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CFPB Sues Offshore Payday Lender

Bureau Alleges the NDG Enterprise Collected Money Illegally, Seeks Refunds for Consumers

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) today announced the filing of a lawsuit in federal district court against the NDG Enterprise, a complex web of commonly controlled companies, for collecting money consumers did not owe. The CFPB alleges that the defendants illegally collected loan amounts and fees that were void or that consumers had no obligations to repay, and falsely threatened consumers with lawsuits and imprisonment. The CFPB is seeking to end the companies' alleged illegal practices and obtain monetary relief for consumers.

“We are taking action against the NDG Enterprise for collecting money it had no right to take from consumers,” said CFPB Director Richard Cordray. “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.”

The NDG Enterprise originates and collects payday loans over the Internet to consumers in all 50 states, including states such as New York where those loans are void because they violate state usury caps and licensing requirements. The CFPB's complaint names NDG Financial Corp., 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. All of the defendants except Northway Financial Corp. Ltd. and Northway Broker, Ltd. are Canadian corporations. Northway Financial Corp. Ltd. and Northway Broker, Ltd. are incorporated in Malta. Sagewood Holdings, Ltd. owns a majority interest in NDG Financial Corp., which owns all of the other defendants.

The CFPB's complaint alleges that the defendants have violated the Dodd-Frank Wall Street Reform and Consumer Protection Act's prohibition on unfair, deceptive, and abusive acts and practices. The CFPB's complaint alleges, among other things, that the NDG Enterprise:

- **Made false threats to consumers:** In numerous instances, the defendants falsely represented 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.
- **Deceived consumers about their debts:** Under state law, consumers had no obligation to repay the loans in question that were made by the NDG Enterprise. However, the NDG Enterprise told consumers expressly or by implication that they were obligated to repay loan amounts and fees that they did not actually owe.
- **Used illegal wage-assignment clauses:** In numerous instances, the defendants included unlawful, irrevocable wage-assignment clauses in loan agreements. These clauses allowed the defendants to take payments directly from consumers' employers' payroll accounts.

Under the Dodd-Frank Act, the CFPB has the authority to take action against institutions engaging in unfair, deceptive, or abusive practices. The Bureau's lawsuit seeks:

- **Monetary relief and damages:** The CFPB wants the defendants to refund the money they took from consumers where the loan amounts were void or the consumer otherwise was not obligated to repay the loan. The Bureau's complaint also seeks additional damages and costs.
- **No further violations of federal consumer laws:** The Bureau wants the defendants to adhere to all federal consumer financial protection laws, including prohibitions on unfair, deceptive, and abusive acts and practices.

The Bureau's complaint is not a finding or ruling that the defendants have actually violated the law.

**A copy of the complaint filed in federal district court is available
here:**http://files.consumerfinance.gov/f/201508_cfpb_complaint-northway.pdf

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.