

[Banking and Finance Law Daily Wrap Up, LOANS—Short-term lender to pay \\$38M in restitution and \\$13M in penalties, \(Oct. 3, 2016\)](#)

Banking and Finance Law Daily Wrap Up

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An administrative law judge recommended that restitution of \$38 million be paid by an online lender and its CEO. The recommended decision affirmed the Consumer Financial Protection Bureau's allegations that Integrity Advance, LLC, and its CEO, James R. Carnes, deceived consumers about the cost of short-term loans (see *Banking and Finance Law Daily*, [Nov. 19, 2015](#).)

Judge Parlen L. McKenna, [found](#) that the lender violated: the Truth in Lending Act by disclosing incorrect finance fees and annual percentage rates in its loan agreements; the Electronic Funds Transfer Act by conditioning its loans on repayment by electronic means; and the Consumer Financial Protection Act by violating its prohibition against deceptive acts or practices.

Furthermore, the judge found that the company and its CEO violated the CFPA's prohibition on deceptive conduct by using a loan agreement that was likely to mislead consumers, and the CFPA's prohibition on unfairness by using remotely created checks to obtain funds from consumers' accounts after those consumers blocked authorization for electronic debits.

The judge determined that a reasonable approximation of the total harm caused to consumers by the TILA violations and deceptive conduct is \$38,164,153.31, and he recommended that Integrity Advance and Carnes be held jointly and severally liable for paying that amount. He also found that the total monetary harm to consumers caused by the unfair conduct is \$115,024.50 and recommended that the parties be held jointly and severally liable in that amount as well. The decision recommended civil money penalties against Integrity Advance in the amount of \$8,155,500.00 and against Carnes in the amount of \$5,437,000.00. Finally, it recommended injunctive relief.

Companies: Integrity Advance, LLC.

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