

## Protesters Seek Federal Usury Law

Bank Branches Picketed in Several Cities



Nilee Austin, manager of a Bank of America branch in the District, directs protesters out of her bank.  
(By Marcus Yam -- The Washington Post)

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After going on disability four years ago, Pauline Charles found herself tight on cash and thought her prayers had been answered when she responded to a television ad promising loans to anyone who owned a house or car.

The 50-year-old Baltimore resident, who had a car, borrowed \$2,000. By the time she paid it off 18 months later, she had shelled out \$11,000 in interest and fees.

"I went in already with financial problems, and it just made my situation worse," she said.

Charles was among several dozen protesters who descended on bank branches in downtown Washington Wednesday as part of a multi-city campaign to bring back usury laws. They are calling for a national interest rate cap of 10 percent for credit cards and other types of consumer loans. Similar actions took place in New York, Chicago, Boston and Durham, N.C.

The event was organized by the Metro Industrial Areas Foundation with groups including the Washington Interfaith Network and Action in Montgomery. They have also sent letters demanding meetings with the chief executives of Wells Fargo, Citibank, [Bank of America](#), Capital One, Discover and [J.P. Morgan Chase](#).

Many states have laws that cap interest rates charged to consumers, but they do not affect rates charged by nationally chartered banks, including most major credit card issuers. Credit card companies frequently charge interest rates of more than 20 percent. A law passed by Congress earlier this year restricting arbitrary and excessive credit card fees has done little to quell complaints among consumers that they are being gouged by credit card issuers. Banks have responded by raising the fees they charge credit card holders.

Federally chartered banks were exempted from state usury laws in 1980. Since then, efforts to establish a national cap have met with mixed success. In May, an effort led by Sen. Bernard Sanders (I-Vt.) to set a 15 percent interest rate cap garnered only 33 votes. However, three years

ago, Congress passed a 36 percent cap on payday loans to military borrowers after a Pentagon report documented the effects of those loans on service members.

The American Bankers Association did not return calls and e-mails seeking comment Wednesday night, but some lenders have said a national interest rate cap would be bad for consumers.