

## **The Trump CFPB Proposed A Supplemental Rulemaking On Expired, "Zombie Debt" That Does The Bare Minimum In Protecting Consumers From Predatory Debt Collectors.**

**In February 2020, The CFPB Proposed Supplemental Rulemaking On "Zombie Debt" – Debt That Has Passed The Statute Of Limitations On Lawsuits – That Would Allow Collectors To Continuing Pursuing Expired Debt As Long As They Informed Consumers Of The Debt's Status.**

**In February 2020, The CFPB Issued A Supplemental Notice Of Proposed Rulemaking On "The Collection Of Time-Barred Debt" – Also Known As "Zombie Debt" – That Would Allow Debt Collectors To Continue Collecting On Debt Past Its Statute Of Limitation For Lawsuits As Long As They Provide Disclosures Informing The Consumers The Debt Is Time-Barred.**

February 21, 2020: The Consumer Financial Protection Bureau (CFPB) Issued A Supplemental Notice Of Proposed Rulemaking On "The Collection Of Time-Barred Debt." "The Consumer Financial Protection Bureau (Bureau) today issued a Supplemental Notice of Proposed Rulemaking (Supplemental NPRM) regarding the collection of time-barred debt. The Bureau proposes to prohibit collectors from using non-litigation means (such as calls) to collect on time-barred debt unless collectors disclose to consumers during the initial contact and on any required validation notice that the debt is time-barred." [Press Release, [02/21/20](#)]

- **Time-Barred Debt Is Also Known As "Zombie-Debt."** "Collectors would have to disclose, when applicable, if the consumer can no longer be sued because the debt is so old that it's considered a time-barred 'zombie-debt.'" [USA Today, [07/28/16](#)]

**The CFPB's New Proposal Allows Debt Collectors To Continue Collecting Zombie Debts As Long As They "Tell Consumers Upfront They Are Outside Their Statutes Of Limitations And The Consumer Can No Longer Be Sued."** "In a new proposal, the bureau says debt collectors could continue to try to collect on those old debts but would have to tell consumers upfront they are outside their statutes of limitations and the consumer can no longer be sued to recoup the money." [Washington Post, [02/25/20](#)]

**Debt-Collectors Will Often Use Deceptive Tactics To Trick Consumers Into Making Payments On Time-Barred Debt, Which Often Resets The Statute Of Limitations On The Debt, Making It Eligible For Lawsuits Again.**

**Payments To A Time-Barred Debt Can Reset The Statute Of Limitations, Even If The Payment Was Made "Against His Or Her Own Will."** "Debt collectors lose the right in many states to sue consumers after three or more years. But there's a loophole: If the consumer makes a payment, even against his or her own will, that can be used to try to revive the life of the debt." [Washington Post, [08/07/19](#)]

**Some Debt Collectors Have Gone As Far As Sending "Credit Cards That Let Them Pay Off Their Old Debts Or By Allowing Them To Make A Small Payment To Halt Debt Collection Calls," Which Can Reset The Statute Of Limitations Leading To A Flood Of Debt-Collection Lawsuits" Across The Country.** "The efforts to collect on old debts often focus on getting consumers to reset the statute of limitations through a variety of means, including sending them credit cards that let them pay off their old debts or by allowing them to make a small payment to halt debt collection calls. The efforts have contributed to the flood of debt-

collection lawsuits clogging courts across the country, consumer advocates say." [Washington Post, [08/07/19](#)]

- **In 2018, The New York City Had Over 100,000 Debt Collection Lawsuits, Compared To Only 47,000 In 2016.** "In New York City, the number of debt-collection lawsuits surpassed 100,000 last year, compared with 47,000 in 2016, according to data from the New Economy Project, an advocacy group." [Washington Post, [08/07/19](#)]

**Consumer Advocates Criticized The CFPB's Proposal On Time-Barred Debt As An Inadequate, "Watered" Down Solution That Should Have Instead Been A Blanket Ban On The "Collection Of Time-Barred Debt In And Out Of Court."**

**The National Consumer Law Center Criticized The CFPB's Proposal As An Inadequate, "Watered" Down Solution To Protecting Consumers From Predatory Debt Collectors.**

April Kuehnhoff Of The National Consumer Law Center Criticized The CFPB's Proposal As Not Doing Enough As "Disclosures Cannot Adequately Protect Vulnerable Consumers From Abusive Practices Related To The Collection Of Time-Barred Debt." "Unfortunately, disclosures cannot adequately protect vulnerable consumers from abusive practices related to the collection of time-barred debt" said April Kuehnhoff, an attorney at the National Consumer Law Center who focuses on debt collection. 'Consumers pressured to pay old debts will not understand why they are being contacted if the debt is too old to sue on, or how a \$25 payment might restart the statute of limitations on the debt.' [National Consumer Law Center, [02/24/20](#)]

Kuehnhoff Further Added, "The CFPB Took What Should Have Been A Simple Prohibition [On Time-Barred Debt] And Watered It Down." "The proposed disclosures would be in addition to the CFPB's proposal announced in May to prohibit collectors from filing or threatening a lawsuit on a time-barred debt, but only if the collector 'knows or should know' that the legal time limit to sue has expired. 'The CFPB took what should have been a simple prohibition and watered it down,' said Kuehnhoff." [National Consumer Law Center, [02/24/20](#)]

**Americans For Financial Reform Believed The CFPB Should Have Simply "Ban[ned] Collection Of Time-Barred Debt In And Out Of Court."**

Linda Jun, Senior Policy Counsel At The Americans For Financial Reform Education Fund, Stated The CFPB Should Have Simply "Ban[ned] Collection Of Time-Barred Debt In And Out Of Court." "To truly protect consumers,' said Linda Jun, senior policy counsel at Americans for Financial Reform Education Fund, 'the CFPB should ban collection of time-barred debt in and out of court because these debts are so old that records are lost, the collector may have the wrong person or wrong amount, and the debt cannot be collected without mistakes or deception.'" [National Consumer Law Center, [02/24/20](#)]

**The Debt Collection Industry Has Spent Over \$3.1 Million Lobbying The Federal Government, Including The CFPB, During The Trump Administration... All While Collecting "Tens Of Billions Of Dollars" In Zombie Debt Every Year.**

**ACA International, A Debt Collection Trade Association, Has Spent Over \$2.3 Million Lobbying The Federal Government, Including The CFPB, During The**

## Trump Administration.

### **ACA International Is A Trade Association Representing The Debt Collection Industry, Including "Third-Party Collection Agencies, Law Firms, Asset Buying Companies, Creditors And Vendor Affiliates."**

"Founded in 1939, ACA brings together third-party collection agencies, law firms, asset buying companies, creditors and vendor affiliates, representing more than 230,000 industry employees. ACA establishes ethical standards, produces a wide variety of products, services and publications, and articulates the value of the credit and collection industry to businesses, policymakers and consumers." [ACA International, accessed [12/10/20](#)]

Year	Registrant	Amount Spent	Citation
2017	ACA International	\$390,000	<a href="#">Q1</a> , <a href="#">Q2</a> , <a href="#">Q3</a> , <a href="#">Q4</a>
2018	ACA International	\$690,000	<a href="#">Q1</a> , <a href="#">Q2</a> , <a href="#">Q3</a> , <a href="#">Q4</a>
2019	ACA International	\$780,000	<a href="#">Q1</a> , <a href="#">Q2</a> , <a href="#">Q3</a> , <a href="#">Q4</a>
2020	ACA International	\$470,000	<a href="#">Q1</a> , <a href="#">Q2</a> , <a href="#">Q3</a>
<b>Total</b>		<b>\$2,330,000</b>	

### **Receivables Management Association International. A Debt Collection Trade Association. Has Spent Over \$800,000 Lobbying The Federal Government, Including The CFPB. During The Trump Administration.**

The Receivables Management Association International, Formerly DBA International, Is A Trade Associate Representing Companies Within The "Nonperforming Receivables" Market, Including "Debt Buying Companies, Collection Agencies, Law Firms, Originating Creditors, International Members And Industry-Related Product And Service Providers." "Receivables Management Association International (formerly DBA International) is the nonprofit trade association that represents more than 550 companies that support the purchase, sale, and collection of performing and nonperforming receivables on the secondary market. RMA member companies work in a variety of financial services fields, including debt buying companies, collection agencies, law firms, originating creditors, international members and industry-related product and service providers." [Receivables Management Association International, accessed [12/10/20](#)]

Year	Client	Lobbying Firm	Amount Spent	Citation
2017	Receivables Management Association International	K&L Gates LLP	\$200,000	<a href="#">Q1</a> , <a href="#">Q2</a> , <a href="#">Q3</a> , <a href="#">Q4</a>
2018	Receivables Management Association International	K&L Gates LLP	\$220,000	<a href="#">Q1</a> , <a href="#">Q2</a> , <a href="#">Q3</a> , <a href="#">Q4</a>
2019	Receivables Management Association International	K&L Gates LLP	\$240,000	<a href="#">Q1</a> , <a href="#">Q2</a> , <a href="#">Q3</a> , <a href="#">Q4</a>
2020	Receivables Management Association International	K&L Gates LLP	\$150,000	<a href="#">Q1</a> , <a href="#">Q2</a> , <a href="#">Q3</a>
<b>Total</b>			<b>\$810,000</b>	

### **The Debt Collection Industry Collects "Tens Of Billions Of Dollars" In Zombie Debt Every Year.**

#### **Receivables Management Association International, A Debt Collection Trade Group, Claimed The Industry Collects "Tens Of Billions Of Dollars' From Debt Past The Statute Of Limitations Every Year."**

"Consumer advocates and financial experts say the fate of these old debts is becoming more pressing as the country's consumer debt reaches record levels — more than \$4 trillion this year — and the industry is able to bring in 'tens of billions of dollars' from debt past the statute of limitations every year, according to a report by the Receivables Management Association International." [Washington Post, [02/25/20](#)]