



TDFI
TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTIONS

CONSUMER ALERT

October 25, 2010

The Tennessee Department of Financial Institutions has received a number of consumer complaints concerning a company named 1st Liberty Financial Corporation (“1st Liberty”). 1st Liberty alleges that they are located at 431 Sipes Road, SW in Cleveland, Tennessee. The Department has confirmed 1st Liberty is not located at the address being provided to consumers and they are not a licensed company or a registered lender with this Department.

One of the consumer complaints received about 1st Liberty alleged that they sent money, termed as insurance premium payments to secure the proposed loan, to 1st Liberty in order to receive a loan. In this particular case, the funds for the reported loan were not sent to the company address, but they were directed to an individual in Canada.

These types of loans are known as advance fee loans. Lending institutions that offer advance fee loans will typically ask, or require that an advance payment referenced as either a collateral or securitization payment be paid to the lender prior to the receipt of the loan proceeds. Many times, when the advance funds are sent to the lender, the borrower ends up being out this money and they never receive the proposed loan proceeds.

These companies tend to advertise in small, community newspapers or over the Internet. Their advertisements typically promote that they can assist consumers with impaired credit ratings.

The Department would like to offer the following tips concerning this type of loan:

1. Please check to ensure that any company that you are considering entering into a loan transaction is licensed, or a registered lender with this Department. As a reference, you can use the link for “Listing of Regulated Entities” found on the Department’s Internet home page at www.tn.gov/tdfi to check on the status of financial and lending institutions that operate in the state of Tennessee.
2. Be suspicious of any personal loan lender that requests upfront payments prior to entering into the loan transaction.
3. If requests for advance fees are asked to be sent to an address other than the location where the entity reports to be located, this could also be a warning sign of potential fraud, or scam activity.

If you feel that you may have been a victim of a potential advance fee loan fraud, please contact the Federal Trade Commission at 1-877-382-4357 (1-877-FTC-

HELP), or online at www.ftc.gov. You can also register a complaint with the Internet Fraud Complaint Center at www.ic3.gov.

Additionally, you may want to advise your state's banking or loan regulatory office. You can search for the listing in your area using the link provided by the Conference of State Banking Supervisors at:

http://www.csbs.org/AM/Template.cfm?Section=State_Banking_Departments&Template=/CustomSource/Directory/State_Department.cfm

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