

**Written Testimony by April Kuehnhoff and Oral Testimony by Michael Best
Staff Attorneys at the National Consumer Law Center on behalf of its low-income clients**

**Before Joint Financial Services Committee
In support of S.578/H.919, An act relative to fairness in debt collection
May 2, 2019**

The National Consumer Law Center¹ thanks Senator Eldridge for introducing S.578 and Representative Brodeur for introducing its companion H.919 and offers the following testimony in support of S.578/H.919.

I. Prevalence of Debt Collection in Massachusetts

In 2016, 23% of Massachusetts residents with a credit report had at least one debt in collection listed on their credit report.² In predominantly nonwhite zip codes in the Commonwealth the share with debt in collection reached 46%.³ Table 1 contains data for all Massachusetts counties.

¹ The National Consumer Law Center is a nonprofit organization specializing in consumer issues on behalf of low-income and elderly people. We work with thousands of legal services, government and private attorneys, as well as community groups and organizations, from all states who represent low-income and elderly individuals on consumer issues. As a result of our daily contact with these advocates, we have seen many examples of the damages wrought by debt collection and wage garnishment from across the nation. This testimony is presented on behalf of our low-income clients, private attorneys, as well as community groups and organizations, from all states who represent low-income and elderly individuals on consumer issues. As a result of our daily contact with these advocates, we have seen many examples of the damages wrought by debt collection and wage garnishment from across the nation. This testimony is presented on behalf of our low-income clients.

² Urban Institute, Debt in America: An Interactive Map (Dec. 6, 2018), *available at* <http://apps.urban.org/features/debt-interactive-map/>.

³ *Id.*

Table 1: Urban Institute Data about the Share of Massachusetts Residents with Credit Reports Who Have Debts in Collection in 2016⁴

County	Share with Debt in Collection		
	Overall	White areas*	Nonwhite areas*
Barnstable County	18%	19%	n/a**
Berkshire County	23%	23%	n/a**
Bristol County	27%	26%	n/a**
Dukes County	21%	21%	n/a**
Essex County	24%	19%	48%
Franklin County	21%	21%	n/a**
Hampden County	32%	21%	54%
Hampshire County	14%	14%	n/a**
Middlesex County	17%	13%	36%
Nantucket County	22%	22%	n/a**
Norfolk County	16%	15%	32%
Plymouth County	24%	20%	43%
Suffolk County	31%	19%	46%
Worcester County	26%	23%	50%
Massachusetts (all counties)	23%	18%	46%

* White and nonwhite values are based on zip codes in the county that are predominantly white (at least 60% of the population is white) or predominantly nonwhite (at least 60% of the population is nonwhite).

** Not available because there are no areas in the county that are predominantly nonwhite.

Many of these alleged debts will ultimately be the subject of lawsuits. In one study, the Consumer Financial Protection Bureau found that 15% of survey respondents who had been contacted about a debt in the prior year were sued in a collection lawsuit during the prior year.⁵

Data from four Massachusetts small claims sessions, reproduced below as Table 2, shows that an average of nearly 70% of cases filed in these sessions in 2016 were cases to collect a consumer debt.

⁴ *Id.*

⁵ Consumer Fin. Protection Bur., *Consumer Experiences with Debt Collection: Findings from the Bureau's Survey of Consumer Views on Debt* (Jan. 2017), *available at* https://files.consumerfinance.gov/f/documents/201701_Bureau_Debt-Collection-Survey-Report.pdf.

Table 2: Number and Percentage of Small Claims Cases Filed in 2016 in Four Small Claims Court Sessions that Were Consumer Debt Cases⁶

District Court	Total Number of Small Claims Filings in 2016	Number of Consumer Debt Cases	Percentage of Small Claims Filings that Are Consumer Debts
Cambridge	802	490	61.1%
Pittsfield	1231	965	78.4%
Plymouth	1587	1092	68.8%
Quincy	3031	2077	68.5%
Total	6651	4624	69.5%

Typically, the overwhelming majority of lawsuits filed on alleged consumer debts end in judgments for the creditor.⁷ Judgment creditors may then use these judgments to seek to garnish wages. In Massachusetts, the 2016 general garnishment rate for student loans, credit card, and other consumer debts was 0.6% or 6 per 1000 employees.⁸ In March 2019 the civilian labor force in Massachusetts consisted of approximately 3.8 million people, which would mean approximately 23,000 people with wage garnishments for consumer debts.⁹

Debt collection is a significant source of consumer complaints. In 2018, debt collection was the second most common type of complaint that Massachusetts residents filed with the Consumer Financial Protection Bureau, accounting for approximately 16% of all complaints received from Massachusetts consumers.¹⁰ That same year the Massachusetts Attorney General received 577 complaints about debt collection or 3.7% of total complaints.¹¹

⁶ Data collected by Erika Rickard, Associate Director of Field Research at Harvard Law School’s Access to Justice Lab, in September 2017 using the Massachusetts Trial Court Electronic Case Access at <http://www.masscourts.org/>. Cases were categorized broadly as “consumer debt” by (1) plaintiff name, including: debt buyers, banks, utilities, fuel, medical debt, and student debt and (2) defendant name, indicating that defendant is an individual and not a business or other entity. Court divisions below were randomly selected from the District Court location, and are not necessarily representative of the state as a whole.

⁷ See National Consumer Law Center, Fair Debt Collection ¶ 1.4.9.3 (9th ed. 2018), updated at www.nclc.org/library (discussing prevalence of default judgments).

⁸ ADP Research Institute, The U.S. Wage Garnishment Landscape: Through the Lens of the Employer (2017), available at: <https://www.adp.com/tools-and-resources/adp-research-institute/research-and-trends/research-item-detail.aspx?id=04a8aaf8-564d-4937-94f0-da5fffb1a682>.

⁹ U.S. Department of Labor, Bureau of Labor Statistics, Economy at a Glance: Massachusetts, available at: https://www.bls.gov/eag/eag.ma.htm#eag_ma.f.1 (3,843,600 people in the civilian labor force * .6 / 100 = 23,062 Massachusetts employees with garnishments for consumer debts).

¹⁰ Consumer Financial Protection Bureau, Consumer Complaint Database, available at: <https://www.consumerfinance.gov/data-research/consumer-complaints/> (603 debt collection complaints / 3857 Massachusetts complaints * 100 = 16%).

¹¹ Mass. Attorney General, Complaints by subject matter and business, available at: https://docs.digital.mass.gov/dataset/complaints-subject-matter-and-business-attorney-generals-consumer-advocacy-and-response?_ga=2.51720288.859136089.1556545726-1149888606.1556303814

II. Debt Buyers in Massachusetts

In order to understand why debt collection affects the lives of so many Massachusetts residents, it is important to understand the role that debt buyers play in debt collection. An entire industry has emerged that feeds on defaulted consumer debts. “Debt buyers” purchase consumer debts that have been written off by the original lender.¹² Despite paying a deeply discounted rate for these debts – just pennies on the dollar¹³ – debt buyers aggressively seek to collect the full amount of the debt, as well as adding interest, penalty fees, and attorney’s fees.

Debt buyers purchase accounts in bulk, typically obtaining only minimal information about the debts.¹⁴ In addition to providing little information about the debt, many debt sellers will not even guarantee that they own the accounts they are selling or that the amounts listed as owed by account holders are correct.¹⁵ Alternatively, debt sellers may render any representations and warranties worthless by qualifying them as being “to the best of the seller’s knowledge.”¹⁶

Debts are often resold again and again between debt buyers, with each owner potentially attempting to collect on the accounts.¹⁷ Over the course of multiple sales and collection attempts, the debts continue to age while the documentation related to the debts is discarded, is corrupted, or becomes more difficult to access. Moreover, original creditors typically do not have an obligation to produce documentation of the debt to secondary buyers, who must instead make requests for documentation to the first debt buyer and rely on the previous debt buyer to relay these requests to the original creditor.¹⁸ Some debt sellers provide that they will not supply

¹² Fed. Trade Comm’n, *The Structure and Practices of the Debt Buying Industry* (Jan. 2013), available at: <https://www.ftc.gov/sites/default/files/documents/reports/structure-and-practices-debt-buying-industry/debtbuyingreport.pdf>.

¹³ Consumer Financial Protection Bureau, *Market Snapshot: Online Debt Sales 5* (Jan. 2017), available at: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Online-Debt-Sales-Report.pdf (debt listed for sale online at an average price of less than one cent on the dollar); Consumer Financial Protection Bureau, *The Consumer Credit Market 258* (Dec. 2015) (banks sold credit card debts to debt buyers for an average of 8 cents on the dollar in 2013 and 11 cents on the dollar in 2014), available at: http://files.consumerfinance.gov/f/201512_cfpb_report-the-consumer-credit-card-market.pdf; Fed. Trade Comm’n, *The Structure and Practices of the Debt Buying Industry ii* (Jan. 2013) (debt buyers paid an average of 4 cents on the dollar).

¹⁴ Consumer Financial Protection Bureau, *Market Snapshot: Online Debt Sales 6* (Jan. 2017) (only “some” online debt portfolios available for purchase came with documentation); Consumer Financial Protection Bureau, *The Consumer Credit Market 261* (Dec. 2015) (many debt sellers were still not providing 12 monthly account statements to debt buyers in compliance with the OCC guidance; no mention of transfer of other key documents like the account agreement); Fed. Trade Comm’n, *The Structure and Practices of the Debt Buying Industry 20, 29, T-9* (Jan. 2013) (survey found that debt buyers did not typically receive the credit application, the account agreement, monthly statements, payment records, or any customer service records that would reflect customer disputes).

¹⁵ Dalié Jiménez, *Dirty Debts Sold Dirt Cheap*, 52 *Harv. J. on Legis.* 41, 7 (2015).

¹⁶ Consumer Financial Protection Bureau, *The Consumer Credit Market 260* (Dec. 2015).

¹⁷ Consumer Financial Protection Bureau, *Market Snapshot: Online Debt Sales* (Jan. 2017); Jake Halpern, *Bad Paper: Chasing Debt from Wall Street to the Underworld* (2014).

¹⁸ Fed. Trade Comm’n, *The Structure and Practices of the Debt Buying Industry*, at iii-iv (Jan. 2013).

contract records to the debt buyers after just six months,¹⁹ even though the debt buyer’s collection activities may go on for years after the debt is bought.

Debt buyers are some of the most active litigants in Massachusetts courts. In 2015, nine debt buyers filed more than 64,000 cases.²⁰ Filings by these nine debt buyers represented 43 percent of all cases filed in civil, small claims, or supplementary process sessions in Massachusetts District Courts in 2015.²¹ In 10 District Courts, more than half of the filings in civil, small claims, or supplementary process sessions were by these nine debt buyers.²²

III. How this Bill Would Help Consumers

S.578/H.919 would respond to a number of problems faced by low-income and elderly consumers. The following section by section analysis highlights the proposed reforms and how they would benefit low-income consumers.

a. Section 2: Wage Garnishment

Applying G. L. c. 246, § 28, Massachusetts courts currently exempt 50 times the Massachusetts minimum wage²³ or 85 percent of the debtor’s gross wages for each week, whichever is greater.²⁴ In a high cost of living state like Massachusetts, these exemptions permit significant rates of garnishment for low income workers as illustrated in Table 3.

Table 3: Annual Wage Garnishment Under Current and Proposed Law

		Wages Garnishable Annually	
	Annual Income	Under Current Law	Under H919/S578
Minimum Wage	\$24,960	\$0	\$0
Very Low Income for family of 4	\$47,750	\$7,163	\$0
Low Income for family of 4	\$71,900	\$10,785	\$1,574
Median Family Income	\$95,500	\$14,325	\$3,934

¹⁹ Id. at 26.

²⁰ Appx. A.

²¹ Appendix A (64,344 / 149,022 * 100 = 43%).

²² Holyoke District Court (59%), Orange District Court (57%), Uxbridge District Court (56%), Chicopee District Court (55%), East Hampshire District Court (54%), Attleboro District Court (54%), Gardner District Court (53%), Westfield District Court (53%), East Brookfield District Court (51%), and Taunton District Court (51%). Appendix B contains a list of all of the District Courts in Massachusetts and a composite number for the Boston Municipal Courts.

²³ The Massachusetts minimum wage is currently greater than the federal minimum wage.

²⁴ Currently federal law exempts 75 percent of disposable earnings. 15 U.S.C. § 1671.

Under S.578/H.919, earnings below 90 times the minimum wage (\$1080 per week with an \$12 minimum wage) would be completely exempt. Above that threshold, 90 percent of earnings would be protected from garnishment. This would significantly increase protections for low-income debtors struggling to balance current bills for rent, insurance, daycare, and food against judgments for past debts that they may owe as a result of illness, a period of unemployment, divorce, or other financial hardship.

MA Consumer Story: Wage Garnishment

After a collection agency threatened to garnish one Massachusetts resident's wages, the consumer sent a complaint to the CFPB stating, "I have no money and what I make doesn't even feed my family. I couldn't spare {\$1.00} and the court would easily see this and is the reason for the bankruptcy filing to begin with. My income to living expense ratio is negative."²⁵

b. Section 3: Statutes of Limitations

Statutes of limitations are laws that limit the length of time available for bringing a lawsuit in court. They are designed to protect "defendants and the courts from having to deal with cases in which the search for truth may be seriously impaired by the loss of evidence, whether by death or disappearance of witnesses, fading memories, disappearance of documents, or otherwise."²⁶

Too often, however, these laws fail to help consumers because they are not easily understood by non-lawyers. Statutes of limitations generally only protect consumers if consumers know about the availability of this defense and assert it affirmatively. The determination of which limitations period applies to a particular action is often complicated, even for lawyers and judges. Furthermore, consumers rarely know that a partial payment can extend the limitations period. As the Federal Trade Commission (FTC) noted, "most consumers do not know or understand their legal rights with respect to the collection of time-barred debts."²⁷

S.578/H.919 would protect consumers by:

- Creating a single 4 year statute of limitations²⁸ for all consumer debts being collected in the state, decreasing the length of statute of limitations from 6 years to 4 years (Section 3(a));

²⁵ Consumer Financial Protection Bureau, Consumer Complaint Database, Complaint ID 2340627, available at: <https://www.consumerfinance.gov/data-research/consumer-complaints/> (edited to correct typos).

²⁶ United States v. Kubrick, 444 U.S. 111, 117 (1979) (citation omitted).

²⁷ Fed. Trade Comm'n, Repairing a Broken System: Protecting Consumers in Debt Collection Litigation and Arbitration, at 26 (July 2010).

²⁸ This bill's choice of a four-year period is comfortably within the range of periods set by other states. Ten states provide a four-year statute of limitations and sixteen states provide a three-year period for either written contracts, oral contracts, or both. National Consumer Law Center, Collection Actions, § 3.6.4.2 (4th ed. 2017).

- Prohibiting renewal or extension of the statute of limitations period because of partial payments on the debt (Section 3(c)); and
- Establishing the rule that the debt is extinguished and prohibiting further collection activities after the 4 year statute of limitations has run (Section 3(f)); and
- Decreasing the period of time during which the creditor can collect on a court judgment from 20 years²⁹ to 5 years for all consumer debts (Section 3(g)).

MA Consumer Story: Statute of Limitations

“When I went to court with the blue ticket that I receive in the mail I did not have any idea what this was about, so I went to the XXXX desk for information XXXX she told it was about a credit card that I owe on over 12 years ago . . . what happened to the statute of limitation rights”?³⁰

c. Section 4: Arrest warrants

Currently, G. L. c. 224, § 18 provides for the issuance of “warrants for arrest and other processes to secure the attendance of debtors or creditors to answer for any contempt.” Unfortunately, as written this statute can be abused by creditors who use these capias warrants and the threat of arrest to force debtors to make payments. Under duress, debtors may make payments that they can ill afford or might not even be legally obligated to make due to wage exemptions. Table 4 shows that capias warrants were issued in more than a quarter of the consumer debt cases filed in four small claims sessions in 2016.

²⁹ G. L. c. 260, § 20.

³⁰ Consumer Financial Protection Bureau, Consumer Complaint Database, Complaint ID 1336117, available at: <https://www.consumerfinance.gov/data-research/consumer-complaints/> (edited to correct typos).

Table 4: Number and Percentage of Consumer Debt Collection Cases Filed in 2016 in Four Small Claims Court Sessions Where a Capias Issued³¹

District Court	Number of Small Claims Cases Filed to Collect Consumer Debts	Number of Cases Where Capias Issued	Percentage of Cases Where Capias Issued
Cambridge	490	147	30.0%
Pittsfield	965	297	30.8%
Plymouth	1092	73	6.7%
Quincy	2077	808	38.9%
Total	4624	1325	28.7%

S.578/H.919 is designed to enact the capias reforms proposed by the ACLU in its recent report.³² Specifically, the reforms are designed to improve notice to consumers about post-judgment hearings, allow consumers to submit a financial affidavit in lieu of appearing in court for payment review if the consumer’s income and assets are exempt, provide for procedural protections related to the issuance and use of capias warrants, and clearly prohibit imprisonment for failure to pay a consumer debt.

MA Consumer Story: Capias Warrant

XXXX had an old ambulance ride debt which she was in the process of discharging through bankruptcy. She met with the collection attorney after becoming aware of a capias warrant under her name. She never received the initial paperwork or documents informing her of a court date. When XXXX met with the collection attorney, the attorney was adamant that he could put her in jail if she did not pay the outstanding bill.³³

d. Section 5(a): Interest

Currently, Massachusetts provides for a 12 percent statutory rate of interest under G. L. c. 231, §6C (pre-judgment interest) and G. L. c. 235, §8 (post-judgment interest). This 12 percent interest rate causes an unpaid judgment to double every six years. Because a large portion of judgments in Massachusetts are taken against financially distressed households, this high rate is another hurdle keeping them from returning to financial viability and stability. Moreover, the

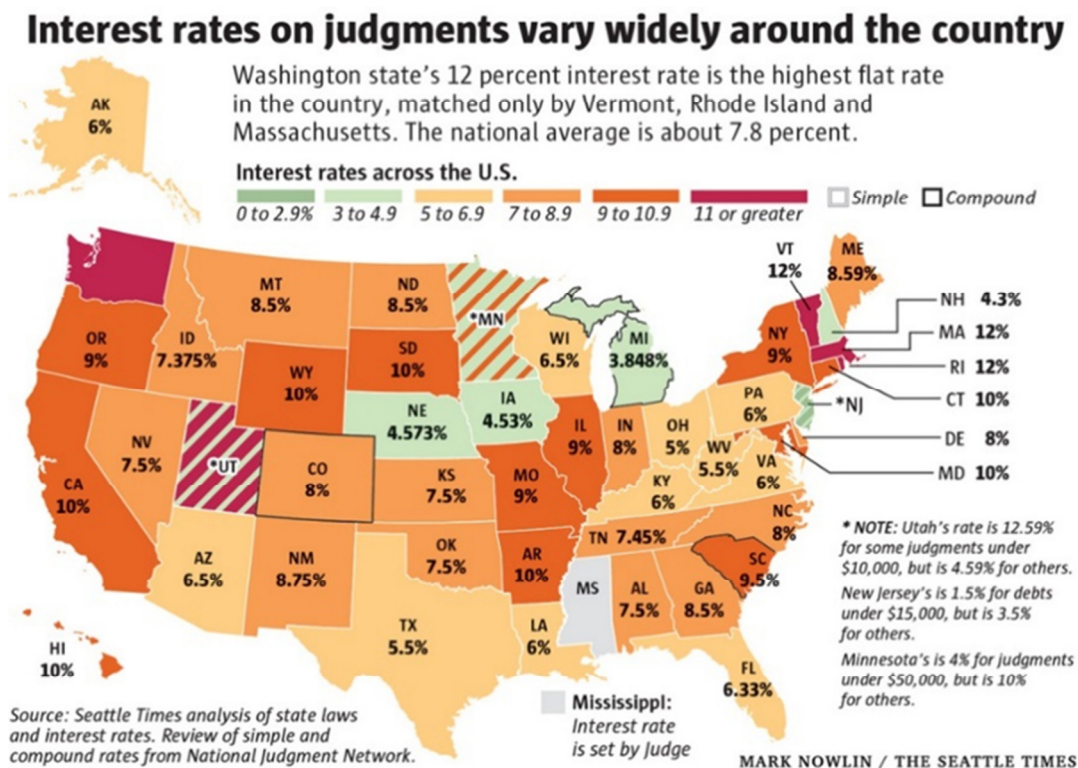
³¹ Data collected by Erika Rickard, Associate Director of Field Research at Harvard Law School’s Access to Justice Lab, in September 2017 using the Massachusetts Trial Court Electronic Case Access at <http://www.masscourts.org/>. Cases were categorized broadly as “consumer debt” by (1) plaintiff name, including: debt buyers, banks, utilities, fuel, medical debt, and student debt and (2) defendant name, indicating that defendant is an individual and not a business or other entity. Court divisions below were randomly selected from the District Court location, and are not necessarily representative of the state as a whole.

³² American Civil Liberties Union, *A Pound of Flesh: The Criminalization of Private Debt* (2018), available at: <https://www.aclu.org/report/pound-flesh-criminalization-private-debt>.

³³ Partial summary of an affidavit filed in *Commonwealth v. White*, 1781-cv-1706 (Lowell Superior Ct.). For longer a longer version of this summary and summaries of other affidavits, see Appx. C.

high rate of interest means that consumers who are only able to make small payments on a judgment may end up with a non-amortizing judgment that can never be paid off.

According to the Seattle Times, Massachusetts's 12% interest rate on judgments is the highest in the nation – equaled only by Washington, Vermont, and Rhode Island.³⁴ States are recognizing that these rates are too high. Alabama lowered its post judgment rate from 12% to 7.5% in 2011,³⁵ and Kentucky lowered its rate from 12% to 6% in 2017.³⁶ Since publication of the Seattle Times article, Washington passed legislation reducing post judgment interest on consumer debts to 9%.³⁷



S.578/H.919 would establish a minimum interest rate of 2 per cent per annum and a maximum interest rate of 5 percent per annum with the precise amount fluctuating according to an interest rate used by the United States Treasury.³⁸

³⁴ Mike Baker, The Seattle Times, Debt collectors that ‘sue, sue, sue’ can squeeze Washington state consumers for more cash (Mar. 25, 2019), available at: <https://www.seattletimes.com/seattle-news/times-watchdog/with-a-chance-to-sue-sue-sue-debt-collectors-squeeze-washington-consumers-for-more-cash/>

³⁵ *Id.*; Ala. Code § 8-8-10.

³⁶ *Id.*; Ky. Rev. Stat. Ann. § 360.040.

³⁷ H.B. 1602 §1(5), 66th Legislature (Wash. 2019), available at: <http://lawfilesexst.leg.wa.gov/biennium/2019-20/Pdf/Bills/House%20Passed%20Legislature/1602-S.PL.pdf>.

³⁸ The interest rate on federal court judgments is currently tied to the same rate. United States Courts, “Post Judgment Interest Rate,” available at: <http://www.uscourts.gov/services-forms/fees/post-judgement-interest-rate>.

MA Consumer Story: Post-Judgment Interest

“I was advised at the court proceeding the amount of my debt was {\$5000.00}, and that the amount would never increase as no interests will be charged. I have been making my monthly payments ever since and I was just advised on a phone call that my account is accruing 12 % interests and the amount on the balance increases {\$81.00} dollars a month versus the agreed {\$25.00} dollar a month payment. Therefore, this debt will never be paid down.”³⁹

e. Sections 5(b) and 5(c): Attorney’s Fees

Nationally, the vast majority of consumers defending against debt collection lawsuits are not represented by attorneys.⁴⁰ Table 5 shows that consumers were represented in less than 1% of consumer debt cases filed in four Massachusetts small claims sessions in 2016. In contrast, more than 90% of plaintiffs were represented in those same cases.

Table 5: Number and Percentage of Consumer Debt Collection Cases Filed in 2016 in Four Small Claims Court Sessions Where Parties Were Represented by an Attorney⁴¹

District Court	Number of Small Claims Cases Filed to Collect Consumer Debts	Defendant Was Represented by an Attorney		Plaintiff Was Represented by an Attorney	
		Number of Cases	Percentage of Cases	Number of Cases	Percentage of Cases
Cambridge	490	7	1.4%	463	94.5%
Pittsfield	965	5	0.5%	827	85.7%
Plymouth	1092	3	0.3%	996	91.2%
Quincy	2077	12	0.6%	1972	94.9%
Total	4624	27	0.6%	4258	92.1%

Debt collectors that obtain judgments against consumers sometimes seek to recover attorney’s fees. Adding attorney’s fees to the amount of the judgment can greatly increase the total amount of the judgment, adding to the burden on consumers.

³⁹ Consumer Financial Protection Bureau, Consumer Complaint Database, Complaint ID 1999808, available at: <https://www.consumerfinance.gov/data-research/consumer-complaints/>.

⁴⁰ See National Consumer Law Center, Fair Debt Collection ¶ 1.4.9.4 (9th ed. 2018), updated at www.nclc.org/library (collecting statistics about representation in debt collection lawsuits).

⁴¹ Data collected by Erika Rickard, Associate Director of Field Research at Harvard Law School’s Access to Justice Lab, in September 2017 using the Massachusetts Trial Court Electronic Case Access at <http://www.masscourts.org/>. Cases were categorized broadly as “consumer debt” by (1) plaintiff name, including: debt buyers, banks, utilities, fuel, medical debt, and student debt and (2) defendant name, indicating that defendant is an individual and not a business or other entity. Court divisions below were randomly selected from the District Court location, and are not necessarily representative of the state as a whole.

S.578/H.919 would clearly limit the ability to recover attorney's fees to cases where the contract creating the debt requires the consumer to pay such fees. Where authorized by the contract, attorney's fees would be limited to a reasonable percentage of the amount owed by the consumer.

S.578/H.919 would also give consumers who prevail in debt defense cases the right to collect reasonable attorney's fees. This provision would make it more economically feasible for consumers to hire private attorneys to defend them in debt collection cases and would also discourage debt buyers and other creditors from filing collection lawsuits without sufficient evidence.

MA Consumer Story: Attorney's Fees

“My concern with the above [law firm] is I feel they are abusing the judicial system. They are using scare tactics and intimidation to file executions that I believe are not warranted. (court appearances, lien on property etc.) & added fees. I have included my explanation letter and all of the paperwork received thus far. I'm in desperate need of help and hope you can resolve. They are not just trying to be made whole, but add beyond that amount.”⁴²

⁴² Consumer debt collection complaints to the Office of the Massachusetts Attorney General were produced to the National Consumer Law Center on April 22, 2019 pursuant to a public records request. This consumer narrative corresponds to intake number 524946.

Appendix A: Cases Filed in Massachusetts District Courts and Boston Municipal Courts in 2015 (Civil, Small Claims, and Supplementary Process) by Nine Debt Buyers⁴³

Debt Buyer	Number of Cases Filed in 2015
Midland Funding	32,009
Portfolio Recovery Associates, LLC	9,410
Cavalry SPV	6,911
LVNV Funding	5,224
Waterfront Capital	3,934
CACH	2,993
Unifund CCR, LLC	1,391
Jefferson Capital Systems, LLC	1,335
Atlantic Credit & Finance	1,137
Total for 9 Debt Buyers	64,344
All Civil, Small Claims, and Supplementary Process Cases Filed in 2015	149,022

⁴³ Data collected by the National Consumer Law Center in January and February 2016 using the Massachusetts Trial Court Electronic Case Access at <http://www.masscourts.org/>. More detailed methodology and additional data available upon request.

Appendix B: Number of Case Filed by Nine Debt Buyers⁴⁴ in Massachusetts in 2015⁴⁵

Courts	Number of Cases Filed by Nine Debt Buyers	All Civil, Small Claims and Supp. Process Cases	Percentage of Cases Filed by Nine Debt Buyers
Attleboro Dist. Ct.	1,233	2,295	54
Ayer Dist. Ct.	605	1,577	38
Barnstable Dist. Ct.	964	2,513	38
Boston Municipal Ct. (All)	6,073	15,952	38
Brockton Dist. Ct.	2,685	5,394	50
Brookline Dist. Ct.	120	468	26
Cambridge Dist. Ct.	706	1,799	39
Chelsea Dist. Ct.	1,236	2,797	44
Chicopee Dist. Ct.	808	1,464	55
Clinton Dist. Ct.	431	907	48
Concord Dist. Ct.	352	1,222	29
Dedham Dist. Ct.	671	2,429	28
Dudley Dist. Ct.	1,076	2,599	41
E. Brookfield Dist. Ct.	656	1,286	51
E. Hampshire Dist. Ct.	633	1,176	54
Edgartown Dist. Ct.	78	340	23
Fall River Dist. Ct.	2,052	4,281	48
Falmouth Dist. Ct.	644	1,662	39
Fitchburg Dist. Ct.	607	1,240	49
Framingham Dist. Ct.	884	2,357	38
Gardner Dist. Ct.	377	705	53
Gloucester Dist. Ct.	429	853	50
Greenfield Dist. Ct.	407	906	45
Haverhill Dist. Ct.	1,026	2,201	47
Hingham Dist. Ct.	705	1,788	39
Holyoke Dist. Ct.	561	951	59
Ipswich Dist. Ct.	170	428	40
Lawrence Dist. Ct.	2,034	4,210	48
Leominster Dist. Ct.	647	2,435	27
Lowell Dist. Ct.	2,878	6,245	46
Lynn Dist. Ct.	1,827	4,358	42

⁴⁴ See list of the nine debt buyers in App. A, *supra*.

⁴⁵ Data collected by the National Consumer Law Center in January and February 2016 using the Massachusetts Trial Court Electronic Case Access at <http://www.masscourts.org/>. More detailed methodology and additional data available upon request.

Courts	Number of Cases Filed by Nine Debt Buyers	All Civil, Small Claims and Supp. Process Cases	Percentage of Cases Filed by Nine Debt Buyers
Malden Dist. Ct.	1,683	4,071	41
Marlborough Dist. Ct.	563	1,437	39
Milford Dist. Ct.	552	1,361	41
Nantucket Dist. Ct.	74	200	37
Natick Dist. Ct.	199	513	39
New Bedford Dist. Ct.	2,240	5,131	44
Newburyport Dist. Ct.	555	1,295	43
Newton Dist. Ct.	281	891	32
Northampton Dist. Ct.	489	1,132	43
N. Berkshire Dist. Ct.	428	856	50
Orange Dist. Ct.	330	584	57
Orleans Dist. Ct.	480	1,009	48
Palmer Dist. Ct.	824	1,752	47
Peabody Dist. Ct.	716	1,479	48
Pittsfield Dist. Ct.	872	2,008	43
Plymouth Dist. Ct.	1,449	3,273	44
Quincy Dist. Ct.	2,765	6,092	45
Salem Dist. Ct.	1,085	3,018	36
Somerville Dist. Ct.	1,038	2,277	46
S. Berkshire Dist. Ct.	180	500	36
Springfield Dist. Ct.	3,064	6,577	47
Stoughton Dist. Ct.	663	1,575	42
Taunton Dist. Ct.	1,675	3,307	51
Uxbridge Dist. Ct.	617	1,105	56
Waltham Dist. Ct.	629	1,912	33
Wareham Dist. Ct.	933	2,165	43
Westborough Dist. Ct.	563	1,496	38
Westfield Dist. Ct.	895	1,703	53
Winchendon Dist. Ct.	292	582	50
Woburn Dist. Ct.	1,187	2,839	42
Worcester Dist. Ct.	2,630	6,143	43
Wrentham Dist. Ct.	824	1,901	43

**Appendix C: Summaries of Consumer Affidavits Filed in
*Commonwealth v. White, 1781-cv-1706 (Lowell Superior Ct.)***

City: Billerica, MA

Tags: Threatened arrest; old debt

Summary: In the early 1990s, XXXX was charged and later convicted of Operating Under the Influence (OUI). XXX hired an attorney to represent her throughout the legal process, and while she did pay half of the fee the attorney charged, she was unable to pay the rest of the amount because she was sentenced to spend six months at Framingham State Prison. In 2014, nearly two decades after the original debt was owed, she began to receive letters from an attorney debt collector, claiming that she owed over \$1200 and was being sued in Lowell District Court for the amount. When XXXX met with the attorney, she explained that she was unemployed and had recently filed for bankruptcy and therefore unable to pay the debt. The attorney not only continued to pressure her to sign an agreement to pay the debt, but was also extremely hostile and condescending. When she refused to sign the agreement, the attorney proceeded to threaten, more than once, to send her back to Framingham State Prison if she was unable to pay the debt.

City: Lowell, MA

Tags: Threatened arrest

Summary: In 2013, XXXX sustained an injury that caused him to take an ambulance to the hospital. While he originally refused the service, he was forced to take a 1.5-mile ride to the hospital. This left him with a \$1200 bill. A year later, XXXX received a court summons by the attorney representing the ambulance company. The attorney debt collector began to verbally harass XXXX and tried to force him into a payment plan he could not afford. The attorney proceeded to threaten jail time if he could not pay the bill. XXXX was unemployed at the time and could not agree to a payment plan. Six months later, XXXX met with the attorney once again where the attorney proceeded to threaten jail time if he did not pay the bill. Unsure of his rights, the XXXX agreed to pay \$100/month even though he could not afford it.

City: Lowell, MA

Tags: threatened arrest; interest rate

Summary: While out of the country, XXXX's vehicle was towed and eventually disposed of by a towing company. When XXXX came back to the United States, she received a notice to appear in court because the car was labeled as abandoned by the towing company. The court ordered XXXX to pay the bill, and she agreed to a payment plan of \$50/month. Soon after, XXXX lost her job and could no longer afford the payments. When she met with the towing company's attorney he began to threaten to send her to jail if she did not continue to pay. Once XXXX began working, she resumed making payments. However, shortly thereafter, she was diagnosed with breast cancer. The attorney was completely indifferent to XXXX's health issues and continued to threaten jail time. XXXX now owes \$2000 due to interest on the debt. Out of fear that she'll go to jail, XXXX agreed to pay \$100/month. XXXX has three children and recovering from breast cancer surgery.

City: Lowell, MA

Tags: Threatened arrest

Summary: XXXX was brought to court for a bill she assumed was being paid by her partner at the time. She met with the attorney representing the gym and agreed to pay \$100/month. However, when XXXX was diagnosed with Crohn's disease, she was no longer able to make

payments on the bill. When she explained to the attorney that due to her illness she was no longer working and was a single mother of two children, the attorney was dismissive and ridiculed her. The next time they met, XXXX brought paperwork explaining that she was on short term disability through the Department of Transitional Assistance and was receiving welfare. The attorney responded by threatening to have XXXX arrested for not making payments, which he has done more than once. This overwhelming pressure and threat prompted XXXX to file for bankruptcy.

City: Lowell, MA

Tags: threatened arrest

Summary: While XXXX was at the hospital attending an injury, he was transferred to a different hospital for treatment. Per hospital policy, and against his objections, XXXX was forced to take an ambulance to the new hospital. Despite not receiving any medical care while in the ambulance, the ride resulted in a \$3600 ambulance bill. XXXX decided to dispute the bill that he viewed as overpriced and unfair. After not submitting payment, he received notice that he would need to appear in court. XXXX missed his first court date, and the court ordered that he was responsible for paying the outstanding amount. When XXXX met with the collection attorney at the courthouse, the attorney asserted that XXXX had missed his opportunity to dispute the bill by missing his initial court date and threatened to send XXXX to jail if he refused to sign the payment agreement. Unclear of what his rights were and unable to afford an attorney to represent him, XXXX decided to pay \$500 immediately and \$250/month.

City: Lowell, MA

Tags: Threatened arrest; old debt

Summary: In the early-to-mid '90s, XXXX took an ambulance to the hospital and was unable to pay the ambulance bill due to lack of insurance. Over a decade later, he was served a warrant to appear in court. The first time XXXX went to court, he met with the collection attorney representing the ambulance company. The collection attorney immediately began to harass XXXX and threatened to recommend jail time to the judge if XXXX did not agree to a payment arrangement before meeting with the judge. The fear of possible jail time caused XXXX to enter into a payment plan he could not afford. At the time of the initial agreement, XXXX was waiting to start on Social Security and was unable to make payments towards the ambulance bill. The collection attorney took him back to court and asked XXXX how much money he had left after he finished paying his bills and XXXX replied that he only had \$35, so the attorney stated that he wanted \$35/month.

City: Tyngsboro, MA

Tags: Threatened arrest

Summary: XXXX received two letters from a collection attorney attempting to collect a debt she owed related to a doctor's visit. The second letter she received from the collection attorney stated that she could be arrested for nonpayment of the debt. XXXX immediately contacted the office of the collection attorney to try to make a payment. The secretary stated that she could only submit a check or a money order, which she did not have the ability to do. She has been unable to make payments on this debt.

City: Lowell, MA

Tags: Capias, threatened arrest; old debt

Summary: XXXX had an old ambulance ride debt which she was in the process of discharging through bankruptcy. She met with the collection attorney after becoming aware of a capias warrant under her name. She never received the initial paperwork or documents informing her of a court date. When XXXX met with the collection attorney, the attorney was adamant that he could put her in jail if she did not pay the outstanding bill. The judge granted her a continuance and scheduled a date for her to come back to court. Each time she went to court, the collection attorney would have her fill out confusing financial paperwork. At her third court hearing, she brought foreclosure paperwork. At that point, the collection attorney began mentioning her husband, and asking if he could work to pay the bill. After that, XXXX decided to get a lawyer to represent her and talk to the collection attorney.

City: Westford, MA

Tags: threatens arrest

Summary: XXXX had a heart attack in March of 2010. An ambulance was able to take him to a hospital in Lowell where he was then transferred to a clinic over 20 min away. At the time XXXX was struggling with his health and his family was facing financial hardship, and therefore, could not afford to pay the ambulance bill. The bill eventually went to collections. XXXX first met with the collection attorney at the courthouse where he explained that his wife was the only one working and that they were also responsible for caring for his wife's grandmother. The collection attorney proceeded to dismiss his situation and threatened to throw him in jail until he could pay the outstanding bill. When they met before the magistrate judge, XXXX stated that he could only afford \$50/month. While the collection attorney was not happy with that amount, the judge said that \$50 was all he was required to pay.

City: Lowell, MA

Tags: Threatened arrest; high interest

Summary: In 2004, XXXX's daughter suffered a seizure, and an ambulance was called to take her daughter to the hospital. XXXX subsequently called the hospital and provided them with all of her insurance information. Ten years later, in 2015, XXXX received a summons to appear in court for the outstanding ambulance bill. When XXXX met with the collection attorney, he shouted and talked down to her. He threatened to go after her paycheck, and have her arrested at work. He told her that if she did not pay the bill, he could have her thrown in jail. XXXX then agreed to a \$25/month payment. When XXXX met with the judge she explained that while she did agree to the payment plan she did not think the arrangement was fair. The judge dismissed her concerns and stated that she would go to jail if she did not agree to the payment plan. The bill that was initially around \$600 is now \$3000.

City: Billerica, MA

Tags: Threatened arrest; high interest

Summary: In July of 2015, XXXX received her first letter from a collection attorney who was attempting to collect an old ambulance bill. XXXX was eight months pregnant at the time. The letter she received stated that she could be arrested if she did not appear in court. XXXX called the collection attorney's office to try and reschedule the court date as it was on the same date she was due to give birth to her son. The secretary refused to help XXXX and stated that she could only reschedule if she entered a payment plan right then over the phone or sent a letter signed by her doctor. The secretary continued to emphasize that if she did not enter a payment plan and did

not appear court she would be arrested. Terrified, XXXX agreed to pay \$25 bi-weekly for a total of \$50/month. A few days later, XXXX received a second letter from the same collection attorney for a different ambulance bill. The letter also threatened arrest if she did not agree to a payment plan. XXXX called the attorney's office again and agreed to pay \$100/month. Once XXXX's son was born, she was in and out of the doctor's office, and in late August 2015, XXXX missed a payment. She received a letter stating that a constable would be going to her house to arrest her unless she submitted a payment towards her bill. The letter also stated that she could spend up to two years in jail or pay over \$2000 in fines. XXXX called to explain her son's medical situation to the collection attorney but the secretary reiterated what was stated in the letter. In October 2015, XXXX missed another payment and subsequently received a letter threatening arrest. Despite making payments the last 17 months, one debt seems to have only gone down by less than \$60. The letters XXXX receives do not make clear how much she is paying in interest.

City: Dracut, MA

Tags: Threatened arrest

Summary: Two years after an accident that required XXXX to take an ambulance ride to the hospital, he received a letter from a collection attorney stating that he owed money for the ambulance bill. XXXX went directly to the attorney's office where the collection attorney stated that he had to pay \$116/month for the ambulance bill. XXXX explained that he had not wanted to take the ambulance ride and could not afford that much money. Shortly after, he received another letter from the collection attorney stating that he had to appear in court or face a warrant for his arrest. At the courthouse, the collection attorney said that XXXX could spend up to 90 days in jail if he did not pay the bill. When XXXX asked to see the judge the collection attorney became extremely angry. After leaving the room where he was meeting with the collection attorney, two officers grabbed XXXX, put him in handcuffs, and took him to a cell in the basement of the courthouse. After 90 minutes, the court officers returned and took him to the courtroom where the collection attorney was waiting. When XXXX explained what had just happened, the judge asked if he could afford \$50/month. XXXX then signed an agreement stating that he would pay \$50/month. Over the following two years, XXXX has paid approximately \$2200 to the collection attorney.

City: Lowell, MA

Tags: Threatened arrest

Summary: In 2014, XXXX's father had to take an ambulance to the hospital. While they did have insurance, XXXX's father was left with a substantial bill, and the attorney representing the ambulance company took her father to court to collect it. XXXX's father is retired and has a limited income. When XXXX explained that her father could only afford \$25/month the collection attorney ridiculed them and said that he would accept nothing less than \$125/month. He also stated that if they did not pay that amount he would get an arrest warrant and have the police arrest XXXX's father. After that, the family decided to pool their resources together and borrowed money to pay off the debt.

City: Dracut, MA

Tags: Interest; capias; threatened arrest

Summary: In 2016, XXXX met with an attorney that was attempting to collect several outstanding bills related to ambulance rides and a towed vehicle. The attorney threatened to have her thrown in jail if she did not agree to a payment plan. On one of the occasions that she met

with the attorney, she explained that she was on unpaid leave and receiving welfare because she was seven months pregnant. The attorney threatened to contact the welfare office and have them remove what she owed from her welfare payments. XXXX felt forced to sign the payment agreement and find a temp job so that she could pay off the debt. Later, when she filed for bankruptcy and was contacting debt collectors to alert them of her situation, this particular collector continued to pursue her for the debt. XXXX has been unable to make payments, and the collection attorney keeps getting warrants for her arrest. Because of interest, XXXX now owes over \$4000 from a debt that was initially \$1200. In February 2017, XXXX was arrested on a capias when she was pulled over in a random stop by the police. It was not until after the police fingerprinted her that they saw the warrant was civil, not criminal, and let her go.