

# THE Skanner

Challenging People to Shape  
a Better Future Now

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415 N. Killingsworth St.  
P.O. Box 5455  
Portland, OR 97228

Telephone (503) 285-5555  
Fax: (503) 285-2900

info@theskanner.com

www.TheSkanner.com

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#SkNews

# Opinion

## Google Bans Payday and Other Predatory Loan Ads

For more than a decade, broad-based coalitions at both the state and federal levels have united consumer advocates, labor, clergy, civil rights champions and others in calling for an end to predatory lending. Although 16 states and the District of Columbia effectively ban payday lending, the majority of the nation is still subject to triple-digit interest rates applied to debt trap lending.

Even in states that have interest rate caps on payday loans, the small-dollar loan industry has tried a series of legislative maneuvers, or even attempts at voter updates through ballot initiatives to overturn laws. In other cases, lenders have moved to longer-term versions of the typical two-week payday loan as yet another financial vulture preying upon working class citizens.

This week a global corporate giant took decisive action against payday lenders and others that charge triple-digit interest rates.

Google, the Internet's leading search engine, announced that effective July 1 it will ban ads for payday loans and other loan products that require full repayment within 60 days.

"This change is designed



Charlene Crowell  
NNPA  
Columnist

to protect our users from deceptive or harmful financial products," noted Google in its corporate blog.

David Graff, Google's Director of Global Product Policy went a step further adding, "We have an extensive set of policies to keep bad ads out of

**"Banning predatory payday loan ads shows that Google is willing to put people before profits**

our systems and we take these policies very seriously. In particular, financial services is an areas we look at very closely because we want to protect users from deceptive or harmful products."

What Google termed a 'policy change' triggered a jubilant refrain from academicians, civil rights and consumer advocates.

From their collective views, the decision was a pivotal breakthrough in the fight for financial justice for all.

"Banning predatory payday loan ads shows that Google is willing to put people before profits," said Wade Henderson, President and CEO of The Leadership Conference on Civil and Human Rights. "This new policy addresses many of the long-standing concerns shared by the entire civil rights community about predatory payday lending... This ban puts payday loans in their rightful place alongside explosives and tobacco as dangerous products that deserve the highest level of scrutiny from regulators and

a place that profits from your weaknesses," said Alvaro Bedoya, Executive Director of the Center on Privacy & Technology at Georgetown Law.

Each year, over \$3.4 billion in excessive fees are drained from the pockets of payday borrowers, according to the Center for Responsible Lending (CRL).

Over 75 percent of these fees are generated by borrowers trapped in 10 or more loans a year. Other CRL research findings show that:

- Nearly one in four payday borrowers rely on retirement or public assistance as a means of income;
  - The national average APR for payday loans is 364 percent, and often rates are much higher; and
  - Payday borrowers are more likely to become delinquent on other bills, delay medical care, and, in the worst scenarios, file for bankruptcy.
- "I think this action is as unprecedented as it is significant," said Keith Corbett, a CRL Executive Vice President. "By removing ads that lure financially-strapped consumers into unaffordable, long-term and costly debt traps, Google is displaying what corporate citizenship looks like. CRL's hope is that others will soon follow suit."

## Blackonomics: The Black Community is Bleeding to Death

There is a crisis of monumental proportion in our so-called "Black communities." A crisis that if not checked will prove to be our demise. We are bleeding so badly that we are in a comatose state and on life support right now. But we still have a strong heartbeat, so we can be revived by those who have the financial and intellectual talents and the willingness to make the requisite individual sacrifices necessary to restore us to a more healthy state.

A cadre of individuals, not featured in the dominant media, is devoted to leading the charge for economic empowerment among Black people. These brothers and sisters are not afraid. They are not ashamed of being Black. They are not hiding behind organizations and in corporations; they are strong and unwavering in their message of economic empowerment.

Yes, we are bleeding profusely, brothers and sisters, and we must stop the bleeding, not with a Band-Aid but with stitches.

Our life-blood — our dollars — are flowing out of our neighborhoods. The professionals call this phenomenon "float" or "expenditure leakage," which translates into what the experts at the Brook-



James Clingman  
NNPA  
Columnist

ings Institution called a "market opportunity to provide competitively priced goods and services to inner-city consumers." A 1999 report issued by the Center on Ur-

**"Our life-blood—our dollars are flowing out of our neighborhoods**

ban and Metropolitan Policy, written by Robert Weissbourd and Christopher Berry, cited some glaring and, quite frankly, embarrassingly stark statistics that portray Black people as nothing more than "economic opportunities" for others.

Please note the report was not casting aspersions on Black folks, rather it was simply pointing out some facts about inner-city neighborhoods and their consumers and suggesting ways that businesses and government entities could better serve the residents as well as their own interests.

It stressed investment opportunities within un-

der-served neighborhoods and was positive in its approach to suggesting ways to effect much needed change.

Nevertheless, my take on this issue conjured up visions of massive hemorrhaging, and it very strongly suggested that we need to stop the bleeding. The report compared one of Chicago's Southside neighborhoods to the affluent northern neighborhood of Kenilworth. It stated, "...urban neighborhoods like

South Shore in Chicago have more buying power than the wealthiest of suburbs. South Shore's median family income was \$22,000 back then; Kenilworth's was \$124,000. But South Shore had \$69,000 of retail spending 'power per acre,' nearly twice that of Kenilworth's \$38,000." That means inner city residents, despite their tremendous resources, are virtually bleeding to death. Literally millions of dollars are leaving our neighborhoods, which in turn, also negatively affects our employment opportunities. It continued, "For business, this translates into lost sales, or what marketers call 'float dollars.' For inner city

residents, these are 'float jobs,' as crucial dollars that could employ local residents and fuel the neighborhood economy are spent elsewhere."

The only thing that has changed during the last sixteen years is our collective annual income, which is much higher. The problem is that we don't learn from information like this and use it to improve our situation.

We are bleeding, brothers and sisters, and our blood is Type O, the "universal donor" — everybody benefits from it. We have EMTs ready, willing, and able to apply the tourniquets and even to stitch up our wounds. It's up to us, however, to access their expertise, to follow their instructions, and to take the prescriptions they write for us.

If we are going to stop the bleeding, if we are going to put an end, once and for all, to the preventable loss of life blood — our dollars — from our neighborhoods, we must make the changes being recommended by our true economic leaders.

We must consider our "spending power per acre" as cited in the Brookings Report, just as others are considering it and gaining a stronger economic foothold in the billions Black people earn and spend each year.