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**Contact: Dina Long, Ext. 7058  
Sheila McCormick, Ext. 7034  
Mike Drapkin, Ext. 7011**

## **Debt Collection Industry Again Tops FTC Complaint List; NTEU's Kelley Warns of Turning Taxpayer Data Over to It**

**Washington, D.C.**—A federal report detailing some of the brazen tactics of the debt collection industry underscores once again the impropriety and danger of turning over personal and sensitive taxpayer information to private debt collectors in an effort to collect taxes, the leader of the union representing thousands of Internal Revenue Service (IRS) employees said today.

The annual report of the Federal Trade Commission (FTC) about complaints it received under the Fair Debt Collection Practices Act shows that debt collectors again last year generated the most consumer complaints.

The actions of debt collectors described in the FTC report include demanding a larger payment than is permitted by law; harassing the debtor or others; threatening 'dire consequences' if the consumer fails to pay; making impermissible calls to a consumer's place of employment; revealing an alleged debt to third parties; failing to verify disputed debts; continuing to contact consumers after receiving a 'cease communication' notice; and others.

"These examples," said President Colleen M. Kelley of the National Treasury Employees Union (NTEU), "cast even more doubt on the appropriateness of the IRS plan to hire private debt collectors to pursue tax debts in exchange for a bounty" of up to 25 percent of the money they collect.

**(MORE)**

## **Debt Collectors Again Top FTC Complaint List—Add One**

In all, complaints to the FTC about debt collectors rose by 14 percent last year, to 66,627, from a year earlier. Complaints about debt collectors total 19 percent of all consumer complaints to the FTC in 2005, an increase from 17 percent of total consumer complaints to the FTC the year before.

The IRS recently awarded contracts to three private bidders, and plans to award as many as 10 additional contracts in the next year or so.

President Kelley said the FTC report, and the examples of the types of consumer complaints against third-party debt collectors, “should give any reasonable person pause” to question seriously the IRS effort to privatize tax collection.

“It is simply unbelievable that the IRS would continue to press ahead to do business—and to provide taxpayer information—to an industry with this kind of record,” President Kelley said.

At the same time, the NTEU leader took critical note of efforts by debt collectors to secure FTC permission to use automated telephone dialing equipment to call debtors’ cell phones concerning overdue bills. “Apparently,” she said, “the collection industry will stop at nothing.” If granted by the FTC, consumers will end up paying for the calls since most cell phone plans charge for airtime.

A collection industry spokesperson was quoted in media reports as saying that not being able to call cell phones with automated equipment would be “extremely detrimental to the industry and consumers.” There was no explanation, however, as to why consumers would find that to be a detriment.

NTEU is the largest independent federal union, representing some 150,000 federal workers in 30 agencies and departments, including 90,000 in the IRS.