

The North Carolina Attorney General, in conjunction with the North Carolina Office of the Commissioner of Banks, filed suit against an out-of-state online lender that charged North Carolina consumers interest rates of over 300 percent on short-term loans. On December 16, 2013, the N.C. Attorney General and Commissioner of Banks filed suit against Western Sky Financial, CashCall, related companies, and their owner John Paul Reddam for violating North Carolina laws that ban excessive interest rates on small consumer loans.

The complaint alleges that the lenders charged financially distressed consumers in North Carolina interest rates from 89.68 percent to 342.86 percent on small personal loans of \$850 to \$10,000. The loan agreements require borrowers to pay back the loans in monthly installments over 12 to 84 months. The loans were promoted to North Carolina consumers online or by telephone.

The North Carolina Attorney General, Consumer Protection Division and the Commissioner of Banks received roughly 100 complaints from North Carolina consumers about these loans. Most borrowers reported that they had made loan payments for months only to learn that nearly all of their payments had gone toward interest and very little toward paying off the principal.

Payday loans and other high interest rate loans are illegal in North Carolina. The last storefront payday lenders were forced from North Carolina in 2006, but lenders outside of the state have continued to reach North Carolina consumers through the internet and advertising. The Attorney General and Commissioner of Banks have worked diligently to protect North Carolina consumers from these predatory lenders. Consumers can lodge complaints about payday or high interest loans and receive consumer tips via the Consumer Protection Division at 1-877-5-NO-SCAM toll-free within North Carolina or online at www.ncdoj.gov.