

UNITED STATES FEDERAL TRADE COMMISSION

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The Federal Trade Commission, having reason to believe that American Cash Market, Inc., corporation ("respondent") has violated the provisions of the Truth in Lending Act, 15 U.S.C. §§1601-1667, as amended, and its implementing Regulation Z, 12 C.F.R. §226, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

- 1. Respondent American Cash Market, Inc., is a corporation with its principal office or place of business at 2207 S. Sepulveda Blvd., Los Angeles, CA 90064.
2. Respondent has disseminated advertisements to the public that promote extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "credit," "closed-end credit," and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 C.F.R. §226.2, as amended.
3. Respondent offers credit to consumers in the form of payday loans. Credit is defined as "the right to defer payment of debt or to incur debt and defer its payment." Section 226.2 of Regulation Z, 12 C.F.R. §226.2, as amended. Credit includes "a transaction in which a cash advance is made to a consumer in exchange for the consumer's personal check, or in exchange for the consumer's authorization to debit the consumer's deposit account, and where the parties

agree either that the check will not be cashed or deposited, or that the consumer's deposit account will not be debited, until a designated future date. This type of transaction is often referred to as a 'payday loan' or 'payday advance' or 'deferred-presentment loan.'" Comment 2 to Section 226.2(a)(14) of the Official Staff Commentary to Regulation Z; 12 C.F.R. Section 226.2(a)(14)-2, Supp.1, as amended. Payday loans have high rates and short repayment periods; they are often