

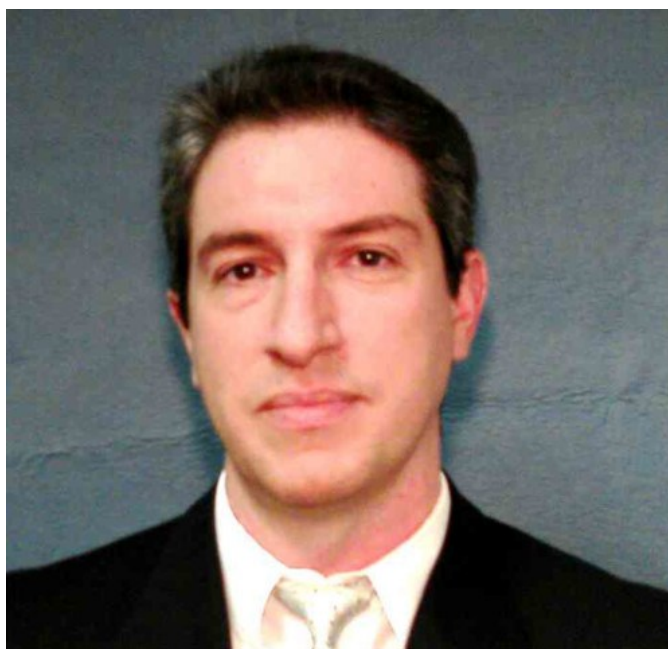


New York City's municipal debt collectors have forged an unholy alliance with sleazy subprime lenders



Cory Doctorow

3 days ago



New York City's "marshal" service is a throwback to the Dutch colonial days; the

35 marshals are appointed by the mayor, draw no salary, and earn their livings by skimming a percentage off of the debts they collect, operating with impunity and reaching around the world.

The most prolific and successful NY marshal is Vadim Barbarovich, who earned *\$1.7 million last year*, making him New York's best-paid municipal employee. Barbarovich grew his income to such untold heights by partnering with internet-based "cash-advance" companies -- these are business lenders who circumvent loan-sharking limits on interest rates by characterizing their loans as buying a heavily discounted interest in the future earnings of a company.

NY marshals can obtain "court orders" requiring banks to turn over their targets' savings without ever appearing in front of a judge or providing evidence of a genuine debt. These are not enforceable outside of New York City, but victims of NY marshals say they have made a practice of hitting out-of-town banks (and in-town branches of banks to get at out-of-town customers), partnering with cash-advance companies to rake in millions, reaching into the bank accounts of distant American small business owners and simply cleaning them out, leaving them to scramble or go bust.

Barbarovich now employs both his father and his daughter to help in the family business, and he's increased his income 20-fold since he started as a marshal in 2013.

He's got competition: retired police lieutenant Stephen Biegel is also a favorite of cash-advance lenders, and last year, he made \$786,418.

Soliz, 55, whose family-owned company builds concrete-block walls for schools and big-box stores in the Texas Panhandle, has a typical story. He needed money to expand and couldn't get bank loans, so he started borrowing from cash-advance companies about two years ago and quickly got trapped in a cycle of debt.

By August 2017, Soliz was in hock to several lenders when he applied for a cash advance from Queen Funding LLC in Miami Beach, Florida. Court documents show he got about \$23,000 after brokerage and origination fees and agreed to pay back \$44,970 within nine weeks—akin to 800 percent annualized interest. A lawyer for Queen declined to comment.

Soliz says the fees were more than he expected, so he stopped payment. A few days later, on payday for his roughly 50 workers, Soliz checked his Wells Fargo & Co. bank account on his phone and noticed it was frozen. The paychecks bounced. He scrambled over the next few days to gather cash from completed jobs to make up the wages.

The \$1.7 Million Man [Zachary R. Mider and Zeke Faux/Bloomberg]

(via [Naked Capitalism](#))

[SHARE](#) / [TWEET](#) / [8 COMMENTS](#)

[CASH-ADVANCE](#) / [CORRUPTION](#) / [DEBT](#) / [GRAEBER](#) / [NEW YORK](#) / [NEW YORK CITY](#) / [SUBPRIME](#)



Boing Boing

Powered by WordPress

[Back to top](#)