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Testimony on S.B. 485
An Act Concerning The Provision of a Payoff
Statement by a Judgment Lienholder
Judiciary Committee Public Hearing- March 19, 2018

Good morning Co-Chairmen Doyle, Kissel, Tong, Ranking Member Rebimbas, and members of the Judiciary Committee.

Thank you for the opportunity to testify in opposition to S.B. 485, An Act Concerning The Provision of a Payoff Statement by a Judgment Lienholder. I am Linda Strumpf and am an attorney here today to represent the Connecticut Creditor Bar Association (CCBA) as a member of the Government Affairs Committee.

This bill is punitive towards creditors' rights attorneys, and is the only proposed law I have ever seen that punishes an attorney for failing to respond to a letter. There are no statistics or evidence which we know of that would support the necessity for such a law. Creditors' rights attorneys often work on a contingency fee basis and it is to their advantage to respond to a request for a payoff. It would be the very rare instance where a request for a payoff would be ignored by a creditors' rights attorney.

Creditors' rights attorneys represent many small businesses in this state, such as lawn service companies, painters, contractors, plumbers, electricians, etc., and we assist those businesses to stay in business so they can hire Connecticut residents and keep our economy humming. Many of these small businesses become judgment lienholders, and we certainly do not want to impose more fees and more requirements upon them.

This bill has huge unintended consequences. If passed, this bill would become a hotbed of abuse and extortion, and an extraordinary windfall for judgment debtors and their attorneys. This bill would encourage debtors' attorneys to commence litigation in order to obtain attorney's fees. Just the specter of a lawsuit would force creditors' rights attorneys – and small businesses - to pay predatory attorneys rather than deal with the expense of litigation which this bill would promote. And even if the creditors' rights attorney – or small business - won in the end, they lose, because they would not be reimbursed their attorney's fees or time for the litigation. It would certainly discourage anyone from becoming a creditors' rights attorney, and we serve a necessary purpose. This bill exposes attorneys to unreasonable liability.

The type of notification to the attorney or judgment creditor is not specified. In order to impose any punitive measure for failure to respond, this bill would have to contain a requirement that a payoff request be sent by certified mail, return receipt requested, or some other method where the creditor's attorney has signed in writing that he or she has received the request. This would cause unnecessary expense to the judgment debtor, and I am sure they would not want to send their request in such a costly and time consuming manner. A fax can get lost and an email can go into junk or spam. How often has someone contacted your office, said they sent a fax, a letter or an email which you never received. You are holding a creditors' rights attorney to a standard to which no other attorney is held.

Thank you for your time and attention.

Respectfully submitted,

