



## Teaneck small biz finance company facing suit in Philadelphia

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A Teaneck small business financing company that last year settled loan-sharking charges filed by the Bergen County Prosecutor's Office is facing new and similar claims - that the company preyed on the immigrant community in Philadelphia.

A class action lawsuit, filed by Korea Week, a newspaper for that city's Korean community, accuses H-Capital Advance and company officials, among them CEO A. Landsman, of engaging in "predatory lending, banking, financing and other loan business and practices" that violate Pennsylvania and federal laws.

The newspaper and other businesses - "primarily ethnic and minority based businesses" - that received financing from H-Capital Advance and related businesses, suffered from "exorbitant fees, costs, interest rates...and most notably harsh financial lending practices," according to the suit, which was filed in the Court of Common Pleas in Philadelphia, a state court.

Don Belsole, a Morristown attorney who represents Landsman and H-Capital Advance, called the suit "the proverbial crock," saying will be moved to federal court and "will eventually be tossed out by the court."

Korea Week received four or five loans of around \$5,000 from H-Capital Advance and, after paying them off, realized that it had paid a very high rate of interest - in one case 130 percent - said the company's attorney, Chang Hi Yun, of Blue Bell, Pa.

The suit accuses the H-Capital Advance, which has a Philadelphia office, of fraud, misrepresentation unjust enrichment, and other claims.

Defendants in the suit include N. Goshen, companies called Got Capital, NLYH, and Yalber, which the suit says are all related.

Robert N. Wilkey, an Exton, Pa., attorney who also represents Korea Week, said the situation outlined in the company's lawsuit "very much mirrors" the claims made against a company called H Capital in Bergen County.

Landsman and H Capital signed a settlement with the Bergen County Prosecutor's Office in July 2014, concerning the prosecutor's accusations that they charged annual interest of up to 150 percent.

The dozen or so victims, among them small business owners and cash-strapped people, mainly from the Korean immigrant community, took out the loans of \$5,000 to \$20,000 because they weren't eligible to get a loan anywhere else, the prosecutor said at the time.

Landsman, at the time of Upper Nyack, N.Y., was charged with criminal usury, a second-degree crime, and the Bergen County Prosecutor's Office seized a \$1 million cash reserve for loans from his office and home.

Landsman did not respond to a request for comment.

Bergen County Prosecutor John Molinelli said in an interview Thursday that he settled the case due to the difficulty of explaining the somewhat complex crime to a jury, and because a key goal of the office was to "stop the practice" of Landsman and his company.

H Capital sought to paint itself as a factoring company, which lends money to businesses in return for a percentage of their revenues each month, until the loan is paid off, Molinelli said. But in reality, the company required the borrower to pay a fixed amount each month for a fixed period, which totaled well above the original loan, Molinelli said.

The effective annual rate of interest was well above the 30 to 50 percent allowed by law, depending on the size of the company, the prosecutor said.

The settlement agreement, in which H Capital made no admission of guilt, required the company to change its practices so that it functioned like a real factoring company, and prohibited the company from charging a fixed monthly payment and instead required it to charge the percentage of revenue that a factoring company does, Molinelli said.

The company also had to pay a penalty of \$400,000 to Bergen County, which used part of the money to educate Korean business owners on their rights in taking out a loan, Molinelli said.

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