

Committee Name:

**Senate Committee – Privacy, Electronic Commerce and Financial Institutions
(SC-PECFI)**

Appointments

01hr_SC-PECFI_Appoint_pt00

Clearinghouse Rules

01hr_SC-PECFI_CRule_01-

Committee Hearings

01hr_SC-PECFI_CH_pt00

Committee Reports

01hr_SC-PECFI_CR_pt00

Executive Sessions

01hr_SC-PECFI_ES_pt00

Hearing Records

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01hr_sb0084a_pt01

Misc.

01hr_SC-PECFI_Misc_pt01

Record of Committee Proceedings

01hr_SC-PECFI_RCP_pt00

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/2/84

BILL NO. SB 84

OR

SUBJECT Rep.

Glenn Goshman
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10-2-84

BILL NO. S-84

OR

SUBJECT _____

Michael Miller
(NAME)

200 E. Wells
(Street Address or Route Number)

Milwaukee, 53202
(City and Zip Code)
Dept. of Administration -

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: October 2, 2001

BILL NO. SB 84

OR

SUBJECT _____

Joanne Leica
(NAME)

6333 W. Shuonard Rd
(Street Address or Route Number)

Milwaukee 53213
(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01

BILL NO. 84

OR

SUBJECT Payday loans

Cullen Garetke
(NAME)

932 E. Mifflin St.
(Street Address or Route Number)

Madison, WI 53703
(City and Zip Code)

Center for Public Representation
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01

BILL NO. 84

OR

SUBJECT Payday loans

Amber Hyma
(NAME)

610 W. Olin St
(Street Address or Route Number)

Madison 53715
(City and Zip Code)

Center for Public Rep.
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01

BILL NO. SB 84

OR

SUBJECT Payday loans

Cory Mason
(NAME)

P.O. Box 7158
(Street Address or Route Number)

Madison, WI 53707
(City and Zip Code)

State Bar - Public Interest Law Section
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10-2-01

BILL NO. SB 84

OR
SUBJECT Payday Loans

Mary Phillips
(NAME)

506 Toepfer Avenue
(Street Address or Route Number)

Madison, WI 53711
(City and Zip Code)

Center for Public Representation
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01

BILL NO. Bill 84

OR
SUBJECT MVT Leave by 10:30

Rob Geiger
(NAME)

104 Edward St
(Street Address or Route Number)

Verona WI, 53593
(City and Zip Code)

Self
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01

BILL NO. SB 84

OR
SUBJECT _____

Cindy Jenkins
(NAME)

7047 Lee Highway
(Street Address or Route Number)

Chattanooga, TN 37421
(City and Zip Code)

Check Advance
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: October 2, 2001

BILL NO. _____
OR

SUBJECT Payday Loans

Melody L. Helgren
(NAME)

2484 W. Howard Ave #3
(Street Address or Route Number)

Milwaukee, WI 53221
(City and Zip Code)

Speedy Loans
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01

BILL NO. SB 84
OR

SUBJECT _____

Kevin Welker
(NAME)

1625 ARBOR CT.
(Street Address or Route Number)

Durham IL 60561
(City and Zip Code)

WDDA
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01

BILL NO. SB 84
OR

SUBJECT _____

PATRICK VANDENBERG
(NAME)

6309 Ambassador Ln
(Street Address or Route Number)

RACINE WI 53402
(City and Zip Code)

CONSUMER Credit Counseling
(Representing)

of Milwaukee
Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: Oct. 2, 2001

BILL NO. SB 84

OR

SUBJECT

JOHN RABENOLD

MARY COOKE
(NAME)

(Street Address or Route Number)

(City and Zip Code)

CHECK 'N GO OF WISCONSIN
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10-2-01

BILL NO. _____

OR

SUBJECT

payday loans

Flossie Pickens
(NAME)

1563 w. Plainfield Ave
(Street Address or Route Number)

Milwaukee, WI 53221
(City and Zip Code)

Speedy Loans
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01

BILL NO. SB 44

OR

SUBJECT

GUY SAED
(NAME)

1002 W. Erie ST
(Street Address or Route Number)

Appleton
(City and Zip Code)

WPA
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01
BILL NO. 84
OR
SUBJECT _____

Neil Schneider
(NAME)
1176 Opportunity Dr.
(Street Address or Route Number)
Greentown WI 53024
(City and Zip Code)
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01
BILL NO. SB84
OR
SUBJECT _____

DAVID SIMPSON
(NAME)
3046 FISH MATCH RD
(Street Address or Route Number)
MADISON, WI 53713
(City and Zip Code)
CHECK INTO CASH
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/02/01
BILL NO. SB 84
OR
SUBJECT _____

Dawn M Fink
(NAME)
3046 Fish Hatchery Rd
(Street Address or Route Number)
Madison WI 53713
(City and Zip Code)
Check into Cash
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 70-2-01
BILL NO. SB 84
OR
SUBJECT _____

Jerry Schwonek
(NAME)
3128 S. Howell Ave
(Street Address or Route Number)

Madison WI 53207
(City and Zip Code)
Check Cash Advance
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: Feb 2, 2001
BILL NO. SB 84
OR
SUBJECT _____

Senator Jody Robson
(NAME)
(Street Address or Route Number)

(City and Zip Code)
see
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10-2-01
BILL NO. SB 84
OR
SUBJECT _____

Kerry Schwonek
(NAME)
1121 University Ave
(Street Address or Route Number)

Madison WI 53715
(City and Zip Code)
WI. Public Interest Research Group
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/2/01

BILL NO. _____
OR
SUBJECT PAY DAY LOAN

CONSTANCE M. KILMARK
(NAME)
KILMARK & ASSOCIATES, LLC

(Street Address or Route Number)
24 S. PATTERSON ST
MADISON WI 53703
(City and Zip Code)

self
(Representing)

Speaking in Favor:
Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: Oct. 2, 2001

BILL NO. SB 84
OR
SUBJECT Regulation of

Payday Lenders

Rev. Sue Moline Larson
(NAME)

322 E Washington
(Street Address or Route Number)

Madison 53703
(City and Zip Code)
Lutheran Office for
(Representing) Public Policy in WI

Speaking in Favor:
CB trial allows
Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/2001

BILL NO. SB 84
or

SUBJECT _____

Jason Kay
(NAME)

35 Pinckney
(Street Address or Route Number)

Madison 53703
(City and Zip Code)

AAARP
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 10/2/01

BILL NO. SB 84
or

SUBJECT _____

Stephen Meili
(NAME)

275 Bascom Mall
(Street Address or Route Number)

Madison 53706
(City and Zip Code)

Center for Public Representation
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

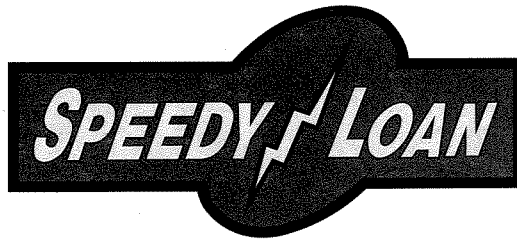
Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

4525 WEST NORTH AVENUE
MILWAUKEE, WI 53208



414/ 449-5626
FAX 414/ 449-2936

October 12, 2001

OCT -15. 2001

Senator Jon Erpenbach
State Capitol: 319 South
PO Box 7882
Madison, WI 53707

Dear Senator Erpenbach:

I am writing to address the testimony of one of our employees, Mrs. Flossie Pickens who appeared before your committee on Tuesday October 2, 2001. As an employee of SpeedyLoan who previously had been a customer, we felt she had a good story to relate to the committee. Flossie, wanted to express her feelings about the industry as both a customer and an employee.

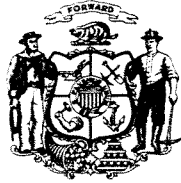
The miscommunication started when Flossie failed to properly identify herself when she started to speak. It was never Flossie's or our intention to mislead the committee. In fact, due to the oversight, Flossie lost her opportunity to also speak to the committee as an employee of our company. I wish to apologize for any confusion that her testimony may have created. We would also like to thank you for the opportunity to address your committee.

We would be happy to discuss any of your concerns. Please feel free to call or schedule a visit to one of our locations.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Musial", with a large, stylized flourish at the end.

Tom Musial
President



Judith B. Robson

Wisconsin State Senator

Date: October 2, 2001
Time: 10:00 a.m. 201 SE
To: Senate Financial Institutions Committee
From: Senator Judy Robson
Re: Senate Bill 84

Wisconsin is one of only eight states that permits payday lenders to operate and charge any interest rate or fees that the market will bear. The other states are Delaware, Idaho, Illinois, New Hampshire, New Mexico, Oregon and South Dakota.

In Wisconsin, payday lenders are licensed as "loan companies." Their loans are considered "closed-end credit" and caps on this type of credit were repealed in 1984.

Payday lenders began doing business in Wisconsin about six years ago. In 1996 there were eight companies with 64 payday loan offices reporting 80,000 loans at a value of \$11.2 million. By 1999 there were 31 companies with 174 offices reporting 839,285 loans at a value of \$200 million.

The Department of Financial Institutions recently released a report on Payday Lending in Wisconsin. It found that the average loan length is approximately 14 days. The average annual percentage rate is 542.2 percent. The average charge is \$20 for every \$100 borrowed.

The high cost of the loan and the short repayment period results in many borrowers not being able to pay off the loan, sinking deeper into a financial whirlpool, never able to keep their heads above water, and ending in bankruptcy or worse.

The department found that more than half (**52.94 percent**) of the loans reviewed were rolled over--the borrower had to extend the term of the loan for another 14 days.

This means a person who borrowed \$100 and paid a \$20 fee has to pay another \$20 to extend the loan another 14 days. The cost has now doubled from \$20 to \$40 for a \$100 loan.

The department found that 22 percent of the loans had to be rolled over twice. For these people a \$100 loan now costs \$60. Two more rollovers and the borrower is paying \$100 for the \$100 loan.

And, unfortunately, the department found that 17 percent of the loans had to be rolled over **five or more times**.

Senate Bill 84 sets the maximum charge for a loan at 5% of the amount of the payday loan. A person borrowing \$100 pays a \$5 fee.

The loan comes due in 30 days, as opposed to the current standard of 14 days, which translates to the equivalent annual percentage rate of 60%, as opposed to the current 542.2%.

Senate Bill 84 also requires payday lenders to provide informational brochures to first-time customers. The brochures, provided by the Department of Financial Institutions, describe the potential costs of payday loans and outline the consumer credit laws.

In addition, the payday lender will make annual reports to the division of banking and pay any reasonable filing fee.

Your support for this legislation is appreciated.

Legislative Presentation
“Impact of SB 84”

for

**Senate Committee on Privacy, Electronic
Commerce and Financial Institutions**

by

Cindy C. Jenkins
CHECK ADVANCE

October 2, 2001

IMPACT OF SENATE BILL 84

(Proposed SB 84: Maximum Fee of 5% and Minimum Term of 30 Days)

... PAYDAY LOAN BUSINESS

Branch Office Information

- Average Monthly Rent: \$1,397.00
- Average Monthly Payroll: \$3,582.00
- Average Payday Loan Transaction Amount: \$200.00
- Average Number of Payday Loan Transactions Per Month: 197

Financial Impact

$\$200.00 \times 5\% = \10.00 Proposed Gross Income Per Transaction Per Term

$\$10.00 \times 197 = \$1,970.00$ Proposed Gross Monthly Income*

\$1,970.00 Proposed Gross Monthly Income

< \$1,397.00 > Rent Expense

< \$3,582.00 > Payroll Expense

(\$3,009.00) Gross Monthly (Loss)

***Proposed SB 84 does not cover monthly rent, payroll, and other operating expenses, including but not limited to utilities, insurance, taxes, donations, bad debt, etc.**

Note: Actual Payday Loan Branch Office Information is that of Check Advance. *Check Advance* is a nationally based Corporation with 24 branch offices in Wisconsin.

IMPACT OF SENATE BILL 84 (Continued)

... PAYDAY LOAN EMPLOYEE

Result: Lose "Quality of Life"

- **Salary**

- **Benefits**
 - Medical Insurance
 - Dental Insurance
 - Vision Insurance
 - Life Insurance
 - 401-K Retirement (Company matching)
 - Paid Holidays
 - Paid Vacation
 - Christmas Bonus
 - Workers Compensation Insurance
 - Unemployment Benefits
 - Social Security and Medicare Tax Benefit

... STATE OF WISCONSIN

Over 200 Payday Loan Branch Offices operate in the State of Wisconsin. Below is lost state revenue for one branch.

State of Wisconsin Income Taxes: \$1,526.00

State of Wisconsin Licensing Fees: \$500.00

State Wisconsin Payroll Tax: \$1,975.00

Wisconsin Property Tax: \$95.00

Note: Actual Payday Loan Branch Office Information is that of Check Advance. *Check Advance* is a nationally based Corporation with 24 branch offices in Wisconsin.



Wisconsin State Public Interest Research Group
1121 University Ave., Madison, WI 53715 (608) 251-1918
www.wispirg.org wispirg@pirg.org

**Testimony of Kerry Schumann, State Director of WISPIRG,
In Support Of Senate Bill 84**

My name is Kerry Schumann. I am the Director of the Wisconsin Public Interest Research Group (WISPIRG), and am testifying today on behalf of WISPIRG. We are testifying in support of Senate Bill 84 which would cap interest rates for short term loans at 5% of the cost of the loan and require loan terms to be a minimum of 30 days in length.

Just about everyone is familiar with these so-called payday lenders. There are very few topics that, when mentioned in conversation, generate as indignant and disgusted of a reaction as does the issue of payday loans. The payday lenders' advertisements on TV and flyers in grocery stores promise quick and easy cash. But as more and more of these storefront cash stores pop up around Wisconsin, we are realizing that their promises of quick and easy cash actually come at a great expense to consumers.

This problem is growing rapidly in Wisconsin. In 1993 there was only one payday lender operating in Wisconsin. Now there are over 200 processing over a million loans each year.

There are several issues I would like to address.

1. Payday lenders charge outrageous interest rates and fees.

Because the payday lending industry is largely unregulated in the state of Wisconsin, lenders typically charge outrageous interest rates and fees for short-term loans. Most payday lenders are charging annual interest rates of 500% and more. On a two-week loan of \$300, that's about \$60 in fees. It is difficult to believe that it's legal to charge an interest rate that high.

The industry likes to claim that they need to charge such absurd rates because they are in a high risk business. However, using Colorado as an example because they collect actual data from the industry, payday lenders charged-off only 3% of the loans made from 1996-1997, while their loans had an average APR of 485.26%. In those same years, California banks charged-off 2.7% of credit card debt while having an APR of 15-22%. Their argument doesn't holdup to close scrutiny and does not justify the high rates charged.

The payday lenders are making a generous profit, and could continue to do so under interest rates similar to the rates businesses ranging from pawn brokers to credit card companies operate under. In fact, in 1998 the Wisconsin payday industry generated an income of over \$40 million.

2. Pay day lenders are increasingly predatory.

Increasingly we are seeing payday lenders advertising on TV, in grocery stores, on campuses, on city kiosks and on radio. Much of the advertising targets consumers who can ill afford to pay outrageously high fees. The payday lenders are aggressively encouraging people to spend money they don't have and targeting people who are in desperate situations, then charging them exorbitant fees that they can't afford to pay.

3. Pay day loans do not provide a service.

The payday lenders like to claim that they are providing a "service" for people who have no other options. However, payday loans frequently lead to financial ruin and drive many

borrowers into endless debt and bankruptcy. Payday lending is one of the most insidious forms of community disinvestment. For an individual struggling to make ends meet, taking out a payday loan is like throwing gasoline on a fire - it only inflames the problem.

Consumers have other, and better, options than payday loans. Credit card cash advances, small finance company loans, and even pawn brokers are a better deal than a payday loan. Keep in mind that payday lenders require that customers have a source of income. In a country that is awash in credit offers, a consumer who has no other source of credit options is too high of a risk to be able to afford a payday loan.

The payday industry has been around for only a few years, yet consumers managed their finances without them for decades.

4. This committee should be exploring alternatives to pay day loans.

I would encourage all of you, as members of the Financial Institutions Committee, to think about this problem more broadly. It is true that as banks add more and higher fees, bank accounts are becoming more inaccessible to many consumers. Things like minimum balance requirements, ATM fees, check cashing fees and teller fees are leaving consumers with fewer and fewer options. The payday lenders claim to be filling that void, but it is unacceptable to replace one anti-consumer industry with an even worse one. I encourage you to not only support this legislation, but also to implement other pro-consumer banking policies such as requiring that all banks provide lifeline checking.

By passing Senate Bill 84, you will be standing up for consumers and requiring the payday industry to operate under the same rules that other industries operate under. I encourage you to support SB 84 and put a stop to this consumer rip-off. Thank you for the opportunity to testify.



Kerry Schumann
State Director
wispig@chorus.net

1121 University Ave.
Madison, WI 53715

Phone: 608.251.1918
Fax: 608.287.0865
www.pirg.org/wispig

Please find attached a document we think will be useful; in efforts to oppose Senate Bill 84 which seeks to end the licensed payday-lending industry in Wisconsin.

The hearing on Senate Bill is scheduled for October 2, 2001.

There are three lawmakers that are members of the Senate Committees on Privacy, Electronic Commerce and Financial Institutions. Please write, call or e-mail them with your opposition views. They are as follows:

Senator Jon Erpenbach - D Middleton
State Capitol 319 South
P.O. Box 7802, Madison, WI. 53707
ph 608 266-4470 fax 608 266-2508
email: SenErpenbach@legis.state.wi.us

Senator Kim Piche - D Racine
State Capitol 415 South
P.O. Box 7802, Madison, WI. 53707
ph 608 226-8332 fax 608 267-6793
email: SenPiche@legis.state.wi.us

Senator Ted Kanavas - R
State Capitol 22 South
P.O. Box 7802, Madison, WI. 53707
ph 608 266-9174
email: SenKanavas@legis.state.wi.us

1. Margaret A. Finkbe
2. Debra Jones

09/27/2001 11:42 32092477200
09/27/2001 13:43 9204659395

Please find attached a document we think will be useful in efforts to oppose Senate Bill 84 which seeks to end the licensed payday-lending industry in Wisconsin.

The hearing on Senate Bill 84 is scheduled for October 2, 2001.

There are three lawmakers your team should focus their opposition efforts on. These 3 are members of the Senate Committee on Privacy, Electronic Commerce and Financial Institutions. They are as follows:

Senator Jon Erpenbach-(D) Middleton
State Capitol: 319 South
PO Box 7882, Madison, WI 53707
(608) 266-6670, Fax: (608) 266-2508
email: Sen.Erpenbach@legis.state.wi.us

Senator Kim Plache-(D) Racine
State Capitol: 415 South
PO Box 7882, Madison WI 53707
(608) 226-1832, Fax: (608) 267-6793
email: Sen.Plache@legis.state.wi.us

Senator Ted Kanavas-(R)
State Capitol: 22 South
PO Box 7882, Madison, WI 53707
(608) 266-9174
e-mail: Sen.Kanavas@legis.state.wi.us

Customers against Bill 84!

1. *Mallinckrodt*
2. *Henry K. Dungey*
3. *Nicola Handwerker*
4. *Steve A. Conell*
5. *Kristen R. Noel*



Center for Public Representation
Consumer Law Litigation Clinic

975 Bascom Mall • Madison, WI 53706 • Phone (608) 263-6283 • Fax (608) 262-5485

Date: September 24, 2001

To: Senator Jon Erpenbach

Fax Number: 266.2508

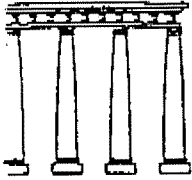
From: Stephen E. Meili
Center for Public Representation
Consumer Law Litigation Clinic

Re: Payday Lending

Number of Pages: 4 (Including Cover Sheet)

Message:

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Center for Public Representation
Consumer Law Litigation Clinic

975 Bascom Mall • Madison, WI 53706 • Phone (608) 263-6283 • Fax (608) 262-5485

August 22, 2001

Mr. John F. Kundert, Secretary
Department of Financial Institutions
345 W. Washington Ave - 5th Floor
P.O. Box 8861
Madison, WI 53708-8861

RE: **Review of Payday Lending in Wisconsin 2001**

Dear Secretary Kundert:

Thank you for the opportunity to meet with you and other DFI officials on July 20, 2001 to discuss DFI's Review of Payday Lending in Wisconsin 2001 (the "Report"). We appreciated the opportunity for an open discussion on the important issue of payday loans and their impact on Wisconsin consumers.

The purpose of this letter is to follow up on some of the concerns we expressed during the meeting regarding the Report and the data used in developing it. We have divided our comments into two categories: (1) concerns about methodology that influenced the Report's findings, and (2) inaccurate assumptions in the Report.

1. Methodological Concerns

A. Not accounting for payday customers in default

The Report's most critical methodological problem is its failure to include borrowers whose payday loans were in default. Payday loan customers in default most likely have a higher rollover rate than payday loan customers generally. Therefore, by excluding defaulted customers from the survey, the Report significantly underestimates the average number of rollovers by payday loan customers in Wisconsin. This helps to explain why the percentage of rollovers indicated in the Report is so much lower in Wisconsin than in Indiana.

B. Lack of Accounting for simultaneous loans with multiple lenders

The Report only examined a customer's recent history with one payday lender. Thus, the Report does not account for the significant number of customers who have several outstanding loans with different payday lenders at the same time. This is another way in which the Report underestimates the percentage of Wisconsin consumers who roll over their payday loans, and the number of times they roll them over.

C. Use of a 12-month analysis period

The Report is based on customers' loan history for only a one-year period (October 1999 to October 2000). Thus, the Report does not include loan data prior to the 12 months preceding the date of DFI's collection of data. Again, this methodology results in an underestimation of the number of rollovers in Wisconsin, since many customers selected for the Report are likely to have rolled over loans prior to October 1999. For example, data for a customer selected at random may have shown that the customer had rolled over a loan twice between October 1999 to November 1999. However, if that customer had rolled the same loan over several times prior to October 1999, the Report would not have accounted for it, thus skewing the rollover data for Wisconsin consumers generally.

D. No correlation regarding location of payday loan outlets and incidence of rollovers

The Report makes no attempt to correlate lender location with customer income level and rollover data. Because the Report is based on a geographically diverse sampling of payday lenders, it is likely to distort the picture of who actually uses payday lending in Wisconsin and how frequently they roll over their loans. This is because one can assume that given the concentration of payday loan customers in low-to-middle income urban areas (e.g., Milwaukee), most payday loan customers live in or near such areas. It is also safe to assume (although the Report did not address this) that the percentage of rollovers is highest among customers in lower income neighborhoods, since they are more likely to have insufficient funds in their checking accounts when their loans come due. However, because the Report does not correlate geographic area with volume of payday loan use, and thus disproportionately represents customers in non low-income neighborhoods, it understates the statewide average rollover rate.

2. Inaccurate Assumptions

A. The "unbanked"

The Report concludes that because 100% of payday loan customers have checking accounts they are not "unbanked." While it is certainly true that all payday loan customers have a checking account (such an account is necessary in order to take out a payday loan), many customers do not have access to other forms of credit because of poor credit ratings that make it impossible to borrow money from more traditional lending institutions. Holding a checking account does not guarantee access to credit. Thus, many payday customers are effectively "unbanked."

B. Payday loan usage across the board in terms of income

The Report states that there is payday loan "usage across the board in terms of . . . income" (page 9). This is an incorrect assumption because most payday customers are low-to-moderate income. The data in the Report shows an average customer gross income of \$24,673, below the average income level for Wisconsin. While higher income consumers may occasionally borrow from a payday lender, the vast majority of payday loan customers are low-to-moderate income. Indeed the raw data from the survey indicates only one customer with an income over \$50,000, whereas the vast majority are in the \$20,000 to \$30,000 range, with a significant number below \$10,000. By concluding that payday loan customers span the income spectrum, the Report conceals the disproportionate impact that payday loans, and their exorbitant interest rate, have on lower income consumers.

Conclusion

In summary, the findings of the Report are troublesome because they are based on a methodology that did not consider default data, simultaneous loans with different payday lenders, or data preceding the 12 months prior to DFI's site visit, and made no correlation between the location of payday loan outlets, income of borrowers, and the incidence of rollovers. As a result, the Report significantly underestimates the number and frequency of rollovers in Wisconsin and, consequently the adverse effect of rollovers on Wisconsin consumers. Additionally, because the Report concludes that consumers of all economic levels utilize payday loans, the Report deemphasizes the disproportionate impact that payday lending has on lower income consumers in Wisconsin.

Thank you for the opportunity to comment on the Report and discuss this important issue. We would be happy to work with you in the future to improve access to financial resources for all Wisconsin consumers. If you have any questions regarding our comments, please feel free to contact us.

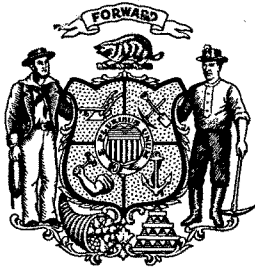
Yours truly,



Stephen E. Meili
Director

Hector J. Gonzalez
Student Intern

Cullen Goretzke
Student Intern



Wisconsin Briefs

from the Legislative
Reference Bureau

Brief 00-7

July 2000

PAYDAY LOANS

Throughout the country, payday loans make up the newest and fastest growing form of short-term lending. In Wisconsin alone, the Department of Financial Institutions (DFI) reported 839,285 loans totaling \$200.2 million in 1999, a surprising increase from 1996, which recorded approximately 80,000 loans at \$11.2 million. DFI data also showed the number of licensed lenders almost doubled from 17 firms with 64 locations in 1996 to 31 firms at 174 locations in 1999.

Questions have been raised about regulation of payday loan practices. Payday lenders assert they are providing a needed service not available through traditional financial institutions, while consumer groups question the finance charges assessed for the loans. In its 1999-2000 session, the Wisconsin Legislature considered two approaches to further regulate payday lending within the state (Senate Bill 96 and Assembly Bill 612), but neither passed. The senate proposal dealt with setting maximum interest rates for loans. The assembly measure would have required the lender to provide more detailed information to consumers about the loans.

PAYDAY LENDING PROCEDURES

The typical payday loan customer is living "from paycheck to paycheck" and needs a cash advance to bridge that gap. The lender makes a small loan against the borrower's personal check, which is held for deposit on a future date, such as the date the checkwriter will be collecting a paycheck. Loans generally range from \$100 to \$500, with an initial duration of one to two weeks, although some run as long as 10 months. If necessary, the borrower often is allowed to renew the loan for an additional period, called a "roll-over", and it is not unusual for loans to be renewed week after week. A study by the Indiana Department of Financial Institutions of 5,350 payday loan customers showed the average borrower rolled over a loan about 10 times.

To illustrate a payday loan transaction: an individual writes a check for \$115 and receives \$100 in cash, but the lender agrees not to cash the check for two weeks. The actual cost of the 2-week loan is the \$15 difference, which works out in this case to an annual percentage rate (APR) of 390%. If the individual cannot afford to have the check cashed on the agreed date, he or she may decide to pay a separate finance charge of \$15 to roll the loan over, increasing the total finance charges to \$30 for a \$100 one-month loan. Lenders usually do not conduct any credit checks on prospective borrowers other than verifying their checking accounts and employment.

Payday lenders admit their loan charges are relatively high compared to standard loans at financial institutions, but they claim high fees are necessary to offset the write-off of bad debts. Only a few states collect payday loan information, but Colorado, which does track these loans, reported in 1998 that payday lenders in that state wrote off 3.9% of loans, which is less than what banks wrote off in credit card debt for the same period.

State Regulation of Payday Loans

State	Applicable % Interest Cap	Min./Max. Term	Maximum Amount	Max. Fees Percent/\$	Effective APR for 14 days ¹
Alabama ²	36%	---	---	---	---
Alaska	36	---	---	---	---
Arizona	36	---	---	---	---
Arkansas	---	6/31 days	\$400 ck	10% + \$10	546%
California	---	_/30 days	\$300 ck	15% of ck	459
Colorado	---	NA	\$500 ck	\$25	650
Connecticut*	28.52	---	---	---	---
Delaware	---	---	---	---	---
Florida	---	NA ³	NA	10% + \$5	419
Georgia*	57.68	---	---	---	---
Hawaii	---	_/31 days	\$300 ck	15% of ck	459
Idaho	---	---	---	---	---
Illinois	---	---	---	---	---
Indiana	36	---	---	---	---
Iowa	---	_/31 days	\$500 ck	\$15 first \$100 ⁴	459
Kansas	---	_/30 days	\$860	---	390
Kentucky	---	14/60 days	\$500 ck	\$15 per \$100	459
Louisiana	---	_/30 days	\$350 loan	16.75% ck	520
Maine*	30	---	---	---	---
Maryland	33	---	---	---	---
Massachusetts*	39.86	---	---	---	---
Michigan ⁶	25	---	---	---	---
Minnesota	---	_/30 days	\$350 loan	---	390
Mississippi	---	_/30 days	\$400 ck	18% ck	572
Missouri	---	14 days/10 mo.	\$500 loan	\$15 per \$100	390
Montana	---	_/31 days	\$300 loan	25%	871
Nebraska	---	_/31 days	\$500 ck	\$15 per \$100	459
Nevada	---	NA	% ⁷	NA	---
New Hampshire ⁸	24	---	---	---	---
New Jersey*	30	---	---	---	---
New Mexico	---	---	---	---	---
New York*	25	---	---	---	---
North Carolina	---	_/31 days	\$300 ck	15% ck	459
North Dakota	30	---	---	---	---
Ohio	---	_/6 mo.	\$500 loan	5%/5-\$50	390
Oklahoma	---	30 days/NA	\$102	---	364
Oregon	---	---	---	---	---
Pennsylvania*	23.75	---	---	---	---
Rhode Island	36	---	---	---	---
South Carolina	---	_/31 days	\$300 loan	15% ck	459
South Dakota	---	---	---	---	---
Tennessee	---	_/31 days	\$500 ck	15% ck	459
Texas	31.65	---	---	---	---
Utah	---	NA	NA	No limits	---
Vermont	24	---	---	---	---
Virginia*	36	---	---	---	---
Washington	---	_/31 days	\$500	15% loan	390
West Virginia*	31	---	---	---	---
Wisconsin	---	---	---	---	---
Wyoming	---	_/30 days	NA	20% or \$30	780

NA - Not applicable; ck - check.

*Check casher's law bans payday loans.

¹Approximate annual percentage rate (APR) without compounding.

²Payday loans permitted under court injunction while litigation pending.

³Loan roll-overs or extensions violate Florida's usury and/or consumer finance act.

⁴\$10 on each additional \$100.

⁵Scale of fees and/or percentages related to size of loan.

⁶License not required if interest charges are no more than 5% per annum plus the check casher's fee. Check casher's fees not regulated.

⁷Maximum loan not to exceed one-third of borrower's expected net monthly income.

⁸Effective 1/1/2000 licensed lenders can charge any rate agreed to by customers, thereby allowing payday loans.

Sources: Compiled from various publications of the Consumer Federation of America, updated through September 1999.

REGULATION OF PAYDAY LOANS IN WISCONSIN AND OTHER STATES

With the enormous growth of payday loans in the last few years, state legislatures have been investigating the problems associated with this type of lending, and many have passed legislation to regulate it. Currently, 23 states (most recently Arkansas, Hawaii, Montana, and Utah in 1999) specifically authorize payday lending and exempt lenders from small loan interest caps or usury laws. Another eight, including Wisconsin, have no usury laws to regulate rates. The remaining 19 states have restrictive interest caps that tend to limit the volume of payday lending.

Some states set payday loan fees at a maximum percentage of the face value of the total check, others impose the percentage fee on the proceeds of the loan, and a few set a sliding fee scale related to the size of the loan. (Nationally, the average APR for payday loans is 474%.)

Wisconsin lenders (other than banks, savings institutions, and credit unions) generally must obtain a license from DFI's Division of Banking in order to charge interest greater than 18% APR, but there is no statutory maximum on the interest rates or fees charged by these licensed lenders. APR rates for a \$100 loan for 14 days range from 390% to 780% in Wisconsin.

MODEL DEFERRED DEPOSIT LOAN ACT

The National Consumer Law Center (NCLC) has developed the Model Deferred Deposit Loan Act to address specific aspects of payday loans, including fee structure, roll-overs, borrowers' use of multiple loans or multiple lenders, and the use or threatened use of courts for loan collection. The model for state legislation also proposes tighter regulation of payday loan business practices to strengthen compliance with existing state consumer protection provisions. The model act also provides for a private right of action so consumers can obtain remedies when the law is violated.

Existing Protections in Wisconsin. Wisconsin law and, to some extent, federal law already provide some of the consumer protections recommended in the NCLC model act.

- When licensing payday lending firms, DFI investigates the character, general fitness and financial responsibility of the lender. It may require a bond of up to \$5,000 per location, which may be used to pay damages and penalties to consumers harmed by a lender's actions.
- DFI may suspend or revoke a lender's license under certain circumstances and is required to receive and act upon complaints from consumers.
- Lenders must file annual reports and keep prescribed books and accounts, which are open for DFI inspection.
- Lenders must provide a written agreement that specifies the details of the loan, including fees and charges, truth-in-lending disclosures, and repayment obligations.
- The law permits prepayment of loans and requires a refund of unearned fees on the amounts repaid before due date.
- Lenders are prohibited from engaging in unfair, deceptive, or fraudulent practices in making or collecting payday loans, including using or threatening to use the criminal process to collect overdue loans.

- Consumers have civil remedies against lenders, and criminal penalties, including maximum fines of \$2,000 per violation, are provided for willful and knowing violations of the law.
- Wisconsin common law, based on state court decisions, forbids unconscionable contracts, and that prohibition applies to payday loans.

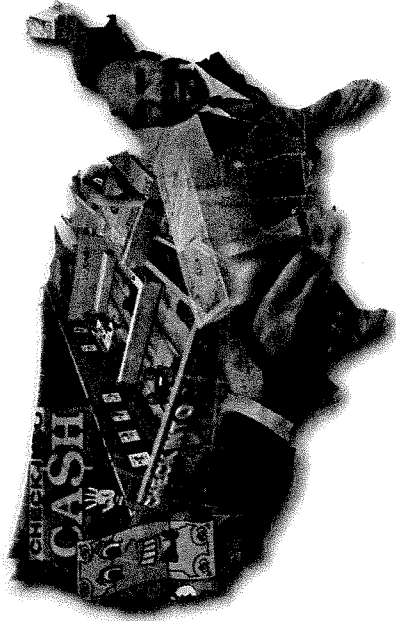
Other Issues Raised in the Model Act. The model act raises additional issues, which are not currently addressed in Wisconsin or federal law (although some were covered in the bills introduced in the 1999 Legislature). The act proposes:

- Maximum and minimum limits on the amount and duration of each loan.
- Maximum limits on interest rates and administrative fees charged for loans.
- Prohibiting a lender from making more than one payday loan to a single customer at a time or issuing a second loan to the person unless 30 days have elapsed after termination of the first loan, thereby essentially preventing roll-overs.
- Increased disclosure about payday loan procedures to ensure consumer awareness of the effects of contracting such obligations.

A copy of the NCLC's Model Deferred Deposit Loan Act is available on their Web site at www.nclc.org/PayDayLoans.

50	11	61	
75	16.50	91.50	
100	22	122	
125	27.50	152.50	
150	33	183	275=335.50-----2 for 167.75
175	38.50	213.50	300=366-----2 for 183.00
200	44	244	325=396.50-----2 for 198.25
225	49.50	274.50	350=427-----2 for 213.50
250	55	305	375=457.50-----2 for 228.75
275	60.50	335.50	400=488-----2 for 244.00
300	66	366	450=549-----2 for 274.50
325	71.50	396.50	500=610-----2 for 305
350	77	427	550=671-----223 / 224 / 224
375	82.50	457.50	600=732-----244/244/244
400	88	488	650=793-----1 for 264 &
450	99	549	2 for 264.50
500	110	610	700=854-----284/285/285
550	121	671	750=915-----305/305/305
600	132	732	800=976-----4 checks 244
650	143	793	
700	154	854	
750	165	915	
800	176	976	

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Between Paydays...
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and Confidential



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Need
CASH
and it just
won't wait
until payday!



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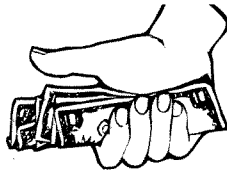


Member, Community Financial Services Association of America

The Facts About

Cash Advance Services

Welcome to Check into Cash. Thank you for choosing us to help with your short term financial needs. We know that as a consumer, you need straightforward facts to make an informed decision about using our service. Take a moment to review the answers to these questions frequently asked by new customers. If you have additional questions, just ask our Center Manager or call our Customer Comment Line toll-free at 1-800-504-9101. It is our privilege to serve you.



Q: Do most people use this service for the same reason I do?

A: Probably so. Surveys show that while Americans do a pretty good job of managing household budgets, most of us need occasional help. An increasing number of consumers use the service to cover unexpected expenses or to bridge a short-term cash crunch between paydays, without incurring revolving debt. A cash advance is a short-term financial management tool that provides a sensible alternative to costly bounced checks, late payment charges and tarnished credit ratings.

When an immediate need arises, we're here to help. But a cash advance transaction is not a long-term solution for ongoing budget management.

Q: Is my transaction confidential?

A: Yes, We respect our customers' desire for privacy in managing their personal financial matters.

Q: How does Check into Cash determine the amount of money to advance me?

A: State law generally regulates the maximum advance amount available to our customers. Within the allowed range, you qualify for a particular advance amount based on your current income.

Q: How are fees established and can your company charge me as much as it wants?

A: The fee we charge is competitive and in compliance with applicable state law. It is our goal to offer you the best service at the most competitive fee possible.

Q: Does Check into Cash check my credit rating?

A: No, we do not obtain a credit report.

Q: Getting a payday advance is such a simple and easy process, why is there so much information in the Customer Agreement?

A: Our contract complies with all applicable state and federal disclosure requirements. In addition it fully outlines the terms of the transaction, including the cost of the service fee both as a dollar amount and as an annual percentage rate (APR). Check Into Cash wants you to have all the information you need to make an informed financial decision.

Q: What happens if I don't have the funds necessary to repay Check Into Cash on my due date?

A: Just like you we hope this doesn't happen. But if it does, Check Into Cash is committed to collecting past due accounts in a professional, fair and lawful manner. If we deposit your check and it is returned by your bank due to insufficient funds, you will be charged a returned check charge, permitted by your state's law. You will be responsible for payment in full of your account, including the returned check charge. We will contact you to collect the amount due.

Q: If my account becomes past due, will I face criminal prosecution?

A: No. Check Into Cash does not pursue criminal actions against a customer as a result of the customer's check being returned unpaid.

Q: What can I do if I'm ever dissatisfied with the service received from Check Into Cash?

A: We strive to provide friendly and professional customer service and receive very few customer complaints. But occasionally a problem will arise. If you have a concern that is not resolved to your satisfaction by our Center Manager we invite you to call our Customer Comment Line toll-free at 1-800-504-9101. The management of Check Into Cash welcomes the opportunity to address your concerns.



Turning your check into cash...
It's Quick, Easy & Confidential





BEST PRACTICES FOR THE PAYDAY ADVANCE INDUSTRY

To be a member in good standing of CFSA, a payday advance provider must abide by the following best practices:

- 1. Full disclosure.** A member will comply with the disclosure requirements of the State in which the payday advance office is located and with Federal disclosure requirements including the Federal Truth in Lending Act. A contract between a member and the customer must fully outline the terms of the payday advance transaction. Members agree to disclose the cost of the service fee both as a dollar amount and as an annual percentage rate ("APR").
- 2. Compliance.** A member will comply with all applicable laws. A member will not charge a fee or rate for a payday advance that is not authorized by State or Federal law.
- 3. Truthful advertising.** A member will not advertise the payday advance service in any false, misleading, or deceptive manner.
- 4. Encourage consumer responsibility.** A member will implement procedures to inform consumers of the intended use of the payday advance service. These procedures will include notifying consumers that a payday advance is a short-term cash flow tool not designed as a solution for longer term financial problems and informing customers of the availability of credit counseling services.
- 5. Rollovers.** A member will comply with State laws on rollovers (the extension of an outstanding advance by payment of only a fee). In States where rollovers are not specifically allowed a member will not under any circumstances allow a customer to do a rollover. In the few States where rollovers are permitted, a member will limit rollovers to four (4) or the State limit, whichever is less.
- 6. Right to rescind.** A member will give its customers the right to rescind, at no cost, a payday advance transaction on or before the close of the following business day.
- 7. Appropriate collection practices.** A member must collect past due accounts in a professional, fair and lawful manner. A member will not use unlawful threats, intimidation, or harassment to collect accounts. CFSA believes that the collection limitations contained in the Fair Debt Collection Practices Act (FDCPA) should guide a member's practice in this area.
- 8. No criminal action.** A member will not threaten or pursue criminal action against a customer as a result of the customer's check being returned unpaid or the customer's account not being paid.
- 9. Enforcement.** A member will participate in self-policing of the industry. A member will be expected to report violations of these Best Practices to CFSA, which will investigate the matter and take appropriate action. Each member company agrees to maintain and post its own toll-free consumer hotline number in each of its outlets.
- 10. Support balanced legislation.** A member will work with State legislators and regulators to support responsible legislation of the payday advance industry that incorporates these Best Practices.
- 11. Relationships with financial institutions.** A member may market and service payday advances made by a federally insured financial institution, provided the financial institution does the following: (1) sets its own credit criteria; (2) approves and funds each advance; (3) complies with State disclosure requirements, where not inconsistent with Federal law; (4) complies with State law as to the number of rollovers; (5) permits the member to purchase no more than a *de minimis* amount of the advances; and (6) complies with these Best Practices.

C706



Dawn Fink
Center Manager

3046 Fish Hatchery Road • Madison, WI 53713
Tel (608) 278-1700 Fax (608) 278-1770



David Simpson
Regional Manager

21 Gravois Bluffs Drive • Fenton, MO 63026
Tel (636) 326-2999 Pager (800) 631-7451



Best Practices for the Payday Advance Industry

To be a member in good standing of CFSA, a payday advance provider must abide by the following best practices:

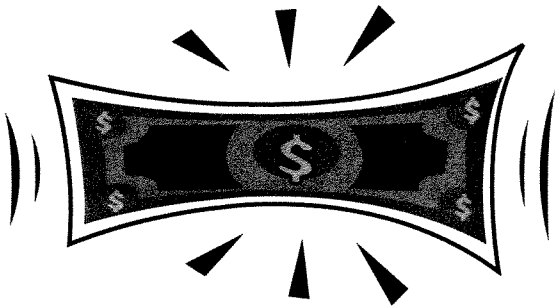
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2. **Compliance.** A member will comply with all applicable laws. A member will not charge a fee or rate for a payday advance that is not authorized by State or Federal law.
3. **Truthful advertising.** A member will not advertise the payday advance service in any false, misleading, or deceptive manner.
4. **Encourage consumer responsibility.** A member will implement procedures to inform consumers of the intended use of the payday advance service. These procedures will include notifying consumers that a payday advance is a short-term cash flow tool not designed as a solution for longer term financial problems and informing customers of the availability of credit counseling services.
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7. **Appropriate collection practices.** A member must collect past due accounts in a professional, fair and lawful manner. A member will not use unlawful threats, intimidation, or harassment to collect accounts. CFSA believes that the collection limitations contained in the Fair Debt Collection Practices Act (FDCPA) should guide a member's practice in this area.
8. **No criminal action.** A member will not threaten or pursue criminal action against a customer as a result of the customer's check being returned unpaid or the customer's account not being paid.
9. **Enforcement.** A member will participate in self-policing of the industry. A member will be expected to report violations of these Best Practices to CFSA, which will investigate the matter and take appropriate action. Each member company agrees to maintain and post its own toll-free consumer hotline number in each of its outlets.
10. **Support balanced legislation.** A member will work with State legislators and regulators to support responsible legislation of the payday advance industry that incorporates these Best Practices.
11. **Relationships with financial institutions.** A member may market and service payday advances made by a federally insured financial institution, provided the financial institution does the following: (1) sets its own credit criteria; (2) approves and funds each advance; (3) complies with State disclosure requirements, where not inconsistent with Federal law; (4) complies with State law as to the number of rollovers; (5) permits the member to purchase no more than a *de minimis* amount of the advances, or any such other amount which may be consistent with safety and soundness determinations by Federal banking regulators; and (6) complies with these Best Practices.

Community Financial Services Association of America

515 King Street, Suite 300, Alexandria, VA 22314, 703-684-1029 Fax: 703-684-7912

Website: www.cfsa.net E-mail: cfsa@multistate.com

STRETCHED TO THE LIMIT



Wisconsin Deferred Deposit Association

*Cares about helping families
by providing*

- ✓ Credit Counseling
- ✓ Family Budgeting
- ✓ Debt Management

Call 1-800-388-2227
Consumer Credit: Counseling Services

for an office near you.

Participating Counseling Agencies

*If you, or someone you know
is in need of financial help,
give us a call for
a confidential interview.*

Our services are available to anyone.

Check this listing for the office nearest you:

Appleton/Neenah, WI (920) 886-1000
Beloit, WI (608) 365-1244
Dubuque, IA (319) 584-2181
Duluth, MN. (218) 726-4767
Eau Claire, WI (800) 780-2890
Elkhorn, WI (262) 723-1524
Fond du Lac, WI (800) 350-2227
Fort Atkinson, WI (888) 868-5136
Green Bay, WI (920) 437-7531
Iron Mountain, MI. (906) 774-7565
Ironwood, MI (906) 932-4169
Janesville, WI (608) 752-5813
Kenosha, WI (262) 634-2391
Kenosha, WI (262) 697-2185
LaCrosse, WI (608) 784-8380
LaCrosse, WI (608) 782-0704
Madison, WI (608) 252-1334
Madison, WI (608) 221-2811
Manitowoc, WI (920) 684-6651
Menominee, WI (800) 780-2890
Milwaukee, WI (414) 456-1480
Milwaukee, WI (414) 282-8064
Oshkosh, WI (920) 231-9520
Racine, WI (262) 634-2391
Sheboygan, WI (920) 458-3784
Stillwater, MN. (651) 439-4840
Sturgeon Bay, WI (920) 743-1862
Waukesha, WI (414) 456-1480
Waupaca Co., WI (920) 982-3594
Wausau, WI. (715) 849-3311
West Bend, WI (800) 350-2227
Woodbury, MN (651) 735-5405

National Foundation for Consumer Credit
www.nfcc.org



As a member of the Community Financial Services Association of America (CFSA), Check'n Go™ encourages responsible industry practices that offer appropriate consumer protections. We support and abide by CFSA's Best Practices as outlined below. We value your trust in us and we appreciate having the opportunity to serve you.

- 1. Full disclosure.** A member will comply with all applicable state or federal disclosure requirements. In the absence of specific state regulations, a member must fully disclose to the customer all details of the payday advance transaction. A contract between a member and the customer must fully outline the terms of the payday advance transaction. Members agree to disclose the cost of the service fee both as a dollar amount and as an annual percentage rate (APR).
- 2. Compliance.** A member will not charge a fee for the payday advance service nor engage in any practice designed to charge a fee that exceeds that authorized by applicable law. A member will not charge additional add-on fees, such as a late fee, not authorized by state or federal law.
- 3. Truthful advertising.** A member will not advertise the payday advance service in any false, misleading, or deceptive manner. CFSA supports as a guideline for truthful advertising the advertising regulations contained in the Federal Truth-in-Lending Act.
- 4. Encourage consumer responsibility.** A member will implement policies and procedures to inform consumers of the intended use of the payday advance service. These policies will include notifying consumers that a payday advance is a short-term cash flow tool not designed as a solution for longer term financial problems.
- 5. Limit/prohibit rollovers.** Although a payday advance is a short-term solution to an immediate need, we recognize that a short-term cash flow problem may take several pay periods in order to correct itself. In states where rollovers are prohibited by applicable law, a member will not under any circumstances allow a customer to do rollovers. In states where rollovers are permissible, a member will follow applicable state law but in no case allow a customer to rollover a transaction more than four times.
- 6. Right to rescind.** A member will give its customers the right to rescind, at no cost, a payday advance transaction on or before the close of the following business day.
- 7. Appropriate collection practices.** A member must collect past due accounts in a professional, fair and lawful manner. A member will not use unlawful threats, intimidation, or harassment to collect accounts. CFSA believes that the collection limitations contained in the Fair Debt Collection Practices Act (FDCPA) should guide a member's practice in this area.
- 8. No criminal action.** A member will not threaten or pursue criminal action against a customer as a result of the customer's check being returned unpaid or the customer's account not being paid.
- 9. Self-policing of the industry.** A member will participate in self-policing of the industry. A member will be expected to report violations of applicable law to CFSA, which will in turn bring the matter to the attention of the violator. If the violation does not cease, the violator will be reported to the state regulatory authority. Each member company agrees to maintain and post its own toll-free consumer hotline number in each of its outlets.
- 10. Support balanced legislation.** A member will work with state legislators and regulators to support responsible legislation of the payday advance industry that incorporates these best practices.

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Check'n Go™

The fastest way to payday.™

Member, Community Financial Services Association of America

The Facts About Cash Advance Services

Welcome to Check'n Go™. Thank you for choosing us to help with your short-term financial needs. We know that as a consumer, you need straightforward facts to make an informed decision about using a payday advance service. Take a moment to review the answers to these questions frequently asked by new payday advance customers. If you have additional questions, just ask your Store Manager or call our corporate office toll-free at 1-800-53-MONEY. It is our privilege to serve you.

Q: Do most people use a payday advance service for the same reason I do?

A: Probably so. Surveys show that while Americans do a pretty good job of managing household budgets, most of us need occasional help. An increasing number of consumers choose a payday advance to cover unexpected expenses or to bridge a short-term cash crunch between paydays, without incurring revolving debt. A payday advance is a short-term financial management tool that provides a sensible alternative to costly bounced checks, late payment charges and tarnished credit ratings.

Q: How often do most people use this service?

A: Since a payday advance is a short-term solution to an immediate need, it is not intended for repeated use in carrying an individual from payday to payday. When an immediate need arises, we're here to help. But a payday advance is not a long-term solution for ongoing budget management.

Q: Is my transaction confidential?

A: We respect our customers' desire for privacy in managing their personal financial matters. The payday advance transaction is a confidential one between you and our company and we will treat your personal information accordingly.

Q: How does Check 'n Go™ determine the amount of money to advance me?

A: State law generally regulates the maximum advance amount available to our customers. Within the allowed range, you qualify for a particular advance amount based on your current income. Sometimes we can't give you as much as you'd like; but Check 'n Go™ wants to be part of your financial solution. We wouldn't really be helping if we advanced more than you have the ability to repay.

Q: How are fees established and can your company charge me as much as it wants?

A: The fee we charge is competitive and in compliance with applicable state law. It is our goal to offer you the best service at the most competitive fee possible.

Q: Does Check 'n Go check my credit rating before advancing me money?

A: No, we do not obtain a complete credit report. Unlike many other financial institutions, we do not require that you have good credit or, for that matter, any credit history at all. We do, however, subscribe to a risk assessment service. It tells us if customers are current in their payments to other businesses like ours and whether our customers have cash advances outstanding with other companies that subscribe to the same service.

Q: Getting a payday advance is such a simple and easy process, why is there so much information in the Customer Agreement?

A: The Agreement you read and sign prior to receiving a payday advance is a contract between you and Check 'n Go. Our contract complies with all applicable state or federal disclosure requirements. It fully outlines the terms of the

payday advance transaction, including the cost of the service fee both as a dollar amount and as an annual percentage rate (APR). Although most customers do not consider APR information helpful when evaluating the cost of a payday advance, in the interest of full disclosure, Check 'n Go wants you to have all the information you need to make an informed financial decision.

Q: What happens if I don't have the funds necessary to repay Check 'n Go on my due date?

A: Just like you, we hope this doesn't happen. But if it does, Check 'n Go is committed to collecting past due accounts in a professional, fair and lawful manner. If we deposit your check and it is returned by your bank due to insufficient funds, you will be charged a returned check charge if permitted by your state's law. You will be responsible for payment in full of your account, including the returned check charge. We will contact you to collect the amount due. If necessary and appropriate, your account may be turned over to a collection agency.

Q: If my account becomes past due, will I face criminal prosecution?

A: No. Check 'n Go does not pursue criminal actions against a customer as a result of the customer's check being returned unpaid. If it becomes necessary, however, we will seek civil remedies to collect past due accounts.

Q: What can I do if I'm ever dissatisfied with the service received from Check 'n Go?

A: We strive to provide friendly and professional customer service and receive very few customer complaints. But occasionally a problem will arise. If you have a concern that is not resolved to your satisfaction by the Store Manager, we invite you to call our Customer Comment Line toll-free at 1-800-53-MONEY. The management of Check 'n Go welcomes the opportunity to address your concerns. In the unlikely event you have a dispute we can't work out together, our Agreement provides that you can take your issue to small claims court or request arbitration, where a neutral third party hears both sides of the issue and makes a binding decision.

Check 'n Go would like to thank you for your business. You are a valued customer, and we appreciate the opportunity to serve you. At this time, please consider whether or not a payday advance is still the right financial alternative for you.

- A payday advance is a convenient short-term financial management tool that provides an alternative to costly bounced checks, late payment fees, and tarnished credit ratings.
- A payday advance allows you to cover unexpected expenses or cover short-term emergencies between paydays, without incurring revolving debt or drawnout payments.
- A payday advance is not a long-term solution for ongoing budget management.

At Check 'n Go we understand that short-term financial emergencies can often take months to overcome. We want to be there to help. However, we also want to ensure the payday advance transaction is not used as a substitute for a more appropriate, longer-term credit alternative.

Solving your Short-Term Cash Flow Problem and Moving Forward

At this time, we would like to suggest possible options designed to help you get your short-term financial situation back on track and take an appropriate break from our service.

Option #1: (Not available in all states) Try a debt consolidation loan from Check 'n Go. If you own your home, you may qualify for a debt consolidation loan that can combine multiple expenses (i.e. credit cards, auto loans) into one monthly payment at a reduced interest rate. This one monthly payment is usually considerably lower than the combined total of the multiple payments. The benefit is more disposable income on a monthly basis.

Option #2: For a longer-term financial tool or budget solution, please consider credit counseling. Your local United Way office can provide names of organizations that offer educational seminars and private counseling on household budgeting and money management.

Check'n Go

The fastest way to payday.

Should you have any questions or concerns, please don't hesitate to discuss them with us. We also welcome your opinions and suggestions on our toll-free Customer Comment Line at 1-888-3PAYDAY.

Financial Solutions for the Future

It is not our intention to tell our customers how to manage their money— that is a personal, confidential choice.

If you find that you simply need a convenient way to get cash to cover unexpected or unplanned expenses in the future, we hope you will choose Check 'n Go for all your short-term needs.

Thanks for your business!

The Check 'n Go Mission:

As a Company.

We are committed to providing services that preserve both the financial security and the dignity of our customers.

As Associates.

We will, at all times, demonstrate our understanding of our customer's needs by providing services that are convenient, fast and fair.

As Managers.

We will foster an innovative company environment that empowers our Associates with responsibility and ownership while emphasizing high ethical standards.

As Citizens.

We will abide by the rule of law for the protection of our customers and our company.

Check'n Go

The fastest way to payday.

If you wish to opt-out of disclosures we make to our affiliates and/or nonaffiliated third parties, you may do so by checking the appropriate box(es) on the Opt-Out Notice that accompanies this notice and returning it to us at the following address:

Check 'n Go Opt Out
5155 Financial Way
Mason, Ohio 45040

F. AUTHORIZED INFORMATION SHARING

Exercise of your opt-out rights will prohibit us from sharing nonpublic personal information about you with nonaffiliated third parties, except for third parties that perform marketing services on our behalf and other financial institutions with whom we have joint marketing agreements. In addition, we will continue to disclose information about our transactions or experiences with you to our affiliates. We will also continue to make certain other disclosures permitted or required by law.

Disclosures to Service Providers

We may disclose all of the nonpublic personal information described above to companies that perform marketing services on our behalf, such as:

- Direct sales companies
- Marketing companies that conduct customer segmentation analysis

Disclosures Pursuant to Joint Marketing Agreements

We may disclose all of the nonpublic personal information described above to other financial institutions with whom we have joint marketing agreements, such as:

- Banks
- Debit and credit card marketers and processors

Disclosures to Affiliates

We may share with our affiliates certain information about our transactions or experiences with you, such as your:

- Name
- Address
- Account balances
- Account activity
- Types of accounts
- Payment history

Other Disclosures Permitted or Required

State and federal law permits and often requires us to disclose nonpublic personal information about you to nonaffiliated third parties in addition to the disclosures described above.



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Form PRIV-DISCOFT 6/21/2000 Custom

PRIV-43
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*your Privacy is
important to us*



NOTICE OF YOUR

FINANCIAL PRIVACY RIGHTS

This is our privacy notice for our customers. When we use the words "you" and "your" we mean the following types of customers:

- Individuals who have a continuing account relationship with us, such as a:
 - Consumer loan or small loan account
 - Mortgage loan account
 - Deferred or delayed check presentation account
- Check cashing account
- Checkless checking account
- Individuals who do not have a continuing account relationship with us but who may use a financial product or service we provide in isolated transactions. This includes, for example, someone who applies for a financial service transaction but does not complete the transaction.

This notice describes the sources from which we collect nonpublic personal information about you and the measures we take to secure that information. This notice also describes the information about you that we may share with other entities, what your rights are, and how you can exercise them. If you share your account relationship with someone else, we suggest that you share this notice with each other to ensure that each of you are aware of our policy and your options.

We first define some terms:
We, our, and us mean Check 'n Go.
Nonpublic personal information means information about you that we collect in connection with providing a financial product or service to you. Nonpublic personal information may not include information that is available from public sources, such as telephone directories or government records.

An **affiliate** is a company we control, a company that controls us, or a company that is controlled by the same company that controls us.
A **nonaffiliated third party** is a company that is not an affiliate of ours.

Opt out means a choice you can make to prevent certain sharing of information. We will explain how you can exercise this choice.

A. THE INFORMATION THAT WE COLLECT
We collect nonpublic personal information about you from the following sources:

- Information we receive from you on credit applications or other forms
- Information about your transactions and experience with us
- Information about your transactions and experience with our affiliates
- Information about your transactions and experience with nonaffiliated third parties
- Information from a consumer reporting agency

B. THE CONFIDENTIALITY, SECURITY, AND INTEGRITY OF YOUR NONPUBLIC PERSONAL INFORMATION

We restrict access to nonpublic personal information about you to those of our employees who need to know such information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

C. DISCLOSURE OF NONPUBLIC PERSONAL INFORMATION

Subject to applicable state law¹ and your opt out rights discussed below, we may disclose nonpublic personal information about you to affiliates and nonaffiliated third parties.

Categories of Information We May Disclose

We may disclose the following kinds of nonpublic personal information about you:

- Information we receive from you on our credit application or other forms, such as:
 - Assets
 - Income
 - E-mail address
 - Sources of income
 - Time at residence
 - Phone number
 - References

- Information about your transactions and experience with us, such as:
 - Name
 - Address
 - Account balances
 - Account activity
 - Types of accounts
 - Payment history

¹ Where applicable state law is more restrictive on us than the policy described above in this Section C, our policy regarding sharing nonpublic personal information about you with affiliates or third parties will conform to the more restrictive state law. For example, where applicable state law requires us to obtain your consent prior to disclosure of nonpublic personal information about you to affiliates or certain third parties (an "opt-in"), we will not disclose such nonpublic personal information, even if you do not exercise your opt out rights.

- Information about your transactions and experience with our affiliates, such as:
 - Creditworthiness
 - Credit history
- Information about your transactions and experience with nonaffiliated third parties, such as:
 - Account balances
 - Account activity
 - Types of accounts
 - Payment history
- Information we receive from a credit reporting agency, such as:
 - Creditworthiness
 - Credit history

Categories of Third Parties to Whom We May Disclose Information About You

We may disclose nonpublic personal information about you to the following types of third parties:

- Financial service providers, such as:
 - Banks
 - Consumer loan or small loan companies
 - Deferred or delayed presentation companies
 - Check cashing companies
 - Mortgage bankers and mortgage brokers
 - Debit and credit card marketers and processors
 - Service providers that perform marketing services for us, such as:
 - Direct sales companies
 - Marketing companies that conduct customer segmentation analysis

D. DISCLOSURE OF NONPUBLIC PERSONAL INFORMATION ABOUT FORMER CUSTOMERS

We do not disclose nonpublic personal information about former customers.

E. YOUR RIGHT TO BLOCK THE DISCLOSURE OF YOUR NONPUBLIC PERSONAL INFORMATION

If you do not want us to share your nonpublic personal information with affiliates or with nonaffiliated third parties, you can block the release of certain nonpublic personal information, subject to certain exceptions described below. This is known as your right to "opt-out." Your decision to block the disclosure of your nonpublic personal information will apply to all products and services you receive from us.

If you have a joint account, an opt-out instruction given by one participant of this account will affect all participants of the account.

If you have previously opted out from the information sharing we do with our affiliates, we will continue to honor that opt-out.

(continued on back)

OPT-OUT NOTICE

If you wish to opt-out of disclosures we make to our affiliates and/or nonaffiliated third parties, you may do so by checking the appropriate box(es) on this Opt-Out Notice and returning it to us at the following address:

Check 'n Go Opt Out
5155 Financial Way
Mason, Ohio 45040

- Do not share any nonpublic personal information about me with your affiliates, other than nonpublic personal information relating to your transactions and experiences with me.
- Do not share any nonpublic personal information about me with nonaffiliated third parties, other than as permitted or required by law.

Signature _____

Name(s) _____

Account Number(s) _____

Street Address _____

Apt# _____

City, State, ZIP _____

CUT HERE

CUT HERE

