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## **Jim Kiser: Payday-loan sharks target military**

**My opinion Jim Kiser**

'Support our troops' is a common slogan nowadays. But federal and state laws convey another message: "Rip off our troops."

In Arizona, the Legislature, in effect, pasted the pictures of low-ranking military personnel and poor people on targets five years ago and invited predators to take advantage of them.

The predators are payday lenders, who specialize in small loans that the borrower intends to pay off when he or she next receives a paycheck.

The lender's association had complained Arizona was one of only three states west of the Mississippi unfavorable to the firms.

Legislators apparently found that criticism unbearable. They promptly passed a law, which then-Gov. Jane Hull signed, allowing the lenders to charge fees equivalent to annual interest rates of nearly 400 percent.

I assume the lenders no longer consider Arizona unfriendly. But I wish they did.

The lenders long have been accused of targeting members of the armed services, and equally long, they have denied it.

So two professors decided to find the truth by studying 15,000 payday lenders in 20 states, including Arizona.

"There is irrefutable geographic evidence demonstrating payday lenders are actively and aggressively targeting U.S. military personnel," they concluded.

The researchers were Christopher Lewis Peterson, a law professor from the University of Florida, and Steven M. Graves, a geographer and mapping expert from California State University-Northridge.

"Payday lenders crowd around the gates of military bases like bears on a trout stream," the professors wrote in their March study.

This is not just smart businesses going where the market is. It too often is unethical businesses going where they can find people to rip off.

"Average payday loans carry interest rates nearly twice as high as average rates of extortionate New York mafia syndicates," the professors note in an astonishing comparison.

That the rates are legal just increases the scandal.

Members of the military are targets for several reasons, including their youth, lack of experience in managing money, low pay and their stressful, semi-nomadic lifestyles. In addition, the military sometimes punishes nonpayment of debt.

Significantly, studies have shown that borrowers from these companies have no idea what annual interest rate they are paying.

In Tucson, the professors found 12 more payday lenders around Davis-Monthan Air Force Base than expected, based on statewide averages.

That fits a second report, in which the Tucson-based Southwest Center for Economic Integrity found some of the heaviest concentration of these businesses are within three miles of D-M.

The number of payday-loan locations surrounding the base went from 25 to 46 in just two years.

Payday lenders claim to provide borrowers a bridge over troubled economic waters. But a more accurate image is that they trap borrowers in a web.

The Southwest Center found only about a third of the borrowers pay off their loans within the allowed two weeks. Another third need seven weeks or more to pay off their loans.

For these borrowers, it gets really expensive. Every two weeks, they pay another 15 percent fee to the nice company that is so kindly helping them.

In Pima County, the Board of Supervisors is looking to use zoning laws to restrict how many payday lenders can be in one area. That is probably the only control the county has.

But nobody should believe zoning rules will rein in the predators. Peterson and Graves found the only effective regulation was New York's aggressive enforcement of its usury laws.

In the 19 other states, regulations were ineffective, with many lenders not even following licensing and lending laws.

Ultimately, the Arizona Legislature needs to limit the fees these firms can charge. That is, assuming legislators really want to support our troops, rather than allow them to be ripped off.

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