

Approved 3/31/92
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by SENATOR RICHARD L. BOND at
Chairperson

9:12 a.m./~~xxx~~ on Monday, March 30, 1992 in room 529-S of the Capitol.

All members ~~xxxx~~ were present ~~xxxxx~~ except: Senators Bond, Francisco, McClure, Moran, Parrish, Reilly, Salisbury, Strick, Ward, and Yost.

Committee staff present:

Fred Carman, Revisor
Bill Wolff, Research
June Kossover, Committee Secretary

Conferees appearing before the committee:

Senator Paul Feleciano
William Caton, Consumer Credit Commissioner
Shelly Gasper, Office of the Attorney General
Steve V. Dockins, President, Bar D Financial Services, Inc.
Latannia Fair, Payday Check Cashing Stores
Rodney Philpot, Junction City Kansas

The meeting was called to order by Chairman Bond at 9:12 a.m.

The Chairman opened the hearing on SB 363, which would add a new section supplemental to and a part of the UCCC to address those transactions in which cash is advanced in exchange for a personal check. Senator Paul Feleciano appeared before the committee to explain the history of this bill and to request a proposal which would amend HB 2749 into SB 363, striking the language in SB 363. (Attachment #1.) He stated that HB 2749 was killed on the floor of the House during the 1991 session due to a misunderstanding of the costs involved.

William Caton, Consumer Credit Commissioner, appeared as a proponent of the measure, stating that the amended bill would give the Consumer Credit Commission a vehicle to regulate the check cashing industry while allowing consumers access to the services of the check cashing industry. (Attachment #2.) In response to Chairman Bond's question, Mr. Caton explained the current laws and the changes this bill would make.

Shelly Gasper, Office of the Attorney General, appeared before the committee to testify in favor of amending SB 363 to contain the language in HB 2749. (Attachment #3.) In response to Senator Salisbury's question, Ms. Gasper clarified the effect the bill would have on lenders, allowing them to exist under regulations that would prevent abuses.

Also appearing before the committee to testify in support of the bill were:
Steve Dockins, Bar D Financial Services (Attachment #4.)
Latannia Fair, Payday Check Cashing Stores (Attachment #5.)
Rodney Philpot, Customer of Payday Check Cashing (Attachment #6.)

In response to Senator Francisco's request, Mr. Dockins explained his company's collection procedure.

There being no further conferees, the hearing was closed.

Senator Francisco made a motion to amend SB 363 by inserting the language in HB 2749 and to correct a typographical error on line 40 of HB 2749 to refer to Section 5. The motion was seconded by Senator Yost. The motion carried.

Senator Francisco made a motion to pass SB 363 as amended. The motion was seconded by Senator Yost. The motion carried. The bill will be carried by Senator Paul Feleciano.

Senator Strick made a motion to approve the minutes of the meeting of March

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
room 529-S, Statehouse, at 9:12 a.m./~~p.m.~~ on Monday, March 30, 1992.

26 as submitted. The motion was seconded by Senator Reilly. The motion carried.

The committee adjourned at 9:50 a.m.

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Financial Institutions and Insurance

Recommends that Senate Bill No. 363 (As Am by Senate Committee)

"AN ACT concerning the uniform consumer credit code; loan finance charges for certain loans."

Be amended:

On page 1, by striking all in lines 13 to 43, inclusive;

On page 2, by striking all in lines 1 to 24, inclusive, and inserting the following section:

"Section 1. (1) On consumer transactions in which cash is advanced:

(a) With a short term,
(b) a single payment repayment is anticipated, and
(c) such cash advance is equal to or less than the maximum amount of the first tier used in the blended alternative rate in K.S.A. paragraph (a) of subsection (2) of 16a-2-401, and amendments thereto, and adjusted in K.S.A. 16a-2-401a, and amendments thereto, a licensed or supervised lender may charge in lieu of the loan finance charges specified in K.S.A. 16a-2-401, and amendments thereto, the following amounts:

(i) On any amount up to and including \$100, a charge may be added equal to 10% of the loan proceeds plus a \$5 administrative fee;

(ii) on amounts in excess of \$100, but not more than \$250 a charge may be added equal to 7% of the loan proceeds with a minimum of \$10 plus a \$5 administrative fee;

(iii) for amounts in excess of \$250 and not greater than the maximum defined in this section, a charge may be added equal to 6% of the loan proceeds with a minimum of \$17.50 plus a \$5 administrative fee.

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Attachment # 1

(2) The maximum term of any loan made under this section shall be 30 days.

(3) The contract rate of any loan made under this section shall not be more than 3% per month of the loan proceeds after the maturity date. No insurance charges or any other charges of any nature whatsoever shall be permitted, except as stated in subsection ¹⁵~~16~~, including any charges for cashing the loan proceeds if they are given in check form.

(4) Any loan made under this section shall not be repaid by proceeds of another loan made under this section by the same lender or related interest. The proceeds from any loan made under this section shall not be applied to any other loan from the same lender or related interest.

(5) On a consumer transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged if the check is deemed insufficient as defined in K.S.A. paragraph (e) of subsection 2 of 16a-2-501, and amendments thereto.

(6) In determining whether a consumer transaction made under the provisions of this section is unconscionable conduct under K.S.A. 16a-5-108, and amendments thereto, consideration shall be given, among other factors, to:

(a) The ability of the borrower to repay within the terms of the loan made under this section; or

(b) the original request of the borrower for amount and term of the loan are within the limitations under this section.

(7) This section shall be supplemental to and a part of the uniform consumer credit code.";

And the bill be passed as amended.

Chairperson

THE STATE OF KANSAS



OFFICE OF *Consumer Credit Commissioner*

JOAN FINNEY
Governor

March 30, 1992

WM. F. CATON
Commissioner

SENATE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE
TESTIMONY ON SENATE BILL 363 BY BILL CATON

Thank you for the opportunity to testify. Rather than giving a technical testimony with boring statistics, figures, and interest rates, I will try to tell you the background of what happened in the House to HB 2749 and why there is a definite need for this legislation.

The House Commercial and Financial Institutions spent a whole hour hearing testimony from myself, the Attorney General's Office, the industry and the public. They were provided with the same interest rate comparisons you have before you. They passed it favorably with only one "no" vote.

When the bill was on the floor for final action, the initial vote was taken and it was 80-35 in favor of passage. When asked if anyone wished to explain their vote the Representative that voted no in the committee stood up and made the statement that he couldn't believe that the House was passing a bill that was a rape to the poor consumers and that it was raising the interest rate tenfold from 36% to 360% - which is NOT TRUE. After the panic, 50 Representatives changed their minds and killed the bill.

The facts presented in the House Committee clearly show that on a \$100 loan, the finance charge of \$15 allowed in the new legislation is NOT 10 times greater than the \$9.50 charge presently allowed under the code. The changes in the charges in the new legislation are very moderate and are on ONLY SHORT TERM loans on SMALL amounts. A \$15.00 fee on a \$100 one month loan carries a high annual percentage rate, but that \$15.00 fee doesn't even cover the costs if one hour is spent on collection.

What alternatives do the people who need this service have if this service is not available from legitimate lenders?

(1) receive this service from an illegal business that will probably charge way more than this law allows. (This office and the Office of the Attorney General have spent lots of time and effort combatting these).

(2) do without basic necessities such as groceries, gasoline, or have utilities discontinued.

(3) write a bad check which could cost 10 times what the loan charge is under this bill. Attached is a comparison of what it can cost if a bad check is written, plus the fact that they can damage their credit rating.

FI&I 3/30/92
Attachment #2

These are not welfare people who use this service - they are hard working people of limited means who need short term help for living expenses.

Presently, the industry who provides this service has limited the amount of the loan to \$25 and charges \$5 to \$5.50, which is legal. So the person who needs \$100 has to go to four different lenders and is charged \$20 plus, which is HIGHER than the rates allowed under the new law. Plus they also pay bank charges on 4 checks instead of one, and have potentially severe restrictions placed on their checking accounts.

There is a definite need for this service and a definite need to regulate the provision of this service. The increase in fees is needed to provide adequate return to the lender for the risks they take and still is reasonable to the consumer. I have also provided to you a letter written to the House Committee from Barkley Clark, who was instrumental in passage of the original Uniform Consumer Credit Code and a renowned expert in the code, supporting this bill.

I urge you to act favorably on this bill as I truly believe it is in the best interest of the consumers who need this service.

Thank you for your consideration.

PRESENT MAXIMUM CHARGES UNDER CODE

AMOUNT	INTEREST 2%	PREPAID	TOTAL FIN CHG	TOTAL LOAN	APR
\$25.00	\$5.00	\$0.50	\$5.50	\$30.50	264.00%
\$50.00	\$5.00	\$1.00	\$6.00	\$56.00	144.00%
\$75.00	\$5.00	\$1.50	\$6.50	\$81.50	104.00%
\$100.00	\$7.50	\$2.00	\$9.50	\$109.50	114.00%
\$125.00	\$7.50	\$2.50	\$10.00	\$135.00	96.00%
\$150.00	\$7.50	\$3.00	\$10.50	\$160.50	84.00%
\$175.00	\$7.50	\$3.50	\$11.00	\$186.00	75.43%
\$200.00	\$7.50	\$4.00	\$11.50	\$211.50	69.00%
\$225.00	\$7.50	\$4.50	\$12.00	\$237.00	64.00%
\$250.00	\$7.50	\$5.00	\$12.50	\$262.50	60.00%
\$275.00	\$8.25	\$5.50	\$13.75	\$288.75	60.00%
\$300.00	\$9.00	\$6.00	\$15.00	\$315.00	60.00%
\$325.00	\$9.75	\$6.50	\$16.25	\$341.25	60.00%
\$350.00	\$10.50	\$7.00	\$17.50	\$367.50	60.00%
\$375.00	\$11.25	\$7.50	\$18.75	\$393.75	60.00%
\$400.00	\$12.00	\$8.00	\$20.00	\$420.00	60.00%
\$425.00	\$12.75	\$8.50	\$21.25	\$446.25	60.00%
\$450.00	\$13.50	\$9.00	\$22.50	\$472.50	60.00%
\$475.00	\$14.25	\$9.50	\$23.75	\$498.75	60.00%
\$500.00	\$15.00	\$10.00	\$25.00	\$525.00	60.00%
\$525.00	\$15.75	\$10.50	\$26.25	\$551.25	60.00%
\$550.00	\$16.50	\$11.00	\$27.50	\$577.50	60.00%
\$575.00	\$17.25	\$11.50	\$28.75	\$603.75	60.00%
\$600.00	\$18.00	\$12.00	\$30.00	\$630.00	60.00%
\$625.00	\$18.75	\$12.50	\$31.25	\$656.25	60.00%
\$650.00	\$19.50	\$13.00	\$32.50	\$682.50	60.00%
\$675.00	\$20.25	\$13.50	\$33.75	\$708.75	60.00%
\$700.00	\$21.00	\$14.00	\$35.00	\$735.00	60.00%
\$725.00	\$21.75	\$14.50	\$36.25	\$761.25	60.00%
\$750.00	\$22.50	\$15.00	\$37.50	\$787.50	60.00%
\$775.00	\$23.25	\$15.50	\$38.75	\$813.75	60.00%

MAXIMUM LOAN RATES UNDER PRESENT CODE ASSUMING BASE = \$780
 MIN CHG = \$5.00 ON \$75 OR LESS AND \$7.50 ON OVER \$75

SMALL LOAN PROGRAM

AMOUNT	FIN CHG	ADM FEE	TOT CHG	TOTAL LOAN	APR
\$25.00	\$2.50	\$5.00	\$7.50	\$32.50	360.00%
\$50.00	\$5.00	\$5.00	\$10.00	\$60.00	240.00%
\$75.00	\$7.50	\$5.00	\$12.50	\$87.50	200.00%
\$100.00	\$10.00	\$5.00	\$15.00	\$115.00	180.00%
\$125.00	\$10.00	\$5.00	\$15.00	\$140.00	144.00%
\$150.00	\$10.50	\$5.00	\$15.50	\$165.50	124.00%
\$175.00	\$12.25	\$5.00	\$17.25	\$192.25	118.29%
\$200.00	\$14.00	\$5.00	\$19.00	\$219.00	114.00%
\$225.00	\$15.75	\$5.00	\$20.75	\$245.75	110.67%
\$250.00	\$17.50	\$5.00	\$22.50	\$272.50	108.00%
\$275.00	\$17.50	\$5.00	\$22.50	\$297.50	98.18%
\$300.00	\$18.00	\$5.00	\$23.00	\$323.00	92.00%
\$325.00	\$19.50	\$5.00	\$24.50	\$349.50	90.46%
\$350.00	\$21.00	\$5.00	\$26.00	\$376.00	89.14%
\$375.00	\$22.50	\$5.00	\$27.50	\$402.50	88.00%
\$400.00	\$24.00	\$5.00	\$29.00	\$429.00	87.00%
\$425.00	\$25.50	\$5.00	\$30.50	\$455.50	86.12%
\$450.00	\$27.00	\$5.00	\$32.00	\$482.00	85.33%
\$475.00	\$28.50	\$5.00	\$33.50	\$508.50	84.63%
\$500.00	\$30.00	\$5.00	\$35.00	\$535.00	84.00%
\$525.00	\$31.50	\$5.00	\$36.50	\$561.50	83.43%
\$550.00	\$33.00	\$5.00	\$38.00	\$588.00	82.91%
\$575.00	\$34.50	\$5.00	\$39.50	\$614.50	82.43%
\$600.00	\$36.00	\$5.00	\$41.00	\$641.00	82.00%
\$625.00	\$37.50	\$5.00	\$42.50	\$667.50	81.60%
\$650.00	\$39.00	\$5.00	\$44.00	\$694.00	81.23%
\$675.00	\$40.50	\$5.00	\$45.50	\$720.50	80.89%
\$700.00	\$42.00	\$5.00	\$47.00	\$747.00	80.57%
\$725.00	\$43.50	\$5.00	\$48.50	\$773.50	80.28%
\$750.00	\$45.00	\$5.00	\$50.00	\$800.00	80.00%
\$775.00	\$46.50	\$5.00	\$51.50	\$826.50	79.74%
\$780.00	\$46.80	\$5.00	\$51.80	\$831.80	79.69%

ADMINISTRATIVE FEE: \$5.00 PER LOAN REGARDLESS OF SIZE

0 TO \$100 - 10% OF LOAN PROCEEDS
 \$101 TO \$250 - 7% OF LOAN PROCEEDS WITH \$10.00 MIN
 \$251 TO MAXIMUM - 6% OF LOAN PROCEEDS WITH \$17.50 MIN

MAXIMUM EQUALS SAME AS MAXIMUM YOU CAN CHARGE 36%

IF LOAN HAS TO BE EXTENDED OR RENEWED, 3% PER MONTH

SHORT TERM NON RENEWABLE LOANS

CONSUMER BENEFITS

1. Money will be available to those who need it from Kansas creditors and fulfills the purposes set forth in 16a-1-102.
2. In reference to the "payday loan" application, it could possibly save the consumer a substantial amount of bank overdraft or return check charges plus third party collection fees if the bank does not honor the checks.
3. The charges are reasonable for the services rendered.
4. An IMMEDIATE source of funds are provided to consumers who have immediate or emergency needs that their daily budget cannot provide.

CREDIT INDUSTRY BENEFITS

1. Provides reasonable return for cost of money, administrative expenses and risk factors.
2. Is relatively simple to understand and initiate
3. Will aid the regulated credit industry with compliance of federal Community Reinvestment Act.
4. Expands services provided to customers.

REGULATORY BENEFITS

1. Provides rules for credit services demanded by consumers but not presently addressed by the code.
2. Compliance will be easily ascertained due to the simplicity of the plan.
3. Will promote high industry standards through aggressive investigation of new licensees and compliance examinations.

SCENARIO FOR CHARGES ON RETURNED CHECKS

\$ OF CHECK	AVERAGE BANK CHG	AVERAGE RETAIL CHG	AVERAGE COLL CHG	TOTAL	COURT EXPENSES	CIVIL PENALTY	TOTAL
\$25	\$20	\$15	\$20	\$80	\$25	\$100	\$205
\$50	\$20	\$15	\$20	\$105	\$25	\$150	\$280
\$75	\$20	\$15	\$20	\$130	\$25	\$225	\$380
\$100	\$20	\$15	\$20	\$155	\$25	\$300	\$480

PAYDAY LOAN COSTS

CASH RECEIVED	LOAN CHARGE	TOTAL
\$25	\$7.50	\$32.50
\$50	\$10.00	\$60.00
\$75	\$12.50	\$87.50
\$100	\$15.00	\$115.00

60-2610. Civil liability for worthless check. (a) If a person gives a worthless check, as defined by subsection (g), the person shall be liable to the holder of the check for the amount of the check, the incurred court costs and the service charge and the costs of collection, including but not limited to reasonable attorney fees, plus an amount equal to the greater of the following:

- (1) Damages equal to three times the amount of the check but not exceeding the amount of the check by more than \$500; or
- (2) \$100.

The court may waive attorney fees provided for by this subsection, if the court finds that the damages and other amounts awarded are sufficient to adequately compensate the holder of the check.

LAW OFFICES

SHOOK, HARDY & BACON

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OTHER OFFICES:
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19 BUCKINGHAM GATE
LONDON, ENGLAND

January 30, 1992

Members of the House Committee on
Commercial and Financial Institutions
State Capitol Building
Topeka, Kansas 66612

Re: House Bill No. 2749

Dear Committee Member:

I am writing you this letter concerning House Bill No. 2749, which would amend the Kansas Consumer Credit Code to specifically regulate the loan finance charge and other aspects of certain "cash advance" or "check hold" loans. I sincerely urge you to consider adopting this Bill. I write to you as the person who served the Kansas Legislature in the early 1970's as special advisor on the KUCCC.

As you probably know, when the Kansas Consumer Credit Code was enacted in 1973, it was intended to be an all-encompassing "one-size-fits-all" piece of legislation that would regulate consumer credit transactions of all kinds. As is often the case, however, the commercial world moves forward and develops new and different products that were not even contemplated at the time a particular piece of legislation is adopted. That has happened with respect to the Kansas Consumer Credit Code. When its loan finance charge limitations were adopted in 1973, extremely short-term, small-dollar "cash advance" loans and "check hold" programs simply did not exist. These types of activities are becoming more and more prevalent today, and there are some questions concerning whether the Kansas Consumer Credit Code is even applicable to certain types of these transactions. Moreover, it is our understanding that the existing loan finance charge limitations have led to various types of restructuring of these transactions in order to avoid compliance problems.

Because there appears to be a great deal of demand by Kansas consumers for these check advance or check hold services, and because these types of transactions were simply not contemplated by the original Kansas Consumer Credit Code, I strongly urge you to adopt House Bill No. 2749. In doing so, you will be following the lead of several other states in the region that have adopted similar legislation. For instance, both Oklahoma and Missouri

Members of the House Committee
on Commercial and Financial Institutions
January 30, 1992
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SHOOK, HARDY & BACON

have statutes and regulations that deal specifically with very small-dollar, short-term loans and that authorize increased loan finance charges for these types of transactions. I believe such legislation is needed in Kansas.

Sincerely,



Barkley Clark

BC:ved

cc: William F. Caton, Kansas Consumer Credit Commissioner ✓



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN
ATTORNEY GENERAL

Testimony of
Shelly Gasper
Assistant Attorney General
Before the Senate Committee on
Senate Financial Institutions & Insurance
RE: Senate Bill 363
March 30, 1992

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3751
TELECOPIER: 296-6296

On behalf of Attorney General Bob Stephan and Consumer Credit Commissioner Bill Caton I ask for your support of Senate Bill 363. Because of the strong public interest in short-term, personal check loans, the potential abuses under the current laws and the need for uniform enforcement and regulation, we feel passage of this bill is important.

It is interesting that our office and the Consumer Credit Commissioner's office received very few complaints about these "check-cashing companies" before we took action to enforce the Consumer Credit Code and the Consumer Protection Act, despite the fact that customers paid interest rates from 600% to 1600% APR and often were charged fee after fee when a check did not clear the bank. In February and March of 1991 our office subpoenaed 7 companies and examined their records; all companies but two subsequently ceased doing business in Kansas.

FI&I 3/30/92
Attachment #3

In reviewing the records we noted the high default rate for these customers, and confirmed that these were high risk loans.

Check-cashing companies have continued to operate in Kansas despite the usuary provisions of the Consumer Credit Code. We filed a lawsuit against one company in Junction City, but before the case was heard by the court the company pulled out of Kansas with all records and cash. These companies have also developed creative means of circumventing the Code. For example, the defendant in our lawsuit sold certificates in lieu of charging a fee. The certificates could be redeemed for the company's highly-inflated catalog merchandise. Customers rarely, if ever, use the certificates and saw them as a cost of the check cashing service. Another check cashing company devised a transaction where they would charge the lawful fee for the check cashing service, but then charge the customer a much larger sum to cash their own check. That is, the customer would receive the pay day loan by check but would immediately incur a second fee to cash the check.

Filing lawsuits or administrative actions against these creative companies is time-consuming and permits the company to perpetuate its scheme until a court or hearing officer can rule. Under the current laws there is no certainty these and other means of bypassing the Code would be deemed unlawful.

The only way to properly protect check-cashing customers is through regulation that specifically addresses this unique type of loan. We therefore urge your support of Senate Bill 363.

TESTIMONY

My name is Steve Dockins. I reside at 520 Vernon Court, Colorado Springs, CO 80910. I have been in the check cashing business since October 1983. I have been President of Bar D Financial Services since October 1988. I would like to testify as to the demand for this type of business, the need to regulate it, as well as the profitability.

NEED:

1. Quick and easy
2. Limited alternatives
3. Number of customers
4. Use of money

COST:

1. Rates
2. Bad checks
3. Cost of collection
4. Cost of doing business
5. What customers would pay for our service
6. Bank charges

REGULATION:

1. Allow legitimate companies to operate
2. Prevent dishonest people and companies
3. Service the public and their needs

Steve V. Dockins, President
Bar D Financial Services, Inc.

F141 3/30/92
Attachment #4

TESTIMONY

My name is LaTannia Fair, I reside at 6809-4 Meade Loop, Ft Riley, Kansas 66442. I am presently employed as the Office Manager for one of the Payday Check Cashing Stores. I am here to testify that Payday's Check Cashing Services are needed within our community. Payday opened on September 16, 1991, and after only a 6 month time period we've reached 2360 client base, which averages about 500 customers per month. We serve the community by relieving day to day pressures and stress resulting from financial difficulties.

Our customers cash checks with us for various reasons one of which is to pay bills such as electric, water, phone, gas and automobiles repairs. Many of our customers would end oweing past due bills or bad checks which could lead to higher fines, court fees and/or imprisonment. In short, this could be avoided by using a Payday Check Cashing Store. Payday services our customers in emergency situations, such as purchasing airline tickets, paying court cost, or unexpected medical bills. Keeping all this in mind, one must also realize that it is important for such laws to be passed regulating check cashers to prevent illegitimate practices. When evaluating the rates in which this law would allow us to charge, we would like you to consider the risk we take by holding checks until payday. We currently have 188 NSF Checks totaling 7,367.86. We spend hours calling customers, attempting to collect on NSF Checks, we have approximately 90 checks that are over 60 days old, and may never be collected on. All business have good and bad customers; however our policies are set up to eliminate the bad customers and the (abusers), and offer a service that is in demand to those good customers who run out of money before payday every now and then.

In closing, I'd like to present to you 2765 names of customers and community members who signed a petition supporting our services at the rates we charge. Here at Payday we are more than willing to comply with the law passed as a result of this hearing.

LATANNIA FAIR
OFFICE MANAGER

FI+I 3/30/92
Attachment #5

TESTIMONY

My name is Rodney Philpot, I'm presently residing at one of the barracks located on Fort Riley, Military Installation. I am here to testify that Payday Check Cashing Store is a plus, yet also a necessary as well as being a valuable service in my community. I have utilized their services for a number of reasons. For instance, unexpected automobile expenses that wasn't properly accounted for within my budget. Emergencies such as paying bills that may have arrived before my pay period, which demanded an immediate action, going home on leave due to illness of a family member, and yes even to purchase items of necessities (gas, food, haircuts, etc.). I believe without the check cashing services that Payday offers I as well as many of my fellow friends and community members would not be able to take care of important unexpected personal matters and to maintain a stable day to day living while dealing with a financial crunch between pay periods.

I think I personally can speak for many friends, customers and members of my community who utilized Payday services when they complain of difficulties we have experienced concerning mistakes within our monthly income, or just not properly keeping accurate account of check and balances making it very difficult to meet obligations which in turn cause further negative or adverse actions which resulted in even more debts and fines. But Payday Check Cashing Services changed that.

In closing, I believe that the fees which are being charged by Payday are reasonable for the service offered. Even we the customer realize that a business, is in business to provide a service to the customer and to make a profit while doing so. Besides Payday is really taking a great risk by accepting post-dated checks. Many of us agree that Payday is a welcomed alternative over the embarrassment of using other means like losing, selling, or pawning personal and needed items or just down right bouncing a check which only leads to more trouble and difficulties.

RODNEY PHILPOT
CUSTOMER

FI+I 3/30/92
Attachment #6