



To represent the Settlement Class for purposes of the Settlement, the Court appointed Plaintiff Dadra Mitchell and the following law firms as Class Counsel:

Daniel C. Girard  
Eric H. Gibbs  
Ann Saponara  
**GIRARD GIBBS & De BARTOLOMEO LLP**  
601 California Street, Suite 1400  
San Francisco, California 94108

Robert S. Green  
**GREEN & JIGARJIAN LLP**  
235 Pine Street, 15th Floor  
San Francisco, California 94104

The Court also directed that this Notice be mailed to the Settlement Class, scheduled the Settlement Hearing described below, and ordered as follows:

Pending final determination of whether the Settlement is to be approved, no Person who is a Settlement Class Member as of the date of this order, either directly, representatively, derivatively, or any other capacity, shall commence any action or proceeding in any court or tribunal asserting any Claim described in paragraph 1(x) of the Settlement Agreement. Nothing in this paragraph shall be construed as enjoining any Person from taking such steps as are necessary to implement the terms of the Settlement or to comply with this Order.

**D. BENEFITS UNDER THE PROPOSED SETTLEMENT**

The following description of the Settlement benefits and the Plan of Allocation for the cash portion of the Settlement, is qualified in its entirety by reference to the Settlement Agreement, a copy of which had been filed with the Court.

**1. AFCA Has Stopped Trying To Collect Unpaid Membership Dues And Dishonored-Check Charges.**

Pursuant to the Settlement Agreement signed on December 11, 2002, AFCA suspended all collection activities with respect to (1) membership dues attributable to AFCA members who failed to pay membership dues during the 90-day notice period for membership cancellation; and (2) dishonored check charges. If the Settlement is not approved, AFCA will resume its efforts to collect these unpaid membership dues and dishonored-check charges.

**2. If The Settlement Is Approved, Your Obligation To Repay Unpaid Membership Dues And Dishonored-Check Charges Will Be Forgiven.**

AFCA has recorded \$27,766,000 in unpaid membership dues and \$1,204,000 in dishonored-check charges by AFCA members. If the Settlement is approved, AFCA will forgive all of the unpaid membership dues and dishonored-check charges owed to AFCA by Settlement Class Members. This means that if the Settlement is approved, you will not have to repay AFCA any membership dues or dishonored-check charges that remained unpaid by you when you ended your AFCA membership.

**3. If The Settlement Is Approved, AFCA Will Eliminate Any Adverse Credit Reference Arising Out Of Your Failure To Pay AFCA Dues Or Dishonored-Check Charges.**

Since February 2000, in many cases AFCA reported the failure of a member to pay membership dues upon termination to the credit reporting agencies. A negative credit report can affect a person's cost of credit, prevent a person from getting credit at all and interfere with employment opportunities. If the Settlement is approved, AFCA will, at its own expense, and without the need for any action on your part, instruct the credit rating agencies to delete any negative credit reference made in connection with your failure to pay AFCA membership dues or dishonored-check charges.

**4. If The Settlement Is Approved, AFCA Will Not Require Advance Notice To Terminate AFCA Membership.**

Under the current terms of AFCA's membership agreement, to terminate AFCA membership, an AFCA member must send a written cancellation notice, by hand delivery or certified mail, to an address in Colorado. Furthermore, under the current policy, the AFCA member must continue to pay membership dues for three more months after giving notice. If the Settlement is approved, AFCA will change its membership termination policy so that a person can cancel AFCA membership by sending a written notice by regular first-class mail to P.O. Box 22831, Denver, CO 80222-2831. The termination will be effective immediately upon receipt of the notice, not three months later.

**5. If The Settlement Is Approved, A Cash Fund Will Be Established To Compensate AFCA Members Who Experienced Difficulty Terminating AFCA Membership.**

If the Settlement is approved, a cash fund will be made available to pay the claims of Settlement Class Members who experienced difficulty terminating their AFCA membership. The fund, contributed by Defendants AFCA and UICI, is being applied to pay costs of disseminating this Notice, other costs of administering the Settlement, and any award of attorneys' fees and reimbursement of costs to Class Counsel. The remaining balance, estimated at approximately \$2 million, will be distributed among those Settlement Class Members who experienced difficulty terminating their AFCA membership. If you experienced difficulty terminating your AFCA membership, you are eligible to receive a distribution from the cash fund. **If you want to make a claim for a cash distribution, please make a claim on-line at [www.creditrepairsettlement.com](http://www.creditrepairsettlement.com) or complete and send the attached Claim Form by first-class mail, postmarked no later than March 28, 2003 to:**

**AFCA Credit Repair Settlement  
c/o The Garden City Group, Inc.  
P.O. Box 9000 #6064  
Merrick, NY 11566-9000**

If you make a claim, you will receive \$50 or an amount equal to the sum of your last three monthly membership payments, whichever is greater. If the total value of all the claims is greater than the amount of available cash, then the money will be allocated first to pay the claims of people who paid membership dues to satisfy the requirement that members continue paying dues for 90 days after they give written notice of cancellation by certified mail or hand delivery. Distributions to all other Claimants will be reduced proportionately. Any money remaining after the above allocations will be distributed among all Claimants in proportion to the value of their claims, or donated to a charity selected by Class Counsel and approved by the Court, or otherwise disposed of as the Court may direct.

The Settlement will not take effect and you will not receive the benefits described in part D of this Notice unless the United States District Court for the Northern District of California in a related action, Mitchell v. Bankfirst, N.A., Case No. C-97-1421-MMC (N.D. Cal.) (the "BANKFIRST Action") approves a settlement of claims asserted in the BANKFIRST Action.

#### **E. DISMISSAL OF THE ACTION AND RELEASE OF CLAIMS PURSUANT TO THE PROPOSED SETTLEMENT**

If you remain a Settlement Class Member and the Settlement is approved, the Court will enter a judgment dismissing the Action with prejudice, and releasing all Claims that you may have under federal or state law arising out of or relating in any way to: (i) AFCA, your membership or participation in AFCA, (ii) the terms, conditions, or benefits of AFCA membership, (iii) the means and methods by which AFCA advertised to, solicited or recruited AFCA members, (iv) the credit records of AFCA members, negative credit postings relating to defaulting AFCA members, (v) the AFCA Affinity Visa credit card, (vi) your AFCA Affinity credit card account, and (vii) any written or oral statements or disclosures made (or omitted to be made) by any Person to Settlement Class Members regarding any of the foregoing.

As explained in more detail in part F of this Notice, if you remain a Settlement Class Member and the Settlement is approved, the Claims that you will release and be permanently barred from bringing, asserting, or suing on include any claims that you may have as a member of the settlement class to be certified in the BANKFIRST Action.

The judgment that the Court will enter will permanently bar you from bringing, asserting, or suing on any of these Claims against (1) AFCA, United Membership Marketing Group, LLC, and UICI; (2) BANKFIRST, United Credit National Bank, Household Bank (SB), N.A., Household Credit Services, Inc., and Richland State Bank (which issued Affinity credit cards); and (3) each of these companies' predecessors, successors, heirs, assigns, and past or present directors, officers, employees, agents, principals, insurers, shareholders, attorneys, advisors, representatives, partners, affiliates, parents, subsidiaries, joint ventures, consultants, independent contractors, related companies and divisions, including, without limitation, Phillip A. Gray, SC Advertising, LLC, Specialized Card Services, Inc., Financial Services Reinsurance Ltd., UICI Funding Corp., United CreditServ, Inc., UICI Receivables Funding Corp., Graycom, Inc., Robert Gamberg, Dennis M. Weseloh, William Lester, Lisa Veraldi, Ronald L. Jensen, Gregory T. Mutz, Vernon B. Woelke, Glenn Reed, and John Allen.

The complete text of the release (including a definition of the Released Persons and the Released Claims) can be found in the Settlement Agreement.

#### **F. THE BANKFIRST ACTION**

On April 21, 1997, Plaintiff filed the BANKFIRST Action, a purported class action against BANKFIRST in the United States District for the Northern District of California. In the BANKFIRST Action, Plaintiff alleges that BANKFIRST violated the Truth-in-Lending Act, 15 U.S.C. §1601 et seq., in connection with the issuance of AFCA Affinity credit cards to AFCA members. As amended for purposes of Settlement, Plaintiff's complaint in the BANKFIRST Action will also allege certain additional violations of federal and state law against BANKFIRST, AFCA, UICI, UMMG, United Credit National Bank, and Household including, among other things, violations of the federal Credit Repair Organization Act, 15 U.S.C. 1679g et seq. A copy of the Amended Complaint in the BANKFIRST Action is on file with the Court. Pursuant to the Settlement Agreement, if you remain a Settlement Class Member, and if the Settlement is approved, your participation as a Settlement Class Member in this Action will resolve, release, and fully discharge any claim that you have as a member of the class in the BANKFIRST Action and you will not be entitled to any relief in the BANKFIRST Action other than the benefits described in part D, above. The benefits described in part D, above, are the only benefits that you will receive as a consequence of the Settlement Agreement and the dismissal of this Action and the BANKFIRST Action. Similarly, the people receiving benefits under the settlement of the BANKFIRST Action will not receive additional benefits under this Settlement.

#### **G. HOW TO EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS**

If you fall within the Settlement Class definition in part C, you do not need to do anything to remain in the Settlement Class and participate in the Settlement. **(Please note, however, that to receive a cash distribution, you must make a claim on-line or complete and send in the attached Claim Form by first-class mail, postmarked no later than March 28, 2003. All other benefits of settlement will be provided automatically without action on your part.)** If you do nothing, you will remain a member of the Settlement Class, you will receive the benefits provided under the Settlement described in part D above, and you will be bound by the terms of the Settlement and the judgment and releases described in part E above.

If you do not want to stay in the Settlement Class and participate in the proposed Settlement, then you must send a written notice of your request to exclude yourself from the Settlement Class, received no later than January 29, 2003, to Class Counsel and Defendants' counsel at the following addresses:

**Daniel C. Girard**  
**Girard Gibbs & De Bartolomeo LLP**  
**601 California Street, Suite 1400**  
**San Francisco, California 94108**

**Fredrick S. Levin**  
**Mayer, Brown, Rowe & Maw**  
**350 South Grand Avenue, 25th Floor**  
**Los Angeles, California 90071**

**Class Counsel**

**Counsel for UICI and UMMG**

**Douglas L. Hendricks**  
**Morrison & Foerster LLP**  
**425 Market Street**  
**San Francisco, California 94105**

**Counsel for AFCA**

In your written exclusion request, you must include your name, address, telephone number, and the reference Mitchell v. AFCA, Case No. 785811-2.

If you validly and timely request exclusion from the Settlement Class, (a) you will be excluded from the Settlement Class; (b) you will not be entitled to receive the relief provided under the Settlement; (c) you will not be bound by the terms of the Settlement, releases, or judgment to be entered on the Settlement; and (d) you will not be allowed to comment on the proposed Settlement or be heard at the Settlement Hearing described below.

**H. THE SETTLEMENT APPROVAL PROCEDURE**

On February 5, 2003, at 2:00 p.m., in Department 22, in the California Superior Court for Alameda County, County Administration Building, 1221 Oak Street, Oakland, California 94612, the Court (Judge Ronald Sabraw, presiding) will hold a hearing (the "Settlement Hearing") the purpose of deciding (a) whether the Settlement should be approved as fair, reasonable, and adequate for the Settlement Class; (b) whether a judgment granting approval of the Settlement and dismissing this Action with prejudice should be entered; and (c) whether Class Counsel's application for attorneys' fees and costs should be granted. The Settlement Hearing may be postponed, adjourned, or rescheduled by the Court without further notice to the Settlement Class. You do not need to attend this hearing to remain a member of the Settlement Class.

If you decide to stay in the Settlement Class, and you wish to comment in support of, or in opposition to, any aspect of the Settlement or Class Counsel's application for attorneys' fees and costs, you must send your comments in writing, to be received no later than January 29, 2003, to Class Counsel and Defendants' counsel at the following addresses:

**Daniel C. Girard**  
**Girard Gibbs & De Bartolomeo LLP**  
**601 California Street, Suite 1400**  
**San Francisco, California 94108**

**Fredrick S. Levin**  
**Mayer, Brown, Rowe & Maw**  
**350 South Grand Avenue, 25th Floor**  
**Los Angeles, California 90071**

**Class Counsel**

**Counsel for UICI and UMMG**

**Douglas L. Hendricks**  
**Morrison & Foerster LLP**  
**425 Market Street**  
**San Francisco, California 94105**

**Counsel for AFCA**

In your comments, you must include your name, address, telephone number, and the reference Mitchell v. AFCA, Case No. 785811-2.

If you wish to speak at the Settlement Hearing, you must send the following items to Class Counsel and Defendants' counsel at the addresses listed above, to be received no later than January 29, 2003:

- (a) a notice of intention to appear and be heard at the Settlement Hearing;
- (b) a statement of the position you intend to present at the Settlement Hearing and supporting arguments; and
- (c) a list of all witnesses or experts you intend to call to testify, if any.

You may combine these items and your comments on the Settlement or Class Counsel's fee-and-cost application in a single document. Again, you must include your name, address, telephone number, and the reference Mitchell v. AFCA, Case No. 785811-2.

If you do not comply with the above procedures and deadlines, the Court will not consider any objection you might have to the Settlement or Class Counsel's fee-and-cost application; you will not be entitled to speak at the Settlement Hearing; and you will not be entitled to appeal from any order or judgment of the Court approving the Settlement or granting Class Counsel's fee-and-cost application.

If you remain a member of the Settlement Class and the Settlement is approved, you will receive the benefits provided under the Settlement described in part D above, and you will be bound by the terms of the Settlement and the judgment and releases described in part E above. If the Settlement is not approved by the Court, the Action will proceed as if the Settlement had not occurred and this Notice had not been given.

**I. APPLICATION FOR ATTORNEYS' FEES AND COSTS**

From the filing of the Action in July 1997 to the present, Class Counsel have not received any payment for their services in prosecuting the lawsuit, nor have they been reimbursed for any out-of-pocket costs. If the Court approves the proposed Settlement, Class Counsel will apply to the Court for an award of attorneys' fees of \$2.4 million and reimbursement of expenses up to \$250,000. Any award of attorneys' fees and costs will be paid from the cash sum contributed by Defendants AFCA and UICI, described in part D above. Under no circumstances will you be personally liable for any of these attorneys' fees or costs of Class Counsel.

**J. EXAMINATION OF COURT PAPERS**

This notice is a summary and does not describe all details of the Settlement. For full details of the matters discussed in this Notice, you may wish to review the Settlement Agreement dated December 11, 2002, on file with the Court. Complete copies of the Settlement Agreement and all other pleadings and papers filed in the Action are available for inspection and copying during regular business hours at the office of the Clerk of the Court, California Superior Court for Alameda County, René C. Davidson Alameda County Courthouse, Room 100, 1225 Fallon Street, Oakland, California 94612. Complete copies of the pleadings and papers filed in the BANKFIRST Action are available for inspection and copying during regular business hours at the office of the Clerk of the Court, United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, California 94102 (reference Mitchell v. Bankfirst, N.A., et al., Case No. C-97-1421-MMC (PJH)).

**K. HOW TO GET MORE INFORMATION**

You can get more information by sending an e-mail to Class Counsel at [AFCAstatecase@girardgibbs.com](mailto:AFCAstatecase@girardgibbs.com), or writing to Class Counsel at:

**Daniel C. Girard**  
**GIRARD GIBBS & De BARTOLOMEO LLP**  
**601 California Street, Suite 1400**  
**San Francisco, California 94108**  
**(415) 981-4800**

Please include the reference Mitchell v. AFCA, Case No. 785811-2.

**PLEASE DO NOT CONTACT THE CLERK OF THE COURT OR THE COURT WITH QUESTIONS ABOUT THIS NOTICE.**

**DATED: January 3, 2003**

**BY ORDER OF THE CALIFORNIA SUPERIOR COURT  
FOR ALAMEDA COUNTY**