

Predatory Loans for Puppies Must be Stopped, Say Consumer and Animal Welfare Advocates

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TAB Bank is helping EasyPay Finance evade state laws that prohibit 189% APR loans

WASHINGTON - In advance of National Love Your Pet Day on February 20, the Stop the Debt Trap coalition is teaming up with animal welfare advocates to launch a campaign to stop TAB Bank from making predatory puppy loans, many of which go to buy puppies from puppy mills. At pet stores across the country, Transportation Alliance Bank (TAB Bank) is helping predatory lender EasyPay Finance evade state interest rate laws and make pet loans at 130% to 189% APR (annual percentage rate) - **rates that are illegal in most states for EasyPay and other lenders that are not banks.** Consumer and animal welfare advocates are calling for TAB Bank to stop helping EasyPay gouge consumers with these loans and for the Federal Deposit Insurance Corporation (FDIC) to stop TAB Bank from facilitating this usury. The campaign includes:

- A new report describing how TAB Bank helps EasyPay make predatory puppy loans;
- A February 15 rally with the Utah Humane Society at the statehouse in Salt Lake City to spotlight TAB Bank's role in financing predatory puppy loans;
- A February 17 social media storm - using #PredatoryPuppyLoans, #PredatoryTABbank and #LoveYourPetDay;
- An effort to collect stories from people impacted by predatory puppy loans;
- A focus on how predatory financing promotes the sale of puppy mill dogs;
- A petition to urge the FDIC to stop TAB Bank and other banks from helping nonbank lenders disguise their loans as bank loans that are exempt from state interest rate limits;
- Work to broaden support for the Veterans and Consumers Fair Credit Act, which would set a national 36% interest rate cap;
- And more to come ...

EasyPay offers financing for purchases at pet stores, auto mechanics, furniture stores and other retailers at rates ranging from 130% to 189% APR. In 32 states where those rates are illegal, EasyPay launders its loans through TAB Bank, headquartered in Utah, to disguise the loans as bank loans that are exempt from state rate caps. This is a practice often referred to as a "rent-a-bank" scheme. In states that allow these high rates, EasyPay extends financing directly. To see which stores offer EasyPay loans, go to <https://findastore.easypayfinance.com/>.

Hundreds of consumers have submitted complaints about EasyPay (owned by the company Duvera Billing Services) to the Consumer Financial Protection Bureau (CFPB), Better Business Bureau, and Ripoff Report. They describe: sky-high interest rates with payments that go mostly to interest; high rates even for military servicemembers; deceptive interest-free promotions; debt collectors hounding people for money; and credit reporting abuses. For example:

- A New Jersey consumer went into a pet store "in hopes of purchasing a cocker spaniel....I found that I am being charged 151.97 % which is five times the legal limit of 30 % that can be charged in New Jersey."
- A military consumer in Florida described "the egregious interest rate" of 130% APR for a

dog.

- Another person complained that a pet store would not take back a dog who was sick and eventually died: "I had no choice [but] to continue to pay them [so] as not to ruin my credit history, all while trying to save a dog paying thousands [of] dollars in veterinarian bills.... It tore my family apart losing the dog. My children were especially devastated.... I only borrowed [\$2200.00] and it is reporting I owe [\$5500.00] on my credit report due to interest."

These and other stories are described in a new report on Predatory Puppy Loans by TAB Bank and EasyPay Finance.

"TAB Bank is misusing its bank charter by fronting for abusive loans that bleed consumers dry," **said Nadine Chabrier, policy and litigation counsel at the Center for Responsible Lending.** "Responsible merchants should stop peddling predatory EasyPay loans and the FDIC should end TAB Bank's participation in this scheme."

"Pushing financed purchases is just another way puppy mills and their pet store sales outlets get away with selling puppies for thousands of dollars to unsuspecting consumers, many of whom end up with extremely high interest rates and hidden fees they frequently cannot afford," **said John Goodwin, senior director of the Stop Puppy Mills campaign for the Humane Society of the United States.** "Some pet stores have reported that 80% of the puppies they sell are financed, indicating that these predatory loans are a key part of the puppy mill to pet store pipeline."

"TAB Bank's partnership with EasyPay Finance promotes exploitative financing of puppies from inhumane, high-volume dog breeding facilities that ignore the needs of the puppies, including proper veterinary care and early socialization," **said Rachel Heatley, Advocacy Director of the Utah Humane Society.**

"The harmful 'rent-a-bark' model is being used by predatory payday and installment lenders to make triple-digit interest rate loans to those looking to bring puppies and other pets home. TAB Bank must be stopped from fronting for these loans that are illegal across the country," **said Rachel Gittleman, financial services outreach manager at Consumer Federation of America.**

"The FDIC must break up the romance between TAB Bank and EasyPay Finance," **said Lauren Saunders, associate director of the National Consumer Law Center.** "TAB Bank and EasyPay's rent-a-bank relationship enables 189% puppy loans of questionable legality - well in excess of many state interest rate caps - dramatically increasing the cost of a family pet."

"The FDIC should be a watchdog that pursues banks, like TAB Bank, that are using rent-a-bank schemes. Under previous leadership, the agency didn't even bark, let alone bite. We are hopeful new leadership will stop these predatory puppy loans that trap people in endless debt," **said Candace Archer at Americans for Financial Reform.**

"The FDIC needs to install a fence between TAB Bank - or any bank - and predatory puppy lenders," **said Adam Rust, Senior Policy Advisor, National Community Reinvestment Coalition.** "With new leadership at the FDIC, it's time to close down these loopholes."

"It's time for the FDIC to put a leash on predatory puppy loans from TAB Bank, which is having a ball at the expense of consumers and their furry friends," **said Mike Litt, U.S. PIRG's consumer campaign director.**

"I'm a dog dad. My dogs are my family," **said Brent Adams, Senior Vice President of Woodstock Institute.** "TAB Bank and EasyPay know the love of an animal will push many people into one of

their predatory loans. This is financial exploitation of the worst kind.”

“A triple digit interest loan is no less predatory when it’s laundered through a bank. TAB Bank is only making a bad situation worse by facilitating high-cost loans that promote the use of abusive puppy mills,” **said Jeremy Funk, rescue dog owner and spokesman for Accountable.US.**

“Federal regulators should crack down on this crossover of exploitative behavior that is hurting consumers and animals alike.”

Earlier this month, more than a dozen advocacy organizations called for the new leadership at the FDIC to stop banks from fronting for predatory lenders through these schemes.

Background on puppy mills

According to the Humane Society of the United States (HSUS), a puppy mill is an inhumane, high-volume dog breeding facility that churns out puppies for profit, ignoring the needs of the pups and their parents. Puppies from mills are often sick and unsocialized. Breeding dogs are often confined to small, filthy cages for their entire lives, bred repeatedly until their bodies wear out. Puppy mills keep this cruelty hidden by selling through third parties like pet stores. Pet stores often push lending options on their customers with false promises of low interest rates only to hand them over to third party lenders like EasyPay. The HSUS recommends that those looking to add a new pet to their family avoid pet stores and instead adopt from a shelter or rescue or seek out a responsible breeder that only sells directly to the public.

For more information, including B-roll of puppy mills or pet stores, or to interview an HSUS representative, please contact Kirsten Peek at kpeek@humanesociety.org.

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About Stop the Debt Trap

Stop the Debt Trap is a coalition of more than 800 civil rights, consumer, labor, faith, veterans, seniors and community organizations from all 50 states working together to stop predatory lending.