

Wednesday, April 27, 2016

The Honorable Debbie Wasserman Schultz
1114 Longworth House Office Building
United States House of Representatives
Washington, D.C. 20515-5001

RE: The Safe Act vs. The So-Called "Florida Model" of Payday Lending Reform

Dear Representative Wasserman Schultz:

Last week it was announced that you have signed on as an original cosponsor of the Stopping Abuse and Fraud in Electronic (SAFE) Lending Act of 2016. If signed into law, this legislation would help protect consumers from some of the worst practices of predatory lenders. It would help "give consumers control over their own bank accounts," "close loopholes and create a level playing field in state usury law enforcement," and "ban lead generators and anonymous payday lending."¹

While your cosponsorship of this important legislation is welcome, it does not change the fact that you continue to champion the so-called "Florida model" of payday lending regulation.² You remain a cosponsor of H.R. 4018, legislation that would gut the Consumer Financial Protection Bureau's (CFPB) upcoming payday loan regulations by delaying those new rules in favor of states willing to adopt Florida-style payday lending laws.³

Simply put, H.R. 4018 would export the problematic "Florida model" of payday lending laws. While a disaster for consumers, such a move would be a dream for lenders. Florida's payday laws are riddled with loopholes: the "Florida model" has led to the average borrower being saddled with nine 300%+ interest⁴ loans each year and nearly one-in-three burdened with a dozen or more.⁵

When President Obama endorsed the CFPB's reform efforts, he said payday lenders are "trapping hardworking Americans in a vicious cycle of debt."⁶ Passing H.R. 4018 would allow this cycle of debt to continue flourishing across the country just as it unfortunately has in your home state.

If you are truly concerned about predatory lending, in addition to cosponsoring the SAFE Act, you should withdraw your support of H.R. 4018 and end your efforts to protect and export Florida's legal loansharking industry, which preys on the very people you are in office to serve.

Sincerely,

Karl Frisch
Allied Progress

Wade Henderson
The Leadership Conference on Civil and Human Rights

Mike Calhoun
Center for Responsible Lending

Lisa Donner
Americans for Financial Reform

Liz Ryan Murray
People's Action Institute

Lindsay Daniels
National Council of La Raza

Andrea Levere
CFED

END NOTES

¹ Office of U.S. Representative Suzanne Bonamici (D-OR), “Bonamici, Cummings Introduce Legislation to Stop Abuse, Fraud in Payday Lending,” press release, April 21, 2016, <http://bonamici.house.gov/press-release/bonamici-cummings-introduce-legislation-stop-abuse-fraud-payday-lending>.

² Debbie Wasserman Schultz, interview by Jim DeFede, *Facing South Florida with Jim DeFede*, CBS Miami, April 10, 2016, <http://miami.cbslocal.com/2016/04/10/facing-south-florida-one-on-one-with-rep-debbie-wasserman-schultz-2/>.

³ U.S. House of Representatives, H.R. 4018, “Cosponsors,” accessed April 23, 2016, <https://www.congress.gov/bill/114th-congress/house-bill/4018/cosponsors>; and Zach Carter, “DNC Chair Joins GOP Attack On Elizabeth Warren’s Agency,” *Huffington Post*, March 1, 2016, http://www.huffingtonpost.com/entry/debbie-wasserman-schultz-paylenders-cfpb_us_56d4ce38e4b03260bf77e8fc.

⁴ Carter, “DNC Chair Joins GOP Attack.”

⁵ Susanna Montezemolo, “Payday Lending Abuses and Predatory Practices: The State of Lending in America & its Impact on U.S. Households” Center for Responsible Lending, September 2013, p. 25, <http://www.responsiblelending.org/state-of-lending/reports/10-Payday-Loans.pdf>; and “Florida Trends in Deferred Presentment: State of Florida Deferred Presentment Program Through May 2012,” Veritec Solutions, May 2012, p. 10, <http://geerservices.net/veritecs.com/wp-content/uploads/2013/07/2012-FL-Trend-Report1.pdf>.

⁶ Gregory Korte, “Obama Pushes Payday Lending Rules in Alabama,” *USA Today*, March 26, 2015, <http://www.usatoday.com/story/news/politics/2015/03/26/obama-cfpb-payday-lending-rules/70458256/>.