

CFA Summary of FTC Actions Related to Online Payday Loans

Updated June 2014

Case Name: FTC v. Pinnacle Payment Services, LLC, Velocity Payment Solutions, LLC, Heritage Capitol Services, LLC, Performance Payment Processing, LLC, Credit Source Plus, LLC (GA and OH), Reliable Resolution, LLC, Premium Express Processing, LLC (GA and OH), Capitol Exchange, LLC, Global Acceptance, LLC, Freestar World, LLC, Heritage management Services, LLC, Nationwide Payment Processors, LLC, National Processors Group, LLC, Pioneer Capital Services, LLC, Platium Express, LLC, Rapid Resolutions, LLC, Solution Processing, LLC, Windfall Management Systems, LLC, Lisa J. Jeter, Nichole C. Anderson, Hope V. Wilson, Angela J. Triplett, Demarra J. Massey, Tobias Boyland, and Dorian Wills

FTC File No. 132-3043

<http://www.ftc.gov/enforcement/cases-proceedings/132-3043-x140002/pinnacle-payment-services-llc-et-al>

Date:

10/24/13

Lender/Company URL:

Lender/Company Address:

Pinnacle Payment Services, LLC
815 Superior Street, Suite 1720
Cleveland, OH

Type of Action/Laws Violated:

FTC Act and Fair Debt Collection Practices Act

Transaction:

Operation based in Atlanta and Cleveland allegedly used deceptive and threatening tactics to collect phantom payday loan “debts” that consumers either did not owe or did not owe to defendants. Defendants accused of operating under fictitious names that implied affiliation with law firm or law enforcement and using robocalls and voice messages to threaten legal action and arrest unless payments made.

Outcome:

U. S. District Court Northern District of Georgia signed a preliminary injunction to halt illegal conduct, freeze operation’s assets, and appointed a temporary receiver to take over defendants’ business. See

Case Name: FTC v. Caprice Marketing LLC, Nuvue Partners LLC, Capital Advance LLC, Loan Assistance Company LLC, ILife Funding, LLC f/k/a/ Guaranteed Funding Partners LLC, Sean C. Mulrooney and Odafe Stephen Ogaga

FTC File No. 1323055

<http://www.ftc.gov/enforcement/cases-proceedings/1323-55/caprice-marketing-et-al>

Date:

9/4/13

Lender/Company URL:

Vantagefundingapp.com

idealadvance.com

Loanassistanceco.com

Palmloanadvances.com

Loantreadvances.com

Pacificadvances.com

Yourloanfunding.com

Lender/Company Address:

2637 Atlantic Boulevard #20114

Pompano Beach, Florida

Type of Action/Laws Violated:

FTC Act

Transaction:

Companies operated websites that collected payday loan applications in order to collect consumers' names, Social Security numbers, bank routing numbers, and bank account numbers and used this information to debit their bank accounts without authorization for a \$30 fee to enroll in an "optional" funding assistance program. In addition, the FTC complaint alleges that defendants paid more than \$500,000 to third parties to obtain other consumers' financial information and debited those consumers' accounts. Defendants used remotely created checks to withdraw funds, taking more than \$5 million from consumer accounts.

Outcome:

U. S. District Court issued a temporary restraining order and froze assets. See: FTC Press Release, September 4, 2013 <http://www.ftc.gov/news-events/press-releases/2013/09/ftcs-request-court-halts-alleged-phony-payday-loan-broker>

Case Name: FTC v. Broadway Global Master Inc., d/b/a BGM, In-Arabia Solutions Inc., and Kirit Patel

FTC File No. 112-3215

<http://www.ftc.gov/os/caselist/1123215/index.shtm>

Date:

4/03/12

Lender URL:

bgminc.us; ecrdinc.com

Lender Address:

1570 Eastlake Circle
Tracy, California, 95304

Type of Action/Laws Violated:

Sections 5(a), 13(b) and 19 of the FTC Act

Transaction:

Defendants engaged in fraudulent debt collection. Defendants called consumers and claimed that the consumers were delinquent on a payday loan or other debt, frequently claiming to be law enforcement officers or an affiliation with a government agency. The defendants' callers threatened consumers with legal action, or informing third parties about the alleged debts, and frequently used abusive language. The case alleges that consumers had not gotten loans or did not owe the callers attempting to collect.

Outcome:

4/05/12

Temporary restraining order enjoining defendants' debt collection activities issued.

8/27/12

Federal grand jury charged Patel with 21 criminal counts of wire fraud and mail fraud for the fake debt collection scheme.

Case Name: FTC v. AMG Services, Inc.; Red Cedar Services, Inc., d/b/a 500FastCash; SFS, Inc., d/b/a OneClickCash; Tribal Financial Services, d/b/a Ameriloan, UnitedCashLoans, USFastCash, and Miami Nation Enterprises; AMG Capital Management, LLC; Level 5 Motorsports, LLC; Leadflash Consulting, LLC; Partner Weekly, LLC; Black Creek Capital Corporation; Broadmoor Capital Partners, LLC; The Muir Law Firm, LLC; Scott A. Tucker; Blaine A. Tucker; Timothy J. Muir; Don E. Brady; Robert D. Campbell; and Troy L. Little Axe, Defendants, and Park 269, LLC; and Kim C. Tucker, Relief Defendants.

FTC File No. 112-3024

<http://www.ftc.gov/os/caselist/1123024/index.shtm>

Date:

4/02/12

Lender URL:

500fastcash.com; ameriloan.com; oneclickcash.com; unitedcashloans.com; usfastcash.com

Lender Address:

10895 Lowell Avenue
Overland Park, Kansas

5600 West 97th Street
Overland Park, Kansas

52946 Highway 12, Suite 3
Niobrara, Nebraska

3531 P Street NW
Miami, Oklahoma

515 G Street SE
Miami, Oklahoma

871 Coronado Center Drive, Suite 200
Henderson, Nevada

325 East Warm Springs Road, Suite 200
Las Vegas, Nevada

289 Manzanita Ranch Lane
Henderson, Nevada

Type of Action/Laws Violated:

Section 5(a) of the FTC Act; Truth in Lending Act; Regulation Z; Electronic Fund Transfer Act; Regulation E

Transaction:

Lender represented that it would withdraw the consumer's scheduled payment from the consumer's account when the loan payment was due; in practice, the lender withdrew funds on multiple occasions, assessing multiple finance charges. As a result, the lender withdrew more funds than represented on their website. The lender did not disclose the APR, finance charge, total of payments, and payment schedule of the transaction as actually structured.

The lender required consumers to assent to preauthorized electronic fund transfers as a condition of obtaining credit.

The lender also threatened consumers by representing that they can and will cause consumers to be arrested, criminally prosecuted, or imprisoned for their debts to the lender. See FTC Press Release, April 2, 2013 for description of transaction: <http://www.ftc.gov/news-events/press-releases/2012/04/ftc-charges-payday-lending-scheme-piling-inflated-fees-borrowers>

Outcome:

7/11/12

Stipulation and Proposed Order to Dismiss PartnerWeekly, LLC without prejudice

12/27/12

Federal court entered a stipulated preliminary injunction and bifurcation order which divided the FTC's case into two phases: a liability phase and a relief phase with no discovery of Muir Defendants until phase two.

7/16/13

Magistrate Judge issued a report and recommendation, finding that defendants are subject to federal consumer protection laws even if they are affiliated with American Indian tribes, subject to review by US District Judge in the case. <http://www.nclc.org/images/pdf/unreported/130722amgorder.pdf>

7/18/13

Partial settlement reached with the principal defendants on count two of the FTC case regarding debt collection calls and on count four involving compliance with the Electronic Fund Transfer Act. Defendants are barred from using threats of arrest and lawsuits as a tactic to collect debts and from requiring all borrowers to agree in advance to electronic withdrawals from their bank accounts as a condition of getting credit. See FTC Press Release <http://www.ftc.gov/news-events/press-releases/2013/07/amg-defendants-settle-ftcs-debt-collection-charges>

9/30/13

FTC moved for summary judgment on all counts against all Defendants.

10/8/13

Federal court approved the Settling Defendants' stipulated settlement, resulting in the FTC withdrawing its motion for summary judgment on counts two and four against the Settling Defendants on November 4, 2013.

1/28/14

Magistrate Judge issued a report and recommendation to grant the FTC's motion for summary judgment on count one, violation of section 5 of the FTC Act because Defendants misrepresented borrowers' obligations to repay the loans. On count three, the Magistrate recommended approval of the FTC's motion for summary judgment, finding that defendants violated the Truth in Lending Act and Reg Z. The Magistrate Judge recommended denying the FTC's motion for summary judgment on counts two and four because the Muir Defendants were left to phase two of the case.

3/7/14

US District Court Nevada order issued accepting and adopting the Magistrate's Report and Recommendation of July 16, 2013, and granting the FTC's Amended Motion for Partial Summary Judgment as recommended in the Magistrate's report. The Court found that the Magistrate correctly found that the FTC Act is a federal statute of general applicability that under controlling Ninth Circuit precedent grants the FTC authority to regulate arms of Indian tribes, their employees, and their contractors. FTC March 19, 2014 press release on order at <http://www.ftc.gov/news-events/press-releases/2014/03/us-district-judge-finds-ftc-can-sue-deceptive-payday-loan> Order is posted at: www.ftc.gov/system/files/documents/cases/140319amgorder.pdf

5/28/14

US District Court Nevada order issued accepting and adopting the Magistrate's Report and Recommendation of January 28, 2014. Judge Navarro found that defendants' lending practices were deceptive because lenders failed to disclose the cost of loans correctly and hid the true cost of loans. The judge noted that defendants' loan documents were "convoluted," "buried," "hidden," and "scattered," and that employees were instructed to hide how loan repayment plans worked, according to the FTC press release on the decision. Litigation continues to determine the liability of each defendant and damages the court will impose. The FTC June 4, 2014 press release is at <http://www.ftc.gov/news-events/press-releases/2014/06/us-district-judge-finds-payday-lender-amg-services-deceived> Order is posted at www.ftc.gov/system/files/documents/cases/140604amgorder.pdf

Case Name: FTC v. Pro Credit Group, LLC; Brett Fisher; Sanders Legal Group, P.A.; Sanders Law, P.A.; Andre Keith Sanders; My Success Track, LLC; Consumer Credit Group, LLC; Dale Robinson; First Financial Asset Services, Inc.; and William Balsamo

FTC File No. 122 3051

Date:
3/19/12

Lender URL:

Defendant Address:
601 Cleveland Street, Suite 390
Clearwater, Florida 33755

5922 9th Avenue North, Suite C, 2nd Floor
St. Petersburg, Florida 33710

Type of Action/Laws Violated:
Section 5(a) FTC Act, Telemarketing Sales Rule

Transaction:
Defendants accused of using phony debt collection calls from India to collect more than \$5 million from consumers who did not owe them for payday loan debts. The callers used threats, lies and abusive tactics from consumers who had applied for or received loans from online payday lenders and had supplied personal information on loan applications that the callers had obtained. When consumers agreed to pay, the defendants took at least \$5 million from their bank accounts.

Outcome:
9/11/13
FTC obtained a settlement in the case. The court shut down the operations in spring of 2012. Settlement put a \$25.3 million judgment against Fisher, and required other settling defendants to surrender assets. Defendants Pro Credit Group, LLC, Consumer Credit Group, LLC, and My Success Track, LLC are not parties to the settlements and face default judgments.

Case Name: FTC v. American Credit Crunchers, LLC, Ebeeze LLC, and Varang K. Thaker

FTC File No. 102-3191

<http://www.ftc.gov/os/caselist/1023191/index.shtm>

Date:

2/13/2012

Lender Address:

10492 Park Villa Circle
Villa Park, California 92861

Type of Action/Laws Violated:

Section 5(a), 13(b), and 19 of the FTC Act; Section 814 of the Fair Debt Collections Practices Act

Transaction:

Defendants engaged in fraudulent debt collection. Defendants called consumers and claimed that they were delinquent on a payday loan or other debt, representing that the defendants were from a government agency, another corporation, or were attorneys.

The defendants' callers threatened consumers with legal action, or informing third parties about the alleged debts, and frequently used threatening and abusive language.

Outcome:

2/13/12

Temporary restraining order issued.

10/23/12

Settled with FTC, \$5.4 million judgment for full amount of injury, partially suspended for inability to pay. Defendants banned from debt collection or misrepresenting that they are affiliated with the government or a non-profit group; any terms or conditions for buying any good or service; any aspects of the good or service; and their refund policy.

Case Name: FTC v. Landmark Clearing, Inc., Larry Wubbena, and Eric Loehr

FTC File No. 1123117

<http://ftc.gov/os/caselist/1123117/index.shtm>

Date: 1/5/12

Lender URL:

Lender Address:

5340 Legacy Drive, Suite 204
Plano, Texas 75024

Type of Action/Laws Violated:
Section 5(a) of the FTC Act

Transaction:

The defendant is a third-party payment processor, which debits consumers' bank accounts on behalf of its merchant clients. The merchants charged consumers who had not authorized the merchants to debit their accounts; Landmark Clearing would then debit the consumers' accounts using a remotely created payment order (RCPO), a little-monitored electronic instrument that does not require a consumer's signature. Landmark would then disburse the funds to its merchant clients.

Outcome:

12/29/11

Defendant entered into consent order with FTC, enjoining the defendants from processing payments via remotely created check or remotely created payment order (RCPOs) and from further engaging in deceptive or unfair practices. Defendants were also ordered to screen prospective clients and monitor existing clients for deceptive or abusive practices. Defendants also agreed to provide repayment of \$1,500,000, suspended upon payment of \$126,100 and the surrender of a parcel of land.

6/27/13

The Federal Trade Commission mailed 9,566 refund checks to consumers whose bank accounts were debited by Landmark, allegedly without their consent, returning more than \$577,000 to consumers.

Case Name: FTC v. Payday Financial, LLC; Great Sky Finance, LLC; Western Sky Financial, LLC; Red Stone Financial, LLC; Management Systems, LLC; 24-7 Cash Direct, LLC; Red River Ventures, LLC; High Country Ventures, LLC; Financial Solutions, LLC; and Martin A. Webb, individually and as an officer of Payday Financial, LLC; Great Sky Finance, LLC; Western Sky Financial, LLC; Red Stone Financial, LLC; Management Systems, LLC; 24-7 Cash Direct, LLC; Red River Ventures, LLC; High Country Ventures, LLC, and Financial Solutions, LLC

FTC File No. 112-3023

<http://www.ftc.gov/os/caselist/1123023/index.shtm>

Date: 9/12/11

Lender URL:

<http://www.lakotacash.com/>, <http://www.bigskycash.com/>, <http://www.paydayfinancialllc.com/>,
www.greatskycash.com, www.westernsky.com, www.redstonecash.com,
www.managementsystemsllc.net, www.24sevensolution.com, www.togethercash.com,
www.citiviewcash.com, www.impactcashusa.com,

Lender Address:

612 E Street
Timber Lake, South Dakota

Type of Action/Laws Violated:

Section 5(a) of the FTC; violation of Credit Practices Rule; violation of Electronic Fund Transfer Act and Regulation E.

Transaction:

“The defendants offer short-term, high-fee, unsecured payday loans of \$300 to \$2,525 to consumers throughout the country, advertising on television and through websites such as www.bigskycash.com and www.westernsky.com.”

The defendants misrepresented that they are “legally authorized to garnish an employee’s wages, without first obtaining a court order; falsely representing to employers that the defendants have notified consumers about the pending garnishment and have given them an opportunity to dispute the debt; and unfairly disclosing the existence and the amounts of consumers’ supposed debts to employers and co-workers without the consumers’ knowledge or consent.”

Outcome:

9/6/11

FTC filed the complaint.

9/7/11

The Court accepted and entered a preliminary injunction to immediately halt the alleged unlawful conduct.

3/7/12

The FTC filed an amended complaint, alleging that Payday Financial improperly filed suits in the Cheyenne River Sioux Tribal Court to garnish the wages of consumers who fall behind in their payments. The amended complaint FTC charged suits against consumers was unfair and contract language about tribal court is deceptive. The original complaint had stated that the defendants had illegally tried to garnish consumers’ wages without a court order. The amended complaint seeks civil penalties for alleged violations of the FTC Credit Practices Rule.

10/26/12

The FTC filed Notice of Supplemental Authority in Opposition to Defendants Motion for Partial Summary Judgment. Earlier on June 14, 2012, the FTC filed its opposition to Defendants Motion for Partial Summary Judgment.

9/30/13

The Court issued an opinion and order granting in part and denying in part the FTC’s motion for summary judgment. The Court granted summary judgment for count one, part of count four (violation of Credit Practices Rule re wage assignment clause in Payday Financial contracts) and count five (EFTA violation) of the amended complaint and order Payday Financial LLC and Financial Solutions LLC to pay the FTC \$417,740 to disgorge certain profits. Other issues remain for trial.

4/4/14

Settlement accepted by the Court requires Payday Financial to pay \$967,740 to the U.S. Treasury which includes a \$550,000 civil penalty for violating the Credit Practices Rule and \$417,740 already paid to surrender ill-gotten gains from attempting to garnish wages without court orders. The U.S. District Court for South Dakota entered a final order and judgment, with prohibitions against enumerated debt collection practices, violations of the Credit Practices Rule, violations of the Electronic Fund Transfer Act, bringing a legal action on a debt against any borrower, and using specific lending practices. FTC press release posted at:

<http://www.ftc.gov/news-events/press-releases/2014/04/payday-lenders-used-tribal-affiliation-illegally-garnish-wages> Stipulated Order for Permanent Injunction and Civil Penalties at <http://www.ftc.gov/system/files/documents/cases/140411paydayorderpi.pdf>

Case Name: FTC v. Direct Benefits Group, LLC, d/b/a Direct Benefits Online, and Unified Savings; Voice Net Global, LLC, d/b/a Thrifty Dial; Solid Core Solutions, Inc.; WKMS, Inc.; Kyle Wood; and Mark Berry

FTC File No. 112 3114

<http://www.ftc.gov/os/caselist/1123114/index.shtm>

Date: 8/1/11

Lender URL:

mypaydayangel.com, citywestfinancial.com, paydaypickup.com, juniperloans.com, northcitymutual.com, mycashpickup.com.

Lender Address:

Evanston, Wyoming
Bluffdale, Utah
Lake Mary, Florida

Type of Action/Laws Violated:

Section 5(a) of the FTC Act

Transaction:

“Since at least September 2009, Defendants have engaged in a scheme to debit consumers' bank accounts without their knowledge or consent.”

Outcome:

7/18/2011

FTC filed the complaint and a request for preliminary relief.

7/19/2011

The court issued a temporary restraining order.

5/15/12

FTC filed Motion for Summary Judgment, Statement of Material Facts, and Supporting Memorandum.

6/26/12

FTC replied to defendants Opposition to Plaintiffs Motion for Summary Judgment

7/30/13

Federal court found that the FTC had proved its case, that a permanent injunction to stop the illegal practices was warranted, and that consumers should receive more than \$9.5 million in restitution.

8/12/13

Final judgment and order for permanent injunction and other equitable relief entered in federal court. Defendants are banned from reuse of consumer billing information, from charging consumers with express consent, and from making any misrepresentation about goods or services. Defendants are required to dispose of customer information. Judgment was entered for \$9.5 million in restitution.

Case Name: In the Matter of Carey V. Brown, Credit Payment Services, Inc., Credit Protection Depot, Inc., Discount Advances Dot Com, Inc., Midland Financial Management Corp., and My Cash Now, Inc.,

FTC File No. 102-3175

Date: 2/23/11; 4/7/11

Lender URL:

www.discountadvances.com; mycashnow.com; paydaymax.com

Type of Action/Laws Violated:

Truth in Lending Act

Regulation Z

Failure to disclose finance charge and APR

Transaction:

Outcome:

2/23/11

Petitioner moved to quash Civil Investigative Demand

4/7/11

Commission denied motion to quash CID.

Case Name: FTC v. Michael Bruce Moneymaker, a/k/a Bruce Moneymaker, Mike Smith, and Michael Bruce Millerd, individually and as an officer and director of the corporate defendants, and d/b/a Fortress Secured; Daniel de la Cruz, individually, as an officer and director of the corporate defendants, and d/b/a Fortress Secured; Belfort Capital Ventures, Inc.; Dynamic Online Solutions, LLC;

HSC Labs, Inc.; Seaside Ventures Trust; and John Doe. No. 1, in his capacity as trustee of Seaside Ventures Trust

FTC File No. 102-3165

<http://www.ftc.gov/os/caselist/1023165/index.shtm>

Date: 3/28/11

Lender URL:

www.spccredit.com

www.loanterms.cl, replaced by www.loantermsonline.com

Lender Address:

Belfort Capital Ventures, Inc.
8668 Spring Mountain Road, Suite 101
Las Vegas, Nevada 89117

Dynamic Online Solutions, LLC
8550 West Desert Inn Road, Suite 102-381
Las Vegas, Nevada 89117

HSC Labs, Inc.
8668 Spring Mountain Road
Las Vegas, Nevada 89117

Red Dust Studios, Inc.
8668 Spring Mountain Road
Las Vegas, Nevada 89117

Seaside Ventures Trust
8550 West Desert Inn Road, Suite 101,
Las Vegas, Nevada 89117

Type of Action/Laws Violated:

Section 5(a) of the FTC Act

Transaction:

“Defendants have been engaging in a common enterprise in which they charge consumers' bank accounts without consumers' knowledge or consent. Defendants obtain consumers' bank account information from websites that claim to match consumers with payday lenders. With this information, Defendants enroll consumers in a variety of "continuity programs," programs for which they charge consumers an initial enrollment fee as well as recurring fees on a weekly or monthly basis until consumers take an affirmative action to cancel. Consumers learn of these charges only when they notice withdrawals from their checking accounts.” The operation targeted payday loan seekers.

Outcome:

3/29/11

Ex Parte Temporary restraining order with Ancillary Relief

1/24/12

The U.S. District Court for the District of Nevada imposed a judgment of almost \$10 million against Michael Bruce Money maker, also known as Bruce Money maker and Michael Bruce Millerd, d/b/a Fortress Secured; Daniel de la Cruz; Belfort Capital Ventures Inc., d/b/a Centralized Customer Service; Dynamic Online Solutions LLC; HSC Labs Inc.; Red Dust Studios Inc.; and Seaside Ventures Trust. The order requires the defendants to surrender cash and bank accounts, and proceeds from the sale of two houses in California. The judgment against de la Cruz will be suspended. The full judgment will become due immediately if he is found to have misrepresented his financial condition. Defendants are banned from marketing secured loan products.

Case Name: FTC vs. v. LoanPointe, LLC, Eastbrook, LLC, d/b/a ECash and Getecash, Joe S. Strom, Benjamin J. Lonsdale, James C. Endicott, and Mark S. Lofgren

FTC File No. 102-3021

<http://www.ftc.gov/os/caselist/1023021/index.shtm>

Date:

4/7/10

Lender URL:

www.getecash.com

Lender Address:

LoanPointe, LLC
11529 North Bull River Circle,
Highland, Utah

Eastbrook, LLC
696 North 1890 West,
Provo, Utah

Type of Action/Laws Violated:

Section 5 of the FTC Act; FDCPA; Credit Practices Rule

Transaction:

Online applicants were required to check a box in the application form that allowed the lenders to garnish borrowers' wages in order to cover delinquent loan payments. This was an attempt to circumvent court protections for wage garnishment. The wage assignment clause in the application violated the Credit Practices Rule and was in very small print and located near the bottom of the third

of four pages of small print disclosures. Because of this, many borrowers' were likely unaware of the clause.

Also, lenders sent wage garnishment forms and supporting documentation that closely resembled documentation that U.S. government agencies use when seeking to garnish wages for nontax debts owed to the U.S. In these materials, lenders falsely represented to employers that they could garnish wages from borrowers without first obtaining a court order.

Outcome:

4/7/10

Preliminary injunction barring lenders from further violations

9/2/10

Settlement Order for Defendant Mark S. Lofgren

- banned from collecting debts through wage assignment.
- permanently prohibited from:
 - misrepresenting facts in order to collect a debt;
 - contacting a consumer's employer in trying to collect a debt, unless he is seeking location information or has a valid court order of garnishment; and
 - disclosing a debt to any third party.
- barred from violating the Credit Practices Rule and the Fair Debt Collection Practices Act,
- selling or otherwise benefitting from customers' personal or financial information, and
- failing to properly dispose of customer information.

The order also imposes a \$38,133 judgment.

Charges against Benjamin J. Lonsdale and James C. Endicott were dismissed by the FTC.

12/9/11

The U.S. District Court for the District of Utah issued a judgment against defendants Joe S. Strom, LoanPointe, LLC, and Eastbrook, LLC, requiring that they disgorge profits of almost \$300,000. The court also permanently enjoined defendants from misrepresenting credit terms, garnishing consumers' wages, and disclosing information about the consumers' location or debt to a third party.

4/23/12

The order was appealed to challenge the disgorgement and the FTC filed its brief in the US Court of Appeals for the Tenth Circuit.

5/8/13

The US Court of Appeals issued its order and judgment, affirming the order of the district court.

Case Name: FTC v. Swish Marketing, Inc.; Mark Benning; Matthew Patterson; and Jason Strober

FTC File No. 072-3241

<http://www.ftc.gov/os/caselist/0723241/c0903814.shtm>

Date: 9/19/09

Lender URL:

ChristianFaithFinancial.com, MagnoliaFinancial.org, ThatcherPrescott.com, PaydayUSA.org, SouthernFinancialFunding.com, MtWhitneyFinancial.com, PaydayMatchup.com, AdditionalEarning.com, PrescottFinancial.com, MaximumWagesNow.com, OnlinePayday.org, OrchidFinancial.org, MalibuFinancial.com, SilentCashLending.com, InstantPaydayMatchup.com, MyFamilyLoans.org, WomensPaychecks.com, CompareAdvances.com, AtlasPeakFinancial.com, ShortTermLoanExpert.com, CheckCashCentrale.com, MtVernonFinancial.com, PaydayLoanQuotes.com, RockOfMaine.com, UpTo500.com, HarborCreditCashAdvance.com

Lender Address:

555 Bryant Street, No. 349
Palo Alto, CA 94301

Type of Action/Laws Violated:

Section 5 of the FTC Act

Transaction:

During the online application, when applicants clicked a button that said "Finish matching me with a payday loan provider," they were automatically signed up to purchase a prepaid debit card. Consumers were charged a card enrollment fee of \$39.95 to \$54.95 for the card. In some instances, consumers were led to believe they were receiving a free "BONUS" card while being charged a \$39.95-54.95 fee that was debited from their bank accounts.

Note: during the transactions described in this case, Swish Marketing was acting in conjunction with VirtualWorks.

Outcome:

4/20/09

Complaint amended to include exhibits that show websites with payday loan application forms.

Added allegations that the defendants sold consumers' bank account information to the debit card company without the consumers' consent and that defendants were made aware of consumer complaints about the unauthorized debits.

10/4/09

Settlement with FTC and \$850,000 fine

Defendants barred from further violations.

Also requires:

- That transactions be affirmatively authorized by consumers
- monitoring of affiliates to ensure compliance
- cooperation to the FTC in its ongoing litigation.

03/17/11

Two of the defendants ordered to pay \$800,000 and the proceeds from the sale of a house to settle the FTC's charges. The defendants are "barred from: misrepresenting material facts about any product or service, such as the cost or the method for charging consumers; misrepresenting that a product or service is free or a "bonus" without disclosing all material terms and conditions; charging consumers without first disclosing what billing information will be used, the amount to be paid, how and on whose account the payment will be assessed, and all material terms and conditions; and failing to monitor their marketing affiliates to ensure that they are in compliance with the order."

6/14/2011

Defendant Swish Marketing was ordered to pay more than \$4.8 million in damages. Swish was enjoined from misrepresenting material facts about any product or service, including that a product is "free" or "bonus" without disclosing all material terms and conditions, and from charging consumers without disclosing material terms of the transaction ahead of time.

8/31/2011

The FTC mailed refunds of almost \$2 million to more than 110,000 consumers who bought the prepaid debit card.

Case Name: FTC v. VirtualWorks LLC d/b/a Virtual Works, formerly known as Private Date Finder, d/b/a EverPrivate Card and Secret Cash Card; Jerome "Jerry" Klein; and Joshua Finer

FTC File No. 072-3241

<http://www.ftc.gov/os/caselist/0723241/c0903815.shtm>

Date: 8/19/09

Lender URL: n/a

Lender Address:

655 Mystic Way,
Laguna Beach, CA
92651

Type of Action/Laws Violated:

Section 5 of the FTC Act

Transaction:

Defendants falsely represented to consumers that they were only applying for a loan when they were also buying a prepaid debit card. During the online application, when applicants clicked a button that said "[f]inish matching me with a payday loan provider," they were automatically signed up to purchase a prepaid debit card. Consumers were charged a card enrollment fee of \$39.95 to \$54.95 for the card. In some instances, consumers were led to believe they were receiving a free "BONUS" card while being charged a \$39.95-54.95 fee that was debited from their bank accounts.

Note: during the transactions described in this case, VirtualWorks was acting in conjunction with Swish Marketing.

Outcome:

8/19/09

Settlement with FTC. Settlement bars Defendant from future violations and includes a \$52,000 fine. The fine is in lieu of a suspended judgment for \$5,450,367. The agreement also includes provisions for monitoring by defendants of their marketing affiliates or other third parties, compliance monitoring and reporting, and a record keeping provision. Court accepted the settlement 12/28/09.

Case Name: FTC v. Group One Networks, Inc., d/b/a Credit Line Gold Card, The USA Workers, The USAWork.com, and TheUSAWorkers.com, US Gold Line, LLC, d/b/a USGoldLine.com, Gainesway Credit, and GaineswayCredit.com, My Online Credit Store, LLC, a corporation d/b/a MyOnlineCreditStore.com, MYOnlinecr.com, Diamond Executive, NewECredit, and NewECredit.com, James Nicholson, individually and as President of Group One Networks, Inc., and Manager of US Gold Line, LLC and My Online Credit Store, LLC, and Brett Fisher, individually and as Chief Executive Officer of Group One Networks, Inc., and Manager of US Gold Line, LLC, and My Online Credit Store, LLC.

FTC File No. 072-3230

<http://www.ftc.gov/os/caselist/0723230/index.shtm>

Date: 3/3/09

Lender URL:

TheUSAWork.com, TheUSWorkers.com, USGoldLine.com, GaineswayCredit.com, Myonlinecr.com, MyonlinecreditStore.com, NewECredit.com

Lender Address:

2300 Tall Pines Drive # 126.
Largo. FL 33771

Type of Action/Laws Violated:

Section 5 of the FTC Act
Telemarketing Sales Rule

Transaction:

Defendant telemarketers targeted consumers with poor or no credit for sales of advance fee credit cards via phone and the internet. Fees to obtain the card were \$200-250. Consumers were told that the card could be used just like a regular major credit card and that they would also receive access to cash

advance loans. Further, consumers were told that they would receive their card fees back in the form of \$50 credit vouchers, and that their card activity would be reported to credit bureaus.

After consumers gave over their bank account info to purchase the card, they were played indecipherable pre-recorded messages that contradicted the up-front claims made by the defendants. In reality the card was a merchant finance account that could be used only at "approved vendors," the initial card fee was non-refundable, there were no cash advances, and there were other fees that the defendants would charge.

Defendants also failed to disclose a \$29.95 monitoring fee due at three and six months, monthly or weekly credit monitoring fees, and the fact that 20-80% down payments were required to make purchases with the cards.

The amended complaint included details about defendants pitching an interest rate reduction program wherein they would negotiate with creditors and guarantee savings of \$1,500-\$30,000 within thirty days. Costs for enrolling in the program were \$595-895. Consumers were told that they would receive full refunds if the program did not deliver. In reality, these claims were false.

The main connection this case has with IPDLs is that in some instances, the defendants received information from IPDLs and used it to make unauthorized \$149 debits to consumers bank accounts.

Outcome:

3/26/10

Settlement Order

- Permanently banned from telemarketing
- \$200K fine
- \$17.2 million suspended judgment (due to inability to pay)

Case Name: FTC and the State of Nevada v. Cash Today, Ltd.

FTC File No. 072-3093

<http://www.ftc.gov/os/caselist/0723093/index.shtm>

Date: 11/12/08; 2/23/09; 9/21/09

Lender URL:

www.cash2day4u.com

Lender Address:

Cash Today, Ltd. & The Heathmill Village, Ltd.

Northway House

1379 High Road,

Whetstone, London N20 9LP

Leads Global, Inc.

2050 Russett Way

Carson City, Nevada, 89703

ACH Cash, Inc., HBS Services, Inc., Waterfront Investments, Inc., & Roving International, Inc.
2533 Carson Street, Carson City, NV, 89706, and 1005 Terminal Way,
Suite 110, Reno, Nevada, 89502

Lotus Leads, Inc., & First4Leads, Inc.,
3500 South Dupont Highway, Dover, Delaware, 19901

Type of Action/Laws Violated:

FTC Act

Unfair and deceptive collection tactics:

- falsely threatening consumers with arrest or imprisonment,
- falsely claiming that consumers are legally obligated to pay the debts;
- making false threats to take legal action that they cannot take;
- and repeatedly calling consumers at work and
- using abusive and profane language and
- disclosing consumers' purported debts to coworkers, employers, and other third parties.

Truth in Lending Act and Regulation Z

- failing to make required written disclosures, clearly and conspicuously, before consummating a consumer credit transaction, including the
 - amount financed, and itemization of the amount financed,
 - finance charge,
 - APR,
 - payment schedule,
 - total number of payments,
 - late payment fees.

Nevada's Deceptive Trade Act

- not disclosing loan terms
- making false representations in collecting debts
- selling loans to consumers without licenses.

Transaction:

Loans had to be repaid by the next payday with a \$35 - \$80 fee, or the loans would be extended automatically for an extra fee debited from consumers' bank accounts until the loans were repaid.

Some consumers were told that they were required to call defendants a day or so before their payday to request that proposed defendants debit the full loan amount from their bank accounts.

Consumers who asked for written disclosure of the loan terms were told that the transaction was verbal only and was being recorded. Some consumers were told that written disclosures and loan terms would be sent, but they were never received.

When consumers challenged abusive collection practices as illegal, they were told they do not have to comply with US laws because the lender is located in the UK.

Outcome:

2/23/09

Defendants Leads Global, Inc., Waterfront Investments, Inc., ACH Cash, Inc., HBS Services, Inc., Lotus Leads, Inc., First4Leads, Inc., and Roving International, Inc. agreed to order to halt violations. Order also has provision to keep accurate and complete business records and report information to Plaintiffs.

Defendant Jim Harris agreed to a separate order to halt violations. Order also has provision to keep accurate and complete business records and report information to Plaintiffs.

9/21/09

Settlement order for Defendants Cash Today, Ltd., and The Heathmill Village, Ltd. (both registered in the United Kingdom); The Harris Holdings, Ltd. (registered in Guernsey, an island between England and France); Leads Global, Inc., Waterfront Investments, Inc., ACH Cash, Inc., HBS Services, Inc., Roving International, Inc.; and Lotus Leads, Inc. and First4Leads, Inc. (both now dissolved); each d/b/a Cash Today, Route 66 Funding, Global Financial Services International, Ltd., Interim Cash, Ltd., and Big-Int, Ltd. & settling individual defendants Aaron Gershfield and Ivor Gershfield.

\$970,125 fine to be paid to the FTC.

\$29,875 fine to be paid to the State of Nevada.

Order prohibits future violations of FTC rules and state law. Also includes a provision for employee monitoring of Defendants' actions, FTC compliance monitoring and reporting, and record keeping. Defendants are to relinquish control of funds paid.

Misc: Non-U.S. Defendants did not contest jurisdiction for the purpose of this case, but may have left open the possibility of jurisdiction arguments in future actions.

Defendant Jim Harris dismissed from case due to separate voluntary agreement with the FTC.

Case Name: In the Matter of We Give Loans, Inc.

FTC File No. 072-3205

<http://www.ftc.gov/os/caselist/0723205/index.shtm>

Date: 6/24/08; 9/5/08

Lender URL:

<http://www.wegiveloans.com>

<http://www.1200Today.com>

Lender Address:

2300 Lincoln Avenue, Apt 201

Cloquet, MN 55720

Type of Action/Laws Violated:

Truth in Lending Act

Regulation Z

Transaction:

Respondent stated loan costs on their website but failed to disclose the APR.

Outcome:

6/24/08

The Respondent agreed to settle with the FTC.

9/5/08

A final consent order was issued.

Case Name: In the Matter of Aliyah Associates, LLC, d/b/a American Advance

FTC File No. 072-3206

<http://www.ftc.gov/os/caselist/0723206/index.shtm>

Date: 6/24/08; 9/5/08

Lender URL:

<http://www.americanadvance.com>

Lender Address:

525 E. Camelback, Suite 210,
Scottsdale, AZ 85251

Type of Action/Laws Violated:

Truth in Lending Act

Regulation Z

Transaction:

<http://www.ftc.gov/os/caselist/0723206/index.shtm>

Outcome:

6/24/08

Settled with FTC.

9/5/08

Final consent order issued.

Case Name: In the Matter of Anderson Payday Loans**FTC File No. 072-3212**<http://www.ftc.gov/os/caselist/0723212/index.shtm>**Date:** 2/27/08**Lender URL:**

www.anderson-payday-loans.com

Lender Address:8971 Hewitt Place, Suite 1,
Garden Grove, California 92844**Type of Action/Laws Violated:**

Regulation Z

TILA

Transaction:

Lender's website said: "Payday loans are \$20 to \$30 per hundred dollars borrowed until your payday, depending on individual circumstances and locale." On a \$100 loan with a \$20 fee repayable in a typical pay period of 14 days, the APR would be 521%. On a \$100 loan with a \$30 fee repayable in a typical pay period of 14 days, the APR would be 782%. The lender also failed to disclose the APR.

Outcome:

2/27/08

Lender entered into consent order with FTC barring further violations

6/6/08

Final consent order issued.

Case Name: In the Matter of American Cash Market, Inc.**FTC File No. 072-3210**<http://www.ftc.gov/os/caselist/0723210/index.shtm>**Date:** 2/27/08**Lender URL:**

www.americancashmarket.com

Lender Address:2207 S. Sepulveda Blvd.,
Los Angeles, CA 90064

Type of Action/Laws Violated:

Regulation Z
TILA

Transaction:

Failed to disclose APR.

Lender advertised payday loans between \$50 and \$255. Fees for a \$50 loan is \$8.82, the fee for a \$100 loan is \$17.65, the fee for a \$150 loan is \$26.47, the fee for a \$200 loan is \$35.29, and the fee for a \$255 loan is \$45. Loans repaid in a typical pay period of 14 days, the APR would be 460%.

Outcome:

2/27/08

Lender entered into consent order with FTC barring further violations

6/6/08

Final consent order issued.

Case Name: In the Matter of CashPro d/b/a/ MakePaydayToday.com**FTC File No. 072-3203**

<http://www.ftc.gov/os/caselist/0723203/index.shtm>

Date: 2/27/08; 6/6/08

Lender URL:

www.MakePaydayToday.com

Lender Address:

4306 S. Carson St.,
Carson City, NV 89701

Type of Action/Laws Violated:

TILA
Regulation Z

Transaction:

Lender made payday loans without disclosing the APR. Ads stated that the max number of days for a loan was 14 days, but extensions could be done for up to 60 days. On a \$100 loan with a \$19.95 fee repayable in 14 days, the APR would be 520%.

Outcome:

2/27/08

Lender entered into consent order with FTC barring further violations

6/6/08

Final consent order issued.

Updated 3/31/14