

# Predatory Lenders Are Exploiting New Yorkers



In New York, it's a felony to charge more than 25% interest on a loan – thanks to our strong state usury law. Yet, predatory lenders are continually devising new ways to trap New Yorkers in cycles of debt. They disproportionately target communities of color, perpetuating poverty and inequality. These debt traps include:



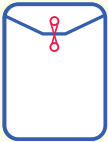
## Earned Wage Advance

Predatory apps lure low-wage workers into taking out so-called payday advances. In reality, these are loans that can cost 300% APR or more.



## Rent-to-Own

Rent-to-own stores ensnare people into paying more than double the original price for furniture or appliances, through installment contracts and exorbitant interest rates.



## Litigation Funding

Private equity-backed lenders prey on people involved in lawsuits, offering “advances” with crippling interest rates as high as 100% per year or more, siphoning off money that people receive through judgments and settlements.



## Merchant Cash Advance

Unscrupulous companies exploit small businesses, offering loans with interest rates as high as 800% per year or more.

## Have you used any of these products?

Scan this QR code to share your story. Your experience will highlight for policymakers and the public the urgent need to crack down on economic exploitation.



# Pass the End Loan Sharking Act!



A bill in the New York State legislature, called the End Loan Sharking Act, or ELSA (A4918/S1726), will stop predatory lenders from evading our state usury law and exploiting New Yorkers.

The federal Consumer Financial Protection Bureau recently affirmed that paycheck advance products like Earned Wage Advance apps should be treated as loans.

Accordingly, ELSA would clarify that New York's usury law covers a variety of "financing arrangements" *including*

*earned wage advance apps, rent-to-own contracts, litigation funding, and merchant cash advances.* It would ensure that interest rates reflect the full cost of borrowing – including fees, service charges, and "tips" – as required by law.

Our state lawmakers must pass ELSA to stop financial predators from fleecing New Yorkers and draining wealth from communities of color.

## One New Yorker's Story

Matthew, a NYC College of Technology student, found himself using Earned Wage Advance apps every month or two, and getting hit with fees as high as \$10 for a \$100 "advance" – the equivalent of 260% APR. Matthew's not alone. Just one EWA company, EarnIn, recently disclosed that it had over 80,000 users in New York in 2023.

**TAKE ACTION:** Tell your state representatives to crack down on widespread predatory lending by supporting ELSA. Visit [equityagendany.org/takeaction](https://equityagendany.org/takeaction) to contact them today.

Learn more at [equityagendany.org](https://equityagendany.org)