

THE \$648 MONTHLY FINE FOR NOT HAVING A JOB

As part of the President's deficit reduction plan, he proposes changing the rules to allow debt collectors to call people on their cell phones.

Allow agencies to contact delinquent debtors via their cellular phones. The Administration also proposes to amend the Communications Act of 1934 to facilitate collection of debts owed to or guaranteed by the Federal Government, by facilitating contact of delinquent debtors who are most readily reached on their cell phones. This provision is expected to provide substantial increases in collections, particularly as an increasing share of households no longer have landlines and rely instead on cell phones.

As soon as I read this, I thought of the widow in Hawaii whom Bank of America called 48 times a day because her late husband had missed one mortgage payment.

Deborah Crabtree, of Honolulu, Hawaii tragically lost her husband to cancer on Aug. 3. The bank to which he owed money, Bank of America, didn't even wait for a day after his death to begin calling Crabtree to remind her that her husband had missed a \$3,000 mortgage payment on their home.

Crabtree told Bank of America that she had \$5,000 on hand, and that she needed this money to buy food and bury her husband. Convinced that Crabtree should be using this money to pay them, Bank of America repeatedly "robo-called" Crabtree during her husband's wake, sometimes with only 15 minutes between each call.

Now, Crabtree is suing the bank, alleging

that it called her up to 48 times a day, even repeatedly demanding evidence that her husband was dead, and once receiving it, losing it. Crabtree's complaint cites the emotional distress and mental anguish caused by Bank of America's behavior.

So under Obama's proposed rules, BoA might call someone 48 times a day on their cell phone? Say each one were billed as a 1 minute call, that would amount to 1,440 minutes a month—maybe double a pretty normal 700 minute/month plan. The remainder of those minutes might be billed at \$.45 per minute, or a grand total of \$648 a month, all so a debt collector can get money for Uncle Sam.

Add in the fact that the most likely group to fall in this category—students with federally backed loans, particularly those who used those federally backed loans to go to diploma mill for-profit colleges—and you've effectively got the Federal government penalizing these young adults a second time because they were preyed upon by a previously under-regulated industry a first time. Not to mention graduating from school into the post-crash economy.

In short, while I understand the necessity of finding a way to collect debt from those who don't have a land-line, I also see how this policy will become the Bankruptcy Bill of the housing crisis, a policy with easily foreseeable devastating consequences that will exacerbate the popping of the next bubble that will pop.