

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians***JAN LYNN OWEN****Commissioner of Business Oversight****For Immediate Release**

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**DBO Settlement with Advance America Subsidiary Continues
Crackdown on Interest Rate Cap Avoidance***\$160,000 Agreement Provides Borrower Refunds, Penalties*

SACRAMENTO – The Department of Business Oversight (DBO) today finalized a **settlement** with Advance America’s California subsidiary that continues a broader DBO crackdown on lender avoidance of interest rate limits on small-dollar consumer loans.

“California consumers deserve a zero-tolerance policy when it comes to lender practices that cause borrowers to pay higher interest rates than they should under state law,” said DBO Commissioner Jan Lynn Owen. “We will remain aggressive in finding and penalizing such conduct, and making consumers whole.”

The \$160,000 settlement requires the subsidiary – Advance America, Cash Advance Centers of California, LLC (AA LLC) – to refund \$82,000 to 519 borrowers and pay an administrative penalty of \$78,000.

Advance America is one of the nation’s largest payday lenders, and AA LLC offers that product in California. The settled enforcement case, however, involves conduct under the subsidiary’s license to make installment loans in the state.

The settlement resolves allegations AA LLC improperly added Department of Motor Vehicle fees to the amount of installment loans, which brought the loans’ total to more than \$2,500. That meant the affected loans were not subject to the California Finance Law’s (CFL) interest rate caps, which only apply to loans under \$2,500.

Additionally, the settlement resolves allegations AA LLC paid unlicensed lead generators to acquire some customers, in violation of CFL regulations.

The AA LLC case follows two similar actions by the DBO against Check Into Cash of California, Inc. and Quick Cash Funding, LLC. The DBO settled the Check Into Cash and Quick Cash Funding actions in December 2017. The cases are part of the DBO’s ongoing effort to investigate the extent to which licensed lenders have improperly evaded the CFL interest rate limits.

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Check Into Cash agreed to refund \$121,600 to 694 customers and pay \$18,000 to cover the DBO's investigation costs. Quick Cash Funding agreed to provide \$58,200 of refunds to 423 borrowers, and \$9,700 in penalties and costs.

In the Check Into Cash case, the DBO alleged the company deceived consumers into taking out loans that exceeded \$2,500 by falsely telling them state law prohibited loans smaller than that amount. Quick Cash Funding, the DBO alleged, steered customers into loans greater than \$2,500 for the express "purpose of evading" the interest rate caps.

The DBO licenses and regulates more than 360,000 individuals and entities that provide financial services in California. DBO's regulatory jurisdiction extends over state-chartered banks and credit unions, money transmitters, securities broker-dealers, investment advisers, non-bank installment lenders and payday lenders, mortgage lenders and servicers, escrow companies, franchisors and more.

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