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NEWS RELEASE

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HOLIDAY SPENDING REVIVES ADVANCE FEE LOAN SCHEMES STATE ORDERS TWO COMPANIES TO CEASE BUSINESS IN IDAHO

Boise, Idaho....Gavin M. Gee, Director of the Idaho Department of Finance, advised Idaho residents of a resurgence of advance fee loan schemes. Consumers are answering newspaper advertisements, postcards and ad flyers sent in the mail. The Better Business Bureau of Boise reported that they received 337 complaints and inquiries involving advance fee loan schemes for the first 11 months in 1997 and a total of 179 in 1996. Likewise, the BBB in Idaho Falls reported over 220 such calls in 1997.

As a result of recent complaints and investigations, the Department today announced it issued Cease and Desist Orders against two companies, one in-state and one out-of-state, 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 Blue Sky Credit, Wade Chassin and Ken Chassin of Arco, Idaho and RB+ Financial of Los Angeles, California. These companies purportedly offer to help consumers who are seeking debt consolidation and other consumer loans. Both companies require that fees be paid in advance in order to process these loans. The Orders announced today require both companies to cease conducting an advance fee business in violation of Idaho law. Typically, once consumers contact these companies they are quickly told that the loan is approved and that a processing fee will complete the application so that the check can be delivered. Fees for such loans range from \$25 to \$400. The consumer is often given strong assurances that the loan is forthcoming. However, Gee noted, "None of the companies we've investigated over the past several years has ever granted a loan or arranged a loan for their customers. And when the consumer realizes that there will be no loan, it is often too late to obtain refunds of advance fees because the company has disappeared."

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.

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. Moreover, 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 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.