



April 10, 2020

Governor Gavin Newsom  
California State Capitol  
Sacramento, CA 95814

**Re: Prohibiting Debt Collectors From Garnishing CARES Act Payments and Other Necessary Funds**

Dear Governor Newsom:

The undersigned community, legal services, consumer, and advocacy organizations write to urge you to implement protections for vulnerable Californians who are facing debt collection lawsuits and activities during this unprecedented time. The devastation wrought by the COVID-19 pandemic has brought millions of newly unemployed Californians to the brink of financial ruin. The federal CARES Act payments (\$1200 for most individuals) provide an essential lifeline in the midst of an economic crisis. It is essential that the Economic Impact Payments, which are expected to begin being distributed next week,<sup>1</sup> reach the people they are intended to help.

Most of the economically vulnerable residents of our state owe debts – even before the crisis, more than a quarter of all Californians had a debt in collections.<sup>2</sup> The increases in unemployment claims and general job loss due to COVID-19 are only going to exacerbate the problem, and we can expect to see the number of people with debts in collections rise significantly in the coming months.

The issuance of the State of Emergency declaration on March 4 has not stopped the filing of new debt collection lawsuits. Debt collection lawsuits that have gone to judgment are still being collected. Debt collectors routinely seize money from the bank accounts of people who owe money. Creditors are still repossessing vehicles. This makes no sense at a time when an automobile may be the only way a family can get necessary groceries or medical supplies, or travel to an essential job.

There is a serious risk that the stimulus payments of millions of Californians may never reach the people who desperately need them. If collectors garnish the Economic Impact Payments, then an extraordinary effort designed to alleviate the suffering of individual Californians will end up in the pockets of creditors instead.

<sup>1</sup> <https://www.usatoday.com/story/money/2020/04/10/when-are-stimulus-checks-coming/5121743002/>

<sup>2</sup> Urban Institute, Debt Delinquency (2019), at [https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=pct\\_debt\\_collections&state=6](https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=pct_debt_collections&state=6)

As Governor, you can avoid that outcome by ordering an immediate halt to the garnishment of bank accounts, as well as other harmful collection activity. The protections for California consumers are urgently needed. Allowing judgment creditors to seize stimulus payments and other funds when the recipients do not have meaningful access to the courts to assert their rights to protect those payments would deny them due process.

We propose a streamlined order along the following lines:

*For the duration of the State of Emergency declared by the Governor on March 4, 2020, plus an additional 60 days, no debt collector (as defined in section 1788.2 of the Civil Code) may:*

*(a) initiate, file, or threaten to file any new collection lawsuit;*

*(b) initiate, threaten to initiate, or act upon any legal or equitable remedy for the garnishment, seizure, attachment, or withholding of wages, earnings, property or funds for the payment of a debt, with the exception of collection actions for child support payments owed by a parent that are delivered to a custodial parent for the current support of a child who is still a minor;*

*(c) initiate, threaten to initiate, or act upon any legal, or equitable or technological remedy to repossess or deprive a person of the use of any vehicle.*

*All currently issued writs of execution are hereby stayed until 60 days after the expiration of the Governor's March 4, 2020 State of Emergency order. Any property garnished or attached after April 10, 2020, must be released back to the judgment debtor.*

This extraordinary measure is necessary for these unprecedented times. In order to preserve the economic lives of millions of California residents, and to safeguard the integrity of taxpayer funds designated for individual consumers rather than debt collectors, decisive and immediate action is called for.<sup>3</sup>

We urge you to implement this proposed Executive Order as soon as possible to protect the stimulus payments, and to avoid further devastating economic harm to millions of Californians.

Thank you for your work in the face of this crisis. And thank you in particular for safeguarding the economically vulnerable Californians whom we all serve.

All the best,



Ted Mermin  
Director  
California Low-Income Consumer Coalition



Leigh Ferrin  
Director of Litigation and Pro Bono  
Public Law Center

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<sup>3</sup> Other jurisdictions, including Massachusetts, the District of Columbia, Indiana and Texas have taken steps to restrict debt collection actions pending the state of emergency.

Californians for Economic Justice

Bay Area Legal Aid

Public Counsel

Bet Tzedek Legal Services

Consumer Reports

National Consumer Law Center

Katherine & George Alexander Community Law Center (Santa Clara Law)

East Bay Community Law Center

Legal Aid Society of San Bernardino

Justice & Diversity Center

Riverside Legal Aid

cc: Chief Justice Tani Cantil-Sakauye, California Supreme Court  
Judicial Council of California  
Xavier Becerra, California Attorney General  
Assemblymember Anthony Rendon, Speaker of the California Assembly  
Senator Toni Atkins, President pro tem of the California Senate  
Assemblymember Mark Stone, Chair, Assembly Judiciary Committee  
Senator Hannah-Beth Jackson, Chair, Senate Judiciary Committee