



**JAMES E. RISCH**  
Governor

**GAVIN M. GEE**  
Director

Contact: Michael Larsen  
Consumer Finance Bureau Chief  
(208) 332-8000

## **NEWS RELEASE**

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### **POCATELLO COMPANY SUED FOR COLLECTION AGENCY LAW VIOLATIONS**

#### **Restitution of Over \$113,000 Sought For Affected Businesses**

**Boise, Idaho** – Gavin Gee, Director of the Idaho Department of Finance, announced today the filing of a civil lawsuit in Sixth District Court in Pocatello against Bannock Collections, Inc. (BCI) and its owners William and Thelma Newbry for alleged violations of the Idaho Collection Agency Act and the Idaho Financial Fraud Prevention Act.

The complaint alleges that between approximately January 2004 and March 2006, BCI and the Newbrys unlawfully obtained \$113,335.84 from monies owed to BCI's creditor clients. Gee said that BCI was unable to renew its collection agency license in March due to its negative net worth. "When Bannock Collections refused to voluntarily cease unlicensed collection activities, in May the Department issued a Cease and Desist Order ordering BCI to cease its unlicensed collection activities," Gee said.

According to Gee, following issuance of the Cease and Desist Order, BCI entered into an agreement allowing it to operate on a limited basis pending a possible sale of BCI. "However, the prospective purchasers ultimately decided not to buy BCI," said Gee. "The state's objective from the outset has been to try to preserve BCI's assets to help facilitate restitution payments to BCI's creditor clients," said Gee. "Hopefully, that can now be accomplished in court."

According to the complaint, BCI and the Newbrys engaged in a scheme to deceive the Department of Finance and defraud its customers by printing client disbursement checks from BCI's trust account and then secreting away those checks rather than delivering them to creditor clients to whom funds held in trust were owed. "This is a serious matter in which a significant amount of money held in trust and belonging to BCI's creditor clients appears to have been unlawfully converted by BCI and the Newbrys," Gee said.

The state's complaint seeks a permanent injunction and asks that BCI and the Newbrys be ordered to pay full restitution to affected businesses, together with costs and penalties.

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