

# CASH CONVERTERS

Class Action

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Blackburn  
Lawyers  
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## Cash Converters class actions

# Two class actions have been launched in the Federal Court of Australia by Maurice Blackburn Lawyers seeking compensation for Cash Converters customers who have paid excessive fees and interest on short term loans.

### WHAT IS THIS CLASS ACTION ABOUT?

#### CASH ADVANCES AND PERSONAL LOANS

Maurice Blackburn's client Julie Gray, a pensioner and grandmother from Western Sydney, has commenced two class actions against Cash Converters International Limited and related companies on behalf of people who obtained loans through Cash Converters in NSW in the form of either 'Cash Advances' or 'Personal Loans'. The 'Cash Advances' class action is also brought against Ja-Ke Holdings Pty Ltd, a franchisee operating the Penrith Cash Converters store.

'Cash Advances' were typically loans for less than \$1,000 that were repaid in about one month. 'Personal Loans' were typically loans for between \$500 and \$2,000 and were repaid in about 7 months.

Ms Gray claims that the lenders on those loans – Cash Converters related companies or Cash Converters franchisees – entered into the loans in breach of the law in NSW that caps the maximum annual interest rate on consumer credit contracts at 48 per cent per annum. The relevant law is the Credit (Commonwealth Powers) Act 2010 (NSW) which applied between 1 July 2010 and 30 June 2013. It required fees and charges known at the time of entering into the contract to be included in the calculation of the actual annual interest rate applicable to a consumer loan.

The fees charged to borrowers in NSW were variously referred to by Cash Converters as 'deferred establishment fees', 'Administration fees' or 'nAdmin fees'. It is possible that Cash Converters may claim that they were justified by the customer signing a document called an 'Early Repayment Election' at the time of entering into 'Cash Advance' or 'Personal Loan' contracts. Regardless, Ms Gray claims that those fees should have been included in the calculation of the interest rate. Instead of 48 per cent per annum, those fees meant that the effective interest rate on a typical 'Cash Advance' was about 633 per cent and on a typical 'Personal Loan' was about 145 per cent, and accordingly, the fees should not have been charged.

Ms Gray alleges that Cash Converters International Limited, the company at the head of the Cash Converters franchise, knew and required Cash Converters franchisees in NSW and other Cash Converters companies to offer and administer loans in a manner that involved debiting those fees to borrowers' accounts. As a result, Ms Gray alleges that Cash Converters International Limited was involved in unconscionable conduct in connection with financial services in breach of section 12CB(1) of the Australian Securities and Investments Commission Act 2001 (Cth), and seeks that Cash Converters International Limited pay compensation to affected group members in the class actions.

## WHO CAN BENEFIT FROM THE CLASS ACTIONS?

We believe that approximately 50,000 people in NSW suffered as a result of Cash Converters' business system.

If you borrowed money in the form of a 'Cash Advance' or a 'Personal Loan' from a NSW Cash Converters store between 1 July 2010 and 30 June 2013 you are probably a class member or 'group member' in the class action. Loans entered into before 1 July 2010 or after 1 July 2013 are not included in the class action.

You must have paid amounts that include a 'deferred establishment fee', 'nAdmin' fee, or 'Administration fee', to be eligible for compensation in the action. If you repaid either your Cash Advance or your Personal Loan by direct debit earlier than 2 years, you are almost certainly within the class members even if you never received a statement from Cash Converters that those fees had been paid.

You are not eligible if these fees were not charged or if the loan was part of a pawn broking service, ie the money loaned was secured by an item you left in the store.

## WHAT SORT OF COMPENSATION MAY BE PAID, AND WHEN?

If the class actions are successful at trial, or a settlement is reached with the respondents, eligible group members will be paid compensation based on the amount of fees and interest charged on each of the Cash Advances and Personal Loans they had. The claim does not include the amount of money you borrowed and received in the hand; ie, you will not be entitled to the return of the principal amount of the loan.

Because of the number of people involved and the legal complexities these actions, like many class actions, may take a few years before they are resolved.

## HOW MUCH DOES IT COST TO BE A PART OF THE CLASS ACTIONS?

Maurice Blackburn is conducting the class actions on a "no win no fee" basis. That means that you do not have to pay any money up front to participate in the class actions, and if Ms Gray's claims do not succeed, you will not be required to pay any money.

If the class actions are successful at trial or Ms Gray is able to reach a settlement with Cash Converters, such that compensation becomes payable to you, the Court may make an order that some of that compensation be used to help pay a share of the legal costs incurred by Ms Gray for the benefit of the class. We expect about 50,000 people may be eligible for compensation. The legal fees will be divided amongst everyone claiming, and the contribution asked of you will not exceed the amount of your compensation.

## WHAT DO I NEED TO DO TO BE A PART OF THE CLASS ACTION?

At this point you don't need to take any positive steps to participate in the class action but we invite you to register your interest with Maurice Blackburn so that we can confirm that you are a group member in either class action and keep in touch with you regarding their progress. To register, visit the website [mauriceblackburn.com.au/cashconverters](http://mauriceblackburn.com.au/cashconverters). Alternatively you can call 1800 509 667 or email [cashconverters@mauriceblackburn.com.au](mailto:cashconverters@mauriceblackburn.com.au) and we will post you a registration form.

It is important that you keep any documents that you have regarding your Cash Converters loans in a safe place.

## OUR REPUTATION

Maurice Blackburn's class actions practice is the largest in Australia and has secured more than \$1 billion dollars in settlements over the past 14 years.

Maurice Blackburn has an unrivalled record in successful shareholder class actions in Australia. In 2012 Maurice Blackburn settled a major class action against Centro for a record \$200m, the largest class action settlement in Australian legal history. Maurice Blackburn is the only class action law firm to have achieved settlements over \$100m including against Aristocrat (\$144.5m), NAB (\$115m) GIO (\$112m) and Multiplex (\$110m).

Class actions for victims of faulty products and price fixing cartels are also being conducted by Maurice Blackburn. In March 2011 the firm settled a massive cartel claim against Amcor and Visy for \$120m – the largest cartel settlement in Australian corporate history. It is also conducting a class action for victims of the devastating 2009 Black Saturday bushfires in Victoria and a series of class actions against banks over bank fees.

## HOW DO I FIND OUT MORE?

To register your interest in the Cash Converters class action visit the website [mauriceblackburn.com.au/cashconverters](http://mauriceblackburn.com.au/cashconverters)

Alternatively, call us on **1800 509 667** or email [cashconverters@mauriceblackburn.com.au](mailto:cashconverters@mauriceblackburn.com.au) and we will post you a registration form.

Registering your interest with us does not mean that you are signed up to the class action and it does not obligate you to pay any legal costs.

## OUR CASH CONVERTERS CLASS ACTION EXPERTS

### BEN SLADE Principal



Ben has over 26 years experience in consumer advocacy and complex commercial litigation.

Some of Ben's significant class actions include:

- actions against finance companies and banks arising from breaches of consumer protection laws;
- product liability class actions relating to defective pacemakers, prosthetic knees and hips;
- a shareholder class action against AWB over the oil-for-food kickback scandal that settled in March 2010 for \$39.5m;
- a cartel compensation class action against Amcor and Visy that settled in March 2011 for \$120 million;
- a shareholder class action against OZ Minerals that settled in June 2011 for \$39m; and
- two current investor class actions against Nufarm and Gunns.

Ben was a Board member of the NSW Public Interest Advocacy Centre for 8 years until 2012; he is the Co-chair of the Law Council's Class Actions Committee, Chair of the Law Council's Litigation Funding Working Group and is a core member of the Law Council's Federal Court Liaison Committee.

### MIRANDA NAGY Special Counsel



Miranda has extensive experience in managing civil litigation, including complex class actions and regulatory proceedings. She has acted or appeared in matters in the High Court of Australia and in Federal and State appellate courts, as well as in all New South Wales courts and many tribunals. Her fields of expertise include competition and consumer law, corporate regulation, administrative law and intentional torts.

Miranda's experience includes:

- the class action against Amcor Limited and Visy Board Pty Ltd, resulting in \$95 million settlement for thousands of victims of price fixing and market rigging;
- representing shareholders suing Gunns Limited for breach of continuous disclosure and misleading conduct; and
- representing numerous elderly superannuation investors in a class action in the Supreme Court of New South Wales arising out of the failure of a CDO investment product.

Miranda is also a part time member of the Mental Health Review Tribunal in New South Wales.

### DAVID BARNDEN Associate



David primary area of expertise is on investigating and litigating shareholder class actions, including successfully resolved claims for misleading or deceptive conduct against:

- National Australia Bank (NAB Ltd) for \$115 million on behalf of over 15,000 group members
- Transpacific Industries Group Ltd on behalf of over 600 group members
- Nufarm Ltd that settled for \$46.6m, and
- AWB Ltd following the Iraq oil for wheat scandal.

David was a part of Maurice Blackburn's legal team that represented Aid/Watch in a groundbreaking High Court appeal. He previously worked for the Center for Human Rights and Environment in Argentina and BankTrack in the Netherlands. He sits on the board of Jubilee Australia.

**1800 509 667**  
**wefightforfair.com.au**



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