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**ATTORNEY GENERAL RAOUL URGES CONSUMER FINANCIAL PROTECTION BUREAU TO STRICTLY
REGULATE 'ZOMBIE' DEBT**

Chicago — Attorney General Kwame Raoul today joined a coalition of 23 attorneys general in [sending a letter](#) to the Consumer Financial Protection Bureau (CFPB) urging the agency to revise a proposed rule that would help debt collectors trying to collect debts incurred by consumers years ago.

"For decades, states have crafted a way for debt collectors and borrowers to come to agreements to pay off debt," Raoul said. "Changing the standard would confuse borrowers, increase costs and strain the judicial system, and I will work to stop any effort that is unfair to consumers.

In 1977, Congress enacted the Fair Debt Collection Practices Act (FDCPA) after finding that there was "abundant evidence of the use of abusive, deceptive, and unfair debt collection practices by many debt collectors...[that] contribute to the number of personal bankruptcies, to marital instability, to the loss of jobs, and to invasions of individual privacy," and, importantly noted, that "[e]xisting laws and procedures for redressing these injuries are inadequate to protect consumers." Despite decades of public and private enforcement of the FDCPA, widespread deception and abuse have continued in the \$11.5 billion debt collection industry.

When the statute of limitations on a debt has expired, the debt is known as time-barred or "zombie" debt. The CFPB's proposed rule would prohibit a debt collector from suing or threatening to sue on a debt if the debt collector "knows or should know" that the applicable statute of limitations has expired. As Raoul and the coalition argue in their letter, this is a marked departure from current law, as the FDCPA has always been interpreted as a strict-liability statute, which means that the intent or knowledge of the debt collector is not relevant

In most states, when the statute of limitations to sue on a debt expires, the debt collector is prohibited from filing a lawsuit to collect the debt, but is permitted to attempt to collect the debt by non-judicial means such as letters and phone calls. In some states, the statute of limitations on a debt can be revived if the consumer takes certain actions, such as making a partial payment or acknowledging the debt in writing. The CFPB's proposed rule would require debt collectors to give specific disclosures regarding time-barred debt and the possibility of revival. Raoul and the coalition argue that the CFPB's model disclosures were not adequately tested (or in some cases not tested at all), include unclear language that will confuse consumers, and do not adequately account for variations in state law.

Joining Raoul in sending the letter are the attorneys general of California, Colorado, Connecticut, Delaware, the District of Columbia, Hawaii (Office of Consumer Protection), Idaho, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Virginia, Washington and Wisconsin.