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Class-action lawsuit filed against T&R Tax Service

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ALBUQUERQUE — A Gallup couple has filed a class-action lawsuit in federal court against T&R Tax Service for failure to report the true percentage rates of their loans as well as hidden fees that borrowers have to pay.

The defendants are T&R Tax Service, T&R Market and Tancorde Finance, Inc. — all three of which are involved in issuing holiday and tax anticipation loans to people in this area.

In the suit, William and Sammia DeJolie claim that when they got a holiday loan from the tax service in late 2016, they were not aware that they would be charged what turned out to be an annual percentage interest rate of 385 percent.

The holiday loan is based on the premise that the individual will be receiving a tax refund check from the federal government when they file their tax return the following year.

T&R then loans the individual a portion of their expected tax refund check so they don't have to wait for the Internal Revenue Service to provide them with the refund. When the refund comes in, the loan is then paid off with interest.

In the case of the DeJolies, the lawsuit states that they went to the tax service branch at Rio West Mall in the

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fall of 2016. They talked to a staffer for the tax service who went through their salary and tax information and estimated that in January they would be getting back more than \$8,000 from the IRS.

On that basis, the couple was approved for a loan of \$1,250.

They arranged to repay it early, before the tax refund came in, and agreed to two payments of \$762.50. The first payment was due Nov. 23 and the second a week later.

In all, the lawsuit said, the couple would be paying \$250 in interest plus a "document fee" of \$25, which basically was just an extension of the interest.

The contract they signed gave the annual percentage rate as 264 percent, but ignoring the document fee, it would have been 333 percent, and with the document fee and other hidden charges, the lawsuit said the actual interest rate the couple was paying was 385 percent.

Then, the following March, the couple went to the company to get their tax return prepared, a service the company said costs \$145. Officials at the tax service said they would deduct the \$145 from their tax refund when it came in.

When they went back to the tax service office a few days later to pick up their refund, they discovered that they had actually been charged \$157.05 for the preparation of their tax return. The extra came from hidden charges such as \$9.75 for a "credit check fee."

The lawsuit said the contract the DeJolies signed did not mention these extra fees.

These loans are similar to payday loans that came under fire several years ago, forcing the New Mexico Legislature to make laws limiting the annual percentage rate businesses could charge. However, that law exempted holiday loans as well as tax anticipation loans.

Nick Mattison, the couple's Albuquerque attorney, said people who want these kinds of loans have other options available to them, including agencies that do tax return preparation for free for low-income families.

"I would hope that people would not go to these kinds of services, but if they don't, at the very least, the companies should tell them the truth about their interest rates," he said.

Attempts to get a hold of Tony or Shannon Tanner for a comment Monday were unsuccessful.

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