

Arizona Advocates Urge Governor Ducey to Safeguard CARES Act Stimulus Funds from Creditors and Debt Collectors

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Tucson, AZ – Arizona consumer organizations and community leaders are calling on Governor Ducey to take immediate action to protect CARES Act stimulus payments from being drained out of Arizonans' bank accounts to pay creditors and debt collectors.

The groups, led by the Center for Economic Integrity, first wrote Governor Ducey on April 3 [1] requesting action to protect vulnerable consumers during the economic crisis created by the Covid-19 pandemic. Yesterday's follow-up letter [2] specifically calls for the Governor to issue an Executive Order halting collection of debt payments and garnishments from bank accounts and to stop the repossession of consumers' vehicles by lenders.

Advocates are also urging Attorney General Brnovich to build on his early letter requesting financial institutions to assist consumers [3].

"Arizona families hard hit by job losses and shelter-in-place orders desperately need every penny of federal CARES Act payment that is being deposited into their accounts," said Kelly Griffith, Executive Director of the Center for Economic Integrity. "Federal taxpayer funded stimulus payments should not go to pay garnishment orders or judgments. This money is a lifeline for basic necessities like food and housing. Stimulus money should go back into the local economy where it will have a multiplier effect and help small businesses." she added.

Advocates also urged the Governor to stop predatory lenders from charging triple-digit rates for loans and to remove car title lenders, debt collectors and illegal payday lenders from his list of essential services.

"During this crisis, no lender should be allowed to gouge desperate borrowers by charging rates up to 204% APR for title or "registration" loans or up to 160% APR for online installment loans made by unlicensed 'rent-a-bank' lenders," said Cynthia Zwick, Executive Director of Wildfire, "All lenders operating during the crisis should be bound by Arizona's 36% annual rate usury cap for loans up to \$3,000 and 24% for larger loans that was upheld by voters in rejecting Prop 200 in 2008."

Advocates expressed appreciation for Governor Ducey’s orders to stop evictions and foreclosures, but called on him to take action to specifically help low-and-moderate income families who are hardest hit by the loss of jobs and who have no financial margin of error.

Groups noted research showing that even before this crisis, 34 percent of all Arizonans and 50 percent of communities of color had a debt in collections, while the poverty rate in Arizona is 14 percent. Almost a half million households in Arizona are considered “underbanked” by the FDIC, meaning that although they have a bank account, these families use check cashers, title lenders, and other forms of alternate financial services.

In spite of Attorney General Mark Brnovich’s [March 19 tweet](#) *“I am urging all financial and lending institutions who serve Arizonans to provide temporary and economic security to their customers in financial hardship during this unprecedented health emergency”* and letter [4], faith community leaders are reporting that title lenders are aggressively engaged in collecting on-time payments under threat of vehicle repossession [5]. *“This is unconscionable, and speaks to the nature of these predatory institutions. We need our state government officials to take decisive action and safeguard these vital stimulus funds on behalf of all Arizonans”* **said Kelly Griffith.**

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Resources:

- [1] [Letter to Governor Ducey and Christina Corieri, Acting Superintendent of the Department of Financial Institutions, re: “Financial Protections for Consumers During COVID-19”](#) | April 3, 2020
- [2] [Letter to Governor Ducey, re: “Emergency Action Needed to Safeguard CARES Act Deposits from Debt Collectors”](#) | April 14, 2020
- [3] [Letter to Attorney General Brnovich, re: “Protecting Consumers in Covid-19 Crisis”](#) | April 13, 2020
- [4] [Letter from Attorney General Brnovich to Financial and Lending Institutions Serving Arizonans](#) | March 19, 2020
- [5] [Pastors' Letter to Arizona Governor Ducey re: Title loans and COVID-19](#) | dated March 27, 2020