

## Financial Institutions Committee

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**From:** Rep38  
**Sent:** Wednesday, April 3, 2019 4:38 PM  
**To:** Financial Institutions Committee  
**Subject:** Financial Institutions Committee Follow-Up (HB 131)  
**Attachments:** DeWine Debt Buyer Settlement Letter.docx

Chairman Jordan,

I wanted to follow up on a question raised during the proponent testimony on HB 131, my debt settlement legislation. It was mentioned that 41 Attorneys General had written a letter opposing debt settlement. After research, I have determined that the letter in question actually addresses a settlement with a single company, involved with the purchase and collection of unsecured consumer debt. The company involved would purchase consumer debt and then attempt to collect it from the borrower. This is the exact opposite of debt settlement, where consumers benefit from working with highly regulated companies to reduce their unsecured debt.

Please see the attached letter from the Ohio Attorney General's official website detailing this information.

<https://www.ohioattorneygeneral.gov/Media/News-Releases/December-2018/Attorney-General-DeWine-Announces-Multistate-Consu>

Best,

Bill Roemer



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## ***Attorney General DeWine Announces Multistate Consumer Protection Settlement with One of Largest Debt Buyers***

12/4/2018

(COLUMBUS, Ohio)—Ohio Attorney General Mike DeWine today announced a multistate consumer protection settlement with one of the nation's largest debt buyers – Encore Capital Group and its subsidiaries Midland Funding and Midland Credit Management – to require the company to reform its debt buying and collection practices.

The settlement, which includes Ohio, 41 other states, and the District of Columbia, resolves an investigation into claims that Midland had signed and filed affidavits in state courts in large volumes without verifying the information printed in them, a practice commonly called robo-signing.

"The goal of this settlement is to protect consumers," Attorney General DeWine said. "It requires Midland to take a number of specific steps to verify debt before trying to collect from consumers or filing lawsuits against them."

Among its terms, the settlement requires Midland to:

- Verify information in affidavits.
- Present accurate documents in court proceedings.
- Have account documents about a debt before filing a lawsuit about the debt.
- Review original account documents before continuing collection efforts if a consumer disputes a debt (and provide these documents to the consumer for no charge).
- Maintain proper oversight and training over its employees and the law firms it uses.
- Generally not resell debt until September 2020.

Midland also will eliminate or reduce the judgment balances of consumers in cases where Midland used an affidavit against them in court between 2003 and 2009 and consumers disputed the debt. Midland will notify impacted consumers by mail of the balance reduction; no further action is needed from consumers. Approximately 790 Ohio consumers are expected to qualify for these reductions for a total value of about \$1.24 million.

In addition, Midland will set aside \$25,000 per state to compensate consumers who may have paid Midland for debt they did not owe. Ohio consumers who believe they may qualify should file a complaint with the Ohio Attorney General's Office.

Midland also will pay the participating attorneys general a total of \$6 million, of which Ohio's share is \$195,241.

Participating in the settlement are: Alaska, Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, Wisconsin, and Wyoming.

Debt buying involves buying and selling overdue debts from creditors and other account owners, often for pennies on the dollar. After buying the debt, companies then try to recover the full balance from consumers through collection attempts by phone and mail and in some cases by filing a lawsuit against the consumer.

Consumers who suspect an unfair or deceptive practice should contact the Ohio Attorney General's Office at [www.OhioProtects.org](http://www.OhioProtects.org) or 800-282-0515.