



DEPARTMENT OF BANKING AND CONSUMER FINANCE
State of Mississippi

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TO: All Licensed Check Cashers

FROM: John S. Allison
Commissioner

DATE: October 3, 2003

SUBJECT: Refund Anticipation Loans (RALs)

Pursuant to Section 75-67-505(c), Mississippi Code of 1972, Annotated, the following additional activities are authorized to be conducted at a licensed check casher location, with the following restrictions:

REFUND ANTICIPATION LOANS (RALs)

The above-referenced section authorizes a licensed check casher to offer "tax preparation services". RALs are not considered to be part of tax preparation services and therefore are not an authorized activity of a check casher. A separate fee is charged to prepare taxes and to issue a RAL thus; these two transactions are different and apart from each other. Tax preparation is preparing an individual's income tax while a RAL transaction is a brokered loan in order for a consumer to receive their income tax refund within a short period of time. A RAL is a consumer loan and if a fee is charged to a consumer to obtain such loan, then the transaction is governed by the Mississippi Consumer Loan Broker Act which requires a license.

In a typical transaction, a person brokering a RAL may charge a fee. This person also may receive other compensation based on the number of loans brokered. Therefore any compensation, direct or indirect, generated from a RAL requires a license under the Mississippi Consumer Loan Broker Act.

If no fee or other compensation is received in obtaining a RAL, a licensed check casher is not required to be licensed under the Mississippi Consumer Loan Broker Act.