



TZEDEK DC

Legal Help for People in Debt

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Testimony of Janet Lowenthal, Senior Advisor, Tzedek DC Before the Committee on Recreation, Libraries, and Youth Affairs Oversight Hearing February 6, 2023

Good afternoon. I'm Janet Lowenthal, Senior Advisor at Tzedek DC, an independent public interest center founded in 2016 and headquartered at UDC's David A. Clarke School of Law. Tzedek is the Hebrew word for justice. Our goal at Tzedek DC is to increase access to justice for all DC residents, and our specific mission is to safeguard the rights and interests of DC residents facing debt- and credit-related problems, including lawsuits brought by debt collectors (including debts for medical and nursing home services), debt incurred from identity theft and scams, and credit reporting issues.

Our work encompasses direct legal and financial counseling services, community outreach and education, and advocacy for systemic reforms -- all carried out by a small but dedicated staff, pro bono attorneys, and partnerships with community-based organizations and government agencies.

Thank you, Chairman White, for holding this oversight hearing on the performance of the Mayor's Office on Latino Affairs, which gives us an opportunity to express our appreciation and support for the Mayor's Office of Latino Affairs and to share highlights about the impact we have been able to have serving DC's Latino community in partnership with MOLA.

Sin Deudas, Sin Dudas

We provide DC's Latino and Spanish-speaking communities with bilingual legal and financial counseling services through a project called "Sin Deudas, Sin Dudas" — Spanish for "No Debts, No Doubts".

As a community member with long-time experience in Latin American issues, I especially appreciate MOLA's steadfast financial support for this important project, which serves the entire low- and moderate-income Latino community — both longtime residents and immigrants, whether documented or not. The project's practical, preventative education on debt-related matters, along with free legal and financial counseling assistance, advances the Council's and the Mayor's goal of increasing economic opportunity.

The Need

The need for this project has continued to grow, due to on-going effects of the pandemic, inflation eating into family incomes, the influx of new immigrants to the DC area, and shameless scammers who target Latino families. (And even before the pandemic, Latinos were 2.5 times more likely than non-Hispanic whites to be victims of debt-related fraud.)

Rampant scams and abuses range from fake deportation insurance, to IRS refund and mortgage foreclosure scams, and fraud by non-attorneys known as “notarios.” Other longstanding abuses include DC debt collectors who mass-file lawsuits against communities of color, and credit card companies who often steer Latinos into high-cost loans, using exploitative tactics arising from language barriers, cultural differences, or the need to send remittances. When such abuses force people into debt, they often feel ashamed and keep quiet for fear of being judged or left out. When they are sued, they may fail to attend their court hearings — and then receive avoidable “default judgments” that can reduce income and destabilize their lives.

The Latino community is disproportionately affected by all such abuses and COVID-related problems, because so many of its members work in the hard-hit service and hospitality sectors.

Project Activities and Achievements During the Last Year

During the past year, with the dedicated assistance of our bilingual Community Outreach and Communications lead, Naomi Ayala, the “Sin Deudas, Sin Dudas” project continued to build out our circle of Latino community partners. Highlights of our education and outreach work included:

1. workshops in Spanish for parents on the ins and outs of credit and on managing debt at CentroNía;
2. both a legal clinic and an anti- scams workshop at the DCPL Petworth Neighborhood Library;
3. a scams workshop in Spanish at Vida Senior Centers in collaboration with the United States Attorney’s Office, as well as participation in this organization’s annual health fair;
4. regular outreach (once monthly) at El Santuario del Sagrado Corazón/Shrine of the Sacred Heart;
5. regular outreach (once monthly) in MOLA’s Mercado en tu Barrio in both Wards 4 and 7;
6. participation in the 4th Annual DC Latino Conference on Disabilities; and most recently,
7. establishment of a new partnership with the Mt. Pleasant Neighborhood Library and holding a first workshop on “Demystifying Your Credit Score.”

Such activities allowed us to spread the word regarding the availability of Tzedek DC’s legal services, to disseminate “know your rights” information, and to offer tips and strategies for avoiding the fraud and scams that continue to plague community members. Additional topics included consumer rights, the importance of building (and managing) credit, what to do about bad (or wrong) credit reports, how to avoid crippling “default judgments” and negotiate feasible repayment plans, and when, where and how to get free legal help in connection with debt-related lawsuits. Participants also learned that they can be represented in court by us or other counsel, without having to appear in person.

In all our outreach activities, another key topic was the right to file a credit alert with one’s credit report, to prevent end users of the report from factoring in COVID-19 related negative credit lines. Tzedek DC

proudly worked with the Council in 2021 to design this innovative and powerful protection, and DC is still the only US jurisdiction to enact such a right. With a bilingual webpage that makes the process transparent, simple, and fast, we are continuing to publicize this protection and how residents can avail themselves of it.

Finally, in recent months our fully-vaccinated staff members began returning to in-person sessions, depending on the preference of our community partners. Following in-person sessions, the project was able to offer on-site legal services — a unique benefit saving attendees significant time and trouble.

Legal and Financial Counseling Services

We were proud to serve a growing number of Latino or primarily Spanish-speaking clients, often referred to us by MOLA, as well as other government agencies and other legal service providers in DC. Tzedek DC's legal services to our Spanish-speaking clientele are overseen by bilingual Senior Staff Attorney Jorge Tormes, who brings a decade of civil legal aid experience serving Latino families and others in poverty. Over the past year, we provided legal services to 50 Latino clients (including those with limited or no English proficiency), to help them understand their credit, avoid crippling default judgments, negotiate feasible repayment plans, avoid wage garnishment, and/or recover from the destructive impact of economic crimes such as scams and identity theft. In these cases, we reviewed creditor reports with clients, assisted clients experiencing consumer issues possibly impacting their immigration status, advised and represented clients in debt-related legal issues including advising about bankruptcy, and discussed protections under federal and DC laws and the DC debt collection moratorium. On an increasing basis, we have also been supporting DC's vendor community members, many of whom are Spanish-speakers, with legal, financial counseling, community education, and policy advice.

In September 2022, we also began offering financial counseling services to community members, thanks to the arrival of our bilingual Financial Counselor Maritza Cortez. Maritza is empowering clients by helping them improve and organize their finances, develop a budget, manage their debt, establish and rebuild credit and savings, identify and access public and tax benefits, and purposefully meet their short- and long-term financial goals.

Conclusion

As the Committee knows, the DC area continues to receive hundreds of new immigrants from Venezuela, Honduras, Nicaragua and other Central American countries. We are participating in the efforts of DHS's Office of Migrant Services to organize a coordinated response for assisting these newcomers, both upon their arrival and over time. We stand ready to offer these new residents our free legal and financial counseling services, as they work to establish themselves here.

Tzedek DC greatly appreciates MOLA's steadfast support, and we look forward to helping meet the widespread and urgent need for the "Sin Deudas Sin Dudas" project in the months ahead. In particular, we look forward to being a resource for council members, as renewed action by debt collectors, continuing pandemic-related problems, stubborn inflation, and the influx of new immigrants all contribute to the escalating need for our services.