



City of Milwaukee

Meeting Agenda

City Hall
200 East Wells Street
Milwaukee, WI 53202

CONVENIENT LENDING TASK FORCE

ALD. JOE DAVIS, Chair

Ald. Terry Witkowski, Vice-Chair, Chris Callen, Kathryn Crumpton, Dorothy Dean, Dimitri Jordan, Anna Ruzinski, Bethany Sanchez, Jim Walrath, Bobbie Webber Jr.

**Staff Assistant: Diana Morgan, 286-2231, Fax: 286-3456
E-mail: dmorga@milwaukee.gov**

**File Specialist: Charlotte Rodriguez, 286-8797
E-mail: crodri@milwaukee.gov**

Friday, December 2, 2005

9:00 AM

Room 301-A, City Hall

- 1) **Review and approval of the minutes of the October 14, 2005 and November 10, 2005 meetings.**

- 2) **Discussion of proposed goals and objectives of the Convenient Lending Task Force.**
 1. *How many businesses exist in the City of Milwaukee, including types?*
 2. *What is the customer base?*
 3. *What are the dollar amounts being loaned and the interest rates on these loans?*
 4. *How to encourage mainstream lenders to reestablish relationships in the cities communities?*
 5. *How are current regulations established?*
 6. *The fiscal impact of convenient cash businesses on the City of Milwaukee, specifically the market interest rates the institutions are charging that are not going back into Milwaukee communities?*
 7. *The development of demographic maps outlining the areas in which convenient cash establishments are located.*
 8. *Visual charts comparing the interest rates associated with convenient cash businesses to those of traditional lending establishments.*
 9. *How were the demands for cash met prior to the creation of convenient lending establishments?*
 10. *What causes convenient cash businesses to be in high demand?*
 11. *What types of marketing strategies are being used?*
 12. *Why aren't consumers using traditional institutions?*



City of Milwaukee Meeting Minutes

City Hall
200 East Wells Street
Milwaukee, WI 53202

CONVENIENT LENDING TASK FORCE

Friday, October 14, 2005

9:00 AM

Room 301-A, City Hall

Members PRESENT: Ald. Davis, Ald. Witkowski, Mr. Callen, Ms. Crumpton, Ms. Dean, Mr. Jordan, Deputy Inspector Ruzinski, Ms. Sanchez, Mr. Walrath and Mr. Webber Jr.

1) Review and approval of the minutes of the September 16, 2005 meeting.

1. Review and approval of the minutes of the September 16, 2005 meeting.

Motion by Ms. Dean to approve the minutes of the September 16, 2005 meeting of the Convenient Lending Task Force. Seconded by Ms. Sanchez.

Prevailed. 10-0

2) Review of proposed goals and objectives of the Convenient Lending Task Force:

Members Present: Ald. Witkowski, Ms. Sanchez, Deputy Inspector Ruzinski, Mr. Webber Jr., Mr. Walrath, Mr. Callen, Ms. Crumpton, Ms. Dean, Mr. Jordan and Ald. Davis.

Jeff Osterman, Legislative Research Analyst was also present.

2. Review of proposed goals and objectives of the Convenient Lending Task Force.

Mr. Walrath offered members an overview of a conference both he and Ald. Davis attended sponsored by The Consumer Federation of America, the Consumer Law Litigation Clinic at UW-Madison, and Wisconsin Public Interest Research Group (WISPIRG), for the purpose of reviewing the national overview of payday lending and title lending in the United States, and more specifically to review current legislation relative to payday and title lending in Wisconsin. Some of the topics of discussion were zoning issues, marketing and home loans.

- The developing areas of interest.*
- Legislation in Wisconsin.*
- Presentations on other forms of potential regulations.*
- Zoning Issues.*
- Consumer home lending.*

Motion by Ald. Davis to make the information collected from the conference part of the record (exhibit 1), to be reviewed by members, to assist in the development of the committee's final report.

Prevailed 10-0

3. Mr. Callen provided documentation Loan Company Applications and Regulations (exhibit 2), for committee review. He referenced tab 11, Wisconsin Department of Financial Institutions (Strengthening Wisconsin's Financial Future).

In previous meetings members identified educating the consumer as one of the committee's recommendations for their final report.

Mr. Callen informed members that the information he collected indicates that disclosure information is available to the consumer, however because of the length of the disclosure document the consumer may not always review the information carefully.

Ald. Davis advised members that one of the committee's objectives is to analyze the geographic locations of payday lending establishments in the city of Milwaukee, to determine whether there has been an increase in crime and poverty associated with location of these establishments. If there is proven correlation, then the committee may want to review the limitation of the number of payday loan establishments in specific areas.

Ms. Dean informed the committee that one of many tactics currently being used by predatory lenders is targeting homeowners to roll over their unsecured debt into the debt secured by their homes. Ms. Dean stated that this is a clear indication that there is a lot of money at the disposal of predatory lenders, which is used to target those that are most vulnerable.

Ald. Davis questioned whether there are current provisions or guidelines by housing organizations relative to home equity to consumers?

In addition, Mr. Jordan questioned the basis of the cities current ordinances (safety, criteria, etc.). He also questioned the legality of the city to enact an ordinance restricting the location of payday lending establishments based upon the income level in specific areas and limiting the hours of operation?

Mr. Osterman explained that a few of the areas the current ordinances address relative to the location of payday lending establishments, is not being within 150 feet of a dual or two family residential district and prohibited in all residential zoning districts with special use in all commercial zoning districts. He continued stating the creation of the ordinance is various reasons including the safety and economic detriment in specific areas.

Ald. Davis added that the enactment of the current ordinances were a direct result of distance requirements adopted by other cities so that payday lending establishments were not concentrated in particular areas.

Mr. Walrath referenced to the data collected by Mr. Callen in (exhibit 2), tab 9. Which addresses the current levels of regulation payday lending establishments are governed under, the report referenced an annual report form (page 3, paragraph 2) indicating payday lenders are required to report the number of delinquent loans as well as the number of roll over loans they acquire. Mr. Walrath advised the committee that this data is not available to the public due to a general privacy provision in the statute.

Mr. Walrath commented that the committee should also analyze as part of their report, the current regulations of payday lending establishments.

Ms. Dean suggested that the committee obtain a compilation of data by county that would indicate the types of lenders most affected and the types of lending practices used.

She also advised the committee that payday lenders subsequently refer borrowers who have established a large debt with one establishment to other predatory lenders.

Ald. Davis and Mr. Webber Jr. were excused from the meeting at 9:40 AM.

Mr. Callen informed the committee that several years ago there was concern at the national level about specific states and municipalities passing predatory lending legislation. He requested clarification of the committee's focus of research for the implementation legislation in their report (i.e. zoning)?

Mr. Walrath referred the committee to (exhibit 3, City Attorney Opinion), Wisconsin Consumer Protection Roundtable (starting at page 25-27). To what extent could a city like Milwaukee use zoning to impose consumer protection. The report does indicate that zoning can be used to limit the negative effects on neighborhoods or the city as a whole.

Mr. Walrath advised that based upon the report, the regulation of hours and distance are examples of regulating zoning, not consumer protection.

Ms. Dean asked clarification of non-zoning laws that maybe imposed?

Mr. Jordan asked if public welfare could be interpreted as the economy of an area?

Mr. Callen commented on the committee's previous communication regarding the compilation of data used by payday lending establishments. He referenced a 2001 DFI statistical study and recommended obtaining an updated copy of the information.

Motion by Ms. Dean to send a letter to DFI requesting updated data relative to the 2001-2004 statistical study by city within Milwaukee County and the 2004 Annual Loan Company Report containing aggregated data for the city of Milwaukee or Milwaukee County. Seconded by Ms. Sanchez.

Prevailed. 8-0

Mr. Callen stated, he would be willing to contact DFI to request the updated annual data by county submitted by payday lenders, however his concern was that DFI would not be willing release the information to him without prior knowledge of who he was and his purpose for the request.

Ms. Sanchez informed the committee that she would be willing to contact Carrie Templeton at DFI to let her know to expect a letter from the committee requesting a compilation of data used in annual reports by payday lenders.

Mr. Callen's report (exhibit 2) addressed item 14 on the agenda.

Ms. Sanchez informed the committee that she and Mr. Jordan are currently researching item 6 on the agenda. They are collecting quantified numbers to address the fiscal impact of convenient cash businesses on the city of Milwaukee.

Mr. Walrath requested members' review (exhibit 3, City Attorney Opinion), Wisconsin

Consumer Protection Roundtable (pages 1-5) relating to zoning regulations and other laws around the country. He suggested review of and discussion of the information at future meeting.

Mr. Jordan questioned the security regulations governing the city of Milwaukee where payday lenders are concerned?

Deputy Inspector Ruzinski referred to a newly enacted city ordinance requiring digital security cameras after 3 offenses. She recommended the committee review Salt Lake City Utah's security requirements prior to drafting their recommendations.

Mr. Osterman advised the committee of a previous City Attorney Opinion objecting a security related ordinance.

Ald. Witkowski asked Mr. Osterman to provide copies of the ordinance in question at the next meeting?

Mr. Callen asked if the committee currently had statistics relative to crime in and around payday loan establishments?

Deputy Inspector Ruzinski advised the committee that she would provide statistical data from the past three years relative to the crime levels in and around payday lending establishments up to 2500 feet.

Next meeting date: November 10, 2005, 9:00 AM.

Meeting Adjourned: 10:20 AM.

All data researched and reviewed by this committee may be viewed at <http://legistar.milwaukee.gov/mattersearch/> under File #050489

NOTE: a) Members of the Common Council, and members of its Standing Committees who are not members of this Committee, may attend this meeting to participate or to gather information. Therefore, notice is given that this meeting may constitute a meeting of the Common Council or any of its Standing Committees, and must be noticed as such, although they will not take any formal action at this meeting.

b) Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX)286-3456, (TDD)286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

c) Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, (City Clerk's Office) or the first floor Information Booth in City Hall.

d) Effective July 1, 2005, persons engaged in lobbying as defined in s. 305-43-4 of the Milwaukee Code of Ordinances are required to register with the City Clerk's Office License Division. More information is available at www.milwaukee.gov/lobby or by calling 414-286-2238.



City of Milwaukee

Meeting Minutes

City Hall
200 East Wells Street
Milwaukee, WI 53202

CONVENIENT LENDING TASK FORCE

ALD. JOE DAVIS, Chair

Ald. Terry Witkowski, Vice-Chair, Chris Callen, Kathryn Crumpton, Dorothy Dean, Dimitri Jordan, Anna Ruzinski, Bethany Sanchez, Jim Walrath, Bobbie Webber Jr.

Staff Assistant: Diana Morgan, 286-2231, Fax: 286-3456

E-mail: dmorga@milwaukee.gov

File Specialist: Charlotte Rodriguez, 286-8797

E-mail: crodri@milwaukee.gov

Thursday, November 10, 2005

9:00 AM

Room 301-A, City Hall

Meeting Convened: 9:13 AM

Members Present: Ald. Davis, Ald. Witkowski, Mr. Callen, Ms. Crumpton, Deputy Inspector Ruzinski, Mr. Webber Jr., Ms. Sanchez and Mr. Walrath.

Members excused: Ms. Dean, Mr. Jordan.

Mr. Walrath was excused at 10:00 AM.

Deputy Inspector Ruzinski was excused at 10:15 AM.

1) Review and approval of the minutes of the October 14, 2005 meeting.

1. Review and approval of the minutes from the October 14, 2005 Convenient Lending Task Force meeting.

Motion by Mr. Callen to approve the minutes of the October 14, 2005 meeting of the Convenient Lending Task Force at the December 2, 2005 meeting.

Prevailed 8-0

2) Discussion of proposed goals and objectives of the Convenient Lending Task Force.

2. Discussion of the proposed goals and objectives of the Convenient Lending Task Force.

Crime Analysis Map and statistics (exhibit 1) presented by Deputy Inspector Ruzinski. Deputy Inspector Ruzinski offered an overview of the statistics explaining that the data is approximated and reported to State and Federal entities annually. The statistics were broken down within a 500 feet radius buffer zone of check-cashing establishments (indicated by the yellow dots on the map). The pink or salmon colored dots identified the buffer zone within a 1500 feet radius for 2002, 2003 and 2004.

Deputy Inspector Ruzinski explained that robberies were the most frequent crimes

committed around checking cash/ convenient lending establishments. The 2004 statistics indicated a total of 315 robberies within 500 feet of a check cashing/convenient lending establishment with a total of 2800 robberies citywide. She also advised members that based on the data there is no clear indication of a correlation that there were more robberies committed in the vicinity of checking cashing/convenient lending establishments than there are around other businesses.

Ald. Davis requested that Deputy Inspector Ruzinski identify and prepare data for the committee's final report relative to the crime trends and adverse impact of having check cashing/convenient lending establishments located in neighborhoods.

Ms. Sanchez suggested a comparison of crime data for grocery stores to that of convenient lending establishments.

Deputy Inspector Ruzinski informed the members that based upon the number of stores located in the city of Milwaukee it would be almost impossible to collect data to use for a comparison of crime between grocery stores and convenient lending establishments.

Mr. Osterman advised the committee that because gas stations are licensed by the city it might be easier to compare the crime statistics of gas stations with that of convenient lending establishments.

Ald. Witkowski and Mr. Webber Jr. arrived at 9:20 AM.

Mr. Walrath advised the committee that comparisons between gas stations and taverns might not provide the appropriate data for the committee to make an informed recommendation due to the fact that the data may be similar to commercial strips. He suggested comparing the crime data of other financial or traditional institutions with that of convenient lending establishments.

Ald. Davis asked Deputy Inspector Ruzinski about the possibility of obtaining data that would indicate the difference between the required security measures of traditional institutions (security cameras, security guards, armored cars, etc.) to those of convenient lending establishments.

Ms. Crumpton suggested including crime analysis data for credit unions.

Mr. Webber Jr. provided a statute of limitation study (exhibit 2), on debt collection and default of loans by the consumer from the time of the loan to the last payment date.

Ald. Davis presented an ordinance and City Attorney Opinion (exhibity3) for review.

Mr. Osterman summarized the City Attorney Opinion in question, explaining that the ordinance and City Attorney Opinion were related to security features and the rationale or relationship between the requirements and the protection of the public health, safety and welfare, in addition to the reasons for treating particular businesses different from other businesses.

Mr. Osterman continued by explaining that the City Attorney Opinion indicates that there were not sufficient legislative findings in the ordinance to make an accurate conclusion.

Mr. Walrath suggested that the committee research the responses and findings of legislation in other states to gain an understanding of the impact and approaches used by

other localities with similar problems.

Ald. Davis asked for suggestions for the compilation of the committee's final report. He also offered the recommended the following suggestions relative to chapters to be included in the committee's final report:

- A legal overview with City Attorney Opinions and Attorney General Opinions.*
- Consumer Protection rights (social and economic impacts).*
- Comparison of legal overview and law enforcement.*
- Review how convention businesses are run in comparison to traditional institutions.*

Ms. Sanchez suggested listing the chapters in the committee's final report as outlined in the task forces' proposed goals and objectives.

Mr. Osterman informed the committee that he would began developing a table of contents for the committee's final report based on the topics created by task force members.

Ms Crumpton advised the committee that she would provide an update at the next meeting on the progress of current legislation being drafted relative to the prosecution of payday lenders.

Next Meeting Date: Friday, December 2, 2005, 9:00 AM

There were no public comments.

Meeting Adjourned: 10: 30 AM

All data researched and reviewed by this committee may be viewed at <http://legistar.milwaukee.gov/mattersearch/> under File #050489

NOTE: a) Members of the Common Council, and members of its Standing Committees who are not members of this Committee, may attend this meeting to participate or to gather information. Therefore, notice is given that this meeting may constitute a meeting of the Common Council or any of its Standing Committees, and must be noticed as such, although they will not take any formal action at this meeting.

b) Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX)286-3456, (TDD)286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

c) Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, (City Clerk's Office) or the first floor Information Booth in City Hall.

d) Effective July 1, 2005, persons engaged in lobbying as defined in s. 305-43-4 of the Milwaukee Code of Ordinances are required to register with the City Clerk's Office License Division. More information is available at www.milwaukee.gov/lobby or by calling 414-286-2238.

REPORT ON FINDINGS AND RECOMMENDATIONS OF CONVENIENT LENDING TASK FORCE

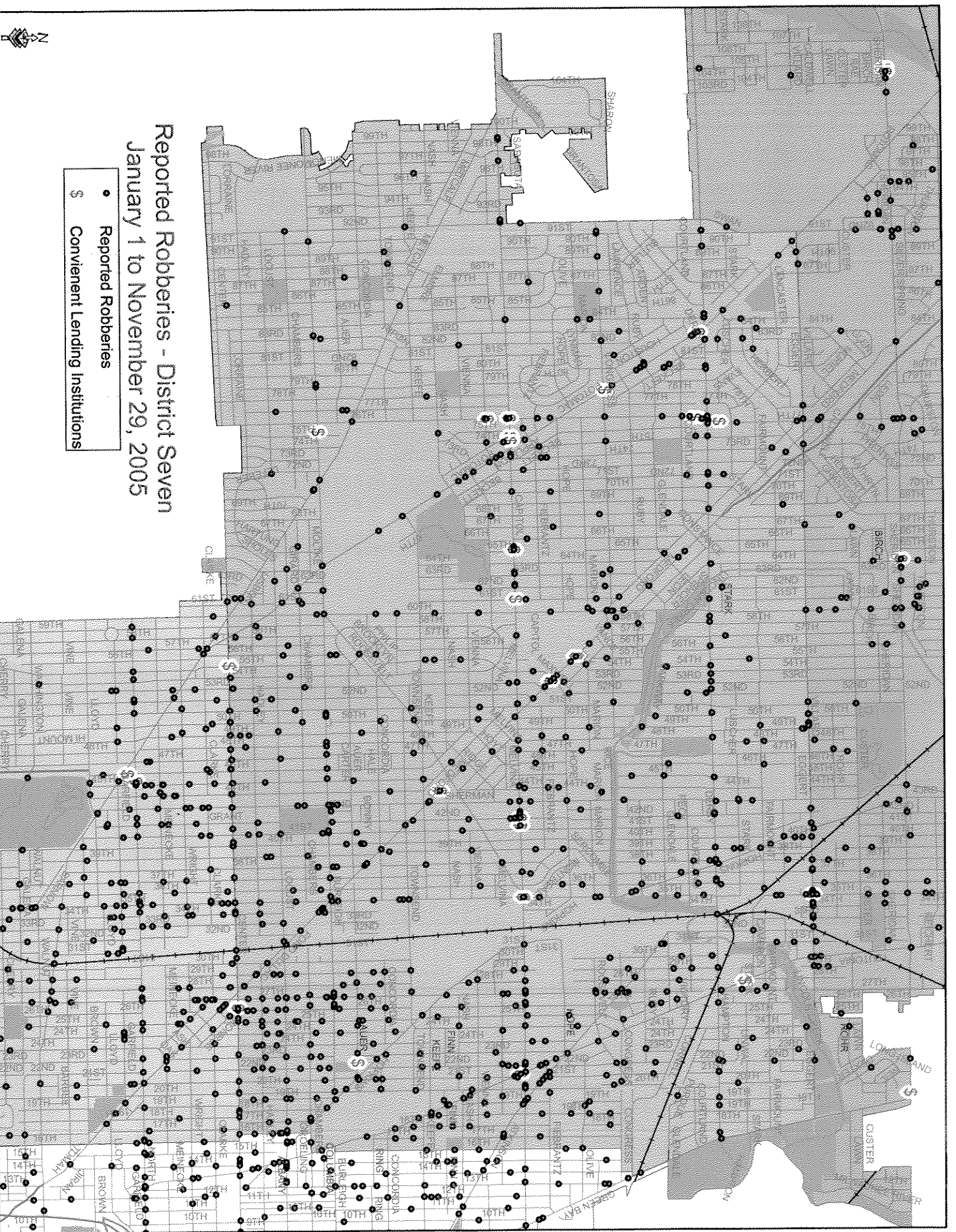
Proposed Outline/Table of Contents

- I. Introduction – Mission of the Task Force per CC File No. 041000
- II. Summary of Task Force Recommendations
- III. Definitions (currency exchange, payday loan business, etc.)
- IV. Number/Distribution of Businesses in the City of Milwaukee (map)
- V. Overview of Convenient Lending Industry
 - A. Nature of the business (e.g., interest rates, marketing strategies, etc.)
 - B. Customer base (e.g., socioeconomic characteristics, reasons for not using traditional lending institutions, etc.)
- VI. Public Safety Issues Related to Convenient Lending Businesses
 - A. Statistics/data tables
 - B. Map(s)
- VII. Regulations for Convenient Lending Businesses
 - A. City ordinances
 - B. State regulations
 - C. Regulations in other communities
 - D. City Attorney opinions
- VIII. Recommendations of the Task Force
 - A. City legislation
 - B. State legislation
 - C. Other? (e.g., consumer education about alternatives to payday lending)



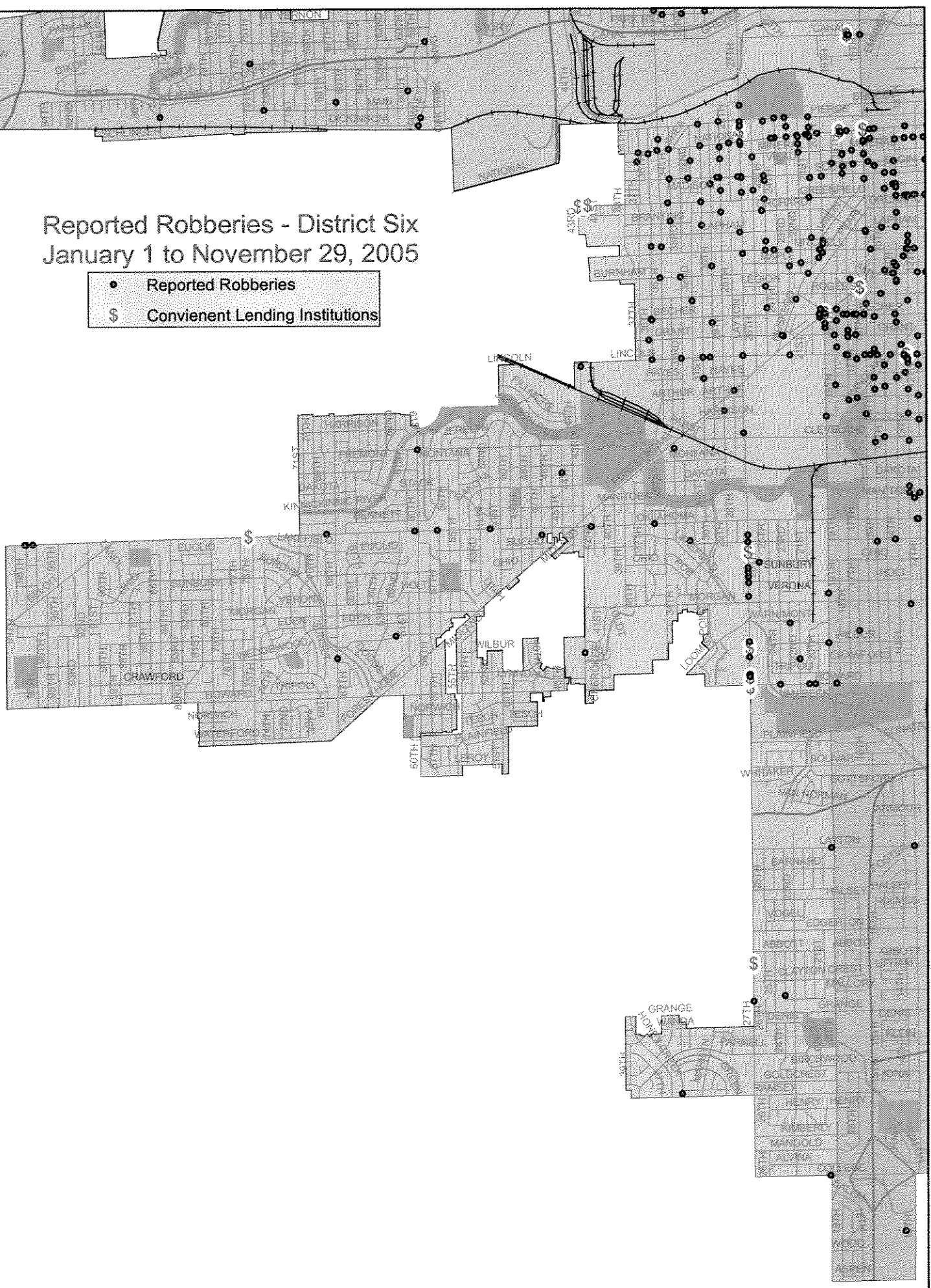
Reported Robberies - District Seven January 1 to November 29, 2005

- Reported Robberies
- ⌘ Convenient Lending Institutions



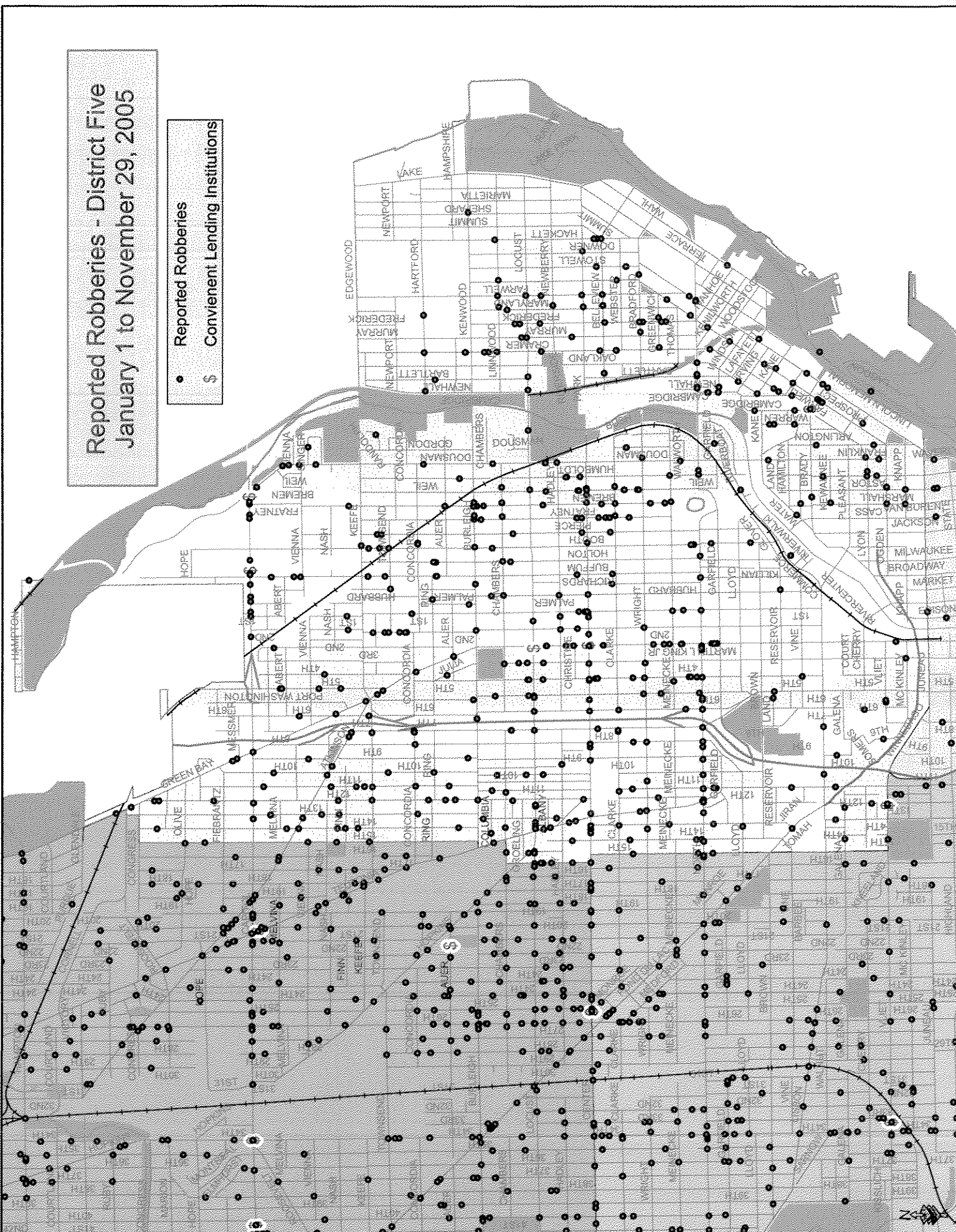
Reported Robberies - District Six January 1 to November 29, 2005

- Reported Robberies
- \$ Convenient Lending Institutions



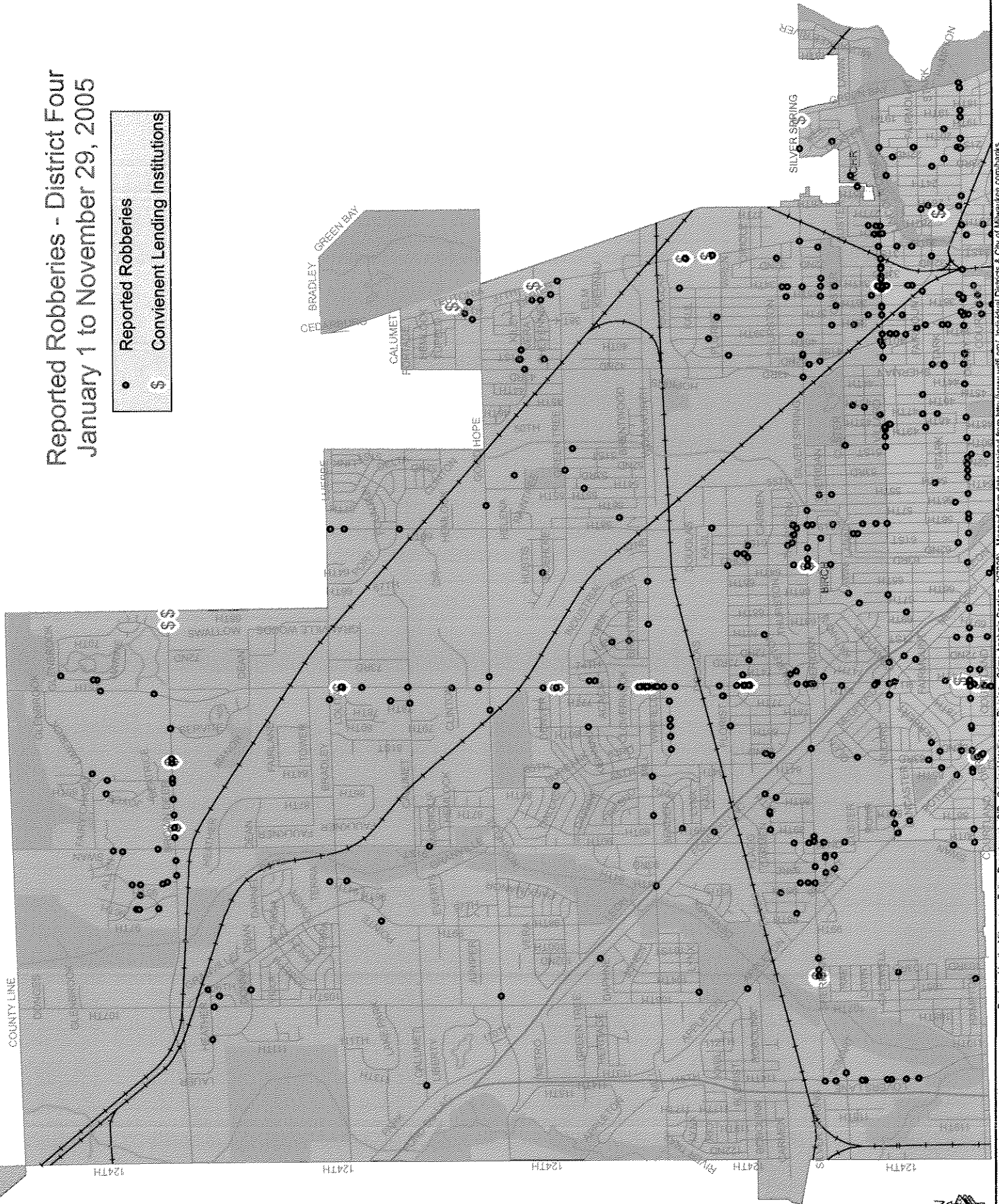
Reported Robberies - District Five January 1 to November 29, 2005

- Reported Robberies
- \$ Convenient Lending Institutions



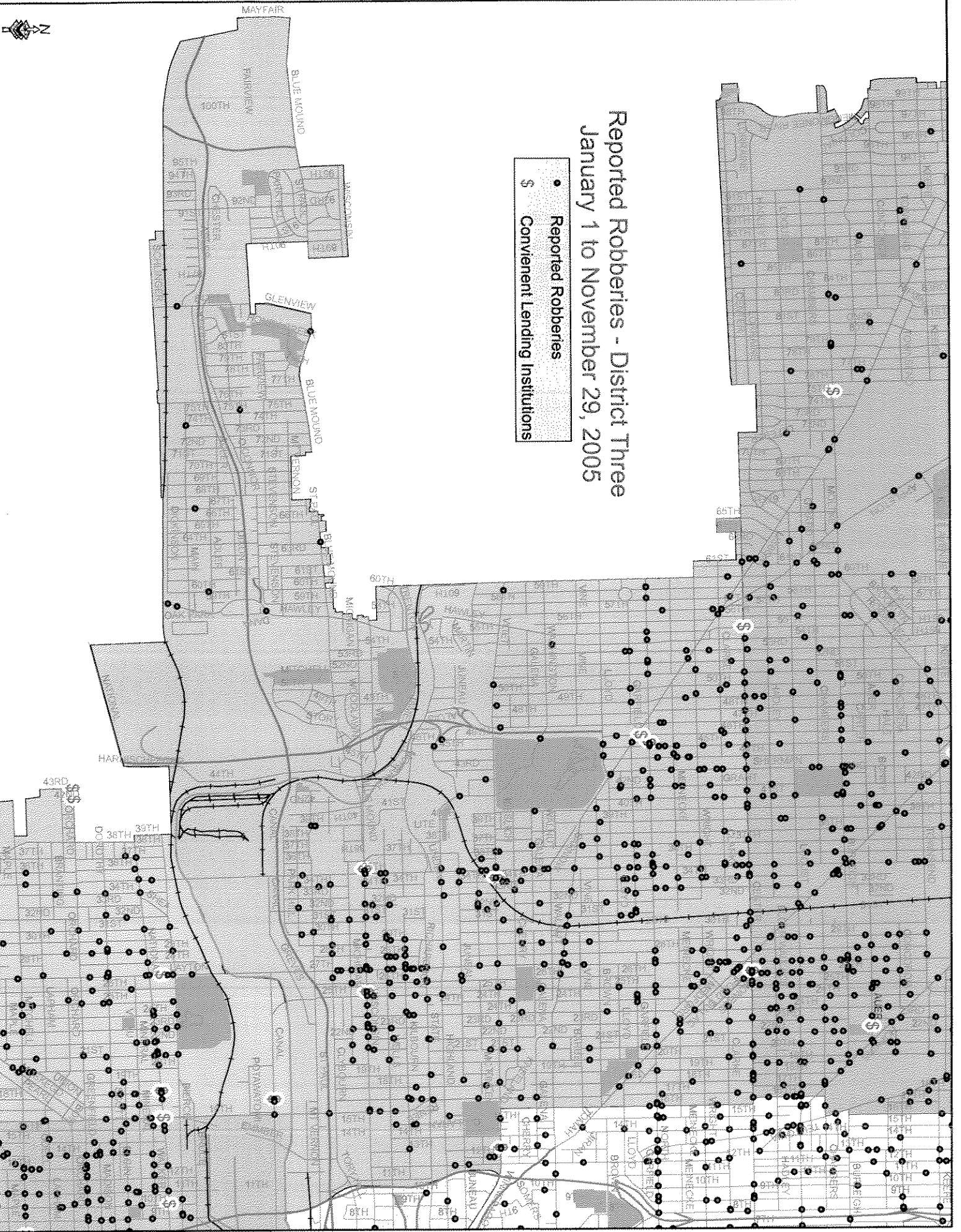
Reported Robberies - District Four January 1 to November 29, 2005

- Reported Robberies
- ⌘ Convenient Lending Institutions



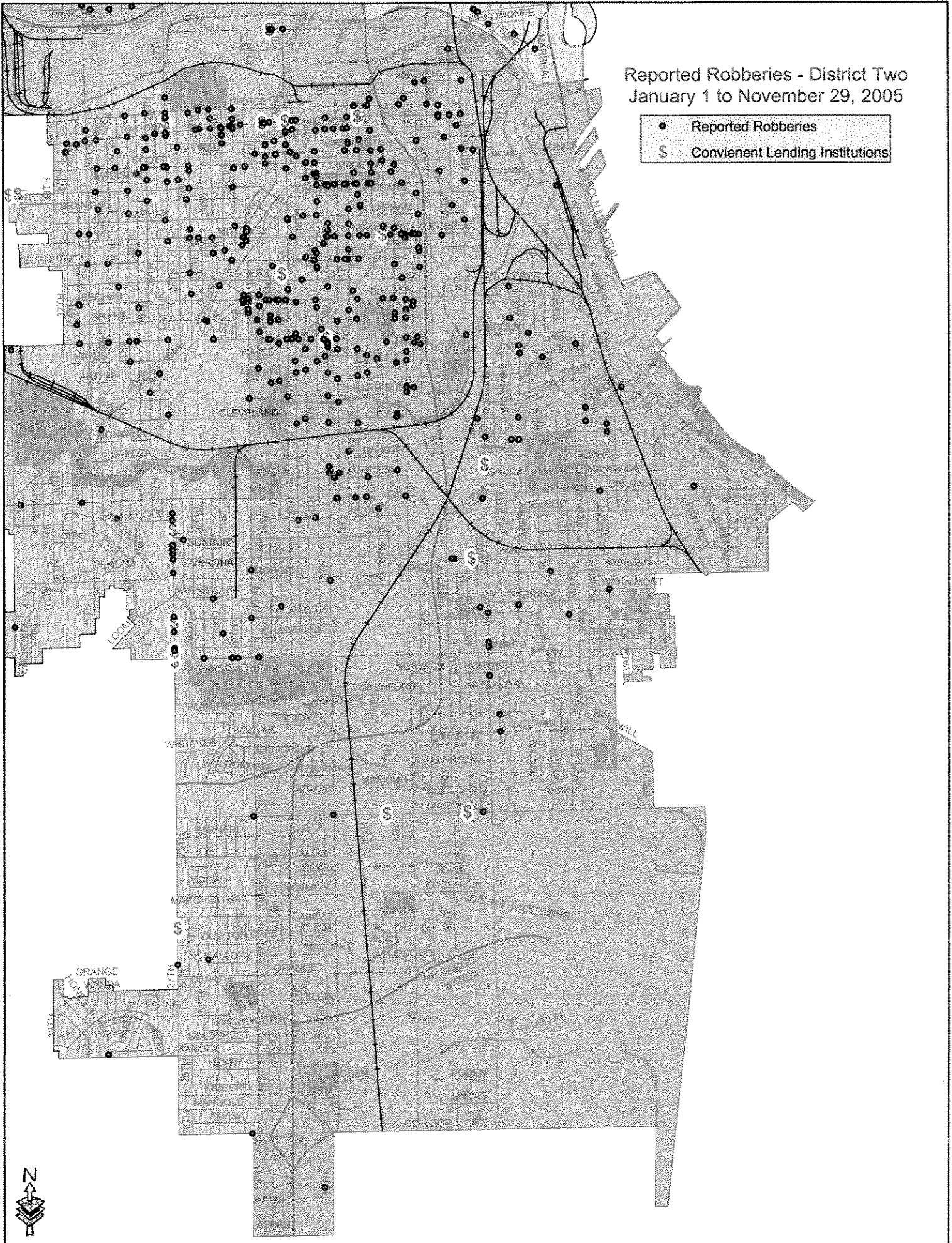
Reported Robberies - District Three January 1 to November 29, 2005

- Reported Robberies
- ⌘ Convenient Lending Institutions



Reported Robberies - District Two January 1 to November 29, 2005

- Reported Robberies
- ⌘ Convenient Lending Institutions



Reported Robberies - District One January 1 to November 29, 2005

- Reported Robberies
- § Convenient Lending Institutions

