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## **NEWS RELEASE**

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### **IDAHO CONSUMERS STILL BEING VICTIMIZED BY ADVANCE FEE LOAN SCHEMES**

#### **IDAHO DEPARTMENT OF FINANCE ISSUES CEASE AND DESIST ORDER AGAINST SCHEME CONNECTED TO OFFER OF CREDIT REPAIR**

Boise, Idaho . . . The Idaho Department of Finance has issued a Cease and Desist Order against a Canadian firm, a Georgia-based firm, and one individual alleged to be engaged in unlawful solicitations of credit repair. Named in the Order are Sheridan Insurance Company, Global Financial Network, and Kevin Smith. The Order alleges that these parties advertised the availability of credit and offered to obtain loans for Idaho residents. The solicitations included representations that Global would be in contact with credit organizations on behalf of debtors, and would assist in the management of creditors.

Idaho law prohibits persons from offering "credit repair" unless they are licensed by the Department. The Order alleges that the parties named are not licensed in Idaho, and requires those named to cease from engaging in activities which violate Idaho laws.

According to Department of Finance Director Gavin Gee, these offers of credit repair or debt consolidation are often made in connection with unlawful advance-fee loan schemes which continue to plague consumers nationwide. Operators of these schemes frequently "guarantee" that they will be able to arrange loans for consumers, regardless of the consumer's credit history, upon payment of an up-front fee. In the current case, the fee took the form of a required insurance premium, to be made by cashier's check or money order and express mailed to the purported insurance company located in Canada. Based upon the Department's investigations, loans are rarely, if ever, made.

The Federal Trade Commission has announced that consumer complaints about advance-fee loan schemes comprised the fourth major category of complaints received by the FTC in 1998. Complaints about these companies are also on the rise in Idaho. In Idaho, loan brokers covered by the Loan Brokers Act are prohibited from charging any fee until a loan is actually made. In fact, the Act makes such practice a felony.

Director Gee cautions all consumers not to send fees, insurance premiums, or prepaid instalments in advance for loans, lines of credit, or credit cards to any unlicensed business promising to arrange credit or financing. 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.