three Months Ended March 31,					
	2015	2016	Increase (Decrease)		2015	2016
			(Percent)		(Percent of Revenue)	
Short-term Consumer Loan Fees and Interest	\$ 45,304	\$ 36,307	\$ (8,997)	(19.9)%	33.1%	33.8%
Medium-term Consumer Loan Fees and Interest	37,315	27,577	(9,738)	(26.1)%	27.4%	25.6%
Credit Service Fees	27,387	22,103	(5,284)	(19.3)%	20.1%	20.6%
Check Cashing Fees	17,177	13,355	(3,822)	(22.3)%	12.6%	12.4%
Prepaid Debit Card Services	2,292	2,148	(144)	(6.3)%	1.7%	2.0%
Other Income	6,959	6,067	(892)	(12.8)%	5.1%	5.6%
<b>Total Revenue</b>	<b>\$ 136,434</b>	<b>\$ 107,557</b>	<b>\$ (28,877)</b>	<b>(21.2)%</b>	<b>100.0%</b>	<b>100.0%</b>

For the three months ended March 31, 2016, total revenue decreased by \$28.9 million, or 21.2%, compared to the same period in 2015. The decrease is primarily due to a heightened focus on portfolio performance in response to more restrictive underwriting standards, the consolidation of underperforming stores, and the sale of Florida II.

Revenue from short-term consumer loan fees and interest for the three months ended March 31, 2016, decreased \$9.0 million, or 19.9%, compared to the same period in 2015. The decrease is primarily due to the consolidation of underperforming retail locations during 2015 and the sale of Florida II in the first quarter of 2016.

Revenue from medium-term consumer loans for the three months ended March 31, 2016, decreased \$9.7 million, or 26.1%, compared to the same period in 2015. The decrease is primarily due to the expansion of the internet installment portfolio during the first quarter of 2015 and a heightened focus on portfolio performance during the remainder of the year and through the first quarter of 2016.

Revenue from credit service fees for the three months ended March 31, 2016, decreased \$5.3 million, or 19.3%, compared to the same period in 2015. Credit service fee revenue decreased as a result of a strategic shift towards portfolio performance during the second half of 2015 and in the first quarter of 2016.

Revenue from check cashing fees for the three months ended March 31, 2016, decreased \$3.8 million, or 22.3%, compared to the same period in 2015. The decrease is primarily due to the consolidation of underperforming retail locations during 2015 and the sale of Florida II in the first quarter of 2016.

Operating Expenses

(dollars in thousands)	Three Months Ended March 31,					
	2015	2016	Increase (Decrease)		2015	2016
			(Percent)		(Percent of Revenue)	
Salaries and Benefits	\$ 20,561	\$ 18,279	\$ (2,282)	(11.1)%	15.1%	17.0%
Provision for Loan Losses	39,910	26,475	(13,435)	(33.7)%	29.3%	24.6%
Occupancy	7,577	6,660	(917)	(12.1)%	5.6%	6.2%
Depreciation & Amortization	2,393	2,734	341	14.2%	1.8%	2.5%
Advertising & Marketing	4,802	2,678	(2,124)	(44.2)%	3.5%	2.5%
Bank Charges	1,473	1,377	(96)	(6.5)%	1.1%	1.3%
Store Supplies	800	538	(262)	(32.8)%	0.6%	0.5%
Collection Expenses	844	771	(73)	(8.6)%	0.6%	0.7%
Telecommunications	1,678	1,983	305	18.2%	1.2%	1.8%
Security	675	495	(180)	(26.7)%	0.5%	0.5%
License & Other Taxes	537	496	(41)	(7.6)%	0.4%	0.5%
Other Operating Expenses	8,037	6,952	(1,085)	(13.5)%	5.9%	6.5%
<b>Total Operating Expenses</b>	<b>89,287</b>	<b>69,438</b>	<b>(19,849)</b>	<b>(22.2)%</b>	<b>65.4%</b>	<b>64.6%</b>
<b>Income from Operations</b>	<b>\$ 47,147</b>	<b>\$ 38,119</b>	<b>\$ (9,028)</b>	<b>(19.1)%</b>	<b>34.6%</b>	<b>35.4%</b>

Total operating expenses have decreased as a percentage of revenue from 65.4% to 64.6% and income from operations has increased as a percentage of revenue from 34.6% to 35.4% for the three months ended March 31, 2016 as compared to the same period in the prior year, primarily as a result of the benefit of changes in underwriting and the closure of underperforming retail locations and the sale of Florida II.

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Salaries and benefits decreased \$2.3 million, or 11.1%, for the three months ended March 31, 2016 as compared to the same period in the prior year, primarily due to consolidating underperforming retail locations, the sale of Florida II, workforce reduction, and decreasing operating hours.

The provision for loan losses decreased \$13.4 million, or 33.7%, for the three months ended March 31, 2016 as compared to the same period in the prior year. Provision for loan losses decreased as a percentage of revenue from 29.3% to 24.6% during the same period, which reflects the benefits of changes in underwriting, which were implemented during 2015.

Advertising and marketing expense decreased by \$2.1 million, or 44.2%, for the three months ended March 31, 2016, as compared to the prior period, and decreased from 3.5% to 2.5% of revenue, reflecting a reduced focus on market share expansion.

Other operating expenses decreased by \$1.1 million, or 13.5%, for the three months ended March 31, 2016, as compared to the prior period, primarily as a result of the closure of underperforming retail locations and the sale of Florida II.

Corporate and Other Expenses

(dollars in thousands)	Three Months Ended March 31,					
	2015		2016		Increase (Decrease)	
					(Percent)	(Percent of Revenue)
Corporate Expenses	\$	20,532	\$	21,404	\$ 872	4.2%
Depreciation & Amortization		1,415		1,209	(206)	(14.6)%
Sponsor Management Fee		277		181	(96)	(34.7)%
Interest expense, net		14,208		11,463	(2,745)	(19.3)%
Loss on Sale of Subsidiary		—		1,569	1,569	100.0%
Gain on Debt Extinguishment		—		(62,852)	(62,852)	(100.0)%
Income tax expense		4,272		9,344	5,072	118.7%
Total Corporate and Other Expenses	\$	40,704	\$	(17,682)	\$ (58,386)	(143.4)%

The increase in corporate expenses for the three months ended March 31, 2016 as compared to the prior year period, is primarily the result of growing our corporate compliance, risk management and information technology functions.

Interest expense decreased \$2.7 million, or 19.3%, for the three months ended March 31, 2016 as compared to the same period in the prior year, primarily as a result of the decrease in the aggregate principal amount of our senior secured notes outstanding.

The \$1.6 million loss on sale of subsidiary is the sale of the unrestricted subsidiary, Buckeye Check Cashing of Florida II.

The \$62.9 million gain on debt extinguishment is the result of the Company repurchasing \$99.3 million of its outstanding senior secured notes during the three months ended March 31, 2016.

Business Segment Results of Operations for the Three Months Ended March 31, 2016, and March 31, 2015

The following tables present summarized financial information for our segments:

	As of and for the three months ended March 31, 2016						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	\$ 356,127		\$ 71,211		\$ —	\$ 427,338	
Goodwill	146,877		—		—	146,877	
Other Intangible Assets	348		1,134		—	1,482	
Total Revenues	\$ 81,369	100.0%	\$ 26,188	100.0%	\$ —	\$ 107,557	100.0%
Provision for Loan Losses	12,565	15.4%	13,910	53.1%	—	26,475	24.6%
Other Operating Expenses	38,738	47.6%	4,225	16.1%	—	42,963	40.0%
Operating Gross Profit	30,066	37.0%	8,053	30.8%	—	38,119	35.4%
Interest Expense, net	7,314	9.0%	4,149	15.8%	—	11,463	10.7%
Depreciation and Amortization	967	1.2%	242	0.9%	—	1,209	1.1%
Loss on Sale of Subsidiary	1,569	1.9%	—	—	—	1,569	1.5%
Gain on Debt Extinguishment (a)	—	—	—	—	(62,852)	(62,852)	(58.4)%
Other Corporate Expenses (a)	—	—	—	—	21,585	21,585	20.1%
Income from Operations, before tax	20,216	24.8%	3,662	14.0%	41,267	65,145	60.6%

(a) Represents income and expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose the gain on debt extinguishment and all other corporate expenses as unallocated.

As of and for the three months ended March 31, 2015							
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	\$ 534,326		\$ 76,491		\$ —	\$ 610,817	
Goodwill	222,233		—		—	222,233	
Other Intangible Assets	1,408		1,680		—	3,088	
Total Revenues	\$ 103,382	100.0%	\$ 33,052	100.0%	\$ —	\$ 136,434	100.0%
Provision for Loan Losses	21,484	20.8%	18,426	55.7%	—	39,910	29.2%
Other Operating Expenses	44,057	42.6%	5,320	16.1%	—	49,377	36.2%
Operating Gross Profit	37,841	36.6%	9,306	28.2%	—	47,147	34.6%
Interest Expense, net	9,292	9.0%	4,916	14.9%	—	14,208	10.4%
Depreciation and Amortization	1,131	1.1%	284	0.9%	—	1,415	1.0%
Other Corporate Expenses (a)	—	—	—	—	20,809	20,809	15.3%
Income (loss) from Operations, before tax	27,418	26.5%	4,106	12.4%	(20,809)	10,715	7.9%

(a) Represents expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose all other corporate expenses as unallocated.

Intersegment revenues of \$0.6 million for the three months ending March 31, 2015, have been eliminated.

Retail Financial Services

Retail financial services represented 75.7%, or \$81.4 million, of consolidated revenues for the three months ended March 31, 2016, which was a decrease of \$22.0 million, or 21.3%, over the prior period, primarily due to heightened underwriting, the consolidation of underperforming retail locations, and the sale of Florida II. The provision for loan losses decreased as a percentage of revenue from 20.8% to 15.4% for the three months ended March 31, 2016 over the prior period reflecting the benefits of our focus on portfolio performance. Other operating expenses increased as a percentage of revenue primarily due to the consolidation and sale of underperforming retail locations.

Internet Financial Services

For the three months ended March 31, 2016, total revenues contributed by our Internet financial services segment was \$26.2 million, a decrease of \$6.9 million, or 20.8%, over the prior year comparable period. The provision for loan losses decreased as a percentage of revenue from 55.7% to 53.1% and operating gross profit increased as a percentage of revenue from 28.2% to 30.8% for the three months ended March 31, 2016 over the prior period reflecting the benefits of our heightened underwriting standards.

Liquidity and Capital Resources

We have historically funded our liquidity needs through cash flow from operations and borrowings under our revolving credit facilities. We believe that cash flow from operations and available cash, together with availability of existing and future credit facilities, will be adequate to meet our liquidity needs for the foreseeable future. Beyond the immediate future, funding capital expenditures, working capital and debt requirements will depend on our future financial performance, which is subject to many economic, commercial, regulatory, financial and other factors that are beyond our control. In addition, these factors may require us to pursue alternative sources of capital such as asset-specific financing, incurrence of additional indebtedness, or asset sales.

Three Month Cash Flow Analysis

The table below summarizes our cash flows for the three months ended March 31, 2015, and 2016.

(in thosands)	Three Months Ended March 31	
	2015	2016
Net Cash Provided by Operating Activities	\$ 64,452	\$ 35,667
Net Cash Used in Investing Activities	(23,346)	(8,088)
Net Cash Provided (Used) in Financing Activities	26,648	(17,861)
Net Increase in Cash and Cash Equivalents	\$ 67,754	\$ 9,718

**Cash Flows from Operating Activities.** During the three months ended March 31, 2016, net cash provided by operating activities was \$35.7 million compared to \$64.5 million during the prior year comparable period, a decrease of \$28.8 million. Cash flows from operating activities decreased primarily due to net income, net of the non-cash impact of provisioning and gain on debt extinguishment.

**Cash Flows from Investing Activities.** During the three months ended March 31, 2016, net cash used in investing activities was \$8.1 million. The primary uses of cash were loan originations of \$6.3 million and \$1.7 million in capital expenditures. During the three months ended March 31, 2015, net cash used in investing activities was \$23.3 million, primarily due to loan originations and capital expenditures.

**Cash Flows from Financing Activities.** During the three months ended March 31, 2016, net cash used in financing activities was \$17.9 million. The primary use of cash was \$36.4 million in repurchases of the Company’s outstanding senior secured notes off set by \$17.4 million in proceeds from a subsidiary note and draws on lines of credit. During the three months ended March 31, 2015, net cash provided by financing activities was \$26.6 million, primarily due to draws on the Company’s revolving credit facility.

Financing Instruments

The indentures governing our senior secured notes contain certain covenants and events of default that are customary with respect to non-investment grade debt securities, including limitations on our ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital stock, make certain investments, enter into certain types of transactions with affiliates, create liens and sell certain assets or merge with or into other companies. The agreement governing our \$31.7 million revolving credit facility contains restrictive covenants that limit our ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital stock, make certain investments, enter into certain types of transactions with affiliates, create liens and sell certain assets or merge with or into other companies, in each case to the same extent as the indentures governing our notes. As of March 31, 2016, and December 31, 2015, we were in compliance with these covenants.

The revolving credit facility due April 2015 was amended in March 2015 and is now structured as a \$31.7 million revolving credit facility with an accordion feature that allows us to request an increase in the revolving credit facility of up to \$40.0 million in total availability, so long as no event of default exists. The revolving credit facility is a two-year facility scheduled to mature on March 27, 2017. The interest rate is one-month LIBOR plus 14% with a 15% floor, and there is a make-whole payment if the revolving principal balance falls below 85% of the aggregate commitment on or before September 27, 2016. The 1-month LIBOR rate was 0.44% and 0.24% at March 31, 2016, and December 31, 2015, respectively, and the prime rate was 3.50% and 3.25% at March 31, 2016, and December 31, 2015, respectively. The revolving credit facility includes an undrawn line fee of 3.0% of the unused commitments.

The Alabama revolving credit facility was renewed in February 2016 with a maturity of July 2017.

For the three months ended March 31, 2016, we repurchased \$99.3 million of our senior secured notes resulting in a \$62.9 million gain on debt extinguishment. We may continue to repurchase our outstanding debt, including in the open market through privately negotiated transactions, by exercising redemption rights or otherwise and any such repurchases may be material.

Capital Expenditures

In the first quarter of 2015, we spent \$6.0 million on capital expenditures to fund new store growth. During the first quarter of 2016, we had ceased opening new stores and are focused on maintenance capital expenditures.

*Seasonality*

Our business is seasonal based on the liquidity and cash flow needs of our customers. Customers cash tax refund checks primarily in the first calendar quarter of each year which is traditionally our strongest check cashing quarter. We typically see our loan portfolio decline in the first quarter as a result of the consumer liquidity created through income tax refund checks. Following the first quarter, we typically see our loan portfolio expand through the remainder of the year with the third and fourth quarters showing the strongest loan demand due to the holiday season.

*Contractual Obligations and Commitments*

On December 20, 2013 and September 19, 2014, we created non-guarantor subsidiaries in order to fund growth in our internet portfolios. The non-guarantor subsidiary funding came from \$35.0 million and \$7.4 million subsidiary notes, which were used to purchase loans from guarantor subsidiaries. Subsequent to March 31, 2016, the \$7.4 million subsidiary note was amended to \$8.1 million.

On July 19, 2014, a guarantor subsidiary of ours entered in to a \$1.4 million term note with a non-related entity for the acquisition of a share of an airplane. We recorded our \$1.1 million share of the joint note, but both parties are joint and severally liable. The joint note had an outstanding balance of \$1.3 million at March 31, 2016 and our share of the note was \$1.0 million.

On December 31, 2014, we entered in to a \$0.5 million term note for licensed software and services.

**Impact of Inflation**

Our results of operations are not materially impacted by fluctuations in inflation.

**Balance Sheet Variations**

Cash and cash equivalents, accounts payable, accrued liabilities, money orders payable and revolving advances vary because of seasonal and day-to-day requirements resulting primarily from maintaining cash for cashing checks and making loans, and the receipt and remittance of cash from the sale of prepaid debit cards, wire transfers, money orders and the processing of bill payments.

**Loan Portfolio**

As of March 31, 2016, we offered loans in 34 states and had ceased all foreign operations in order to focus on our domestic operations. We have established a loan loss allowance in respect of our loans receivable at a level that our management believes to be adequate to absorb known or probable losses from loans made by us and accruals for losses in respect of loans made by third parties. Our policy for determining the loan loss allowance is based on historical experience, as well as our management’s review and analysis of the payment and collection of the loans within prior periods. All loans and services, regardless of type, are made in accordance with state regulations, and, therefore, the terms of the loans and services may vary from state to state. Loan fees and interest are earned on loans. Products which allow for an upfront fee are recognized over the loan term. Other products’ interest is earned over the term of the loan.

As of March 31, 2016, and December 31, 2015, our total finance receivables net of unearned advance fees were approximately \$121.4 million and \$152.4 million, respectively.

**Off-Balance Sheet Arrangements**

In certain markets, we arrange for consumers to obtain consumer loan products from one of several independent third-party lenders whereby we act as a facilitator. For consumer loan products originated by third-party lenders under these programs, each lender is responsible for providing the criteria by which the consumer’s application is underwritten and, if approved, determining the amount of the consumer loan. We are responsible for assessing whether or not we will guarantee such loans. When a consumer executes an agreement with us under these programs, we agree, for a fee payable to us by the consumer, to provide certain services to the consumer, one of which is to guarantee the consumer’s obligation to repay the loan received by the consumer from the third-party lender if the consumer fails to do so. The guarantee represents an obligation to purchase specific loans that go into default. As of March 31, 2016, and December 31, 2015, the outstanding amount of active consumer loans was \$31.2 million and \$40.6 million, respectively, which were guaranteed by us. The accrual for third party loan losses, which represents the estimated fair value of the liability for estimated losses on consumer loans guaranteed by us, was \$2.2 million and \$2.6 million as of March 31, 2016, and December 31, 2015, respectively.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

As of March 31, 2016, we have no material market risk sensitive instruments entered into for trading or other purposes, as defined by GAAP.

***Interest rate risk***

The cash and cash equivalents reflected on our balance sheet represent largely uninvested cash in our branches and cash-in-transit. The amount of interest income we earn on these funds will decline with a decline in interest rates. However, due to the short-term nature of short-term investment grade securities and money market accounts, an immediate decline in interest rates would not have a material impact on our financial position, results of operations or cash flows.

As of March 31, 2016, we had \$337.8 million of indebtedness, of which, \$37.2 million outstanding under our revolving credit facilities is subject to variable interest rates based on Prime and LIBOR rates. In addition, we have an additional \$0.8 million of undrawn availability under the lines of credit which are subject to variable interest rates.

**ITEM 4. CONTROLS AND PROCEDURES.**

**Disclosure Controls and Procedures**

The Company maintains disclosure controls and procedures, as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the “Exchange Act,” that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company’s management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2016.

**Internal Control Over Financial Reporting**

There were no changes in the Company’s internal control over financial reporting, as defined in Rule 15d-15(f) under the Exchange Act, during the quarter ended March 31, 2016, that have materially affected, or are reasonably likely to affect, the Company’s internal control over financial reporting.



PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We and our subsidiaries are party to a variety of legal, administrative, regulatory and government proceedings, claims and inquiries arising in the normal course of business. While the results of these proceedings, claims and inquiries cannot be predicted with certainty, we believe that the final outcome of the foregoing will not have a material adverse effect on our financial condition, results of operations or cash flows. Further, legal proceedings have and may in the future be instituted against us that purport to be class actions or multiparty litigation. In most of these instances, we believe that these actions are subject to arbitration agreements and that the plaintiffs are compelled to arbitrate with us on an individual basis. In the event that a lawsuit purports to be a class action, the amount of damages for which we might be responsible is uncertain. In addition, any such amount would depend upon proof of the allegations and on the number of persons who constitute the class of affected persons.

ITEM 1A. RISK FACTORS.

There has been no material changes with respect to the risk factors disclosed under the “Item 1A Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 6. EXHIBITS.

The following exhibits are filed or furnished as part of this report:

Exhibit No.	Description of Exhibit
10.1	The Membership Interest Purchase Agreement dated as of January 31, 2016 by and among Buckeye Check Cashing of Florida, Inc., an Ohio corporation, as seller, Buckeye Check Cashing of Florida III, LLC, a Florida limited liability company, as buyer, Buckeye Check Cashing of Florida II, LLC, a Delaware limited liability company, Check Cashing U.S.A. Holdings Inc., a Florida corporation, Check Cashing U.S.A. Inc., a Florida corporation, Armando’s Inc., a Florida corporation, Foremost Inc., a Florida corporation, and Taso Group LLC, a Florida limited liability company.
10.2	The Secured Revolving Note dated January 31, 2016 executed by Buckeye Check Cashing of Florida II, LLC, a Delaware limited liability company, and accepted by Buckeye Check Cashing of Florida, Inc., an Ohio corporation, and joined by Taso Group LLC, a Florida limited liability company, as borrower, and acknowledged by Check Cashing U.S.A. Holdings Inc., a Florida corporation, Check Cashing U.S.A. Inc., a Florida corporation, Armando’s Inc., a Florida corporation, Foremost Inc., a Florida corporation.
31.1	Certification Pursuant to Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by the Chief Executive Officer
31.2	Certification Pursuant to Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by the Chief Financial Officer
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by the Chief Executive Officer
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by the Chief Financial Officer
101	Interactive Data File: (i) Consolidated Balance Sheets as of March 31, 2016 (unaudited) and December 31, 2015; (ii) Consolidated Statements of Income for the Three Months Ended March 31, 2016 (unaudited) and March 31, 2015 (unaudited); (iii) Consolidated Statements of Stockholders’ Equity for the Three Months Ended March 31, 2016 (unaudited); (iv) Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2016 (unaudited) and March 31, 2015 (unaudited); and (v) Notes to Consolidated Financial Statements (unaudited)—submitted herewith pursuant to Rule 406T

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 12, 2016

**Community Choice Financial Inc. and Subsidiaries**  
(registrant)

/s/ MICHAEL DURBIN  
\_\_\_\_\_  
Michael Durbin  
*Principal Financial and  
Principal Accounting Officer*



**MEMBERSHIP INTEREST PURCHASE AGREEMENT**

**by and among**

**BUCKEYE CHECK CASHING OF FLORIDA, INC.**

**and**

**BUCKEYE CHECK CASHING OF FLORIDA III, LLC**

**AND**

**CHECK CASHING U.S.A. HOLDINGS, INC.**

**CHECK CASHING U.S.A. INC., ARMANDO’S INC. AND FOREMOST INC.**

**Dated as of January 31, 2016**

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**Exhibits**

- Exhibit A – [Reserved]
- Exhibit B-1 – Security Agreement
- Exhibit B-2 – Pledge Agreement
- Exhibit C – New Springing Bill of Sale
- Exhibit D - Proceedings

## MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this “**Agreement**”), is dated as of January , 2016 (the “**Effective Date**”), by and among Buckeye Check Cashing of Florida, Inc. an Ohio corporation (the “**Seller**”), the sole member of Buckeye Check Cashing of Florida II, LLC, a Delaware limited liability company (together with its successors and assigns, the “**Company**”), and Buckeye Check Cashing of Florida III, LLC, a Florida limited liability company (together with its successors and assigns, the “**Buyer**”) and each of the Assignees as defined below. The Seller, Buyer and the Assignees are sometimes referred to in this Agreement collectively as the “**Parties**” and each, individually, as a “**Party**”. Unless the context otherwise requires, terms used in this Agreement that are capitalized and not otherwise defined in context have the meanings set forth or cross-referenced in **Article I.**

### BACKGROUND

- A. As of the Effective Date, the Seller is the record owner of 100% of the issued and outstanding membership interests of the Company (the “**Interests**”).
  - B. The Assignees (as defined below) have a security interest in all or substantially all of the assets of the Company (the “**CCUSA Security Interest**”) securing certain indebtedness of the Company to certain affiliates of the Buyer. Such Indebtedness is non-recourse to Seller and Seller’s affiliates.
  - C. The Assignees have certain rights and obligations under that certain Bill of Sale, Assignment and Assumption Agreement dated as of August 1, 2012, by and among (i) each of Check Cashing U.S.A., Inc., a Florida corporation (“**Check Cashing U.S.A.**”), Armando’s Inc., a Florida corporation, and Foremost, Inc., a Florida corporation (collectively, and together with Check Cashing U.S.A. Holdings, Inc., the “**Assignees**”) and (ii) the Company (the “Old Springing Bill of Sale”), pursuant to which the Assignees would take the assets and assume the liabilities of the Company.
  - D. The Seller has indicated that it will wind down the Company’s business because it is not in the interest of the Seller or Seller’s equityholders to continue the Company’s business.
  - E. The Buyer wishes to own and operate the Company’s business in lieu of the wind-down described in Background Paragraph D followed by an exercise of remedies under the Old Springing Bill of Sale and the CCUSA Security Interest.
  - F. In lieu of an asset transaction (and associated assumption of liabilities) as described in the Old Springing Bill of Sale, the Buyer has agreed to acquire the Company’s business by purchasing the Interests and Seller agrees to convey the Interests to Buyer so that the Company may continue operations under Buyer’s ownership.
  - G. The Seller is willing to convey the Interests to Buyer and enter into other agreements and transactions in connection with this Agreement, but only on the terms and conditions set forth herein, including, without limitation, the releases and terminations described herein, which are being relied on by and are an inducement to Seller to enter into this Agreement.
-

## **AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions set forth herein, the Parties hereby agree as follows:

### **ARTICLE I DEFINITIONS**

For purposes of this Agreement:

“**Action**” means any suit, legal proceeding, administrative enforcement proceeding or arbitration proceeding before any Governmental Authority.

“**Affiliate**” means with respect to any Person, any Person that directly or indirectly controls, is controlled by or is under common control with such Person. It is understood and agreed that for purposes of this definition, the Independent Manager shall be deemed to be an Affiliate of Buyer.

“**Agreement**” has the meaning set forth in the Preamble.

“**Assignees**” has the meaning set forth in the Preamble.

“**APA**” means that certain Asset Purchase Agreement dated as of April 22, 2012 among Buckeye Check Cashing of Florida, Inc. and certain Affiliates of Buyer, as amended.

“**Business Day**” means any day other than a Saturday, a Sunday or any other day on which the Federal Reserve Bank of New York is closed.

“**Business Interests**” has the meaning set forth in **Section 6.4**.

“**Buyer**” has the meaning set forth in the Preamble.

“**Buyer Indemnitees**” has the meaning set forth in **Section 9.3**.

“**Certificate**” means share certificate no. 25 representing one million shares of common stock issued by Community Choice Financial Inc. (“CCFI”).

“**CCUSA Security Interest**” has the meaning set forth in Paragraph B of the recitals.

“**Closing**” has the meaning set forth in **Section 3.1**.

“**Closing Date**” has the meaning set forth in **Section 3.1**.

“**Company**” has the meaning set forth in the Preamble.

“**Company Limited Liability Company Agreement**” means that certain Limited Liability Company Agreement of Buckeye Check Cashing of Florida II, LLC dated as of August 1, 2012 by and between Seller (as sole member thereunder) and the Independent Manager (as defined therein).

“**Consent**” means any consent, approval, authorization, waiver or registration required to be obtained from, filed with or delivered to any Person in connection with the consummation of the transactions contemplated hereby.

“**Disputed Amounts**” has the meaning set forth in **Section 10.20(a)**.

“**Effective Date**” has the meaning set forth in the Preamble.

“**Follow-on Sale**” has the meaning set forth in **Section 6.4(e)**.

“**General Enforceability Exceptions**” has the meaning set forth in **Section 4.1**.

“**Governmental Authority**” means any government or political subdivision, whether federal, state, local or foreign, or any agency of any such government or political subdivision, or any federal, state, local or foreign court.

“**Independent Accountants**” has the meaning set forth in **Section 10.20(c)**.

“**Initial Offer Period**” has the meaning set forth in **Section 6.4**.

“**Interests**” has the meaning set forth in Background Paragraph A.

“**Law**” means any law, statute, code, ordinance, regulation or rule of any Governmental Authority.

“**Liens**” means any mortgage, lien, security interest, option, pledge or other similar encumbrance.

“**Losses**” has the meaning set forth in **Section 9.2**.

“**New Springing Bill of Sale**” has the meaning set forth in **Section 3.2(e)(4)**.

“**Old Springing Bill of Sale**” has the meaning set forth in Recital C.

“**Order**” means any order, judgment, ruling, injunction, assessment, award, decree or writ of any Governmental Authority.

“**Party**” and “**Parties**” have the meanings set forth in the Preamble, and includes the Transferee, as applicable.

“**Person**” means any individual, sole proprietorship, partnership, corporation, limited liability company, joint venture, unincorporated society or association, trust or other legal entity or Governmental Authority.

“**Period**” has the meaning set forth in **Section 2.3(e)**.

“**Pledge Agreement**” has the meaning set forth in **Section 3.2(e)(2)**.

“**Post Closing Adjustment**” has the meaning set forth in **Section 10.17**.

***“Pre-Closing Indebtedness”*** has the meaning set forth in **Section 4.4(b)**.

***“Privileged Communications”*** has the meaning set forth in **Section 10.8**.

***“Purchase Price”*** has the meaning set forth in **Section 2.2** or as adjusted by the Post-Closing Adjustment.

***“Put”*** has the meaning set forth in **Section 2.3(c)**.

***“Released Claim”*** has the meaning set forth in **Section 2.3(c)**.

***“Resolution Period”*** has the meaning set forth in **Section 10.20(b)**.

***“Review Period”*** has the meaning set forth in **Section 10.20(a)**.

***“Revolving Credit Agreement”*** means that certain Secured Revolving Note dated the date hereof issued by Company and accepted by Seller, as lender thereunder pursuant to which the Lender will make available, on a discretionary basis (so long as no default shall exist thereunder), a revolving credit facility of up to \$6,000,000. It is understood and agreed that the obligations represented by the Revolving Credit Agreement on the Closing Date, which Buyer acknowledges and agrees is an assumed liability are obligations that Assignees are obligated to assume pursuant to the New Springing Bill of Sale, with such obligations being expenses of Company which were paid by Seller (or any of its Affiliates) on Company’s behalf or were advances made by Seller (or any of its Affiliates) to Company for the payment of Company expenses, in each case, pursuant to the Company’s ordinary course of business

***“ROFR Offer”*** has the meaning set forth in **Section 6.4**.

***“ROFR Notice”*** has the meaning set forth in **Section 6.4**.

***“ROFR Price”*** has the meaning set forth in **Section 6.4**.

***“ROFR Sale”*** has the meaning set forth in **Section 6.4**.

***“Seller Indemnitees”*** has the meaning set forth in **Section 9.2**.

***“Seller”*** has the meaning set forth in the Preamble.

***“Selling Party”*** has the meaning set forth in **Section 6.4**.

***“Tax”*** means any foreign, United States federal, state or local net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, similar governmental fee or other similar assessment or similar charge, together with any interest, penalties, additions to tax or additional amounts imposed by any Taxing Authority.

***“Taxing Authority”*** means any Governmental Authority responsible for the administration or imposition of any Tax, including the IRS.

***“Termination Date”*** has the meaning set forth in **Section 8.1(b)**.



“*Third Party Purchaser*” has the meaning set forth in Section 6.4.

“*Third Party Interests*” has the meaning set forth in Section 6.4.

“*Transferee*” has the meaning set forth in Section 6.4(e).

“*Undisputed Amounts*” has the meaning set forth in Section 10.20(a).

ARTICLE II  
SALE AND PURCHASE; OTHER MATTERS

**2.1     Sale and Purchase of Interests.** At the Closing, the Seller shall sell, assign and transfer to the Buyer all of the Interests, free and clear of all Liens (other than those described in Section 4.3), and the Buyer shall pay and deliver, or cause to be paid and delivered, the Purchase Consideration to, or for the benefit of, the Seller and take the other actions described in this Article II. It is hereby understood and agreed that, except as specifically provided herein, the sale, assignment and transfer of the Interests shall be on an “as is, where is” basis with no warranties of any kind, except as provided specifically herein.

**2.2     Purchase Consideration.** In full consideration for the transfer of the Interests, at the Closing, the Buyer shall (a) pay or cause to be paid to, or for the benefit of, the Seller an aggregate amount equal to \$10 (the “*Purchase Price*”) and (b) consummate the other transactions and execute the other agreements contemplated hereby. The Purchase Price shall be adjusted by the Post Closing Adjustment obtained and paid in accordance with Section 10.17.

**2.3     Pre-Closing Indebtedness Disposition and Releases.**

(a)       Upon Closing, \$2,632,000 (as adjusted as described below) of the Pre-Closing Indebtedness shall be evidenced by a borrowing of \$2,632,000 (as adjusted as described below) under the Revolving Credit Agreement on the Closing Date.

(b)       The amount referred to in Section 2.3(a) shall be adjusted on a dollar-for-dollar basis as follows: (1) such amount to be increased if cash (other than cash to be used to pay already collected trust taxes) and current gross receivables on the Closing Date are more than \$6,300,000 to the extent such cash (other than cash to be used to pay already collected trust taxes) and current gross receivables exceed \$6,300,000 and (2) such amount to be decreased if cash (other than cash to be used to pay already collected trust taxes) and current gross receivables on the Closing Date are less than \$6,300,000 to the extent such cash (other than cash to be used to pay already collected trust taxes) and current gross receivables are less than \$6,300,000.

(c)       On the Closing Date, each of the Buyer and the Assignees hereby irrevocably release, on behalf of themselves and their Affiliates, Seller and its Affiliates (other than the Company) from any and all claims, obligations and liabilities of any nature whatsoever, whether known or unknown, liquidated or contingent, direct or indirect (each, a “*Released Claim*”), including, without limitation, any and all claims, obligations and liabilities resulting (directly or indirectly) from or in connection with: (a) Seller’s management or ownership of the Company, (b) the APA (including, without limitation, any obligation to purchase the common stock represented by the Certificate (or any replacements or proceeds thereof, such obligation, the (“*Put*”)), and (c) any other agreement to which Seller and/or any of its Affiliates (other than

the Company) is a party with Buyer and/or any of its Affiliates, including without limitation, the Company Limited Liability Company Agreement and each of the Newco Notes (as such term is defined in the APA). Each of the Assignees hereby irrevocably waive any Event of Default as defined therein that may currently exist under any of the Newco Notes until immediately after the Closing or Termination of this Agreement. The release and waiver provided in this **Section 2.3(c)** shall bind any and all parties asserting rights through Buyer or any of its Affiliates. The provisions of this **Section 2.3(c)** shall survive any termination of this Agreement.

(d) Reacquisition of Company. If the Seller or any of its Affiliates shall acquire the Business Interests of Company (whether such reacquisition is pursuant to **Section 6.4** or otherwise), then the Buyer shall be deemed to have been assigned and shall assume all of the obligations under the Newco Notes and the New Springing Bill of Sale immediately prior to such acquisition, and the Buyer will execute and deliver any documentation reasonably requested by Seller to evidence such assignment.

(e) Notwithstanding the irrevocable release of all claims, liabilities and obligations constituting a “Released Claim”, as a new obligation hereunder (it being understood and agreed that this **Section 2.3(e)** shall not affect or be construed to affect the release of any claim, liability or obligation constituting a “Released Claim” and shall not create obligations or enlarge the obligations of any Person under any theory of liability or cause of action other than as specifically provided in this **Section 2.3(e)**), subject to **Sections 9.4, Section 9.6** (other than subsections (a) and (b)) and **Section 9.7**, upon and from and after the Closing, the Seller shall reimburse the Company (or, if applicable, Taso if Taso is a Transferee), without duplication of any amounts payable hereunder, for the following losses directly and proximately caused by acts or omissions of the Company occurring prior to the Closing and after July 31, 2012 (such period, the “**Period**”): (1) refunds made to the Company’s customers for transactions entered into during the Period required to cure a violation of law or regulation where the aggregate refund to a group of customers as a result of such cure exceeds \$5,000.00; (2) any amounts required to be paid to any Governmental Authority in the nature of fines (or payments in lieu thereof) resulting from a violation of law or regulation with respect to customer transactions entered into prior during the Period; and (3) any and all out-of-pocket losses, liabilities, claims, damages, penalties, fines, judgments, awards, settlements, costs, fees (including reasonable investigation fees), expenses (including reasonable attorneys’ fees) and disbursements resulting from any material breach of any law or regulation with respect to (i) any customer transaction entered into by the Company during the Period, (ii) any material breach of any lease of the Company occurring during the Period, (iii) any violation of any federal, state or local law relating to taxation during the Period or (iv) any claim by any current or former employee relating to an act or omission occurring during the Period. Upon request, the Buyer shall provide, in reasonable detail, documentation supporting any amounts claimed to be payable under this **Section 2.3(e)**, and Seller shall have the right to coordinate the defense of any claim for which Buyer or its Affiliates seeks indemnity under the terms hereof. Buyer shall defend, indemnify and hold harmless Seller and its Affiliates, and its and their directors, officers, employees, agents and representatives (each a “**Seller Special Indemnitee**”), from and against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any Person in connection with the transactions contemplated by this Agreement; and (b) all losses or expenses in any way suffered, incurred, or paid by any Seller Special Indemnitee as a result of or in any way arising out of, following, or consequential to any transaction between Buyer and any Seller Special Indemnitee whether under this Agreement, or otherwise (including without limitation reasonable attorneys fees and expenses), except for losses caused by the gross negligence or willful misconduct of any Seller Special Indemnitee.

(f) On the Closing Date, the Put is hereby irrevocably terminated, released, and disclaimed, and the liability of the Company for the Put is hereby irrevocably extinguished. The provisions of this **Section 2.3(f)** shall survive any termination of this Agreement.

**2.4 Consent.** Each of the Buyer and Assignees (and each of their Affiliates) hereby agree that any actions taken between the Effective Date and through the Closing Date by the Seller and Seller Affiliates and the Company to manage the business of the Company and/or effectuate the transactions contemplated hereby (including, without limitation, transactions intended to ensure that no more than \$6,300,000 in cash and gross receivables remain in the Company upon Closing and any intercompany payments in respect of any intercompany obligations) shall not violate, conflict with, or cause an Event of Default under, the Newco Notes or any other agreement to which Seller and/or any of its Affiliates (other than the Company) is a party with Buyer and/or any of its Affiliates, including without limitation, the Company Limited Liability Company Agreement, and each of the Buyer and Assignees (on behalf of themselves and their Affiliates) hereby irrevocably consents to each such action.

**2.5 Assignment of Certificate.** The Assignees, and each of them, including Check Cashing U.S.A. Holdings, Inc., for and in consideration of Seller entering into this Agreement and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, hereby irrevocably sell, assign, transfer and set over to Seller any and all right, title and interest in and to the Certificate and shall execute and deliver any documentation reasonably requested to evidence such assignment.

### ARTICLE III CLOSING AND DELIVERIES

**3.1 Closing.** The closing of the transactions contemplated hereby (the “***Closing***”) will take place remotely via the electronic exchange of documents and signatures on the such date and at such time and place as the Parties mutually agree in writing, but in any event not later than 30 calendar days following the satisfaction or waiver of each of the conditions set forth in **Article VIII** (other than those conditions that are to be satisfied at the Closing), or on such other date or at such other time and place as the Parties mutually agree in writing (the “***Closing Date***”). The Closing is expected to take place on January 31, 2016. Except as specifically provided herein, all proceedings to be taken and all documents to be executed and delivered by all Parties at the Closing will be deemed to have been taken and executed simultaneously and no proceedings will be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered. The effective time of the Closing will be 12:01 a.m. Eastern Time on the Closing Date.

**3.2 Deliveries by the Seller.** At the Closing, the Company shall deliver, or cause to be delivered, to the Buyer the following items:

- (a) List of stores operated by the Company set forth on Schedule I hereto.
- (b) A certificate of an officer of the Seller, given by him or her on behalf of the Seller and not in his or her individual capacity, to the effect that the conditions set forth in **Section 7.2(a)** and **Section 7.2(b)** have been satisfied.
- (c) The certificate of formation of the Company, certified as of a recent date by the Secretary of State of Delaware, and a copy of the operating agreement of the Company;

(d) A certificate of the Secretary of State of Delaware as to the good standing of the Company as of a recent date in Delaware;

(e) The following documents duly executed by the parties thereto: (1) [Reserved]; (2) a Security Agreement substantially in the form attached as Exhibit B-1 duly executed by Seller and Company, which Security Agreement is effective prior to the Closing and a Pledge Agreement substantially in the form of Exhibit B-2 duly executed by Seller and which Pledge Agreement shall be effective immediately prior to Closing and joined by Buyer at the Closing, (3) a Secured Revolving Note issued by Seller to the Company, which is effective prior to the Closing; (4) and the New Springing Bill of Sale substantially in the form of Exhibit C hereto duly executed by Seller and the Company; and

(f) Copies of all executory leases of the Company, together with any addendums or amendments thereto, provided however, that Seller makes no representation or warranty as to the accuracy thereto or effectiveness thereof.

(g) RESERVED.

**3.3 Deliveries by the Buyer.** At the Closing, the Buyer shall deliver, or cause to be delivered, to the Seller the following items:

(a) Joinder Agreement in the form attached to the Pledge Agreement duly executed by Buyer;

(b) A certificate showing the Buyer's good standing under its jurisdiction of incorporation, and a copy of the Articles of Association of the Buyer, including all amendments thereto (or equivalent organizational documents);

(c) A counterpart of the New Springing Bill of Sale duly acknowledged by Buyer;

(d) any documentation reasonably requested by Seller to document the assignment described in **Section 2.5**;

(e) A counterpart to the Subordination Agreement duly executed by each of the Assignees;

(f) A copy of the any agreement between the Company and Taso selling or purporting to sell assets of the Company;

(g) (1) An acknowledgment in writing of the Second Amended and Restated Trademark License Agreement dated as of January 22, 2016 by and between Seller and Company and (2) a consent, effective immediately prior to the Closing, by Assignees and Buyer to (i) the Security Agreement described in **Section 3.2(e)(2)**, (ii) the Revolving Credit Agreement described in **Section 3.2(e)(3)** and the Pledge Agreement and (iii) the New Springing Bill of Sale; and

(h) A certificate of an officer of the Buyer, given by him or her on behalf of the Buyer and not in his or her individual capacity, to the effect that the conditions set forth in **Section 7.1(a)** and **Section 7.1(b)** have been satisfied.

**ARTICLE IV**  
**REPRESENTATIONS AND WARRANTIES OF THE SELLER**

The Seller represents and warrants to the Buyer as follows:

**4.1 Organization and Standing; Authority.** The Company is duly organized, validly existing and in good standing under the laws of the State of Delaware. This Agreement has been duly and validly executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller, enforceable against it in accordance with its terms, except as limited by: (a) applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditors’ rights generally from time to time in effect; and (b) the availability of equitable remedies (regardless of whether enforceability is considered in a proceeding at law or in equity) (the immediately preceding clauses (a) and (b), collectively, the “**General Enforceability Exceptions**”).

**4.2 Capitalization.** There are no: (a) outstanding securities convertible or exchangeable into equity ownership of the Company; (b) options, warrants, calls, subscriptions or other rights, agreements or commitments obligating the Company to issue, transfer or sell any of its equity ownership; or (c) voting trusts or other agreements or understandings to which the Company is a party or by which the Company is bound with respect to the voting, transfer or other disposition of its equity ownership. The Company has no subsidiaries.

**4.3 Title.** The Seller: (a) is the record owner of the Interests; (b) has full power, right and authority to make and enter into this Agreement and to sell, assign, transfer and deliver the Interests to the Buyer; (c) has good and valid title to the Interests, free and clear of all Liens, other than Liens arising under the Company’s operating agreement (that are not by or through Seller or any of Seller’s Affiliates) and under the Pledge Agreement securing the obligations under the Revolving Credit Agreement; and (d) to the knowledge of the Seller, the assets owned by Company (other than assets under lease) *are* free and clear of any material liens other than those described herein and customary landlord liens, liens of remittees and depositary banks and customary non-consensual liens arising in the ordinary course of business. Company has the right to deal generally with its customer base.

**4.4 Financial Statements and Financial Matters.**

(a) [Reserved].

(b) Seller represents that the total outstanding intercompany indebtedness of the Company to the Seller and its Affiliates reflected by the Secured Revolving Note immediately prior to the Closing shall be no greater than \$2,632,000 (as adjusted pursuant to **Section 2.3(b)**) plus any amounts agreed to by Buyer in writing (such indebtedness for borrowed money, the “**Pre-Closing Indebtedness**”).

**4.5 No Brokers.** No broker, finder or similar agent has been employed by or on behalf of the Seller or the Company, and no Person with which the Seller or the Company has had any dealings or communications of any kind is entitled to any brokerage commission,

finder's fee or any similar compensation in connection with this Agreement or the transactions contemplated hereby.

**4.6      Payment of Pre-Closing Taxes.** All material income, sales and use and other relevant taxes that were incurred by the Company during the Period to the extent due and payable have been paid.

**4.7      Customer Information; Ownership of Assets; Employees.** To the best knowledge of Seller, after the Closing: (a) the Company shall have substantially complete information relating to its customers and customer accounts and (b) other than leased property, or equipment provided by lessors or vendors, substantially all of the equipment located in the Company's stores is owned by the Company. No employee that worked for the Company prior to the Closing Date has any unused or accrued vacation for which such employee has not been fully reimbursed.

**4.8      Litigation or Government Claims.** Except as described Exhibit D, there is no suit, claim, action or litigation, or governmental, administrative, arbitral or other similar proceeding, investigation or inquiry (collectively, "***Proceedings***"), pending or, to the knowledge of Seller, threatened against the Company which, individually or in the aggregate, will have a materially adverse effect on the Company, its results of operations, assets, or condition, financial or otherwise.

**ARTICLE V**  
**REPRESENTATIONS AND WARRANTIES OF THE BUYER OR CHECK CASHING U.S.A.**

With respect to **Sections 5.1** through **5.7**, the Buyer represents and warrants to the Seller as follows and with respect to **Section 5.8**, each of the Buyer and Check Cashing U.S.A. represents and warrants:

**5.1     Investment Intent.** The interests are being purchased for the Buyer's own account and not with the view to, or for resale in connection with, any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

**5.2     Organization and Standing; Authority.** The Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation or formation. The Buyer is duly qualified to do business, and is in good standing, in each jurisdiction in which the character of the properties owned or leased by it or in which the conduct of its business requires it to be so qualified. The Buyer has the requisite power and authority to execute and deliver this Agreement and all agreements and documents contemplated hereby to be executed and delivered by it, and to consummate the transactions contemplated hereby and thereby without obtaining any additional approvals (whether internal or third party). The execution and delivery of this Agreement and such other agreements and documents and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action on the part of the Buyer. This Agreement has been duly and validly executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, except as limited by the General Enforceability Exceptions.

**5.3     No Conflict; Required Consents.**

(a)       Neither the execution and delivery of this Agreement by the Buyer, nor the consummation by the Buyer of the transactions contemplated hereby, nor compliance by the Buyer with any of the provisions hereof, will: (i) conflict with or result in a breach of any provisions of the organizational documents of the Buyer; (ii) constitute or result in the breach of any term, condition or provision of, or constitute a default under, or give rise to any right of termination, cancellation or acceleration with respect to, or result in the creation or imposition of any Lien upon any property or assets of the Buyer pursuant to any note, bond, mortgage, indenture, license, agreement, lease or other instrument or obligation to which the Buyer is a party, or (iii) violate any Order or Law applicable to the Buyer or any of its properties or assets.

(b)       The Buyer has obtained all necessary Consents for the consummation by the Buyer of the transactions contemplated by this Agreement.

**5.4     Independent Investigation; No Reliance.** The purchase of the Interests by the Buyer and the consummation of the transactions contemplated hereby by the Buyer are not done in reliance upon any representation or warranty by, or information from, the Seller, the Company or any of their respective Affiliates, employees or representatives, whether oral or written, express or implied, including any implied warranty of merchantability or of fitness for a particular purpose, except for the representations and warranties specifically and expressly set forth in **Article IV** (in each case, as modified by the documents and information provided to Buyer), and the Buyer acknowledges that the Company and the Seller expressly disclaim any other representations and warranties. Such purchase and consummation are instead done



entirely on the basis of the Buyer’s own judgment and assessment of the present and potential value and earning power of the Company, as well as those representations and warranties by the Seller, specifically and expressly set forth in **Article IV** (in each case, as modified by the documents and information provided to Buyer). The Buyer acknowledges that neither the Company nor the Seller has made any representations or warranties to the Buyer regarding the probable success or profitability of the Company. The Buyer further acknowledges that none of the Seller, the Company or any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Company, its business or the transactions contemplated by this Agreement not specifically and expressly set forth in **Article IV** (in each case, as modified by the documents and information provided to Buyer), and none of the Seller, the Company or any other Person will have or be subject to any liability to the Buyer or any other Person resulting from the distribution to the Buyer or its representatives or the Buyer’s use of any such information provided or made available to the Buyer or its representatives or any other document or information in any form provided or made available to the Buyer or its representatives, including management presentations, in connection with the purchase and sale of the Interests and the transactions contemplated hereby. The Buyer is not aware of any facts, events or circumstances that would cause any of the representations or warranties of the Seller set forth in this Agreement to be untrue or incorrect in any respect.

**5.5 Solvency.** After giving effect to the transactions contemplated by this Agreement, Buyer (a) will be solvent (in that both the fair value of its assets will not be less than the sum of its liabilities and that the present saleable value of its assets will not be less than the amount required to pay its probable liabilities as they become absolute and matured); (b) will have adequate capital with which to engage in its business; and (c) will not have incurred and will not plan to incur liabilities beyond its ability to pay as they become absolute and matured.

**5.6 Legal Proceedings.** As of the Effective Date, there are no Actions pending or, to the knowledge of the Buyer, threatened against or affecting the Buyer that, if adversely decided, would affect Buyer’s ability to consummate the transactions contemplated hereby.

**5.7 No Brokers.** No broker, finder or similar agent has been employed by or on behalf of the Buyer, and no Person with which the Buyer has had any dealings or communications of any kind is entitled to any brokerage commission, finder’s fee or any similar compensation in connection with this Agreement or the transactions contemplated hereby.

**ARTICLE VI**  
**COVENANTS AND AGREEMENTS**

**6.1 Records.** With respect to the financial books and records and minute books of the Company relating to matters on or prior to the Closing Date: (a) for a period of seven years after the Closing Date, the Buyer shall not cause or permit their destruction or disposal without first offering to surrender them to the Seller; and (b) where there is a legitimate purpose, including an audit, assessment or reassessment of any Seller by any Taxing Authority or an Action involving a Seller or a claim or dispute relating to this Agreement, the Buyer shall allow the Seller and its respective representatives access to such books and records.

**6.2 Florida Money Services License.** Buyer shall have (i) notified the Florida Department of Financial Regulation (“OFR”) of a change in ownership in Company in the manner required by OFR within 5 days of Closing, and Buyer and Company shall diligently

pursue the obtaining of approval for such change in ownership or (ii) obtained such license or licenses reasonably acceptable to Seller.

**6.3 Reasonable Best Efforts; Cooperation.** Upon the terms and subject to the conditions set forth in this Agreement, each of the Parties agrees to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and to obtain satisfaction or waiver of the conditions precedent to the consummation of the transactions contemplated hereby, including: (a) obtaining all of the necessary Consents from Governmental Authorities and other third parties and the making of all filings and the taking of all steps as may be necessary to obtain Consent from, or to avoid an Action by, any Governmental Authority; (b) the defending of any Actions, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Authority vacated or reversed; and (c) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement or the transactions contemplated thereby; it is hereby understood and agreed that the Buyer and the Assignees shall cause Company to cooperate with any requests by Seller (as a secured lender under the Revolving Credit Agreement) to protect its security interest in the collateral, including, without limitation, the procurement of deposit/securities account control agreements granting control over the Company's deposit accounts or securities accounts.

**6.4 Rights of First Refusal.**

(a) If, within the two year anniversary of the Closing, the Buyer or any of its Affiliates (or a Transferee or its Affiliates) desires to sell, transfer, assign or other dispose of the Interests (or transfer a controlling interest in any owner of the Interests), the Company, its business or any of its assets (other than obsolete or unusable assets) or, in each case, any portion thereof (the "Business Interests") to any Person (other than to an Affiliate), and the Buyer, the Transferee or any of their Affiliates (the "Selling Party") receives from or otherwise negotiates and enters into with such Person (the "Third Party Purchaser") a legally binding, written agreement for the Third Party Purchaser to purchase the Business Interests (or any portion thereof) (a "ROFR Sale") and the Selling Party intends to pursue the ROFR Sale, then the Selling Party or the Buyer will give written notice of the same (a "ROFR Notice") to the Seller. The ROFR Notice will set forth a general description of the terms, including the identity of the Third Party Purchaser, the Business Interests (or portion thereof) that are to be sold, assigned or otherwise transferred by the Selling Party (the "Transferred Interests"), the consideration that the Selling Party would receive for the Transferred Interests (the "ROFR Price"), and all other material transaction terms and conditions, and will be accompanied by a copy of the written agreement and any related agreements.

(b) The giving of a ROFR Notice will constitute an irrevocable offer (the "ROFR Offer") by the Selling Party to sell the Transferred Interest to the Seller and/or CCFI for cash at the ROFR Price on the terms set forth in the ROFR Notice (which terms shall include the assignment or termination described in **Section 2.3(d)**). The Seller and/or CCFI will have a 15 Business Day period (the "Initial Offer Period") in which to accept the ROFR Offer (and any additional or differing terms as agreed to by the Selling Party and the Seller and/or CCFI) as to the Transferred Interests by giving a written notice of acceptance of the ROFR Offer to the Selling Party (together with a copy thereof to the Company) prior to the expiration of the Initial

Offer Period. If the Seller and/or CCFI fails to so notify the Selling Party prior to the expiration of the Initial Offer Period, then it will be deemed to have declined the ROFR Offer.

(c) If either the Seller and/or CCFI accepts the ROFR Offer, then it will have an unconditional obligation to purchase the Transferred Interests pursuant to the terms contained in the ROFR Notice (and any additional or differing terms as agreed to by the Selling Party and the Seller or CCFI; provided that if the consideration in the ROFR Notice is not cash, the Seller or CCFI shall pay the cash equivalent of the consideration set forth in the ROFR Notice, with the value thereof to be agreed by the Selling Party and the Seller or CCFI. If such agreement is not reached within 10 Business Days of the acceptance of the ROFR Offer the Parties shall agree on a third party appraiser (the fees and expenses of which shall be shared by the Selling Party and the Seller and/or CCFI) which shall determine such value within 20 Business Days of its selection. In such case, the Company's reasonable out of pocket costs will be shared equally by the Selling Party and the Seller and/or CCFI.

(d) Upon the earlier of (i) full rejection of the ROFR Offer by the Seller and/or CCFI, and (ii) the expiration of the Initial Offer Period without the Seller and/or CCFI electing to purchase the Transferred Interests, there will commence a 90 day period during which the Selling Party will have the right to close the sale to the Third Party Purchaser of all of the Transferred Interests on the same or more favorable (as to the Selling Party) terms and conditions as were set forth in the ROFR Notice and at a price not less than 100% of the ROFR Price. If the Selling Party does not consummate the sale of the Transferred Interests in accordance with the foregoing time limitations, then the Selling Party may not sell its Business Interests (or any portion thereof) without repeating the foregoing procedures of this **Section 6.4** to the extent required thereby.

(e) The Seller shall have no right to a ROFR Offer under this Section 6.4 if, within 90 days of Closing, the Buyer and/or Company sell (or cause the sale of) all or substantially all of the assets of the Company or all (but not less than all) of the equity interests issued by the Company (such sale, the "Follow-on Sale") to a purchaser (such purchaser, the "Transferee"), so long as: (a) the Transferee, and Transferee's ultimate parent (as applicable), executes and delivers assignment and assumption agreements in the form and substance reasonably satisfactory to Seller, assuming all of the obligations in under each of this Agreement and all agreements executed in connection with this Agreement (including, without limitation, the Loan Documents as such term is defined in the Revolving Credit Agreement) and neither the Buyer nor Company are in breach of this Agreement or any agreement executed in connection with the transactions contemplated hereby, (b) Seller receives 15 days' notice of the terms and conditions of the Follow-on Sale and (c) Seller consents to the Follow-on Sale, such consent not to be unreasonably withheld or delayed subject to the foregoing, and it is understood that Seller may condition its consent on receipt of appropriate assurances that all matters that would be material to a first lien lender are satisfactorily addressed in connection with the Follow-on Sale, including, without limitation, (i) the priority of its lien in all of the assets of, and equity issued by, the Transferee, (ii) that neither the Buyer, the Company nor the Transferee is insolvent or would become insolvent as a result of the Follow-on Sale, (iii) that the Follow-on Sale does not breach any material agreements of the Company or Buyer and that the Transferee shall assume all agreements where the failure to assume or perform such agreements would give rise to material liability for Seller or any of its Affiliates and (iv) that the operation of the business of the Company may be lawfully conducted by the Transferee, and in cases where the Transferee is not an Affiliate of the Buyer, that such Transferee shall not be required to be consolidated with Seller or any of Seller's Affiliates for any reports required by federal law.

**ARTICLE VII**  
**CONDITIONS TO CLOSING**

**7.1 Conditions to Obligations of the Seller.** The obligations of the Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver (if permitted by applicable Law) at or prior to the Closing of each of the following conditions:

(a) The representations and warranties of the Buyer set forth in this Agreement must be true and correct in all respects (without giving effect to any materiality or material adverse effect qualifications contained therein) as of the Closing Date as though made on and as of the Closing Date (except to the extent expressly made as of an earlier date, in which case, as of such date) in each case except to the extent that any failure to be true and correct could not have any material adverse effect on Seller or any of its Affiliates.

(b) The Buyer shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing.

(c) The Buyer shall have delivered or caused to be delivered to the Seller the items required by **Section 3.3**.

(d) None of the Parties shall be subject to any Order of a court of competent jurisdiction that prohibits the consummation of the transactions contemplated by this Agreement.

**7.2 Conditions to Obligations of the Buyer.** The obligations of the Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver (if permitted by applicable Law) at or prior to the Closing of each of the following conditions:

(a) The representations and warranties of the Seller set forth in this Agreement must be true and correct in all respects (without giving effect to any materiality or material adverse effect qualifications contained therein) as of the Closing Date as though made on and as of the Closing Date (except to the extent expressly made as of an earlier date, in which case, as of such date).

(b) The Seller shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date. The current officers and managers of the Company shall have resigned.

(c) The Seller shall have delivered or caused to be delivered to the Buyer the items required by **Section 3.2**.

(d) None of the Parties hereto shall be subject to any Order of a court of competent jurisdiction that prohibits the consummation of the transactions contemplated by this Agreement.

**7.3 Frustration of Closing Conditions.** No Party may rely on the failure of any condition set forth in **Section 7.1** or **Section 7.2**, as the case may be, to be satisfied if such

failure was caused by such Party’s failure to comply with its obligations to consummate the transactions contemplated by this Agreement.

**ARTICLE VIII  
TERMINATION OF AGREEMENT**

**8.1      Termination.** Notwithstanding any other provision of this Agreement, this Agreement may be terminated at any time prior to the Closing:

- (a)      by the mutual written consent of the Buyer and the Seller;
  
- (b)      by the Buyer or the Seller, upon written notice to the other Party, if the transactions contemplated by this Agreement have not been consummated on or prior to February 28, 2016 or such later date, if any, as the Buyer and the Seller agree upon in writing (the “***Termination Date***”); provided that the right to terminate this Agreement pursuant to this **Section 8.1(b)** is not available to any Party whose breach of any provision of this Agreement results in or causes the failure of the transactions contemplated by this Agreement to be consummated by such time;
  
- (c)      by the Buyer or the Seller, upon written notice to the other Party, if a Governmental Authority of competent jurisdiction and residing in a jurisdiction in which the Company does business has issued an Order or any other action permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, provided that the right to terminate this Agreement pursuant to this **Section 8.1(c)** is not available to any Party whose breach of any provision of this Agreement results in or causes such Order or other action or such party is not in compliance with its obligations under this Agreement;
  
- (d)      by the Seller if: (i) the Buyer has breached or failed to perform any of its covenants or other agreements contained in this Agreement to be complied with by the Buyer such that the closing condition set forth in **Section 7.1(b)** would not be satisfied; or (ii) there exists a breach of any representation or warranty of the Buyer contained in this Agreement such that the closing condition set forth in **Section 7.1(a)** would not be satisfied, and, in the case of clauses (i) and (ii) of this **Section 8.1(d)**, such breach or failure to perform is not cured within 30 days after receipt of written notice thereof or is incapable of being cured by the Buyer by the Termination Date;
  
- (e)      by the Buyer if: (i) the Seller has breached or failed to perform any of its covenants or other agreements contained in this Agreement to be complied with by it such that the closing condition set forth in **Section 7.2(b)** would not be satisfied; or (ii) there exists a breach of any representation or warranty of the Seller or the Company contained in this Agreement such that the closing condition set forth in **Section 7.2(a)** would not be satisfied, and, in the case of clauses (i) and (ii) of this **Section 8.1(e)**, such breach or failure to perform is not cured within 30 days after receipt of written notice thereof or is incapable of being cured by the Company or the Seller by the Termination Date; or

**8.2      Effect of Termination.** In the event of termination of this Agreement pursuant to **Section 8.1** by either the Buyer or the Seller, this Agreement will become void and have no effect, without any liability or obligation on the part of the Buyer or the Seller, other than the provisions of **Section 8.2** and **Article X**, which will survive any termination of this Agreement.

**ARTICLE IX  
REMEDIES**

**9.1      Survival.** The representations, warranties, covenants and agreements of the Seller and the Buyer contained in this Agreement (including the Exhibits attached hereto and the certificates delivered pursuant hereto, each as qualified by the documents and information disclosed to the Buyer prior to the Closing Date) will survive the Closing but only to the extent specified in this **Section 9.1**.

(a)      All covenants and agreements contained in this Agreement (including the Exhibits attached hereto and the certificates delivered pursuant hereto) that contemplate performance thereof following the Closing will survive the Closing in accordance with their respective terms; provided that in the case of any such covenant or agreement made by the Seller, no claim for indemnification on account thereof may be made following the earlier of: (i) the date that is eighteen (18) months after the Closing Date, provided that any claim made during such 18 month period shall survive until resolved; and (ii) the expiration of such covenant or agreement in accordance with its terms.

(b)      The representations and warranties contained in this Agreement (including the Exhibits attached hereto and the certificates delivered pursuant hereto, each as qualified by the documents and information disclosed to the Buyer prior to the Closing Date) will survive the Closing Date until the date that is eighteen months after the Closing Date, at which such point such representations and warranties and any claim for indemnification brought by the Buyer or the Seller, as applicable, on account thereof will terminate, except for pending Claims brought prior to the date that is eighteen months after the Closing Date.

**9.2      Indemnification by the Buyer.** Subject to the limitations set forth in this **Article IX** (including the provisions of **Section 9.1**), from and after the Closing, the Buyer will indemnify and hold harmless the Seller and their respective successors and permitted assigns (collectively, the “***Seller Indemnitees***”) from and against, and will pay to the Seller Indemnitees the amount of, any and all out-of-pocket losses, liabilities, claims, damages, penalties, fines, judgments, awards, settlements, costs, fees (including reasonable investigation fees), expenses (including reasonable attorneys’ fees) and disbursements (collectively, “***Losses***”) actually incurred by any of the Seller Indemnitees following the Closing as a result of: (a) any breach of or inaccuracy in the representations and warranties of the Buyer contained in this Agreement (including the Exhibits attached hereto and the certificates delivered pursuant hereto, or (b) any breach of the covenants or agreements of the Buyer and/or the Company contained in this Agreement (including the Exhibits attached hereto and the certificates delivered pursuant hereto.

**9.3      Indemnification by the Seller.** Subject to the limitations set forth in this **Article IX** (including the provisions of **Section 9.1**), from and after the Closing, the Buyer and its respective successors and permitted assigns (collectively, the “***Buyer Indemnitees***”) will be entitled to reimbursement for any and all Losses actually incurred by any of the Buyer Indemnitees following the Closing as a result of: (a) any breach of or inaccuracy in the representations and warranties of the Seller or the Company contained in this Agreement

(including the Exhibits attached hereto and the certificates delivered pursuant hereto, each as qualified by the documents and information disclosed to the Buyer prior to the Closing Date); and (b) any breach of the covenants or agreements of the Seller contained in this Agreement (including the Exhibits attached hereto and the certificates delivered pursuant hereto, each as qualified by the documents and information disclosed).

**9.4 Exclusive Remedy.** The Parties agree that, from and after the Closing, the sole and exclusive remedies of the Parties for any Losses based upon, arising out of or otherwise in respect of the matters set forth in this Agreement (including representations, warranties, covenants and agreements) and the transactions contemplated hereby, whether based in contract, tort, equity or Law, are the indemnification and reimbursement obligations of the Parties set forth in this **Article IX** and **Section 2.3(e)** and the Buyer Indemnitees expressly waive any and all other rights and remedies in connection with any Losses relating to this Agreement (including the Exhibits attached hereto and the certificates delivered pursuant hereto, each as qualified by the documents and information disclosed to the Buyer prior to the Closing Date) or the transactions contemplated hereby. The provisions of this **Section 9.4** shall not, however, prevent or limit a cause of action under **Section 9.7** to obtain an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the terms and provisions hereof.

**9.5 Limitations on Indemnification Payments to the Seller Indemnitees.** Notwithstanding anything in this Agreement to the contrary (including **Section 9.2**), the right of the Seller Indemnitees to indemnification is limited as follows:

- (a) The Seller Indemnitees’ right to indemnification pursuant to **Section 9.2** and **Section 2.3(e)** on account of any Losses will be reduced by all insurance or other third party indemnification proceeds actually received by the Seller Indemnitees. The Seller Indemnitees shall use commercially reasonable efforts to claim and recover any Losses suffered by the Seller Indemnitees under all such insurance policies and other third party indemnities. The Seller Indemnitees shall remit to the Buyer any such insurance or other third party proceeds that are paid to the Seller Indemnitees with respect to Losses for which the Seller Indemnitees have been previously compensated pursuant to **Section 9.2** or **Section 2.3(e)**.
- (b) The Seller Indemnitees will not be entitled to indemnification pursuant to **Section 9.2** or **Section 2.3(e)** for lost income, revenues or profits, multiples of earnings, diminution in value, consequential damages, indirect damages, exemplary damages, incidental damages, punitive damages, special damages or any other similar damages.

**9.6 Limitations on Indemnification Payments to the Buyer Indemnitees.** Notwithstanding anything in this Agreement to the contrary (including **Section 9.3**), the right of the Buyer Indemnitees to indemnification is limited as follows:

- (a) The Buyer indemnitees will be entitled to indemnification pursuant to **Section 9.3** on account of any Losses arising with respect to the matters described in **Section 9.3(a)** to the extent (but only to the extent) that the aggregate amount of all Losses suffered by the Buyer Indemnitees with respect to such matters exceeds \$25,000
- (b) The Buyer Indemnitees will not be entitled to assert any claims for Losses with respect to any individual item or matter, or items or matters arising out of substantially similar facts and circumstances, unless the amount of Losses with respect to such



items or matters exceeds \$25,000; provided that the amount in this Section 9.6(b) shall be reduced to \$10,000 when the aggregate amount of all Losses suffered by the Buyer Indemnities described in **Section 9.6(a)** has been reached.

(c) The Buyer Indemnitees will not be entitled to assert any claims for Losses, and the Seller will not be liable for any Losses, pursuant to **Section 9.3** or **Section 2.3(e)** in excess of \$1,000,000 in the aggregate.

(d) The Buyer Indemnitees' right to indemnification pursuant to **Section 9.3** or **Section 2.3(e)** on account of any Losses will be reduced by all insurance or other third party indemnification proceeds actually received by the Buyer Indemnitees. The Buyer shall use reasonable efforts to claim and recover any Losses suffered by the Buyer Indemnitees under all such insurance policies and other third party indemnities. The Buyer Indemnitees shall remit to the Seller any such insurance or other third party proceeds that are paid to the Buyer Indemnitees with respect to Losses for which the Buyer Indemnitees have been previously compensated pursuant to **Section 9.3** or **Section 2.3(e)**.

(e) The Buyer indemnitees' right to indemnification pursuant to **Section 9.32** or **Section 2.3(e)** on account of any Losses will be reduced by the net present value of any Tax benefit to be realized by the Buyer Indemnitees by reason of such Loss, assuming that the Buyer Indemnitees will claim and realize the largest amount of such Tax benefits in the earliest Tax year allowed by applicable Law.

(f) The Buyer Indemnitees will not be entitled to indemnification pursuant to **Section 9.3** or **Section 2.3(e)** for lost income, revenues or profits, multiples of earnings, diminution in value, consequential damages, indirect damages, exemplary damages, incidental damages, punitive damages, special damages, or any other similar damages.

(g) [Reserved.]

(h) No Buyer Indemnatee shall be entitled to be compensated more than once for the same Loss.

**9.7      Specific Performance.** Each Party’s obligation under this Agreement is unique. If any Party should breach its covenants or agreements under this Agreement, the Parties each acknowledge that it would be extremely impracticable to measure the resulting damages; accordingly, the non-breaching Party or Parties, in addition to any other available rights or remedies they may have under the terms of this Agreement, may sue in equity for specific performance or to obtain an injunction or injunctions to prevent breaches of this Agreement, and each Party expressly waives the defense that a remedy in damages will be adequate.

**9.8      Subrogation.** Upon making any indemnity payment pursuant to **Section 9.2, Section 9.3** or **Section 2.3(e)**, as applicable, the Indemnifying Party shall be subrogated to all rights of the indemnitee, as applicable, against any third party in respect of the Losses to which the payment related. The Parties will execute upon request all instruments reasonably necessary to evidence and perfect the above described subrogation rights.

**ARTICLE X  
MISCELLANEOUS AND GENERAL**

**10.1      Expenses.** Except as set forth in this Agreement, all costs and expenses (including all legal, accounting, broker, finder or investment banker fees) incurred in connection with this Agreement and the transactions contemplated hereby are to be paid by the Party incurring such cost or expense.

**10.2      Successors and Assigns.** This Agreement is binding upon and inures to the benefit of the Parties and their respective successors and permitted assigns (including the Transferee), but is not assignable by any Party without the prior written consent of the other Parties; provided that (a) the Seller may assign, without the consent of Buyer or any of Buyer’s Affiliates, its rights under **Section 6.4** to any of its Affiliates and (b) the Buyer may without the consent of the Seller assign its rights under this Agreement to an Affiliate that is a direct or indirect wholly-owned subsidiary of the Buyer as long as (i) such Affiliate is formed or organized in the United States, (ii) the Buyer notifies the Seller in writing of such assignment at least five (5) days prior to the Closing Date, and (iii) notwithstanding such assignment, the Buyer remains liable for all of the duties and obligations of the “Buyer” under this Agreement and the documents and certificates delivered pursuant hereto or in connection herewith.

**10.3      Third Party Beneficiaries.** Except as set forth in **Section 2.3**, each Party intends that this Agreement does not benefit or create any right or cause of action in or on behalf of any Person other than the Parties.

**10.4      Further Assurances.** The Parties shall execute such further instruments and take such further actions as may reasonably be necessary to carry out the intent of this Agreement. Each Party shall cooperate affirmatively with the other Parties, to the extent reasonably requested by such other Parties, to enforce rights and obligations herein provided.

**10.5      Notices.** Any notice or other communication provided for herein or given hereunder to a Party must be in writing and: (a) sent by facsimile transmission; (b) sent by electronic mail; (c) delivered in person; (d) mailed by first class registered or certified mail, postage prepaid; or (e) sent by FedEx or other overnight courier of national reputation, in each case, addressed as follows:

If to the Company (only after the Closing) or the Buyer and will constitute notice to the Assignees or any of them:

7405 SW 134<sup>th</sup> Street  
Miami, Florida 33156  
Facsimile No.:  
Email: marty@theosmans.com

with a copy (which will not constitute notice) to:

Kevin D. Mercer P.A.

Facsimile No.: 877-656-0643  
Email: kmercer@themerccerfirm.com

If to the Company (only prior to the Closing) or the Seller:

BUCKEYE CHECK CASHING OF FLORIDA, INC.  
Attention: Michael Durbin  
Facsimile No.:  
Email: mdurbin@ccfi.com

with a copy (which will not constitute notice) to:

Jones Day, 325 John N. McConnell Blvd. Columbus, Ohio 43220  
Attention: Randall Walters  
Facsimile No.: 614-461-4198  
Email: rmwalters@jonesday.com

or to such other address with respect to a Party as such Party notifies the other Parties in writing as above provided. Each such notice or communication will be effective: (i) if given by facsimile, then when the successful sending of such facsimile is electronically confirmed; (ii) if given by electronic mail, then when confirmation of successful transmission is received; or (iii) if given by any other means specified in the first sentence of this **Section 10.5**, then upon delivery or refusal of delivery at the address specified in this **Section 10.5**.

**10.6 Captions.** The captions contained in this Agreement are for convenience of reference only and do not form a part of this Agreement.

**10.7 Amendment; Waiver.** This Agreement may be amended or modified only by an instrument in writing duly executed by the Seller and the Buyer. At any time, the Seller or the Buyer may: (a) extend the time for the performance of any of the obligations or other acts of the Parties; (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto; or (c) waive compliance with any of the covenants, agreements or conditions contained herein, to the extent permitted by applicable Law. Any agreement to any such extension or waiver will be valid only if set forth in a writing signed by the Seller, Seller are making the waiver, or the Buyer, if the Buyer is making the waiver. No waiver of any provision hereunder or any breach or default thereof shall extend to or affect in any way any other provision or prior or subsequent breach or default.

**10.8 Legal Representation.** The Buyer further agrees that, as to all communications between and among all counsel for the Seller, the Company or their respective Affiliates (including Jones Day), the Seller, the Company or their respective Affiliates that relate in any way to the transactions contemplated by or in connection with this Agreement (collectively,

the “***Privileged Communications***”), the attorney-client privilege and the expectation of client confidence with respect to the Privileged Communications belongs to the Seller, and may be controlled by the Seller and will not pass to or be claimed by the Buyer or any of its Affiliates (including, following the Closing, the Company). The Privileged Communications are the property of the Seller and, from and after the Closing, none of the Buyer, its Affiliates (including, following the Closing, the Company) or any Person purporting to act on behalf of or through the Buyer or such Affiliates will seek to obtain the Privileged Communications, whether by seeking a waiver of the attorney-client privilege or through other means. The Buyer and its and its Affiliates (including, following the Closing, the Company), together with any of their respective successors or assigns, further agree that no such party may use or rely on any of the Privileged Communications in any action against or involving any of the Seller or any of their respective Affiliates after the Closing. The Privileged Communications may be used by the Seller or any of their respective Affiliates in connection with any dispute that relates to the transactions contemplated by or in connection with this Agreement, including in any claim for indemnification brought by the Buyer. Notwithstanding the foregoing, in the event that a dispute arises between the Buyer or any of its Affiliates and a third party (other than a party to this Agreement or any of its Affiliates) after the Closing (with respect to the Company), the Buyer and its Affiliates may assert the attorney-client privilege to prevent disclosure of confidential communications by counsel to such third party, provided that neither the Buyer nor its Affiliates (including, following the Closing, the Company) may waive such privilege without the prior written consent of the Seller.

**10.9 Governing Law.** This Agreement is to be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, USA, without regard to its rules of conflict of laws that would require the application of laws other than those of the State of Delaware.

**10.10 Consent to Jurisdiction and Service of Process.** The Parties hereby submit to the exclusive jurisdiction of the courts of Franklin County, Ohio or the courts of the United States located in the Southern District of Ohio in respect of the interpretation and enforcement of the provisions of this Agreement and the transactions contemplated hereby and hereby waive, and agree not to assert, any defense in any action, suit or proceeding for the interpretation or enforcement of this Agreement, that they are not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in such courts or that this Agreement may not be enforced in or by such courts or that their property is exempt or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Service of process with respect thereto may be made upon the parties hereto by mailing a copy thereof by registered or certified mail, postage prepaid, to that party at the applicable address provided in **Section 10.5**.

**10.11 Waiver of Jury Trial.** EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**10.12 Severability.** Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision will be interpreted to be only so broad as is enforceable.

**10.13 Construction.** The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, then this Agreement will be construed as drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Unless otherwise indicated to the contrary herein by the context or use thereof: (a) any reference to any federal, state, local or foreign statute or law will be deemed also to refer to all rules and regulations promulgated thereunder; (b) all references to the preamble, background paragraphs, Sections, Articles or Exhibits are to the preamble, background paragraphs, Sections, Articles or Exhibits of or to this Agreement; (c) the words “herein”, “hereto”, “hereof” and words of similar import refer to this Agreement as a whole and not to any particular section or paragraph hereof; (d) masculine gender shall also include the feminine and neutral genders and vice versa; (e) words importing the singular shall also include the plural, and vice versa; (f) the words “include”, “including” and “or” shall mean without limitation by reason of enumeration; and (g) all references to “\$” or dollar amounts are to lawful currency of the United States of America.

**10.14 Information Provided.** In no event shall information provided to either Party constitute or be deemed to constitute an admission to any third party concerning such item by the Company or the Seller, or agreement by the Company or the Seller that a violation, right of termination, default, liability or other obligation of any kind exists with respect to any such item. In no event shall any information provided by either Party be construed as or constitute an admission, agreement or acknowledgment by the Company or the Seller that any such disclosure is material to the condition of the Company or the Seller. In addition, matters disclosed in the negotiation and documentation of this transaction are not necessarily limited to matters required by this Agreement to be disclosed. Such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature.

**10.15 Counterparts; Electronic Transmission.** This Agreement may be executed in separate counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed signature page to this Agreement by facsimile or other electronic transmission (including in Adobe PDF format) will be effective as delivery of a manually executed counterpart to this Agreement.

**10.16 Complete Agreement.** This Agreement and the Exhibits hereto and the other documents delivered by the Parties in connection herewith, together with the Management Agreement and each transaction contemplated hereby, contain the complete agreement between the Parties with respect to the transactions contemplated hereby and thereby and supersede all prior agreements and understandings among the Parties with respect thereto.

**10.17 Post Closing Adjustment of Purchase Price.** There shall be a post-closing adjustment to the Purchase Price (such adjustment, the “Post Closing Adjustment”) The Post-Closing Adjustment shall be payable by either (x) Buyer and Company or (y) Seller (as applicable) and shall be determined, without duplication, by adding:

(a) the sum of unpaid liabilities existing on the Closing Date to trade vendors which the Company will be required to pay on the first periodic payment date applicable to such trade vendor relationship occurring after the Closing Date, with each of such liabilities to be reduced pro rata to account for the period of time within the applicable billing period that the Interests were owned by Buyer; plus

(b) the sum of current employee expenses for days worked through the Closing Date to the extent unpaid by Company prior to the Closing Date or Seller (or any of Seller's Affiliates) after the Closing Date; plus

(c) to the extent lease payments are made in arrears, the sum of all lease payments due and payable on the next scheduled payment date under the applicable lease, with each of such payments to be reduced pro rata to account for the period of time within the applicable lease period that the Interests were owned by Buyer; plus

(d) the sum of all liabilities to counterparties existing on the Closing Date with respect to moneys provided to Company by customers for transfer to such counterparties to the extent such moneys are actually timely paid to such counterparties; minus

(e) the sum of all amounts paid in advance by Seller or any of Seller's Affiliates to trade vendors, with each of such amounts to be reduced pro rata to account for the portion of time that the Interests were owned by Seller; minus

(f) the sum of all credits due from counterparties to which the Company has forwarded payments on behalf of its customers; minus

(g) to the extent lease payments are made in advance of the Closing Date for rental periods ending after the Closing Date, the sum of all such amounts paid in advance for the rental periods ending after the Closing Date, with each of such payments to be reduced pro rata to account for the period of time that the Interests were owned by Seller.

**10.18 Delivery of Statement.** Within 60 days after the Closing Date, Buyer shall prepare and deliver to Seller a statement (the "Statement") setting forth its calculation of the Post-Closing Purchase Price Adjustment, which statement shall be accompanied by a certificate of the Chief Financial Officer of Buyer the calculation was made in accordance with GAAP consistently applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the audited financial statements for the most recent fiscal year.

**10.19 Negative or Positive Number.** The Post-Closing Purchase Price Adjustment may be a negative or positive number. If the Post-Closing Adjustment is a negative number, Buyer and Company shall be jointly and severally liable to pay to Seller an amount equal to the Post-Closing Adjustment. If the Post-Closing Adjustment is a positive number, Seller shall pay to Buyer an amount equal to the Post-Closing Adjustment.

**10.20 Examination, Review and Payment.**

(a) Examination. After receipt of the Statement, Seller shall have 30 days to review the Statement (such 30 day period, the "**Review Period**"). During the Review Period, Seller and Seller's accountants shall have full access to the books and records of the Company, the personnel of, and work papers prepared by, Buyer and/or Buyer's accountants to the extent that they relate to the Statement and to such historical financial information relating to the Statement as Seller may reasonably request for the purpose of reviewing the Statement and to prepare a Statement of Objections (defined below).

(b) Objection. On or prior to the last day of the Review Period, Seller may object to the Post-Closing Adjustment reflected on the Statement by delivering to Buyer a written statement setting forth Seller's objections in reasonable detail, indicating each disputed item or amount and the basis for Seller's disagreement therewith (the "**Statement of Objections**"). If Seller fails to deliver the Statement of Objections before the expiration of the Review Period, the Statement and the Post-Closing Adjustment, as the case may be, reflected in the Statement shall be deemed to have been accepted by Seller. If Seller delivers the Statement of Objections before the expiration of the Review Period, Buyer and Seller shall negotiate in good faith to resolve such objections within 10 days after the delivery of the Statement of Objections (the "**Resolution Period**"), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Statement with such changes as may have been previously agreed in writing by Buyer and Seller, shall be final and binding on the Parties.

(c) Resolution of Disputes. If Seller and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("**Disputed Amounts**") and any amounts not so disputed, the "**Undisputed Amounts**") shall be submitted to the Independent Accountants for resolution. Buyer and Seller shall appoint by mutual agreement the office of an impartial nationally recognized firm of independent certified public accountants other than Seller's Accountants or Buyer's Accountants (the "**Independent Accountants**") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Adjustment and the Statement. The parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountants shall only decide the specific items under dispute by the parties and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Statement and the Statement of Objections, respectively.

(d) Fees of the Independent Accountants. The fees and expenses of the Independent Accountants shall be paid by Seller, on the one hand, and by Buyer, on the other hand, based upon the percentage that the amount actually contested but not awarded to Seller or Buyer, respectively, bears to the aggregate amount actually contested by Seller and Buyer.

(e) Determination by Independent Accountants. The Independent Accountants shall make a determination as soon as practicable within 30 days (or such other time as the parties hereto shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Statement and the Post-Closing Adjustment shall be conclusive and binding upon the parties hereto.

(f) Payments of Post-Closing Adjustment. A payment of the Post-Closing Adjustment, together with interest from the Closing Date of payment at a rate of 5% per annum, and to the extent such amount may be payable from the Buyer and/or Company, at the election of Seller, such amount may be paid with a borrowing under the Revolving Credit Agreement, shall (A) be due (x) within five Business Days of acceptance of the applicable Statement or (y) if there are Disputed Amounts, then within five (5) Business Days of the resolution described in clause (e) above; and (B) be paid by wire transfer of immediately available funds to such account as is directed by Buyer or Seller, as the case may be.

**10.21 Access to Information.** (a) From the date of this Agreement until the Closing Date or the earlier termination of this Agreement, the Seller will, and will cause the Company and its representatives to, (i) afford the Buyer and its representatives reasonable access during



normal business hours to the Company's personnel, properties, facilities offices, contracts, books and records, permits, licenses and other documents and data, (ii) furnish Buyer and its representatives with copies of all such contracts, books and records, permits, licenses and other existing documents and data as Buyer may reasonably request and (iii) furnish Buyer and its representatives with such existing financial, operating and other data and information as Buyer may reasonably request. In consideration of the foregoing, Buyer, the Company and each of the Assignees shall be obligated to pay to Seller within (5) Business Days of the Closing Date or Termination Date the total sum of \$75,000 plus any actual and documented out-of-pocket expenses reasonably incurred by Seller in connection with the foregoing. Prior to the Closing, the Seller will, and will cause the Company to, keep the Buyer generally informed as to all material matters involving the operations and businesses of the Company.

(b) From the Effective Date until the Closing Date, each of Buyer and Seller agrees to cooperate in transitioning the management and operation of the business of Company to the Buyer (as of the Closing Date). Each of Buyer and Seller agrees to use commercially reasonable efforts to quickly transition each aspect of the business (as of the Closing Date), including, but not limited to: point-of-sale and database reporting integration, employee administration (including payroll and benefits), licensing, third-party vendor management, record-keeping and reporting to government agencies, to Company's own internal organization or to obtain alternate third-party sources to allow the Company to operate its business without the assistance of Seller. Upon the Closing Date, Seller's obligations under **Sections 10.21(a) & (b)** shall terminate. Buyer represents and warrants that it has the current ability to develop the expertise to manage and operate the business of the Company.

(c) From the Closing Date until February 29, 2016, Seller shall make its personnel reasonably available to Buyer to provide information or other reasonably requested assistance with respect to the management and operation of the business of the Company or any Transferee and shall supplement items described in Section 10.21(a)(ii) & (iii) to the extent requested by Buyer during such time. Seller will, in good faith, discharge its obligations under this **Section 10.21(c)**.

**10.22 Confidentiality.** All information provided by one party (the "Disclosing Party") to the other (the "Recipient") pursuant or related to or included in this Agreement whether pursuant to Section 10.21 or otherwise and regardless of the form or media in which it is disclosed, will be considered to be confidential and proprietary information ("Confidential Information"). The Recipient agrees that: (i) it will hold all such information in confidence; (ii) it will take all reasonable steps to restrict the disclosures of such information within its own organization to those persons who are directly concerned with performance by it hereunder and who have been informed of, and agree to be bound by, the Recipient's confidentiality obligations hereunder; (iii) it will not disclose such information to any third party without the prior written consent of the Disclosing Party, except to the extent necessary to fulfill its obligations under this Agreement; and (iv) it will not use such information except to fulfill its performance obligations under this Agreement. The confidentiality and restricted-use obligations set forth herein will not apply to information which the Recipient can demonstrate: (A) was known to the Recipient prior to any disclosure by the Disclosing Party as evidenced by written documentation, (B) is or has become public information through no fault of the Recipient, (C) is received by the Recipient from a third party having no confidentiality obligations to the Disclosing Party, or (D) is developed independently by the Recipient without reference to or reliance on the Confidential Information. Notwithstanding the foregoing, no party will be precluded from disclosing Confidential Information to the extent it is required to do so in response to a valid order by a governmental authority, or to the extent it reasonably believes it is required to disclose such Confidential Information by law, or to the extent necessary to establish its rights under this Agreement;

provided that in the event a party believes it is so required to disclose the other party’s Confidential Information, it will promptly provide notice of such request or requirement so that the Disclosing Party may seek an appropriate order or other action as it deems appropriate. Notwithstanding anything to the contrary set forth herein, if the Closing occurs (I) all Confidential Information of the Company (whether or not furnished pursuant to this Agreement) will be deemed the exclusive property of the Buyer, and (II) the Buyer’s obligations contained herein with regard to the Company’s Confidential Information will terminate.

10.22     **Assignment to Taso Group LLC.** Upon its execution and delivery of a signature page hereto, Taso Group LLC, a Florida limited liability company (“***Taso***”), shall be a Party hereto (except that the Interests shall, in any event, be transferred to Buckeye Check Cashing of Florida III, LLC) with all the rights, duties and obligations as a “Buyer” hereunder and shall be deemed to have made all the representations and warranties of the Buyer hereunder and shall be deemed to be a “Buyer” and “Borrower” under the Revolving Credit Agreement and each other Loan Document (as defined in the Revolving Credit Agreement). If, and only if: (a) Taso (i) executes and delivers a signature page hereto, (ii) joins the Revolving Credit Agreement and each other Loan Document (as defined in the Revolving Credit Agreement) in the same capacity as the Company immediately prior to the Closing, (iii) immediately after the Closing, the Company (1) ceases to be a Borrower (as defined in the Revolving Credit Agreement) under the Revolving Credit Agreement and (2) executes and delivers a guaranty of the Obligations thereunder, such guaranty to remain secured, (iv) immediately before Closing, executes and delivers an agreement to be bound by each of the Material Agreements (as defined in the Revolving Credit Agreement), (b) immediately before Closing, the holders of all of the equity interests in Taso execute and deliver a Pledge Agreement substantially in the form of the Pledge Agreement attached hereto as Exhibit B-2 which grants a first-priority security interest in such equity interests, and (c) immediately before Closing, Taso is (i) a newly-formed entity (validly existing and in good standing in the jurisdiction of its organization (and Taso provides certificates from the applicable Secretary of State to that effect) which has conducted no business nor incurred any obligations (contingent or otherwise) or indebtedness, (ii) has no assets nor has granted any security on any property (then owned or thereafter acquired) and (iii) has the requisite licenses to operate the business conducted by the Company immediately before Closing (and Taso provides copies of such licenses), Buckeye Check Cashing of Florida III, LLC may sell substantially all of its assets to Taso substantially simultaneously with the Closing. In the event that all of the conditions contained herein are satisfied, Seller shall accept Taso as a Transferee under this Agreement pursuant to a sale agreement reasonably acceptable to Seller which acceptance shall not be unreasonably withheld, delayed or denied. . Upon such a sale, then the provisions of Section 7.2 of the Revolving Credit Agreement shall be irrevocably deemed to be amended to prohibit any assignment of the Revolving Credit Agreement by the Borrower thereunder.

*[Remainder of Page Intentionally Blank — Signature Page Follows]*

*Signature Page to Membership Interest Purchase Agreement*

IN WITNESS WHEREOF, the Seller, the Assignees and the Buyer have executed this Agreement or caused this Agreement to be executed as of the Effective Date.

BUCKEYE CHECK CASHING OF FLORIDA, INC.

By: /s/ [ILLEGIBLE]  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BUCKEYE CHECK CASHING OF FLORIDA III, LLC

By: /s/ Ellen Osman  
Name: Ellen Osman  
Title: Managing Member

CHECK CASHING U.S.A. HOLDINGS, INC.

By: /s/ Ellen Osman  
Name: Ellen Osman  
Title: President

ARMANDOS INC.

By: /s/ Ellen Osman  
Name: Ellen Osman  
Title: President

CHECK CASHING U.S.A. INC.

By: /s/ Ellen Osman  
Name: Ellen Osman  
Title: President

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CHECK CASHING U.S.A. INC.

By: /s/ Ellen Osman  
Name: Ellen Osman  
Title: President

FOREMOST INC.

By: /s/ Daniel Osman  
Name: Daniel Osman  
Title: President

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TASO GROUP LLC, as Borrower, as assignee of Buckeye Check  
Cashing of Florida II, LLC

By:     /s/ Merrill Taub  
Name: Merrill Taub  
Title: MGR  
Date: 1/28/2016

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**EXHIBIT A**

**[RESERVED]**

[see attached]

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**EXHIBIT B-1**

**SECURITY AGREEMENT**

[see attached]

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**EXHIBIT B-2**  
**PLEDGE AGREEMENT**  
[see attached]

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Schedule I

10920 W. Flagler St  
11348 SW 184th St  
13752 SW 152 St  
9500 NW 27th Ave  
1201 SW 8th St  
6356 SW 8th ST  
795-B West 49th St  
90 NW 79th Ave  
338 N. Krome Ave  
8447 Coral Way  
8347 W. Flagler St  
13750 SW 84th St  
901 NW 17th St  
13825 SW 88th St  
899 NW 37th Ave  
207 11th St  
6622 W. Flagler St  
2472 W. 60th St  
1059 W. Flagler St  
865 E.48th St  
2905 NW 27th Ave  
1717 NW 17th Ave  
16650 NW 27th Ave  
9130 NW South River Drive  
11603 W. Okeechobee Rd  
10651 NW 132 St Bay 7  
8398 NW 58th St  
3001 S. Biscayne Blvd  
4662 NW 183rd St  
18545 S. Dixie Hwy  
3598 NW 27th Ave  
6404 NW 186th St  
13732 Biscayne Blvd  
18367 NW 27th Ave  
421 W. Hallandale Beach Blvd  
44 N. Miami Ave  
1655 N. Federal Hwy  
1980 N. University Dr  
5445 20th St

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138 W.Boynton Beach Blvd  
150 W.Indiantown Rd  
5910 NW 183rd Street  
18300 NW 2nd Avenue

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**EXHIBIT D**  
**PROCEEDINGS**

Florida OFR determined that mischaracterization of certain checks in the new check cashing database had occurred in that “business” checks were being classified as “payroll” checks. Business is working on process improvements.

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SECURED REVOLVING NOTE

\$6,000,000

January 31, 2016

WHEREAS, in connection with the execution, delivery and consummation of (x) that certain Membership Interest Purchase Agreement dated as of the date hereof by and among Lender, Borrower, Buckeye Check Cashing of Florida III, LLC, a Florida limited liability company (together with its successors and assigns “Buyer”), and certain affiliates of Buyer (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Purchase Agreement”) and (y) the transactions executed in connection therewith, Buckeye Check Cashing of Florida, Inc. an Ohio corporation (together with its successors and assigns, the “Lender”), will, from time to time under the terms hereof, make loans (the “Revolving Loans”) to Buckeye Check Cashing of Florida II, LLC, a Delaware limited liability company (together with its successors and permitted assigns, “Borrower”), in an aggregate principal amount not to exceed SIX MILLION and 00/100 DOLLARS (\$6,000,000) unless otherwise provided herein at any time (except as otherwise provided herein);

WHEREAS, Borrower is indebted to Lender, and each of Lender and Borrower wish to refinance such indebtedness with proceeds of the Revolving Loan contemplated hereunder;

WHEREAS, Lender and Borrower each desire to evidence the Revolving Loan by Borrower’s execution and delivery of this Note and the other Loan Documents (as defined below);

WHEREAS, pursuant to the Purchase Agreement, the Interests (as defined in the Purchase Agreement) will be transferred from Lender to Buyer;

WHEREAS, each of Borrower and Lender desire that to maintain a secured lending relationship after the transfer contemplated by the Purchase Agreement; and

WHEREAS, immediately after the execution and delivery hereof, Taso Group, LLC, a Florida limited liability company (“Taso”) will execute and deliver this Note and shall be, for all purposes a Borrower hereunder, and Buckeye Check Cashing of Florida II, LLC a Delaware limited liability company, shall execute and deliver a guaranty of this Note and shall no longer be a Borrower hereunder.

NOW, THEREFORE, for value received, Borrower promises to pay to Lender on the dates set forth herein and on the Termination Date (as such term is hereinafter defined), the principal amount of SIX MILLION, and 00/100 DOLLARS (\$6,000,000.00) or, if less, the aggregate unpaid principal balance of the Revolving Loans then outstanding.

SECTION 1.     DEFINITIONS

Section 1.1.     Certain Definitions. The following terms when used in this Note shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

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“Affiliate” shall mean, with respect to any specified person is a person that directly or indirectly (including through management or the right to manage) through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

“Borrower” shall have the meaning set forth in the first recital hereof or, after the execution and delivery of a signature page hereto, Taso shall be the “Borrower” hereunder.

“Change in Control” means any change in ownership of twenty-five percent (25%) or more of the ownership interests (either direct or indirect) of Borrower, on a cumulative and aggregate basis after the date of this Note, other than pursuant to the Purchase Agreement.

“Contingent Obligation” means any agreement, undertaking or arrangement by which Borrower assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including any comfort letter, operating agreement, take-or-pay contract or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership.

“Converted Loan” shall mean the Revolving Loans to the extent outstanding on the Revolving Loan Maturity Date; provided, however, that a Converted Loan shall be no more than \$3,000,000 in aggregate principal amount. “Loan” shall be the collective reference to the Revolving Loans and Converted Loan.

“Demand” shall mean the Lender’s demand at any time for repayment of all amounts outstanding under this Note (other than amounts permitted to be a Converted Loan) together with accrued but unpaid interest thereon; provided however, that a Demand shall not be given prior to the date which is 120 days after the transfer of the Interests (as defined in the Purchase Agreement), and it is understood and agreed that a demand for payment after acceleration of the Loans shall not constitute a Demand.

“Dollars” and the symbol “\$” shall mean lawful money of the United States of America.

“Event(s) of Default” shall have the meaning set forth in Section 6.1.

“Indebtedness” of a Person means such Person’s (i) obligations for borrowed money, including the Loan, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) obligations of such Person to purchase securities or other property arising out of or in connection with the sale of the same or substantially similar securities or property, (vi) capitalized lease obligations, and (vii) any other obligation for borrowed money or other financial accommodation which is required by general accepted accounting principles to be reflected as a liability on the balance sheet of such Person.

“Investment” means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by Borrower; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by Borrower; any deposit accounts and certificate of deposit owned by Borrower; and structured notes, derivative financial instruments and other similar instruments or contracts owned by Borrower.

“Lender” shall have the meaning set forth in the first recital hereof.

“Loan Documents” shall mean this Secured Revolving Note, the Security and Pledge Agreement, the Parent Pledge Agreement and any guarantee of the Obligations under this Note, and all other agreements, instruments and documents delivered from time to time to Lender in connection with this Note or any liabilities arising hereunder.

“Material Adverse Effect” shall mean a material adverse effect on (i) the business, Property, condition (financial or otherwise), results of operations, or prospects of Borrower, (ii) the ability of Borrower to perform its obligations under the Loan Documents to which it is a party, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of Lender thereunder.

“Material Agreement” shall mean any agreement to which the Borrower is purported to be subject (including, without limitation, the Purchase Agreement), the breach of which permits any other party to cancel or terminate any such Material Agreement, or would permit any other party to seek damages, which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Borrower or cause material harm to Lender or any of its Affiliates. The Borrower shall comply with all Material Agreements.

“Note” shall mean this Secured Revolving Note, as amended, modified, refinanced, restated, or replaced in whole or in part from time to time.

“Obligations” shall mean all obligations of Borrower to Lender or Lender’s Affiliates howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due, which arise out of or in connection with this Note or the other Loan Documents, or any other agreement (including any agreement pursuant to which assets are transferred or purported to be transferred to any Person who is or will be “Borrower” hereunder) between Lender or any of Lender’s Affiliates and Borrower, including, without limitation, all costs incurred by Lender in connection with the enforcement of this Note or the other Loan Documents.

“Person” shall mean any natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust or other organization, whether or not a legal entity, and any government agency or political subdivision thereof.

“Pledge Agreement” shall mean collectively, (i) the Pledge Agreement dated as of January 20, 2016 by Lender in favor of Checksmart Financial Company, a Delaware corporation, as amended, modified, restated, or replaced in whole or in part from time to time, and (ii) the Pledge Agreement dated as of the date hereof by the individuals party thereto in favor of Lender .

“Security and Pledge Agreement” shall mean collectively, (i) the Security and Pledge Agreement dated as of January 20 between Borrower and Lender, as amended, modified, restated, or replaced in whole or in part from time to time and (ii) the Security and Pledge Agreement dated as of the date hereof between Taso and Lender, as amended, modified, restated, or replaced in whole or in part from time to time.

“Springing Bill of Sale” shall mean collectively, (i) the Bill of Sale, Assignment and Assumption Agreement dated as of the date hereof by and between Lender and Borrower and acknowledged by Buyer and (ii) the the Bill of Sale, Assignment and Assumption Agreement dated as of the date hereof by and between Lender and Taso and acknowledged by Buyer.

“Subsidiary” of a Person means (i) any corporation more than fifty percent (50%) of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than fifty percent (50%) of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

“Revolving Loans” shall have the meaning set forth in the first recital.

“Revolving Loan Termination Date” shall mean the date on which the Demand is provided to Borrower.

“Revolving Loan Maturity Date” shall mean the date that is sixty (60) days after a Demand by Lender, but no longer than 183 days after the transfer of the Interests to Buyer under the Purchase Agreement.

Taso shall have the meaning set forth in the recitals .

“Termination Date” shall mean the earlier of (x) the one year anniversary of the Revolving Loan Maturity Date and (y) September 1, 2017.

SECTION 2. AMOUNT AND TERMS OF THE REVOLVING LOANS AND CONVERTED LOAN

Section 2.1. Discretionary Revolving Loans. Subject to the terms and conditions set forth in this Note and the other Loan Documents, Lender agrees to make available to the Borrower, from time to time until the Revolving Loan Termination Date, with each advance subject to Lender’s sole discretion, Revolving Loans in an aggregate principal amount not to exceed \$6,000,000.00 at any one time outstanding. The Loan shall be repaid by Borrower as set forth in this Note, with a final payment of all remaining Obligations due and payable on the Termination Date, unless paid or payable sooner pursuant to the provisions of this Note or the other Loan Documents. Until the Revolving Loan Termination Date and subject to the terms and conditions hereof, funds advanced under this Note may be borrowed, repaid and reborrowed.

Section 2.2. Interest Payments; Post Revolver Payments; Default Rate. (a) Borrower shall pay interest to Lender on the aggregate outstanding and unpaid principal amount of the

Revolving Loans outstanding from time to time from the date each such Loan is made until the date of repayment at a rate equal to ten percent (10%) per annum. Interest on the Revolving Loans shall be paid in immediately available funds (1) monthly in arrears commencing on January 31, 2016 and on the end of each calendar month thereafter and (2) on the Revolving Loan Maturity Date.

(b) After the Revolving Loan Maturity Date, the Converted Loan shall bear interest thereafter until paid in full at a rate equal to fifteen percent (15%) per annum. Each month starting on the date that is one month after the Revolving Loan Maturity Date, the Borrower shall pay: (1) all accrued and unpaid interest on the outstanding principal amount of the Converted Loan and (2) an amount equal to 1/12<sup>th</sup> of the principal amount of the Converted Loan. On the Termination Date, the Borrower shall repay all unpaid Obligations in full.

(c) Amounts not paid when due (at maturity, by acceleration, upon a default, or otherwise) shall bear additional interest at a rate of two percent (2%) per annum.

Section 2.3. Optional Prepayments; Repayment on Revolving Loan Maturity Date. (a) Borrower may prepay this Note at any time without premium or penalty in whole or in part with accrued interest to the date of such prepayment on the amount prepaid. To the extent applicable, optional prepayments after the Revolving Loan Maturity Date shall be applied to accrued interest to the date of such prepayment then to principal payments required hereunder in the inverse order of their maturities.

(b) On the Revolving Loan Maturity Date, in addition to any other payments required hereunder, the Borrower shall make such payments as shall be necessary to reduce the outstanding principal amount to \$3,000,000.

Section 2.4. No Set-off. All payments of the Loan and the other Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to Lender pursuant to Lender's instructions by 12:00 p.m. (Columbus, Ohio time) on the date when due; *provided however*, that to the extent Lender has obligations to Borrower and such obligations are (a) fixed, (b) due and payable and (c) not subject to dispute, Borrower may apply such obligations to the Loan hereunder. Borrower shall timely notify Lender of its exercise of any rights under this proviso.

Section 2.5. Lender Advances. Notwithstanding anything else to the contrary contained herein, Borrower hereby acknowledges and agrees that Lender or its representative may request advances on Borrower's behalf to pay any Covered Losses and amounts owed by Borrower to Lender under the transactions contemplated by the Purchase Agreement. Such advances shall be, for all purposes of this Agreement, Revolving Loans under this Agreement and each other Loan Document and shall be Obligations. Borrower shall pay (and such obligation shall be an "Obligation") Lender for any payments required to be made by Lender or any of its Affiliates on Retained Vendor Agreements with respect to services provided to Borrower or lease obligations for leased equipment used by Borrower.



### SECTION 3. REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to Lender that:

Section 3.1. No Conflict. The execution, delivery and performance by Borrower of this Note and the other Loan Documents do not and will not: (a) contravene or conflict with any provision of any law, statute, rule or regulation having applicability to Borrower; or (b) contravene or conflict with, result in a breach of or constitute a default under any agreement or instrument binding on Borrower.

Section 3.2. Legally Enforceable Note. This Note and the other Loan Documents are the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, except as enforceability may be limited by insolvency, moratorium, bankruptcy or other similar laws affecting creditor's rights and general principles of equity affecting the availability of specific performance and other equitable remedies.

Section 3.3. No Defaults on Outstanding Judgments or Orders. Borrower is not in default with respect to any judgment, writ, injunction, decree, rule, or regulation of any court, arbitrator, or federal, state, municipal, or other governmental authority, commission, board, bureau, agency, or instrumentality, domestic or foreign.

Section 3.4. Approvals. Except for filings and recordings required pursuant to the Loan Documents, no authorizations, approvals or consents of, and no filings or registrations with, any governmental or regulatory authority or agency are necessary for the execution, delivery or performance by Borrower of the Loan Documents or for the validity or enforceability thereof.

### SECTION 4. CONDITIONS PRECEDENT; EXECUTION OF LOAN DOCUMENTS, ETC.

Concurrently with the execution and delivery of this Note, Borrower shall execute and deliver (or in the case of UCC Financing Statements agree and acknowledge that Lender may file and amend without signature of Borrower) the following documents, each in form and substance satisfactory to Lender and dated as of the date hereof:

- (a) This Note executed and delivered by Borrower;
- (b) The Pledge Agreement;
- (c) The Security and Pledge Agreement, executed and delivered by Borrower;
- (d) UCC-1 financing statements with respect to the assets and securities pledged by Borrower under the Security and Pledge Agreement.

Before the Revolving Loan Termination Date, Lender may make advances hereunder in its reasonable discretion. Each request for an advance shall constitute a representation and warranty by Borrower that the following conditions have been satisfied:

(a) There exists no Event of Default.

(b) The representations and warranties contained in Section 3 are true and correct as of the date of such advance except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

(c) The Borrower is in compliance with all covenants contained in Section 5 as of the date of such advance.

(d) No event or occurrence which could reasonably be expected to have a Material Adverse Effect has occurred and Borrower does not reasonably expect any such Material Adverse Effect to occur.

Lender may require a duly completed compliance certificate in form and substance satisfactory to Lender as a condition to making an advance.

## SECTION 5. COVENANTS

So long as this Note shall remain outstanding or any Obligations shall remain unpaid, Borrower shall:

Section 5.1. Compliance with Laws. Comply in all material respects with applicable laws, rules, regulations, and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments, and governmental charges imposed upon it or upon its property.

Section 5.2. Liens. Not create or suffer to exist any pledge, security interest, hypothecation, assignment, encumbrance, or lien (collectively, a “Lien”) on any of the collateral pledged under the Security and Pledge Agreement other than those Liens which are subordinate to the liens granted under the Security and Pledge Agreement.

Section 5.3. Dividends and Distributions. Not (a) declare or pay any dividend or distribution or any other payment on account of any capital stock or other equity interests of Borrower or (b) make (or permit any subsidiary to make) any other payments to any Affiliate of Borrower, including, without limitation, any payment for management fees, consulting services or similar payments.

Section 5.4. Indebtedness. Not assume, guarantee, endorse or otherwise become liable upon the obligations of any other Person or incur or suffer to exist Indebtedness, other than: (a) to Lender (b) as described on Exhibit A.

Section 5.5. Merger. Not merge or consolidate with or into any other Person.

Section 5.6. Insurance. Maintain with financially sound and reputable insurance companies insurance on all its property in such amounts and covering such risks as is consistent with sound business practice, and Borrower will furnish to Lender upon request full information as to the insurance carried.

Section 5.7. Affiliates. Not enter into any transaction (including the purchase or sale of any property or service) with, or make any payment or transfer to, any Affiliate without prior written Lender consent.

Section 5.8. Sale of Accounts. Not sell or otherwise dispose of any notes receivable or accounts receivable, with or without recourse, other than for legitimate collection purposes in the ordinary course of business.

Section 5.9. Conduct of Business. So long as permissible under all applicable laws and regulations, carry on and conduct its business in substantially the same manner and in substantially the same lines of business as conducted on the date of this Note, in each case consistent with the operations of the business conducted on the date hereof.

Section 5.10. Assets. Except as permitted by the Purchase Agreement, not transfer any of the collateral pledged or otherwise securing the Obligations under the Security and Pledge Agreement to any other Person, other than in the ordinary course of business or pursuant to the Loan Documents.

Section 5.11. Reporting Requirements. Furnish to Lender:

(a) **Notice of Litigation**. Promptly after the commencement thereof, notice of all actions, suits, and proceedings before any court or governmental entity, affecting Borrower, which, if determined adversely to Borrower, could have a material adverse effect on the operations, financial condition or properties of Borrower;

(b) **Notice of Defaults and Events of Default**. As soon as possible and in any event within three (3) days after the occurrence of each Event of Default, a written notice setting forth the details of such Event of Default and the action which is proposed to be taken by Borrower with respect thereto; and

(c) **Financial Statements**. Within 30 days of the end of each calendar month of each fiscal year during the term of this Note, monthly financial statements of Borrower and a compliance certificate executed by an executive officer of Borrower. Within 90 days of the end of each fiscal year during the term of this Note, accountant reviewed annual financial statements of Borrower and a compliance certificate executed by an executive officer of Borrower; provided, however, that the deadline for the delivery of such annual reviewed financial statements may be extended by 30 days if the Borrower's accountants state, in writing, that the accountants believe that the reviewed financial statements will be completed within such 30 day period and that substantial progress has been made with respect to such reviewed financial statements; provided, however, that in the event that Lender is advised by its accountants or other advisors that audited financial statements are required by (i) GAAP, (ii) Sarbanes-Oxley Act of 2002 (Pub.L. 107-204, 116 Stat. 745, enacted July 30, 2002, as amended) or regulations issued thereunder or (iii) for Lender's state or federal reporting obligations, then, to the extent necessary, Borrower shall deliver audited financial statements instead of accountant reviewed financial statements; and provided further that Lender shall provide adequate notice to Borrower.

(d) General information. Such other information respecting the condition or operations, financial or otherwise, or properties of Borrower as Lender may from time to time reasonably request.

Section 5.12. Investments. Not make or suffer to exist any Investments, or commitments therefor, or create any Subsidiary or become or remain a partner in any partnership or joint venture, or make any acquisition of any Person.

Section 5.13. Contingent Obligations. Not make or suffer to exist any Contingent Obligation, except by endorsement of instruments for deposit or collection in the ordinary course of business.

Section 5.14. Permitted Compensation. Not pay any compensation, including but not limited to any management fees or the like, to any employee, independent contractor, manager or any other Person performing any significant management functions, except in such amounts as have been approved by Lender with annual raises of no more than 5% per year after such approval; provided that Borrower may pay total compensation for the performance of executive and/or management functions for the Borrower in an aggregate amount of \$1,000,000 with such compensation to be paid when earned and in periodic payments not to exceed \$120,000 per calendar month in the aggregate.

Section 5.15. Audit Rights. Until all the Obligations shall have been paid in full, from time to time, Lender and its representatives shall have the right to (a) reasonable access during normal business hours to the Borrower's executives, officers and those performing significant management functions, and relevant properties, facilities offices, contracts, books and records, permits, licenses and other documents and data, (b) copies of all such contracts, books and records, permits, licenses and other existing documents and data as Lender may reasonably request and (c) such existing financial, operating and other data and information as Lender may reasonably request, including, without limitation, information relating to the Borrower's compliance with applicable state and federal laws, orders, rules and regulations. Lender hereby agrees that Borrower shall have the right to supervise any discussions with Borrower's personnel and shall have the right to escort any representative of Lender during any visitation.

## SECTION 6. EVENTS OF DEFAULT

Section 6.1. Events of Default. If any one or more of the following events ("Events of Default") shall occur:

(a) Borrower fails to make any payment of principal, interest, or other amounts payable hereunder when and as due, and such default continues for 20 days thereafter; provided, that during such cure period and until such payment is paid in full, interest shall accrue at the default rate;

(b) Any representation, warranty, schedule, certificate, financial statement, report, notice or other writing furnished by or on behalf of Borrower to Lender pursuant to this Note is materially false or misleading in any respect on the date as of which the facts therein set forth are stated or certified, and such default is not corrected within 30 days after Lender notifies Borrower thereof in writing;

(c) Any suit, action or other proceeding (judicial or administrative) is commenced by or against Borrower, or with respect to any assets of Borrower, that could reasonably be expected to have a material adverse effect (which for this purpose shall be in excess of \$250,000, individually or in the aggregate) on the operations, financial condition or properties of Borrower in the reasonable discretion of Lender, provided, that (i) in such event, Borrower will give notice of the same to Lender and (ii) notwithstanding the foregoing, the commencement of any such suit, action or other proceeding will constitute an Event of Default only if there is (w) an entry of final judgment entered against Borrower in any such suit, action or other proceeding which is not confirmed to be covered by independent third party insurance, or appealed, satisfied, settled or otherwise cured within thirty (30) days after Lender notifies Borrower thereof in writing or (x) enforcement proceedings shall have been commenced by a creditor upon such judgment, or (y) there shall be any period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, shall not be in effect, or (z) any such judgment results in the creation of a Lien upon any of the Collateral; provided, however, that in each during such cure period, interest shall accrue at the default rate;

(d) Borrower (or in the case of the Purchase Agreement, the Buyer or Borrower) fails to comply in any material respect with any provision of this Note or any other Loan Document or perform any of its covenants in any material respects under the Purchase Agreement or any agreement executed in connection therewith (including any agreement pursuant to which assets are transferred or purported to be transferred to any Person who is or will be “Borrower” hereunder), which failure does not otherwise constitute an Event of Default, and, other than a violation of Section 5.11(b) hereof, such default is not corrected within 20 days after Lender notifies Borrower thereof in writing;

(e) Any Loan Document shall, at any time after the execution and delivery thereof and for any reason, cease (i) to create a valid, perfected first priority security interest in and to the collateral referenced therein, or (ii) to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by Borrower, or Borrower shall deny it has any further liability or obligation under or shall fail to perform its obligations thereunder;

(f) Any petition or other proceeding for the dissolution, liquidation, insolvency, bankruptcy or similar proceedings is filed by or against Borrower;

(g) Borrower sells all or substantially all of its assets in one or more transactions, other than pursuant to Section 10.22 of the Purchase Agreement;

(h) A Change in Control of Borrower shall have occurred;

(i) Borrower shall breach or be in default under any Material Agreement (unless such breach or default shall have occurred before the transfer of the Interests (as defined in the Purchase Agreement), including the Indebtedness listed on Exhibit A, and, unless such breach or default shall cause material harm to the Lender or any of its Affiliates, such default or breach is not waived within 15 business days of its occurrence; or

(j) Lender, in its reasonable discretion, determines that an event or events has occurred or is imminent which may have a Material Adverse Effect.

then, and in any such event, Lender may, by notice to Borrower (other than in connection with any insolvency, bankruptcy or similar proceeding which shall be automatic without the need for notice), declare this Note, all interest hereon, and all other amounts payable hereunder to be forthwith due and payable, whereupon this Note, all such interest, and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower.

Section 6.2. Waiver of Events of Default. Lender may, at any time and from time to time, waive in writing any Event of Default which shall be for such period and subject to such conditions as shall be specified by Lender in writing. In the case of any such waiver, Lender and Borrower shall be restored to their former position and rights under this Note, respectively, and any Event of Default so waived shall be deemed to be cured and not continuing; but no such waiver shall extend to or impair any right consequent thereon or to any subsequent or other Event of Default.

Section 6.3. Lender's Rights. Upon the occurrence of an Event of Default, Lender shall have and may exercise any and all rights and remedies available at law or equity, including, but not limited to, any rights under the Springing Bill of Sale, together with the right to set off against any account, deposit or other indebtedness owing by Lender to Borrower, and any securities or other property of Borrower delivered to or left in the possession of Lender or its nominee or bailee and apply such in payment of any Obligation hereunder. Borrower hereby grants to Lender a continuing security interest in, and assigns to Lender, such accounts, deposits, indebtedness and property as collateral security for the payment of all Obligations.

Section 6.4. [Reserved].

Section 6.5. Other Rights. No failure to exercise and no delay in exercising on the part of Lender of, any right, power or privilege hereunder or under any other Loan Document shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of Lender herein provided are cumulative and not exclusive of any rights or remedies provided by law.

## SECTION 7. MISCELLANEOUS

Section 7.1. Amendments, Etc. No amendment, modification, termination or waiver of any provision of this Note or any other Loan Document, and no consent to any departure by Borrower herefrom, shall in any event be effective unless the same shall be in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.2. Binding Effect; Successors and Assigns. This Note and the other Loan Documents and the terms, covenants and conditions hereof and thereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Borrower shall not have the right to assign or transfer this Note or its respective rights or obligations hereunder or any interest herein without the prior written consent of the Lender,

which consent, if requested by Borrower, shall not be unreasonably withheld (subject to satisfaction of the following conditions: (a) the Borrower's assignee, and such assignee's ultimate parent (as applicable) executes and delivers assignment and assumption agreements, in form and substance reasonably satisfactory to lender, assuming all of the obligations under each of the Purchase Agreement, the Loan Documents and this Note, (b) neither the Buyer nor Borrower are in breach of the Purchase Agreement or any agreement executed in connection with the transactions contemplated thereby, (c) Lender receives 15 days' notice of the proposed assignment, and (d) that all matters that would be material to a first lien lender are satisfactorily addressed in connection with the assignment and assumption, including, without limitation, (i) the priority of its lien in the assets of, and equity issued by, the Borrower's assignee (or its ultimate parent, as applicable), (ii) that neither the Buyer, the Borrower nor the Borrower's assignee is insolvent or would become insolvent as a result of the assignment and assumption, (iii) that the assignment and assumption does not breach any material agreements of the Borrower or Buyer and that the Borrower's assignee shall assume all agreements where the failure to assume or perform such agreements would be reasonably expected to give rise to material liability for Lender or any of its Affiliates and (iv) that the operation of the business of the Borrower may be lawfully conducted by the Borrower's assignee, and in cases where the Borrower's assignee is not an Affiliate of the Buyer (prior to any assignment of the Purchase Agreement), that such Borrower's assignee shall not be required to be consolidated with Seller or any of Seller's Affiliates for any reports required by law. Lender shall have right to assign or transfer this Note or its rights or obligations hereunder or any interest herein without the prior written consent of Borrower if an Event of Default has occurred or so long as such assignee (i) is not a direct competitor of Borrower and (ii) does not have a direct or indirect equity, financial or other interest in any person or entity engaged in the payday lending or check cashing business, unless such transferee is directly or indirectly wholly-owned by Lender's ultimate parent or is a bank.

Section 7.3. Governing Law. This Note and the other Loan Documents shall be governed by, and construed in accordance with, the laws of the State of Ohio applicable to contracts made and performed entirely in Ohio, without regard to any law that would result in the application of the laws of another jurisdiction. All obligations of Borrower and rights of Lender expressed herein shall be in addition to and not in limitation of those provided by applicable law. This Note, and each other Loan Document was executed and delivered in the State of Ohio,

Section 7.4. Waiver: Costs and Expenses. Borrower hereby waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note.

Section 7.5. Collection. In the event the Lender shall institute any action for the enforcement or collection of the obligations evidenced hereby, Borrower agrees to pay all costs and expenses of such action, including reasonable attorneys' fees, to the extent permitted by law.

Section 7.6. Maximum Interest Rate. This Note is subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance at a rate which would subject Lender to either civil or criminal liability as a result of being in excess of the maximum rate which Borrower is permitted by law to contract or agree to pay. If by the terms of this Note Borrower is at any time required or obligated to pay interest on the principal balance at a rate in excess of such maximum rate, the rate of interest under this Note shall be

deemed to be immediately reduced to such maximum rate and interest payable hereunder shall be computed at such maximum rate and the portion of all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance.

Section 7.7. Notices. All notices and other communications provided to any party hereto under this Note shall be in writing (including telex or facsimile) and addressed or delivered to such party at its address set forth herein:

If to Lender:	c/o Michael Durbin Chief Financial Officer 6785 Bobcat Way Dublin, Ohio 43016
	With a copy to:
	c/o Bridgette Roman General Counsel 6785 Bobcat Way Dublin, Ohio 43016
If to Borrower:	Buckeye Check Cashing of Florida II, LLC Taso Group LLC c/o Martin Osman 7405 SW 134th Street Miami, FL 33156



With a Copy to:

Kevin D. Mercer, P.A.  
10800 Biscayne Blvd., Suite 700  
Miami, FL 33161  
Facsimile No.: (877) 656-0643

And

David L. Hatton, P.A.  
2960 Wentworth  
Weston, FL 33332-1841

Facsimile No.: 786-373-8899

dhatton@hattonlaw.com

or at such other address as may be designated by such party from time to time in a notice complying with the terms of this Section. Any notice, if mailed and properly addressed with postage prepaid, shall be deemed given three (3) days after being sent; any notice, if transmitted by facsimile, shall be deemed given when transmitted (receipt confirmed).

Section 7.8. Severability. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law. Any provision of this Note which is prohibited by, unenforceable or invalid in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition, unenforceability or invalidity, without invalidating the remainder of such provisions of this Note or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 7.9. Captions. Section captions used in this Note are for convenience of reference only and shall not affect the construction of this Note.

Section 7.10. Counterparts. This Note may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same Note. Borrower hereby acknowledges receipt of a true, correct and complete counterpart of this Note.

Section 7.11. Consent to Jurisdiction. Borrower hereby irrevocably submits to the jurisdiction of the state or federal courts located in the State of Ohio, County of Franklin in connection with any suit, action or other proceeding arising out of or relating to this Note or any other Loan Document and the transactions contemplated hereby and thereby, and hereby agrees not to assert, by way of motion, as a defense, or otherwise in any such suit, action or proceeding that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit,

action or proceeding is improper or that this Note or any other Loan Document or the subject matter hereof and thereof may not be enforced by such courts.

Section 7.12 WAIVER OF JURY TRIAL. THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS NOTE OR UNDER ANY OTHER DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS NOTE, AND AGREE THAT ANY SUCH ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY; THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER ENTERING INTO THIS NOTE.

Section 7.13 Additional Obligations of Taso as Borrower. Upon Taso’s execution and delivery of a signature page hereto, Borrower shall make the following additional representations and warranties and shall have the following additional obligations:

- (a) With respect to contracts, agreements or relationships with Retained Vendors (such contracts, agreements or relationships, “Retained Vendor Agreements”, Borrower (i) represents and warrants that it has assumed the Retained Vendor Agreements and (ii) agrees to pay, perform and discharge when due all applicable obligations under any contract, agreement or relationship with such Retained Vendors and (ii) shall: (1) continue to receive the services from each of the Retained Vendors of the same type and volume as currently received and pay for such services (even if bills are sent to another person) and (2) not commit (or omit to take) any action which would reduce the volume of services provided by such Retained Vendors.
- (b) With respect to each Retained Vendor Agreement, Borrower shall perform under, and comply with, the Retained Vendor Agreement as in effect on the date hereof whether or not Buckeye Check Cashing of Florida II, LLC, a Florida limited liability company (as used in this Section 7.13 hereof, “BCCOF II”) or Borrower is formally a party thereto and shall not attempt to amend, amend and restate, restate, modify, terminate or renegotiate any such Retained Vendor Agreement without the prior written consent of Lender.
- (c) To the extent (i) Borrower violates the terms of, or fails to perform any obligation under, any Retained Vendor Agreement or fails to honor any obligations relating to the Business with the applicable third party or (ii) Borrower’s actions or failure to act with respect to any Retained Vendor Agreement or vendor relationship (including, without limitation, any amendment, amendment and restatement, modification, restatement, renegotiation, termination or waiver of any provision thereof), and such violation, action or omission causes any loss, liability or damages to or on the part of Lender or any of its Affiliates, including, without limitation, losses, damages, liabilities or expenses in the nature of clawbacks (such losses, liabilities, expenses or damages, “Covered Losses”), then Borrower shall be liable to Lender for such Covered Losses, and such Covered Losses shall be deemed to be Obligations

hereunder (whether or not the Borrower has borrowing availability hereunder). In addition, Lender may draw on the Note to satisfy Covered Losses relating to Retained Vendor Agreements, and it shall be an immediate Event of Default hereunder to the extent that Borrower violates Section 7.13 hereof.

- (d) With respect to Vendor Agreements, Borrower shall indemnify and hold harmless Lender and its Affiliates from any damages, losses, liabilities or expenses caused by, or attributable to, the failure to pay, perform or discharge obligations under any such Vendor Agreement caused by the actions or omissions of any of Borrower or BCCOF and shall pay Lender (on behalf of Lender or its Affiliates) on demand. For the avoidance of doubt, BCCOF II shall not be an Affiliate of Lender. The amounts payable hereunder shall be payable notwithstanding any waiver, amendment, amendment and restatement, termination, renegotiation or other modification of any Vendor Agreement. For purposes of this clause (e), a “Vendor Agreement” means a current vendor relationship (whether or not (i) assumed by Borrower or (ii) whether or not BCCOF II is a party to the underlying contract or has otherwise agreed with any person to assume such obligations), including, without limitation, leases..
- (e) With respect to any Retained Vendor Agreement, Lender may not claim any damages under this Section 7.13 to the extent such damages were caused by any, amendment, amendment and restatement, termination, renegotiation or other modification of a Retained Vendor Agreement solicited by Lender that imposes materially greater obligations on Borrower, unless such obligations apply generally to entities other than Borrower for services performed under such Retained Vendor Agreements.

For purposes of this Section 7.13, “Retained Vendor Agreements” shall mean the current contracts and/or arrangements (whether BCCOF II is a party to the underlying contract and/or arrangements or not, has otherwise agreed with any person to assume such obligations or is receiving benefits thereof) with: (i) Western Union, (ii) Insight Card Services (Green Dot), (iii) IQVentures (Engage), (iv) [Intentionally Omitted], (v) Ricoh, (vi) subleases to Estrella franchisees, (vii) Estrella, (viii) eCash Software Systems Inc. (provided that eCash will only be a Retained Vendor Agreement for six (6) months after the date hereof) and (ix) CheckFreePay.

[Signature page follows.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the day and year first given above.

BUCKEYE CHECK CASHING OF FLORIDA II, LLC:

By: /s/ [ILLEGIBLE]  
Name:  
Title:

ACCEPTED:

BUCKEYE CHECK CASHING OF FLORIDA, INC.

By: /s/ [ILLEGIBLE]  
Name:  
Title:

ACKNOWLEDGED:

ARMANDOS INC.

By: /s/ Ellen Osman  
Name: Ellen Osman  
Title: President

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CHECK CASHING U.S.A. INC.

By: /s/ Ellen Osman  
Name: Ellen Osman  
Title: President

FOREMOST INC.

By: /s/ Daniel Osman  
Name: Daniel Osman  
Title: President

BUCKEYE CHECK CASHING OF FLORIDA III, LLC

By: /s/ Martin Osman  
Name: Martin Osman  
Title: Managing Member

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TASO GROUP LLC, as Borrower, as assignee of Buckeye Check  
Cashing of Florida II, LLC

By: /s/ Merrill Taub  
Name: Merrill Taub  
Title: MGR  
Date: 1/28/2016

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**EXHIBIT A**

Each of the Newco Notes (as such term is defined in the Purchase Agreement)

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**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO  
SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William E. Saunders, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Community Choice Financial Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 12, 2016

By: /s/ WILLIAM E. SAUNDERS, JR.

William E. Saunders, Jr.

*Chief Executive Officer*

*Principal Executive Officer*

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**CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO  
SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Durbin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Community Choice Financial Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 12, 2016

By: /s/ MICHAEL DURBIN

Michael Durbin  
*Chief Financial Officer*  
*Principal Financial and*  
*Principal Accounting Officer*

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Community Choice Financial Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2016 (the “Report”), I, William E. Saunders, Jr., Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes- Oxley Act”), that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 12, 2016

/s/ WILLIAM E. SAUNDERS, JR.

William E. Saunders, Jr.

*Chief Executive Officer*

*Principal Executive Officer*

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act and shall not, except to the extent required by such Sarbanes-Oxley Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

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**CERTIFICATION REQUIRED BY 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Community Choice Financial Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2016 (the “Report”), I, Michael Durbin, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 12, 2016

/s/ MICHAEL DURBIN

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Michael Durbin  
*Chief Financial Officer*  
*Principal Financial and*  
*Principal Accounting Officer*

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act and shall not, except to the extent required by such Sarbanes-Oxley Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

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