

[Banking and Finance Law Daily Wrap Up, TOP STORY—CFPB sues Canadian payday lending conglomerate for illegal loan collections, \(Aug. 4, 2015\)](#)

Banking and Finance Law Daily Wrap Up

[Click to open document in a browser](#)

By John M. Pachkowski, J.D.

The Consumer Financial Protection Bureau has filed a lawsuit in a New York federal court against a Canadian payday lender and its “complex web of commonly controlled companies” for allegedly collecting money consumers did not owe.

UDAAP violations. In its [eight-count complaint](#), the CFPB claimed that various actions taken by NDG Financial Corp., and its “maze of interrelated companies,” to collect loan amounts and fees that were void or that consumers had no obligations to repay, were in violation of sections 1031(a) and 1036(a)(1)(B) of the Consumer Financial Protection Act of 2010 ([12 U.S.C. §§5531\(a\)](#), [5536\(a\)\(1\)\(B\)](#)) that prohibits unfair, deceptive, or abusive acts or practices. The bureau also alleged the defendants’ action violated the Federal Trade Commission’s Credit Practices Rule.

The bureau further alleged that NDG Financial Corp., along with Northway Financial Corp., Ltd., Northway Broker, Ltd., E-Care Contact Centers, Ltd., Blizzard Interactive Corp., Sagewood Holdings, Ltd., New World Consolidated Lending Corp., New World Lenders Corp., Payroll Loans First Lenders Corp., and New World RRSP Lenders Corp., also:

- Made false representations to consumers that non-payment of debt would result in lawsuit, arrest, imprisonment, or wage garnishment, despite lacking the intention or legal authority to take such actions.
- Included unlawful, irrevocable wage-assignment clauses in loan agreements that allowed the companies to take payments directly from consumers’ employers’ payroll accounts.

Remedies. To address these UDAAP violations, the CFPB has asked the court to, among other things:

- issue a permanent injunction against all companies prohibiting further violations of the Consumer Financial Protection Act, Credit Practices Rule, and any other provision of “Federal consumer financial law;”
- award damages and other monetary relief to redress injury to consumers;
- disgorgement of ill-gotten gains; and
- assess litigation costs against the companies.

Protection and fair treatment. Commenting on the lawsuit, CFPB Director Richard Cordray [said](#), “We are taking action against the NDG Enterprise for collecting money it had no right to take from consumers. Companies making loans within the U.S. have to comply with federal law, and the Consumer Bureau will work to ensure that American consumers receive the protections and fair treatment they deserve.”

Companies: Blizzard Interactive Corp.; E-Care Contact Centers, Ltd.; NDG Financial Corp.; New World Consolidated Lending Corp.; New World Lenders Corp.; New World RRSP Lenders Corp.; Northway Broker, Ltd.; Northway Financial Corp., Ltd.; Payroll Loans First Lenders Corp.; Sagewood Holdings, Ltd.

MainStory: TopStory ConsumerCredit CFPB DoddFrankAct EnforcementActions Loans UDAAP