



The Color of Debt: How Collection Suits Squeeze Black Neighborhoods

Our first-of-its-kind analysis shows that the suits are far more common in black communities than white ones.

by Paul Kiel and Annie Waldman, ProPublica

October 8, 2015

Reporter Paul Kiel was featured in a segment of the radio program *This American Life*. [Listen to the story](#) of how racial disparities in debt collection lawsuits impacted an entire

neighborhood.

ON A RECENT SATURDAY AFTERNOON, the mayor of Jennings, a St. Louis suburb of about 15,000, settled in before a computer in the empty city council chambers. Yolonda Fountain Henderson, 50, was elected last spring as the city's first black mayor.

On the screen was a list of every debt collection lawsuit against a resident of her city, at least 4,500 in just five years. Henderson asked to see her own street. On her block of 16 modest ranch-style homes, lawsuits had been filed against the occupants of eight. "That's my neighbor across the street," she said, pointing to one line on the screen.

And then she saw her own suit. Henderson, a single mother, fell behind on her sewer bill after losing her job a few years ago, and the utility successfully sued her. That judgment was listed, as well as how one day the company seized \$382 from her credit union account — all she had, but not enough to pay off the debt.

As the lines of suits scrolled by on the screen, Henderson shook her head in disbelief, swinging her dangling, heart-shaped earrings.

"They're just suing all of us," she said.

That's not only true in Jennings. The story is the same down the road in Normandy and in every other black community nearby. In fact, when ProPublica attempted to measure, for the first time, the prevalence of judgments stemming from these suits, a clear pattern emerged: they were massed in black neighborhoods.

The disparity was not merely because black families earn less than white families. Our analysis of five years of court judgments from three metropolitan areas — St. Louis, Chicago and Newark — showed that even accounting for



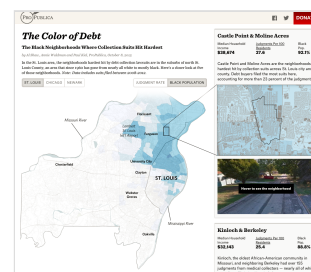
This story was co-published with [Marketplace](#).

Have You Been Sued Over a Debt?

You can help us investigate questionable debt collection practices by completing a short survey about your experience.

[Share your story](#)

Interactive



See the black neighborhoods

income, the rate of judgments was twice as high in mostly black neighborhoods as it was in mostly white ones.

where collection suits hit hardest.

[Explore the app](#)

[Read our methodology](#)

These findings could suggest racial bias by lenders or collectors. But we found that there is another explanation: That generations of discrimination have left black families with grossly fewer resources to draw on when they come under financial pressure.

Over the past year, ProPublica has investigated a little-known but pervasive shift in the way debt is collected in America: Companies now routinely use the courts to pursue millions of people over even small consumer debts. With the power granted by a court judgment, collectors can seize a chunk of a debtor's pay. The highest rates of garnishment are [among workers who earn between \\$25,000 and \\$40,000](#), but the numbers are nearly as high for those who earn even less.

Despite their prevalence, these suits remain remarkably hidden, even to people in the communities most burdened by them.





Jennings, a suburb in north St. Louis County, has shifted since the 1960s from almost entirely white to 90 percent black. Above, a man paints his fence and children play at a block party. (Edwin Torres/ProPublica)

In the city of St. Louis and surrounding St. Louis County, where Jennings lies, only about a quarter of the population lives in neighborhoods where most residents are black. But over half of court judgments were concentrated in these neighborhoods.

Armed with these judgments, plaintiffs — typically debt buyers, banks, hospitals, utilities, and auto and high-cost lenders — have seized at least \$34 million from residents of St. Louis' mostly black neighborhoods through suits filed between 2008 and 2012, ProPublica's analysis found.

April Kuehnhoff, an attorney at the National Consumer Law Center, said that the analysis raised “crucial questions about how racial disparities are entering the debt collection system and what we can do to eliminate these disparities.” The findings, she said, should spur lawmakers [to reform](#) overly punitive federal and state collections laws.

Collection suits — typically over smaller amounts like credit card debt — fly across the desks of local judges, sometimes hundreds in a single day. Defendants usually don't make it to court, and when they do, rarely have an attorney.

For those who do show up, the outcome isn't all that different. In Missouri, most judgments resulted in the plaintiff attempting garnishment, whether the defendant appeared in court or not, according to ProPublica's analysis.

In Jennings, which since the 1960s has shifted from almost entirely white to 90 percent black, the suits are unrelentingly common. Between 2008 and 2012, there was more than one lawsuit for every four residents. And yet, this fact astounded residents when they heard it, because it is a facet of life that most keep private. Parents hide it from their

children, and neighbors never think to discuss it.

The typical household income in Jennings is about \$28,000, an income level at which families spend, on average, all of their income on basic necessities, [federal survey data shows](#). Each paycheck must be carefully apportioned with the most vital costs — mortgage or rent, food and utilities — prioritized.

A garnishment hits this kind of household budget like a bomb. Federal law and most state laws [protect only the poorest of the poor from having their wages seized](#), otherwise allowing plaintiffs to seize up to a quarter of a worker's after-tax pay. If that paycheck is deposited in a bank, that and other money in the account can be seized to pay down the debt. When garnishment protections do exist, the burden is usually on debtors to figure out if and how the laws protect their assets.



The City Council chambers of Jennings, Missouri. In addition to the mayor, five of the eight sitting city council members have been sued over a debt. (Edwin Torres/ProPublica)

In Jennings, the struggles with debt compound other hardships common to black communities in St. Louis and elsewhere: [conflicts and tension with police](#), and a municipal court system that [has jailed residents over unpaid traffic tickets](#). To Jennings'

northwest lies the city of Ferguson, where the killing of teenager Michael Brown by a police officer last year sparked protests and rioting.

The Rev. Starsky Wilson is co-chair of [the Ferguson Commission](#), a panel created by Missouri's governor to study the underlying social and economic conditions behind the unrest. Lack of economic mobility is a key issue, he said, and there are two sides of the coin. Improvements in education, job training and wages can push people up the ladder. But equally important, he said, are the forces that drag them down.

"If you're still stuck in this web of indebtedness, you're not going to be economically mobile," he said.

Experts cite many reasons why blacks might face more lawsuits, foremost among them the immense gap in wealth between blacks and whites in the U.S. It's a gap that extends back to the institution of slavery and, more recently, to 20th century policies that promoted white homeownership while restricting it for blacks.

[Today, the typical black household has a net worth of \\$11,000, while that of a typical white household is \\$141,900.](#) As a result, while the budget is often tight for any low- or middle-income household, black households are less likely to have resources to draw on when they need it.

In Jennings, that is a reality felt even in City Hall, where, along with the mayor, five of the eight sitting city council members (seven of whom are black) have been sued over a debt — although none of them knew about their shared plight until ProPublica shared its data.



**Must-Read Investigations
on Your Must-Have Device**

Award-winning reporting from ProPublica available as e-books.

Visit Our Kindle Singles Store

The advertisement features a tablet and a Kindle e-reader displaying text, set against a light blue background. The text is in a clean, sans-serif font.

“I’m in a generational hole,” said Miranda Jones, 41, a Jennings city council member and executive with Better Family Life, a St. Louis-based nonprofit devoted to supporting black families. She and her husband have been sued three times in recent years over debts, once resulting in the seizure of \$800 from her bank account.

“Coming from East St. Louis from a poor family, I started off in debt,” she said. She managed to transcend those circumstances to attain a college degree, but that accomplishment came with a load of student loan debt.

“I’m trying to break the cycle for my kids, and it’s very difficult,” she said.

Walk the quiet streets of Jennings and ask residents how they came to be sued over a debt, and they will often tell you that there came a moment when they had to make a financial choice.

For Judy Harvey, a 64-year-old retiree who’s lived in the same two-bedroom home with her husband for 20 years, it happened after her hours were scaled back at work. For Gladys Clayborn, 59, who lives in a house around the corner, it was heart trouble that led to major surgery and permanent disability.

However it happened, they found themselves behind on their bills, and they needed to decide which to pay.

“When you rank those bills, you’re definitely going to put those things that are essential to health and safety — that you can’t function without on a day-to-day basis — first,” said Jones, the council member.



Sylvester and Gladys Clayborn sit in their kitchen as their granddaughters and great niece play nearby. The couple fell into debt when Gladys was permanently disabled after heart surgery. (Edwin Torres/ProPublica)

Sometimes it's credit card bills that get pushed to the back of the line. Sometimes it's an old medical bill or a loan with a 100 percent interest rate. And quite often in Jennings and other black communities in St. Louis, it's the sewer bill.

The Metropolitan St. Louis Sewer District provides service to almost all of the city of St. Louis and the surrounding county. The bill is not usually a large one — the average monthly rate in 2012 was about \$29 for a single family home — but MSD, unlike other utilities like electricity, lacks the power to shut off service to customers who fall far behind.

In 2010, MSD decided too many customers weren't paying their bills, so it dramatically increased its collection efforts. It went from filing about 3,000 suits in 2010 to filing about 11,000 in 2012, more than any other company that year.

Most of MSD's customers are white, but the suits were largely filed against residents of black communities like Jennings. ProPublica examined MSD's court judgments against residents of lower- and middle-income neighborhoods and found that MSD obtained

judgments in the mostly black neighborhoods at a rate about four times higher than in the mostly white ones.

When MSD sues, the debts can be quite small, even as little as \$350. And the size of those debts may help explain why MSD files so many more suits in black neighborhoods.

ProPublica's analysis of court data for Newark and Chicago found that the debts that led to suits in mostly black neighborhoods were, on average, about 20 to 25 percent smaller than the debts of residents of mostly white ones.

In the Newark area, for instance, when a company sued a resident of a middle-income white neighborhood, the average balance was \$3,466; in a black neighborhood, the average was \$2,628.

This suggests white consumers are, in general, better able to resolve smaller debts.

Latanya Graves is a 38-year-old single mother of three who lives in Jennings. Sitting in her living room last August as her children tried to cook pancakes and sent smoke throughout her home, Graves remembered the desperation that set her on the path to having her wages garnished.

After a period of unemployment, she'd tried to save her home from foreclosure by taking out loans at sky-high interest rates — the only kind she could get. And with other more critical bills to pay, she'd let her MSD bill slide.

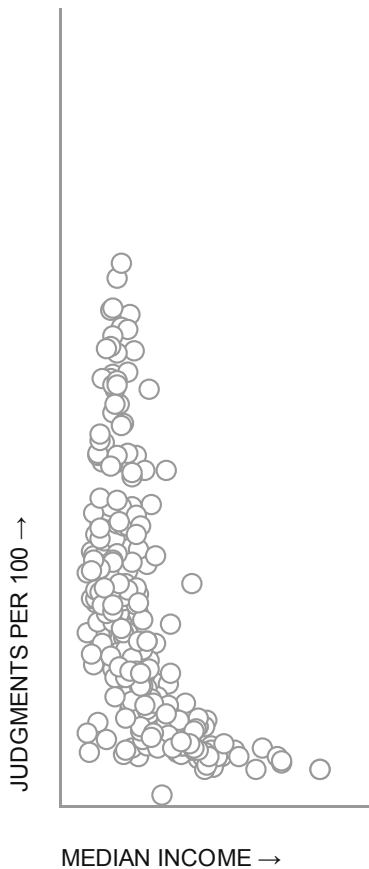
In Three Cities, Collection Suits Cluster in Black Neighborhoods

ProPublica's analysis found that majority black neighborhoods were hit twice as hard by the court judgments as majority white neighborhoods, even when adjusting for differences in income. Hover to see the correlation between court judgments and majority black neighborhoods.

Credit: Al Shaw and Annie Waldman/ProPublica

St. Louis

People in her position often don't have other options, Graves said. "Hoping that if they don't pay this bill for



JUDGMENTS PER 100 RESIDENTS

a few months and it doesn't get cut off," she said, "they could see that as a safety net for them."

Later, Graves' choices resulted in lawsuits: She fell hopelessly behind on ... ans

when she was laid off from her clerical job a second time and didn't see a way to catch up on her sewer bill. Then the suits led to garnishments. With the interest continuing to run on her high-cost loans, the debts had grown from hundreds of dollars to thousands.

For months at a time in 2011 and then again in 2012, a quarter of her pay was gone.

"It's a big burden on your shoulders," Graves said. "You go to bed thinking about, 'How am I going to pay these bills? How am I going to do this?' You wake up thinking about it. You go to work thinking about it."

Earning about \$15 an hour at the time, she had to scramble, she remembered, to get to the end of the month. She worked as much overtime as possible. Her parents helped out by buying groceries.

"It brings back a lot of memories, a lot of bad memories," she said, wiping away tears.

Lance LeComb, MSD's spokesman, said the company had no demographic data on its customers and treated them all the same. The racial disparity in its suits, he said, is the

result of “broader ills in our community that are outside of our scope and exceed our abilities and authority to do anything about.”

MSD, he said, has attempted to address those ills by hiring more minority workers. The utility is also willing to work with delinquent customers and “be as generous as possible with repayment terms.” But it has a duty to pursue debts to the fullest extent, he said. “We owe it to all our customers to keep our rates as low as possible and to ensure that they are treated fairly and equitably.”

The utility also has to be aggressive because it needs to raise revenue, he said, primarily to pay for the billions of dollars of infrastructure improvements required to bring the sewer system up to environmental standards. The average 2015 monthly bill is about twice what it was in 2003.

MSD does have a program to reduce payments for lower-income customers. According to an estimate released by MSD earlier this year, about 39,000 customers are eligible. But as of June, only about 2,300 were enrolled. MSD is “not satisfied with this level of enrollment,” LeComb said.

MSD is far from the only company flooding St. Louis courts with lawsuits over small debts. In Missouri and across the country, debt buyers are a common presence in local courtrooms. The companies buy debts for pennies on the dollar and then try to recover what they can from debtors.

The industry began filing suits in large numbers in the early 2000s, and in all three of the cities ProPublica studied, debt buyers filed the most suits of any type of plaintiffs between 2008 and 2012. In the Newark area, more than half of the 66,000 court judgments won against residents of mostly black neighborhoods stemmed from debt buyer lawsuits.

Debt buyers primarily buy defaulted credit card accounts, but the data shows that they routinely sue over smaller balances than banks do. In the Chicago and Newark areas, debt buyers filed suits with an average balance about 30 percent smaller than the average suit by a major bank.

Perhaps as a result, debt buyer lawsuits were far more numerous in black communities, ProPublica found. In Newark, for example, the rate of judgments was about twice as high among middle-income, mostly black neighborhoods than among the middle-

income, mostly white ones.

Jan Stieger, executive director of the debt buyers' trade group DBA International, said debt buyers don't know the race of debtors when they buy accounts. Any racial gap in the pattern of suits, she said, is not the result of debt buyer behavior. And debt buyers typically try other methods, such as collection calls, before suing.

"Truly, nobody is treated differently in this process," she said.

The clients at Beyond Housing, a St. Louis nonprofit that provides assistance to low-income families, are roughly half white and half black. But the staff has noticed a dispiriting difference: white clients are far more likely to have some kind of support to draw on, whether it's their own assets or help from a family member.

For black clients, "so much of that kind of help has been already tapped out," said Linda Ingram, the manager of the foreclosure intervention department. The lack of resources makes it harder for black clients to extricate themselves from debt. It also means the most stable members of a family can easily get overstretched.

"I can't tell you the number of times I have a 55- to 65-year-old African-American woman who can't make her mortgage payment because she's helped other members of the family to the detriment of keeping herself afloat," Ingram said.

By any measure, black households are worse off financially than white ones. They make, on average, far less money. But more pernicious is the vastly larger gap in wealth between whites and blacks — a divide that is [wider than it was 30 years ago](#).

The source of this disparity is as deep as the nation's history, said William A. Darity Jr., a professor of economics and public policy at Duke University. And addressing it is not as

Low- and Middle-Income Black Families: Less Wealth, Less Help

Federal survey data shows that there is a wide gap between the financial resources of white and black families, even when examining families with similar income.

White
Black

straightforward as improving employment or education among blacks.

It stems largely from “differences in the capacity of one generation of parents to transfer their resources to the next,” Darity said. “And those differences are strongly associated with race.”

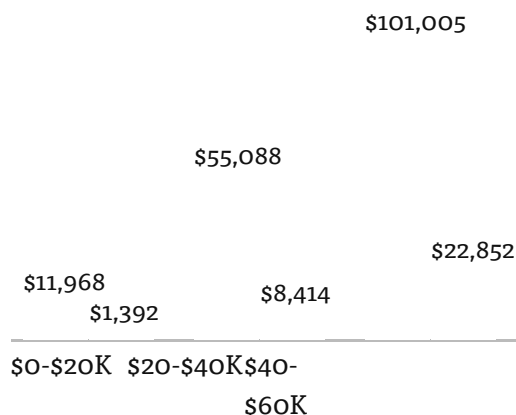
Black families have fewer assets like homes and cars, as well as less cash stashed away. The gap remains even among families toward the lower end of the income scale: According to our analysis of the Federal Reserve’s 2013 Survey of Consumer Finances, the typical white family with annual income between \$20,000 and \$40,000 had about \$2,010 in liquid assets, while the typical black family in that range had just \$650.

Low-income families generally do “very, very well given the very meager resources and high expenses they have,” said Michael Collins, faculty director of the Center for Financial Security at the University of Wisconsin-Madison. “But there comes a point in time when there’s just nothing there. There’s no more income, there’s no more savings, and the options are pretty limited, because you don’t have the social network, you don’t have the legal and other resources available to you to find a solution.”

Dora Byrd, 70, lives in Northwoods, a suburb that borders Jennings to the southwest, with her husband, Alphonso Byrd, 81. The couple married late in life after being introduced by their children. They are both retired after long careers, she as a domestic employee and he as a mechanic.

They live in the home Alphonso Byrd bought in

Median Net Worth



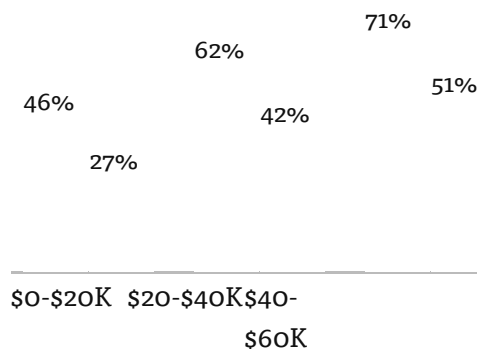
Household Income

Liquid Assets (Available Cash)



Household Income

Ability to Borrow \$3,000 From Family or Friends in an Emergency



Household Income

Source: Federal Reserve, 2013 Survey of Consumer Finances, ProPublica analysis.

1968, when, he said, he was the first black man to move onto the block.

“And then signs started going up like popcorn,” he said. The area is now 95 percent black.

Both have extended themselves to help their children. Alphonso Byrd put his name on his daughter’s house when she was faced with losing it to foreclosure, he said. Dora Byrd allowed her disabled daughter to move into her former home after she moved in with her husband.

Both were sued by MSD when the sewer bills on those houses went unpaid.

In Dora Byrd’s case, MSD went after her bank account. She’d been living primarily off of a monthly \$600 Social Security check. It’s illegal for federal benefits to be garnished, but at the time, she had both a checking and a savings account, and only the money electronically deposited into her checking account was automatically protected.

As a result, MSD was able to seize \$645 from her savings account, more than a third of the money in her accounts, according to bank records.

The money in the savings account “was just a little something we put away if something was to come up,” she said. With her reserves drained, Byrd said, the following months were tight.

LeComb, the MSD spokesman, said that the utility does not know the age of its customers, and that if Byrd had filed a claim in court stating that the funds were exempt, the garnishment would have been terminated.

Near the end of one street in Jennings sits a neat brick bungalow, similar to others lining the block. Its windows look out on a shady tree and a patch of grass just large enough to be called a lawn.

Until 2012, Cori Winfield lived here with her four kids. In 2013, Rosalyn Turner moved in with two of her children. The two women do not know each another, but they are connected by more than just the house: They have both been sued by a local subprime auto lender Midwest Acceptance.

And they have both learned a harsh lesson: Through court judgments, companies like Midwest can pursue debts for decades, following debtors to each promising new job, each new savings account.



Since 2012, Cori Winfield has had her wages garnished over an unpaid car loan. Because the debt continues to run at an annual interest rate of 30 percent, she has already paid more than twice of what she owed when the car was repossessed in 2010. (Edwin Torres/ProPublica)

Back in 2009, Winfield, 38, visited Allstar Motors, a used car lot, after her car disappeared from her street one morning. Believing it stolen, she'd filed a police report. It wasn't until years later, she said, that she found out the car had actually been towed because of unpaid parking tickets.

When she was a teenager, she'd saved up from her job at White Castle to buy her first car, a feat, she said, that taught her "if I can do that, I can do everything else I put my mind to."

But this time, she'd had no chance to save. Getting to work, taking her kids where they needed to go — that required a car, and she'd only put away a couple hundred dollars.

At Allstar, she found a 2002 Dodge Caravan for \$8,000, more than she was used to paying for a car. Her credit was spotty, so the loan the dealer offered her was steep, too: it came at a 30 percent annual interest rate. But Winfield thought she could stretch to make the \$327 monthly payment.

It was a hopeful time in Winfield's life. The year before, she'd started a new job at a brokerage services firm and had already seen a bump in pay from \$12 to \$13 an hour. In the fall of 2009, she and her husband, who worked as a janitor, bought the brick bungalow, their first home. She'd managed to pay off her student loans in order to qualify for the mortgage, she said. It was a landmark accomplishment.

But one year later, the minivan payments proved to be too much after all, and the lender, Midwest Acceptance, repossessed the vehicle. She and her husband separated, and she couldn't afford the mortgage on her own. The couple declared Chapter 13 bankruptcy, a move that at least put off foreclosure. But they defaulted on the bankruptcy plan payments after about five months.

In that, they were typical of black debtors. Most Chapter 13 filers default and thus retain their debts. But there's evidence that black debtors are often steered to Chapter 13 plans even though filing through Chapter 7, which is less costly and can provide near-immediate relief, would be the better choice. [A 2012 study](#) found blacks were twice as likely to file under Chapter 13 as other filers.

Robert Lawless, a law professor at the University of Illinois who was one of the authors of the 2012 study, said the racial skew in bankruptcy filings should be seen in conjunction with the disparity in debt collection lawsuits. ProPublica's analysis, "along with our study and many others, shows that the civil justice system is not working well for lower-income blacks," he said.

The day Winfield's bankruptcy was dismissed, Midwest Acceptance [filed suit against her](#). She owed almost \$5,000, the company claimed, for a car she no longer had.



In 2009, Cori Winfield took out an \$8,240 loan to buy a car at Allstar Motors in St. Louis. The car was repossessed in 2010 and auctioned for \$3,050. Her wages are being garnished to pay off the remaining amount, plus interest. (Dan Gill for ProPublica)

Midwest had auctioned off the Dodge Caravan for \$3,050 — less than half what she'd paid for it just 18 months earlier — but added \$1,100 in fees from the repossession to her debt. And the balance was still running at the high interest rate.

Now without a car, the whole family took the bus, which meant at least three hours a day in transit for Winfield.

Her priorities became basic: keeping the gas on, finding a place to live, saving for another car. Amid these demands, the debt to Midwest fell by the wayside. But by securing a judgment against Winfield, Midwest ensured that the company would get its money whether it fit in her budget or not.



Rosalyn Turner stands on the doorstep of her home in Jennings. Turner was sued over an unpaid sewer bill that was her landlord's responsibility and an unpaid car loan she took out ten years prior. "It's hard not to go crazy and stress out, you know," she said. (Dan Gill for ProPublica)

Turner rented Winfield's old home in 2013, moving in with her teenage daughter and adult son, who is mentally disabled and requires special care. By that point, the house

had been snatched up for \$14,000 by a California-based private equity firm that invests in distressed real estate.

Turner, 43, had been forced to move quickly after a plumbing problem at her previous rental in Ferguson. Raw sewage flooded the basement, ruining her possessions and snuffing out the pilot light on the boiler, which left the family without hot water.

“That was the worst time in my life. I used to cry myself to sleep,” she said.

After her landlord failed to fix the problem, Turner decided to break her lease. But before she could, she was sued by MSD. She owed over \$2,000 in unpaid sewer bills for the Ferguson home, the utility claimed.

Turner’s lease clearly stated that the sewer bills were the landlord’s responsibility. The bills had been sent to him, not her. But when she faxed a copy of her lease to MSD’s attorney and called to explain, she was told that MSD could sue her anyway, since she was listed on the account, she said.

Turner didn’t see how she could afford an attorney, nor did she see a point in appearing in court. MSD received a default judgment against her.

Six Ways to Reform the Legal System for Debt Collection

Laws governing debt collection lawsuits and garnishments are often antiquated, poorly thought out and place the burden on debtors to know their rights. Below are ideas for reforms.

In St. Louis, defendants had counsel in less than 8 percent of debt collection cases filed between 2008 and 2012, ProPublica’s analysis shows. And in lower-income black neighborhoods, just 4 percent had a lawyer.

MSD’s lawsuit named both Turner and her landlord as defendants. But so far, only Turner’s wages have been garnished. Last year, Turner was taking home about \$740 every two weeks from her job with the state when the garnishment hit. MSD took a quarter of that pay for three months until Turner’s seasonal job was terminated. MSD has seized \$1,400, but over \$1,100 still remains on the debt.

MSD’s LeComb said the utility had operated

1. LOWER HOW MUCH CAN BE TAKEN FROM DEBTORS' WAGES

The federal law limiting wage seizures to 25 percent of after-tax income passed in 1968. Lawmakers appear [to have pulled this percentage out of a hat](#). Some states protect more of a worker's pay — and four (Texas, Pennsylvania and the Carolinas) prohibit garnishment for most debts. But most states allow the federal level. [Federal surveys show](#) that low-income workers can't afford to lose a quarter of their pay.

according to policy when suing Turner, since “the tenant is the party benefiting from the service,” but that MSD would review how the policy was applied in her case and whether it ought to be changed.

Soon after Turner moved to the Jennings house, she was sued again — this time by auto lender Midwest Acceptance, who [claimed she owed more than \\$10,000](#).

Turner had taken out a loan 10 years earlier that, like Winfield's, had been financed by Midwest. In 2005, after Turner was laid off and fell behind on payments, the car was repossessed and sold at auction.

According to Turner's court file, she was personally served with a summons for the lawsuit in November 2013. She doesn't recall being served, and when her court date came around, she wasn't there.

Even if Turner had appeared, it's unclear that it would have done her any good. With an attorney, however, she might have gotten the case dismissed. That's because the statute of limitations on Turner's loan under Missouri

law was four years, a period that had long expired by 2013.

But the onus is on the defendant to raise such a defense. As a result, Midwest obtained a judgment.

Midwest declined to discuss Turner's case, but said that the statute of limitations could be extended if, for instance, a debtor made a voluntary payment on a debt. Turner said she hadn't done that.

Robert Swearingen, an attorney with the nonprofit Legal Services of Eastern Missouri

who specializes in consumer issues, reviewed the lawsuit for ProPublica. Based on the suit and Turner's recollections, he said, "It seems clear as day to me that they filed the lawsuit outside the statute of limitations." It was something creditors often did, he said, since defendants rarely know their rights.

Turner has been looking for work since her last job, a seasonal position at UPS, ended earlier this year. Since then, she's been relying on unemployment to support her family. With a long career as a bus and truck driver, she's hopeful for work, but if she does find it, she knows she won't have the full benefit of that paycheck for long. Midwest tries to garnish her paycheck wherever she goes, from Walmart to her job with the state to UPS. And if Midwest doesn't take a chunk of her pay, MSD just might.

"It's hard not to go crazy and stress out, you know," she said. "I just keep praying and asking the Lord for help. That's all I can do."

For Winfield, the three years since losing her home have been a trial. She has moved four times, she said, most recently to leave a neighborhood where her house was robbed and shootings were frequent. And, like many black residents of the St. Louis area, she speaks bitterly of her experiences with police after an unpaid speeding ticket led to a weekend in jail.

Still, she remains determined to provide a stable environment for her children, she said recently, sitting in her current home, which remains sparsely furnished as a result of the burglary.



(Edwin Torres/ProPublica)

“I just want to do everything that I can to make sure that my kids don’t go through as much as I went through,” she said. Her own upbringing was marked by her mother’s addiction to crack, she said, and while her kids have been through a lot, she thinks she’s largely succeeding at her goal.

But garnishment has proven to be a legacy she couldn’t escape. Winfield remembers her mother trying to make a reduced paycheck stretch further, and it has become part of her life, too. Midwest Acceptance began seizing 25 percent of her after-tax pay in March 2012.

Every two weeks, almost \$250 was gone. “I was not making it,” she said.

During an online search for help, Winfield learned she qualified for a “head of family” exemption under Missouri state law, which reduces the maximum garnishment to 10 percent. The law doesn’t require anyone to tell debtors like Winfield of the exemption, and the burden is on them to claim it.

The extra \$300 each month was “a lifesaver,” she said. “I can at least pay rent and pay

bills.”

But because she is paying less each paycheck, she will be stuck paying more over the long term.

In Missouri, lenders can request that judgments accrue interest at the contract rate. In Winfield’s case, her debt continues to grow at an annual rate of 30 percent. The \$4,900 Winfield owed after her old car was auctioned became \$6,900 by the time Midwest obtained its judgment. She has had more than \$8,500 taken from her paychecks over the years and still owes more than \$2,400.

If she ever pays off the loan, which at the current pace won’t be until 2017, she will have paid a total of at least \$13,000 to Midwest.

In a written statement, Midwest Acceptance said it was legally allowed to charge post-judgment interest at the contract rate, but was willing to accept less than was owed “as long as the client continues to communicate with us and makes a good-faith effort to reduce the balance.”

The build-up of interest can be even more punishing on high-cost installment loans. The law allows lenders to make loans with interest rates in the triple digits and then attach that rate to court judgments. It’s a system that can [turn a \\$1,000 loan into a \\$40,000 debt](#), ProPublica has reported, and leave the debtor with a choice: endure garnishment in perpetuity or declare bankruptcy.

These costly debts hit black communities in St. Louis at a rate about five times higher than mostly white neighborhoods, ProPublica found. High-cost installment lenders and subprime auto lenders obtained more than 8,200 judgments against residents of mostly black neighborhoods from 2008 through 2012. The lenders have seized at least \$9.5 million from debtors through those cases.

ProPublica found even more of an imbalance in the Chicago area. There, the national subprime auto lender Credit Acceptance obtained judgments against residents of mostly black neighborhoods at a rate 18 times higher than it did against residents of mostly white neighborhoods. Credit Acceptance did not respond to multiple calls and emails seeking comment.

There is evidence that black consumers take out higher interest loans more often than whites. For example, black consumers are much more likely to take out a payday loan

than whites with similar income, according to the Survey of Consumer Finances. Recently, there have been [a series of federal enforcement actions](#) against auto lenders based on allegations that they over-charged minority borrowers.

In its statement, Midwest Acceptance said there was “no intentional disparity of any kind in lawsuits or garnishments” and that the company had no information on the race of its borrowers and treated all customers the same.

Last week, Henderson, the mayor of Jennings, picked up her paycheck at city hall, and discovered that \$185 was gone — garnished by MSD. The sewer district had tracked her down at her new job and taken the maximum allowed by law, a quarter of her biweekly pay.

Without it, Henderson said, she’s not sure she’ll be able to cover all her expenses, which include caring for her 8-year-old son. “I’m going to have to scrap and scrounge and rob Peter to pay Paul here,” she said.

When asked if she’d ever heard of the “head of family” exemption, Henderson said she hadn’t, but vowed to submit the forms as soon as possible to reduce the garnishment.

She was surprised to learn that she wasn’t alone — the pay of a council member had been seized by MSD last week, too. Henderson said she’d be sure to tell her about the exemption, since the council member had a son of her own.

“We’re all in the same boat,” she said. “It’s the black community.”

Jonathan Stray contributed to this story.

Produced by [Hannah Birch](#) and [Emily Martinez](#).



Paul Kiel covers business and the economy for ProPublica, reporting on the foreclosure crisis, consumer debt and other financial issues.

Annie Waldman is a senior reporting fellow. She recently graduated with honors from the dual masters



program at Columbia's School of International and Public Affairs and the School of Journalism.