DEPARTMENT OF CORPORATIONS
Business Services and Consumer and Investor Protection

JAN LYNN OWEN
California Corporations Commissioner

MEDIA RELEASE

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California Department of Corporations Issues Warning on Internet Payday Lenders

SACRAMENTO, CA (August 15, 2012) – The California Department of Corporations has issued a Consumer Alert advising potential borrowers of the risks of using unlicensed payday lenders.

"Unlicensed payday lenders are becoming more aggressive in their collection techniques," said Corporations Commissioner Jan Lynn Owen. "We've heard of payday lenders hiring collection agencies and contacting employers and threatening to report to credit agencies. The department is taking action to shut down illegal lenders and protect consumers whenever we discover the violations."

Since the start of the year, the department has issued citations and penalties directing 10 separate companies to refrain from violations of state law and officially void transactions, nine of which are Internet-based. To advise consumers on how to avoid falling victim to lenders, the department has issued a Payday Loan Consumer Alert (http://www.corp.ca.gov/Press/news/2012/InternetPaydayLendingAlert_8-13-12.pdf).

One particularly aggressive technique used by unlicensed lenders is to take borrowers to small claims court for collection. Some unscrupulous lenders deposit funds before the consumer agrees to the loan and then begin to draw funds from the consumer's account for repayment. Consumers subjected to such actions by any of the firms listed below should download copies of the enforcement orders for reference, and bring them to small claims court. Orders may be viewed and printed at the Department website at http://www.corp.ca.gov/ENF/Default.asp.

The nine online payday lending companies sanctioned so far this year by the department (and their locations) are:

- Northway Financial Corporation – Malta
- St. Armands Services – Florida
- TIOR Capital – California/Nevada
- Camosun Financial – Canada
- United Consumer Financial – Utah
- Discount Advances.com – Str. Lucia/Canada
- VIP PDL Service – Nevis
- A-1 Premium Budget – Delaware
- Vandelier Group LLC – Missouri

Consumers are strongly advised to avoid entering personal or financial data on Internet-based application forms until the firm is verified as a licensed lender by the Department of Corporations. Such data can be misused or pirated even before a loan is agreed to by the borrower. Lenders can be checked out at the department's website at http://www.corp.ca.gov/FSD/Licensees/default.asp or by calling toll-free at 1-866-ASK-CORP.

The Department of Corporations is California's investment and financing authority Consumers should contact the Department to check on the status of the companies, investments or other services they are considering and the licensing status of the person at the Department's toll-free Consumer Services Office at 1-866-ASK-CORP (1-866-275-2677) or at www.corp.ca.gov.

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