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NEWS RELEASE

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IDAHO, FTC AND OTHER STATES LAUNCH ANOTHER CRACKDOWN ON TELEMARKETERS OFFERING CREDIT REPAIR AND LOANS THAT NEVER ARRIVE

"Operation Advance Fee Loans" Results in Three Idaho and a Total of 25 State, Federal and Canadian Enforcement Actions

BOISE, IDAHO -- In another aggressive sweep targeting companies that promise loans for an advance fee, but never deliver them, the Idaho Department of Finance, the Federal Trade Commission (FTC), state Attorneys General from six states, and other state financial institution regulators today announced the results of the latest crackdown on telemarketing companies and individuals allegedly engaging in advance fee loan and credit repair scams. This sweep also includes the participation of Canadian law enforcement authorities who have taken criminal actions against Canadian advance fee loan scam operators who target American citizens.

"OPERATION ADVANCE FEE LOAN (AFL)" resulted in three cease and desist orders being issued by the Department of Finance, announced its Director, Gavin Gee. The FTC filed eight cases, ten cases were filed by state officials and there were seven cases filed by Canadian authorities. Gee stated, "We continue to see Idaho consumers victimized by fraudulent advance fee loan schemes. We are pleased to join forces with other states, the FTC and Canadian authorities in this multi-agency enforcement action to stop these scams that prey on our citizens."

Jodie Bernstein, Director of the FTC's Bureau of Consumer Protection, said, "Advance fee loan scams are especially appalling because they prey on the most vulnerable consumers who are in need of credit or a loan. Working with the states and our Canadian partners, we are stopping lenders who illegally charge consumers a fee for the promise of a loan. Our message to these disreputable lenders is, we will track you down and stop your illegal practices. Our message to consumers is, don't pay for a promise -- it's illegal for lenders to ask you to pay for credit before you get it."

In the orders issued by the Department it is alleged that two companies operating from Canada, and one from California, "guaranteed" loans to Idaho residents. In order to receive the loans, the residents were informed that they needed to submit a "security deposit" or "processing fee". Loans for which a fee is charged before the loan is made are known as "advance fee loans", and

are prohibited by Idaho law. These companies also told Idaho residents that they would assist borrowers in repairing or reestablishing credit. Idaho laws prohibit people from engaging in the business of credit repair unless they are licensed with the Department. None of the companies or individuals named in the orders were licensed as required.

The Department's orders were issued against: Telefinancial, of Rancho Cucamonga, California; Trimark International, and its agents Charles Whitmore and Jeff Carr, all of Alberta, Canada; and Belmont Associates, Howard Burke, and Jackie Hall, operating from Ontario, Canada. The orders direct that the companies and individuals immediately cease violating Idaho laws. Fraudulent advance fee loan schemes prey on particularly vulnerable consumers -- the unemployed, the working poor, those who have bad credit ratings, or those in immediate need of money for emergencies. Most advance fee loan telemarketers snare consumers through cold calls, or in response to advertisements in various local newspapers, on cable television, on the Internet and through direct mail. Ads promising "money to loan ... regardless of credit history" lure consumers into paying fees that range from \$25 to several hundred dollars in advance of receiving "guaranteed" loans. In most instances, consumers never receive the promised loans or credit cards, and either never hear from the loan companies again or are merely sent credit card applications.

CANADIAN LAW ENFORCEMENT ACTIVITY

As evidenced by two of Idaho's three cases being brought against companies operating from Canada, in recent years more and more fraudulent advance fee companies have a Canadian connection. Under The Loan Brokers Act of Ontario, enacted in 1994, the Ministry of Consumer and Commercial Relations for the Government of Ontario was authorized to bring criminal charges against unscrupulous "up front fee loan scam companies" and their owners. Within the past two years Canadian officials have closed down over 120 of the fraudulent advance fee loan companies operating in Canada and marketing to Canadian and U.S. consumers, and returned thousands of dollars in advance fees to American consumers. In the last three months, seven Canadian advance fee loan companies, all located in Toronto, Ontario, have been shut down by Canadian law enforcement authorities in conjunction with Operation AFL.

OPERATION AFL CONSUMER EDUCATION

The Department and the FTC offer these tips for consumers to keep in mind before responding to ads that promise easy credit, regardless of credit history:

- Legitimate lenders never "guarantee" or say that you are likely to get a loan before you apply, especially if you have bad credit, no credit, or have recently filed bankruptcy;
- Never give your credit card account number, bank account information, or social Security Number over the telephone or Internet unless you are familiar with the company and know why the information is needed;

- Do not send "processing fees", "security deposits", "prepaid installments", "insurance premiums", or any other fees in advance for loans, lines of credit or credit cards to any business not licensed in Idaho to arrange credit or financing; and
- Call the Department of Finance if companies offer to assist you in reestablishing good credit through these loans. Ask whether the company is licensed to engage in credit counseling or credit repair.

Gee stated: "Hopefully, through coordinated state, federal, and international actions, such as Operation AFL, Idaho residents will be spared becoming victims of these unscrupulous 'lenders'. The Department is committed to continued participation in these actions, as part of its ongoing effort to fight financial fraud." Any persons who have been contacted by companies soliciting advance fees for loans or credit repair are encouraged to contact the Department of Finance at (208) 332-8005 or toll free in Idaho at 1-888-346-3378.