

# NEWS RELEASE

---

**JOSEPH A. SMITH, JR.  
COMMISSIONER OF BANKS**

---

<b>RELEASE:</b>	<b>IMMEDIATE</b>	<b>DATE:</b>	<b>MAY 3, 2007</b>
<b>CONTACT:</b>	<b>HA NGUYEN</b>	<b>DISTRIBUTION:</b>	<b>STATEWIDE</b>
<b>PHONE:</b>	<b>919/733-3016</b>		

---

## **Lender accused of unfair and deceptive trade practices shuts down**

RALEIGH – A consumer finance company accused of unfair and deceptive trade practices and charging borrowers excessive interest and illegal fees has ceased all lending operations in North Carolina.

In an agreement with the North Carolina Commissioner of Banks and North Carolina Attorney General, First Carolina Finance, Inc. (FCF) of High Point turned in its license and ceased lending in North Carolina. As part of the settlement, FCF returned over 175 vehicle titles that FCF had held as collateral for its small loan program and stopped collection on over \$35,000 of loans alleged to violate the North Carolina Consumer Finance Act.

The North Carolina Office of the Commissioner of Banks (NCCOB) launched an investigation into the company after finding numerous violations during routine examinations and after receiving complaints about its business practices. NCCOB alleged that the company charged borrowers illegitimate fees on a repetitive basis in order to keep borrowers in a long-term cycle of debt. Consumer finance companies are permitted to charge non-filing fees to offset the risk of not filing a security interest against the customer's personal property, but NCCOB found that FCF was repeatedly flipping its borrowers' loans in an attempt to justify charging these fees on a weekly basis, resulting in additional costs to the borrower.

"We remain vigilant to stop lenders that ignore our laws," said Mark Pearce, Deputy Commissioner of Banks. "When people need a small loan to help them through a financial crisis, they shouldn't get lured into a trap of never-ending fees and charges."

FCF officially closed its doors on April 16. NCCOB has followed up with the company to ensure that their former customers are protected per the agreement.

"North Carolina consumers deserve to get a fair deal when they take out a loan," said Attorney General Roy Cooper. "When companies don't treat people fairly, we'll take action to enforce the law."

Prior to FCF, NCCOB and the North Carolina Attorney General worked to shut down payday loan lenders failing to conduct business according to the Consumer Finance Act.

The Commissioner's order is available on NCCOB's website at: [www.nccob.org](http://www.nccob.org). Borrowers who believe they have been victims of abusive lending are encouraged to file a complaint with NCCOB through its website.

###