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Activist targets Associates meeting Irving company rejects allegations of lending abuse

By Bill Deener
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A Boston community activist known for staging outrageous stunts to promote his causes plans to attend Monday's annual shareholders' meeting of Associates First Capital Corp. in Irving to publicize allegations of lending abuses by the company.

Bruce Marks, executive director of the Neighborhood Assistance Corporation of America, said the purpose of his visit is to present Associates CEO Keith Hughes with copies of two



*Keith Hughes...
Associates CEO
to be presented
with lawsuits*

class-action lawsuits filed by Associates customers.

Irving-based Associates is one of the biggest home equity lenders in the country, with about 2,000 branches in the United States.

"He [Mr. Hughes] will have to look eye to eye with the people whose lives he has destroyed," Mr. Marks said in a telephone interview Friday.

Associates spokesman David Sandor portrayed Mr. Marks as a showman who has grossly mischaracterized Associates and its 8,000 Dallas-area employees.

"This is nothing but a theatrical show," said Mr. Sandor. "We reject his accusations, and unfortunately he has staged this for our annual meeting

in a calculated effort on his part to score points."

One of the lawsuits was filed Friday in federal court in San Francisco, while the other was filed in state court in Boston, Mr. Marks said. His organization intends to file similar cases over the next six months in 25 states, including Texas, he said.

The suits allege, among other things, that Associates uses "predatory loan terms that pressure borrowers to refinance," and that it charges "outrageous rates, often 16 percent and higher," for home loans.

Associates has been the subject of dozens of lawsuits regarding its lending practices, and the company was among several lenders that were the subject of congressional hearings last year.

Mr. Marks said he plans to bring as many as 100 disgruntled Associates customers with him to the annual meeting. He plans for them to wear yellow T-shirts emblazoned with the words: "Stop The Loan Sharks."

The organization disburses some \$3.7 Billion a year in no-interest, no-down-payment loans to low- and moderate-income people. Mr. Marks has pressured other financial services companies to improve their community lending practices, most notably Fleet Financial Group Inc.

After Fleet agreed in 1994 to allocate \$140 million for inner-city borrowers, Mr. Marks stood with a group of senators in the Capitol and dropped a large papier-mâché hatchet into a coffin to symbolize the end of the fight with Fleet.

Mr. Sandor said Mr. Marks, who is an Associates shareholder, will be allowed to speak Monday "just as any shareholder would." The annual meeting will begin at 9 a.m. Monday at the Harvey Hotel in Irving.

"Typically, he will come in with other people in tow, and we will let them all in," said Mr. Sandor.

Gail Thomas is among those expected to attend the meeting. Ms. Thomas, 44, an Allen mother of four, said Associates misled her about the details of a \$150,000 loan that had a so-called balloon payment due within a few years.

"I just want to look at these people and say 'Why do y'all lie to us and rip us off?' This gives us a chance to speak," she said. "I never had a chance to say anything to them before."

Mr. Sandor said the company discontinued balloon-type loans four years ago. "That sounds like an old customer complaint," he said.

Samuel Liss, a stock analyst for Credit Suisse First Boston, said that despite the company's legal problems, it continues to post consistently good earnings. He believes that any loan abuses are isolated.

"Given the size of their company, there might be individual branch situations where people felt they didn't get the best treatment," the analyst said. "But they have almost 2,000 branches."