

**Payday lending history and summary of action
taken by Attorney General Roy Cooper**

1. After a four-year experiment with payday lending, state legislators allowed state laws that permitted payday lending to expire Aug. 31, 2001.
2. Some payday lenders closed their doors following sunset of the law, while others used a variety of ruses to keep operating such as rent-a-charter (ACE), leasing and internet service schemes (Crawford's Leasing, Speed Net), or they just kept their doors open (Timrik).
3. Timrik, Inc.: check cashing payday lender that failed to shut down after sunset of the law enjoined 1/02 from making or collecting on payday loans.
4. ACE Cash Express: made payday loans in partnership with Goleta National Bank. AG Cooper filed suit against ACE in 1/02. Settled 12/02. ACE agreed to stop doing business in North Carolina.
5. While our suit against ACE was underway, both the Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS) ordered national banks and thrifts to get out of the payday lending business and to stop renting their charters to payday lenders.
6. Highlands Venture, LLC (dba Speed Net): Former payday lender operated an Internet service rebate scheme where consumer received an instant cash "rebate" which was repayable through a long term Internet access contract. AG Cooper filed suit 2/02. Court judgment 5/04 declaring that rebate transactions were subterfuges to avoid lending laws, declaring loans to be unenforceable, and enjoining defendants from offering further Internet cash rebates.
7. AG Cooper writes to FDIC on April 17, 2002 to raise concerns about payday lenders affiliating with out-of-state banks to make payday loans in violation of North Carolina law. Cooper asks the FDIC to examine the relationship between state chartered banks and payday lending.
8. Crawford's Leasing: check casher who opened personal property and car "sale" and leaseback business to evade lending laws. AG Cooper filed suit against Crawford's 10/02. Consent judgment 11/03 with permanent injunction against conducting this type of business and declaration that loans are unenforceable.
9. Check into Kwik Kash: a typical Kwik Kash borrower received five loans in one day, each for \$100. These loans came due over a period of six months, to be repaid one per month. Consumers paid interest rates of 200 to 400 percent and as high as 585 percent on some loans. AG Cooper filed suit

against Check into Kwik Kash 1/03. Judgment entered 12/03 finding check cashing payday loans to be void and permanently enjoining defendants from offering any loans.

10. NCCS Loans, Inc. (dba Advance Internet): former payday lender changed operation to offer cash rebates of up to \$500 if consumers signed one-year contracts to pay \$60 every 2 weeks (for a \$300 rebate) to use Advance Internet's in-store computer to access the Internet. Court ruled in Attorney General's favor on 7/04 effectively stopping Advance Internet's operation. Written order issued by Judge W. Osmond Smith III in August 2004. Court of Appeals upholds lower court ruling on November 1, 2005.
11. Advance America: 8/26/04 issues investigative demand of Advance America to turn over documents relating to its payday lending operations in North Carolina. Advance America claims that its loans are actually made by an out of state bank. 2/1/05 Advance America called before Commissioner of Banks to answer charges. Cooper's office intervened and prosecuted the case against Advance America. Commissioner rules against Advance America on 12/22/05.
12. Check Into Cash, Check 'n Go and First American Cash Advance: 3/1/06 announces consent agreement with three lenders that use out of state banks to make loans in North Carolina. These three companies agree to leave North Carolina, stop making payday loans in the state, not collect interest and other fees on existing loans, and pay a total of \$700,000 to non-profits that provide credit counseling and financial literacy help.