

**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**

November 18, 2015

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**CashCall Pays Nearly \$1 Million of Restitution to  
California Borrowers Under DBO Settlement**  
*Firm Misled and Overcharged Consumers*

SACRAMENTO – The Department of Business Oversight (DBO) today announced CashCall, Inc. paid almost \$1 million of restitution to more than 7,000 California consumers under the settlement of a DBO enforcement action that alleged the lender misled and overcharged borrowers. CashCall also paid the DBO \$1 million in penalties and cost reimbursement.

“This case was about large-scale predatory lending,” said DBO Commissioner Jan Lynn Owen. “We’re gratified we could help return money to victimized borrowers and hold CashCall accountable for its unlawful business practices.”

Under the [settlement reached Feb. 5](#), CashCall paid \$125 each to 7,372 California customers, which comes out to \$921,500. The settlement established a process by which CashCall identified eligible California borrowers and then paid them the \$125. That process now has been completed. DBO audited CashCall loan files to ensure all eligible borrowers received restitution before making today’s announcement.

State law caps interest rates on consumer and commercial loans made by non-bank lenders. But the limits only apply to loans smaller than \$2,500. The law imposes no interest rate restrictions on loans of \$2,500 or more.

The DBO alleged CashCall used deceptive sales pitches and marketing practices to dupe consumers into taking out personal loans of \$2,500 or more even though the customers didn’t need or want to borrow that much money. Here’s how the alleged scheme worked:

- In ads, CashCall said it provided personal loans of “up to” \$2,600, \$5,000 or \$10,000. But when consumers called or visited CashCall’s website, they were told the firm did not make loans of less than \$2,600.
- If consumers informed CashCall they wanted a loan of less than \$2,600, CashCall told them they could just give back the amount they did not want in the form of a prepayment. That way, CashCall told consumers, they could net substantial savings on interest payments.
- However, CashCall failed to tell consumers that since the loan was for \$2,600, the firm could charge unlimited interest rates. On loans of less than \$2,500, in contrast, state law generally caps interest rates at about 30 percent. On the loans at issue, CashCall typically charged annual interest of 135 percent or more, and sometimes up to 179 percent.

(MORE)

- To make matters worse in these cases, the DBO alleged CashCall often failed to withdraw scheduled monthly payments from customers' bank accounts. That had the effect of lengthening the loan term and reducing any interest savings.

To prevent similar violations in the future, the settlement required CashCall to reform the way it conducts business.

In all ads that market non-mortgage and non-auto loans to Californians, CashCall now must disclose in a "clear and conspicuous manner" that the minimum loan amount is \$2,600. Additionally, the lender no longer can promote its prepayment program to customers who want to borrow less than \$2,600. Instead, CashCall now must tell such customers the firm does not make loans for less than \$2,600, that state law caps interest rates on loans of less than \$2,500 at about 30 percent, and that the capped rate is lower than the rate CashCall charges. The settlement also required CashCall to implement other consumer protection reforms.

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