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Testimony IN OPPOSITION TO BILL No. SB1121 Regarding POST JUDGMENT INTEREST Judiciary Committee Public Hearing April 1, 2013 Cheryl diane Feuerman

We urge rejection of S.B. 1121, amending Conn. Gen. Stat. § 52-356d, and overriding the long-established rule that awarding of post-judgment interest is at the sound discretion of the court based on the facts of each case. The proposed modification would provide a windfall for the debt collection industry and cause harm to those unable to timely pay their debts due to circumstances over which they had no control.

I am a senior staff attorney at Connecticut Legal Services, Inc. (CLS) and the Project Manager of CLS' Consumer Law Project for Elders (CLPE). The CLPE provides free legal assistance to seniors with consumer problems through-out the state.

This proposed modification of the law would allow the automatic award of 10% interest on all judgments paid in installments without the court's consideration of the facts involved in each case. The CLPE has assisted thousands of seniors since its inception in 2002, including many debt collection cases. Seniors often find themselves in a spiral of debt, typically based on unexpected catastrophic situations such as illness, disability or death of a spouse that affect their financial circumstances. Others are in debt as a result of identity theft or unauthorized use of credit cards. Many seniors are not aware of the debt or do not realize it could be challenged. Because it may be physically or emotionally difficult for a senior to attend a hearing, judgments are frequently obtained by default without the proof required to establish the ownership of the debt. A National Consumer Law Center analysis indicates that only .1% of consumers can pay their debts but choose not to do so. This is consistent with our experience in the CLPE.

Under current law the court exercises its sound discretion in determining when post-judgment interest is awarded. This individualized approach should be retained to avoid undue harm to consumers.. The CT Supreme Court recently upheld this approach in Ballou v. Law Offices of Howard Lee Schiff P.C. 304 Conn.348 (2012).

The only warranted modification in the statute regarding the award of post-judgment interest is to either reduce the rate of interest allowed or provide the court with discretion to award an amount less than 10% in cases where an interest award is appropriate. The current flat 10% rate is exorbitant when compared to the interest rates consumers are able to obtain from savings accounts, certificates of deposit or other financial instruments. A lower rate, either prescribed in law or determined in individual cases in the sound discretion of the court, would be in keeping with current financial conditions.

Thank you for your consideration of these comments.

