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Soldier sues title lender, claiming abusive practices

By J. Scott Trubey
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A soldier based at Fort Benning has sued an Atlanta-based payday and title lending company and a subsidiary claiming abusive practices that violate federal law.

Staff Sgt. Jason Cox claims in the lawsuit he borrowed \$3,000 from Alabama Title Loans against the title of his 2002 Dodge Durango. The lender, a subsidiary of Atlanta-based Community Loans of America, charged him an interest rate three times that allowed by the Military Lending Act, the suit contends.

The loan rolled over several times, and the debt quickly escalated to \$4,500 over several months. Cox was unable to keep up payments, and the sport utility vehicle was repossessed in August from base housing on the Columbus-area Army post.

The suit, which was filed on Veterans Day in U.S. District Court in Columbus, seeks class action status.

Robert Reich, president and chief executive of Community Loans of America, said he had not read the suit and declined to comment, citing the pending litigation.

Cox's attorneys include former Georgia Gov. Roy Barnes, who during his term as governor, cracked down on abusive practices by payday lenders and championed a law he later signed that also curbed abusive mortgage practices.

"We think that the practice of noncompliance with the Military Lending Act is widespread," Barnes said in an interview. He called the alleged abuse among "the most egregious violations that I have seen."

The Military Lending Act was enacted in 2007, after a report by the Department of Defense found that 17 percent of service members used payday loans and that "predatory lending undermines military readiness, harms the morale of troops and their families, and adds to the cost of fielding an all-volunteer fighting force."

The act, among other things, caps the annual percentage rate on a loan to armed service members at 36 percent.

The suit claims Cox was charged an APR of more than 100 percent. Loans made in violation of the Military Lending Act are void from the start, the suit says.



The suit claims Cox provided the lender a military ID and he was not informed of his rights under the law.

Barnes said he expects to find other instances of Military Lending Act violations by Community Loans of America and potentially others.

There are more than 900 title loan offices under the Community Loans of America umbrella of companies in 22 states, according to the suit.

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