



ATTORNEY GENERAL
DUSTIN MCDANIEL
ARKANSAS



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MCDANIEL SUES ONLINE PAYDAY LENDERS

LITTLE ROCK – Attorney General Dustin McDaniel filed a consumer-protection lawsuit today against entities accused of colluding to offer illegal payday loans to Arkansans while claiming to be affiliated with a Native American tribe in order to avoid legal action.

McDaniel's lawsuit against Western Sky Financial, CashCall, Inc., WS Funding, Martin A. Webb and J. Paul Reddam alleges that the defendants offer online payday loans with interest rates as high as 342 percent, in violation of Arkansas law. Western Sky, based in South Dakota, identifies itself as a tribal entity protected by tribal sovereign immunity.

McDaniel said Western Sky is not protected by tribal immunity because it is not owned or operated by a tribe. Consumers based in Arkansas, not on tribal lands, use the Internet to apply for loans and sign loan documents.

CashCall and its subsidiary, WS Funding, are based in California and owned by Reddam. Martin Webb, also known as Butch Webb, owns Western Sky.

"Though we have successfully eliminated storefront payday lending in Arkansas, some online lenders continue to offer the kinds of loans that often push consumers further into debt," McDaniel said. "The defendants claim to be protected by tribal immunity, but we intend to prove they are not and we will ask the Court to prevent them from making these harmful loans in our State."

According to McDaniel's complaint, WS Funding has an agreement with Western Sky in which Western Sky nominally originates the illegal payday loans, then assigns the loans to WS Funding. WS Funding collects on the loans. It controls Western Sky's website. The lawsuit states that CashCall and its subsidiaries run virtually every aspect of Western Sky's operations.

Arkansas consumers have been offered loans in amounts ranging from \$850 to \$10,000, with corresponding annual percentage rates of between 89 percent and 342 percent.

McDaniel asked the Court to prohibit the defendants from offering illegal loans in Arkansas and order the defendants to pay restitution, civil penalties, attorneys' fees and costs.

The complaint was filed in Pulaski County Circuit Court.

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