



DIANE ROSENBAUM

SENATE MAJORITY LEADER

To: Senate Committee on General Government, Consumer and Small Business Protection

From: Senator Diane Rosenbaum

Date: March 20th, 2013

Re: Testimony in support of Senate Bill 525

Chair Shields, Members of the Committee,

Thank you for holding this hearing on Senate Bill 525, the Fair Debt Buyer Practices Act. The goal of this bill is to end the widespread abuse of low and moderate income Oregon consumers by debt buyers attempting to collect old, outdated, and often already paid debt.

Debt buyers are a type of debt collector who purchase charged-off, defaulted consumer debts from the original creditors, typically credit card companies, for pennies on the dollar. They then attempt to collect on the debts themselves or sell the debt to other debt buyers.

When Oregon's debt collection laws were last updated, the debt buyer industry barely existed. Today, the top 9 debt buyer firms purchase \$55 billion in old consumer debts, for a fraction of the original debt price, and then aggressively pursue collection efforts.

The lawsuits filed by debt buyers and the debt collectors they hire are currently clogging our courts. Last year, the top 20 debt buying companies filed 7,200 lawsuits against Oregon consumers. That's a 5400% increase from the 128 lawsuits filed by those same firms in 1999.

One of the main problems with these lawsuits, and the aggressive collection efforts employed by collectors, is that the debt buyers often have incomplete and inaccurate information about the accounts from which they are collecting.



Additionally, consumers who want to fight collection efforts face steep barriers. The cost of fighting the case in court and hiring an attorney to fight unfair or lawful collection is unrealistic for most consumers.

The Fair Debt Buyer Practices Act, as contained in Senate Bill 525, would address these issues on both sides. Senate Bill 525 would require purchasers of consumer debt (debt buyers) to provide basic evidence to consumers and the court before filing a lawsuit and obtaining a judgment. Requiring debt buyers to provide evidence of the claims they make about a debt owed, who owes it, and the statute of limitations for collecting it will improve transparency in this process and give debtors a fair and informed chance to understand their debt without the burden of a full court proceeding.

Senate Bill 525 places the responsibility on the collector to provide the facts of the case before filing suit. This will reduce the chance that someone could be sued based on scant, outdated information and gives consumers the tools necessary to hold debt collectors accountable.

Colleagues, I encourage your support of this measure. Senate Bill 525 will bring clarity and efficiency to practices that cause undue and expensive hardship for consumers. It's time to update Oregon's debt collection laws and pass Senate Bill 525.

Thank you,

A handwritten signature in black ink that reads "Diane Rosenbaum". The signature is written in a cursive, flowing style.

Senator Diane Rosenbaum
Senate District 21