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Vegas woman takes on loan firm

Case now before state Supreme Court

By Lee Einer
Las Vegas Optic

When Laura Cordova of Las Vegas took out loans from World Finance Corp., she didn't know where it would lead: alleged harassment, a lost job, litigation and a case before the state Supreme Court.

Laura Cordova sued World Finance, only to find out that the loan agreement she signed precluded her from suing.

It is this issue that is now before the state Supreme Court.

Cordova sued World Finance, from whom she had taken out several short-term loans over the years, claiming that their collection tactics, including relentless collection calls to her employer and their threatened lawsuit against her employer, caused her to be fired from her job, as well as subjecting her to humiliation and embarrassment.

That is when World Finance raised the issue of the arbitration clause in the loan agreement. The clause preserves World Finance's right to sue its customers, but prohibits customers from suing the company, instead requiring them to settle any differences through an arbitrator selected by World Finance.

In January 2007, District Judge Eugenio Mathis shot down World Finance's arbitration clause in the Cordova case. World Finance appealed, and the state Court of Appeals sided with Mathis, finding the arbitration clause to be unenforceable. World Finance appealed again, and the case now sits with the state Supreme Court.

It is the one-sidedness of the arbitration clause that is in question. World Finance is one of the largest

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short-term lenders in the country, presumably with lawyers at its disposal to draft the fine print of contracts and loan agreements. Its customers, typically the working poor, have no such advantage. Cordova's argument is that World Finance is using its position of strength to unfairly preserve all of its rights while minimizing the legal rights of their customers. So far, two courts have agreed with Cordova's position. If the state Supreme court also agrees, Cordova will have then won the right to her day in court over the real issue — how World Finance's collection tactics allegedly cost her her job.

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Cordova had taken out small, short-term loans from World Finance, and when she was not able to pay them off by the end of the 30-day term, World Finance rolled her loans over, charging her additional finance fees for doing so.

"It was two small loans for $500 each at 110.9 percent interest. The loans were due in 30 days, and there was an option to roll them over and take out new loans to pay off the old ones," said Rob Treinen, Cordova's attorney. "It is one of the hallmarks of predatory lending. These two loans, rolled over, ended up being 10 loans. "

World Finance employees called her at work when this happened, despite her several written notices to World Finance that she was unable to take personal calls at work and that such tactics jeopardized her employment.

In January, 2006, Cordova had surgery, which resulted in her having large medical bills and being out of work for six weeks. During this time, World Finance employees called Cordova's employer on a near daily basis, and sometimes multiple times per day, regarding her debt. World Finance also made calls to Cordova's home almost daily.

When Cordova returned to work on Feb. 28, 2006, she was told that World Finance employees had visited her place of employment (a social service agency) in person. One of the employees inquired about counseling services as a pretext for her visit. When Cordova confronted World Finance about the visits, the company retaliated by threatening both Cordova and her employer with legal action for "violation of privacy" and "breach of confidentiality" in disclosing that World Finance employees had visited Cordova's place of employment.

Heaped on top of the barrage of collection calls at work, the threatened litigation was the final straw that caused Ms. Cordova's employer to terminate her, according to her lawsuit.

Cordova's experience may be typical in this respect; according to the U.S. Public Interest Research Group, such short-term loans often become long-term debt — the average borrower faces such high interest rates that they have to roll over the loan six times on average. Indeed, the majority of revenue made by such lenders is made off rollovers: Those who are unable to pay become stuck on a treadmill of renewed debt, usurious interest from which they cannot escape, the research group states.

Attorney David Garcia said his client, World Finance Corp, does not comment on matters involving litigation.