

Complaint

IN THE MATTER OF

**FINANCE SELECT, INC. D/B/A FAST CASH
TITLE PAWN**CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF
SEC. 5(A) OF THE FEDERAL TRADE COMMISSION ACT

*Docket No. C-4528; File No. 132 3262
Complaint, June 2, 2015 – Decision, June 2, 2015*

This consent order addresses allegations that Finance Select, Inc. (“Fast Cash”) failed to disclose important conditions and financing information about its title loans. The complaint alleges that Fast Cash advertised, both online and in print, zero percent interest rates for a 30-day car title loans without disclosing important loan conditions or the increased finance charge imposed after the 30-day introductory period ended. Specifically, Fast Cash failed to disclose that, unless a loan was paid in full in 30 days, the zero percent offer did not apply, and a borrower would have to pay a finance charge for the initial 30 days of the loan in addition to any finance charges incurred going forward. These high finance charges would add up quickly, with a consumer paying hundreds or thousands of dollars in fees or forfeiting the vehicle. Under the consent order, Fast Cash is barred from failing to disclose all the qualifying terms associated with obtaining a loan at its advertised rate and what the finance charge will be after an introductory period ends; and from misrepresenting any material terms of its loan agreements.

Participants

For the *Commission*: *Peter Lamberton and Helen Wong.*

For the *Respondent*: *James Kaminski, Hughes & Bentzen.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Finance Select, Inc., a Georgia corporation (“Respondent”), has violated the provisions of the Federal Trade Commission Act (“FTC Act”), and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Finance Select, Inc., is a Georgia corporation with its principal place of business at 432 Newnan Rd, Carrollton, GA, 30117. Respondent operates from five different locations in the state of Georgia and two locations in the state of Alabama.

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2. Respondent offers loans secured by consumers' free-and-clear car titles ("title loans").

3. The acts and practices of Respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

BACKGROUND ON CAR TITLE LOANS

4. Car title loans can be short term loans and are often advertised as 30 day loans. Title loans have high interest rates and short repayment periods, with payments due every month. In many instances, however, the loans are structured as longer-term, high cost installment loans with payments due over several months. The typical APR of a car title loan can be over 300%.

5. Each additional payment after the first month is termed a "renewal." The average consumer does not repay the loan in 30 days, instead "renewing" the loan an average of eight times. Loan amounts differ but typically are \$1,000 and up to \$10,000. The lender takes possession of the consumer's car title and charges a monthly fee, sometimes as much as 25% of the amount borrowed per month. For example, the amount of fees would be \$250 per month and after eight renewals, a consumer taking out the average loan amount of \$1,000 would pay approximately \$2,000 in fees.

RESPONDENT'S BUSINESS PRACTICES

6. Respondent offers consumers car title loans, which are secured by the borrower's free-and-clear car title. Respondent offers a 0% introductory interest rate, but the loans are "renewed" to a much higher interest rate after the first 30 days if the borrower does not repay the loan completely within those 30 days.

7. Since at least January 2012, Respondent has disseminated or caused to be disseminated advertisements promoting its title loans, including on the website www.fastcashtitlepawn.com, on its' mobile website of the same address, and on web ads, with the following representations, copies of which are attached as Exhibits 1, 2, and 3:

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- a. The website advertisements, copies of which are attached as Exhibit 1, provide the following disclosures:

TITLE LOANS**1st 30 Days 0% NEW CUSTOMERS****No Credit Check**

- b. On Respondent's mobile website, copies of which are attached as Exhibit 2, the advertisement contains the following representation:

TITLE LOANS**0% 1st 30 Days**

- c. The web ads appearing as a Google advertisement on the side webpages, copies of which are attached as Exhibit 3, provide the following disclosures:

0% Title Loans – Best Rate
1st 30 days 0%, No Credit Ck,
We Loan More, call now
fastcashtitlepawn.net

0% Max Cash Title Loan
1st 30 days 0%
Lowest Rates, Call Now!
fastcashtitlepawn.net

8. The advertisements, as shown in Paragraph 7, do not disclose: (1) that the advertised 0% offer does not apply unless the loan is completely repaid in 30 days, (2) that there will be a substantial finance charge if the loan is not completely repaid in 30 days and (3) the amount of this finance charge.

9. The advertisements, as shown in Paragraph 7, do not disclose that if the loan is not repaid in full in 30 days, the consumer would be required to pay the finance charge for the first

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30 days in addition to any additional finance charges that incur on day 31 (for the second 30-day period).

10. Many of Respondent's borrowers do not repay their loans within the first 30 days, and thus many of its borrowers end up paying finance charges.

COUNT I

FAILURE TO DISCLOSE TERMS OF THE LOAN

11. In numerous instances, including but not limited to, through the means described in Paragraphs 6 to 10, Respondent has represented, directly or indirectly, expressly or by implication, that it offers title loans to consumers with a 0% finance charge for a 30-day introductory period.

12. In instances in which Respondent has made the representation set forth in Paragraph 11, Respondent has failed to disclose, or failed to disclose adequately: (1) the existence and amount of the finance charge that consumers have to pay for the 30 day introductory period if certain terms and conditions are not met and (2) the existence and amount of the finance charge that consumers have to pay after the conclusion of the 30-day introductory period. These facts would be material to consumers in their decisions regarding Respondent's title loans.

13. Respondent's failure to disclose, or failure to disclose adequately, the material information described in Paragraph 12, in light of the representation set forth in Paragraph 11, is a deceptive act or practice.

14. The acts and practices of Respondent alleged in this complaint constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act.

THEREFORE, the Federal Trade Commission this second day of June, 2015, has issued this complaint against Respondent.

By the Commission.

EXHIBIT 1

[illegible]

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EXHIBIT 1

The screenshot displays the Finance Select website. At the top, a navigation bar includes links for HOME, WHY US, WHAT I NEED TO KNOW, WHAT I NEED TO BRING, BUSINESS CASH, LOCATIONS, and CONTACT. The main content area features a large blue banner for 'No Credit Check TITLE LOANS' with '1st 30 Days 0%' and 'NO CREDIT CHECK'. Below this, there's a section for 'REFERRAL CASH' with a detailed offer: 'Tell a friend and receive \$50.00 in cash!'. The offer includes terms and conditions: 'Certain terms and conditions apply. You must be 19 years or older to qualify in Alabama; 18 years or older to qualify in Georgia. This offer applies to existing customers only. No credit check necessary. All transactions subject to vehicle appraisal and approval. \$50.00 will be paid to referring party upon the opening of an account with Fast Cash, Cash Express, or Top Dollar.' The footer contains social media icons for Facebook and Twitter, and a copyright notice: '© 2017 Top Dollar Financial Services, Inc. All Rights Reserved.'.

HOME WHY US WHAT I NEED TO KNOW WHAT I NEED TO BRING BUSINESS CASH LOCATIONS CONTACT

**No Credit Check
TITLE LOANS**
1st 30 Days 0%
NO CREDIT CHECK

REFERRAL CASH

Tell a friend and receive \$50.00 in cash!
Certain terms and conditions apply. You must be 19 years or older to qualify in Alabama; 18 years or older to qualify in Georgia. This offer applies to existing customers only. No credit check necessary. All transactions subject to vehicle appraisal and approval. \$50.00 will be paid to referring party upon the opening of an account with Fast Cash, Cash Express, or Top Dollar.

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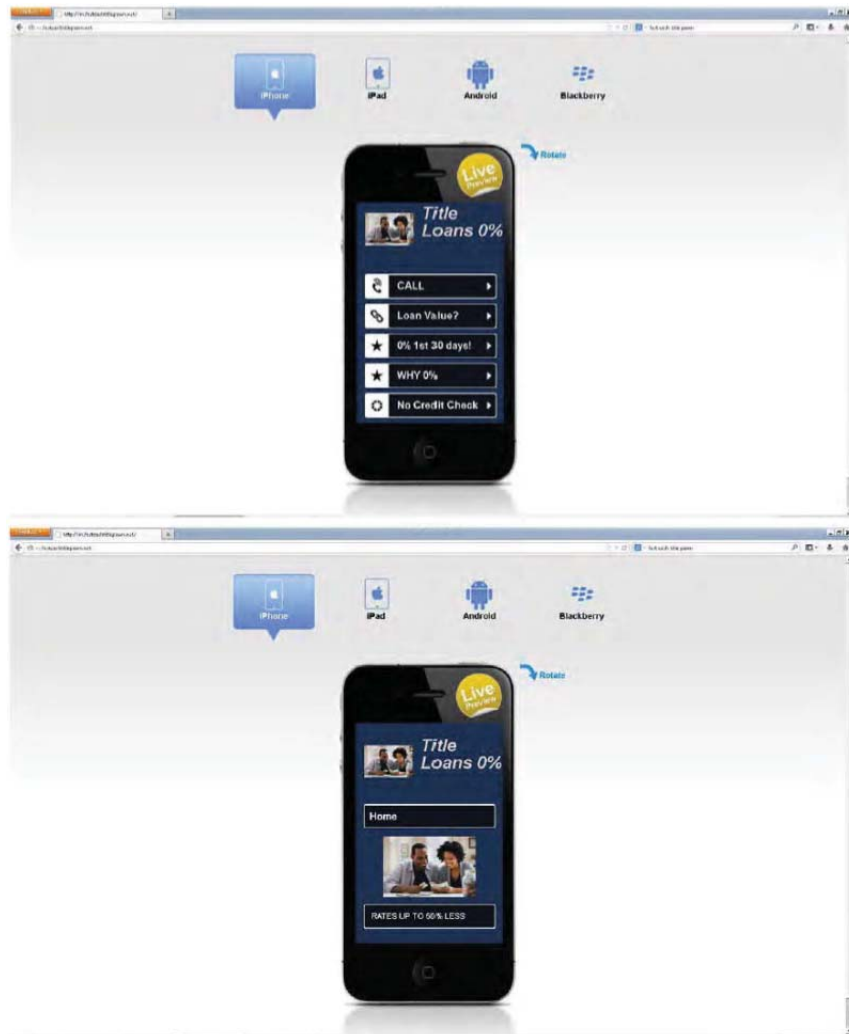
EXHIBIT 2

EXHIBIT 3



Decision and Order

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the Respondent named in the caption hereof, and Respondent having been furnished thereafter with a copy of a draft complaint that the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondent with a violation of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45 *et seq.*; and

Respondent, its Attorney, and counsel for the Commission having thereafter executed an Agreement Containing Consent Order (“Consent Agreement”), which includes a statement by Respondent that it neither admits nor denies any of the allegations in the draft complaint, except as specifically stated in the Consent Agreement, and, only for purposes of this action, admits the facts necessary to establish jurisdiction; and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that Respondent has violated the FTC Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, and having duly considered the comments received from interested persons pursuant to Commission Rule 2.34, 16 C.F.R. § 2.34, now in further conformity with the procedure prescribed in Commission Rule 2.34, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Finance Select, Inc., d/b/a Fast Cash Title Pawn (“Fast Cash”) is a Georgia corporation with its principal place of business at 432 Newnan Rd, Carrollton, GA, 30117.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of Respondent, and the proceeding is in the public interest.

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ORDER**DEFINITIONS**

For purposes of this order, the following definitions shall apply:

- A. “Consumer Credit” means credit offered or extended to a consumer primarily for personal, family, or household purposes, as set forth in Section 1026.2(a)(12) of Regulation Z, 12 C.F.R. §1026.2(a)(12) as amended.
- B. “Clear and Conspicuous” or “Clearly and Conspicuously” means:
 - 1. In a print advertisement, the disclosure shall be in a type size, location, and in print that contrasts with the background against which it appears, sufficient for an ordinary consumer to notice, read, and comprehend it.
 - 2. In an electronic medium, an audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. A video disclosure shall be of a size and shade, and appear on the screen for a duration, and in a location, sufficient for an ordinary consumer to read and comprehend it.
 - 3. In a television or video advertisement, an audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. A video disclosure shall be of a size and shade, and appear on the screen for a duration, and in a location, sufficient for an ordinary consumer to read and comprehend it.
 - 4. In a radio advertisement, the disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it.

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5. In all advertisements, the disclosure shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement or promotion.

C. “Respondent” means Finance Select, Inc. and its successors and assigns.

I.

IT IS HEREBY ORDERED that Respondent and its officers, agents, representatives, and employees, directly or indirectly, in connection with any advertisement for any extension of consumer credit, in or affecting commerce, shall not, in any manner, expressly or by implication:

- A. State an introductory or temporary finance charge without disclosing, clearly and conspicuously, the finance charge after the introductory or temporary period ends;
- B. State an introductory or temporary finance charge without disclosing, clearly and conspicuously, the full effect of failing to make a timely complete repayment of the loan within the introductory or temporary time period;
- C. Fail to disclose, clearly and conspicuously, all qualifying terms associated with obtaining the loan at its advertised rate, including but not limited to, minimum loan requirements, new customer requirements, and any other material term;
- D. Fail to disclose, clearly and conspicuously, all costs associated with obtaining the loan, including but not limited to transaction costs, registration costs or fees, recording costs or fees, and title fees; or
- E. Misrepresent any other material fact about the terms of the loan.

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II.

IT IS FURTHER ORDERED that Respondent shall deliver as soon as practicable, but in no event later than thirty (30) days after entry of this order, an exact copy (written or electronic) of this order, showing the date of delivery, to all of Respondent's current and future principals, officers, directors, and managers and to all current employees, agents, and representatives having responsibilities with respect to the advertisement of consumer credit, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to future personnel within thirty (30) days after the person assumes such position or responsibilities.

III.

IT IS FURTHER ORDERED that Respondent, shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- A. All advertisements and promotional materials containing the representation;
- B. All materials that were relied upon in disseminating the representation;
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in its possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations; and
- D. Other records that will demonstrate compliance with the requirements of this order.

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IV.

IT IS FURTHER ORDERED that Respondent, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. *Provided, however*, that, with respect to any proposed change in the corporation about which Respondent learns less than thirty (30) days prior to the date such action is to take place, Respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. Unless otherwise directed by a representative of the Commission in writing, all notices required by this Part shall be emailed to Debrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: In re Finance Select, Inc., Docket No.C-4528.

V.

IT IS FURTHER ORDERED that Respondent, within sixty (60) days after the date of service of this order, shall file with the Commission a true and accurate report, in writing, setting forth in detail the manner and form of its own compliance with this order. Within ten (10) days of receipt of written notice from a representative of the Commission, it shall submit additional true and accurate written reports.

VI.

This order will terminate on June 2, 2035, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

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- A. Any Part in this order that terminates in less than twenty (20) years;
- B. This order's application to any Respondent that is not named as a defendant in such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the Respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

ANALYSIS OF CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission ("FTC" or "Commission") has accepted, subject to final approval, an agreement containing a consent order from Finance Select, Inc. The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the FTC will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement's proposed order.

The respondent is a car title loan company. According to the FTC complaint, respondent has advertised its loans with

Analysis to Aid Public Comment

advertisements that broadly state that the title loans are available for “1st 30 Days 0%.” In much smaller print, these advertisements state “New Customers Only.” However, respondent’s advertisements fail to disclose that unless the loan is completely repaid in 30 days, the 0% offer does not apply and there is a significant finance charge. If a consumer does not repay the loan in full in 30 days, he or she would then be required to pay the finance charge for the first 30 days in addition to any additional finance charges incurred on day 31 (to start the second 30-day period). The advertisements also fail to disclose the amount of the finance charge after expiration of the 30-day introductory period. The proposed complaint alleges that these material omissions constitute a deceptive act or practice under Section 5 of the FTC Act.

The proposed order is designed to prevent the respondent from engaging in similar deceptive practices in the future. Part I prohibits the respondent from stating an introductory or temporary finance charge without disclosing, clearly and conspicuously, the finance charge after the introductory or temporary period ends; or the full effect of failing to make a timely complete repayment of the loan within the introductory or temporary time period. Respondent must further disclose all qualifying terms associated with obtaining the loan at its advertised rate, including but not limited to, minimum loan requirements, new customer requirements, and any other material term; all costs associated with obtaining the loan, including but not limited to transaction costs. Respondent also cannot misrepresent registration costs or fees, recording costs or fees, and title fees; and respondent cannot misrepresent any other material fact about the terms of the loan.

Parts II through VI of the proposed order are reporting and compliance provisions. Part II is an order distribution provision that requires respondent to provide the order to current and future principals, officers, directors, and managers and to all current employees, agents, and representatives having responsibilities with respect to the advertisement of consumer credit. Part III of the proposed order requires respondent to maintain and upon request make available to the Commission certain compliance-related records, including all advertisements and also consumer complaints and records that demonstrate compliance with the proposed order for a period of five years. Part IV requires

Analysis to Aid Public Comment

respondent to notify the Commission of corporate changes that may affect compliance obligations within 30 days of such a change. Part V requires respondent to submit a compliance report to the Commission 60 days after entry of the order, and also additional compliance reports within 10 business days of a written request by the Commission. Part VI “sunsets” the order after 20 years, with certain exceptions.

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the complaint or proposed order, or to modify in any way the proposed order’s terms.

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IN THE MATTER OF

**FIRST AMERICAN TITLE LENDING OF
GEORGIA, LLC**

CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF
SEC. 5(A) OF THE FEDERAL TRADE COMMISSION ACT, SEC. 144 OF
THE TRUTH-IN-LENDING ACT, AND SEC. 1026.24 OF REGULATION Z

*Docket No. C-4529; File No. 132 3264
Complaint, June 2, 2015 – Decision, June 2, 2015*

This consent order addresses allegations that First American Title Lending of Georgia, LLC (“First American”) failed to disclose important conditions and financing information about their title loans. First American is a car title loan company. The complaint alleges that First American advertised that title loans were available to consumers for “0% Interest,” but failed to disclose that the 0 % offer did not apply unless the loan was completely repaid in 30 days. If the consumer did not repay the loan in full in 30 days, he would then be required to pay the finance charge for the first 30 days in addition to any finance charges incurred on day 31. The advertisement also omitted the finance charge amount that would be charged. The complaint alleges that these material omissions constitute a deceptive act or practice under Section 5 of the FTC Act. Under the consent order, First American is prohibited from failing to disclose all the qualifying terms and finance charges associated with obtaining a loan at its advertised rate and from misrepresenting any material terms of its loan agreements.

Participants

For the *Commission*: *Peter Lamberton and Helen Wong.*

For the *Respondent*: *Traci Fant, Corporate Counsel.*

COMPLAINT

The Federal Trade Commission, having reason to believe that First American Title Lending of Georgia, LLC, a limited liability company, (“Respondent”), has violated the provisions of the Federal Trade Commission Act (“FTC Act”) and provisions of the Truth in Lending Act (“TILA”) and its implementing Regulation Z, and it appearing to the Commission that this proceeding is in the public interest, alleges: