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EDITORIALS

The rent-to-own rip-off

STATE lawmakers once again are considering legislation to validate the right of rent-to-own stores to gouge consumers. The average loan shark must be envious.

Companion bills in the state Senate and Assembly would limit the fees charged by rent-to-own stores, but still allow them to charge more than triple the prices charged by other New Jersey merchants. The bills should be defeated.

Here's how the rent-to-own scam worked at one store: A consumer got \$500 worth of furniture with \$65 down. The remaining \$435 was financed over 18 months, with total interest payments of 130 percent — making the consumer's final bill \$1,157.

Who would pay that much for \$500 worth of furniture? Many low-income and minority consumers have no choice because they have no credit or little savings. And the rent-to-own industry has been happy to service them at prices and rates that would make a con artist blush.

Four years ago, a Superior Court judge in Passaic County called the rates charged by Continental Rentals "unconscionable." The judge ruled that Continental — with stores in Paterson and Passaic — violated state law by charging more than 30 percent interest. One Continental customer was scheduled to pay \$6,600 for furniture and appliances worth \$2,800. She paid \$3,300 for the items before they were repossessed.

To end the legal limbo created by that ruling and others, legislators including Sen. Norm Robertson, R-Passaic, and Assemblyman Guy Gregg, R-Morris, are sponsoring the companion bills. They would require rent-to-own stores to disclose whether items are new or used, and

to clearly state the manufacturer's suggested retail price and the amount of payments required for ownership.

The total paid for items over time could not be more than double the list price. Reductions in payments would be mandated for customers suffering economic hardships, and grace periods of two to five days would be required before late fees could be charged.

Consumer advocates argue rightly that the measures don't go far enough. They say annual percentage rates should be disclosed to customers and should not exceed the 30 percent annual limit established by law. The bill would allow stores to sell items at 100 percent interest.

They also want cash prices to be identical or close to what a consumer might pay if shopping at a store — not based on manufacturers' suggested retail prices. That's because many merchants normally sell items for 20 percent below the list price.

Rent-to-own stores have a right to exist, and perhaps they should be allowed to charge more than other merchants because they deal with people with risky credit and they have repair and replacement costs unique to their industry. But a 100 percent markup is too much. Even the 30 percent annual rate allowed by law is significantly more than credit-card companies charge.

Unfortunately, even full disclosure is not likely to discourage anyone desperate enough to do business with such modern-day hucksters.

Today, the rent-to-own bill is expected to go before a key legislative committee. State Sen. Garry Furnari, D-Nutley, a member of the panel, can pay a crucial role in torpedoing this nasty bill.

No exemption from rate cap

The rent-to-own industry is making another all-out effort to open a loophole in the state's consumer protection laws. The industry is seeking an exception from New Jersey's 30 interest-rate cap on retail credit sales. And no wonder. The high cash prices and installment payment plans the industry offers to its mostly low-income customers greatly exceed the cap, if the stores ever bothered to calculate the cost of the credit on an annual percentage basis. But they don't because they claim they are not offering credit, but a weekly or monthly lease-payment plan.

It's a plan that allows the industry to charge its customers prices well above fair market value. It's a plan that ought to be rejected when it comes up for a vote today in the Senate Commerce Committee.

That other states have exempted the rent-to-own industry from adhering to consumer protection laws doesn't make it right. New Jersey legislators ought to remain steadfast in protecting low-income customers who might have few alternatives to the inducements of

Rent-to-own stores say their charges aren't the same as interest, but that's the way it looks.

an industry that offers low weekly payments and extremely high pay off prices.

The disclosure requirements included in the industry's bill are better than in any previous legislative effort. It is what prompted some civic leaders to back the bill. But Roberto Rodriguez, secretary of the Hispanic Council of New Jersey, acknowledged in an interview that while he supports the consumer protections offered in the bill, he cannot support the way the industry does business in his constituents' neighborhoods.

"We're not endorsing or encouraging people to use the services the industry provides," Rodriguez said. Those services have "very hard financial consequences."

Those consequences are why legislators ought to vote down this latest effort at skirting the law. The rent-to-own industry claims it cannot make a profit if limited to the 30 percent cap. It claims servicing a mostly low-income clientele is expensive. But exempting this industry from the usury cap would open the way for other businesses catering to low-income customers to charge prices grossly higher than fair market value. These customers don't deserve this kind of treatment, even if the terms of the price-gouging are clearly spelled out.

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WHAT CONTINENTAL CHARGED ONE CUSTOMER

The state of New Jersey allows up to 30% interest to be charged on installment payments. Continental, in its rent-to-own terms, far exceeded that limit, a judge found.

| Item | Cash price | Installment payment | Number and type of payments | Total cost after all payments* | Equivalent interest rate |
|-----------------------|------------|---------------------|-----------------------------|--------------------------------|--------------------------|
| LIVING ROOM FURNITURE | \$499 | \$64.29 | 18 monthly | \$1,157.22 | 130.5% |
| STEREO AND FREEZER | \$808 | \$51.80 | 39 biweekly | \$2,015.11 | 141% |
| WASHER | \$404 | \$55.69 | 18 monthly | \$1,002.42 | 143.84% |
| DINETTE SET | \$840 | \$26.95 | 78 weekly | \$2,102.10 | 148.2% |
| 2 END TABLES | \$234 | \$21.50 | 18 monthly | \$387.00 | 71.2% |

Source: Passaic County Legal Aid Society (Data and computations)

* Not including taxes and fees

Judge hits 'unconscionable' rent-to-own interest rates

By **SUSAN EDELMAN**
Staff Writer

In what consumer advocates are calling a major victory, a Superior Court judge has ruled that so-called "rent-to-own" stores cannot charge exorbitant rates for renting appliances and other goods with an option to own.

Judge Herbert S. Alterman called "unconscionable" the rates charged by Continental Rentals, which has stores in Paterson and Passaic. He said the company violated criminal usury laws, the state Consumer Fraud Act, and the federal Truth in Lending law.

"It's a grand slam for the consumer," said Neil Fogerty, an attorney and president of the Consumers League of New Jersey, which joined the case as a friend of the court. The state Attorney General's Office intervened also on behalf of the plaintiffs and other consumers.

The ruling marks the first time a New Jersey court has addressed the question of whether rent-to-own companies must obey state and federal consumer protection laws. Nationwide, the billion-dollar industry has resisted regulation, defending itself against accusations that it gouges the poor.

This month, Wisconsin's highest court ruled that rent-to-own companies are subject to consumer laws. Courts in other states have ruled in the industry's favor.

The New Jersey ruling could spell trouble for the more than 50

rent-to-own stores statewide, most of them located in inner cities and poor communities. Nancy Erickson, a spokeswoman for the state Consumer Affairs Division, said the New Jersey Attorney General's office is reviewing the ruling to decide whether it calls for any immediate enforcement action.

Representatives of Continental Rentals were unavailable Tuesday, but Robert Moore, president of the New Jersey Rental Dealers Association, predicted a fight in the higher courts. "I'm sure it's going to be appealed," he said.

Rent-to-own stores rent appliances and furniture on a weekly or monthly basis. Renters may eventually gain ownership, but often wind up paying two to five times the original purchase price of the product. "It's a way to buy a \$200 television for \$1,000," Fogerty said.

Judge Alterman rejected Continental's argument that the difference between the cash price it charges for products and the cost to customers after all monthly installments was payment for "leased services."

"There are no services," the judge wrote in his opinion. "This is interest." Alterman said the interest rates far exceed the state's 30 percent limit and "constitute an unconscionable practice."

The suit was filed in 1990 by the Passaic County Legal Aid Society on behalf of two consumers who paid equivalent annual rates of up

to 148 percent.

One plaintiff, Iris Green, spent some \$3,300 in monthly payments, not counting taxes and fees, for living room furniture, a stereo, a freezer, a washing machine, a dinette set, and two end tables before Continental repossessed the items. Had she kept up with the installments, she would have paid more than \$6,600 for products with a cash price of \$2,800.

Madeline Houston, the Legal Aid attorney who handled the case, said Green had fallen behind because of illness. "They came in and said, 'You have to give it back.'"

Moore, who owns Prime Time Rentals in South Jersey, said the industry is not selling goods on credit. Unlike lease arrangements or buying on credit, he said, rent-to-own customers assume no debt if they stop making payments.

Customers can return products at any time without obligation, he said. "That feature drives up cost, because the stuff comes back used and has to be refurbished or discounted."

Houston said the companies exploit low-income consumers who believe they have no alternative.

"They're doing no more of a favor than the loan shark industry was doing for people who couldn't get credit," Houston said of rent-to-own merchants. "The fact that people are in need does not give you a right to take advantage of them."

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Rent-to-own seeks legal price gouging

Poor people shouldn't have to pay more

The powerful passel of lobbyists shilling for the rent-to-own industry shouldn't bully state lawmakers into giving them a pass on the state's consumer-protection laws.

Politicians must reject an attempt by the industry to legalize the price-gouging of consumers who can't afford to buy household items with cash and don't qualify for credit cards.

A shameful bill would amend the state's Consumer Fraud Act and enable the industry to bypass consumer-protection laws every other merchant must follow. It must die.

Lawmakers should throw their support behind a bill to make New Jersey's rent-to-own industry subject to the state's 30 percent interest cap in retail-credit sales.

That bill "makes clear what the courts are in the process of already concluding," says co-sponsor Assemblyman Richard Bagger, R-Union, Somerset, Middlesex and Morris, "That these contracts are retail-sales installment-sales contracts" and thus, subject to the interest ceiling all other New Jersey merchants must follow.

Leaders of the rent-to-own industry are itchy because recent court rulings — in particular a multimillion judgment in a Camden County case — haven't been in their favor. They need this legislation to pass because judges are recognizing rent-to-own stores are retailers and should be subject to limits on the interest they charge.

Rent-to-own advocates argue that what happens in a rent-to-own store is a unique transaction and shouldn't be subject to the same kinds of consumer protections as regular purchases. Michael Turner of East Rutherford-based The MWW Group, which is lobbying for the rent-to-own industry, claims the stores aren't charging interest, but rather for services such as delivery, maintenance and the right to return the item at any time with no penalty. "It's not a credit sale," he says.

That argument puts form over substance. There ought to be a law against charging the most vulnerable of consumers as much as triple the interest most consumers pay. The state should ensure grasping business people can't prey on the poor.

One of life's inequities is that it costs more money to be poor than middle class — for everything from cashing checks to buying car insurance. Elected leaders can ease the gap.

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Rent-to-own industry still wants protection

Last year, the rent-to-own industry lost its effort to have the Legislature legalize the gouging of low-income customers that New Jersey courts have held to be a violation of the Consumer Fraud Act.

This year they're back with a coalition, the Alliance for Consumer Rental Options, heavyweight lobbyists and a new and misleadingly named New Jersey Rental-Purchase Consumer Protection Act. The bill had a hearing Thursday before an Assembly committee and will be discussed Monday by a Senate Committee.

The new draft does tighten requirements for disclosing the terms of rent-to-own deals before customers sign them. It does limit the cost of any agreement to twice the purchase price of the product. But it still appears to be an effort to protect operators of these businesses from the kind of class-action lawsuit in which rent-to-own consumers in southern New Jersey won a \$120 million settlement.

The Senate and Assembly bills would exempt the state's 56 rent-to-own operators from the Retail Installment Sales Act and the Criminal Usury Law, which caps annual percentage rates at 30 percent. They allow rent-to-own operators to set an above-market price for an item and then require customers to pay double that amount in payments to own it.

This legislation would legalize a system in which rent-to-own businesses can charge over four times the actual value of such items as refrigerators, TVs and VCRs. Requiring that customers be told how badly they're being had is not an acceptable trade-off for legalizing such rip-offs. These bills should be fed to a paper-shredder.

A time when legislators sneak things through



E D I T O R I A L S

Eleventh hour in Trenton

A time when legislators sneak things through



Sunday, January 11, 1998

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THIS has been a busy time for the lame-duck Legislature, and with the current two-year session set to end officially on Tuesday, things are proceeding at breakneck speed. But it's more than just efficiency that's fueling this pace. Lawmakers are trying to ram through some controversial measures that should be debated much more slowly and carefully. Here are three of them:

Rent to own. In an attempt to survive in New Jersey, the "rent to own" industry is trying to push a bill through the Legislature that would legalize the exorbitant rates it charges customers.

After heavy lobbying, the Senate passed this dubious measure last week, and the Assembly is expected to vote on it tomorrow during the final hours of the current legislative session. Assembly members should resist the pressure from the rent-to-own industry and reject it.

Customers who deal with rent-to-own stores, which are often located in poor neighborhoods, make weekly or monthly cash payments for appliances and furniture that can take years to pay off. They often have little cash and no credit, and usually end up paying several times the normal retail cost of the appliance.

In recent years, several New Jersey judges have found major problems with rent-to-own practices. Last month, a Superior Court judge in Camden issued a \$100 million judgment in a class-action suit against Rent-A-Center, the largest chain in the state. The judge said the failure to disclose the full cost of items violates state consumer protection laws.

A Superior Court judge in Passaic County said rent-to-own sales are totally illegal because state law forbids interest rates higher than 30 percent. The stores say the charges are leasing fees, not interest rates.

Another class-action lawsuit was filed in Camden in November, this time against Renters Choice, another

national chain, alleging fraud and deception.

The rent-to-own industry is hoping the legislation pending in Trenton will protect it against future lawsuits. The bill requires disclosure of the total amount that customers will pay and caps how much an item can ultimately cost. But critics say even if customers know how much they are paying, the prices still amount to highway robbery.

Any effort to legitimize a business that charges such exorbitant rates should be considered thoroughly, not in the rush to adjourn. If supporters of rent-to-own had wanted legislation that would have protected the customer as well as the industry, they would have brought it much earlier, at a time when it could have been debated fully and publicly.

Pay hike. The Legislature is in the process of giving itself a 28 percent pay raise, which would increase lawmakers' salaries to \$45,000 a year.

This is the first raise they would get in 10 years, and it is not unreasonable. But lawmakers are not taking any chances that the public might think otherwise. They had John Ewing, a senator who is retiring -- and won't have to take any heat for it -- sponsor the salary increase measure, and he did it on Thursday night after almost everyone had gone home. It is likely to be voted on tomorrow.

Talks among legislators up to now about the pay raise have been largely private. Why the secrecy? What are they so worried about -- that the public might think they are not doing a good job?

The pay raise debate should be put off until the new legislative session begins Tuesday afternoon.

Milk prices. The Assembly is scheduled to vote tomorrow on a bill that would raise the price of a gallon of milk by up to 20 cents. The bill passed the Senate last week.

The bill is meant to protect New Jersey's 205 remaining dairy farmers with regional price supports that would be available to a cartel of Mid-Atlantic and New England milk producers.

But critics say the higher prices would hurt schoolchildren, people on food stamps, and those on fixed incomes. They also say that since most milk sold in New Jersey is produced elsewhere, the state's farmers would receive only \$1 of every \$5 raised by the higher prices.

This is a complex issue that should not be rushed through. It affects almost everyone in New Jersey and it deserves more careful discussion.

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OUR OPINION

Will Assembly issue a license to steal?

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On its face the bill sponsored by Sens. John Scott, R-Lyndhurst, and Wayne Bryant, D-Lawnside, comes close to authorizing unarmed robbery of those too poor to just go out and buy refrigerators, television sets and VCRs.

The customers instead sign rent-to-own contracts at rates of interest approaching 100 percent. The state's criminal usury law caps annual interest rates at 30 percent.

This shameful bill was introduced at the request of the New Jersey Rental Dealers Association, representing 56 rent-to-own outlets in the state. The association is a client of lobbyist Dale Florio of Montgomery, the Somerset County Republican chairman, and contributed to the political action committees headed by Republican leaders.

Our position

The Assembly must reject A-2062, a bill that would legalize exploitation of poor customers by rent-to-own stores charging interest that approaches 100 percent a year.

But the New Jersey Rental-Purchase Consumer Protection Act flies a phony flag, according

to New Jersey Public Interest Research Group Citizen Lobby, the Consumers League of New Jersey and the National Association for the Advancement of Colored People.

The bill clearly was drafted as a cure for three recent Superior Court rulings that found rent-to-own merchants were violating state consumer fraud laws. One class-action suit resulted in a \$120 million fine against the industry.

Neil Fogarty, president of the Consumers League, calls it the worst bill he has seen in 20 years of consumer-protection efforts. "This legalizes what rent-to-own stores do now. The only difference is if it becomes law, they will be able to rip off New Jersey citizens with the approval of New Jersey government."

The bill would exempt the rent-to-own industry from both the usury and retail installment sales laws. It also would allow rent-to-own operators to set an artificially high "cash price" for an item and double that amount in total installment payments — charging customers more than four times an item's market value.

To their discredit, all four Central Jersey senators voted yes: Sen. Bill Schluter, R-Pennington, Sen. Jack Ewing, R-Bedminster, Senate President Donald DiFrancesco, R-Scotch Plains, and Senate Majority Leader John Lynch, D-New Brunswick.

Sen. Raymond Lesniak, D-Elizabeth, former state Democratic chairman, also joined the mostly GOP majority. Significantly, Sen. William Gormley, R-Margate, chairman of the Senate Judiciary Committee, voted no. Only he seems to have shaken free of the dubious influences that persuaded a bare majority to issue, by a 21-14 vote, what amounts to a license to steal.

The Assembly is scheduled to vote on the bill Monday. It should reject S-2062. Instead, it should support the bill sponsored by Assemblyman Richard Bagger, R-Westfield, requiring rent-to-own stores to abide by the New Jersey Retail Installment Act.

We will be printing a dishonor roll of Central Jersey Assembly members who vote for this bill as soon as the tally sheet becomes available. If the Assembly approves it, Gov. Christie Whitman can save New Jersey a great deal of embarrassment by vetoing what is plainly an effort to legalize exploitation of the poor.

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A bad case of 'buyer beware'

Consumer reporters have recently exposed a new scam that preys on low-income families who don't have enough money to get credit cards or bank loans. This is a truly bad deal. It involves household appliances and what the retailers like to call "lease-to-own" contracts. When the hapless buyers finally own their washers or stoves, they may have paid up to 300 percent in interest. In one documented case, a \$200 portable washer cost more than \$1,000.

How do these operators get away with this rip-off in a state where it's literally criminal to charge interest of more than 30 percent on installment sales? The lease-to-own appliance dealers claim their transactions are not installment sales, but rental contracts and therefore exempt from state usury laws.

By writing the contracts on a week-to-week basis, instead of month-to-month, the dealers also escape federal laws requiring full disclosure of interest rates and total interest costs. The customers, mostly poor city dwellers, aren't ever told how costly their "leased" appliances will turn out to be.

The argument that these deals are rentals and not sales is a flimsy fiction. State consumer officials should be ashamed of letting appliance retailers get away with it. The state Division of Consumer Affairs should immediately bring suit to establish that lease-to-own sales are actually installment sales, subject to usury limits and disclosure requirements.

In addition, a pending bill legitimizing this unsavory practice should be withdrawn. Republican Assemblymen John Penn of Far Hills and Robert Martin of Morris Plains have sponsored a bill that purports to require interest-rate disclosure in lease-to-sale contracts. The bill mandates some limited disclosure but it also legalizes a practice that should be unequivocally outlawed.

The Consumers League of New Jersey, with the informal support of the state Office of the Public Advocate, has asked Mr. Penn and Mr. Martin to pull back their bill. That should happen promptly. In addition, Attorney General Cary Edwards should order his Division of Consumer Affairs to challenge these outrageous lease-to-own schemes in court.

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Buying a sofa the hard way

A hearing is scheduled this week in Trenton on a bill that would legitimize the practices of the "rent-to-own" industry. Such businesses lease all kinds of furniture and appliances to their customers, who pay for them by the week. That means a person with limited ready cash and no credit cards can pay as little as \$11 a week and have the immediate use of such necessities as a washing machine or a refrigerator or a couch. Eventually, if enough payments are made, the renter owns the couch. It sounds reasonable so far.

But the trouble is, so many weekly payments are required that it often ends up costing two, three, or four times as much as it would if purchased in a retail store. If even one payment is missed, the rent-to-own people may suddenly show up and take back the television or freezer or living room set. At that point, the customer's whole investment, hundreds or even thousands of dollars, may be lost — even if enough had been paid to own the merchandise twice over.

A Paterson woman says she paid almost \$4,000 over time for furniture and appliances to fill her apartment after a fire. When her payments fell behind because she was hospitalized for a heart condition, it was all taken away — on the day she came home from the hospital. The total retail value of the furniture was almost \$2,800, the woman says. Had she made all the required payments, however, she would have paid almost \$6,700 for it. She is suing the

rent-to-own company to recoup some of her investment.

The Consumers League of New Jersey says rent-to-own customers are in effect paying interest rates of 100 to 200 percent or more. Under New Jersey law, the most interest a retailer can charge is 30 percent a year. The industry claims the payments represent rental fees, not interest, and are therefore not subject to state usury law.

The bill now in the Assembly, co-sponsored by Assemblyman Robert J. Martin, R-Morris Plains, would still exclude the industry from the 30 percent interest ceiling. Although it would also require divulging the actual cash cost of an item and the final cost once all payments are made — information hard to come by at present — the measure shouldn't pass. Much stronger regulation of the rent-to-own industry is needed.

Located largely in low-income neighborhoods, rent-to-own dealers say they provide merchandise to people who couldn't otherwise afford it. That's true. It's also true they cruelly penalize the poor, who end up paying far more for their furniture and appliances than other consumers. The Consumers League says a bill is in the works that would classify rent-to-own as a retail industry, subject to the state interest-rate ceiling and to repossession rules that protect consumers' investments. Such a bill would deserve support.

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A bad case of 'buyer beware'

Consumer reporters have recently exposed a new scam that preys on low-income families who don't have enough money to get credit cards or bank loans. This is a truly bad deal. It involves household appliances and what the retailers like to call "lease-to-own" contracts. When the hapless buyers finally own their washers or stoves, they may have paid up to 300 percent in interest. In one documented case, a \$200 portable washer cost more than \$1,000.

How do these operators get away with this rip-off in a state where it's literally criminal to charge interest of more than 30 percent on installment sales? The lease-to-own appliance dealers claim their transactions are not installment sales, but rental contracts and therefore exempt from state usury laws.

By writing the contracts on a week-to-week basis, instead of month-to-month, the dealers also escape federal laws requiring full disclosure of interest rates and total interest costs. The customers, mostly poor city dwellers, aren't ever told how costly their "leased" appliances will turn out to be.

The argument that these deals are rentals and not sales is a flimsy fiction. State consumer officials should be ashamed of letting appliance retailers get away with it. The state Division of Consumer Affairs should immediately bring suit to establish that lease-to-own sales are actually installment sales, subject to usury limits and disclosure requirements.

In addition, a pending bill legitimizing this unsavory practice should be withdrawn. Republican Assemblymen John Penn of Far Hills and Robert Martin of Morris Plains have sponsored a bill that purports to require interest-rate disclosure in lease-to-sale contracts. The bill mandates some limited disclosure but it also legalizes a practice that should be unequivocally outlawed.

The Consumers League of New Jersey, with the informal support of the state Office of the Public Advocate, has asked Mr. Penn and Mr. Martin to pull back their bill. That should happen promptly. In addition, Attorney General Cary Edwards should order his Division of Consumer Affairs to challenge these outrageous lease-to-own schemes in court.

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Buying a sofa the hard way

A hearing is scheduled this week in Trenton on a bill that would legitimize the practices of the "rent-to-own" industry. Such businesses lease all kinds of furniture and appliances to their customers, who pay for them by the week. That means a person with limited ready cash and no credit cards can pay as little as \$11 a week and have the immediate use of such necessities as a washing machine or a refrigerator or a couch. Eventually, if enough payments are made, the renter owns the couch. It sounds reasonable so far.

But the trouble is, so many weekly payments are required that it often ends up costing two, three, or four times as much as it would if purchased in a retail store. If even one payment is missed, the rent-to-own people may suddenly show up and take back the television or freezer or living room set. At that point, the customer's whole investment, hundreds or even thousands of dollars, may be lost — even if enough had been paid to own the merchandise twice over.

A Paterson woman says she paid almost \$4,000 over time for furniture and appliances to fill her apartment after a fire. When her payments fell behind because she was hospitalized for a heart condition, it was all taken away — on the day she came home from the hospital. The total retail value of the furniture was almost \$2,800, the woman says. Had she made all the required payments, however, she would have paid almost \$6,700 for it. She is suing the

rent-to-own company to recoup some of her investment.

The Consumers League of New Jersey says rent-to-own customers are in effect paying interest rates of 100 to 200 percent or more. Under New Jersey law, the most interest a retailer can charge is 30 percent a year. The industry claims the payments represent rental fees, not interest, and are therefore not subject to state usury law.

The bill now in the Assembly, co-sponsored by Assemblyman Robert J. Martin, R-Morris Plains, would still exclude the industry from the 30 percent interest ceiling. Although it would also require divulging the actual cash cost of an item and the final cost once all payments are made — information hard to come by at present — the measure shouldn't pass. Much stronger regulation of the rent-to-own industry is needed.

Located largely in low-income neighborhoods, rent-to-own dealers say they provide merchandise to people who couldn't otherwise afford it. That's true. It's also true they cruelly penalize the poor, who end up paying far more for their furniture and appliances than other consumers. The Consumers League says a bill is in the works that would classify rent-to-own as a retail industry, subject to the state interest-rate ceiling and to repossession rules that protect consumers' investments. Such a bill would deserve support.