

Councilmember Vincent Orange  
Chair, Committee on Business, Consumer and Regulatory Affairs  
Council of the District of Columbia  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

**Re: Support and Committee Hearing for the *Debt Buying Limitation Act of 2014***

September 11, 2014

Councilmember Orange,

We, the undersigned signatories, urge you to **support and schedule a committee hearing and mark-up** for the *Debt Buying Limitation Amendment Act of 2014*.

The *Debt Buying Limitation Amendment Act* will help protect Washingtonians from unjust lawsuits filed by unscrupulous debt collectors, who often use illegal and abusive tactics to pressure consumers into making payments on debt that is too old for the consumer to be sued for or never existed in the first place. This bill will require that purchasers of consumer debt provide basic evidence proving a debt exists to consumers and the court before filing a lawsuit or proceeding with collection efforts. For the past few years, consumers have battled an increasing number of cases of wrongful debt collection and insufficient information is the common denominator in these frivolous lawsuits.

The debt buying industry is relatively new. As a result, the District of Columbia's laws are outdated and do not address current abuses in the industry. The statistics today dwarf the number of lawsuits being brought last time the laws were updated. The Consumer Financial Protection Bureau recently called one debt collector with a team of only 8 attorneys a lawsuit "factory" after it filed 350,000 suits against consumers since 2009, clogging the courts and causing unnecessary financial distress to aggrieved consumers.<sup>1</sup> These cases are frequently filled with inaccurate information about the accounts or just missing information completely. To make matters worse, some reports suggest these tactics disproportionately harm low-income people, communities of color and members of the military.<sup>2</sup> New laws are necessary to protect consumers from predatory practices, harassment and unnecessary court costs.

The *Debt Buying Limitation Amendment Act* will bar abusive debt collectors from using unfair, harassing and deceptive tactics to collect consumer debt and/or information from consumers. It also requires that debt collectors have detailed information about the consumer, their debt and their liability for the debt before attempting any collection action, and requires that debt collectors provide adequate proof of debt up-front to courts as a part of any lawsuit against a consumer. The system will be more transparent when debt collectors are required to give consumers notice of their right to request proof of the debt, including notice of any time limitation on the debt. The bill would require collection efforts to cease if this proof is not provided within 15 calendar days. As an additional safeguard, the bill establishes monetary penalties for debt collectors who bring frivolous court cases that do not show adequate proof of the debt up-front (including the consumer's name, account number, itemized interest and fees, contract details, and a summary of each entity that owned the debt after the original creditor). With the responsibility on the collector, we hope fewer consumers will be sued based on fraudulent or outdated information.

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<sup>1</sup> [http://www.huffingtonpost.com/2014/07/15/debt-collection-agency-lawsuit\\_n\\_5585264.html](http://www.huffingtonpost.com/2014/07/15/debt-collection-agency-lawsuit_n_5585264.html)

<sup>2</sup> <http://www.responsiblelending.org/state-of-lending/debt-collection/>

Simple guidelines created by the *Debt Buying Limitation Amendment Act* will ensure debt collectors are transparent with consumers and hold debt collectors accountable for initiating unwarranted actions. Washingtonians deserve the right to just lawsuits and fair debt collection system. We hope that you will play a central role in passing the legislation that will institute these needed reforms.

Sincerely,

Center for Responsible Lending  
Consumers Union  
District of Columbia Consumer Rights Coalition  
Legal Aid Society of the District of Columbia  
National Association of Consumer Advocates  
National Consumers League  
U.S. PIRG

CC:

Councilmember Mary Cheh  
Councilmember David Grosso  
Councilmember Jim Graham  
Councilmember Yvette Alexander