

Task Force report

In the \$667 million-a-year business of collecting America's bills, Illinois is fertile turf. Unscrupulous collectors among an estimated 350 agencies in the state operate almost without restrictions. During a six-week investigation, reporters worked in eight agencies to compile this chronicle of debt collection abuses. This is the third in a series by Task Force director Pamela Zekman and reporters William Crawford, William Gaines, and Robert Unger.

Federal jury to investigate bill collectors

By Pamela Zekman
and Robert Unger

A FEDERAL GRAND jury investigation was ordered yesterday into alleged abusive practices of debt collection agencies which were uncovered by The Tribune.

A special consumer fraud task force was assigned by U. S. Atty. James R. Thompson to investigate alleged terror tactics and fraudulent practices of agencies named in citizen complaints and exposed by The Tribune Task Force.

Subpenas will be issued for the records of at least 12 Chicago collection agencies, Thompson said.

DURING A six-week investigation Tribune reporters worked in Chicago-area collection agencies to document apparently illegal and unethical collection practices, including adding exorbitant interest to debts, impersonations of law enforcement officials, and threats of arrest and jail.

"These kinds of practices di-

rected at the poor and very uneducated are particularly reprehensible," Thompson said. "It is obvious that the criminal [prosecution] power of the federal government is needed to complement the efforts of local prosecution offices to curb these abuses."

Illinois, unlike 26 other states, has no laws regulating collection agencies.

THOMPSON SAID postal inspectors will be asked to assist in the investigation to determine if form letters and telephone tactics used by agencies violate federal mail fraud and fraud by wire statutes.

The Federal Bureau of Investigation will be asked to assist in cases where collectors allegedly impersonate federal officers. The Tribune disclosed that collectors for one agency impersonate federal marshals to frighten debtors. A collector for another agency said he frequently obtained information from debtors by posing as

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U.S. jury to subpoena 12 agencies' files

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a Social Security Administration employee.

"It is bad enough to cheat people," Thompson said, "but to cheat them while posing as an official of the federal government is even worse and will not be tolerated."

THE INVESTIGATION will be headed by Tyrone Fahner, chief of the public protection division of Thompson's office.

Fahner said that a special grand jury, used in prolonged investigations, will be requested for the collection agency probe.

Fahner said the subpoenas expected to be issued today, will mark the first stage of the investigation, which is the first of its kind in the country.

The subpoenas request collec-



James R. Thompson

tion agencies to turn over all books and records, cash and disbursement receipts, copies of form correspondence, collector's instruction manuals, and account folders.