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**FILED**

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

COUNTY OF WAKE

2015 MAR 24 P 3:58

SUPERIOR COURT DIVISION

13 CVS 16487

WAKE COUNTY, C.S.C.

STATE OF NORTH CAROLINA, *ex rel.* )  
 ROY COOPER, Attorney General, and )  
 RAY GRACE, Commissioner of Banks, )  
 )  
 Plaintiff, )  
 v. )  
 )  
 WESTERN SKY FINANCIAL, LLC, )  
 CASHCALL, INC., WS FUNDING, LLC, )  
 DELBERT SERVICES CORPORATION, )  
 and JOHN PAUL REDDAM, )  
 )  
 Defendants. )

**STATE'S MOTION FOR PRELIMINARY INJUNCTION**

Pursuant to Rule 65 of the North Carolina Rules of Civil Procedure and N.C. Gen. Stat. § 75-14, plaintiff State of North Carolina, *ex rel.* Roy Cooper, Attorney General, and Ray Grace, Commissioner of Banks, (the "State") hereby moves this Court for a Preliminary Injunction prohibiting Defendants Western Sky Financial, LLC ("Western Sky"), CashCall, Inc. ("CashCall"), WS Funding, LLC ("WS Funding"), Delbert Services Corporation ("Delbert"), and John Paul Reddam ("Reddam") (collectively, "Defendants") from offering, funding, servicing, and/or collecting on illegal usurious consumer loans made to North Carolina borrowers and for additional relief to preserve assets and the *status quo*.

In support of this motion, the State submits its supporting brief and attachments, and incorporates herein by reference the State's verified Complaint and exhibits. The State's Complaint, exhibits, affidavits, and applicable law demonstrate that:

1. On December 16, 2013, the State filed a Complaint that, *inter alia*, called for injunctive relief to prohibit Defendants from offering, funding, servicing, and/or collecting on illegal usurious consumer loans made to North Carolina borrowers in violation of North Carolina's Consumer Finance Act, N.C. Gen. Stat. § 53-164, *et seq.*, North Carolina's usury statute, N.C. Gen. Stat. § 24-1, *et seq.*, and North Carolina's Unfair and Deceptive Acts and Practices Act, N.C. Gen. Stat. § 75-1.1, *et seq.*, and to obtain restitution and other relief.

2. Defendants CashCall, WS Funding, and Delbert are affiliated companies—all owned and controlled by Defendant Reddam—that make, fund, purchase, service, and/or collect on illegal loans to North Carolina consumers that accrue interest at rates far in excess of limits imposed under North Carolina law. These Defendants seek to evade North Carolina's licensure, usury, and consumer protection laws by using an unrelated fourth company, Western Sky, as a front. Western Sky falsely holds itself out as an Indian tribal entity that purports to be exempt from state laws under the doctrine of Tribal Sovereign Immunity. In reality, Western Sky is a for-profit South Dakota company that is owned by an individual who happens to be a member of an Indian tribe. Western Sky is not owned or operated by any Indian tribe and was not created for the benefit of any tribe; therefore, the doctrine of Tribal Sovereign Immunity does not apply to the loans made to North Carolina borrowers.

3. Upon information and belief, Defendants continue to collect usurious interest on consumer loans in North Carolina.

4. Defendants' aforesaid acts, practices, representations, and/or omissions have been in or affecting commerce in North Carolina and have had a significant and negative impact thereon.

5. Defendants' aforesaid acts, practices, representations, and/or omissions have resulted in significant monetary loss and financial injury to North Carolina consumers.

6. Defendants' aforesaid acts, practices, representations, and/or omissions constitute unfair and deceptive trade practices in violation of N.C. Gen. Stat. § 75-1.1, *et seq.* The numerous deceptive practices perpetrated by Defendants are more fully enumerated in the State's verified Complaint.

7. Pursuant to N.C. Gen. Stat. §§ 75-14 and 75-15.1, the Attorney General has the right to obtain mandatory orders, including preliminary injunctions, for violations of N.C. Gen. Stat. § 75-1.1.

8. The harm to the State is the continuing violation of its laws and the continuing monetary loss and financial injury to its citizens resulting from Defendants' unlawful business practices.

**WHEREFORE**, the State moves the Court for the following relief:

1) That the Court issue a Preliminary Injunction pursuant to N.C. Gen. Stat. § 75-14 prohibiting Defendants, their agents, employees, and corporate successors or assigns, and any persons acting in concert with them, from:

a) Advertising, offering, and/or entering into contracts to offer, fund, service, and/or collect on consumer loans made to North Carolina borrowers;

b) Soliciting and/or accepting deposits or payments from North Carolina consumers for any loan product or service;

c) Collecting upon any further payment, directly or indirectly, from North Carolina consumers related to any loan product or service;

d) Selling or transferring any loans with North Carolina consumers currently held by any Defendant to a third party;

e) Destroying, transferring, concealing, altering, or removing from their possession or control any financial records, consumer contracts, emails, correspondence, business records, and/or other documents of Defendants relating to loans made to North Carolina consumers; and/or

f) Transferring, withdrawing, concealing, or encumbering any assets outside of the normal course of business of Defendants pending further order of the Court;

2) That Defendants be required to produce the following records to the Court and State within ten (10) days of the date of the Court's Order:

a) The name and address of every bank at which any of Defendants maintain deposit, checking, and/or other bank accounts, and the account number for each such account;

b) A statement of the current monetary balance in each such account held by any of Defendants, together with a copy of the most recent bank statement for each such account;

c) A current financial statement, showing the current assets and liabilities for each Defendant; and

d) A summary which includes a list of all loans issued to North Carolina consumers within the last six (6) years, the principal amount of each loan, the interest rate of each loan, the amount of funds collected to date on each loan, and the amount of funds collected to date which exceed repayment of the principal plus 16% interest for each loan;

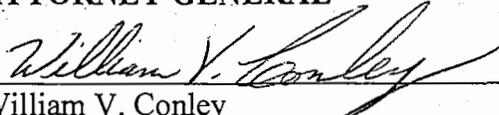
3) The State further moves the Court to mandate that Defendants establish an escrow account to provide full restitution to all affected consumers. Defendants should be required to maintain a balance in that account equal to the amount of funds collected to date which exceed payment of the principal plus 16% interest for the loans issued to North Carolina consumers by Defendants within the past six (6) years. Defendants should further be ordered to provide the Court and State with evidence of the establishment of this account and the balance maintained. Defendants should be prohibited from transferring or withdrawing any funds from this account pending further order of this Court;

4) That the Court grant such other and further relief as may be just and proper.

This the 24th day of March, 2015.

**ROY COOPER  
ATTORNEY GENERAL**

By:

  
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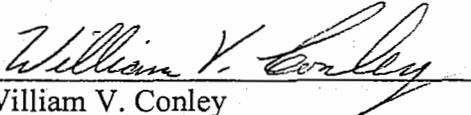
**CERTIFICATE OF SERVICE**

I certify that I have served a copy of the foregoing **STATE'S MOTION FOR PRELIMINARY INJUNCTION** on Defendants by causing it to be enclosed in a suitable wrapper, bearing sufficient postage, and deposited in the care and custody of the United States Mail addressed to their counsel of record as follows:

The Honorable Burley B. Mitchell, Jr.  
Hayden J. Silver, III, Esq.  
Raymond M. Bennett, Esq.  
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This the 24<sup>th</sup> day March, 2015.

  
\_\_\_\_\_  
William V. Conley  
Special Deputy Attorney General