

STATE OF NEBRASKA



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FOR IMMEDIATE RELEASE

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Nebraska Department of Banking and Finance Issues Another Warning on Internet Loan Scams

Lincoln, Neb., May 29, 2008 – The Nebraska Department of Banking and Finance is issuing a warning of yet another scam targeting consumers who use Internet-based companies to borrow money. This time, a company calling itself Penbrook Financial Group, which lists its address as 6910 Pacific Street, Omaha, NE, offers personal loans to consumers and requires up-front “collateral payments” in advance of funding a loan. In this case, the company required a borrower to make four monthly payments totaling \$2,460 prior to securing the loan. The Department has verified that the company does not have an office at the address listed. Although the Department is attempting to shut down the company's Website, www.penbrookfinancial.com, it is still available. The Department strongly cautions consumers against completing the online application which requires personal information.

“The Internet is a wonderful resource; however, when it comes to borrowing money, make sure you research the lender thoroughly before committing to anything, and by no means ever agree to pay an advance fee,” said Karen Reynolds, an analyst for the Department. It is illegal for companies doing business in Nebraska to require such fees in advance of a promised loan. “If you think you have been a victim of this company, or of a loan scam, we encourage consumers to call and report it to the Department,” she said.

Online lenders often attempt to bypass state laws and avoid complying with state licensing requirements. In addition, it is a common tactic for fraudulent lenders to claim residence in a state and/or appropriate the name of a legitimate business. Advance fee scammers typically request a would-be borrower to send fees or make advance payment on the money they want to borrow. Consumers are then asked to wire the money, typically to an address outside the United States.

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Money is often not the only thing scammers are after; many are after personal information. Phony loan brokers generally promise low rates or instant approvals to entice consumers to apply. With the application, the scammer then has access to a consumer's Social Security number, credit card numbers, and bank account information.

The Department offers these tips when using the Internet to find a lender:

- Don't pay for the promise of a loan. It's illegal for companies doing business in Nebraska to promise you a loan and ask you to pay for it before they deliver.
- Legitimate lenders never guarantee or say that you will receive a loan before you apply, before they have checked out your credit status, or contacted your references, especially if you have bad credit or no credit record.
- Don't give your credit card, bank account, or Social Security number over the telephone, by fax, or via the Internet unless you are familiar with the company and know why the information is necessary.
- If you are offered a loan, don't send money by wire transfer, or send a money order to obtain a loan. Legitimate lenders will not pressure you to wire funds or send money in advance of a loan.
- If you are not absolutely sure who you are dealing with, get the company's number from the telephone book or from directory assistance, and call it to make sure you know with whom you are dealing. Sometimes scammers pretend to be another legitimate company. Take some time to find out if the company really does exist and whether or not it is valid and reputable.

Report loan scams to the Nebraska Department of Banking and Finance by calling the consumer hotline at (877) 471-3445 or call the Federal Trade Commission at 1-877-FTC-HELP (1-877-382-4357)

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