

Good Afternoon, my name is Cheney Pruett. I am from Texarkana and I am a Credit Access Business owner.

I am here to testify against this bill today. Like most of the people in this room I am for responsible and workable regulation of this business. I feel like we made huge regulatory strides last session but unfortunately, I don't feel like we can safely advance that position this session. You can craft the perfect bill and get it out of committee, BUT we have no idea what that bill will look like after the Senate gets done with it. After looking at Amendments of the bill that passed out of the Senate, it is clear what their stance is. They will not be happy until this business ceases to exist. Nobody here is a stranger to this topic...everyone is aware that a 36% rate cap on the products we provide is not feasible. At 36%, I would be able to charge a CAB fee of \$1.38 per \$100 loaned. After running the numbers, with ZERO defaults (again, assuming everyone who borrows pays...which is a massive stretch considering my company has a 20% default rate) I would not have one location able to achieve enough profit to stay in business...only 5 would even generate enough revenues to even pay their rent, much less Overhead and Personnel expenses.

The objective here is to increase consumer protection...the problem is, an overly restrictive bill does exactly the opposite. One thing you can do is limit the supply of this product. If you regulate the amount of CAB loans that are issued to consumers, it will not limit the demand and the number of loans that are made. Our consumers will find a substitute...the problem is, substitutes are more expensive. I have been involved in this business since 1996. I have worked behind payday advance counters for hours on end and I know our consumer well. One thing I can tell you about our consumer is they are financially adaptable. If supply is restricted our consumers will shift to collateralized or higher priced alternatives. They will go to pawnshops and pledge their grandmother's wedding ring for the cash they need (of course until that collateral runs out), they will turn to the Internet and pay fees 50% higher or even worse, they will turn to back alley financiers. I am 100% confident of one thing; these consumers will find a way to get the short-term cash they need.

I consider myself a small/mid-size CAB operator at 38 stores and if this bill makes its way through the house, I strongly feel like I will soon be shutting my doors and be forced to terminate 132 employees.

Thank you chairman and members, do you have any questions?