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PRESENTATION OF THE
OFFICE OF CONSUMER PROTECTION

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

MARCH 23, 2015
2:45 PM

TESTIMONY IN SUPPORT OF S.B. 737, S.D. 1, RELATING TO CHECK CASHING

TO THE HONORABLE ANGUS L.K. McKELVEY, CHAIR,
AND TO THE HONORABLE JUSTIN H. WOODSON, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs (“DCCA”), Office of Consumer Protection (“OCP”) supports S.B. 737, S.D. 1, Relating to Check Cashing, and offers the following comments for the Committee’s consideration. My name is Stephen Levins and I am the Executive Director of the OCP.

S.B. 737, S.D. 1 amends section 480F-4, Haw. Rev. Stat., by striking the fifteen percent (15%) allowable fee on the face amount of the check (pg. 2, lines 11-13). It also stipulates that the fees charged for a deferred deposit transaction not exceed an annual percentage rate (“APR”) of thirty-six percent (36%) (pg. 2, lines 13-16).

The OCP supports this measure as it would reduce the cost of credit for consumers who should not be paying interest on a loan that until a few years ago would have been considered exorbitantly usurious.

Adopting a 36% cap would not be an aberration. On the contrary, limiting deferred deposit transactions for Hawaii consumers to 36% APR would be consistent with the growing trend around the country of providing more consumer protections for these loans. In the past few years alone, more than 16 jurisdictions have either banned payday loans outright or subjected them to a 36% APR cap or lower. These jurisdictions include: Arkansas; Arizona; Connecticut; the District of Columbia; Georgia; Maryland; Massachusetts; Montana; New Hampshire; New Jersey; New York; North Carolina; Ohio; Pennsylvania; Vermont; and West Virginia.

According to an April 2013 report issued by the National Consumer Law Center, the 36% rate cap also works on a practical level for small loans. For a loan of the typical size and duration of a payday loan, a 36% rate results in payments that payday borrowers are more likely to be able to make while actually paying off the loan. A 36% rate also forces lenders to offer longer term loans with a more affordable structure and to more carefully consider the abililty to pay to avoid write offs.

Despite claims to the contrary, a 36% APR would not reduce the availability of credit to borrowers who currently take out payday loans in Hawaii. In fact, in the states that have curtailed the practice, where the same arguments concerning the unavailability of credit were asserted by the payday lending industry, many viable alternatives have become available. For instance, New York offers products for low-income borrowers with little or no credit and low credit scores, with an APR of 14.25% for a six-month loan. In North Carolina, credit unions offer a Salary Advance of up to

$500 at 12% with no fees, and in Connecticut borrowers can find help from credit unions where the loans feature APRs between 10.25% and 17.99% depending on a borrower's credit score.

Many institutions in Hawaii already offer similar loan products: The Office of Hawaiian Affairs offers micro loans up to $7500 at 5%; Hawaiian Community Assets offers Credit Builder micro loans up to $3,000 at 7.5%; the Kauai Government employees FCU offers loans up to $5000 at 8%; and small loans are available to low income borrowers from the Maui FCU, the Hawaii First FCU, and the Hawaii State FCU.

In view of the foregoing, the OCP believes that the 36% APR should be adopted by the State of Hawaii.

Thank you for the opportunity to support S.B. 737 S.D. 1. I am available for any questions you have regarding this Bill.

From:	mailinglist@capitol.hawaii.gov
Sent:	Sunday, March 22, 2015 1:20 PM
To:	CPCtestimony
Cc:	islomane@gmail.com
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Shaun Campbell	Honolulu Council of MoveOn.org	Support	No

Comments: Aloha e Representatives: That the poorest and most financially vulnerable families in Hawai'i can be charged the usurious interest rate of 459% on payday loans is simply unconscionable. These predatory lending practices keep our local families in debt cycles that can be hard, if not impossible to break free of. Please take a vote on the 36% cap for Hawaii's families (SB737) this week. It was deferred last month without a vote. We certainly don't need a further study or a "cooling off period". We need real reform now on an interest trap that is obviously unfair on its face. Respectfully, Shaun Campbell Co-Organizer Honolulu Council of MoveOn.org

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Hawaiʻi Alliance for Community-Based Economic Development
677 Ala Moana Blvd., Suite 702 Honolulu, HI 96813
Ph. 808.550.2661 Fax 808.534.1199
Email info@hacbed.org www.hacbed.org

HACBED
Community Voice, Collective Action

Date: Saturday, March 21, 2015
To: Representative Angus L.K. McKelvey, Chair, Representative Justin H. Woodson, Vice-Chair, and members of the Committee on Consumer Protection & Commerce
From: Brent Kakesako, Hawaiʻi Alliance for Community-Based Economic Development (HACBED)
Re: Strong Support for SB737 SD1

Aloha Chair McKelvey, Vice-Chair Woodson, and Committee Members,

The Hawaiʻi Alliance for Community-Based Economic Development (HACBED) strongly supports SB 737, which places a cap on the interest that a check casher can charge pursuant to a deferred deposit agreement at 36 per cent per annum.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development and asset building strategies. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map. HACBED also facilitates the Family & Individual Self-Sufficiency Program (FISSP), which administers the Internal Revenues Services' Volunteer Income Tax Assistance (VITA) program as a part of its larger asset building and financial education initiatives for needy families. As such, HACBED strongly supports the proposed bill that would provide needed assistance in the area of predatory lending through the establishment of a 36 per cent annual interest rate limit for deferred deposit agreements, more commonly known as “payday loans.”

To clarify, a payday loan is a small, short-term unsecured loan that borrowers promise to repay from their next paycheck or regular income payment (i.e. Social Security or welfare payment). Current Hawaiʻi law allows payday lenders to charge a fee of 15% of the face value of a check for each transaction, and lend up to a maximum of $600. Under these loose regulations, lenders are able to charge borrowers APR’s that are in excess of 450%.

Through HACBED’s efforts with FISSP and the VITA program, we have heard countless stories of the negative effects that payday lending has on families, in many cases acting as a debt trap from which they cannot escape. These stories are corroborated by statistical findings at both the state and national level. In fact, through the intensive analysis of data from 2012 and 2013, the Consumer Financial Protection Bureau found that four out of five payday loans are rolled over or renewed, meaning that the borrower was not able to repay the loan by the agreed upon date and was left with no other recourse than another high interest payday loan, despite having already experienced the difficulties of repaying these loans

It is due to this revolving door of debt that the average payday loan borrower remains in debt for more than six months, which is twice the length of indebtedness recommended by the FDIC. Due to high rates and frequent rollovers, three out of five payday loans are made to borrowers whose fees exceed the amount that they have actually borrowed.

All recent statistics indicate that changes must be made to the payday lending industry in order to provide Hawai'i's families with choice and control over their financial lives. There are a number of safe, regulated, lower-cost alternatives to payday loans that can be found throughout Hawai'i and these should also be better promoted and marketed. Ultimately, by placing a 36 per cent APR cap on payday loans, SB737 SD1 provides families with that opportunity, following the precedent set by the U.S. Dept. of Defense and respecting the findings of the FDIC, which indicate that small dollar lenders can safely and profitably lend to consumers at this rate.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director
Hawai'i Alliance for Community-Based Economic Development

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 737 SD1 Relating to Check Cashing
House Committee on Consumer Protection & Commerce
Scheduled for Hearing Monday, March 23, 2015, 2:45 PM, Room 325

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low-income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for an opportunity to testify in **strong support** of Senate Bill 737 SD1, which would place a 36% annual percentage rate (APR) on the interest that a check casher can charge for a deferred deposit agreement. As advocates for economic justice and low-income families throughout Hawai'i, we firmly support greater protections from predatory lending practices.

The current fee cap of 15% amounts to a 459% annual percentage rate (APR) that can trap desperate borrowers in a cycle of high interest loans. Hawai'i has the opportunity to end this exploitative interest rate by imposing a reasonable cap of 36% APR as proposed in this bill. A 36% APR cap is the only proven, meaningful way to protect borrowers from high-cost lending. Sixteen jurisdictions have already taken action and implemented a 36% cap while still allowing affordable small loans. The federal government has also recognized the dangers of payday loans and imposed a 36% APR cap for loans made to active duty military members and their families. Our local families deserve the same protections from predatory landing.

We are mindful that payday lending is indicative of broader issues of financial insecurity facing low-income people, but these kinds of high interest loans only make a borrower's financial situation even more precarious. According to the Center for Responsible Lending, only 2 percent of borrowers can afford to pay off the loan the first time. As a result, four out of five payday loan borrowers either default or renew a payday loan over the course of a year. The average borrower remains in debt for more than six months. We recognize that Hawai'i's residents, including low-income workers, may sometimes need loans to cover expenses. But there are a number of safe, regulated small dollar loans with interest rates far below payday loans, including financial options available at local credit unions. And small dollar lenders can indeed safely lend at an APR of 36% or less, as shown by recent research from the FDIC.

Again, thank you for the opportunity to testify on this bill. We strongly encourage you to **support SB 737 SD1**, as written, to provide greater protection for our low-income workers and others vulnerable to financial exploitation through predatory lending.

PHOCUSED

PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

TO: Representative Angus L.K. McKelvey, Chair
Representative Justin H. Woodson, Vice Chair
Members, House Committee on Consumer Protection & Commerce

FROM: Scott Morishige, MSW
Executive Director, PHOCUSED

HEARING: **Monday, March 23, 2015 at 2:45 p.m. in Conf. Rm. 325**

Testimony in Support of <u>SB737 HD1, Relating to Check Cashing.</u>

Thank you for the opportunity to provide testimony in **strong support** of SB737 SD1, which would cap the Annual Percentage Rate (APR) for payday loans, also known as "deferred deposits" at 36%. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, including individuals and families living in poverty.

Reducing the APR is the best way to regulate Payday Loans.
The APR is a tool for consumers to indicate the risk level of different loan products based on all of the different factors impacting a loan – (1) The amount of the loan, (2) Any fees or interest, and (3) The length of the loan. By taking these factors into account, the APR enables consumers to compare loan products in a standardized way. The higher the APR – the higher the level of risk to the borrower that they will not be able to repay the loan. It is for these reasons that the Truth in Lending Act (TILA) requires APR disclosures for loans, and specifically for payday loans. *<u>A 36% APR indicates a lower level of risk for payday loans, and increases the likelihood that borrowers can repay the loans given the loan terms.</u>*

Why are Payday Loans harmful to consumers?
Payday loans are harmful not only because of high fees, but also because of their short due date and balloon payment structure. The 460% APR for a 14-day loan reflects this and indicates the near impossibility of repayment given these conditions. In fact, according to the Center for Responsible Lending, only 2% of payday loans go to borrowers who can afford to pay off the loan the first time. This results in multiple loans in the same amount being taken out over the course of a year (an average of eight times) – each with a new 15% fee. On an average loan amount of $350, a borrower will quickly end up paying over $500 in fees in <u>less than six months.</u>

Minimizing a loan's risk not only protects borrowers – It also helps lenders.
By increasing the likelihood that a borrower can repay a loan, a 36% APR cap also helps lenders by (1) Minimizing write-offs; (2) Avoiding bad loans; and (3) Reducing collection costs. Research conducted by the Federal Deposit Insurance Corporation (FDIC) found that small dollar loans – when regulated responsibly – can be a safe product, and <u>small dollar lenders can safely and profitably lend to consumers at an APR of 36% or less</u>. For small dollar loans, a 36% rate cap is high enough to generate an acceptable profit margin for lenders, but low enough to protect consumers from predatory practices.

American Savings Bank Tower (1001 Bishop St., Ste. 780) Honolulu, HI 96813 P: 808.521.7462
www.phocused-hawaii.org admin@phocused-hawaii.org

There is a growing national trend to better regulate, or eliminate, payday loans.
Across the country, there is a growing realization that payday loans are harmful to borrowers. As a result, *over 18 states and the District of Columbia have either adopted a 36% APR cap or have eliminated payday loans entirely.* Furthermore, in 2006, Congress imposed a 36% APR cap on payday loans for military members on their families. If we recognize that a 36% APR cap is necessary to protect the military from payday loans, why do we not extend that same level of protection to local families?

The harm caused by payday loans is real.
Through the work of our PHOCUSED member agencies, we know that the harm caused by payday loans is very real. For example, we know of one individual who paid over $1,000 in less than a year on an initial $300 loan. We also have heard of individuals and families who are homeless, and unable to transition to housing because of the heavy debt they owe to predatory payday lenders. Unfortunately, the payday lenders causing harm are not doing anything illegal – they are following the law, but just because something is legal does not make it right. By capping the APR for payday loans at 36%, Hawaii can provide better protections for our consumers and keep them safe from predatory lending practices that otherwise drives families deeper and deeper into debt, and costs our state over $3 million in fees alone each year.

Once again, PHOCUSED strongly urges your support of this bill and requests the implementation of a 36% APR cap on payday loans in Hawaii to protect our vulnerable populations from predatory lending practices. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at admin@phocused-hawaii.org.

CATHOLIC CHARITIES HAWAIʻI

Testimony in Support of SB 737, SD1 Relating to Check Cashing

TO: Representative Angus McKelvey, Chair, Representative Justin Woodson, Vice Chair, and Members, Committee on Consumer Protection and Commerce

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaiʻi

HEARING: House Committee on Consumer Protection and Commerce
Monday, March 23, 2015 at 2:45 p.m. in Conf. Rm. 325

Thank you for the opportunity to provide **testimony in strong support of SB 737**, which places a cap on the interest a check casher (payday lender) can charge pursuant to a deferred deposit agreement at 36 per cent per annum.

Catholic Charities Hawai`i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai`i for over 60 years. CCH has programs serving individuals, elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai`i. CCH's advocacy priority is reducing poverty in Hawaiʻi and this bill would help with that goal by making the interest rate cap on payday loans more manageable for consumers, thereby helping them to avoid a debt trap.

In 2006 the U.S. Department of Defense made it illegal to make loans with interest rates greater than 36% APR to active-duty service members and their families. Currently, 17 other states have adopted this policy and protected their consumers while allowing affordable small loans. At this rate of interest, borrowers are more likely to be able to pay back their loans without rolling them over into another loan and accruing more debt.

Clearly it is the poor who are using this type of financial product and in Hawaiʻi many people are struggling with the high cost of living. People living below the poverty line are especially hard hit in Hawaii, with the highest cost of shelter[1] in the country. A family of four in Hawaii pays 68% more for food than families on the mainland[2]. This population is frequently teetering at the brink of homelessness. Any change to their financial situation like a decrease in wages or increase in rent will tip them over into homelessness. It is in situations like those that they will use a payday loan to get by and it is critical that they are protected from unreasonable rates and fees that will accumulate to create a greater problem for them.

One of the primary problems with payday loans with fees higher than the equivalent of 36% APR is that only 2% of borrowers can afford to pay off their loan the first time.[3] Borrowers cannot pay back these loans when they are due and afford their regular living expenses. They are

[1] Hawaii 2013 State Housing Profile, National Low Income Housing Coalition. http://nlihc.org/sites/default/files/SHP-HI.pdf.

[2] Based on the U.S. Department of Agriculture's Thrifty Food Plan, which is used as the basis for Supplemental Nutrition Assistance Program benefits. See http://www.cnpp.usda.gov/usdafoodplanscostoffood.htm.

[3] Uriah King and Leslie Parrish, Phanton Demand: Short-term Due Date Generates Need for Repeat Payday Loans, Accounting for 76% of Total Volume (Durham, NC: Center for Responsible Lending, 2009)

forced to borrow more money to pay off the loan that is due, accruing more and more debt and fees. A typical payday loan borrower takes out eight loans of $375 per year, and spends $520 in interest. [4]

Hawaiʻi's credit unions and micro-lending programs have small loans that can help people who may otherwise borrow from payday lenders. There are social service non-profits focusing on asset building and financial empowerment that can also help people to better manage their finances. Hawaiʻi's poor do not need to rely on payday loans. There are other products available that will not leave them stuck in a debt cycle.

The Pew Charitable Trust in 2012 released a report categorizing types of state law regarding payday loan regulation and usage rates. The categories they used were "restrictive," "hybrid," and "permissive." There are 14 states with "restrictive" category laws that have effectively eliminated the payday lending industry in those states. Hawaiʻi's state law regarding payday lending places us in the "permissive" category, the least regulated with storefronts readily available to borrowers and products with extremely high fees. Together we can join the national movement to better regulate payday lending by passing SB 737.

Thank you for your support. We appreciate this opportunity to discuss one of the serious challenges faced by people living with low-incomes. Please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.

[4] Nick Bourke, Alex Horowitz, and Tara Roche, Payday Lending in America: Who Borrows, Where They Borrow, and Why. (Washington, D.C.: The Pew Charitable Trusts, 2012) http://www.pewstates.org/uploadedFiles/PCS_Assets/2012/Pew_Payday_Lending_Report.pdf

March 22, 2015

To: Representative Angus L.K. McKelvey, Chair

Representative Justin H. Woodson, Vice Chair

Members, Committee Consumer Protection and Commerce

From: Karen Ginoza, President, Faith Action for Community Equity (FACE) Oahu

Hearing: Monday, March 23, 2015 at 2:45 in Conference Room 325

Re: Testimony in Support of SB 737, SD1, Relating to Check Cashing

Thank you for the opportunity to provide testimony in strong support of SB 737, which would cap the Annual Percentage Rate (APR) for payday loans, also known as "deferred deposits" at 36% per annum. This measure is very important to give people who need this loan a fair way of repaying their loan and not become burdened with the repayment plan. I urge you to pass this bill.

HOUSE OF REPRESENTATIVES
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

Committee on Consumer Protection & Commerce
Rep. Angus L.K. McKelvey
Rep. Justin H. Woodson, Vice Chair

RE: SB 737 SUPPORT

Aloha Chair McKelvey and Vice Chair Justin Woodson and members of the committee,

My name is Rev. Tasha Kama, the Pastor of the Christian Ministry Church on Maui and the President of Faith Action for Community Equity (FACE), Maui.

FACE Maui appreciates the scheduling of this hearing and the opportunity for a vote to be taken on this bill.

Passing this bill is the right thing to do. A 36% cap is needed to stop the predatory lending that is going on in our islands. These types of lending practices are usury and only serve to keep people in poverty. You have the power to create equality for all people by capping the interest rates on these loans to 36%. Lenders can still lend and make a profit, people can still borrow and afford to repay the loan. No one gets richer and no one gets poorer.

Members, you represent the voices of those who are not able to be at the Legislature. These voices are hard at work earning a living to support their families, support their communities and support their government. Those same voices elected you and are trusting that you are doing the right thing on their behalf.

Members of the committee, you are the peoples lobbyists. They contribute to your salaries, work hard to help you win your elections, and make monetary donations to your campaigns.

For the people in your district, please Vote and do not defer SB737.

For the people in your district, vote YES on SB737.

Mahalo for your serious meditation on this issue and the opportunity to submit written testimony.

March 21, 2015

TO: Representative Angus McKelvey, Chair
House Committee on Consumer Protection

Representative Justin Woodson, Vice-Chair
House Committee on Consumer Protection

FROM: Rev. Bob Nakata, Co-Chair
FACE Housing Task Force

RE: SB737, SD1 Relating to Check Cashing

This bill provides a mechanism to protect economically-stressed families from outrages interests of over 450 percent charged by what are called payday lenders. These families, desperately short of cash in their daily lives, fall victims to these lenders. Any shortfall in cash at the end of pay periods, unexpected emergencies such as illness, accident or car repairs can threaten them with homelessness. Especially with our high rates of homelessness, very high rents, and lack of affordable housing generally, it is unconscionable to allow such high interest rates.

Please pass this bill to cap interest rates at 36 percent.

Thank you.

HAWAIIAN COMMUNITY ASSETS

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March 22, 2015

House Committee on Commerce and Consumer Protection
Monday, March 23, 2015 at 2:45pm
Conference Room 325

SUPPORT: SB737 – Relating to Check Cashing

Aloha e Chair and Committee Members:

I am submitting testimony in **STRONG SUPPORT** of SB737 – Relating to Check Cashing, legislation that will increase competition in the financial services marketplace to reduce the use of predatory payday loans, help retain wealth in our low-income families and communities, and stimulate our local, Hawaii economy in the wake of the Great Recession.

I am presenting my testimony in my capacity as Executive Director of Hawaiian Community Assets (HCA), a statewide nonprofit 501c3 HUD-certified housing counseling agency that builds the capacity of low- and moderate-income communities to achieve and sustain economic self-sufficiency. Our business offers place-based youth and family financial education, housing counseling, and asset building programs to achieve our mission. HCA owns a nonprofit subsidiary, Hawaii Community Lending (HCL), which is a native community development financial institution that provides micro-loans to increase access to affordable capital for low-income Hawaii residents. Founded in 2000, our organization serves 1,500 children and families annually through 24 remote site offices on all inhabited islands across the state. Since our inception we have assisted 1,492 low-income families secure or sustain permanent housing and helped our low-income communities access more than $142 million in capital through mortgage financing, match savings, and micro-loans.

Payday Lending Industry Experiences 214% Revenue Increase Since 1997. The United States Economic Census reported that the payday lending industry's annual revenue increased in 2012 by 14.5% from 2007 to $14 billion nationwide. The industry has increased its revenue by 214% from $6.5 billion in 1997. Based on national trends, Hawaii's payday lending industry increased their annual revenue to a projected $11.45 in 2012. According to this timeline, the industry has made money off the backs of our low-income Hawaii families in the depths of the greatest economic recession since the Great Depression. I have attached both the National and State Industry Snapshots for your review.

Kerry Palombo, Director of North American Compliance for the payday lending industry, has made reference in previous testimony that SB 737 would slash their gross revenue by 60% and put the payday lending industry out of business. Based on the evidence from the United States

Economic Census data, I would have to respectfully disagree with Ms. Palombo's false statement. National and state trends, including jurisdictions that have implemented 36% APR caps on payday loans, suggest that the payday lending industry would experience a reduction in the number of open establishments if SB 737 became law, but would in fact experience an overall revenue increase.

Increase Competition within the Local Marketplace. While SB 737 would slash revenue initially, data suggests the industry would survive by responding to the growing demand among its clientele for other services. In Hawaii, Mr. Craig Schafer, President of Money Centers of Hawaii, has set in place a business model which we would have to assume other payday lenders would implement. According to its Payday Hawaii website, Money Centers of Hawaii provides 12 different types of alternative financial and telecommunication services to their customers for a fee.

In the event that payday lending storefronts would close, HCA believes our low-income families would still need access to capital – and find it. This perception is based off our 15-year history of providing financial services and products to our clientele. In fact, our low-income families would have access non-predatory payday lending alternatives for interest rates as low as 5% APR provided by local, Hawaii-based financial institutions. Additionally, most of these institutions supplement their payday loan alternatives with financial education to further build the financial well-being and economic self-sufficiency of our low-income families. A sample of these institutions are listed below with general product terms and service offerings.

	Credit Unions	**Community Development Financial Institutions**	**State Agency**
Maximum Loan Amounts	$5,000	$3,000	$7,500
Annual Percentage Rate	8%	7.5%	5%
Credit Score Requirements	Varies	No Score Required	600
Supplementary Services and Products	• Financial education and counseling • Loans • Checking and savings accounts	• Financial education and counseling • Match savings accounts	• Various services delivered by and in partnership with nonprofits
Institutions	Maui Federal Credit Union, Kauai Government Employees Federal Credit Union, Hawaii First Federal Credit Union, Hawaii State Federal Credit Union	Hawaiian Community Assets and Hawaii Community Lending	Office of Hawaiian Affairs

SB 737 would help facilitate competition in the local financial marketplace currently cornered by the payday lending industry. Competition would allow for our Hawaii-based credit unions, banks, and community development financial institutions to offer competitive products with a suite of additional, no-cost services. As the Executive Director of Hawaii Community Lending, and native community development financial institution that offers a payday loan alternative at 7.5%, I would tell you that our mission requires us to specifically increase access to capital for low-income Native Hawaiian and Hawaii communities. I will also tell you that individuals receive intensive financial education and counseling from HUD-certified counselors from HCA as a part of their ongoing enrollment in the product.

One individual we recently assisted was Alfred Kalaau, a gentleman who was stuck in 5 payday loans paying as must as $88 in fees every 2 weeks for one product. HCA provided Mr. Kalaau financial counseling and a loan of $1,600 to pay off the payday loans. Mr. Kalaau will pay off the loan over 2 years which will result in our organization collecting $128 in loan interest. In the end, Mr. Kalaau will have no payday loan debt and Hawaii Community Lending will have loan capital to relend to other individuals like Alfred. I encourage the Committee members to read Alfred's story in the Civil Beat's release put out today.

Mr. Kalaau is just one example of what our local industry can provide to our low-income families. As a part of our role as a community development financial institution, Hawaii Community Lending stands by to assist our local financial institutions in building a more robust offering of non-predatory products. This includes continuing our work with local banks to implement the FDIC's Small Dollar Loan pilot project here at home. Through the pilot, FDIC partnered with FDIC-insured banks across the nation to provide short-term loans at or below 36 percent APR to residents in their communities. The results suggested that participating banks were not only able to provide these loans in a timely and efficient manner, but that they were able to do so while protecting their bottom line via cross-selling of other financial products to their borrowers. For more information, the full report can be viewed at https://www.fdic.gov/bank/analytical/quarterly/2010_vol4_2/FDIC_Quarterly_Vol4No2_SmallDollar.pdf.

Retain $6 million in Wealth within Our Low-Income Hawaii Communities to Support Economic Recovery. Increased participation by our local, Hawaii-based credit unions, banks, and community development financial institutions will help create an environment in which short-term, small dollar loans are available in our communities without unnecessarily striping our low-income families of their hard earned money better spent at our local businesses and on local services.

In our 14-year history of providing HUD-certified financial education and housing counseling services, HCA has identified payday lending as an unnecessary and predatory barrier keeping our low-income Hawaii families from reaching their economic goals. According to the Center for Responsible Lending, only 2 percent of payday loans go to borrowers who can afford to pay off the loan the first time. Furthermore, four out of five payday borrowers either default or renew a payday loan over the course of a year, often placing them in a cycle of unsustainable debt. The Pew Charitable Trusts cites that a typical payday loan borrower takes out eight loans of $375 each per year, and spends $520 in interest.

In Hawaii, payday loans have proven to be accessed disproportionately by Native Hawaiians and Pacific Islanders. According the Federal Deposit Insurance Corporation's (FDIC) 2014 National Unbanked and Underbanked Survey, 34.2 percent of Native Hawaiians and Pacific Islanders in the United States are unbanked or underbanked, meaning they have a bank account but rely on access to alternative financial services such as payday loans for their day-today financial needs.

This helps provide a better picture of the individuals who are accessing predatory payday loans at interest rates as high as 459% APR. They are our families who are low-income, lack access to the mainstream financial marketplace, and are disproportionately Native Hawaiian and Pacific Islanders.

If in fact SB 737 would slash the Hawaii payday lending industry's by 60%, the local marketplace for non-predatory payday lending alternatives would assist us in retaining $6 million for these families. The money would no doubt ripple through our communities, providing a multiplier effect as our low-income families spend their money on critical public services and local businesses instead of interest going to off-shore payday lending corporations. Overall, SB 737 would have a significant stimulus that will help our State with its economic recovery in the wake of the Great Recession.

Reverse Failed Economic Policies Hurting Our Economic Recovery. During the last legislative session, the Legislature carried forward a budget surplus of more than $800 million. Tax credit legislation, including bills to increase rental and food tax credits for low-income Hawaii families to align with inflation, was stalled even though they would have infused our communities with an economic stimulus that could help carry us out of the Great Recession. Instead, large tax credits were offered to large, industries with operations located off-shore.

My hope is that the Committee and their colleagues will choose to reverse this trend of economic policies presented by last year's Democratic Legislature and help dig our State out of the Great Recession by approving SB 737 as a tool to increase competition in the financial services marketplace to reduce the use of predatory payday loans, help retain wealth in our low-income communities, and stimulate our local, Hawaii economy in the wake of the Great Recession.

Mahalo for your time, leadership, and consideration in supporting SB737 – Relating to Check Cashing. Please feel free to contact me directly at 808.587.7653 or at jeff@hawaiiancommunity.net should you have any questions or need clarification.

Sincerely,

Jeff Gilbreath

Jeff Gilbreath
Executive Director

You are here: Census.gov > Business & Industry > Snapshot

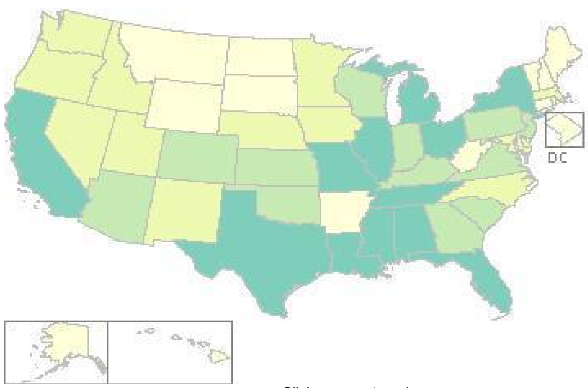
Economic Census: Industry Snapshots

Other Activities Related to Credit Intermediation **(NAICS 522390)**

Change NAICS

Change Geography: United States Apply

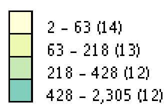
2012 Number of establishments Number of establishments Change Map



Click on map to enlarge

Source: 2012 County Business Patterns CBP program Methodology

View underlying table



Compare your business industry averages

The ***Industry Snapshots*** present key statistics from the Economic Census and per capita ratios using data from Population Estimates. Data from County Business Patterns may also be shown when information from the 2012 Economic Census are not yet available. See the Economic Census **release schedule** and the Snapshot **FAQs** for more information.

Data for 2007 and prior years are not shown when the information is not comparable due to NAICS changes. See the Definitions and Comparability tab in the **Industry Statistics Portal** for more information.

Data for some industries are only available from the Economic Census for the U.S. and by State. See the **Geographic Coverage Tables** for more information.

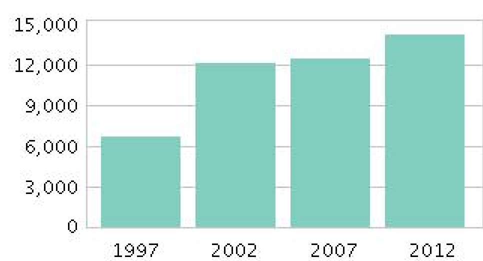
Key Industry Statistics: United States

	1997	2002	2007	2012	07-12 % Chg
Number of establishments	6,204	12,668	20,793	16,982	-18.3%
Revenue ($ Millions)	6,596	11,948	12,300	14,083	14.5%
Annual payroll ($ Millions)	1,680	2,608	2,902	3,435	18.4%
Total employment	57,395	73,761	86,551	85,420	-1.3%
Revenue per establishment ($1,000)	1,063	943	592	829	40.2%
Revenue per employee ($1,000)	115	162	142	165	16.0%
Revenue per $ of payroll	3.9	4.6	4.2	4.1	-3.3%
Payroll per employee ($)	29,267	35,356	33,525	40,208	19.9%
Employees per establishment	9.3	5.8	4.2	5.0	20.8%
Revenue per capita ($)	25	42	41	45	9.9%
Population per establishment	42,955	22,713	14,490	18,485	27.6%

* Data has not yet been released. Click here for the full 2012 Econ Census release schedule.

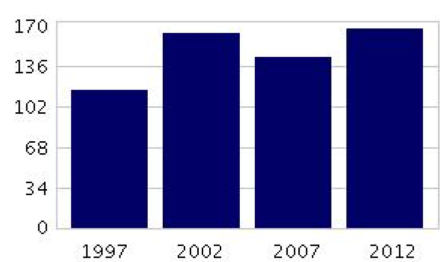
Revenue: United States

Millions of dollars



Revenue per Employee: United States

Thousands of dollars



Source: 1997, 2002, 2007, and 2012 Economic Census and Population Estimates
Data in this Snapshot include only establishments with paid employees. See Industry Snapshot FAQs. All figures are in current dollars for the period shown, and do not reflect changes in prices. For information on how these data are derived, see the Methodology text from the Economic Census and Population Estimates.
For more statistics about this industry, see the Industry Statistics Portal.

THE ECONOMIC CENSUS IS THE OFFICIAL 5-YEAR MEASURE OF AMERICAN BUSINESS
For more information about the Economic Census, visit business.census.gov

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United States Census Bureau
Economic Statistics

Source: U.S. Census Bureau | Economic Census | Last Revised: Feb 28, 2012

You are here: Census.gov > Business & Industry > Snapshot

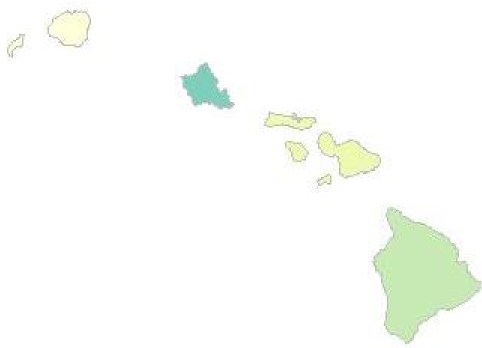
Economic Census: Industry Snapshots

Other Activities Related to Credit Intermediation (NAICS 522390)

Change NAICS

Change Geography: Hawaii Apply

2012 Number of establishments Number of establishments Change Map

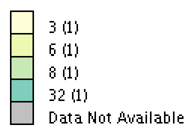


Click on map to enlarge

Source: 2012 County Business Patterns CBP program Methodology

View underlying table

Number of establishments



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Data for some industries are only available from the Economic Census for the U.S. and by State. See the **Geographic Coverage Tables** for more information.

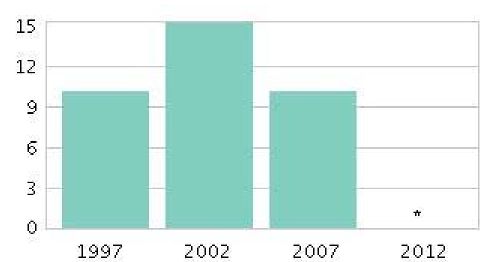
Key Industry Statistics: Hawaii

	1997	2002	2007	2012	07-12 % Chg
Number of establishments	18	26	29	*	*
Revenue ($ Millions)	10	15	10	*	*
Annual payroll ($ Millions)	2	6	3	*	*
Total employment	81	144	134	*	*
Revenue per establishment ($1,000)	546	565	339	*	*
Revenue per employee ($1,000)	121	102	73	*	*
Revenue per $ of payroll	4.3	2.6	3.5	*	*
Payroll per employee ($)	28,481	39,667	21,149	*	*
Employees per establishment	4.5	5.5	4.6	*	*
Revenue per capita ($)	8	6	8	*	*
Population per establishment	66,073	94,954	44,255	*	*

* Data has not yet been released. Click here for the full 2012 Econ Census release schedule.

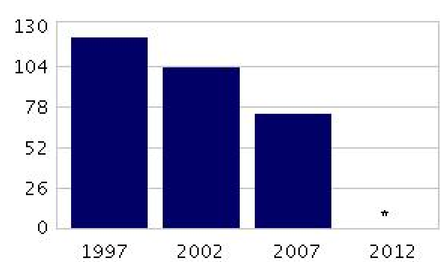
Revenue: Hawaii

Millions of dollars



Revenue per Employee: Hawaii

Thousands of dollars



Source: 1997, 2002, 2007, and 2012 Economic Census and Population Estimates
Data in this Snapshot include only establishments with paid employees. See Industry Snapshot FAQs. All figures are in current dollars for the period shown, and do not reflect changes in prices. For information on how these data are derived, see the Methodology text from the Economic Census and Population Estimates.
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United States Census Bureau
Economic Statistics

Source: U.S. Census Bureau | Economic Census | Last Revised: Feb 28, 2012

The Twenty-Eighth Legislature
Regular Session of 2015

HOUSE OF REPRESENTATIVES
Committee on Consumer Protection & Commerce
Rep. Angus L.K. McKelvey, Chair
Rep. Justin H. Woodson, Vice Chair
State Capitol, Conference Room 325
Monday, March 23, 2015; 2:45 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON S.B. 737, SD1
RELATING TO CHECK CASHING

The ILWU Local 142 supports S.B. 737, SD1, which caps the total amount of fees charged for the deferred deposit of a personal check to an annual percentage rate of 36 percent.

"Payday loans" is the commonly used term for deferred deposit agreements for small, short-term, unsecured loans that are made with the promise of repayment from the borrower's next paycheck. These payday loans are insidious. On one hand, the loan may be desperately needed for immediate cash by a borrower unable to secure a loan by any other means. On the other hand, the loan comes with an exorbitant fee that continues to grow as long as the debt is not repaid in full. Most people who use payday loans find themselves on a debt treadmill, unable to get off due to the high loan fees.

S.B. 737, SD1 proposes to adopt what the Military Lending Act does for service members using payday loans by capping the fee at 36 per cent APR. Apparently, the law for military personnel has been successful and has reduced debt for countless service members. In the name of fairness, we believe the same should apply to all who find themselves needing payday loans.

Ideally, everyone should be able support themselves with their earnings. However, given the low wages and salaries in Hawaii and the high cost of living, not everyone is able to pay for the necessities of life with their earnings alone. Payday loans take advantage of the working poor, putting them further and further in debt. S.B. 737, SD1 will cap the debt from interest fees and allow more who rely on payday loans to work themselves out of debt and be able to qualify for more conventional loans from credit unions and the like.

The ILWU urges passage of S.B. 737, SD1. Thank you for considering our testimony.

Progressive Democrats of Hawai‘i
http://pd-hawaii.com
1418 Mokuna Pl. Pl, Honolulu, HI 96816
email: info@pd-hawaii.com
tel: 808-542-9084

COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Monday, April 23, 2015 2:45 pm

IN STRONG SUPPORT OF SB 737, RELATING TO CHECK CASHING

Good afternoon, Chair McKelvey, Vice Chair Woodson and Members of the Committee,

My name is Bart Dame and I am testifying on behalf of Progressive Democrats of Hawaii in strong support of both these measures.

SB 737 would protect vulnerable consumers from what have traditionally been viewed in polite society as predatory practices from the payday loan industry. As a child, I learned about laws against usury as a means to protect people facing economic hardship. I believe the maximum allowable rate for interest was 12%. This was regarded as a fair and necessary regulation by society, allowing a reasonable profit for the lender, while protecting consumers. Loans play an important function in facilitating purchases and helping people pay their debts.

But there comes a point where high interest rates cause loans to become a source of debt, inflict more hardship than they relieve and become a means whereby unsavory businesses can exploit the unfortunate circumstances of people who have fallen on hard times.

The values of fairness which once governed aspects of the economy have been swept away by an ideology of greed, disguising itself as a virtuous application of “the free market.” In reality, it allows for rapacious practices, such as those in evidence in the testimony of the lead advocates in favor of this bill. The law of the jungle once dominated the US economy. The only protection offered to consumer was the cheap slogan, “Buyer Beware.” Those conditions held sway during the days of the Robber Barons in the late 19th century and the pre-Depression years of the 20th century. But with the rise of the Populist, Progressive and Labor movements in the late 19th Century, and the adoption of the New Deal policies under the leadership of Franklin Delano Roosevelt, the American people came to believe we DO have the right to use government to regulate the excesses of the marketplace. Unfortunately, too many politicians have rejected the ideas of FDR in favor of the old celebration of individual greed.

We believe the forces of capitalism provide a means for advancing innovation in products and services and can be a great boon for humankind. But it also requires conscious intervention to moderate its inherent tendencies toward greed and exploitation. That is what has developed in the payday loan industry and we strongly urge the forward-thinking legislators among you to adopt the approach adopted in some other states and recognize our collective responsibility to stop these usurious practices.

Please help working people escape from the spiraling trap of high payday lending fees. Limit what these unscrupulous companies can charge Hawaii's most vulnerable people.

Thank you for this opportunity to testify. Please pass SB737.

DOLLAR FINANCIAL GROUP, INC.

1436 Lancaster Avenue, Suite 310
Berwyn, PA 10312
(610) 296 - 3400

March 21, 2015

Honorable Angus L. K. McKelvey, Chairman
House Committee on Consumer Protection and Commerce
Hawaii State Capitol, Room 325
Honolulu, HI 96813

RE: SB 737 Related to Check Cashing

Dear Representative McKelvey:

Thank you, Representative McKelvey, for the opportunity to submit testimony regarding the bill referenced above. My name is Kerry Palombo, and I am the Director of North American Compliance for Dollar Financial Group, Inc. based in Berwyn, Pennsylvania. Through a subsidiary, we operate nine Money Mart® stores in the State of Hawaii, where we employ 35 state residents who are drawn from the neighborhoods we serve. These stores offer deferred deposit transactions that would be affected by Senate Bill 737. We <u>oppose</u> the rate-cap provisions of these bills because those provisions set a price ceiling well below our costs and would force us out of business.

Dollar Financial Group is also a board member company of Community Financial Services Association of America (CFSA). CFSA is the deferred deposit industry's national trade association, which represents more than half of storefront locations nationally. I am submitting testimony today on both my company's and CFSA's behalf.

CFSA promotes responsible industry practices through mandatory Best Practices for members. These Best Practices help our customers make sound and informed financial decisions. CFSA also supports state legislation that preserves working families' access to small–dollar, short-term credit, while ensuring them of substantive consumer protections. To that end, my company and other CFSA members have supported responsible legislation in the 32 states that regulate deferred deposit transactions, including Hawaii.

Dollar and CFSA oppose the rate-cap provisions of Senate Bill 737.

Background

As mentioned, we offer Hawaiians deferred deposit transactions, typically called payday loans. These loans provide a convenient, reasonably-priced, well-regulated option for meeting small, short-term financial needs.

Borrowers must have a steady income and personal checking account in order to be approved for an advance. They are typically middle-income, educated young families. They represent 19 million American households, who choose deferred deposit loans as a cheaper alternative to bounced-check or overdraft-protection fees and late-bill-payment penalties; they also find it more desirable than asking family for money or pledging collateral for a small-dollar loan. Deferred deposit loan customers are overwhelmingly satisfied with the service, a fact confirmed by state regulators who report very few complaints from their citizens who use our service. We count Hawaii among this group.

Our Interest in Senate Bill 737

Across the country CFSA members have demonstrated our commitment to working with policymakers to achieve state regulation that benefits consumers. We support balanced regulation that appropriately protects consumers and enables reputable payday lenders to operate profitably. Not only would the 36 percent rate cap referenced in this bill prohibit us from operating profitably, it would put payday lenders out of business completely. We oppose legislation that would put us out of business and leave our customers only with less-desirable, more risky credit alternatives.

The Cost of a Deferred Deposit Advance and Why APR Calculations are Misleading

Our business serves working families who frequently must choose between a deferred deposit advance and more costly or less desirable alternatives. Our customers generally look at the real dollar cost of their available credit options and make rational, informed decisions when choosing a payday loan.

By contrast, critics of our industry tend to disregard the true relative costs of short-term credit products. Overly-simplified APR comparisons in this context tend to be quite misleading. In Hawaii, the maximum fee allowed for a deferred deposit transaction is 15% of the face amount of the check. For a $100 advance, the maximum fee that may be charged is $17.65. The fee remains $17.65 whether the advance is paid back in 14 days, 30 days—or a year, for that matter. There is no accrual of interest. Current law caps the cost of our product in terms of fees, not interest, which makes sense because we charge a one-time fee for a loan. It makes no sense to express a limit on our fees in the context of an annual percentage rate.

The Impact of Restrictive APR Caps: De Facto Ban

Many critics have called for capping rates at 36% or a similar APR level, and some states have obliged. The result has been elimination of the deferred deposit advance product in those states. Payday lending DOES NOT EXIST in any state that regulates the service as an APR—the resulting fee does not work. That's because a 36% APR means a lender can only charge about $1.38 per $100 borrowed. For deferred deposit lenders in Hawaii, this equates to a 92.2% reduction in gross income—not profit or net income, but gross income—from which all expenses must be paid. Under existing law, gross income on a $100 transaction is $17.65. Under this proposal, it is $1.38. No business can survive a 92.2% decrease in gross income. It doesn't leave enough revenue to pay the light bill, much less employee payroll and benefits.

Despite what industry critics say, **a 36% annual rate cap is not a reform approach**, it is an outright ban. Unfortunately, that point has been proven in some states, most often with unintended consequences.

- In July 2007 a new law in Oregon capped payday loans at 36% APR plus an origination fee that yielded an effective APR of 154%. Within a year, 75% of the stores closed, and those that remained open offered check cashing and other services to survive. The press reported that 800 jobs had been lost and that state officials were concerned because Oregonians were beginning to use unregulated payday lenders on the Internet.[1] Four years later the Portland Business Journal was still reporting that, ". . . the laws, which capped interest rates at 36%, forced cash-hungry borrowers to turn to the shady world of Internet Payday loans. . . ."[2]

- In 2008 New Hampshire passed a 36% APR cap on payday and car title loans; and before the law even took effect, most of the payday lending stores had closed.[3] In 2011 a state

1 *"Middle-class squeeze leads to a rush at local pawnshop"*, *The Oregonian*, Sept. 27, 2008.
2 *"Borrowers flock to online payday lenders," Portland Business Journal*, Feb. 11, 2011.
3 *"Good riddance to pricey short-term loans", Concord Monitor*, Jan. 8, 2009.

representative estimated that 200 people had lost their jobs in the lending industry after the law passed. Another said that banning the loans hurt consumers.[4]

- Montana adopted a 36% APR cap by ballot initiative in 2010. A year later, in an editorial entitled "What were voters thinking?" the Daily Inter-Lake paper said, ". . . it didn't just cripple the payday lending industry in Montana; it flat-out killed it along with an estimated 800 jobs." The editorial went on to speculate there may have been a perception the rate cap would merely rein in payday lending, not kill it.[5]

These real-world examples are proof of the consequences of restrictive annual rate caps. Stores closed, employees lost their jobs and consumers were left to choose among more-expensive and less-desirable credit alternatives. As noted by a number of policymakers in these states, many payday lending customers turned to unregulated payday advance lenders operating below the radar screen and to offshore Internet payday lenders over which U.S. regulators have no control. Since these unregulated companies do not report to Hawaii's Department of Commerce and Consumer Affairs, your state would not be able to measure or regulate consumer use of these products.

Consumers Suffer Under Payday Loan Ban

Academic and third party research has consistently found that consumers have suffered in states where payday advances are no longer available, as evidenced by these few examples.

- A staff report from the Federal Reserve Bank of New York notes that consumers in Georgia and North Carolina *". . . bounced more checks, complained more about lenders and debt collectors, and have filed for Chapter 7 bankruptcy at a higher rate"* following the elimination of the payday lending industry in those two states.[6]

- Another study by Dartmouth College Professor Jonathan Zinman found that restricting access to payday loans "*caused deterioration in the overall financial condition of Oregon households*."[7]

- In the study *The Case Against New Restrictions on Payday Lending*, Prof. Todd J. Zywicki of George Mason University reports that "*[E]fforts by legislators to regulate the terms of small consumer loans (such as by imposing price caps on fees or limitations on*

[4] *"Bill would lift rate cap on title loans," Concord Monitor*, February 1, 2011.
[5] *"What were voters thinking?" Daily Inter Lake*, November 14, 2011.

[6] *"Payday Holiday: How Households Fare after Payday Credit Bans," by* Donald Morgan**,** Federal Reserve Bank of New York, November 2007.
[7] *"Restricting Consumer Credit Access: Household Survey Evidence on Effects Around the Oregon Rate Cap,"* by Dartmouth College Prof. Jonathan Zinman. October 2008.

repeated use "rollovers") almost invariably produce negative unintended consequences that vastly exceed any social benefits gained from the legislation."[8]

Closing

In closing, we would like to point out that Hawaii already has a consumer-friendly deferred deposit statute in place, with a cap on fees and the amount that may be borrowed, as well as a prohibition on rollovers. We support regulation that protects consumers and would like to work with this Committee on improvements it deems necessary in that regard. But we respectfully submit that Senate Bills 737 in its current form—with the restrictive cap on the annual percentage rate—will not protect consumers. Instead, they would eliminate a regulated environment and take away their access to a much-needed credit option at a time when families are finding their access to traditional forms of credit limited or cut-off entirely. Furthermore, if this bill is enacted, Dollar Financial Group will be forced to close its nine Hawaii stores and terminate our 35 employees.

We urge you to reject Senate Bill 737.

Thank you for your consideration. At the Committee's request, I would be pleased to provide additional information or make myself available to answer any follow-up questions you may have.

Respectfully Submitted,

Kerry Palombo
Director of North American Compliance

[8] *The Case Against New Restrictions on Payday Lending*, Prof. Todd Zywicki, George Mason University, July 2009.

Money Mart®

March 21, 2015

Honorable Angus L. K. McKelvey, Chairman
House Committee on Consumer Protection and Commerce
Hawaii State Capitol, Room 325
Honolulu, HI 96813

RE: SB 737 Related to Check Cashing

Dear Representative McKelvey:

My name is Shelley Crisp. I am the District Manager for 9 Money Mart® stores located in Hawaii. I have been employed by Money Mart for 7 years. I have lived and worked here in Hawaii for 4 years. I am submitting testimony on behalf of myself, my family, my employees and my customers here at Money Mart. I am asking this committee to oppose Senate Bill 737.

Many people misunderstand our business and our customers. I have seen and heard many times why customers use and need the services we offer; particularly the payday loan. Our customers are not poor or unemployed as many believe. They are working class citizens here on the islands: retail workers, hotel workers, retirees, and teachers to name a few. They come from all walks of life. At some point, we all get into a situation when we need a place to turn for additional cash for that unexpected bill or financial hardship. This could be a medical bill, a car problem, or lost hours at work when business is slow. Unfortunately, the bills remain the same.

A few weeks ago, I met a person who talked to me about our business. He explained that previously he looked down on our industry. He couldn't understand why anyone would take out a payday loan. He then found himself in a situation where he had nowhere to turn for the extra money he needed. This person researched his options and compared. A payday loan was his cheapest and easiest alternative. It was quick, simple, and convenient. Most importantly, it was a much cheaper alternative to what his bank was going to charge for an overdraft. The options online were even scarier when he discovered that many of the offers were not regulated. This story is typical of what I hear on a daily basis. There is a strong demand for payday loans on the islands. We are professional, well regulated with consumer protections, and a safe place for customers to go when they have short term financial needs. Our customers depend on us and I am proud that we can help them.

I have serious concerns not only for all our customers across the islands but also my employees who also see the need for us here on island. If the APR on our loan product is capped at 36%, Money Mart would not be able to keep our stores open. The people that would suffer are the people that need us most: our customers and our employees. My customers would still need money and would go to unsafe, unregulated alternatives on the internet. I strongly believe we offer an honest, open service to the residents of Hawaii. Hawaii already has a strong law with consumer protections in place.

I urge the committee to please oppose Senate Bill 737.

Sincerely,

Shelley Crisp
Senior District Manager

To: Representative Angus L.K. McKelvy, Chair
Representative Justin H. Woodson, Vice Chair
Committee on Consumer Protection and Commerce

From: R. Craig Schafer, President,
Money Service Centers of Hawaii, Inc.

March 21, 2015

In opposition to SB737-SD1

Money Service Centers of Hawaii, Inc. is a locally owned and operated money service business headquartered in Kapaa, Kauai. We operate fee-based money service centers throughout the State under the trade name PayDayHawaii. Next month is our 15th anniversary in business.

We do not support the bills listed above because we believe the current fee structure is a fair price to consumers while allowing for a reasonable profit for check cashers.

A deferred deposit transaction is a short-term credit product. It began decades ago as nothing more than a check casher holding a personal check for a few extra days and charging a higher fee for doing so. Interest never entered into the transaction. The fee charged is based on the inherent risk of holding a personal check that both parties know is not backed by funds deposited in the maker's bank. This practice went on long before check cashers became regulated under HRS480F in 2000.

Many consumer advocates talk about the short-term credit marketplace without fully understanding its dynamics. The fee structure was created based on the history of cashing postdated checks, the risk involved and the cost of doing business. It is very expensive to create, process and collect credit granted for only a few weeks. It is labor intensive. In addition, there is rent, utilities, taxes, insurance and the other normal expenses of a brick and mortar store. And we are dealing with a riskier borrower with a thin or non-existent credit file. We ask the committee to consider this before changing the current fee structure.

Proponents of the two bills site research conducted by the Federal Deposit Insurance Corporation (FDIC) to justify an Annual Percentage Rate (APR) cap. In 2008 the FDIC its Small-Dollar Loan Pilot Program to encourage banks to offer a small-dollar loan for a term under $2500 of 90 days or more at an APR not to exceed 36% including up-front fees and interest. The banks that participated in it said while they were able to deliver the product, they lost money and instead of using it as a revenue stream, used it as a loss leader to try to get customers in. In 2010 the FDIC published its conclusions concerning profitability:

"Program and product profitability calculations are not standardized and are not tracked through regulatory reporting. Profitability assessments can be highly subjective, depending on a bank's location, business model, product mix, cost and revenue allocation philosophies, and many other factors. Moreover, many of the banks in the pilot are community banks that indicated

they either cannot or choose not to expend the resources to track profitability at the product and program level.

*Nevertheless, as a general guideline, pilot bankers indicated that costs related to launching and marketing small-dollar loan programs and originating and servicing small-dollar loans are similar to other loans. However, given the small size of SDLs and to a lesser extent NSDLs, the interest and fees generated are not always sufficient to achieve robust short-term profitability. Rather, most pilot bankers sought to generate long-term profitability through volume and by using small-dollar loans to cross-sell additional products."**

Hawaii law restricts deferred deposit transactions to 32 days or less. If this restriction was eliminated it would allow for the possibility of longer term transactions such as those promoted by the FDIC. As an example, a 180 day deferred deposit transaction at the maximum fee of 15% results in an APR of 35.79%. Other than the underlying deferred deposit check becoming stale, there is no reason why there should be any limit on the term.

The usual reason cited for an APR cap is to avoid the "cycle of debit". However repeat borrowing, not fees, is the true cause of the "cycle of debit. When a consumer borrows repeatedly they will spend hundreds of dollars over the course of a year. The excess use of short-term credit to solve long-term credit problems should rightly be discouraged. This is not the intent of the product and these consumers should be encouraged to seek other alternatives as we do on our website www.paydayhawaii.com on the "Be a Responsible Borrower" page.

Our website provides a wealth of information on using short-term credit as well as budgeting, saving, taxes and much more. With 15 years of experience meeting the needs of our clients, we understand their desire for financial advice written for real situations. We are proud of our website which offers original financial literacy content developed in-house by asking our customers to suggest subjects that interest them.

Ten years ago after careful and thorough research, the State Auditor said, *"We conclude there is little evidence that payday lenders have harmed Hawaii consumers."*** In 2005 check cashers opened their doors and their books to the Hawaii State Auditor. I urge each of you to take the time to read the Auditor's Sunrise Analysis: Check Cashing and Deferred Deposit Agreements in its entirety. You will see that the current bills being considered are not an accurate reflection of her conclusions.

Proponents of the two bills cite anecdotal evidence of low-income households who have fallen deep into debt due to predatory payday lending practices. The State Auditor said, *"We found little evidence that payday lenders are harming consumers in Hawai'i. Complaints have been few, and little information has surfaced about payday lenders encouraging repeated borrowing or engaging in coercive practices. Demand for payday loans is strong, and borrowers who have an immediate need for cash have few better alternatives."***

Fortunately, the well written HRS 480F allows only one deferred deposit transaction per consumer at a time so this does not happen often with responsible check cashers in this State. The State Auditor said, *"We found no evidence of harm relating to rollovers or of borrowers* *falling into a debt trap in Hawai'i. Chapter 480F, HRS, currently prohibits payday lenders from entering into another agreement when an earlier one is in effect or allowing the earlier agreement to be repaid, refinanced, or consolidated with the proceeds from the earlier loan."***

That fact is that store-front lenders receive very few complaints both here in Hawaii and nationally. The Consumer Financial Protection Bureau (CFPB) noted in their recent report: "*Of the 3,400 payday loan complaints submitted by consumers, approximately 2,140 (63%) were about problems consumers experienced after obtaining a payday loan online. Approximately 330 (10%) reported problems when obtaining a payday loan in person /at a store. For the remaining approximately 910 (27%) complaints, the consumer did not indicate how the loan was obtained."****

HRS480F is a well written law that avoids the pitfalls and issues that cause harm to consumers in other states and online. While there are some tweaks that might be made to the law, the fact is that Hawaii consumers have not been harmed under the status quo. Hawaii check casher's good record with the DCCA is evidence of that. Using my company as an example, in 15 years and hundreds of thousands of deferred deposit transaction, Money Service Centers of Hawaii, Inc. has received only one complaint.

I would to invite each of you to visit one of our offices, talk to our managers, staff and our clients just as the State Auditor did. You will find that Hawaii's responsible brick and mortar check cashers take the long view and cultivate a clientele that is sustainable, by building safeguards into their operation to avoid driving consumers into financial hardship. You will hear how our services, which are unavailable in most banks, help families in our community manage their finances in ways that meet their needs.

** A Template for Success: The FDIC's Small-Dollar Loan Pilot Program, FDIC Quarterly 2010, Volume 4, No. 2, Page 32.*

*** Sunrise Analysis: Check Cashing and Deferred Deposit Agreements (Payday Loans). A Report to the Governor and the Legislature of the State of Hawai`i, Report No. 05-11, December 2005.*

**** CONSUMER RESPONSE: A SNAPSHOT OF COMPLAINTS RECEIVED THROUGH JUNE 30, 2014*

Sincerely,

R. Craig Schafer

President

Money Service Centers of Hawaii, Inc.

March 20, 2015

TO: **Representative Angus L.K. McKelvey, Chair**
Representative Justin H. Woodson, Vice Chair
Members of the House of Representatives
Committee on Consumer Protection & Commerce

FROM: **Luriano Bautista aka L.Gary Bautista**

RE: **Testimony on SB737, SD1 (SSCR579)**
Relating to Check Cashing and Deferred Deposits

HEARING DATE: **Monday, March 23, 2015, 2:45pm,**
Conference Room 325
State Capitol, 415 South Beretania Street

Dear Representative McKelvey and
Members of the Committee on Consumer Protection and Commerce - - ALOHA.

My name is Luriano Bautista aka L.Gary Bautista and I represent myself, the consumers, the payday loan industry and our company Aloha Finance, Inc. regarding this measure which *<u>I oppose</u>* in its present form.

Needless to say, I feel that it is superfluous for me to provide any additional information to support the proponents and/or the opponents of this measure because I am unable to ascertain the true purpose and true intent of this measure.

I am highly concerned on what the impact will have on the consumers and businessmen and the ramification that this measure will have on the environmental economy in Hawaii. I am also apprehensive on the domino effect that this measure will have on all concerned.

Indubitably, it is apparent that this measure will be more detrimental than helpful to the environmental economy of our community. The key is using solely the APR for comparison can be misleading.

RE: Testimony on SB737, SD1 (SSCR579)
Relating to Check Cashing and Deferred Deposits

HEARING DATE: Monday, March 23, 2015, 2:45pm,
Conference Room 325
State Capitol, 415 South Beretania Street

In conclusion, I would like to invite the Committee's attention to the bills that were previously proposed in 2005 (SB1413); 2007 (HB483, SB1935, HB430, SB636); 2009/2010 (HB447, SB543); 2011/2012 (HB1305); 2013/2014 (SB598, HB670) and the Hawaii State Auditor's Report 05—11.

I believe that consolidation of these measures could be the solution to the problem which will benefit all concerned – the State of Hawaii, the consumer, and the payday loan industry.

Ralph Waldo Emerson (5/25/1803-4/27/1882) said "What you do speaks so loudly that I cannot hear what you say"…. and also said "Government exists to defend the weak and the poor and the injured party; the rich and the strong can better care of themselves"

Aren't legislatures supposed to make laws that will be beneficial to all concerned and isn't the Department of Commerce and Consumer Affairs supposed to protect the consumer? How about the businessman? Who will protect us if it is not you? The key here is "Whom Do You Serve?"

In view thereof, I strongly opposed to this measure as it is presently written.

Sincerely,

Luriano (Gary) Bautista,
President, Aloha Finance, Inc.

HAWAII CHECK CASHING

March 21, 2015
To: Testimony to the Commerce and Consumer Protection
From: Hawaii Check Cashing (Doreen Rodrigues)

Opposing SB 737 SD1

Concerning Deferred Deposits; and on HCR No 209 and HR144 Authorizing a Task Force

My name is Doreen Rodrigues and I am one of the owners of Hawaii Check Cashing. Hawaii Check Cashing was the first check cashing company to open in Hawaii 30 years ago. **I Oppose SB737 SD1.** I support HCR No 209 and HR144.

Payday loans are one of the many services we provide. It basically is a small, unsecured, short- term loan until payday. The consumer is usually middle class who have an established checking account and employment history. Most of our payday loan customers live on a tight budget that leaves little room for financial missteps. Being able to get a payday loan helps people get through a cash crunch without paying late fees or bouncing checks.

We currently do business following HRS 480F which allows $15 for a postdated $100 check. HRS 480F allows a $100 check to be cashed instantly for $10. The additional fee of $5 for a $100 postdated check is not unreasonable for the inherent risk of holding the check up to 32 days.

We encourage the committee to support the resolution to update the 2005 Auditor's Report or to put together a task force to review the industry in Hawaii.

There are no present claims of abuse in Hawaii when it comes to payday loans. Problems will occur if the only alternative to a small loan $100-$600 is for the consumer to turn to unregulated Internet payday lenders. Unregulated Internet payday lenders volume has increased about 1000% over the past 15 years or so. An article at Bankrate.com calls the growth "explosive."

I respectfully ask that the Auditor's Sunrise Analysis: Check Cashing and Deferred Deposit Agreements be updated or a task force be put together to review the industry in Hawaii.

I respectfully submit this testimony and thank you for your open-minded evaluation of these bills.

Sincerely,
Doreen Rodrigues, Hawaii Check Cashing

Maui Loan Inc.

March 23, 2015

Representative Angus L. K. McKelvey, Chair
Representative Justin H. Woodson, Vice-Chair
Committee on Consumer Protection & Commerce

SUBJECT: **SB 737 SD1**– RELATING TO CHECK CASHING

My name is Richard Dan and I have been making small loans to Hawaii's working people for nearly 40 years. I **oppose SB 737 SD1**, and instead, support the intent of HCR 209 to form a Task Force. I want to explain to you that SB 737 SD1 will have a different outcome from what you may expect.

1. First, the statement that law abiding Hawaii brick and mortar payday loan stores offer an APR based Loan is incorrect. The deferred deposit law HRS 480F refers only to fees, not to interest. Earlier this session, this CPC committee reported on a related bill before the House, HB228 HD1 HSCR448, in which "Your Committee notes that the use of an annual percentage rate(APR)as a measurement of interest in deferred deposits of checks is misleading. Therefore, your Committee respectfully requests that your Committee on Finance further examine this issue."

2. The Legislature has been given misleading testimony.

   a. You have been told that a 36% APR rate is possible because payday lenders are making loans to military families in Hawaii under the federal law that limits that rate. No lenders are making loans at that rate. They cannot risk taking a postdated check for$100 for up to 32 days in the hope of a total repayment of $103.

      I have confirmed, in a telephone discussion with the president of the Maui chapter of the group that made that assertion, that they do not have evidence that anyone in Hawaii is accepting postdated checks under the 36% APR cap.

      Another piece of current and related legislation HCR 209, refers to *Sunrise Analysis: Check Cashing and Deferred Deposit Agreements (Payday Loans)*, Report No. 05-11 in December 2005, which found that "lowering the maximum fees that may be charged for payday loans to the equivalent of an annual percentage rate of thirty-six percent would effectively drive providers of payday loans out of business." I would add that, since 2005, the rise of unregulated Internet payday lenders means that even if local, compliant, regulated Hawaii businesses are shut down, borrowers will have access to payday loans with out-of-state lenders, who have, and deserve, a bad reputation.

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On the other hand, every payday operator in a brick-and-mortar outlet in Hawaii is required to post the name and telephone number of the place to make complaints (the Department of Commerce and Consumer Affairs), and if you check you will find few, if any complaints.

b. You have been told that payday acceptors of postdated checks charge up to 459% interest. HRS 480F, the deferred deposit law, refers only to fees. Not to interest. Further, committee report HB228 HD1, HSCR448, found that it is misleading to speak of payday check acceptances in terms of annual percentage rate. It concluded: "your Committee respectfully requests that your Committee on Finance further examine this issue."

3. This bill does nothing to help working people – working paycheck to paycheck in a high cost of living state – who need a small loan for a short time. Even Faith Action for Community Equity (FACE), which is spending thousands of dollars to promote this bill, has admitted in its testimony that 70% of its clients could not find any source of small credit other than payday lenders. Banks don't make small loans. Employers rarely give cash advances on pay any more. Credit unions take too long for people who need cash now to buy diapers or a tank of gas so they can get to work or to pay their electric bill.

4. The fee is not an interest charge, it is a set fee charged for holding a postdated check promising to repay a fixed amount up to 32 days in the future. At some point, this check cashing becomes like a loan, but it is an unsecured loan. HRS 480F3 (3), the check cashing law, allows my company to charge $10 to cash a $100 personal check on the spot. If I agree to hold that check for a month before I cash it, I am allowed to charge $5 more. This is a fee. It does not make sense to calculate an APR, but consider the customer: If he borrows $100 from me, he pays me $115. If instead he misses a payment on his rent/electric bill/whatever, or worse yet, bounces a check, for one day, the utility or the bank will charge $26 (or more). Calculate that as an APR – it would be in the neighborhood of 10,000%, but you don't have non-profit groups coming to you to put banks out of business because of their fees.

5. I reached out to FACE and we are working on a resolution to their concerns. I would expect they would seek a seat on the task force if H.C.R. No. 209 is adopted.

6. Let me remind you that the State Auditor's Sunrise review in 2005 found that abuses in the payday lending sector were rare in Hawaii. I acknowledge there are problems in some Mainland states, but HRS 480F has been working well here. You don't have to choose between listening to

me and listening to FACE. Adopt HCR 209, form the Task Force and request that the State Auditor conduct an updated study.

7. a. I would be pleased to work with any non-profit that wants to counsel working families about better ways to manage their money and better use of debt. Even if this results in some people finding other sources of loans. We believe that for thousands of working people in Hawaii, payday loans are not only the best choice, they are the only choice.

   b. To encourage customers to think more carefully about their debt management, I propose a three-day cooling off period between paying off a postdated check and being allowed to apply for a new loan. The requirement that the check-writer must pay off his debt in full – no rolling over the principal by paying just the interest – is one of the best consumer protections for Hawaii customers. A three-day wait might persuade some of them that they don't really need to borrow again.

For these reasons I **oppose SB 737 SD1** and **urge you to defer this bill**, and instead focus on the formation of a task force comprised of all the stakeholders in this industry as suggested under HCR 209 and supported last session.

Sincerely,

Richard Dan

Richard Dan
Maui Loan Inc.

From:	mailinglist@capitol.hawaii.gov
Sent:	Sunday, March 22, 2015 11:40 AM
To:	CPCtestimony
Cc:	info@courtneybruch.com
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Courtney Bruch	Individual	Support	No

Comments: Dear Rep Woodson, Rep McKelvey and honorable committee members, Please hear and support SB737 and stop predatory practices for those already having financial challenges. This bill seems like a no brainer. Mahalo for helping protect our residents. Courtney Bruch Kula, Maui

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Monday, March 23, 2015 — 2:45 p.m. — Room 325

I Strongly Support SB 737 SD 1, Relating to Check Cashing

Dear Chair McKelvey, Vice Chair Woodson, and Members of the Committee:

My name is Brandon Lee and **I strongly support SB 737 SD 1**, which caps the total fees charged for a payday loan to an annual percentage rate of 36%.

Payday loans business model

At the current effective annual percentage rate of 459%, payday loans in itself are a tool to provide working capital to an individual. However, from an applicant's perspective, at such a high effective interest rate, it is one of the least cost effective financial instruments compared to other methods of procuring money. Payday loans, which are targeted at lower to middle income people, create a large barrier for asset building and wealth accumulation. This means that users of payday loans, who often live paycheck to paycheck, enter into a cycle where they are running at a budget deficit. The budget deficit means they cannot save for emergencies, afford homeownership, or effectively retire.

Here is an example of how someone can get trapped in the debt spiral:

Figure 1: A Two-Week Payday Loan Results in a Debt Trap, Even with No Fee

Cost of a Two-Week Payday Loan for a Borrower Earning $35,000/Year in Gross Income			
	$0 per $100 ("free" loan, 0% APR)	$15 per $100 (391% APR)	$20 per 100 (521% APR)
	Two-Week Income		
Before-tax income	$1,346	$1,346	$1,346
Income taxes paid	$1	$1	$1
After-tax income	$1,345	$1,345	$1,345
Social Security & pensions payments	$84	$84	$84
Net two-week income	$1,261	$1,261	$1,261
	Payday Loan Cost		
Payday loan fee	$0	$53	$70
Payment due on $350 (average-sized) payday loan	$350	$403	$420
Amount remaining to cover all expenses	$911	$859	$841
	Two-Week Essential Expenditures		
Food	$205	$205	$205
Housing	$516	$516	$516
Transportation (incl. insurance, gas, maintenance)	$246	$246	$246
Heath care	$106	$106	$106
Total essential two-week expenditures	$1,073	$1,073	$1,073
Money remaining in paycheck after paying payday loan (deficit)	($162)	($215)	($232)

Source: 2011 Consumer Expenditure Survey, Bureau of Labor Statistics, for households earning $30,000-$39,999 annually.

Figure 2: Repeat Borrowing Continues to Fuel Payday Lending

State	Time Period	% of loans to borrowers with 5+ loans/year	% of loans to borrowers with 7+ loans/year	% of loans to borrowers with 12+ loans/year
Florida	June 2010-May 2011	92%	85%	63%
Kentucky	Jan. 2011-Dec. 2011	93%	88%	70%
Oklahoma	Nov. 2010-Oct. 2011	91%	84%	61%
South Carolina	Jan. 2011-Dec. 2011	90%	82%	53%
Average		**91%**	**85%**	**62%**
Average from "Financial Quicksand" (published in 2006)		90%	not available	62%

Source: State regulator reports of annual payday loan activity reported by state-regulated databases.

It is important to note that all of the states that report data on loan frequency – Florida, Kentucky, Oklahoma, and South Carolina – have codified industry-touted "best practices" such as extended payment plans, rollover bans, and cooling-off periods that are typically only one or two days long – that purportedly ensure that borrowers are not caught in a debt trap.

The reason the annual percentage rate is high is because the industry needs the money to cover their operational costs. While partially true, a bigger reason for the high rate is the default rate is extremely high and needed to cover the losses.

According to the Center for Responsible Lending (http://www.responsiblelending.org/state-of-lending/reports/10-Payday-Loans.pdf), 37% of the payday borrowers experienced default in the first year of borrowing; within the first two years, 44% did. This finding is consistent with Skiba & Tobacman (2008b), who examined data from a large Texas-based payday lender and found a 54% default rate.

Furthermore, only 2% of payday loans go to borrowers who can afford to pay off the loan at the time of their first transaction, which means it targets those who should not be using payday lending.

For comparison sake, we can compare the required return rates for other industries that provide risk-based capital:

- Annual return for the S&P 500 from 1871 to 2014 (risk-based but S&P 500 as an asset class has not completely defaulted): **9.11%** (http://www.moneychimp.com/features/market_cagr.htm)
- Average net profit for small businesses (default rate for small businesses – 50% after 5 years and about 66% after 10 years):
    - **14.56%** for wood products business

    - **26.95%** for medical equipment and suppliers
    - **53.94%** for computer and electronics products
    - **10.28%** for food processing
    http://smallbusiness.chron.com/average-profit-margin-small-business-23368.html):
- Private equity, which invest its funds into multiple companies and requires a few huge winners to make up for more losses. Therefore, the firm will analyze the individual company just as a payday lender analyzes individual loan applications. But, ultimately the overall portfolio requires some overall profit margin say in the **8 to 40% range**.

What this means is that when payday lending institutions charge 459% to get to the gross margin (revenues minus cost of the loan but does not include capital expenditures or operations expenses), one of three things is occurring. Either they are (or some combination thereof):

- Spending their high gross margin on capital expenditures, which means more brick and mortar storefronts. The largest brick and mortar payday lending institution in Hawaiʻi is PayDay Hawaii who built 10 stores in their 17 year history of operations. That is the equivalent of opening up a new store every 19 months. Money Mart is the second largest with 9 stores in Hawaiʻi. Money Mart is an international company with 1,500 stores and begun operations in 1979 (equivalent to opening up 3.5 stores every month).
- Have high operational costs such as labor costs, which can include salaries or commissions. This implies payday lending institutions are run inefficiently or require a lot of people to sell financial products.
- Have high profit margins such that there is a great transfer of wealth from low to medium individuals to these institutions using a product whose effect is to charge high rates for immediate cash.

Any of these scenarios above while capitalistically feasible, should invite greater scrutiny by government regulators and the Legislature.

Payday loans should not be used for recurring expenditures

A key point with payday lending, is it should be used sparingly since it is an extremely expensive method to procure money. I can see the potential need for a one-time emergency situation, where a person cannot also access other financial institutions or sources of funds with a lower cost structure. However, according to the Pew Charitable Trust Foundation (http://www.pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why for a study summary), finds:

- Survey respondents who have used payday loans cite:
    - 69% used it to cover a recurring expense, such as utilities, credit card bills,

rent or mortgage payments, or food;
  - 16% dealt with an unexpected expense, such as a car repair or emergency medical expense
  - 8% for something special
  - 2% for other

According to the Center for Responsible Lending, 82% of payday loan volume is due to borrowers who directly renew or pay back a loan but then take out another within a month.

This means the majority of payday loan users are not using this financial instrument for an emergency appropriation. Some payday lending institutions market these loans for emergency use but some indicate they can be used to cover regular expenditures like monthly bills.

Given the existing regulatory structure in Hawaiʻi, whereby payday loans are restricted to $600, fees are 15%, and a borrower is restricted to only one outstanding loan, the ideal customer for payday lending institutions is someone who frequently borrows (i.e. someone that needs to use the funds for recurring expenses). Therefore, it creates a tremendous incentive for these payday lenders to target the recurring expense applicant – the very market that payday lending should not be suited towards.

According to the Center for Responsive Lending, "most successive loans are originated shortly after a previous loan is paid back. Half of repeat loans were opened at the borrower's first opportunity, 87% within two weeks, and 94% within one month of the previous loan." So the tactic is working.

A challenge for this legislation is it would be difficult to restrict payday loans to only unexpected expenses. One would need to define what constitutes a one-time unexpected expense. Furthermore, abuse would be rampant, enforcement would be expensive from the government's side, and self-enforcement by the industry would be challenging. <u>At some point, an additional provision could be added to restrict the number of pay day loans a person can make in a year or extending the loan period. This could prevent people from using payday loans for their bills and instead keep it locked for truly strategic emergency situations.</u>

Several other states have sought to limit the payday lending debt trap through policies such as limiting the number of loans a borrower may take out in a year or extending the minimum loan term to up to six months. In Delaware and Washington State, for example, borrowers are limited to five and eight payday loans per year, respectively, which regulators enforce through the use of a statewide payday loan database.

Delaware's law went into effect in 2013, so no data are yet available. However, in Delaware, some national payday lenders have migrated to the state's installment lending statute (which allows for multiple payments, rather than the traditional single balloon payment) in order to continue to offer triple-digit annual percentage rate loans. If payday loans were the quick, emergency fix that they are marketed to be, then payday lenders should have been unaffected by the new law, which sought to curb the debt trap. That lenders are evading the law provides further evidence that long-term, repeat re-borrowing is at the core of the payday lending business model, as data from other states have consistently found.

Washington State, however, has strong underlying small loan laws that prevent similar evasion, and thus the state has been able to enforce and monitor its payday loan law. The law appears to have been successful in greatly lowering the level of payday lending debt trap and associated fees in the state, along with the number of borrowers: Between 2009 (before the law went into effect) and 2011 (the most recent year of data after the law took effect), the number of payday borrowers decreased by 43%. In addition, the annual loan dollar volume decreased by 76% or over $1 billion; the number of annual loans decreased by 74% or 2.4 million; and the number of payday stores decreased from 603 to 256. As a result, borrowers paid $136 million or 75% less in annual payday loan fees.

Multiple Payday Loans Loophole

On a similar note, one clarification that is not clear is what does the concept of one outstanding loan really mean? In HRS 480F-4 (d), the language reads:

"A check casher shall not enter into an agreement for deferred deposit with a customer during the period of time that an earlier agreement for a deferred deposit for the same customer is in effect. A deferred deposit transaction shall not be repaid, refinanced, or consolidated by or with the proceeds of another deferred deposit transaction."

<u>It is unclear whether a person can go to one payday lender obtain a $600 loan and then go to another payday lender and obtain another $600 loan, etc.</u> If payday loan users use their funds for recurring expenses, the concern is due to increased usage, more fees will accumulate. Similarly, if a person can take out payday loans from different institutions at the same time, this also invites further use of an expensive financial instrument.

On page 4 of the 2005 State of Hawaiʻi's Auditor's report (http://files.hawaii.gov/auditor/Reports/2005/05-11.pdf), a recommendation is to "institute a mandatory registration program for all payday lenders with DCCA". While DCCA, had concerns about asking businesses to disclose the nature of their business, the Auditor noted that this information would still benefit the public.

Given a lack of a database about payday lenders, I would find it very difficult to believe that there is any comprehensive enforcement of people using multiple payday loans by either the government or the industry. I would further doubt these payday lenders who are competing with each other would share in a master database, what loans they have outstanding and to whom, so there can be clarification that an applicant does not have another payday loan with another institution.

Who uses payday loans?

In the 2012 Pew study, it also identified the type of person who has higher odds of taking out a payday loan:

- Someone without a four-year college degree
- Home renters
- African Americans
- Earners below $40,000 annually
- Someone separated or divorced

The report also notes that home ownership is a greater predictor of payday lending usage than income. This further notes how those without assets are using payday lending to further hurt their ability to build wealth, which is critical to making someone economically self-sufficient.

The people being targeted by the payday lending institutions are those with the least ability to comprehend how they affect them. Often, the industry puts their locations in lower educational and socio-economic geographies.

Financial literacy education

An argument by the industry in its testimony notes that people are the ones requesting payday loans and that the industry should not be faulted for offering a product demanded by some in the public. While true, this argument is misleading.

Both proponents and the industry for this bill, discuss an undertone for a tremendous need of financial literacy education at all levels: K-12, college, and as adults. This should be a priority for the Legislature as personal finance affects almost every part of your life. Financial education as a child can help someone to better know how to manage their money, which would reduce the usage of payday loans. Payday loans can be sold to some because they do not fully comprehend the nominal dollar cost over time from continued usage of payday loans. Currently, the industry is required by law to provide fee information but only for that payday transaction. It is up to the applicant to figure out the cumulative impact of what all the fees over time for multiple loans can add up to. Most people are not equipped to be able to do this.

To the industry's credit, they do provide personal finance advice to the applicants. This often includes different options for those in specific financial situations, often with an option of going through their services. By providing advice, they can build credibility as well as signal to a potential client they their company is looking to help consumers. However, it is a double-edged sword because a payday lending operation that is seen as helpful by providing general financial education is more likely to be able to direct and advertise viewers to their payday loans.

Fear that payday lending institutions will leave with 36% cap

If a 36% cap is enacted, the industry claims that they will go out of business and deprive the public of the products they offer.

According to Pew, "when presented with a hypothetical situation in which payday loans were unavailable, storefront borrowers would utilize a variety of other options. 81% of those who have used a storefront payday loan would cut back on expenses such as food and clothing. Majorities also would delay paying bills, borrow from family or friends, or sell or pawn possessions. The options selected the most often are those that do not involve a financial institution. 44% report they would take a loan from a bank or credit union, and even fewer would use a credit card (37%) or borrow from an employer (17%). Furthermore, in states where there are no stores, just 5% of would-be borrowers would choose to borrow payday loans online or from alternative sources such as employers or banks, while 95 choose not to use them."

In its testimony, the industry notes that customers would then move to the unregulated internet payday lenders or be stuck and suffer without the ability to survive financially. Yet, the above data indicates there is a disconnect whereby customers who are used to storefronts will actually reduce their own expenses first. Then, they think they will go to other financial institutions such as a bank or credit union, which offer much lower rates. Then, the states without payday lending brick and mortar stores (which is a more accurate reflection of what people will actually do when they do not have a storefront option), indicated a far fewer percent of people would even attempt to procure payday loans. This means that a large reason for payday loan usage is due to the fact that they exist, are visible within local communities, and are advertised in different media platforms. Payday loans are a product that for the most part, people do not need but are swayed into getting, whether through purposeful nefarious marketing or subtle genuine persuasion. The effect is the same regardless of the tactic.

Lastly, PayDay Hawaii offers other financial instruments (listed below) in addition to payday lending. It is doubtful they and others will collapse outright and jeopardize their entire operation. What is likely to occur is they will lose some clientele for a financially profitable product that many people did not need, understand, and kept many Hawaiʻi residents trapped in further debt.

Proven and Trusted

We offer a complete range of financial services in clean, comfortable and conveniently located offices throughout Hawaii.

Microcredit

MicroCredit is the quickest and most secure way to get fast cash.

More

Money Transfer

Send money electronically to any Western Union location in the world.

More

Tax Preparation

Let us prepare your taxes and get your refund fast!

More

Check Cashing

Cash payroll checks, government checks, money orders, and more.

More

Prepaid Service

Mobi cellphone sales and service.

More

Money Orders

Money orders are only 59 cents at PayDayHawaii.

More

Prepaid Debit

Apply for a debit card - It's like having a virtual bank account.

More

Billpay

Setup Billpay and never worry about paying bills late.

More

Just Talk

Receive calls from jail or prison on your cell phone.

More

Hele

Make any spot your wireless hotspot.

More

Rising Call

Rising Call provides pinless calling made easy.

More

Vigo

Send Money around the corner or around the world.

More

Respectfully,

Brandon Lee
Email: bran1322@yahoo.com

From:	mailinglist@capitol.hawaii.gov
Sent:	Sunday, March 22, 2015 10:17 AM
To:	CPCtestimony
Cc:	gary@alohaaku.com
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Mr Gary Passon	Individual	Support	No

Comments: FACE, Moveon.org, PHOCUSED, Appleseed, and Catholic Charities have been working hard n a bill to create a 36% cap on the interest on payday loans in Hawaii (right now they are allowed to be 459%!!!). 18 other states and the US Military have created a 36% cap for their jurisdictions. There is a tremendous effort by the lobbyists for the payday lenders to kill this bill, and there is a hearing on Monday in the House Consumer Protection Committee. Last month the House version of this bill was defered by the chair (Angus McKelvey) and co-chair (Justin Woodson) without a vote. We are pretty worried that might happen again.

To: Representatives Woodson and McCelvey

Re: Committee Hearing on SB 737

Date: 3/21/15 @ 3:00 PM

From: Father Gary Colton

I have been a Roman Catholic Priest in the State of Hawaii for 47 years. I live on Maui. I vote in elections of our beautiful State.

It really bothers me that local residents, active soldiers, and veterans have been victims of “predatory loan-sharks” who ask for and get 459% on payday loans. To me this may be legal. But as a matter of fact I think it is robbery. In the summer months when I was in High School (just a few years ago) and my hourly wage was $1.00 an hour. After a month of employment I earned an increase to $1.10 an hour. Fortunately in those days I was not in need of any emergency service. However, if an occasion occurred that I needed a $200.00 loan. This transaction would cost me almost $1000.00. I’m extremely grateful that I never needed such a loan.

The victims of these “predatory loan-sharks and just that, Victims. I have personally met two such people. Their stories really tug at my heart strings.

Please pass bill SB 727 in your committee hearing. This is the only way to protect Citizens from unjust interest on loans. I am most grateful that this hearing is being held. I wish you the best.

I remain,

Sincerely,

Father Gary Colton, Kihei, Maui, Hawaii.

From:	mailinglist@capitol.hawaii.gov
Sent:	Saturday, March 21, 2015 8:05 PM
To:	CPCtestimony
Cc:	harrye@cash5.com
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM
Attachments:	209 testmony.pages

SB737
Submitted on: 3/21/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Harry Eagar	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 22, 2015 11:01 AM
To: CPCtestimony
Cc: mauicrowe@gmail.com
Subject: Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
james crowe	Individual	Support	No

Comments: Please support SB 737 now. No need any more delays. Please assist our marginalized Hawaii citizens. Payday loans border on being financial bullying.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 21, 2015 5:05 PM
To: CPCtestimony
Cc: jami.kawa@gmail.com
Subject: Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/21/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Jamie Moana Kawauchi	Individual	Support	No

Comments: I strongly support SB737 SD1, please vote "YES"! Mahalo nui loa!!!

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From:	mailinglist@capitol.hawaii.gov
Sent:	Saturday, March 21, 2015 7:06 PM
To:	CPCtestimony
Cc:	nix@lifeislight.com
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/21/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
John Nix	Individual	Support	No

Comments: Pass the 36% Cap on Pay day loans. Maui my home and all our islands deserve protection of the best kind. Mahalo.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Testimony in Support of SB 737 SD1 Relating to Check Cashing

TO: Representative Angus McKelvey, Chair
Representative Vice Justin Woodson, Vice Chair
Members, Committee on Consumer Protection and Commerce

FROM: Jon Shindo, Master's in Social Work Student at UH Manoa and
Intern with PHOCUSED

HEARING: House Committee on Consumer Protection and Commerce
Monday, March 23, 2015 at 2:45 pm in Conf. Rm. 325

Thank you for the opportunity to provide testimony in **strong support of SB 737 SD1**, which would cap the Annual Percentage Rate (APR) for payday loans, also known as "deferred deposits" at 36% per annum.

Hawaii law permits payday lenders to charge a fee of 15% of the face value of the check for each transaction, and lend up to $600 per transaction. The equivalent APR of a $100 payday loan with a $17.65 fee and 14-day repayment period is 459%. I strongly agree with the added technical language in the bill that specifically removes the 15% fee allowance and limits all fees plus interest to total no more than 36% APR.

According to payday lending research by the Pew Charitable Trust Foundation (2012), 69% of payday loans are used for recurring expenses and 16% for unexpected emergencies. If borrowers are already unable to cover their regular expenses and use high interest, short-term loans to supplement their income, they become caught in a debt spiral. Without additional income, borrowers are forced to take out another loan to not only cover their daily expenses, but to also pay back the principal and mounting interest from their existing loans.

This scenario is also known as "phantom demand" or "loan churn". The Consumer Financial Protection Bureau (CFPB) published data from 15 million payday loan transactions from 1.5 million borrowers over the course of a year and found that 67% of borrowers had 7 or more loans in a year. "The median borrower in the CFPB sample took out ten payday loans from a single lender during the year, paying $458 in fees for $350 in non-churn principal." (CFPB 2013)

I have personally seen the devastating effects of payday lending on individuals' and families' ability to stabilize their finances. As a former case manager at the Lighthouse Outreach Center, an emergency homeless shelter, I worked in particular with two clients who used payday loans to fill gaps in their monthly expenses. I had to read the fine print multiple times to understand that the fees and APR my clients were being charged was not a typo. I had never before seen any other loan, credit cards included, charging triple-digit APR fees. It took a near total re-direction of what little savings they had plus any extra available income over the course of several months to pay off the loans and avoid being buried by interest and debt. As a result, their ability to save up enough for a deposit to move into transitional or permanent rental housing was compromised.

Payday lenders will lead you to believe that it is not possible to offer a comparable loan vehicle at an APR of 36%. This is not true. The FDIC conducted a two-year pilot project which demonstrated that banks could safely and profitably offer small dollar loans of $2500 or less at 36% APR with a repayment period under 90 days.

Alternatives to deferred deposits already exist. According to the Hawaii Credit Union League (2014), Hawaii Community Assets (2015), and Office of Hawaiian Affairs (2015), safe, regulated, lower-cost alternatives include:

- Hawaii USA Federal Credit Union's personal loans starting at $300
- Maui Federal Credit Union: $500-$1000 personal loans at 14%-17% APR
- IEG Federal Credit Union's "Credit Builder" credit card with minimum limit of $200 and maximum of $2000, along with regular lines of credit starting at $500.

Imposing a 36% APR cap on payday loans in Hawaii follows the precedent established by the U.S. Department of Defense, who in 2006 imposed regulations that make it illegal to make loans greater than 36% APR to active-duty service members and their families. According to the Center for Responsible Lending, 17 other states have adopted similar policies of two-digit rate caps on payday lending to protect their consumers while allowing affordable small loans.

I strongly urge your support of SB 737 SD1 and request the implementation of a 36% APR cap on payday loans in Hawaii to protect our vulnerable populations from predatory lending practices. If you have any questions, please do not hesitate to contact me at 808-722-7585 or jon.shindo@gmail.com. Thank you for your time and consideration.

Respectfully signed,
Jon M. Shindo

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 21, 2015 4:08 PM
To: CPCtestimony
Cc: Karen@RedwoodGames.com
Subject: Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/21/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Chun	Individual	Support	No

Comments: Please pass this cap on payday loan interest rates. In fact, lower it to 10%! Used to be it was illegal to charge more than 10%. This is a predatory practice on poor people. Let's at least give them SOME protection.

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Aloha!

My name is Kathy Jaycox. I am a resident of Kailua and am submitting testimony in support of SB 737, which proposes to cap the interest rate on payday loans at 36%.

I understand that the providers of such loans are often dealing with a high-risk population and thus need to charge an interest rate higher than that charged by banks and other financial institutions. But an APR of 450% is robbery -- and cannot be condoned.

Our U.S. military have already imposed a cap of 36% on such loans made to military families. It is only fitting that our state treat its own people comparably. I know that religious leaders and social service providers from throughout the state share this sentiment. Please pass SB 737.

Mahalo --

Kathy Jaycox

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 22, 2015 1:02 PM
To: CPCtestimony
Cc: mpshaw10@gmail.com
Subject: Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Shaw	Individual	Support	No

Comments: Dear Senators, I support capping the payday loans in Hawaii at 36% to protect the people who are susceptible to predatory loan tactics. These people need our protection to keep out of long-term debt. Respectfully Mark A Shaw

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woodson2-Rachel

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 22, 2015 7:27 AM
To: CPCtestimony
Cc: patriciablair@msn.com
Subject: Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Blair	Individual	Support	No

Comments: Even 37% interest is to high. 10% would be better. Don't be an enabler to loan sharks who prey on Hawaii's working families.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 22, 2015 1:58 PM
To: CPCtestimony
Cc: stankiewp002@hawaii.rr.com
Subject: Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737

Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Paul R. Stankiewicz	Individual	Comments Only	No

Comments: As a veteran of 2 tours in the Vietnam War, my family and I personally suffered from these gauging interest rates during my second tour in Vietnam. Somehow, the Finance Office lost track of, or didn't believe, my unusual Special Activities address in Vietnam during my second tour. My pay checks stopped. My wife and 5 children were living paycheck to paycheck in those low-military-pay years. They had no money for about 3 months, until it was finally straightened out. She had to go to Household Finance to take a loan at a very high interest rate, which I think cost about a fourth of the loan's value. (And that was actually better than the horrendous rates allowed today.) I never want to see another family, military or civilian, go through such exploitation ever again. Hawaii, of all states, should be a leader in insuring fairness to its citizens caught in such unconscionably exploitive traps.

From:	mailinglist@capitol.hawaii.gov
Sent:	Sunday, March 22, 2015 11:00 AM
To:	CPCtestimony
Cc:	sfloyd@aloha.net
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
susan floyd	Individual	Support	No

Comments: Please help pass this bill. Even 36% is high but way better than 459! I'm 63 years old and can remember when anything over 20% was considered usury. The people who suffer the most from these gougers are the ones who don't understand the fine print in any contract and yet have the greatest needs for financial help. Please help them from being taken advantage of. Mahalo!

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From:	mailinglist@capitol.hawaii.gov
Sent:	Sunday, March 22, 2015 7:29 AM
To:	CPCtestimony
Cc:	sd3@hawaii.rr.com
Subject:	*Submitted testimony for SB737 on Mar 23, 2015 14:45PM*

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Douglas	Individual	Support	No

Comments:

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From:	mailinglist@capitol.hawaii.gov
Sent:	Friday, March 20, 2015 5:08 PM
To:	CPCtestimony
Cc:	thelma.kealoha.1@gmail.com
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

SB737
Submitted on: 3/20/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Thelma Akita-Kealoha	Individual	Support	No

Comments: I ask that you support this bill, I am in strong favor of this bill. I have friends, co-workers and know of ministers who have gotten caught in payday loans. One of my friends had to pay $1200 for the 10 month period that she couldn't pay the loan off fully. Another woman I know that took out a loan was asked to recruit more borrowers and given $25 perperson that she could recruit in to this debt-trap. This is not a shot-term solution for our community but a long-term problem. Please support and pass SB 737.

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LATE

AARP Real Possibilities

March 23, 2015

House Committee on Consumer Protection and Commerce
Representative Angus McKelvey, Chair

Re: **SB 737, SD 1, Relating to Check Cashing**

Chair McKelvey, Vice Chair Woodson and members of the committee:

Introduction

AARP is a membership organization of people fifty and over with nearly 150,000 members in Hawaii alone. AARP advocates for issues that matter to Hawaii families, including the high cost of long-term care; access to affordable, quality health care for all generations; providing the tools needed to save for retirement; and serving as a reliable information source on issues critical to people over the age of fifty.

AARP Hawaii supports SB 737, SD 1 Relating to Check Cashing.

Repaying a "payday loan" typically consumes a third of the borrower's paycheck. As a result, many borrowers borrow again, incurring new fees, and some get trapped in a cycle of debt.[1] And according to a March 2014 report from the Consumer Financial Protection Bureau (CFPB)[2], over 80% of payday loans are rolled over or followed by another loan within 14 days, and the majority of borrowers and government benefit recipients.

Quoting a CFPB report, the New York Times has reported that "[o]ne could readily conclude that the business model of the payday industry depends on people becoming stuck in these loans for the long term."[3]

The Senate Committee on Commerce and Consumer Protection found that the existing fee cap in Hawaii currently amounts to an annual percentage rate of 465%, which can trap borrowers in

---

[1] March 1, 2014 AARP Bulletin, "Advocates Aim to Cap Interest Rates at 36%," citing a report by the Pew Charitable Trust. http://states.aarp.org/la-2/

[2] CPFB Data Point: Payday Lending, March 2014. http://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf#sthash.nG9dRopb.dpuf

[3] "How Payday Lender Prey Upon the Poor," April 18, 20014. http://www.nytimes.com/2014/04/20/magazine/how-payday-lenders-prey-upon-the-poor-and-the-courts-dont-help.html

a cycle of high interest loans.[4] This can be catastrophic, especially for a senior who may be living on a fixed income and relying almost exclusively on social security benefits.

The intent of this bill is to limit the problem of borrowers being led into a debt trap from which they cannot escape. The solution proposed is to limit the total amount of fees charged for the deferred deposit of a personal check to an annual percentage rate of 36%.

This 36% cap has become something of a model. The Consumer Federation of America has noted that 18 states have capped payday loan interest rates at 36% or banned them completely. In addition, through the Military Lending Act of 2006 the federal government capped the maximum allowable interest rate for payday lenders to charge military families at this same 36%. Indeed, the Department of Defense recently issued a proposal to expand the types of credit products that are covered by this 36% rate cap.[5]

We believe the cap of 36% is a reasonable solution. It has been implemented in other jurisdictions, and has been used by the federal government to protect our service members. It should be used to protect Hawaii residents as well.

We support this bill and respectfully request the committee to pass it.

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[4] Stand. Com. Rep. No. 579, Re: SB 737, SD 1, http://www.capitol.hawaii.gov/session2015/CommReports/SB737_SD1_SSCR579_.htm

[5] "CFPB Release Statement on Department of Defense Proposal to Amend Military Lending Act Rule," September 26, 2014, http://www.consumerfinance.gov/newsroom/cfpb-releases-statement-on-department-of-defense-proposal-to-amend-military-lending-act-rule/

COMMUNITY ALLIANCE ON PRISONS

P.O. Box 37158, Honolulu, HI 96837-0158

Phone/E-Mail: (808) 927-1214 / kat.caphi@gmail.com

LATE

COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Rep. Angus McKelvey, Chair
Rep. Justin Woodson, Vice Chair
Monday, March 23, 2015
2:45 p.m.
Room 325

SUPPORT for SB 737 SD1 – REGULATING PAYDAY LOANS

Aloha Chair McKelvey, Vice Chair Woodson and Members of the Committee!

My name is Kat Brady and I am the Coordinator of Community Alliance on Prisons, a community initiative promoting smart justice policies for almost two decades. This testimony is respectfully offered on behalf of the 5,600 Hawai`i individuals living behind bars, always mindful that more than 1,600, and soon to be rising number of Hawai`i individuals who are serving their sentences abroad, thousands of miles away from their loved ones, their homes and, for the disproportionate number of incarcerated Native Hawaiians, far from their ancestral lands.

SB 737 SD1 caps the total amount of fees charged for the deferred deposit of a personal check to an annual percentage rate of thirty-six per cent.

Community Alliance on Prisons supports this bill. The clientele of these payday loan businesses are generally the most vulnerable people in our community – the economically-challenged, the elderly, those exiting incarceration, etc.

APR MATTERS[1]

> APR matters whether a borrower takes out a single loan or is indebted to a payday lender for an entire year. Regardless of how often borrowers use payday loans, they must be able to compare these loans with other options, such as a cash advance on a credit card or an unsecured loan from a finance company. Disclosure of the APR also signals to consumers, policymakers, and regulators that this type of loan carries costs that are far above what is considered acceptable. In times of economic stress, corrective measures take on an importance that is hard to overestimate.

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[1] ***APR Matters on Payday Loans*** Interest rate disclosures allow apple-to-apple comparisons, protect free market competition. The Center for Responsible Lending, June 2009. http://www.responsiblelending.org/payday-lending/research-analysis/apr-matters.pdf

APR, or Annual Percentage Rate of Interest[2]

> Loan terms are often complex and may include a number of extra fees that make the real cost to the borrower difficult to decipher and difficult to compare across credit options. Congress developed the APR, or Annual Percentage Rate of Interest, as a standard measure that calculates the simple interest rate on an annual basis (including most fees), accounts for the amount of time the borrower has to repay the loan, and factors in the reduction in principal as payments are made over time.

Texas has been addressing this problem through ordinance enacted in many counties. A recent article[3] reported Dallas City Council Member Jerry Allen saying, *"By passing the unified ordinance, cities across the state are boldly saying, we will do what we can to promote prosperity for our citizens and local economies. We will no longer stand on the sidelines and allow this abusive lending to proliferate in our communities."*

The unified city ordinance adds basic, common-sense standards to control predatory practices in the payday and auto title lending marketplace. A violation of the ordinance is a criminal act and carries a penalty of $500.

"We are finding that smaller cities that neighbor larger Texas cities are adopting the ordinance to ensure payday and auto title lending businesses abide by the same standards. ***We know that meaningful reform works. Reform is a critical first step toward a marketplace that fosters borrower success,"*** said Ann Baddour, director of the Fair Financial Services Project at Texas Appleseed.

LENDERS FIGHT BACK AND NOW *EVERYONE* PAYS!

Six months after the above referenced article appeared, Texas Appleseed filed a complaint[4] with state and federal regulators of the payday loan industry after obtaining data showing that Texas borrowers are facing threats of criminal prosecution, arrest warrants, court appearances, jail time and fines stemming from the industry's illegal practice of using the criminal justice system to collect on debts. This complaint comes amidst local, state, and national scrutiny of payday lending practices that too often trap desperate borrowers in high-cost debt. Many borrowers find themselves incapable of repaying the loans in full due to the onerous fees and terms. In Texas, payday loans carry average APRs in excess of 500 percent. **(Hawai`i's APR is reported as 459%)**. **"In addition to their outrageous rates and lending practices, payday loan businesses are illegally using the criminal justice system to coerce repayment from borrowers,"** said Ann Baddour, director of the Fair Financial Services Project at Texas Appleseed.

---

[2] ***The State of Lending in America & its Impact on U.S. Households***. The Center for Responsible Lending, Susanna Montezemolo, September 2013. www.responsiblelending.org

[3] **Push to Rein in Predatory Payday and Auto Title Lending Gains Momentum** - Ordinances Limiting usurious loans now cover over 7 million Texans in 18 Texas cities, Texas Appleseed, June 25, 2015. http://www.texasappleseed.net/index.php?option=com_docman&task=doc_download&g id=1125&Itemid=

[4] **Payday Businesses Unlawfully File 1,500 Criminal Complaints Against Borrowers to Collect Money,** Texas Appleseed, December 17, 2014. http://www.texasappleseed.net/index.php?option=com_docman&task=doc_download&gid=1180&Itemid=

Texas’ experience is very instructive for our legislature.

The fight-back of this industry while it is under governmental scrutiny should propel our legislature into action to protect our people.

For small loans, the 36% rate has wide-spread and long-standing support. It is high enough to make up for the small dollar values on which the interest is accrued, but low enough to avoid predatory lending.[5]
(…)
Congress, three federal agencies and seventeen states have adopted rates of 36% or less as the benchmark for affordable small loans. The rate has gains widespread acceptance not only for its historical pedigree, but also because it results in payments for small loans that borrowers are likely to afford.[5]

Community Alliance on Prisons hopes that statewide regulation of this industry will be the decision of our legislature to protect our most vulnerable citizens struggling to make ends meet.

Mahalo for this opportunity to testify.

[5] T***he State of Lending in America & its Impact on U.S. Households***. See Footnote 2

LATE

March 23, 2015

TO: Chair Angus L.K. McKelvey and Members of the House Committee on Consumer Protection & Commerce

FROM: Cash in Advance, Inc.

RE: SB 737, SD1 - Relating to Check Cashing
Hearing Date: March 23, 2015
Time: 2:45 pm

My name is William Goo. I represent Cash in Advance, Inc. ("CIA"). CIA **opposes** this bill.

SB 737, SD1 seeks to amend Section 480F-4(c) of the Hawaii Revised Statutes by stating that the total amount of fees which can be charged for the deferred deposit of a personal check shall not exceed an annual percentage rate of thirty-six percent.

In a deferred deposit transaction, a personal check is written for the amount of money which the customer is requesting up to the maximum amount permitted of $600. The check would be held for the contracted period of time which is usually about two (2) weeks and then either negotiated or paid by the customer. The fee charged is included in the amount of the check or the amount paid by the customer. No interest or other fees are charged.

CIA has been doing business in the State of Hawaii since 1994. It currently has two (2) stores on Oahu. CIA's typical customer is a working person with a checking account who needs a cash advance to carry him or her to the next pay day. Many customers are unable to qualify for a short term loan and do not have immediate access to funds from any other source. CIA has been providing this needed service to customers virtually without complaints since it began doing business in the State of Hawaii.

Amending the current law which provides for a flat fee of up to 15% of the face amount of a check to a fee not to exceed an annual percentage rate of thirty-six percent would essentially put CIA or anyone else out of business.

Thank you for considering this testimony.

From:	mailinglist@capitol.hawaii.gov
Sent:	Sunday, March 22, 2015 5:53 PM
To:	CPCtestimony
Cc:	wao-hsl@WeAreOne.cc
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

LATE

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Kohn MD	Individual	Support	No

Comments: 36% is a good start! www.WeAreOne.cc

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From:	mailinglist@capitol.hawaii.gov
Sent:	Sunday, March 22, 2015 9:28 PM
To:	CPCtestimony
Cc:	laluz@maui.net
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

LATE

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
lucienne de naie	Individual	Support	No

Comments: Aloha Committee Chair Woodson and CPC Committee members I strongly support this measure to place a 36% interest rate cap on the fees Payday Loan services are allowed to charge. I know folks on Maui who have fallen on hard times due to the illness of a fami ly member and have had to resort to the Payday Loan businesses to have funds for basic expenses. Please support the 36% cap. EWE need to watch out for those who are most vulnerable. Mahalo for your consideration and may god guide you in your deliberations. Lucienne de Naie Huelo, Maui

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From:	mailinglist@capitol.hawaii.gov
Sent:	Sunday, March 22, 2015 5:05 PM
To:	CPCtestimony
Cc:	Mdeycaza@yahoo.com
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

LATE

SB737
Submitted on: 3/22/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
mike deYcaza	Individual	Support	No

Comments: It is certainly the role of government to protect citizens who are forced by circumstances to use payday lenders. That these people are forced into the clutches of loan sharks is cruel and puts a bigger burden on government to try try to rescue these folks when they hit bottom. Please cap the interest at 36%.

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From:	mailinglist@capitol.hawaii.gov	
Sent:	Monday, March 23, 2015 6:03 AM	
To:	CPCtestimony	
Cc:	napuaamina@yahoo.com	
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM	

LATE

SB737
Submitted on: 3/23/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Napua Amina	Individual	Support	No

Comments: To All Concern Parties, I support this Bill SB737. Our Hawaii people deserve better, 36% is better than 459%. If Military families and other States have this 36% Cap "Why can't Hawaii."? Representative Woodson and Representative McKevely has deferred this Bill SB737, I hope they consider passing it, after all it's their District on Maui, Who wants and is asking for Help. Blessing and Peace Napua Amina

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

woodson2-Rachel

From:	mailinglist@capitol.hawaii.gov
Sent:	Monday, March 23, 2015 6:08 AM
To:	CPCtestimony
Cc:	tulsi@mauiishome.com
Subject:	Submitted testimony for SB737 on Mar 23, 2015 14:45PM

LATE

SB737
Submitted on: 3/23/2015
Testimony for CPC on Mar 23, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Tulsi	Individual	Support	No

Comments: please support this bill.

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LATE TESTIMONY

Testimony of Kim Harman, Faith Action for Community Equity - Policy Dir.

TO: House CPC, Hearing on SB 737

Date + Time: March 23, 2015 - 2:45 pm

Civil Beat, March 23, 2015

Hawaii

Payday Lenders: Hawaii's 'Outrageous' Rates Prompt Reform Efforts

The industry is growing as more people turn to the short-term loans for help getting by.

March 23, 2015· *By Anita Hofschneider*

When Alfred Kalaau and his wife Pebbles found a $1,200 per month home to rent in Waianae, they jumped at the chance to leave their small apartment in Kalihi.

Their landlord had told them to move out because their 3-year-old son's beloved dog had grown too big, violating the rules of the apartment complex.

Even though the West Oahu home would mean a long daily commute to their jobs in Hauula and Waikiki, they couldn't pass up the affordable two-bedroom house with a yard, a rare find on Oahu where the fair market rent is over $1,800.

But Alfred, a U.S. Navy veteran and special education teaching assistant, and Pebbles, a maintenance worker at Goodwill Industries, didn't have enough money to pay the deposit and half of the first month's rent.

They asked for a loan at three banks and were denied. They called friends and family, but no one could help.

Alfred Kalaau sits outside the house he and his family are renting in Waianae on March 21. Kalaau and his wife took out four payday loans last fall to afford the deposit and first months rent, and still haven't been able to pay all of them back.

Worried that they were going to lose the house, Alfred took out two payday loans from lenders in Waianae and Kalihi. Pebbles, who had already taken out one payday loan to cover car payments, borrowed another $500.

It was easy, and Alfred felt relieved. All they needed were pay stubs to get approved, and the promise to pay the money back within two weeks.

That was six months ago. Since then, the family has been stuck in a cycle of debt and have paid twice as much in fees than the initial cost of their loans. They had to stop sending their son to daycare, and were constantly late on rent and other bills.

Now, thanks to assistance from the nonprofit financial organization Hawaiian Community Assets, only one payday loan is still outstanding and things are finally getting better.

But the Kalaau family is just one of many Hawaii families who have fallen into a cycle of debt precipitated by deceptively easy payday loans.

The industry was legalized in 1999 when the Legislature passed a law exempting it from the state's usury law, which caps the interest rate for loans at no more than 24 percent each year.

"You're asking people to pay a high interest rate that 30 years ago was illegal almost everywhere in the U.S." — Stephen Levins, Hawaii Office of Consumer Protection

Unlike regular loans, payday lenders in Hawaii can charge an annual percentage rate of 459 percent for a 14-day loan, according to a 2005 analysis by the State Auditor.

Hawaii now has one of the most permissive laws in the country and and a higher-than-average rate cap.

Nationally, states are cracking down on the industry, which many critics argue preys on the poor. The Hawaii Senate recently passed a bill that would cap the annual percentage rate at 36 percent.

The House Consumer Protection and Commerce Committee plans to meet Monday to consider the bill. But similar measures have died in the House so far this year, and representatives are reluctant to strengthen regulations because payday lenders say that will put them out of business.

Jeff Gilbreath, executive director of Hawaiian Community Assets, believes it's an issue of economic justice.

"These guys are making outrageous amounts of money off the backs of the poorest folks," Gilbreath said of payday lending companies. "There is no good reason why these folks should be paying predatory rates of 400 percent APR when they could be paying 36 percent or less."

How it works

Hawaii has regulated usury since 1859, long before the islands became a state. The current usury law caps the annual percentage interest rate for loans at 12 percent or 24 percent, depending on what kind of institution is giving out the loan.

But lawmakers passed a bill in 1999 that created a loophole for "deferred deposits," opening the door for the payday lending industry to thrive.

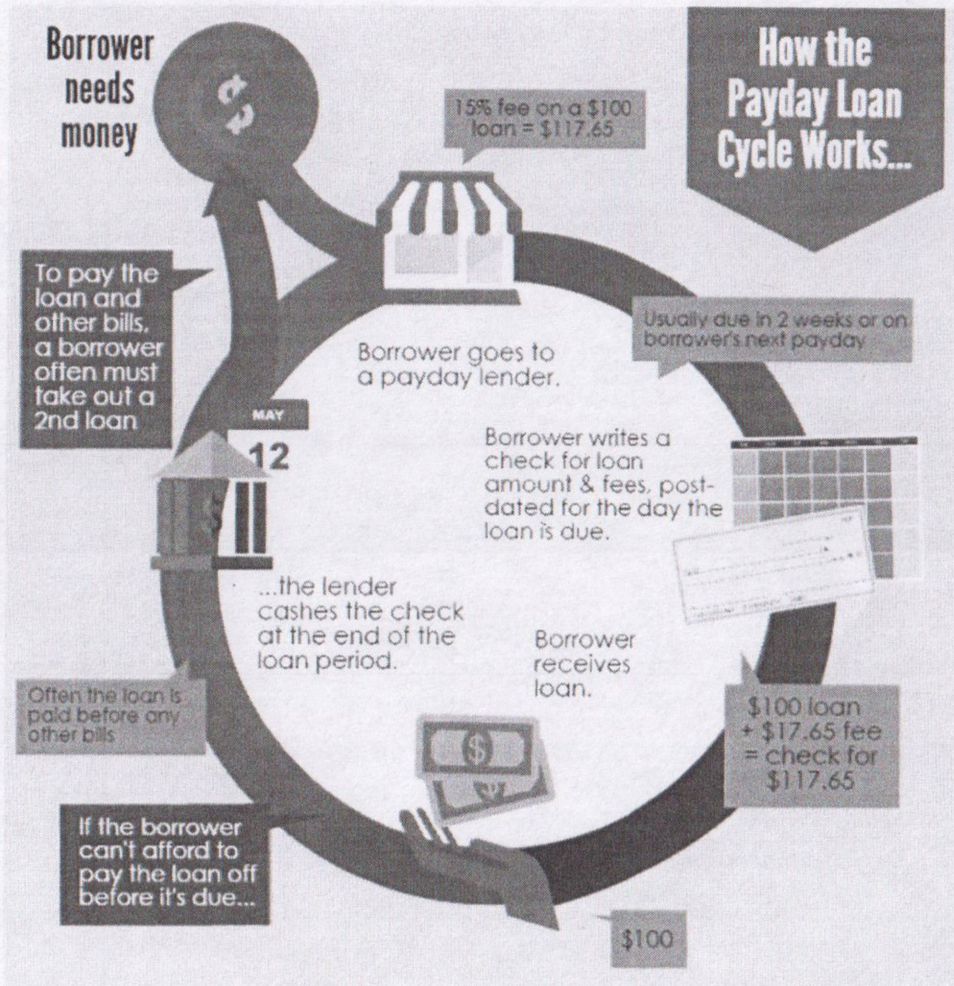
Lenders can give loans up to $600 with a 15 percent fee. Borrowers must pay the money back within 32 days. A typical loan lasts two weeks, or until your next paycheck.

It seems reasonable, if the loans are paid off right away.

But numerous studies have shown that's often not the case. More than 80 percent of payday loans are rolled over or renewed within two weeks, according to a report by the federal Consumer Finance Protection Bureau.

Far from being short-term loans, the report found that payday loan borrowers are indebted a median of 199 days per year.

Many of the borrowers are low-income people who have limited access to traditional lines of credit. A national analysis by Pew Charitable Trusts found that most borrowers, like Kalaau, use payday loans to cover ordinary expenses like rent, utilities, or food.



Hawaii's industry grows as others scale back

The state doesn't keep data about how many payday companies there are or where they're located.

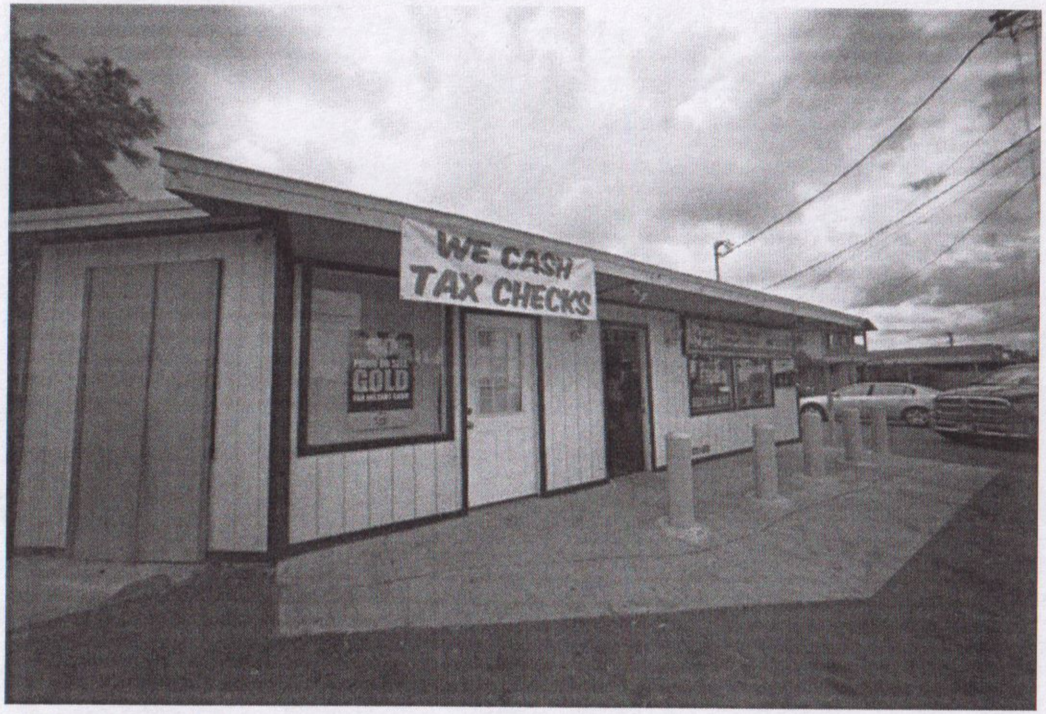
But they're easy to find throughout the state, especially in low-income neighborhoods like Waianae and Kalihi on Oahu. And the industry is growing: Over the last 10 years, the number of Money Mart stores tripled from three to nine.

According to a 2013 survey from the Federal Deposit Insurance Corporation, only 1.4 percent of Hawaii households use payday loans, lower than the national average of 2 percent. But that percentage grew from just 0.5 percent in 2011, faster than the national growth rate.

The percentage of Native Hawaiian and Pacific Islander households in Hawaii taking out payday loans tripled from 0.8 percent in 2011 to 2.4 percent in 2013.

That's not surprising, given that the high cost of living coupled with Hawaii's relatively low salaries means many local residents are living paycheck-to-paycheck.

The Maui chapter of the faith-based advocacy group Faith Action for Community Equity has interviewed dozens of families, most of them recent immigrants from islands in Micronesia, who have struggled to get out of a payday loan debt trap.



A payday lending shop along Farrington Highway in Waianae. There are at least four in Waianae and Nanakuli, some of the poorest areas on Oahu.

For some people, it lasts years. Wendy Burkholder, executive director of Consumer Credit Counseling Services of Hawaii, worked with one client on Maui who paid $50 every two weeks to borrow $100.

"In her state of mind, she needed it back in order to make rent, buy food, live," Burkholder said. "The problem was the cycle went on for close to five years."

Stephen Levins, the state's director of the Office of Consumer Protection, hasn't received any official complaints about payday lending. Burkholder said that's not surprising.

"The shame and the stigma attached to not being able to manage your debt or be a good money manager is enormous," she said. "It's not something that you run around bragging about and you file complaints over."

Despite the lack of official complaints, Levins has been increasingly concerned about the growth of the industry and wants the state to limit the annual percentage rate to 36 percent.

"This is an industry that's just grown up from nothing in the past 20 years," Levins said. "You're asking people to pay a high interest rate that 30 years ago was illegal almost everywhere in the U.S."

He points to numerous efforts throughout the country to crack down on the practice.

"If it's good for the military, it should be good for the civilian population." — Sen. Rosalyn Baker

In 2006, Congress passed a law to limit interest rates for loans to active military service members and their families to no more than 36 percent APR. A follow-up study by the Consumer Federation of America found the law had been largely successful in curbing abusive lending practices and recommended that it be expanded to help all service members, veterans and retirees.

As of 2014, payday loans were effectively banned in 14 states and the District of Columbia, according to Pew Charitable Trusts. Concerns about payday loans are so great that the Consumer Finance Protection Bureau announced this year that it is planning to create federal rules regulating the industry.

But so far, reform efforts in Hawaii have failed. The Senate passed a bill in 2013 to impose stricter regulations on the industry, but Rep. Clift Tsuji, who chaired the economic development committee, didn't call a hearing for it. Rep. Mark Nakashima introduced a measure last year to limit the annual percentage rate to 36 percent, but House Consumer Protection Committee Chairman Angus McKelvey killed it.

Aggressive Senate bill meets strong opposition

That's something that Sen. Rosalyn Baker from Maui wants to change.

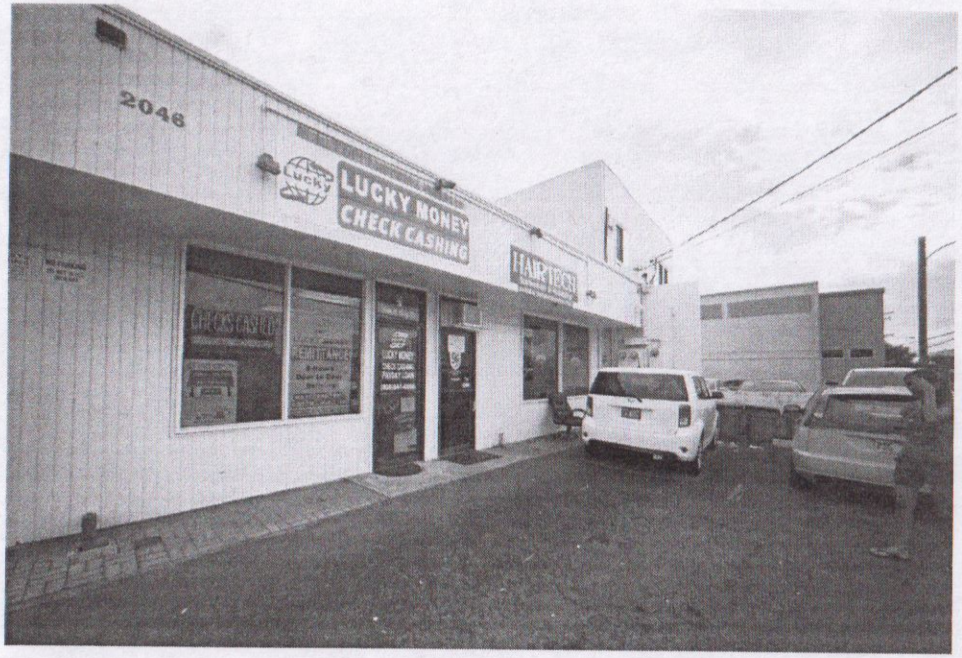
The influential senator who chairs the consumer protection committee introduced Senate Bill 737, which would cap the annual percentage rate at 36 percent.

"If it's good for the military, it should be good for the civilian population," Baker said.

The measure passed the Senate almost unanimously, with Sen. Sam Slom, the chamber's sole Republican, voting no.

Philadelphia-based Dollar Financial Group, a subsidiary of the multibillion-dollar private equity firm Lone Star Funds LLC, owns Money Mart and is taking the threat of stricter regulation seriously: For the second year in a row, it has enlisted one of the state's top lobbying firms, Capital Consultants, to fight proposed rate caps.

Cory Lum/Civil Beat



A payday lending shop in Kalihi is only a block away from its competitor. Social service organizations say that in Hawaii, the payday loan debt trap contributes to the high rate of homelessness among local residents.

So far they've been successful. Baker's is the last payday lending measure still alive, and its prospects don't look good in the House.

One of the company's lobbyists is Bruce Coppa, former Gov. Neil Abercrombie's chief of staff. Coppa said the problem with payday loans is the lack of enforcement of the state's existing law, which prohibits companies from rolling over loans.

Coppa declined to comment, and Dollar Financial Group's representative Kerry Palombo didn't return a request for comment.

But in written testimony against SB 737, Palombo said that if interest rates are capped at 36 percent, the company will close all nine of its Hawaii stores and terminate 35 employees.

Palombo wrote that a 36 percent APR is a de facto ban on the industry, and called the existing law "consumer friendly."

SB 737 “would eliminate a regulated environment and take away their access to a much-needed credit option at a time when families are finding their access to traditional forms of credit limited or cut-off entirely,” she wrote.

Poor prospects in the House

That argument resonates with Rep. Justin Woodson from Kahului, vice chair of the House consumer protection committee.

He said he has been heavily lobbied from both sides on the issue, and wants to create a compromise bill that will put more restrictions on the payday lending industry without quashing it.

He said his main concern is whether low-income people have enough financial options if the payday lending companies shut down.

“I’ve got children and grandchildren, I don’t like being called a predatory anything.” — Richard Dan, president of Maui Loan

Advocates for the 36 percent rate cap argue that they do, pointing to credit unions and organizations like the Office of Hawaiian Affairs and Hawaiian Community Assets.

“The sky hasn’t fallen in the states where they’ve cut back on that (rate) significantly,” argues Levins from the state consumer protection office.

But Woodson isn’t convinced. He agrees with the payday lending companies that the annual percentage rate isn’t an appropriate way to measure the cost of the loans. He said Friday that he and the committee chairman McKelvey plan to amend Baker’s bill to require payday lending companies to register with the state and impose a mandatory waiting period before consumers can take out a second loan.

He wants leave it up to House Finance Committee Chair Sylvia Luke to decide how much the interest should be.

Luke deferred a similar measure, House Bill 228, earlier this year. But she said she did so because she was waiting to hear SB 737. She expects the measure will make it to conference committee, the end-of-session period when lawmakers haggle over bills behind closed doors.

Concern from small businesses

Richard Dan, who lives in Woodson's district, is glad he and other House lawmakers are more receptive to the payday lending industry's concerns.

The president of Maui Loan in Kahului has been working as a lender in Hawaii for nearly four decades, and has been offering payday loans since 1999.

Dan is frustrated with the bad rap payday loan companies get. He said only a small portion of the customers at his family-owned business fall into a debt trap.

"I've got children and grandchildren, I don't like being called a predatory anything," he said, adding that he is willing to agree to a cooling-off period between loans.

Capping the annual percentage interest at 36 percent would make it impossible to run a brick-and-mortar store, he said. Right now, he receives $15 on every $100 loan; cutting that to $3 per loan wouldn't allow him to cover his costs.

Payday lending companies say that they offer a much-needed service to consumers, and will go out of business if forced to lend at a 36 percent APR.

He also argues that eliminating payday loans would push consumers toward using predatory lending sources on the Internet and that allowing payday lending companies to compete with one another leads to cheaper rates.

But the Pew Charitable Trusts study discounted both of those claims, finding that 95 percent of consumers in places that banned payday loans <u>didn't turn</u> to Internet sources, and that the cheapest interest rates were in states with the <u>toughest regulations</u>.

Still, Dan believes Hawaii is different. He supports a <u>House resolution</u> that would simply create a task force to study the industry's impacts. For his perspective, while predatory lending may be an issue in Texas or other states, it's not a problem in Hawaii.

But Levins from the state consumer protection office disagrees.

"People are people," Levins said. "If it's a problem in other states, you're going to find it here. I don't think the aloha spirit trumps the problems that are inherent with this industry."

LATE TESTIMONY

Testimony of Anne W. Jenny , as an individual

To: House CRC Hearing on SB 737

Date/Time: March 23, 2015 -2:45 PM

I have served as a National Bank Examiner for the Office of the Comptroller of the currency of the United States Treasury Department, a professor of Economics at UH Maui College and am a veteran of the United States Air Force I am a resident of Maui County and a member of HGEA.

Interest Rates are the cost of renting money.

A normal financial Intermediary takes deposits and rents out money in the form of loans. I our current financial system I rent the bank my, money as a deposit for which I receive a very small amount of rent in the form of interest. The bank in turn loans out the funds as loans, for which they a much greater interest rate. The difference between their returns and their costs is the bank's profit.

I would be very happy to loan one of my neighbors a small amount of money for a return of 4 or 6% which would give me more than the 1 or 2 % that I can get from renting my money to the local branch of a multinational bank, Even if those loans were not covered by the insurance that can get from a bank.

The original financial regulations commonly known as regulations s D & Q once regulated both what banks had to pay for renting deposits and what they could charge borrowers as rent for loans. These regulations were put in place in exchange for banks and depositors eligibility to be insured against crises in the financial markets.

With the beginnings of financial deregulation in the 1980s, these rate caps were loosened so that banks could compete with the money markets. The race for complete deregulation was pushed by the credit card companies as they sought to relocate to state with the highest allowable rates.

As the volatility in the financial marked increased with banks competing against uninsured money markets for funds, smaller community banks began to fail leading to the banking crisis of the 1980s. Payday lending represents a n economic loss to the local economy. Without local lending resources we saw the beginnings of payday lending which is essentially loan sharking gone legit.

Payday lending serves no economic benefits to the citizens of the State of Hawaii. It merely disenfranchises our most vulnerable citizens for profit. That profit represents economic resources that is sucked out of the pockets of local businesses when people with limited resources must choose whether to use their limited resources to pay the loan shark or pay local business for food clothing shelter or childcare.

You and I are the ones who eventually end up paying of theses loan sharks either through taxes used for social services or donations to community service groups. There is no good reason to allow these operations to continue and even lowering the cap to 36% makes little economic sense.

FROM: Drew Astolfi
FOR: CPC Hearing - March 23 @ 2:45pm → Bill SB737 LATE TESTIMONY

Dear Rep. Marcus Oshiro (HI-46), Rep. Robert McDermott (HI-40), Rep. Ryan Yamane (HI-37), Rep. Angus McKelvey (HI-10), Rep. Tom Brower (HI-22), Rep. Della Belatti (HI-24), Rep. Sharon Har (HI-42), Rep. Chris Lee (HI-51), Rep. Mark Nakashima (HI-1), Rep. Mark Hashem (HI-18), Rep. Derek Kawakami (HI-14), Rep. Gregg Takayama (HI-34), Rep. Beth Fukumoto Chang (HI-36), Rep. Justin Woodson (HI-9), Rep. Richard Creagan (HI-5), Rep. Joy San Buenaventura (HI-4), and Governor David Ige

We are pleased to present you with this petition affirming this statement:

Families in Hawaii can be charged up to 459% APR on Payday Loans. Payday Loans are aggressively marketed and can lead local families into a cycle of debt that can trap them for months or more. This is called "usury" and hurts local working families who take these loans.

The federal government protects all military families from interest rates over 36%, shouldn't our local families have the same protections? And 18 states and DC either cap these loans at 36% or have banned them altogether.

Please take a vote on the 36% cap for Hawaii's families (SB737) this week, it got deferred last month without a vote. And please do not replace the 36% cap with a study or a "cooling off period". We need real reform now.

Please help us!

Attached is a list of individuals who have added their names to this petition, as well as additional comments written by the petition signers themselves.

Sincerely,

Drew Astolfi

dj sakata
Mililani, HI 96789
Mar 23, 2015

Pay Day Lenders are predators. The cap on interest is long overdue.

melanie padgett
Pukalani, HI 96768
Mar 23, 2015

Deborah Chang
Wahiawa, HI 96786
Mar 23, 2015

Nathan Alfaro
Honolulu, HI 96821
Mar 23, 2015

Deborah Sherman
Haleiwa, HI 96712
Mar 23, 2015

DWIGHT E WEIDING
KAHULUI, HI 96733
Mar 23, 2015

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nancy haag
kihei, HI 96753
Mar 23, 2015

Carey anderson
kailua, HI 96734
Mar 23, 2015

Richard Melton
Kailua, HI 96734
Mar 23, 2015

Payday lenders are a drain on the financial well-being of many of our fellow citizens. They need to be stopped.

Andrew Templeman
Lihue, HI 96766
Mar 23, 2015

Katherine Aratani
Kaneohe, HI 96744-4210
Mar 23, 2015

I too am in debt, but I was aware not to get a payday loan. It's a huge problem and should be addressed.

Jessica Marshall
Haiku, HI 96708
Mar 23, 2015

Karen E. Bail
Waikoloa, HI 96738
Mar 23, 2015

Joy Wall
Keauhou, HI 96739
Mar 23, 2015

Ronald D Gordon
Hilo, HI 96720
Mar 23, 2015

Laurel Shim
Honolulu, HI 96813
Mar 23, 2015

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brendan keaney
Kailua, HI 96734
Mar 23, 2015

Michael Zelko
Kula, HI 96790
Mar 23, 2015

Cambria Moss
Kihei, HI 96753
Mar 23, 2015

Interest caps are necessary to protect our families.

Peter Jamtgaard PE
Honolulu, HI 96828
Mar 23, 2015

Kevin Page
Kapaa, HI 96746
Mar 23, 2015

Benny Martino
Honolulu, HI 96822
Mar 23, 2015

Christina Lefua
Waianae, HI 96792
Mar 23, 2015

Robert J Keane
Mililani, HI 96789
Mar 23, 2015

Yep

Lorraine Kohn
Kailua Kona, HI 96740
Mar 23, 2015

Robin Cottrell
Captain Cook, HI 96704
Mar 23, 2015

Jerzy chodak
Pepeekeo, HI 96783
Mar 23, 2015

Chenta Laury
Haiku, HI 96708
Mar 23, 2015

Sarah Kaneko
Kalaheo, HI 96741
Mar 23, 2015

Georgia sartoris
Paauilo, HI 96776
Mar 23, 2015

Jon Davidann
Kailua, HI 96734
Mar 23, 2015

There is no reason to not vote on and pass this cap .

Karen Gilmore
Kula, HI 96790
Mar 23, 2015

Michael Golojuch Jr
Kapolei, HI 96707
Mar 23, 2015

These companies rip off the people who can least afford it, taking unfair advantage /profit from their situation.

Pam Harper
Kihei, HI 96753
Mar 23, 2015

Rona Lieberman MD
Kailua, HI 96734
Mar 23, 2015

Ann Levora
Kaneohe, HI 96744
Mar 23, 2015

Matthew Barbee
Honolulu, HI 96821
Mar 23, 2015

HIRAM RESPICIO
WAIANAE, HI 96792
Mar 23, 2015

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samantha payne
Keaau, HI 96749
Mar 23, 2015

Lisa T. Nakamura
Honolulu, HI 96816
Mar 23, 2015

Zena M. Toy
Kealakekua, HI 96750
Mar 23, 2015

Usury begins above 10%, not 36 %! The latter amounts to loan sharking! This is a continuing sign of the decadence of our out of control, unfettered capitalism by those who worship money at the expense of our economy, families' livelihood and humanity's future.

Ed Wagner
Mililani, HI 96789
Mar 23, 2015

Even 36% is a lot. I support this petition.

Gary
Mililani, HI 96789
Mar 23, 2015

I think the cap should be at bank and credit card limits.

William Steiner
Hilo, HI 96720
Mar 23, 2015

Stephen Waldmann
Kealakekua, HI 96750
Mar 23, 2015

Eugene Schmitz
Kailua-Kona, HI 96740
Mar 23, 2015

Dr RH Bennett
Honaunau, HI 96726
Mar 23, 2015

M. L.
kapolei, HI 96707
Mar 23, 2015

Laurel Whillock
Kailua Kona, HI 96740
Mar 23, 2015

Deborah Wood
Kailua, HI 96734
Mar 23, 2015

Robert Larm
Kaneohe, HI 96744-2040
Mar 23, 2015

Roger Bong
Honolulu, HI 96817
Mar 23, 2015

Luanne Long
Ewa Beach, HI 96706
Mar 23, 2015

Larry Seth Steinberg
Mililani, HI 96789
Mar 23, 2015

Susan Kay Anderson
Keaau, HI 96749

Mar 23, 2015

Incredible that we would need to fight for a 36% cap when 10% used to define usery!

Jake Jacobs
Kailua-Kona, HI 96740
Mar 23, 2015

Clementina D. Ceria-Ulep
Pearl City, HI 96782
Mar 23, 2015

Roman Lee
Honolulu, HI 96830
Mar 23, 2015

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richard coleman
keaau, HI 96749
Mar 23, 2015

Linda Morgan
Ocean View, HI 96737
Mar 23, 2015

ChanU
Oakland, CA 94618
Mar 23, 2015

Chianti Camara
Waimanalo, HI 96795
Mar 23, 2015

Janet T. Davidson
Honolulu, HI 96817
Mar 23, 2015

Ann Freed
Mililani, HI 96789
Mar 23, 2015

Please help the workers who work 2/3 minimum wage jobs to keep themselves safe in their homes and off the streets. Charging 459% is robbery, pure and simple. Thank you!

Carolyn Golojuch
Kapolei, HI 96707
Mar 23, 2015

Rev. Carolyn Martinez Golojuch, MSW
Kapolei, HI 96707

Mar 23, 2015

Shame not only upon these predators who so exploit the working poor, but also upon the state for allowing the practice to continue until now.

Bill Cunningham
Kaneohe, HI 96744
Mar 23, 2015

Nancy Ravelo
Kualapuu, HI 96757
Mar 23, 2015

Joan Rich
Honolulu, HI 96816
Mar 23, 2015

Lee Takagi
Honolulu, HI 96826
Mar 23, 2015

Bring back Henry Huihui and the Syndicate; they charged less .....

Walter Matsuoka
Honolulu, HI 96822
Mar 23, 2015

MarshaRose Joyner
Honolulu, HI 96825
Mar 23, 2015

Cynthia Frith
Kailua, Hawaii, HI 96734
Mar 23, 2015

Evern E Williams
Honolulu, HI 96815
Mar 23, 2015

Eric Jon Voorhies
Kapaa, HI 96746
Mar 23, 2015

Elizabeth Gilliland
Honolulu, HI 96822
Mar 23, 2015

Kelley streadbeck
Honolulu, HI 96825

Mar 23, 2015

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dont victimize people for being poor

Jennifer Ho
Hilo, HI 96720
Mar 23, 2015

Juliana Kailihiwa
Captain cook, HI 96704
Mar 23, 2015

Deanna Espinas
Honolulu, HI 96816
Mar 23, 2015

Jory Watland
Honolulu, HI 96819
Mar 22, 2015

Please allow a vote on the 36% interest cap. Our families here in Hawaii are already struggling and to have the cap raised even more would be of great harm to our families n especially the children. Please help us by speaking up for we the people of Hawaii.

Sandra Aki
Wailuku, HI 96793
Mar 22, 2015

Laura Epstein
Honolulu, HI 96814
Mar 22, 2015

In favor of 36% interest cap.

Lizbeth Olsten
Wailuku, HI 96793
Mar 22, 2015

Bruce Cohen
Pahoa, HI 96778
Mar 22, 2015

No one deserves to be gouged by usury like this.

Yujen Hsia
Honolulu, HI 96814
Mar 22, 2015

Kae Toguchi
Mililani Town, HI 96789-1753
Mar 22, 2015

Molly Weiner Cooper
Honolulu, HI 96825
Mar 22, 2015

Alan Kosansky
Kailua, HI 96734
Mar 22, 2015

When people are desperate, they don't make reasoned decisions. They must be protected by local as well as national was.

Virginia Bennett
Honolulu, HI 96822
Mar 22, 2015

Lesley Patton
Kapaau, HI 96755
Mar 22, 2015

36% is a good start! www.WeAreOne.cc

Joseph Kohn MD
Wailuku, HI 96793-9762
Mar 22, 2015

Elizabeth O'Connor
Honolulu, HI 96815
Mar 22, 2015

The working poor in our society are being taken advantage of by lenders of payday loans who charge outlandish interest rates. Do what is right for the people of Hawaii, pass SB737 with a cap on interest rates of 36% or better yet ban them altogether.

Elizabeth Seely
Kula, HI 96790
Mar 22, 2015

Hawi stecher
Hilo, HI 96720
Mar 22, 2015

Keith Krueger
Honolulu, HI 96839
Mar 22, 2015

Steven M. Uyehara
Kalaheo, HI 96741
Mar 22, 2015

If these practices aren't predatory, I don't know what is!

Kelly Pomeroy
Kamuela, HI 96743
Mar 22, 2015

Mike deycaza
Honolulu, HI 96836
Mar 22, 2015

EVEN 36% IS TOO GENEROUS!! BUT, IT'S A START...

Thomas Tizard
Kailua, HI 96734
Mar 22, 2015

Fenner-Marie Shupe
Honolulu, HI 96826-3536
Mar 22, 2015

Patricia Koge
Mililani, HI 96789
Mar 22, 2015

Terence Travis
Ewa Beach, HI 96706
Mar 22, 2015

Why is it against the law for the mob to run loan sharking rackets, but just fine for these grifters to gouge the likes of our young service men and women? I ask rhetorically, because we all know why - the mob doesn't have an army of locusts dressed as lobbyists swarming the halls of Congress. For once, do the right thing.

Alistair Bostrom
Keaau, HI 96749
Mar 22, 2015

Sharon Coburn
Pearl City, HI 96782
Mar 22, 2015

Please do this for our local families, pass the Pay Day 36% interest cap.

Mary Lou Mellinger
Wailuku, HI 96793

Mar 22, 2015

Julie Mitchell
Kurtistown, HI 96760
Mar 22, 2015

There is a good reason they are called predatory loans!

Thomas Spring, SM
Honolulu, HI 96816
Mar 22, 2015

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pam lichty
Honolulu, HI 96816
Mar 22, 2015

Please vote yes on the 36 interest cap. The outrageous interest range currently in place is unconscious and once again penalizes the poor !

Leilani Pegranek
Honolulu, HI 96817
Mar 22, 2015

Richard Mindar
Honolulu, HI 96815
Mar 22, 2015

Dorothy Gebers
Sacramento, CA 95822
Mar 22, 2015

Anjali Puri
Honolulu, HI 96828
Mar 22, 2015

Denise Hennig
Lanai City, HI 96763
Mar 22, 2015

Mike Hasselle
Honolulu, HI 96825
Mar 22, 2015

Mark Iaconetti
Volcano, HI 96785
Mar 22, 2015

Darin Padula
Honolulu, HI 96825

Mar 22, 2015

Please move this bill forward. It matters to so many families.

John Vann
Honolulu, HI 96822
Mar 22, 2015

Melinda Ahm
Kaneohe, HI 96744
Mar 22, 2015

Gilmer Borbo
Mililani, HI 96789
Mar 22, 2015

Carol anzai
Honolulu, HI 96817
Mar 22, 2015

Uma Veloo
Honolulu, HI 96814
Mar 22, 2015

Paul Stankiewicz
Mililani, HI 96789
Mar 22, 2015

Paul Smith
Honolulu, HI 96815
Mar 22, 2015

David Chapman
Kalaheo, HI 96741
Mar 22, 2015

Harlisa Asumen
Kapolei, HI 96707
Mar 22, 2015

Sheryl P. Gardner
Mililani, HI 96789-1878
Mar 22, 2015

Lorenn Walker
WAIALUA, HI 96791
Mar 22, 2015

Barbara Nosaka
Honolulu, HI 96822
Mar 22, 2015

This protection against predatory lenders seems a no-brainer to me. If you let this opportunity slip, you should do so with very public justification, or else be held accountable.

Dale Evans
Waimanalo, HI 96795
Mar 22, 2015

Marion and Robert McHenry
Princeville, HI 96722-5312
Mar 22, 2015

This bill is desperately needed to protect lower income folks from outrageous interest rates.

Richard S. Miller
Kaneohe, HI 96744-5316
Mar 22, 2015

Judy Lindsey
Kapaa, HI 96746
Mar 22, 2015

Vanessa Castro
Paia, HI 96779-0633
Mar 22, 2015

Jonathan Boyne
Honolulu, HI 96822
Mar 22, 2015

Benjamin-Jaymz :Hu'bbard
pahoa, HI 96778
Mar 22, 2015

Kokua & Support!

Kekapa Lee
Honolulu, HI 96814
Mar 22, 2015

Richard Flack
Kailua Kona, HI 96740
Mar 22, 2015

Traci Bean
Wailuku, HI 96793
Mar 22, 2015

Jan Lubin
Honolulu, HI 96816-6706
Mar 22, 2015

Shaun Campbell
Honolulu, HI 96815
Mar 22, 2015

Alan B. Burdick
Honolulu, HI 96810
Mar 22, 2015

Julia Nemoto
Honokaa, HI 96727
Mar 22, 2015

Carolynn Griffith
Honolulu, HI 96825
Mar 22, 2015

James Reinhardt
Honolulu, HI 96821
Mar 22, 2015

04;4;April

Donald Erway
Kailua Kona, HI 96740
Mar 22, 2015

Theodore Cassinelli
WAIKOLOA, HI 96738
Mar 22, 2015

Jacques Sims
Waimanalo, HI 96734
Mar 22, 2015

Javier Mendez
Honolulu, HI 96817
Mar 22, 2015

Teresa Rabanes
Wailuku, HI 96793

Mar 22, 2015

Shay Chan Hodges
Haiku, HI 96708
Mar 22, 2015

Cathy Tilley
kailua, HI 96734
Mar 22, 2015

Ruthie Bernaert
Honokaa, HI 96727
Mar 22, 2015

Ron Whitmore
Hilo, HI 96720
Mar 22, 2015

Michael Fischer
KAPOLEI, HI 96707-4939
Mar 22, 2015

STOP THE VULTURES.....PLEASE HELP THE PEOPLE WHO ARE LIVING THRU VERY HARD TIMES AND ARE BEING TAKEN ADVANTAGE OF....DIANE DIMARIA

DIANE DIMARIA
APTOS, CA 95003
Mar 22, 2015

Michael Moorhead
Hilo, HI 96720
Mar 22, 2015

Fred Bonnet
Kaneohe, HI 96744
Mar 22, 2015

W.K. A.
Waipahu, HI 96797-5619
Mar 22, 2015

Susan Floyd
Volcano, HI 96785
Mar 22, 2015

ROBERT J. NERGER
NA'ALEHU, HI 96772
Mar 22, 2015

Bruce Young
Kilauea, HI 96754
Mar 22, 2015

Yes, please protect our most vulnerable in our Hawaii communities.

Laurie Cruz
Mililani, HI 96789
Mar 22, 2015

I think there's something about payday loans in the Bible. And it ain't good!

Peter Gellatly
Honolulu, HI 96816
Mar 22, 2015

Nancy Aleck
Honolulu, HI 96839
Mar 22, 2015

DEBORAH PETERS
HONOLULU, HI 96825
Mar 22, 2015

Bo Breda
Pahoa, HI 96778-8327
Mar 22, 2015

Karen Ginoza
Honolulu, HI 96817
Mar 22, 2015

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lee
Honolulu, HI 96822
Mar 22, 2015

Protect our marginalized Hawaii citizens now. No more delays. Payday loans border on financial bullying.

james crowe
kula, HI 96790
Mar 22, 2015

Randall Imada
Honolulu, HI 96813
Mar 22, 2015

Ronnie Perry
Kaneohe, HI 96744

Mar 22, 2015

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pamela cunningham
honolulu, HI 96819
Mar 22, 2015

Lisa Grandinetti
Mililani, HI 96789
Mar 22, 2015

Cecil Strouth
Kailua, HI 96734
Mar 22, 2015

Nancy
Lihue, HI 96766
Mar 22, 2015

Dove Saberon
Tempe, AZ 85282
Mar 22, 2015

Please help our struggling citizens!

Kat Brady
Honolulu, HI 96837
Mar 22, 2015

Lynn Robinson
Ewa Beach, HI 96706
Mar 22, 2015

Cecile Smith
Honolulu, HI 96825
Mar 22, 2015

Keith Okimoto
Keeau, HI 96749
Mar 22, 2015

Hannah Miyamoto
Honolulu, HI 96805
Mar 22, 2015

Harry Zola
Captain Cook, HI 96704
Mar 22, 2015

MICHAEL LIEBERMAN
HONOLULU, HI 96818
Mar 22, 2015

Karen McWilliams
Kailua, HI 96734
Mar 22, 2015

Leanne M.
Kailua, HI 96734
Mar 22, 2015

OMG...459%? r u joking...WOW, that is way too much for anyone...

Elden Nakashima
Lihue, HI 96766
Mar 22, 2015

At some time in our life, some of us face a crisis where a loan can be a learning experience which carries us through a rough time. It should not destroy our life.

Karen Luke
Ewa Beach, HI 96706
Mar 22, 2015

Help the poor being scammed by the predators..all with in your district

Renee
Kahului, HI 96733
Mar 22, 2015

FOR THE PEOPLE!

Pete Wilson
Pahoa, HI 96778
Mar 22, 2015

We need to help the most vulnerable, not exploit them.

Gordon Lange
Kihei, HI 96753
Mar 22, 2015

Even 36% is high - but over 500% is obscene. It is also usery, is it not?

Louise Simrell
Waialua, HI 96791
Mar 22, 2015

Linda Sola
Makawao, HI 96768
Mar 22, 2015

Hartson Doak
Pearl City, HI 96782
Mar 22, 2015

Mary Matis
San Bruno, CA 94066-1848
Mar 22, 2015

Richard Weil
Waialua, HI 96791
Mar 22, 2015

Clyde M
kapolei, HI 96707
Mar 22, 2015

Paul Weissman
Honolulu, HI 96813-1010
Mar 22, 2015

Jeannine Moore
Captain Cook, HI 96704
Mar 22, 2015

Donna Devick
Mililani, HI 96789
Mar 22, 2015

Leanne Logan
Honolulu, HI 96816
Mar 22, 2015

Pat Dixon
Kaneohe, HI 96744
Mar 22, 2015

Nalei Kahakalau
Honoka`a, HI 96727
Mar 22, 2015

Maria Georgina
Wailuku, HI 96793
Mar 22, 2015

Sarah Goldman
hilo, HI 96720
Mar 22, 2015

Peggy Haring
Kailua, HI 96734
Mar 22, 2015

Bruce Ellinwood
Kaneohe, HI 96744
Mar 22, 2015

Gary L. Passon
Kihei, HI 96753
Mar 22, 2015

Susan Tunney
Honolulu, HI 96821
Mar 22, 2015

I think that 36% is also too high and that there should be some kind of tiered cap. The poor and rural people bear the brunt of these kind of predatory "loans" where the banks are too far away and/ or their checks need to be used immediately for food,gas,rent,etc. Please address this issue NOW and pass protective laws that show compassion and Aloha that we express. This will strengthen our community and show the world that we walk our talk of Aloha and that we do put our people first before profit. Mahalo.

S McCoy
Kealakekua, HI 96750
Mar 22, 2015

Barbara J. Service
Honolulu, HI 96816
Mar 22, 2015

Steve Laycock
Waianae, HI 96792
Mar 22, 2015

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james heermans
Honolulu, HI 96814
Mar 22, 2015

Ella LACERDO
Mililani, HI 96789
Mar 22, 2015

Loan sharking used to be a crime carried on by criminals on the street. Moving the practice into a storefront doesn't change what it is. These people prey on the poor and desperate, and it is reprehensible.

Christine Queen
Kapa'a, HI 96746
Mar 22, 2015

Lynda Barry
Wailuku, HI 96793
Mar 22, 2015

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noenoe barney-campbell
honolulu, HI 96813
Mar 22, 2015

Sarah Joy
Kealakekua, HI 96750
Mar 22, 2015

Julie Mink
Kailua Kona, HI 96740
Mar 22, 2015

Chris Stewart
Kailua Kona, HI 96740
Mar 22, 2015

In my youth one with bad credit could be charged 20-30% apr. 459% is unethical

Bill Ehrhorn
HONOLULU, HI 96822
Mar 22, 2015

Catherine graham
honolulu, HI 96817
Mar 22, 2015

Timothy Vandeveer
Honolulu, HI 96816
Mar 22, 2015

Lilinoe Smith
Kalaheo, HI 96741
Mar 22, 2015

J Kern
Honolulu, HI 96825
Mar 22, 2015

Peter Altomare
Hilo, HI 96721
Mar 22, 2015

Don't the impoverished have enough challenges? Shame on these predatory sharks!

Kate Wescott
Honolulu, HI 96815
Mar 22, 2015

The interest rates allowed are usury even under the reduced rates as proposed under the new law. Please pass this bill to help Hawaii's people. The citizens of Hawaii are so burdened by the disgusting utility rates under the current illegal monopoly, payday loans are needed just to pay the electric bill.

Michael Kalinowski
Pahoa, HI 96778
Mar 22, 2015

Carol, Pranitch
Lahaina, HI 96761
Mar 22, 2015

Gary Okabayashi
Honolulu, HI 96815
Mar 22, 2015

Arleen Kohnke
Honolulu, HI 96825
Mar 22, 2015

Barry Blackburn
Kealakekua, HI 96750
Mar 22, 2015

Gerald Chang
Honolulu, HI 96826
Mar 22, 2015

Barry Winfield
Lahaina, HI 96861
Mar 22, 2015

36% is still too high.

Kathi Lee
Kalaheo, HI 96741
Mar 22, 2015

Jean mcIntosh
Honolulu, HI 96825
Mar 22, 2015

Seriously? This is in some way legal, moral, ethical?

Samantha Fairchild
HAIKU, HI 96708
Mar 22, 2015

Debra Adams
Honolulu, HI 96826
Mar 22, 2015

Karin Gill
Honolulu, HI 96822
Mar 22, 2015

Dwayne Munar
Waianae, HI 96792
Mar 22, 2015

Robert Fernandez
HONOLULU, HI 96825
Mar 22, 2015

Dita Ramler
Honolulu, HI 96822
Mar 22, 2015

Alex Oshiro
Honolulu, HI 96814-4820
Mar 22, 2015

Nikki Duncan
Kula, HI 96790
Mar 22, 2015

Courtney Bruch
Makawao, HI 96768
Mar 22, 2015

Nancy and Errol Rubin
Kailua, HI 96734
Mar 22, 2015

Susan Douglas
Kihei, HI 96753

Mar 22, 2015

Haydn Huntley
Haiku, HI 96708
Mar 22, 2015

Do not be a part of scamming working people whose pay check isn't enough.

Patricia Blair
Kailua, HI 96734
Mar 22, 2015

Ka'imi Nicholson
Honolulu, HI 96816
Mar 22, 2015

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dona demello
waimanalo, HI 96795
Mar 22, 2015

Drew Astolfi
Makawao, HI 96768
Mar 21, 2015