



Contact:
Carolyn Coffey: 212-417-3701; ccoffey@mfy.org
Evan Denerstein: 212-417-3760; edenerstein@mfy.org
Ahmad Keshavarz: 718-522-7900; ahmad@NewYorkConsumerAttorney.com

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Queens Woman Sues Debt Collector Who Sent Illegal Threatening Letter

Class Action Lawsuit Seeks Damages from Unlicensed Debt Collector Who Used Deception and Threats to Force Payment of a Time-Barred Debt

NEW YORK, NY, October 19, 2012—Khadija Diallo, a 32-year old government worker from Queens, filed a class action lawsuit in federal court in Brooklyn on October 16, 2012 against a debt collection agency that falsely threatened to report her debt to the IRS if payment was not made immediately to settle the account. Ms. Diallo is represented by MFY Legal Services, Inc., a non-profit legal organization, and the Law Office of Ahmad Keshavarz.

APIM, LLC, a California-based national debt collector, sent Ms. Diallo a letter in October 2011 threatening to report her to the IRS if she did not immediately settle the account, and claiming that she would owe \$2,038 in taxes on a \$6,793 debt. APIM enclosed an IRS form to show they were serious.

“APIM threatened and completely misled Ms. Diallo,” said Carolyn E. Coffey, supervising attorney of MFY’s Consumer Rights Project. “APIM’s letter failed to disclose that in order to report the matter to the IRS, APIM would have to first cancel the debt, discharging Ms. Diallo of any liability to them. APIM’s estimate of what Ms. Diallo might owe was based on a very high tax rate. In fact, Ms. Diallo would have qualified for an exception to any tax liability.”

APIM is not licensed to collect debts in New York City, and the agency violated city laws by not disclosing, in plain English, that the debt is time-barred and that making a payment may restart the time that a debt collector may sue on the debt.

MFY estimates that each year thousands of low-income New Yorkers are threatened and intimidated by debt collectors who brazenly flout the Fair Debt Collection Practices Act and New York City rules in an effort to make money from consumers who are unsure of their rights.

“The threat of tax liability scares many low-wage workers who rely on tax credits, including the Earned Income Tax Credit, for substantial portions of their incomes, and tax refunds to stay on top of bills,” said Evan Denerstein, an MFY attorney working on the case.

“We suspect that APIM used the same threats on other unsuspecting New Yorkers,” said Ahmad Keshavarz, a private attorney also representing Ms. Diallo. “We will seek damages for Ms. Diallo and all others who were similarly intimidated by APIM.”

MFY Legal Services, Inc. provides free legal assistance to low-income New Yorkers in consumer and other civil legal matters. The Law Office of Ahmad Keshavarz, with offices in New York and Texas, specializes in consumer protection matters.