



Staten Island Real-Time News

Breaking local news from Staten Island, NY

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Karen O'Shea

Deep in debt and the calls won't stop for Staten Islanders



Staten Island Advance/Hilton Flores

After being harassed by collection agencies, Jodina and William Clanton of Stapleton settled their debt issue by going to Civil Court.

The bills are piling up, the payments are months behind, the phone keeps ringing and the threatening letters keep coming.

Debt collection agencies are hounding Islanders in record numbers and complaints are on the rise about abusive practices, including threats from collectors to tell employers about debt and the use of racially charged or offensive language in pursuit of money owed.

In at least one case, according to the New York City Department of Consumer Affairs, a company threatened to call immigration officials on the debtor.

Fueled by near-record unemployment and a crippled economy, the number of licensed debt collection companies in the city has nearly doubled over the last four years, from 754 in 2005 to 1,430 this year.

And complaints about those companies have followed, bumping for the first time home improvement contractors from the No. 1 spot on Consumer Affairs' list of consumer gripes.

"They say things to people like, 'I know where you live, I know you have some money to pay this,'" said Claudia Wilner, senior staff attorney with the Neighborhood Economic Development Advocacy Project in Manhattan. "They just make people feel really, really bad and invaded."

FEELING INTIMIDATED

Farah Saadeddin, a Rosebank resident who was laid off from her job as the office manager for a doctor, said one debt collector told her to get a job as a bartender to make money.

Mrs. Saadeddin's husband recently lost his accounting job, and the couple says they are doing their best to pay essential bills like the mortgage, car and utilities, while putting off paying credit cards.

As a result, Sammy Saadeddin said they've been intimidated and threatened by debt collectors, who call early in the morning and late at night.

"It's very scary because it can happen to anybody at any time," he said.

There were 832 complaints against debt collection companies in fiscal year 2009, with the majority of those concerns focused on harassment tactics employed by collectors and incorrect information about debts and debtors, according to Consumer Affairs. Nearly 40 complaints about dogged creditors were from Islanders, the city said.

In April, the Advance reported that one of the nation's leading debt collection law firms had opened a small storefront in Tottenville. A spokesman for Manhattan-based Eltman, Eltman & Cooper declined to comment at the time.

Six complaints were lodged against Eltman, Eltman & Cooper this year, according to Consumer Affairs. Two were filed against R.T.R. Financial Services Inc. in Midland Beach. Complaints for R.T.R. fell under "harassment" and "billing disputes" but were mediated successfully by Consumer Affairs, an agency spokeswoman said.

Traditional collection firms seek to recoup money on behalf of a creditor, while debt buyers may purchase charged-off debt for pennies on the dollar before seeking to recoup full or even partial value of the debt.

PLAY A ROLE

Will Clanton of Stapleton encountered the latter. After refinancing his house and paying off thousands in credit card debt he accumulated when he started his own accounting business, Clanton knew he owed at least one more debt for an estimated \$5,500.

But when he and his wife contacted Chase Bank to pay back the money, they learned the bank had already sold off the debt and had no information about the account.

Not long after that, a law firm began calling the Clanton house demanding \$9,000. Jodina Clanton said she offered to pay the \$5,500 but was refused. She said one caller told her the firm would go after her assets. Another said she would never own a home or a car, despite the fact she has both.

"I felt like they were harassing me," she recalled.

The couple recently settled the matter in Civil Court, where a judge ruled that the couple pay \$5,500.

John Nemo, a spokesman for the Association of Credit and Collection Professionals, a trade association covering 3,500 debt collection agencies, acknowledges complaints about the industry but said the majority of collectors follow professional standards and play an important role in the economy.

A 2007 study commissioned by the association showed that the industry returned \$40 billion a year to businesses, he said.

"By making sure unpaid bills get paid, we are keeping costs down for every consumer," said Nemo.

The trade association has been advocating for the creation of a national registry of debt collectors and an independent, third party to settle disputes between consumers and collection agencies, he added.

THREATS OF JAIL

New Dorp attorney Kevin Zazzera said some debt collectors cross the line by telling people -- falsely -- that they will go to jail if they don't pay their debts. Others, he added, violate rules by calling employers or neighbors or by calling debtors at odd hours.

"If you have not paid your bills, you can expect phone calls. But by the same token these (debt collectors) should be playing by the rules and they don't," he said.

Sebastian Demetrio believes a creditor was not playing by the rules when he sought nearly \$15,000 from Demetrio, who sold his ailing catering business in 2007. Demetrio said he thought he had settled all his debts after the sale until one collection company contacted him 20 months later and demanded \$15,000.

Demetrio figured out he owed \$9,000 on an old credit card account and he offered to pay the debt collector that amount. He was refused and the calls demanding payment kept coming.

"I said, 'Don't call me anymore.' That's all I could afford," he recalled.

Last week, Demetrio got the court's approval to pay \$9,000 to settle the debt.