



City of Milwaukee

Meeting Minutes

200 E. Wells Street
Milwaukee, Wisconsin
53202

CONVENIENT LENDING TASK FORCE

Ald. Joe Davis, Chair
Ald. Terry Witkowski, Vice-Chair
Chris Callen, Kathryn Crumpton, Dorothy Dean, Dimitri Jordan, Anna Ruzinski,
Bethany Sanchez, Jim Walrath, Bobbie Webber

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Thursday, June 9, 2005

9:00 AM

Room 301-A, City Hall

These minutes are a draft and have not been approved by the Convenient Lending Task Force.

Meeting convened: 9:09 AM

Members present: Ald. Joe Davis - Chair, Sr., Kathryn Crumpton, Dimitri Jordan, Anna Ruzinski, Bethany Sanchez, Jim Walrath.

Members absent: Terry Witkowski, Chris Callen, Dorothy Dean, and Bobbie Webber, Jr.

1) Task Force Members Introductions

Those present introduced themselves and offered an overview of their employment background and previous experience with convenient cash business establishments.

2) Discussion of the Task Forces' Purpose

Ald. Joe Davis offered an overview of the purpose of the creation of the Convenient Lending Task Force, according to File #0410000:

The Convenient Lending Task Force was created to study the impacts of "convenient cash businesses" on Milwaukee neighborhoods in a formal body, and to develop a list of recommendations that could be used as public-policy solutions to any problems that are identified. The Task Force should submit their findings to the Common Council within one-year of its creation.

3) Discussion of what the Task Force should be looking at

The following recommendations, were offered as initial study points of convenient cash establishments, by task force members:

Mr. Dimitri Jordan - Department of City Development:

- How many businesses exist in the City of Milwaukee?
- What types?
- Customer base?
- Dollar amounts being loaned, including interest on the loans?
- How can traditional lending institutions fill the existing gaps?
- How are current regulations established?
- The fiscal impact of convenient cash businesses on the City of Milwaukee, specifically the market interest rates the institutions are charging that are not going back into Milwaukee communities?
- Development of demographic maps outlining the areas in which convenient cash establishments are located.
- Visual charts comparing the interest rates associated with convenient cash businesses to those of traditional lending establishments.

Deputy Inspector, Anna Ruzinski - Milwaukee Police Department

Deputy Inspector Ruzinski recommended that the Task Force also review public safety issues surrounding convenient lending establishments. She advised that there is a higher potential for robberies in the neighborhoods where these establishments are located, and that one of the biggest deterrents to these types crimes, are vibrant involved neighborhoods. Deputy Inspector Ruzinski further advised that one of the ways to decrease these crimes is through the economics in neighborhoods and the concern of the citizens.

Deputy Inspector Ruzinski compared the convenient lending businesses to renter -a-centers in mid 1980's and early 1990's advising the task force of the similarities in practices.

Jim Walrath - Legal Aid Society of Milwaukee

Mr. Walrath recommended reviewing convenient lending establishments from the perspective of the impact they have on the consumer.

- How were the demands for cash met prior to the creation of convenient lending establishments?
- What causes them to be in high demand?

Mr. Walrath advised members of data available to the task force, from various organizations such as studies circulated by The National Consumer Law Center, which discusses the concentration of convenient cash businesses in minority neighborhoods and on military bases.

Mr. Walrath further commented that along with safety and appearance issues that there is also the danger of the nature of convenient cash businesses, and the type of marketing strategies they use, which come very close to raising the issue of blight, especially when in high concentration. He continued by explaining that the nature of advertisement that these enterprises engage in is generally revealed in their name, "Payday Loan Businesses". He expressed concern about the extent these businesses are drawing in consumers who really don't have paydays, but social security check days. He stated that this addresses the question, who is the customer base, and what income range are they in?

The other advertising issue Mr. Walrath recommended the task force explore is convenient lending businesses' stated goal of helping the consumer meet their short-term cash needs and whether that matches the actual practice and history these institutions have with their customers.

Ald. Davis requested that Mr. Walrath devise a list containing the recommendations of the task force, which can be used for research purposes. He suggested that the Marquette Law students working with Mr. Walrath in conjunction with the Legislative Reference Bureau to address specific questions, which can be reviewed from a legal standpoint.

Kathryn Crumpton - CCCS of Greater Milwaukee

Ms. Crumpton recommended that gaining an understanding of the profile of the consumer be considered by reviewing the following:

- Demographic maps*
- Marketing strategies*
- Why consumers are not using traditional institutions*
- Consumer education*

Bethany Sanchez - Fair Housing Council

Ms. Sanchez recommended the convenient lending task force research the impact of convenient cash businesses on families in their entirety. She commented that some consumers encounter predatory lenders in various ways, which leads to a vicious cycle, starting with predatory home loans the consumer seeks assistance through payday loan lenders.

Ms. Sanchez continued by recommending research of the following:

- Current regulations*
- Laws in other jurisdictions*
- Educational activities*

-How to encourage mainstream lenders to reestablish relationships in the cities communities?

Ald. Davis advised task force member of crime statistics involving convenient cash businesses within the past 6 months.

4) Comments from the Public

There were no public comments.

5) Next meeting date, time and agenda

The Convenient Lending Task Force members will discuss the recommendations listed in item #3 at the July 9, 2005 meeting, at City Hall, Room 301-A, 9:00 AM.

Meeting adjourned: 10:17 AM

*Diana Morgan
Staff Assistant*