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Ethnic Capital: When Targeted Predatory Lending Goes Too Far Vol. 1, Issue No. 3 (2015)

Recently there has been a number of notable [articles](#) discussing the role of “ethnic capital” in many minority groups, especially among Asian-Americans, where economists such as George J. Borjas, eloquently [describes](#) such concept as “the extent to which ethnic skill differentials are transmitted across generations....” The role of so-called ethnic capital is often attributed to the economic vitality and success of particular [areas](#) in the United States, such as Koreatown in Los Angeles, Little Saigon in Orange County, and various Chinatowns, now prevalent throughout the country. Ethnic capital according to many economists is the basis for the Vietnamese community’s success with respect to nail salons, the Korean community based dry-cleaning businesses, and to some extent, the all you can eat, Chinese buffet.

Since the recession of 2008 and the demise of the housing market, many Asian American businesses have and continue to suffer from access to working capital, loans, and other financial based resources by which to maintain and otherwise economically develop their particular industry or business. Such capital vacuum has lent itself to a number of both legitimate and illegitimate financial, banking, lending, and loan based companies setting up shop in many of these communities, specifically targeting particular Asian-based industries or ethnic groups, largely based upon around the various social, cultural, and economic values commonly held as part of the communities ethnic capital.

As a consequence, many Asian-American businesses find themselves subjected to seemingly shadow or fringe banking lending organizations, that specifically target, market, advertise (often directly in such ethnic groups native language), and otherwise seek financial lending opportunities where there is a lack of proper financial disclosures, varying and floating interest rates, exorbitant fees and startup costs, liens placed on real property (including primary residences), and unfettered access to current and future receivables.

The primary goal for such financial or banking organizations is not to lend in the best interests of the company seeking financing or to necessarily further the company’s business objectives, but,

rather to exploit the company in order to maximize its profits while disregarding relevant State and Federal banking, loan, lending, and finance based laws. It is in these situations where predatory lending by such financial institutions intentionally applies ethnic capital in a very subversive, adverse, and detrimental way, that in the long-run, substantially harms as opposed to benefits such communities.

About Us

Robert N. Wilkey, Esq. is the Principal Attorney of Wilkey Legal Consultants, LLC (“WLC”) located in Exton, PA, with over a decade of class action, mass tort, and complex civil commercial litigation experience, including claims involving Federal and State laws involving unfair trade practices and consumer protection; banking and lending standards, credit services and truth in lending regulations, breach of good faith and dealing claims, and breach of fiduciary duties. Mr. Wilkey is an advocate for Asian-American based domestic and international issues.

. Mr. Wilkey holds a BA/MPP from Brigham Young University and a JD from the University of Iowa College of Law, and currently provides regulatory, legal, and consultation and litigation services to individuals, corporations, industry, non-profits, school districts, and government entities.

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