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BUSINESS

Debt Collectors Are Busy, Thanks to a Slow Economy

Debt collection cases are mushrooming in courts around the country. In Chicago, lawsuits against alleged debtors have more than doubled in recent years. The rise has partly to do with a sluggish economy. But those trying to collect debts are feeling the pinch, too.

People on both sides of debt, collectors and those who owe, are keenly aware of its social stigma. This is why Cook County Circuit Court Judge Daniel Gillespie, who presides on the 11th floor of the Daley Center in downtown Chicago, starts every case by trying to put the defendant at ease.

GILLESPIE: He's a person, he was served a summons, and he came here. Good morning sir how are you. And just wait for him to tell ya. And he'll chuckle and say, 'I'm not that well, I've had better days.' But he's had his say in court, and I think it means so much to people to have that, I feel sorry for so many people who are served that don't.

This light touch does a lot to diffuse the tension in a courthouse where Gillespie says his debt caseload has risen from 6,000 to 15,000 cases over the past 6 years. On a recent morning call, a few collection attorneys bob up and down in front of Gillespie.

Their clients are companies like Discover, which is suing Carolyn Dotson for a credit card bill of nearly 30 thousand dollars. Dotson's story is fairly typical. She works full time and was a paid up customer until several years ago, after her mother died and left her a house and its expenses.

DOTSON: Property tax, water bills, light, gas, insurance--things like that.

Dotson put it on plastic.

DOTSON: Like I say I was a good customer and I paid my bills on time and wasn't behind, and all of that.

While all this was going on, someone stole her identity, adding to her debt. But for every debtor like Carolyn Dotson there is someone who's trying to collect. Attorney Toni Miller represents Discover. Wearing a ponytail and a short sleeved argyle sweater, she sits with Dotson on a bench outside the courtroom and tries to lend a hand.

MILLER: Say, this is my situation, I know I'm dealing with a pretty large bill here but I want to pay, this is what I can pay right now...

DOTSON: (interjects): I want to pay. I want to pay.

MILLER: I know you do. And say, this is what I can pay right now. And hopefully we'll work something out. There's always a chance we would be able to, if we can't then we'll come back and deal with it from there, but hopefully we can.

After about 45 minutes, Dotson hugs Miller and leaves.

MILLER: I couldn't say 'pay me five dollars a month.' I couldn't do that. Also because she'd be paying it for 600 years. But you work for your client and you try and collect, but my client's never going to tell me to tell them forgo their mortgage. That's not what we want to do either. We want to try and get something where we can work it out.

But it's not always so amicable, says Michelle Weinberg, an attorney with the Legal Assistance Foundation of Metropolitan Chicago, which provides free legal services. She says 5 years ago she'd never have to go to court for her clients, who are mainly senior citizens. She'd call a creditor and say:

WEINBERG: She's collection proof, she doesn't have any garnishable assets or income-- you're never going to get a dime from her. She'd love to pay it if she could, but she can't. And they would go away. What's different now is they don't go away.

Debt collection continues to be a huge and ever-growing business. Kaulkin Ginsberg, a strategic advice company for the collections industry, reports that in 2006 debt collectors brought in nearly \$17 billion. Which means Judge Daniel Gillespie will stay busy. He says the best response to a summons is to come to court.

GILLESPIE: If they don't come to court there could be a judgment against them, if they do come to court they can negotiate so there won't be a judgment, and that's a much better resolution for that person's credit card.

He knows what he's talking about. The judge was once sued by a hospital because his insurance didn't pay a claim, especially aggravating, he says, because he was on the hospital's board.