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CONSUMER FINANCIAL PROTECTION BUREAU DEFENDS ARIZONA BORROWERS FROM ILLEGAL HIGH-COST LOANS

Online Lenders Attempted to Collect 440% to 950% APR Loans that Were Illegal in Arizona

Tucson, AZ. - The Consumer Financial Protection Bureau (CFPB) yesterday took action against four tribally affiliated online payday installment lenders for deceiving Arizona consumers and collecting debt that was not legally owed because the lenders were unlicensed. Under Arizona law, the illegal loans were void and could not be collected.

The CFPB charged that four online lenders – Golden Valley Lending, Inc., Silver Cloud Financial, Inc., Mountain Summit Financial, Inc., and Majestic Lake Financial, Inc. – did not have Arizona licenses and made \$300 to \$1200 long-term payday installment loans with annual percentage rates (APRs) from 440% to 950%. Even if the lenders had had a license, Arizona caps charges at a 54% annual rate (including fees) for a \$500, 6-month loan and at 41% for a \$2,000, 2-year loan, according to a [report](#) by the National Consumer Law Center.

“High-cost loans, whether short-term payday loans or long-term payday loans, put people in a cycle of debt. The Consumer Financial Protection Bureau is defending Arizona families against predatory lenders,” said Kelly Griffith, Center for Economic Integrity Executive Director.

All of the lenders are owned and incorporated by the Habematolel Pomo of Upper Lake Indian Tribe located in Upper Lake, California. The lenders claimed that only tribal law, not state law, applied to the loans. However, in 2014, the [Supreme Court made clear](#) that tribes “going beyond reservation boundaries’ are subject to any generally applicable state law.” The loans to Arizona borrowers were not made on the California reservation.

The CFPB alleges that the four lenders made electronic withdrawals from consumers’ bank accounts or called or sent letters to consumers demanding payment for debts that consumers were under no legal obligation to pay, violating not only Arizona law but also the federal law against unfair, deceptive and abusive practices. The CFPB is the consumer watchdog that was created in 2010 after the financial crisis to protect American consumers from unscrupulous financial practices.

Read the full release from the CFPB [here](#).

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The Center for Economic Integrity (CEI) is a Tucson Arizona based nonprofit organization founded in 2001. CEI builds economically strong communities for all and opposes unfair corporate practices. www.economicintegrity.org

Since 1969, the nonprofit **National Consumer Law Center®** (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC’s expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness. www.nclc.org