



May 15, 2018

The Honorable Niraj J. Antani
Ohio House of Representatives
77 S. High Street, 11th Floor
Columbus, OH 43215

Re: House Bill 123

Dear Rep. Antani:

Thank you for your letter and for giving the Ohio Consumer Lenders Association (“OCLA”) the opportunity to correct the record and respond to both **serious and false accusations** made by House Bill 123’s sponsor.

Let us start by reiterating what we have said to you and your colleagues throughout this process: **OCLA supports a reasonable cap on fees to prevent bad actors from gouging consumers.** OCLA supports reasonable caps provided that they are such that the industry remains viable and remains able to provide millions of Ohioans with access to legal, safe, and regulated credit.

OCLA’s commitment to reasonable reforms, started in June of last year, when Rep. Bill Seitz invited OCLA to become part of the so-called “interested party” discussions which focused on balancing lower cost, consumer protection and industry-interests. Following several rounds of meetings and written communications over the course of months, in October, Rep. Seitz announced that he had finished his work and was ready to propose a viable compromise. **Notwithstanding Rep. Seitz’s hard and productive work, for reasons that OCLA can only assume had to do with issues swirling around former-Speaker Cliff Rosenberger’s resignation, Speaker Rosenberger, without explanation, removed Rep Seitz from the assignment and gave it to Rep. Schuring.**

OCLA can surmise that the actions of renegade members of the Industry who oppose any reform and who accompanied Speaker Rosenberger on a July trip to London, may have been at the center of the Speaker’s decision to reassign responsibility. Rumors have circulated about unsavory financial ties (the financing of the trip), a meeting with the Speaker where these reform measures were discussed, and the Speaker’s commitment that no action would be taken on a reform bill. These rumors may be true, and that seems to be what the Federal Bureau of Investigation is investigating. What we know, however, is that **Rep. Seitz was removed from the assignment by Speaker Rosenberger in late October shortly after Messrs. Clark and Jacobson informed lobbyists for the three renegade members that Rep. Seitz appeared to be ready to introduce a compromise proposal, news that was unwelcome to them.**

Neither the OCLA nor the undersigned were aware of the London trip before it happened, and we were appalled upon subsequently learning of it. We successfully encouraged the resignation of the ringleader-company (Select Management) from OCLA. OCLA then warned members and the leaders of both the House and Senate of the Speaker’s apparent lack of candor, where **he was telling members and editorial**

boards that he favored reform while telling certain lobbyists and their clients that he would prevent any reform from taking place on his watch.

During the very first meeting OCLA held with Rep. Schuring after the issue was re-assigned to him, **Speaker Rosenberger** walked into Rep. Schuring's office and **very clearly threatened the Industry** with unspecified negative consequences **if there were any further conversations by OCLA's lobbyists, Messrs. Clark and Jacobson, with members of the House or the Senate, or with Pew Charitable Trust, the leading proponent of HB 123.** The threat was clear and manifest: stay away or you will suffer the consequences of debilitating legislation. Despite the threat, Mr. Clark remained engaged directly with Mr. Schuring and helped facilitate data requests, conference calls and general background in between Mr. Saunders and Mr. Schuring. Over the ensuing six months, we provided background, successful regulatory examples from other states all the while believing we were closing in on a solution for Ohio.

Shortly thereafter, something happened that made these threats seem quite real: **House Chief of Staff Shawn Kasych, while on an unrelated phone call with Mr. Clark, questioned why OCLA continued to speak with Pew in violation of the Speaker's orders.** Needless to say, when Pew later suggested that OCLA meet with them, we chose not to do so because of the negative reaction that we gotten to our first, brief conversation.

This should make it clear that, contrary to the false allegations by Reps. Koehler and Ryan Smith, **OCLA has worked constructively with legislative leaders to produce two potentially viable reform compromises.** While both sides took issue with parts of Rep. Schuring's announced proposal, it nonetheless provided a constructive framework for working through the details. What is, however, both curious and suggestive of real motives is that at no time before March 13, 2018, did Speaker Rosenberger or any members of House Republican leadership publicly express any support for Rep. Koehler's H.B. 123, the bill you are considering today. Only when political cover for bad behavior was needed did public expression of support arise.

The argument that is being made by Leadership for passage of a radical bill that up until a month ago no one was seriously considering passing seems to be twofold:

- First, that the Industry has opposed and stalled all reform efforts, which is demonstrably untrue; and
- Second, that the Industry rejected a fair compromise and that's when exasperated legislators and legislative leaders decided to pass the as-introduced HB 123.

Here are the facts about the most recent "compromise" proposal:

- Just three weeks after Rep. Schuring announced a potentially viable compromise, his proposal was drastically modified by the inclusion of several new, one-sided concepts that would result in the complete elimination of the Industry and were, in fact, even worse than HB 123.¹
- Out of the blue, on Friday April 6th, while the industry was still digesting this set of radical changes, OCLA's lobbyists received a call from Rep. Schuring stating that **the Speaker was threatening to pass the as-introduced version of HB 123** out of both committees and then the House floor the

¹ H.B. 123 had an APR cap of 126%; the new proposal was at best 101% APR—and only at that APR for one specific loan duration and amount. Both the original HB123 and the new "compromise" would put the entire industry out of business and leave millions of Ohioans without access to credit.

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very next week—**unless the industry accepted the new proposal in its entirety even though no one had an opportunity to yet read it and from what was described would so cripple the industry as to effectively amount to a prohibition.** Just has had been threatened, Rep. Koehler presented the new Industry-killing proposals to the House committee the following Wednesday.

Perhaps not coincidentally, **on April 6th--the same day that the Speaker threatened to pass HB 123 if OCLA did not accept his new "compromise"--the *Dayton Daily News* reported that Speaker Rosenberger had hired a defense attorney because of the FBI was investigation into his activities. It certainly left us wondering whether his direct intervention in the issue was because of the rumored investigation or the accompanying bad publicity.**

We apologize to you for not having spent adequate time with you to explain our concerns about HB 123. Frankly, we were working with leadership in good faith on compromise proposals and we did not want to violate the Speaker's order not to talk to members while the House compromise was being drafted. In addition, before all of the ethical/criminal issues arose, we had been assured by the Speaker and leadership that whatever they chose to do on the issue they would not pass HB 123 because it was too radical. That seemed to be a reasonable representation at the time.

We hope this explanation will explain our shock and dismay about being accused by Reps. Koehler and Smith of never seriously supporting reform and trying to stall and run out the clock. **Their allegations would be better directed toward former Speaker Rosenberger, who stopped one compromise bill, tanked another, and blocked responsible Industry members from pursuing reform.**

We reiterate that we are willing and eager to work with members of the House and Senate to enact reforms that would prevent Ohioans from being gouged by unscrupulous companies. Our concurrent goal is to ensure that whatever reforms are enacted would still allow the millions of Ohioans who do not have credit cards and cannot get bank loans to have access to legal, safe, and regulated credit. Respectfully, H.B. 123 does not do that.

Sincerely,



Ted Saunders



Cheney Pruett

cc: Neil Clark
Jeff Jacobson