

We're going to look at one of America's most resilient industries, payday loans, in 20, households have taken one out at some point. It's a nine billion dollar industry and payday loan outlets are all over the place. There are more payday loan stores in America than Starbucks and McDonald's, both and Starbucks or McDonald's. I didn't know there was more of anything in the U.S. than McDonald's including people and grains of sand, and the payday loan industry has only been around for just over 20 years. Even Ebola looks at that growth rate and thinks that's impressive. You guys spread fast and it's not just the number of companies. It's the variety you've got fast: cash cash, central, speedy cash, a quick cash with the word quick, spelled wrong and quick cash with both quick and cash run, because what's more reassuring than a business that can't correctly spell either their product or the speed at which they're getting it to you? There are so many different options that there are even services to help match you to a lender, and you cannot have avoided these ads. Hi might be here. I might owe loyalty hi, I'm Martha works for money, mutual Colin, goddamn money, mutual can get up to a thousand dollars checking account by tomorrow. The card bill bill pay the medical emergency has an extra cash. It's all payday done thanks. Montel quick question, though: how the hell are you a financial spokesman? Everyone isn't that the guy who did that episode how it's hard to be the less pretty conjoined twin everybody be quiet. This guy may have some pretty sound financial advice. When something is this popular and this prevalent, you owe it to yourself to find out exactly what it is much in the way that I finally gave in and read all four Twilight books, I'm on Team Bella by the way tea Bella. She doesn't need a man to define her. That's not the point. The point is: what is a payday loan? What is a payday loan? A payday loan is a quick way to get the cash you need to cover an unexpected expense like a car repair or doctor bill. It's called a payday loan because the loan balance is typically due on your next paycheck. Oh, that does make sense. I thought it was a loan that you repaid in payday. Can't bars your ways better. Your way is better than mine. Clearly, this lady is psychotically friendly and also seems to have an appealing product. So how much is a company charge for this sort of service? Often it's 300 or 400 percentage points on an annual basis, average annual rates of five hundred and seventy percent. Some of those rates legally are as high as nineteen hundred percent a year. Nineteen hundred percent, even the most demanding abusive football coaches only ask for a hundred ten put him in the mouth. Billy give me the mouth now now to be fair. Payday loan companies will say these are short-term loans, so an annual percentage rate doesn't apply, which is true, if you pay them off immediately, but many customers don't. A study showed that three-quarters of the industry's volume was generated by borrowers who have to rebar o before their next pay period, basically, payday loans are the Lay's potato chips of finance. You can't have just one and they're terrible for you and is when you start missing payments that you're susceptible not just to frightening levels of interest, but also to fees that you may not have been aware of, and I was like I'd say: maybe six thousand dollars like deep, you know every payday, I was here every time I got paid. I would pay off and I would get another one and then what cycle my daddy and I would advise anybody not to borrow a hundred and fifty I thought I would pay three hundred twenty-five, I actually paid 700, but it would have been eleven hundred dollars. Had I not gone to the bank and put a stop to this \$1,100. It is not often that a metaphorical slippery slope cost as much as an actual ski vacation. Payday loan companies present themselves as a way for you to get back onto your feet. They don't want you to get trapped in debt. In fact, they'll help you if you fall behind, remember the friendly iced cash lady from before what happens? If you can't pay back your loan, sometimes people have a time paying us back and we'll be there to work with you. If that should happen, yes, no you'll be there for them. Your business model depends on it because an actual cash training manual for employees featured a diagram which starts with the customer applying for an Advance Sloane moves through them. Spending the money on that loan, unable to pay it back and then be forced to apply for an ace loan again you'll not that has a certain roundness to it. It's basically a recycling symbol for human misery, it's the circle of dirt and it screws us. Now, obviously, we must not generalize about this shitty industry. Some companies hold themselves to a high standard. In fact, the Community Financial Services Association of America insists that their members are different from these shady elements of the industry. They brag about it in one of the most boring videos on the Internet in our industry. I mean, let's be honest: there are there some there are some companies out there that don't even follow the law, let alone follow a standard of best practices like our member companies. Do those other companies are awful. Our member companies are pillars of the community. Did you know that one of them gave a kidney to a little girl in a hospital? She was in there for tonsillitis, but now she has three kidneys, we're good companies. So let's take a look at their wonderful members and their practices. First, there's Advance America. One of the biggest companies in the industry whose co-founder defends his business like this, the consumer demand for the product, is overwhelming and speaks for itself. Okay, that's fair, although it's also worth pointing out that the customer demand for heroin is also overwhelming, and that doesn't mean it's a product. You'd necessarily recommend to your friends to get out of a jam Advance America is a company whose best practice is somehow increasing agreeing to an eighteen point: seven five million dollar settlement in North Carolina after they were accused of illegally high interest rates, but but they're just one of the two largest companies in the business. The other company is Cash America, how did they practice their best practices? Cash America was ordered to pay 19 million dollars in refunds in fines late last year for illegally overcharging service

members and for destroying documents. So what you like about that illegally overcharging service members is a ballsy business practice. They must have been ones driving around with those bumper stickers that say extort our troops, but settlements like those are actually something of a rarity, and that brings us to the payday loan industry is seemingly unstoppable. They are incredibly good at avoiding regulation. Just look at one example in Texas: they actually tried to rein in the payday loan industry there a few years ago, but they faced opposition from a particular state legislature. Members. I just cannot see why this why this this legislation could possibly be necessary unless it is the big, the big institutions we've the little guys and the little guys in his analogy are payday loan companies. Although I've got to say, if you spell little guys with a dollar sign, instead of an S, you've got yourself a pretty good name for a store right there. That man is Texas State Representative, Gary Elkins and his proud defense of the little guy is about to get a little muddier, but isn't it true that you have 12 very successful payday and title loan locations across this state? Let me answer that question for him. It is true, it is true, he does and they include an outpost of the wonderfully named payday financed Texas kind of interest-y all in some power finance, but I apologize. I interrupted. You stand to add to your personal wealth considerably by killing the bills. You know what that that is not about the bill. Do I know it why? Madam? I am the physical embodiment of that term. At this very moment, you might be thinking that woman, Vicki Truitt is awesome. You're fearlessly calling out how the payday loan industry influences politicians, which is why it's going to be so hard to tell you that, just 17 days after leaving office, she signed on as a lobbyist for ACE Cash, Express. You know the circle people, thankfully, thankfully Texas also has a Finance Commission which oversees the payday loan industry. Guess who runs it? William J White, as vice president of Cash America, and was also appointed by the governor as chairman of the state's Finance Commission, which oversees payday outfits? That's right! The chairman of the Commission that oversees the payday industry is also, at the same time a vice president of one of the biggest payday loan companies in the country. I call dingo, I call dingo on [Applause] so, let's just let's just quickly break all of that down. If you were hoping to protect Texans from the payday loan industry, you would need to approach a commission overseen by a vice-president of a payday loan company and then introduce a bill into the state legislature where the owner of 12 payday loan stores will debate. The merits of the payday loan industry, with one of the payday loan industry's future king lobbyist apparently even cluster, a bigger in Texas, but the truly chilling skill payday loan companies have is not how they prevent legislation from getting passed. It's how they react when it gets through. For instance, when Illinois passed an act which applied to loans of up to 120 days, companies simply began offering loans with terms of 90 days instead, which is like betting. A dollar on the price of right on the price is right: you're technically allowed to do it, but you know you get when Arizona outlawed payday loans. Many companies shifted to selling title loans instead, which are basically the same, except they also get to take your car for regulators. It's like it's like playing legislative whack-a-mole, just when you think you've squashed them down somewhere up. They pop up somewhere else wearing a completely different outfit and the most amazing example of all of this took place in Ohio in 2008. They somehow capped payday loan rates at 28 %. Any company licensed as a short-term lender had to abide by that, but where one mole force, another mole shall rise, and as of last year, there were no businesses in Ohio licensed the short-term lenders. There was, however, a sudden increase of companies registering as mortgage lenders. People short-term mortgages of around \$ 300. What now, as the lawyer for a company called cash land, explains this to a judge, so cash land would not be subject then to the short-term loan, because it's not registered as a short-term lender, exactly you're under the short-term loan Act by the legislative enactment says it Applies only to those who register under the short-term loan Act. Why even bother calling yourselves mortgage lenders? Why not just call yourselves peanut butter, octopus companies, you can't regulate peanut butter octopi, they don't technically exist at all in the rare case, where states succeed in imposing stringent regulations. Some payday loan companies have one final trick up their sleeve. Now some payday lenders have found a loophole by partnering with Indian tribes that gives payday lenders the cloak of sovereign immunity to avoid state regulations. That's right. Some payday lenders are currently dressing themselves up. As Native Americans, I thought only John Wayne was allowed to do that. How does that even work? This payday lender kashfari has teamed up with the Fort Belknap Indian tribe in Montana and, as you can see, they're charging online interest rates in the 700 percent range. Yet you can become affiliated with a tribe and be able to avert local and state laws. In my opinion, apparently, loan sharking is still legal in this country. It's true, although let's be fair, no loan shark would ever go by the name. Cash ferry. Hey you better! Get that money by midnight. Are you don't get a visit from the kashfari? Very yes, here's the problem. Payday loan companies are almost impossible to effectively regulate and they are not going anywhere. A Pew survey found that a majority of borrowers said payday loans take advantage of them, but a majority also said they provide relief, and that is why they are so dangerous. People sometimes need them but you have to be absolutely sure there are no better options. Apparently, 41 % of those surveyed who taken out payday loans ended up having to borrow from far more expensive possessions or other things that they could have done in the first place, just to pay off that payday loan and yet payday loans. Superficially do look easier. All these commercials, they're, enticing and they're also everywhere. The least we can - is launch a counter campaign with a celebrity spokesperson of our own to remind

people to make sure they explore all their better options. First, hi, I'm Sarah Silverman. If you're considering taking out a payday loan, I'd like to tell you about a great alternative, it's called anything else. The way it works is instead of taking out a payday loan, you literally do anything else. Sell your sperm, sell some blood, throw yourself in front of a rich guy. Car he'll throw money at the problem just to make that go away. Are you an old person and need money? Take things all! No one's gonna stop you you're not gonna! Go to jail. Go to the grocery store right now, fill up a cart with everything you need and walk the data there. You know what people will pay you to pee on them. That's true duties to duties are more like double. I know this for a fact. I it doesn't matter, but it's something that you have to do every day anyway, right by not doing it, you are literally flushing money down the toilet. It's irresponsible! There's money inside of you, it's like Dorothy having the power to go home the hold night. The point is, no decision in your life will be worse than dealing with these payday loan mothers, their mother, there's their father of mothers. So if you're thinking about getting a payday loan, just simply pick up the phone, then put it down again and do literally anything else. Do it now, [Applause,],