



# U.S. Public Interest Research Group

## National Association of State PIRGs

March 15, 2005

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The Honorable James F. Sensenbrenner, Jr.  
Chair, House Judiciary Committee  
Washington, D.C. 20515

The Honorable John Conyers, Jr.  
Ranking Member, House Judiciary  
Washington, D.C. 20515

### **OPPOSE BANKRUPTCY BILL, S. 256/HR 685 STILL UNFAIR TO WORKING FAMILIES, STILL REWARDS IRRESPONSIBLE CREDIT CARD COMPANIES**

Dear Chairman Sensenbrenner and Ranking Member Conyers:

We are writing on behalf of the members of the non-profit, non-partisan state Public Interest Research Groups to urge your committee's strong opposition to S. 256, the so-called Bankruptcy Abuse Act passed by the Senate, as well as to its companion bill, HR 685.

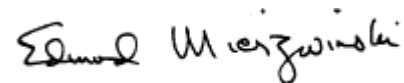
It is particularly egregious that in two weeks of floor deliberations the Senate failed to ameliorate any of this bill's most grotesque distortions of the bankruptcy safety net requested by powerful financial interests. Further, the bill treats working families who have suffered terrible hardship as if they were abusers, but it treats millionaire deadbeats like royalty.

Instead of helping military families, protecting mothers seeking child support or assisting victims of catastrophic medical debt, the Senate reasserted that millionaire deadbeats should continue to have a "get-out-of-debtors-prison-free" card. Instead of reining in deceptive credit card company practices, the bill allows irresponsible credit card companies to continue to gouge and deceive consumers while also reaping the unjust rewards of this bill's harsh treatment of working families.

The bill erects harsh legal and monetary barriers in front of families who have most likely suffered job layoffs, divorce or illness as precursors to bankruptcy. It then imposes a draconian means test based on absurd budget rules that will wrongly force many consumers into Chapter 13 repayment schedules, simply to avoid unaffordable challenges to creditor motions against their rights to a Chapter 7 Fresh Start bankruptcy. Of course, many of those consumers will be unable to complete their repayment plans, but will be perversely be denied a fresh start, not only because the rules are unfair but because the bill sweepingly eliminates authority of bankruptcy judges to consider virtually any special circumstances.

We are especially disappointed that the Congress insists on ripping away the bankruptcy safety net without at least preventing credit card companies from deceiving consumers. Unfair credit card company practices have led to a massive increase in high-cost credit card debt outstanding. The bills are defective and should be rejected. Working families will be hurt by the bill's unfair bankruptcy procedures, while the bill encourages irresponsible credit card companies to continue to deceive consumers into increasing their debts. Please contact me if you have any questions.

Sincerely,



Edmund Mierzewski  
Consumer Program Director