



## **POLITICAL PAYDAY**

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Legal in 37 states, the business of offering short-term, high interest loans – or payday loans – is routinely gaining the spotlight in statehouses all across the country because of complaints of unfair and usury practices. As of mid-January 2007,<sup>1</sup> 17 states had already introduced payday lending and predatory mortgage loan legislation.<sup>2</sup> For example, in Georgia, which shut down the payday loan industry in 2004, a bill was introduced in February that would return payday loans back to the state.<sup>3</sup>

The predatory financial services industry – which includes payday advance lenders, title loan companies, check cashing companies, and pawn shops – has a keen interest in keeping regulation to a minimum. Regulation and reform can effectively wipe out a business in a state, sending its customers across state lines to receive financial services.

Since the 2000 election cycle, companies and associations representing the predatory financial services industry have contributed \$7.36 million to state-level candidates and party committees in 42 states to date. Winning candidates received more than \$4.2 million in contributions while losing candidates received slightly more than \$800,000.

Individuals associated with the predatory lending industry gave about another 2 million in 42 states. The industry itself also gave \$285,000 to ballot measure committees in five states.<sup>4</sup>

## WHO GIVES

The top 15 contributors combined to give \$5.2 million since 1999, accounting for 71 percent of contributions by the industry. A majority of these companies deal in payday loans.

### *The Big Five*

- *Advance America* – Payday lender Advance America donated slightly less than \$1 million in 28 states. Hardly partisan, the company gave to both sides of the aisle, slightly favoring Republican candidates and committees with \$520,584, while giving Democratic candidates and committees \$431,312.
- *Cash America International* – Payday lender Cash America International doled out a total of \$757,418. Democratic candidates and committees received \$345,955; Republican candidates and committees received \$411,463. The company contributed heavily in five states, giving \$212,138 in Texas, \$118,450 in Florida, \$50,750 in Georgia, and \$50,255 in Illinois.

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<sup>1</sup> “2007 Introduced Predatory Mortgage Lending Legislation,” *National Conference of State Legislatures* [on-line]; available from [http://www.ncsl.org/programs/banking/PredLend\\_2007Pending.htm](http://www.ncsl.org/programs/banking/PredLend_2007Pending.htm); Internet; accessed March 5, 2007.

<sup>2</sup> “Introduced Payday Lending Legislation – 2007 Session,” *National Conference of State Legislatures* [on-line]; available from [http://www.ncsl.org/programs/banking/PaydayLending\\_2007Pending.htm](http://www.ncsl.org/programs/banking/PaydayLending_2007Pending.htm); Internet; accessed March 5, 2007.

<sup>3</sup> Carrie Teegardin, “Fierce Debate Over Payday Loans,” *The Atlanta Journal-Constitution*, Jan. 23, 2007 [newspaper on-line]; available from <http://www.ajc.com/metro/content/metro/legis07/stories/2007/02/27/0228bizpayday.html>; Internet; accessed March 5, 2007.

<sup>4</sup> The tables do not contain contributions from individuals or contributions to ballot measures unless otherwise noted.

- *The Consumer Lending Alliance* – The Consumer Lending Alliance, an industry trade group,<sup>5</sup> gave more than \$600,000 in 15 states. Illinois candidates and committees received more than one-third of that money.
- *Illinois Community Currency Exchange Association* – The Illinois Community Currency Exchange Association, a business that primarily deals with check cashing, gave more than \$400,000, contributing \$254,100 to Democrats and \$149,750 to Republicans.
- *Check Into Cash* – Check Into Cash has been a big player in state campaigns in two states. Candidates and committees in California and Illinois received \$95,850 and \$101,450, respectively.

#### TOP PREDATORY FINANCIAL INDUSTRY CONTRIBUTORS, 1999–2006\*

<b>COMPANY</b>	<b>TOTAL</b>
Advance America	\$955,896
Cash America International	\$757,418
Consumer Lending Alliance	\$604,592
Illinois Community Currency Exchange Association	\$403,850
Check Into Cash	\$361,000
Amscot Corporation	\$359,900
Check Cashers Association of New York/Check PAC	\$282,124
Select Management Resources	\$230,104
Check 'n Go	\$211,650
QC Financial Services	\$202,600
Moneytree	\$194,079
409 Group	\$183,700
Anderson Financial Services/LoanMax	\$164,571
Dollar Financial Group	\$160,200
California Financial Service Providers	\$152,600
<b>TOTAL</b>	<b>\$5,224,284</b>

\* 2006 data collection is ongoing; totals may increase.

Two subsidiaries of CNG Financial, an Ohio-based financial services company,<sup>6</sup> feature in the top 15 contributors. Check 'n Go and the 409 Group gave more than \$395,000 in 14 states.

Statewide associations were also generous contributors, with several leading the pack. The Check Cashers Association of New York contributed \$282,124, followed by the New Jersey Check Cashers Association, which gave \$106,750. Also giving were the Arkansas Check Cashers Association and the Louisiana Cash Advance Association, which gave \$82,150 and \$72,896, respectively.

<sup>5</sup> Rob Swenson, "Quick Loans Carry Hefty Price in S.D.," *Sioux Falls Argus Leader*, March 25, 2002 [newspaper on-line]; available from <http://www.argusleader.com/specialsections/2002/debt/Mondayfeature.shtml>; Internet; accessed March 6, 2007.

<sup>6</sup> Kevin Aldridge, "Financial Firm Builds at Mason Office Park," *Cincinnati Enquirer*, July 22, 1999 [newspaper on-line]; available from [http://www.enquirer.com/editions/1999/07/22/loc\\_financial\\_firm.html](http://www.enquirer.com/editions/1999/07/22/loc_financial_firm.html); Internet; accessed March 8, 2007.

### *Individuals Affiliated with the Predatory Lending Industry*

The owner of LoanMax and Select Management Resources, Rod Aycox, and his wife Leslie Vail, contributed \$448,950. Aycox himself gave just over \$400,000 of this amount, with most of the money donated in Iowa, Georgia and Oregon. The owner of Check Into Cash, W. Allan Jones and his wife Janie, contributed nearly \$380,000. W. Allen himself contributed nearly \$330,000 of this amount, concentrating 62 percent of the money in Tennessee. The owner of Advance America, William Webster IV and his wife Lindsay, gave about \$335,600 of this amount. Webster himself gave nearly \$270,000, with \$100,000 of that cash going to the Florida Democratic Party.

### WHO GETS

Ten states received nearly three-quarters of the \$7.36 million doled out by the industry, with Illinois in the lead.

### **TOP 10 RECIPIENT STATES OF PAYDAY INDUSTRY CONTRIBUTIONS, 1999-2006\***

<b>STATE</b>	<b>TOTAL</b>
Illinois	\$1,130,385
Florida	\$994,125
California	\$837,673
Georgia	\$519,173
New York	\$469,895
Texas	\$394,248
Virginia	\$304,685
South Carolina	\$293,225
Missouri	\$260,333
Nevada	\$207,450
<b>TOTAL</b>	<b>\$5,150,859</b>

\*2006 data collection is ongoing; totals may increase.

Earlier this year, Illinois Gov. Rod Blagojevich, a Democrat, “effectively gutted a bill to prevent predatory lending practices that he signed into law only last year.”<sup>7</sup> Blagojevich is no stranger to the predatory financial services industry, being the recipient of \$236,350 in campaign contributions since 2002. More than \$89,000 of the contributions came during his re-election campaign in 2006.

In Florida, the industry focused on the two state parties, concentrating \$657,203 – or two-thirds of their giving – to political parties in the Sunshine State. Most of the money came from two cash advance companies – Amscot Financial and Advance America. The Florida Democratic Party received \$35,000 from Amscot Financial and \$25,000 from Advance America. The Florida Republican Party received \$265,200 from Amscot Financial and \$209,413 from Advance America.

The predatory financial services industry gave \$519,173 in Georgia, the state that is currently revisiting its ban on predatory lending. Republican candidates received \$246,132 while

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<sup>7</sup> Phil Kadner, “Governor Guts Madigan Bill on Lending,” *Daily Southtown*, Jan. 23, 2007 [newspaper on-line]; available from <http://dailysouthtown.com/news/kadner/224485,231pkd1.article>; Internet; accessed Jan. 25, 2007.

Democratic candidates received \$195,225. Republican state committees received \$56,066 while Democratic committees received \$19,250. Half of the industry contributions, or \$262,363, came in the 2006 election.

*Contributions by Office and Candidate Type*

State legislative candidates received \$4.1 million of the \$7.36 million, 56 percent of the total given by the predatory financial services industry. Candidates for governor and lieutenant governor also garnered significant funds, receiving \$1.1 million, which was doled out evenly between Democratic and Republican candidates. Candidates for other statewide constitutional offices, such as Secretary of State, Treasurer, Attorney General, received \$482,648.

State party committees received \$1.6 million in contributions. The GOP was favored by more than a three-to-one margin, receiving \$1.2 million, while \$472,219 went to state Democratic party committees.

Ballot measure committees also received contributions from the predatory financial services industry. In Ohio, 86 percent of industry giving went to a committee opposing four failed ballot initiatives calling for various election reforms, one of which included redistricting.<sup>8</sup> The initiatives pitted Democrats and labor unions against Republicans and business interests.<sup>9</sup> The industry gave \$209,000 to the Ohio First Voter Education Fund Inc., which opposed all the measures.

In California, three Arnold Schwarzenegger committees received \$88,500 in contributions from the industry. Payday lender Checkmate contributed \$68,500 to these committees.

**CONTRIBUTIONS BY OFFICE TYPE, 1999-2006**

<b>OFFICE TYPE</b>	<b>TOTAL</b>
Legislative	\$4,105,540
Party Committees	\$1,648,064
Governor/Lieutenant Governor	\$1,105,052
Statewide Constitutional Offices	\$482,648
Ballot Measure Committees	\$285,600
<b>TOTAL</b>	<b>\$7,626,904</b>

<sup>8</sup> Ohio Election Reforms Fail Despite Scandals, *Stateline* [on-line]; available from <http://www.stateline.org/live/ViewPage.action?siteNodeId=136&languageId=1&contentId=65870>; accessed March 5, 2007.

<sup>9</sup> Joe Hallet, "State Issues Stir Both Sides of the Aisle," *The Columbus Dispatch*, Oct. 23 2005, [newspaper on-line]; available from <http://www.dispatch.com/news-story.php?story=dispatch/2005/10/23/20051023-A1-04.html>; accessed March 5, 2007.

**PREDATORY FINANCIAL SERVICES INDUSTRY CONTRIBUTIONS BY STATE, 1999-2006\***

<b>STATE</b>	<b>TOTAL</b>
Illinois	\$1,130,385
Florida	\$994,125
California	\$837,673
Georgia	\$519,173
New York	\$469,895
Texas	\$394,248
Virginia	\$304,685
South Carolina	\$293,225
Missouri	\$260,333
Nevada	\$207,450
Oregon	\$206,329
Tennessee	\$191,079
Louisiana	\$170,286
Indiana	\$168,495
New Jersey	\$148,350
Arkansas	\$134,150
New Mexico	\$130,200
Kansas	\$121,925
Washington	\$120,725
Alabama	\$105,345
Mississippi	\$76,125
Idaho	\$73,500
Utah	\$72,400
North Carolina	\$43,800
Ohio	\$34,650
Oklahoma	\$32,300
Michigan	\$29,600
Maryland	\$29,013
Colorado	\$19,215
Pennsylvania	\$11,656
New Hampshire	\$10,450
Arizona	\$10,000
Maine	\$9,100
Kentucky	\$6,600
Nebraska	\$6,220
Delaware	\$3,650
South Dakota	\$1,500
West Virginia	\$1,250
Wisconsin	\$1,000
Hawaii	\$650
Connecticut	\$500
Iowa	\$250
<b>TOTAL</b>	<b>\$7,364,905</b>

\*2006 data collection is ongoing; totals may increase.