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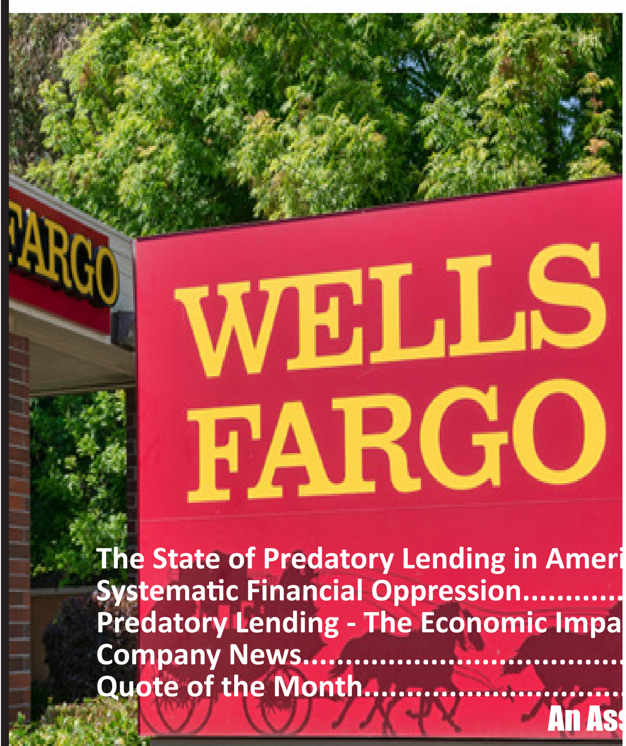
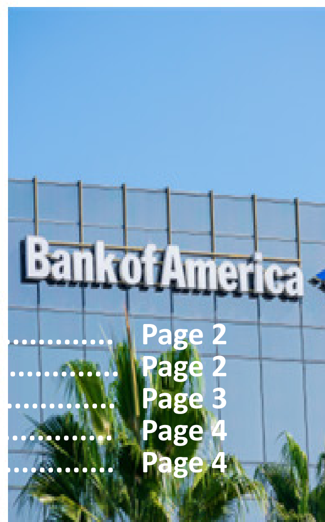
SEPTEMBER NEWSLETTER

ASSETcoin®

The State of Predatory Lending In Urban America

Diabolical & Wrong



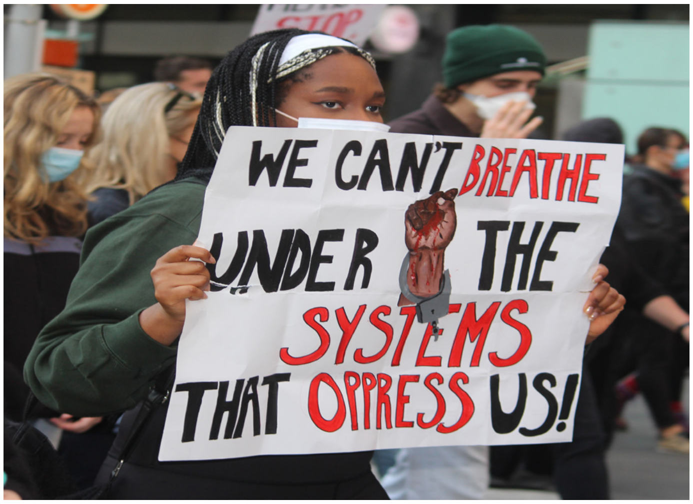


An Assetcoin Capital Fund LLC Publication

The State of Predatory Lending in America and its Impact on Urban America

There was a time during "Black Wallstreet" when black communities were thriving, a time when the dollar circulated 36 times before leaving the community. Today, a study by Selig Center for Economic Growth reports that in African American communities, money only circulates one time compared to the unlimited number of times it circulates in white neighborhoods [1]. It's impossible for the dollar to circulate when it goes to the hands of those with no intention of investing it back into the people they are serving.

Systematic Financial Oppression

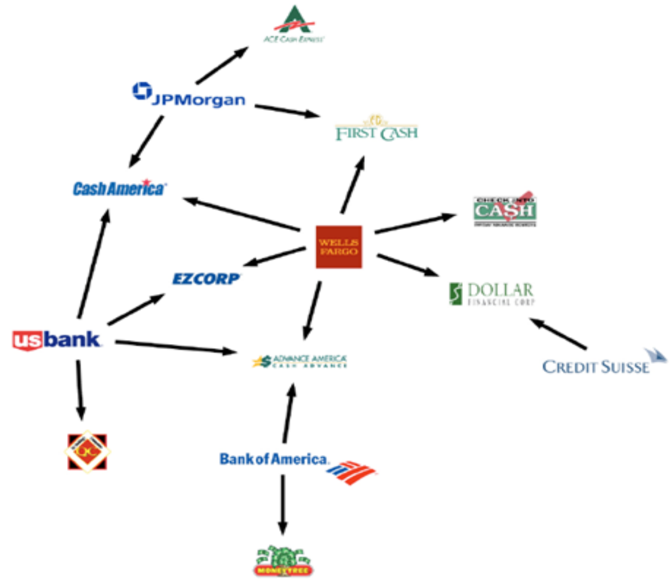


The state of lending in Urban America is not by accident, it is by design carefully thought out, crafted, and implemented to oppress, burden, and hinder any type of wealth building.

Banks play multiple roles: in addition to redlining and discriminatory lending practices, they literally closed branches to make these communities bank deserts. With no financial help institutions could now fund payday loan companies to further inflict damage on these communities.

This is where "alternative types of consumer financing" (payday lending, car title lending and high-cost overdraft lending) comes into play. Over the years, they have quickly expanded branches in black and brown communities; in fact, according to Sixty Minutes, payday lending shops in the U.S. now outnumber McDonald's restaurants [2].

There is no denying the involvement large mainstream banks have with funding predatory payday lenders at the expense of poor and deeply indebted Americans (*graph on right*).



According to The Predators' Creditors report, banks such as Bank of America, Wells Fargo, JPMorgan Chase, and US Bank lend money to payday lenders at 3% who in turn charge as much as 400 -780% interest to desperate borrowers.

Working together these entities subject 12 million Americans to predatory lending practices trapping them in a vicious cycle of taking out payday loans repeatedly just to keep up with interest payments and avoid the consequences of defaulting. The overall impact leads to foreclosure, bankruptcy, wage garnishments and other debt issues.

Big banks like Wells Fargo, Bank of America, JPMorgan, and US Bank insulate themselves by using third-party lenders to do their dirty work while earning incredibly easy profits. At the same time, many of these banks refuse to offer safe and reasonable loans to low-income Americans because they're "too risky."

It's diabolical and wrong! It's this type of hypocrisy that makes our nation look bad. To prey on the less fortunate and vulnerable through the financial structures of this nation is wrong [3]. Bottom line, its systemic economic exploitation designed to ensure some thrive at the expense of others.

Predatory Lending
The Economic Impact

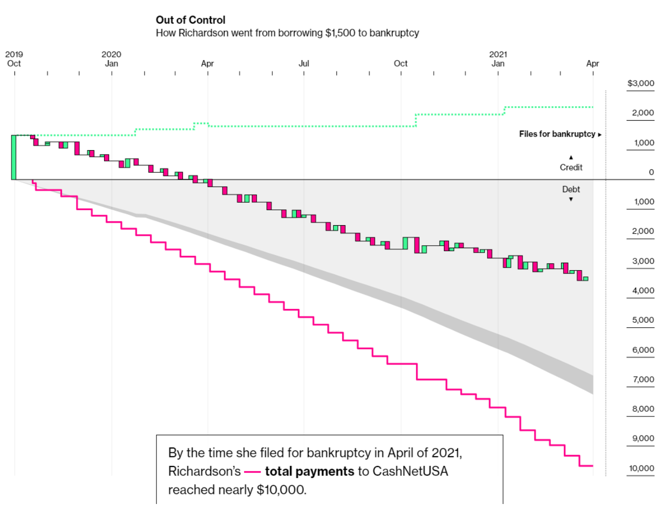
Customers Lose

Providers of high-cost loans say they offer credit to communities that are under-served by traditional banks, and that high interest rates are necessary because those borrowers are more likely to default. But according to consumer advocates, the loans often cause families to fall into debt traps built on exorbitant fees and endless renewals. That's the situation Kimberly Richardson found herself in 2021.

Her hours got cut following an COVID-19 outbreak at the factory where she works, it didn't take long for the Tennessee resident to begin to struggle to make payments on a $1,500 loan she had taken from CashNetUSA, a subsidiary of Enova, on which interest was accumulating at a rate of 276%.

How Richardson went from borrowing $1,500 to bankruptcy:

As the coronavirus ravaged the U.S., CashNetUSA encouraged Richardson to borrow even more on her credit line; in fact, anytime she had available credit, she would receive an email. Little by little, she was digging herself deeper into debt; last month, Richardson filed for bankruptcy but not before paying CashNetUSA nearly $10,000 all-told [5].

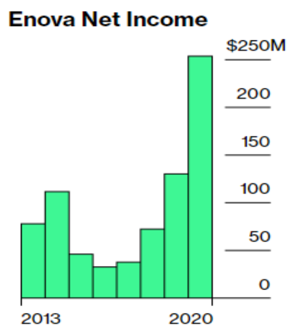


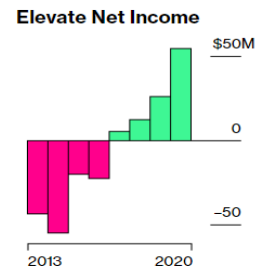
In six months, she had already paid CashNetUSA more than she had borrowed. Fees and interest accrued at an annualized rate of 276%, quickly running into the thousands of dollars.

By the time she filed for bankruptcy in April of 2021, Richardson's total payments to CashNetUSA reached nearly $10,000 (*graph on left)*. This is just one story of many Americans forced to use a predatory lender only to find themselves a cycle of endless debt.

Payday Lenders & Banks Win

While Richardson had to file for bankruptcy the two largest players in the payday loan industry (Enova International and Elevate Credit) reported record profits of $250M and $50M (*see graph below*).





Big banks provide $1.5 billion in credit to publicly held payday loan companies, and an estimated $2.5 to $3 billion to the industry.

Wells Fargo finances more payday lenders than any other big bank – six of the eight largest payday lenders. Bank of America, JPMorgan Chase, and US Bank also finance the operations of major payday lenders. Bank of America and Wells Fargo provided critical early financing to the largest payday lender, Advance America, fueling the growth of the industry.

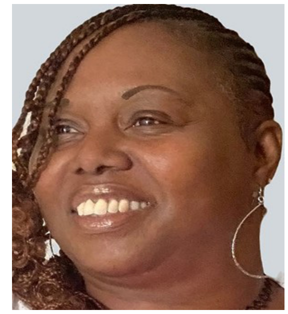
As of 2009, publicly traded payday lenders paid nearly $70 million in interest expense on debt, a clear sign of how much banks are profiting by extending credit to these companies. We expect these numbers are much higher today; unfortunately finding updated statistics remain a challenge for researchers.

Big banks financing major payday lenders received $105 billion in TARP funding. Bank of America received $45 billion, and Wells Fargo and JPMorgan received $25 billion each. Big banks continued to negotiate and amend credit agreements with payday lenders throughout the financial crisis and after the bailouts [4].

COMPANY NEWS

To our loyal supporters and investors, we are pleased to announce new additions to our Board of Directors:

Mr. Mark Anthony Cook, (left), Mrs. Jajuan Williams, CPA, MBA (center) and Ms. Celeste Ballard, MBA (right). You can read their amazing accomplishments on our website.



RegCF Investors - Important Update

Current Investors

On Tuesday, September 20, 2022, you will be receiving an email from KoreConX informing you to sign into your new account via registration, this step is extremely important, you must register and establish a password to view your initial investment and the number of A$$ETcoins you own. Please note, as a current investor, you will be able to take advantage of future tier bonus promotion. At that time you will have the option to reinvest at any time, make sure you take advantage of the opportunity.

New Investors

The RegCF Investment Process is fairly simple and entails four sections that must be completed; basic info, investor info, funding info and sign & finish. For a step-by-step details on how to invest in Assetcoin Capital Fund email us at info@assetcoin.gold.

QUOTE OF THE MONTH

" I just don't believe that when people are being unjustly oppressed that they should let someone else set rules for them by which they can come out from under that oppression".

~ Malcolm X

Sources

[1] Greenwood (2021). How Dollars Circulate in Black Communities. *Bank Greenwood.* How Dollars Circulate in Black Communities - Greenwood

[2] Bailey, N.S. (2021). Predatory Lending: The New Face of Economic Injustice. *American Bar Association.* Predatory Lending: The New Face of Economic Injustice (americanbar.org)

[3] American Banking Institute (2021). Big Banks Fund Payday Lenders. *The American Banking Institute.* Big Banks Fund Payday Lenders | ABI

[4] The Predators' Creditors. (2020). The Predators' Creditors: How the Biggest Banks are Bankrolling the Payday Loan Industry. *The Predators' Creditors.* The Predators' Creditors: How the Biggest Banks are Bankrolling the Payday Loan Industry | Virginia Organizing (virginia-organizing.org)

[5] Scigliuzzo, D. and Cannon, C. (2021). Charging 589% Interest in the Pandemic Is a Booming Business. *Bloomberg.* Payday, Predatory Lenders Racked Up Record Profits in 2020 (bloomberg.com)