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NEWS RELEASE

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OFI WARNS CONSUMERS OF POSSIBLE LOAN SCAM
Complaints received about apparent advance fee scheme

FRANKFORT, Ky. (June 28, 2007) – The Kentucky Office of Financial Institutions (OFI) is warning consumers about an online loan company that appears to be offering a variation of a common loan scam.

OFI has recently received numerous complaints and inquiries from consumers and the Better Business Bureau about an entity using the name of Kentucky Title Loans and the Web site www.ktlinc.net. The company does not appear to be a legitimate Kentucky business.

Kentucky Title Loans purports to offer loans at reasonable rates. However, an upfront payment is required to supposedly buy insurance on the loan. Consumers report that after sending money to addresses in Canada, they receive no response and are unable to locate anyone to complete their loans.

“This appears to be another variation of the advance fee schemes about which we often receive calls,” said David Coyle, director of OFI’s Division of Financial Institutions. “Borrowers should be warned that reputable lenders do not require upfront payments in order to receive a consumer loan.”

According to the FBI, advance fee schemes require a victim to pay money to someone in anticipation of receiving something of value, such as a loan, contract, investment or gift. The

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victim then receives little or nothing in return. These scams often involve sending money to Canada in order to receive a loan. Consumers who have fallen victim to this type of scheme in Kentucky have sent between \$500 and \$2,500 for loans that they never received.

Kentucky Title Loans' Web site contains several inaccuracies. They are not licensed as a mortgage loan company or mortgage loan broker in Kentucky or any other state with which OFI has checked. They are not members of the Kentucky Better Business Bureau, and they are not located on New Circle Road in Lexington. Kentucky Title Loans is not registered with the Secretary of State to do business in Kentucky.

Consumers can report suspicious loan activities to OFI investigators at 800-223-2579, ext. 226. Those who believe they are victims of an advance fee scheme can file a complaint through OFI's Web site at www.kfi.ky.gov/consumerinfo/filecomplaintfi.htm. Canadian loan scams can be reported to a Canadian task force at 888-495-8501.

OFI offers the following tips to avoid falling victim to advance fee schemes:

- Know who you are doing business with. Obtain the name, address and phone number of the company and consider checking with sources such as the Better Business Bureau.
- Check to be sure the business is licensed to operate in Kentucky.
- Be wary. Don't settle for suspicious claims and verbal "guarantees." If it sounds too good to be true, it probably is.
- Understand your business agreement. Read all the fine print.
- Consider consulting an attorney or accountant for advice, and ask the company for names and telephone numbers of customers you may contact for a referral.
- Insist on receiving information about the institutions providing the loan to the business.

OFI is an agency of the Department of Public Protection in the Environmental and Public Protection Cabinet. It licenses, charters and regulates the activities of state-chartered/licensed depository and nondepository financial institutions.