

# The High Price of Poverty:

**How Big  
Banks,  
Wall Street,  
and the  
Minnesota  
Legislature  
Facilitate  
Poverty Profiteering**





# Table of Contents

---

<i>Executive Summary</i> .....	4
<i>Who Are Minnesota’s Poverty Profiteers?</i> .....	5
<i>Payday Lending</i> .....	5
<i>Pawnshops</i> .....	6
<i>Subprime Auto Loans</i> .....	7
<i>Dentistry</i> .....	7
<i>The Role of High Finance in Poverty Profiteering</i> .....	8
<i>US Bank, Wells Fargo and Payday Lenders</i> .....	8
<i>Private Equity and Hedge Funds</i> .....	8
<i>Aspen Dental and Private Equity</i> .....	9
<i>CarHop, Subprime Auto Loans and Private Equity</i> .....	9
<i>Campaign Contributions, Lobbying and Inaction at the State Legislature</i> .....	10
<i>Recommendations and Next Steps</i> .....	12
<i>Who is ISAIAH</i> .....	12
<i>Footnotes</i> .....	13



# The High Price of Poverty: How Big Banks, Wall Street, and the Minnesota Legislature Facilitate Poverty Profiteering

## Executive Summary

“Poverty profiteers” including payday lenders, pawnshops, debt collectors, and subprime auto and home loan companies have created an entire business model devoted to taking advantage of low-income Minnesotans when they reach the end of their paychecks and the bottom of their bank accounts.

It is a stunningly profitable industry: in 2015, payday lender Ace Cash Express earned nearly \$15 million,<sup>1</sup> lining its coffers, as well as those of its owner, the private equity firm JLL Partners. It is also a growth industry, capitalizing on moments of recession when more people are driven to desperation. During the 2008 Great Recession, the number of pawnshops nationally grew by 36 percent.<sup>2</sup>

Poverty profiteers include a whole set of industries that earn exorbitant profits by intentionally targeting the poor. A single mother waiting for her next paycheck but needing groceries now may turn to a payday lender – and face interest rates as high as 400 percent APR. Parents who cannot afford dental care may take their child to a “dental management services company.” Faced with an unmanageable bill, they accept the credit card offer from the same company that just performed dental work – and find themselves unable to keep up with high interest rates.

Nearly 1.6 million Minnesotans earned the minimum wage in 2015<sup>3</sup> putting them dollars below making a living wage in Hennepin County.<sup>4</sup> Poverty grew in Hennepin County by 60 percent from 1999-2014.<sup>5</sup> Thirty-six percent of black families, 38 percent of American Indian families and 21 percent of Latino families live in poverty.<sup>6</sup> In addition to a racist legacy of red lining, traditional lines of credit are not available to these populations. Given that there is nowhere else for these people to go, there are immense profits to be made off these individuals – and big business has taken note. Big banks like US Bank and Wells Fargo, as well as private equity firms, invest millions in poverty profiteers every year. The role of these Wall

Street firms in poverty profiteering is particularly malicious: every year, millions of dollars are siphoned out of low-income communities and put into the pockets of the world’s richest individuals. Poverty profiteering does not affect all Minnesotan’s equitably. The racialized nature of poverty means that profiteering disproportionately affects Minnesotans of color. Black Minnesotans are twice as likely as white Minnesotans to live within 2.5 miles of a payday lender.<sup>7</sup> Nationally, 12 percent of African-Americans have used payday loan services, compared to 4 percent of whites and 6 percent of Latinos.<sup>8</sup>

Even more shamefully, the Minnesota state legislature is complicit in allowing poverty profiteering to continue. Minnesota’s poverty profiteers use politics to their advantage in two ways: they both block regulation of their industry in the form of interest rate caps and fair lending laws, as well as fighting laws that would raise Minnesota’s poorest out of poverty, like a higher minimum wage or earned sick time. In the 2014 and 2016 legislative sessions, given the opportunity to regulate the sky-high interest rates payday lenders charge, the legislature instead chose to listen to corporate campaign contributions.

This report explores the connections between Minnesota’s poverty profiteers and Wall Street, as well as the corroding influence these industries have on our democratic institutions. Through massive campaign contributions and relentless lobbying, poverty profiteers and the high financiers that back them have captured the very people and institutions that should protect low-income communities.



## Who Are Minnesota's Poverty Profiteers?

An entire constellation of companies has devised mechanisms to take advantage of people at their most economically distressed. Payday lenders, pawnshops, subprime auto and home loans, car title loans, high interest credit cards, rent-to-own furniture, debt collectors, tax refund loans, for-profit colleges, private prisons, even dental services – almost everywhere a person living in poverty turns, there is a company lying in wait to take a cut of the individual's meager earnings. This section examines in more detail just some of the various companies and industries whose business models rely on taking advantage of people at their most economically vulnerable.

### Payday Lending

Payday lending in particular exemplifies poverty profiteering. Between paychecks, bills are still due and families still need groceries – where do people turn while they wait for their next paycheck? For too many low-income families, particularly those of color, that place is payday lending.

Two companies, Payday America and Ace Cash Express dominate the Minnesota payday loan industry,<sup>9</sup> although other companies, such as Un-Loan maintain significant presences. Ace Cash Express is a national company and is owned by private equity firm JLL Partners. Ace Cash Express earned nearly \$15 million in profit in 2015. Profit margins for Payday America, a Minnesota company, are not publicly available.

Brad Rixmann owns both Payday America and Pawn America. He has become the public face of the industry and maintains a dominating political presence at the state legislature. Over the last decade, he has donated over half a million dollars to state level elected officials and spent over \$300,000 in 2014 to defeat payday regulations at the state legislature.<sup>10</sup>

Payday loans are intended to be short-term loans, typically to be repaid by the time the borrower receives their paycheck. When the pay period is reached, the borrower finds that in addition to the principle being automatically deducted from their bank account, additional hefty fees and interest

I had a nervous breakdown over my debt. My credit score got down to 560. My brother needed help. I borrowed \$8000 from One Main Financial, I pay \$259 a month and in three years I have only paid off \$1000 because the interest rate is so high. I am locked into it. I needed new glasses so I could drive to church. I took out a payday loan and that turned into loan after loan. They were charging me nearly 200% interest. I would still be stuck in it if I hadn't found the payday refinance program (Exodus Lending). It's so stressful having all this debt. I am considering bankruptcy. Being in solidarity with other people has helped. Telling my story has helped.

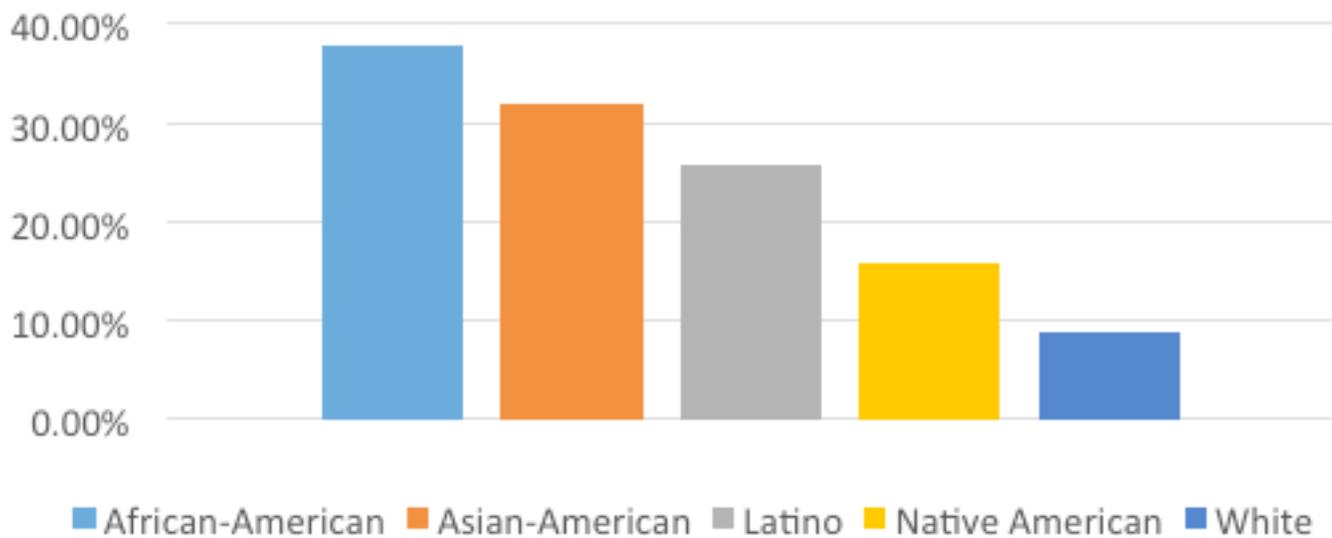
- Corii



have been withdrawn. Most borrowers, struggling in the first place, are unable to shoulder the hit of that much money extracted from their bank account and find no other option but to take out another loan leveraged on their next paycheck. Only 15 percent of borrowers repay the initial loan while 64 percent renew it (20 percent default).<sup>11</sup> These repeated new loans and loan renewals result in \$3.5 billion in fees going to the payday loan industry yearly.<sup>12</sup> An average borrower in Minnesota takes out 10 loans a year and takes five months to repay the original loan.<sup>13</sup> The payday loan industry depends on this cycle – 90 percent of revenue comes from borrowers who cannot pay on time.<sup>14</sup> Part of the reason for this debt trap is that interest rates for payday loans are astronomically high. In Minnesota, the average annual percentage rate for a payday loan is 252 percent.<sup>15</sup>

Payday lending targets individuals who desperately need cash to pay for daily living expenses: rent, groceries, prescription drugs, utilities and so forth.<sup>16</sup> They thus tend to be clustered in low-in-

## Percent of Minnesotans Living in Poverty by Race



come neighborhoods. Because poverty is so racialized in Minnesota, this means that victims of payday loans are disproportionately people of color.<sup>17</sup>

Black Minnesotans are twice as likely as white Minnesotans to live within 2.5 miles of a payday lender.<sup>18</sup> Nationally, 12 percent of African-Americans have used payday loan services, compared to 4 percent of whites and 6 percent of Latinos.<sup>19</sup>

### *Pawnshops*

A pawnshop is a retail store where individuals receive small loans in exchange for items they own as collateral. Loans are expected to be repaid in a few months, with interest rates and fees. If the borrower is unable to repay the loan, they lose the item they left as collateral. Like payday lenders, pawnshops charge sky-high interest rates: annual percentage rates can be anywhere from 120-240 percent.<sup>20</sup> They are designed to capitalize on people with nowhere else to go for small amounts of money.

Pawnshops often double as payday lenders. Brad Rixmann, owner of both Payday America and PawnAmerica, often situates them next to each other as a “one-stop-shop” for easy, but ex-

tremely high-interest cash. Between the two industries, he has built an empire of wealth on the backs of some of Minnesota’s poorest residents. Both pawnshops and payday lenders increasingly serve as their only resort for financial services, small-dollar loans and fast cash.<sup>21</sup>

### *Subprime Auto Loans*

The 2008 Great Recession was caused in large part by a wave of defaults on subprime home loans. Banks took advantage of low-income families lured by the promise of first time home ownership and easy money. Banks gave families loans that appeared almost too good to be true – and they were. After a couple of years of payments, interest rates ballooned, fees caught up with borrowers, and millions lost their homes.

Many analysts believe a new subprime crisis may be in the making now – this time related to auto loans. There is nearly \$1 trillion in outstanding auto loans, much of it loaned out in the last few years.<sup>22</sup> In February 2016, delinquent auto loans reached their highest rate since 1996.<sup>23</sup> Subprime auto loans have increased by 118 percent since 2009 and represent 22 percent of all auto loans.<sup>24</sup> Given how dependent many are on automobiles

for employment, having a car is not negotiable for many working Americans. This makes the prospect of losing a car due to non-payment particularly daunting.

Subprime auto lenders intentionally target consumers with extremely low credit ratings,<sup>25</sup> advertising “No Credit No Problem!” Major financial institutions repackage thousands of smaller, riskier loans into “securities” that decrease the potential risk to the financial institution of default on any one loan – which encourage subprime lenders to give out even more loans.

In Minnesota, CarHop is one of the major subprime auto lenders. Owned by a large private equity firm, CarHop symbolizes poverty profiteering: it targets borrowers excluded by the banking industry, and pumps money directly into the hands of some of the richest individuals in the world.

Loans often include fine print and difficult to read legal language with interest rates that balloon after a short period of low-interest rates, and often have numerous hidden fees. By targeting consumers with low credit ratings, financial institutions intentionally take advantage of consumers with the lowest financial literacy. Even when subprime loans do not contain hidden mechanisms, many consumers are unable to repay their loans, meaning they lose the car on which they have been making payments. In the meantime, the lender receives months of payment and the car back at the end.

### *Dentistry*

Americans living in poverty who need dental work may turn to profit-driven dental service companies owned by private equity firms. These companies make money by targeting patients by performing unnecessary dental work, overcharging patients for services, and

issuing high-interest credit cards to customers to pay off massive debts. They typically target patients eligible for Medicaid.<sup>26</sup>

There are at least 25 such “dental management service companies” that take advantage of patients on Medicaid. One manner in which these companies do so is by sending dentists to schools to find Medicaid eligible students – low-income students.<sup>27</sup> Investigators have found dozens of cases of these companies performing unnecessary dental work on such patients. All Smiles, a Texas company, paid \$1.2 million in Medicaid fraud allegations.<sup>28</sup>

One report found that Aspen Dental, which operates in Minnesota, uses a “business model that makes Aspen Dental accessible to people short on cash can also lock people into debt and has led to complaints of patients being overcharged or given unnecessary treatments.” Further, “Former employees say Aspen Dental trained them in high-pressure sales.”<sup>29</sup>

### *Private Prisons*

Private prisons are prisons run by corporations for profit. The government arrests and sentences the prisoners and then pays a private corporation to run the prison.



What’s happening to our members is awful. What they’re doing is sucking the lifeblood out of the poorest in our communities. People who are poor or struggling should not become easy marks for predatory lenders. Instead, lending should be fair. Loans should provide an avenue for financial opportunity, not a quagmire of debt.  
Rev. Billy G. Russell, President Minnesota State Baptist Convention

Corrections Corporation of America (CCA) is the largest and oldest private prison owner and operator in the U.S. Approximately 71,000 people are currently locked up in CCA facilities, generating nearly \$1 billion in profits over the past 5 years. In 2014, CCA profits amounted to \$3,366 per individual man or woman incarcerated in a CCA facility, while the top six executives collected nearly \$12 million in total compensation.

Poverty profiteers earn profits off prisoners in two ways. First, prisoners tend to be individuals who were already locked out of the formal economy before even being arrested. The average income of a prisoner before they go to jail is \$19,650, while the average income for non-prisoners is \$41,250.<sup>30</sup> Any corporation that makes its profits off these individuals is engaging in poverty profiteering.

Second, other poverty profiteers earn money off prisoners through partial privatization. For example, payday lenders, including Ace Cash Express and Advance America, serve as locations for families to deposit money into prisoner's accounts – taking a cut of the deposits. They offer these services throughout the country, including in Minnesota.<sup>31</sup> Other financial corporations, including JP Morgan Chase, run debit cards that prisoners have to use at prison commissaries.<sup>32</sup>

### *The Role of High Finance in Poverty Profiteering*

Behind every poverty profiteer lies an even bigger financial institution. Wall Street financiers use poverty profiteers to extract money from the poorest communities in the United States without directly getting their hands dirty. Through loans, credit lines, buyouts, and other financial maneuvers, high finance enables low finance to continue operations and facilitates wealth extraction from individuals in poverty to rich financiers.

Banks enable and profit from poverty profiteers in two ways. First, they lock out many individuals from accessing traditional banking services, leaving them nowhere to turn but to payday lenders

and other poverty profiteers. For example, banks often do not offer the types of small loans that payday borrowers need. Second, they provide behind the scenes financing to poverty profiteers. This section looks at how three big banks, Wells Fargo and US Bank enable poverty profiteers.

### *Aspen Dental and Private Equity*

Dental management service companies are a type of company that builds riches by exploiting poor people's lack of access to regular dental

#### Hedge Funds vs. Private Equity

**Private equity** firms operate by acquiring controlling or substantial stakes in companies, sometimes outright buying them. They typically raise billions of dollars and leverage massive amounts of debt to buy publicly traded companies and take them private. They use a variety of mechanisms, involving stripping assets and complicated financial maneuvers to sell them at a profit with a few years. They sometimes maintain direct control of companies that return high profits, including some poverty profiteers. This section looks at two such companies, CarHop and Aspen Dental.

**Hedge funds** operate by “hedging” their investments with complex financial instruments and large amounts of debt. Like private equity, hedge funds are only available to super-wealthy and very large institutional investment funds. Unlike private equity, hedge funds do not outright buy a company. They gain controlling interest of a company using leveraged debt. They are famous for “shorting” stocks, or betting that stocks will fail in order to turn a quick profit. This paper does not look explicitly at the role of hedge funds in poverty profiteering.

care. They trap consumers in a cycle of debt by charging high prices for services and then signing patients up for a credit card with exorbitant interest rates. Credit cards are sometimes initially advertised as interest-free despite actually having interest rates as high as 29.9 percent.<sup>33</sup> These companies also typically target low-income customers, sometimes by sending dentists to look for new customers in schools with high numbers of Medicaid eligible children.

In Minnesota, Aspen Dental operates at least 10 locations. Private equity firm Leonard Green & Partners, with \$15 billion in capital, owns it.<sup>34</sup> In 2015, Leonard Green & Partners was recapitalized with \$5 billion by two other private equity firms. American Securities LLC manages nearly \$15 billion and Ares Management LP has nearly \$86 billion in assets;<sup>35</sup> there is clearly big money behind these small dentistry storefronts.

Former employees report that they were trained in high-pressure sales tactics and that dentists get paid bonuses if they meet sales goals.<sup>36</sup> An average treatment plan at Aspen Dental costs \$4,450.<sup>37</sup> In 2010, Aspen Dental settled a lawsuit for \$175,000 brought by the Pennsylvania attorney general for misleading patients about treatment prices and credit card interest rates.<sup>38</sup>

### *CarHop, Subprime Auto Loans and Private Equity*

CarHop, a Minnesota auto sales company, uses a predatory model to sell cars and originate loans at the same location. CarHop sells poor consumers cars they cannot pay for by giving them loans they cannot afford, and then repossesses the car after consumers cannot keep up with payments. A Consumer Financial Protection Bureau investigation found that “CarHop sells vehicles primarily to customers with nonexistent or poor credit histories in need of subprime or deep subprime credit.”<sup>39</sup> The CFPB fined CarHop for \$6.4 million for deceiving consumers.<sup>40</sup>

CarHop’s business model is just one of many “buy here pay here car lots,” where consumers receive their loan from the same company that sells them

the car. Over the last decade, private equity firms have come to view such business as smart investments – perhaps because interest rates at the in-house loans can be as high as 30 percent.<sup>41</sup>

Alpine Investors, a private equity firm, bought CarHop in 2007 and quickly doubled their number of storefronts.<sup>42</sup> Alpine Investors holds nearly \$1 billion in investment capital.<sup>43</sup> Like dental management service companies, there is big money in buy here pay here car lots. In 2011, the industry made \$80 billion in loans and averaged 38 percent profit per car.<sup>44</sup>

### *US Bank, Wells Fargo and Payday Lenders*

US Bank and Wells Fargo, the two biggest banks in Minnesota,<sup>45</sup> both ended their direct payday loan services in 2014 – yet they both remain significant financial backers for payday lenders. Both banks lock people living in poverty out of traditional banking services, forcing them to turn to payday lenders.<sup>46</sup> Both US Bank and Wells Fargo then directly finance the payday lending industry. Here are just a few examples of how they financially prop up the payday lending industry:

- In December 2011, Wells Fargo, US Bank and Bank of America renewed a \$300 million line of credit to Advance America.<sup>47</sup>
- In 2012 when a Mexican financial institution purchased Advance America, Wells Fargo served as Advance America’s financial advisor.<sup>48</sup>
- US Bank has made at least five major loans to Payday America and its parent company Pawn America since 2009.<sup>49</sup>
- Since 2002, a consortium of major banks including Wells Fargo and US Bank have maintained a revolving line of credit of up to \$200 million for payday lenders. The banks have received millions of dollars in fees in exchange.<sup>50</sup>
- Wells Fargo has served as trustee for several debt financings for ACE Cash Express.<sup>51</sup>

With massive profits and high CEO pay, these banks’ role in financing poverty profiteers in return for millions in profits represents a vast wealth

transfer from Minnesota’s poorest communities to the pockets of the state’s richest individuals and corporations, like Richard Davis at US Bank or John Stumpf at Wells Fargo.

### Banks and Private Prisons

Numerous big banks make significant investments in private prisons. This is no surprise, given the massive profits in the industry. In 2010, the

	Size in U.S.	2014 Profits	2014 CEO Pay
US Bank	5 <sup>th</sup> largest <sup>52</sup>	\$5.93 billion <sup>53</sup>	\$19.4 million <sup>54</sup>
Wells Fargo	3 <sup>rd</sup> largest <sup>55</sup>	\$23 billion <sup>56</sup>	\$19.3 million <sup>57</sup>

two largest private prison corporations earned \$3 billion in revenue and their top executives earned \$3 million in compensation.<sup>58</sup> It is an industry with room to grow, too. Currently, 6 percent of state prisoners and 16 percent of federal prisoners are held in private prisons.<sup>59</sup> The number of prisoners held in private prisons grew by 1600 percent between 1990 and 2009.<sup>60</sup>

Wells Fargo holds major investments in private prisons. One 2012 article called private prisons “Wells Fargo’s...cash cow.”<sup>61</sup> According to a 2012 report on private prisons, Wells Fargo extended a \$785 million line of credit to Corrections Corporation of America. Wells Fargo also has nearly \$100 million invested in GEO Group, and holds debt and loans to other private prison corporations.<sup>62</sup>

Through contracted services and prison outsourcing, numerous other major financial institutions, including banks like JP Morgan Chase and Bank of America<sup>63</sup> and investment firms like the Vanguard Group and Fidelity Investments<sup>64</sup> earn millions in profit.

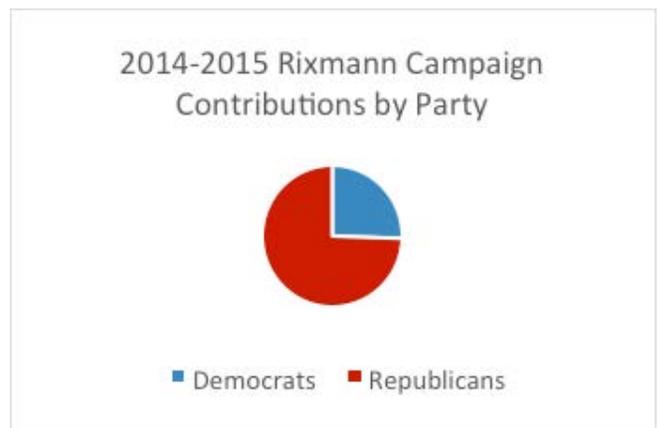
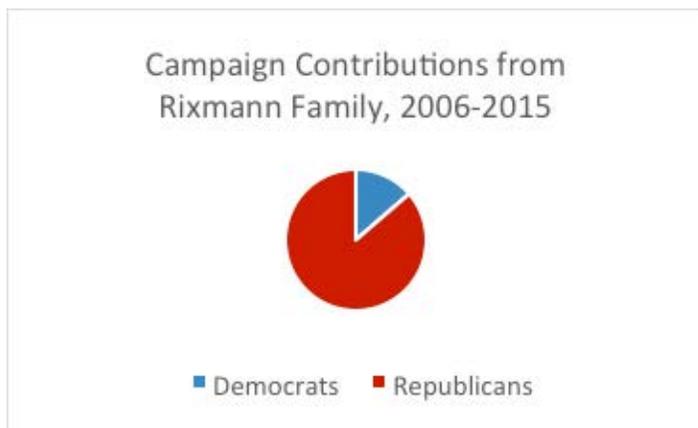
### Campaign Contributions, Lobbying and Inaction at the State Legislature

The Minneapolis/St. Paul Business Journal headline says it all: “Payday lender Brad Rixmann steps up political spending and a payday bill dies.”<sup>65</sup> Campaign contributions and political lobbying by poverty profiteers and their lobbying associations corrodes the democratic process. Through their political influence, poverty profiteers both prevent regulation of their industries and attempt to stop laws from passing that would help Minnesotans move out of poverty.

In addition to running the largest Minnesota pawnshops and payday stores, Brad Rixmann also wields enormous influence through his leadership role in the Minnesota Pawn Brokers Association and through the Minnesota Retailer’s Association. These conglomerations of businesses advocate for policies that benefit their bottom line.

According to our analysis of donations from 2006-2015 Brad Rixmann and his family members gave a total of \$570,082.95 in campaign contributions. 86 percent went to Republicans and 14 percent to Democrats. In 2014 and 2015, the Rixmanns contributed a total of \$100,734.51 to DFL and Republican individuals and party entities, 74 percent to Republicans, 26 percent to Democrats:

In 2014, facing new regulations that would restrict payday loans, Rixmann and his family members gave \$300,000 to lobbyists.<sup>66</sup> It also appears that Rixmann ran a potentially fraudulent petition campaign, sending in hundreds of postcards to legislators that legislators could not independently



## 2014 Rixmann Contributions to Republican and DFL Individuals and Party Entities

Person	Amount
Andrea Todd-Harlin, R	\$1,750.00
David Hann, R	\$250.00
David Tomassoni, DFL	\$1,000.00
DFL Party Entities	\$15,250.00
Gregory Davids, R	\$750.00
Heidi Gunderson, R	\$1,000.00
James Carlson, DFL	\$500.00
James Metzen, DFL	\$250.00
John Hoffman, DFL	\$1,250.00
Karin Housley, R	\$1,000.00
Kirk Stensrud, R	\$1,000.00
Kurt Daudt, R	\$2,250.00
Kurt Zellers, R	\$5,750.00
LeRoy Stumpf, DFL	\$ 500.00
Mark Dayton, DFL	\$4,000.00
Matthew Dean, R	\$400.00
Peter L Crema Jr, R	\$1,000.00
Randy Gilbert, R	\$400.00
Randy Jessup, R	\$1,000.00
Republican Party Entities	\$56,184.51
Roz Peterson, R	\$1,000.00
Stacey Stout, R	\$500.00
Terri Bonoff, DFL	\$1,000.00
Thomas Bakk, DFL	\$1,000.00
Tom Saxhaug, DFL	\$1,000.00
Tony Albright, R	\$750.00
Total	\$100,734.51

verify as having come from real people.<sup>67</sup>

Rixmann’s massive campaign contributions and lobbying efforts appear to continue to reverberate in the halls of the Minnesota Legislature. Like the 2014 attempt to regulate the industry, a 2016 bill to cap payday interest rates at 18 percent APR failed to pass the state legislature. The state legislature, in fact, failed to even bring the bill out of committee to a floor vote. The enormous campaign contributions and political pressure that Rixmann is able to bring on behalf of the payday loan industry is clearly paying off.

It is not only through direct opposition to regulation of their industry that poverty profiteers use the state legislature. In order to maintain their business model, poverty profiteers depend on a permanent population of poor residents to keep coming into their business.

Poverty profiteers and their business associations, like the Minnesota Retailer’s Association, oppose laws that could decrease their pool of potential customers: higher minimum wages, paid sick time and family leave and fair scheduling rules. In the 2016 legislative session, poverty profiteers opposed paid family leave at the legislature and introduced a bill to stop municipalities from introducing local ordinances to improve worker’s lives. Despite passing in the Senate by a 37-30 vote, poverty profiteers were able to successfully prevent a paid family leave bill from the passing the House. Also in the 2016 session, poverty profiteers also attempted to pass a bill to reopen a private prison in Appleton, Minnesota, but the bill did not pass the state Senate.

Previously, the Retailers Association opposed efforts to raise the state minimum wage and index it to inflation. They support efforts to pass a “preemption law” that would prevent municipal-



Every two weeks I was just paying interest. And I think I got frustrated with it because knowing that the interest you’re paying really isn’t even close to what you took, and by the time you know it, you paid more than what you took from them. . . It eats you up, really, and it’s very stressful to deal with that—not knowing where you’re going to live next, or how you’re going to come up with your rent.  
-- Mercy

ities from passing bills that give workers greater workplace protections than allowed by state law.<sup>68</sup> They have also opposed efforts in the city of Minneapolis to provide paid sick leave and require employers to offer fair scheduling.

The Minnesota Retailers Association spends significant amounts of money on lobbying. Over the last decade, the association has spent \$436,782.97 on lobbying efforts to defeat regulation of their industry and keep Minnesotans living in poverty.<sup>69</sup> Over the same period, the retailer's political action committee has made \$89,775 in campaign contributions.

### *Recommendations and Next Steps*

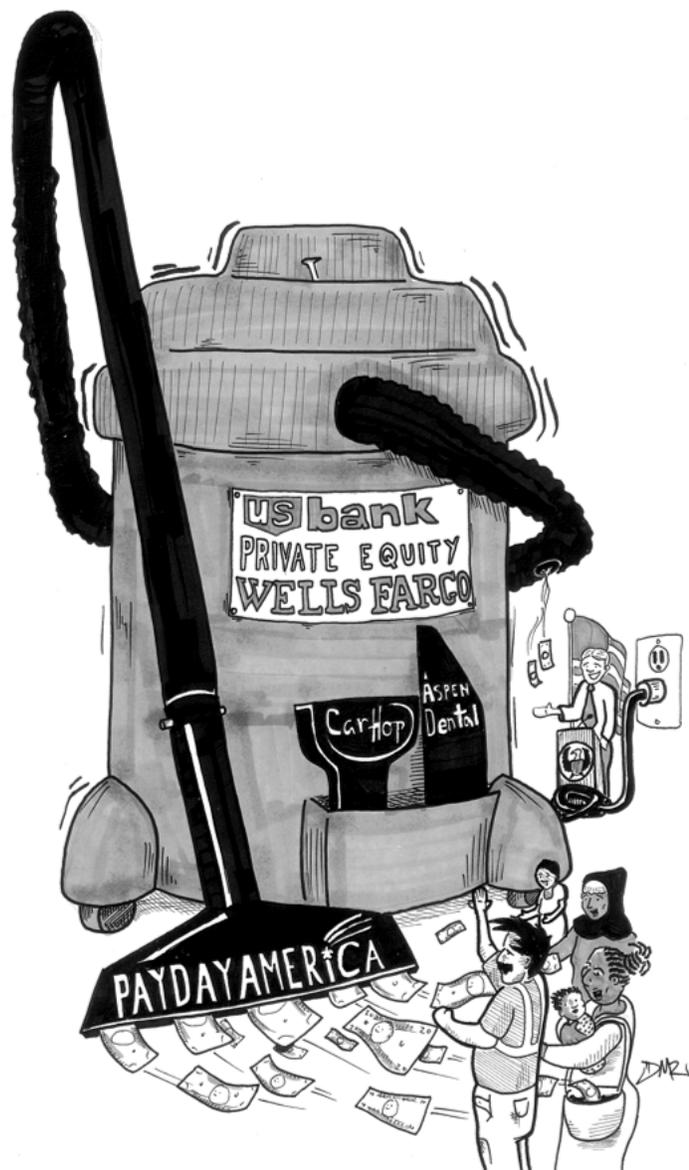
1. Minnesota legislators should commit that they will not take campaign contributions from poverty profiteers or their associations.
2. The Minnesota State Legislature should pass strong regulations on the payday lending industry. Currently, 18 states and Washington D.C. prohibit extremely high-interest payday loans – Minnesota should follow suit.
3. The Minnesota State Legislature should enact similarly tough regulations on other poverty profiteers to stop Wall Street money from profiting off people's suffering.
4. The Minnesota State Legislature should create a state-run bank that would give all Minnesotans access to equitable banking services without usurious interest rates.
5. Hedge funds, private equity firms and big banks should stop providing financial backing to payday lenders and other poverty profiteers. They should also stop using poverty profiteers as investment vehicles.

### *Who is ISAI AH?*

ISAI AH is a vehicle for congregations, clergy, and people of faith to act collectively and powerfully towards racial and economic equity in the state of Minnesota.

By uniting local congregations in a large regional organization, ISAI AH strengthens the ability of people of faith to address both local and regional community issues, including sprawl, affordable housing, transportation and racial inequity.

To learn more about ISAI AH, or sign up for our email list, visit us at [www.isaiahmn.org](http://www.isaiahmn.org).



## Footnotes

- 1 “Ace Cash Express Financials.” Nasdaq.com. Accessed at <http://www.nasdaq.com/markets/spos/company/ace-cash-express-inctx-2885-38368?tab=financials>
- 2 “Platinum Card and Text Alert.” New York Times. Accessed at <http://dealbook.nytimes.com/2013/08/24/platinum-card-and-text-alert-via-pawnshop/?hp&r=0>
- 3 “Minnesota Minimum Wage Report, 2015.” Minnesota Department of Labor and Industry. Accessed at <http://www.dli.mn.gov/rs/PDF/15minwage.pdf>
- 4 “Living Wage Calculation for Hennepin County, Minnesota.” MIT Living Wage Calculator. Accessed at <http://livingwage.mit.edu/counties/27053>
- 5 2016 State of the County Address. Accessed at <http://www.hennepin.us/your-government/leadership/state-of-the-county-2016>
- 6 Hennepin County 2010 Population, Income and Poverty Fact Sheet. Accessed at <http://www.hennepin.us/~media/hennepinus/your-government/research-data/documents/2010-census-county-pop-income-poverty.pdf>
- 7 “Drowning in Debt: A Health Impact Assessment of How Payday Loan Reforms Improve the Health of Minnesota’s Most Vulnerable.” Human Impact Partners and Isaiah. March 2016.
- 8 “Payday Lending in America: Who Borrows, Where They Borrow, and Why.” Pew Charitable Trusts. Accessed at [http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes\\_assets/2012/pewpaydaylendingreportpdf.pdf](http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2012/pewpaydaylendingreportpdf.pdf)
- 9 “Drowning in Debt: A Health Impact Assessment of How Payday Loan Reforms Improve the Health of Minnesota’s Most Vulnerable.” Human Impact Partners and Isaiah. March 2016.
- 10 “Leader in payday lending makes his presence felt at Minnesota Capitol.” Star Tribune. Accessed at <http://www.startribune.com/leader-in-payday-loans-makes-his-presence-felt-at-minnesota-capitol/321143221/>
- 11 “Payday Loans and Deposit Advance Products: A White Paper of Initial Data Findings.” Consumer Financial Protection Bureau. 2013.
- 12 Center for Responsible Lending. Fast Facts-Payday Loans. Center for Responsible Lending. 2014. Accessed at <http://www.responsiblelending.org/payday-lending/tools-resources/fast-facts.html>
- 13 Payday Lending in Minnesota. Joint Religious Legislative Coalition. 2013.
- 14 Financial Quicksand: Payday lending sinks borrowers in debt with \$4.2 billion in predatory fees every year. Center for Responsible Lending. 2006. Accessed at <http://www.responsiblelending.org>
- 15 How State Rate Limits Affect Payday Loan Prices. The Pew Charitable Trusts. 2014. Accessed at [http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes/contentlevel\\_pages/fact\\_sheets/stateratelimitsfactsheetpdf.pdf](http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes/contentlevel_pages/fact_sheets/stateratelimitsfactsheetpdf.pdf)
- 16 “Who Borrows, Where They Borrow, and Why.” Pew Charitable Trusts. 2012. Accessed at [http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes\\_assets/2012/PewPaydayLendingReportpdf.pdf](http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2012/PewPaydayLendingReportpdf.pdf)
- 17 “Minnesota 2014.” Talk Poverty. Accessed at <https://talkpoverty.org/state-year-report/minnesota-2014-report/>
- 18 “Drowning in Debt: A Health Impact Assessment of How Payday Loan Reforms Improve the Health of Minnesota’s Most Vulnerable.” Human Impact Partners and Isaiah. March 2016.
- 19 “Who Borrows, Where They Borrow, and Why.” Pew Charitable Trusts. 2012. Accessed at [http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes\\_assets/2012/PewPaydayLendingReportpdf.pdf](http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2012/PewPaydayLendingReportpdf.pdf)
- 20 “The Disadvantages of Pawnshop Loans.” Accessed at <http://www.nolo.com/legal-encyclopedia/disadvantages-pawnshop-loans.html>
- 21 “Pawnshops Flourish in Hard Times, Drawing Scrutiny.” Time Magazine. Accessed at <http://content.time.com/time/business/article/0,8599,1953095,00.html>
- 22 “Subprime Auto Loans: The Next Shoe to Drop?” Counterpunch.org. Accessed at <http://www.counterpunch.org/2016/03/18/80774/>
- 23 “Unpaid subprime car loans hit 20-year high.” CNN. Accessed at <http://money.cnn.com/2016/03/15/investing/subprime-unpaid-auto-loans-oil-crash/>
- 24 “More Warning Signs in Subprime Car-Loan Market.” Wall Street Journal. Accessed at <http://blogs.wsj.com/money-beat/2016/04/07/more-warning-signs-in-subprime-car-loan-market/>
- 25 Ibid.
- 26 “Dental Abuse Seen Driven by Private Equity Investments.” Bloomberg. Accessed at <http://www.bloomberg.com/news/articles/2012-05-17/dental-abuse-seen-driven-by-private-equity-investments>
- 27 Ibid
- 28 Ibid
- 29 “Patients, Pressure and Profits at Aspen Dental.” PBS. Accessed at <http://www.pbs.org/wgbh/frontline/article/patients-pressure-and-profits-at-aspen-dental/>
- 30 “Prisons of Poverty: Uncovering the pre-incarceration incomes of the imprisoned.” Prison Policy Initiative. Accessed at <http://www.prisonpolicy.org/reports/income.html>
- 31 “Jail General Information.” Hennepin County Sherriff’s Office. Accessed at <http://www.hennepinsheriff.org/jail-gen-info>
- 32 “How Big Banks Turn Prisons into Profit Centers.” Marketplace. Accessed at <http://www.marketplace.org/2015/01/28/wealth-poverty/how-big-banks-turn-prisons-profit-centers>
- 33 “Patients, Pressure and Profits at Aspen Dental.” PBS. Accessed at <http://www.pbs.org/wgbh/frontline/article/patients-pressure-and-profits-at-aspen-dental/>

34 "American Securities Leads Recapitalization of Aspen Dental." PR Newswire. Accessed at <http://www.prnewswire.com/news-releases/american-securities-leads-recapitalization-of-aspen-dental-300054682.html>

35 Ibid

36 "Patients, Pressure and Profits at Aspen Dental." PBS. Accessed at <http://www.pbs.org/wgbh/frontline/article/patients-pressure-and-profits-at-aspen-dental/>

37 Ibid

38 Ibid

39 "CFPB Orders CarHop to Pay \$6.4 Million Penalty for Jeopardizing Consumer's Credit." Consumer Finance Protection Board. Accessed at <http://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-carhop-to-pay-6-4-million-penalty-for-jeopardizing-consumers-credit/>

40 Ibid

41 "A vicious cycle in the used-car business." LA Times. Accessed at <http://www.latimes.com/business/buy-here-pay-here/la-fi-buy-here-pay-here-part1-storyb-story.html>

42 "Investors place big bets on Buy Here Pay Here used-car dealers." LA Times. Accessed at <http://articles.latimes.com/2011/nov/01/business/la-fi-buyhere-payhere-20111101/3>

43 "About Alpine." Alpine Investors. <http://alpine-investors.com/about-alpine/>

44 "Investors place big bets on Buy Here Pay Here used-car dealers." LA Times. Accessed at <http://articles.latimes.com/2011/nov/01/business/la-fi-buyhere-payhere-20111101/3>

45 "Minnesota's biggest bank firms end 2015 with solid, though not bigger, profits." Star Tribune. Accessed at <http://www.startribune.com/u-s-bancorp-s-ends-record-year-with-slight-bump-in-profit/365418101/>

46 "Payday Greed: How Banks and Payday Lenders Profit from Minnesotans in Need." Isaiah. October 2015.

47 National People's Action, January 2012.

48 "Advance America Surges on Mexican Billionaire's Takeover Bid," Bloomberg.com, February 2012

49 "The Predators' Creditors: How the Biggest Banks Are Bankrolling the Payday Loan Industry." National People's Action and Public Accountability Initiative. 2010

50 ACE Cash Express Form 10-Q, filed May 12, 2003.

51 "ACE Cash Express, Inc. Announces Earnings Conference Call for Noteholders to Discuss Quarter Results." Company press release, November 11, 2013

52 "U.S. Bank's profit falls slightly as revenue declines." Star Tribune. Accessed at <http://www.startribune.com/u-s-bank-s-profit-falls-slightly-as-revenue-declines/315319761/>

53 "Minnesota's biggest bank firms end 2015 with solid, though not bigger, profits." Star Tribune. Accessed at <http://www.startribune.com/u-s-bancorp-s-ends-record-year-with-slight-bump-in-profit/365418101/>

54 "U.S. Bancorp CEO Richard Davis' compensation jumps 79 percent." Minneapolis/St. Paul Business Journal. Accessed at <http://www.bizjournals.com/twincities/blog/banking/2015/03/usbancorp-ceo-richard-davis-compensation-jumps.html>

55 "Investment Profile: First Quarter 2016." Wells Fargo. Accessed at <https://www.wellsfargo.com/about/investor-relations/investment-profile/>

56 "Fourth Quarter Earnings." Wells Fargo. Press release. Accessed at <https://www08.wellsfargomedia.com/assets/pdf/about/press/2015/fourth-quarter-earnings.pdf>

57 "Wells Fargo CEO John Stumpf's Compensation Flat at \$19.3 Million." Wall Street Journal. Accessed at <http://www.wsj.com/articles/wells-fargo-ceo-john-stumpfs-compensation-flat-at-19-3-million-1426628933>

58 "Banking on Bondage: Private Prisons and Mass Incarceration." ACLU. Accessed at <https://www.aclu.org/banking-bondage-private-prisons-and-mass-incarceration>

59 Ibid

60 Ibid

61 "Wells Fargo's prison cash cow." Salon.com. Accessed at [http://www.salon.com/2012/04/11/wells\\_fargos\\_prison\\_cash\\_cow/](http://www.salon.com/2012/04/11/wells_fargos_prison_cash_cow/)

62 "Jails Fargo: Banking on Immigrant Detention." National People's Action and National Prison Divestment Campaign. Accessed at [http://public-accountability.org/wp-content/uploads/wells\\_fargo\\_-\\_banking\\_on\\_immigrant\\_detention.pdf](http://public-accountability.org/wp-content/uploads/wells_fargo_-_banking_on_immigrant_detention.pdf)

63 "Megabanks have prison financial services market locked up." The Center for Public Integrity. Accessed at <https://www.publicintegrity.org/2014/10/02/15812/megabanks-have-prison-financial-services-market-locked>

64 "Who's Getting Rich of the Prison Industrial Complex?" Vice.com. Accessed at <http://www.vice.com/read/whos-getting-rich-off-the-prison-industrial-complex>

65 "Payday lender Brad Rixmann steps up political spending, and a payday bill dies." Minneapolis/St. Paul Business Journal. Accessed at [http://www.bizjournals.com/twincities/morning\\_roundup/2015/08/payday-lender-brad-rixmann-steps-up-political.html](http://www.bizjournals.com/twincities/morning_roundup/2015/08/payday-lender-brad-rixmann-steps-up-political.html)

66 "Leader in payday loans makes his presence felt at Minnesota Capitol." Star Tribune. Accessed at <http://www.startribune.com/leader-in-payday-loans-makes-his-presence-felt-at-minnesota-capitol/321143221/>

67 Ibid

68 "Retail's Top Priorities." Minnesota Retailer's Association. <http://www.mnretail.org/advocacy/top-priorities>

69 Minnesota Campaign Finance Board records. Accessed May, 2016.