



# Payday lender agrees to pay lawsuit plaintiffs

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Payday lender Advance America has agreed to pay \$18.75 million under a proposed settlement in a 2004 class action lawsuit filed in New Hanover County.

**Paul Bland, one of the plaintiffs' lawyers, said superior court Judge D. Jack Hooks Jr. still has to approve the proposed settlement.** If he does, the settlement will be sent to the class representatives, who can object or opt out of the settlement.

"The first step is to tell everyone in the class: Here's the deal, do you agree?" Bland said Tuesday. "I'll be surprised if we draw objectors at this case."

If no one objects, then the judge will decide whether to give the settlement final approval, the last step before checks are mailed to the plaintiffs.

Bland said the plaintiffs' attorneys are optimistic it will be approved.

Attorneys filed the lawsuit against Advance America in 2004, according to a news release from the North Carolina Justice Center. The lawsuit accused the payday lender of charging illegal fees and interest rates.

The plaintiffs received payday loans from Advance America with annual interest rates higher than 450 percent. North Carolina law limits interest to 36 percent for payday loans.

Hooks was assigned as a special judge in the case, said Carlene McNulty, who also represented the plaintiffs.

The case was complicated, and attorneys wanted the same judge to hear it from start to finish, Bland said. More than a dozen hearings have been held in different courthouses during the case.

"I think Judge Hooks was a great pick," Bland said. "There were tons of things to read. He was very well-prepared."

If the settlement is approved, then \$18.75 million will be paid to more than 140,000 consumers in North Carolina, according to the news release.

Advance America affiliates who signed the agreement ran 118 branches in the state.

Consumers who got a payday loan from Advance America or National Cash Advance on or after March 1, 2003, will receive payments from the proposed settlement.

Bland said checks are expected to be mailed in early 2011 if the settlement is approved.

Bland said the case is important because payday lenders have been shut down for violating state laws but not forced to pay money back, as in this case.

Bland said, "I think it will help discourage certain types of predatory lending."

*The Associated Press contributed to this report.*