

116TH CONGRESS  
1ST SESSION

# S. 2516

To amend the Fair Debt Collection Practices Act to restrict the debt collection practices of certain debt collectors.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 19, 2019

Mr. BOOKER (for himself and Mr. LEE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To amend the Fair Debt Collection Practices Act to restrict the debt collection practices of certain debt collectors.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stop Debt Collection  
5 Abuse Act of 2019”.

6 **SEC. 2. DEFINITIONS.**

7 Section 803 of the Fair Debt Collection Practices Act  
8 (15 U.S.C. 1692a) is amended—

1           (1) in paragraph (4), by striking “facilitating  
2 collection of such debt for another” and inserting  
3 “collection of such debt”;

4           (2) by striking paragraphs (5) and (6) and in-  
5 serting the following:

6           “(5) The term ‘debt’ means—

7                   “(A) any obligation or alleged obligation of  
8 a consumer to pay money arising out of a  
9 transaction in which the money, property, in-  
10 surance, or services that are the subject of the  
11 transaction are primarily for personal, family,  
12 or household purposes, whether or not such ob-  
13 ligation has been reduced to judgment; or

14                   “(B) any obligation or alleged obligation of  
15 a consumer—

16                           “(i) to pay a loan, an overpayment, a  
17 fine, a penalty, a fee, or other money to a  
18 Federal agency; and

19                           “(ii) that is not less than 180 days  
20 past due.

21           “(6) The term ‘debt collector’—

22                   “(A) means any person who—

23                           “(i) uses any instrumentality of inter-  
24 state commerce or the mails in any busi-

1           ness the principal purpose of which is the  
2           collection of any debts;

3           “(ii) regularly collects or attempts to  
4           collect, directly or indirectly, by its own  
5           means or by hiring another debt collector,  
6           debts owed or due or asserted to be owed  
7           or due another or that have been obtained  
8           by assignment or transfer from another; or

9           “(iii) regularly collects debts owed or  
10          allegedly owed to a Federal agency;

11         “(B) includes—

12                 “(i) any creditor who, in the process  
13                 of collecting the debts of the creditor, uses  
14                 any name other than the name of the cred-  
15                 itor which would indicate that a third per-  
16                 son is collecting or attempting to collect  
17                 such debts; and

18                 “(ii) for purposes of section 808(6),  
19                 any person who uses any instrumentality  
20                 of interstate commerce or the mails in any  
21                 business the principal purpose of which is  
22                 the enforcement of security interests; and

23         “(C) does not include—

1           “(i) any officer or employee of a cred-  
2           itor while, in the name of the creditor, col-  
3           lecting debts for such creditor;

4           “(ii) any person while acting as a debt  
5           collector for another person, both of whom  
6           are related by common ownership or affili-  
7           ated by corporate control, if the person  
8           acting as a debt collector does so only for  
9           persons to whom it is so related or affili-  
10          ated and if the principal business of such  
11          person is not the collection of debts;

12          “(iii) any officer or employee of the  
13          United States or any State to the extent  
14          that collecting or attempting to collect any  
15          debt is in the performance of his official  
16          duties;

17          “(iv) any person while serving or at-  
18          tempting to serve legal process on any  
19          other person in connection with the judicial  
20          enforcement of any debt;

21          “(v) any nonprofit organization which,  
22          at the request of consumers, performs  
23          bona fide consumer credit counseling and  
24          assists consumers in the liquidation of  
25          their debts by receiving payments from

1 such consumers and distributing such  
2 amounts to creditors; and

3 “(vi) any person collecting or attempt-  
4 ing to collect any debt owed or due or as-  
5 serted to be owed or due another or that  
6 has been obtained by assignment or trans-  
7 fer from another to the extent such activ-  
8 ity—

9 “(I) is incidental to a bona fide  
10 fiduciary obligation or a bona fide es-  
11 crow arrangement;

12 “(II) concerns a debt which was  
13 originated by such person;

14 “(III) concerns a debt which was  
15 not in default at the time it was ob-  
16 tained by such person; or

17 “(IV) concerns a debt obtained  
18 by such person as a secured party in  
19 a commercial credit transaction in-  
20 volving the creditor.”.

21 **SEC. 3. DEBT COLLECTION PRACTICES FOR DEBT COLLEC-**  
22 **TORS HIRED BY GOVERNMENT AGENCIES.**

23 The Fair Debt Collection Practices Act (15 U.S.C.  
24 1692 et seq.) is amended by inserting after section 812  
25 (15 U.S.C. 1692j) the following:

1 **“§ 812A. Debt collection practices for debt collectors**  
 2 **hired by Federal agencies**

3 “(a) LIMITATION ON TIME TO TURN DEBT OVER TO  
 4 DEBT COLLECTOR.—A Federal agency that is a creditor  
 5 may sell or transfer a debt described in section 803(5)(B)  
 6 to a debt collector not earlier than 90 days after the date  
 7 on which the obligation or alleged obligation arises.

8 “(b) REQUIRED NOTICE.—

9 “(1) IN GENERAL.—Before transferring or sell-  
 10 ing a debt described in section 803(5)(B) to a debt  
 11 collector or contracting with a debt collector to col-  
 12 lect such a debt, a Federal agency shall notify the  
 13 consumer not fewer than 3 times that the Federal  
 14 agency will take such action.

15 “(2) FREQUENCY OF NOTIFICATIONS.—The  
 16 second and third notifications described in para-  
 17 graph (1) shall be made not less than 30 days after  
 18 the date on which the previous notification is  
 19 made.”.

20 **SEC. 4. UNFAIR PRACTICES.**

21 Section 808 of the Fair Debt Collection Practices Act  
 22 (15 U.S.C. 1692f) is amended by striking paragraph (1)  
 23 and inserting the following:

24 “(1) The collection of any amount (including  
 25 any interest, fee, charge, or expense incidental to the  
 26 principal obligation) unless—

1           “(A) such amount is expressly authorized  
2           by the agreement creating the debt or permitted  
3           by law; or

4           “(B) in the case of any amount charged by  
5           a debt collector collecting a debt for a Federal  
6           agency, such amount is—

7                   “(i) reasonable in relation to the ac-  
8                   tual costs of the collection;

9                   “(ii) authorized by a contract between  
10                  the debt collector and the Federal agency;  
11                  and

12                   “(iii) not greater than 10 percent of  
13                  the amount collected by the debt col-  
14                  lector.”.

15 **SEC. 5. GAO STUDY AND REPORT.**

16           (a) **STUDY.**—The Comptroller General of the United  
17 States shall conduct a study on the use of debt collectors  
18 by Federal, State, and local government agencies, includ-  
19 ing—

20                   (1) the powers given to the debt collectors by  
21                   Federal, State, and local government agencies;

22                   (2) the contracting process that allows a Fed-  
23                   eral, State, or local government agency to award  
24                   debt collection to a certain company, including the  
25                   selection process;

1           (3) any fees charged to debtors in addition to  
2           principal and interest on the outstanding debt;

3           (4) how the fees described in paragraph (3)  
4           vary from State to State;

5           (5) consumer protection at the State level that  
6           offer recourse to those whom debts have been wrong-  
7           fully attributed;

8           (6) the revenues received by debt collectors  
9           from Federal, State, and local government agencies;

10          (7) the amount of any revenue sharing agree-  
11          ments between debt collectors and Federal, State,  
12          and local government agencies;

13          (8) the difference in debt collection procedures  
14          across geographic regions, including the extent to  
15          which debt collectors pursue court judgments to col-  
16          lect debts; and

17          (9) any legal immunity or other protections  
18          given to the debt collectors hired by State and local  
19          government agencies, including whether the debt col-  
20          lectors are subject to the Fair Debt Collection Prac-  
21          tices Act (15 U.S.C. 1692 et seq.).

22          (b) REPORT.—Not later than 1 year after the date  
23          of enactment of this Act, the Comptroller General of the



- 1 United States shall submit to Congress a report on the
- 2 completed study required under subsection (a).

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