July, 28, 2014

Missouri Public Service Commission:

Public Comment --- Case AW-2014-0329

Dear Commissioners:

I am writing in opposition to using payday loan stores as venue for utility pay stations. Since 2009 the Public Council has expressed concern as to whether payday lending sites are an appropriate venue and I commend you for re-visiting this issue.

There is no question that payday lenders have used predatory tactics to target Missouri's working poor, causing harm to the customer, the family and the community. Placing pay stations in payday loan stores provides a underserved and dangerous promotion for a business that preys on vulnerable citizens.

I first became of this issue when I served as policy director for the Missouri ATtorney General Office. Since that time -- for almost 15 years ---I have heard from Missouri citizens, community leaders, and leaders for many religious faiths about the damage done in their communities that can be traced back to legislative carveout or loophole in Missouri's usury laws. This loophole allowed these lenders to come into a community and offer short-term loans ---- with an average APR of more that 400 percent --- one of the highest in the nation.

I believe this carve in the usury law was well intentioned.... legislators in an earlier time thought it was an opportunity to provide more competition and to provide credit to more consumers. We have learned that this experiment has failed . It has failed the consumers, it has failed the communities and it has failed the state

Studies cited in the public counsel's filing provide evidence of the failures for the consumer -- increased difficulty paying rent and utility bill due to the high interest of the loans.

Studies shows costs to government and charity programs --- as borrowers adjust their expenditures to accommodate high interest rates they turn to programs such a food stamps, food pantries and reduced or skipped child support payments.

What I have personally witnessed is the sad, sad testimony of those who have been preyed on by this industry --- some elderly with only a social security check, some with obvious mental handicaps and with no one to help them understand finance, some simply desperate and lonely. Each have said the people at the payday loan stores are so friendly and welcoming and they joke with you and make you think they are your friends. Then bam. Two weeks later, they are in a trap. The two hundred dollars they didn't have two weeks ago, they still don't have and now they owe so much more.... Maybe they borrow again--- from the same store , or across the street. But in the end, they can't pay and they are shocked to their friends are no longer friendly ---- in fact they are harassing and mean.

As you well know the legislature has failed to respond to this situation. .. One legislator told me you can't legislate stupid. And certainly the largess of the payday loan industry has contributed to their cavalier attitudes toward a solution.

It is my hope that you will take a more charitable view. While no one expects the Public Service Commission or the monopoly utilities to solve the problems of society, there is no reason to exacerbate them. Certainly, we should not move from allowing the industry to prey on our citizens, to promoting the opportunity.

Clearly, those who are in need of a pay station are the very people the lenders like to see come through their doors. They will be friendly, chummy, and make it all seem so easy. And the very vulnerable will fall for it. But for the state and the monopoly utilities to play any part in this is nothing short of shameless.

You have an opportunity to draw the line ---- I hope you will do so.

Mary Still

2000 S. Country Club, Columbia, Mo. 65201. 573-808-2121