

# **(Un) Truth in Lending**

*Voters Have A Right To Know The Truth. Payday Lenders Don't Want Them to Hear It*

**FOR IMMEDIATE RELEASE:**

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**For more information call:**

**Sandy Theis, COHHIO referendum spokeswoman, 614-940-0131**

Columbus, Ohio - Consumer groups fighting to preserve Ohio's new payday lending reform law announced today creation of a truth squad to correct the false and misleading information used in the payday lenders' campaign to overturn the reforms.

To qualify for the ballot in November, lenders need 241,365 registered voters to sign petitions. Before the official signature gathering can begin, however, Ohio's attorney general must determine that a summary of the new law used on referendum petitions is fair and truthful.

Attorney General Nancy Hardin Rogers took the highly unusual step of rejecting the lenders' first two summaries used to try and repeal the entire package of reforms, saying neither was fair and truthful. She reluctantly accepted a summary used on a second referendum petition designed to repeal the portion of the law that bans lenders from charging customers 391 percent annual interest.

Despite the AG's clear reasons for rejecting the first two summaries, payday lending spokeswoman Kim Norris told a newspaper that Rogers rejected one summary because it was too short and the other because it was too long. "It felt like the three bears," Norris is quoted as saying.

Norris' comments caused the debut of (Un)Truth In Lending, a new truth squad, designed to correct the lenders' false or misleading information.

"The payday lenders are living their own fairy tale," said Bill Faith executive director of the Ohio Coalition on Homelessness and Housing in Ohio. "They want us to believe that 391 percent annual interest is good for consumers and they us to believe that the attorney general rejected their summaries because of their length. She rejected them because they were not fair and truthful."

Faith pledged to check the lenders facts and publicize their false statements by comparing their statements with the truth. The first installment follows:

## **THE MISLEADING STATEMENT:**

"Norris said Rogers rejected the organization's first two proposals - saying the first was too short and the second, too long," according to a July 11 article in the Portsmouth Daily News. " 'It felt like the three little bears,' Norris said. 'But she did accept our third proposal.' "

## **THE TRUTH - Summary Rejection 1:**

Rogers informed the lenders that she was rejecting the initial summary because it did not represent "a fair and truthful statement of the measure to be referred," according to a [June 19 letter](#) from Attorney General Rogers to payday attorney David Paragas.

While the summary did mention that the new law "regulates the terms and conditions" of payday loans, Rogers wrote, it also "should state that the interest rates for such loans are capped at 28%. Otherwise, the most fundamental change that HB 545 brought about is not stated for the potential petition-signer."

## **THE TRUTH - Summary Rejection 2:**

Rogers informed the lenders that she had advised them in the earlier letter "in great detail of the deficiency in the previous submission and what was needed to appear in a summary in order to make it fair and truthful...." The [July 10 letter](#) goes on to explain how the second effort fell short because it fails to meet the summary requirements that it "fairly and concisely distill the possibly complex legal matters into something that is readily understandable to a reasonable person...."

Instead of crafting a true summary, lenders produced "17 pages of small type," Rogers wrote.