



Written Testimony by Ariel Levinson-Waldman, Founding President & Director Counsel of Tzedek DC to the Committee on the Judiciary & Public Safety on the Office of Victim Services and Justice Grants FY22 Budget (June 24, 2021).

Thank you to the D.C. Council, Committee Chair Allen, and the members of the Committee on the Judiciary & Public Safety for their leadership and opportunity to submit this testimony in support of a robust budget for the Office of Victims Services and Justice Grants that meets the needs of the District's victims of crime.

Tzedek DC is an independent public interest center headquartered at the UDC David A. Clarke School of Law. Our mission is to safeguard the legal rights and financial health of DC residents with low incomes dealing with the often-devastating consequences of abusive debt collection practices and other consumer related issues. Tzedek DC pursues this mission as anti-racism work for two main reasons. First, building on centuries of structural racism, wealth in DC closely tracks racial lines: typical white households in DC have net assets that are 8,100% those of typical African American families, with similarly distressing gaps for Latinx communities. Second, while 43 percent of DC community members of color have a debt in collections, only 10 percent of white DC households do. Unpaid debt reporting to the credit reporting agencies has a dramatically disproportionate impact on community members of color, causing harm to residents' abilities to rent an apartment, secure a mortgage, get a loan, or, in some cases, even get a job. Tzedek DC relies on ATJ initiative funds to assist District residents struggling with debt related legal issues including victims of financial crimes. We see as an emerging trend the needs



of the disabled community and the increase of debt collection against District residents post-pandemic as alarm bells demonstrating an expanding need in 2022.

ATJ initiative funds play a critical role in allowing Tzedek DC to serve District residents. With grant support from the Office of Victims Services and Justice Grants, in support of our mission, Tzedek DC provides free legal help, pursues court rule and administrative agency reforms, and co-leads community outreach and education efforts. Tzedek DC serves households in DC that are among the 300,000 residents living at or under four times the federal poverty line—families in poverty or teetering on the brink. OVSJG funds two of our most substantial projects: “Debt-Related Legal Services” through the ATJ Initiative, and the “Economic Exploitation and Fraud Prevention Project.” Through these projects, we are able to represent residents struggling with consumer legal issues like credit report misreporting, predatory lending, and harassing debt collectors. Through these projects we are also able to provide community legal education to residents in coordination with community partners on avoiding frauds and scams, protecting yourself from identity theft, and many other topics of import to victims of economic crimes. Through the EEFPP, we are able to represent victims who have been scammed out of much needed household funds, whose identities have been stolen, or whose abusive partners have opened credit cards in their name—since financial abuse almost always accompanies intimate partner violence.¹ Tzedek DC has directly served over 1,000 clients since 2017 in large part through the support of OVSJG programs. For an illustration of our work as

¹ See generally, ADRIENNE E. ADAMS, MEASURING THE EFFECTS OF DOMESTIC VIOLENCE ON WOMEN’S FINANCIAL WELL-BEING (2011)(discussing the prevalence of cooccurrences of physical and economic abuse for survivors of domestic violence).



part of the EEFPP and Debt Related Legal Services Program, we have included the stories of three District residents.

Brandy, 77, lives on Social Security retirement and federal disability payments. During the twelve years after her doctor said to stop working due to her medical issues, she accumulated \$3,600 of credit card debt. When she saw a TV ad promising to help people pay off their debts, she signed up and began sending the company \$200 a month, believing the money would be forwarded on to the creditors. Her payments eventually totaled over \$4,500—more than she had owed in the first place. It appears the company was simply pocketing Brandy’s money, because she received court paperwork for a debt of \$3,600. Distraught, she was referred to us by DC’s Department of Aging. We got a continuance for Brandy’s case and were then able to file a hardship declaration on her behalf that was accepted by the creditor, ensuring that Brandy could move on from this debt.

Ethyl² is an elderly DC resident who lives in subsidized housing on her monthly Social Security income of \$700 and uses a wheelchair to get around. Her debit card statement had multiple charges plus overdraft fees for the ride service Lyft. However, she never used Lyft because it doesn’t have a ready fleet of accessible vehicles. Even after she canceled the debit card and got a new one, Lyft charges and overdraft fees continued to appear on her monthly statement. Absent a subpoena, however, Lyft would not reveal who was making the charges. We promptly filed a case with the DC Attorney General (OAG)’s Office Elder Abuse Unit, and the OAG quickly issued a subpoena. Once Lyft revealed that the culprit was one of Ethyl’s home

² A pseudonym was used to protect our client’s privacy.



health aides, she was able to fire her aide and the fraudulent charges stopped. We convinced both Lyft and Ethyl's bank to cancel all charges on Ethyl's account, which amounted to thousands of dollars.

Terri McLaughlin³ is 54-year-old disabled woman living in Ward 8. Ms. McLaughlin reached out to Tzedek DC for assistance with a bad experience she had purchasing prescription eyeglasses that she needed for her glaucoma. In particular, the eyeglass company had convinced Ms. McLaughlin to use a rent-to-own company to finance the purchase of her glasses, and that creditor was saying that she still owed them almost \$900. Moreover, even though the eyeglasses she received were materially defective, the eyeglass company was claiming that Ms. McLaughlin still needed to pay them over \$300 more.

Ms. McLaughlin had tried for months to get that company to agree to take back the glasses – as was her contractual right – but was repeatedly given the run-around. However, after she obtained Tzedek DC to represent her, that company quickly agreed that she did not owe any more money. Moreover, the company agreed to issue her a refund of over \$50, to let her keep the eyeglasses, and to remove all negative credit reporting about the previously alleged debt.

Tzedek DC then worked with Ms. McLaughlin to negotiate with the eyeglass company. With the benefit of counsel, Ms. McLaughlin was able to convince that company to agree that she did not owe them any more money and that she could keep the frames she had paid for.

³ A pseudonym was used to protect our client's privacy.



Ultimately, Tzedek DC helped Ms. McLaughlin resolve disputes with two different companies and save over \$1,100. After working with Tzedek DC, Ms. McLaughlin hoped to take the frames to another eyeglass company to obtain the prescription tinted lenses she needed for her glaucoma.

The fallout from the COVID-19 pandemic has generated an increased need for our and our sister provider agencies' services. The pandemic has impacted every aspect of life for DC residents with low incomes. Thanks to the protections passed by the DC Council to address the COVID-19 pandemic, most debt collection and calls from collectors have ceased, reducing some of the stress District residents face during this time. However, when the temporary and emergency protections end, debt collection will again bring residents struggling to get back on their feet the stress of harassing contact by debt collectors. There will be a flood of cases when the dam of COVID-19 protections bursts; attorneys for the debt collection companies have told us that they plan to file at least a thousand cases per month in the DC Courts. Pandemic related negative history on credit reports will remain after the pandemic ends.⁴ The economic fallout of the pandemic will be long lasting even after we move into the recovery phase of the public health emergency. Cars that low- and moderate-income residents rely on to participate in the gig economy will be repossessed. Debt collection will resume, eroding the income that residents need to survive in the District's high cost of living. District residents will be evicted, leading to

⁴ Tzedek DC has been pushing the Council to pass a permanent law that would limit users of consumer credit reports from relying on negative credit reporting information stemming from the COVID-19 pandemic, but without this important legal change, District residents' credit will be harmed for years to come.



catastrophic financial instability and a near permanent black market on their credit reports. Foreclosures will resume robbing residents of years of invested equity. Residents will struggle to recoup funds taken from them by scams and fraud. And, all of these things will leave lasting marks on residents’ consumer credit reports, ensuring that the recovery from these events takes several years. Adequate funding is needed to ensure that District residents—especially victims of economic crimes—have the advocates that they need to address all of these harms.

A second trend we have noticed, especially in the pandemic, is the need for specialized representation for disabled individuals dealing with debt. The disabled community is disproportionately affected by debt,⁵ and those in poverty are more likely to have a disability.⁶ Health care costs continue to rise,⁷ leaving individuals with disabilities in debt and without the ability to pay for needed medications and treatments. Businesses often coerce susceptible individuals into entering predatory contracts. Federally, subminimum wage remains a reality for disabled workers⁸, and Social Security remains inadequate to cover the expenses of daily living.⁹ Against this backdrop, Tzedek DC’s disabled clients face the steady erosion of their legal rights. Disabled people seek autonomy and the normalization of interdependence, freedom from

⁵ See NATIONAL DISABILITY INSTITUTE, FINANCIAL CAPABILITY OF ADULTS WITH DISABILITIES, 4, (2017).

⁶ See *Id.*

⁷ See Daniel McDermott et al, *2021 Premium Changes on ACA Exchanges and the Impact of COVID-19 on Rates*, Kaiser Family Foundation (June 23, 2021, 2:35pm), <https://www.kff.org/private-insurance/issue-brief/2021-premium-changes-on-aca-exchanges-and-the-impact-of-covid-19-on-rates/>.

⁸ Fair Labor Standards Act, 29 U.S.C. § 214(c).

⁹ The annual income of a Supplemental Security Income recipient is \$9530.12 for an individual, and \$14, 293.61 for a couple in 2021. *SSI Federal Payment Amounts for 2021*, Social Security Administration (June 23, 2021, 3:05pm), <https://www.ssa.gov/oact/cola/SSI.html>. Due to strict federal regulation of this program, SSI recipients are not permitted to receive other income or most non-government financial support without jeopardizing their benefits eligibility.



coercion and harassment in debt-related matters, and protection from debt collection of improper or illegal debt, debt that is beyond the statutes of limitations, and debt that is uncollectable.

Despite a clear need, no other District organization (and very few nationally to our knowledge) allocate staff or resources specifically dedicated to representing residents with disabilities facing debt-related legal problems. With support from OVSJG and the Access to Justice program, we are committed to working to fill that gap.

As the need explodes in 2022 and the pandemic winds down, emergency prohibitions on collections are removed, and DC residents return to work, ATJ funds will be even more important than before. ATJ funds will allow Tzedek DC to both keep up with this need and continue Tzedek DC's Disabilities Community Project. Continued and increased funds will allow Tzedek DC to maintain its work to support the increased needs of an increased client base as residents dig out of the financial hole of the Pandemic. Access to an attorney can mean the difference between having to pay back thousands of dollars to a debt collector and having to pay nothing at all. It can mean having the option to set up a more manageable payment plan. It can mean escaping a predatory contract. Centering clients, utilizing a trauma informed approach, understanding their needs, engaging them in their own cases and systemic advocacy, and reaching out to their communities in ways that are accessible is critical for achieving positive outcomes. Increased funds for OVSJG and ATJ would support work like Tzedek DC's Disabilities Community Project, which has already had an impact for over 1,000 District residents since inception in 2020. The Disabilities Community Project provides clients with access and nuanced representation that acknowledges the way disability affects the attorney



client relationship and our advocacy. The Project provides community education and outreach, and conducts know your rights trainings, and utilizes this interaction with the public to collect feedback and gauging priorities for our advocacy work.

Tzedek DC supports a robust budget for the OVSJG, allowing them to continue to provide the necessary funds for programs like Tzedek DC's EEFPP and Disabilities Community Project. These funds are essential to ensuring that victims of economic exploitation and other financial crimes have the advocates they need to recovery.

We again thank you for the opportunity to provide testimony in support of a robust budget for the OVSJG.