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UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

COMMISSIONERS: Deborah Platt Majoras, Chairman
Pamela Jones Harbour
Jon Leibowitz
William E. Kovacic
J. Thomas Rosch

In the Matter of	)	DOCKET NO. C-
Anderson Payday Loans	)	

COMPLAINT

The Federal Trade Commission, having reason to believe that Anderson Payday Loans ("respondent"), a sole-proprietorship owned by Monika Beyer has violated the provisions of the Truth in Lending Act, 15 U.S.C. §§1601-1667, as amended, and its implementing Regulation Z, 12 C.F.R. §226, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Anderson Payday Loans is a sole proprietorship with its principal office or place of business at 8971 Hewitt Place, Suite 1, Garden Grove, CA 92844.

2. Respondent has disseminated advertisements to the public that promote extensions of closed-end credit in consumer credit transactions, as the terms “advertisement,” “credit,” “closed-end credit,” and “consumer credit” are defined in Section 226.2 of Regulation Z, 12 C.F.R. §226.2, as amended.

3. Respondent offers credit to consumers in the form of payday loans. Credit is defined as “the right to defer payment of debt or to incur debt and defer its payment.” Section 226.2 of Regulation Z, 12 C.F.R. §226.2, as amended. Credit includes “a transaction in which a cash advance is made to a consumer in exchange for the consumer’s personal check, or in exchange for the consumer’s authorization to debit the consumer’s deposit account, and where the parties agree either that the check will not be cashed or deposited, or that the consumer’s deposit account

will not be debited, until a designated future date. This type of transaction is often referred to as a 'payday loan' or 'payday advance' or 'deferred-presentment loan.'" Comment 2 to Section 226.2(a)(14) of the Official Staff Commentary to Regulation Z; 12 C.F.R. Section 226.2(a)(14)-2, Supp.1, as amended. Payday loans have high rates and short repayment periods; they are often due on the borrower's next payday, usually about every two weeks.

4. Respondent has disseminated or has caused to be disseminated payday loan advertisements on the Internet, including but not necessarily limited to the attached Exhibit 1.

A. The advertisement states that "Payday loans are $20 to $30 per hundred dollars borrowed until your payday, depending on individual circumstances and locale."

5. On a $100 loan with a $20 fee repayable in a typical pay period of 14 days, the APR would be 521%. On a $100 loan with a $30 fee repayable in a typical pay period of 14 days, the APR would be 782%.

Failure to Disclose Information Required by TILA

6. In credit advertisements, including but not necessarily limited to Exhibit 1, respondent has stated the number of payments or period of repayment and/or the amount of any finance charge, as terms for obtaining consumer credit in the form of a payday loan.

7. These advertisements have failed to disclose the "annual percentage rate" or "APR" using that term as required by Regulation Z.

8. Respondent's practices have violated Section 144 of the Truth in Lending Act ("TILA"), 15 U.S.C. §1664, and Section 226.24(c) of Regulation Z, 12 C.F.R. §226.24(c).

THEREFORE, the Federal Trade Commission this __ day of _________ , has issued this complaint against respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: