

**IN THE UNITED STATES COURT OF APPEALS
FOR THE TENTH CIRCUIT**

No. 97-4045

ALAN SNOW, Plaintiff-Appellant

v.

JESSE L. RIDDLE, P.C. Defendant-Appellee

**On Appeal from the
United States District Court for
the District of Utah**

BRIEF FOR AMICUS CURIAE FEDERAL TRADE COMMISSION

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

STATEMENT OF INTEREST OF FEDERAL TRADE COMMISSION

STATEMENT OF ISSUE

STATEMENT OF THE CASE

SUMMARY OF ARGUMENT

ARGUMENT THE FDCPA APPLIES TO THE COLLECTION OF DISHONORED CHECKS

A. By the Terms of the Act, the Obligation to Pay Arising from a Consumer Transaction Is a "Debt" and a Third-Party Who Routinely Attempts to Collect Such Debts Is a "Debt Collector"

B. In Enacting the FDCPA, Congress Understood and Intended that It Would Apply to Collection of Dishonored Checks

C. The Only Appellate Decisions on Point and the Preponderance of Apposite Case Law at the District Court Level Support the Conclusion that the FDCPA Covers Check Collection, While the Third Circuit's Decision in Zimmerman v. HBO Affiliate Group on Which the District Court Here Relied Is Not on Point

D. Consistent Administrative Practice Has Treated Collection of Dishonored Checks as Covered by the FDCPA

E. The Policy Reflected in the FDCPA Dictates Treatment of Dishonored Check Collection in the Same Fashion as Collection of Other Consumer Debts

CONCLUSION

ADDENDUM

CERTIFICATE OF SERVICE

TABLE OF AUTHORITIES

CASES:

Adams v. Law Offices of Stuckert & Yates, 926 F. Supp. 521 (E.D. Pa. 1996)
Baker v. G.C. Services Corp., 677 F.2d 775 (9th Cir. 1982)
Bakumirovich v. Credit Bureau of Baton Rouge, Inc., 155 F.R.D. 146 (M.D. La. 1994)
Bass v. Stolper, No. 96-2113 (7th Cir. Apr. 18, 1997) passim.
Bloom v. I.C. Systems, Inc., 972 F.2d 1067 (9th Cir. 1992)
Cederstrand v. Landberg, 933 F. Supp. 804 (D. Minn. 1996)
Charles v. CheckRite, Ltd., No. 96-15995 (9th Cir., oral argument scheduled June 12, 1997)
Duffy v. Landberg, No.97-1560 (8th Cir., appeal pending)
Edwards v. National Business Factors, Inc., 897 F. Supp. 455 (D. Nev. 1995)
Ernst v. Riddle, 1997 U.S. Dist. Lexis 4143 (M.D. La. 1997)
Fulcher v. Wexler, 1997 U.S. Dist. Lexis 4229 (D.Conn. 1997)
Heintz v. Jenkins, 115 S. Ct. 1489 (1995)
Holmes v. Telecredit Service Corp., 736 F. Supp. 1289 (D. Del. 1990)
Johnson v. CRA Security Systems, Inc., 1997 U.S. Dist. Lexis (N.D. Cal. 1997)
Johnson v. GC Servs., Inc., 1997 U.S. Dist. Lexis 5926 (N.D. Cal. 1997)
Johnson v. Statewide Collections, Inc., 778 P.2d 93 (Wyo. 1989)
Mabe v. G.C. Services Ltd. Partnership, 32 F.3d 86 (4th Cir. 1994)
Mace v. Van Ru Credit Corp., 109 F.3d 338 (7th Cir. 1997)
McGilvray v. Hallmark Financial Group, Inc., 891 F. Supp. 265 (E.D. Va. 1995)
Newman v. Checkrite California, Inc., 912 F. Supp. 1354 (E.D. Cal. 1995)
Pearce v. Rapid Check Collection, Inc., 738 F. Supp. 334 (D.S.D. 1990)
Ryan v. Wexler & Wexler, No. 96-2620, 1997 U.S. App. Lexis 10386 (7th Cir. May 7, 1997)
In Re Schrimpsheer, 17 B.R. 999 (Bankr. N.D.N.Y. 1982)
Sarver v. Capital Recovery Associates, Inc., 951 F. Supp. 550 (E.D. Pa. 1996)
Shorts v. Palmer, 155 F.R.D. 172 (S.D. Ohio 1994)
Stewart v. Slaughter, 165 F.R.D. 696 (M.D. Ga. 1996)
Taylor v. Checkrite, Ltd., 627 F. Supp. 415 (S.D. Ohio 1986)
United States v. Collectron, Civ. No. JH-80-711 (D. Md. Mar. 27, 1980)
United States v. Telecheck, Inc., Civ. No. JH-80-710 (D. Md. Mar. 27, 1980)
West v. Costen, 558 F. Supp. 564 (W.D. Va. 1983)
Zimmerman v. HBO Affiliate Group, 834 F.2d 1163 (3d Cir. 1987)

STATUTES:

Consumer Credit Protection Act, 15 U.S.C. §§ 1601 et seq.
Electronic Fund Transfer Act, 15 U.S.C. §§ 1693-1693r
Fair Debt Collection Practices Act, 15 U.S.C. § 1692-1692n: 15 U.S.C. § 1692(a)
15 U.S.C. § 1692(c)
15 U.S.C. § 1692(e)
15 U.S.C. § 1692a(3)
15 U.S.C. § 1692a(5)
15 U.S.C. § 1692a(6)
15 U.S.C. §§ 1692b-i.
15 U.S.C. § 1692k
15 U.S.C. § 1692k(e)
15 U.S.C. § 1692l(a)
15 U.S.C. § 1692l(c)
15 U.S.C. § 1692l(d)
15 U.S.C. § 1692m
Federal Trade Commission Act: Section 5(a), 15 U.S.C. § 45(a)

LEGISLATIVE MATERIALS

H.R. 13720, 94th Cong., 2d Sess. (1976)

H.R. 29, 95th Cong., 1st Sess. (1977)

H.R. Rep. No. 131, 95th Cong., 1st Sess. (1977)

S.Rep. No. 382, 95th Cong., 1st Sess., reprinted in 1977 U.S.C.C.A.N. 1695

Hearings Before the Subcomm. on Consumer Affairs of the House Comm. on Banking, Finance and Urban Affairs on H.R. 29, 95th Cong., 1st Sess. (1977)

Hearings Before the Subcomm. on Consumer Affairs of the Senate Comm. on Banking, Housing, and Urban Affairs on S. 656, S. 918, S. 1130, and H.R. 5294, 95th Cong., 1st Sess. (1977)

ADMINISTRATIVE MATERIALS

Federal Trade Commission Letter Ruling Denying Petition to Quash Civil Investigative Demands, Lundgren & Associates, FTC File No. 952-3127, [1990-96 Transfer Binder]

Consumer Credit Guide (CCH) ¶ 95,295 (Apr. 30, 1996)

Official Federal Trade Commission Staff Commentary on the Fair Debt Collection Practices Act, 53 Fed. Reg. 50097 (Dec. 13, 1988)

STATEMENT OF INTEREST OF THE FEDERAL TRADE COMMISSION

The Fair Debt Collection Practices Act, 15 U.S.C. §§ 1692-1692n ("FDCPA" or "Act"), under which this case arises, is premised on the congressional belief that "every individual, whether or not he owes the debt, has a right to be treated in a reasonable and civil manner," *Baker v. G.C. Services Corp.*, 677 F.2d 775, 777 (9th Cir. 1982), citing 123 Cong. Rec. 10241 (1977). The Act contemplates a dual scheme of private and public enforcement, in which Congress has assigned the principal public role to the FTC, 15 U.S.C. §1692l(a).

Practices that contravene the FDCPA constitute "unfair or deceptive act[s] or practice[s] in violation" of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45(a), and the Commission may exercise all of its "functions and powers" under the FTC Act to enforce the FDCPA. 15 U.S.C. § 1692l(a). The Commission also reports annually to Congress regarding its administration of the FDCPA, including an assessment of the extent to which compliance with the FDCPA is being achieved, a summary of the Commission's enforcement actions, and any recommendations for change that the Commission believes appropriate. 15 U.S.C. § 1692m.

At issue in the present case is whether the FDCPA applies to third-party efforts to collect debts arising from dishonored checks given by consumers in payment for goods and services. This case and three others, *Bass v. Stolper*, ___ F.3d ___ (7th Cir. 1997) (slip op. appended), *Charles v. CheckRite, Ltd.*, No. 96-15995 (9th Cir.) (oral argument scheduled Jun. 12, 1997), and *Duffy v. Landberg*, No. 97-1560 (8th Cir., appeal pending), are the first appellate cases to consider this issue. This Court's decision may, therefore, have a major effect on the scope of the FDCPA's protection of consumers and the scope of the Commission's responsibilities under the Act. The Commission expresses no view on the merits of the plaintiff's underlying case, but rather offers this brief (and has filed similar briefs before the Seventh, Eighth, and Ninth Circuits), to assist in resolution of the important legal issue presented.

STATEMENT OF ISSUE

In this brief the Commission addresses only whether the Fair Debt Collection Practices Act applies to efforts by third parties to collect debts arising from dishonored checks given by consumers in payment for goods and services.

STATEMENT OF THE CASE

This is a suit under the Fair Debt Collection Practices Act, 15 U.S.C. § 1692 et seq. Plaintiff alleges a violation of that Act based upon defendant's efforts to collect an obligation arising from a dishonored check allegedly given by plaintiff to Circle-K Stores.

By order of March 11, 1997, the district court granted defendant's motion to dismiss. Citing the Third Circuit's decision in *Zimmerman v. HBO Affiliate Group*, 834 F.2d 1163 (3d Cir. 1987), the district court concluded that only transactions involving "the offer or extension of credit to a consumer" are covered by the FDCPA (slip op.1). The court therefore held that an obligation arising because of a dishonored check "does not fall within the scope of transactions covered by the FDCPA" (id. at 2).

SUMMARY OF ARGUMENT

Neither the plain language of the FDCPA (Point A), nor its legislative history (Point B), supports the district court's limitation of the Act to debts that arise from an extension of "credit." Both these sources, as well as the only appellate decisions on point and the preponderance of district court case law (Point C), the Federal Trade Commission's consistent administrative interpretation (Point D), and considerations of sound public policy (Point E) demonstrate that third-party collection of debts arising from dishonored checks given by consumers in payment for goods or services is covered by the FDCPA.

ARGUMENT

THE FDCPA APPLIES TO THE COLLECTION OF DISHONORED CHECKS

A. By the Terms of the Act, the Obligation to Pay Arising from a Consumer Transaction Is a "Debt" and a Third-Party Who Routinely Attempts to Collect Such Debts Is a "Debt Collector."

The FDCPA applies to third-party collection of obligations that arise out of consumer purchases of goods or services, or consumer loans. The FDCPA imposes various restraints upon the activities of third-party "debt collectors," see 15 U.S.C. §§ 1692b-i, 1692k, and defines "debt collector" to mean:

any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose of which is the collection of any debts, or who regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due another.

15 U.S.C. § 1692a(6). The FDCPA defines "debt" to mean:

any obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance, or services which are the subject of the transaction are primarily for personal, family, or household purposes, whether or not such obligation has been reduced to judgment.

15 U.S.C. § 1692a(5). A "consumer" is "any natural person obligated or allegedly obligated to pay any debt," 15 U.S.C. § 1692a(3).

These statutory definitions cover the present case. The plaintiff, a "natural person," owes a "debt," in that he has an "obligation * * * to pay money arising out of a transaction" in which the "property * * * which [is] the subject of the transaction" was "primarily for personal, household, or family purposes." In turn, the defendant, who "regularly collects or attempts to collect" such "debts owed or due * * * another," is a "debt collector." Nothing in these statutory definitions, nor in any others, suggests that the term "debt" is limited to an obligation that arises as the result of an extension of "credit." To the contrary, a "debt" is simply an "obligation to pay" arising from a consumer transaction. That broad formulation easily covers the secondary liability resulting from the dishonor of a check given in payment for consumer goods. See *Bass v. Stolper*, slip op. at 6-7.

B. In Enacting the FDCPA, Congress Understood and Intended that It Would Apply to Collection of Dishonored Checks.

The legislative history of the FDCPA strongly supports this plain-language reading of its text. The Report of the House Banking Committee accompanying H.R. 5294, the version of the FDCPA passed by the House of Representatives, makes clear that the drafters had in mind the collection of dishonored checks when they framed the bill, and did not intend to limit the meaning of "debt" to obligations arising from extensions of "credit." In describing opposition to the bill, the Committee Report observed:

Opponents of this legislation claim that, regardless of the amount of consumer harassment or deception, there should be no legislation because the number of unpaid bills and bad checks keeps increasing. This reasoning is misleading. The issue is not one of uncollected debts, but rather whether or not consumers must lose their civil rights and be terrorized and abused by unethical debt collectors.

H.R. Rep. No. 131, 95th Cong., 1st Sess. 3 (1977) (emphasis added). Later, in explaining the meaning of "debt," the House Report stated that "the committee intends that the term 'debt' include consumer obligations paid by check or other non-credit consumer obligations," *id.* at 4; *Bass v. Stolper*, slip op. at 11.

After passage by the full House of Representatives, H.R. 5294 was referred to the Senate Banking Committee, which substituted the text of its bill for H.R. 5294. This substitute bill subsequently was passed by both houses. See S. Rep. No. 382, 95th Cong. 1st Sess. 1, reprinted in 1977 U.S.C.C.A.N. 1695, 1695-96. However, the definition of "debt" in the Senate bill was materially the same as the definition in H.R. 5294. The House bill had defined "debt" to mean "any obligation of an individual to pay money arising out of a transaction in which the money, property, or services which are the subject of the transaction are primarily for personal, family, or household purposes." H.R. Rep. No. 131 at 17. As comparison with the final version reveals, the Senate retained the basic structure of the definition, but modified the text to make clear that it included "alleged" obligations and collection on judicial judgments. The Senate Report did

not expressly address the meaning of "debt," but, as noted, it adopted the very same language that the House had "intend[ed]" should "include consumer obligations paid by check or other non-credit obligations." H.R.Rep. 131 at 4.(1)

That dishonored checks were meant to be covered by the statutory definition of "debt" is also apparent from the hearings that preceded passage of the FDCPA. Congress enacted the FDCPA in order to prevent various abusive practices by third-party debt collectors. Such abuses are no less applicable to the collection of dishonored checks than to the collection of delinquent installment debt. Although most of the evidence presented to Congress focused on collection of debts that had arisen from defaults on installment obligations, participants in the debate recognized that dishonored check collection was part and parcel of the practice of debt collection and that the proposed law would apply to check collection as well. For example, the American Collectors Association, Inc. ("ACA"), which represented approximately 2600 collection agencies, issued, and submitted during the House hearings, a series of "Information Papers" that described the dimensions of delinquent debt in the United States, in order to demonstrate the adverse consequences of the proposed legislation. Information Paper No. 1 was entitled "Bad Checks." After describing the scope of the "bad check" problem, the ACA warned that "[f]ederal legislation introduced in Congress recently would make it more difficult for financial collection services to collect or attempt to collect bad checks." (2) The ACA suggested numerous changes in the legislation to minimize its perceived harmful effect on debt collection (3) and ultimately supported the FDCPA after Congress adopted some of the changes that the ACA proposed. See S. Rep. No. 382, 95th Cong., 1st Sess. 2, reprinted in 1977 U.S.C.C.A.N. 1696. Nowhere in its testimony, however, did the ACA ever suggest that the Act be modified to exclude collection of dishonored checks. See Hearings Before the Subcomm. on Consumer Affairs of the House Comm. on Banking, Finance and Urban Affairs on H.R. 29, 95th Cong., 1st Sess. 156- 269 (1977).

Likewise, in hearings before the Senate, while most discussion concerned examples of collection practices arising from defaults on installment debt, at least one witness, a Vermont law enforcement official, described abuses arising from interstate efforts to collect dishonored checks by a large check recovery firm as illustrative of conduct that the FDCPA would curb. (4) The ACA, as it had before the House, also testified and referred to Federal Reserve Board reports of "135 million bad checks passed each year," in the course of describing the scope of debt collection activity potentially affected by the proposed legislation. (5) Also, as it had before the House, the ACA made numerous detailed suggestions for changes in the proposed legislation, but never proposed that check collection be excluded from the ambit of activities covered by the law. (6) It is thus apparent that both participants in the congressional debate, and the Congress itself, understood that dishonored check collection was a routine part of the activities of debt collection agencies and that such activity would be covered by the definition of "debt" contained in the FDCPA.

C. The Only Appellate Decisions on Point and the Preponderance of Apposite Case Law at the District Court Level Support the Conclusion that the FDCPA Covers Check Collection, While the Third Circuit's Decision in *Zimmerman v. HBO Affiliate Group* on Which the District Court Here Relied Is Not on Point.

The only appellate court to address the issue presented in this case has concluded that the FDCPA covers check collection. *Bass v. Stolper*, ___ F.3d ___ (7th Cir. 1997), accord, *Ryan v. Wexler & Wexler*, No. 96-2620, 1997 U.S. App. Lexis 10386 (7th Cir. May 7, 1997). *Bass v. Stolper* holds that both the plain language of the Act and its legislative history establish that the liability created by a check is a "debt" and that collection of dishonored checks is covered by the FDCPA. The Seventh Circuit's thorough, well-reasoned decision (which was not available to the district court when it decided this case below) should be followed by this Court on appeal.

Outside the Seventh Circuit, the preponderance of, and the best reasoned, district court decisional law also supports the conclusion that the FDCPA covers collection of dishonored checks. (7) In addition, as the Seventh Circuit observed in *Bass v. Stolper* (slip op. at 5 n.6), there is a much larger body of decided FDCPA cases involving collection of dishonored checks in which courts (without addressing the specific issue presented here) have treated such conduct as covered by the statute. We believe that this body of case law reflects the general understanding of the meaning of "debt" and "debt collector" under the FDCPA. (8)

The Third Circuit's decision in *Zimmerman v. HBO Affiliate Group*, 834 F.2d 1163 (3d Cir. 1987), on which the district court below relied for its conclusion, did not involve check collection at all and is not on point. *Zimmerman* held that the FDCPA does not apply to third-party efforts to collect tort damages allegedly due cable companies as the result of a consumer's allegedly unauthorized interception of their microwave television signals. In reaching this unexceptionable result, the court suggested the concept of "credit" (which the court defined as the right to "defer payment") as a means of distinguishing the theft of microwave signals from the purchase of cable services and other consumer transactions. 834 F.2d at 1168-69. However, as explained in the preceding sections of this brief, neither the legislative history nor statutory text supports a limitation of the FDCPA to credit transactions, and it appears from the court's opinion that it did not consider the House Report or other relevant legislative sources cited above in reaching its result.⁽⁹⁾ As other courts have recognized, the critical distinction posed by the facts in *Zimmerman* was not the absence of an extension of credit by the cable companies, but the absence of any consensual "transaction" between the parties whatsoever. See *Bass v. Stolper*, slip op. at 8-9; *Shorts v. Palmer*, 155 F.R.D. 172, 175-76 (S.D. Ohio 1994) (collection of shoplifting debt not covered because "[p]laintiff has never had a contractual arrangement of any kind with any of the defendants. The defendants did not extend him credit or engage in any other transaction with him") (emphasis added)).⁽¹⁰⁾ *Zimmerman*'s statement that the FDCPA is limited to credit transactions is, in any event, pure dictum as applied to the present case -- and unpersuasive dictum as well, for the reasons stated above.

In sum, the only court of appeals to consider whether dishonored check collection is covered by the FDCPA has ruled in favor of coverage, and those district courts presented with FDCPA suits involving dishonored checks have, in predominant measure, either held, or proceeded on the clear assumption, that dishonored check collection is covered by the FDCPA.

D. Consistent Administrative Practice Has Treated Collection of Dishonored Checks as Covered by the FDCPA.

In performing their statutory responsibilities under the FDCPA, the Federal Trade Commission and its staff have consistently and unvaryingly concluded from the Act's inception that it covers collection of dishonored checks.⁽¹¹⁾ In the Act's early years, the Commission pursued suits and obtained judgments for civil penalties against firms that allegedly violated the FDCPA in collecting on dishonored checks. E.g., *United States v. Collectron*, Civ. No. JH-80-711 (D. Md. Mar. 27, 1980); *United States v. Telecheck, Inc.*, Civ. No. JH-80-710 (D. Md. Mar. 27, 1980). The 1988 Official FTC Staff Commentary on the FDCPA, 53 Fed. Reg. 50097 (Dec. 13, 1988), also concludes that collection of dishonored checks is covered by the Act.⁽¹²⁾ More recently, the Commission itself has affirmed this interpretation in a letter ruling denying a petition to quash compulsory process filed by the targets of a Commission investigation to determine whether violations of the FDCPA had occurred in the collection of dishonored checks. See *Federal Trade Commission Letter Ruling Denying Petition to Quash Civil Investigative Demands, Lundgren & Associates*, FTC File No. 952-3127, [1990-96 Transfer Binder] *Consumer Credit Guide (CCH)* ¶ 95,295 at 83,711-12 (Apr. 30, 1996).

The Commission's consistent, longstanding, construction of the FDCPA to cover collection of dishonored checks arising from consumer transactions, supported by both statutory text and legislative history, is a further consideration that weighs in favor of plaintiff's position. See *Bass v. Stolper*, slip op. at 11 n.8.

E. The Public Policy Reflected in the FDCPA Dictates Treatment of Dishonored Check Collection in the Same Fashion as Collection of Other Consumer Debts.

The public policy relevant to construing the FDCPA is that stated expressly by Congress in the statutory preamble, e.g., that "[t]here is abundant evidence of the use of abusive, deceptive, and unfair debt collection practices by many debt collectors," 15 U.S.C. § 1692(a); that such practices "contribute to the number of personal bankruptcies, to marital instability, to the loss of jobs, and to invasions of individual privacy," *id.*; that "[m]eans other than misrepresentation or other abusive debt collection practices are available for the effective collection of debts," 15 U.S.C. § 1692(c); and that "those debt collectors who refrain from using abusive debt collection practices [should not be] competitively disadvantaged," 15 U.S.C. § 1692(e).

Each of these stated statutory purposes applies no less forcefully to third-party check collection than to third-party collection of other types of consumer debt. The abusive practices that the FDCPA prohibits may be applied as readily to collection of dishonored checks as to other types of debt collection, and the consequences for the debtor from the exercise of disproportionate remedies may be just as great. Likewise, there are lawful means to collect dishonored checks, and there is no evident reason why those who refrain from the abusive tactics addressed by the FDCPA in collecting dishonored checks should be competitively disadvantaged.

Case law since passage of the FDCPA confirms that debts arising from dishonored checks, and the collection activities resulting therefrom, implicate the same range of concerns as debts that arise from default on installment obligations. For example, collection actions against some consumers may stem from different consumers' use or misuse of a joint account, the situation posed in *Bass v. Stolper*. Sometimes insufficient fund checks are written because the consumer misinterprets the bank's policy regarding crediting deposits or honoring overdrafts. See *Pearce v. Rapid Check Collections, Inc.*, 738 F. Supp. 334, 336 (D.S.D. 1990). In other cases involving dishonored checks, consumers may have valid defenses that the FDCPA is designed to let them assert. See *McGilvray v. Hallmark Financial Group, Inc.*, 891 F. Supp. 265 (E.D. Va. 1995) (FDCPA plaintiff dunned for presentation of an insufficient check alleged that she had paid her account in cash). Some targets of dishonored check collection are themselves the victims of check fraud, such as the Vermont consumer whose story was told in congressional hearings (n. 4, *supra*) and the plaintiffs in *Johnson v. CRA Security Systems*, 1997 U.S. Dist. Lexis (N.D. Cal. 1997), and *Johnson v. GC Services, Inc.*, 1997 U.S. Dist. Lexis 5926 (N.D. Cal. 1997), who were dunned for checks that had been stolen from them and forged. In still other cases, checks are dishonored because consumers deliberately stop payment on them in the face of seller nonperformance. See *Johnson v. Statewide Collections, Inc.*, 778 P. 2d 93 (Wyo. 1989) (plaintiff paid for rifle with a check; returned the rifle the following morning as defective and demanded return of the check; stopped payment on the check when the store refused to return it; and was subsequently harassed for the check balance and substantial additional charges). And some consumers are unlucky, careless, or irresponsible in the management of their personal finances and find themselves subjected to claims out of all proportion to the underlying debt and to misleading threats of suit.(13)

The Commission holds no brief for individuals who deliberately pass worthless checks. But the remedy for such abuses, when they occur, lies in public enforcement of applicable criminal laws and private enforcement of parallel civil remedies, not in a special license for debt collectors to harass alike the guilty, the careless, the unfortunate, and those who do not owe a debt at all. Congress has chosen to establish in the FDCPA uniform national standards of conduct for third-party debt collectors. The policy and purpose of the Act warrant treating the collection of dishonored checks no differently from the collection of other consumer obligations.

CONCLUSION

For the foregoing reasons, the judgment of the district court should be reversed and the case remanded for resolution of all remaining issues.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on May 16, 1997, I served the "Brief for Amicus Curiae Federal Trade Commission" by causing two copies to be sent by first-class mail, postage prepaid, to counsel below:

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(1) In marked contrast to the definition of "debt" adopted by House and Senate, some proposed versions of the FDCPA that were introduced earlier had defined "debt" to mean an obligation arising out of a transaction "in which credit is offered or extended to an individual," see, e.g., H.R. 13720, 94th Cong., 2d Sess. (1976); H.R. 29, 95th Cong., 1st Sess. (1977). Thus Congress was clearly aware of the means by which it could have limited "debt" to "credit" transactions, but eschewed that alternative. See *Bass v. Stolper*, slip op. at 10.

(2) See Hearings Before the Subcomm. on Consumer Affairs of the House Comm. on Banking, Finance and Urban Affairs, on H.R. 29, 95th Cong., 1st Sess. at 257-61 (1977) (statement of John W. Johnson, Executive Vice-President, American Collectors Association, Inc.).

(3) *Id.* at 184-215.

(4) Hearings Before the Subcomm. on Consumer Affairs of the Senate Comm. on Banking, Housing and Urban Affairs on S. 656, S. 918, S. 1130, and H.R. 5294, 95th Cong., 1st Sess. 567-88 (1977) (statement of Jay I. Ashman, Assistant Attorney General, State of Vermont). In his testimony, Mr. Ashman described, inter alia, an episode in which an elderly Vermont consumer had paid for groceries in an Albany, New York supermarket with a \$75 check. Before the merchant presented the check for payment, however, several of the consumer's checks were stolen and forged, leaving no balance in the account and no funds with which the consumer could immediately pay the debt. A check collection firm subsequently threatened the debtor with immediate arrest by a sheriff if he did not pay (an entirely unfounded charge, as there was no basis for criminal liability, and, in any event, the power of arrest lay with Vermont public officials, not a New York collection agency). Mr. Ashman testified that the subject check recovery firm had used similar threats in other cases.

(5) Hearings Before the Subcomm. on Consumer Affairs of the Senate Comm. on Banking, Housing and Urban Affairs on S. 656, S. 918, S. 1130, and H.R. 5294, 95th Cong., 1st Sess. 146, 163 (1977) (statement of John W. Johnson and William F. Hearne, Jr., Executive Vice-President and Treasurer, respectively, American Collectors Association, Inc.).

(6) *Id.* at 167-76.

(7) See, *Johnson v. GC Services, Inc.*, 1997 U.S. Dist. Lexis 5926 (N.D. Cal. 1997); *Johnson v. CRA Security Systems, Inc.*, 1997 U.S. Dist. Lexis 4962 (N.D. Cal. 1997); *Ernst v. Riddle*, 1997 U.S. Dist. Lexis 4143 (M.D. La. 1997); *Fulcher v. Wexler*, 1997 U.S. Dist. Lexis 4229 (D. Conn. 1997); *Newman v. Checkrite California, Inc.*, 912 F. Supp. 1354, 1364 n.7 (E.D. Cal. 1995); *In re Schrimpsheer*, 17 B.R. 999, 1010 (Bankr. N.D.N.Y. 1982). Aside from

Schrimpscher, the district court was apparently not apprised of any of these cases when it made its decision. See slip op. 2 n.1. Cases denying coverage include *Sarver v. Capital Recovery Associates, Inc.*, 951 F. Supp. 550 (E. D.Pa. 1996); and by apparent implication, *Cederstrand v. Landberg*, 933 F. Supp. 804 (D. Minn. 1996); and *Adams v. Law Offices of Stuckert & Yates*, 926 F. Supp. 521 (E.D. Pa. 1996).

(8) See, e.g., *Stewart v. Slaughter*, 165 F.R.D. 696 (M.D. Ga. 1996) (recipient of threat to sue for dishonored check satisfies typicality requirements for FDCPA class action); *Edwards v. National Business Factors, Inc.*, 897 F. Supp. 455 (D. Nev. 1995); *Bakumirovich v. Credit Bureau of Baton Rouge, Inc.*, 155 F.R.D. 146 (M.D. La. 1994); *Pearce v. Rapid Check Collection, Inc.*, 738 F. Supp. 334 (D.S.D. 1990); *Holmes v. Telecredit Service Corp.*, 736 F. Supp. 1289 (D. Del. 1990) (third-party check collection service is "debt collector" within meaning of FDCPA); *Taylor v. Checkrite, Ltd.*, 627 F. Supp. 415 (S.D. Ohio 1986); *West v. Costen*, 558 F. Supp. 564, 571 (W.D. Va. 1983).

(9) The court in *Zimmerman* did rely on the fact that Congress enacted the FDCPA as an amendment to the Consumer Credit Protection Act, 15 U.S.C. §§ 1601 et seq. ("CCPA"), but that fact alone provides no reason to read into the FDCPA's broad definition of "debt" a limitation that is nowhere expressed and that was specifically rejected by the House Committee that fashioned the definition. See *Mace v. Van Ru Credit Corp.*, 109 F.3d 338, 343 (7th Cir. 1997). Indeed, other portions of the CCPA also regulate non-credit transactions. See 15 U.S.C. §§ 1693-1693r ("Electronic Fund Transfer Act," enacted as Title IX of the CCPA); *Bass v. Stolper*, slip op. at 12-14.

(10) In denying FDCPA coverage for non-consumer debts, other Circuits, too, have focused on the absence of a "transaction" or a "consumer" relationship between the obligor and obligee. *Bloom v. I.C. Systems, Inc.*, 972 F.2d 1067, 1068 (9th Cir. 1992) (FDCPA "applies to consumer debts and not business loans"); see also *Mabe v. G.C. Servs. Ltd. Partnership*, 32 F.3d 86, 88 (4th Cir. 1994) (child support obligations not FDCPA "debts" because not incurred to receive consumer goods or services).

(11) Although Congress expressly provided that neither the Commission nor any other agency could promulgate rules "with respect to the collection of debts by debt collectors as defined in this subchapter," 15 U.S.C. § 1692(d), Congress did assign the Commission numerous responsibilities that require the Commission to interpret the FDCPA, including the responsibility to enforce the Act in both judicial and administrative proceedings, 15 U.S.C. §§ 1692(a), (c), and the authority to issue advisory opinions (good faith action in reliance on which immunizes a debt collector from civil liability), 15 U.S.C. § 1692k(e).

(12) The Commentary states (53 Fed. Reg. at 50102):

Section 803(5) defines "debt" as a consumer's "obligation * * * to pay money arising out of a transaction in which the money, property, insurance, or services (being purchased) are primarily for personal, family, or household purposes * * * ."

1. Examples. The term includes:

- Overdue obligations such as medical bills that were originally payable in full within a certain time period (e.g., 30 days).
- A dishonored check that was tendered in payment for goods or services acquired or used primarily for personal, family, or household purposes.
- A student loan, because the consumer is purchasing "services" (education) for personal use.

2. Exclusions. The term does not include:

- Unpaid taxes, fines, alimony, or tort claims, because they are not debts incurred from a "transaction (involving purchase of) property * * * or services * * * for personal, family or household purposes."
- A credit card that a cardholder retains after the card issuer has demanded its return. The cardholder's account balance is the debt.
- A non-pecuniary obligation of the consumer such as the responsibility to maintain adequate insurance on the collateral, because it does not involve an "obligation* * * to pay money."

The Staff Commentary is not binding on the Commission and has not been followed in every instance by the courts, see *Heintz v. Jenkins*, 115 S. Ct. 1489 (1995), but it does provide guidance on which many practitioners rely to determine their obligations under the Act.

(13) An abuse commonly alleged in FDCPA suits involving collection of dishonored checks (although not in this case), is the use of form letters that demand sums many times the amount of the check and falsely threaten legal action if these sums are not paid. See, e.g., *Ernst v. Jesse L. Riddle, P.C.*, 1997 U.S. Dist. Lexis 4143 (M.D. La. 1997); *Newman v. Checkrite California, Inc.*, 912 F. Supp. 1354 (E.D. Cal. 1995).