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NEWS RELEASE

For Immediate Release

December 22, 1995

HOLIDAY SPENDING REVIVES ADVANCE FEE LOAN SCHEMES

STATE ORDERS FOUR OUT-OF-STATE COMPANIES TO CEASE BUSINESS IN IDAHO

Boise, Idaho....Gavin M. Gee, Acting Director of the Idaho Department of Finance, warns Idaho citizens of a resurgence of advance fee loan schemes. As a result of recent complaints and investigations, the Department today announced it issued Cease and Desist Orders against four out-of-state companies offering to make or arrange loans for an advance fee in violation of Idaho collection agency laws and other state laws.

The Orders have been issued against Brooks and McNair Credit Corporation, Peter Brooks, Eldon Schultz and Paul Evans of New York, New York and Denver, Colorado; Stern-Roder Inc. and Peter Nolan of Las Vegas, Nevada; Ernest Lawrence Group and David Bowman of New York, New York; Financial Services Network and Edward Anderson of Elmire, New York. These companies purportedly offer to help consumers who are seeking debt consolidation and other consumer loans. Idaho law requires that those who promise to arrange credit for others be licensed with the Department of Finance. None of the respondents are licensed. The number of advance fee loan schemes has increased in recent months. The Better Business Bureau of Southwest Idaho reports they have received 318 complaints and inquiries over the past 1½ years. Likewise, the BBB in Idaho Falls reports 236 complaints and inquiries for the same time period.

The schemes operating today involving Idaho consumers are frequently offered through national and local media. The typical scheme involves a newspaper ad offering loans to persons with bad credit, no credit, no collateral or anyone who has filed bankruptcy. When consumers call, they are told that the loan is approved or guaranteed and that, in order to further the processing, they need to send an application fee or a processing fee ranging from \$58 to \$580. Quite often, the consumer is required to send 2 or 3 loan payments in advance "in order to show good faith." Department records show that consumers do not receive any loans or financing pursuant to these schemes.

In Idaho, it is illegal for any person or business, other than a lender licensed by the state or federal government, to charge fees in advance for loans. In fact, the Idaho Loan Broker Act

makes such practice a felony, punishable by imprisonment up to five years and fines of up to \$5,000 or both.

The Department of Finance warns all persons not to send fees in advance for loans, lines of credit or credit cards or to any business promising to arrange credit or financing. Any persons who have been contacted by companies soliciting advance fees for loans or financing are encouraged to contact the Department of Finance at (208)332-8002.

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