

Senate Banking and Financial Institutions Committee
Members
2005-2006

Senator Bill Hamrick, 30th, Chairman
301 Bradley Street
Carrollton, Georgia 30117

Senator Bill Stephens, 27th,
Vice-chairman
P. O. Box 440
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Senator Ralph Hudgens, Secretary
P. O. Box 534
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Senator John Bulloch
3554 Bulloch Road
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Senator Casey Cagle – Ex Officio
P. O. Box 7067
Chestnut Mountain, Georgia 30502

Senator Ed Harbison
P. O. Box 1292
Columbus, Georgia 31902

Senator Steen Miles
P. O. Box 360961
Decatur, Georgia 30036

Senator Nancy Schaefer
P. O. Box 294
Turnerville, Georgia 30580

Senator David J. Shafer
4231 Pleasant Hill Road, Suite B
Duluth, Georgia 30096

Senator Terrell Starr - Ex Officio
2735 Edgewater Court
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Senator Steve Thompson
1170 Longwood Drive
Marietta, Georgia 30008

Senator Tommie Williams - Ex Officio
148 Williams Avenue
Lyons, Georgia 30436

Senate Banking and Financial Institutions Committee
2005-2006
Rules of Operation

1. These Committee Rules of Operation shall be consistent with Senate Rule [2-1.5] regarding establishment of Rules of Operation.
2. All meetings of the Committee shall be open to the public in accordance with Senate Rule [1-5.1.].
3. The Committee shall meet at the time and place designated by the Secretary of the Senate and approved by the Committee on Administrative Affairs.
4. Quorum shall be seven (7) members. [2-1.8].
5. The Chairman shall determine bills and resolutions to be considered and the order in which such are called.
6. The Chairman shall have the authority to refer bills and resolutions to subcommittees for study. Such subcommittees shall have the authority to make recommendations to the full committee. All actions of any subcommittee shall be approved or disapproved by the standing committee. [2-1.5(b)].
7. The Committee shall convene, recess, and adjourn upon the order of the Chairman.
8. Committee rules may be amended by a two-thirds vote of the full membership of the Committee.
9. A bill, resolution, or other matter shall be considered only after presentation by its principal author or his or her designee. The principal author shall be notified in writing at his or her Capitol office no less than twenty-four (24) hours prior to the scheduled presentation. In the event more than one member of the General Assembly has signed a measure, the principal author shall be the one whose name appears first in the list of authors. [2-1.9].
10. Precedence of motions shall be as sets out in Senate Rule [2-5.3].
11. The proceedings of all meetings shall be reduced to writing. The recording of the minutes of the committee and subcommittee meetings shall comply with Senate Rule [2-1.7(d)].
12. Any member or members of the committee who disagree with the majority

committee report shall have the privilege of filing a minority report. The minority report must state succinctly the reasons for the dissent.

13. Where the rules are silent on a specific issue, the Rules of the Senate shall apply.

Minutes
Senate Banking and Financial Institutions Committee
January 24, 2005

The Senate Banking and Financial Institutions Committee held its first meeting of the 2005 Session of the General Assembly on January 24, 2005 in Room 450 of the Capitol. Chairman Hamrick, 30th, called the meeting to order at 3:30 p.m.

Members attending the meeting were Chairman Hamrick, 30th, Senator Hudgens, 47th, Secretary, Senator Bulloch, 11th, Senator Harbison, 15th, Senator Cagle, 49th, Senator Miles, 43rd, Senator Schaefer, 50th, Senator Shafer, 48th, Senator Thompson, 33rd, and Senator Williams, 19th.

Chairman Hamrick opened the meeting by welcoming the members and guests. He asked each committee member to introduce themselves and briefly tell a little about themselves. Chairman then introduced the staff that will be working with the committee which included: Jeff Breedlove, Senate Research, Rick Russell, Legislative Counsel, Traci Bone, Attorney who will be working on banking issues, Julie Reagan, Senate Committee Aide, Misty Holcolmb, Senate Information, and Mary Whiting, Senate Committee Secretary.

Chairman asked that some of the visitors stand and introduce themselves as well. They included Joe Brannen, Georgia Bankers, Cathy Miller, Omni group representing Wachovia, Steven Bridges, Community Bankers, Brian and Hayden Fiveash, David Sorrell, Banking Commissioner, Mo Thrash, Mortgage Bankers, Elizabeth Chandler, Georgia Bankers, and representatives from the OPB, Credit Union, Citigroup, Georgia Association of Mortgage Brokers, and representatives from the Senate Majority Leaders' office. Chairman stated that he looks forward to working with everyone.

Chairman Hamrick asked the Committee to consider the Banking Committee Rules in detail. Since the Committee has 12 members this year, the Committee quorum needed to be raised from five members to seven. (Rule # 4) After discussion Senator Cagle moved "Do Pass as amended". Senator Bulloch seconded. Motion passed unanimously.

There being no further business, Chairman Hamrick adjourned the meeting at 3:50 p.m.

Respectfully submitted,

/s/ Senator Ralph Hudgens, 47th
Secretary

/s/ Mary Whiting
Recording Secretary

Minutes
Senate Banking and Financial Institutions Committee
February 8, 2005

The Senate Banking and Financial Institutions Committee held its second meeting of the 2005 Session of the General Assembly on February 8, 2005 in Room 125 of the Capitol. Chairman Hamrick called the meeting to order at 3:30 p.m. Members present were Chairman Hamrick, 30th, Senator Stephens, 27th, Senator Hudgens, 47th, Senator Bulloch, 11th, Senator Cagle, 49th, Senator Miles 43rd, Senator Shafer, 48th, Senator Schaefer, 50th, Senator Starr, 44th, Senator Thompson, 33rd, and Senator Williams, 19th.

SB 82 (Sen. Hamrick, 30th) Financial Institutions; supplement definitions; personnel policies.

Chairman Hamrick introduced David Sorrells and Leslie Bechtel from the State Department of Banking to the Banking Committee and guests. Mr. Sorrells introduced **SB 82** briefly as the Banking Housekeeping Bill and stated that Ms. Bechtel from the Department of Banking would go through the bill in detail to explain each section. He stated that there is a Substitute for **SB 82** from which they will be working which corrects a few errors which were found in the original bill. Ms. Bechtel spoke in detail regarding each section of the bill. After a short period of questions to Mr. Sorrells and Ms. Bechtel, Senator Cagle, 49th, moved "Do Pass by Substitute" and Senator Thompson, 33rd, seconded. Motion passed unanimously.

SB 100 (Sen. Hamrick, 30th) Georgia Residential Mortgage Fraud Act; define offense; provide penalties.

Chairman Hamrick introduced State Attorney General Thurbert Baker and stated that he had invited him to come to the meeting to speak in regard to mortgage fraud in Georgia. Attorney General Baker then stated that he brought Mr. David McLaughlin, Senior Prosecutor for the State with him to speak or answer questions regarding mortgage fraud as well. Attorney General Baker stated that mortgage fraud and flipping are a huge problem in Georgia, and Atlanta is the number one focal point for this fraud. He stated that **SB 100** creates a new crime which is mortgage fraud. He spoke at length about the problem in the state. He stated that the bill defines this crime as intentional, an intent to defraud. It will provide for a \$100,000 fine and 3-20 years in prison.

Senator Harbison, 15th arrived at the meeting at 4:15 p.m. Senator Cagle, 49th, Starr, 44th, and Thompson, 33rd left the meeting at 4:25 p.m. in order to attend the Senate Finance Committee at 4:30 p.m.

Attorney General Baker stated that illegal immigrants are increasingly involved as well as organized crime. Those speaking for the bill were Cathy Makley, Wolf Creek Subdivision, Wright Davis, Ron Jayson, and Steve Jordan of the Georgia Real Estate Investors Association, and Kim Raymond, Senior Citizens Advocacy Project. Mr. Steven Bridges of the Community Bankers commended the Committee for addressing this problem.

Chairman Hamrick stated that there would be no action taken on the bill at this time, but that the bill will be heard in Committee again in the near future. They would address the issues that have been raised at that time. He thanked everyone for their attendance.

There being no further business, Chairman Hamrick adjourned the meeting at 5:15 p.m.

Respectfully submitted,

/s/ Senator Ralph Hudgens, 47th
Secretary

/s/ Mary Whiting
Recording Secretary

Minutes
Senate Banking and Financial Institutions Committee
February 15, 2005

The Senate Banking and Financial Institutions Committee held its third meeting of the 2005 Session of the General Assembly on February 15, 2005 in Room 125 of the Capitol. Chairman Hamrick called the meeting to order at 3:35 p.m. Members present were Chairman Hamrick, 30th, Miles 43rd, Shafer, 48th, and Schaefer, 50th. He stated that although he did not have a quorum, he would begin the hearing, since several of the senators were in other committee meetings and would be arriving shortly. Senators Harbison and Thompson were excused.

SB 100 (Sen. Hamrick, 30th) Georgia Residential Mortgage Fraud Act; define offense; provide penalties.

Chairman opened the meeting with a short review of the last meeting in that Attorney General Baker spoke on mortgage fraud. He stated that at this meeting Linda Finley will give viewpoints from a private perspective as a prosecutor. Mortgage bankers will speak from a lenders perspective. Georgia is number one in mortgage fraud. Chairman Hamrick asked Ms. Finley if the prosecutors have a problem with the language in **SB 100**, and she stated that they have no problem with it.

Senator Bulloch, 11th arrived at the meeting.

Chairman Hamrick stated that the bankers, mortgage lenders, and brokers are all satisfied with the language of the bill.

Senator Hudgens, 47th, arrived at the meeting.

Mr. Ron Jason spoke against the bill and presented and explained his substitute for the bill. He stated that he represents the Georgia Real Estate Investors Association. He requested that the RICO provision be removed from the bill. Senator Miles asked Mr. Jason what would make this bill a great bill. Mr. Jason stated to remove RICO.

Senator Cagle, 49th arrived at the meeting.

Senator Miles stated that she represents S. E. DeKalb and Rockdale and is very interested in the bill because of all the mortgage fraud in her district.

Senator Hudgens and Senator Bulloch recommended a few minor word changes in the original bill. Senator Cagle moved "Do Pass by Substitute," and Senator Hudgens seconded.

Motion passed unanimously.

There being no further business, Chairman Hamrick adjourned the meeting at 5:30 p.m.

Respectfully submitted,

/s/ Senator Ralph Hudgens, 47th
Secretary

/s/ Mary Whiting
Recording Secretary

Minutes
Senate Banking and Financial Institutions Committee
July 28, 2005

A meeting of the Senate Banking and Financial Institutions Committee was held on Thursday, July 28, 2005 at 10:30 a.m. in Room 450 of the Capitol. Members attending the meeting were Senator Bill Hamrick, Chairman, Senator William Stephens, 27th, Vice Chair, Senator Ralph Hudgens, 47th, Secretary, Senator Steen Miles, 43rd, Senator Nancy Schaefer, 50th, Senator David Shafer, 48th, Senator Terrell Starr, 44th, and Senator Steve Thompson, 33rd.

Chairman Bill Hamrick called the meeting to order at 10:40 a.m. He stated that the Atlanta Journal and Constitution had a feature section back in the winter on Borrowing in Georgia. He stated that he has done a lot of research on the pawn industry, and he has looked at bills from other states which were modeled on the South Carolina legislation.

Chairman Hamrick asked the members of the Committee to introduce themselves to the guests at the meeting, and then asked Senator Steen Miles to present her reasons for introducing [SB 198](#). Senator Miles stated that she had also seen the news article in the AJC which outlined the pawn industry abuses. As a Freshman legislator she tried to address these egregious things in [SB 198](#). She stated that in her bill she wants to change the interest rate from 300% to 60%. She also wants to make certain the vehicle returns to the debtor. She hopes to be a voice for the voiceless people, and to do the right thing for the working people who need us.

Chairman Hamrick stated that he had a long list of 21 people who had signed up to speak before the Committee, and that he hoped everyone would keep their presentation to 5 minutes and that he would stay until 12:30 and wanted everyone to have a chance to speak. He also asked that if there were more than one person representing a company or organization for them to choose one person to speak for their group.

First to speak was John Evans from Operation Lead. He stated that this industry is predatory and preys on the poor people to take advantage of those who need help. He stated that this is in a sense theft by taking by charging these poor people 300% interest. He wants the Committee to tone down and regulate this industry. They are taking advantage of these people. The government must step in. Why does the industry need to take the car and not return proceeds of the car?

Chairman Hamrick called upon Mr. John Robinson, Chief Operating Officer for Title Max to speak to the hearing. He stated that he has a Bachelor's degree from W. & L, M. B. A. from Dartmouth, and he has worked for Morgan-Stanley. He described the operations of Title Max as well as the average or typical loan for \$300. He stated that they pay them back in 6 or 7 months for 7 payments of \$62.00. He made a 20 minute

presentation about Title Max. Senator Hudgins asked why [SB 198](#) would put them out of business as Florida and South Carolina had done.

Senator Miles asked Mr. Robinson to describe the typical loan.

Scott Landrum declined to speak.

Next to speak was Penny Netherton from Great American Title Pawn. She stated that they had to charge off less than 25% of their loans. Repossessions are less than 10%, because it costs \$200 to pick up a car that is being repossessed. She described her customers as high risk and the rates are because of this as well as the quick service. She said they would not victimize soldiers. Senator Hudgins and Senator Miles asked a few questions of her.

Senator Hamrick next called upon John Thomas of the United Pawn Council. He described their business and stated that if the rate is cut to 5% they will go out of business. He said they do not get their principal back, because the cars are not in workable condition.

The next speaker was Angela Caldwell. She was a customer of Title Max and had a good experience in paying back the pawn.

Gregory Allen Cox spoke from Title Max.

Laurie Chilton spoke from Title Exchange. She resents being called working poor or unsophisticated poor. She said the banks would not talk to her and Title pawn was the only option she has for emergency situations.

Walter Poe from Title Exchange spoke and stated that title pawn fills a void but some regulations need to be made.

Danny Orrock from Georgia Watch spoke. They are the leading consumer watchdog. He brought with him Sharon Jones to describe her experience with Title Max. Ms. Jones borrowed \$500 in May, 2003. Two years later she has paid \$1365 and still owes \$582 after two years of interest only debt. She has retained an attorney Mr. Sid Moore to assist her. Mr. Orrock stated that he doesn't want to shut down the business, but it is a web of debt and needs licensing oversight and installment plan payments. Mr. Orrock recommended an installment plan for payments as well as oversight and licensing by the Secretary of State. He stated that he does not want to shut down the business, but he would like to see changes.

Senator Hudgins questioned Mr. Orrock regarding the regulatory body for consumers and stated that this is a very risky product as it stands at present. Consumers have nowhere to

turn and there needs to be a license division for title pawn. He also mentioned that a consumer could get a \$500. title loan on a \$3,000 vehicle.

Next to speak was Will Moore, an attorney with Wiseman and Zucker, P. C. He served poor at Georgia Legal Services. He stated the poor are taken advantage of because of their needs and feels the industry does not need to exist.

Chairman Hamrick called upon Elaine Evans to speak. She stated that her life was out of balance and she was forced to go to Title Pawn. She went to Countrywide Financial and has a huge debt.

Senator Thompson arrived at the meeting

Mike Moore from Atlanta Title Loans spoke. He stated that they have to charge off 36% of their loans. Their repossession rate is 5% or charge off is 3% per month. This represents 36% of the revenues that should be coming in. The average loan is 3 months.

Senator David Shafer left the meeting

Senator Stephens questioned forced principal reduction.

Chairman Hamrick called upon Eddie Barber to speak. He stated that these pawn companies are not companies of good character. We do have a problem and the industry needs to look at it.

Senator Schaefer mentioned that we need to have installment payments in Georgia.

Mike Moore stated that he would like to work with the legislation.

Reverend Jones stated that he is a minister but works for Title Max. He feels this is a resource to help the poor people. He charges off 1-2% of his business.

There being no further business the Chairman adjourned the meeting at 12:45 p.m.

Respectfully Submitted,

/s/ Mary Whiting
Recording Secretary

**Senate Banking and Financial Institutions Committee
July 28, 2005**

Speaking before the Committee:

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| 14. | Senator Bill Hamrick | |
| 15. | Senator Steen Miles | |
| 16. | John Evans | Operation Lead |
| 17. | John Robinson | Title Max |
| 18. | Penny Netherton | Great American Title Pawn |
| 19. | John Thomas | Title Pawn Lobbyist |
| 20. | Angela Caldwell | Title Max |
| 21. | Gregory Allen Cox | Title Max |
| 22. | Lori Chilton | Title Exchange |
| 23. | Walter Poe | Title Exchange |
| 24. | Danny Orrock | Georgia Watch |
| 25. | Will Moore | Attorney, Wiseman & Zucker, P. C. |
| 26. | Elaine Evans | victim of Countrywide Financial |
| 27. | Mike Moore | Atlanta Title Loans |
| 28. | Eddie Barber | Georgia State Bank Mortgage |
| 29. | Reverend Lionel T. Jones | Preacher and Title Max manager |

Others who signed in:

Louise Thomas	
Shawn Jones	Private Citizen
W. D. Wilbanks	Title Exchange
Angela Rooks	Title Exchange
Michael Riders	Fayette Daily News/Title Exchange
Cahterine Stewart	Title Max