

Bank giant taxing the poor: pols

By Rachel Monahan
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It's another raw deal for the city's working poor, advocates say.

Many New Yorkers are paying sky-high fees to take out loans on their anticipated tax refunds - a practice that has put a major bank in the cross hairs of city officials.

JPMorgan Chase provides about 10% of all the so-called refund-anticipation loans issued across the nation, charging an interest rate of about 150% a year for a typical loan, advocates said.

"[Chase] really should stop providing financing for these exorbitant loans that prey upon poor people and people of color," said City Councilwoman Letitia James (WFP-Brooklyn), who along with Councilman Leroy Comrie (D-Queens) has called on the bank to stop the practice.

One in five taxpayers in many of the city's poorest neighborhoods got a refund-anticipation loan from 2002 through 2005, according to a study by the Neighborhood Economic Development Advocacy Project.

Chase charges an interest rate of about 451% for the smallest of the loans, which allow consumers to get their tax-refund money about a week faster than normal, according to data provided by the National Consumer Law Center.

Chase spokeswoman Calmetta Coleman defended the tax-refund loans as a service to "consumers that want to get their tax refunds especially quickly."

HSBC recently announced it was getting out of the business of "holiday" and "pre-file" loans, which are based solely on consumers' pay stubs. Chase has not yet considered whether it will do the same, Coleman said. "We really haven't focused on next year," she said.

Families with incomes of less than \$40,000 can get their taxes done for free by various nonprofit groups, and avoid the temptation of a loan, advocates said.

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