

Amid bipartisan criticism, Treasury Dept. attorneys review bank seizures of \$1,200 stimulus checks, Washington Post, ft. Richard Perr

Richard J. Perr, co-managing partner of the KD Philadelphia office and chair of the Consumer Financial Services practice group, was quoted in the Washington Post following his interview with Renae Merle, published on April 20, 2020.

Some of the stimulus payments have been taken by debt collectors. Advocates say low-income families need the money for food.

The Treasury Department is reviewing whether it has the legal authority to prevent banks and private debt collectors from seizing \$1,200 government stimulus payments, according to a person familiar with the internal deliberations, as blowback builds over private lenders clawing back parts of the emergency financial relief package.

The review is being conducted by legal counsel at the Treasury Department, said the person, who declined to speak on record because the matter had not been finalized. It was unclear when a determination about the payments would be made.

Earlier this month, the Trump administration began directly depositing stimulus checks in the bank accounts of 80 million Americans to help them survive the economic downturn caused by the coronavirus. Reports quickly surfaced that some of these payments were being redirected to banks and private debt collectors from people who have overdraft fees, delinquent loans or other debt obligations.

These garnishments have sparked a bipartisan backlash in Congress, with lawmakers arguing the money should be walled off from collection by banks and private debt collectors.

Collections agencies are working with consumers affected by the coronavirus, deferring or reducing their payments, said Richard J. Perr, a co-managing partner at Kaufman Dolowich Voluck, which represents debt collectors. Debt collectors are receiving an unprecedented number of inbound calls and working closely with affected consumers, according to ACA International, a large debt-collection industry group.

"This concept that there are collection agencies lurking around banks to get this money is just not accurate. It's not practical, either," Perr said. "The goal here is to help everyone. Nobody is sitting around to get peoples' checks."