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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO FINANCIAL INSTITUTIONS - POWERS AND OPERATIONS

Introduced By: Representatives Trillo, and Costa

Date Introduced: February 10, 2016

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, as set forth in chapter 14.9 of this title.

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 this title.

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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RELATING TO FINANCIAL INSTITUTIONS - POWERS AND OPERATIONS

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 law and the state
4 law governing the credit card creditors cardholder agreement. Violations of this provision would
5 be considered to be a false, deceptive, and misleading practice under the Rhode Island fair debt
6 collection practices act, chapter 14.9 of title 19.

7 This act would take effect upon passage.

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