

# End the Unlawful Use of Criminal Charges by Loan Businesses to Collect Consumer Debts

Defaulting on a loan is not a criminal act, yet Texas borrowers are facing threats of

**CRIMINAL PROSECUTION**

**ARREST WARRANTS**

**EXCESSIVE FINES**

and worst of all **JAIL TIME**

directly violating the Texas Constitution **BILL OF RIGHTS** which states

**“No person shall ever be imprisoned for debt.”**

Tex. Const. Art. I Sec. 18

Gray areas in current law enable loan businesses to wrongfully file criminal theft or fraud complaints based on defaulted loan payments.

## NEW DATA FROM EIGHT TEXAS COUNTIES REVEAL UNLAWFUL PRACTICES<sup>1</sup>

Over 1,500 criminal complaints, wrongfully filed by 13 Texas payday loan businesses from 2012 to 2014 to collect on defaulted loan payments, resulted in borrowers paying over **\$166,000**.

In Travis County, payment of **over 4X times the original debt** was ordered on a wrongfully filed bad check case.



In a Harris County justice court, **42%** of the wrongfully filed criminal cases based on a payday loan default resulted in an **ARREST WARRANT...**



and **5.6%** resulted in **JAIL TIME** to pay the fines.

Collin County documented over **700 criminal complaints** related to a defaulted loan payment, collecting over **\$131,000** from **204 individuals**.

This is just the tip of the iceberg. **End the unlawful use of our criminal justice system as a state subsidized debt collector.**

<sup>1</sup>The eight counties include: Bexar, Collin, Dallas, El Paso, Harris, Potter, Travis, and Williamson counties. Data is based on open records requests filed in 2014 to district and county attorneys and a review of cases filed in two justice courts. Please visit [www.texasappleseed.org](http://www.texasappleseed.org) for more information.

# Use of the Criminal Justice System to Collect Consumer Debts Goes Against:

- Texas Constitution, Article I, Section 18: “IMPRISONMENT FOR DEBT. No person shall ever be imprisoned for debt.”
- Texas Finance Code, Section 393.201(c): “...a person may not threaten or pursue criminal charges against a consumer related to a check or other debit authorization provided by the consumer as security for a transaction in the absence of forgery, fraud, theft, or other criminal conduct.”
- Texas Finance Code, Section 392.301: “THREATS OR COERCION. (a) In debt collection, a debt collector may not use threats, coercion, or attempts to coerce that employ any of the following practices:..(2) accusing falsely or threatening to accuse falsely a person of fraud or any other crime.”

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## Yet this practice continues in Texas...



**UNDERMINING  
THE INTEGRITY  
OF OUR CRIMINAL  
JUSTICE SYSTEM**



**DRAINING TAXPAYER  
DOLLARS**



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