FOR IMMEDIATE RELEASE: APRIL 28, 2017

Contacts: Indiana Institute for Working Families: Dr. Erin Macey (emacey@incap.org) 317.638.4232
National Consumer Law Center: Lauren Saunders (lsaunders@nclc.org); Stephen Rouzer (srouzer@nclc.org) 850.603.9216

CONSUMER FINANCIAL PROTECTION BUREAU DEFENDS HOOSIERS FROM ILLEGAL HIGH-COST LOANS

Online Lenders Attempted to Collect 440% to 950% APR Loans that Were Illegal in Indiana

Indianapolis, IN - The Consumer Financial Protection Bureau (CFPB) yesterday took action against four tribally affiliated online payday installment lenders for deceiving Indiana consumers and collecting debt that was not legally owed because the lenders were unlicensed. Under Indiana law, the illegal loans were void and could not be collected.

The CFPB charged that four online lenders – Golden Valley Lending, Inc., Silver Cloud Financial, Inc., Mountain Summit Financial, Inc., and Majestic Lake Financial, Inc. – did not have Indiana licenses and made $300 to $1200 long-term payday installment loans with annual percentage rates (APRs) from 440% to 950%. Even if the lenders had had a license, Indiana caps charges at a 71% annual rate (including fees) for a $500, 6-month loan and at 39% for a $2,000, 2-year loan, according to a report by the National Consumer Law Center.

"The Consumer Financial Protection Bureau is working to protect Indiana families against online lenders who violated our state laws. Strong laws are meaningless if they are not enforced. This action by the CFPB will return wrongfully obtained dollars to Hoosiers' bank accounts," said Dr. Erin Macey, policy analyst at the Indiana Institute for Working Families.

"High-cost loans, whether short-term payday loans or long-term payday loans, put people in a cycle of debt. The Consumer Financial Protection Bureau is defending Indiana families against predatory lenders," said Lauren Saunders, associate director of the National Consumer Law Center.

All of the lenders are owned and incorporated by the Habematolel Pomo of Upper Lake Indian Tribe located in Upper Lake, California. The lenders claimed that only tribal law, not state law, applied to the loans. However, in 2014, the Supreme Court made clear that tribes "'going beyond reservation boundaries' are subject to any generally applicable state law." The loans to Hoosiers were not made on the California reservation.

Indiana Institute for Working Families Research and Public Policy A Program of INCAA INDIANA COMMUNITY ACTION ASSOCIATION

The CFPB alleges that the four lenders made electronic withdrawals from consumers' bank accounts or called or sent letters to consumers demanding payment for debts that consumers were under no legal obligation to pay, violating not only Indiana law but also the federal law against unfair, deceptive and abusive practices. The CFPB is the consumer watchdog that was created in 2010 after the financial crisis to protect American consumers from unscrupulous financial practices.

Read the full release from the CFPB here.

###

The Indiana Institute for Working Families – a program of the Indiana Community Action Association (INCAA) – conducts research and promotes public policies to help Hoosier families achieve and maintain economic self-sufficiency. The Institute is the only statewide program in Indiana that combines research and policy analysis on federal and state legislation, public policies, and programs impacting low-income working families. The Institute achieves its work through advocacy and education, and through national, statewide, and community partnerships.

Since 1969, the nonprofit **National Consumer Law Center®** (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness. **www.nclc.org**