



PRESS RELEASE

Colorado Department of Law
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ATTORNEY GENERAL CYNTHIA COFFMAN FIGHTS CONSUMER PROTECTION ABUSES BY PREDATORY BUSINESSES THAT TARGET MILITARY MEMBERS

DENVER— [Attorney General](#) Cynthia H. Coffman announced today that her office has filed a civil lawsuit in Denver District Court against Freedom Stores Inc., d/b/a/ Freedom Furniture & Electronics, Military Credit Services, LLC, and Freedom Acceptance Corporation. These companies have repeatedly broken Colorado lending and consumer protection laws in their aggressive pursuit of military customers.

The Attorney General's complaint alleges that these companies sell consumer goods and services on credit, service those and other consumer loans, and collect on those loans when they are delinquent. They primarily target members of the military and their families at their Colorado Springs retail store and through affiliated vendors. In fact, according to the state's lawsuit, Freedom Stores' website advertises "instant credit approval for all active duty military and civil service employees." All three companies are operated and controlled by the Melley family, Leonard Melley, Jr., John Melley, and Leonard Melley, Sr.

This is not the first time Freedom Stores Inc. has attracted regulators' attention. The complaint filed in this case alleges that a 2012 examination of the Freedom Furniture store in Colorado Springs uncovered numerous violations of Colorado law, including charging interest rates above those that are permitted by Colorado law, charging fees that are not permitted by Colorado law, unlawfully suing service members in Virginia courts when the suits should be filed in Colorado, and using improper collection practices, including unlawfully contacting commanding officers of service members regarding unpaid debts. Freedom was ordered to correct these violations. However, a follow-up examination

of Freedom Furniture in 2014, and a new examination of Military Credit, also in 2014, discovered that these very same, as well as additional, violations were continuing.

The state's complaint also alleges that Freedom Stores and Freedom Credit, by acquiring and servicing loans made by Military Credit, were required to be licensed as supervised lenders under Colorado law. The lawsuit seeks the refund of all loan finance charges and excess fees, and seeks maximum fines and civil penalties for each violation.

"My office is committed to protecting Colorado's consumers, and we will stop any company that seeks to take advantage of military service members and the chain of command to unjustly profit from illegal lending schemes," said Attorney General Coffman. "The goal of this lawsuit is to ensure that merchants that focus their businesses on the military community do so honestly and in full compliance with the law. We will not tolerate businesses who line their pockets with the sacrifices of our military."

For additional information please visit our fraud center at www.stopfraudcolorado.gov. To learn more about military fraud prevention and scams, please visit our fraud center's military resources at www.stopfraudcolorado.gov/military. If you believe you have been victimized by deceptive business practices or wish to report suspicious activity, please file a report at www.stopfraudcolorado.gov/report.

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