



## *Captain's Call*

# DoD Cautions Service Members Against 'Loan Shark' Lenders

The Defense Department has launched a new effort to educate service members about the dangers of borrowing from "loan-shark" lending companies and to teach them how to avoid ending up in a spiral of compounding debt.



The most prevalent type of loan-shark lending affecting military personnel is what is known as "payday loans." About 9 percent of all enlisted personnel and 12 percent of all mid-level non-commissioned officers use payday loans.

The department is taking steps, such as hosting fairs at military installations, to educate military members about the dangers of payday loans and familiarize them with ways to put themselves and their families on a sound financial footing. The department is watching the lenders closely, looking at behaviors and patterns that are inconsistent with state law and encouraging states to pass laws that are not only friendly to service members, but also require honesty and discipline on the part of payday lenders.

Georgia, Florida and Oklahoma are examples of states that have taken positive action against payday lenders. Last year, Georgia passed legislation that eliminated payday lending from the state, while Florida and Oklahoma now require a 24-hour waiting period between payday loans, thus eliminating rollovers and multiple loans.