

Texas Lawyers and Law Professors Urge Representative Gonzalez to Withdraw Support of Bill that Would Harm Texas Consumers

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Dallas - Nearly 80 attorneys and law professors from every corner of Texas sent a letter on Monday to U.S. Representative Vicente Gonzalez (D-TX15th) urging him to drop sponsorship of a bill that would severely weaken the federal Fair Debt Collection Practices Act, and instead work with them to defeat the bill. H.R. 4550 would carve out an exception, just for attorneys, and immunize them from liability when they abuse the debt collection process in court. This protection would come at the expense of law-abiding collectors and attorneys and hurt Texas consumers and their Texas families. "We hope that Representative Gonzalez will rethink his sponsorship of this bill, which could have devastating, long-term consequences for Texas families," **said Mary Spector, law professor at the SMU Dedman School of Law in Dallas.** "If passed, it will likely lead to even more lawsuits by unscrupulous lawyers."

In their letter, the Texas attorneys and law professors noted that about "44 percent of adult Texans have a debt in collections, and that three counties in Texas 15th district have rates nearly 20 percentage points higher than other Texas counties and rank among the top 20 nationwide (among those for which they have data) for rates of adults with debt in collection."

Additionally, if HR 4550 were to become law, the legal experts expect that it would likely lead to more lawsuits as attorneys rush to litigation to immunize their conduct in an already over-burdened court system. In 2017 alone, attorneys filed more than 166,000 debt collection cases in the Texas Justice Courts, continuing a trend of yearly increases. The majority of cases were filed on behalf of debt buyers — businesses that buy delinquent debts for pennies on the dollar. Many of the debts cannot be verified, yet consumers rarely have resources to contest them, and even fewer resources are available to consumers once a collection case is filed. Approximately 30 percent of the cases closed last year resulted in a default judgment for the collector.

The harm resulting from judgments obtained through abusive litigation practices can have long-lasting effects, making it more difficult for consumers to obtain housing, a loan, find a job, or secure insurance. Also, it could lead to greater use of unfair methods to collect judgments, such as pressuring consumers to sign over their Social Security or other protected government benefits.