

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

COMMUNITY FINANCIAL SERVICES
ASSOCIATION OF AMERICA, LTD., et al.,

Plaintiffs,

v.

FEDERAL DEPOSIT INSURANCE
CORPORATION, et al.,

Defendants.

Civil Action No. 14-953-GK

DECLARATION OF CHRISTIAN RUDOLPH

Pursuant to 28 U.S.C. § 1746 and LCvR 11.2, I hereby declare as follows:

1. I am the Chief Financial Officer and Treasurer of Advance America, Cash Advance Centers, Inc. (“Advance America”) and have been with the company since August 2001. Prior to joining the company, I was a Senior Manager at Barclays Bank PLC where I was employed for 5 1/2 years. I graduated from the University of South Carolina in 1993, and I received my M.B.A. from the University of South Carolina’s Moore School of Business in 1995.

2. Advance America is a Delaware corporation headquartered in Spartanburg, South Carolina. Its principal place of business is 135 North Church Street, Spartanburg, South Carolina 29306. Advance America, through its operating subsidiaries, is a provider of payday loans and various other consumer financial products and is a member of CFSA.

3. Since February 2013, Advance America has received at least 21 notifications from banks with which it was doing business that its accounts would have to be closed. These terminations have affected almost all of Advance America's storefront locations. These banks have included Cadence Bank, Hancock and Whitney Banks, Umpqua Bank, Citizens Bank, Capital One Bank, RBS Citizens Bank, First Bank and Trust, Synovus Bank, Chemical Bank, Fifth Third Bank, South State Bank, First Citizens Bank, IBC Bank, Shore Bank, U.S. Bank, FirstMerit Bank, Your Community Bank, BBVA Compass Bank, and MainSource Bank.

4. The bank terminations have continued unabated throughout the period beginning in 2013 to the present. Our bankers have given no indication either that Operation Choke Point has been ended or suspended, or that the three federal prudential bank regulators have desisted from their effort to choke off our business, and our entire industry, from the banking system.

5. Recently, these bank terminations have reached a tipping point and begun to threaten to significantly curtail Advance America's ability to conduct its business operations. Advance America is on the verge of effectively being denied its right to hold a bank account.

6. Matters have deteriorated significantly during the past month. During this time, Advance America has received termination letters from five banks relating to 1380 locations. These terminations have impacted 64% of our total locations in addition to corporate treasury and payroll services.

7. On October 31, 2016, Your Community Bank notified Advance America that they would close the account within 30 days.

8. By letter dated October 21, 2016, FirstMerit Bank informed Advance America that it would exit their relationship with Advance America “based on select circumstances.” The letter further explained that “[w]e have decided to close your account because the business is in an industry in which we do not service, such as payday lenders.” The account will be closed effective November 20, 2016, but FirstMerit stated that it will block all activity on Advance America’s accounts beginning November 14, 2016.

9. On November 1, 2016, U.S. Bank notified Advance America, both by phone and by overnight letter, that it would close a total of 43 accounts held by Advance America and its operating subsidiaries. These accounts are slated to be closed by January 31, 2017.

10. U.S. Bank has been the primary provider of banking and financial services to Advance America. The bank services approximately 1262 of our stores and provides banking services that cover all of our payroll, ACH processing services that allow us to collect funds from and disburse funds to customers, and a significant portion of our corporate banking needs.

11. Advance America had a 14 year banking relationship with U.S. Bank. U.S. Bank generated significant fees from this relationship, which was approximately \$3 million per year. Through these many years, U.S. Bank had never expressed any concerns about the relationship to me or, to the best of my knowledge, to any official at Advance America. In fact, U.S. Bank expressed only appreciation for the relationship and treated us as a valued client, inviting the former C.F.O. and myself to various events.

12. Advance America has provided U.S. Bank with details of its compliance program and policies on a number of occasions, and to the best of my knowledge, the bank has never noted any deficiencies in complying with anti-money laundering laws or other applicable federal or state laws.

13. The letter by which U.S. Bank terminated the relationship offered no reason whatsoever for the bank's decision. Indeed, our account manager was permitted to speak with us only briefly, stating that he had been instructed not to communicate with Advance America. The banking relationship was transferred to U.S. Bank's "Special Asset Group." Although I requested a meeting to discuss their decision, I was told that the decision was final and the bank was not prepared to discuss how they arrived at their decision. In my experience, the only logical reason a bank would terminate a long-standing, mutually beneficial relationship without warning or explanation is regulatory pressure.

14. The loss of banking services to 1262 locations represents an existential threat to Advance America's current business model. This large scale termination cannot be resolved through any ad hoc workarounds and stopgap measures. We have yet to identify another bank that will be able to service the needs of all of these locations, and we have grave doubts that we will be able to locate such a bank so long as Operation Choke Point remains in place.

15. On November 7, 2016, BBVA Compass Bank notified Express Check Advance of Alabama, an Advance America subsidiary, that it would be terminating the banking relationship in 30 days. BBVA Compass provided no explanation for its decision.

16. On November 21, 2016, MainSource Bank notified Advance America that it would be terminating its relationship. This termination would affect 13 branches operating in the State of Indiana.

17. Advance America has thus arrived at a point where its ability to continue operating in its chosen line of business is in jeopardy, and it is being deprived of the ability to hold a bank account in the United States.

18. I declare under penalty of perjury, that the foregoing is true and correct.



J. Christian Rudolph

11/23/16
Dated