

Lawsuit claims predatory lending practices

Navajo Nation area business sued over tax-refund-anticipation loans

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In a class-action lawsuit in U.S. District Court in Albuquerque, an Albuquerque law firm accuses a loan company with offices in Gallup, Farmington, Shiprock and Chinle of making predatory tax-refund-anticipation loans to people living in and around the Navajo Nation.

The company also operates grocery store, feed store, pawn shop and tax preparation businesses in the areas it serves, primarily situated in towns that border the country's largest Indian reservation.

The lawsuit claims the plaintiffs representing the class — a young Gallup couple named William Dejolie and Sammia Dejolie — were charged an “unconscionable” 385 percent

annual interest rate on a \$1,250 loan they obtained in November 2014 to travel and buy food for Thanksgiving.

The three defendants in the case — T&R Market Inc., Tancorde Finance Inc and T&R Tax Service Inc. — are all part of business venture that makes thousands of tax-refund-anticipation loans each year, according to the complaint, which says the companies “imposed hidden charges, deceptively understated [the interest rate], and engaged in other unlawful and deceptive conduct.”

The suit also accuses the defendants of violating the Truth in Lending Act, willful breach of contract and unjust enrichment.

A phone message left at T&R Market in Gallup was not immediately returned Monday.

Allegations of predatory lending that targets residents of the Navajo Nation are not new.

NBC News reported in 2014 that Gallup, a city of about 22,000 people, “boasts the largest per capita concentration of small-dollar lenders in New Mexico,” and that in 2012 area lenders

“issued more than 52,000 loans worth \$27.5 million with interest rates of at least 175 percent.”

In 2017, the New Mexico Legislature passed a bill that eliminated “payday loans” but an amendment exempted tax-refund-anticipation loans like the one the Dejolies obtained from T&R Market.

Other states have reported seeing a shift to tax-refund-anticipation loans after cracking down on payday loans.

Nicholas Mattison, the Albuquerque attorney representing the Dejolies, said the high interest rate loans are particularly egregious because they focus on clients who are eligible for the federal “earned income credit,” typically low-to moderate-income working individuals and couples with children.

“It’s supposed to be a source of support for the working poor, but instead it is being taken advantage of by the lenders out there,” he said.

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