

**AMERICAN ARBITRATION ASSOCIATION**  
**Commercial Arbitration Tribunal**

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In the Matter of the Arbitration between

Re: 14 434 E 01248 10  
                    (Claimant)  
and  
Delaware Title Loans, Inc. (Respondent)

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**AWARD OF ARBITRATOR**

I, THE UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration agreement entered into between the above-named parties dated August 14, 2009, and having been duly sworn, and having duly heard the proofs and allegations of the Parties, do hereby, AWARD, as follows:

1. All claims against Respondent Marc Grawert, Esq. were dismissed from this Arbitration by stipulation of the parties at the hearing.
2. The Arbitrator finds, after sitting in an Arbitration hearing conducted in West Chester, Pennsylvania, that he has jurisdiction over all of the substantive questions submitted in this Arbitration including which State's law is applicable to transactions where Claimant, a resident of Chester, Pennsylvania, had a loan of \$1,634.56 made to her by Respondent Delaware Title Loans, Inc., operating out of its offices in Claymont, Delaware, (located, according to the *Kaneff* case discussed below, approximately one mile over the Delaware state line from Pennsylvania), and secured by a Respondent security interest taken on Claimant's 1995 Chevrolet Silverado titled in Pennsylvania recorded against that title in the Commonwealth of Pennsylvania.
3. The Arbitrator notes that this same Respondent, represented by its same counsel in this Arbitration, and Claimant's same lawyer appearing in this Arbitration, litigated *Kaneff v. Delaware Title Loans*, 587 F.3d 616 (3d Cir., 2009). That case, on not dissimilar facts, concluded that Pennsylvania has such a significant interest in the type of automobile title loan transactions involved in this Arbitration that the Third Circuit applied Pennsylvania substantive law to reach its decision. Additionally, in *Cash America Net v. Commonwealth of Pennsylvania*, 2010 Pa. LEXIS 2386 (Pa., 2010), the Pennsylvania Supreme Court similarly concluded that the out-of-state based internet "payday lender" was, because of its effects on the citizens of the Commonwealth of Pennsylvania, subject to regulation by the Pennsylvania Department of Banking.
4. Because the precedents described in paragraph 3 above are controlling on the law to be applied by this Arbitrator sitting in West Chester, Pennsylvania relating to the lien recorded by Respondent in Pennsylvania against the title to a Pennsylvania automobile owned by Claimant, a resident of Pennsylvania, as security for a loan to be enforced by, among other things, an Arbitration conducted in Pennsylvania and ultimately, by a car repossession in Pennsylvania pursuant to a automobile title lien recorded in Pennsylvania, this Arbitrator finds the 360% Annual Percentage Rate interest asserted by Respondent in this Arbitration violates Pennsylvania's "Act 6" 41 P.S. §201, et seq., and therefore is enforceable only to Pennsylvania's 6% rate. The Arbitrator therefore finds that \$24.56 principal remains unpaid from Respondent's loan to Claimant which, at the applicable Pennsylvania statutorily allowed interest rate, leaves a balance including such interest due Respondent from Claimant of \$98.49 through December 31, 2010.


5. Despite a very able defense by Respondent's counsel, Claimant having prevailed on its claim of the Pennsylvania illegality of the 360% interest rate sought to be charged, Claimant is entitled to an Award of reasonable attorney's fees from Respondent.
6. Claimant's counsel's hourly rate of \$275 is found to be reasonable for an attorney of Claimant's counsel's experience. From the substantial amount of research and writing that Claimant's counsel was compelled to do to overcome Respondent's highly able defense team to succeed in Claimant's claim, the number of hours set forth in Claimant's counsel's Affidavit submitted for his time in these proceedings is found to be reasonable for those claims on which Claimant prevailed. Claimant's total bill for attorney's fees of \$9,061.24, consisting of just about 33 hours of billable time is found, based on the Arbitrator's own dozens and dozens of hours spent reviewing the various submissions of the parties and supporting case law, to be efficient. Notwithstanding that, some aspects of the claim pursued by Claimant's counsel are not claims on which Claimant prevailed, most notably the claims against Respondent's Georgia house counsel Mr. Grawert. From the time accountings attached to Claimant's fee affidavit, those unsuccessful Grawert issues appear to have consumed 6 hours, occasioning the Arbitrator deducting \$1,512.50 from Claimant's fee submission resulting in Claimant's counsel being awarded as its reasonable attorney's fees against Respondent on issues in which it prevailed, \$7,540.75.
7. Claimant is further awarded, against Respondent, the reimbursement of its \$125.00 Arbitration filing fee, resulting in a net Award after offset of principal and interest Claimant still owed Respondent (set forth in paragraph 4 above), in Claimant's favor of \$26.01, plus Claimant's attorney's fees of \$7,540.75 as set forth in paragraph 6 above.
8. Because there is a net Award of \$26.01 in favor of Claimant, Respondent is to remove its lien on the title of Claimant's automobile as described in paragraph 2 above.

The administrative fees of the American Arbitration Association totaling \$975.00 shall be borne as incurred and the \$750 compensation of the Neutral Arbitrator is to be borne by Respondent.

The above sums are to be paid on or before 45 days from the date of this Award.


This Award is in full settlement of all claims submitted to this Arbitrator. All claims and defenses not expressly granted herein are hereby denied.

1/24/2011  
Date

  
\_\_\_\_\_  
Robert A. Alston

I, Robert A. Alston, do hereby affirm upon my oath as Arbitrator that I am the individual described in and who executed this instrument which is my Award.

1/24/2011  
Date

  
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Robert A. Alston