



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

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SECURITIES DIVISION WARNS TITLE LOAN COMPANIES

PHOENIX – The Securities Division of the Arizona Corporation Commission is sending letters to companies issuing title loans, warning them of the dangers of failing to adhere to Arizona Securities Act regulations. Title loan companies, licensed by the State Banking Department since July 2000, issue loans to automobile owners, taking a lien on the title as security. The Securities Division has taken several formal complaints about companies engaged in the similar business of automobile sale/lease-backs. In a sale/lease-back agreement, a company purchases the consumer's car, then leases it back to the owner by issuing a promissory note.

The Division has filed cases against two title loan companies and their officers. One company, Superior Leasing, signed a consent order that acknowledges violations of the Securities Act. Superior Leasing ran afoul of the Securities Act when it raised business capital by issuing unregistered promissory notes. Superior Leasing was ordered to repay \$6,775,000 to 126 investors. A second company, Easy Money, is scheduled for an administrative law hearing on November 13, 2001. Easy Money is alleged to have raised over \$1,400,000 in violation of the Securities Act.

The Division is sending the letters to title loan companies that may be seeking to finance their business through investors. The letter alerts company officials to their obligations under the Securities Act and reminds them of the potential for costly civil and criminal penalties in the event of securities fraud. This reminder might prevent some of the problems that beset both companies and investors in the automobile sale lease-back business. The Securities Division strongly recommends that companies seeking to raise capital consult with an attorney experienced in securities law to gain a clear understanding of their obligations under the Arizona Securities Act.

To help prevent costly investment mistakes, call the Arizona Corporation Commission Securities Division for information at 602-542-4242, toll free at 1-877-811-3878, or visit the website at www.ccsd.cc.state.az.us.

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