Debt cowboys riding wild

Treat consumers like cattle, haggle assets

BY ROBERT GEARY
DAILY NEWS STAFF WRITER

THE ECONOMIC COLLAPSE has inspired a wave of cowboy debt collectors who harass, intimidate and at times break the law.

Anthony Richardson, a 53-year-old legally blind Manhattan man, knows all about it.

His bank account was frozen last fall by Publishers Collection LLC for a $1,452.31 debt more than six years old.

He agreed to pay $20 a month to unfreeze the account, and that’s where the trouble began.

“Treat consumers like cattle, haggle assets,” he said of the call. “I felt like I was being intimidated.”

States like New York’s have become all too common with the surge in debt collection lawsuits, including firms that buy debts from credit card companies for pennies on the dollar.

To make money, they:

● Intimidate people who’ve already paid their debts — or didn’t owe in the first place.

● Illegally freeze bank accounts that contain money from Social Security checks.

● Misquote as law enforcement, appeal to neighbors about debts and threaten immigrants with deportation.

Since the economic downturn began in 2007, New York laws protecting consumers in debt collection cases — some of the toughest in the nation — have been missed with increasing frequency.

Complaints against debt collectors have more than doubled in the last five years, to 132 last fiscal year. For the second year in a row, debt collectors were the No. 1 recipient in the city Consumer Affairs Department’s annual complaint list.

Consumer Affairs Commissioner Jonathan Mintz said that when debt collectors try to intimidate consumers into paying off debts that aren’t owed.

“A lot of these companies are operating with some limited amount of information,” Mintz said. “They are becoming as aggressive in their effort to turn a profit that it’s translating into complaints.”

Last month, Bronx Attorney General Andrew Cuomo unsealed documents from 20 companies in a statewide probe of the debt collection industry.

He also filed criminal charges against a New York Island process server, American Legal Process, and an officer, claiming the firm never served court papers on people who were never in court.

A few thousand of default judgments were entered in New York, sources familiar with the ongoing investigation said.

In Richardson’s case, AT&T said his debt to Publishers Collection. But Richardson was not liable because the debt was more than six years old, said Carolyn Colley, a lawyer with the MFY Legal Services.

She said her bank account should not have been frozen because it maintained Social Security disability payments, which are exempt from collection. Eventually, the case was dismissed.

In March 2008, a default judgment for $131,177 was entered against Roberto Gutierrez, a 65-year-old Brooklyn woman who collects Social Security Disability even though she agreed to pay $25 a month.

Anthony Richardson, who is legally blind, is among scores of elderly or handicapped New Yorkers who have been victims of intimidation tactics by collection agencies. Photo by Susana Seter.

“They would call 3 or 4 times a day”

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GONZALO Eschevarria found the hard way about aggressive debt collectors making harassing phone calls and using abusive language.

Though city law limits debt collection calls to two per week, for seven days, “They would call sometimes three or four times a day,” the 54-year-old Queens man said.

“They would often curse him and call him a liar,” he said.

Eschevarria’s problem was an old Home Depot credit card.

A debt buyer bought the account from a bank that issued the card.

He paid off the card and had the receipts to prove it. Still, the calls persisted.

“I have diabetes and every time I got these calls I would get so angry my [blood sugar] would go up,” he said.

The Elder Law Clinic at St. John’s Law School is trying to help Eschevarria resolve the matter.

Besides Zarate had a similar experience. In 2007, she said she was harassed by a Manhattan firm, D.L. Recovery, whose workers posed as law enforcement officials.

Zarate bought a computer on credit and stopped paying when she lost her collection agents said she owed $3,500 and threatened to seize her furniture and car and send immigration to the house.

They contacted her neighbors and boss about her debt, all in violation of the law.

The suit was settled out of court, her lawyer said.

In 2008, the Department of Consumer Affairs investigated complaints that D.L. Recovery employees threatened immigrants with the same tactics.

This firm paid a $40,000 fine.

A woman who answered the phone at D.L. Recovery told a reporter to call again.

State Attorney General Andrew Cuomo has set limits on the methods collectors use to collect debt.

Cuomo said one of the men who ran the group was Tobias Flood of Money Boyland, a former drug dealer who slid into the illegal business of debt collection.

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