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December 3, 2015

Hon. Lisa White Hardwick
University of Missouri Interim President Michael A. Middleton
William R. Bay
Commission on Racial and Ethnic Fairness
Missouri Supreme Court
207 West High St.
Jefferson City, MO 65101

RE: Proposed rule changes to curb abusive debt collection via Missouri's judicial system

Dear Chairpersons Hardwick, Middleton, and Bay:

I write to alert the Commission to a prevalent misuse of Missouri's state court system and to suggest improvements that will further the work of this Commission and advance the Calls to Action recommended by the Governor's Ferguson Commission.

In Missouri and elsewhere, abusive litigation practices in the collection of consumer debts result in a disparate negative impact on racial minorities. In large part, these abusive practices involve entities that purchase defaulted debt from original creditors at a steep discount and then attempt to collect those balances without substantiating that any debt is owed, the amount of debt owed, whether the claim to recovery is timely, or whether the creditor is authorized to recover attorneys fees.

www.ago.mo.gov

I encourage the Commission to consider common-sense changes to two existing court rules that would prevent certain unscrupulous collection practices and avoid their deleterious effects on unsuspecting defendants.

First, I recommend amending Rule 55.22 to require plaintiffs filing petitions to collect consumer debt to attach documentation of all assignments demonstrating the plaintiff's right to collect the debt from the consumer.

Second, I propose modifying Rule 74.05 to permit entry of default judgment against a defendant only after the defendant has received timely summons and subsequently fails to appear at a trial setting. This limitation would quell debt buyers' opportunistic behavior of postponing hearings at which a defendant appears in an effort to eventually obtain a default judgment.

Third, I suggest further amending Rule 74.05 to increase judicial scrutiny over applications for default judgment by requiring debt buyers to produce documentation: (1) evidencing counsel's belief that the lawsuit was brought prior to expiration of the statute of limitations; and (2) establishing any contractual right to attorneys fees and costs as well as an itemized explanation of the particular fees and costs sought. These changes would ensure that only legitimate collection actions consume our state's limited judicial resources.

I believe these improvements would increase participation in the judicial system by minorities who become targets of such litigation and protect them from the implicit bias of the existing system.[1] Furthermore, these changes would deter predatory debt collection practices, helping individuals avoid default judgments for debts they may not even owe and preventing negative impacts on their credit reports, which would make it more difficult for them to achieve financial stability and success.[2]

I. Current Problems

In the past decade, the debt collection industry has undergone a dramatic transformation. Today, numerous companies specialize as debt buyers, purchasing defaulted debt from original creditors at a steep discount and then attempting to collect those balances through any available means.

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[1] *See In re: Commission on Racial and Ethnic Fairness* Order at 2 (Mo. Oct. 6, 2015).
[2] *See* Ferguson Commission, *Forward Through Ferguson: A Path Toward Racial Equity* 51-52, 58 (2015).

Perhaps the most striking change in recent years is debt buyers' increasing use of our state courts to gain undue advantage over some of our most economically vulnerable citizens. Just last month, the ABA Journal featured an in-depth report on debt buyers' collection practices and the courts' complicity in the process, citing criticism that courts "have allowed themselves to become co-opted and thus part of the problem." Terry Carter, *The Debt Buyers: Lax Court Review and a Ravenous Industry Are Burying Defendants in Defaults*, A.B.A. J., Nov. 2015, at 55.[3] Abusive debt collection through litigation takes many forms, including suing individuals with little or no substantive evidence to verify or prove the debt or the identity of the purported debtor, exploiting procedural mechanisms to increase the likelihood that a *pro se* litigant will default, initiating suits outside the statute of limitation, and recovering unsubstantiated attorneys fees. *See id.* at 56.[4]

Last year, I joined a bipartisan group of 29 other state attorneys general in calling for additional federal regulations under the Fair Debt Collection Practices Act ("FDCPA"). *State Attorneys General Letter to Director Cordray,* Docket No. CFPB-2013-003 (Feb. 28, 2014). As observed in that letter, "[s]tate debt collection litigation has surged in the past decade," and the primary driver of the surge has been debt buyers on the secondary market—the companies who purchase large portfolios of charged-off debt for pennies on the dollar.[5] As these collection accounts are sold, resold, and then sold again, the paperwork evidencing such debts becomes harder to find. Federal Trade Commission, *The Structure and Practices of the Debt Buying Industry* iii (2013). The debts often change hands so many times that the debt buyer has no evidence at all that the debt is really owed.

Missouri has not escaped this national trend. Every year, my office's Consumer Protection Division receives hundreds of complaints regarding

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[3] *Available at* http://www.abajournal.com/mobile/mag_article/debt_buying_industry_and_lax_court_review_are_burying_defendants_in_default/.

[4] One major debt seller conceded that "a significant number of its own 538,000 collections suits filed between 2009 and 2013 were questionable or seriously flawed" and many of them were "based solely on robo-signed affidavits made with little or no review of pertinent documents." *Id.* at 57.

[5] The Federal Trade Commission found that debt buyers pay an average of 3.1 cents on the dollar for debts from three to six years old and 2.2 cents per dollar for debts from six to 15 years old. Federal Trade Commission, *The Structure and Practices of the Debt Buying Industry* 23-24 (2013).

debt collection practices. Many of these complaints involve lawsuits filed on debt that is decades old or suits where the individual targeted is not the true debtor.

Indeed, a recent Missouri appellate decision exemplified a case in which little to no substance supported the debt buyer's pleadings. In *Royal Financial Group, LLC v. Perkins*, the Eastern District noted that the debt buyer "possessed no documentation linking the chain of ownership to [the original creditor]." 414 S.W.3d 501, 505 (Mo. App. 2013). This effectively rendered the debt buyer's case false and deceptive as it "opted to allow its petition to be dismissed rather than go to the trouble of obtaining evidence of its status." *Id.* at 506. The entire litigation was an "empty threat to actually prosecute the lawsuit beyond the initial petition" with the debt buyer intending from the outset to obtain a default judgment. *Id.* at 503. The court concluded that the lawsuit itself "was a deceptive attempt to collect a debt that [the debt buyer] could not collect legally." *Id.* at 507.

Unfortunately, a search of Case.net reveals that the facts of *Perkins* were replicated in thousands of lawsuits in Missouri initiated by the same debt buyer contemporaneous to *Perkins*. Nearly all of these suits resulted in the debt buyer either obtaining default judgments or voluntarily dismissing against defendants who repeatedly appeared to defend themselves. In other words, the debt buyer's litigation was virtually never resolved on the merits.

The depravity of the debt buyers' litigation practice was recently exposed in *Portfolio Recovery Associates, LLC v. Mejia*, Case No. 1216-CV34184 (Jackson County Cir. Ct. May 11, 2015). *Mejia* began with Portfolio, the debt buyer, suing Ms. Mejia, a financially vulnerable, legally unsophisticated woman who spoke limited English, to collect a debt Ms. Mejia insisted she did not owe. *Mejia*, Case No. 1216-CV34184, judgment/order denying motion to set aside verdict or remit damages at 4 (Nov. 4, 2015).

Ms. Mejia, through an attorney from Legal Aid of Western Missouri, provided information to Portfolio to prove that it had sued the wrong person, going so far as to make available her passport, but Portfolio simply moved forward in court, hoping to obtain a default judgment. *Id.* Ms. Mejia filed counterclaims alleging malicious prosecution and violation of the FDCPA. *Id.* at 1.

After hearing the evidence, the jury awarded $501,000 in compensatory damages and $82,009,549 in punitive damages to Ms. Mejia. *Id.* at 1-2. In denying Portfolio's motion to remit the damages, the court noted Portfolio's unabashed commitment to its litigation practices:

> Defendant [Portfolio] testified through its attorneys and corporate representative that its business model did not include independent investigation of an accused's claim she did not owe the debt at any point from purchase of the debt to litigation—even if legitimate concerns were raised. It maintained it is the wrongly accused's burden to dispute the debt, prove it is not theirs, and provide to Defendant personal information. Defendant testified the fault for the present litigation was Plaintiff's. Defendant made no apologies, testified its policies were sound, and no changes were anticipated.

Id. at 5. After further recounting the evidence and identifying applicable law, the court summed up its conclusion thusly:

> The Court finds the harm to Plaintiff was the result of intentional malice and not mere accident. This Defendant owns debt in all 50 states—750,000 accounts in Missouri, 37,500 of which are in litigation. It shows no remorse. It's [*sic*] business model is irresponsible and preys against the financially vulnerable. This Defendant does not respect the Court's rules. And, especially reprehensible is Defendant's use and abuse of our court system to harm the Plaintiff.

Id. at 8.

Unfortunately, the magnitude of the success that Ms. Mejia has had in pushing back against Portfolio is unusual, whereas the shameful behavior akin to Portfolio's is all too common. The conclusion is inescapable that current court rules, by permitting debt collectors to obtain default judgments without presenting any evidence that the debt is even owed, allow debt buyers to manipulate our court system to perpetrate fraud on a massive scale.

Earlier this year, ProPublica released a report that confirms what many consumer protection advocates have long suspected: economically disadvantaged populations, particularly in neighborhoods predominated by

racial and ethnic minorities, have borne the brunt of debt collection litigation in the state. Paul Kiel & Annie Waldman, *The Color of Debt: How Collection Suits Squeeze Black Neighborhoods,* ProPublica, Oct. 8, 2015, https://www.propublica.org/article/debt-collection-lawsuits-squeeze-black-neighborhoods (accessed Nov. 23, 2015). The scope of this problem is vast, and there is a growing consensus that reform is desperately needed for our state court system.

My office has acted to reign in some of the worst abuses in this area by initiating enforcement actions targeted to these behaviors and offering proposed regulations to bring certain types of unlawful collection activities within the express scope of the Missouri Merchandising Practices Act in Chapter 407 RSMo. But as long as the state court system continues to unwittingly serve as a vehicle for the drivers of abusive debt collection practices, my office's actions, however successful, likely will fall short of providing the wide-ranging relief that Missourians deserve.

II. Potential Solutions

I propose the Commission consider changes to two existing court rules to address the problems outlined in this letter.

First, the Commission should recommend amending Rule 55.22 to require plaintiffs in lawsuits to collect consumer debt to provide with their petition documentation of all assignments demonstrating the plaintiff's right to collect the debt from the consumer. The amended rule should require plaintiff debt buyers to show a clear chain of ownership between the debt buyer and the original creditor through admissible, non-hearsay evidence. This is not a new concept—the Missouri Supreme Court expressly identified this requirement for all debt buyers three years ago in *CACH, LLC v. Askew*, 358 S.W.3d 58 (Mo. 2012).

Second, the Commission should propose additional protections in Rule 74.05 to provide certainty of trial settings to a *pro se* defendant to help avoid defaults. One common tactic employed by unscrupulous debt buyers involves seeking repeated continuances when the target of a lawsuit appears in court, hoping that eventually the defendant will miss a court appearance. When that happens, the debt buyer immediately moves for a default judgment.

As attorneys, we are all familiar with the hardship imposed on clients from protracted litigation requiring multiple court appearances. Many times,

defendants must miss work or arrange childcare to attend a court hearing. The debt buyers' strategic reliance on making it difficult for defendants—particularly poor, working defendants with children—to attend successive court appearances calls to mind the municipal court practices that recently were harshly criticized by the U.S. Department of Justice.[6] Court rules should recognize these practical realities and allow the defendant an opportunity to appear on timely summons while precluding a plaintiff from exploiting procedural advantage against a defendant who has appeared for trial.

Third, the Commission should suggest further amending Rule 74.05 to require that a consumer debt plaintiff certify that its claim is within the statute of limitations. This would ensure that only timely claims occupy our limited judicial resources.

Although placing the pleading burden on a defendant to assert an affirmative statute of limitations defense makes abundant sense for general disputes between represented parties, an exception is appropriate when experience exposes a pattern in which judgments are obtained in an abusive fashion against *pro se* defendants without their knowledge or understanding. The Federal Trade Commission has recognized that suing over time-barred debt is an abusive practice, noting, "[i]t is well-established that it is a violation of the FDCPA for a debt collector (including a debt buyer) to file an action in court to collect on a time-barred debt." Federal Trade Commission, *The Structure and Practices of the Debt Buying Industry* 45 (2013).

The Commission's suggested additions to Rule 74.05 should also include a provision allowing attorney fees and costs for creditors only when such application is made with documentation supporting the contractual right to recover those fees and costs as well as a detailed hourly breakdown of costs, tasks completed, applicable hourly rates, and counsel's attestation that the costs and tasks listed were necessary to recover on the debt. The General Assembly has capped creditor and debt buyer attorneys fees at 15 percent of the outstanding credit balance in default. § 408.092 RSMo. Typically, a court would require a detailed justification for a fee award, but some circuit courts have allowed attorneys to simply claim the statutory maximum amount without specifically identifying time expended prosecuting the debt.

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[6] *See* United States Department of Justice, *Investigation of the Ferguson Police Department*, 43-52 (2015).

Worse yet, as in *Perkins*, some attorneys claim a contractual entitlement to fees even though they do not possess the contracts contemplating such fees. Collecting reasonable attorney fees under a contract is proper; allowing attorneys to realize an extra-judicial windfall is not.

The foregoing suggestions align with recent improvements in other states. The proposed changes would track court rules effected more than a year ago by New York's chief judge, who implemented uniform statewide rules to restrain unfettered default judgments, noting that "the judiciary 'has an obligation to prevent inequitable debt-collection practices in the courts.'" Terry Carter, *The Debt Buyers: Lax Court Review and a Ravenous Industry Are Burying Defendants in Defaults*, A.B.A. J., Nov. 2015, at 61. The changes likewise are similar to California laws enacted in 2013 that target debt buyers' collection methods. *Id.*

Moreover, the suggestions also correspond with the expectations of legitimate debt collectors. Indeed, a core tenet of DBA International, a major trade association for the debt collection industry, is that its members must not assert legally frivolous claims, and the organization has been vigilant in reminding its members to be mindful of statutes of limitations. *See* DBA International, Code of Ethics, Canon 6, http://www.dbainternational.org/about-dba/code-of-ethics/ (accessed Nov. 23, 2015); DBA International, Member Alert on the Statute of Limitations, http://www.dbainternational.org/statute-of-limitations (accessed Nov. 23, 2015).

III. Conclusion

The recommendations posited in this letter are not a panacea for abusive litigation practices—there are undoubtedly other reforms that would offer additional protection to Missourians who are unfairly targeted by debt buyers. I believe the rule changes outlined in this letter will, however, advance the mission of this Commission and further the objectives outlined by the Ferguson Commission's Calls to Action toward greater fairness and justice for all Missourians.

I encourage the Commission to review my recommendations carefully and to evaluate whether these, and perhaps other, reforms may be implemented to stem the tide of abusive debt collection lawsuits and provide

relief to communities suffering under the weight of frivolous and burdensome litigation.

Thank you for your consideration.

Sincerely,

CHRIS KOSTER
Attorney General

Enclosure

PROPOSED COURT RULES

Rule 55.22. Pleading Written Instrument

(a) When a claim or defense is founded upon a written instrument, the same may be pleaded according to legal effect, or may be recited at length in the pleading, or a copy may be attached to the pleading as an exhibit.

(b) When a claim is for an obligation arising out of any debt that is primarily for personal, family or household purposes, and the debt has been assigned to the plaintiff by a third party, the plaintiff shall attach to the petition a copy of all assignments demonstrating that the plaintiff has been assigned the right to proceed against the defendant on the claim. In signing the petition, counsel for plaintiff represents that a valid assignment exists and has been attached.

Rule 74.05. Entry of Default Judgment

(a) Entry of Default Judgment. When a party against whom a judgment for affirmative relief is sought has failed to plead or otherwise defend as provided by these rules, upon proof of damages or entitlement to other relief, a judgment may be entered against the defaulting party **only after that party has been timely served with summons and does not appear in court on the return date, if applicable, or the date on which the case has been set for trial**. The entry of an interlocutory order of default is not a condition precedent to the entry of a default judgment.

(b) Entry of Interlocutory Order of Default. When a party against whom a judgment for affirmative relief is sought has failed to plead or otherwise defend as provided by these rules, an interlocutory order of default may be entered against that party. After entry of an interlocutory order of default, a default judgment may be entered. Any party may demand a jury to assess damages. If a jury is not demanded, the court shall assess any damages.

(c) Default Judgment May Include. A default judgment may include an award of damages, other relief, or both.

(d) When Set Aside. Upon motion stating facts constituting a meritorious defense and for good cause shown, an interlocutory order of default or a default judgment may be set aside.

The motion shall be made within a reasonable time not to exceed one year after the entry of the default judgment.

"Good cause" includes a mistake or conduct that is not intentionally or recklessly designed to impede the judicial process.

An order setting aside an interlocutory order of default or a default judgment may be conditioned on such terms as are just, including a requirement that the party in default pay reasonable attorney's fees and expenses incurred as a result of the default by the party who requested the default.

A motion filed under this Rule 74.05(d), even if filed within 30 days after judgment, is an independent action and not an authorized after-trial motion subject to Rule 78.04 or Rule 78.06.

(e) <u>Proof of Default Judgment in Consumer Credit Matters.</u> In addition to the preceding requirements in this rule, default judgment shall not be entered in a consumer debt action unless the requirements set forth in this paragraph (e) are satisfied. "Consumer debt" means debt incurred from a transaction in which credit is extended and debt is incurred for personal, family or household purposes.

(1) Effective January 1, 2016, default judgment shall not be entered in a consumer debt action unless the plaintiff provides the affidavits set forth in paragraph (2) and, if seeking costs or attorneys fees, paragraph (3).

(2) In all motions for default judgment in consumer debt actions, the plaintiff must submit the AFFIRMATION OF NON-EXPIRATION OF STATUTE OF LIMITATIONS {Form 18(a)}, executed by counsel.

(3) If the motion for default judgment in a consumer debt action seeks costs or attorney fees, counsel for the party seeking such fees shall execute the AFFIRMATION AND AUTHORIZATION OF COSTS AND ATTORNEY FEES {Form 18(b)}, attaching the contractual provision allowing costs and attorneys fees and an itemized explanation of costs and fees claimed.

(4) The affidavits required by this paragraph (e) may not be combined; however, affidavits may be augmented to provide explanatory details, and supplemental affidavits may be filed for the same purpose.

(5) The failure of a plaintiff to adhere to the requirements of paragraphs (a) or (e) shall constitute good cause to set aside an entry of default judgment, and such judgment shall be set aside on timely motion by the defendant.

MISSOURI CIVIL FORM 18(a)
AFFIRMATION OF NON-EXPIRATION OF STATUTE OF LIMITATIONS

I, _____, (Mo. Bar No. _____) pursuant to Rule 74.05(e)(2) and under the penalties of perjury, affirm as follows:

1. I am counsel for _____ [Plaintiff] in the instant action, Case No. _____.

2. The cause(s) of action asserted herein accrued on _____ [date of default] in the State of _____. The statute(s) of limitations for the cause(s) of action asserted herein is/are _____ years. Based upon my reasonable inquiry, I believe the applicable statute(s) of limitations for the cause(s) of action asserted herein has/have not expired.

The foregoing statements are true and correct to the best of my personal knowledge.

Date: _____ _____

Signature

_____

Name

MISSOURI CIVIL FORM 18(b)
AFFIRMATION AND AUTHORIZATION OF COSTS AND ATTORNEY FEES

I, _____, (Mo. Bar No. _____) pursuant to Rule 74.05(e)(3) and under the penalties of perjury, affirm as follows:

1. I am counsel for _____ [Plaintiff] in the instant action, Case No. _____.

2. Plaintiff is entitled to costs and/or [select one] reasonable attorney fees pursuant to page/paragraph _____ of _____ (title of document). A copy of this document, executed by the Defendant, is attached to this Affirmation as an exhibit.

3. Attached to this Affirmation as an exhibit is an itemization of costs incurred as well as specific tasks completed, hours expended to complete each task, and the hourly rate for everyone listed who assisted in completing those tasks to represent Plaintiff in this matter. All of these costs and tasks were reasonable and necessary to prosecute this action.

4. This request for fees complies with § 408.092 RSMo in that the awarding of fees is not otherwise prohibited by law, and the fees sought do not exceed 15 percent of the outstanding credit balance in default.

The foregoing statements are true and correct to the best of my personal knowledge.

Date: _____

_____
Signature

_____
Name

Title 15—ELECTED OFFICIALS
Division 60—Attorney General
Chapter 8—Unfair Practices

PROPOSED RULE

15 CSR 60-8.100 Threatening to File or Filing Suit on Certain Consumer Debt

PURPOSE: The attorney general administers and enforces the provisions of the Merchandising Practices Act, Chapter 407, RSMo. The attorney general may make rules necessary to the administration and enforcement of the provisions of Chapter 407, RSMo and, in order to provide notice to the public, may specify meanings of terms used in the Act.

This rule specifies the settled meanings of certain terms used in the enforcement of the Act and provides notice to the public of their application. Practices specified are not intended to be an all inclusive list of practices which are unfair, but this rule enumerates specific practices which are unfair and are violative of section 407.020, RSMo.

(1) It is an unfair practice for any person to threaten to file a civil action, or to file a civil action, for a debt that is primarily for personal, family or household purposes, if such debt has been—

(A) In default for a period of time such that the statute of limitation to file a civil action for collection of the debt has expired;

(B) Discharged by a bankruptcy court;

(C) Declared void by a court of competent jurisdiction; or

(D) Deemed fully satisfied pursuant to an agreement with the consumer and the creditor or its assigns.

AUTHORITY: sections 407.020, RSMo (Supp. 2014) and 407.145, RSMo (2000). Original rule filed Nov. 30, 2015.

PUBLIC COST: This proposed amendment will not cost state agencies or political subdivisions more than five hundred dollars ($500) in the aggregate.

PRIVATE COST: This proposed amendment will not cost private entities more than five hundred dollars ($500) in the aggregate.

NOTICE TO SUBMIT COMMENTS: Anyone may submit a written statement in support of or in opposition to this proposed rule. Written statements shall be sent to the attention of General Counsel, Office of the Attorney General, PO 899, Jefferson City, MO 65102. To be considered, comments must be received within thirty (30) days after publication of this notice in the Missouri Register. No public hearing is scheduled.

Title 15—ELECTED OFFICIALS
Division 60—Attorney General
Chapter 8—Unfair Practices

PROPOSED RULE

15 CSR 60-8.110 Reaffirmation of Consumer Debt Without Valuable Consideration

PURPOSE: The attorney general administers and enforces the provisions of the Merchandising Practices Act, Chapter 407, RSMo. The attorney general may make rules necessary to the administration and enforcement of the provisions of Chapter 407, RSMo and, in order to provide notice to the public, may specify meanings of terms used in the Act.

This rule specifies the settled meanings of certain terms used in the enforcement of the Act and provides notice to the public of their application. Practices specified are not intended to be an all inclusive list of practices which are unfair, but this rule enumerates specific practices which are unfair and are violative of section 407.020, RSMo.

(1) It is an unfair practice to seek or obtain without valuable consideration a reaffirmation of an obligation arising out of any debt that is primarily for personal, family or household purposes, and—

(A) For which the statute of limitation to file a civil action for collection of the debt has expired;

(B) That has been discharged in bankruptcy;

(C) That has been declared void by a court of competent jurisdiction; or

(D) That has been deemed fully satisfied pursuant to an agreement with the consumer and the creditor or its assigns.

AUTHORITY: sections 407.020, RSMo (Supp. 2014) and 407.145, RSMo (2000). Original rule filed Nov. 30, 2015.

PUBLIC COST: This proposed amendment will not cost state agencies or political subdivisions more than five hundred dollars ($500) in the aggregate.

PRIVATE COST: This proposed amendment will not cost private entities more than five hundred dollars ($500) in the aggregate.

NOTICE TO SUBMIT COMMENTS: Anyone may submit a written statement in support of or in opposition to this proposed rule. Written statements shall be sent to the attention of General Counsel, Office of the Attorney General, PO 899, Jefferson City, MO 65102. To be considered, comments must be received within thirty (30) days after publication of this notice in the Missouri Register. No public hearing is scheduled.

Debt Collection Statistics

- Nearly $100 billion worth of defaulted credit card debt is sold annually.[1]
- On average, debt buyers pay just 3.1 cents on the dollar for such debts.[2]
- Nearly all debts are sold with express written disclaimers warning that the underlying information (such as who actually owes the debt) may be inaccurate.[2]
- According to the FTC, 90 percent or more of debt collection lawsuits result in default judgments, regardless of whether the suit has any merit.[2]
- Last year alone, consumers filed 1,217 debt collection complaints with the Attorney General's Office. Only No Call violations resulted in more complaints.[3]

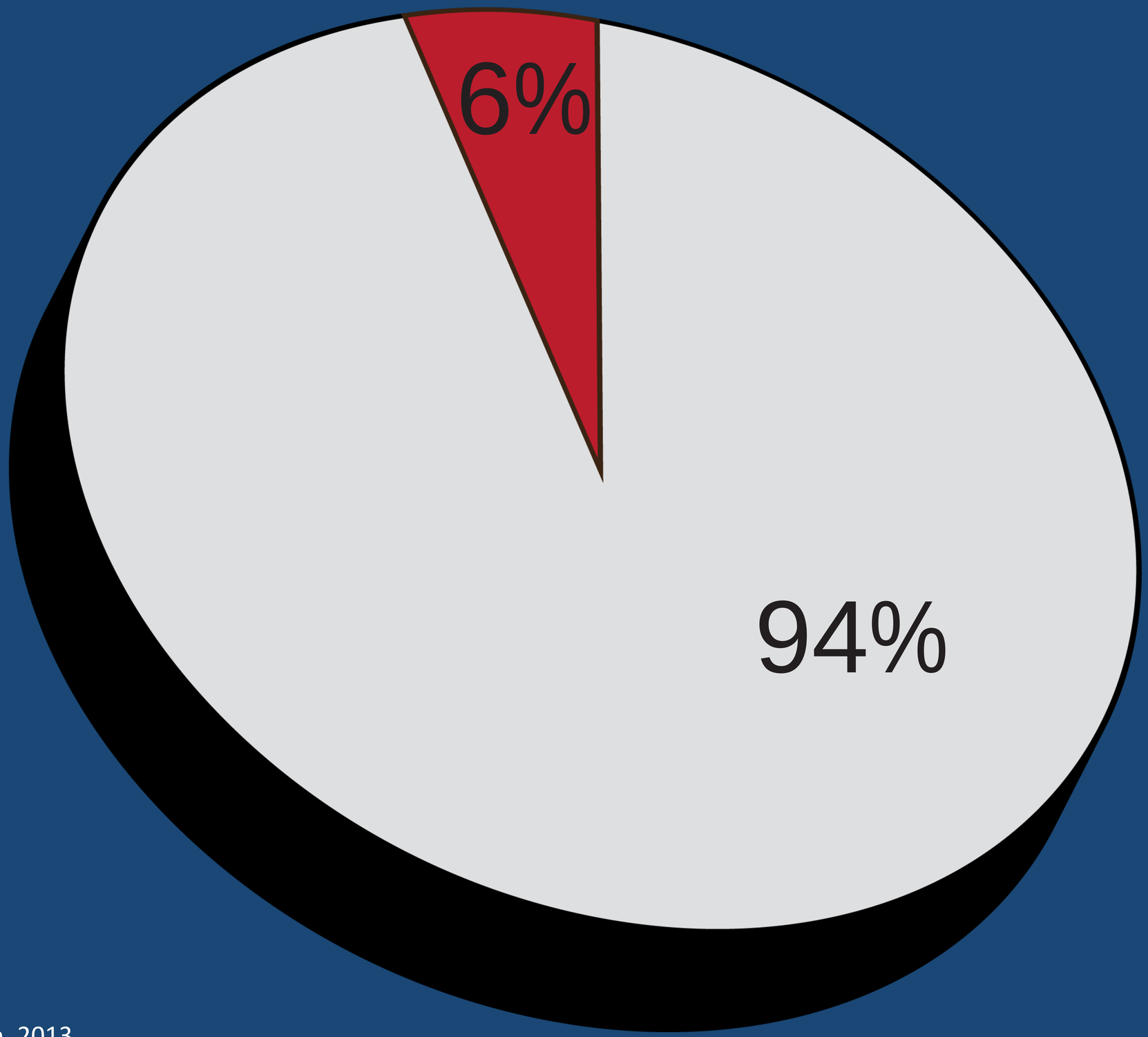
Sources:

[1] Spector, Mary, Debts, Defaults and Details: Exploring the Impact of Debt Collection Litigation on Consumers and Courts, 6 Va. L. & Bus. Rev. 257, 258 (2011)

[2] Federal Trade Commission, Structure and Practices of Debt Buying Industry, (January 2013)

[3] Attorney General's Top 10 Consumer Complaints, AGO Press, (available at https://ago.mo.gov/divisions/consumer/top-10-consumer-complaints)

The Majority of Debts Are Sold Without Any Documentation

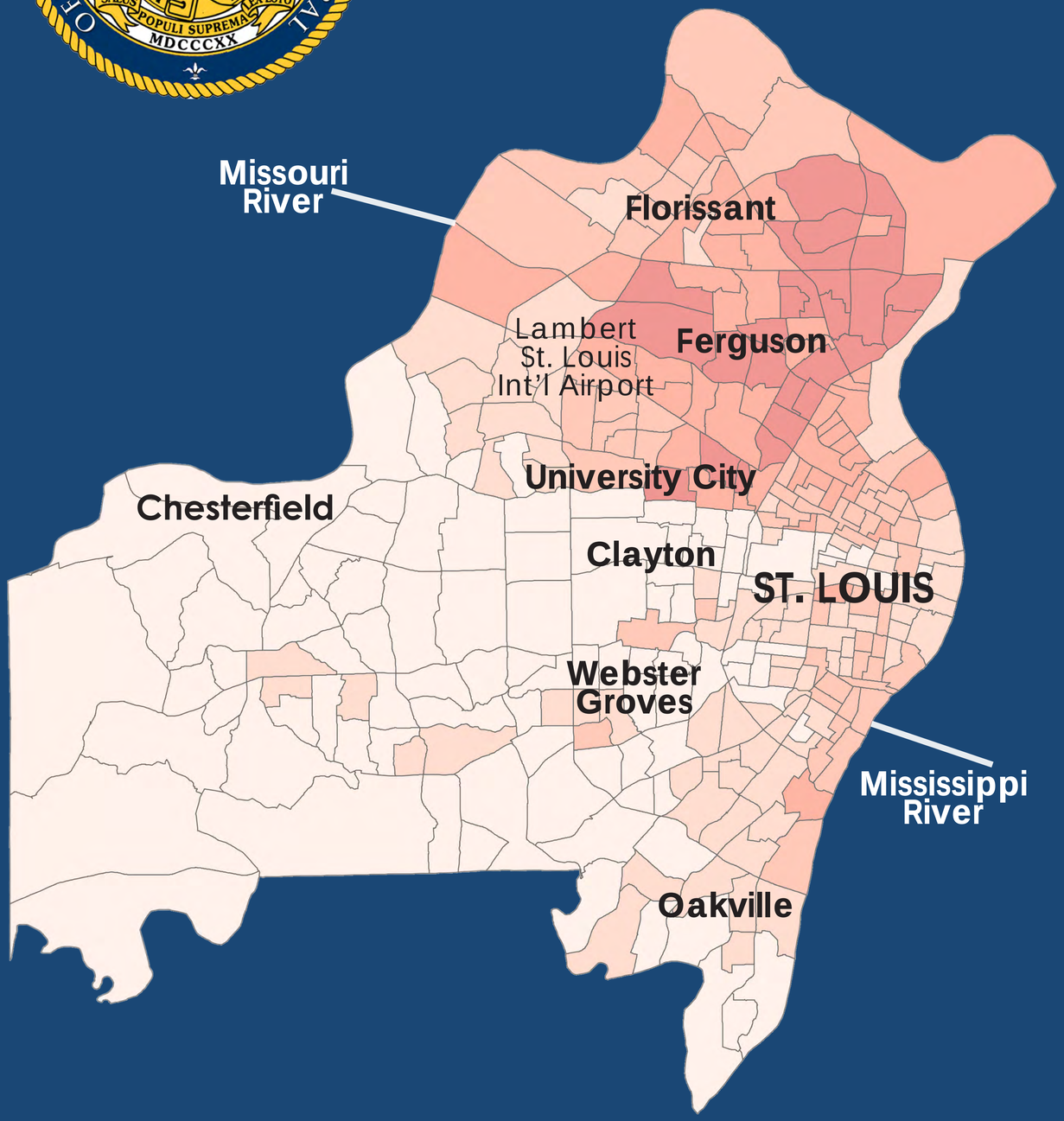


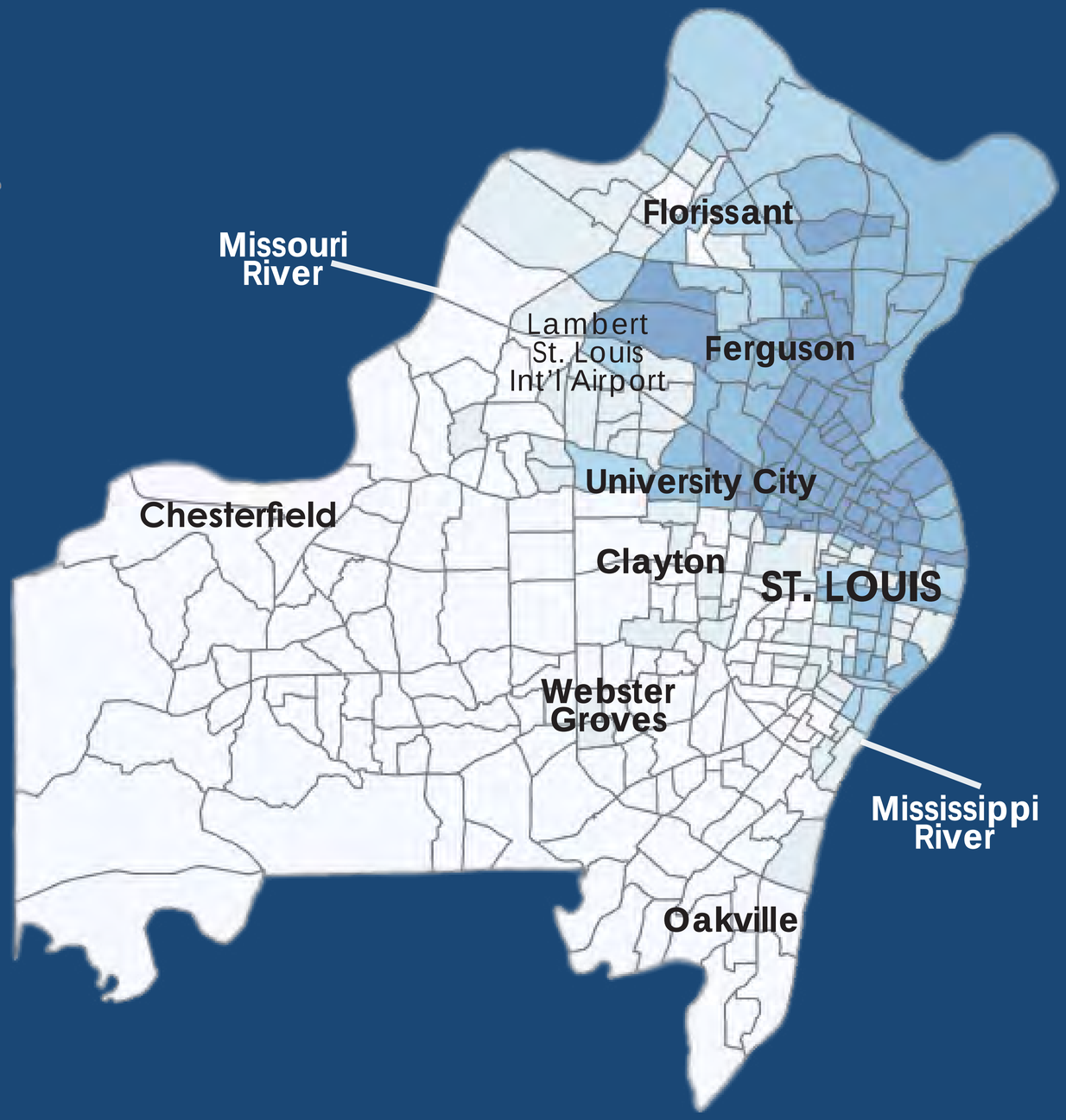
No Documentation

Basic Documentation

Source: Federal Trade Commission, 2013
(From a study of more than 3.8 million accounts purchased by debt buyers)

The Racial Disparities of Debt





Judgments per 100 Residents

5.0	8.8	13.0	18.9	27.6

Black Population

12.6%	34.8%	58.3%	83.0%	98.6%

Source: Paul Kiel & Annie Waldman, *The Color of Debt: How Collection Suits Squeeze Black Neighborhoods*, ProPublica, Oct. 8, 2015