

D.C. Press Conference on Payday Industry
September 12, 2007

Statement of Cameron Blakely

My name is Cameron Blakely. I was a Check 'n Go store manager in D.C. for 9 months.

The secret to the success of the payday loan is its deceptive design. Specifically, we made the process very simple and easy at the front end to get people into the loan. But at the back end, we made it very difficult for customers to get out of the loan. It became a situation where our borrowers were like indentured servants, but with indefinite terms of servitude. They would work and work. But each payday, we'd claim a piece of their paycheck. Every paycheck. Not only was it hard to escape, but most of our customers were not fully aware of the desperate situations they were in. They were so confused that sometimes they would say that they just couldn't live without that extra payday loan cash coming in – when, in reality, they were not getting any more money out of the loan. Instead, they were paying money to us in fees over and over again. And that is what was making their paychecks even shorter than usual.

Here's how it works: A customer comes into the store and we approve his loan as quickly as possible. In just 10 minutes, he walks out with money in his hand. His goal is to get fast cash with no hassle. My goal as a payday loan employee is to keep that customer in the loan for as long as I can. That customer adds to my "customer count," which is what my bonus depends on. And the way I do this is to loan him more money than he can realistically pay back in just two weeks, when the loan is theoretically due.

I want to introduce you to Stacey Brown, who was my customer for the whole time I worked for Check 'n Go. Stacey first became a Check 'n Go customer in January 2001. He stayed a customer for more than six years, with the same loan outstanding every single day of that time. He ended up paying back \$14,997 in fees for borrowing just \$900.

Stacey meant two things to me in my job. First, keeping him on my customer list added roughly \$20 to my quarterly bonus. Second, keeping him on my customer list also meant I could maintain the payroll budget at my store. If I lost Stacey, I'd not only lose bonus money, but I would have to cut the hours of some of my staff because my payroll budget, which was based on how many customers I had each month, would be reduced. Then I'd personally have to put in extra hours to get the work done because there wouldn't be enough staff.

How did I keep Stacey? Well, first I had to lure him in with a personal, friendly and reassuring manner, repeating his name when I talked to him, and acting like I cared about his welfare. Friendliness, building a relationship with the customer, is the biggest selling point because then the customer thinks you're doing him a favor. That makes him feel comfortable about borrowing money. And it all happens in a flash, before he can give it a second thought.

Once I had him trapped, I encouraged Stacey to borrow the maximum allowable, regardless of how much he wanted. That's the friendly approach at work: you make a customer feel so grateful for what you're doing that they'll take out a loan even if they don't really need it. I could get an extra \$5 bonus each quarter if Stacey borrowed the maximum. Which he did.

Then, if Stacey ever came in to pay his loan off, I would try to talk him out of it, saying things like, "come on, don't you think you could use the extra \$900 this week?" If Stacey resisted me and did pay off the loan, it would mean that I had failed to perform to company standards. I didn't have to worry about Stacey because he was already in over his head, so I just had to be reassuring and tell him it was okay – no problem about paying the loan off: just pay the finance fee. Only about \$115 or so. Every two weeks. For more than six years.

I victimized people like Stacey. This product is called a two-week loan. But that's a lie. It is made to be long term, it cannot be anything else but long term. If it were just a two week loan, my store would not have been profitable and I would have been out of a job. I owe people like Stacey a big apology for taking their trust and their money.