



San Francisco City Attorney Dennis J. Herrera and Check 'n Go have reached a settlement requiring Check 'n Go to repay California consumers who took out certain “four-month installment” loans online.

On behalf of California consumers, City Attorney Dennis J. Herrera sued Check 'n Go of California, Inc. et. al. alleging that certain four-month installments loans offered at www.checkngo.com, www.ilp.fbdul.com and/or www.commandlaons.com were illegal. The City Attorney and Check 'n Go have reached a settlement requiring Check 'n Go to repay Californians who took out the loans at issue between November 2006 and June 2008.

Am I eligible to make a claim for repayment?

You are eligible to make a claim for repayment if: **between November 2006 and June 2008** you borrowed a **four-month installment loan online** via the web site(s) www.checkngo.com, www.ilp.fbdul.com and/or www.commandlaons.com.

How much of a repayment can I receive?

Exact repayment amounts will vary. The lowest possible amount will be \$20 and the maximum amount will be \$4,675. See Notice of Check 'n Go Settlement Distribution Section 2 for a more detailed explanation of how payment amounts will be determined.

How do I claim my cash award?

Complete the attached Claim Form for Check 'n Go Settlement and mail it and a copy of your identification document to the third-party Settlement Administrator, Dahl Administration at the address below. It must be postmarked by March 28, 2013. Claims postmarked after March 28, 2013 will not be eligible. Do **NOT** mail claim form to the City Attorney.

You must mail in a copy of one of the following forms of identification with your completed Claim Form:

- any government-issued ID card (current driver's license, passport, voter registration card, birth certificate, military ID, immigration document,
- student or school ID card bearing picture and name,
- employee ID card bearing picture and name,
- public housing ID card with address,
- a utility bill showing name and current address,
- bank statement showing name and current address,
- school tuition bill showing name and address, or
- medical ID card

Send a copy of your identification. Do not send original identification documents.

Mail the Claim Form and copy of your identification document no later than March 28, 2013 to:

CG Loans Claims Administrator
c/o Dahl Administration
P.O. Box 3614
Minneapolis, MN 955403-0614
Tel: (888) 781-6246

Questions?

[Phone | SF 3-1-1/CA Loan Refund Settlement Hotline at \(855\) 581-2350 \(toll free\)](tel:(855)581-2350) [Email | CALoanRefund@sfgov.org](mailto:CALoanRefund@sfgov.org)
[Web | www.CALoanRefund.org](http://www.CALoanRefund.org) [Facebook | facebook.com/sfcityattorney](https://www.facebook.com/sfcityattorney)



CITY ATTORNEY DENNIS HERRERA

NEWS RELEASE

FOR IMMEDIATE RELEASE
THURSDAY, DEC. 27, 2012

CONTACT: MATT DORSEY
PHONE: (415) 554-4662

Check 'n Go borrowers eligible for \$4.3 million in refunds in three-month statewide drive

***Outreach effort to ID and educate eligible claimants in California
resulted from S.F. City Attorney's Consumer Protection Unit lawsuit***

SAN FRANCISCO (Dec. 27, 2012)—A three-month outreach effort aimed at identifying and educating Check 'n Go borrowers whose online installment loans at excessive interest rates may entitle them to significant repayments for interest, fees and finance charges launched today with a press announcement in San Francisco City Hall. The 90-day refund program, which will include events with consumer advocates and elected leaders throughout California, is among the terms of an agreement San Francisco City Attorney Dennis Herrera negotiated with the payday lender last June to settle litigation filed in 2007 by Herrera's Consumer Protection Unit.

San Francisco's civil action alleged that the Cincinnati-based Check 'n Go engaged in an illicit "rent-a-bank" scheme aimed at skirting California's maximum allowable annual interest rate of no more than 36 percent for that type of loan. According to records obtained before and during the course of the litigation, Check 'n Go made online installment loans to California consumers with interest rates as high as 400 percent—far in excess of what state law allows—as late as June 2008.

Through Check 'n Go acknowledged no wrongdoing in agreeing to the settlement, the company agreed to commit \$4.3 million toward restitution to borrowers who obtained online loans between Nov. 2006 and June 2008. Refunds expected to range from \$20 to more than \$4,600 for each eligible claimant.

"The strongest statement we can make against predatory lending in California is to maximize restitution for every borrower who deserves it," said Herrera. "That's why this outreach push for eligible Check 'n Go borrowers is so important, and it's why we intend to work so hard with community partners and elected leaders throughout California to make it a success. Under our settlement agreement, Check 'n Go has committed \$4.3 million for refunds for eligible borrowers—but they need only make a 'reasonable effort' to notify their borrowers. We know from experience that it often takes an extra effort to locate and fully educate eligible borrowers who may have moved, or who may reasonably ignore arcane legal notices from an unknown claims administrator. We intend to work tirelessly over the next three months to get the word out to consumers about their rights, and to identify as many potential claimants as possible. We hope this outreach effort for Check 'n Go borrowers matches the success we saw with Money Mart/Loan Mart earlier this year. Together, they should send a strong message to financial institutions about the need to adhere to lawful lending practices in California."

[MORE]

A prior three-month outreach drive earlier this year targeting Money Mart and Loan Mart borrowers partnered with elected officials, consumer advocacy groups, community, faith and labor organizations statewide netted more than \$5.5 million that is currently in the process of being paid to more than 8,100 eligible claimants. The average restitution payment obtained in the Money Mart/Loan Mart efforts was nearly \$700.

Both the Check 'n Go and Money Mart/Loan Mart efforts arose out of litigation that Herrera's Consumer Protection Unit filed on April 26, 2007. That civil action named the payday lenders and an associated out-of-state bank for unlawful, unfair and fraudulent business practices stemming from short-term installment loans (typically marketed to low-income borrowers) at unlawful interest rates. In addition to Check 'n Go and Money Mart/Loan Mart, the original lawsuit named Wilmington, Del.-based First Bank of Delaware as a defendant for aiding and abetting the predatory lending schemes. Herrera's complaint alleged that Check 'n Go offered installment loans of up to \$1,500, with annual percentage rates exceeding 300 percent, through a questionable arrangement with First Bank of Delaware, in a deliberate effort to circumvent California's interest rate and loan principal limits.

Check 'n Go claimants may be qualified for restitution if they obtained a four-month installment loan online between Nov. 2006 and June 2008 through the websites: checkngo.com, ilp.fbdel.com, and commandloans.com. To be eligible for repayment, borrowers must mail a claim form and a copy of the required form of identification to the settlement administrator, postmarked by March 28, 2013.

Herrera is urging potential claimants who think they may be qualified for restitution to visit, email or call for more information:

- www.calloanrefund.org
- CALoanRefund@sfgov.org
- (Toll Free) 1-855-581-2350

The litigation involving the Check 'n Go loan settlement is: *People of the State of California ex rel. Dennis Herrera v. Check N' Go of California, Inc., et al.* (San Francisco Superior Court Case No. CGC-07-462779).

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NOTICE OF CHECK 'N GO SETTLEMENT DISTRIBUTION

**Para información en español, visiten al www.calloanrefund.org
o llamen al número 1-855-581-2350 (gratuito).**

NOTICE TO: California consumers who obtained a four-month installment loan between November 2006 and June 2008 through any of the following websites: (1) www.checkngo.com, (2) www.ilp.fbdel.com, and/or (3) www.commandloans.com.

You may be eligible to receive payment of a portion of the interest, fees, and finance charges you paid in connection with these four-month installment loans (the "Challenged ILP Loans"). The exact payment amount for which you may be eligible will depend on your individual loan history and the number of eligible claims received. The lowest possible payment amount will be \$20, and depending on the total number of claims received, the maximum possible payment will range from \$2,087 to \$4,675. See Section 2 below for a more detailed explanation of how payment amounts will be determined.

TO RECEIVE ANY PAYMENT, YOU MUST SUBMIT THE ATTACHED CLAIM FORM AND IDENTIFICATION BY MAIL, POSTMARKED ON OR BEFORE MARCH 28, 2013.

1. Why Is Payment Being Made?

The City Attorney of San Francisco ("the People") filed a lawsuit against Check 'n Go of California, Inc. d/b/a Check 'n Go; Southwestern & Pacific Specialty Finance, Inc. d/b/a Check 'n Go; Avante TelAdvance, Inc. d/b/a Check 'n Go Online ("the Check 'n Go Defendants"), and the First Bank of Delaware. The People alleged that the Check 'n Go Defendants offered to California consumers installment loans with interest rates that exceeded the limits set by California law.

The Check 'n Go Defendants deny the People's allegations.

In order to eliminate the cost, burden and uncertainty of litigation and trial, and without admission by the Check 'n Go Defendants of the truth or accuracy of any allegations made, the parties have agreed to settle all of the People's claims. As part of Settlement, the Check 'n Go Defendants agree to pay to California consumers who took out Challenged ILP Loans at least \$2.2 million, but not more than \$4.3 million, of the interest, fees, and finance charges they paid on such loans.

2. How Will The Amount of Payment Be Determined?

A person who submits a timely, verified claim form and an acceptable form of identification to the Claims Administrator will receive payment of a portion of all interest, fees, and finance charges he or she paid in connection with a Challenged ILP Loan ("Payment Amount"). The Payment Amount due to an eligible claimant will be calculated as follows by the Check 'n Go Defendants according to their records:

1. The Settlement Administrator will calculate the Base Amount by:
 - a) determining the total amount of interest, fees, and finance charges that were paid by the claimant in connection with a Challenged ILP Loan(s); and
 - b) subtracting from this total the amount of (i) any unpaid principal owed by the claimant on any Challenged ILP Loan and (ii) any unpaid principal on any other loan obtained by the claimant from Check 'n Go.
 - c) The dollar amount resulting from subtracting unpaid principal [item (b)] from total interest, fees, and finance charges paid [item (a)] is the "Base Amount."
2. Except as provided in Paragraph 3 below, the Payment Amount to be paid to each eligible claimant will be equal to 68.5% of that claimant's Base Amount. Claimants eligible for a Payment Amount of less than \$20 will not receive any payment.
3. If the combined total of all Payment Amounts calculated pursuant to the above formula is greater than \$4.3 million, then each eligible claimant's Payment Amount will be reduced proportionately to bring the combined total of all Payment Amounts to \$4.3 million.

3. What Do I Need to Do to Get Payment?

Mail (1) a claim form and (2) a copy of one of the forms of identification listed in Section 4 below, **postmarked no later than MARCH 28, 2013** to:

CG Loans Claims Administrator
c/o Dahl Administration
PO Box 3614
Minneapolis, MN 55403-0614

If the claim form and identification are timely, complete, verified, and demonstrate eligibility according to the terms of the settlement, you will receive the appropriate payment.

4. What Types of Identification Can I Submit?

A copy of any one of the following forms of identification will be accepted:

- any government-issued identification card, including a current driver's license, passport, voter registration card, birth certificate, military ID, or immigration documents
- student or school identification card bearing picture and name
- employee identification card bearing picture and name
- public housing identification card with address
- a telephone, water, electricity, garbage, cable television or other utility bill showing name and current address,
- bank statement (showing name and current address)
- school tuition bill (showing name and address)
- medical insurance card

Send a copy of the identification. Do not send original identification documents.

5. When Will Payments Be Sent?

Payments will be sent to eligible claimants within 60 days of the settlement administrator's determination of the amount to which each eligible claimant is entitled, but not later than July 31, 2013.

6. How Do I Get More Information?

Go to www.CGCASettlement.com to see the Settlement Agreement and answers to frequently asked questions, call the settlement information line at 1-888-781-6246 (toll free), or write to the CG Loans Claims Administrator, c/o Dahl Administration, PO Box 3614, Minneapolis, MN 55403-0614. You may also contact the San Francisco City Attorney at 1-855-581-2350 (toll free) or go to www.calloanrefund.org. Do not contact the Check 'n Go Defendants or the Court.

The name and court number of the lawsuit are: *People of the State of California ex rel. Dennis Herrera v. Check 'n Go of California, Inc., et al.* (San Francisco Superior Court Case No. CGC-07-462779).

