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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO FINANCIAL INSTITUTIONS - POWERS AND OPERATIONS

Introduced By: Representatives Trillo, Williams, and Hull

Date Introduced: May 01, 2015

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1           SECTION 1. Chapter 19-3 of the General Laws entitled "Powers and Operations" is  
2 hereby amended by adding thereto the following section:

3           **19-3-13.3. Assignment of revolving loans and credit card debt - Limits of recovery. –**

4           (a) Any person or entity who shall purchase any charged-off credit card debt from any  
5 credit card creditor, shall only add amounts of money to the defaulted charged-off credit card debt  
6 which is allowed under federal law and the state laws that are identified as the applicable state  
7 laws pursuant to the governing law/choice of law provision of the credit card creditor's cardholder  
8 agreement.

9           (b) Any person or entity who shall purchase any charged-off credit card debt from any  
10 credit card creditor and attempts to collect such debt from the debtor and any person or entity  
11 who attempts to collect such debt on behalf of the person or entity who purchased such debt and  
12 who adds an amount of money to the debt in violation of the provisions of this section shall be  
13 considered to have committed a false, deceptive, and misleading practice in violation of the  
14 Rhode Island fair debt collection practices act, § 19-14.9-1 et seq.

15           (c) If a court has entered a final judgment, order or decree, prior to the effective date of  
16 this section, against a debtor in favor of a person or entity attempting to collect charged-off credit  
17 card debt from a debtor, the debtor may seek a motion for relief from the judgment, order or  
18 decree and a court shall relieve the debtor from the judgment, order or decree if the court finds  
19 that the person or entity has violated any provision of this section or chapter 14.9 of title 19.

1 SECTION 2. Section 19-14.9-9 of the General Laws in Chapter 19-14.9 entitled "Rhode  
2 Island Fair Debt Collection Practices Act" is hereby amended to read as follows:

3 **19-14.9-9. Validation of debts.** -- (1) Within five (5) days after the initial  
4 communication with a consumer in connection with the collection of any debt, a debt collector  
5 shall, unless the following information is contained in the initial communication, or the consumer  
6 has paid the debt, send the consumer a written notice containing:

7 (a) The amount of the debt including a breakdown of the total balance due that identifies  
8 the amount attributable to principal and, if applicable, all post charge-off principal, interest and  
9 any other fees;

10 (b) The name of the creditor to whom the debt is owed;

11 (c) A statement that unless the consumer, within thirty (30) days after receipt of the  
12 notice, disputes that validity of the debt, or any portion thereof, the debt will be assumed to be  
13 valid by the debt collector;

14 (d) A statement that if the consumer notifies the debt collector in writing within the thirty  
15 (30) day period that the debt, or any portion thereof, is disputed, the debt collector will obtain  
16 verification of the debt or a copy of a judgment against the consumer and a copy of such  
17 verification or judgment will be mailed to the consumer by the debt collector; and

18 (e) A statement that, upon the consumer's written request within the thirty (30) day  
19 period, the debt collector will provide the consumer with the name and address of the original  
20 creditor, if different from the current creditor.

21 (2) If the consumer notifies the debt collector in writing within the thirty (30) day period  
22 described in paragraph (d) of subsection (1) of this section that the debt, or any portion thereof, is  
23 disputed, or that the consumer requests the name and address of the original creditor, the debt  
24 collector shall cease collection of the debt, or any disputed portion thereof, until the debt collector  
25 obtains verification of the debt or a copy of a judgment, or the name and address of the original  
26 creditor, and a copy of such verification or judgment, or name and address of the original  
27 creditor, is mailed to the consumer by the debt collector.

28 (3) The failure of a consumer to dispute the validity of a debt under this section shall not  
29 be construed by any court as an admission of liability by the consumer.

30 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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1           This act would provide that for any person or entity who purchases charged-off credit  
2 card debt from a credit card creditor, the only amounts that could be added to the amount to be  
3 recovered, such as interest, would be amounts specifically allowed under federal and state laws.  
4 Violations of this provision would be considered to be a false, deceptive, and misleading practice  
5 under the Rhode Island fair debt collection practices act, chapter 14.9 of title 19.

6           This act would take effect upon passage.

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