WTE of September 25, 2015: "Payday loans can be a trap"
Casper Star Tribune of September 27, 2015: "Payday loans easy to find, tough to escape"

Last year, wanting to have a water-well drilled on my farmland but unable to cover the entire expense, I opted to borrow. Several big-name banks were sending offers of zero percent interest if paid in full within 12 months, with small origination fees and minimum monthly payments. Knowing I had grazing fees coming, I availed myself of one of these.

Banks, of course, assume (hope?) that borrowers will be unable to pay off the loans by the due date, at which point interest kicks in at 24 percent APR (annual percentage rate). I repaid my loan in a timely manner.

What did it cost me to borrow $5,000 for 12 months? One hundred dollars.

Compare this to the cost of payday loans. These loans, too, are aggressively promoted. Regrettably, they target the most vulnerable segment of our society. In our state, payday-loan borrowers are charged $60 and more, to borrow $100 for a mere two weeks.

The Wyoming Division of Banking has handed loan sharks license to steal. And steal the sharks do—from people who are desperate and poor.

Here is what the Division allows under Wy. Stat. 40-14-362 et seq.

For a maximum loan term of one calendar month, the finance rate is specified as "the greater of 20% per month" (or $30).

In addition, the finance charge on a 14-day loan of $100 is $30.

In other words, to borrow $100 for two weeks, indigent working stiffs in Wyoming shell out $60 at the least; often, the fees add up to a great deal more. Try an APR of 780%: This is what Wyoming state law allows. Wyomingites end up with second, third, and fourth loans to cover previous ones. Payday loans are simple to obtain, yet they're almost impossible to get rid of. And you wonder why Wyoming has the highest suicide rate in the country?

More than 15 states have banned payday loans outright. Not to be outdone, the loan sharks evade these states' caps on interest rates by setting up online operations in states like "hospitable" Wyoming.

Worse, the same banks that offer interest-free loans for twelve months to the likes of yours truly—JP Morgan, Chase, Bank of America, Wells Fargo—are the behind-the-scenes allies of internet-based payday thieves. It makes no difference to the banking giants that interest rates exceed 500 percent; they are the shadow helpers who make sure the thieves get to collect. In turn, banks pocket the overdraft fees when an account is delinquent, which it usually is. They even seize child-support payments.

Processing automatic withdrawals would seems an unlikely source of profits, but the banks know their customers are on shaky grounds financially; hence, withdrawals often set off cascades of overdraft fees, sometimes in the thousands of dollars. According to a report by the Pew Charitable Trusts, more than one-fourth of payday-loan borrowers acknowledge that the loans caused them to overdraw their accounts. Even big-name banks covet overdraft-fee incomes.

Some state and federal authorities say the banks' role in enabling these lenders has frustrated government efforts to shield people from predatory loans. The issue gained nationwide attention after reckless mortgage lending helped precipitate the 2008 financial crisis, yet the thievery continues today.

According to the Pew Charitable Trusts, about three million Americans obtained an Internet payday loan in 2010; by 2016, such loans will make up roughly 60 percent of the total payday loans. As of 2011, the volume of online payday loans was $13 billion, up more than 120 percent from $5.8 billion in 2006. A whole lot of desperate Americans are behind these figures.

Some state prosecutors have been doing battle to keep online lenders from illegally making loans to residents in states where the loans are restricted. Lori Swanson, Minnesota's attorney general, settled with Sure Advance L.L.C. over claims that the online lender was operating without a license to make loans with interest rates of up to 1,564 percent. In Illinois, Attorney General Lisa Madigan is investigating a number of online lenders.

The Arkansas attorney general has been targeting lenders illegally making loans in his state, but the internet firms are tough to fight. "There are layer upon layer of cyber-entities," he says. "Some are difficult to trace." He sued the operator of a number of online lenders on grounds they were breaking Arkansas law, which caps annual interest rates on loans at 17 percent.

The payday thieves also set up shop offshore. At industry conferences, payday lenders discuss the benefits of operating outside U.S. jurisdiction. Jer Ayler, president of the payday loan consultant Trihouse Inc., pinpointed Cancún, the Bahamas, even Costa Rica as fertile locales. Offshore means lawsuit protection—not to mention tax evasion.

The massive existence of loan sharks indicates, society is unraveling. Sadly, the process begins in Wyoming.