



Pay Day Lender Pay-Off

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If you were a customer of Advance America, a cash advance business, you might be one of 140,000 North Carolinians who may soon have a check in the mail.

The Raleigh News & Observer says the nation's largest payday lender has agreed to pay \$18.75 million to settle a class-action lawsuit that accused it of charging illegally high interest rates to consumers across North Carolina. Of course, for consumers, you're splitting the settlement among the more than 140,000 consumers across the state and with attorneys for fees awarded by the court.

Still, awards to consumers will be as high as hundreds of dollars in some cases, according to **Paul Bland, senior attorney at Public Justice, a nonprofit advocacy group in Washington.** Bland said that, as far as he is aware, the settlement is the largest generated to date by a consumer lawsuit against payday lenders. Under the settlement Advance America did not admit to any violations of state law. There were no listings showing that Advance America ever had a High Country location, but there were offices in Hickory and Winston-Salem that might have served area customers.

The class-action lawsuit, filed in New Hanover County Superior Court in 2004, alleged that some consumers were charged annual interest rates that exceeded 450 percent. State law caps the interest rate on short-term loans at 36 percent. Someone who borrowed \$500 could end up paying \$5,000 - and still owe \$500, according to Bland. North Carolina was the first state to shut down payday-lending outlets in 2001, but some payday lenders - including Advance America - continued to operate by forming partnerships with out-of-state banks, arguing that such agreements exempted them from North Carolina law. But the state Attorney General's Office went after Advance America, and ahead of that action, Advance America closed its operations in the state.

The remaining payday lenders operating in the state were shut down in March 2006. In the Advance America case, consumers who received payday loans on or after March 1, 2003, will be eligible for payment. Beginning in the first half of 2011, checks would be mailed to all class members who can be found. Class members do not have to take action to participate in the settlement.

