

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
VIRGINIA
NORFOLK DIVISION

If you applied for credit from Haynes Furniture Company, Inc. and were denied, you are entitled to know the specific reasons for the denial and may receive a discount coupon for future purchases as a result of a legal settlement.

A federal court authorized this notice. This is not a solicitation from a lawyer or from Haynes Furniture.

A settlement has been proposed in class action litigation about the form of the notice Haynes Furniture Company provided to applicants who were denied credit. Under federal law, Haynes was required to either provide the applicant with the specific reasons why the applied for credit was denied or advise the applicant that such information was available by request. The form notice used by Haynes provided that the credit was denied due to failure to meet “internal standards.” The issue in the litigation is whether “internal standards” provides the consumer with sufficient information.

Under the proposed settlement, each person who received a notice stating that credit was denied due to Haynes’ “internal standards,” will receive a notice explaining the procedure to learn the specific reasons why the applied for credit was not granted. In addition, each such person will also receive a coupon good for a discount off future purchases at any Haynes store. Legal fees for lawyers appointed by the Court, plus expenses and the costs of the notices and settlement administration are also covered by the settlement.

Your Legal Rights and Options in this Settlement:

Exclude Yourself	Get no payment. This is the only option that allows you to start any other lawsuit against the Defendant about the impropriety of the Notice.
Object	Write to the Court about why you don’t like the settlement.
Go to a Hearing	Ask to speak in Court about the settlement.
Do Nothing	Receive the coupon and the notice. Give up your right to receive notice of the specific reasons your credit was denied and your right to be part of any other lawsuit against the Defendant about the Notice.

- These rights and options –and the deadlines to exercise them—are explained in this notice.
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- The Court in charge of this case has to decide whether to approve the settlement.
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• **Basic Information**

1. Why was this notice issued?

A Court authorized this notice because you have a right to know about a proposed settlement of this class action, including the right to receive additional information about your credit and a coupon for a discount for a future purchase, and about all of your options, before the Court decides whether to give “final approval” to the settlement. If the Court approves the settlement, and after any appeals are resolved, an appropriate credit notice and coupon will be sent to everyone who does not opt out of the suit. This notice explains the lawsuit, the settlement, your legal rights, what benefits are available, who may be eligible for them, and how to get them.

Judge Walter D. Kelley, Jr. of the United States District Court for the Eastern District of Virginia (Norfolk Division) is overseeing this class action. The case is known as *Eddie C. Silva v. Haynes Furniture Company, Inc.*, Case No. 4:04CV82. The person who sued on behalf of the class is called the “Plaintiff,” and the company sued, Haynes Furniture Company, Inc. d/b/a Home Furnishings, The Dump and The North Carolina Company, is called the “Defendant.”

2. What is the litigation about?

This case involves Haynes Furniture Company’s potential liability under the Equal Credit Opportunity Act. The ECOA requires a creditor to notify an applicant of an adverse

action. An adverse action is defined as any refusal to grant credit “in substantially the amount or on substantially the terms requested in an application, unless the creditor makes a counteroffer (to grant credit in a different amount or on other terms) and the applicant uses or expressly accepts the credit offered.” The notice must contain, among other things, a statement of the specific reasons for the action taken or a disclosure of the applicant’s right to request a statement of such reasons.

Plaintiff contends that he requested credit for a financing promotion Haynes was offering to the public. Haynes denied his request but offered to provide credit on less favorable terms. Plaintiff denied the counteroffer. Thereafter, Haynes sent a written notice of adverse action to Plaintiff in a timely fashion. The Notice did not set out the specific reasons for the action or advise Plaintiff he had the right to request a statement of such reasons. Instead the notice simply stated the requested credit was denied based on “internal standards.” Plaintiff claims a notice which simply states the credit was denied based on “internal standards” is insufficient to satisfy the requirement that an applicant be given the specific reasons for the adverse action.

You have been identified by the Defendant as having received a notice identical to the one received by the Plaintiff.

3. Why is this a class action?

In a class action, one or more persons or entities like you, called Class Representatives, sue on behalf of people who have similar claims. All these people are a “Class” or “Class Members.” One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. Why is there a settlement?

Both sides agreed to a settlement to avoid the cost and risk of a trial, and so that the people affected can get relief, in exchange for releasing the Defendant from all liability. The Class Representatives and the lawyers representing them think the settlement is best for all Class Members.

Who is in the Settlement?

5. How do I know if I am part of the settlement?

The Court decided that Class Members in the settlement include: All persons who received a notice of adverse action from Haynes from _____ through _____, whose notice identified “our own internal standards” as the reason for the adverse action. You have been identified by Defendant as having received such notice.

The Settlement Benefits—What You Get

6. What does the settlement provide?

If the settlement is approved by the Court, Defendant has agreed to provide each Class Member who contacts Defendant in writing or by telephone, the specific reasons why the credit request was denied. Each member of the Class will also receive, without the need to contact Defendant, a coupon offering the following specific dollar amounts off a purchase made at any Haynes store. The coupon has a 3-year window and may only be used by the class member or an immediate family member. The coupon amounts are as follows:

Purchases between: \$250-\$499 - \$25
 \$500-\$749 - \$50
 \$750-\$999 - \$75
 \$1000-\$1,249 - \$100
 \$1,250-\$1499 - \$125
 \$1500 and above \$150

7. What am I giving up as part of the settlement?

If the settlement becomes final, Class Members will be releasing the Defendant for all the claims described and identified in Paragraph 6 of the Settlement Agreement. The Settlement Agreement is available for review at www._____. The Settlement Agreement describes the released claims with specific descriptions, in necessarily accurate legal terminology, so read it carefully.

How do you Get a Notice and Coupon

8. How do I get a notice and coupon?

If the settlement becomes final, you will receive the coupon in the mail along with a notice advising you that if you contact defendant in writing or by telephone, you will be advised of the specific reasons why your request for credit was denied.

9. When would I get my notice and coupon?

The notice and coupon will be mailed to Class Members after the Court grants “final approval” of the settlement and any appeals are resolved. The Court is scheduled to consider the final approval at a hearing on _____. (See section called “The Court’s Fairness Hearing” below).

Excluding Yourself From the Settlement

If you don’t want to participate in this settlement, but you want to keep the right to sue Defendant over the legal issues involved in this case, then you must take steps to get out. This is called asking to be excluded from—or sometimes called “opting out” of—the Class. The deadline for exclusions to be received is _____.

10. If I exclude myself, can I participate in the settlement?

No. If you exclude yourself, you cannot participate in the settlement. If you ask to be excluded, you will not get the coupon and you cannot object to the settlement. But you may sue the Defendant in the future. You will not be bound by anything that happens in this lawsuit or settlement.

11. If I don't exclude myself, can I sue later?

No. Unless you exclude yourself, you give up the right to sue the Defendant for all the claims that this settlement resolves. You must exclude yourself from this Class to start your own lawsuit.

12. How do I get out of the settlement?

If you wish to be excluded from the settlement you must, in writing, state that you want to be excluded from the *Eddie C. Silva v. Haynes Furniture Company, Inc.* litigation, Case No. 4:04CV82, include your name, address, taxpayer identification number, telephone number, fax number (if any), and your signature. All exclusion requests must be received on or before _____ at the following address:

Leonard A. Bennett
Leonard A. Bennett, P.C.
12515 Warwick Blvd, Ste 100
Newport News, VA 23606

The Lawyers Representing You

13. Do I have a lawyer in the case?

The Court has appointed Leonard A. Bennett, Leonard A. Bennett, P.C., Newport News, VA and Ian B. Lyngklip, Lyngklip and Taub Consumer Law Group, PLC, of Southfield, Michigan to represent you and other Class Members as "Class Counsel." You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own cost.

14. How will the lawyers be paid?

Class Counsel will ask the Court for attorneys' fees and litigation expenses not to exceed \$120,000. The Defendant has agreed not to oppose these fees and expenses. Class Counsel will also ask for a total of \$5,000 for the Class Representative, who helped the lawyers on behalf of the whole Class. The Court may award less than these amounts to Class Counsel or to the Class Representative.

Objecting to the Settlement

You can tell the Court that you don't agree with the settlement or some part of it.

15. How do I tell the Court if I don't like the settlement?

If you are a Class Member and you do not exclude yourself, you can object to the settlement if you don't like any part of it. If you decide to object to the settlement you should give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must do so in writing. Be sure to include your name, address, telephone number, your signature, and the reasons why you object to the settlement, and any documentation supporting your objection. Send the objection to these three different places postmarked no later than _____:

Court	Class Counsel	Defense Counsel
Clerk of Court United States District Court Eastern District of Virginia Norfolk Division Walter E. Hoffman United States Courthouse 600 Granby Street Norfolk, VA 23510	Leonard A. Bennett Leonard A. Bennett, P.C. 12515 Warwick Blvd, Ste 100 Newport News, VA 23606	Paul S. Schleifman Shook, Hardy, & Bacon L.L.P. 600 14 th Street, NW, Suite 800 Washington, DC 20005-2004

16. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you cannot object to the settlement or to the attorneys' fees because the case no longer affects you.

The Court's Fairness Hearing

The Court will hold a hearing to decide whether to approve the settlement. You may attend, but you don't have to. You may also ask to speak at the hearing.

17. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing at ____:____.m. on _____, at the United States District Court for the District of Virginia – Norfolk Division, Court Room No. ____, Walter E. Hoffman United States Courthouse, 600 Granby Street, Norfolk, VA 23510. At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. The Court will consider whether to approve the settlement and request for attorneys' fees and expenses, as well as the award for the Class Representative. If there are objections, the Court will consider them. The hearing may be moved to a different date without additional notice, so it is a good idea to check with the Court for updated information.

18. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. But you are welcome to attend the hearing at your own expense. If you send a written objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

19. May I speak at the hearing?

that the letter or document is your “Notice of Intention to Appear” in *Eddie C. Silva v. Haynes Furniture Company, Inc.*, Case No. 4:04CV82. Be sure to include your name, address, telephone number, and your signature. You must also include the information on what you intend to say at the hearing. You must send your “Notice of Intention to Appear” to the three addresses listed in Question 15 above. It must be postmarked no later than _____. The Court will decide if you will be allowed to speak at the hearing.

If You Do Nothing

20. What happens if I do nothing at all?

If you do nothing, you will be included in the settlement.

Getting More Information

This notice summarizes the proposed settlement. You can get a copy of the Settlement Agreement at www._____.