

**Hearing Before the United States House of Representatives Committee on Financial Services, Subcommittee on Consumer Protection and Financial Institutions**

**April 30, 2019**

**Testimony of Robert Sherrill, CEO, Imperial Cleaning Systems**

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Good afternoon Chairman Meeks, Ranking Member Luetkemeyer, and members of the Committee.

My name is Robert Sherrill, and I am grateful for the opportunity to be able to speak to you about my experience with payday and title loans.

I'm not sure if I am the only person on this panel who has actually used these products, but I hope that with my testimony I can shed some light on how important they were for me at a time when I had no other options. Payday and title loans helped me when I had nowhere else to turn. I might not be here if these forms of credit were not available to me.

In your invitation letter to me, you asked me to discuss "research describing the various harms consumers may suffer when utilizing these products." I cannot talk about research but I can talk about my personal experience.

When I took out my payday loan, I knew what it would cost me. While I have not taken out a payday loan recently, I still know what they cost. Given my circumstances at the time and the lack of other options, I determined that this basic small loan was the best option for me. In fact, it was a cheaper and easier solution than the available alternatives. I am lucky that there was a lender available that would make a loan to someone in my circumstances.

But let me go back to the beginning of my story.

When I was young, nobody taught me about money and finances, which is a situation not uncommon to many people. Because of family issues and hard times, I ended up raising myself and got involved in selling drugs, which ultimately led to my going to prison.

I'm not proud of this, but it's an important part of my experience. When I got out of prison, the deck was stacked against me. I was a felon with no credit, no education, and very little income. I'd ask you to put yourself in a lender's shoes – would you have made a loan to me? Would you have offered me a lifeline? Would you have given me credit with nothing to prove I was creditworthy but my word?

Due to my release and probation requirements, I found a job as a food busser at a local Italian restaurant. I worked hard every day to make ends meet. After a year, I was given a ten-cent raise. It was then I knew I had to change my life. .

When I started my business no one would give me a loan. I know this, because I applied and was rejected several times. Most banks wouldn't even let me open an account. The only account I could get was with a credit union because I pleaded my case.

Because of my history, the only company willing to front me the money I needed was a local payday lender in Nashville called Advance Financial. If Advance Financial had not been an option, I would likely not be here testifying to you today.

It is unfair for anyone to assume that every day people don't know what they're getting into or what the repayment terms of a loan are going to be. That assumption is based on the conclusion that ordinary people are uneducated or too unsophisticated to make smart financial decisions. In my situation, I was tracking every dollar I had. I knew when money was coming in, and I knew when it was going out. I knew that I would have to repay the loans that I took out. When I went to Advance Financial, every part of the process was explained clearly and fairly, including when payments were due, how much they would be, and how much it would cost me for the loan.

Today, the business that I started with a payday loan is Nashville's premier construction and commercial cleaning service. I am a minority certified business, belonging to the Chamber of Commerce, the Better Business Bureau, and Nashville's Rotary Club. Now, I qualify for lines of credit and other types of loans. I have developed a solid business foundation. But it is all because of the lifeline that Advance Financial gave me when no one else would give me the time of day.

I have also come to learn from being in business that sometimes a market determines what things cost. Many today will probably ask if I'd like these types of loans to be cheaper. Well, there are a lot of things in life that I wish were cheaper. But forcing these lenders out of business will not make loans cheaper, it will only leave people in the situation I was in with even fewer options.

I want to repeat what I said at the beginning of this statement. I understood what a payday loan was going to cost me when I took it out, and I understood when it had to be paid back. The best consumer protection that I got was to have someplace to go that was willing to make a loan to me and to explain the loan I got. I can also tell you that if I did not have this option I could have gotten money somewhere, but those other lenders would have been much, much worse for me. Until you are in a situation like mine, you cannot really appreciate the lifeline that was thrown to me by a company that you would put out of business.

If you eliminate these loans and these lenders, where do you expect people to turn for a lifeline? I had tried everything else. For many people, like me, these products are a first step toward getting things back together. People choose them because they are better than the alternatives. If they weren't, they wouldn't exist. We should trust people to choose what is best for their own situations, not take options away from them.

Thank you, and I look forward to your questions.