

Racial Disparity in Debt Collection Lawsuits: A Study of Three Metro Areas

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Abstract

Background: Debt collection lawsuits can result in serious damage for consumers. Judgments can have many consequences, but most significantly, they allow plaintiffs to garnish consumers' wages and bank accounts. Although such suits number in the millions each year, strikingly little research has been done on the topic. How many judgments were obtained against debtors last year? No one knows. Nor can anyone say which companies sue the most, how much, or little, they sue over or even how common garnishments are. The primary goal of this analysis was to explore whether these suits disproportionately impact black communities. This report is part of a larger investigation by ProPublica into the largely hidden use of the courts by creditors and collectors to collect consumer debts and which segments of the population are affected by this process.

Methods: To conduct this analysis, we examined court judgments arising from debt collection lawsuits in three large metropolitan areas: Chicago (Cook County, Illinois), St. Louis (St. Louis City and County, Missouri), and Newark (Essex County, New Jersey). Our study selected a five-year window of cases from 2008 through 2012¹.

Results: In all three metropolitan areas, we found a disproportionate number of judgments in predominantly black communities when compared to white ones. This risk of judgment, we found, was twice as high in majority black census tracts as majority white census tracts, holding income constant. We also found that certain types of plaintiffs consistently showed more of a racial imbalance in their lawsuits than others.

Conclusions: Our analysis clearly demonstrates the disparate impact of debt collection lawsuits on black neighborhoods. The cause of this disparate impact is not clear. However, we present evidence that the gap in assets between black and white households is likely a significant contributor. Our results, combined with the relative lack of research on debt collection lawsuits, illustrate the pressing need for further research².

¹Due to a peculiarity of the court system database, the Essex County window is slightly different: July 1, 2007, through June 30, 2012.

²We would like to thank the following people for their helpful advice and time in reviewing our work: William Darity, Jr. of Duke University, Robert Lawless of University of Illinois College of Law, Stefania Albanesi of Ohio State University, Peter Holland of the University of Maryland Francis King Carey Law School, Thomas Shapiro of Brandeis University, Ethan Cohen-Cole of Econ One, and J. Michael Collins and David Pate of the University of Wisconsin.

1. Introduction

To recover delinquent debts, lenders and debt collectors commonly sue consumers in local courts. The suits are often over small debts, but their impact can be ruinous for the millions of Americans sued each year. If the plaintiff obtains a court judgment (the typical outcome of a suit), the debtor can suffer a number of consequences, including a lower credit score. Most significantly, a judgment provides the plaintiff with the legal authority to attempt wage or asset seizure, otherwise known as a garnishment. Federal law provides debtors scant protection: It places no limits on bank account garnishments and allows plaintiffs to seize up to a quarter of a debtor's after-tax wages. State laws vary, but generally offer little more protection. Despite the relatively high frequency of collection lawsuits, there has not been much research on which companies file them and whom they affect.

Last year, ProPublica asked the payroll processing company ADP to conduct an analysis of its payroll records. That study provided the first-ever national estimate of garnishment rates among employees³. Our current study looks at several factors that went beyond the scope of the ADP study. First, our analysis of judgments and garnishments by census tract allows us to explore the probable race of defendants. Second, our state-level data sets contain information on the actual companies filing these actions, which provides us with the ability to isolate and analyze the activities of individual plaintiffs and categories of plaintiffs (such as banks, debt buyers, etc.).

2. Methodology

We began our work with the goal of transforming line-by-line court case data into aggregate data showing the judgment rate of individual census tracts over a five-year time period.

To do this, we assigned each case that had resulted in a judgment to a census tract based on our geocoding of the defendant's address. This allowed us to arrive at a per-capita judgment rate for each tract. We then added race and income data from the census to each tract. This allowed us to compare the per-capita judgment rates in mostly black neighborhoods to that of mostly white neighborhoods while holding income constant.

Finally, we examined the tendencies of individual plaintiffs by identifying which companies sued the most and categorizing each of them.

2.1. Data

For each of the three jurisdictions covered by this analysis, we analyzed breach of contract cases that resulted in a judgment against the defendant⁴. The raw data was provided by the state court administration for each state⁵. Each state's data set contained basic case information such as the plaintiff, the defendant, and the defendant's address. We looked at cases filed in a five-year window (see Table 1). Our three jurisdictions were: Cook County, Illinois (composed of Chicago and surrounding suburbs), St. Louis City and St. Louis County, Missouri, and Essex County, New Jersey (composed of Newark and suburbs).

³See "*Unseen Toll: Wages of Millions Seized to Pay Past Debts*", ProPublica, September 2014. Source: <http://www.propublica.org/article/unseen-toll-wages-of-millions-seized-to-pay-past-debts>

⁴As discussed later in this paper, the overwhelming majority of these breach of contract cases are filed by companies, not individuals.

⁵For more details on the data, see Appendix 8.1.

County	Court	Amounts Covered
Cook County	Circuit Court	All
St. Louis City/County	Associate Circuit Court	up to \$25,000
Essex County	Special Civil Part	up to \$15,000

Table 1: Background information on courts and range of disputed amounts covered.

The five-year window covered by our analysis for both Cook County and the St. Louis area included cases that were filed from Jan. 1, 2008, through Dec. 31, 2012. Due to a peculiarity of the court system database, the Essex County window is slightly different: July 1, 2007, through June 30, 2012⁶.

2.2. Geocoding

One of the goals of ProPublica’s analysis was to explore the relationship of race to court judgments. As the data itself did not provide the race or the socioeconomic level of the debtors, we used the location of each debtor’s residence as a proxy, analyzing information about each census tract as a way to extrapolate these variables.

We wanted to include only defendants whose addresses most likely represented a residence, so we removed cases where the defendant’s listed address was a P.O. Box, a general location name, or was not recognized.

We ran the data through Google’s geocoding API to find the latitude and longitude of the residences, and selected only addresses for which the “geocoding accuracy” was an exact match or almost exact⁷.

County	Number of Judgments
St. Louis City and County	116,289
Cook County	278,566
Essex County	128,918

Table 2: Total Number of Cases Analyzed (Five-Year Period).

Because of the large number of cases in each region, we are confident that our analysis is representative of larger trends occurring in each area (see Table 2).

2.3. Race and Income Variables

Once we sorted our cases into census tracts to arrive at a per-capita judgment rate for each tract, we matched data on race and household income levels to individual tracts.⁸

⁶Both the St. Louis and Essex County data sets were extracted from larger, statewide databases which we possess. We selected these three metro areas because their level of segregation allowed us to investigate the role of race in these cases, since we used the debtor’s neighborhood as a proxy for race. According to a recent Brown University study based on data from the 2010 Census, the regions around Newark, Chicago, and St Louis, were the fourth, fifth, and ninth, respectively, most segregated metropolitan areas in the country. See “The Persistence of Segregation in the Metropolis: New Findings from the 2010 Census.” Logan, John and Stults, Brian J.; March 2011. Source: <http://www.s4.brown.edu/us2010/Data/Report/report2.pdf>.

⁷Google’s geocoding API refers to these two accuracy levels as “rooftop” and “range interpolated”. Less than 10 percent of locations could not be geocoded as a result of poorly formatted addresses (one percent in New Jersey, seven percent in Illinois, and about 10 percent in Missouri).

⁸See *United States Census Bureau - American FactFinder* (<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>). We selected our population and race data using the 2010 Census Summary File 2 and used the raw, numeric population

To better understand the relationship between race and debt judgments, we determined whether each census tract was majority black or white, using 50 percent as our “majority” indicator. Any tract that had greater than 50 percent of a group, we considered “majority.” To examine the effect of income on the data, we looked at income as a discrete, as opposed to a continuous, variable in order to better isolate the effect of income. We assigned each tract to one of five income groups based on the tract’s median household income⁹. Based on the median household income of each tract, we assigned tracts to one of five income categories, using median income ranges commonly used by the Census¹⁰, so that we could analyze the data as factor levels.

The groups are as follows:

1. \$0 to \$20,900
2. \$20,901 to \$40,187
3. \$40,188 to \$65,501
4. \$65,502 to \$105,910
5. \$105,911 or more

County	Tracts	Med. Income*	Date Range	Maj. Black Tracts**	Maj. White Tracts**
St. Louis County/City, MO	305	\$47,941	Jan. 2008-Dec. 2012	97	192
Cook County, IL	1311	\$51,071	Jan. 2008-Dec. 2012	366	572
Essex County, NJ	210	\$44,047	July 2007-June 2012	95	62

Table 3: Summary of Geocoded Data (*Because we are looking at census tracts as individual observations, the median income is the median of the median incomes of the census tracts. **A majority-black census tract has a black population greater than 50 percent and a majority-white census tract has a white population greater than 50 percent.)

2.4. Identifying and Categorizing Plaintiffs

We took two main steps to identify and categorize plaintiffs that filed large volumes of lawsuits. Our first step was to provide a standard name for each plaintiff, since the raw case data does not. We did this for every plaintiff that filed more than 0.25 percent of a state’s debt collection suits in a given year. We made an effort to identify plaintiffs even below this 0.25 percent threshold, but since the plaintiffs number in the thousands, we could not do so for every one.

Our second step was to place each of these named plaintiffs in a category¹¹. Our primary

data on race in order to compute our percentages and determine whether neighborhoods were majority white or majority black. We selected our socioeconomic data from the ACS 2013 five-year estimate in order to cover a similar time period to our data. Using the racial percentage breakdown and the median income of census tracts, we were able to extrapolate variables to apply to our larger data set. Census tracts are government-delineated statistical subdivisions of a county, generally with a population between 1,200 to 8,000 people. Their boundaries are drawn with the intention of being able to make statistical comparisons between tracts.

⁹We analyzed the income groups as factor levels as opposed to switches.

¹⁰We determined the range of each income level using the most recent census report (2013), and adopted the same ranges that the Census Bureau uses to discuss national income inequality. See page 8 of *Income and Poverty in the United States: 2013*, U.S. Census Bureau, September 2014. Source: <http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf>.

¹¹Identifying plaintiffs and placing each in a proper category was a painstaking process. We researched each plaintiff and drew on some combination of the following resources to properly categorize each one: company websites, LinkedIn, state business records, online customer/debtor reviews, trade group affiliations, contracts drawn from Chapter 13 bankruptcy filings, lawsuits filed against the company, and other public records available through LexisNexis. In sorting our plaintiffs, we included subsidiaries of a single company under the umbrella of one plaintiff name, unless the business lines of the subsidiaries were substantially different and there was utility in disaggregating them. We also grouped different entities owned and operated by the same executives under a single plaintiff name; this was most common for debt buyers.

categories are as follows:

- Auto: A lender that primarily extends credit for the purchase of vehicles.
- Debt Buyer: A company that purchases debts and then sues on its own behalf.
- High-Cost Lender: A lender that offers credit at rates exceeding 36 percent APR.
- Major Bank: A bank that ranks among the largest in the country. Only a few entities account for almost all filings in this category: Capital One, Discover, Citigroup, Bank of America, and JPMorgan Chase.
- Medical: A medical provider (primarily hospitals and medical practices).
- Misc. Lender: Lenders that did not fit into the Major Bank, High-Cost Lender, or Auto categories.
- Misc: Plaintiffs that filed a significant number of lawsuits but didn't fit into any of the other categories.
- Utility: Utility companies.

We also used a few other categories, but the volume of these suits was negligible. All cases involving plaintiffs who did not file a significant number of lawsuits and were not categorized were lumped into the category, "Other." In each of the three jurisdictions, the portion of filings brought by "Other" plaintiffs ranged from 15 to 19 percent of all filings in our five-year window.

2.5. Data Limitation: Individuals with Multiple Judgments

One concern with basing an analysis on the number of judgments per capita in any given tract is that a few individuals might be responsible for an outsized portion of the judgments. Could relying on a simple count give a false sense that the judgments are pervasive when they are in fact mostly concentrated among relatively few people?

To explore this possibility, we determined how many individuals had multiple judgments (e.g. we identified defendants with the same name at the same address). In each of our three metropolitan areas, we found that less than 9 percent of judgments were against individuals who had multiple judgments¹². Digging further, we found that the vast majority of those who had multiple judgments only had two¹³. From these results, we concluded that judgments were in fact mostly dispersed throughout these communities.

2.6. Data Limitation: Calculating Judgment Rate By Adult Population

We took a standard approach and based our judgment rates on the total population of each census tract. However, defendants in debt collection lawsuits can only be adults, so a reasonable alternate approach would be to restrict the population pool to working-age adults.

For each of our jurisdictions, we calculated and compared the judgment rate per capita for working-age population (15 years and up) with the judgment rate for the total population. We

¹²The percentage of judgments against individuals with multiple judgments in the St. Louis area was 8.0 percent, in Cook County it was 7.9 percent, and in Essex County, it was 8.7 percent.

¹³In the St. Louis area, for example, almost 85 percent of individuals with multiple judgments had only two.

found that the rate restricted to the adult population was between 27 and 30 percent higher. So, while in this report we chose the conservative approach of basing our rates on the total population, we think this is an alternate measure worth keeping in mind.

County	Population Type	Average Judgment Rate*	Highest Judgment Rate**
St. Louis County and City	Total Population	9.13	27.64
St. Louis County and City	Adult Population	11.76	42.62
Essex County	Total Population	17.47	32.22
Essex County	Adult Population	22.77	47.05
Cook County	Total Population	5.49	13.27***
Cook County	Adult Population	7.0	17.36

Table 4: Judgment rate comparison: Looking at judgment rate per capita and per adult population. *Average Judgment Rate: Average judgments per 100 people across all census tracts. **Highest Judgment Rate: shows the rate for the census tract with the highest judgment rate per 100 people. This figure is significantly higher when accounting only for adult population. *** One census tract was an outlier with 48.69 cases per 100 people, we removed this tract from our analysis as it was a predominantly commercial tract with few residents.

3. Findings

3.1. Introduction to the Data: Broad Trends

An analysis across census tracts in each of our jurisdictions showed that the per-capita judgment rate was clearly related to two key variables: income and race.

One simple way to examine the data on an aggregate basis was to plot judgments per capita against the census tracts' median income. Here were those results for all three jurisdictions:

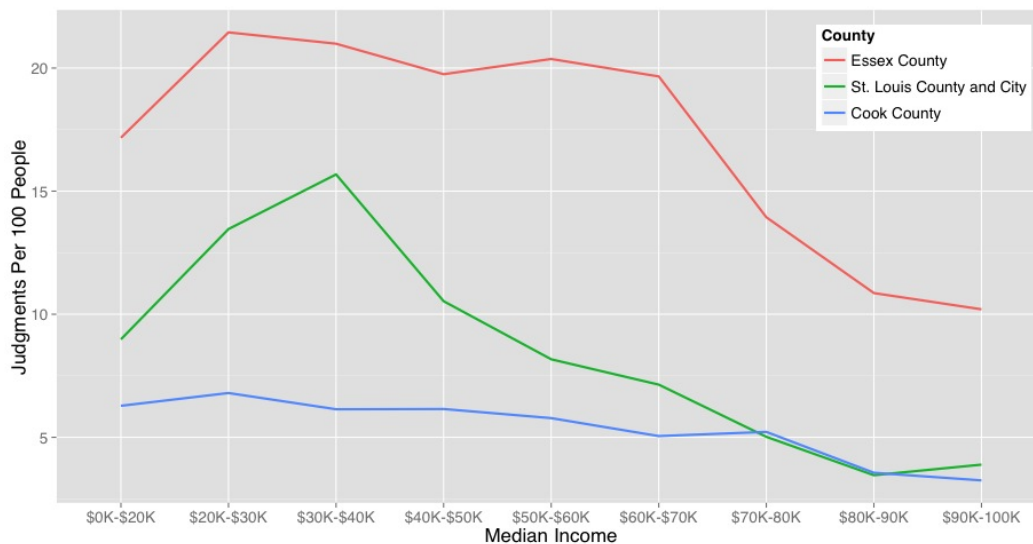


Figure 1: Judgments Per Capita Across Jurisdictions.

For each jurisdiction, the judgment rate peak was found in census tracts with a median income somewhere between \$20,000 and \$40,000, and the rate descends from there, albeit unevenly.

Clearly, these jurisdictions had very different judgment rates. However, this report does not concentrate on variations across jurisdictions.

The breakdown of judgment rates looked quite different when examining the judgment rate in census tracts with a majority black population (defined as above 50 percent) and the rate in majority white tracts. Below are graphs showing the gap in each of our three jurisdictions:

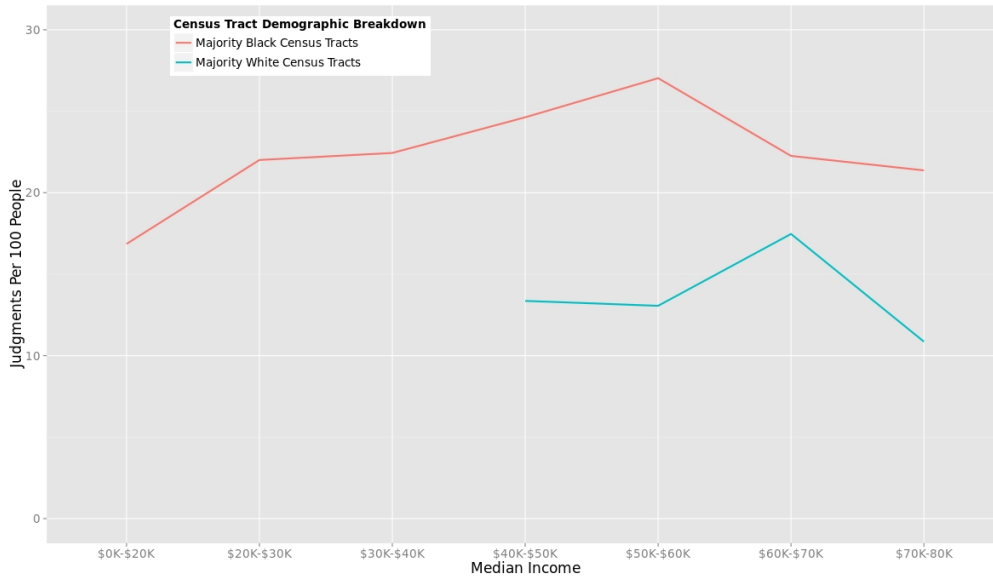


Figure 2: Essex County Judgments Per 100 Residents. (*There were no majority white census tracts where the median income was lower than 40k.)

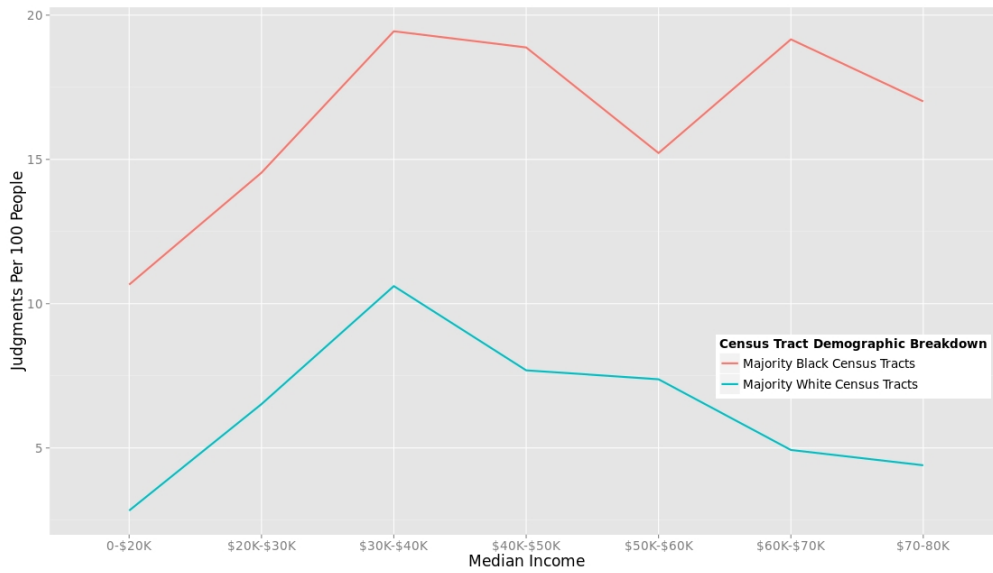


Figure 3: St. Louis City and County Judgments per 100 Residents.

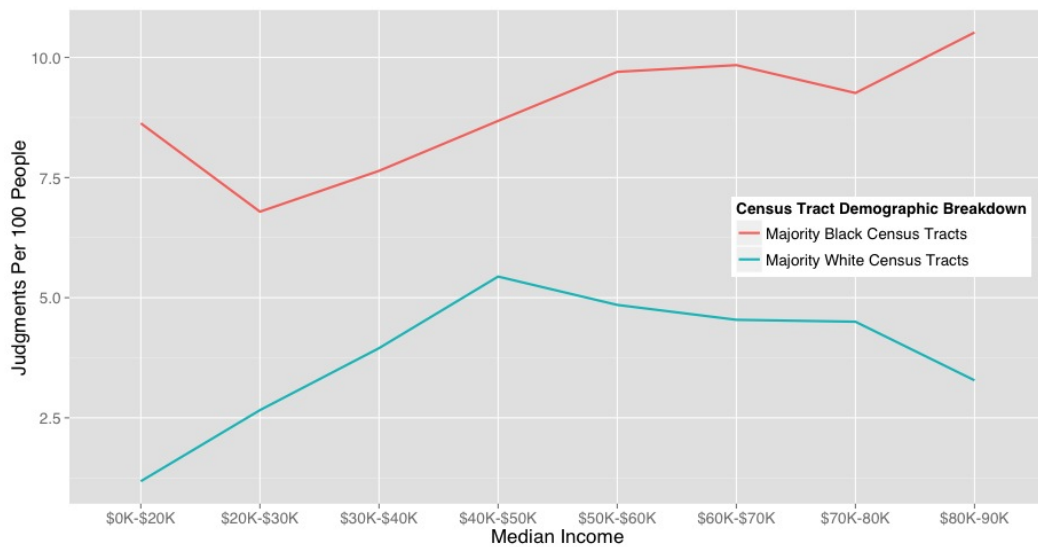


Figure 4: Cook County Judgments Per 100 Residents.

When we identified the top 10 census tracts in each county with the highest judgment rates, all but one of those 30 tracts were majority black. One majority black tract in Essex County had a judgment rate of 32 percent (see Appendix).

3.2. Disparate Impact on Black Communities

From our initial analysis of the aggregate numbers, we found that majority black communities have the highest judgment rates. However, race and income level are often correlated. We employed more advanced methods to hold the income level constant while estimating the relationship between race and the judgment rate.

Because our ultimate goal was to find the “exposure risk to judgment” of the majority black census tracts in comparison to majority white census tracts, we used the Cochran-Mantel-Haenszel method to control for the confounding variable of income.

The Cochran-Mantel-Haenszel method allows for variable stratification, a statistical tool to limit the effects of confounding by sorting the data into categories, also known as strata¹⁴. After we stratified the data by income levels and race, we pooled the odds ratios to find the cumulative odds.

The Cochran-Mantel-Haenszel statistical technique is primarily used by epidemiologists, who recognize that an odds ratio over 10 percent can be considered meaningful¹⁵.

For each region, we divided the median income into five strata (the same income quintiles used in the census), and created “exposure tables” to get the odds ratio of each stratum¹⁶:

Tract	Judgments	Non-Judgments	Total Population
Majority Black Census Tracts	a	b	n1
Majority White Census Tracts	c	d	n2
			n3 = n1 + n2

Table 5: Cochran-Mantel-Haenszel Statistical Stratification, which is applied to each income bracket for each jurisdiction.

$$CMHOddsRatio = \frac{\frac{a*d}{n3} + \frac{A*D}{N3}}{\frac{b*c}{n3} + \frac{B*C}{N3}}$$

Equation 1: Computing the CMH odds ratio for two strata; we used five strata for our analysis.

After computing the odds ratios using the Cochran-Mantel-Haenszel method, we converted the odds ratios to risk ratios in order to understand the probability of a judgment¹⁷.

¹⁴Mantel, N. (1963). Chi-Square Tests with One Degree of Freedom; Extensions of the Mantel-Haenszel Procedure. *Journal of the American Statistical Association*, 58 (303), 690-700. doi: 10.1080/01621459.1963.10500879

¹⁵Maldonado, G., Greenland, S. (1993). Simulation study of confounder-selection strategies. *American Journal of Epidemiology*, 138 (11), 923-936.

¹⁶In order to compute the risk ratios through the Cochran-Mantel-Haenszel statistical technique, we used the “cmh.test” function from the “lawstat” R package, as well as the “mantelhaen.test” function from the “stats” R package. Source: <http://www.inside-r.org/packages/cran/lawstat/docs/cmh.test> and <http://www.inside-r.org/doc/stats/mantelhaen.test>.

¹⁷Lieberman, A. (2005). How Much More Likely? The Implications of Odds Ratios for Probabilities. *American Journal of Evaluation*, 26, 253-266.

County	Black-to-white Risk Ratio
St. Louis City and County	2.24
Cook County	2.09
Essex County	1.81

Table 6: Risk ratios of black-to-white census tracts, holding income constant, computed with the Cochran-Mantel-Haenszel method. The risk ratio shows the risk of judgment per jurisdiction. For our three regions, majority black census tracts had about double the risk of judgment compared with their majority white census tract counterparts, holding income constant.

3.2.1. Analysis of St. Louis County and City, Missouri

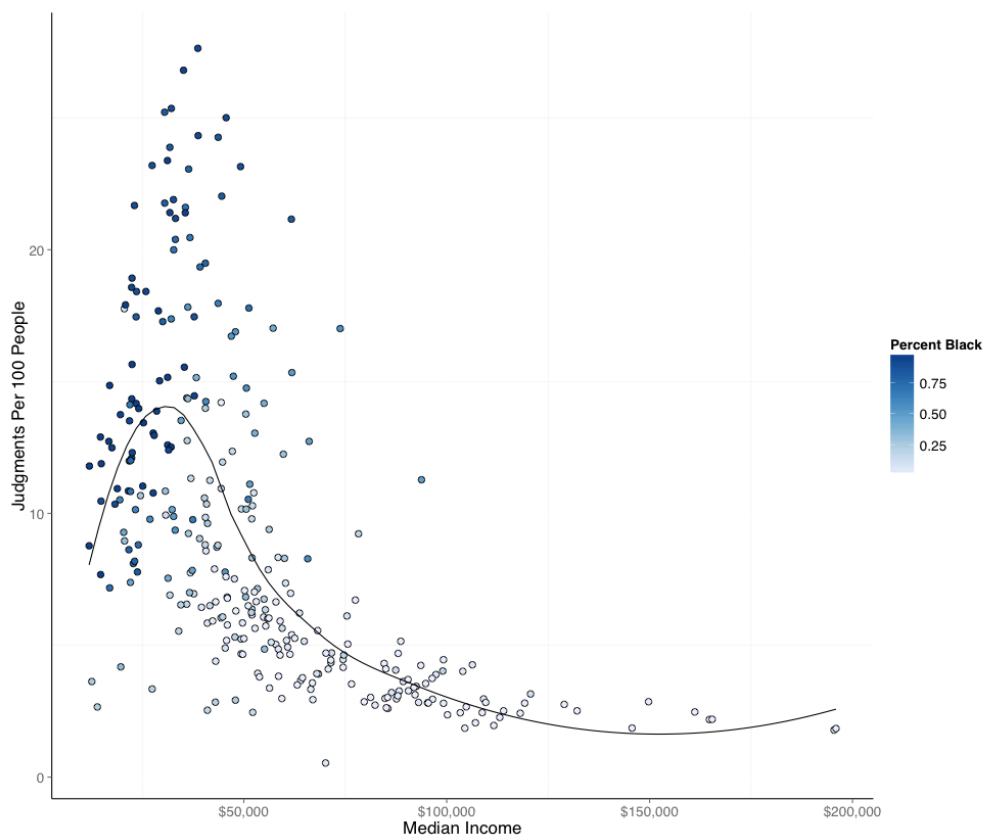


Figure 5: St. Louis County and City Judgments Per Census Tract. There is a clear economic and judgment rate difference between majority white and majority black census tracts. Additionally, the chart shows that the peak of judgments occurs around a median income of around \$30,000, with the majority black census tracts exposed to higher judgment rates. Included in the chart is a non-parametric locally weighted regression line (LOESS) showing the smoothed fit curve of the data.

According to our data, there was a significant difference in the number of judgments per capita between majority black census tracts and majority white census tracts in St. Louis County and City, holding income constant.

Using the Cochran-Mantel-Haenszel method, we found that the risk of judgment was more than twice as high (a relative risk ratio of 2.24) in majority black census tracts as majority white census tracts, holding income constant.

3.2.2. Analysis of Cook County, Illinois

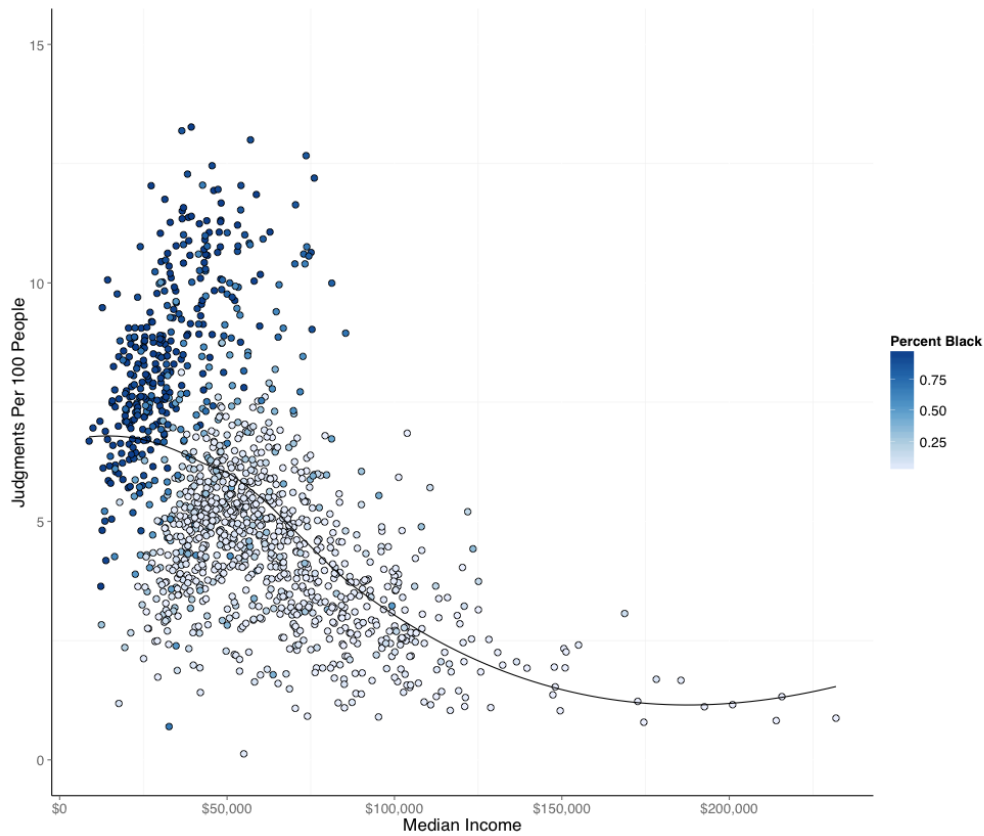


Figure 6: Cook County Judgments Per Census Tract. There is a clear clustering of black and non-black census tracts that not only shows an economic difference, but also a difference in judgment rate. Additionally, the chart shows that the peak of judgments occurs around a median income of around \$25,000, with the majority black census tracts exposed to higher judgment rates. Included in the chart is a non-parametric locally weighted regression line (LOESS) showing the smoothed fit curve of the data.

According to our data, there was also a significant difference in the number of judgments per capita in majority black versus majority white neighborhoods (holding income constant) in Cook County, Illinois.

Using the Cochran-Mantel-Haenszel method, we found that the risk of judgment was twice as high (a relative risk ratio of 2.09) in majority black areas compared to majority white areas, holding income constant.

3.2.3. Analysis of Essex County, New Jersey

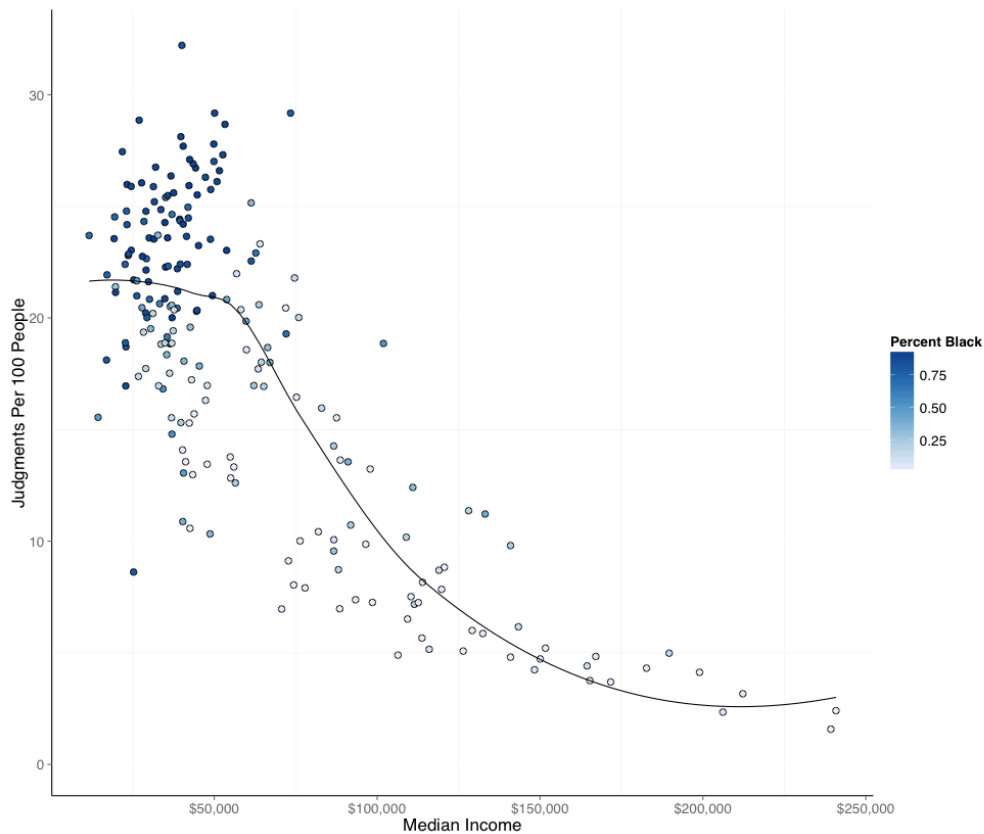


Figure 7: Essex County Judgments Per Census Tract. From this chart, although we have fewer data points, we continue to see a clustering of black and non-black census tracts that not only shows an economic difference, but also a difference in judgment rate. Additionally, the chart shows that the peak of judgments occurs around a median income of around \$25,000, with the majority black census tracts exposed to higher judgment rates. Included in the chart is a non-parametric locally weighted regression line (LOESS) showing the smoothed fit curve of the data.

We found a similar relationship in Essex County, New Jersey, where the number of judgments per capita in majority black neighborhoods was significantly different than that in majority white ones (holding income constant).

Using the Cochran-Mantel-Haenszel method, we found that the risk of judgment was nearly twice as high (a relative risk ratio of 1.81) in majority black census tracts as majority white census tracts, holding income constant.

3.3. Race and Garnishment Attempts - St. Louis

Our data showed that residents of majority black neighborhoods are at a higher risk of judgment. We wanted to test whether they are also at a higher risk of garnishment. When a plaintiff obtains a court judgment against a defendant, it provides the plaintiff with the authority to garnish

the defendant’s wages or bank account. However, garnishment is not an inevitable consequence of a judgment: a defendant may avoid garnishment by voluntarily repaying the debt, for instance.

Unlike the data sets for Cook County and Essex County, the St. Louis data for each case indicated whether a plaintiff had sought, as of early 2014, to execute a garnishment. This provided us with the opportunity to see whether there is a greater probability of a judgment resulting in a garnishment attempt if an individual lives in a majority black census tract.

We conducted a logistic regression to assess whether an individual living in a majority black area had greater odds of facing a garnishment attempt from a creditor. Our data comprised 116,289 judgments over five years in St. Louis county and city.

Variables	Estimate (Coefficient)	Std. Error	Z Value	P Value
(Intercept)	-1.02503	0.0304	-33.67	0.0000
Majority Black (True)	0.2402	0.0119	20.20	0.0000
Income Quintile 1*	0.5557	0.0394	14.10	0.0000
Income Quintile 2*	0.5504	0.0328	16.79	0.0000
Income Quintile 3*	0.4099	0.0316	12.99	0.0000
Income Quintile 4*	0.1849	0.0334	5.53	0.0000

Table 7: Logistic Regression Results for Majority Black (greater than 50 percent) and Income (*Base level is income quintile 5). All variables were statistically significant.

We found that the logistic odds of an attempt at garnishment are slightly higher (0.24) for individuals living in majority black areas than majority non-black areas, holding income level constant (See Table 7). We converted the logistic odds ratio to a risk ratio, and found that defendants who live in a majority black area are about 20 percent more likely to have the plaintiff attempt garnishment than defendants who do not live in a majority black area, holding income constant.

This finding piles disparity onto disparity: black residents are at higher risk of a judgment in the first place, and then after a judgment is in place, they are at higher risk of having their wages or assets taken.

3.4. *Per-Capita Results for Individual Plaintiffs and Plaintiff Types*

Do certain types of plaintiffs drive the racial disparity in judgment rates? To examine this question, we compared judgment rates for different plaintiff types and for high-volume individual plaintiffs. The basis of our comparison was the per-capita judgment rate of these plaintiffs in majority black census tracts versus the per-capita judgment rate in majority white tracts. We dubbed this ratio of ratios the black-to-white incidence rate ratio (IRR).

In order to control for income in our comparison of judgment rates, we classified each jurisdiction’s population into low, middle, and high-income groups. For example, the income range for the low-income group in St. Louis was \$22,000 through \$33,000; middle income was \$33,000 through \$68,000; and high income was \$68,000 through \$99,000.

There was a great deal of variation across our jurisdictions in which companies filed a large number of suits. For instance, in the St. Louis area, suits by utility companies were among the most common, but they were rare in our other two jurisdictions. However, there were two categories that had a consistently high level of suits: “Debt Buyer” was the category with the most judgments across all three jurisdictions, and “Major Bank” also had a consistently high

per-capita judgment rate. To see tables showing the judgment rates of the various plaintiff types and plaintiffs, see Tables 22 through 27 in the appendix.

From the data across the three jurisdictions, we were able to draw several conclusions:

- High-cost lenders and subprime auto lenders were much more likely to sue residents of mostly black neighborhoods than residents of mostly white ones.
- Debt buyers had relatively high race disparities, especially when compared with major banks. This is interesting, because a large portion of debt buyer inventory is credit card debt issued by the major banks, and so it's not immediately obvious why there should be a marked difference.
- The major banks generally demonstrated a lower race disparity. In particular, three plaintiffs (Discover, JPMorgan Chase, and Citi) had either a very small or reverse disparity (suing more whites than blacks) in the three jurisdictions. Two plaintiffs (FIA Card / Bank of America and Capital One) showed some disparity, although typically lower than most debt buyers.
- Although there is variation in the level of race disparity among plaintiff types, all had some disparity, with one sole exception ("Misc. Lender" in Essex County). This is even true of our "Other" category, which is composed of thousands of plaintiffs that only filed a small number of lawsuits. Given the heterogeneity of these "Other" plaintiffs, this suggests that there is some larger, structural cause for the disparity in judgments against residents of black neighborhoods.

In examining the individual jurisdictions, it's instructive to start with St. Louis, since it has the widest variety of plaintiff types. Here is a table of the black-to-white IRR for each plaintiff type, sorted by the ratio at the middle income level:

Type of Plaintiff	All Tracts	Low Income	Middle Income	High Income
All Cases	2.98	2.20	2.55	4.46
Utility	5.36	3.56	4.20	10.19
Medical	4.25	2.63	3.85	7.66
High-Cost Lender	5.37	2.59	3.62	5.83
Auto	5.36	3.31	3.47	6.69
Debt Buyer	2.58	1.98	2.24	3.95
Misc. Lender	2.16	1.79	2.10	4.93
Other	2.33	1.87	2.08	3.54
Major Bank	1.82	1.45	1.73	3.15

Table 8: St. Louis County and City Black-To-White IRR For Each Plaintiff Type.

Looking at the black-to-white IRR for high-volume plaintiffs demonstrates a wide variation:

Name of Plaintiff	Type	All Tracts	Low Income	Mid. Income	High Income
All Cases	–	2.98	2.20	2.55	4.46
Christian Hospital	Medical	11.10	27.35	8.97	55.77
Metropolitan St. Louis Sewer District	Utility	5.49	3.79	4.31	10.49
Modern Finance	High-Cost Lender	5.87	3.15	4.19	5.44
AAA Checkmate/Brother Loan	High-Cost Lender	6.38	2.86	4.03	7.44
General Credit Acceptance	Auto	6.71	4.68	3.92	5.49
Midwest Acceptance	Auto	5.69	2.76	3.92	9.45
Credit Acceptance	Auto	5.17	6.56	3.37	12.87
Lou Budke’s Arrow Finance	Auto	5.70	2.54	3.03	6.69
Encore Capital Group	Debt Buyer	2.87	2.10	2.45	4.57
Sherman Financial Group LLC	Debt Buyer	2.64	2.15	2.25	3.83
Household Finance / Beneficial / HSBC	Major Bank	2.19	2.19	2.24	3.06
Portfolio Recovery Associates	Debt Buyer	1.95	1.75	2.11	3.15
Asset Acceptance	Debt Buyer	2.09	1.54	1.92	2.88
Capital One	Major Bank	2.17	1.53	1.87	3.49
FIA Card / Bank of America	Major Bank	1.86	2.80	1.73	2.63
Citi	Major Bank	1.13	1.00	1.40	1.49
Discover	Major Bank	0.90	0.84	1.05	2.36
St. Anthony’s Medical Center	Medical	0.27	0.11	0.15	0.38

Table 9: St. Louis County and City Black-To-White IRR For Top Plaintiffs.

Some of these plaintiffs demonstrate the quirks of jurisdiction-level data. For instance, Christian Hospital is a major hospital in St. Louis County in a mostly black area. By contrast, St. Anthony’s Medical Center is located in a mostly white neighborhood.

Other plaintiffs, however, are harder to explain. The Metropolitan St. Louis Sewer District is a utility company that serves the entire metro area.

The Cook County black-to-white IRR offers a similar pattern:

Type of Plaintiff	All Tracts	Low Income	Middle Income	High Income
All Cases	2.12	2.21	2.01	2.72
High-Cost Lender	10.76	13.87	8.51	10.01
Auto	6.75	8.47	5.02	6.85
Medical	3.35	1.84	2.89	6.52
Misc. Lender	3.37	2.34	2.72	4.38
Debt Buyer	2.31	2.17	2.07	3.19
Other	1.77	2.86	2.06	1.98
Major Bank	1.48	1.46	1.46	2.15

Table 10: Cook County Black-To-White IRR For Each Plaintiff Type. For each jurisdiction, we created income quantiles to partition each jurisdiction’s population into low-, middle-, and high-income groups. The income range for the low-income group in Cook County was \$24,000 through \$36,000; middle income was \$36,000 through \$70,000; and high income was \$70,000 through \$98,000.

Here are the ratios among the highest-volume plaintiffs there:

Name of Plaintiff	Type	All Tracts	Low Income	Mid. Income	High Income
All Cases	–	2.12	2.21	2.01	2.72
Credit Acceptance	Auto	18.32	18.74	14.31	14.38
Asset Acceptance	Debt Buyer	2.88	3.14	2.39	2.70
HBLC - JRSI	Debt Buyer	2.36	2.23	2.23	2.48
Sherman Financial Group LLC	Debt Buyer	2.45	3.31	2.18	4.18
Encore Capital Group	Debt Buyer	2.28	2.92	2.10	3.45
Capital One	Major Bank	2.08	1.74	1.88	2.77
Portfolio Recovery Associates	Debt Buyer	1.96	1.78	1.80	2.57
FIA Card / Bank of America	Major Bank	1.64	3.48	1.43	1.95
Citi	Major Bank	0.89	0.94	1.01	1.65
JPMorgan Chase	Major Bank	0.88	0.79	0.96	1.42
Discover	Major Bank	0.82	1.09	0.87	1.23

Table 11: Cook County Black-To-White IRR For Top Plaintiffs.

And finally, Essex County offers a view of a jurisdiction where state interest rate caps prohibit high-cost lending. The caps also appear to reduce the volume of subprime auto lending since there are very few suits by subprime auto lenders. However, it's worth noting that the Essex County records do have a type of plaintiff not seen in the other jurisdictions. Bail bond companies file a significant number of collections suits there; we categorized them as "Misc."

Here are the types (the "Low Income" column is blank due to a lack of mostly white tracts in that bracket in Essex County):

Type of Plaintiff	All Tracts	Low Income	Middle Income	High Income
All Cases	2.69	–	1.74	1.78
Misc.	15.16	–	6.78	2.84
Debt Buyer	3.40	–	1.98	2.04
Auto	1.89	–	1.57	0.93
Other	2.02	–	1.51	1.46
Major Bank	2.01	–	1.41	1.87
Medical	1.62	–	1.24	1.07
Misc. Lender	1.48	–	0.98	0.75

Table 12: Essex County Black-To-White IRR For Each Plaintiff Type. For each jurisdiction, we created income quantiles to partition each jurisdiction's population into low-, middle-, and high-income groups. The income range for the low-income group in Essex County was \$23,000 through \$34,000; middle income was \$34,000 through \$76,000; and high income was \$76,000 through \$102,000.

Here are the highest-volume plaintiffs:

Name of Plaintiff	Type	All Tracts	Low Income	Mid. Income	High Income
All Cases	–	2.69	–	1.74	1.78
Palisades Collection	Debt Buyer	7.97	–	4.11	2.24
Encore Capital Group	Debt Buyer	3.47	–	2.11	2.20
New Century Financial Services	Debt Buyer	3.77	–	2.09	2.02
Asset Acceptance	Debt Buyer	3.24	–	2.03	1.75
Sherman Financial Group LLC	Debt Buyer	3.20	–	1.83	2.36
Capital One	Major Bank	2.74	–	1.74	1.95
Portfolio Recovery Associates	Debt Buyer	2.41	–	1.45	2.36
FIA Card / Bank of America	Major Bank	2.00	–	1.44	3.46
Fein Such Debt Buyer*	Debt Buyer	2.66	–	1.40	2.05
Citi	Major Bank	1.20	–	0.96	2.62
Discover	Major Bank	1.07	–	0.92	0.92
JPMorgan Chase	Major Bank	0.83	–	0.59	1.18

Table 13: Essex County Black-To-White IRR For Top Plaintiffs. **"Fein Such Debt Buyer" represents different debt buyers associated with the law firm Fein, Such.

4. Discussion

Having identified a wide racial disparity in judgment rates, we set out to explore possible causes.

4.1. Unemployment

Could higher judgment rates in black communities be explained by higher unemployment rates? We performed a sensitivity analysis to explore whether this variable had a statistically significant effect on our model.

Using average unemployment levels¹⁸ for each census tract, we found that unemployment did not have a significant effect when modeled with race and income. This was true for all three regions (St. Louis County/City, Essex County, and Cook County).

4.2. Assets and Wealth

National survey data such as the Federal Reserve's Survey of Consumer Finances demonstrates that there is a wide wealth and asset gap between black and white households¹⁹. This is true even when comparing households in the same income stratum. For instance, our analysis of the 2013 survey found that a white household with income between \$20,000 and \$40,000 had a median net worth of \$55,100, while a black household in that same income range had a median net worth of \$8,400. The results were similar when examining liquid assets: the median liquid assets of a white family was about \$2,010, whereas the median liquid assets of a black family was \$650. A similar gap persists higher up the income scale.

This asset gap could help account for the disparity in judgment rates. Black households clearly have less of a safety net than white households. This could leave them more vulnerable to falling far behind on debts, resulting in a larger number of collection lawsuits.

¹⁸Like our other demographic data, this came from the US Census.

¹⁹Source of the Federal Reserve's Survey of Consumer Finances: <http://www.federalreserve.gov/econresdata/scf/scfindex.htm>. To analyze this data, we used the R script library from Anthony Damico, as suggested by the Federal Reserve's website. Source: <https://github.com/ajdamico/asdfree/tree/master/Survey%20of%20Consumer%20Finances>.

Ideally, we would have been able to add local asset or wealth data to our model. However, there is a lack of such data on the census tract level. As a result, we were unable to draw any firm conclusions about the role of assets or wealth. However, below we present what we believe is clear evidence that the gap in assets contributes to the racial disparity in judgment rates.

4.3. Housing Value

Median housing value was the best proxy for assets that we could find that also had data available at the census tract level.

Housing value and income are highly correlated (with a correlation coefficient of 0.8), so we looked at each variable independently rather than including both in our multivariable regression analysis. Like median income, housing value also has a strong relationship to the judgment rate per census tract. However, due to the strong multi-collinearity, we decided to choose one of the two variables, and we preferred income. Home value, after all, is only a proxy (and a problematic one²⁰) for what we'd really like to measure, which is the typical resident's assets.

4.4. Asset Poverty and Liquid Asset Poverty

Seeking help in finding ways to quantify asset levels in our three metropolitan areas, we approached the Corporation for Enterprise Development (CFED), a national nonprofit that closely studies household financial security. Using data from the 2010 census, CFED calculated asset poverty and liquid asset poverty levels per public use micro area (PUMA) for the areas in our analysis.

A household is considered "asset poor" if it is without sufficient net worth to subsist at the poverty level for three months in the absence of income. It is "liquid asset poor" if it is without sufficient liquid assets to subsist at the poverty level for three months in the absence of income.

We merged the asset poverty data with the judgment data, aggregating the census tracts at the PUMA level. We then compared majority white and majority black PUMAs with similar income levels (this was possible for both St. Louis County/City and Cook County but not Essex County because of its smaller size).

Name	APOV	LAPOV	Population	Med. Income	Demographic Majority	Judgment Rate*
St. Louis County - Northeast	37.3%	53.6%	123,587	\$36,575	Black (78%)	20.5
St. Louis City - South	31.8%	43.7%	183,140	\$40,843	White (61%)	7.3

Table 14: St. Louis Public Use Micro Area (PUMA) Comparison of Majority Black and Majority White areas (*Judgment Rate: the number of judgments per 100 individuals). APOV: Asset Poverty. LAPOV: Liquid Asset Poverty.

When we compared a majority white and majority black PUMA with similar median incomes side by side in St. Louis, we saw that both the asset poverty and liquid asset poverty levels were slightly larger (a 5.5 percentage point difference in asset poverty and a 9.9 percentage point difference in liquid asset poverty) for the majority black area. The judgment rate for the majority black PUMA was over twice the rate of the majority white PUMA.

We saw a similar relationship in Chicago. The majority black region had significantly higher asset poverty and liquid asset poverty rates, and like St. Louis, much higher judgment rates.

²⁰Only focusing on home assets excludes any residents who do not own a home and may be renting.

Name	APOV	LAPOV	Population	Med. Income	Demographic Majority	Judgment Rate*
Cook County - Southeast	36.6%	52.3%	86,790	\$49,883	Black (70%)	9.8
Cook County - West	24.1%	38.9%	66,941	\$49,350	White (64%)	5.8

Table 15: Cook County Public Use Micro Area (PUMA) Comparison of Majority Black and Majority White areas (*Judgment Rate: the number of judgments per 100 individuals). APOV: Asset Poverty. LAPOV: Liquid Asset Poverty.

One caveat to this analysis is the large population sizes of the PUMAs, which do not give the same granularity that an analysis based on census tracts would allow. Regardless, there seems to be some correlation between judgment rate and asset poverty level.

4.5. Balance Size Differences and Race

We devised a test of our hypothesis that a racial difference in asset poverty was a main driver of court judgments. With more wealth to draw on, white consumers might be better able to resolve smaller debts, and primarily face suits over larger ones. Similarly, black consumers might be less able to resolve these smaller debts without a lawsuit.

We did indeed find evidence of this in the data. Examining tracts in the same range of median household income, we found that residents of mostly black tracts were, on average, sued over debts that were significantly smaller. The table below shows the average demand amounts for lawsuits filed in Essex County and Cook County. We did not have this data for the St. Louis area.

Income Level	County	Average Demand Amount		
		Mostly Black	Mostly White	Black-to-White Amount Ratio
Low Income	Essex	\$2,583	N/A	N/A
	Cook	\$4,648	\$5,741	81%
Middle Income	Essex	\$2,628	\$3,466	76%
	Cook	\$4,973	\$6,414	78%
High Income	Essex	\$3,145	\$3,751	84%
	Cook	\$5,682	\$7,798	73%

Table 16: For each jurisdiction, we created income quantiles to partition each jurisdiction's population into low, middle, and high-income groups. The income range for the low income group in Essex County was \$23,000 through \$34,000; middle income was \$34,000 through \$76,000; and high income was \$76,000 through \$102,000. The "Mostly White"/"Low Income" column is blank due to a lack of mostly white tracts in that bracket in Essex County. The income range for the low income group in Cook County was \$24,000 through \$36,000; middle income was \$36,000 through \$70,000; and high income was \$70,000 through \$98,000.

4.6. Comparative Balance Sizes For Plaintiff Types

Balance size is also a possible factor in the differing race disparities among types of plaintiffs. Because of the racial asset gap, one would expect plaintiffs that pursue smaller balances to have larger racial disparities.

Debt buyers, for instance, on average pursue debtors over relatively small balances. In Essex County, the average demand amount in a debt buyer suit was \$2,367. For a suit brought by a major bank, the average demand amount was \$3,433. The difference in Cook County was very similar. This could help explain why debt buyers showed a significantly higher black-to-white IRR in all three of our jurisdictions than did major banks, even though both types of plaintiffs were predominantly pursuing debtors over credit card debt.

Balance size could also help explain the large racial disparity for one of the most prolific plaintiffs in St. Louis: the Metropolitan St. Louis Sewer District (MSD). MSD provides service

to almost the entire St. Louis area, which is predominantly white. However, MSD files suit over very small balances – \$350 and above. The average size of the MSD debts currently assigned to law firms for collection is about \$1,300²¹.

Of course, there is a limit to this as an explanation for racial disparities. We saw some of our highest disparities with subprime auto lenders (e.g. Credit Acceptance in Cook County and Midwest Acceptance in St. Louis), and auto lenders pursue debtors over debts that are generally larger than credit card debts.

4.7. Other Explanations

One plausible contributing factor to the racial disparity in judgment rates is a difference in networks: white families might be better able to rely on friends and family for help in a financial emergency. There is support for this in national survey data²², however, we could think of no data source to test for this on the local level.

One explanation for the racial disparity of certain plaintiffs is having a customer base that is largely black. This seems likely for high-cost lenders²³ and auto lenders in particular. In both St. Louis and Chicago, the auto lenders with the highest judgment rates were subprime lenders.

Finally, one possible factor that cannot be overlooked is potential racial bias (conscious or unconscious) in collection techniques. We approached several plaintiffs and trade associations for frequent plaintiffs, such as DBA International, the trade association for debt buyers, and the National Association of Retail Collection Attorneys, and shared our results. In addition to stating that they subject all debts to the same, standard process, plaintiffs often responded that they did not have demographic information for defendants, and therefore could not discriminate based on race in filing suits.

5. Summary of Findings

In all three metropolitan areas, we found a disproportionate number of judgments in predominantly black communities when compared to white ones. This risk of judgment, we found, was twice as high in majority black census tracts as majority white census tracts, holding income constant.

We found further disparity when examining whether plaintiffs who win judgments seek to execute a garnishment against a debtor's wages or assets. In an analysis of St. Louis cases that had resulted in a judgment, we found that plaintiffs were about 20 percent more likely to seek to execute a garnishment against a debtor living in a majority black area than defendants in white majority areas. This exacerbates the racial disparity in judgment rates: after a judgment is in place, the debtors are also at higher risk of having their wages or assets taken.

Examining the tendencies of plaintiffs, we found that certain types of plaintiffs had much higher per-capita judgment rates in majority black areas relative to majority white areas. In two of our three jurisdictions, high-cost and subprime auto lenders exhibited large racial disparities. (In the third jurisdiction, Essex County, New Jersey, state interest rate caps limit such lending.)

²¹According to an email from MSD spokesman Lance LeComb.

²²In ProPublica's analysis of the 2013 Survey of Consumer Finances, when asked whether in case of an emergency they could borrow \$3,000 from a friend or family member, about 62 percent of white respondents earning between \$20,000 and \$40,000 said they could. Only 42 percent of black respondents said yes.

²³In ProPublica's analysis of the 2013 Survey of Consumer Finances, black respondents reported accessing payday loans at a higher rate than whites, even within the same income stratum.

Debt buyers also showed relatively high disparities in all three of our jurisdictions, especially when compared with large banks.

We found evidence that the gap in assets between black and white households is likely a contributor to the higher judgment rates in black communities. Comparing tracts in the same median household income range, residents of mostly black tracts were, on average, sued over debts that were significantly smaller.

We found that judgments from debt collection cases were most concentrated in neighborhoods where residents had household incomes below the median. This is consistent with the earlier ADP study, which found that the highest garnishment rate was among employees earning between \$25,000 and \$40,000.

6. Strengths and Limitations

We have the benefit and the burden of contributing research in an area where there has been none until now.

One reason researchers may have generally avoided working with state-level lawsuit data is that it is usually messy — court records can be sloppy and identifying obscure plaintiffs can be time-consuming. Despite our efforts, that messiness is apparent in our analysis, especially in the form of our “Other” category of plaintiffs. However, we are confident that we have taken a pragmatic approach that yields clear and meaningful results.

There are certain clear limitations to this analysis. First, we were only able to look at three jurisdictions, a reflection both of the difficulty of obtaining this kind of data (it is simply not available from many states) and the time and effort it takes to work with it. Obviously, any future work in this area would benefit from a larger, more varied national sample. Second, this analysis is necessarily an approximation, given that we did not have data for each defendant’s actual race.

We were also constrained in our analysis by the relatively limited overlap in the median income between mostly white and mostly black neighborhoods. Generally, the mostly black neighborhoods are bunched toward the lower income end of the distribution, while the mostly white neighborhoods are concentrated further up the income scale. This provided less robust samples on the lower and upper ends of the distribution. We believe we’ve compensated for this limitation through variable stratification and emphasizing the discrepancies in the middle of the income scale.

Additionally, in a perfect world, we would have had garnishment data for all three of our jurisdictions. While a court judgment does create significant harm for a debtor, garnishment is no doubt more of a hardship. However, our examination of the St. Louis data, which does include garnishment data, shows a very strong, direct relationship between the number of judgments won by a given plaintiff and the amount actually garnished from debtors. In the St. Louis area, we found that in about 61 percent of cases involving a judgment, the plaintiff attempted to execute garnishment against the debtor. Furthermore, as shown in the table below, the racial disparity in garnishments was about the same as the disparity in judgments:

Income Level		Pop.	Judgments	Amount Garnished	Judgment Rate*	Amount Garnished**
Low Income	Mostly White	17,501	1,309	\$696,924	7.5	\$39.82
	Mostly Black	156,158	25,690	\$14,872,458	16.5	\$95.24
Middle Income	Mostly White	487,485	36,141	\$19,949,832	7.4	\$40.92
	Mostly Black	143,495	27,152	\$15,412,811	18.9	\$107.41
High Income	Mostly White	241,664	9,209	\$4,760,090	3.8	\$19.70
	Mostly Black	4,333	737	\$399,422	17.0	\$92.18

Table 17: Comparison of judgment rates and garnishment rates in St. Louis County and City. Our data accounts for all garnishments executed through the end of 2013 for the cases in our analysis — which were filed 2008 through 2012. The income range for the low-income group in St. Louis was \$22,000 through \$33,000; middle income was \$33,000 through \$68,000; and high income was \$68,000 through \$99,000. (*Judgment rate per 100 residents. **Amount garnished per individual resident.).

7. Areas for Further Study

It’s our hope that the results of our study will lead regulators and academics to take a closer look at what is happening to debtors in local courts.

Despite a clear demonstration of disparate impact on black neighborhoods, we are constrained in drawing conclusions as to the cause. There are strong reasons to believe that the gap in assets between black and white consumers is a significant contributor to the higher judgment rates in these communities, but we are hamstrung by the lack of reliable asset data at the census tract level.

There are also other issues that could be explored, given more data. Are the rates of court judgments consistent with delinquency rates? What are the cumulative effects of this disparate impact in judgments and garnishments on debtors and the community?

Our analysis only focused on majority white and majority black census tracts. This was largely due to the fact that there was no other race or ethnicity with a large population across all three of our metropolitan areas. One obvious area for further study would be the prevalence of debt collection judgments among hispanics and other ethnicities or races.

In the course of our analysis of the St. Louis data, we came across other results that were suggestive of key differences between black and white debtors. First, we found that suits against residents of mostly black tracts were more likely to result in a default judgment (meaning the defendant did not appear in court when summoned) or a consent judgment (meaning the defendant appeared and agreed to owing the debt). Second, we found that residents of mostly black neighborhoods were less likely to be represented by an attorney when they were sued. These results are illustrated in the table below:

Group Subset	Cases resulting in:			All Judgments	Cases where no defendant attorney was listed
	Default Judgment	Consent Judgment			
Low Income Majority Black	44.99%	21.09%	69.13%	96.02%	
Low Income Majority White	36.17%	17.75%	58.23%	92.84%	
Mid Income Majority Black	46.09%	21.03%	69.29%	94.44%	
Mid Income Majority White	40.40%	15.84%	59.06%	91.22%	
High Income Majority Black	46.90%	17.43%	66.22%	91.91%	
High Income Majority White	36.83%	13.00%	52.83%	86.22%	

Table 18: Based on an analysis of all suits in St. Louis area in our dataset. The income range for the low-income group in St. Louis was \$22,000 through \$33,000; middle income was \$33,000 through \$68,000; and high income was \$68,000 through \$99,000. “All Judgments” also accounts for suits that were contested but resulted in a judgment.

Because St. Louis was the only jurisdiction for which we had all suits regardless of outcome,

we are unable to draw broad conclusions from this data. However, we think this is an area that merits further study.

8. Appendix

8.1. Detailed Description of Court Data

The Cook County dataset, provided by the Clerk of the Circuit Court of Cook County, included all civil judgments from 2003 through June 2014. For each case, the following information was provided: case number, the date the case was filed, the demand amount, the date of judgment, the judgment amount, the case type, the plaintiff's name, the plaintiff's address, the defendant's name and the defendant's address.

We refined the database in a couple of ways: 1) limiting the dataset to cases filed from 2008 through 2012, and 2) limiting the case type to "Contract Complaint", "Detinue Complaint," and "Replevin Complaint" cases (all types that can reasonably be described as debt collection cases). Contract cases comprised 99 percent of these remaining cases. To this dataset, we added two fields: a standard name for each plaintiff and a plaintiff type (for more information, see "2.4 Identifying and Categorizing Plaintiffs").

The Essex County dataset, provided by New Jersey's Administrative Office of the Courts, included civil cases filed in New Jersey's Special Civil Part from 1996 through 2013. Because of the way New Jersey maintains its older case data, the dataset was limited to: 1) cases that had resulted in a judgment, or 2) cases that had been active within 18 months as of the date the report was run. Since New Jersey processed our request in February or March of 2014, this means our dataset contained all cases filed from about August of 2012 through 2013. The data does not include information about the disposition of the case, so in order to make sure that we only included cases that had resulted in a judgment, we restricted our time window in this study from July 1, 2007 through June 30, 2012 (as opposed to 2008 through 2012). The data was statewide, but we limited our selection to Essex County for this analysis.

For each case, the data contained the following information: venue (county), docket number, case title, demand amount, case type, plaintiff, plaintiff address, plaintiff attorney, defendant, defendant address and defendant attorney. We restricted our dataset to contract cases ("CONTRC-REG"). To this dataset, we added two fields: a standard name for each plaintiff and a plaintiff type (for more information, see "2.4 Identifying and Categorizing Plaintiffs").

The St. Louis dataset, provided by Missouri's Office of the State Courts Administrator (OSCA), included all debt collection cases filed in Associate Circuit Court for which OSCA has an electronic record through early 2014. St. Louis County joined the state's online system in 2007 and St. Louis City has been online since 2000. As with the New Jersey data, this is a statewide dataset. Missouri's court system has some variation among the judicial circuits in how cases types are categorized, so, in consultation with OSCA employees, we selected a range of case types that could be reasonably construed as debt collection cases. For St. Louis City and County courts, these were: Breach of Contract, Promissory Note, Suit on Account, Contract/Account (Bulk), Misc Associate Civil-Other, Small Claims under \$100, Small Claims over \$100. (Together, the small claims and "misc associate" cases comprised less than four percent of cases.) We limited our time window for the analysis to 2008 through 2012 and then also limited our dataset to cases that had resulted in a judgment.

For each case, the data contained the following information: court (judicial circuit), county, case ID, filing Date, case type, disposition, plaintiff, plaintiff attorney, defendant, defendant date

of birth, defendant address, defendant attorney, judgment amount, date of judgment satisfaction, date of first garnishment attempt. To this dataset, we added two fields: a standard name for each plaintiff and a plaintiff type (for more information, see 2.4 “Identifying and Categorizing Plaintiffs”).

For this dataset, we also had each garnishment attempt for these cases through early 2014. That data had the following fields (for each garnishment attempt): case ID, garnishment issue date, debtor, garnishee, requested return date, pay out date, the total due at commencement of the garnishment attempt, and the balance due after the garnishment.

8.2. Individual Census Tracts with Highest Judgment Rates

Area	Tract	Population	Median Income	Judgments Per Capita*	Majority Black
Castle Point & Moline Acres	2105.02	4049	\$38,674	27.64	Yes
Castle Point	2105.01	3667	\$35,145	26.81	Yes
Kinloch & Berkeley	2218	3565	\$32,143	25.36	Yes
Dellwood	2118.02	3843	\$30,495	25.21	Yes
Bellefontaine Neighbors	2104	4363	\$45,645	25.01	Yes
Berkeley	2115	3494	\$38,750	24.33	Yes
Dellwood	2118.01	3965	\$43,686	24.26	Yes
Normandy	2124	2349	\$31,771	23.88	Yes
Hillsdale & Velda City	2138	5778	\$31,186	23.38	Yes
Jennings	2120.01	7506	\$27,409	23.20	Yes

Table 19: St. Louis City and County Census Tracts with the most judgments (*Per 100 residents.)

Area	Tract	Population	Median Income	Judgments Per Capita*	Majority Black
Chicago Loop**	8391	4350	\$78,000	48.69	No
Chatham	4407	1545	\$39,306	13.27	Yes
LeClaire Courts	5602	1721	\$36,481	13.19	Yes
South Holland	8263.3	4162	\$56,996	13.00	Yes
South Holland	8279.01	2605	\$73,603	12.67	Yes
Dolton	8263.04	3203	\$45,530	12.46	Yes
Dolton	8265	5936	\$38,189	12.28	Yes
Matteson	8300.03	7985	\$76,055	12.20	Yes
Markham	8249	3079	\$42,692	12.05	Yes
Dolton	8264.02	5132	\$54,161	12.04	Yes

Table 20: Cook County Census Tracts with the most judgments (*Per 100 residents. **The large number of judgments in the Chicago Loop tract is driven by a large number of suits filed against businesses that are incorporated at addresses in this tract.).

Area	Tract	Population	Median Income	Judgments Per Capita*	Majority Black
Irvington	119	1701	\$40,066	32.22	Yes
Irvington	123	4815	\$50,101	29.18	Yes
Newark	64	987	\$73,417	29.18	Yes
Newark	31	2065	\$26,944	28.86	Yes
Upper Vailsburg, Newark	22.02	3135	\$53,291	28.68	Yes
West Side, Newark	38	2073	\$39,750	28.12	Yes
Irvington	127	3904	\$49,852	27.79	Yes
Weequahic, Newark	45	3282	\$40,457	27.70	Yes
Irvington	131	1683	\$21,792	27.45	Yes
Vailsburg, Newark	21	3017	\$52,632	27.31	Yes

Table 21: Essex County Census Tracts with the most judgments (*Per 100 residents).

8.3. Judgment Counts for Plaintiff Types and Individual Plaintiffs

Mostly Black	Judgment Count				Judgments per 100 Residents			
	Total	Low Income	Middle Income	High Income	Total	Low Income	Middle Income	High Income
Total	66,392	17,195	42,232	1,078	22.69	22.83	23.63	18.40
Debt Buyer	37,557	9,753	23,895	548	12.84	12.95	13.37	9.35
Major Bank	11,797	2,957	7,680	263	4.03	3.93	4.30	4.49
Other	9,460	2,477	5,934	175	3.23	3.29	3.32	2.99
Medical	3,150	739	2,147	52	1.08	0.98	1.20	0.89
Misc.	2,826	894	1,503	12	0.97	1.19	0.84	0.20
Auto	606	151	394	8	0.21	0.20	0.22	0.14
Misc. Lender	541	135	358	7	0.18	0.18	0.20	0.12
Mostly White								
Total	23,660	-	6,685	8,154	8.42	-	13.59	10.31
Debt Buyer	10,613	-	3,327	3,618	3.78	-	6.76	4.57
Major Bank	5,648	-	1,504	1,897	2.01	-	3.06	2.40
Other	4,486	-	1,082	1,616	1.60	-	2.20	2.04
Medical	1,867	-	478	656	0.66	-	0.97	0.83
Misc.	179	-	61	57	0.06	-	0.12	0.07
Auto	308	-	69	116	0.11	-	0.14	0.15
Misc. Lender	352	-	101	126	0.13	-	0.21	0.16

Table 22: Essex County, NJ: Filing Numbers and Rates of Plaintiff Types. For each jurisdiction, we created income quantiles to partition each jurisdiction's population into low, middle, and high-income groups. The income range for the low-income group in Essex County was \$23,000 through \$34,000; middle income was \$34,000 through \$76,000; and high income was \$76,000 through \$102,000.

Mostly Black	Type	Judgment Count				Judgments per 100 Residents			
		Total	Low Income	Middle Income	High Income	Total	Low Income	Middle Income	High Income
Total		66,392	17,195	42,232	1,078	22.69	22.83	23.63	18.4
Encore Capital Group	Debt Buyer	9,413	2,392	6,094	150	3.22	3.18	3.41	2.56
New Century Financial Services	Debt Buyer	8,919	2,358	5,607	117	3.05	3.13	3.14	2.00
Capital One	Major Bank	8,105	2,099	5,179	142	2.77	2.79	2.90	2.42
Palisades Collection	Debt Buyer	3,925	1,085	2,374	26	1.34	1.44	1.33	0.44
Sherman Financial Group LLC	Debt Buyer	2,714	689	1,758	50	0.93	0.91	0.98	0.85
Asset Acceptance	Debt Buyer	2,325	583	1,495	30	0.79	0.77	0.84	0.51
Fein Such Debt Buyer*	Debt Buyer	2,017	565	1,232	34	0.69	0.75	0.69	0.58
Portfolio Recovery Associates	Debt Buyer	1,375	341	890	33	0.47	0.45	0.50	0.56
FIA Card / Bank of America	Major Bank	897	214	597	32	0.31	0.28	0.33	0.55
Discover	Major Bank	799	173	561	16	0.27	0.23	0.31	0.27
Citi	Major Bank	583	117	410	27	0.20	0.16	0.23	0.46
JPMorgan Chase	Major Bank	479	125	313	16	0.16	0.17	0.18	0.27
Mostly White									
Total		23,660	-	6,685	8,154	8.42	-	13.59	10.31
Encore Capital Group	Debt Buyer	2,605	-	796	922	0.93	-	1.62	1.17
New Century Financial Services	Debt Buyer	2,271	-	738	783	0.81	-	1.50	0.99
Capital One	Major Bank	2,836	-	820	984	1.01	-	1.67	1.24
Palisades Collection	Debt Buyer	473	-	159	157	0.17	-	0.32	0.20
Sherman Financial Group LLC	Debt Buyer	815	-	265	286	0.29	-	0.54	0.36
Asset Acceptance	Debt Buyer	689	-	203	231	0.25	-	0.41	0.29
Fein Such Debt Buyer*	Debt Buyer	728	-	242	224	0.26	-	0.49	0.28
Portfolio Recovery Associates	Debt Buyer	547	-	169	189	0.19	-	0.34	0.24
FIA Card / Bank of America	Major Bank	431	-	114	125	0.15	-	0.23	0.16
Discover	Major Bank	716	-	168	235	0.25	-	0.34	0.30
Citi	Major Bank	465	-	117	139	0.17	-	0.24	0.18
JPMorgan Chase	Major Bank	556	-	147	183	0.20	-	0.30	0.23

Table 23: Essex County, NJ: Filing Numbers and Rates of Highest Volume Plaintiffs. **Fein Such Debt Buyer** represents different debt buyers associated with the law firm Fein, Such.

Mostly Black	Judgment Count				Judgments per 100 Residents			
	Total	Low Income	Middle Income	High Income	Total	Low Income	Middle Income	High Income
Total	58,564	25,690	27,152	737	16.81	16.45	18.92	17.01
Debt Buyer	13,679	5,888	6,469	182	3.93	3.77	4.51	4.20
Utility	10,700	4,826	4,886	133	3.07	3.09	3.4	3.07
Other	9,730	4,273	4,306	135	2.79	2.74	3.00	3.12
Major Bank	8,554	3,559	4,218	145	2.46	2.28	2.94	3.35
Medical	5,799	2,393	3,063	74	1.66	1.53	2.13	1.71
High-Cost Lender	4,267	2,031	1,805	21	1.22	1.30	1.26	0.48
Auto	4,402	2,099	1,781	27	1.26	1.34	1.24	0.62
Misc. Lender	873	335	464	19	0.25	0.21	0.32	0.44
Mostly White	50,952	1,309	36,141	9,209	5.64	7.48	7.41	3.81
Debt Buyer	13,751	333	9,801	2,569	1.52	1.90	2.01	1.06
Utility	5,178	152	3,951	728	0.57	0.87	0.81	0.30
Other	10,819	256	7,024	2,127	1.2	1.46	1.44	0.88
Major Bank	12,173	275	8,293	2,564	1.35	1.57	1.70	1.06
Medical	3,537	102	2,700	539	0.39	0.58	0.55	0.22
High-Cost Lender	2,060	88	1,692	201	0.23	0.50	0.35	0.08
Auto	2,131	71	1,744	225	0.24	0.41	0.36	0.09
Misc. Lender	1,047	21	751	215	0.12	0.12	0.15	0.09

Table 24: St. Louis City and County, MO: Filing Numbers and Rates of Plaintiff Types. For each jurisdiction, we created income quantiles to partition each jurisdiction's population into low, middle, and high-income groups. The income range for the low-income group in St. Louis was \$22,000 through \$33,000; middle income was \$33,000 through \$68,000; and high income was \$68,000 through \$99,000.

Mostly Black	Type	Judgment Count				Judgments per 100 Residents			
		Total	Low Income	Middle Income	High Income	Total	Low Income	Middle Income	High Income
Total		58,564	25,690	27,152	737	16.81	16.45	18.92	17.01
Metropolitan St. Louis Sewer District	Utility	10,436	4,697	4,784	129	3.00	3.01	3.33	2.98
Capital One	Major Bank	5,767	2,490	2,723	81	1.66	1.59	1.90	1.87
Christian Hospital	Medical	4,348	1,708	2,467	62	1.25	1.09	1.72	1.43
Encore Capital Group	Debt Buyer	4,911	2,102	2,318	66	1.41	1.35	1.62	1.52
Sherman Financial Group LLC	Debt Buyer	1,611	692	750	21	0.46	0.44	0.52	0.48
Midwest Acceptance	Auto	1,550	689	676	10	0.44	0.44	0.47	0.23
General Credit Acceptance	Auto	1,487	751	560	6	0.43	0.48	0.39	0.14
AAA Checkmate / Brother Loan	High-Cost Lender	1,252	613	521	4	0.36	0.39	0.36	0.09
Asset Acceptance	Debt Buyer	938	398	456	12	0.27	0.25	0.32	0.28
Modern Finance	High Cost Lender	845	393	361	4	0.24	0.25	0.25	0.09
Citi	Major Bank	572	205	329	9	0.16	0.13	0.23	0.21
Discover	Major Bank	593	217	321	19	0.17	0.14	0.22	0.44
Portfolio Recovery Associates	Debt Buyer	594	218	321	10	0.17	0.14	0.22	0.23
Lou Budke's Arrow Finance	Auto	695	363	237	3	0.20	0.23	0.17	0.07
Household Finance / Beneficial / HSBC	Major Bank	291	117	157	4	0.08	0.07	0.11	0.09
FIA Card / Bank of America	Major Bank	337	150	154	5	0.10	0.10	0.11	0.12
Credit Acceptance	Auto	253	117	108	3	0.07	0.07	0.08	0.07
St. Anthony's Medical Center	Medical	98	53	31	1	0.03	0.03	0.02	0.02
Mostly White									
Total		50,952	1,309	36,141	9,209	5.64	7.48	7.41	3.81
Metropolitan St. Louis Sewer District	Utility	4,926	139	3,773	686	0.55	0.79	0.77	0.28
Capital One	Major Bank	6,877	182	4,938	1,296	0.76	1.04	1.01	0.54
Christian Hospital	Medical	1,016	7	934	62	0.11	0.04	0.19	0.03
Encore Capital Group	Debt Buyer	4,431	112	3,211	805	0.49	0.64	0.66	0.33
Sherman Financial Group LLC	Debt Buyer	1,583	36	1,133	306	0.18	0.21	0.23	0.13
Midwest Acceptance	Auto	707	28	586	59	0.08	0.16	0.12	0.02
General Credit Acceptance	Auto	575	18	485	61	0.06	0.10	0.10	0.03
AAA Checkmate / Brother Loan	High-Cost Lender	509	24	439	30	0.06	0.14	0.09	0.01
Asset Acceptance	Debt Buyer	1,165	29	807	232	0.13	0.17	0.17	0.10
Modern Finance	High-Cost Lender	373	14	293	41	0.04	0.08	0.06	0.02
Citi	Major Bank	1,308	23	796	338	0.14	0.13	0.16	0.14
Discover	Major Bank	1,717	29	1,039	449	0.19	0.17	0.21	0.19
Portfolio Recovery Associates	Debt Buyer	789	14	518	177	0.09	0.08	0.11	0.07
Lou Budke's Arrow Finance	Auto	316	16	266	25	0.03	0.09	0.05	0.01
Household Finance / Beneficial / HSBC	Major Bank	345	6	238	73	0.04	0.03	0.05	0.03
FIA Card / Bank of America	Major Bank	469	6	302	106	0.05	0.03	0.06	0.04
Credit Acceptance	Auto	127	2	109	13	0.01	0.01	0.02	0.01
St. Anthony's Medical Center	Medical	949	55	726	146	0.11	0.31	0.15	0.06

Table 25: St. Louis City and County, MO: Filing Numbers and Rates of Highest Volume Plaintiffs.

Mostly Black	Judgment Count				Judgments per 100 Residents			
	Total	Low Income	Middle Income	High Income	Total	Low Income	Middle Income	High Income
Total	99,705	32,570	43,512	6,826	8.63	8.06	9.72	10.37
Debt Buyer	37,221	12,084	16,342	2,559	3.22	2.99	3.65	3.89
Major Bank	27,066	8,400	12,352	2,076	2.34	2.08	2.76	3.15
Other	15,470	5,110	6,710	1,079	1.34	1.26	1.50	1.64
Misc. Lender	6,275	2,164	2,575	405	0.54	0.54	0.58	0.61
Auto	6,651	2,355	2,550	319	0.58	0.58	0.57	0.48
High-Cost Lender	3,535	1,285	1,458	157	0.31	0.32	0.33	0.24
Medical	801	256	377	73	0.07	0.06	0.08	0.112
Mostly White								
Total	99,865	636	54,439	32,955	4.07	3.64	4.83	3.81
Debt Buyer	34,173	240	19,884	10,534	1.39	1.38	1.77	1.22
Major Bank	38,697	248	21,275	12,684	1.58	1.42	1.89	1.47
Other	18,524	77	8,206	7,138	0.76	0.44	0.73	0.83
Misc. Lender	3,949	40	2,378	1,215	0.16	0.23	0.21	0.14
Auto	2,092	12	1,279	611	0.09	0.07	0.11	0.07
High-Cost Lender	697	4	431	206	0.03	0.02	0.04	0.02
Medical	508	6	328	147	0.02	0.03	0.03	0.02

Table 26: Cook County, IL: Filing Numbers and Rates of Plaintiff Types. For each jurisdiction, we created income quantiles to partition each jurisdiction's population into low, middle, and high-income groups. The income range for the low-income group in Cook County was \$24,000 through \$36,000; middle income was \$36,000 through \$70,000; and high income was \$70,000 through \$98,000.

Mostly Black	Type	Judgment Count				Judgments per 100 Residents			
		Total	Low Income	Middle Income	High Income	Total	Low Income	Middle Income	High Income
Total		99,705	32,570	43,512	6,826	8.63	8.06	9.72	10.37
Capital One	Major Bank	15,642	5,046	6,897	1,049	1.35	1.25	1.54	1.59
Encore Capital Group	Debt Buyer	7,468	2,370	3,324	580	0.65	0.59	0.74	0.88
Asset Acceptance	Debt Buyer	5,334	1,818	2,193	244	0.46	0.45	0.49	0.37
HBLC - JRSI	Debt Buyer	3,628	1,189	1,597	208	0.31	0.29	0.36	0.32
Portfolio Recovery Associates	Debt Buyer	2,907	949	1,330	181	0.25	0.23	0.30	0.27
Sherman Financial Group LLC	Debt Buyer	2,864	919	1,243	245	0.25	0.23	0.28	0.37
Citi	Major Bank	2,105	586	1,059	215	0.18	0.14	0.24	0.33
Discover	Major Bank	2,137	633	1,032	174	0.18	0.16	0.23	0.26
Credit Acceptance	Auto	2,461	868	1,018	92	0.21	0.21	0.23	0.14
JPMorgan Chase	Major Bank	2,004	585	949	180	0.17	0.14	0.21	0.27
FIA Card / Bank of America	Major Bank	922	322	360	59	0.08	0.08	0.08	0.09
Mostly White									
Total		99,865	636	54,439	32,955	4.07	3.64	4.83	3.81
Capital One	Major Bank	15,963	125	9,219	4,979	0.65	0.72	0.82	0.58
Encore Capital Group	Debt Buyer	6,960	35	3,977	2,207	0.28	0.20	0.35	0.26
Asset Acceptance	Debt Buyer	3,930	25	2,313	1,187	0.16	0.14	0.21	0.14
HBLC - JRSI	Debt Buyer	3,265	23	1,798	1,101	0.13	0.13	0.16	0.13
Portfolio Recovery Associates	Debt Buyer	3,148	23	1,855	923	0.13	0.13	0.16	0.11
Sherman Financial Group LLC	Debt Buyer	2,481	12	1,436	770	0.10	0.07	0.13	0.09
Citi	Major Bank	5,007	27	2,628	1,708	0.20	0.15	0.23	0.20
Discover	Major Bank	5,511	25	2,978	1,856	0.22	0.14	0.26	0.21
Credit Acceptance	Auto	285	2	179	84	0.01	0.01	0.02	0.01
JPMorgan Chase	Major Bank	4,807	32	2,493	1,660	0.20	0.18	0.22	0.19
FIA Card / Bank of America	Major Bank	1,192	4	634	397	0.05	0.02	0.06	0.05

Table 27: Cook County, IL: Filing Numbers and Rates of Highest Volume Plaintiffs.