



February 19, 2021

Financial Institutions Committee
Kansas State Legislature

Re: Testimony in Support of HB 2189, Payday Reform

Dear Members of the Financial Institutions Committee:

I am an attorney in Wichita, Kansas who has practiced in the area of consumer bankruptcy and creditor/debtor work for many years now. Over my time in practice, I have seen the devastation done to desperate people who attempt to salvage their financial dilemmas with payday or title loans. I want to tell you the story of one of my clients who was nearly rendered homeless due to a payday loan.

My first contact with Mr. Goodman was some time ago when he called me about a possible bankruptcy. That conversation did not go much beyond a general discussion. On October 13, 2020, he contacted me again, this time because he had missed his eviction court date on October 8, 2020. His wife had been taken to the Harper County Hospital on October 7, 2020, then transferred to Wichita on October 8. On October 9, she died. He missed his court date, not that appearing in court would have done any good since he was substantially behind in rent through September 2020. His wife was being evicted on that same day. (She lived next door to William in the same building. I understand the apartments are very small.)

Mr. Goodman is 65 years old and has a 10th grade education. He has been disabled for the last 20 years due to multiple back surgeries and depression and has lived in HUD subsidized housing in small town Kansas throughout that time. Mr. Goodman survives on \$803.00 per month, his rent is \$231.00 per month.

Mr. Goodman's problems began in 2018 when he was able to get a handful of credit cards. He tried to make payments and in doing so began to miss rent payments. He made promises to his landlord to catch up, but was unable to do so. The picture worsened when Mr. Goodman contacted CashNetUSA, an internet-based payday lender.

CashNet was happy to give Mr. Goodman \$900.00 if Goodman was willing to provide CashNet with ACH access to Goodman's bank account. CashNet began taking as much as \$350.00 per month from Goodman's bank account. The withdrawals would cause other

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checks to bounce and then the bank would assess an insufficient funds fee against Goodman, causing his cash problems to snowball. Mr. Goodman calculated that over the course of about one year, CashNet took \$4047.00 from him on that \$900 loan not to mention the fees charged by his bank on bounced checks. CashNet came close to taking his place to live, too.

The first order of business was to close his bank account to stop the withdrawals. Goodman contacted Social Security to request that his benefits be placed on a prepaid card. He was reluctant to part with his bank account of 20 years, but he got it done. No payday lender can get to that prepaid card. Goodman will have control over his funds again even though he continues to owe CashNet money.

The landlord required a total of \$2346.00, \$1800 by October 22 and the balance by November 4 for Goodman to avoid homelessness. It was through the generosity of two churches here in Wichita, Kansas and a private donation that the past due rent was paid and Mr. Goodman was able to stay in his home.

The payday lending industry is rapacious in victimizing the poorest among us, and Mr. Goodman's story is not unusual. The Kansas legislature needs to take action to regulate this industry. Provision of credit to high risk borrowers provides a service, but it must be regulated through bills such as HB 2189 to prevent the industry from damaging those it seeks to serve. I urged you to vote this bill out of committee and to support its passage.

Very truly yours,

/s/Elizabeth A. Carson

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