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MCDANIEL ANNOUNCES SETTLEMENT WITH PAYDAY LENDERS

LITTLE ROCK— Today, Attorney General Dustin McDaniel announced the resolution of nine lawsuits against companies and individuals which offered “instant cash rebates” to ostensibly promote the sale of internet access contracts. The Attorney General alleged that the business practices constituted nothing more than illegal payday loans. Pursuant to the settlement, the companies must abandon these business practices and provide refunds to affected Arkansas consumers.

“Addressing these unconscionable business practices is a priority of mine, and it is my belief that this agreement will go a long way towards eliminating schemes of this nature in Arkansas,” McDaniel said. **“My office looks forward to distributing restitution to the Arkansas consumers who have suffered on account of these unconscionable lending practices.”**

The Attorney General alleged that the defendants solicited consumers to establish up to three Internet accounts and were given a \$100 “rebate” for each account they received. They were then required to pay \$20 every two weeks for each account. Under this agreement, a customer with three Internet accounts would pay \$120 a month for dial-up Internet access. Currently, dial-up Internet access costs \$5 to \$10 a month. The Attorney General alleged that the defendants’ business model was nothing more than a disguised payday lending scheme, with interest rates exceeding 500%.

Under the terms of the settlement, the defendants will close all fourteen locations in Arkansas that were offering “Instant Cash Rebates.” In addition, the defendants will pay the sum of \$1,000,000.00, with \$800,000.00 set aside to pay restitution to Arkansas consumers. The defendants will also forgo any type of debt collection efforts on any outstanding contracts. It is estimated that this agreement will cancel approximately \$ 4.5 million dollars in outstanding balances on existing contracts.

The businesses agreeing to this settlement have operated under the names Dialing4Dollars.Net, JonesboroMoneyOnLine.Net, CrossettCash.Net, ConwayCash.Net, Money.Net, ElDoradoOnline.Net, MagnoliaMoney.Net, and MoneyInAFIash.Net. The businesses had store locations in Conway, Crossett, El Dorado, Jonesboro, Little Rock, Magnolia, Pine Bluff, Texarkana, and West Memphis. **Customers of these businesses are encouraged to contact the Office of the Attorney General if they have questions regarding the settlement and whether they are entitled to restitution.**

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