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FOR IMMEDIATE RELEASE
DATE: September 21, 2009

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ATTORNEY GENERAL ANNOUNCES SETTLEMENT REGARDING INTERNATIONAL INTERNET PAYDAY LENDER

Carson City, NV— Nevada Attorney General Catherine Cortez Masto announced today that a settlement has been reached in a case filed by the State of Nevada and the Federal Trade Commission (“FTC”) against an international Internet payday lender operation. The operation will pay \$1 million to settle State of Nevada and FTC charges that it failed to disclose key loan terms and used unlawful debt collection tactics

The defendants operated their payday loan business over the Internet from the United Kingdom targeting only consumers in the United States. The defendants’ websites led consumers to believe that the defendants were physically operating from Nevada when in fact all relevant operations were performed in the United Kingdom.

“We will investigate and prosecute these offshore lending operations,” said Attorney General Masto. “These individuals need to know that we will not allow our citizens to be scammed and harassed via the Internet.”

According to a complaint filed by Nevada and the FTC in U.S. District Court for the District of Nevada in 2008, the defendants told consumers that the loans had to be repaid by consumers’ next payday with a fee of up to \$80, or the loans would be extended automatically for an extra fee debited from consumers’ bank accounts until the loans were repaid. Nevada and the FTC alleged that the defendants falsely threatened consumers with arrest or imprisonment and falsely claimed that consumers were legally obligated to pay the debts, threatened to take legal action defendants could not take, repeatedly called consumers at work using abusive and profane language, and improperly disclosed consumers’ purported debts to third parties, in violation of the FTC Act.

The defendants also allegedly failed to make required written disclosures to consumers before consummating a consumer credit transaction, such as the amount financed, the annual percentage rate, payment schedule, total of payments, and any late payment fees, in violation of the Truth in Lending Act and Regulation Z. The false statements also constituted violations of Nevada's Deceptive Trade Practices Act.

The settlement order requires the defendants to pay \$29,875 to the State of Nevada and \$970,125 to the FTC and prohibits the defendants from falsely claiming that consumers can be arrested or imprisoned for failing to pay debts, they are legally obligated to pay the full amount of a purported debt, and that for nonpayment they are subject to lawsuit, seizure of property, or garnishment of wages. The defendants also are barred from repeatedly calling consumers' work places, using obscene or threatening language toward consumers and third parties, and disclosing the existence of consumers' purported debts to third parties.

The order bars the defendants from violating the Truth in Lending Act and Regulation Z in extending closed-end credit by requiring defendants to make the TILA disclosures mandated by law, and by failing in any other manner to comply with TILA and Regulation Z. The order also requires the defendants to disclose clearly, in writing, in a form consumers can keep and before a transaction is made, the interest rate and other key terms of their loans; a repayment schedule showing dates when consumers' bank accounts will be debited for the loans; payments and fees for late or non-payment of the loans; and a statement that payday loans may be limited or prohibited in some states. The defendants must obtain consumers' written confirmation that consumers have received the required disclosures before making a transaction and, when collecting debts, the defendants must provide consumers, upon request, a written statement of amounts and fees paid and due.

In addition, the order prohibits the defendants from violating Nevada state consumer protection law when conducting business from the State of Nevada or when selling goods or services to Nevada residents, including failing to be properly licensed, failing to provide notice and disclosure of all material facts as state law requires, and failing to comply with any state or federal law in selling goods or services. The order also contains recordkeeping and reporting provisions to allow the FTC to monitor compliance.

The company names involved are Cash Today, Ltd., and The Heathmill Village, Ltd. (both registered in the United Kingdom); The Harris Holdings, Ltd. (registered in Guernsey, an island between England and France); Leads Global, Inc., Waterfront Investments, Inc., ACH Cash, Inc., HBS Services, Inc., Rovinge International, Inc.; and Lotus Leads, Inc., and First4Leads, Inc. (both now dissolved); each doing business as Cash Today, Route 66 Funding, Global Financial Services International, Ltd., Interim Cash, Ltd., and Big-Int, Ltd. The settling individual defendants are Aaron Gershfield and Ivor Gershfield. A separate settlement has been reached with Jim Harris, who managed the Nevada side of the operation.

For more information on how you can help prevent illegal deceptive trade practices you may contact the Nevada Office of the Nevada Attorney General, Bureau of Consumer Protection at (775) 684-1169 in northern Nevada, or (702) 486-3194 in southern Nevada.