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13 UNITED STATES DISTRICT COURT
14 DISTRICT OF NEVADA

15 FEDERAL TRADE COMMISSION and STATE OF NEVADA,

16 Plaintiffs,

17 v.

18 CASH TODAY, LTD, a United Kingdom corporation; THE
19 HEATHMILL VILLAGE, LTD., a United Kingdom corporation;
LEADS GLOBAL, INC., a Nevada corporation; WATERFRONT
20 INVESTMENTS, INC., a Nevada corporation; ACH CASH, INC.,
a Nevada corporation; HBS SERVICES, INC., a Nevada
21 corporation; ROVINGE INTERNATIONAL, INC., a Nevada
corporation; LOTUS LEADS, INC., a Delaware corporation;
22 FIRST4LEADS, INC., a Delaware corporation; and THE HARRIS
HOLDINGS, LTD., a Guernsey corporation, each also doing
23 business as Cash Today, Route 66 Funding, Global Financial
Services International, Ltd., Interim Cash, Ltd., and BIG-INT, Ltd.;
24 AARON GERSHFIELD, individually and as a director and officer
of Cash Today Ltd., The Heathmill Village, Ltd., and The Harris
25 Holdings, Ltd.; IVOR GERSHFIELD, individually and as an
officer and/or director of Cash Today, Ltd. and The Harris
26 Holdings, Ltd., and JIM HARRIS, individually and as an officer
and director of Leads Global, Inc., Waterfront Investments, Inc.,
27 ACH Cash, Inc., HBS Services, Inc., and Rovinge International,
Inc.,

28 Defendants.

Case No.
CV-S-08-

**COMPLAINT FOR
INJUNCTION AND
OTHER
EQUITABLE
RELIEF**

1 Plaintiffs, the Federal Trade Commission (“FTC” or “Commission”), and the State of
2 Nevada, by and through its counsel and Attorney General, for their complaint allege:

3 1. The FTC brings this action under Section 13(b) of the Federal Trade Commission
4 Act (“FTC Act”), 15 U.S.C. § 53(b), and the Truth in Lending Act (“TILA”), 15 U.S.C. §§ 1601-
5 1666j, as amended, to secure a permanent injunction, rescission of contracts and restitution,
6 disgorgement of ill-gotten monies, and other equitable relief against the defendants for engaging
7 in unfair and deceptive acts or practices in connection with the offering and extension of credit
8 in the form of high-fee, short-term “payday” loans, and the collection of those loans, in violation
9 of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and for violations of TILA and its
10 implementing Regulation Z, 12 C.F.R. § 226, as amended.

11 2. The State of Nevada, by and through the Office of the Attorney General,
12 Catherine Cortez Masto, and its Bureau of Consumer Protection (“BCP”), John R. McGlamery,
13 Deputy Attorney General, brings this action pursuant to the Deceptive Trade provisions of
14 Chapter 598 of the Nevada Revised Statutes, to secure permanent injunctive relief, restitution,
15 and other equitable relief.

16 **JURISDICTION AND VENUE**

17 3. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. §§ 45(a),
18 53(b), and 1607(c), and 28 U.S.C. §§ 1331, 1337(a), and 1345 with respect to the federal law
19 claims, and by 28 U.S.C. § 1367 with respect to the supplemental state law claims of the State of
20 Nevada.

21 4. Venue in the District of Nevada is proper under 15 U.S.C. § 53(b) and 28 U.S.C.
22 §§ 1391(b) - (d).

23 **PLAINTIFFS**

24 5. Plaintiff Federal Trade Commission is an independent agency of the United States
25 Government created by statute. 15 U.S.C. §§ 41-58. The Commission enforces Section 5(a) of
26 the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or
27 affecting commerce. The Commission also enforces TILA, 15 U.S.C. §§ 1601-1666j, which
28 establishes, *inter alia*, disclosure and calculation requirements for consumer credit transactions

1 and advertisements. The Commission may initiate federal district court proceedings by its own
2 attorneys to enjoin violations of the FTC Act and TILA and to secure such equitable relief as
3 may be appropriate in each case, including restitution for injured consumers and disgorgement of
4 ill-gotten monies. 15 U.S.C. § 53(b).

5 6. Plaintiff State of Nevada is one of the 50 sovereign states of the United States.
6 Plaintiff State of Nevada, by and through the Office of the Attorney General, Catherine Cortez
7 Masto, and its BCP, John R. McGlamery, Deputy Attorney General, brings this action under the
8 Deceptive Trade provisions of Chapter 598 of the Nevada Revised Statutes. This Court has
9 supplemental jurisdiction over plaintiff Nevada's state claims under 28 U.S.C. § 1367.

10 DEFENDANTS

11 7. Defendant **Cash Today, Ltd.**, also doing business as Cash Today, Route 66
12 Funding, Global Financial Services International, Ltd., Interim Cash, Ltd., and BIG-INT, Ltd., is
13 organized under the laws of the United Kingdom with its registered address at Northway House,
14 1379 High Road, Whetstone, London N20 9LP. Cash Today, Ltd., participates with the other
15 defendants in the advertising and extension of credit to consumers in the form of high-fee, short-
16 term "payday" loans, and the collection of those loans. Cash Today, Ltd., is a wholly owned
17 subsidiary of The Harris Holdings, Ltd., a company organized under the laws of Guernsey, a
18 British Protectorate located in the Channel Islands. Cash Today, Ltd., engages in and transacts
19 business in this district.

20 8. Defendant **The Heathmill Village, Ltd.**, also doing business as Cash Today,
21 Route 66 Funding, Global Financial Services International, Ltd., Interim Cash, Ltd., and BIG-
22 INT, Ltd., is organized under the laws of the United Kingdom, with its registered address at
23 Northway House, 1379 High Road, Whetstone, London N20 9LP. The Heathmill Village, Ltd.,
24 participates with the other defendants in the advertising and extension of credit to consumers in
25 the form of high-fee, short-term "payday" loans, and the collection of those loans. The
26 Heathmill Village, Ltd., is a subsidiary of The Harris Holdings, Ltd. The Heathmill Village,
27 Ltd., engages in and transacts business in this district.

1 9. Defendant **Leads Global, Inc.**, also doing business as Cash Today, Route 66
2 Funding, Global Financial Services International, Ltd., Interim Cash, Ltd., and BIG-INT, Ltd., is
3 a Nevada corporation, with its registered address at 2050 Russett Way, Carson City, NV, 89703,
4 and its former registered address at 1005 Terminal Way, Suite 110, Reno, Nevada, 89502. Leads
5 Global, Inc., participates with the other defendants in the advertising and extension of credit to
6 consumers in the form of high-fee, short-term “payday” loans, and the collection of those loans.
7 Leads Global, Inc., is a wholly owned subsidiary of Waterfront Investments, Inc., a Nevada
8 corporation, which, in turn, is a wholly owned subsidiary of The Harris Holdings, Ltd. Leads
9 Global, Inc., engages in and transacts business in this district.

10 10. Defendant **Waterfront Investments, Inc.**, also doing business as Cash Today,
11 Route 66 Funding, Global Financial Services International, Ltd., Interim Cash, Ltd., and BIG-
12 INT, Ltd., is a Nevada corporation, with its registered address at 2533 Carson Street, Carson
13 City, NV, 89706, and its former registered address at 1005 Terminal Way, Suite 110, Reno,
14 Nevada, 89502. Waterfront Investments, Inc., participates with the other defendants in the
15 advertising and extension of credit to consumers in the form of high-fee, short-term “payday”
16 loans, and the collection of those loans. Defendant Waterfront Investments, Inc., is a wholly
17 owned subsidiary of The Harris Holdings, Ltd. Waterfront Investments, Inc., is a holding
18 company for Leads Global, Inc. Waterfront Investments, Inc., engages in and transacts business
19 in this district through and by its wholly owned subsidiary, Leads Global, Inc.

20 11. Defendants **ACH Cash, Inc., HBS Services, Inc., and Rovinge International,**
21 **Inc.**, also doing business as Cash Today, Route 66 Funding, Global Financial Services
22 International, Ltd., Interim Cash, Ltd., and BIG-INT, Ltd., are Nevada corporations, with their
23 registered address at 2533 Carson Street, Carson City, NV, 89706, and 1005 Terminal Way,
24 Suite 110, Reno, Nevada, 89502. **Lotus Leads, Inc., and First4Leads, Inc.**, also doing
25 business as Cash Today, Route 66 Funding, Global Financial Services International, Ltd.,
26 Interim Cash, Ltd., and BIG-INT, Ltd., are Delaware corporations, with their registered address
27 at 3500 South Dupont Highway, Dover, DE, 19901, and their former registered address to do
28 business in Nevada at 1005 Terminal Way, Suite 110, Reno, Nevada, 89502. ACH Cash, Inc.,

1 HBS Services, Inc., Rovinge International, Inc., Lotus Leads, Inc., and First4Leads, Inc.,
2 participate with the other defendants in the advertising and extension of credit to consumers in
3 the form of high-fee, short-term “payday” loans, and the collection of those loans. ACH Cash,
4 Inc., HBS Services, Inc., Rovinge International, Inc., Lotus Leads, Inc., and First4Leads, Inc.,
5 engage in and transact business in this district.

6 12. Defendant **The Harris Holdings, Ltd.**, also doing business as Cash Today, Route
7 66 Funding, Global Financial Services International, Ltd., Interim Cash, Ltd., and BIG-INT,
8 Ltd., is organized under the laws of Guernsey, with its registered address at 14 New Street, St.
9 Peter Port, Guernsey. The Harris Holdings, Ltd., participates with the other defendants in the
10 advertising and extension of credit to consumers in the form of high-fee, short-term “payday”
11 loans, and the collection of those loans. The Harris Holdings, Ltd., wholly owns Cash Today,
12 Ltd., and Waterfront Investments, Inc., and has over 50 percent ownership of The Heathmill
13 Village, Ltd. The Harris Holdings, Ltd., engages in and transacts business in this district through
14 and by its subsidiaries, Cash Today, Ltd., The Heathmill Village, Ltd., Waterfront Investments,
15 Inc., and Leads Global, Inc.

16 13. Defendant **Aaron Gershfield** was an officer and director of Cash Today, Ltd.,
17 until recently, and is an officer and director of The Heathmill Village, Ltd., and The Harris
18 Holdings, Ltd. He is also an officer and director of Northcrest Ventures, Ltd., a UK shell
19 corporation, which in turn, is a director of Cash Today, Ltd. At all times material to this
20 complaint, acting alone or in concert with others, he has formulated, directed, controlled, or
21 participated in the acts and practices of Cash Today, Ltd., The Heathmill Village, Ltd., Leads
22 Global, Inc., Waterfront Investments, Inc., ACH Cash, Inc., HBS Services, Inc., Rovinge
23 International, Inc., Lotus Leads, Inc., First4Leads, Inc., and The Harris Holdings, Ltd., including
24 the acts and practices set forth in this complaint. Aaron Gershfield resides in the United
25 Kingdom and engages in and transacts business in this district.

26 14. Defendant **Ivor Gershfield** was an officer and director of Cash Today, Ltd., until
27 recently, and is an officer and director of The Harris Holdings, Ltd. He is also an officer and
28 director of Northcrest Ventures, Ltd., a UK shell corporation, which in turn, is a director of Cash

1 Today, Ltd. At all times material to this complaint, acting alone or in concert with others, he has
2 formulated, directed, controlled, or participated in the acts and practices of Cash Today, Ltd.,
3 The Heathmill Village, Ltd., Leads Global, Inc., Waterfront Investments, Inc., ACH Cash, Inc.,
4 HBS Services, Inc., Rovinge International, Inc., Lotus Leads, Inc., First4Leads, Inc., and The
5 Harris Holdings, Ltd., including the acts and practices set forth in this complaint. Ivor
6 Gershfield resides in the United Kingdom and engages in and transacts business in this district.

7 15. Defendant **Jim Harris** is an officer and director of Leads Global, Inc., Waterfront
8 Investment, Inc., ACH Cash, Inc., HBS Services, Inc., and Rovinge International, Inc. At all
9 times material to this complaint, acting alone or in concert with others, he has formulated,
10 directed, controlled, or participated in the acts and practices of Leads Global, Inc., Waterfront
11 Investment, Inc., ACH Cash, Inc., HBS Services, Inc., Rovinge International, Inc., Lotus Leads,
12 Inc., First4Leads, Inc., Cash Today, Ltd., The Heathmill Village, Ltd., and The Harris Holdings,
13 Ltd., including the acts and practices set forth in this complaint. Jim Harris resides in the State
14 of Nevada and engages in and transacts business in this district.

15 COMMON ENTERPRISE

16 16. Defendants have operated together as a common enterprise while engaging in the
17 unfair and deceptive acts and practices and other violations of law alleged below. Defendants
18 have conducted the business practices described below through an interrelated network of
19 companies with common ownership, officers, managers, employees, locations, and/or business
20 functions. Individual defendants Aaron Gershfield, Ivor Gershfield, and Jim Harris, have
21 formulated, directed, and/or controlled, or had authority to control, or participated in the acts and
22 practices of the defendants that comprise the common enterprise. The common enterprise
23 transacts or has transacted business in this district and a substantial part of the events giving rise
24 to the claims asserted herein have occurred in this district.

25 COMMERCE

26 17. At all times relevant to this Complaint, defendants have maintained a substantial
27 course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act,
28 15 U.S.C. § 44.

DEFENDANTS' BUSINESS PRACTICES

18. Doing business as Cash Today, Route 66 Funding, Global Financial Services International, Ltd., Interim Cash, Ltd., and BIG-INT, Ltd., and through Web sites such as www.cash2day4u.com, defendants, operating primarily from the United Kingdom, offer United States consumers payday loans of \$500.00 or less. "Payday" loans are the common name used for short-term, high-fee unsecured loans, often made to consumers to provide needed funds in anticipation of an upcoming paycheck. On the Web site, defendants represent that consumers can borrow up to \$500.00 within 24 hours, with no credit check, proof of income, or documentation required.

19. Consumers who applied for a loan with defendants were required to submit an online application via defendants' Web site. The online application required consumers to submit nonpublic personal information, including their Social Security and bank account numbers. Consumers had to click on a button at the bottom of the application that says "GET CASH NOW!" to electronically submit their application for a loan from defendants.

20. Shortly thereafter, defendants contacted the consumers by telephone. In these telephone calls, defendants' representatives confirmed the application information consumers previously submitted online. If consumers had not already done so, defendants required them to provide a bank account number so that the loans could be deposited into their bank accounts – and to debit consumers' bank accounts for the fees associated with the loan.

Failure to Disclose Loan Terms

21. In the telephone calls, defendants' representatives — who often speak quickly in poor or heavily accented English — told all consumers that they qualified for a loan of typically around \$200.00. Defendants' representatives told consumers that they must repay the loan amount and a fee, ranging from \$35.00 to \$80.00, by their next payday. They further told consumers that if they failed to repay the loan and fee by their next payday, defendants would automatically extend the loan for an additional fee that would be debited from consumers' bank accounts on their next payday "until the loan is repaid." Some consumers were told that they were required to affirmatively call proposed defendants a day or so before their payday to

1 request that proposed defendants debit the full loan amount from their bank accounts. No further
2 explanation of repayment was given. Defendants typically deposited the payday loan amount
3 into consumers' bank accounts within 24 hours after consumers agreed to the loan.

4 22. Defendants did not provide consumers with any of the loan terms, including the
5 annual percentage rate ("APR"), the payment schedule, the amount financed, and the total of
6 payments, and any late payment fees. Consumers who asked for written disclosure of the loan
7 terms during the phone call were told that the transaction was verbal only and was being
8 recorded. Some consumers were told that written disclosures and loan terms would be sent to
9 them after the telephone call, but they never received them.

10 **Deceptive And Abusive Collection Tactics**

11 23. After paying substantial sums of money to defendants – sometimes hundreds of
12 dollars above the loan amounts – many consumers concluded, in the absence of written loan
13 terms, that they had more than repaid their loans. Many consumers terminated defendants'
14 access to their bank accounts, often by closing those accounts and usually after having paid
15 defendants substantial sums of money. Once consumers close their bank accounts, they face
16 defendants' campaign of deceptive and abusive collection tactics aimed at regaining access to
17 those consumers' bank accounts. Defendants falsely represent to consumers that they have a
18 legal obligation to repay the loans, even though many consumers have no such obligation,
19 because defendants' payday loans do not comply with the payday lending laws of those
20 consumers' states or because defendants are not licensed to make consumer loans in those states.
21 Several states have payday lending laws that either cap the amount of interest or fees that may be
22 charged on payday loans and/or limit the number of times such loans can be extended, or
23 prohibit payday lending altogether. In these states, defendants' payday loans are illegal and
24 unenforceable. Defendants also intimidate consumers, falsely representing that defendants can
25 and will have them arrested or imprisoned, or falsely representing that defendants will take
26 formal legal action against them such as filing a law suit, seizing or attaching their property, or
27 garnishing their wages. In fact, in many instances, defendants cannot take such legal action and,
28 in any event, have no intention of doing so.

1 24. Defendants also harass and humiliate consumers in an effort to extract continued
2 payments on the loans. For example, defendants continuously and repeatedly call consumers at
3 their place of employment, or call their coworkers and employers, despite being told that such
4 calls are prohibited. Defendants also use obscene, profane, threatening, or otherwise abusive
5 language in calls to consumers, their coworkers, and their employers – all in an effort to
6 intimidate consumers into providing their new bank account numbers so that defendants can
7 resume debiting consumers’ checking accounts. Defendants also maliciously and intentionally
8 disclose the existence of the purported debts to consumers’ coworkers, employers, and other
9 third parties. When consumers challenge defendants’ abusive collection practices as illegal,
10 defendants routinely tell consumers that because they are located in the United Kingdom, they
11 do not have to comply with US laws.

12 25. Defendants cause substantial injury to consumers through their abusive collection
13 tactics. Many consumers pay fees they do not legally owe in an attempt to halt defendants’
14 abusive collection activity. Defendants’ abusive collection tactics disrupt business at
15 consumers’ places of employment. They result in lost productivity and money for consumers’
16 coworkers and employers, who are forced to deal with defendants’ incessant and repeated
17 telephone calls and abusive, obscene, and profane language. Defendants’ abusive collection
18 tactics also jeopardize consumers’ continued employment. Consumers cannot avoid these
19 abuses and there are no countervailing benefits to consumers or competition that result from
20 them.

21 **VIOLATIONS OF SECTION FIVE OF THE FTC ACT**

22 26. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair and deceptive
23 acts or practices in or affecting commerce. Misrepresentations of or omissions of material facts
24 necessary to prevent misleading consumers constitute deceptive acts or practices prohibited by
25 Section 5(a) of the FTC Act. An act or practice is unfair if it “causes or is likely to cause
26 substantial injury to consumers which is not reasonably avoidable by consumers themselves and
27 not outweighed by countervailing benefits to consumers or to competition.” 15 U.S.C. § 45(n).

COUNT ONE

(By Plaintiff Federal Trade Commission)

(Deceptive Collection Practices)

27. In connection with collecting loans from consumers, defendants have represented to consumers, expressly or by implication, that:

A. Consumers can be arrested or imprisoned for failing to pay defendants;

B. Consumers have a legal obligation to pay defendants the full amount defendants claim they are owed; and

C. If consumers do not pay defendants, defendants can and will take formal legal action against consumers, such as filing suit, seizing or attaching property, or garnishing wages.

28. In truth and in fact:

A. Consumers cannot be arrested or imprisoned for failing to pay defendants;

B. In numerous instances, consumers do not have a legal obligation to pay defendants the full amount defendants claim they are owed; and

C. In numerous instances, if consumers do not pay defendants, defendants cannot and do not take formal legal action against the consumer, such as filing suit, seizing or attaching property, or garnishing wages.

29. Therefore, defendants' representations, as described in Paragraph 27 above, are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT TWO

(By Plaintiff Federal Trade Commission)

(Unfair Collection Practices)

30. In numerous instances, in connection with collecting loans from consumers, defendants have harassed consumers, their coworkers and employers, and other third parties, as described in Paragraphs 24-25 above, by:

- 1 A. Continuously and repeatedly calling consumers and others at consumers’
- 2 places of employment;
- 3 B. Using obscene, profane, threatening, or otherwise abusive language
- 4 towards consumers and others; and
- 5 C. Disclosing the existence of consumers’ purported debts to coworkers,
- 6 employers, and other third parties.

7 31. Defendants’ acts and practices, as described in Paragraph 30 above, cause or are
8 likely to cause substantial injury to consumers which is not reasonably avoidable by consumers
9 themselves and not outweighed by countervailing benefits to consumers or competition and,
10 therefore, constitute unfair acts or practices in violation of Section 5(a) of the FTC Act, 15
11 U.S.C. § 45(a).

12 **VIOLATIONS OF TILA AND REGULATION Z**

13 32. Under TILA, 15 U.S.C. §§ 1601-1666j, as amended, and its implementing
14 Regulation Z, 12 C.F.R. § 226, as amended, creditors who extend “closed-end credit,” as defined
15 in 12 C.F.R. § 226.2(a)(10), must comply with the applicable disclosure provisions of TILA and
16 Regulation Z, including, but not limited to, Sections 226.17 and 226.18 of Regulation Z, 12
17 C.F.R. §§ 226.17 and 226.18. “Creditor” means a person who regularly extends consumer credit
18 that is subject to a finance charge or is payable by written agreement in more than four
19 installments (not including a down payment), and to whom the obligation is initially payable,
20 either on the face of the note or contract, or by agreement when there is no contract. 12 C.F.R.
21 §226.2 (a)(17). “Closed-end credit” means consumer credit other than open-end credit, and
22 “[o]pen-end credit” is defined as “consumer credit extended by a creditor under a plan in which:
23 (i) the creditor reasonably contemplates repeated transactions; (ii) the creditor may impose a
24 finance charge from time to time on an outstanding unpaid balance; *and* (iii) the amount of credit
25 that may be extended to the consumer during the term of the plan (up to any limit set by the
26 creditor) is generally made available to the extent that any outstanding balance is repaid.” 12
27 C.F.R. §§ 226.2(a)(10) and (a)(20) (emphasis added).

1 33. Defendants are creditors who extend closed-end credit to consumers because they
2 do not impose finance charges from time to time on outstanding unpaid balances and the amount
3 of credit that may be extended to the consumer during the term of defendants' loan-repayment
4 plan is not generally made available to the extent that any outstanding balance is repaid.

5 34. Pursuant to Section 108(c) of TILA, 15 U.S.C. § 1607(c), every violation of TILA
6 and Regulation Z constitutes a violation of the FTC Act.

7 **COUNT THREE**

8 **(By Plaintiff Federal Trade Commission)**

9 **(Violations of TILA and Regulation Z)**

10 35. Defendants, as creditors extending closed-end credit, are required to disclose
11 certain credit information to consumers, clearly and conspicuously in writing, in a form that
12 consumers can keep, and before consummation of the loan transaction. 12 C.F.R. §§ 226.17 and
13 226.18.

14 36. In the course and conduct of extending closed-end credit to consumers,
15 defendants have violated and continue or may continue to violate, the requirements of TILA and
16 Regulation Z by failing to make required TILA disclosures, clearly and conspicuously, in
17 writing, before consummating a consumer credit transaction, including failing to disclose the
18 amount financed, itemization of the amount financed, the finance charge, the annual percentage
19 rate, the payment schedule, the total of payments, and any late payment fees, in violation of
20 Sections 121 and 128 of TILA, 15 U.S.C. §§ 1631 and 1638, and Sections 226.17(a)(1), (b) and
21 226.18 (b)-(e), (g)-(h), and (l) of Regulation Z, 12 C.F.R. §§ 226.17(a)(1), (b) and 226.18(b)-(e),
22 (g)-(h), and (l).

23 **VIOLATION OF THE STATE OF NEVADA'S**
24 **DECEPTIVE TRADE PROVISIONS**

25 **COUNT FOUR**

26 **(By Plaintiff State of Nevada)**

27 **(Violation of Section 598.0923(2) of the Nevada Revised Statutes)**

1 37. Nevada Revised Statutes § 598.0923(2) states that it is a deceptive trade practice
2 to fail to disclose a material fact in connection with the sale of services.

3 38. Defendants' acts or practices in selling loans without providing the provisions of
4 the loan contract, including the interest rate, as described in Paragraph 21-22 above, are failures
5 to disclose material facts.

6 39. Therefore, each of defendants' acts or practices which failed to disclose a material
7 fact in connection with the sale of services is a violation of Chapter 598 of the Nevada Revised
8 Statutes, NRS § 598.0923(2).

9 **COUNT FIVE**

10 **(By Plaintiff State of Nevada)**

11 **(Violation of Section 598.0923(3) of the Nevada Revised Statutes)**

12 40. Nevada Revised Statute § 598.0923(3) states that it is a deceptive trade practice to
13 violate a state or federal statute or regulation relating to the sale of services.

14 41. Defendants' failure to disclose important loan terms, as described in Paragraphs
15 21-22 above; their false representations in collecting debts from consumers, as described in
16 Paragraph 23 above; and their acts or practices in harassing and abusing consumers in collecting
17 debts from them, as described in Paragraphs 24-25 above, are unfair or deceptive and violate
18 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), as described above.

19 42. Therefore, each of the defendants' acts or practices which violate a state or federal
20 statute or regulation relating to the sale of services is a violation of Chapter 598 of the Nevada
21 Revised Statutes, NRS § 598.0923(3).

22 **COUNT SIX**

23 **(By Plaintiff State of Nevada)**

24 **(Violation of Section 598.0923(1) of the Nevada Revised Statutes)**

25 43. Nevada Revised Statutes § 598.0923(1) states that it is a deceptive trade practice
26 if, in the course of his business or occupation, a person, knowingly conducts the business or
27 occupation without all required state, county or city licenses.

1 44. The Nevada Revised Statutes Chapter 675 and/or Nevada Revised Statutes
2 Chapter 604A require defendants to acquire licenses to sell loans in Nevada from the Nevada
3 Financial Institution.

4 45. Therefore, each of the defendants' acts or practices of selling loans without
5 acquiring the necessary licenses from the Nevada Financial Institution as required by Nevada
6 Revised Statutes Chapter 675 and/or Nevada Revised Statutes Chapter 604A is a violation of
7 Chapter 598 of the Nevada Revised Statutes, NRS § 598.0923(1).

8 **CONSUMER INJURY**

9 46. Consumers throughout the United States have suffered substantial monetary loss
10 as a result of the defendants' unlawful acts or practices. Absent injunctive relief by this Court,
11 defendants are likely to continue to injure consumers and harm the public interest.

12 **THIS COURT'S POWER TO GRANT RELIEF**

13 47. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant
14 injunctive and such other relief as the Court may deem appropriate to halt violations of the FTC
15 Act and the TILA and Regulation Z. The Court, in the exercise of its equitable jurisdiction, may
16 award other ancillary relief, including but not limited to, rescission of contracts and restitution,
17 and the disgorgement of ill-gotten gains, to prevent and remedy injury caused by defendants' law
18 violations.

19 48. Pursuant to 28 U.S.C. § 1367, this Court has supplemental jurisdiction to allow
20 plaintiff, the State of Nevada, to enforce its state law claims under the Deceptive Trade
21 provisions of the Nevada Revised Statutes, Chapter 598, against defendants in this Court.
22 Section 598.0963(3) of the Nevada Revised Statutes, NRS § 598.0963(3), empowers this Court
23 to grant injunctive and other equitable relief to prevent and remedy violations of that Act.
24 Pursuant to Nevada Revised Statutes § 598.0999(2), if this Court finds that any person has
25 willfully engaged in a deceptive trade practice, the Attorney General may recover a civil penalty
26 not to exceed \$5,000 for each violation and, in addition to any other relief or reimbursement, the
27 Court may award reasonable attorney's fees and costs.

PRAYER FOR RELIEF

Wherefore, plaintiff Federal Trade Commission, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and plaintiff State of Nevada, pursuant to Chapter 598 of the Nevada Revised Statutes, and the Court’s own equitable powers, request that the Court:

1. Award plaintiffs such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including, but not limited to, a preliminary injunction;
2. Enter a permanent injunction to prevent future violations of the FTC Act and the TILA and its implementing Regulation Z, and Chapter 598 of the Nevada Revised Statutes, by defendants;
3. Award such relief as the Court finds necessary and appropriate, including, but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies;
4. Award plaintiff State of Nevada civil penalties and attorneys’ fees; and
5. Award plaintiffs the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

Dated: November 6, 2008

/s/Nadine S. Samter
Nadine S. Samter
Julie K. Mayer

Attorneys for Plaintiff
Federal Trade Commission

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