

Contact:
Kelly Robison, Bureau Chief
Financial Institutions Bureau
Department of Finance
(208) 332-8000

NEWS RELEASE

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TWO MORE ADVANCE LOAN FEE SCHEMES ORDERED TO CEASE BUSINESS IN IDAHO IMPROPER CREDIT SERVICES RESULT IN CEASE & DESIST ORDERS

Boise, Idaho. Gavin M. Gee, Director of the Idaho Department of Finance, announced today the issuance of two cease and desist orders against advance fee credit schemes. Idaho consumers continue to be enticed by promises of easy credit which often include payment of upfront loan fees which are illegal in this state.

Gee reported that the two companies involved, Consumer Direct and Forbes Credit Rebuilders, were issued Cease and Desist Orders to stop their activities within Idaho. These companies purportedly offer to help consumers who are seeking debt consolidation loans or credit cards. Both companies require that fees be paid in advance in order to process these loans or credit card applications. The Orders announced today require both companies to cease conducting this business in violation of Idaho law.

Consumer Direct, Toronto, Ontario, is similar to dozens of advance loan fee schemes. The company advertised easy credit and, when consumers responded, they were advised their loan application had been accepted and the debt consolidation service was both approved and guaranteed. However, to obtain the debt consolidation, the consumer was required to pay a \$345 service fee in advance. Based on similar Orders in the past against 24 other companies, Gee stated: "We want to warn Idahoans about the fraudulent nature of advance fee loan companies. All too often, these companies promise or even guarantee credit, especially to borrowers who lack good credit histories. However, they do not deliver as promised. Rarely, if ever, do borrowers actually secure loans. The advance fees paid are usually lost with little or no chance for refunds."

Using a new twist on the same scheme, the second respondent, Forbes Credit Rebuilders, Fremont, CA, has been sending credit card applications to individuals who have recently been discharged under bankruptcy. They too are charging an advance fee in the form of a \$45 "processing fee." Upon receipt of this fee, the applicants are "guaranteed...at least two major credit cards."

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. Neither of the respondents are licensed. Moreover, the Idaho Loan Broker Act makes such practices a felony, punishable by imprisonment up to five years and fines of up to \$5,000 or both.

The Department of Finance advises 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 or toll-free in Idaho 1-888-346-3378.