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Payday Lending in National Spotlight as Ohio House Committee Mulls Reform

COLUMBUS -- While payday lending reform idles in the Ohio House committee on Financial, Real Estate, Investment and Securities, lending industry business practices once again steal the national spotlight.

The Wall Street Journal investigated rogue industry marketing strategies in a February 12 article that described targeting elderly and disabled people on social security. The front page article featured victims recalling severe financial abuse they suffered at the hands of payday lenders in other states. It included Ohio as a state with “weaker regulations than many other states,” and featured a map of Columbus that shows payday lenders “densely clustered around subsidized housing for seniors and the disabled.”

“Payday lenders are gaining virtual control over some Social Security recipients’ finances,” said Tom Allio, chair of the Ohio Coalition for Responsible Lending (OCRL), a coalition of 230-member organizations. “The tragic stories of several fixed-income individuals are illustrated in this article and remind us again of why reigning in the short term, high interest payday lending product is so important.”

“We are alarmed that payday lenders target the elderly and disabled – possibly the most vulnerable of our populations,” added Bill Faith OCRL co-chair. “This predatory practice puts them in harm’s way. It’s an outrage.” OCRL supports the Batchelder/Hagan bill, HB 333, which caps interest rates payday lenders can charge at 36% APR. Proponent hearings on two reform bills and one industry bill concluded last week.

The full Wall Street Journal article may be viewed in the News section of the Ohio Coalition for Responsible Lending’s website at www.ohiodebttrap.org

In addition, powerful senior U.S. Senators Chuck Grassley and Charles Schumer called on payday lenders to refrain from targeting recipients of tax rebates resulting from this month’s economic stimulus package. “These rebate checks are meant to be money in the pockets of working families, veterans, and seniors - not money in the till for tax preparers or payday loan vendors,” stated the February 11 letter to the payday lending industry leaders. It was co-signed by Grassley and Schumer.

“That this industry requires advanced warning against preying on our most vulnerable underscores the need for reform,” said Faith. “We have a serious problem with payday lending in Ohio. We need to fix it.”