

# The Catalyst

Educating Consumers and Fighting Unethical Business Practices In Order to Strengthen Local Economies

## Still No State Legislation on Payday Lending... ...Success on the Local Front

Shedding light on the payday lending industry has resulted in public outrage, particularly in Southern Arizona.

According to research done by the Southwest Center for Economic Integrity in 2002, payday loan companies extracted (conservatively) 20 million dollars in fees from Tucson and Pima County, often from the very neighborhoods where local officials were investing Federal grant money for revitalization efforts. We understand that this is an industry that targets military personnel and low-moderate income families and traps them in an endless spiral of debt. But public outrage has not generated any meaningful state regulations.

While there is no doubt that the abusive and predatory practices employed by the pay day industry need to be stopped by state legislation, the exponential growth



Thanks Southern Arizona

can be addressed locally. Leadership on this issue can be found in our City Halls and in our Neighborhood Association meetings. The Southwest Center for Economic Integrity has provided information, based on our research, and technical assistance to local governments. This has allowed them to

write and pass ordinances that curb the growth and restrict the location of payday lending and other "fringe banking outlets" in their communities.

The Pima County Board of Supervisors, the

City of South Tucson and the City of Tucson government leaders have demonstrated their strength by using the tools they had available to them to protect the economic health and welfare of their communities. Cities around the state are following their example.

**Payday lending reform has gone local.**

### From the Director:

We've given our newsletter a new name and new look to better communicate the vision and efforts of the Southwest Center for Economic Integrity. We've also expanded our Board of Directors to help guide our work.

We've partnered in Arizona, New Mexico, Nevada and Utah to build a network that can effectively confront unethical business practices of day labor companies and payday lenders throughout the southwest region. And we've heightened awareness of low-wage workers' concerns by amplifying their voices through publications and action research projects.

At our event on May 11 (see enclosed flyer) and on our website ([economicintegrity.org](http://economicintegrity.org)) you can learn more about our progress. Corporations influence our lives as much as government policies do. We hope you will continue to support us as we protect the well-being of local communities by documenting and challenging unfair corporate practices and by serving as a catalyst for much needed change.

*Kain*

### Inside This Issue:

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**Editor's Note:** The word *catalyst* is often used in a scientific context -- "a substance that causes a reaction among two other substances without itself being consumed in the process." *Catalyst* is also an appropriate word to describe the work of the Southwest Center for Economic Integrity. It combines consumer education with direct advocacy to fight unethical business practices. This "reaction" results in strengthened local economies; hence the name of the newly re-designed newsletter.

# Those Who Make It Work

## Profiles of individuals that contribute to the work of the Center

### Kelly Griffith, Deputy Director

Kelly Griffith serves as Deputy Director for the Southwest Center for Economic Integrity. As Deputy Director, her work involves research, education, advocacy & public policy. Her focus has been on payday lending.

With her leadership, the Southwest Center has been instrumental in helping our community become aware of the unethical practices of the payday lending industry. Her work with local and state government has helped develop different strategies to begin to improve some of the industry's practices.

Kelly has fifteen years of non-profit management/leadership experience. Past employment adventures include the Primavera Foundation, the Shanti Foundation, and Southern Arizona AIDS Foundation. Prior to her work in

the nonprofit sector she was an educator.

### Lowell Jones Board President

Lowell received his doctoral degree in mechanical engineering at Vanderbilt University. He and

his wife, Teresa Cowan Jones, moved to Tucson in 1997. "My experiences working in corporations have actually been quite positive. But I've always had a commitment to social justice, and just believe that many economic problems directly relate to a lack of corporate accountability in our system. That, and the undue influence of the corporate sphere on governmental policy, seems to drive so many

other issues. The center offers a perfect place for me to invest energy in affecting the systemic change I think is the most important."



Kelly Griffith



Lowell Jones

## Fast Facts

### Publicly Traded Payday Lending Corporations...

There are 7 publicly traded payday lending corporations. Five of the corporations have franchises or store fronts in Arizona. None are headquartered in Arizona[1]

About 22,000 outlets make loans worth \$40 billion a year and generate over \$6 billion in fees from consumers[2]

The average total CEO compensation for public payday loan corporations is \$932,084.00[3]

[1] SEC filings

[2] Stephens Inc. reports, 2003 data

[3] SEC filings, 2004

# TUCSON BOULEVARD



# A Case Study:

## Profile of Maria del Carmen Moreno Estrella

Maria del Carmen Moreno Estrella is a participant of the **Bridge to Better Money** program of the Southwest Center for Economic Integrity. Maria had always wanted to build some savings, but had a bad relationship with her husband and little control over the household finances. After separating from her husband, she was supporting her family with income from a part time job. She often had to pay \$5 - \$10 to cash her checks.

the credit union and saving money with no fees to cash her checks. "I could use that money to pay for gas,"



Maria del Carmen Moreno Estrella

Maria first heard about the **Bridge to Better Money** program from SCEI staff at a meeting at Casa María. "They told us they could teach us how to save money and went with us to the credit union" to open an account. She was excited about having an account at

she thought. In this past year, Maria built a relationship with staff at the credit union and has learned more about financial planning. She was able to take out a short-term loan

secured by her own money instead of having to use her savings.

Maria now works at night for a cleaning company where she supervises a cleaning crew of 6 women cleaning two office buildings, and works as a volunteer at Casa María every morning 6 days a week. Maria feels she has come a long way since her divorce and has been able to provide a good life for her daughters Melissa and Michelle. "I now have control over my expenses. I have been able to pay the money I owed. It is important to be responsible with money and to have financial goals."

With savings from her work Maria was able to take her daughters on a vacation. She feels very proud of herself. "Where there's a will there's a way. I want to let others know that they can do it too."

## Special Thanks to our Donors

### July 2005-March 2006

AARP- Sunflower Chapter, Miguel Jesus Alvarez, Arizona Federal Credit Union, Mary Bolger, Jim and Lucille Burkholder, Marc and Terry Cahill-Frost, The Marguerite Casey Foundation, Helen Dick, Edward Doogan, Howard Druch, Jim and Becky Duncan, Tim Fuller, Paul and Dolores Gohdes, John Guilbert, Robin Hiller, Beth and Les Hunter, Caroline Isaacs, Elizabeth Kennedy, Holly Lachowicz, Sharon and Larry Malcolmson, Bob Mihallik, Darrell Miller, Ann Modica, Melanie Morrison, The Charles Stewart Mott Foundation, Gordon and Elizabeth Packard, Pastiche Modern Eatery, Barbara Prebis, Starr Sanders, Kerry Schwartz, K. Schweighardt, Jana Sebring, Pamela and Robert Selby, Andy Silverman, Unitarian Universalist Church of Southern Arizona, Nancy Wall, The Wallace Foundation, Joseph and Eileen Weizenbaum, Charles and Elizabeth Zukoski

### A special thank you to the co-sponsors of our September Pay Day Lending Forum:

AARP of Arizona, Better Business Bureau of Tucson, Children's Action Alliance, Consumer Federation of America, United Way of Tucson and Southern Arizona, Coalition of Religious Communities- Utah, National Network of Sector Partners, New Mexico Coalition to End Homelessness, The West Central Initiative- Minnesota

Southwest Center for **Economic Integrity**

**May 11<sup>th</sup>**  
**Day Labor Community Forum**  
**5:00-6:15 PM**  
*And*  
**Annual Integrity Honoree Celebration**  
**6:15-7:30 PM**

La Cocina Restaurant in the Old Town Artisan Courtyard  
201 North Court Avenue  
(Please use the Washington Street Courtyard Entrance)

*Join us for a dialogue between policy makers, academics and community members about day labor followed by our Annual Celebration and Integrity Awards Ceremony*

**Flyer Enclosed**

About the Center

Board of Directors

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