



# **NEW YORKERS FOR RESPONSIBLE LENDING**

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## **PRESS STATEMENT**

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## **NEW YORKERS TARGETED BY DEBT COLLECTION ABUSES SPEAK OUT**

### **State Coalition Urges Legislature to Pass Law Curbing Rampant Industry Abuses**

New Yorkers targeted by abusive “debt buyers,” along with advocates from the New Yorkers for Responsible Lending coalition, spoke today on the steps of City Hall to urge the New York State Legislature to pass the Consumer Credit Fairness Act, which would address widespread abuses by the debt collection industry. The bill (S.4398, A.7558) would prevent debt buyers—companies that buy old debts for pennies on the dollar—from routinely filing meritless lawsuits and getting judgments on invalid debts.

Every year, debt buyers bring hundreds of thousands of “junk” debt collection lawsuits against New Yorkers. “Debt buyers frequently lack valid proof that the people they’re suing actually owe the money,” said Claudia Wilner, Senior Staff Attorney at NEDAP. “Also, many of the claims are invalid to begin with because they result from identity theft or the statute of limitations has passed.”

Rea Veerabadren, a 57 year-old domestic worker from Flushing, Queens, was sued by four different debt buyers over the past three years, all for debts she did not legally owe. “After the debt buyers took so much money from my accounts, I was afraid to use a bank anymore,” said Ms. Veerabadren. “My credit score was ruined. I worried about losing my job because I had to take a lot of time off from work to go to court. It is unfair that people can be harmed in this way.”

“These lawsuits by debt buyers are especially abusive because New Yorkers often receive no notice that they were sued until after judgments have already been entered against them,” said Carolyn Coffey, Staff Attorney at MFY Legal Services, Inc. “Debt buyers wreak havoc on people’s lives by using these judgments to freeze people’s bank accounts and garnish their wages.”

“I tried to do the right thing but the debt collection company tricked me,” said Roberta Gutterman, a 60-year-old disabled woman from Brooklyn. “I live on SSI and was paying my debt, but they went behind my back and got a default judgment against me anyway. I never received a summons or court papers, even though they knew where I lived.”

The Consumer Credit Fairness Act raises standards for debt collection lawsuits, with provisions to ensure that New Yorkers receive actual notice of debt collection lawsuits and do not unintentionally waive valid defenses because they are unaware of their legal rights.

“This bill will protect low-income, elderly, disabled, and other New Yorkers from unscrupulous debt collection practices,” said Bill Ferris, AARP NYS Legislative Representative. “We look forward to working with the entire Legislature to ensure passage of this important legislation.”

Abusive debt collection was the topic of a joint hearing of the NYS Assembly Consumer Affairs and Protection, Banks, and Judiciary Committees, held today in lower Manhattan.

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New Yorkers for Responsible Lending (NYRL) is a state-wide coalition established in 2000 to promote access to fair and affordable financial services and the preservation of assets for all New Yorkers and their communities. NYRL’s 147 members represent community financial institutions, community-based organizations, affordable housing and first-time homebuyer groups, advocates for seniors, legal services organizations, and community reinvestment, fair lending, and consumer advocacy groups. For more information, go to [nedap.org/programs/nyrl.html](http://nedap.org/programs/nyrl.html).