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State Regulators Reach \$9.65 Million Settlement with Internet Lender

COLUMBIA, S.C. – The South Carolina Department of Consumer Affairs (SCDCA) and the South Carolina State Board of Financial Institutions Consumer Finance Division (BOFI-CFD) recently finalized a \$9.65 million settlement agreement with CashCall, Inc., an internet based lender. This comprehensive settlement affects over 8,300 loans entered into by South Carolina consumers ranging from \$700-\$10,000 with interest rates from 90%-355%.

SCDCA and BOFI-CFD alleged CashCall, Inc., its affiliate companies and owner J. Paul Reddam violated various South Carolina consumer lending laws, including charging fees in excess of what state law permits. The settlement pertains to high interest loans CashCall, Inc. purchased from Western Sky Financial. “This settlement should serve as a reminder to businesses that noncompliance with consumer protection laws will not be tolerated in South Carolina,” said SCDCA Administrator Carri Grube Lybarker. “We are grateful to the Board for their assistance in securing this much needed debt relief for thousands of South Carolinians.” The terms of the settlement include:

- **Restitution.** CashCall paid \$500,000 to SCDCA and BOFI-CFD for restitution to certain South Carolina consumers.
- **Loan forgiveness.** CashCall will forgive all outstanding loans made to South Carolina consumers, worth approximately \$9.15 million, and notify consumers that no further payments are due.
- **Ceasing collection activities.** CashCall will stop collecting payments on the Western Sky loans and selling the loans to third parties.
- **Trade line removal.** CashCall must contact credit reporting agencies to remove loan information provided by the companies.
- **Notify debt buyers of settlement.** CashCall must notify the companies to which it sold South Carolina debts to cancel the loans.

SCDCA and BOFI-CFD encourage consumers to check their respective websites before getting a high cost loan, especially via the internet. BOFI-CFD licenses these lenders and consumers can verify a company’s license by visiting www.consumerfinance.sc.gov and clicking “Consumer Lending Licensees” on the bottom of the page. Consumers should also check DCA’s website listing of the maximum rate that lenders assessing more than 18% APR can charge. Simply visit

www.consumer.sc.gov and click “Licensee Lookup” then “Supervised Lenders” under the “Maximum Interest Rate Schedules” bullet.

About SCDCA

The South Carolina Department of Consumer Affairs aims to protect consumers from inequities in the marketplace through advocacy, complaint mediation, enforcement and education. To file a complaint or get information on consumer issues, visit www.consumer.sc.gov or call toll-free, 1-800-922-1594.

About BOFI-CFD

The South Carolina Board of Financial Institutions Consumer Finance Division is responsible for the licensing, supervision, and examination of all consumer finance companies, deferred presentment companies, check-cashing companies and mortgage lender/servicer companies.

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