

**DEPARTMENT OF CORPORATIONS***Business Services and Consumer and Investor Protection***JAN LYNN OWEN****California Corporations Commissioner****MEDIA RELEASE****For Immediate Release**

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**California Department of Corporations Issues Desist and Refrain Order Against Illegal Online Payday Lender**

SACRAMENTO, CA (April 15, 2013) – The California Department of Corporations has issued an enforcement order against Northway Financial Corporation Ltd. and Northway Broker Ltd. (collectively, “Northway Financial”), unlicensed online payday lenders doing business as PixyCash.com.

“This type of order is our first step against aggressive and unchecked online solicitations,” said Corporations Commissioner Jan Lynn Owen. “The Department is committed to combating this growing menace to consumers, even when the perpetrators are located offshore.”

The Desist & Refrain Order was issued against Northway Financial for offering payday loans over the Internet to California residents without a license and exceeding statutory loan limits and fee caps. Citations totaling \$32,500 were issued against Northway Financial for 13 specific violations.

The Department also issued an order voiding all illegal transactions made by Northway Financial and PixyCash.com with California borrowers. The defendants are ordered to cease collections of and return all principal amounts from transactions in California. They are also ordered to disgorge any and all charges or fees received in conjunction with those transactions. The order may be viewed and printed at the Department’s website, [http://www.corp.ca.gov/ENF/pdf/2013/NorthwayFinancial\\_dr.pdf](http://www.corp.ca.gov/ENF/pdf/2013/NorthwayFinancial_dr.pdf).

Since the start of the year, the Department has issued orders against six online lenders ordering them to desist and refrain from violations of state law and, in some cases, void transactions and issue citations. To help consumers avoid falling victim to online unlicensed payday lenders, the Department recently issued a Payday Loan Consumer Alert ([http://www.corp.ca.gov/Press/news/2012/InternetPaydayLendingAlert\\_8-13-12.pdf](http://www.corp.ca.gov/Press/news/2012/InternetPaydayLendingAlert_8-13-12.pdf)).

The online payday lending companies sanctioned so far this year by the Department (and their locations) are:

- Bottom Dollar Payday – Costa Rica
- CashLine LLC – Malta, European Union
- Cash Yes and Hong Kong Partners – Belize
- Federated Financial Services (dba Payday Nation) – United Kingdom
- Joro Resources LLC (dba IdealGelt) – Texas
- Northway Financial Corporation – Malta, European Union

Orders may be viewed and printed at the Department’s website, <http://www.corp.ca.gov/ENF/Default.asp>.

Consumers are strongly advised to avoid entering personal or financial data on Internet-based application forms until the firm is verified as a lender licensed by the Department of Corporations. Personal financial data can be misused or pirated even before a loan is agreed to by the borrower. Lenders can be verified at the Department’s website at <http://www.corp.ca.gov/FSD/Licensees/default.asp> or by calling toll-free at 1-866-ASK-CORP.

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