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NEWS RELEASE

FOR IMMEDIATE RELEASE

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STATE CONSUMER FINANCE REGULATOR RELEASES CONSUMER ALERT REGARDING ILLEGAL INTERNET AND E-MAIL LENDING SCHEMES

(BOISE) January 4, 2005 – Gavin Gee, Director of the Idaho Department of Finance, announced today that there has been an increase in the number of illegal or unauthorized consumer finance lending activities which appear as legitimate offers for credit through Internet websites and e-mail solicitations.

“Consumer finance lending activity in Idaho is regulated by the Department of Finance through the provisions of the Idaho Credit Code,” said Gee. “To offer consumer loans to the residents of Idaho, lenders must first obtain a license. However, there have been an alarming number of companies offering consumer credit to Idaho residents through the Internet that have not obtained a license or are making false or fraudulent offers in order to obtain advance fees or personal information from consumers without providing any financing.”

“Responding to an offer made through e-mail or on the Internet has the potential to cause problems for consumers if they don’t do some checking into the validity of the offer,” Gee said. “The Department of Finance provides information on companies that are licensed to conduct business in Idaho and our staff is always willing to discuss finance offers in order to help consumers determine whether or not they are legitimate.”

Many offers made through unsolicited e-mails suggest that consumers have had prior relations with an organization either through an account or a previously submitted loan application. The e-mails may even appear to be sent from an organization or lender that the consumer is familiar with or has an account with. The purposes of the solicitations often are to “phish” for consumer personal information. Phishing is an attempt by an individual or entity to obtain personal or financial information through false representations and claims made using the appearance of a communication sent by an established or well known organization. The results of falling victim to a phishing e-mail can range from significant financial loss to identity theft.

Consumers should be aware that many lenders are restricted from conducting lending activities in the State of Idaho, whether by Internet or e-mail, because they are not licensed. Without a license or a valid exemption, a company cannot legally make consumer finance loans, such as payday loans, which are short-term loans where borrowers guarantee

repayment by providing the lender with a written check or its electronic equivalent. When consumers visit Internet websites offering financing, they should check to see that the company making the offer is one which is properly licensed.

“One disturbing trend is the increase in Internet offers for payday loans by companies that clearly aren’t licensed to provide that type of lending in Idaho,” said Gee. “There are many unlicensed companies that offer these types of loans but don’t clearly identify themselves, their locations, or who they might be affiliated with. When consumers use an unlicensed payday lender, they may not have many of the protections available to them under the Idaho Credit Code. They also run the risk of giving out vital personal information to a company that may not take care in keeping that information private or that may use the information for illicit purposes.”

The Idaho Department of Finance urges Idaho residents to make sure that offers for credit and the lenders who make them are properly licensed or authorized to conduct business in Idaho. To check out the validity of a lending program, the license status of lenders, or how to file complaints against a lender, consumers can contact the Department at (208) 332-8002 or toll free within Idaho at 888-346-3378.

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Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://www.idahofinance.com> and may be obtained by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378