



PRESS RELEASE

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ATTORNEY GENERAL FILES LAWSUIT AGAINST PREDATORY ONLINE LOAN SERVICERS

DENVER—The [Colorado Attorney General's Office](#) today announced the filing of a civil complaint against online consumer loan servicing companies, [CashCall, Inc.](#) and WS Funding, LLC, a collection agency, [Delbert Services Corporation](#), and the companies' principal [J. Paul Reddam](#) (D.O.B. 07/28/55). They are accused of operating illegally in Colorado and servicing and collecting predatory loans made to approximately 5,000 consumers statewide. The loans had annual percentage rates (APRs) that ranged from 90 percent to in excess of 350 percent. The defendants' loan servicing and collection activities violate the Colorado Uniform Consumer Credit Code, the Colorado Consumer Protection Act and the Colorado Fair Debt Collection Practices Act.

"Today, Colorado is collaborating with other states and the Consumer Financial Protection Bureau to crack down on unscrupulous and abusive online lenders. This is the unveiling of a new state and federal strategy to stop predatory lenders," said Colorado Attorney General John Suthers. "A seven-year, \$10,000 loan cost consumers more than \$50,000 in finance charges and because the loans are not legal, they are also not valid," declared Suthers.

The Attorney General's Complaint alleges that CashCall, through its wholly-owned subsidiary, WS Funding, began working with Western Sky Financial, LLC, an online lender the state sued in 2011. Consumers would apply for loans directly through Western Sky's website even though Western Sky was never licensed to make the loans in Colorado.

CashCall, either in its own name or through WS Funding, provided Western Sky with marketing, web hosting and customer services as well as collected consumer information and conducted the loans' initial underwriting review. CashCall or WS Funding immediately purchased all loans ostensibly made by Western Sky. Then, either CashCall, WS Funding, or Delbert would service and collect the loans.

In the state's case against Western Sky, the company claimed that it was not subject to Colorado's consumer protection or usury laws because of tribal immunity and preemption. The Denver District Court, however, rejected those claims on April 15, 2013.

CashCall, WS Funding, Delbert Services and J. Paul Reddam face sixteen counts under state law in the complaint. Colorado's complaint was filed on the same day that the Consumer Financial Protection Bureau filed suit against these defendants for violations of the Dodd-Frank act, and joins similar actions by the North Carolina Attorney General's Office, New Hampshire Attorney General's Office and Indiana Attorney General's Office. Colorado's complaint was filed with the Denver District Court.

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