

Veteran challenges title loan company in court

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MARIETTA — In July 2010, Army Staff Sgt. Jason Cox of Columbus faced a family emergency and obtained a \$3,000 loan with his car title as collateral from Alabama Title Loans in Phenix City, Ala.; provided his military I.D. as identification; and signed off on a 146 percent interest rate for the loan.

Like most title loans, the loan plus interest was to be paid off within 30 days, or Cox, 29, would have to pay the interest portion to set the due date back another 30 days. Unable to pay what eventually grew to about \$4,500 at once, Cox paid between \$330 and \$417 each month to set the lump sum payment back another 30 days.

But by June of this year, after nearly 12 months of payments, Cox said he could no longer afford to pay the monthly fee, which did not pay any amount toward his loan, and knew it would likely be impossible to ever pay it off. So, with no other choice, he stopped making payments. In August, the loan company, owned by Atlanta-based Community Loans of America, declared Cox in default and repossessed his 2002 Dodge Durango at his home on the Fort Benning military base.

That's when Cox felt something was amiss, and visited Columbus attorney Kyle Fischer of the law firm Day Crowley. As a former JAG lieutenant in the Army, Fischer knew many of the laws pertaining to military active duty personnel and soon realized that it appeared Cox's loan was in violation of the 2007 Military Lending Act, implemented by Congress to protect active duty personnel from predatory lending.

Fischer and Day Crowley partner Scott Crowley took on the case and soon contacted Marietta's Barnes Law Group, seeking their assistance as co-counsel. BLG attorney John Bevis said he and former Gov. Roy Barnes were contacted because Fischer and Crowley knew about their history with cases involving allegations of predatory lending.

Barnes and Bevis agreed with Fischer, and in November, they filed a class-action lawsuit against Community Loans of America and Alabama Title Loans on Nov. 11.

"I definitely feel like I was taken advantage of," said Cox, who has served three tours in Iraq during his 11 years of service and earned the Purple Heart for a foot injury he received during enemy gunfire. "I had no clue this law was in place, and nothing was explained to me."

Barnes said the MLA states that lenders cannot charge military active duty personnel more than 36 percent in annual interest; require them to pledge their vehicle titles as a condition for making the loans; fail to provide them with a Military Annual Percentage Rate disclosure and oral and written notice of their rights before signing off of the transaction; or insert an arbitration agreement in the loan documents.

"We found that this act was being widely ignored, disobeyed or abused," Barnes said. "And this isn't just an isolated incident. We're still

investigating how many incidents there are, but from anecdotal evidence, we are finding that it is very prevalent across the nation.”

According to court documents, CLA is affiliated with 907 storefront locations in 22 states and Puerto Rico, with 44 locations in Georgia and two in Marietta.

“They know (active duty military personnel) have an income, they know that they could get deployed and can’t be around to contest the abuses, and generally military, because they pay them so little, don’t have a lot of reserves so they have no choice but to give up their vehicles, as happened here,” Barnes said.

Cox said he hopes the suit will bring more awareness about the law, as he said many if not most of his fellow soldiers know about their rights under the MLA.

“The greatest thing we hope for is to change the conduct of the lenders,” Barnes said. “Don’t take advantage of our fighting men and women. We call on them to do so much; don’t target them for unfair business practices when they’re doing the best they can for our country. We want to force them to make disclosures, reform the way they do business and obey the law.”

According to the suit filed in the U.S. District Court for the Middle District of Georgia, Cox is representing “all covered members of the armed services who entered into a vehicle loan by any means with the Defendants in violation of the Military Lending Act” and is seeking an end to CLA’s alleged illegal business practices, as well as attorney’s fees and punitive damages.

Bevis said CLA has until Jan. 6 to file its answer.

Messages left for CLA CEO Robert Reich were not returned as of press time.

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