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# Rapid ripoff

**Poor neighborhoods targeted for predatory tax-refund loans, study shows**

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# Loans 'taxing' on the poor

## Study: Rapid refunds prey on minorities

By Michael Clancy  
amNewYork City Editor

Those "rapid refunds" offered by many tax preparation firms leading up to April 15 are draining millions of dollars from the poorest neighborhoods with loans that have interest rates as high as 700%, advocates warned yesterday.

City residents who take the usurious loans hoping to get a quicker refund have spent more than \$324 million in fees and interest over a three-year period, according to the Neighborhood Economic Development Advocacy project.



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cacy project.

Residents of Brownsville in Brooklyn shelled out more than \$8.5 million in fees from 2002 to 2005 alone.

"These are not just individual transactions," said Chris Keeley, an organizer with the advocacy group. "The loans undermine efforts to build up local wealth — \$8.5 million. How could that money be better used in Brownsville?"

Billed as rapid refunds, among other names, the refund anticipation loans, or RALs, are issued by out-of-state banks that charge interest rates that exceed New York's 25% interest ceiling on loans — with some going as high as 700%. Other hidden fees and charges further whittle away at taxpayers' refund checks. The

## Cash lost to loans

Neighborhood	RAL fees
Brownsville	\$8.5 million
Morrisania/Melrose	\$8.1 million
East New York/Cypress Hills	\$7.8 million
Tremont	\$7.8 million
Flatbush	\$7.5 million
Highbridge	\$7 million
Tremont/East Tremont	\$6.6 million
Canarsie	\$6.5 million
Bushwick/Bed-Stuy	\$6.3 million

Source: Neighborhood Economic Development Advocacy  
Project analysis of IRS data from 2002-2005

loans are marketed aggressively in low-income communities, advocates said.

When advocates mapped out the amount of money lost to these loans by zip code, they found that the highest amounts where being paid in communities made up largely of minorities and the working poor. Often the taxpayers were eligible for Earned Income Tax Credits, but saw that federal money go toward

fees instead of their families, Keeley said.

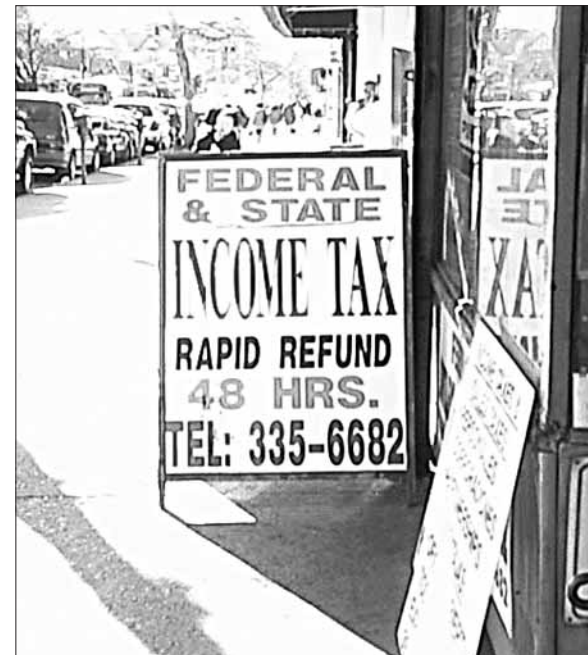
Many New Yorkers with low incomes can qualify for free tax-preparation, and the electronic filing option has cut wait times to just about two weeks, said Councilman Leroy Comrie (D-Queens), who held hearings on the issue last

week.

"They are preying on people that they know are uninformed, who have a limited income, who work long hours and might be not that financially savvy," he said.

A spokeswoman for the tax preparation firm Jackson Hewitt said the company explains all charges, fees and options with customers.

A spokesman for H&R Block said "our average loan costs about half the price of



Tax preparation firms that offer high-interest rapid refunds target poor neighborhoods, advocates say.

the competition and is 40% less expensive than a cash advance on a credit card."

Taxpayers with questions

about rapid refunds or related issues can call 311 or go to nedap.org for more information.

(mclancy@am-ny.com)

## Cop guns down Qns. suspect

An off-duty cop interrupted an assault on a Queens street early yesterday, shooting an assailant who briefly struggled for the officer's gun, police said.

The officer, a lieutenant assigned to the 110th precinct, was driving south on 90th Street near 37th Avenue in Jackson Heights at 5:30 a.m. when he witnessed two men assaulting and robbing another man, police said.

The unidentified officer, in his car, rolled down his window and identified himself to the suspects, who fled, police said.

The officer chased after the two men. He struggled with one of them before the second suspect attacked the officer with a beer bottle, police said. The second suspect, identified only as a 24-year-old, was shot once, police said. He was taken to Elmhurst Hospital Center under police custody. He is in serious but stable condition.

Though the shooting was under investigation, police said it appeared justified.

(Newsday)

# Harlem gets royal treatment

## Charles stops by kids center to hoop it up

By Justin R. Silverman  
amNewYork Staff Writer

While the Prince of Wales yesterday visited a Harlem community center — shooting hoops, learning about the neighborhood's asthma crisis and taking in some Shakespeare — New Yorkers on the street were none too impressed with their royal visitor.

"This is a guy who has never had a real job in his life but is still making millions," said Robert Ortiz, 50, who was among a handful of people who gathered outside the Harlem Children's Zone on 125th Street during the prince's visit.

"We can't relate to that



Prince Charles talks yesterday to students participating in a math program at Harlem Children's Zone. He and his wife, Camilla, arrived in New York by train. (AP)

here," he said.

Prince Charles and his wife Camilla, the Duchess of Cornwall, spent nearly two hours at the center, learning about the organization's social and educational programs.

In one program, teenagers pick real stock and can earn real money if their

stock does well. The duchess called it "fantastic."

Ortiz recalled last month's funeral for soul legend James Brown at the Apollo Theater, which attracted thousands of fans, some of whom waited more than 12 hours to pay their respects. "Now there is a

man who worked hard for what he had," he said.

Among those who hoped for a glimpse of the royal couple were some former British subjects, including Steve Dixon of Queens.

"I admire Prince Charles' stance on environmentalism," he said. "I also know he is a great fan of cricket."



Prince Charles sets up for a shot in a gym. (AP)

Harlem politicians Rep. Charles Rangel and New York Lt. Gov. David Paterson joined the royal couple as they toured the children's center. When handed a basketball, the prince first lobbed an airball, but sunk a basket on his second attempt.

Among the spectators on 125th Street was Esperanza Cruz, 25, who lives a block from the Harlem Children's Zone.

"I think it's really cool he made Harlem the place he would visit in New York," she said. "I guess the prince of England has an urban streak in him."

(With the AP)  
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