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NEWS RELEASE

For Immediate Release

April 18, 2018

ADVANCE FEE SCAM OR LEGITIMATE LOAN OFFER? KNOW THE WARNING SIGNS!

Boise, Idaho . . . Advance fee fraud, also called upfront fee fraud, is any scam where someone promises to send you money, deposit money into your account or obtain financing for your benefit – in exchange for an upfront fee. The loan may be a consumer credit loan, a residential mortgage refinance, a promise of cash or funding for a cash-strapped small business – woven into a colorful scheme aimed at defrauding you without loaning you a cent.

The Idaho Department of Finance recently received two such complaints in which Idahoans paid from \$5,000 to \$9,000 in the hope of being approved for a mortgage refinance loan. The fraudulent loan companies' locations were bogus and the promised loans were nothing but a trick to steal the advance fees paid by the two trusting Idahoans.

"Idaho law, as well as federal law, prohibits advance fees to obtain a consumer loan," Department of Finance Director Gavin Gee said. The department urges consumers to be extremely cautious when dealing with companies they do not know. Gee reminds consumers to be vigilant in safeguarding such private and personal information as credit card, Social Security and bank account numbers.

The department asks Idahoans to do their research to avoid falling for the empty promises of advance fee loan scams. "Never pay an upfront fee for a loan, and make certain the company offering the loan is licensed or registered with the department or a federal regulatory agency," Gee said.

A list of licensed agencies – including consumer lenders, mortgage loan originators and brokers – is on the department's website at www.finance.idaho.gov. Also on the department's website is a link to the Nationwide Multistate Licensing System (NMLS) Consumer Access database that contains all licensed mortgage loan originators (LOs) and the specific company with which the LO is licensed to offer residential mortgage loan services. These resources and others can help Idahoans make sound financial decisions before obtaining a loan.

The Federal Trade Commission (FTC) also tracks advance fee loan schemes. It says there are six signs that a loan offer is a scam:

- The lender doesn't care about your credit history,
- Fees aren't disclosed until the very end of the process,
- The loan offer comes in a telephone call or online,
- The company's name is similar to a legitimate financial services company,

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- The lender is not licensed in your state,
- The lender wants the fees paid via a wire transfer, often to an individual instead of a company.

The FTC says that legitimate lenders don't "guarantee" that a consumer will be approved for a loan or credit card. And if the salesperson even says you are "likely" to be approved, even if you have bad credit, the FTC says that's a sign of a scam.

The Department of Finance cautions consumers and businesses to be wary of any "lenders" or loan "finders" that require fees in advance of receiving the loan commitment.

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April is "Financial Literacy Month" in Idaho and Department of Finance Press Releases and other useful information can be found on the Internet at <http://finance.idaho.gov> and may be obtained by contacting the department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.