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**MADIGAN: HOUSE PASSES DEBTORS' RIGHTS ACT*****Bill Would Ban Practice of Sending Debtors to Prison When They Cannot Afford to Pay***

**Springfield** — Attorney General Lisa Madigan today applauded House lawmakers for passing the Debtors' Rights Act of 2012 to protect vulnerable consumers from being hauled to jail over unpaid debts.

Legislators voted 107-0-1 to approve House Bill 5434 to stop Illinois residents from being sent to jail when they cannot pay a debt. Over the last year, Attorney General Madigan has learned that residents in roughly a third of Illinois' counties commonly face incarceration when they fail to appear in court in response to a previously entered order to pay a debt. Madigan's office found that in many of these cases, the notices of the court hearings were mailed to addresses that were no longer valid, leaving many debtors unaware of the hearings. In spite of the failure to notify the debtors, courts frequently have issued bench warrants for the missing debtors' arrests.

"Creditors have been manipulating the court system to extract money from the unemployed, veterans, even seniors who rely solely on their benefits to get by each month," Madigan said. "Too many people have been thrown in jail simply because they're too poor to pay their debts. We cannot allow these illegal abuses to continue."

Madigan's legislation will put an end to other common administrative abuses, including "pay or appear" orders that are routinely entered against debtors in some counties. These orders – which usually remain in effect for three years – give debtors the false option of making the required monthly payment or appearing in court each month to explain why they are unable to pay. If a debtor misses just one payment and court hearing, they can end up in jail.

Victims of these practices typically owe outstanding medical bills, rent payments, credit card debts or payday loans. But many of these same victims are living solely on income that is legally protected from being required to pay outstanding debt judgments, including Social Security, unemployment insurance or veterans' benefits. Madigan said the legislation is necessary to implement protections for these vulnerable consumers.

According to court documents obtained by Madigan's office, one Illinois court entered a "pay or appear" order against a mentally disabled man living on legally protected disability benefits that provided him with \$690 a month. Even though the man informed the court of his circumstances, he was ordered to pay \$100 a month or else appear in court once a month for a three-year period.

"The fact that impoverished debtors can still go to jail in several Illinois counties casts a shadow on our entire state," said state Rep. Ann Williams, the House sponsor of the bill. "As lawmakers, we have a duty to protect the due process rights of Illinois residents and to preserve the integrity of our legal system. This legislation serves both of those vitally important purposes."

The legislation would amend the Code of Civil Procedure to codify and clarify practices followed by attorneys, creditors and courts across Illinois to ensure that courts make a finding of a consumer's ability to pay before entering a payment order. The legislation also would prohibit payment orders that rely on legally protected income and assets and prevent bench warrants from being issued unless a consumer was personally served with a hearing notice.

Sen. William Haine is sponsoring the legislation in the Senate.



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