



STATE OF MISSISSIPPI
DEPARTMENT OF BANKING AND CONSUMER FINANCE

May 12, 2017

Media Release

Department of Banking and Consumer Finance
State of Mississippi

Jackson, MS. – Yesterday, the Department of Banking and Consumer Finance (DBCF or Department) issued a public Administrative Order (Order) to All American Check Cashing, Inc., Midstate Finance, Inc., and All American Title Loans, LLC. DBCF's administrative hearing process continued in July 2016 after the dismissal of two separate lawsuits against the DBCF and an appeal before the 5th Circuit Court of Appeals. The DBCF's Hearing on this matter took place over 24 days of testimony and evidence, spanning nearly six months.

The Administrative Order addresses violations of state laws and regulations, including:

- Either knowingly or without exercise of due care to prevent the same violating laws and regulations of the Mississippi Check Cashers Act and the Mississippi Title Pledge Act including,
 - a. Renewing a payday loan through the payment of the original check with the proceeds of a second check;
 - b. Renewing a payday loan through payment of a fee only rather than paying off the original loan in full;
 - c. Failing to make timely refunds to customers, thus, charging All American's customers more than the statute allows;
 - d. Advancing funds to people who are neither the customer nor who have written authorization to rewrite a loan on behalf of the customer; and
 - e. Advancing funds to customers who do not have legitimate, open and active bank accounts.
- Aiding, abetting, or conspiring with an individual or person to circumvent or violate laws and regulations of the Mississippi Check Cashers Act and the Mississippi Title Pledge Act including,
 - a. All of the above listed violations;
 - b. By refusing to provide documents requested by the Department during the June 16- June 20, 2014, investigation and observation until several hours after the request;
 - c. By shutting down the locations that were being investigated and observed, thus eliminating the opportunity for examiners to observe customer transactions during the June 16, 2014, Department examination;
 - d. By frustrating and thwarting the efforts of the Department examiners to interview customers during the June 16 – June 20, 2014 investigation by following the examiner and the customer and videoing and interrupting the examiner's conversation with the customer in a public parking lot; and
 - e. By being uncooperative, refusing to answer questions and by following the examiners in vehicles when the examiners left the store locations, thus putting the examiners and potentially the

Licensee's employees and the public, at harm, all in an effort to intimidate or frustrate and thwart the efforts of the Department's examiners to complete their investigation.

The Order demands the following:

- a. Revocation and surrender of all 75 licenses held by licensee, Mr. Michael Gray and his affiliated companies effective May 11, 2017.
- b. Immediate payment of all outstanding refunds owed to customers, including but not limited to 703 totaling \$134,609.
- c. Escheatment of unclaimed funds be immediately paid to the State of Mississippi.
- d. Civil Money Penalties totaling \$1,583,500.
- e. Forfeiture of all Surety Bonds.
- f. Any new transactions entered under either Act after May 11, 2017, including but not limited to payday loans and title pledges shall be deemed null, void and uncollectible.

The order is the result of an investigative examination conducted in conjunction with the Washington D.C. based Consumer Finance Protection Bureau (CFPB) beginning June 16, 2014. The examination found that the programs and the implementation of certain products were directed and controlled by sole owner, Mr. Michael Gray. Upper management of All American disseminated instructions to subordinates to circumvent or outright ignore the Mississippi statutes governing title-pledge transactions and check cashing transactions. All American routinely accepted and encouraged customers to not pay-off their outstanding payday loan in full, but instead to pay only the fee (interest) on the loan. This practice is expressly prohibited by statute and by the Department's regulations.

"Three years of extraordinarily difficult and stressful work have culminated in today's Order. Having considered all the evidence and testimony provided during the Hearing I had no option but to permanently revoke all licenses held by All American or its owner, Mr. Michael Gray. I do not take this decision lightly as evidenced by the time, effort, and patience put into resolving this matter prior to and during the Department's Hearing. Blame for today's result does not lie with the Department, its examiners, or any of the individuals that have provided information against All American. Instead, fault lies with Michael Gray and those individuals that he placed in positions of authority within his company. DBCF's examiners and staff are commended for their work and expertise in identifying and exposing the illegal activities of All American," said DBCF Commissioner Charlotte Corley.

The CFPB has an ongoing lawsuit against All American and Mr. Gray, as well as his affiliated companies in the U.S.D.C. for the Southern District of Mississippi. The CFPB's lawsuit seeks to recover funds on behalf of consumers in Mississippi. The statutory language of Mississippi's laws does not authorize that penalties collected from All American in this case be used for restitution.

Consumers that believe that they have been affected by All American's actions are encouraged to contact the consumer help line offered by the CFPB at 1-855-411-2372.

Any consumers or industry participants may also contact the Department's Consumer Finance Division at 1-800-844-2499 to discuss any questions or concerns regarding consumer lending in Mississippi.

The DBCF is charged by Mississippi law with licensing and regulating lenders in Mississippi to ensure the public is provided with a convenient, safe and competitive financial industry, along with fair and lawful consumer related financial transactions.