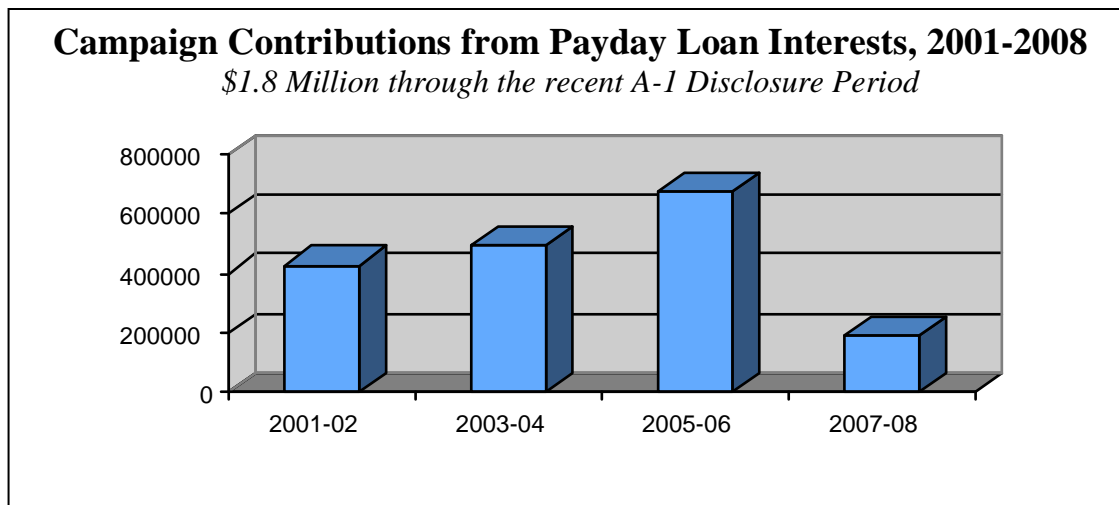




Cash in a Hurry: How the Pay Day Loan Industry Seeks to Stay Off the Agenda

Payday lenders have become a regular part of fundraising in the state Capitol, giving \$1.8 million to incumbents and candidates for statewide and legislative office since 2001.

The industry arrived in Illinois just over a decade ago and quickly established a presence in Illinois politics. From a trickle of donations in the late 1990's, industry campaign contributions have rapidly grown to a reliable flow of around half a million per cycle.



The industry appears generally satisfied with the current form of state regulations, and would rather see nothing happen than push for changes to their benefit. Their giving pattern suggests a focus on stalling legislative action, keeping themselves off the agenda, while winning friends among executive branch regulators.

The payday loan industry consists of several companies that give to candidates both directly and through one or more trade associations. The largest donor since 2005 has been a trade group based in Tallahassee, Florida, the Consumer Lending Alliance. Other large donors include the locally-based trade group the Illinois Small Loan Association ("ISLA"), the Texas-headquartered Cottonwood Financial, and the lender Advance America. The ISLA, once the dominant source of industry donations, has recently been supplanted by other competing trade groups, and now we see its former constituents contributing more directly to candidates than through the local trade group.

Top Pay Day Loan Donors, 2005 - 2008

1) Consumer Lending Alliance	\$200,000
2) Illinois Small Loan Assn	\$146,000
3) Cottonwood Financial LTD	\$87,000
4) Advance America	\$87,000
5) AmeriCash Loans	\$81,000

Industry total: \$862,600

Legislative giving has been bipartisan and broad-based. Three out of four sitting senators have reported contributions since 2005; four out of five sitting House members reported contributions. Average contributions to these rank and file members of the General Assembly amounted to \$1,400 in the Senate and \$1,200 in the House in the current election cycle.

Giving has been particularly focused on members of the House and Senate Committees on Financial Institutions, which have both heard measures to regulate the industry. Every member of the Senate Committee on Financial Institutions has reported donations since 2005, while in the House, all but one of the current members has reported at least one contribution. In 2005-2006, the House committee formed a Subcommittee dedicated to payday lending regulations; every member of the Subcommittee received donations; these averaged more than twice what non-Subcommittee members received.

Giving to the leaders has been stable. Three of the Four Tops have reported relatively consistent receipts in the low- to mid-five figures; Senate President Emil Jones, who reported \$62,000 in 2001-02 and \$50,000 in 2003-04 is now reporting donations more in line with the rest of the leaders.

Top Pay Day Loan Recipients, 2005-2008

1) Gov. Rod Blagojevich	\$205,300
2) Candidate Judy Baar Topinka	\$60,500
3) Candidate Robert Shaw	\$60,000
4) House Republican Leader Tom Cross	\$49,500
5) Senate President Emil Jones	\$38,500

If their legislative giving pattern suggests a strategy of delay and inaction, their giving to the executive branch suggests they want something more. Indeed, one in five dollars given since 2001 went to Gov. Blagojevich, and another 4% went to the 2006 Republican nominee for governor; in the 2005-06 Gubernatorial election cycle, nearly 40% of the industry's giving went to the two major-party candidates for chief executive. Giving to other statewide offices has been minimal. That concentration of cash suggests they recognize a keen interest in the day-to-day oversight of the industry, in how regulations implementing any new laws are written, and in protecting their ability to operate regardless of what action the legislature takes.

Staying off the General Assembly's agenda while currying favor with the executive branch -- an agenda apparently worth \$1.8 million since 2001.

Note to Journalists

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