April 6, 2020

The Honorable Ned Lamont
Governor of the State of Connecticut
State Capitol
210 Capitol Avenue
Hartford, CT 06106

Dear Governor Lamont:

On behalf of our State’s low-income and financially vulnerable residents devastated by the COVID-19 epidemic, we urge you to institute an immediate moratorium on debt collection in Connecticut. Your action may be needed to prevent the serious risk of the seizure by some creditors of all or part of the stimulus payment the federal government will soon be issuing to persons whose incomes are less than $75,000. Your action is also needed because people, many of whom will have lost a primary income source, may not have access to the courts to protect money in their bank accounts that by law is exempt from their creditors.

Preservation of residents’ income to deal with their daily needs is an essential element of the government’s response to the public health emergency created by COVID-19. The magnitude and scope of this emergency is reflected in the Governor’s Executive Orders, which strongly encourage residents to shelter in place and not congregate in places of work or in other locations that draw many people together. It is also reflected in the Judicial Branch’s action to limit physical access to the courts. While these are wise actions to help prevent the spread of COVID-19, the economic impact of these necessary public health measures has led to extraordinary levels of layoffs, furloughs, and claims for unemployment compensation. This has put tremendous financial pressure on residents at all levels of Connecticut society, and especially on its lowest income residents, where the impact has been, and will continue to be, devastating. The recent federal response, in the form of an economic stimulus bill, is an attempt to prevent this public health emergency from completely bringing the economy to collapse.

All these events will increasingly challenge the ability of many, many Connecticut residents to pay their bills. Connecticut has recognized this problem in the housing area, where both the Judicial Branch and the CARES Act have imposed moratoria on evictions and foreclosures. We strongly urge that you impose an analogous moratorium on the collection of consumer debts. Under the circumstances of this emergency, with such large numbers of residents losing jobs and at risk of disease, it is essential that the existing ability of households to meet their on-going financial obligations not be undercut by seizure of their wages and financial resources. Going forward, these individuals need every penny they have to survive this public health emergency. If debt collection activities are allowed to continue as usual, many families
will find themselves without the funds they need to pay rent, feed their children, and buy medicine. This is inhumane, and the harm is irreparable.

We therefore urge you to impose an immediate moratorium on the collection of consumer debt for the duration of the State of Emergency and for 30 days thereafter. We especially urge that enforcement of judgments against consumers for unpaid bills, including execution on bank accounts and garnishment of wages, be immediately suspended. This includes, but is not limited to:

1. **Automatic protection by banks of these vital funds:**
   
   A. The full amount of any stimulus payments to their account holders as a result of the COVID-19 pandemic, such as under the CARES Act;¹
   
   B. The full amount of directly-deposited unemployment compensation and child support payments²; and
   
   C. The Connecticut “wild card” exemption of the first $1,000 in every bank account.³

   These protections are governed by C.G.S. 52-367b.

2. **Suspension of wage garnishments:** Suspensions of wage executions that have already been levied or are otherwise in place. The receipt of wages is essential to the success of the stimulus.

3. **Protection against initiation and enforcement of collection law suits:** Prohibition on filing new collection law suits in court, obtaining judgments including judgments by default, and issuing, levying, or enforcing executions, including bank, property, and wage executions; and suspension of any executions already levied, including unimplemented bank account executions;

¹ Unless the state treats stimulus payments as exempt (similar to Social Security), there is a danger that they can be seized by creditors to pay old debts, contrary to the very reason for providing stimulus payments. Their exempt status under federal law is unclear. Requiring banks to protect them automatically in the same manner as Social Security will solve this problem.

² Unemployment compensation and child care payments are already fully exempt under C.G.S. 52-352b(g) and (h), but any portion of them above $1,000 must be “claimed” through a process leaves that part of the account frozen and requires a court hearing. The courts, however, are effectively closed. In any event, claiming is unworkable. Even under current law, many account holders eligible to make a claim fail to do so and thereby unintentionally lose their exempt funds. In light of the banks’ actual knowledge that the funds are fully exempt, claiming is also unnecessary.

³ The wild card is exempt under C.G.S. 52-352(r) but must be claimed, which is impracticable while the courts are closed and is unnecessary, as described in Footnote 2. The need to claim should be suspended during the State of Emergency, since the exemption is already known to the bank.
4. **Protection against penalties for late payment**: Prohibition of the imposition of late fees and penalty interest and suspension of accrual of post-judgment interest;

5. **Moratorium on adverse referrals by creditors**: Prohibition of reporting delinquent payments to credit rating services, of referring consumer debts to collection agencies, and of any action by such agencies to collect such debts; and

6. **Prohibition of repossessions of motor vehicles**.

Thank you very for your consideration of these recommendations. We hope that you will act on them quickly, especially before direct deposits start arriving under the CARES Act and before unemployment compensation, payments begin for the tens of thousands of people who have filed applications in the past few weeks. We would very much appreciate the opportunity to discuss them with you soon.

Sincerely,

Nilda R. Havrilla, Litigation and Advocacy Director  
Raphael L. Podolsky, Attorney/Public Policy Advocate  
**Connecticut Legal Services, Inc.**

Shelley White, Litigation Director  
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Kathy Flaherty, Executive Director  
**Connecticut Legal Rights Project**

Sara White and Loraine Martinez, Connecticut co-chairs  
**National Association of Consumer Advocates**

Liam Brennan, Executive Director  
**Connecticut Veterans Legal Center**

Cc: Paul Mounds, Chief of Staff  
Josh Geballe, Chief Operating Officer  
Susan Bysiewicz, Lieutenant Governor  
Sen. Gary Winfield, Co-chair, Judiciary Committee  
Rep. Steven Stafstrom, Co-chair, Judiciary Committee  
Sen. Martin Looney, President Pro-Tem of the Senate  
Sen. Bob Duff, Majority Leader of the Senate  
Rep. Joe Aresimowitz, Speaker of the House  
Rep. Matt Ritter, Majority Leader of the House  
Cc: All co-signers