

March 20, 2020

Via Email

The Honorable Andrew M. Cuomo
Governor of the State of New York
NYS State Capitol Building
Albany, NY 12224

The Honorable Janet DiFiore
Chief Judge of the State of New York
New York State Unified Court System
25 Beaver St., 11th Floor
New York, NY 10004

Dear Governor Cuomo and Chief Judge DiFiore:

We, the undersigned 63 civil rights, racial and economic justice, labor, and community groups, call on New York to institute an immediate moratorium on debt collection in our state, as part of a broader set of emergency measures needed to protect public health and safety and financial security, during this unprecedented crisis.

No New Yorker should face the unacceptable health risk of going to the courthouse to defend against a debt collection lawsuit, or find herself without access to her funds, unable to buy food, medicine or other necessities, because of a debt collection judgment. Similarly, whether newly executed or ongoing, enforcement of any money judgments will deprive New Yorkers of funds they desperately need to prepare for and endure the coronavirus public health emergency.

New York State needs to take this action to ensure economic and racial justice, and community equity. Experts have warned that COVID-19 will disproportionately harm New Yorkers in low-income communities and communities of color, as a result of widening health disparities, lack of benefits, financial insecurity, and other inequities.ⁱ These same communities disproportionately bear the brunt of fraudulent debt collection lawsuits, which are rampant, violate New Yorkers' due process rights, and siphon massive amounts of wealth from and contribute to destabilization of entire neighborhoods.ⁱⁱ

Specifically, we request that the state/Court immediately, and at minimum:ⁱⁱⁱ

- Stay all enforcement of money judgments, whether through bank account restraints, wage garnishments, tax refund offsets, liens, or other means.
- Instruct judgment creditor attorneys not to serve any new restraining orders, levy demands, income executions, or other orders to enforce money judgments.

- Direct sheriffs and marshals to stop existing garnishments and levies and not to initiate any new wage garnishments or levies.
- Suspend the entry of any new default judgments.
- Suspend payments on current settlements with payment plans.
- Exempt all government subsidies paid to NYS residents from collection for money judgments.
- Communicate this moratorium to the public through social media, the media, and 311, and place notifications prominently on New York State courts' websites, in courthouses, and on the websites of government agencies engaged in collection.

We urge you to act swiftly. In just the past two weeks, we have heard from many New Yorkers whose safety and financial security have been put at risk. For example:

Ms. H, an Asian-American Manhattan resident who has an autoimmune disorder and relies on family support, received court papers in March 2020 for a lawsuit filed by a debt buyer on an alleged six-year-old credit card debt. Her medical condition puts her at serious risk for COVID-19, but she is afraid that the debt buyer will get an automatic court judgment against her if she cannot get to court in time to file her answer to the lawsuit. She has decided to mail the court her answer so she does not have to go to court, but will still have to leave her home in order to find someone to notarize her answer.

Ms. F., a 60-year-old Latina woman who lives in Brooklyn and works as a home health aide, recently discovered that her wages were being garnished because of a court judgment that a debt buyer -- a company that buys old, alleged debts for pennies on the dollar -- obtained against her in 2007, without her knowledge. Formerly homeless and a victim of identity theft, she does not recognize the alleged debt and never received notice that the debt buyer had sued her. She filed papers in January 2020 asking the court to stop the wage garnishment, but the court postponed her court date to March because the debt buyer's attorneys did not have the proper paperwork. Because of COVID-19, the court has again adjourned her court date to June 2020, leaving her anxious that her wages may be subject to garnishment for another three months, causing her extreme financial hardship.

Ms. M., a black, single mother of three who lives in NYC public housing and works for a nonprofit, discovered this month that her bank accounts were restrained because of a court judgment that a NYC agency had obtained against her, without her knowledge, in 2014. She learned that the agency's law firm claimed to have served the court papers at an address where she has never lived. With her accounts restrained and her next

paycheck uncertain, she had no money to pay her bills or prepare her family for the COVID-19 crisis. The agency's law firm nevertheless refused to release her bank accounts unless she signed an agreement saying she owed the debt.

In February 2020, Ms. J., a black, single mother from the Bronx, received a notice that a NYC marshal would soon begin garnishing her wages. Because she cannot afford to have her wages garnished, especially during this public health emergency, she sought out free legal assistance so she could go to court to stop the wage garnishment, but she is worried that she will not be able to get into the courts now that they have shut down most of their operations because of COVID-19. She is therefore fearful that she will not be able to stop the wage garnishment.

These are just a few examples that underscore the pressing need for a debt collection moratorium in New York. Clearly we need to address structural inequities underlying debt collection -- from student loan and medical debt to systemic discrimination in our financial system and more.

Given the urgency of this moment, a moratorium on debt collection, along with other needed actions,^{iv} will go a long way in the immediate term to protecting New Yorkers and providing much-needed financial relief in this difficult and uncertain time.

Thank you for your consideration of our request.

Respectfully,

New Economy Project
New York Communities for Change
Street Vendor Project
Bromberg Law Office, P.C.
PUSH Buffalo
District Council 37 Municipal Employees Legal Services
United Auto Workers Region 9A
Western New York Law Center
Carroll Gardens Association
Ethical Humanist Society of Garden City
New Deal Home Improvement Co.
The Volunteer Lawyers Project of Onondaga County, Inc.
Cooperation Buffalo
Citizen Action of New York
Metropolitan Council on Housing
Make The Road New York
Center for NYC Neighborhoods
CoNECT (Community Network for Engagement, Connection and Transformation)

NYC DSA Debt & Finance Working Group
Cooper Square Committee
Banana Kelly CIA Inc.
RWDSU
National Center for Law and Economic Justice
Hudson Valley Justice Center
Teamsters Local 237 City Employees Union
The Black Institute
Green Worker Cooperatives
Legal Services Staff Association, NOLSW/UAW 2320
We Stay/Nos Quedamos, Inc
Sunrise NYC
Lincoln Square Legal Services, Inc. at Fordham Law School
CAMBA Legal Services
Moving Forward Unidos
Chhaya Community Development Corporation
FPWA
United Neighbors Organization (UNO)
A Bookkeeping Cooperative (ABC)
NYC Network of Worker Cooperatives
Tenants Political Action Committee
Queens Volunteer Lawyers Project, inc.
Mobilization for Justice, Inc.
OWN Rochester
Empire Justice Center
The Legal Aid Society
Hester Street Collaborative
Neighborhood Housing Services of Queens CDC
Center for Family Life in Sunset Park
Partners for Dignity & Rights
Community Service Society of New York
Neighborhood Trust Financial Partners
Partnership for the Public Good
Volunteers of Legal Service
New York Legal Assistance Group
Immigrant and Non-Citizen Rights Clinic, CUNY School of Law
Brownsville Partnership, Inc.
NYPIRG
Economic Justice Project, CUNY School of Law
Take Root Justice

Feerick Center for Social Justice
PSC-CUNY
New York Immigration Coalition
Western Queens CLT
LatinoJustice PRLDEF

cc: The Honorable Letitia James, NYS Attorney General
The Honorable Linda Lacewell, Superintendent, NYS Department of Financial Services

ⁱ Max Fisher & Emma Bubola, *As Coronavirus Deepens Inequality, Inequality Worsens Its Spread*, N.Y. Times, Mar. 15, 2020, <https://www.nytimes.com/2020/03/15/world/europe/coronavirus-inequality.html>.

ⁱⁱ New Economy Project, *The Debt Collection Racket in New York* (June 2013), <https://www.neweconomynyc.org/wp-content/uploads/2014/08/DebtCollectionRacketUpdated.pdf>.

ⁱⁱⁱ This moratorium should encompass alleged debts and debt collectors covered by the Fair Debt Collection Practices Act, including those arising from transactions for personal, family, and household purposes, as well as those debts by low-and moderate-income New Yorkers allegedly owed to New York State and New York counties and municipalities.

^{iv} Memorandum from Maxine Waters, Chairwoman, U.S. House Financial Services Committee, to Democratic Members, House of Representatives, *Proposals to Help the Economy During the COVID-19 Crisis* (Mar. 18, 2020), https://financialservices.house.gov/uploadedfiles/fsc_covid-19_legislative_package_-_03.18.20.pdf.