



PAYDAY LOANS



CHEAPER BY THE DOZEN

How Twelve Members of Congress
Were Showered with Campaign Cash by
Payday Lenders Just Before and Soon After
Taking Official Actions To Benefit The Industry

OCTOBER 2015



EXECUTIVE SUMMARY

Billed by its purveyors as a “quick cash” solution for life’s unexpected financial emergencies, payday lending are peddled as financial snake oil to 12 million¹ hardworking men and women each year. For too many, a cycle of seemingly inescapable debt follows. They have fallen victim to an industry that has used harassment, intimidation, and threats to keep that cycle spinning and bring in more than \$46 billion² annually.

When the Consumer Financial Protection Bureau (CFPB) was [created](#)³ in 2010 as part of the Wall Street Reform and Consumer Protection Act, it was charged with overseeing the payday lending industry among other responsibilities. Just a few years later, the CFPB [released](#)⁴ startling research detailing the damaging effects payday lending has on the financial wellbeing of consumers. [It found](#):

- Only 15% of payday loan borrowers are able to repay their loans on time. The remaining 85% either default or take out new loans to cover old loans.
- More than 80% of payday loan borrowers rolled over (renewed) their loans into another loan within two weeks.
- More than one in five new payday loans end up costing the borrower more in fees than the total amount actually borrowed.
- Half of all payday loan borrowers take out at least ten loans in a row.⁵

The debt cycle illustrated by the CFPB’s research is not surprising. It is purposeful. It is by design. That’s how payday lenders make their money. As Daniel Feehan, the president and CEO of payday lender Cash America [admitted](#) at a 2007 conference, “[t]he theory in the business is [that] you’ve got to get that customer in, work to turn him into a repetitive customer, long-term customer, because that’s really where the profitability is.”⁶

In fact, an internal company training manual for payday lending giant ACE Cash Express [depicted the cycle of a payday loan](#) dubbing it, “The Loan Process.”⁷ Using a [circular graphic](#) that resembled an image commonly associated with recycling, the manual showed a consumer taking out a loan with ACE, spending all of the money, not having the ability to repay the loan, and then either taking out another loan with ACE or having their account sent to collections and returning to the beginning of the cycle by taking out a new payday loan from ACE to get their account out of collections.⁸

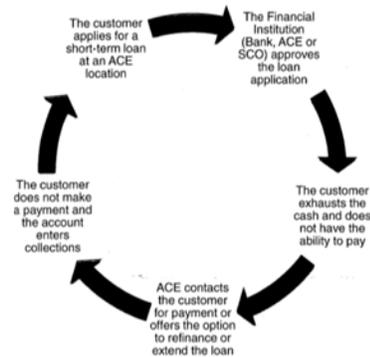


For most payday loan borrowers, this isn't about a one-time loan to help cover an unforeseen financial emergency. Research [from](#) The PEW Charitable Trusts found most payday loans (nearly 70%) are used to cover recurring everyday expenses like a utility bill or food, while only 16% of loans are used to cover unexpected expenses.⁹

That's exactly what payday lenders are counting on – customers who are already having trouble meeting their day-to-day living expenses who then take out a payday loan only to find it nearly impossible to pay off on time without taking out a new payday loan, and thus kicking off or extending the cycle of debt.

Collections New Hire Training Participants Guide

The Loan Process, Continued



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It is no wonder that the same PEW research [found](#) Americans favor more regulation of the payday lending industry by a margin of 3-to-1.¹⁰ That, along with the impact these financial products have on consumers may explain why the CFPB [stepped forward](#) earlier this summer with a proposed framework for regulating payday loans.¹¹

In addition to the broad support for reform found in PEW's research, a [recent](#) bipartisan poll conducted on behalf of the Center for Responsible Lending found that a mere 11% of Americans had a favorable opinion of payday lenders.¹² In the face of such dismal polling numbers one would not expect to see so many Members of Congress going to bat for such an unsavory and wildly unpopular industry.

But payday lenders have been preparing for this regulatory fight since the CFPB's inception. The industry wields tremendous power not only over those it is able to ensnare with its risky financial products, but also over the levers of power in Washington. According to a recent [analysis](#) conducted by Americans for Financial Reform, payday and other installment lenders spent \$15 million during the 2013-14 election cycle on lobbying and campaign contributions to Members of Congress and their political party committees.¹³



What are these payday lenders hoping to accomplish by spending so lavishly to lobby Congress and shower these powerful legislators with so much campaign cash?

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This report details how a dozen members of the U.S. House of Representatives from both parties received significant campaign contributions from payday lending industry executives and political action committees (PACs) either just before or soon after taking official actions to benefit the industry. Taken as a whole, the timing of these contributions raise a serious question of whether they were made as a quid pro quo for official action. It is our hope that the serious questions raised by illuminating the suspicious, even crass timing of industry contributions and official actions taken by Members of Congress, will lead to further investigation and discussion of these important issues.

KEY FINDINGS:

- On March 16, 2011, Rep. Patrick McHenry of North Carolina signed on to co-sponsor HR 1121 – legislation that experts said would “hobble the CFPB” and push the Bureau into “gridlock and inaction.” Just five days later, his Federal Elections Commission (FEC) filings show he received \$17,900 in campaign contributions from payday lending executives and just nine days after that, he received another \$15,000 in contributions from industry PACs. [[Levitin Testimony, House Financial Services, 4/6/11](#); [Consumerfed.org, Letter, 5/3/11](#); [Congress.gov, HR 1121](#); [McHenry FEC Filing](#)]
- On March 26, 2015, Rep. Pete Sessions of Texas signed on to co-sponsor HR 1266 – a new version of 2011’s HR 1121, which experts said would hobble the CFPB. The very next day he received a \$2,700 campaign contribution from a payday lending industry PAC. [[Congress.gov, HR 1121](#); [Congress.gov, HR 1266](#); [Sessions FEC Filing](#)]
- On July 18, 2012, Rep. Blaine Luetkemeyer of Missouri introduced HR 6139 – legislation that experts say would undermine oversight of payday lenders by allowing them to bypass the regulatory authority of the CFPB and stronger state laws. The day before, Luetkemeyer refunded a \$2,500 campaign contribution to the PAC of the payday lending industry’s special interest trade group – Community Financial Services Association of America (CFSA). Exactly two months later he received a contribution from the CFSA for double the original amount. [[Congress.gov, HR 6139](#); [Luetkemeyer FEC Filing](#)]



- Rep. Stephen Fincher of Tennessee received \$5,000 in campaign contributions from payday lending industry executives just days before and a \$2,500 campaign contribution from another industry executive soon after signing on to co-sponsor Luetkemeyer's HR 6139. On April 15, 2013, Rep. Gregory Meeks of New York signed on to co-sponsor HR 1566 -- legislation with the same title and purpose as HR 6139. Just four days later, he received a \$5,000 campaign contributions from a payday lending industry PAC. [[Congress.gov, HR 6139](#); [Fincher FEC Filing](#); [Meeks FEC Filing](#)]
- On June 5, 2014, the CFSA filed a lawsuit against the FDIC over Operation Choke Point, a Department of Justice (DOJ) effort that targets unscrupulous lending practices. Over the next week, payday lending industry executives and PACs contributed heavily to the campaign of Rep. Luetkemeyer who then filed HR 4986 – legislation that would end Operation Choke Point. Rep. Sessions signed on to co-sponsor HR 4986 the day after receiving a \$5,000 campaign contribution from an industry PAC. [[CFSA v. FDIC, Complaint Filed, 6/5/14](#); [Luetkemeyer Press Release, 6/26/14](#); [Congress.gov, HR 4986](#); [Luetkemeyer FEC Filing](#); [Sessions FEC Filing](#)]

METHODOLOGY:

For the purposes of this study, Allied Progress examined the twelve members of the U.S. House of Representatives who have received at least \$25,000 in campaign contributions since 2011 and have also taken official actions to benefit payday lenders within ten weeks of receiving industry campaign contributions.

Members Surveyed

- Rep. Spencer Bachus [AL-6] (Received \$29,500 from Payday Lenders from 2011-15)
- Rep. Stephen Fincher [TN-8] (Received \$26,500 from Payday Lenders from 2011-15)
- Rep. Scott Garrett [NJ-5] (Received \$28,500 from Payday Lenders from 2011-15)
- Rep. Alcee Hastings [FL-20] (Received \$38,500 from Payday Lenders from 2011-15)
- Rep. Jeb Hensarling [TX-5] (Received \$85,750 from Payday Lenders from 2011-15)
- Rep. Blaine Luetkemeyer [MO-3] (Received \$44,200 from Payday Lenders from 2011-15)
- Rep. Gregory Meeks [NY-5] (Received \$62,150 from Payday Lenders from 2011-15)
- Rep. Patrick McHenry [NC-10] (Received \$94,199 from Payday Lenders from 2011-15)
- Rep. Randy Neugebauer [TX-19] (Received \$30,500 from Payday Lenders from 2011-15)
- Rep. Pete Sessions [TX-32] (Received \$38,280 from Payday Lenders from 2011-15)
- Rep. Steve Stivers [OH-15] (Received \$69,625 from Payday Lenders from 2011-15)
- Rep. Kevin Yoder [KS-3] (Received \$100,357 from Payday Lenders from 2011-15)

Key Actions

- Sponsored or co-sponsored HR 1121 (2011-12) and/or HR 1266 (2015-)
- Sponsored or co-sponsored HR 6139 (2011-12) and/or HR 1566 (2013-14)
- Sponsored or co-sponsored HR 4986 (2013-14)
- Signed a letter dated 08/22/2013
- Signed a letter dated 10/16/2014



CASE STUDY 1 ★

LEGISLATION TO “HOBBLE THE CFPB” HR 1121 (2011-12) and HR 1266 (2015-)



In the spring of 2011, Congress considered [HR 1121](#), the so-called “Responsible Consumer Financial Protection Regulations Act of 2011,” which would put a five-person commission in charge of the Consumer Financial Protection Bureau (CFPB) rather than a single director. During his testimony concerning the legislation before the House Financial Services Committee, Professor Adam Levitin of Georgetown University Law Center said such a change would “hobble the CFPB.” Consumer groups agreed and wrote a letter to Congress explaining how HR 1121 would make the CFPB less accountable and more likely to slide into gridlock and inaction.

Not coincidentally, the CFPB is charged with the responsibility of overseeing the payday lending industry. Within weeks of co-sponsoring the legislation, several Members of Congress raked in thousands of dollars in campaign contributions from payday lending industry executives and PACs. [[Levitin Testimony, House Financial Services, 4/6/11](#); [Consumerfed.org, Letter, 5/3/11](#); [Congress.gov, HR 1121](#); FEC Filings]



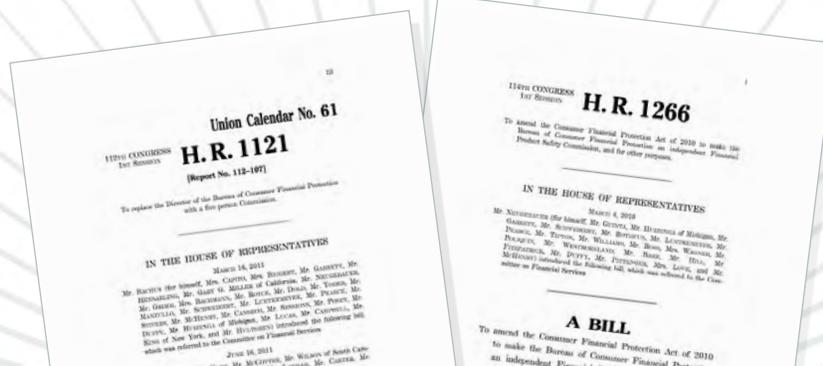
Rep. Spencer Bachus [AL-6]: On February 24, 2011, Bachus received a \$4,000 campaign contribution from a payday lending industry PAC. Three weeks later on March 16, 2011, he introduced HR 1121. [[Congress.gov, HR 1121](#); [Bachus FEC Filing](#)]

QC Holdings, Inc. PAC	2/24/11	\$4,000
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Rep. Scott Garrett [NJ-5]: On March 16, 2011, Garrett signed on to co-sponsor HR 1121. Two weeks later on March 31, 2011 he received a \$1,000 campaign contribution from a payday lending industry executive. [[Congress.gov, HR 1121](#); [Garrett FEC Filing](#)]

MacKechnie, Ian (AMSCOT Financial, Inc.)	3/31/11	\$1,000
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Rep. Jeb Hensarling [TX-5]: On March 16, 2011, Hensarling signed on to co-sponsor HR 1121. Just a few weeks earlier, he received \$8,500 in campaign contributions from payday lending industry executives and PACs. [[Congress.gov, HR 1121](#); [Hensarling FEC Filing](#)]

ACE Cash Express, Inc. PAC	2/15/11	\$2,500
Cash America International Inc. PAC	2/18/11	\$5,000
Jackson, Mary L. (Cash America International Inc.)	2/22/11	\$1,000



Rep. Patrick McHenry [NC-10]: On March 16, 2011, McHenry signed on to co-sponsor HR 1121. Just five days later, his FEC filing showed \$17,900 in campaign contributions from payday lending executives. Nine days later, they show he received another \$15,000 in contributions from industry PACs. All told, McHenry collected \$55,399 in campaign contributions from payday lending industry executives and PACs in the weeks surrounding his decision to co-sponsor the legislation. [[Congress.gov, HR 1121](#); [McHenry FEC Filing](#)]

QC Holdings, Inc. PAC	2/24/11	\$4,000
Cash America International Inc. PAC	2/25/11*	\$1,000
Ace Cash Express Inc. PAC	3/1/11*	\$1,000
Checksmart Financial LLC PAC	3/14/11	\$2,000
Adams, C. Dan (Integrity Funding)	3/21/11	\$2,400
Clark, Douglas (Axxcess Financial)	3/21/11	\$500
MacKechnie, Ian (Amscot)	3/21/11	\$2,500
MacKechnie, Ian (Amscot)	3/21/11	\$2,500
MacKechnie, Jean (Amscot)	3/21/11	\$2,500
MacKechnie, Jean (Amscot)	3/21/11	\$2,500
Marchesi, James T. (Check City)	3/21/11	\$2,000
McCoy, Randall (Express Check Advance)	3/21/11	\$2,000
Scales, Anthony (Express Financial Services)	3/21/11	\$1,000
Community Financial Services Association of America PAC	3/30/11	\$305
Community Financial Services Association of America PAC	3/30/11	\$4,694
Advance America Cash Advance Centers Inc. PAC	3/31/11	\$5,000
Advance America Cash Advance Centers Inc. PAC	3/31/11	\$5,000
Bassford, David (Money Tree, Inc.)	4/20/11	\$200
Bassford, David (Money Tree, Inc.)	4/20/11	\$2,500
Bassford, Dennis (Money Tree, Inc.)	4/20/11	\$2,100
Bassford, Dennis (Money Tree, Inc.)	4/20/11	\$2,500



Bassford, Sara (Money Tree, Inc.)	4/20/11	\$200
Bassford, Sara (Money Tree, Inc.)	4/20/11	\$2,500
Davis, A. David (Check-N-Go)	4/20/11	\$2,000
Davis, Jared (Axxcess Financial)	4/20/11	\$2,000
Dean, Roger (Axxcess Financial)	4/20/11	\$500

**While the FEC filings of these political action committees report contributions to McHenry dated 2/25/11 and 3/1/11 respectively, the Congressman's FEC filing shows he received these contributions on 3/21/11, five days after he signed on to co-sponsor the legislation.*



Rep. Randy Neugebauer [TX-19]: On March 16, 2011, Neugebauer signed on to co-sponsor HR 1121. In the weeks around his co-sponsorship, he received \$8,000 in campaign contributions from payday lending industry executives. [[Congress.gov, HR 1121](#); [Neugebauer FEC Filing](#)]

Moore, W. Lee (Check Cash, Inc.)	2/9/11	\$1,000
Adams, C. Dan (Information Requested)	3/30/11	\$2,500
Adams, C. Dan (Information Requested)	3/30/11	\$2,500
Jones, W. Allan (Check Into Cash, Inc.)	3/23/11	\$2,000



Rep. Pete Sessions [TX-32]: On March 16, 2011, Sessions signed on to co-sponsor HR 1121. In the weeks around his co-sponsorship, he received \$11,000 in campaign contributions from payday lending industry executives and PACs. On March 26, 2015, Sessions signed on to co-sponsor HR 1266 – legislation essentially the same as 2011's HR 1121. The very next day he received a \$2,700 campaign contribution from another industry PAC. [[Congress.gov, HR 1121](#); [Congress.gov, HR 1266](#); [Sessions FEC Filing](#)]

Cash America International Inc. PAC	2/18/11	\$5,000
Cash America International Inc. PAC	2/18/11	\$5,000
Jackson, Mary (Cash America Inc.)	3/1/11	\$1,000
Ace Cash Express, Inc. PAC	3/27/15	\$2,700



Rep. Kevin Yoder [KS-3]: On March 16, 2011, Yoder signed on to co-sponsor HR 1121. In the weeks around his co-sponsorship, he received \$22,300 in campaign contributions from payday lending industry executives and PACs. [[Congress.gov, HR 1121](#); [Yoder FEC Filing](#)]

QC Holdings, Inc. PAC	2/24/11	\$2,500
Cash America International Inc. PAC	3/4/11	\$1,000
Andersen, Darrin James (QC Holdings)	3/28/11	\$2,300
Nickerson, Douglas E. (QC Holdings)	3/28/11	\$500
QC Holdings, Inc. PAC	3/28/11	\$5,000
QC Holdings, Inc. PAC	3/28/11	\$2,500
Smith, Darin Scott (QC Holdings)	3/29/11	\$500
Early, Don (QC Holdings)	3/30/11	\$2,500
Early, Mary Lou (QC Holdings)	3/30/11	\$2,500
Powell, Mary Ann (QC Holdings)	3/30/11	\$2,000
Elvin, R. Brian (QC Holdings)	3/31/11	\$500
Wiltanger, Matthew J. (QC Holdings)	3/31/11	\$500



CASE STUDY 2 ★

LEGISLATION TO “ELIMINATE CRUCIAL CONSUMER PROTECTIONS”

HR 6139 (2011-12) and HR 1566 (2013-14)

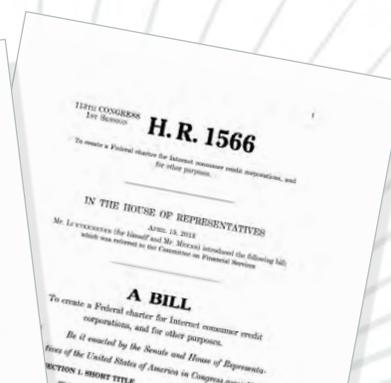
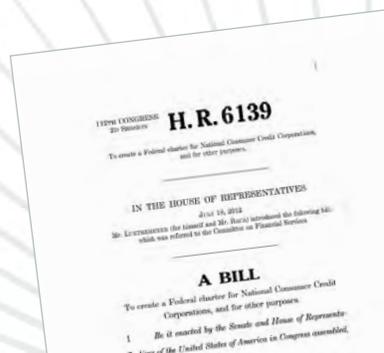


On July 18, 2012, Rep. Blaine Luetkemeyer sponsored HR 6139, which the Center for Responsible Lending said would undermine oversight of payday lenders by allowing them to bypass the regulatory authority of the CFPB and stronger state laws. Similarly, the National Association Of Attorneys General said HR 6139 would “eliminate crucial consumer protections” against “abuses in the high cost, short-term loan marketplace.” Legislation with the same title and principle appeared in the following Congress in the form of HR 1566. Several Members of Congress received thousands of dollars in campaign contributions from payday lending industry executives and PACs within weeks of sponsoring or co-sponsoring these bills. [[Center For Responsible Lending, 8/27/12](#); [NAAG.org, 10/5/12](#); [Congress.gov, HR 6139](#); [Congress.gov, HR 1566](#); [FEC Filings](#)]



Rep. Stephen Fincher [TN-8]: On July 19, 2012, Fincher signed on to co-sponsor HR 6139. In the days around his co-sponsorship, he received \$7,500 in campaign contributions from payday lending industry executives. Additionally, on May 7, 2013, Fincher signed on to co-sponsor HR 1566 – legislation with the same title and principle as HR 6139. Just weeks later, he received a \$1,000 campaign contribution from an industry PAC. [[Congress.gov, HR 6139](#); [Congress.gov, HR 1566](#); [Fincher FEC Filing](#)]

Gardner, Dennis (Equity Management Group)	7/9/12	\$500
Gardner, Kimberly (Equity Management Group)	7/9/12	\$2,500
Gardner, Kimberly (Equity Management Group)	7/9/12	\$2,000
Jones, William Allan (Jones Management)	7/24/12	\$2,500
American Financial Services Association PAC	6/3/13	\$1,000





Rep. Blaine Luetkemeyer [MO-3]: On July 17, 2012, the day before filing HR 6139, Luetkemeyer refunded a \$2,500 campaign contribution to the PAC of the payday lending industry's special interest trade group – Community Financial Services Association of America (CFSA). Exactly two months later he received a contribution from the CFSA's PAC for double that amount (in addition to another \$5,000 that month from another industry PAC.) [[Congress.gov, HR 6139](#); [Luetkemeyer FEC Filing](#)]

Community Financial Services Association of America PAC	5/9/2012	\$2,500
Community Financial Services Association of America PAC	7/17/2012	-\$2,500
Cash America International Inc. PAC	9/6/2012	\$5,000
Community Financial Services Association of America PAC	9/17/2012	\$5,000



Rep. Steve Stivers [OH-15]: On September 13, 2012, Stivers signed on to co-sponsor HR 6139. Four days later, FEC filings indicate he received \$15,000 in campaign contributions from payday lending industry PACs. A few weeks after that he received an additional \$2,500 from an industry executive. [[Congress.gov, HR 6139](#); [Stivers FEC Filing](#)]

Cash America International Inc. PAC	9/6/12*	\$5,000
Checksmart Financial LLC PAC	9/17/12	\$5,000
Community Financial Services Association of America PAC	9/17/12	\$5,000
Davis, David A. (Axxess Financial)	10/10/12	\$2,500

**While the FEC filing of this political action committee reports a contribution to Stivers dated 9/6/12, the Congressman's FEC filing shows he received this contribution on 9/17/12, just four days after he signed on to co-sponsor the legislation.*



Rep. Alcee Hastings [FL-20]: On May 21, 2013, Hastings signed on to co-sponsor HR 1566 – legislation with the same title and principle as HR 6139. In the weeks surrounding his co-sponsorship, he received \$3,000 in campaign contributions from a payday lending industry executive. [[Congress.gov, HR 1566](#); [Hastings FEC Filing](#)]

MacKechnie, Ian A. (Amscot Financial)	3/27/13	\$2,500
MacKechnie, Ian A. (Amscot Financial)	6/28/13	\$500



Rep. Gregory Meeks [NY-5]: On April 15, 2013, Meeks signed on to co-sponsor HR 1566 – legislation with the same title and principle as HR 6139. Just three days later, he received a \$5,000 campaign contribution from a payday lending industry PAC. [[Congress.gov, HR 1566](#); [Meeks FEC Filing](#)]

Cash America International Inc. PAC	4/18/13	\$5,000
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Rep. Kevin Yoder [KS-3]: On October 23, 2013, Yoder signed on to co-sponsor HR 1566 – legislation with the same title and principle as HR 6139. Just weeks earlier, he received \$28,850 in campaign contributions from payday lending industry executives and PACs. Yoder’s FEC filings show both a receipt and a disbursement to Douglas E. Nickerson of QC Holdings for \$307.68 itemized as “In-kind: food for fundraiser event.” Based on the timing and labeling of this disbursement and the volume of contributions received from QC Holdings’ employees, it is likely Yoder raised these funds at a fundraising event organized by QC Holdings’ employees.

[[Congress.gov, HR 1566](#); [Yoder FEC Filing](#)]

Wiltanger, Matthew J. (QC Holdings)	9/10/13	\$500
Elvin, Brian (QC Holdings)	9/16/13	\$500
Walrod, Michael O. (QC Holdings)	9/16/13	\$500
Andersen, Darrin James (QC Holdings)	9/17/13	\$2,400
Andersen, Darrin James (QC Holdings)	9/17/13	\$2,600
Early, Don (QC Holdings)	9/17/13	\$2,400
Early, Don (QC Holdings)	9/17/13	\$2,600
Early, Mary Lou (QC Holdings)	9/17/13	\$2,400
Early, Mary Lou (QC Holdings)	9/17/13	\$2,600
Nickerson, Douglas E. (QC Holdings)	9/17/13	\$250
Smith, D. Scott (QC Holdings)	9/17/13	\$500
Tharp, Cathy (QC Holdings)	9/17/13	\$500
Waters, Michael E. (QC Holdings)	9/17/13	\$500
Wood, Wayne (QC Holdings)	9/17/13	\$500
Cash America International Inc. PAC	9/26/13	\$5,000
Aycox, Rod (Select Mgmt. Resources)	9/30/13	\$2,600
Rees, Kenneth E. (Think Finance)	9/30/13	\$2,500



CASE STUDY 3 ★

LEGISLATION TO PROTECT UNSCRUPULOUS LENDERS FROM DOJ

HR 4986 (2013-14)



On June 5, 2014, the CFSA filed a lawsuit against the FDIC over Operation Choke Point, which *The New York Times* [described](#) as an effort to “prevent unscrupulous Internet-based companies – some payday lenders, for instance – from gaining access to the banking system through intermediaries known as third-party payment processors. These are middlemen who are known to the banks and who, for a fee, handle transactions for Internet-based merchants. Acting on behalf of the merchants, they make withdrawals from individual accounts, sometimes illegally.” [*The New York Times*, [10/10/14](#)]

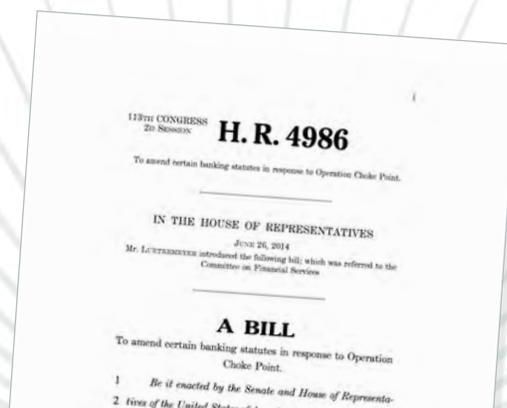
In the days following the legal filing, payday lending industry executives and PACs contributed heavily to the campaign of Rep. Blaine Luetkemeyer who then filed HR 4986 on June 26, 2014 to end Operation Choke Point. Several Members of Congress received thousands of dollars in campaign contributions from payday lending industry executives and PACs within weeks of co-sponsoring this legislation. [*CFSA v. FDIC, Complaint Filed, 6/5/14; Luetkemeyer Press Release, 6/26/14; Congress.gov, HR 4986; FEC Filings*]



Rep. Alcee Hastings [FL-20]: Hasting’s FEC filing shows he received a \$2,500 campaign contribution from a payday lending industry PAC on July 10, 2014, the day after he signed on to co-sponsor HR 4986. [*Congress.gov, HR 4986; Hastings FEC Filing*]

Cash America International Inc. PAC	6/17/14*	\$2,500
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*While the FEC filing of this political action committee reports a contribution to Hastings dated 6/17/14, the Congressman’s FEC filing shows he [received](#) the contribution on 7/11/14, the day after he signed on to co-sponsor the legislation.





Rep. Blaine Luetkemeyer [MO-3]: On June 5, 2014, the day CFSA filed its lawsuit, QC Holdings, Inc. PAC contributed \$1,000 to Luetkemeyer's campaign. Four days later, the CFSA's PAC donated \$5,000 while another industry PAC gave \$2,500. Two days later an executive from Advance America chipped in \$2,500 as well. Two weeks after collecting these contributions (totaling \$11,000), Luetkemeyer filed HR 4986 to end Operation Choke Point. [[CFSA v. FDIC, Complaint Filed, 6/5/14](#); [Luetkemeyer Press Release, 6/26/14](#); [Congress.gov, HR 4986](#); [Luetkemeyer FEC Filing](#)]

QC Holdings, Inc. PAC	6/5/14	\$1,000
Advance America Cash Advance Centers Inc. PAC	6/9/14	\$2,500
Community Financial Services Association of America PAC	6/9/14	\$5,000
Webster, William (Advance America)	6/11/14	\$2,500



Rep. Pete Sessions [TX-32]: On July 15, 2014, Sessions signed on to co-sponsor HR 4986. The day before, he received a \$5,000 campaign contribution from a payday lending industry PAC. [[Congress.gov, HR 4986](#); [Sessions FEC Filing](#)]

Cash America International Inc. PAC	7/14/14	\$5,000
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Rep. Steve Stivers [OH-15]: Just a few weeks before Luetkemeyer submitted his legislation, Stivers received a \$2,500 campaign contribution from Cash America International Inc. PAC. Soon after, Stivers signed on to co-sponsor HR 4986 on July 10, 2014 and accepted another \$2,500 campaign contribution from a payday lending industry PAC in the weeks that followed. [[Congress.gov, HR 4986](#); [Stivers FEC Filing](#)]

Cash America International Inc. PAC	6/17/14	\$2,500
American Financial Services Association PAC	8/1/14	\$2,500



Rep. Kevin Yoder [KS-3]: On July 17, 2014, Yoder signed on to co-sponsor HR 4986. Just weeks later, he received a \$5,000 campaign contribution from a payday lending industry PAC. [[Congress.gov, HR 4986](#); [Yoder FEC Filing](#)]

Cash America International Inc. PAC	8/7/14	\$5,000
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CASE STUDY 4 ★

LETTER TO THE ATTORNEY GENERAL AND FDIC CHAIRMAN QUESTIONING EFFORTS TO STOP UNSAVORY LENDING PRACTICES

AUGUST 22, 2013



On August 22, 2013, several Members of Congress signed a letter to Attorney General Eric Holder and Federal Deposit Insurance Commission (FDIC) Chairman Martin Ginsburg questioning Operation Choke Point, which *The New York Times* [described](#) as an effort to “prevent unscrupulous Internet-based companies – some payday lenders, for instance – from gaining access to the banking system through intermediaries known as third-party payment processors. These are middlemen who are known to the banks and who, for a fee, handle transactions for Internet-based merchants. Acting on behalf of the merchants, they make withdrawals from individual accounts, sometimes illegally.” [*The New York Times*, 10/10/14]

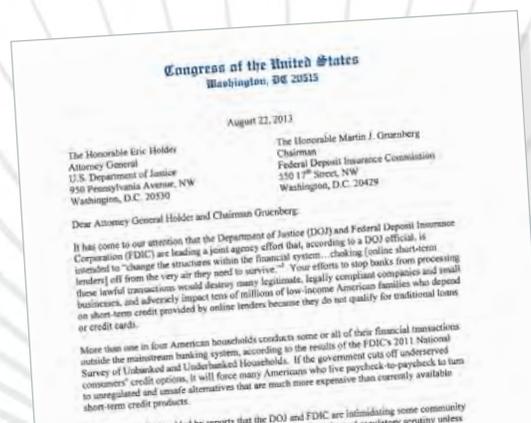
What the letter did not reveal is that several of its co-signers had received substantial campaign contributions totaling \$74,150 from payday lending industry executives and PACs in the weeks around the signing of the letter. Payday lenders have been harshly critical of Operation Choke Point, filing a lawsuit, sending out press releases, and more. [*CFSA v. FDIC, Complaint Filed, 6/5/14; CFSAA.com, Accessed 7/1/15; FEC Filings*]



Rep. Stephen Fincher [TN-8]: Three days after he signed the August 22, 2013 letter, Fincher reported receiving a \$5,000 campaign contribution on his FEC filing from a payday lending industry PAC. [*Letter to DOJ, 8/22/13; Fincher FEC Filing*]

Cash America International Inc. PAC	7/9/13*	\$5,000
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**While the FEC filing of this political action committee reports a contribution to Fincher dated 7/9/13, the Congressman’s FEC filing shows he received the contribution on 8/25/13, three days after he co-signed the letter.*





Rep. Scott Garrett [NJ-5]: In the weeks after he signed the August 22, 2013 letter, Garrett received a \$2,500 campaign contribution from a payday lending industry PAC. [[Letter to DOJ, 8/22/13](#); [Garrett FEC Filing](#)]

QC Holdings Inc. PAC	10/4/13	\$2,500
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Rep. Blaine Luetkemeyer [MO-3]: One month before he helped to organize the August 22, 2013 letter, Luetkemeyer received a \$5,000 campaign contribution from a payday lending industry PAC. [[Breitbart, 1/8/14](#); [Letter to DOJ, 8/22/13](#); [Luetkemeyer FEC Filing](#)]

Cash America International Inc. PAC	7/9/13	\$5,000
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Rep. Patrick McHenry [NC-10]: In the weeks before he signed the August 22, 2013 letter, McHenry received \$12,800 in campaign contributions from payday lending industry executives and PACs. Weeks *after* signing the letter he received an additional \$2,500 contribution from another industry PAC. [[Letter to DOJ, 8/22/13](#); [McHenry FEC Filing](#)]

Advance America Cash Advance Centers Inc. PAC	7/18/13*	\$2,600
QC Holdings, Inc. PAC	7/13/13*	\$2,500
Rawle, Tracy (Softwise Corp. Software)	7/29/13	\$2,600
Jones, William A. III (Check Into Cash)	7/29/13	\$2,500
Adams, C. Dan (Integrity Funding)	8/7/13	\$2,600
American Financial Services Association PAC	9/11/13	\$2,500

**While the FEC filings of these political action committees report a pair of contributions to McHenry dated 7/13/13 and 7/18/13 respectively, the Congressman's FEC filing shows he received both contributions on 7/29/13, just a few weeks before he signed the letter.*



Rep. Pete Sessions [TX-32]: In the weeks after he signed the August 22, 2013 letter, Sessions received \$7,500 in campaign contribution from payday lending industry PACs. [[Letter to DOJ, 8/22/13](#); [Sessions FEC Filing](#)]

American Financial Services Association PAC	9/27/2013	\$2,500
Cash America International Inc. PAC	10/28/13	\$5,000



Rep. Steve Stivers [OH-15]: In the weeks before he signed the August 22, 2013 letter, Stivers received \$10,000 in campaign contributions from a payday lending industry executive and two PACs. [[Letter to DOJ, 8/22/13](#); [Stivers FEC Filing](#)]

Checksmart Financial LLC PAC	6/10/13	\$2,500
Cash America International Inc. PAC	6/25/13	\$5,000
Dahlstrom, Kevin (Think Finance)	6/30/13	\$2,500



Rep. Kevin Yoder [KS-3]: In the weeks after he helped organize the August 22, 2013 letter with Luetkemeyer, Yoder received \$28,850 in campaign contributions from payday lending industry executives and PACs. [[Breitbart, 1/8/14](#); [Letter to DOJ, 8/22/13](#); [Yoder FEC Filing](#)]

Wiltanger, Matthew J. (QC Holdings)	9/10/13	\$500
Elvin, Brian (QC Holdings)	9/16/13	\$500
Walrod, Michael O. (QC Holdings)	9/16/13	\$500
Andersen, Darrin James (QC Holdings)	9/17/13	\$2,400
Andersen, Darrin James (QC Holdings)	9/17/13	\$2,600
Early, Don (QC Holdings)	9/17/13	\$2,400
Early, Don (QC Holdings)	9/17/13	\$2,600
Early, Mary Lou (QC Holdings)	9/17/13	\$2,400
Early, Mary Lou (QC Holdings)	9/17/13	\$2,600
Nickerson, Douglas E. (QC Holdings)	9/17/13	\$250
Smith, D. Scott (QC Holdings)	9/17/13	\$500
Tharp, Cathy (QC Holdings)	9/17/13	\$500
Waters, Michael E. (QC Holdings)	9/17/13	\$500
Wood, Wayne (QC Holdings)	9/17/13	\$500
Cash America International Inc. PAC	9/26/13	\$5,000
Aycox, Rod (Select Mgmt. Resources)	9/30/13	\$2,600
Rees, Kenneth E. (Think Finance)	9/30/13	\$2,500



CASE STUDY 5 ★



LETTER TO INSPECTOR GENERAL OF THE JUSTICE DEPARTMENT REQUESTING INVESTIGATION OF EFFORTS TO STOP UNSAVORY LENDING PRACTICES

OCTOBER 16, 2014

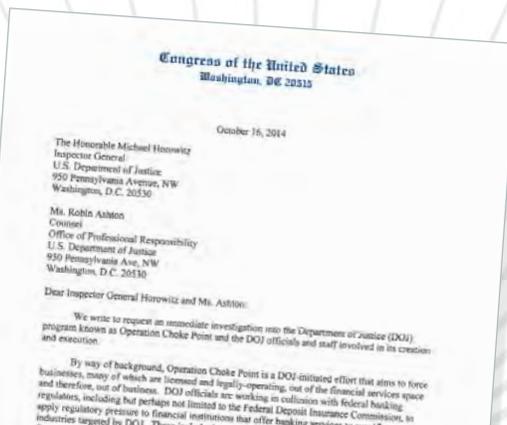
On October 16, 2014, several Members of Congress wrote a letter to the Inspector General of the Department of Justice requesting an “investigation into the Department of Justice (DOJ) program known as Operation Choke Point and the DOJ officials and staff involved in its creation and execution.” In the weeks surrounding the signing of this letter, signatories received thousands of dollars in campaign contributions from payday lending industry executives and PACs. [Letter to DOJ, 10/16/14; FEC Filings]



Rep. Blaine Luetkemeyer [MO-3]: In the weeks before he helped to organize the October 16, 2014 letter, Luetkemeyer collected \$7,500 in campaign contributions from payday lending industry PACs. [Letter to DOJ, 10/16/14; Luetkemeyer FEC Filing]

Cash America International Inc. PAC	8/7/14	\$5,000
ACE Cash Express Inc. PAC	9/5/14*	\$2,500

**While the FEC filing of this political action committee reports a contribution to Luetkemeyer dated 9/5/14, the Congressman’s FEC filing shows he received the contribution on 9/17/14, just a few weeks before he helped coordinate the letter.*





Rep. Steve Stivers [OH-15]: The day before signing the October 16, 2014 letter, Stivers received a \$1,000 contribution from a payday lending industry PAC. His FEC filing also shows an additional \$1,000 industry PAC contribution five days after signing the letter. All told, Stivers collected \$7,100 in campaign contributions from industry executives and PACs in the weeks around his signing of the letter. [[Letter to DOJ, 10/16/14](#); [Stivers FEC Filing](#)]

Aycox, Rod A. (Loan Max Title Loan)	9/22/14	\$2,600
Cash America International Inc. PAC	9/25/14	\$2,500
Ace Cash Express Inc. PAC	9/26/14*	\$1,000
Axcess Financial Services Inc. PAC	9/30/14*	\$1,000

**While the FEC filings of these political action committees report a pair of contributions to Stivers dated 9/26/14 and 9/30/14 respectively, the Congressman's FEC filing [shows](#) he [received](#) the first contribution on 10/21/14 and the second on 10/15/14 – that's within mere days of signing the letter.*



ENDNOTES

¹ “Payday Lending in America: Who Borrows, Where They Borrow, and Why,” The Pew Charitable Trusts, last modified July 19, 2012, <http://pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why>

² Mandi Woodruff, “The \$46 Billion Payday Lending Industry Is in for a Big Blow,” Yahoo! Finance, February 10, 2015

³ Nick Bourke, “Meaningful Payday Loan Reform Is Within Reach,” The Pew Charitable Trusts, last modified July 21, 2015, <http://pewtrusts.org/en/research-and-analysis/analysis/2015/07/21/the-cfpb-5-years-after-dodd-frank-meaningful-payday-loan-reform-is-within-reach>

⁴ Press Release, “CFPB Finds Four out of Five Payday Loans Are Rolled over or Renewed,” Consumer Financial Protection Bureau, last modified March 25, 2014, <http://www.consumerfinance.gov/newsroom/cfpb-finds-four-out-of-five-payday-loans-are-rolled-over-or-renewed/>

⁵ The CFPB Office of Research, “CFPB Data Point: Payday Lending,” Consumer Financial Protection Bureau, March 2014

⁶ Thomas B. Edsall, “Making Money off the Poor,” New York Times, September 17, 2013

⁷ Danielle Douglas, “Payday Lender Ace Cash Express to Pay \$10 Million over Debt-collection Practices,” Washington Post, July 10, 2014

⁸ Press Release, “CFPB Takes Action Against ACE Cash Express for Pushing Payday Borrowers Into Cycle of Debt,” Consumer Financial Protection Bureau, last modified July 10, 2014, <http://www.consumerfinance.gov/newsroom/cfpb-takes-action-against-ace-cash-express-for-pushing-payday-borrowers-into-cycle-of-debt/>

⁹ “Payday Lending in America: Who Borrows, Where They Borrow, and Why,” The Pew Charitable Trusts, last modified July 19, 2012, <http://pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why>

¹⁰ “Payday Lending in America: Who Borrows, Where They Borrow, and Why,” The Pew Charitable Trusts, last modified July 19, 2012, <http://pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why>

¹¹ “Prepared Remarks of CFPB Director Richard Cordray at the Consumer Advisory Board Meeting,” Consumer Financial Protection Bureau, last modified June 18, 2015, <http://www.consumerfinance.gov/newsroom/prepared-remarks-of-cfpb-director-richard-cordray-at-the-consumer-advisory-board-meeting-2/>

¹² Lake Research and Chesapeake Beach Consulting, “Bipartisan Support for Financial Regulation and Enforcement,” Center for Responsible Lending, January 22, 2014

¹³ Americans for Financial Reform, “Payday Pay-to-Play: How Payday, Title, and Installment Lenders and their Trade Associations Lobby and Line the Pocket of Powerful Washington Politicians,” June 2015



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