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Robert L. Johnson, founder and chairman of The RLJ Companies announced plans for an education awareness campaign designed to convince minority organizations, elected officials, and public interest groups to support his proposal to end payday lending as we know it today and to encourage lending institutions to create lower interest borrowing solutions that will provide transparent and responsible lending options to meet the high demand and need for short term and emergency borrowing.

According to a recent study conducted by the Pew Charitable Trust, nearly twelve million Americans take out payday loans each year when faced with financial challenges and the need to borrow in order to meet cash shortfall when covering emergency expenses. Because of the current high interest lending rates charged by payday lenders, many borrowers are unable to pay back loans in a timely manner and end up indebted for up to five months, paying as much as \$520 in finance charges for loans averaging \$375. (*Payday Lending in America: How Borrowers Choose and Repay Payday Loans*, published February 2013).

"Borrowers, many of whom are minorities and low-income earners, are forced to pay exorbitant interest rates which create a never-ending cycle of borrowing and debt," said Johnson. "My goal is to change this discriminatory and unfair lending environment of payday lending and treadmill borrowing and to bring an end to payday lending as we know it today. If we are successful in this effort to lower borrowing costs for emergency loans, we will be able to put billions of dollars back into the pockets of consumers who need it most."

He continues, "Unfortunately, there will always be people in need of short term and emergency borrowing, and of course we recognize that lending to this group has risks. However, we hope that regulators, lenders, and public interest groups will support alternative solutions. We believe that lower interest rate solutions will bring about a significant change for the better in the financial lives of millions of working class Americans, particularly minority Americans."

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Consider the following statistics from the Pew study:

- Fifty-eight percent of payday loan borrowers have trouble meeting monthly expenses at least half the time. These borrowers are dealing with persistent cash shortfalls rather than temporary emergencies.
- Only 14 percent of borrowers can afford enough out of their monthly budgets to repay an average payday loan. The average borrower can afford to pay \$50 per two weeks to a payday lender—similar to the fee for renewing a typical payday or bank deposit advance loan—but only 14 percent can afford the more than \$400 needed to pay off the full amount of these non-amortizing loans.
- The stated price tag for an average \$375, two-week loan bears little resemblance to the actual cost of more than \$500 over the five months of debt that the average user experiences.
- Forty-one percent of borrowers have needed a cash infusion to pay off a payday loan. Many of these borrowers ultimately turn to the same options they could have used instead of payday loans to finally pay off the loans, including getting help from friends or family, selling or pawning personal possessions, or taking out another type of loan. One in six has used a tax refund to eliminate payday loan debt.

The RLJ Companies, founded by Robert L. Johnson, is an innovative business network that provides strategic investments in a diverse portfolio of companies. Within The RLJ Companies portfolio, Johnson owns or holds interests in businesses operating in a publicly traded hotel real estate investment trust; private equity; financial services; asset management; insurance services; automobile dealerships; sports and entertainment; and video lottery terminal (VLT) gaming. The RLJ Companies is headquartered in Bethesda, MD, with affiliate operations in Charlotte, NC; Little Rock, AR; Los Angeles, CA; San Juan, PR; and Monrovia, Liberia. Prior to founding The RLJ Companies, Johnson was founder and chairman of Black Entertainment Television (BET). For more information visit: www.rljcompanies.com.