Social Security recipients have become targets of the $50 billion payday loan industry in the wake of legislation in the 1990s that required Social Security beneficiaries to receive their checks by electronic deposit (unless they opt out). The number of recipients with direct deposit increased from about 50% in the mid-1990s to more than 80% today. With direct deposit, a Social Security recipient’s monthly checks are now easily pledged as collateral for short term loans. In fact, data collected by the U.S. Department of Housing and Urban Development shows that payday lenders are now disproportionately clustered near government-subsidized housing for seniors and the disabled.

The AARP, a strong defender of consumer rights, has voiced concern about this practice, in which “check cashers, pawnshops, and rent-to-own outlets are permitted to become conduits of federal benefit payments.” The consumer advocacy group stated:

“We are very concerned that if non-financial “fringe banking” institutions are allowed to be authorized agents, recipients may be charged high fees whenever their payments are accessed. As many recipients are low-income consumers or are living on fixed incomes, this would jeopardize their financial well-being. Further, it is fundamentally unfair to expose recipients to payment agents that are not subject to federal consumer protection laws, and are not charged with acting in the recipient’s fiduciary interest.

Our firm is concerned that payday lenders’ easy access to needy borrowers’ monthly government benefits presents the potential for wide-spread exploitation of our society’s most vulnerable members. We are monitoring this situation very closely. If you need more information, please contact Archie Grubb at (800) 898-2034 or Archie.Grubb@beasleyallen.com to discuss predatory lending cases.

Source: Wall Street Journal

XVII. PREMISES LIABILITY UPDATE

FIVE KILLED IN TESORO REFINERY BLOW IN WASHINGTON STATE

A toxic explosion last month at an oil refinery in Washington State killed five workers and critically injured two others. The blast, which occurred at the Tesoro Corp. oil refinery located north of Seattle, was the deadliest refinery blast in five years. The U.S. Chemical Safety Board, the federal agency that investigates large industrial accidents, is currently investigating the incident. The Occupational Safety and Health Administration will also be involved in the investigation. Last April, state environmental regulators fined the Anacortes refinery $85,700 for 17 serious safety and health violations that could lead to death or serious physical injury.

As has been reported, there have been a number of other refinery explosions. This latest accident comes as a probe continues into an October fire at Tesoro’s Salt Lake City refinery. Fortunately, no one was injured in that incident, which temporarily shut down a portion of an interstate and damaged equipment and several trailers. Another company, BP, continues to deal with legislation and other legal issues relating to the March 23, 2005, incident at Texas City. That refinery only returned to full operation last summer. BP has been fined at least $150 million by federal agencies as a result of that incident.

Tesoro shut down one area of the Anacortes plant, near the blast site at a unit that makes naphtha, a key gasoline component. At the time of the explosion, all of the employees killed or injured in the blast were working in a unit that was producing jet fuel for the military.

None of the other Plaintiffs’ children have serious mental disabilities, but they all suffer from asthma. Each of their children, who now range in age from 11 to 20, has some learning disability. The Mississippi Department of Environmental Quality had the tanks and contaminated soil removed in 2000. According to expert testimony, Ms. Simon was exposed to 46,000 times the safe level for exposure to leaded gasoline fumes. A Texaco expert said no medical records substantiate the claims of the women being exposed to dangerous levels of leaded gas fumes. The company’s lawyers say an appeal will be filed.

Source: Foxbusiness.com

MISSISSIPPI JURY AWARDS $19 MILLION IN TEXACO LEADED GAS SUIT

A jury in Hinds County, Mississippi, has returned a $19 million verdict for five women against Texaco, now a division of Chevron Corp. The Plaintiffs allege the oil company was responsible for their children being born with disabilities and illnesses, including mental retardation. The women claimed they were pregnant when they worked in the old Jefferson County office building in Fayette, which previously was a gas station affiliated with Texaco. In their suit, the women contend they were exposed to leaded gasoline fumes from tanks left in the ground when the former gas station was renovated.

Loraine Simon, the lead Plaintiff in the case, alleged her 20-year-old daughter, Rosalyn, is severely mentally disabled. The children of the other women suffer from respiratory conditions and learning disabilities. The trial was moved from Jefferson County to Hinds County on a change of venue request by Texaco because the women were known or worked in the county. Texaco says it never owned, operated or controlled the service station or the underground storage tanks at issue.

Ms. Simon said the victory “was bitter-sweet” because of her child’s condition. The woman testified during the trial that she and her husband had taken their daughter to several doctors trying to determine the cause of her condition. They have two older children who do not have any mental defects. Ms. Simon didn’t work in the building when she was pregnant with the other two children.

None of the other Plaintiffs’ children have serious mental disabilities, but they all suffer from asthma. Each of their children, who now range in age from 11 to 20, has some learning disability. The Mississippi Department of Environmental Quality had the tanks and contaminated soil removed in 2000. According to expert testimony, Ms. Simon was exposed to 46,000 times the safe level for exposure to leaded gasoline fumes. A Texaco expert said no medical records substantiate the claims of the women being exposed to dangerous levels of leaded gas fumes. The company’s lawyers say an appeal will be filed.

Source: Insurance Journal