Payday industry helping legislator draft bill to gut reform
New document reveals Huffman’s effort to gut reform bill was crafted with input of Texas payday lender

COLUMBUS – June 27 - Payday lenders are calling a plan to revise House Bill 123 “mathematically intelligent” and “brilliant” in testimony. That would be because the entire proposal is written for the lenders and with the lenders.

A document (see below) obtained by Ohioans for Payday Loan Reform, shows that the CEO of an out-of-state payday loan company is directly involved in the drafting of a so-called “compromise” proposal that would gut payday loan reform in the Ohio Senate.

The document included editorial recommendations of Cheney Pruett, CEO and founder of payday lender CashMax that operates as a credit services organization in Ohio. Pruett, who lives in Texas, owns more than 50 CashMax stores in Ohio.

“This is outrageous,” said Pastor Carl Ruby, a leader of the statewide coalition Ohioans for Payday Loan Reform. “Here we have proof that a payday loan executive, who stands to benefit financially, is directly involved in Senator Huffman’s efforts to gut House Bill 123. This goes beyond persuasion or even manipulation – it is unfettered influence by the payday loan industry. It is shameful.”

Sen. Matt Huffman - who has a history of siding with payday lenders – has been assigned to craft the so-called “compromise” proposal. And while he has spoken with proponents of HB123 “not a single one of our suggestions has been included in Huffman’s proposed amendment,” said Pastor Ruby.

“If a payday lender testifying in front of committee calls Huffman’s proposal brilliant, and then later, that same lender testifies he will make more money under that proposal, what does that say to you?” said Nate Coffman of the Ohio CDC Association and another leader of the statewide reform coalition. “To me it says Ohio consumers are the losers and there is no real reform involved.”

Every day of inaction on HB123 costs Ohio consumers another $200,000 in interest rates and fees for payday loans.

“We respectfully ask Senate President Larry Obhof and Sen. Finance Committee Chair Scott Oelslager to put aside this lender proposal and consider real reforms this summer,” said Coffman. “We can’t wait until the fall for reform that Ohioans have been calling for since 2008.”

Under the Huffman plan, a $1,000 loan would cost $2,836 to pay back under a one year term. Other major problems with Huffman’s plan include:

- It allows credit services organizations to offer the loans that they do today and opens up a brand new lending statute where they can charge 360% APR.
- Failed approaches that payday lenders promote in other states.
- It is giving a major handout to payday lenders by essentially codifying the status quo into law.

This process is reminiscent of 2008, when payday lenders and their legislative allies riddled proposed law changes with loopholes at the last minute. That is how they have slithered through.
On the other hand, the bipartisan compromise approach found in HB 123 would close the loophole and protect consumers and their families.

Below is a screenshot from spreadsheets which Sen. Huffman presented as part his counterproposal.