

RADNOR, Pa., Nov. 20, 2013 /PRNewswire/ -- The following statement was issued today by the law firm of Kessler Topaz Meltzer & Check, LLP:

Notice is hereby given that a class action lawsuit was filed in the United States District Court for the Eastern District of Pennsylvania on behalf of purchasers of the securities of DFC Global Corp. (NASDAQ: [DLLR](#)) ("DFC Global" or the "Company"), between January 28, 2011 and August 22, 2013, inclusive (the "Class Period"). If you are a member of this class, you may view a copy of the Complaint or join this class action online at <http://www.ktmc.com/cases>.

DFC Global is a non-bank provider of alternative financial services such as payday loans and secured pawn loans. The Company's primary customers are "unbanked" and "under-banked" consumers that have difficulty paying their bills each month, and as a result, seek out short-term loans to make ends meet. DFC Global earns approximately 65% of its revenue from offering unsecured loans to these types of customers, a substantial portion of which is from customers that rollover or refinance their loans in perpetuity and pay only the finance charges. The United Kingdom ("U.K.") requires payday lenders such as DFC Global to comply with extensive regulations pursuant to the Consumer Credit Act of 1974 and the Office of Fair Trading's ("OFT") guidance on irresponsible lending to ensure that customers – which are among the most vulnerable consumers in the U.K. – are able to repay their loans without undue hardship. In addition, the U.K.'s Consumer Finance Association ("CFA"), of which DFC Global is a charter member,

prohibits some of the payday lending industry's most egregious practices, such as the rolling over of customers' loans more than three times.

The Complaint alleges that, throughout the Class Period, DFC Global misrepresented to investors that it complied with government regulations and guidance with regard to irresponsible lending practices, and that the Company made "prudent," "conservative," and "responsible" underwriting decisions when making loans. Additionally, the Complaint charges the defendants with knowingly misrepresenting DFC Global's loss rates for loans, and issuing false earnings guidance of between \$2.35 and \$2.55 per diluted share for its 2013 fiscal year.

More specifically, the Complaint charges DFC Global and certain of its executive officers with violations of the Securities Exchange Act of 1934, and alleges that the defendants failed to disclose and misrepresented the following material adverse facts which were known to defendants or recklessly disregarded by them: (1) DFC Global systematically issued high-fee predatory loans to consumers that had no reasonable means to be repaid; (2) the Company continuously rolled over or refinanced its loans in order to delay or avoid defaults; (3) DFC Global failed to conduct adequate affordability assessments on its customers; (4) DFC Global understated its loan loss rates; (5) the Company's earnings guidance for its 2013 fiscal year was inflated because it was dependent upon the Company's improper lending practices; and (6) as a result of DFC Global's irresponsible lending, the Company failed to comply with industry regulations and guidance.

On March 6, 2013, the OFT announced the results of an investigation that it was conducting on the entire payday lending industry. The OFT reported that it uncovered "deep rooted" evidence of "widespread irresponsible lending" by the leading 50 payday lenders "and failure to comply with the standards required of them." These problems pervaded the entire payday lending sector, including lenders that were members of the CFA and other leading trade associations, and ran across the entire payday lending process. One particular area of non-compliance included "lenders failing to conduct adequate assessments of affordability before lending or before rolling over loans," in violation of regulations and guidance. Accordingly, the OFT required the inspected lenders, including DFC Global, to substantially revise their lending practices and become fully compliant within three months or risk losing their license.

Raising concerns that DFC Global's lending practices were no exception to the OFT's findings, on April 1, 2013, the Company preannounced results for its third quarter of 2013 that were seriously impacted by poor loan performance. Specifically, during the earnings conference call, the Company announced that the CFA rollover limit caused a significant number of DFC Global's outstanding loans in the U.K. to become immediately due and default because they

could not be repaid. According to DFC Global, the Company as a whole experienced a loss rate of above 25%, and a loss rate of approximately 35% in the U.K. Because of the spiking loss rates, the Company also slashed its fiscal year 2013 diluted operating earnings per share guidance from \$2.35 – \$2.45 per share to \$1.70 – \$1.80 per share. On this news, the price of the Company's stock declined \$3.60 per share, or nearly 22%, to close at \$13.04 per share on April 1, 2013, on unusually heavy trading volume.

However, DFC Global continued to assure investors regarding its conservative underwriting criteria, and that it had taken additional steps to tighten those standards. The Company also falsely assured investors that it was in compliance with government guidelines and that any outstanding issues with regard to DFC Global's compliance would be resolved without significant business interruption.

Then, on August 22, 2013, DFC Global announced earnings for its fourth quarter of 2013 during which it again reported soaring loan defaults in the U.K. with the Company's loan loss provision increasing to 25.7%. Additionally, DFC Global disclosed that it expected to incur a recurring \$10 – \$15 million of expenses for regulatory, legal, audit, and compliance-related costs relating to its payday lending program. DFC Global's losses in the U.K. were so severe that the Company was unable to provide earnings per share guidance for fiscal 2014. On this news, the price of the Company's stock declined an additional \$4.59 per share, or almost 29%, to close at \$11.31 per share on August 23, 2013, again on unusually heavy trading volume.

If you wish to discuss this action or have any questions concerning this notice or your rights or interests with respect to these matters, please contact Kessler Topaz Meltzer & Check, LLP (Darren J. Check, Esq. or D. Seamus Kaskela, Esq.

) toll free at 1-888-299-7706 or 1-610-667-7706, or via e-mail at

info@ktmc.com

. For additional information about this lawsuit, or to join the class action online, please visit

<http://www.ktmc.com/cases>

Members of the class may, no later than January 21, 2014, move the Court to serve as a lead plaintiff of the class. A lead plaintiff is a representative party who acts on behalf of other class members in directing the litigation. In order to be appointed lead plaintiff, the Court must determine that the class member's claim is typical of the claims of other class members, and that the class member will adequately represent the class. Your ability to share in any recovery is not, however, affected by the decision of whether or not to serve as a lead plaintiff. Any member of the purported class may move the court to serve as lead plaintiff through counsel of their choice, or may choose to do nothing and remain an absent class member.

Plaintiff seeks to recover damages on behalf of class members and is represented by the law firm of Kessler Topaz Meltzer & Check, which prosecutes class actions in both state and federal courts throughout the country. Kessler Topaz Meltzer & Check is a driving force behind corporate governance reform, and has recovered billions of dollars on behalf of institutional and individual investors from the United States and around the world. The firm represents investors, consumers and whistleblowers (private citizens who report fraudulent practices against the government and share in the recovery of government dollars). For more information about Kessler Topaz Meltzer & Check, or for additional information about participating in this action, please visit www.ktmc.com.

CONTACT:

Kessler Topaz Meltzer & Check, LLP

Darren J. Check, Esq.

D. Seamus Kaskela, Esq.

Written by Australian Business

280 King of Prussia Road

Radnor, PA 19087

1-888-299-7706 (toll free) or 1-610-667-7706

Or by e-mail at info@ktmc.com

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