End the Unlawful Use of Criminal Charges by Loan Businesses to Collect Consumer Debts

Defaulting on a loan is not a criminal act, yet Texas borrowers are facing threats of CRIMINAL PROSECUTION, ARREST WARRANTS, EXCESSIVE FINES, and worst of all JAIL TIME directly violating the Texas Constitution BILL OF RIGHTS which states “No person shall ever be imprisoned for debt.”

Gray areas in current law enable loan businesses to wrongfully file criminal theft or fraud complaints based on defaulted loan payments.

NEW DATA FROM EIGHT TEXAS COUNTIES REVEAL UNLAWFUL PRACTICES

Over 1,500 criminal complaints, wrongfully filed by 13 Texas payday loan businesses from 2012 to 2014 to collect on defaulted loan payments, resulted in borrowers paying over $166,000.

In Travis County, payment of over 4X times the original debt was ordered on a wrongfully filed bad check case.

<table>
<thead>
<tr>
<th>Original Payday Loan Amount</th>
<th>$225</th>
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<tbody>
<tr>
<td>Payment Amount Ordered by Court</td>
<td>$271.91 in restitution $647 in court fines and fees</td>
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In a Harris County justice court, 42% of the wrongfully filed criminal cases based on a payday loan default resulted in an ARREST WARRANT...

and 5.6% resulted in JAIL TIME to pay the fines.

Collin County documented over 700 criminal complaints related to a defaulted loan payment, collecting over $131,000 from 204 individuals.

This is just the tip of the iceberg. End the unlawful use of our criminal justice system as a state subsidized debt collector.

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1The eight counties include: Bexar, Collin, Dallas, El Paso, Harris, Potter, Travis, and Williamson counties. Data is based on open records requests filed in 2014 to district and county attorneys and a review of cases filed in two justice courts. Please visit www.texasappleseed.org for more information.
Use of the Criminal Justice System to Collect Consumer Debts Goes Against:

- Texas Constitution, Article 1, Section 18: “IMPRISONMENT FOR DEBT. No person shall ever be imprisoned for debt.”

- Texas Finance Code, Section 393.201(c): “…a person may not threaten or pursue criminal charges against a consumer related to a check or other debit authorization provided by the consumer as security for a transaction in the absence of forgery, fraud, theft, or other criminal conduct.”

- Texas Finance Code, Section 392.301: “THREATS OR COERCION. (a) In debt collection, a debt collector may not use threats, coercion, or attempts to coerce that employ any of the following practices:...(2) accusing falsely or threatening to accuse falsely a person of fraud or any other crime.”

Yet this practice continues in Texas...

UNDERMINING THE INTEGRITY OF OUR CRIMINAL JUSTICE SYSTEM

DRAINING TAXPAYER DOLLARS

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