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Crime

Uptick in Crimes Against Elderly, Payday Lenders Tarnish Some Locals' Golden Years

By Leslie Minora Mon., Aug. 15 2011 at 5:22 PM

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A disheartening report by the Dallas Police Department shows that crimes against senior citizens have increased in the past year, with rates for July 2011 15 percent higher than during the same time last year. Lieutenant Herbert Ashford presented the numbers at this morning's Senior Affairs Commission Victimization Committee meeting, a lengthy discussion about the perils of old age and the hucksters who seize the opportunity to con Grandma out of what's left of her life savings.



Via.

Most notably, embezzlement more than doubled in the past year, while residential burglary rose 18 percent. In addition to the rise in crime, a not-necessarily criminal activity to which local elders fall victim is payday and auto title lending, geriatric crisis intervention caseworker, Marilu Thorn, said in a presentation at the meeting. The elderly can borrow against their fixed income for small cash advances that come with exorbitant interest rates, often creating a spiral of debt, inability to repay and even more debt.

There are more payday and auto-title lenders in Texas than McDonald's and Whataburgers, according to Thorn. They've almost tripled in number over the past three years: "It's a monster in disguise, it really is," she says.

The city of Dallas is cracking down on the questionable lending practices. In June, city council passed a set of rules that require payday and car title loan shops to register with the city. The measure restricts loan amounts and repayment terms. These rules were preceded by zoning restrictions that limit distance between lenders and their proximity to

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highways and homes. It's too early to determine the ordinances' effectiveness because only weeks after the measures passed, the **Consumer Service Alliance of Texas** filed a lawsuit disputing the new rules.

During the recent legislative session, the state passed two laws regarding payday and auto title lending, one requiring specific disclosures to customers about fees and interest rates and another requiring state licensing for these businesses. The laws go into effect in January.

If a payday loan remains unpaid for five months, the amount owed can triple. The "terrible economy" (yes, even in Dallas), has created a surge in the high-interest loan business over the past 10 years, and minority communities make up the majority of borrowers.

"[Lenders] make it extremely easy -- very, very easy," Thorn says. These businesses have popped up all over our neighborhoods, including inside liquor stores and pawn shops. Thorn said rather than compare the businesses to loan sharks, she prefers to compare them to "piranhas -- they're small and they're all over the place."

In some cases, family members take advantage of elderly relatives, exploiting their financial standing and saddling them with debt.

Thorn said that over the past few years, she's seen an increase in payday lending cases that cross her desk in the crisis intervention office located in police headquarters. "I think it's getting more prevalent, and with the economy the way it is, it's snowballing," she told Unfair Park. This summer, she's even dealt with three heat-related cases when elderly people borrowed money to pay for air-conditioners only to have the debt cycle spiral out of control when they are unable to repay the loan.

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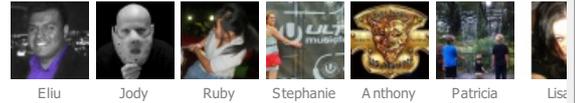
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scottindallas 8 months ago

well, they've been stealing from us for decades, what with their entitlements, and tax cuts

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coupled with budget deficits. Then, if you want to talk about these issues, they tell you it's impolite. Yeah, the nerve of some people to want to discuss their extortion with the perps.

I want to preserve and protect entitlements, but we to cut their payouts NOW; through more stringent means testing, among other ideas.

Like Reply

 **dlc0le76054** 8 months ago

shut them down. They are leeches of socirty.

Like Reply

 **scottindallas** 8 months ago in reply to dlc0le76054

Come on, I'm critical of the Baby boomers, but I don't think we should shut them down. Or do you mean these bottom feeder lenders? I'm ambivalent about them and pawn shops too, but they certainly belong "on watch."

Like Reply

 **dlc0le76054** 8 months ago in reply to scottindallas

Referring to the PayDay lenders. Certainly the bottom feeders...

Like Reply

 **SupMar** 8 months ago

"If a payday loan remains unpaid for five months, the amount owed can triple." This is a big "if" as payday advances are typically two weeks.

I work in the industry and our customers are educated, hard-working, middle-class Americans who face unbudgeted or unexpected expenses between paychecks and want and need access to short-term credit.

While critics of the industry assign labels to payday lending customers in an attempt to further their political agendas, the fact is we provide services to a broad cross section of Americans because there is widespread demand for the financial service we provide.

Like Reply

 **EH12648** 8 months ago

I've worked in the industry for years. I find it interesting the author notes there are more payday lending facilities than Whataburgers and McDonalds. I'm assumming he lumped all payday lending companies together, but singled two burger franchises, instead of lumping them with others such as Burger King, Wendy's, etc.

Why does this matter? A better comparison would be that nationwide there are almost five times more banks than payday lenders. Banks that charge overdraft and bounced check fees that can be more expensive than payday loans. Does that mean there are too many banks?

Like Reply

 **Schafer123** 8 months ago

A payday loan is a 2 week loan, with a set fee. Those fees are posted in their businesses. I don't think it is unreasonable to charge \$15-\$17 for a \$100 loan. People deserve to have choices & are more than capable of making their own decisions.

Like Reply

 **PawnstarDFW** 7 months ago

I work in the payday loan industry and certainly times are tough. People of all types use

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payday loans and to generalize the customer base as poor, elderly, underbanked etc... is very inaccurate.

Payday advance customers are educated, hard-working, middle-class Americans who face unbudgeted or unexpected expenses between paychecks and want and need access to short-term credit.

Payday advance customers are not the "un-banked", as 100% have a checking account at a credit union or bank, but turn to payday lenders for small dollar short-term credit needs.

Research shows payday advance customers to be low to middle income, educated, working families, with most earning between \$25,000 and \$50,000 annually. Payday loan customers skew young and most have children at home.

According to the research, customers that use payday loans:

Skew young; 63% have children at home Have lower and middle incomes; 41% earn between \$25,000 and \$50,000; 39% report incomes of \$40,000 or more Are educated; 90% have a high school diploma or better, with 54% having some college or a degree Have limited liquid assets and savings, most use other forms of credit Have characteristics that may limit their access to credit Use payday loans moderately, as intended for short-term use Are aware of the cost of their most recent payday loan Consider the alternatives, are satisfied with their decision Benefit by having access to payday loans

The opinions of millions of hard-working payday advance customers have been lost in the debate over payday lending. Their voices are overshadowed by critics who have never actually used the service. Our customers are real people who use payday advances to solve real problems.

Source: An Analysis of Consumers Use of Payday Loans, Gregory Elliehausen

Like Reply



Dspe06 5 months ago

How does a City represented by leaders being investigated by the FBI and who fight like school children have any credibility. Using these services is a choice guaranteed for all American's. Who will meet the needs of these customers? Will the city loan the money to these hard working Americans?

Like Reply



Payday Loans 1 month ago

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