

May 3, 2012

Mr. Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
250 E Street SW
Washington, DC 20219

Re: Stop Urban Trust Bank from Helping Community Choice Financial, Inc.
(CheckSmart) to Evade State Laws with Prepaid Card Payday Loans

Dear Comptroller Curry:

The undersigned national and state consumer, civil rights, and community groups write to urge you to stop Urban Trust Bank from partnering with the payday lender Community Choice Financial, Inc. (the holding company for various subsidiaries that generally use the CheckSmart or Buckeye name) (“CheckSmart”) and Insight Card Services, LLC to help CheckSmart evade state usury and payday loan laws by making payday loans on prepaid cards.

CheckSmart offers two different types of prepaid card payday loans. One is a line of credit that costs \$14 per \$100 borrowed plus 35.9% annual interest. The other is styled as an overdraft fee and costs \$15 per \$100 negative balance. Both require the borrower to have direct deposit of wages or benefits onto the prepaid card, and the loans are repaid in a single balloon payment immediately from the next deposit.

CheckSmart is using Insight prepaid cards to make loans in Arizona and Ohio that exceed the usury rates in those states. Arizona has a 36% usury cap and Ohio has a 28% cap. Yet for a 14-day, \$300 loan, the annual rate for CheckSmart’s line of credit is 401% and the overdraft loan is 390%.

Research shows that these loans trap borrowers in a cycle of expensive long-term debt causing serious financial harm, including increased likelihood of bankruptcy, paying credit card and other bills late, delayed medical care, and loss of basic banking privileges due to overdrafts. Moreover, CheckSmart’s direct deposit requirement could cause consumers to switch from a bank account to a prepaid card and thus become unbanked.

The reputational, compliance and other risks of facilitating predatory lending undermine Urban Trust Bank’s safety and soundness. Risks are especially high when banks partner with third parties that they do not adequately supervise.

CheckSmart has announced an initial public offering of stock and plans to expand its prepaid card payday loans to other states. In addition, other banks and payday lenders will likely team up to evade state laws if this scheme is not stopped.

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Page Two

The OCC should stop Urban Trust Bank and any other bank that it regulates from helping payday lenders to evade state law.

Yours very truly,

Americans for Financial Reform
Arizonans for Responsible Lending Coalition
Arkansans Against Abusive Payday Lending
Center for Economic Integrity (Arizona)
Center for Digital Democracy
Center for Responsible Lending
Coalition of Religious Communities (Utah)
Communities United for Action (Ohio)
Consumer Action
Consumer Federation of America
Consumers Union
Kentucky Equal Justice Center
Legal Services of Southern Piedmont
NAACP
National Association of Consumer Advocates
National Council of La Raza
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low income clients)
National People's Action
Neighborhood Economic Development Advocacy Project (NEDAP)
North Carolina Justice Center
Ohio CDC Association
Policy Matters Ohio
Public Justice Center
Reinvestment Partners (North Carolina)
Sargent Shriver National Center on Poverty Law
South Carolina Appleseed Legal Justice Center
Texas Appleseed
U.S. PIRG
Virginia Poverty Law Center