

CASH ADVANCES
CFSA Media Clips
April 27, 2005

Nevada Measure Lowers Payday Loan Rates

The Associated Press State & Local Wire
April 27, 2005
Nevada

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Buckley sponsored AB384, approved Tuesday, which would prohibit payday loan companies from granting loans of more than 25 percent of a customer's estimated monthly gross income.

L.A. Elections; It's Back to Schools for Candidates

Los Angeles Times
April 27, 2005
California

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Wells Fargo Stockholders Vote on Proposals at Annual Meeting

PR Newswire US
April 27, 2005
National

SAN FRANCISCO, April 27 /PRNewswire-FirstCall/ -- Stockholders of Wells Fargo & Company (NYSE:WFC) yesterday elected 14 nominees to the Company's Board of Directors, approved an amended Long-Term Incentive Compensation Plan and ratified the appointment of KPMG LLP as the Company's auditors.

Stockholders overwhelmingly rejected a proposal asking the Board to implement a policy that would prohibit the Company from providing credit or other banking services to lenders engaged in payday lending and a proposal asking the Board to study ways to link executive compensation to so-called predatory lending practices. The Company said in its proxy statement that it does not engage in or condone so-called predatory lending, has many policies and procedures to help consumers make informed and appropriate borrowing decisions, and has compensation practices that require executives to adhere to policies, including those regarding lending practices.

[Legality, Not Morality, Of Payday Loan At Issue; Hearing To Determine Whether Advance America Violates Law](#)

www.charlotte.com
April 27, 2005
North Carolina

RALEIGH - The state banking commissioner said Tuesday he won't make moral judgments about payday lending in a hearing to determine whether North Carolina's largest lending chain is breaking the law.

Consumer advocates have argued for years that the small, short-term loans, like those made by South Carolina-based Advance America, pull low-income citizens into a cycle of debt.

North Carolina has had no law regulating [payday loans](#) since 2001, but the state argues the industry is breaking another law that caps interest rates on traditional consumer finance loans.

[Payday Loan Stores Targeted By State Legislators; Controversy Surrounds State House Bill 1100 That Seeks To Regulate Pay Day Loan Services.](#)

Wednesday Journal (Oak Park, IL)
April 27, 2005
Illinois

Controversy is the word of the day in Springfield as state legislators consider new stricter regulations on payday lending services that provide cash advances on paychecks for consumers who are strapped for cash.

"I refer to them as 'loan sharks,'" said a former customer of a payday lending service near Northern Illinois University. "People who don't make that much money ... we can't go to the bank for a loan, so we have to resort to this [payday lending], but I think they are taking advantage of people that shouldn't be taken advantage of."

Currently, there is barely any regulation on the services but consumer protection agencies say regulation is insufficient and long overdue. They also claim the services are charging too much for the simple act of providing the loan.

[Payday Blues](#)

The News & Observer
April 27, 2005
North Carolina

Willie Green represents the industry when he calls for regulation of payday lending, an industry that is desperate to be re-authorized in the state (April 25 Point of View article "Regulate, don't ban, payday lending firms"). Green, president of the N.C. Check Cashers Association, is in no position to speak for the average North Carolina payday borrower, who ends up paying \$800 to borrow \$300.

Predatory payday loans are designed to be difficult to pay off. If you can't pay off the \$300 in two weeks, you either 1) pay bounced check fees and risk a civil lawsuit, or 2) refinance the loan and pay another 400 percent APR fee.

[Mayoral Candidates Exchange Charges](#)

San Gabriel Valley Tribune (San Gabriel Valley, CA)
April 27, 2005
California

During the latest debate in the contentious mayoral contest, Councilman Antonio Villaraigosa on Tuesday challenged Mayor James Hahn to stop attacking him and offer his own visions for the city.

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On another issue, Hahn criticized Villaraigosa's support for the Pay Day loan companies, saying it took advantage of minorities and the poor with high check cashing rates.

"This is the modern day equivalent of loan-sharking," Hahn said. "When he had a chance to lead, Antonio Villaraigosa failed to stand up for consumers."

Consumer Credit Research Foundation Reviews Flawed California Reinvestment Coalition Report

U.S. Newswire
April 27, 2005
California

CRC's report asserts the market for payday lending is not competitive. Yet, their own analysis acknowledges that "the number of check cashers and payday lenders has increased nationally from 2,000 in 1996 to 22,000 in 2003 and the number is still growing." Consumer Credit Research Foundation's scholars have advised it that a 1,000 percent growth rate is evidence of a vibrantly competitive marketplace, which is increasingly attractive to consumers and investors. More entrants in the marketplace and limited regulatory hindrances increase competition, which drives prices down and benefits consumers.

Tuesday at the General Assembly

The Associated Press State & Local Wire
April 26, 2005
North Carolina

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Payday delay

- The Senate Commerce Committee delayed a hearing on a payday lending bill placed on its calendar because its primary sponsor couldn't attend the meeting. The bill would reauthorize rules for the state banking commissioner to oversee the industry. North Carolina has had no law regulating payday loans since 2001, but national chains still do business in the state by linking up with out-of-state banks to issue the small, short-term loans. Sen. David Hoyle, D-Gaston, the bill sponsor, said the bill would allow mom-and-pop stores to get back into the business. No word on when the bill will be taken up now.

Lawsuit Targets Payday Loan Industry

The Brockville Recorder and Times (Ontario)
April 26, 2005
Canada

A Calgary lawyer says his case against payday loan companies could crush the industry in Canada.

Bill McNally said Monday that he has been given the green light to proceed with a class-action lawsuit alleging the companies charge criminal interest rates.

"The whole industry will be gone" if he is successful, McNally said.

Cash Now Announces a CSR Lead Generation Booking and Distribution E Delivery System

Business Wire
April 26, 2005
National

Cash Now Corporation, (Pink Sheets:CHNW) a pioneer and continuing leader in the on-line payday loan and check-cashing industry, today announced it has launched a new web-based lead generation CSR booking engine that will

allow the company to integrate its technologies with other payday on-line portals to attract more leads resulting in more potential profits for Cash Now Licensees.

The payday loan business is booming, says Andrea Zecevic, Cash Now's President. The number of outlets now offering these low-dollar, super-quick loans has doubled to over 20,000 in the last four years. Industry growth- from predominantly stand-alone check cashing storefronts, has been fueled largely by the Internet and savvy, new marketing techniques.

Class Action Could Kill Payday Lending

Calgary Sun (Alberta)

April 26, 2005

Canada

In a case which could crush the payday loan industry in Canada, a Calgary law firm has been given the green light to proceed with a class action alleging criminal interest rates.

Bill McNally, of the firm McNally Cuming Raymaker, said yesterday his lawsuit, if successful, will wipe out payday lenders.

"The whole industry will be gone," McNally told the Sun.

Fast Cash a Trip to Heartache

Calgary Sun (Alberta)

April 26, 2005

Canada

When the Cash Store Inc. gave Greg Pilling a \$500 loan on Jan. 17, he says it was a great relief.

It meant he would be able to pay his \$700-a-month rent on his Marlborough-area apartment.

But relief soon turned to agonizing grief for the master cabinet maker as a result of crushing interest and brokerage fees charged by the payday loan firm.

House Expected to Approve Gerlach's Credit Union Immigrant Access Bill and Castle's Presidential Dollar Coin Bill

Capitol Hill Press Releases

April 26, 2005

Nastional

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Today, under a suspension of the rules, the House is expected to approve the following legislation, which will then be sent to the Senate for further action:

H.R. 749, the Expanded Access to Financial Services Act of 2005: Introduced by Rep. Jim Gerlach (PA) and Rep. Brad Sherman (CA) on February 10, the bill would amend the Federal Credit Union Act to authorize Federal credit unions to provide check-cashing and money-transfer services to a non-member of the credit union as long as the individual is within the credit union's field of membership. This would help bring millions of unbanked Americans, a great number of whom are recent immigrants, into the financial mainstream.

Recent immigrants often have fewer choices when it comes to financial services which increase their reliance on check-cashing and pay-day lending businesses. The bill would increase consumer choice by expanding the number of mainstream deposit institutions that offer basic banking services.

Mayor's Race

City News Service
April 26, 2005
California

Councilman Antonio Villaraigosa aired the first broadcast TV commercial of the mayoral runoff today, trumpeting his commitment to education and charging that the incumbent has been absent on the issue. "For four years now, my opponent sat on the sidelines," Villaraigosa says in the 30-second spot. "But education is so important, a mayor has to get involved. I'll work for smaller classes, expanded pre-school and more parental involvement." Earlier this month, the Eastside councilman began airing commercials on cable TV featuring two of his endorsers, City Controller Laura Chick and Councilman Bernard Parks.

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Earlier today, Hahn announced a policy to crack down on payday loan companies, faulting Villaraigosa, a former Assembly Speaker, for supporting legislation that legalized such lending in 1996. "When he had the chance to lead, Antonio Villaraigosa failed to stand up for consumers," Hahn said. "Instead of protecting low-income Californians, minorities and seniors, he opened them up to payday loan sharks whose sole goal is to rip them off." He also charged that Villaraigosa raised more than \$17,000 in campaign contributions from payday lenders while opposing efforts to reform the industry. Villaraigosa scoffed at Hahn's claims. "He's got to fill up the day with something," he said. Nathan James, a campaign aide, later added that the bill also increased penalties for lenders who take advantage of low-income borrowers and tightened restrictions on payday lending practices.

Payday Loan Businesses Watch Case Carefully

The Daily Herald-Tribune (Grande Prairie, Alberta)
April 26, 2005
Canada

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"The whole industry will be gone" if he is successful, McNally said.

Payday Loan Firms Under Fire

Fort McMurray Today (Alberta)
April 26, 2005
Canada

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Session's Over, and the Winners and Losers Are ...

The News Tribune (Tacoma, Washington)
April 26, 2005
Washington

I could hardly wait for the Legislature to adjourn so I could proclaim the session's winners and losers.

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Losers:

...

The poor. Higher taxes on gas, booze and cigarettes make the state's tax system even more regressive. Failure to limit predatory payday lenders leaves the needy exposed. The poor should have thought of that when they decided not to hire a lobbyist.

Dreading Paydays

The Oregonian (Portland, Oregon)

April 26, 2005

Oregon

In a better world, the Oregon Legislature would ban payday loans.

Instead, the Senate Commerce Committee is holding hearings Thursday on Senate Bill 545, which would cap interest rates on these loans at \$15 per \$100 borrowed and \$10 per \$100 on renewals.

That's a start, of course. There's no good reason Oregon should remain one of just eight states without interest rate caps on payday loans. A better step would be for legislators to approve a bill that would rid Oregon of these loan-sharking operations. That is, unless you want to make life harder for the poor in general and single mothers in particular.

Calgary Lawyer Claims Class-Suit Could Crush Payday Loan Business

Portage Daily Graphic (Manitoba)

April 26, 2005

Canada

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Class-Action Suit Could Kill Off Payday Lenders

Winnipeg Sun (Manitoba)

April 26, 2005

Canada

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Nevada Measure Lowers Payday Loan Rates

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Nevada

Outraged by high interest rates charged by some payday loan companies, the Nevada Assembly has voted unanimously for a bill that lowers those rates.

"It is pretty evident the payday loan industry in the state of Nevada needs to be reined in," said Assembly Majority Leader Barbara Buckley, D-Las Vegas. "People go to a payday loan store for a \$200 loan only to find their wages are garnished for \$2,000."

Buckley sponsored AB384, approved Tuesday, which would prohibit payday loan companies from granting loans of more than 25 percent of a customer's estimated monthly gross income.

The payday loan company still could charge whatever interest rate it wants for the term of the loan, generally two weeks or a month.

But if the customer couldn't pay back the loan within that period, the subsequent interest rate on the defaulted loan could not be more than the prime interest rate, plus 10 percent. That would be about 15.75 percent in today's market. Fees could be assessed only to cover court costs.

What happens now, according to Buckley, is some payday loan companies take nonpaying customers to court to recover the principal and add on "imagined charges" and fees that make the bill impossible to pay.

Alfred Alonso, a lobbyist for Money Tree, said the bill as written would hurt many payday loan companies and he will work on a compromise in the Senate. Hearings likely will be conducted by the Senate Commerce and Labor Committee.

Alonso emphasized that payday loan companies are important to people of modest means who have a crisis like a car breaking down or a medical emergency.

"If you want a small loan, it is difficult to get one from a bank," he said. "Payday loan companies are a convenient way to get a small, short-term loan that banks won't give you."

A study by the Nevada Fair Housing Center found that most payday loan companies loan customers money for a two-week period. Loans usually are for \$1,000 or less. People seeking the loans generally have annual incomes of \$25,000 or less, according to the study. The center found the typical loan carried a finance charge of 443 percent.

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L.A. Elections; It's Back to Schools for Candidates

Los Angeles Times

April 27, 2005

California

BY: Richard Fausset and Patrick McGreevy

Los Angeles Mayor James K. Hahn traded jabs with City Councilman Antonio Villaraigosa during a mayoral forum in Koreatown on Tuesday night, with each accusing the other of failed leadership on issues from public safety to school reform.

Although many questions addressed issues important to the Korean community, Hahn used the joint appearance to attack Villaraigosa for initially opposing gang injunctions and accuse him of not doing enough to help L.A. schools as a state assemblyman.

"There is a real choice in this election: the difference between results and rhetoric," Hahn said during the hourlong event hosted by the Korean American Political Empowerment Movement, a coalition of political and community organizations.

Villaraigosa said he would deliver 1,000 more police officers, noting that Hahn failed to fulfill a similar promise he made during the 2001 campaign. And he accused Hahn of distorting his record in Sacramento.

"We need a leader who can measure up, not someone who will stoop so low to the ground that all he could do is throw mud as if he was some kind of kid on a playground," Villaraigosa told the audience of 100 at the Wilshire Radisson Hotel.

Villaraigosa on Tuesday launched the mayoral runoff's first television advertising, a spot that questions Hahn's record on education.

In addition, sources familiar with Villaraigosa's campaign said Massachusetts Sen. John Kerry, the Democratic candidate for president last year, would be in Los Angeles on Saturday to endorse his former national campaign co-chairman.

The campaign announced an endorsement rally with a "national political figure," but declined to comment further.

Kerry's endorsement would show Los Angeles voters that the councilman is a figure of "national status," said Richard Lichtenstein, a campaign consultant not involved in the race.

The Koreatown event, the last scheduled mayoral forum, almost didn't happen. After initially agreeing months ago to appear, Villaraigosa subsequently declined to participate.

His refusal, however, turned into a liability after it became an issue in the Korean-language media.

At a few points Tuesday night, the moderator had to urge the candidates not to attack each other.

Villaraigosa told the audience he supports "inclusionary" zoning, a policy that would require a percentage of all new housing to be affordable. But he said he does not support an ordinance pending in the City Council because it is not flexible enough.

Hahn said he opposes the proposal because it would prompt contractors to build housing in cities without such restrictions.

When Hahn said Villaraigosa's answer was not clear, Villaraigosa retorted, "I think they asked you what your position was." To which Hahn replied, "I didn't interrupt you, Mr. Villaraigosa."

With the May 17 runoff election three weeks away, the rhetoric from the campaigns has become increasingly acerbic.

Earlier Tuesday, Hahn took a swipe at Villaraigosa's record on consumer protection, highlighting the former assemblyman's support for a 1996 bill that he charged allowed for the proliferation of " payday loan " companies that charge steep interest rates in working-class neighborhoods.

Villaraigosa was on the defensive over the bill, which allowed check-cashing companies to provide advance money to customers at high interest rates. Supporters say the companies help Californians who lack access to traditional lenders, but critics compare the companies to loan sharks.

Speaking at a news conference at his Wilshire Boulevard campaign headquarters, Hahn said the bill has allowed more than 250 payday loan companies in Los Angeles. The mayor called the industry "one of the worst blights on our community."

Hahn contrasted his work as a former city attorney "fighting against people who are engaged in rip-offs" with Villaraigosa's vote for the bill.

"That's not the kind of leadership we need in a mayor," he said. "We expect someone who will stand up for the little guy, stand up for the person who's going to be victimized, and not stand up for the businesses that are up there victimizing."

A spokesman for Villaraigosa said the bill imposed additional regulations on the payday loan industry, which had grown without many restrictions.

The bill limited the number of consecutive loans a firm could make to the same person and set civil penalties for violators, said spokesman Nathan James.

Hahn said he would ask the city planning director to prepare an ordinance that would restrict the number and operation of payday loan companies as "nuisance activities."

Villaraigosa said he could not comment on the ordinance without first reviewing it, but he noted that consumer groups have supported him based on his voting record.

"I had a great record in the six years I was in the state Assembly with consumer rights bills," Villaraigosa said. "Jim Hahn is taking another bill out of context."

Villaraigosa's 30-second TV commercial highlights his efforts to improve the Los Angeles school system and charges that Hahn has been "on the sidelines."

The advertisement is part of what one campaign official described as a "significant" buy that will keep Villaraigosa ads on broadcast television until the election. The ad is running on all English-language broadcast stations in Los Angeles, said James.

Featuring scenes of Villaraigosa with his family, a teacher who was a mentor and in a classroom, the ad begins with a narrator saying: "For 20 years, his wife Corina has been a teacher, helping shape young lives. His own life was changed by one caring teacher who paid for him to take his college entrance exams. He knows what a good education can mean."

The ad cuts to Villaraigosa, who says: "For four years now, my opponent sat on the sidelines. But education is so important, a mayor has to get involved. I'll work for smaller classes, expanded pre-school and more parental involvement."

The ad concludes with the narrator saying: "Antonio Villaraigosa, endorsed by classroom teachers, hands-on leadership, straight from the heart."

Hahn countered the criticism Tuesday, citing expansion of after-school programs, enhanced cooperation between the city and school district on sites for new schools, and efforts to protect children from violence on their way to school.

"I have been involved in the trenches on education," Hahn said. "Mr. Villaraigosa has had two years on the City Council. He's failed to show any leadership on any issue, let alone education."

Although the City Charter does not give the mayor direct power over Los Angeles schools, both Villaraigosa and Hahn have seized on education as an issue and have said the mayor should have some control over the Los Angeles Unified School District.

San Fernando Valley political strategist Garrett Biggs said he isn't surprised that Villaraigosa's first ad would be on education. "It's a huge concern, and if you talk about it you get points from the voters," he said.

What is surprising to Biggs is that Hahn, who was 18 points behind in a recent Times poll, has not hit the airwaves yet.

"Hahn can't wait any longer," Biggs said. "People are already voting by absentee."

Hahn said his campaign would roll out new TV ads "when we think that voters are going to be paying the most attention."

The mayor, however, might not have the money to run ads from now until the election, some observers said.

As required of the candidates, Villaraigosa disclosed April 19 that he had reached the initial fundraising threshold of \$1.8 million. Hahn has yet to give notice that he has raised that amount.

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PR Newswire US

April 27, 2005

National

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Stockholders overwhelmingly rejected a proposal asking the Board to implement a policy that would prohibit the Company from providing credit or other banking services to lenders engaged in payday lending and a proposal asking the Board to study ways to link executive compensation to so-called predatory lending practices. The Company said in its proxy statement that it does not engage in or condone so-called predatory lending, has many policies and procedures to help consumers make informed and appropriate borrowing decisions, and has compensation practices that require executives to adhere to policies, including those regarding lending practices.

Stockholders rejected a proposal requesting that a substantial portion of executive equity compensation be performance-vesting shares and rejected a proposal requesting that compensation for Wells Fargo's CEO be limited by using a CEO/average-worker pay ratio. Stockholders also rejected a proposal to amend the Company's by-laws to mandate the separation of the roles of Chairman and CEO.

The 14 nominees elected to the Wells Fargo Board:

J.A. Blanchard III, chairman of the board of ADC Telecommunications Inc.,
Eden Prairie, Minnesota;

Susan E. Engel, chairwoman and CEO of Department 56, Inc., Eden Prairie,
Minnesota;

Enrique Hernandez, Jr., chairman, president and CEO of Inter-Con Security
Systems, Inc., Pasadena, California;

Robert L. Joss, Philip H. Knight professor and dean of the Graduate
School of Business at Stanford University, Palo Alto, California;

Reatha Clark King, retired president, chairwoman of the Board of Trustees
of the General Mills Foundation, Minneapolis;

Richard M. Kovacevich, chairman, president and CEO of Wells Fargo;

Richard D. McCormick, chairman emeritus of US WEST, Inc., Denver;

Cynthia H. Milligan, dean of the College of Business Administration at
the University of Nebraska-Lincoln;

Philip J. Quigley, retired chairman, president and CEO of Pacific Telesis
Group, San Francisco;

Donald B. Rice, chairman, president and CEO of Agensys, Inc., Santa
Monica, California;

Judith M. Runstad, of counsel to Foster Pepper & Shefelman PLLC, Seattle;

Stephen W. Sanger, chairman and CEO of General Mills, Inc., Minneapolis;

Susan G. Swenson, Chief Operating Officer of T-Mobile USA, Inc.,
Bellevue, Washington;

Michael W. Wright, retired chairman and CEO of SUPERVALU INC.,
Minneapolis.

Wells Fargo & Company is a diversified financial services company with \$436 billion in assets, providing banking, insurance, investments, mortgage and consumer finance to more than 23 million customers from more than 6,000 stores and the internet (wellsfargo.com) across North America and elsewhere internationally. Wells Fargo Bank, N.A. is the only bank in the United States to receive the highest possible credit rating, "Aaa," from Moody's Investors Service.

CONTACT: Janis Smith, +1-415-396-7711, or investors, Bob Strickland,
+1-415-396-0523, both of Wells Fargo

Web site: <http://www.wellsfargo.com/>

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Legality, Not Morality, Of Payday Loan At Issue; Hearing To Determine Whether Advance America Violates Law

www.charlotte.com

April 27, 2005

North Carolina

By Gary D. Robertson

RALEIGH - The state banking commissioner said Tuesday he won't make moral judgments about payday lending in a hearing to determine whether North Carolina's largest lending chain is breaking the law.

Consumer advocates have argued for years that the small, short-term loans, like those made by South Carolina-based Advance America, pull low-income citizens into a cycle of debt.

North Carolina has had no law regulating payday loans since 2001, but the state argues the industry is breaking another law that caps interest rates on traditional consumer finance loans.

"This proceeding is not about whether payday lending is good, bad or predatory," Commissioner Joseph Smith Jr. said at the start of the hearing, which follows months of internal investigation. "Those matters are for the General Assembly, and not me."

Attorneys for the commissioner and the state allege Advance America, one of the nation's largest payday lenders, charges fees on the loans with effective annual percentage rates of more than 400 percent.

The state's Consumer Finance Act, which remains on the books and is the focus of the Advance America hearing, caps annual percentage rates on small loans at 36 percent. It has typically applied to traditional loan companies.

In a payday lending transaction, a borrower writes the lender a check and postdates it for the time the loan expires. The borrower receives the check amount and takes a fee. The loans are typically a few hundred dollars and short-term -- 15 days or less.

Advance America's lawyers contend the Consumer Finance Act doesn't apply to the business because Kentucky-based Republic Bank & Trust actually underwrites and originates the loans.

Other payday lending chains have used similar out-of-state banks to issue loans in North Carolina. They argue federal bank regulators and the state where the bank is based have authority over how they do business.

In the eyes of state law, "Advance America North Carolina is not engaged in the business of lending," said Saul Pilchen, a Washington-based attorney representing the company.

"This is a real regulation, a real relationship with Republic Bank," Pilchen added at the largely procedural hearing. "This is not a kind of sham or unlawful device."

Pilchen provided Smith several documents from the commissioner's office since 1997 he said indicates that state regulators have accepted this so-called loophole for years as a lawful method for out-of-state lenders

Philip Lehman, an assistant attorney general, said the documents obscure the fact that N.C. law doesn't authorize [payday loans](#).

"I think it's a colossal red herring," he said.

Any final decision, which won't come this week, could be appealed to an administrative law judge and possibly the state courts.

*** The above story appeared on the following websites:

WISTV.com

WTVD.com
JournalNow.com (Winston-Salem Journal)
WVEC.com
WCNC.com
TheState.com (Columbia, SC)
WRAL.com
MyrtleBeachOnline.com (Myrtle Beach Sun)
The-Dispatch.com (Lexington Dispatch)
WilmingtonStar.com

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Payday Loan Stores Targeted By State Legislators; Controversy Surrounds State House Bill 1100 That Seeks To Regulate Pay Day Loan Services.

Wednesday Journal (Oak Park, IL)

April 27, 2005

Illinois

By John Yoo

Controversy is the word of the day in Springfield as state legislators consider new stricter regulations on payday lending services that provide cash advances on paychecks for consumers who are strapped for cash.

“I refer to them as ‘loan sharks,’” said a former customer of a payday lending service near Northern Illinois University. “People who don’t make that much money ... we can’t go to the bank for a loan, so we have to resort to this [payday lending], but I think they are taking advantage of people that shouldn’t be taken advantage of.”

Currently, there is barely any regulation on the services but consumer protection agencies say regulation is insufficient and long overdue. They also claim the services are charging too much for the simple act of providing the loan.

In fact, an informal survey of four payday lending stores in Oak Park and Forest Park averaged a \$48 charge for every \$100 of loan—approximately half the amount of the loan itself.

“It’s been a problem over the last few years,” said Alan Alop, an attorney at Legal Assistance Foundation of Metropolitan Chicago. “And the number of customers in debt grows every day.”

The road to Springfield began as an idea in 1999, when, after hearing a story from one of his parishioners who was victimized by a payday loan, the late Monsignor John Egan convened The Msgr. John Egan Campaign for Payday Loan Reform.

Over the past six years, the campaign won the support of over 60 co-sponsors that include Citizen Action Illinois and Community Financial Services Association, which represents more than 200 payday loan stores in Illinois.

And some believe that the six-year campaign may reach an important milestone very soon.

“We’ve been working on this [reform] for six years, and I believe that House Bill 1100 will provide a way for the lenders to continue their service without putting customers in financial difficulties,” said Lynda DeLaforge, co-director of Citizen Action Illinois.

HB 1100, also known as the Payday Loan Reform Bill, is currently before the house for consideration.

The payday bill will be the second attempt to control payday lending practices in Illinois since an unsuccessful bill during Gov. George Ryan’s term.

Consumer protections in the payday bill include a maximum fee cap of \$1,000 and a mandatory recovery period to allow consumers to easily break out of the debt cycle created by back-to-back loans.

In addition, the bill will introduce a repayment plan that allows 56 days for customers with loans unpaid for more than 35 days to pay the loan without any additional fees or interest.

However, the bill has not gone unchallenged.

Some small private lenders worry that the bill will put them at an unfair economic disadvantage against national lenders.

“House Bill 1100 will open doors for the big national corporations to flood the market and eventually put the small lenders out of business,” said Gary Mack, spokesperson for the Small Loans Association.

For Mack, it is a matter of competition: the bill will result in less revenue for every lender. The national corporations have adequate capital to absorb the decrease in profit but the small lenders will be forced out of the market.

“After the small businesses are out, the national corporations will follow a new model where they will make loans under a national bank charter which the state cannot regulate ... then they can charge any interest rate, even up to an astronomical level,” Mack said.

Some lenders believe the reform is necessary for the well-being of the industry as a whole.

“You hear horror stories from customers in the papers very often ... it’s not good for the industry,” said Toni Colletti, executive vice president of Community Financial Services Association of America. “The basic disagreement is: more money now and risk the future stability of the lending industry or less money now for a secure future.”

Bob Vondrasek, executive director of the South Austin Coalition said the bill is necessary but, at the same time, compromising to the economic needs of the lenders.

“Some people want to eliminate them, period, but I think the good sense in the bill is that it’s not an attempt to wipe them out but more of a compromise,” he said.

DeLaforge said she believes the bill will pass.

State Senator Don Harmon (39th Dist.) said the major focus at the moment should be refining an agreement between the consumer advocates and the lenders.

“I think they are very close [to reaching an agreement],” he said.

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Payday Blues

The News & Observer

April 27, 2005

North Carolina

Willie Green represents the industry when he calls for regulation of payday lending, an industry that is desperate to be re-authorized in the state (April 25 Point of View article "Regulate, don't ban, payday lending firms"). Green, president of the N.C. Check Cashers Association, is in no position to speak for the average North Carolina payday borrower, who ends up paying \$800 to borrow \$300.

Predatory payday loans are designed to be difficult to pay off. If you can't pay off the \$300 in two weeks, you either 1) pay bounced check fees and risk a civil lawsuit, or 2) refinance the loan and pay another 400 percent APR fee.

Of course, most borrowers refinance the loan. As payday rolls around and they have less cash to spare, they must renew again, paying the \$50 in interest because they can't afford to pay off the \$300 loan.

The test of any responsible small loan: will it benefit the borrower? A loan that solves a cash shortage would have at least a 90-day loan term and always be repayable in installments. Senate Bill 947, which Green praises, does not require this. A responsible law would prohibit the use of a personal check as collateral. SB 947 does not. And most important, any small loan law must stop "loan flipping." SB 947 does not.

The state Senate must listen to the borrowers who have been burned by payday lending, as well as consumer credit counselors, civil rights leaders and military leaders who are seeking fair lending practices. The industry is the only voice calling for this false regulation. The rest of us want true reform.

Yolanda McGill
Senior Policy Counsel
Center for Responsible Lending
Durham

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Mayoral Candidates Exchange Charges

San Gabriel Valley Tribune (San Gabriel Valley, CA)

April 27, 2005

California

BY: Rick Orlov

During the latest debate in the contentious mayoral contest, Councilman Antonio Villaraigosa on Tuesday challenged Mayor James Hahn to stop attacking him and offer his own visions for the city.

At the debate, sponsored by the Korean American Federation, Villaraigosa rebuked and interrupted Hahn to challenge his responses to questions as the two near the May 17 runoff election.

"Did you notice? He can't talk about his ideas without attacking me," Villaraigosa told the crowd of some 150 Korean-American business leaders and community activists at the Wilshire Radisson Hotel.

"I'm talking about what I can do to make this city better. I'm not talking about the mayor and his failures to lead the city."

Hahn said he was trying to point out the differences between his record and what he sees as changing views by Villaraigosa.

"I never know what his positions are," Hahn said, citing differing views on gang injunctions taken by Villaraigosa.

Villaraigosa, however, said Hahn was trying to shift the debate.

"He's trying to create a climate of fear," Villaraigosa said. "That's what you do when you don't have a record to defend. That's why I'm running for mayor to raise up your hopes and dreams and not stoop so low as to only sling mud."

The Korean-American community has grown in influence in recent years and activists have worked to register more voters among its 700,000 residents to have a greater voice in local politics.

Both Hahn and Villaraigosa cited their past efforts in hiring and promoting Korean-Americans in their offices.

Also on Tuesday, Villaraigosa launched his first citywide television commercial that again features his wife, Corinna, and discuss education as an issue at <http://www.cashnet500.com>.

Villaraigosa talks of her experience as a public school teacher and his support for education, while criticizing Hahn for emphasizing education only in the past several weeks of the campaign.

Hahn, however, has said he has been supportive of working with the Los Angeles Unified School District to help locate and build new schools as well as funding expansion of the L.A. Best after-school program.

Related to the school issue was the announcement a new group has formed to oppose Villaraigosa's call for the mayor to take over the school district.

A group calling itself By Any Means Necessary said it will campaign against the proposal, saying it would hurt education.

On another issue, Hahn criticized Villaraigosa's support for the Pay Day loan companies, saying it took advantage of minorities and the poor with high check cashing rates.

"This is the modern day equivalent of loan-sharking," Hahn said. "When he had a chance to lead, Antonio Villaraigosa failed to stand up for consumers."

Villaraigosa said he would not discuss the accusations against him, other than to say he has been endorsed by consumer groups from throughout the state. Rick Orlov can be reached at [213] 978-0390, or by e-mail at rick.orlov@dailynews.com .

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Consumer Credit Research Foundation Reviews Flawed California Reinvestment Coalition Report

U.S. Newswire

April 27, 2005

California

CRC's report asserts the market for payday lending is not competitive. Yet, their own analysis acknowledges that "the number of check cashers and payday lenders has increased nationally from 2,000 in 1996 to 22,000 in 2003 and the number is still growing." Consumer Credit Research Foundation's scholars have advised it that a 1,000 percent growth rate is evidence of a vibrantly competitive marketplace, which is increasingly attractive to consumers and investors. More entrants in the marketplace and limited regulatory hindrances increase competition, which drives prices down and benefits consumers.

CRC's report asserts that check cashiers and payday lenders target low income communities and communities of color. Yet, the April 7 report of a study commissioned by the Federal Deposit Insurance Corporation's Center for Financial Research said, "Despite allegations to the contrary, we didn't find evidence that payday advance stores tend to locate in minority neighborhoods."

CRC's report asserts that check cashers are financial price-gougers because they charge 2 percent or more to cash payroll checks that could otherwise be deposited for free into a mainstream checking or savings account. Common sense suggests that a 2 percent or higher fee is reasonable, and notes that many consumers are dissuaded or even prohibited from opening a bank account because of minimum balance requirements and additional bank fees that, when combined, are more expensive than payroll check cashing fees. In fact, many traditional consumer deposit accounts incur substantial costs, even if the accounts are described as "free" (e.g., zero interest on balances, monthly fees for modest balances and very substantial bounced check fees which can approach \$30 per occurrence).

"This report contains many fundamental flaws, weak analysis and relies upon repetition of flawed arguments and assumptions that have been refuted by other scholarly works. As the payday lending industry and product mature, consumers should continue to benefit from competitive access to capital," observed William O. Brown, associate professor of economics at Claremont McKenna College in Claremont, Calif. and recent co-author of "Payday Lending: A Practical Overview of a Growing Component of America's Economy" published by Consumer Credit Research Foundation based in Washington, D.C.

Consumer Credit Research Foundation was formed to support economic research into the availability, choice and cost of consumer credit for moderate- and middle-income Americans and to apprise the public of such research.
<http://www.consumercreditresearchfoundation.com>

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Tuesday at the General Assembly

The Associated Press State & Local Wire

April 26, 2005

North Carolina

Senate negotiations

- Senate Democratic leaders have been holed up in conference rooms the past two days, trying to come to a consensus on how to pay for their upcoming state budget proposal. Budget writers need to know how much money they have to work with for the upcoming two years. That will give them an idea of the level of spending reductions they'll have to make compared to Gov. Mike Easley's spending plan. In the spending mix: a cigarette or alcohol tax increase, a new lottery, and sales tax increases on a variety of products. One senator said the Democrats are looking at various options that could raise the cigarette tax from 25 cents a pack to 55 cents. The current rate is 5 cents. The budget writers have been working on the premise that the tax would fill half a \$1 billion-plus budget shortfall with new revenues while the balance would come from budget cuts. That balance could change if the cuts are too painful. They're also waiting for final preliminary tallies from April 15 tax returns to see if the state got an unexpected revenue bump. Senators hope to have a budget approved sometime next week.

No-tax pledge

- Americans for Prosperity said 24 of the 170 legislators have signed a pledge to "oppose and vote against any and all tax increases" during the 2005 legislative session. The list, which includes only Republicans, was unveiled at a news conference at the Legislative Building. AFP North Carolina director Chris Neeley said the signed pledges indicate the lawmakers' "personal commitment to holding the line on taxes" in the state. The number of signers is much lower than those on similar no-tax lists in the past and present. Citizens for a Sound Economy got 79 of the 170 members to sign a pledge for the 2001 session. Americans for Tax Reform records 49 on its Web site for this year. The AFP announcement comes as Senate Democrats are negotiating what new or extended taxes they will be proposing to balance the budget for the next two years.

State employee spouses

- The House gave preliminary approval to a measure that would allow people to work for the state government even if their spouses are members of the University of North Carolina's board of governors, trustees of any of the UNC system's schools, or members of the state board of community colleges. The measure includes exceptions that would block a direct connection between the spouses' jobs to avoid conflicts of interest, said sponsor Rep. Margaret Dickson, D-Cumberland. Rep. Phillip Haire, D-Jackson, questioned the need for the change. "I don't think the state is going to fall apart because one spouse serves on a particular board and the other spouse can't," he said. But Dickson said the current blanket prohibition is pointlessly broad, preventing qualified people from taking jobs that stand little likelihood of being affected by their spouses' position. The bill passed by a vote of 76-39. A final House vote could come Wednesday.

Tribal hunting rights

- Members of state-recognized American Indian tribes would be allowed to hunt on tribe-owned land without a state-issued license under a measure approved in the House by a vote of 113-3 and forwarded to the Senate. Hunters would have to carry identification showing their tribal membership, and state wildlife enforcement officers would retain law enforcement power over the property.

"Women of Color"

- Scores of women around the state lobbied legislators to increase funding for state workers and minority economic development and develop a comprehensive response to the Leandro school ruling. The "Women of Color Legislative Day" brought together 70 organizations statewide that want to address disparities among the races on a host of issues. Rhonda Raney with the North Carolina Justice Center said the state's recent economic troubles had hit minority groups very hard. The group also supports a bill that would allow undocumented immigrants to receive in-state tuition at

University of North Carolina and community college system campuses. A separate news conference Tuesday featured Republican lawmakers who oppose the bill.

All-terrain vehicle safety

- A Senate committee approved a bill that would block children younger than 12 years old from operating three- and four-wheel all-terrain vehicles. North Carolina is now one of five states that imposes essentially no restrictions on the popular motorbikes. Proponents argued that children lack the judgment and physical skills necessary to drive ATVs, particularly those that are built for adults. Sen. Martin Nesbitt, D-Buncombe, argued that it's up to parents to protect their offspring by educating them about life's dangers, not closeting them. But the sponsor, Sen. Bill Purcell, compared it to the state's system of graduated drivers' licenses, which grants teenage drivers progressively greater freedom on the road as they age and has been credited with cutting the death rate of 16-year-old motorists by 34 percent since it was started in 1997.

Payday delay

- The Senate Commerce Committee delayed a hearing on a payday lending bill placed on its calendar because its primary sponsor couldn't attend the meeting. The bill would reauthorize rules for the state banking commissioner to oversee the industry. North Carolina has had no law regulating payday loans since 2001, but national chains still do business in the state by linking up www.cashnet500.com with out-of-state banks to issue the small, short-term loans. Sen. David Hoyle, D-Gaston, the bill sponsor, said the bill would allow mom-and-pop stores to get back into the business. No word on when the bill will be taken up now.

Upcoming

- The next hearing on the Senate committee on the lottery will be held Wednesday morning. The committee is not expected to vote on a bill.

Quotable

"If you don't get on an ATV, you're probably not going to get killed by one," - Sen. Bill Purcell, D-Scotland, on his bill to bar children younger than 12 from driving all-terrain vehicles.

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Lawsuit Targets Payday Loan Industry

The Brockville Recorder and Times (Ontario)

April 26, 2005

Canada

A Calgary lawyer says his case against payday loan companies could crush the industry in Canada.

Bill McNally said Monday that he has been given the green light to proceed with a class-action lawsuit alleging the companies charge criminal interest rates.

"The whole industry will be gone" if he is successful, McNally said.

Justice Sal LoVecchio, in a written ruling, certified the claim by McNally's client, Jacob Ayrton, as the first class-action suit against the companies in Alberta.

Ayrton's lawsuit alleges the companies and their corporate directors charge customers illegal interest rates on their short-term loans.

Statements of claim include allegations not proven in a court of law.

McNally said the case will focus on brokerage fees charged to individuals who borrow cash to be paid back when they receive their next paycheque.

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Cash Now Announces a CSR Lead Generation Booking and Distribution E Delivery System

Business Wire
April 26, 2005
National

Cash Now Corporation, (Pink Sheets:CHNW) a pioneer and continuing leader in the on-line payday loan and check-cashing industry, today announced it has launched a new web-based lead generation CSR booking engine that will allow the company to integrate its technologies with other payday on-line portals to attract more leads resulting in more potential profits for Cash Now Licensees.

The payday loan business is booming, says Andrea Zecevic, Cash Now's President. The number of outlets now offering these low-dollar, super-quick loans has doubled to over 20,000 in the last four years. Industry growth- from predominantly stand-alone check cashing storefronts, has been fueled largely by the Internet and savvy, new marketing techniques.

Behind the success of many of the new breed of payday loan lenders is the Florida based payday loan lead generation and software system licensed by Cash Now Corp (www.cashnow.net). Payday loan companies are quickly realizing that the marketing solutions offered by Cash Now to generate new borrowers for their [cash advance](#) products are more cost effective and productive than using their own systems.

The various Cash Now payday advance portals and affiliates can generate in excess of 5,000 payday loan applications each day for their Licensees and clients.

Zecevic says, "We're acting as a behind-the-scenes marketing department for our payday lending clients. Not only have we been able to slash their marketing costs by over 90% through our proprietary on-line methods, but we've dramatically increased their coffers. Some of Cash Now's clients are simply looking for fully completed loan applications from qualified borrowers, while some are looking for fully packaged loans, where Cash Now does all the underwriting and the Licensee simply funds the loan request. Cash Now can provide these clients with a guaranteed number of new applicants each week for as little as \$18 per lead non-packaged and under \$34 for a packaged loan.

Lenders come to Cash Now, not just to purchase new applicants, but to literally replace their in-house marketing initiatives. Cash Now's prices are lower than most lender's own on-line paycheck loan lead generating programs, and the service Cash Now offers is actually at extremely competitive rates while providing uncompromised quality.

The company is as innovative as they are successful with their main loan product being the exclusive and filterable payday loan leads at a cost of \$18 but they also deliver a non-filterable cash advance lead for only \$10. At one time, the payday loan business was derided because the fees on a percentage basis appeared to be extremely high. But because the loan amounts are so low, the actual dollar cost to the borrower is actually quite low, often less than what banks charge for a bounced check.

Borrowers aren't complaining. Just before Christmas last year, more than 10 million people took out a payday loan. Consumers praise the ease of qualifying and the speed of acquiring cash they cannot get from "traditional" lenders.

For more information on these offerings, visit www.cashnow.com or call 1-866-778-2996.

ABOUT CASH NOW

Cash Now Corporation (CHNW.PK), a pioneer in the payday loan and check cashing industry, is developing the most comprehensive menu of services in the [cash advance](#) industry, all centered on the Cash Now brand. The company's proven business model includes licensing to corporately operated joint venture locations across the U.S. and Canada. Additionally, Cash Now's website is one of the most advanced payday lending portals in existence, offering key insights to clients and potential clients alike - as well as the ability to complete [payday loans](#) on-line, via a phone call or in person. Cash Now offers a Payday Loan License program, Payday Express; a Payday Loan and Check Cashing License known as Check Express and an Authorized Agent Program for existing retail establishments; and a host of

related financial services for small and medium-size businesses. Profit Guide magazine recently ranked the Cash Now Group 10th in its list of the 50 fastest growing and most promising emerging companies.

CONTACT: Cash Now Corporation Andrea Zecevic, Toll Free: 1-866-778-2996 a.zecevic@cashnow.com

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Class Action Could Kill Payday Lending

Calgary Sun (Alberta)

April 26, 2005

Canada

BY Kevin Martin

In a case which could crush the payday loan industry in Canada, a Calgary law firm has been given the green light to proceed with a class action alleging criminal interest rates.

Bill McNally, of the firm McNally Cuming Raymaker, said yesterday his lawsuit, if successful, will wipe out payday lenders.

"The whole industry will be gone," McNally told the Sun.

A claim by McNally's client, Jacob Ayrton has been certified as a class-action suit -- the first such case in Alberta history.

As a result, Ayrton can proceed as a representative plaintiff for the customers of several companies who he received loans from.

Ayrton's lawsuit alleges the companies, and the corporate directors, charge customers illegal interest rates on their short-term loans.

The city man borrowed money from Payroll Loan and Hornby Loan Broker in 2003 and last year. Those companies then arranged for lenders PRL Financing or Thurlow Capital to provide the cash.

McNally said the case will focus on brokerage fees charged to individuals who take out payday loans.

In one instance, Ayrton borrowed \$500 for a two-week period and was charged interest of 1.13% per week, or 59% annually.

But he was also required to pay brokerage fees of \$95, bringing his total payment at the end of the two weeks to \$606.32.

McNally said an actuarial hired by his firm calculated the annual rate of all the extra money Ayrton paid.

"Assuming that these brokerage fees are interest, and that's the big question in the lawsuit, the interest on one loan for 14 days was 15,141%," McNally said.

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Fast Cash a Trip to Heartache

Calgary Sun (Alberta)

April 26, 2005

Canada

By Licia Corbella

When the Cash Store Inc. gave Greg Pilling a \$500 loan on Jan. 17, he says it was a great relief.

It meant he would be able to pay his \$700-a-month rent on his Marlborough-area apartment.

But relief soon turned to agonizing grief for the master cabinet maker as a result of crushing interest and brokerage fees charged by the payday loan firm.

Yesterday, thanks to the good folk at the Calgary Drop-In Centre (CDIC) -- where Pilling works as a supervisor at its woodworking shop and training centre -- the debt that seemed to gallop out of control was brought to a speedy halt.

"I was starting to feel desperate," Pilling admitted yesterday.

He had already paid \$300 towards his loan but by yesterday Alan Facey, the director of administration at the Drop-In Centre stopped by The Cash Store, at 3745 Memorial Dr. N.E. and paid off Pilling's three-month old loan with a cheque for \$1,215.56.

In total, Pilling's \$506.10 loan cost him \$1,515.56 in a little more than three months.

"I think these places are preying on the marginalized and those who are least able to pay," said Facey.

"These payday loan businesses make the mafia look legit," added Facey, holding a Cash Store pamphlet that cheerily stated: "Reduce Your Stress. Get Money NOW!"

"There's five of these payday loan places in a three-block radius of here and you sure as heck don't find them in Mount Royal," he said. "It's vulturism in the extreme."

Even though Canada has a federal law that makes it a criminal offence to charge more than 60% interest on a loan per year, payday loan businesses -- which charge 59% annually in interest -- use a loophole to get around that already exorbitant rate by charging so-called "brokerage fees."

In Pilling's case his brokerage fees were \$9.18 a day. So from Jan. 17 to Jan. 31, Pilling's brokerage fee was \$128.53, his interest was \$14.54 and his cash card fee -- needed to take out his loan of \$506.10 was \$8. On an actuarial basis, that total is in excess of 15,000% annualized in interest and fees.

"I thought I was jumping out of one hole but really I was jumping into a much deeper one, one I could never have climbed out of were it not for Dermot," he says, referring to Dermot Baldwin, executive director of the Calgary Drop-In Centre.

In a written ruling, Alberta Court of Queen's Bench Justice Sal LoVecchio has agreed to allow a class-action lawsuit against payday loan companies to proceed in Alberta.

If the suit is successful, it could bring an end to these companies in Alberta.

Initially, Margot Ross-Graham, vice-president of employee and corporate services for The Cash Store Inc., would not address the usurious charges Pilling faced, citing privacy laws.

"We're very dedicated to full disclosure and customer service and we're quite proud of our track record for that," she said last night. Later in the evening she called back to say she had spoken to the company's "operating officer and we

have told the store not to deposit anything towards the customer's account so that we could further investigate it and find out if this customer was charged appropriately."

Michael Jenkin, director general for the office of Consumer Affairs for Industry Canada, said federal Industry Minister David Emerson will co-chair a tentatively scheduled meeting for June 27-28 in Quebec City in which he and his provincial ministerial counterparts will try to find a way to regulate "this rapidly growing industry."

"Ministers have recognized how important and urgent this matter is. They met in January 2004 in Winnipeg, but it's complex," said Jenkin.

Facey said governments which don't seem to have any trouble regulating the minutiae of our lives should simply outlaw interest AND fees over something like 10%. Simple. It's long past time they did it.

As for Ross-Graham, she said, "Again, I am proud of the service we provide our customers. I can sleep quite comfortably at night." But Pilling hasn't been able to sleep well for months.

"Learn from me," he warned. "Stay away from these places. They are traps, horrible traps."

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House Expected to Approve Gerlach's Credit Union Immigrant Access Bill and Castle's Presidential Dollar Coin Bill

Capitol Hill Press Releases

April 26, 2005

Nastional

For Immediate Release:

House Expected to Approve Gerlach's Credit Union Immigrant Access Bill and Castle's Presidential Dollar Coin Bill

Contact: Peggy Peterson 202-226-0471

April 26, 2005

Today, under a suspension of the rules, the House is expected to approve the following legislation, which will then be sent to the Senate for further action:

H.R. 749, the Expanded Access to Financial Services Act of 2005: Introduced by Rep. Jim Gerlach (PA) and Rep. Brad Sherman (CA) on February 10, the bill would amend the Federal Credit Union Act to authorize Federal credit unions to provide check-cashing and money-transfer services to a non-member of the credit union as long as the individual is within the credit union's field of membership. This would help bring millions of unbanked Americans, a great number of whom are recent immigrants, into the financial mainstream.

Recent immigrants often have fewer choices when it comes to financial services which increase their reliance on check-cashing and pay-day lending businesses. The bill would increase consumer choice by expanding the number of mainstream deposit institutions that offer basic banking services.

Rep. Gerlach said, "This is a good, bipartisan piece of legislation that reaches out to communities that have historically been left out of the financial services arena. It is my hope that the underserved persons who are reached through this bill will be able to use these services to establish a credit history that can then allow them to take advantage of other financial services. An initial positive experience with a depository institution may encourage them to explore other financial products."

An amendment offered by Rep. Joe Baca (CA) in the Financial Services Committee markup on March 16, clarified that under this legislation international remittances are among the services that credit unions will be authorized to offer non-members.

An identical version of the legislation, section 307 of H.R. 1375, passed the House in the 108th Congress by a vote of 392-25.

H.R. 902, the Presidential \$1 Coin Act: Introduced by Rep. Mike Castle (DE) and Rep. Carolyn Maloney (NY) on Feb. 17, the bill would call for a series of dollar coins in which the coin's face would change four times a year, displaying images of the presidents in the order they served. The reverse would feature an image of the Statue of Liberty.

The legislation would also create a new pure-gold bullion coin for investors and bronze medal replicas that features the images of the first spouses and is issued in sequence with the presidential dollars. Fitting with the educational theme of the dollar coin, the program makes provisions for issuing two spouse bullion coins for the two presidents who remarried while in office and two coins for Grover Cleveland, the only President who served two, nonconsecutive terms.

Regarding the legislation, Rep. Castle said, "It is my hope that the Presidential Dollar Coin program will enjoy the same success as the 50 State Quarter Program -- not only will it be a money-maker for the federal government, but it will also be a fun, educational tool to turn all of us into history buffs. It is my hope we will be able to pass companion legislation in the U.S. Senate as well, so the U.S. Mint can begin planning all of the incredible designs that will

accompany this series -- from George and Martha Washington to FDR and Eleanor Roosevelt." Castle continued, "Importantly, the Sacagawea dollar coin will continue to be minted along with the Presidential series, so we are able to maintain a focus on the contribution of Sacagawea to the discovery and founding of this nation."

Similar legislation was approved by the Financial Services Committee in the 108th Congress.

A manager's amendment offered by Chairman Michael G. Oxley (OH) in the Financial Services Committee markup on March 16, www.cashnet500.com made some minor technical changes to the bill and added as a new title the text of H.R. 767, the Abraham Lincoln Bicentennial 1-Cent Coin Redesign Act, which was introduced on behalf of the entire Illinois delegation. H.R. 767 seeks to honor the 200th anniversary of the birth of President Abraham Lincoln in 2009 by redesigning the reverse of the one-cent coin four times during that year in ways that would honor different periods in his life. The redesign is modeled on the westward journey redesign of the five-cent coin.

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Mayor's Race

City News Service

April 26, 2005

California

Councilman Antonio Villaraigosa aired the first broadcast TV commercial of the mayoral runoff today, trumpeting his commitment to education and charging that the incumbent has been absent on the issue. "For four years now, my opponent sat on the sidelines," Villaraigosa says in the 30-second spot. "But education is so important, a mayor has to get involved. I'll work for smaller classes, expanded pre-school and more parental involvement." Earlier this month, the Eastside councilman began airing commercials on cable TV featuring two of his endorsers, City Controller Laura Chick and Councilman Bernard Parks.

Mayor Jim Hahn's campaign has not aired a TV commercial since the March 8 primary election. Campaign consultant Kam Kuwata would not say when Hahn's runoff ads would begin. Villaraigosa also distributed copies of a letter to Hahn, calling on him to support the creation of a Joint Commission on LAUSD Governance, as proposed by City Council President Alex Padilla and school board President Jose Huizar. "Although there are clearly differences in our visions for Los Angeles, I believe that we can both support the first step toward reforming LAUSD," Villaraigosa wrote. Kuwata expressed concern that the commission would "take a long time to get something done."

"Jim Hahn prefers to do things more immediately," he said, noting that Hahn has proposed giving the mayor's office the power to appoint three school board members and implementing a merit pay system for teachers. Though the mayor's office has no direct control over the school district, the candidates have tussled over the issue since the primary ousted former Assembly Speaker Bob Hertzberg, whose hallmark proposal was to break up the LAUSD.

Earlier today, Hahn announced a policy to crack down on payday loan companies, faulting Villaraigosa, a former Assembly Speaker, for supporting legislation that legalized such lending in 1996. "When he had the chance to lead, Antonio Villaraigosa failed to stand up for consumers," Hahn said. "Instead of protecting low-income Californians, minorities and seniors, he opened them up to payday loan www.cashnet500.com sharks whose sole goal is to rip them off." He also charged that Villaraigosa raised more than \$17,000 in campaign contributions from payday lenders while opposing efforts to reform the industry. Villaraigosa scoffed at Hahn's claims. "He's got to fill up the day with something," he said. Nathan James, a campaign aide, later added that the bill also increased penalties for lenders who take advantage of low-income borrowers and tightened restrictions on payday lending practices.

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Payday Loan Businesses Watch Case Carefully

The Daily Herald-Tribune (Grande Prairie, Alberta)

April 26, 2005

Canada

A Calgary lawyer says his case against payday loan companies could crush the industry in Canada.

Bill McNally said Monday that he has been given the green light to proceed with a class-action lawsuit alleging the companies charge criminal interest rates.

"The whole industry will be gone" if he is successful, McNally said.

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In 2003 and last year, Ayrton borrowed money from Payroll Loan and Hornby Loan Broker, which in turn arranged for lenders PRL Financing or Thurlow Capital to provide the cash.

McNally said the case will focus on brokerage fees charged to individuals who borrow cash to be paid back when they receive their next paycheque.

In one instance, Ayrton borrowed \$500 for a two-week period and was charged weekly interest of 1.13 per cent - or 59 per cent annually. He was also required to pay brokerage fees of \$95, bringing his total payment at the end of the two weeks to \$606.32.

McNally said an actuarial hired by his firm calculated the annual rate of all the extra money Ayrton paid.

"Assuming that these brokerage fees are interest, and that's the big question in the lawsuit, the interest on one loan for 14 days was 15,141 per cent," McNally said.

Lenders in Canada are prohibited by law from charging annual rates in excess of 60 per cent and can face up to five years in prison if convicted of charging criminal interest rates.

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Payday Loan Firms Under Fire

Fort McMurray Today (Alberta)

April 26, 2005

Canada

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In one instance, Ayrton borrowed \$500 for a two-week period and was charged weekly interest of 1.13 per cent -- or 59 per cent annually. He was also required to pay brokerage fees of \$95, bringing his total payment at the end of the two weeks to \$606.32.

McNally said an actuarial hired by his firm calculated the annual rate of all the extra money Ayrton paid.

"Assuming that these brokerage fees are interest, and that's the big question in the lawsuit, the interest on one loan for 14 days was 15,141 per cent," McNally said.

Lenders in Canada are prohibited by law from charging annual rates in excess of 60 per cent and can face up to five years in prison if convicted of charging criminal interest rates.

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Session's Over, and the Winners and Losers Are ...

The News Tribune (Tacoma, Washington)

April 26, 2005

Washington

BY: Peter Callaghan

I could hardly wait for the Legislature to adjourn so I could proclaim the session's winners and losers.

Winners:

People who produce winners and losers lists. There's just no better way to oversimplify the complex and intricate. And these things practically write themselves.

Franz, the first dog. After living in the shadow of the presidential Rossi puppy for much of the last year, the Pomeranian finally took center stage at a bill signing for "We Love Our Pets" license plates. The governor noted that her dog was too friendly to be much of a watchdog, feeding rumors that he would be appointed to the state Public Disclosure Commission.

Pork, literally. Lovers of Spam and Vienna Sausages - in other words, everybody - can enjoy a lower tax rate thanks to the state Supreme Court's sense of decency and the Legislature's failure to return the tax to the much higher rates paid on canned fruits, vegetables and other icky stuff.

Pork, figuratively. The trough was open and legislators of both parties jumped in, www.cashnet500.com winning state money for local projects such as a car museum, boys and girls clubs, parks, tall ships moorage and performing arts venues. Please, wipe your mouths before returning to your districts.

Prius sales people. Higher gas taxes will only make hybrids more appealing, though not any less homely.

Big Tobacco. How can they be winners, you ask, when the Legislature increased the cigarette tax by \$6 a carton? Because they'll still be free to addict the next generation of smokers with giveaways called "sampling." Remember, kids are the future.

Goats. Too long the poor stepchild of other barnyard animals, goats are finally covered by felony livestock theft laws. If you can't do the time, don't steal the goat. It's that simple.

Campaign brochure writers. Sin taxes, gas taxes, voting to make it easier to raise taxes; Democrats can get slammed for doing all of the above. The folks who write hit pieces won't even have to make stuff up next year.

Multitaskers. It's still legal in this state to perform such vital tasks in your car as talk on your cell phone, eat Chinese food and shave your legs. Score one for the little people against Big Government.

Losers:

Hummer sales people. Higher gas prices and vehicle weight fees should produce fewer sales of these rolling living rooms. Darn.

Sin. Transgression had another lousy session, absorbing higher taxes on smokes and booze, and even death itself if you're wealthy enough.

Merchants of death. Lobbyists for smokes and booze continue their losing streak (though they did gain Sunday liquor sales). Word in Ulcer Gulch is that Mephistopheles is considering putting his government affairs contract out for bid.

Meth heads. Bring your ID when you go shopping for Sudafed. A new law will require proof of identification and your name on a registry, which can make you eligible for some exciting special offers from the county meth lab task force.

Voters. Failure to pass alternatives to dueling tort reform/medical malpractice initiatives means they should prepare for the onslaught of TV ads from doctors and lawyers. I'm sure they'll all be factually accurate and perfectly fair.

Reporters. By finishing session on time, legislators deprived underpaid newsies of badly needed overtime.

Columnists. By finishing session on time, legislators deprived underworked columnists with fodder for contrived winner and loser lists.

Wealthy Hummer owners who smoke and drink but have sworn off Vienna Sausages. You know who you are.

The poor. Higher taxes on gas, booze and cigarettes make the state's tax system even more regressive. Failure to limit predatory payday lenders leaves the needy exposed. The poor should have thought of that when they decided not to hire a lobbyist.

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Dreading Paydays

The Oregonian (Portland, Oregon)

April 26, 2005

Oregon

Editorial

In a better world, the Oregon Legislature would ban [payday loans](#).

Instead, the Senate Commerce Committee is holding hearings Thursday on Senate Bill 545, which would cap interest rates on these loans at \$15 per \$100 borrowed and \$10 per \$100 on renewals.

That's a start, of course. There's no good reason Oregon should remain one of just eight states without interest rate caps on payday loans. A better step would be for legislators to approve a bill that would rid Oregon of these loan-sharking operations. That is, unless you want to make life harder for the poor in general and single mothers in particular.

Payday loans prey on people who are one emergency away from a cycle of economic devastation that begins when they borrow at impossible interest rates.

Nor are annualized interest rates of 400 percent to 500 percent the payday loan's sole source of financial ensnarement. There are, as well, the nonsufficient-funds charges that rack up when the prewritten repayment checks hit the borrower's checking account.

Here's the kind of thing that legislators would be helping to curb by passing SB545's modest limits. The story comes courtesy of O.U.R. Federal Credit Union in Eugene:

"A single divorced woman on Social Security Income and Social Security Disability totaling \$584 per month. She was ticketed, and her car got towed because she had no insurance. She went to a payday loan company to get enough money to pay the bill. The check was presented to her bank earlier than she thought, and it came back NSF (nonsufficient funds). In order to pay that loan and pay the fees, she went to another payday loan company to pay part of the first loan. Pretty soon the cycle started taking its toll. She had no money to eat because all her money was going to different payday lenders. When she came to us, she had 10 different payday loans totaling \$2,073."

SB545 won't end these loans, as Oregon should. It would create less incentive for one growing Oregon industry that produces poor people. It's the least the Legislature can do.

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Calgary Lawyer Claims Class-Suit Could Crush Payday Loan Business

Portage Daily Graphic (Manitoba)

April 26, 2005

Canada

A Calgary lawyer says his case against payday loan companies could crush the industry in Canada.

Bill McNally said yesterday he has been given the green light to proceed with a class-action lawsuit alleging the companies charge criminal interest rates.

"The whole industry will be gone" if he is successful, McNally said.

Justice Sal LoVecchio, in a written ruling, certified the claim by McNally's client, Jacob Ayrton, as the first class-action suit against the companies in Alberta.

Ayrton's lawsuit alleges the companies and their corporate directors charge customers illegal interest rates on their short-term loans.

Statements of claim include allegations not proven in a court of law.

In 2003 and last year, Ayrton borrowed money from Payroll Loan and Hornby Loan Broker, which in turn arranged for lenders PRL Financing or Thurlow Capital to provide the cash.

McNally said the case will focus on brokerage fees charged to individuals who borrow cash to be paid back when they receive their next paycheque.

In one instance, Ayrton borrowed \$500 for a two-week period and was charged weekly interest of 1.13 per cent -- or 59 per cent annually.

He was also required to pay brokerage fees of \$95, bringing his total payment at the end of the two weeks to \$606.32.

McNally said an actuarial hired by his firm calculated the annual rate of all the extra money Ayrton paid.

"Assuming that these brokerage fees are interest, and that's the big question in the lawsuit, the interest on one loan for 14 days was 15,141 per cent," McNally said.

Lenders in Canada are prohibited by law from charging annual rates in excess of 60 per cent and can face up to five years in prison if convicted of charging criminal interest rates.

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Class-Action Suit Could Kill Off Payday Lenders

Winnipeg Sun (Manitoba)

April 26, 2005

Canada

By Kevin Martin

In a case which could crush the payday loan industry in Canada, a Calgary law firm has been given the green light to proceed with a class action alleging criminal interest rates.

Bill McNally, of the firm McNally Cuming Raymaker, said yesterday his lawsuit, if successful, will wipe out payday lenders.

"The whole industry will be gone," McNally told Sun Media.

Justice Sal LoVecchio, in a written ruling, certified the claim by McNally's client, Jacob Ayrton, as a class-action suit -- the first such case in Alberta history.

As a result, Ayrton can proceed as a representative plaintiff for the customers of several companies from which he received loans.

Ayrton's lawsuit alleges the companies and the corporate directors charge customers illegal interest rates on their short-term loans.

BROKERAGE FEES

The city man borrowed money from Payroll Loan and Hornby Loan Broker in 2003 and last year.

Those companies then arranged for lenders PRL Financing or Thurlow Capital to provide the cash.

McNally said the case will focus on brokerage fees charged to individuals who borrow cash to be paid back when they receive their next pay cheque.

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15,141% INTEREST

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Lenders in Canada are prohibited by law from charging annual rates in excess of 60% and can face up to five years in prison if convicted of charging criminal interest rates.

McNally's actuarial said to stay under that percentage on a \$500 loan over 14 days www.cashnet500.com, the lender could not charge more than \$9.09 in interest.

The Calgary lawyer said he hopes to get the matter to trial by early next year.

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