



State of Rhode Island
Department of Business Regulation



Director's Office
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Press Release
October 6, 2003

The Rhode Island Department of Business Regulation ("Department") has become aware of fraudulent lending schemes by entities/persons representing themselves as credit unions in newspaper advertisements. Similar fraudulent advertisements have appeared in newspapers in California, Colorado, Iowa, Missouri, Ohio, Pennsylvania, Rhode Island and Washington State.

The advertising fraud begins with an advertisement placed in local newspapers purportedly by a credit union offering to assist customers with credit problems. The advertisement suggests that the credit union can assist with credit counseling and offers automobile loans, personal loans, home mortgage loans and debt consolidation loans. The advertisement solicits persons to call for a free consultation by calling an **866** toll free number.

Despite representations in the advertisement, the advertisement was not placed by a licensed/chartered credit union. The advertisement is merely a ploy to have consumers make an advance payment for a non-existent loan and/or to provide personal financial information. If someone responds to the advertisement he or she may receive what appears to be a valid loan application that requests personal and financial information. The information can then be used to steal consumers' money and assets through electronic means and to conduct other fraudulent activities through identity theft. It is believed that persons responsible for this activity may be operating from a foreign country and using pre-paid cell phones.

The Department is specifically warning Rhode Island consumers about potential fraudulent activity and advertisements placed by "First Rate Credit Union". "First Rate Credit Union" has used The Times, a newspaper in general circulation in the City of Pawtucket, Rhode Island, as a vehicle to solicit business from Rhode Island consumers. "First Rate Credit Union" placed an advertisement in The Times that appeared on September 30, 2003. Rhode Island consumers should be aware that "First Rate Credit Union" is not chartered in Rhode Island or any state or by the federal government and is not insured by the National Credit Union Administration ("NCUA") (The NCUA is the federal agency responsible for chartering and regulating federal credit unions along with insuring the deposits of both state and federal credit unions).

Consumers are urged not to respond to the advertisement placed by "First Rate Credit Union" and anyone who contacted "First Rate Credit Union" are encouraged to contact the Department at 401-222-2405 and the NCUA's Fraud Hotline at 800-827-9650 to obtain further details.

Marilyn Shannon McConaghy
Director