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**Super Bowl Warning: Investigation Cautions New Yorkers about Rent-to-Own Profiteers**  
- *New Yorkers buying televisions from rent-to-own centers could end up paying 300% extra* -

**CITY HALL** – New Yorkers who buy televisions from rent-to-own stores to watch the Super Bowl could end up paying an extra 300% because of a major loophole in State law, says a new City Council investigation. The investigation, *Kick-Off to a Rip-Off: Loose Laws Lead to Inflated Prices for Rent-to-Own Consumers*, compiled the prices of three common products at New York's 38 Rent-A-Centers and compared those prices to other retail stores. Loose laws allow rent-to-own stores to offer consumers low per-week payments that can add up to significantly higher costs than other retail stores charge – even three times more, as the Council investigation found.

Council Member Eric Gioia, Chair of the Committee on Oversight and Investigations, Consumer Affairs Chair Leroy Comrie and Council Member Maria del Carmen Arroyo urged consumers to know what they are getting into before renting products from rent-to-own stores, and called on officials to strengthen State and Federal laws to close loopholes.

The loophole in State law allows rent-to-own stores, which typically offer electronics, appliances and furniture, to set a "cash price" *at their own discretion* for those products and then charge consumers up to twice this "cash price." As an illustration of the loophole, consider the prices for a similar thirty-seven inch LCD Flat Panel HDTV television at Rent-A-Centers (RAC) versus other retail options:

MSRP	Avg. Retail Price	Avg. RAC Cash Price	Avg. RAC Total Price
\$1,599.95	\$1,297.65 (National, local and online vendors)	\$2,479.06	\$5,186.61 (Average of \$37/week for up to 142 weeks)

New Yorkers purchasing a television from a rent-to-own store outright would pay, on average, over one thousand dollars more for this television than at other retail centers. Even worse, if New Yorkers pay the minimum weekly payment for the television, after about 142 weeks they would end up having paid 300% more than the average retail price.

**Council Member Eric Gioia** said, "Consumers beware: be sure to read the fine print so you don't get tricked into paying up to three times the price to watch the Super Bowl next Sunday. This investigation finds that rent-to-own centers are profiting off New Yorkers who don't know the details. By taking common-sense steps, we can save New Yorkers thousands of dollars."

After conducting his own study of the rent-to-own industry's lease agreements, U.S. Senator Charles Schumer introduced the Renter's Rights Act of 2006 to force the rent-to-own industry to better disclose its prices and hidden fees and abide by state limits on interest and financing charges. The

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Council Members support the Senator's bill, as they do a bill sponsored by Assemblyman James Gary Pretlow, which would act to curb some of the industry's excessive charges in New York State.

In addition to strengthening State and Federal laws, the Council investigation urged consumers to take a series of steps before buying products at rent-to-own stores:

- 1. Know what you are getting into:** Rent-to-own stores are allowed by law to double their own cash price for a product, and can repossess it if you miss a payment. Read the fine print before signing the contract.
- 2. Do the math:** Budget the weekly cost with all your other expenses. Determine how long it will take you to pay off a rent-to-own contract. If you are paying, on average, \$36.35 per week for a 37" TV, it will take you close to three years before you own that product – and one missed payment could result in the loss of both the TV and all the money you've already paid.
- 3. Compare prices.** Taking the time to compare rent-to-own prices with prices at other stores, both in your neighborhood and outside your neighborhood, will help you save money.

**Council Member Leroy Comrie** said, "Much like H&R Block is doing with their paycheck loans during tax season, Rent-A-Center and other rent-to-own businesses are specifically targeting low-income consumers. By using federal and state consumer law loopholes, rent-to-own business are taking advantage of an uninformed public and intentionally putting working class families into greater debt. It is my hope that consumers in this city will think twice before entering into contracts with rent-to-own businesses."

**Council Member Maria del Carmen Arroyo** said, "The business practices of the Rent-to-Own industry in poor communities of color are deplorable. We must ensure our communities are informed regarding the financial implications of entering into contracts that all too often disenfranchise and take advantage of consumers."

The Council also cited a Neighborhood Economic Development Advocacy Project (NEDAP) survey that shows that the City's Rent-A-Center stores are located in predominantly black or Hispanic neighborhoods and, as an industry, rent-to-own stores target low-income consumers with poor or no credit.

"Our research shows that Rent-a-Center, the largest rent-to-own chain in New York, has located its New York City stores almost exclusively in low income neighborhoods of color," said **Sarah Ludwig**, Director of the Neighborhood Economic Development Advocacy Project (NEDAP), a not-for-profit resource center that promotes fair access to credit. "Rent-to-own stores are part of the growing array of high-cost financial services that target low income New Yorkers and sap millions of dollars of wealth from their communities."

"I'm proud to have been the pioneer in the Senate when it comes to highlighting the Rent-to-Own industry's nefarious business practices," said **Senator Schumer**. "Like highway bandits, these companies search out our city's most susceptible consumers who desperately need basic household goods and milk them out of hundreds, and sometimes, thousands of dollars. My plan will rein in this renegade industry and give New York consumers better prices, more knowledge, and, ultimately, more purchasing power."

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