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## Borrowers

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A group of payday loan companies being sued by the Federal Trade Commission is liable for deceiving borrowers, a judge has ruled.

In an order issued May 28 in federal court in Nevada, U.S. District Judge Gloria Navarro ruled against the payday loan companies, finding they violated federal law

by giving inaccurate loan information to borrowers and requiring consumers to

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In an example from the lawsuit, a borrower agrees to a \$300 loan with a \$90 finance charge to be paid after two weeks—equivalent to an annual percentage rate of more than 600 percent. But unless the borrower followed a convoluted process to opt out of automatic renewal, a different 10-week payment schedule would start, costing the borrower a total of \$975.

“It was deceptive to describe the loan as working in one way but in fact, it would automatically work in a very different way,” said Nikhil Singhvi, a staff attorney for the FTC.

The agency in 2012 filed the lawsuit after receiving thousands of consumer complaints. Named in the lawsuit are AMG Services Inc., which claims to be affiliated with the Miami Tribe of Oklahoma, three other Internet-based lending companies (which also claim to be tribally owned), related companies and individuals including race car driver Scott Tucker and his now deceased brother Blaine Tucker. The companies do business as 500FastCash, AmeriLoan, UnitedCashLoans and USFastCash.

Singhvi said whether the companies are tribal organizations will be decided in the second phase of the lawsuit, in which the judge determines individual liability and monetary relief. It could take 12-18 months for a final decision, he said.

A spokeswoman for the Miami Tribe said the tribe has left lending.

In March, after the defendants claimed their tribal affiliation meant they were immune from prosecution, the judge ruled the FTC Act gives the agency authority to regulate arms of Indian tribes, employees and contractors.

The companies have been operating under an injunction that required them to change the lending documents to be less deceptive since December 2012.

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