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Navajo Nation Human Rights Commission Executive Director Leonard Gorman leads a credit seminar at the Community Service Center in Gallup Thursday.

'Shark week' in Gallup

People schooled on predatory lending during Human Rights Commission meeting

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GALLUP — More than 50 people learned about “loan sharks” at the Navajo Consumer Credit Seminar and Roundtable hosted by the Navajo Nation Human Rights Commission at the Gallup Community Service Center Thursday.

A slide presentation at the seminar explained the commission intends to educate consumers on their financial affairs to provide them more leverage so they can get better loan deals.

“And we need leverage because everyone in town sees us as a

Area class action lawsuits over lending practices:

- Gurley Motors & Red Rock Investment Company
- Cash Man
- Cash Stop
- Lucky Loans
- Tse Bonito Finance
- Cash Cow
- T&R Market Inc.
- Speedy Loan Inc.
- The Big E Inc.
- Ellis Tanner Trading Company
- T&R Market
- H&R Block

See NNHRC on credit, Page 5

Continued from Page 1

dollar figure," Human Rights Commission Executive Director Leonard Gorman, who facilitated the event, said.

The seminar was presented in three segments addressing small loans; credit scores, history and reporting, presented by Dama Brown from the Federal Trade Commission; and what to look for in an auto loan, presented by Joel Cruz-Esparza.

Stephen Fischmann, co-chairman of the New Mexico Fair Lending Coalition, presented the segment on small loans, along with Cassie Fleming, of New Mexico Legal Aid.

Fischmann told attendees they don't need high-interest loans like title loans and payday loans because those things will "make your life worse." He noted that as he drove through Gallup, about every other store was a pawn shop, title loan office, tax preparer that offers loans against a person's tax return or some other high-interest loan provider. The reason there are so many, he said, is they are getting rich loaning money to poor people at exorbitant rates.

"We're here to give you ideas on how to get money without being cheated by loan sharks," Fischmann said.

Loan sharks

Fischmann directed attention to a slide featuring 2014 figures for title loans issued in New Mexico: 40 percent of borrowers lost their vehicles to repossession through title loans, and 10,000 vehicles were repossessed. The average interest rate for title loans was 272 percent APR.

"You would almost be better off finding a thief and paying them to steal your car," Fischmann said.

Fischmann said most victims of this loan practice in New Mexico are Navajo Nation residents.

One man in attendance noted that if a car is stolen, at least the owner could make an insurance claim.

"So what you're pointing out is it's actually a much better deal to pay someone to steal your car," Fischmann said.

Gorman noted the Human Rights Commission has held several public hearings on the subject and found auto dealers' representatives in the audience. He asked if any were present and one man raised his hand.

Another man asked about his title loan, which was

NO INTEREST ON FIRST Loan

INSTANT LOANS

New restrictions on the payday loan industry begin November, 1

Gallup has numerous pawn shops, title loan offices and tax preparers that offer loans against a person's tax return or some other high-interest loan provider.

Independent file photo

"eating (him) alive." Fleming advised that if a title loan seems "shady," the customer should go over the agreement and their payment history with an attorney.

Fischmann added it is common for people to get trapped in a loan making regular payments for a year, only to find they owe as much or more on the loan as when they started because of interest. He said many people don't understand they will make the same payment forever on an interest only loan unless they make additional payments.

Fischmann said in addition to title loans, consumers should also avoid payday loans, tax refund loans, installment loans, and any loans offered in a roadside mall location or over the Internet, as well as "credit repair" or "credit consolidation."

"These guys make a lot of money off you," Fischmann said. "There's much better ways to get the money you need."

One person asked how it was legal to be a loan shark. Fischmann said it's because the lending companies give money to politicians to pass laws in New Mexico.

"Not only is the state not helping protect you as customers, they are co-conspirators helping to rip you off," Fischmann said.

As Fischmann spoke, a slide displayed a list of local com-

panies involved in class action lawsuits over their lending practices. He said one company on the list, Ellis Tanner Trading Company, had two class action lawsuits. One was settled privately and the other is ongoing. He said the Tanner family, which owns the company, has a Tanner on the McKinley County Commission, referring to Tony Tanner.

"So what I told you before about how corrupt it is, and how these businesses even exist — that's why," Fischmann said.

Shark repellent

Fischmann recommended three safe places for customers on the Navajo Nation to get loans:

- Native Community Finance — 505-552-7050, nativecommunityfinance.org — which Fischmann rated his No. 1 choice.

- First American Credit Union — firstamerican.org — but one must be a member for six months before being able to get a loan. Fischmann added the New Mexico Fair Lending Coalition has some problems with the credit union's overdraft fees and advised the

audience not to buy overdraft protection because "it's another rip-off."

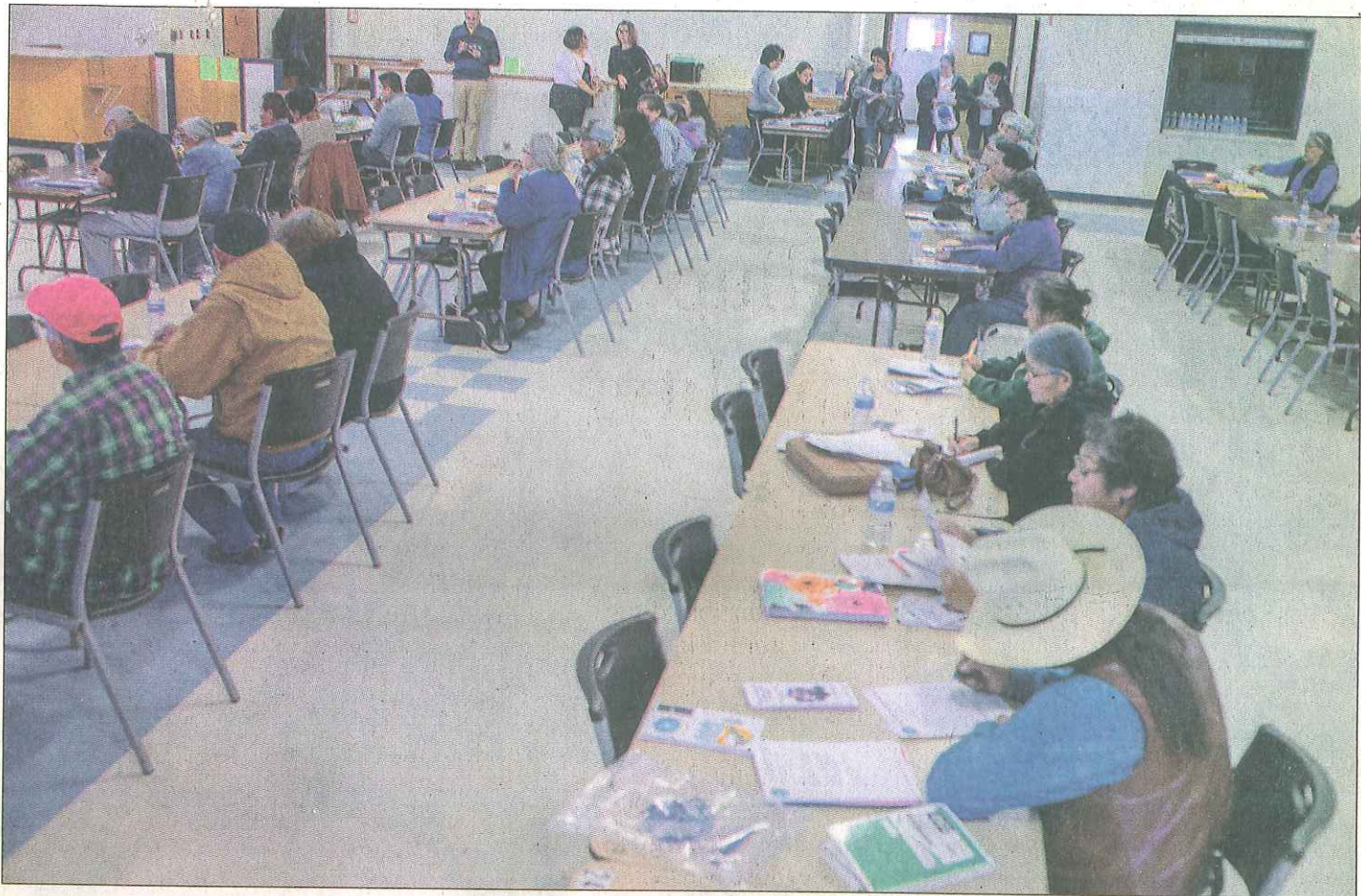
- True Connect Loans — 858-405-9529 — which works with employers to offer low-cost loans as a benefit to employees. Fischmann urged attendees to talk to their employers about connecting with True Connect.

Fischmann said all three loan providers report positive payment histories to the credit bureaus, which can help improve a person's credit rating — which helps the person get better rates on loans. However, he said a "storefront" operation like a payday loan or title loan provider doesn't report good payment histories.

For those who have been "ripped off," Fischmann recommended contacting New Mexico Legal Aid — 211 W. Mesa, 505-722-4417 — or Feferman & Warren Law Offices in Albuquerque, 505-243-7773. Fleming added Feferman & Warren provided the list of local lending "bad actors" in class action lawsuits they were able to share with the audience.

"I hope we can drive the loan sharks out of business and save you a lot of money," Fischmann said.

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Attendees take notes during a credit seminar at the Community Service Center in Gallup Thursday.