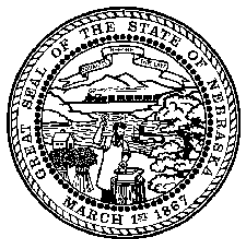


# STATE OF NEBRASKA

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**Dave Heineman**  
Governor

DEPARTMENT OF BANKING AND FINANCE

**John Munn**

*Director*

Commerce Court, Suite 400  
1230 'O' Street  
Lincoln, Nebraska 68508-1402

**DATE:** June 22, 2009

**CONTACT:** Patricia A. Saldana-Neumann, Public Information Officer  
Nebraska Department of Banking & Finance

**FOR IMMEDIATE RELEASE**

**PHONE:** 402-471-3222      **Email:** pat.saldana@nebraska.gov

## **Nebraska Department of Banking and Finance Warns Consumers about a Loan Scam**

Lincoln, Neb., June 22, 2009 – The Nebraska Department of Banking and Finance is issuing a warning of a scam targeting consumers who need to borrow money. A company calling itself Hillsboro Financial Group, which lists its address as 4060 Vinton Street, Suite 4, Omaha, NE, offers personal loans to consumers and requires up-front fees for "lender's insurance" in advance of funding a loan. The Department was made aware of the company by a borrower who was referred by an online loan broker. The borrower was required to make an initial "security" payment of \$800 prior to obtaining the loan and was asked to wire the money to a Canadian address. The Department has verified that the company does not have an office at the Omaha address listed. The Department strongly cautions consumers against completing applications with lenders with whom they are unfamiliar.

Karen Reynolds, a securities analyst for the Department, advises that when it comes to borrowing money, make sure you research the lender thoroughly before committing to anything and never agree to pay an advance fee. It is illegal for companies doing business in Nebraska to charge such fees in advance to obtain a loan.

"These fraudulent companies often promise unsecured loans to people who are unable to obtain loan approval through traditional financial institutions, or take advantage of consumers with little financial experience," said Reynolds. "Also, these companies will often gather personal information from consumers, making them prime candidates for identity theft as well," she said.

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Reporting a scam also is essential. "Many people are too embarrassed to admit that they have been conned by such schemes and fail to report the fraud. If these crimes are not reported, the door is left open for these predators to strike again," she said.

### **Look for loan fraud warning signs:**

- Be especially wary of unsolicited calls, e-mails or letters offering you a loan.
- Requests for money to be sent in advance to cover "processing", "application", "insurance", or the "first month's payment" are a red flag of loan scams. Although legitimate lenders may charge fees, charges are taken from the loan amount.
- Be cautious of lenders who are not interested in your credit history. A lender who does not care about your credit history means it will not make you a loan—just collect fees.
- Once you have provided money and personal information to a scammer, the company representative may ask you for even more money by telling you that the original amount was erroneous or insufficient.
- Requests that you wire or send money, as soon as possible to another city or to another country, such as Canada, or Nigeria, by Western Union, Moneygram, or similar means. Legitimate lenders will not pressure you to wire funds or send money in advance of a loan.
- A lender who is not registered in the state in which you live. Lenders and brokers are generally required to register in the states where they do business.

### **Report loan scams to:**

- Report loan scams to the Nebraska Department of Banking and Finance by calling the consumer hotline at (877) 471-3445 in Nebraska, or (402) 471-3445 out of state.
- Call or report loan scams to the Federal Trade Commission at 1-877-FTC-HELP or 1-877-382-4357
- Call Phone Busters at (888) 654-9426 to report the toll-free numbers being used in Canada.
- File fraud alerts with each of the three credit bureaus. Scammers who obtain your sensitive information, such as your Social Security Number, bank account number and driver's license information, may use it to obtain credit in your name, or make withdrawals from your accounts.

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