

Attorney General Eric T. Schneiderman



[Home](#) » [Media Center](#) » [Press Releases](#) » [January 24th 2014](#)

A.G. Schneiderman Announces Settlement With Western Sky Financial And Cashcall For Illegal Loans Made Over The Internet

Companies Agree To Stop Collecting Illegal Interest, Pay Penalties And Restitution

Schneiderman: This Agreement Will Provide Relief To Thousands Of New York Consumers

NEW YORK - Attorney General Eric T. Schneiderman today announced that his office has reached a settlement agreement with Western Sky Financial, LLC, CashCall, Inc., WS Funding, LLC, and their owners, Martin Webb and J. Paul Reddam, for violations of New York's usury and licensed lender laws in connection with personal loans they made over the Internet. Under the terms of the settlement, the companies and their owners will cease collecting interest on outstanding loans made by Western Sky to New York consumers, provide refunds to New York borrowers who have paid back more than the principal of their loan plus the legal interest rate of 16%, and pay \$1.5 million in penalties.

The companies charged New Yorkers annual rates of interest ranging from 89% to more than 355%. These interest rates far exceed the maximum rate allowed under New York law, which is limited to 16% for most lenders not licensed by the state. None of the companies that were sued were licensed in New York.

"With this agreement, thousands of New Yorkers exploited by Western Sky and CashCall will get the relief they are owed," said **Attorney General Schneiderman**. "As individuals in New York and across the country continue to face tough economic times, we must keep up the fight against those who exploit and scam them. Illegal collectors and lenders, in particular, must pay a price for their behavior and pay back the New Yorkers they harmed."

Under the terms of the settlement, Western Sky, CashCall, and related companies will modify all outstanding loans Western Sky made to New York consumers. The companies will cease all collections from New York consumers who have paid more than the principal of the loan, and cease all collections of interest from all other New York consumers. In all, the settlement could provide more than \$35 million in debt relief to New Yorkers. A proposed order and judgment reflecting the terms of the settlement has been submitted to the court.

The settlement also creates a settlement fund, managed by Ken Feinberg of Feinberg Rozen LLP, to distribute refunds to New York consumers who have paid more than the principal of their loan plus the legal interest rate of 16%. Consumers who are eligible for a refund will be contacted by the fund administrator within 90 days of the court's approval of the settlement and asked to submit a claim.

Respondents are also required to stop their illegal lending practices and stop lending to people in the State of New York until they comply with New York State law and are properly licensed. The parties will also pay a penalty of \$1.5 million to the Attorney General's Office.

The companies, located in South Dakota and California, targeted vulnerable New Yorkers through television and internet advertising that promised "fast cash" to consumers in urgent need of money. The companies took advantage of these customers by charging

New York City Press Office: [\(212\) 416-8060](tel:2124168060)

Albany Press Office: [\(518\) 473-5525](tel:5184735525)

nyag.pressoffice@ag.ny.gov



Featured Video - A.G. Schneiderman Announces Agreement With BlackRock To End Its Analyst Survey Program Worldwide

Featured Video - A.G. Schneiderman Secures Agreement And Court Order Busting Illegal Dog Resellers In Syracuse And Buffalo

Press Releases

» 2013

- » January
- » February
- » March
- » April
- » May
- » June
- » July
- » August
- » September
- » October

extremely high interest rates that were above New York State’s usury caps. For example, consumers who received loans of \$1,000 were charged an interest rate of more than 234%, and had to repay as much as \$4,942 in interest and principal over just two years.

New York borrowers who questioned the legality of these loans were falsely told by the companies that New York law did not apply. Some consumers were also targeted with deceptive debt collection calls in further violation of New York law.

Since 2010, the companies have made more than 18,000 loans to New York consumers, lending nearly \$40 million in principal.

Many who fall victim to short-term, high interest rate loans are individuals with rising debt and few financial alternatives. These people are least able to secure traditional forms of credit. New York State has some of the toughest lending laws in the nation. New York’s civil usury law prohibits most non-bank lenders that are not licensed by New York State from charging more than 16% interest on small unsecured loans. Lenders that are licensed by New York cannot charge more than 25% under New York’s criminal usury laws. Lenders that set up shop out of state, overseas, or on tribal lands in an attempt to evade state regulation are still subject to New York laws when lending to New York consumers.

New York consumers that have questions about the agreement can call the Attorney General’s Consumer Helpline at: (800) 771-7755.

The case was handled by Assistant Attorneys General Jordan Adler and Clark Russell, under the supervision of Bureau of Consumer Frauds and Protection Chief Jane M. Azia and Executive Deputy Attorney General for Economic Justice Karla G. Sanchez.

Español

- › November
- › December

› 2012

- › January
- › February
- › March
- › April
- › May
- › June
- › July
- › August
- › September
- › October
- › November
- › December

› 2011

- › January
- › February
- › March
- › April
- › May
- › June
- › July
- › August
- › September
- › October
- › November
- › December

Archived

- › 2010
- › 2009
- › 2008
- › 2007
- › 2006
- › 2005
- › 2004
- › 2003
- › 2002
- › 2001
- › 2000
- › 1999
- › 1998

Search

Executive	Criminal Justice	Economic Justice	Social Justice	State Counsel	Administration
Community and Intergovernmental Affairs FOIL Press Regional Offices Solicitor General Criminal Appeals and Opinions Conviction Review Bureau	Automobile Insurance Fraud Criminal Enforcement & Financial Crimes Bureau Organized Crime Task Force Medicaid Fraud Control Unit Public Integrity Bureau Investigations Bureau Taxpayer Protection Bureau	Antitrust Bureau Consumer Frauds Bureau Internet Bureau Investor Protection Bureau Real Estate Finance Bureau	Charities Bureau Civil Rights Bureau Environmental Protection Bureau Health Care Bureau Labor Bureau Tobacco Compliance Bureau	Civil Recoveries Bureau Claims Bureau Litigation Bureau Real Property Bureau Sex Offender Management Bureau	Budget & Fiscal Management Bureau Legal Recruitment Human Resources