ACADEMIC DECEPTION

INTERNAL DOCUMENTS REVEAL HOW THE PAYDAY LENDING INDUSTRY IS FINANCING SO-CALLED "ACADEMIC" RESEARCH TO PROMOTE ITS AGENDA

CAMPAIGN FOR ACCOUNTABILITY

NOVEMBER 2015

EXECUTIVE SUMMARY

Campaign for Accountability's ("CfA") new report, Academic Deception, reveals how a payday lending industry trade association paid for and edited a controversial academic paper claiming that payday loans do not leave consumers trapped in cycles of debt.

Background

Payday lending is a $46 billion industry that is frequently reviled as burdening consumers with debts from which they cannot escape. The Consumer Financial Protection Bureau ("CFPB") has found most borrowers renew their loans so many times that they pay far more in fees than the amount of money initially borrowed, effectively trapping them in an endless cycle of debt.

Aware that the CFPB would eventually seek to regulate payday lending, the industry has ramped up lobbying and campaign donations. Less transparently, one payday lender, Dollar Financial Group, funded the Consumer Credit Research Foundation ("CCRF"), which, in turn, has financed academic research designed to provide arguments against regulation.

CfA's Open Records Requests

In July 2015, CfA filed open records requests with Arkansas Tech University, Kennesaw State University in Georgia, George Mason University in Virginia, and the University of California, Davis.

CCRF filed a lawsuit to prevent Kennesaw State from releasing any records and CfA is in court in Georgia seeking the records.

George Mason refused to provide records relying on an exemption to Virginia's open records law to keep them secret; UC Davis claimed to have few relevant records.

Arkansas Tech released emails of College of Business Professor Marc Anthony Fusaro, one of the authors of a 2011 paper on payday loans that concludes payday loans are not responsible for the cycle of debt.

Key Revelations from the Arkansas Tech University Documents

- CCRF paid Prof. Fusaro, at least $39,912 to prepare a report entitled, Do Payday Loans Trap Consumers in a Cycle of Debt? Prof. Fusaro's co-author, Dr. Patricia Cirillo, the President of Cypress Research, billed CCRF directly for her costs associated with the study, though the amount she requested is unknown.

- CCRF Chairman Hilary Miller received and edited drafts of the study. In one email to Dr. Cirillo, Prof. Fusaro defended the arrangement, stating, "[f]or the most part, Hillary's comments did not undermine the integrity of the paper (emphasis added)."

- Mr. Miller directed Prof. Fusaro to remove negative information about payday lenders from the report. When Dr. Cirillo discovered payday loan borrowers often had massive debit card overdrafts the month before seeking a payday loan, she emailed Prof. Fusaro that Mr. Miller was not "too happy" about the finding and had told her it wasn't the "objective of the study." Prof. Fusaro agreed not to include it in the report.

- Mr. Miller instructed Prof. Fusaro to delete any acknowledgement of role played by representatives of payday lenders in producing the report.

- Mr. Miller dictated and financed the press strategy for the report. In an email to Prof Fusaro, Mr. Miller instructed him to identify Arkansas Tech as the source for a PR Newswire release, and Prof. Fusaro agreed.

INTRODUCTION

Over the years the payday lending industry has exploded, earning annual profits of $46 billion from high-interest loans given to the most vulnerable borrowers in our society.[1] A 2012 report from the Pew Charitable Trusts found at that time 12 million Americans used payday loans annually to cover their ordinary living expenses.[2] Although payday loans are marketed as a solution to a short-term cash flow problem and emergencies, in reality – according to a 2015 report from the Consumer Financial Protection Bureau ("CFPB") – "the majority of all payday loans are made to borrowers who renew their loans so many times that they end up paying more in fees than the amount of money they originally borrowed," placing them in a cycle of debt from which escape seems impossible.[3]

In March of this year, the CFPB unveiled its proposed framework for rules that would help end this debt trap by requiring lenders to: (1) determine at the outset the ability of borrows to repay the loans; (2) provide more affordable repayment options; and (3) limit the number of loans a borrower could take out seriatim over a one-year period.[4] In response, the payday loan industry has launched a major counter-offensive, spending millions of dollars on lobbying and campaign contributions to members of Congress in an effort to block the CFPB's regulatory proposal and maintain the current environment in which it is subject to little or no regulation.[5]

To further generate support for industry opposition to the CFPB's proposal, a group funded by payday lender Dollar Financial Group, the Consumer Credit Research Foundation ("CCRF"), has been financing so-called "academic" reports that purport to show payday loans are not the cause of the "cycle of debt." Hiding behind the academic

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[1] Mandi Woodruff, The $46 Billion Payday Lending Industry is in For a Big Blow, *Yahoo! Finance*, February 10, 2015, *available at* http://finance.yahoo.com/news/CFPB-payday-lending-rules-explained-192558796.html.

[2] Pew Charitable Trusts, "Payday Lending in America: Who Borrows, Where They Borrow, and Why," July 19, 2012, *available at* http://www.pewtrusts.org/en/research-and-analysis/reports/2012/07/19/who-borrows-where-they-borrow-and-why.

[3] The CFPB Office of Research, "CFPB Data Point: Payday Lending," March 2014, *available at* http://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf.

[4] *See* Consumer Financial Protection Bureau, "Factsheet: The CFPB Considers Proposal to End Payday Debt Traps," March 26, 2015, *available at* http://files.consumerfinance.gov/f/201503_cfpb-proposal-under-consideration.pdf.

[5] *See* Americans for Financial Reform, "Payday Pay-to-Play: How Payday, Title, and Installment Lenders and their Trade Associations Lobby and Line the Pocket of Powerful Washington Politicians," June 2015, *available at* http://ourfinancialsecurity.org/2015/07/payday-lender-lobbying-and-campaign-spending-top-15-million-for-2014-election-cycle-afr-report-finds/.

credentials of university professors, these reports often are molded by CCRF and its head, Hilary Miller.

In July 2015, hoping to uncover evidence of this collusion, Campaign for Accountability ("CfA") sent a series of information requests to state universities in Georgia, Virginia, and Arkansas seeking communications between the authors of these articles, who are employed at state universities, and individuals and organizations associated with the payday loan industry. In response to the Georgia request, CCRF filed a lawsuit seeking to block Kennesaw State University from disclosing the responsive documents it has uncovered. Virginia's George Mason University hid behind a narrow definition of records used in the "transaction of public business" – the touchstone under that state's information law for whether records are subject to public access -- to claim because the report in question was not prepared while the professor was conducting university business, any records generated in its preparation were not subject to public access, including emails prepared and sent on the university email system. CfA also submitted an information request to California's UC Davis seeking communications between the industry and a university professor who formerly served on CCRF's board. The university responded by claiming to have very little of any consequence.

Arkansas Tech University, by contrast, has released 1,164 pages of records pertaining to communications involving Marc Anthony Fusaro, a professor with the Arkansas Tech University College of Business, and payday loan industry individuals and organizations. Prof. Fusaro co-authored with Patricia Cirillo an article, *Do Payday Loans Trap Consumers in a Cycle of Debt?*, that concluded such loans are not responsible for the debt cycle.[6]

The treasure trove of emails released by Arkansas Tech reveals the close working relationship between CCRF's Hilary Miller and Prof. Fusaro both in the substance of his paper and press strategy and efforts to market the paper to have the biggest impact on the CFPB. Just as revealing, in an email to Prof. Fusaro Mr. Miller acknowledges the

[6] http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1960776.

existence of a cycle of debt, the very thing he was paying Prof. Fusaro to refute. These documents confirm what CfA has suspected: while the payday loan industry purports to rely on outside experts to support its position that payday loans are not responsible for plunging millions of Americans into a never-ending cycle of debt, that expertise really has been bought and shaped by the industry itself to advance its anti-regulatory agenda.

CCRF AND ITS RELATIONSHIP WITH THE PAYDAY LOAN INDUSTRY

Dollar Financial Group, the owner of several payday lending businesses, funds CCRF.[7] Tax forms CCRF has filed with the IRS identify Hilary B. Miller as CCRF's Chairman.[8] Mr. Miller also serves as the president of the Payday Loan Bar Association[9] and counsel for the Dollar Financial Group and its subsidiaries.[10] He also has represented the Consumer Financial Services Association of America, an organization acting on behalf of payday lenders, including filing a formal letter of protest on its behalf with the CFBP contesting the agency's payday industry report.[11]

What the Newly Disclosed Documents Reveal

CCRF Financed a Significant Portion, If Not All of Prof. Fusaro's Work

Emails between Prof. Fusaro and his co-author Dr. Cirillo confirm that CCRF paid at least $39,912 for Prof. Fusaro to prepare his report -- which was favorable to the payday loan industry -- and likely paid significantly more.[12] CCRF first entered an arrangement with Prof. Fusaro when he was a professor at East Carolina University ("ECU") that called for ECU to be reimbursed for funding Prof. Fusaro's travel, research and preparation of the report.[13] Co-author Cirillo billed Mr. Miller directly for her costs. *Id.* After Prof. Fusaro moved to Arkansas Tech, ECU got "antsy about the money they paid on this project,"

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[7] Amy Thomson, Groups: Fee Nondisclosure Costly, *American Banker*, June 10, 2005.
[8] *See, e.g.*, Consumer Credit Research Foundation, IRS Form 990, 2012, *available at* http://www.guidestar.org/FinDocuments/2012/200/919/2012-200919672-09c51e68-9.pdf.
[9] *See* http://www.martindale.com/Hilary-B-Miller/320075-lawyer.htm.
[10] SEC records show that as of 2010, Mr. Miller was a signatory on 20 different companies associated with Dollar Financial Group. *See* http://www.secinfo.com/$/SEC/Name.asp?X=hilary+b%2E+miller.
[11] Alan Zibel, Payday Lenders: Bureau's Analysis 'Fatally Flawed', *Wall Street Journal*, June 21, 2013, *available at* http://blogs.wsj.com/washwire/2013/06/21/payday-lenders-bureaus-analysis-fatally-flawed/.
[12] This email is attached as Exhibit A.
[13] *See* Exhibit B.

and also went directly to Mr. Miller for payment.[14] The documents do not mention any other source of financing for Prof. Fusaro's work, strongly suggesting all of it ultimately was underwritten by CCRF.

Hilary Miller Was Significantly Involved in Writing the Paper

Not only did CCRF and Mr. Miller fund the paper, but Mr. Miller also was heavily involved in all stages of writing the paper. As early as February 2011, Prof. Fusaro shared sections of his draft with Mr. Miller, who then pressed him one month later for updates on when a first draft would be available for comment.[15] In a May 4, 2011 email Prof. Fusaro wrote to Dr. Cirillo that he already had received "revisions" from Mr. Miller on which he was "pushing forward[.]"[16] In early July 2011, Mr. Miller instructed Prof. Fusaro to expand his discussion of the cycle of debt, including a discussion debunking the "behavioral theory."[17] Mr. Miller noted, "[i]f you'll incorporate these additional matters and send us a revised draft in editable form we'll mark it up and redline the changes for your review." *Id.* Similarly, in a July 26, 2011 email, Mr. Miller instructed Prof. Fusaro to edit the paper to include "the simple mechanical concept that underlies the hypothesis, which is that constrained consumers have limited cash resources so devoted to paying interest that they cannot repay principal . . . It is the central issue of the paper[.]"[18] Prof. Fusaro responded, "[w]e have edited sections 1 & 2 as you suggested." *Id.*

Along these same lines, a September 27, 2011 email from Mr. Miller to Prof. Fusaro included three full paragraphs of text for Prof. Fusaro to incorporate in the paper.[19] Prof. Fusaro obliged.[20] A week or so later, Mr. Miller sent an email to Dr. Cirillo and Prof. Fusaro asking them to include in the paper a discussion of "some unobserved quality of the overusers" and its effect on the interest they pay.[21] Mr. Miller volunteered to write

[14] *See* Exhibit C.
[15] *See* Exhibit D.
[16] This email is attached as Exhibit E.
[17] *See* Exhibit F.
[18] This email is attached as Exhibit G.
[19] This email is attached as Exhibit H.
[20] *See* Exhibit I.
[21] This email is attached as Exhibit J.

up this discussion himself, and Prof. Fusaro accepted given his "trouble finding anything that looks like interest" in the existing academic papers. *Id.* This email exchange clearly suggests Mr. Miller was pushing for an explanation that would shed a more favorable light on the payday lending industry by making the real culprit not the industry, but some characteristic in those who "overuse" payday loans. When Prof. Fusaro's research did not back this up, Mr. Miller drafted the discussion himself.

Mr. Miller also provided Prof. Fusaro with detailed line-edits as the paper progressed that Prof. Fusaro appears to have incorporated.[22] In July 2011, Mr. Miller requested a draft of the paper "to get cleaned up, including necessary editorial changes[.]"[23] As the paper neared completion, Mr. Miller provided significant style edits in an August 10, 2011 email, including a "heavily edited" introduction that he claimed made the section "more cogent, more to the point, and more readable."[24] Mr. Miller also added a "new footnote . . . [that] explains the consumerists' view of how the cycle of debt works mechanically and shows the fallacy inherent in this view[.]" *Id.* Again, this email demonstrates the extent to which Mr. Miller and others working with him were molding both the style and substance of Prof. Fusaro's paper. Similarly, the November 5, 2011 mail from Mr. Miller to Prof. Fusaro (Exhibit K) offers 11 different detailed edits, ranging from suggestions of where to insert commas to the suggestion they be "ready for an explanation of why borrowers in the treatment group remain in debt for longer than the controls."

In at least one instance, Prof. Fusaro was uncomfortable with Mr. Miller's language change and while he "edited it to language that I could be comfortable with," he also reassured Mr. Miller "I do not think I have substantially changed what you wanted, just moved it around a bit."[25]

Prof. Fusaro's co-author raised the question with him of whether Mr. Miller's changes "create an editorial quandary for you and that its [the paper's] integrity is still in tact

[22] *See, e.g.*, emails attached as Exhibit K.
[23] *See* Exhibit L.
[24] *See* Exhibit M.
[25] *See* Exhibit N.

[sic]."[26] Prof. Fusaro responded, *"[f]or the most part*, Hillary's comments did not undermine the integrity of the paper." *Id.* (emphasis added). Left unspoken, however, is how Prof. Fusaro dealt with those edits that did change the integrity of his paper.

During the drafting process while Mr. Miller was providing Prof. Fusaro with his own edits and comments as various drafts were circulated to him for review, correspondence indicates he also sought the input of outside reviewers. After Prof. Fusaro completed an initial first draft in March 2011, Mr. Miller advised him in a March 17, 2011 email, "[w]e'd like to send it to two of our reviewers before you distribute it more widely."[27] Several months later, in a June 20, 2011 email, Prof. Fusaro discussed the suggestions he had received from these "outside reviewers," which included substantive discussions that needed to be added.[28] Editorial changes from these outside reviewers continued to come in through September 2011 (*see* Exhibit I), and once incorporated Mr. Miller declared in a November 15, 2011 email: "I think your paper should be declared complete."[29]

Mr. Miller Ensured Negative Information about Payday Lenders Was Not Included in the Report

Not only did Mr. Miller dictate what went in the report, he also weighed in on what needed to come out to protect the payday lending industry. In a September 2009 email, Dr. Cirillo described to Prof. Fusaro an unexpected discovery the data revealed: many payday lending borrowers had "massive debit card overdrafts the previous month."[30] Moreover, these borrowers were "clearly overdrafting by mistake," leading her to conclude the data will show "a large proportion of payday loans (the "first" loans) are in reaction to a really bad debit card overdraft month." *Id.* She went on to note, "[i]f banks are required to notify debit card holders that they are going to overdraft [as some proposed legislation would require], and the consumers stop themselves from making those purchases, *the payday loan industry will see a decrease in demand*." *Id.* (emphasis added). She added that after telling Mr. Miller of this finding, "I suspect he isn't too

[26] *See* Exhibit O.
[27] This email is attached as Exhibit P.
[28] *See* Exhibit Q.
[29] This email is attached as Exhibit R.
[30] *See* Exhibit S.

happy about that finding and pointed out that it wasn't the original objective of the study." *Id.* Prof. Fusaro responded: "Yes, I will definitely stay away from what lead [sic] up to the loan for now. This is not what this study was supposed to be about."[31]

Mr. Miller also instructed Prof. Fusaro to delete from the report his acknowledgment of the role the payday lenders and outside reviewers had played, writing in a September 7, 2011 email: "The unnamed payday lenders and the unnamed blind reviewers do not need or want your thanks. It will actually undermine the lenders' objectives in participating in the study, if you do so."[32] Mr. Miller clearly was aware that the report's credibility would be undermined if the industry's involvement in its preparation were revealed.

The emails do not divulge Prof. Fusaro's motive for advancing the agenda of the payday lending industry. Perhaps he was willing to compromise his reputation and academic standing – as well as that of his employing university – in the hopes of a big financial reward. But in the end, the industry appears to have abandoned him after the report was issued; in a July 24, 2012 email to Dr. Cirillo, Prof. Fusaro bemoaned the fact that "the industry has forgotten about me."[33]

CCRF and Mr. Miller Dictated and Financed Press Strategy for Prof. Fusaro's Paper

Mr. Miller's involvement with Prof. Fusaro's paper did not end with its completion – he also took charge of press strategy. After declaring the paper complete, Mr. Miller advised Prof. Fusaro he and his unnamed colleagues would do "an initial draft of the release" for Arkansas Tech's Office of Public Relations. *See* Exhibit R. On December 9, 2011, Mr. Miller forwarded his draft press release to Prof. Fusaro.[34]

When Arkansas Tech failed to adopt that release, Mr. Miller voiced concern. By email dated January 11, 2012, Prof. Fusaro forwarded to Mr. Miller a draft press release

[31] His email response is attached as Exhibit T.
[32] This email is attached as Exhibit U.
[33] *See* Exhibit V.
[34] *See* Exhibit W.

prepared by Arkansas Tech University's press office.[35] Mr. Miller responded: "The draft we sent you was much stronger . . . We put a lot of time into the draft we sent you." *Id.* Ignoring Arkansas Tech's effort to avoid suggesting that no one think "the university was advocating one point of view over another" and its desire to maintain a "content neutral viewpoint," *id.*, Mr. Miller pushed for his version and its discussion "of why your work matters[.]" *Id.* The emails do not reveal which version of the release ultimately was released.

Beyond dictating the content of the press release, Mr. Miller was directly involved in its timing and distribution. In a January 6, 2012 email to Prof. Fusaro Mr. Miller instructed: "NOW is the time. With this week's recess appointment of Cordray [as head of the CFPB], the release will be topical and well received. Do not delay further." *See* Exhibit W.

Mr. Miller expressed displeasure with Arkansas Tech's limited efforts to distribute the release to the media, and said he would pay for PR Newswire to push out the release using Arkansas Tech as the source. Mr. Miller noted, "I can do this and not have my fingerprints on it."[36] The following day Mr. Miller told Prof Fusaro: "You are going to receive a phone call from PRNewswire for authorization for the release to go out using ATU as the source. Please respond affirmatively." *Id.* Within minutes, Prof. Fusaro responded: "I did." *Id.*

CONCLUSION

The Arkansas Tech documents reveal that the payday lending industry, like those who fund and promote "junk science," is manufacturing purportedly independent academic studies in a desperate attempt to disprove that payday loans are responsible for plunging the most needy borrowers into an endless cycle of debt, despite the industry's awareness of the problem. This is perhaps best supported by a February 14, 2011 email from Mr. Miller to Prof. Fusaro responding to a question on data showing poor payback rates by payday loan borrowers. Mr. Miller explained, "[i]n practice, consumers mostly

[35] The email exchange concerning the draft press release is attached as Exhibit X.
[36] *See* Exhibit Y.

either roll over or default; very few actually repay their loans in cash on the due date (which you know)."[37] Yet Mr. Miller was financing Prof. Fusaro's paper to disprove the existence of a cycle of debt, despite acknowledging its existence.

The CFPB is poised to finalize regulations that would better protect consumers from the predatory lending practices of payday lenders. The industry is attempting to change the course of those regulations by ginning up what it undoubtedly will characterize as objective evidence that payday loans do not pose the problem the government is attempting to protect against. With this report, which reveals the true source of that evidence – the payday lending industry itself and its hired shills like Mr. Miller – CfA hopes neither the public nor the CFPB will be lured down the false path of believing payday loans are safe for anyone, at least not in the current lax regulatory environment.

[37] This email is attached as Exhibit Z.

EXHIBIT A

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Wednesday, December 21, 2011 3:50 PM
To: 'Patricia Cirillo'
Subject: RE: not urgent
Attachments: Statement of Work.pdf; ipf.dot

Pat,

I have attached the March 8 version of the contract. I have also included a Feb 10 official document total.

The problem is that we ended up keeping Cypress separate from ECU financially. Instead of ECU billing CCRF for all expenses and then you submit expenses through ECU subject to all of ECU's rules. ECU's portion of the project came to $16,012. Your portion is not on any of my official documents. However, the Feb 10 document contains the total of $39,912. That means that your portion was $23,900. I think we had settled on the number of states by Feb/Mar, except that you probably added OH later.

I am pretty sure we did not amend the ECU-CCRF agreement after that. But the number of states would not really affect my costs, just yours. I hope that helps.

Marc

From: Patricia Cirillo [mailto:pat@cypress-research.com]
Sent: Tuesday, December 20, 2011 3:26 PM
To: Marc Fusaro
Subject: not urgent

Hi there,

Hopefully you are in that lull between finals and semester II.

I have only billed Hilary for about half of the cost of the zero-loan project (aka, the project from hell). I typically don't do a final billing until the client gets the final report....

So, here's my question. I know there were some issues with your old university and all that. I hope those were resolved for you. But, do you still have the final proposal we all agreed on. I have a draft, which I know is wrong as the number of cities changed a lot. I haven't digged hard for it....was wondering if you had it handy just to email to me (if not, no worries).

And, MERRY CHRISTMAS!

Pat

--
Patricia J. Cirillo, Ph.D.
President
216-408-4487

EXHIBIT B

On Thu, Feb 18, 2010 at 3:18 PM, Marc Fusaro <mfusaro@atu.edu> wrote:

I know that the slow point is the stores. I just want to be in the know on which stores and how many are slow. That way I will feel more in control and I can speak in a way that makes it sound like I am in charge of the situation instead of just saying "I am still waiting". Sorry to make Amber do extra work, but when I start getting questions I have to know where everything is so I can answer. I'll just do a quick status report to send to Hilary and to ECU.

ECU paid me. ECU paid my travel. When we submitted the grant, we ended up deciding that I would submit my expenses through the grant through ECU and you would submit your expenses directly to Hilary. That way you did not need to follow ECU travel and other restrictions.

From: Patricia Cirillo [mailto:pat@cypress-research.com]
Sent: Thursday, February 18, 2010 1:01 PM

To: Marc Fusaro
Subject: Re: Status

Hi,

Amber is putting together a list for you. I know the delays are frustrating for everyone - but the lenders simply will only cooperate so far, and we are only as strong as our weakest link. Some store managers were great, others weren't.

ECU paid money? To who?????

We are nagging the stores as much as we can, and will continue to do so, but we have no stick to use other than begging.

EXHIBIT C

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Thursday, February 18, 2010 11:41 AM
To: 'Patricia Cirillo'; 'amber@cypress-research.com'
Subject: RE: Status

Pat and Amber,

I am fine. Looks like the various people are not. ECU is apparently getting antsy about the money they paid on this project. So they are asking Hilary for their money. And Hilary won't pay until we provide the report. People at ECU are asking me what is the status of the report. Before I start giving people answers, I would like to have a good idea of the status of all the vendors.

Amber, didn't you have a spreadsheet that kept track of all the stores and their status? Could I see an updated copy of that? Then I could answer people about progress rather than updating them with excuses for being 5 months late.

Marc

From: Patricia Cirillo [mailto:pat@cypress-research.com]
Sent: Tuesday, February 02, 2010 1:41 PM
To: Marc Fusaro
Subject: Re: Status

Hi there,

We have plugging along, pretty much every day. We are still getting completed 'packets' in from stores, although our goal is to bave them all wrapped up by the end of this month. Obviously, some of them have been hideously slow. We are waiting on two more stores to wrap up.

We have been inputting all of the most recent bank statements for each participant. By inputting, I mean entering every single line item. We have been putting aside all of the other bank statements (which vary tremendously, in terms of # for eacb respondent). My hope is that they do NOT have to be keypunched line item by line item, but instead you can determine what, specifically, you want entered in (e.g., # of overdrafts, beginning balance, ending balance).

We bave the 'post loan' data requests into three different lenders right now, and they are working on it. We are not exactly a high priority for the IT departments, but they've been pretty cooperative.

So, I'd say we have about 80% of the participants hank statement info input. We sbould have about 50% mroe participant "post loan" data within a couple of weeks.

Then, hopefully, we can get the post loan data from the remaining two lenders next month and be done with this!

How are you?

Pat

EXHIBIT D

[redacted]

On 2/14/11 1:23 PM, Hilary B. Miller wrote:

Marc --

I can only offer you some guesses (er, candidate theories) for these strange behaviors:

1. There are several possible explanations for the OK results. The most likely explanation is that these loans were papered in the lender's system but not never actually made and then voided. Another possibility is that the borrowers exercised their rescission right (they have the right to cancel tbe loan immediately and owe nothing). In practice, the rescission right is rarely exercised. You should let me ask the lender. If you give me the details and the loan numbers, I'll be happy to make tbe inquiry and get back to you.
2. In practice, consumers mostly either roll over or default; very few actually repay their loans in cash on the due date (wbich you know). Also, these states have strict limitations on rollovers. A borrower who is unable to roll over may simply take bis or her time repaying the last loan. Again, it is worth asking the lender.

Hilary

From: Marc Fusaro <mfusaro@atu.edu>
Date: Mon, 14 Feb 2011 14:13:32 -0500
To: Hilary Miller <hilary@miller.net>
Subject: RE: zero loan project

Hilary,

I have been snowed into my house for several days working on this project. I was stopped for 5 days by, it turned out, 47 loans in OK which were made and repaid on the same day. Zeros cause big problems in math and computers are very unforgiving. I have inquired about these loans, but we are still waiting for an answer from NQC.

I do have a few issues that maybe you can shed some light on. Pat is looking into these for me. But you might have some knowledge.

In UT only 50% of (non-rolled-over) loans are paid with a month of the due date.

In VA only 50% of (non-rolled-over) loans are paid within a week of the due date.

Do you have any thought on these two rather poor payback rates. This is not just people who were enrolled in our free loan program; this is everybody – control group and study participants.

While we wait for answer I pushed forward and now the data analysis is complete. I am currently writing the report.

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Monday, February 14, 2011 10:50 AM
To: Marc Fusaro
Subject: RE: zero loan project

Marc?

From: Hilary B. Miller
Sent: Wednesday, February 09, 2011 11:33 AM
To: 'Marc Fusaro'
Subject: RE: zero loan project

Hilary

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Monday, March 28, 2011 3:17 PM
To: Hilary B. Miller
Cc: pat@cypress-research.com
Subject: RE: zero loan project

Hilary,

I have attached the draft. As is understand the process, you have some of my peers to review it before you are willing to post a working paper (white paper) version on your website. Is that correct?

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Friday, March 25, 2011 7:48 PM
To: Marc Fusaro
Subject: RE: zero loan project

Marc –

I understand that Pat's comments were transmitted to you today. When may we look at a draft of the complete paper, please?

Hilary

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Thursday, March 17, 2011 12:02 PM
To: Hilary B. Miller
Subject: RE: zero loan project

The version that does to reviewers should be approved by both Pan and I. So I will call her to see when she plans to look it over.

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Thursday, March 17, 2011 8:47 AM
To: Marc Fusaro
Subject: RE: zero loan project

We'd like to send it to two of our reviewers before you distribute it more widely. If this is the version on which they should comment, yes, please do send it.

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Thursday, March 17, 2011 9:36 AM
To: Hilary B. Miller
Subject: RE: zero loan project

EXHIBIT E

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Amber Young
Cypress Research Group
216.295.9764 Office
216.973.9488 Cell
amber@cypress-research.com

On Wed, May 4, 2011 at 11:48 AM, Marc Fusaro <mfusaro@atu.edu> wrote:

At this time I do not need consent forms, loan documents, or other randomly attached paper. But can you send me the first bank statements. I think it will be more efficient to enter all of the bank statements for a customer at one time, rather than doing part now and then having to go back and add the first statement later. How much paper is that?

From: Amber Young [mailto:amber@cypress-research.com]
Sent: Wednesday, May 04, 2011 10:33 AM
To: Marc Fusaro
Cc: pat@cypress-research.com
Subject: Re: Payday loans

Hi Marc/Pat,

I did keep the first bank statement. I also have all the other paperwork, meaning:

- the consent forms
- the loan documents
- the most recent bank statement
- and, any additional documents that the lenders may have attached (some sent copies of applications for the loan, pay check stubs, etc. but it varies for all of them)

It's quite a bit of paperwork. Marc, I would say that it's about as much as a sent the first time, maybe a little less, but not much!

It's all numbered with the respondent numbers, FYI.

--
Amber Young
Cypress Research Group
216.295.9764 Office
216.973.9488 Cell
amber@cypress-research.com

On Wed, May 4, 2011 at 11:27 AM, Marc Fusaro <mfusaro@atu.edu> wrote:

Pat,

I am pushing forward on Hilary's revisions. Any progress on #5? If not, don't worry, I have plenty of points to work on. I'll likely keep me busy through May.

Second, I have obtained some grant money to hire students over the summer to type the bank statement info onto a spreadsheet. I have a file cabinet full of bank statements. But according to my memory, Amber kept everyone's first bank statement and sent me the rest. Can you send me the rest? Or at least, can you send the remaining bank statement for the ones that I have?

In other news, I have a research assistant who won a small research scholarship in order to take on his own project using this data. He is going to calculate the actual interest rates paid by these customers (accounting for defaults and extensions). Should be interesting.

Marc

Dr. Marc Anthony Fusaro

Assistant Professor of Economics

College of Business

Arkansas Tech University

mfusaro@atu.edu

http://faculty.atu.edu/mfusaro

(479) 968-0688

EXHIBIT F

debt. Granted I am somewhat limited to the economics literature. Do you know of any other research which looks into, or theorizes about, the cycle of debt.

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, July 06, 2011 3:14 PM
To: Marc Fusaro; pat@cypress-research.com
Subject: RE: Payday loan repayment paper

Marc –

I have reviewed this from a 30,000-foot view, focusing on the portions that needed the most work based on the reviewers' input. It has progressed nicely. The one limitation of this draft, in my view, is that is essentially enumerates or lists, but does not discuss, the literature regarding the cycle of debt. Indeed, your entire lit survey is entirely devoted to listing and categorizing the existing research you mention, rather than discussing any of it in detail beyond a few words. What is very obviously missing is what Reviewer #1 noted, which is a discussion of the "problem" of the cycle of debt, as it appears in prior literature, and what others have hypothesized or proven about it. I do not think you need to expand your discussion of any literature that is not directly related to C of D, but you have left the prior art on the C of D unexplored.

It is worth noting that, in addition to the purely "mechanical" theory for the cycle of debt (i.e., too much interest means not enough left over to repay principal), there is also a behavioral theory. You should discuss this, even if briefly, because your paper debunks it, too. See, Bar-Gill and Warren, "Making Credit Safer," available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1137981, pages 155-56.

This draft needs copy-editing beyond mere proofreading. If you'll incorporate these additional matters and send us a revised draft in editable form, we'll mark it up and redline the changes for your review. Pat's colleague can proofread the final version.

Thanks for this great progress, Marc.

Regards,

EXHIBIT G

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Tuesday, July 26, 2011 2:44 PM
To: Hilary B. Miller

Cc: pat@cypress-research.com
Subject: RE: Updated version of payday loan paper

Hilary,

We have edited sections 1 & 2 as you suggested. Most of the edits were consolidation. We moved the discussion about the cycle of debt into the introduction. The upside is that we have a thorough discussion of the "problem" first. The downside is that we do not explain what we do until the bottom of the second page. We did not cut much as you suggested. However, Pat and I think that it with a reorganized discussion it does not seem too long.

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Tuesday, July 12, 2011 4:16 PM
To: Marc Fusaro
Cc: pat@cypress-research.com
Subject: RE: Updated version of payday loan paper

Marc –

I think you've got everything, or nearly everything, in here – perhaps too much. It rambles.

What it needs is one or two solid paragraphs, right up front, that are devoted exclusively to discussion of the C of D. You never explain exactly what the term "C of D" means (except for your discussion that says what must be "implicit"). You do not discuss the literature regarding the C of D at one single, focused place in either the Introduction or the Background. You never mention the simple mechanical concept that underlies the hypothesis, which is that constrained consumers have limited cash resources so devoted to paying interest that they cannot repay principal. You need to get this in(!). The three of us understand it, but not everyone else does. It is the central issue of the paper and you never explain it.

Instead of doing this, you try cover the waterfront with discussions of all aspects of payday lending, and they are not organized and not prioritized. It will be so much easier if you think about putting a heading in your paper entitled "Cycle of Debt" (instead of Background) and just talk about that. Everything else can then be retained, reorganized or pruned to the extent it does not support your principal hypothesis.

You have the material here. It just needs to be reorganized and put on a diet. Will you try again, please?

Hilary

P.S.: I don't think there is any legitimate empirical literature on the C of D. I can't find Buckland, Hamilton (have never seen this paper) and wonder if it is even worth discussion. If there is nothing, then you should say so.

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Tuesday, July 12, 2011 4:46 PM
To: pat@cypress-research.com; Hilary B. Miller
Subject: Updated version of payday loan paper

Pat and Hilary,

I have incorporated Hilary's most recent suggestion and Reviewer #1, comment #7 into the "Background" section. Please let me know what you think.

Marc

EXHIBIT H

Marc Fusaro

From: Hilary B. Miller <hilary@miller.net>
Sent: Tuesday, September 27, 2011 4:53 PM
To: Marc Fusaro
Cc: Patricia Cirillo
Subject: Cycle of Debt Paper

Marc –

Here is some suggested additional language regarding the definition of "rollover." I am suggesting that you adopt a new name for this variable and globally replace references to *Rollover* with this new name (perhaps "Spell" or "ContinuedUse" or something like that), so that we can avoid confusing people about what this variable means.

> We sought to find an appropriate measure of serial use of payday loans. It became clear that the commonly understood term "rollover" – a transaction where the borrower pays accrued interest only upon maturity of a typical two-week loan and immediately enters into a new loan of like duration – did not reflect economic reality in states where "rollovers" were forbidden but "same day" refinancings were permitted, or in other states with "cooling off" periods of a short as one day. By using a narrow definition of "rollover" that comports with the common understanding, or that strictly follows highly variable state law, a large number of refinancing transactions undertaken by constrained borrowers would be excluded from consideration when they are undertaken shortly after maturity of the original loan but not precisely contemporaneously with maturity. To compensate for interstate legal differences and to attempt to have a more comprehensive understanding of actual household cash flows, we have somewbat arbitrarily defined [New Name for Rollover Variable] to include all new loan transactions undertaken within 30 days of maturity of the previous loan.
>
> This is a much more expansive definition of serial loan use than is used even by the industry's critics. Nevertheless, it is an appropriate measurement for purposes of determining whether a "cycle of debt" results from the imposition of high interest rates on constrained borrowers. If, as pmpounded by critics, a "cycle of debt" exists, then the use of a strict "rollover" definition will insufficiently capture subsequent borrowing transactions that are caused by earlier high interest payments, particularly when the borrower receives a monthly paycheck or, as if more likely the case, pays his largest household expenses on a monthly basis.
>
> [Possibly consign to a footnote:]
> We have tested this expansive definition of [New Variable Name] for robustness. Specifically, we have computed serial-use statistics under an alternate definition of [New Variable Name] that includes all new loan transactions undertaken within two days of maturity of the previous loan. The results show the same patterns as those set forth in Tables 3 and 4 above, albeit with expected lower continuous-use rates for both the treatment and control groups. [insert tables]

Please play with this and let's look at how it turns out with your thoughts incorporated.

Regards,

Hilary

EXHIBIT I

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Friday, September 30, 2011 12:50 PM
To: 'Hilary B. Miller'
Subject: RE: Cycle of Debt Paper

Hilary,

I already incorporated the wording you sent on Tuesday. I have updated most of the tables for the new definition and are adding them into a second Appendix. I'll look at these over the weekend and hope to be finished on Tuesday. How does that sound?

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Friday, September 30, 2011 12:08 PM
To: Marc Fusaro
Cc: Patricia Cirillo (pat@cypress-research.com)
Subject: Cycle of Debt Paper

Marc –

Here are some final comments from your best friend, referee #1. My notes about these comments are in red. Can you turn around a revised draft in the next couple of days with the new "Rollover" discussion and variable name, as well as hitting some of the highlights here, please – now that you have dispensed with those pesky students and administrators?

Hilary

Comments on "Do Payday Loans Trap Consumers in a Cycle of Debt?"

1. The detailed critique of Parrish and King (2009) probably belongs out of a footnote and at the beginning of section 3. There the author could note that the 'cycle of debt' issue has received direct attention only by advocacy groups (P&K, Etherton, Callahan and Mierzwinksi), and that those studies fall below the bar in terms of academic rigor – citing what is now in footnote one as an example.

I agree that this is better organization. Easy fix.

2. More generally I would beef up the discussion of the "cycle of debt" argument. Try to find some quotes by opponents of the industry, in which high interest rates are explicitly mentioned as the mechanism by which people become trapped.

I tried to do this and apparently failed. Remember that one of my initial objectives was to explain what the C of D is, and how it works, as well as who says so. Off the top of my head, I cannot recall any literature that mentions high interest rates as the source of the "trap." Any ideas, Pat? Perhaps we need to mention as well that nobody uses the term C of D to refer to people who have conventional rate credit cards who revolve them forever.

3. On page 3, it needn't be the case that rollovers arise only when demand for loans is independent. Indeed, the strong serial correlation we see in demand argues that demand is serially correlated too. But borrowing is

EXHIBIT J

Marc Fusaro

From:	Marc Fusaro <mfusaro@atu.edu>
Sent:	Wednesday, October 05, 2011 5:09 PM
To:	'Hilary B. Miller'; 'Patricia Cirillo'
Subject:	RE: Cycle of Debt Paper

Hilary,

I do not see it. I am having trouble finding anything that looks like interest in their treatments. It might be helpful if you take a stab at writing a few sentences.

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, October 05, 2011 6:43 AM
To: Patricia Cirillo; Marc Fusaro
Subject: Re: Cycle of Debt Paper

On reflection, I think the only paper of academic quality that even remotely addresses interest as a culprit is Wilson. The "failures" in this paper are those who overuse the product, and the only systematic difference between the overusers and the non-overusers is that they pay more in interest. However, there may be some unobserved quality of the overusers (I.e., they may be more profligate, less risk-averse or simply poor financial managers) that contributes to their failure. Nevertheless, I think this is worth discussing solely to respond to the issue in #2 below. I can write something up or Marc can give it a stab.

From: Patricia Cirillo <pat@cypress-research.com>
Date: Mon, 3 Oct 2011 16:10:25 -0400
To: Hilary Miller <hilary@miller.net>, Marc Fusaro <mfusaro@atu.edu>
Subject: Re: Cycle of Debt Paper

Agreed - I don't know of any literature (empirally-based, or not) which equates 'low' interest rates with the elimination of the cycle of debt. Critics connect '8 loans per year' with 'cycle of date' all the time in their early writings. But it is only lately (past 3 years, I'd say) that the 'weapon of choice' against payday loans has been a 36% rate cap. The 'cycle of debt' argument came long before the '36% APR is the answer!' argument was made.

On Fri, Sep 30, 2011 at 1:07 PM, Hilary B. Miller <hilary@miller.net> wrote:

Marc --

Here are some final comments from your best friend, referee #1. My notes about these comments are in red. Can you turn around a revised draft in the next couple of days with the new "Rollover" discussion and variable name, as well as hitting some of the highlights here, please -- now that you have dispensed with those pesky students and administrators?

EXHIBIT K

On Sat, Nov 5, 2011 at 10:49 AM, Hilary B. Miller <hilary@miller.net> wrote:

Marc --

Here are my remaining comments on the draft. Page numbers refer to the .pdf version (I am unable to open the WP version from my Mac).

1. On page 1, the phrase "writing for Oregon Student Public Interest Research Group" should be set off with commas, both before and after.
2. On page 3, in the phrase "said borrowing arises from consumers need," the word "consumers" should be followed by an apostrophe (i.e., consumers').
3. On page 12, change the section 4.1 heading to Defining the "cycle of debt" (i.e., no hyphens and use quotation marks around cycle of debt for consistency with tbe remainder of the text).
4. Also on page 12, in the final paragrapb, "principle" should be "principal."
5. On page 15, in the first line, you need a comma after the word "form"
6. In footnote 2, the "zip code" needs a space between the two words. The USPS actually capitalizes the word ZIP (it's an acronym for Zone Improvement Program). You might want to make this change globally.
7. On page 17, in the phrase "comparable number in our data show," the subject of this sentence is "number," which is singular, so "show" should be "shows."
8. At the top of page 18, it may be worth mentioning not only that conditions in the payday loan industry have changed, but also that consumer credit markets have changed. This may be subsumed and understood within the concept of "industry," but the credit-market changes post-crasb bave been nothing short of cataclysmic.
9. On page 28, in the middle paragraph, the semicolon should be a colon.
10. On page 30, in the first line, "consumer" should be plural. Also in that paragraph, you need commas after (2008) and also between "borrowers" and "respectively."
11. A couple of final global notes: (a) in most economics papers written in APA style, the word "percent" is spelled out (rather than use of the % sign); if you are motivated to do so, you might globally search and replace the % sign; and (b) although state names are most frequently abbreviated in the paper, sometimes they are spelled out; you should do it one way consistently, you pick.

That's it. Let's see if we can get the paper finalized next week and up on SSRN. We'll talk about a distribution, publication and P.R. strategy after that.

At the risk of protracting this process any further, I think we need to be ready for an explanation of why borrowers in the treatment group remain in debt for longer than the controls. I can guess that some referee at a later date will raise this question. I have my own speculation on this issue but would welcome yours. Pat's, too.

Thanks again. I am really impressed by this paper.

Marc Fusaro

From:	Marc Fusaro <mfusaro@atu.edu>
Sent:	Monday, September 12, 2011 1:44 PM
To:	'Hilary B. Miller'
Cc:	'Patricia Cirillo (pat@cypress-research.com)'
Subject:	RE: Cycle of Debt Paper
Attachments:	w CCRF4.wpd; w CCRF4.pdf

Hilary,

The minor edits were fine.

I can give you #1. That is not a problem.

On #2, I can give the main point. But I was uncomfortable with some of the wording. That is primarily way I removed it the first time around. Since it justifies the cycle of debt, I moved it before our discussion of Bar-Gill/Warren. But in moving it into the first paragraph, I had to move much of it back into a footnote. And as mentioned above, I edited it to language that I could be comfortable with. I do not think I have substantially changed what you wanted, just moved it around a bit.

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, September 07, 2011 3:20 PM
To: Marc Fusaro
Cc: Patricia Cirillo (pat@cypress-research.com)
Subject: RE: Cycle of Debt Paper

Marc –

I have made some minor edits, principally in your re-added material on the first few pages of the paper. A couple of comments:

1. The unnamed payday lenders and the unnamed blind reviewers do not need or want your thanks. It will actually undermine the lenders' objectives in participating in the study if you do so.

2. I have restored footnote 1, which we wrote and which you had deleted, regarding the Parrish "illustration." It now appears as a text paragraph. Believe it or not, this is the only article anywhere that actually explains how the "cycle of debt" is supposed to work in practice. You can't discuss the behavioral approach (Bar-Gill) without also discussing Parrish. And it is important to show the This is important. Please humor me.

Let's try to finalize the paper this week. There shouldn't be much left to do. Please let me know if these edits are acceptable.

Hilary

EXHIBIT L

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Wednesday, July 27, 2011 5:09 PM
To: 'Hilary B. Miller'; 'Patricia Cirillo'
Subject: RE: Updated version of payday loan paper
Attachments: y CCRF2 Loan Repayment Paper.wpd

Please use the review function (similar to Word's track changes) for any changes you make. To access it you click FILE, DOCUMENT, REVIEW.

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, July 27, 2011 10:13 AM
To: Patricia Cirillo
Cc: Marc Fusaro
Subject: RE: Updated version of payday loan paper

The fastest way for this to get cleaned up, including necessary editorial changes, to be ready for publication is for Marc to send me an editable electronic file. I will mark it up and send it back to him. WordPerfect format is fine.

From: Patricia Cirillo [mailto:pat@cypress-research.com]
Sent: Wednesday, July 27, 2011 11:12 AM
To: Hilary B. Miller
Cc: Marc Fusaro
Subject: Re: Updated version of payday loan paper

Hi guys,

a little late to this email party. Let me know if there is anything you'd like me to do in the next couple of days. I will be on vacation next week and I don't want to leave either of you hanging.

Pat

On Wed, Jul 27, 2011 at 8:57 AM, Hilary B. Miller <hilary@miller.net> wrote:

Marc –

Thank you – much better. I will have some editorial comments on this draft, but on balance it is hugely improved.

Hilary

EXHIBIT M

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Wednesday, August 31, 2011 2:56 PM
To: Hilary B. Miller
Subject: RE: Cycle of Debt Paper

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Tuesday, August 30, 2011 4:17 PM
To: Marc Fusaro; 'Patricia Cirillo'
Subject: RE: Cycle of Debt Paper

Mark –

Please send me the Wordperfect file for this version so that we can quickly clean it up. We will leave your substantive changes intact and fix the grammar and typography.

Hilary

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Tuesday, August 30, 2011 5:15 PM
To: Hilary B. Miller; 'Patricia Cirillo'
Subject: RE: Cycle of Debt Paper

Amid semester commencing activities I have sifted through these changes and accepted most of them. In a few places I had to try to strike a balance between the original text and the changes. I hope this version is pleasing to all concerned. I assume the next step is for Pat's English major to copy edit the paper.

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, August 10, 2011 3:50 PM
To: Marc Fusaro; Patricia Cirillo (pat@cypress-research.com)
Subject: Cycle of Debt Paper

Dear Marc and Pat –

We have edited your paper for style and are pretty excited about it. On the close reading that the editorial work required, we realized that the quality of the statistical analysis was quite incredible, and comprehensive, and that it required only some modest wordsmithing for the paper itself to read with equal quality. It is really quite smashing.

Here are some of the principal changes we made:

1. Where possible, we have conformed the paper to APA style, necessitating changes principally on the cover page. We are insufficiently facile with WordPerfect to change the main page header (at the top), which is not in APA format. Perhaps you will do this on the next iteration or teach me enough about WP so that I can do it myself next time.

2. The "Introduction" section has been heavily edited in accordance with our prior comments. It now focuses closely on the cycle of debt alone and no longer attempts to "cover the waterfront" on consumer welfare issues

related to payday borrowing. Unless you have tremendous pride of authorship, you will find the new "lite" version of this section to be more cogent, more to the point, and more readable. The new footnote 1 explains the consumerists' view of how of the cycle of debt works mechanically and shows the fallacy inherent in this view.

3. We have made modest corrections and some stylistic changes, as well as numerous typographical corrections, throughout the remainder of the paper. Some corrections of factual matters have been made.

4. The discussion of the demographics of refusers has been demoted to a footnote.

The marked WP file, as well as both redlined and "clean" .pdf versions, is attached. One of the WP internal fonts does not translate to .pdf, so there may be some minor text issues.

Please let me know what you both think of this version.

Regards and thanks,

Hilary

Hilary B. Miller • Law offices of Hilary B. Miller • 500 West Putnam Avenue - Suite 400 • Greenwich, Connecticut 06830-6096 • voice: (203) 399-1320 • fax: (914) 206-3727 • hilary@miller.net • bio • v-card download

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EXHIBIT N

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Monday, September 12, 2011 1:44 PM
To: 'Hilary B. Miller'
Cc: 'Patricia Cirillo (pat@cypress-research.com)'
Subject: RE: Cycle of Debt Paper
Attachments: w CCRF4.wpd; w CCRF4.pdf

Hilary,

The minor edits were fine.

I can give you #1. That is not a problem.

On #2, I can give the main point. But I was uncomfortable with some of the wording. That is primarily way I removed it the first time around. Since it justifies the cycle of debt, I moved it before our discussion of Bar-Gill/Warren. But in moving it into the first paragraph, I had to move much of it back into a footnote. And as mentioned above, I edited it to language that I could be comfortable with. I do not think I have substantially changed what you wanted, just moved it around a bit.

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, September 07, 2011 3:20 PM
To: Marc Fusaro
Cc: Patricia Cirillo (pat@cypress-research.com)
Subject: RE: Cycle of Debt Paper

Marc –

I have made some minor edits, principally in your re-added material on the first few pages of the paper. A couple of comments:

1. The unnamed payday lenders and the unnamed blind reviewers do not need or want your thanks. It will actually undermine the lenders' objectives in participating in the study if you do so.

2. I have restored footnote 1, which we wrote and which you had deleted, regarding the Parrish "illustration." It now appears as a text paragraph. Believe it or not, this is the only article anywhere that actually explains how the "cycle of debt" is supposed to work in practice. You can't discuss the behavioral approach (Bar-Gill) without also discussing Parrish. And it is important to show the This is important. Please humor me.

Let's try to finalize the paper this week. There shouldn't be much left to do. Please let me know if these edits are acceptable.

Hilary

EXHIBIT O

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Thursday, September 01, 2011 2:51 PM
To: 'Patricia Cirillo'
Subject: RE: Cycle of Debt Paper

Pat,

I like your ideas below. I am adding them to the stack.

For the most part Hilary's comments did not undermine the integrity of the paper.

Marc

From: Patricia Cirillo [mailto:pat@cypress-research.com]
Sent: Monday, August 22, 2011 7:30 AM
To: Marc Fusaro
Subject: Re: Cycle of Debt Paper

What was of most interest to me when I looked at the data is what we chatted about earlier - the high incidence of bounced 'debit card' transactions. It was only tally data, but pretty high incidence.

A rather controversial examination of the data would be the 'cost' of a bank account for these folks. The common wisdom is that bank accounts are good for people, like milk. But check cashers insist that, for some people, banks are more expensive than their services are. So, a simple examination of 'cost of banking' vs. 'cost of using a check casher' (you can back into that latter cost knowing the state's regulated rate for check cashers and knowing their paycheck size) [maybe under different scenarios - assuming 3 money orders purchased per month], would be interesting and something that I've never seen in the literature.

PS - Hilary is hoping that you will make some small changes in the paper and then submit (I guess to him?) a final. I haven't reviewed it yet (just getting back from travel yesterday) and I'm hoping that his changes didn't create an editorial quandry for you and that its integrity is still in tact. Thoughts?

Pat

On Mon, Aug 15, 2011 at 5:30 PM, Marc Fusaro <mfusaro@atu.edu> wrote:

Yes. One of my student data-entry emplyees wants to investigate the connection between fast food consumption and payday lending. My RA is going to start a project to calculate the ex-post interest rate (considering defaults and late payments) which should be lower than the best-case-scenario interest rate posted in the store. I also have a sociologist interested in lying. (we have reported age on our demographic form as well as true age from some lenders.)

Do you have any other ideas?

On 8/15/11 1:07 PM, Patricia Cirillo wrote:

Okay...that makes sense. Typically after a paper like that is released I get a call from at least one organization which wants me to translate it into non-economist-English. Usually that Reader's Digest version is the one which makes its way into legislative aid's hands, but I think your paper is pretty accessible, so maybe not this time.

Standing by if you need anything else....

Is the plan now to turn to what I think is the more interesting data - the bank statements?

Pat

On Sat, Aug 13, 2011 at 2:48 PM, Marc Fusaro <mfusaro@atu.edu> wrote:

Pat,

My plan was to release the "working paper" or "white paper" version on Hilary's website. After that, I would go about the process of trying to publish it. It will likely change in the publication process as we try to satisfy referees and editors. Right now, I just want to get step one finished.

I think Hilary has put it through a pretty tough process so far, so I am pretty much ready to send to it a journal. I just need to choose a journal, and maybe do some minor revising for that journal.

Marc

From: Patricia Cirillo [mailto:pat@cypress-research.com]
Sent: Thursday, August 11, 2011 7:20 AM
To: Hilary B. Miller
Cc: Marc Fusaro
Subject: Re: Cycle of Debt Paper

EXHIBIT P

Hilary

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Monday, March 28, 2011 3:17 PM
To: Hilary B. Miller
Cc: pat@cypress-research.com
Subject: RE: zero loan project

Hilary,

I have attached the draft. As is understand the process, you have some of my peers to review it before you are willing to post a working paper (white paper) version on your website. Is that correct?

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Friday, March 25, 2011 7:48 PM
To: Marc Fusaro
Subject: RE: zero loan project

Marc –

I understand that Pat's comments were transmitted to you today. When may we look at a draft of the complete paper, please?

Hilary

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Thursday, March 17, 2011 12:02 PM
To: Hilary B. Miller
Subject: RE: zero loan project

The version that does to reviewers should be approved by both Pan and I. So i will call her to see when she plans to look it over.

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Thursday, March 17, 2011 8:47 AM
To: Marc Fusaro
Subject: RE: zero loan project

We'd like to send it to two of our reviewers before you distribute it more widely. If this is the version on which they should comment, yes, please do send it.

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Thursday, March 17, 2011 9:36 AM
To: Hilary B. Miller
Subject: RE: zero loan project

Hilary, I have completed a draft of the complete paper. Pat is looking at it. Would you like to see the version that she has? Since Pat is a coauthor, we can not release anything until both of us sign off. But she has seen most of it so she is on board with most.
Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Monday, March 14, 2011 4:01 PM
To: Marc Fusaro
Subject: RE: zero loan project

When can we look at a draft of the complete paper?

From: Hilary B. Miller
Sent: Tuesday, March 08, 2011 5:55 PM
To: Marc Fusaro
Subject: Re: zero loan project

No, thanks. Just looking for a version o the complete paper that we can comment on.

___

Hilary B. Miller
Law offices of Hilary B. Miller
500 West Putnam Avenue - Suite 400
Greenwich, CT 06830-6096
(203) 399-1320 voice
(203) 517-6859 cell
(914) 206-3727 fax
hilary@miller.net
(sent from iPhone)

On Mar 8, 2011, at 5:49 PM, "Marc Fusaro" <mfusaro@atu.edu> wrote:

> Almost. What I am writing is an academic paper. It is an early version of what will be submitted for publication. Do you want a separate executive summary to do with it?
>
> ---
>
> **From:** Hilary B. Miller [mailto:hilary@miller.net]
> **Sent:** Sunday, March 06, 2011 8:35 AM
> **To:** Marc Fusaro
> **Subject:** RE: zero loan project

EXHIBIT Q

Marc Fusaro

From:	Marc Fusaro <mfusaro@atu.edu>
Sent:	Monday, June 20, 2011 2:59 PM
To:	pat@cypress-research.com
Cc:	Amber Young (amber@cypress-research.com)
Subject:	Background section for payday lending paper
Attachments:	z CCRF reviewer report.pdf

Pat,

I am writing to remind you of something. When Hilary sent our report to outside reviewers, they gave us several suggestions most of which are good. I have been working on implementing their suggestions. But there is one comment which I think you are much better positioned to write. It is reviewer #1's comment #5. I have attached the comments. Hilary is starting to inquire about this again. When do you think you might be able to write this 1-2 page section?

Marc

Dr. Marc Anthony Fusaro
Assistant Professor of Economics
College of Business
Arkansas Tech University
mfusaro@atu.edu
http://faculty.atu.edu/mfusaro
(479) 968-0688

EXHIBIT R

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Tuesday, November 15, 2011 9:25 AM
To: 'Hilary B. Miller'
Subject: RE: Cycle of Debt Paper

I will look into these.

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Tuesday, November 15, 2011 8:45 AM
To: Marc Fusaro
Cc: Patricia Cirillo (pat@cypress-research.com)
Subject: Cycle of Debt Paper

Marc –

I think your paper should be declared complete. Please upload to SSRN and let me know when done.

Also, in discussing how to publicize the paper with my colleagues, we think the best way to get serious attention is if the Office of Public Relations of ATU issues a press release on its letterhead. We can do an initial draft of the release for them. Would you please ask them if they will proceed in this manner? It's a breakthrough paper and is likely to be of interest in a way that those folks will understand.

Regards,

Hilary

Hilary B. Miller • Law offices of Hilary B. Miller • 500 West Putnam Avenue - Suite 400 • Greenwich, Connecticut 06830-6096 • voice: (203) 399-1320 • fax: (914) 206-3727 • hilary@miller.net • bio • v-card download

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EXHIBIT S

>
> So when do you think you can get me a preliminary data file, at least
> with the payday loan info if not the bank statement info? Should we
> talk? I think that even if we write a follow-up report later, we need
> to at least give Hilary a "preliminary" report by Sept 30. Also, I am
> committed to presenting this at a conference on Oct 9.

Thanks for the deadline info. I can stop the data processing at any time and give you what we have. But, I am still waiting for data files from the companies (which would give me their 3 month loan activity). The data we have now is just "pre-test" data and loan information.

What time zone are you in? I have a crazy day sandwiched between travel yesterday and tonight. I have a long drive tonight and if you are 2 hours behind me that would be a great time for me to talk. Or, we can talk tomorrow, if you like.

Let me know.

Pat

>
> Marc
>
>
>
> -----Original Message-----
> From: Pat Cirillo [mailto:pat@cypress-research.com]
> Sent: Friday, September 11, 2009 2:16 PM
> To: Marc Fusaro
> Subject: [Junk released by User action] Re: data
>
> Hi Marc,
>
> I didn't know there was a Sept 30 deadline. For what? The final report?
> I honestly didn't know about that.
>
> Here is where we are at: abot 95% of the participants are recruited.
> Over half of the stores/markets are fully recruited and we have the
> documents (demo survey, loan documents, bank statements) in hand. We
> are keypunching those as they come in. We are only punching the most
> recent bank statement as they are VERY slow to process (these folks
> have LOTS of transactions each month).
>
> I have begun to request the "post" transaction data from the
> participant companies (as the "three month mark" for some of the recruits is now).
> Some will be really responsive - some won't be.
>
> We are discovering one thing we didn't expect: a LOT of the borrowers
> have massive debit card overdrafts the previous month. Not bounced
> checks. But debit card overdrafts. It is clear from their

> transaction pattern that the overdrafts are "accidents." Just like in
> the NYT article last week, these folks are clearly overdrafting by
> mistake, and they are doing it in a big way (we have one person who
> has $950 in debit card overdrafts within 5 hours on a Saturday).
>
> I think what we are going to find is that a large proportion of payday
> loans (the "first" loans) are in reaction to a really bad debit card
> overdraft month. If banks are required to notify debit card holders
> that they are going to overdraft, and the consumers stop themselves
> from making those purchases, the payday loan industry will see a decrease in demand.
> There are current bills in congress (Maloney, NY) to force banks to
> inform debit card holders of overdraft transactions.
>
> Hilary called me the other day for an update. I told him about where
> we were in data collection and also this other finding. I suspect he
> isn't too happy about that finding and pointed out that it wasn't the
> original objective of the study. I acknowledged that.
>
> Soon I am going to stop the keypunching and have my DP person create a
> data file so that i can put some numbers around these data. At that
> point I want to not only share with you what I see, but confirm with
> you that we are keypunching what you need keypunched. Right now, we
> are punching just about everything in each statement.
>
> Make sense?
>
> Pat
>
>
>
>
>>
>>
>> Pat,
>>
>>
>>
>> How is the data coming it? Have it all yet. The Sept 30 deadline is
>> bearing down on me. I can't delay this any longer. Can you send me
>> what you have to I can get and paper written.
>>
>>
>>
>> Marc
>>
>>
>>
>>
>>
>> ____
>>
>> Dr. Marc Anthony Fusaro, Ph.D.

EXHIBIT T

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Monday, September 14, 2009 10:07 AM
To: 'pat@cypress-research.com'
Subject: RE: [Junk released by User action] Re: data

Pat,

Yes, I will definitely stay away from what lead up to the loan for now. That is not what this study was supposed to be about. Later we can think about work addressing the causes of the loans. The problem with blaming any one cause (overdrafts for example) is that we do not have a random sample of overdraft or bank customers. So anything we say about overdraft will necessarily be negative and ignore benefits to other customers. That said: WOW, this is going to be a data goldmine.

So when do you think you can get me a preliminary data file, at least with the payday loan info if not the bank statement info? Should we talk? I think that even if we write a follow-up report later, we need to at least give Hilary a "preliminary" report by Sept 30. Also, I am committed to presenting this at a conference on Oct 9.

Marc

-----Original Message-----
From: Pat Cirillo [mailto:pat@cypress-research.com]
Sent: Friday, September 11, 2009 2:16 PM
To: Marc Fusaro
Subject: [Junk released by User action] Re: data

Hi Marc,

I didn't know there was a Sept 30 deadline. For what? The final report?
I honestly didn't know about that.

Here is where we are at: abot 95% of the participants are recruited.
Over half of the stores/markets are fully recruited and we have the documents (demo survey, loan documents, bank statements) in hand. We are keypunching those as they come in. We are only punching the most recent bank statement as they are VERY slow to process (these folks have LOTS of transactions each month).

I have begun to request the "post" transaction data from the participant companies (as the "three month mark" for some of the recruits is now).
Some will be really responsive - some won't be.

We are discovering one thing we didn't expect: a LOT of the borrowers have massive debit card overdrafts the previous month. Not bounced checks. But debit card overdrafts. It is clear from their transaction pattern that the overdrafts are "accidents." Just like in the NYT article last week, these folks are clearly overdrafting by mistake, and they are doing it in a big way (we have one person who has $950 in debit card overdrafts within 5 hours on a Saturday).

EXHIBIT U

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Monday, September 12, 2011 1:44 PM
To: 'Hilary B. Miller'
Cc: 'Patricia Cirillo (pat@cypress-research.com)'
Subject: RE: Cycle of Debt Paper
Attachments: w CCRF4.wpd; w CCRF4.pdf

Hilary,

The minor edits were fine.

I can give you #1. That is not a problem.

On #2, I can give the main point. But I was uncomfortable with some of the wording. That is primarily way I removed it the first time around. Since it justifies the cycle of debt, I moved it before our discussion of Bar-Gill/Warren. But in moving it into the first paragraph, I had to move much of it back into a footnote. And as mentioned above, I edited it to language that I could be comfortable with. I do not think I have substantially changed what you wanted, just moved it around a bit.

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, September 07, 2011 3:20 PM
To: Marc Fusaro
Cc: Patricia Cirillo (pat@cypress-research.com)
Subject: RE: Cycle of Debt Paper

Marc –

I have made some minor edits, principally in your re-added material on the first few pages of the paper. A couple of comments:

1. The unnamed payday lenders and the unnamed blind reviewers do not need or want your thanks. It will actually undermine the lenders' objectives in participating in tbe study if you do so.

2. I have restored footnote 1, which we wrote and which you had deleted, regarding the Parrish "illustration." It now appears as a text paragraph. Believe it or not, this is the only article anywbere that actually explains how the "cycle of debt" is supposed to work in practice. You can't discuss the behavioral approach (Bar-Gill) without also discussing Parrish. And it is important to show the This is important. Please humor me.

Let's try to finalize the paper this week. There shouldn't be much left to do. Please let me know if these edits are acceptable.

Hilary

EXHIBIT V

Marc Fusaro

From: Pat Cirillo <pat@cypress-research.com>
Sent: Wednesday, July 25, 2012 10:54 AM
To: 'Marc Fusaro'
Subject: RE: checking in, and a quick question

Hi,

Then I recalculated the actual interest rate paid taking into account default and delinquency and found the APR to be only 180%.

Important finding (although not shocking, either. Someone has to take out 26 loans in a row, which does happen, but rarely, to have an APR of 400%. But, no matter how many times that is explained to people, that APR is used as a weapon against the industry. Constantly. Drives me nuts!) So, that being published will be an important piece of info to share on this 'story.'

By the way, have you seen the recent study from Pew. I found the paper to be flawed, and I spoke to the authors. One of my concerns was that they did not include 'bounced checks' as an alternative to payday loans. [they asked people what they would do if storefront payday loans were not available – and read them a few options, but did not include bounced checks] They said that they didn't have to include that option because your work showed that almost no one bounced checks on purpose. I pointed out that you didn't exactly say that, and that certainly your population was more of the general population not the payday customer. Just thought you'd appreciate the misinterpretation of your findings!

<<I have not been invited to speak to any industry groups. I think the industry has forgotten about me.>>

Well, the problem isn't that they have forgotten about you, the problem is they have NOT forgotten about me (although I often wish they would!). Because they have heard me speak before so many times, they're used to me. They are SO accustomed to speakers bashing them to their faces that they are leery of anyone new. I am pushing FiSCA, however, to include you in their fall annual conference. I've presented our paper twice (watered WAY down) and both times it was well-received.

Would you be ready to present your APR finding in October? If so, then I'm certain I could talk them into inviting you for that reason (I have nothing to do with that one – they won't have that as an excuse!)

And THANKS for the credit card data info. Very helpful.

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Tuesday, July 24, 2012 8:25 PM
To: Pat Cirillo
Subject: Re: checking in, and a quick question

Pat,

Nice to hear from you. I am in Las Vegas presenting our paper at a conference. It was very well recieved. I have also been working on the first follow-up paper. I calculated the average APR to be over 400% - no surprise there. Then I recalculated the actual interest rate paid taking into account default and delinquency and found the APR to be only 180%. I have not been invited to speak to any industry groups. I think the industry has forgotten about me.

On the credit card stuff, I do not know any research off the top of my head. But I can direct you in two directions. First, check out the Federal Reserve especially, the Philadelphia Fed has a department called the "payment card center", They deal with consumer credit and payments. Second, go right to the source. The Survey of Consumer finances has questions on this kind of stuff. It is conducted by the Federal Reserve once every three years. Last one was in 2010. You can download the raw data from the Fed Board of Governors. You can also try release G19 and FOR. Check them out here:

http://www.federalreserve.gov/datadownload/

On 7/24/12 8:23 AM, Pat Cirillo wrote:

> Hi Marc,
>
> I hope your summer is going well.
>
> Quick question for you, and I only want your knee-jerk reaction (aka, don't go to any more trouble than thinking about this for 4 seconds).
>
> Do you know of any studies, or pubished industry or government data which describes the borrowing behavior for credit card users in the US?
>
> Stuff like: how many months of the year do users pay off their cards in full? Average proportion of carried debt to income? That sort of thing.

EXHIBIT W

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Monday, January 09, 2012 11:58 AM
To: 'Hilary B. Miller'
Subject: RE: Press Release

Hilary,
I followed up with the PR guy here. With the New Hampshire primary tomorrow and news of the winner on Wednesday, we decided that Thursday is the best day to get attention. He is going to send me a draft of the release tomorrow. Do you want to be in the loop on what we are releasing?
Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Friday, January 06, 2012 11:10 AM
To: Marc Fusaro
Cc: Patricia Cirillo (pat@cypress-research.com)
Subject: RE: Press Release

Marc –

NOW is the time. With this week's recess appointment of Cordray, the release will be topical and well received. Do not delay further.

Hilary

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Monday, December 19, 2011 4:49 PM
To: Hilary B. Miller
Subject: RE: Press Release

Update: I talked to the VP who oversees publicity and she was very positive. She has it, agrees that we should wait until January, and is happy to get the positive publicity for the University.

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Monday, December 19, 2011 2:28 PM
To: Marc Fusaro
Subject: RE: Press Release

It can certainly wait until January, but you ought to begin the process of getting it cleared by the press office (and incorporating their comments) so that it is in the can and ready to launch 1/3.

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Monday, December 19, 2011 3:27 PM
To: Hilary B. Miller; pat@cypress-research.com
Subject: RE: Press Release

I am thinking that nobody will notice this during the Christmas holiday. So I think we should wait until January. Is there any reason not to wait until January to get this out?

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Friday, December 09, 2011 4:45 PM
To: Marc Fusaro
Cc: Patricia Cirillo
Subject: Press Release

Marc --

Here is a draft press release, for your review and comments. Sorry for the delay in getting this to you — I have been under the weather.

Regards,

Hilary

Hilary B. Miller • Law offices of Hilary B. Miller • 500 West Putnam Avenue - Suite 400 • Greenwich, Connecticut 06830-6096 • voice: (203) 399-1320 • fax: (914) 206-3727 • hilary@miller.net • bio • v-card download

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EXHIBIT X

Marc Fusaro

From:	Marc Fusaro <mfusaro@atu.edu>
Sent:	Wednesday, January 11, 2012 10:06 AM
To:	'Hilary B. Miller'
Subject:	RE: News Release
Attachments:	Press Release (Third Draft).doc

Here is my attempt to strengthen Sam's version. Do you have any input before I discuss it with him.

-----Original Message-----
From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, January 11, 2012 9:32 AM
To: Marc Fusaro
Subject: RE: News Release

While you're at it, "wrote a paper" is the weakest possible phrase. You did groundbreaking research. Give yourself some credit and excite the reader.

-----Original Message-----
From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Wednesday, January 11, 2012 10:31 AM
To: Hilary B. Miller
Subject: RE: News Release

I agree with you.

I did give him your draft as well as the paper abstract. I am not sure why he chopped it so short.

I am going to add back some of the "why it matters" discussion and send it back to him. I'll be in touch with you today.

-----Original Message-----
From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, January 11, 2012 8:51 AM
To: Marc Fusaro
Subject: Re: News Release

Mark --

The draft we sent you was much stronger. Did you misplace it? A copy is attached. Perhaps you would pass it along to Mr. Strasner and see what he wants to incorporate. His version of the release is completely devoid of any discussion of why your work matters; that's just plain wrong.

In any event, the phrase "published by Social Science Research Network" is inaccurate and should be deleted -- the article is self-published. You are the "principal" investigator, not a "co-investigator."

We put a lot of time into the draft we sent you. It seems a shame that Mr. Strasner started from scratch and came up with something of such poor quality.

Hilary

On 1/11/12 9:42 AM, "Marc Fusaro" <mfusaro@atu.edu> wrote:

>
>Our PR office has come up with a draft of a press release. I am
>looking it over right now. Do you have any advice for me concerning it?
>
>
>-----Original Message-----
>From: Sam Strasner [mailto:sstrasner@atu.edu]
>Sent: Tuesday, January 10, 2012 3:44 PM
>To: mfusaro@atu.edu
>Cc: snicholson@atu.edu
>Subject: News Release
>
>Dr. Fusaro,
>I have attached a first draft of the news release concerning the payday
>loan research paper. I had to be a little bit careful in how I wrote it
>just to ensure that no one misunderstood and thought that the
>university was advocating one point of view over another. In
>maintaining that content neutral viewpoint, I admittedly buried the
>lead of what will draw the media's interest.
>
>With that in mind, once we get this in a final format, I have Arkansas
>Business and Talk Business with Roby Brock targeted as two outlets that
>I believe could be interested in this story. When I send them the news
>release, I will be sure to also provide them with a link to the
>abstract and article so that they can get right to the meat of the
>matter. I will also give them your e-mail address so they can follow up
with questions.
>
>Please let me know if you have any questions or edits for the news
>release.
>
>Thanks,
>Sam Strasner
>Director of University Relations
>Arkansas Tech University
>(479) 498-6045

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Wednesday, January 11, 2012 9:51 AM
To: 'Hilary B. Miller'
Subject: RE: News Release

Thanks. That was the first thing I changed. I think we are on the same wavelength here. Any other specifics?

-----Original Message-----
From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, January 11, 2012 9:32 AM
To: Marc Fusaro
Subject: RE: News Release

While you're at it, "wrote a paper" is the weakest possible phrase. You did groundbreaking research. Give yourself some credit and excite the reader.

-----Original Message-----
From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Wednesday, January 11, 2012 10:31 AM
To: Hilary B. Miller
Subject: RE: News Release

I agree with you.

I did give him your draft as well as the paper abstract. I am not sure why he chopped it so short.

I am going to add back some of the "why it matters" discussion and send it back to him. I'll be in touch with you today.

-----Original Message-----
From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Wednesday, January 11, 2012 8:51 AM
To: Marc Fusaro
Subject: Re: News Release

Mark --

The draft we sent you was much stronger. Did you misplace it? A copy is attached. Perhaps you would pass it along to Mr. Strasner and see what he wants to incorporate. His version of the release is completely devoid of any discussion of why your work matters; that's just plain wrong.

In any event, the phrase "published by Social Science Research Network" is inaccurate and should be deleted -- the article is self-published. You are the "principal" investigator, not a "co-investigator."

We put a lot of time into the draft we sent you. It seems a shame that Mr. Strasner started from scratch and came up with something of such poor quality.

Hilary

On 1/11/12 9:42 AM, "Marc Fusaro" <mfusaro@atu.edu> wrote:

\>
\>Our PR office has come up with a draft of a press release. I am
\>looking it over right now. Do you have any advice for me concerning it?
\>
\>
\>-----Originai Message-----
\>From: Sam Strasner [mailto:sstrasner@atu.edu]
\>Sent: Tuesday, January 10, 2012 3:44 PM
\>To: mfusaro@atu.edu
\>Cc: snicholson@atu.edu
\>Subject: News Release
\>
\>Dr. Fusaro,
\>I have attached a first draft of the news release concerning the payday
\>loan research paper. I had to be a little bit carefui in how I wrote it
\>just to ensure that no one misunderstood and thought that the
\>university was advocating one point of view over another. in
\>maintaining that content neutral viewpoint, I admittedly buried the
\>lead of what will draw the media's interest.
\>
\>With that in mind, once we get this in a final format, I have Arkansas
\>Business and Talk Business with Roby Brock targeted as two outiets that
\>I believe could be interested in this story. When I send them the news
\>release, i will be sure to aiso provide them with a link to the
\>abstract and article so that they can get right to the meat of the
\>matter. I wili also give them your e-mail address so they can foilow up
with questions.
\>
\>Piease iet me know if you have any questions or edits for the news
\>release.
\>
\>Thanks,
\>Sam Strasner
\>Director of University Relations
\>Arkansas Tech University
\>(479) 49B-604S

EXHIBIT Y

Marc Fusaro

From: Marc Fusaro <mfusaro@atu.edu>
Sent: Tuesday, January 17, 2012 3:05 PM
To: 'Hilary B. Miller'
Subject: RE: RE: Press release

I did.

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Tuesday, January 17, 2012 2:54 PM
To: Marc Fusaro
Subject: RE: RE: Press release
Importance: High

You are going to receive a phone call from PRNewswire for authorization for the release to go out using ATU as the source. Please respond affirmatively.

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Monday, January 16, 2012 2:54 PM
To: Hilary B. Miller
Subject: Re: RE: Press release

Hilary,

I would not characterize our PR office uncooperative. He seems willing to work with me. He is responsive to my suggestions. I think part fo the problem is that he sent this to his usual list: people who might be interested in Arkansas Tech University. He seems to have sent this to every media outlet in Arkansas. He does not realize that, while it refelects well on the University, this is not about the University and thus others outside of Arkansas will be interested in this.

I am concerned for other reasons. Let me give you an example of the what I consider the best case scenario. Consider Talkbusiness.net. Roby, the director is a friend of my college Dean. I gave him the press release to pass on to Roby. He called Roby, talked about it, and sent the press release. This might be the most likely to pick up the story, but Roby has not picked it up yet. I'll follow up with my Dean tomorrow.

So, what to do next. let's talk about PR Web, PR Newswire and Business Newswire. The PR office looked into them and found out that they are pay for placement services. He said that he does not have the budget or authorization for that kind of posting. The good news however, is that he said "If the Consumer Credit Research Foundation or Cypress Research Group would like to invest in those services for their publicity purposes, I would be more than happy for them to utilize our news release in whole or in part." I think you have permission to help get it out.

So. Let me know what you think I/we should do next. I can continue to work with the PR office here. I can suggest new outlets. I can take suggestions from you, because you know more about this than I - and probably more than our PR office does.

Marc

On 1/14/12 4:12 PM, Hilary B. Miller wrote:

If cooperation is not forthcoming, I can do this and not have my fingerprints on it. Let me know on Monday, please.

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Friday, January 13, 2012 5:22 PM
To: Hilary B. Miller
Subject: RE: Press release

How do I check to see whether he "sent it to them" or "shoved it out to them"?

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Friday, January 13, 2012 2:27 PM
To: Marc Fusaro
Subject: RE: Press release

prweb.com or prnewswire.com or businesswire.com

AP will most likely not pick it up, even if you send it to them. No one will pick it up unless you shove it out to them.

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Friday, January 13, 2012 3:25 PM
To: Hilary B. Miller
Subject: RE: Press release

I know he is sending it to the local business press. And he told me that our best hope for widespread notice is for AP to pick it up. I guess that means he has sent it to AP. Do you think I should ask for a list of the media outlets that have it? Or should I ask about PR (public radio?) newswires? Are there any other outlets about which you think I should inquire.

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Friday, January 13, 2012 1:26 PM
To: Marc Fusaro
Subject: Press release

Marc –

I see that the release was posted approximately 4 hours ago to the school's web site. However, I don't see any evidence that it has been released in a medium that will cause it to come to the attention of the national press and policymakers, such as PR Newswire, etc. Can you please check with your folks and see what their intentions are?

Hilary B. Miller • Law offices of Hilary B. Miller • 500 West Putnam Avenue - Suite 400 • Greenwich, Connecticut 06830-6096 • voice: (203) 399-1320 • fax: (914) 206-3727 • hilary@miller.net • bio • v-card download

---

Previous Attachment :image001.jpg

EXHIBIT Z

Done now, right? May I have an update, please?

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Monday, February 14, 2011 5:56 PM
To: Hilary B. Miller
Subject: RE: zero loan project

Here is a preview of a section of the paper. The primary analysis (duration model – how long it takes to pay off loans) comes in sec 3.2 Hopefully I can get the majority of that written tomorrow.

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Monday, February 14, 2011 4:45 PM
To: Marc Fusaro
Subject: RE: zero loan project

Can I look at the tables?

From: Marc Fusaro [mailto:mfusaro@atu.edu]
Sent: Monday, February 14, 2011 4:22 PM
To: Hilary B. Miller
Subject: Re: zero loan project

Hilary,

1. My first theory was also that these loans were some kind of voided loan where the cutomer changed his mind. However, every one of them was depaosited. I would expect voided loans to be picked up in cash. And for many of the customers this was their only deposited loan; all the rest are picked up in cash. Thus I would like an explanation from NQC. The loans_id for each of these 47 loans is included below.

2. If these types of default/delinquency rates sound normal to you then I need ask you what explains the surprisingly low default rates at the other 7 lenders. On these, Pat is just e-mailing them today, so no need to for you try to speed up an answer too quickly.

[redacted]

On 2/14/11 1:23 PM, Hilary B. Miller wrote:

Marc --

I can only offer you some guesses (er, candidate theories) for these strange behaviors:

1. There are several possible explanations for the OK results. The most likely explanation is that these loans were papered in the lender's system but not never actually made and then voided. Another possibility is that the borrowers exercised their rescission right (they have the right to cancel the loan immediately and owe nothing). In practice, the rescission right is rarely exercised. You should let me ask the lender. If you give me the details and the loan numbers, I'll be happy to make the inquiry and get back to you.
2. In practice, consumers mostly either roll over or default; very few actually repay their loans in cash on the due date (which you know). Also, these states have strict limitations on rollovers. A borrower who is unable to roll over may simply take his or her time repaying the last loan. Again, it is worth asking the lender.

Hilary

From: Marc Fusaro <mfusaro@atu.edu>
Date: Mon, 14 Feb 2011 14:13:32 -0500
To: Hilary Miller <hilary@miller.net>
Subject: RE: zero loan project

Hilary,

I have been snowed into my house for several days working on this project. I was stopped for 5 days by, it turned out, 47 loans in OK which were made and repaid on the same day. Zeros cause big problems in math and computers are very unforgiving. I have inquired about these loans, but we are still waiting for an answer from NQC.

I do have a few issues that maybe you can shed some light on. Pat is looking into these for me. But you might have some knowledge.

In UT only 50% of (non-rolled-over) loans are paid with a month of the due date.

In VA only 50% of (non-rolled-over) loans are paid within a week of the due date.

Do you have any thought on these two rather poor payback rates. This is not just people who were enrolled in our free loan program; this is everybody – control group and study participants.

While we wait for answer I pushed forward and now the data analysis is complete. I am currently writing the report.

Marc

From: Hilary B. Miller [mailto:hilary@miller.net]
Sent: Monday, February 14, 2011 10:50 AM
To: Marc Fusaro
Subject: RE: zero loan project

Marc?

From: Hilary B. Miller
Sent: Wednesday, February 09, 2011 11:33 AM
To: 'Marc Fusaro'
Subject: RE: zero loan project