

February 22, 2015

Dear Senator Mullin,

I am writing regarding proposed bill S. 73 pertaining to regulating the Rent to Own industry in Vermont. As a former General Manager in this industry I believe my observations and experience provide a unique insight into some of the business practices that result in Consumer Protection issues.

I was employed in the Burlington market for over 2 years. Near the end of my tenure I found that the moral dilemma operating this store created for me made it unable for me to perform to the required company specifications. I was embarrassed that this was how I made my living, effectively taking advantage of those that could least afford to pay the inflated prices that ultimately they were required to taking these "leases" to term. I was dismissed in June of 2013 for failing to report disciplining an employee for engaging in inappropriate banter in the workplace, I considered it to be a great favor.

The process does provide a level of disclosure and most information is included in company price cards / contracts. However, the focus is on the affordability of the monthly payment with little time spent on the total of payments, regarding interest, we are told that the term does not apply as this is not a credit transaction. At no point are consumers told that the TV they pay \$117.68 for 24 months can be had locally for \$500! While a price match guarantee is offered, it is usual to see model numbers that don't quite match up even though the item is clearly identical. Is it reasonable to charge double for a car that cost \$20,000? Even 50% seems excessive.

I did not experience issues with overcharging for "pre-leased" merchandise, I felt most of the furniture and bedding that went out was of relatively poor quality to start with. It's worth noting that all merchandise has to be purchased through the franchisor and that prices shown as "cost" appeared to be substantially inflated. Repossessing merchandise and putting that merchandise back out was a profit generator. Reinstating contracts was simple, catch up on your payments. We routinely leased to customers that charged off often insisting they make payments on what was effectively stolen from the company while granting them additional products. A lease agreement that was paid on for a few months covered the cost of the item and began to show as profit.

As a manager I was under constant pressure to write more leases, *GM's required to do 95% of closings*, collect a high percentage of monies due, *utilizing twice daily phone calls to, references, family, and place of work contacts*, and organizing field visits to demand return of unpaid merchandise. While the importance of operating within legal collection guidelines were repeated, nothing less than stellar results were accepted. More than once I blocked a customer's driveway with a company vehicle in an effort to return our products, but never before 8am or after 8pm, something not disclosed in the closing document review.

All and all a dirty business, operated as it is today. Preying on the low-literacy folks in particular was distasteful. While some say there is a place for this business model, I believe that folks should know what they are getting into and what the true interest rate is.

My goal would not be to run any business out of state, but to force them to operate ethically, do more than talk the talk they do now, and to walk the walk as well. Rent to Own operates in many states as do Pay Day Loan operations and, I'm sure many other questionable businesses. Are we to kowtow to big business lobbyists and merely force these operations to simply keep their front porches clean, or will we deliver regulations with teeth that force them to truly conform to the moral and ethical code that made our state a great place to begin life, raise a family, and ultimately retire?

Sincerely,
Eric V. Fikowski