



# U.S. Public Interest Research Group

## National Association of State PIRGs

11 April 2005

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

Dear Representative,

We are writing on behalf of the members of the non-profit, non-partisan state Public Interest Research Groups to urge your strong opposition to S. 256, the so-called Bankruptcy Abuse Act passed by the Senate and unfortunately also recently rubber-stamped by House Judiciary.

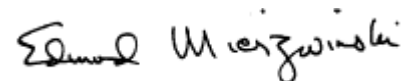
It is particularly egregious that in two weeks of floor deliberations the Senate failed to ameliorate any of this bill's most grotesque distortions of the bankruptcy safety net insisted on by powerful financial interests. Further, the bill treats working families who have suffered terrible hardship as 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 would be unable to come anywhere close to completion of their repayment plans, but will be perversely be denied a fresh start, not only because the rules are so unfair but because the bill also 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 for working American families without at least taking strong steps to prevent credit card companies from deceiving or gouging consumers. Unfair credit card company practices have led to a massive increase in high-cost credit card debt outstanding. The credit card industry piles usurious interest rates on top of punitive charges. The resulting one-sided bankruptcy bill is defective and should be rejected. Working families will be hurt by the bill's unfair bankruptcy procedures, while the bill's silence on unfair credit card practices will serve to encourage irresponsible credit card companies to continue to deceive consumers into increasing their debts. Please contact me if you, or your staff, have any questions.

Sincerely,



Edmund Mierzwinski  
Consumer Program Director