



## Debt Counsel for Seniors & the Disabled

### Special Message for People Who are Being Ravaged by Debt Buyers

*From Jerome S. Lamet, Founder and Supervising Attorney*

**We are asked repeatedly why our legal services need to help people who are being abused and harassed by debt collectors. A recent article by Chris Serres and Glenn Howatt at the “Minneapolis Star Tribune” answers that question. Here is part of that article.**

Sabinske, a security technician, was ordered to pay \$7,595 to Debt Equities LLC, whose business is collecting old debts. Sabinske insists he never owned a Citibank card but was soon to learn the frustration of trying to defend himself against a computer database that listed his name near that of the bank. “All they had was a row of numbers,” he said.

Those rows of numbers have become gold mines. Firms with little known names, like LVNV Funding and Unifund CCR Partners, buy massive databases of unpaid debts for cents on the dollar, and then inundate courts with legal actions seeking to collect the full amount, plus interest and fees. These firms, known as debt buyers, base their claims on data up to 15 years old that can be impossible to verify.

Two decades ago, unpaid debts didn’t live forever. If a bank or credit-card company couldn’t collect within two years, it typically would write off the account as uncollectible and take a tax deduction. A black mark was placed on a borrower’s credit report, but the debt otherwise didn’t follow the individual.

All of this began to change with the savings and loan debacle of the late 1980s. The Resolution Trust Corp., the federal entity that liquidated failed thrifts, auctioned off nearly \$500 billion of unpaid loans, spawning an industry to buy, resell and collect old debts.

Later, these firms shifted to buying and collecting consumer debt, finding a rich vein of new business in unpaid credit card accounts. Between 1990 and 2005, outstanding credit-card debt in the United States grew from \$214 billion to \$830 billion.

The debt-buying industry got another boost in 2005 from sweeping changes to federal bankruptcy law that made it harder for people in financial distress to wipe the slate clean. Instead, many struggling borrowers defaulted on loans, expanding the debt buyers’ market.

The nation’s five publicly traded debt buyers last year paid \$835 million to acquire \$20 billion in old debts. One of the worst abuses in the industry involved a dead woman who seemingly pursued debtors from the grave. The signature of Martha Kunkle appeared on thousands of sworn affidavits prepared over the past five years attesting to credit card debts in many states. Kunkle, of Texas, died in 1995. For reasons that remain unclear, workers at a bank kept signing her name on debt-verification documents furnished to 30 debt buyers nationwide.

In an Ohio case, a federal judge found that a Midland Funding LLC employee had signed debt-verification documents at random. Under questioning, Midland employee Ivan Jimenez admitted he signed up to 400 affidavits a day, asserting “personal knowledge” about each debt case, though he knew nothing about them. Midland, a unit of one of the nation’s largest debt buyers, Encore Capital Management of San Diego, said any missteps were unintentional. The judge ruled in August that the firm’s sworn assertions of personal knowledge were “clearly false statements” for which Midland “offered absolutely no legitimate explanation.” He ordered the company to cease the practice.

Sworn affidavits often are the sole evidence courts use to validate a debt, the step that is necessary for a

debt buyer to get a court order to seize money from someone's bank account or paycheck.

Darren Sabinske, the security technician, spent more than a year and \$15,000 on legal bills trying to prove that he never had a Citibank credit card. In March 2009, Sabinske said, Debt Equities told him to pay the \$7,595 judgment or an arrest warrant would be issued. Two weeks later, a man later identified as an executive with Debt Equities showed up at the Sabinske home. Rachel Sabinske, Darren's wife, had their newborn baby in her car and was backing out of her garage, she said. The man parked his pickup truck across the width of her driveway, blocking her exit. She stopped the car, and watched as the stranger approached in her rearview mirror. The man claimed to be a member of the Wright County Sheriff's Office and demanded to know the whereabouts of her husband, she said. When she refused to answer, he threatened to get a warrant for her arrest and to have her child thrown into protective custody, according to Sabinske. Then he sped off, leaving Sabinske fearing for her and her baby's safety.

The Sabinskes filed a federal lawsuit a year ago accusing Debt Equities of false imprisonment, invasion of privacy and other wrongs. Debt Equities settled the case last month, agreeing to pay Sabinske unspecified damages.

If you or anyone you know needs help, please call DCSD at 1-800-992-3275 ext. 1304 or call me at (312) 939-2221 ext. 1005.

Very truly yours,

Jerome S. Lamet, Supervising Attorney



**Refer DCSD to a Friend!**

Do you know someone who is suffering in silence like you once were? Help a friend, neighbor, relative or other loved one achieve peace of mind and restore dignity in his or her life. Help US by distributing DCSD cards around your community and make others aware of the service that has been helping you restore dignity to YOUR life! We'd love to talk to anyone whom you think would benefit from our service.

Please give your friends and loved ones DCSD cards.

Please call (800) 992-3275 for DCSD cards.

**DCSD Telephone Directory - Toll Free (800) 992-3275**

Applications/ABC Bank Info: ext. 1402 / Elizabeth

Additions to Existing Account: ext. 1501 / Gaby

Billing: ext. 1501 / Gaby

Creditors: ext. 1403 / Mindy

Legal Matters: ext. 1400 / Veronica or Leslie

Refer Family or Friends: ext. 1700 / Sylvia or Bonnie

**Please be ready to provide your account number.**

**Update Your Contact Info!**

Have you moved recently, changed your telephone number or got a new e-mail address? Please help us by providing any information that we may not have on file using the form below. **(If you are unsure if we have your current information, please call us before you send this form in.)** Thank you!

Name: \_\_\_\_\_ Client ID: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/ZIP: \_\_\_\_\_

Home Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

E-Mail: \_\_\_\_\_