

problem really started to get tight back three years ago, all of a sudden they merged this individual and individuals and companies calling themselves loan brokers going around the state saying, look, you can't get loans or if you can't get loans, there is so high an interest rate you can't afford them, and we can find you loans and we can find them at a lower cost, you just give us a few thousand dollars as a fee and we will go around and take care of the problem for you. And so they went around the state and sure enough they never came back with a loan and several hundred thousand dollars and our good people's money was lost as a result of this practice. So the Banking Department, back a few years ago, asked me to introduce the bill and we did pass it to restrict this practice. We did pass legislation. It did tighten up the problem but, as you know, the ag situation is worse than ever. The interest rates are still high and these loan brokers are still going around. Because we did allow for that deposit concept, we are still having rip-offs going on and we have to close that loophole so in the end what this bills says is, no more should anybody come to you and offer to get a loan and then ask for money before they get the loan. That is to say, anybody in this state that is looking for a loan and somebody is helping them with it, they should never have to pay that individual for that service until they actually get the loan. It is just like a real estate agent, you don't pay a real estate agent until they sell your house. Similarly, you don't pay a loan broker until they get the loan. And I hope you carry this message back to your districts that those individuals that are hurt right now for money and are looking for loans and assistance should never accept any individual who comes to them and wants to get a fee up front and not actually provide the loan at the time they get paid because that is an individual that is likely to be unscrupulous. So we are trying to make sure everybody knows that. We are also providing for the department a couple more provisions for enforcement. They can issue a cease and desist and stop this practice ahead of having a hearing and it also makes it a tougher penalty on the actual prohibition or the prohibition that we enact in this bill so that hopefully it will discourage people from this further. So it does provide more powers to the Banking Department. It is drafted and requested by the Banking Department and I urge us to pass the bill as soon as possible so they have this ability to go out and stop this activity at this point.