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NEWS RELEASE

For Immediate Release

June 20, 2000

IDAHO, FTC, STATES AND CANADIAN PROVINCES LAUNCH CRACKDOWN ON FIRMS FALSELY PROMISING CREDIT CARDS AND LOANS FOR AN ADVANCE FEE

Boise, Idaho In another aggressive sweep targeting corporations and individuals that promise loans and credit cards for an advance fee, but never deliver them, the Idaho Department of Finance, the Federal Trade Commission (FTC), and other state and provincial agencies today announced the results of the latest crackdown on telemarketing companies and individuals allegedly engaging in advance fee loan scams. From September 1999 to June 2000, nearly 4000 consumer complaints against advance fee loan scams were entered into Consumer Sentinel, a multi-agency law enforcement investigative cyber tool. These scams rank in the top five categories of Sentinel complaints and cause nearly \$1 million in annual consumer injury.

"OPERATION ADVANCE FEE LOAN 2000" -- a multi-agency law enforcement sweep against fraudulent advance fee credit schemes -- is a follow-up to three previous sweeps announced in 1996, 1997 and 1999.

“Advance fee credit card and loan schemes continue to victimize Idaho and U.S. consumers,” said Gavin Gee, Director of the Idaho Department of Finance. “They are especially appalling because they target the most vulnerable consumers who are in need of credit – students, the elderly, the unemployed, the working poor and those who have bad credit ratings. Our message to Idaho consumers is: ‘Don’t pay for a promise.’ It’s illegal for lenders to ask you to pay for credit before you receive it. By joining forces with other states, the FTC and Canadian authorities, we are working to stop these companies that prey on our citizens.”

Most advance fee loan scam artists snare consumers through cold calls, or in response to advertisements in various local newspapers, on cable television, on the Internet and through direct

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mail. Ads promising "money to loan ... regardless of credit history" lure consumers into paying fees that range from \$45 to \$200 or more, in advance of receiving "guaranteed" loans or credit cards. In many instances, consumers never receive the promised credit, and either never hear from the lenders again or are merely sent credit card or loan applications.

IDAHO DEPARTMENT OF FINANCE ENFORCEMENT ACTION

The Department of Finance has issued a Cease and Desist Order against A.I.M, a business operating from Champlain, New York. A.I.M. has sent post cards to Idaho residents stating, "You have been identified and confirmed to receive your very own Credit Card, regardless of your past credit history, with a credit limit of **\$4,000 Guaranteed**. Please call our **TOLL FREE** number in the next 48 hours, and with activation, we will include a complimentary bonus." Upon calling the toll free number, the consumer is informed that there is a one-time activation fee of \$198.00. The Cease and Desist Order alleges that A.I.M. is engaged in the business of obtaining credit for residents of the state of Idaho without being licensed to do so in violation of Idaho law. Further, A.I.M. is engaged in an advance fee loan scheme by charging a fee in advance of any loan, extension of credit, or any written commitment to loan or extend credit, in violation of law.

Under the FTC's Telemarketing Sales Rule, a telemarketer who guarantees consumers a loan or other form of credit, or who claims he or she can arrange such credit for a consumer, is prohibited from asking consumers to pay any money before they receive the loan or credit. The rule empowers each of the states to file enforcement actions.

OPERATION AFL 2000 LAW ENFORCEMENT ACTIONS

The actions announced today include thirteen state actions including the case brought by Idaho, six cases by the FTC, and three Canadian province actions. A list of the actions and press contacts is attached hereto.

OPERATION AFL 2000 CONSUMER TIPS

State and federal regulators, along with their education campaign partners, The American Financial Services Association Education Foundation, The National Association of Consumer Agency Administrators, and The National Foundation for Credit Counseling, offer the following 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 or a credit card before you apply, especially if you have bad credit, no credit, or a bankruptcy;
- & If you apply for a real estate loan, it is accepted and common practice for lenders to request payment for a credit report or appraisal;
- & Never give your credit card account number, bank account information, or Social Security

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Number over the telephone or Internet unless you are familiar with the company and know why the information is needed; and

& If you don't have the credit offer in hand - or confirmed in writing - and you are asked to pay, don't do it. It's fraud and it's against the law.

Any citizens who have been contacted by persons or companies soliciting advance fees for credit cards, loans or credit repair are encouraged to contact the Department of Finance at (208) 332-8005, or toll free, in Idaho 1-888-346-3378.

Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://www2.state.id.us/finance/dof.htm> and may be obtained by contacting the Department at (208) 332-8080 or Idaho toll-free at 1-888-346-3378.

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FEDERAL TRADE COMMISSION CASES

Financial Services of North America; Civil Action No. 00-792 (GEB) – FTC File No. 0023178

First Credit Alliance; Civil Action No. 300 CV 1049 – FTC File No. 0023162

Navestar DM; Civil Action No. 20-CV-6269T (F) – FTC File No. 0023179

Credit Approval Service; Civil Action No. G-00-324 – FTC File No. 0023155

Home Life Credit; Civil Action No. CV00-06154 CM (Ex) – FTC File No. 0023152

Gerard Wallace d/b/a Comtel Marketing; Civil Action No. 1:98-CV-1404-JTC) – FTC File No. 980060

FTC MEDIA CONTACT: Brenda Mack, Office of Public Affairs
202/326-2182

STATE/PROVINCIAL LAW ENFORCEMENT ACTION

STATE/PROVINCE	CASE CAPTION	PRESS CONTACT
Alberta Government Services	Alberta Government Services v. Mohamed Dauda Sankoh, d/b/a AABAC Financial Services and AABAC Group	Megan Parker 780/415-6051
Ontario Ministry of Consumer and Commercial Relations	OMCCR v. Donovan McIntosh, d/b/a Comfort Financial Services Inc., and All Star Financial OMCCR v. Leslie Card, d/b/a Apex Services and Suncorp Financial et al.	Sarah Jones 416/326-8530
Arkansas Attorney General	State of Arkansas, ex rel. Mark Pryor v. Meridian Credit Corp. and Matthew D. Fronzaglia	Michael Teague 501/682-0517
Idaho Department of Finance	Cease & Desist Order, against A.I.M.	Kelly Robison 208/332-8005

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Illinois Secretary of State, Securities Department	Permanent Order of Prohibition prohibiting loan brokering activity, against First National Credit Service Permanent Order of Prohibition against Global Limited Settlement Agreement with Financial Specialty Services, Inc. Temporary Order of Prohibition against Chicago Trust Marketing Temporary Order of Prohibition against Statewide Agency Temporary Order of Prohibition against Tremont Credit Temporary Order of Prohibition against Creative Ventures Worldwide, Inc., Venture One, and Venture Capital Consulting	Vickie Moseley 217/524-0650
Kansas Attorney General	State of Kansas, ex rel. Carla J. Stovall v. Jeffrey D. Lyon and Quest Capital Management, Inc., d/b/a National Homebuyers Alliance	Jim Welch 785/296-3751
New Jersey Department of Law/Department of Banking & Insurance	State of New Jersey v. Financial Services of North America, Inc., Bernard Rann, and Anthony Camporeale	Genene Morris 973/504-6327
New York Attorney General	State of New York v. Financial Services Network, USA and Paul Navestad	Mike Danaher 607/721-8771
Ohio Attorney General	State of Ohio, ex rel. Betty D. Montgomery v. James C. Holecek, IV, d/b/a/ The Holecek Company	Stephanie Beougher 614/466-3840