

The ALERT

Be Careful to Avoid Telephone Scams *By Carol Kile*

Your personal information is important! Guard your social security number, your bank account and credit card numbers, and your driver's license or state identification number. Some criminals trick you on telephone calls to get your personal information. The criminals can then take your information and use your credit cards and bank accounts or open new ones. A real bank or credit card company will never call you and ask for your social security or bank account numbers.

HOW TO AVOID TELEPHONE FRAUD

- Donate only to recognized charities. Ask the caller to send more information.
- Reject high pressure sales methods. Ask the caller to send more information.
- Do not do business with anyone who offers to send a delivery service to collect your donation or payment for something you have not yet ordered or received.
- Be careful making a donation or buying a service in exchange for the promise of a guaranteed sweepstakes winning.
- Be careful of phone calls or emails saying that a friend or relative is in a faraway place and needs money to help him. This may be a scam. Check with the friend or relative first before sending money.

HOW TO AVOID PRIZE AND SWEEPSTAKES FRAUD

- If something sounds too good to be true, it probably is!
- Do not pay to collect sweepstakes winnings!
- Phone numbers can be changed on caller ID so that con artists can trick you about who or where they are.
- Ignore all phone solicitations to play a foreign lottery. Such sales and purchases are against the law.



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Web site:
www.lasclev.org

Consumers Beware: Loopholes Continue in Ohio's Payday Loan Law

By Katherine Hollingsworth



In June 2008, consumer advocates celebrated when former Governor Strickland signed the Short-Term Loan Act. The Act capped annual interest rates on payday loans at 28%. It also provided for several other protections on the use of payday loans.

Consumers had another victory in November 2008. Ohio voters upheld this new law by a landslide vote. However, these victories were short-lived. The payday loan industry quickly came up with ways to get around the new law and continues to operate in a predatory way. Today, four years after the Short-Term Loan Act passed, payday lenders continue to avoid the law.

Payday loans in Ohio are usually small, short-term loans where the borrower gives a personal check to the lender payable in two to four weeks, or allows the lender to electronically debit the borrower's checking account at some point in the next few weeks. Since many borrowers do not have the funds to pay off the loan when it is due, they take out new loans to cover their earlier ones. They now owe even more fees and interest. This process traps borrowers in a cycle of debt that they can spend years trying to escape. Under the 1995 law that created payday loans in Ohio, lenders could charge an annual percentage rate (APR) of up to 391%. The 2008 law was supposed to address the worst terms of payday loans. It capped the APR at 28% and limited borrowers to four loans per year. Each loan had to last at least 31 days.

When the Short-Term Loan Act became law, many payday lenders predicted that following the new law would put them out of business. As a result, lenders did not change their loans to fit the new rules. Instead, the

lenders found ways to get around the Short-Term Loan Act. They either got licenses to offer loans under the Ohio Small Loan Act or the Ohio Mortgage Loan Act. Neither of these acts was meant to regulate short-term loans like payday loans. These two laws allow for fees and loan terms that are specifically not allowed under the Short-Term Loan Act. For example, under the Small Loan Act, APRs for payday loans can reach as high as 423%. Using the Mortgage Loan Act for payday loans can result in APRs as high as 680%.

Payday lending under the Small Loan Act and Mortgage Loan Act is happening all around the state. The Ohio Department of Commerce 2010 Annual Report shows the most recent breakdown of license numbers. There were 510 Small Loan Act licensees and 1,555 Mortgage Loan Act registrants in Ohio in 2010. Those numbers are up from 50 Small Loan Act licensees and 1,175 Mortgage Loan Act registrants in 2008. On the other hand, there were zero Short-Term Loan Act registrants in 2010. This means that all the payday lenders currently operating in Ohio are doing business under other laws and can charge higher interest and fees. No payday lenders are operating under the new Short-Term Loan Act. The law specifically designed to protect consumers from abusive terms is not being used. These are troubling numbers for consumers in need of a small, short-term loan with fair terms.

As of right now, there are no new laws being considered in the Ohio General Assembly that would close these loopholes and solve the problems with the 2008 law. The payday loan industry has avoided the Short-Term Loan Act for four years, and it does not look like this problem will be resolved soon. As a result, it is important for consumers to remain cautious about payday loan stores and, where possible, borrow from places other than payday lenders.

Bankruptcy By-Pass Offers Relief from Debt Collectors for Some People

By Lauren Gilbride

Since 2009, Legal Aid has helped seniors and persons with disabilities deal with harassing creditors through the Bankruptcy By-Pass Program. Volunteer attorneys, through the Cleveland Metropolitan Bar Association, assess clients' ability to pay creditors. This program advises creditors that the harassing calls and letters must stop once the volunteers determine the client is "judgment proof."

To be "judgment proof" means that the law will not allow the person's income to be garnished or attached. There are many types of income that cannot be attached, or taken out of a bank account by a creditor that has gone to court and gotten a judgment against that person. Some common sources of protected income include social security, SSI, and veterans' benefits. People helped by this program do not own any homes and are not likely to work again. They also own personal property, like furniture, clothing and cars that cannot be taken by creditors because of the value of the items.

People who seek help through this program often believe that the only option to stop the creditors' harassing phone calls is to file bankruptcy. However, bankruptcy

is not always the best choice. People can only file a personal bankruptcy once every eight years. Clients in this program are not at risk of having their money or assets taken by creditors. Because of this, volunteer attorneys will advise clients about the benefits of not using their right to file bankruptcy.

Since the program began, volunteers have helped over 100 people. Many clients comment that it feels as if a weight is lifted once the harassment stops. Creditors often give people wrong information about what funds a creditor can collect. Many people fear they will be charged criminally for not paying bills. As a result, they still try to make payments to credit card companies but cannot pay more than the interest fees. The By-Pass program will help clients sort out what expenses need to be paid each month including rent, utilities and medical costs.

If you think this program can help you, please call Legal Aid's intake line at 216-687-1900 or 1-888-817-3777. You will be asked a number of questions to find out if the By-Pass program can help you. If it cannot, Legal Aid may still be able to assist you.

Utility Assistance Information for Consumers

By John Kirn and Anne Sweeney

Numerous programs help make utilities such as electricity, gas, water and telephone more affordable for consumers. Listed below are several such programs along with information about who is eligible and how to apply.

Gas and Electric Service

In the summer, if you are 60 or more years old, you

may qualify to receive \$250 for an air conditioner and/or utility assistance. Adults under 60 may qualify if you received a disconnection notice and you have a documented medical condition.

In the winter, emergency assistance is also available when households are threatened with disconnection or have less than a 10-day supply of bulk fuel in their tank.

The regular Home Energy Assistance Program (HEAP) for low-income consumers and the Percent of Income Payment Plan Plus provide year-round financial assistance to qualifying consumers. You may qualify for a one-time payment toward your gas bill and a payment plan based on your income on both your gas and electric bills. If you are already enrolled in PIPP and HEAP, you must continue to make monthly payments in order to remain eligible again next year.

For more information or to apply, contact the agency in the county where you live:

Ashtabula County - Ashtabula County Community Action Agency, Inc (440.997.5957), www.accaa.org

Cuyahoga County - Cleveland Housing Network (216.518.4014, or for seniors over 60 or anyone physically disabled call 216.774.2351 to schedule an in-home appointment), <http://www.cbnnet.com/electric-gas-bulk-fuel-water-assistance.aspx>; Council for Economic Opportunities in Greater Cleveland (216.696.9077), www.ceogc.org.

Geauga County - Geauga Community Action, Inc. (440.285.9141)

Lake County - Lifeline For Empowerment and Development of Consumers (440.354.2148), www.lclifeline.org

Lorain County - Lorain County Community Action Agency, Inc. (440.245.2009)

Water Service

Customers of the Cleveland Water Department may be eligible for the Water Affordability Program, which provides a 40% discount to qualifying households. You must be the homeowner, live in the home, and meet income guidelines to qualify. You can call Cleveland Housing Network at 216-774-2386 to apply or download an application at: <http://www.cbnnet.com/electric-gas-bulk-fuel-water-assistance.aspx>.

Water Department customers who are 65 years or older,



or who are totally and permanently disabled, may qualify for the Homestead Program. Call the Cleveland Water Department Customer Service Department at 216-664-3130 to apply or download the application at <http://www.clevelandwater.com/Resident/discountprograms.aspx>.

Telephone Service

Residents of Ohio who have income at or below 150% of the federal poverty guidelines or who participate in programs such as Medicaid, public housing, HEAP, free school lunch, food stamps, SSI, or Ohio Works First, may qualify for discounted landline and cell phone service.

The Lifeline Ohio program offered to AT&T customers provides eligible customers a \$12.50 per month credit on their landline telephone bills, as well as benefits such as free line connection and payment plans on outstanding balances. Call 1-800-335-8721 to sign up (TTY users call 1-800-980-4889). See <http://www.att.com/gen/general?pid=10252> for more information.

SafeLink Wireless provides qualified applicants a free phone and a choice of three monthly minute plans without a contract or bill. Additional minutes can be purchased with a TracFone card. You can apply by calling 1-800-Safelink or online at: https://www.safelinkwireless.com/Safelink/program_info/faq/ohio.

Important Consumer News about Telephone Service

Telephone companies in parts of Ohio are attempting to discontinue landline phone service to customers or require that customers bundle landline service with other services. Senate Bill 271 which passed the Ohio Senate in February 2012 is now being considered by the Ohio House of Representatives. The phone companies say that by eliminating landline service they will have more resources to concentrate on other services customers want. The consequence may be that currently affordable landline service for seniors and low-income customers will not be available as early as 2014.

Identity Theft:

FTC's #1 Complaint for Twelve Years *By Maria Del Monaco, FTC Attorney*

For the twelfth year in a row, identity theft has been the #1 complaint reported to the Federal Trade Commission. What can you do to protect yourself?

- Protect your social security number. Do not carry it in your wallet. Share it only when you know who you are giving it to and why they need it.
- Pick up your mail promptly. Do not leave it in a place where strangers can get it while you are away from home.
- Shred bank and credit card statements, and any other financial documents or paperwork with personal information, before you discard them.
- Keep personal information in a secure place at home, especially if you have roommates, outside help, or are having work done in your home.
- Do not give out personal information on the phone, through the mail, or over the Internet unless you know who you are dealing with.
- Never click on links sent in unsolicited emails. Even if it looks like an email sent by your bank or by a government agency: It could be a fake.
- Do not use obvious passwords like your birth date, your mother's maiden name, or the last four digits of your social security number.
- Review your account statements regularly for charges you did not make. Also review your medical explanation

of benefits forms to ensure that there are no surprise charges for medical benefits.

- Check your credit report. Each year, you are entitled to a free copy of your credit report from the three major nationwide credit reporting agencies. It's easy to get your report by calling Annual Credit Report at 1.877.322.8228.

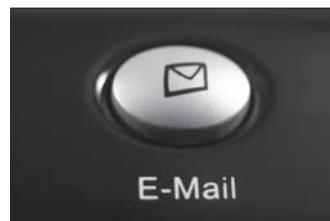
If you suspect that you are a victim of identity theft, act quickly. Visit the Federal Trade Commission's website at www.ftc.gov/idtheft or call 1-877-ID-THEFT for information about steps you can take to limit the damage. You may want to close affected accounts, file a police report, or call the Attorney General Consumer Protection Line at 1.800.282.0515. You can place a "fraud alert" on your credit report by calling one of the following companies:

- Experian www.experian.com, 1.888.397.3742
- Equifax: www.equifax.com, 1.800.525.6285
- TransUnion: www.transunion.com, 1.800.680.7289

Be careful with your personal information and take action immediately if you think someone has stolen your identifying information.



**The views expressed in this article are those of the author alone. She does not express the views of the FTC or of any individual commissioner.*





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RETURN SERVICE REQUESTED

The Legal Aid Society of Cleveland offers free legal services to low-income seniors.

For help from Legal Aid,
call 216.687.1900 or
888.817.3777.



If you qualify for our services and we have the resources to assist you, we will either give you advice or educational information to help you with the next steps in the legal process, refer you to a volunteer attorney, or represent you in your legal matter.

You may need to meet with an attorney. If you are unable to come to a Legal Aid office, an attorney can arrange to meet you at a senior citizen center or some other office near your home.

Visit Legal Aid's new web site at www.lasclev.org.



This newsletter is meant to give you general information and not to give you specific legal advice. This information cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice. You should contact a lawyer if you need representation or if you have questions.

If you have a communications limitation, contact us through the Ohio Relay Service. Interpretation services are available so that anyone can communicate with us in his or her dominant and/or preferable language.

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