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**Cory Watson Crowder & DeGaris Involved in Litigation to
Prevent Consumer Exploitation**

St. Clair County Trial Court Strikes Down a Provision of Alabama's Pawn Shop Act

BIRMINGHAM, Ala., Aug. 30, 2006—In an opinion that relies heavily on consumer lending law and usury laws, Cory Watson Crowder & DeGaris, a Birmingham-based law firm, in conjunction with Trussell and Funderburg P.C. of Pell City, announced that on Aug. 25, 2006, a St. Clair County Circuit Judge struck down a provision of Alabama's Pawn Shop Act that allows an interest rate of 25% per month on car title pawns. This rate allowed an effective annual percentage rate of 300%—considerably more than the current lending restrictions imposed on most lenders in Alabama. Circuit Judge Charles Robinson ruled that the Act violates the Equal Protection Clause of the Fourteenth Amendment of the United States Constitution in holding this 25%-per-month interest charge unconstitutional. The court also found that these unusually high rates conflict with portions of The Small Loan Act and The Consumer Finance Act. The court's decision sends a message that predatory lending will not be allowed in the form of car title pawns in Alabama.

The case, *James Waites v. Express Enterprise, Inc.* (Case no.: CV-00-165, Circuit Court of St. Clair County, Alabama, Pell City Division) involved plaintiff James Waites, who borrowed \$400 against his truck, using his title as collateral, to purchase medicine for his wife. He thereafter made nine consecutive monthly payments of \$100. Waites, a resident of St. Clair County, Alabama, then refused to make any further payments. The pawn shop, which contended that Waites only made interest payments and never repaid the principal, then repossessed his automobile and sold it, leaving Waites stranded.

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“Alabama is one of the few states that allows predatory rates of this magnitude on car title loans,” states Annesley DeGaris, shareholder of Cory Watson Crowder & DeGaris. “The ruling by the court ends this predatory practice in Alabama. It is a positive step in protecting the rights of our state’s working families.”

Excessive interest rates on car title loans are prohibited in most states that surround Alabama. Car title loans, which use titles as collateral, are short-term, high-interest loans structured to be repaid as a single payment after a short amount of time. Car title loans are typically for small amounts—often for much less than the value of the vehicle that secures the loan—and are made without regard to the borrowers’ abilities to repay. Because title lenders call their loans “pawns,” in many instances they have not been subject to usury laws that would normally apply.

Borrowers often cannot repay the full amounts on the date due, fall subject to excessive rates, and are unable to keep up with the payments. The lender then repossesses the car, taking away the borrower’s transportation and making it difficult for the borrower to keep a job. The unreasonably high interest rates that stem from car title loans exploit working families, often stripping them of their most valuable possessions.

About Cory Watson Crowder & DeGaris

Cory Watson Crowder & DeGaris (www.cwcd.com) was founded in 1995 and has become known as one of the region’s leading law firms devoted to representing individuals and businesses injured by the wrongful conduct of others. Some of the senior shareholders in the firm have 25 years of legal experience and have represented clients all across the United States and beyond including Africa, Greece, Latin America, and Canada. Cory Watson’s 12 experienced attorneys and staff of over 40 handle a variety of cases. The largest area of the firm’s practice is products liability, including litigation of defective consumer and household products, motor vehicles, medical devices, and pharmaceuticals. Other practice areas include business litigation, personal injury, nursing home negligence, insurance law, civil rights, class action lawsuits, employment law, workers’ compensation, and construction accidents. Visit www.cwcd.com for more information.

About Trussell and Funderburg P.C.

Trussell and Funderburg P.C. was established in 1992 by William J. Trussell and Erskine R. Funderburg. The firm was instrumental in the original class action lawsuit against Monsanto Corporation for PCB pollutants. The firm has always sought to help those unable to help themselves in a multitude of areas including real estate law, civil litigation, corporate law, and criminal law.

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