

February 26, 2005

An Open Letter to Christian Leaders

Re: The Bankruptcy Bill

Next week the U.S. Senate will begin debate on S. 256, a bill that will make it more difficult for many American families in financial distress to file for bankruptcy in order to rebuild their lives. The notion that the current system is being "abused by deadbeats to get out of paying their debts" is false, deceitful and demiurgic. As Christian attorneys who represent families forced to file for bankruptcy we can tell you that the so-called abuses of the system are few and far between. All of the objective studies have demonstrated that American families file for bankruptcy because they have been driven there--largely by medical and economic catastrophes--not because they want to get out of paying their debts.

As Christian attorneys, we strongly believe that it was never God's intention to create a society where indebtedness was a crime or a badge of dishonor. If we look to the legal structure of society set forth in the Old Testament, we see a society where loans were kept to a minimum and gratuity and charity were encouraged. To accomplish this balance, God did not outlaw borrowing and lending, rather He provided that loans would eventually become discharged once every seven years. Deut. 15:1,2. To underscore God's demands on the lender, the scriptures make it clear that the lender was chastened if he withheld his bounty from the poor and that he sinned if he tried to collect any loan after the seventh year. Deut. 15:9. These concepts are repeated in the New Testament where the creditors are instructed to "give to him that asketh thee . . . and turn not away." Matt. 5:42.

In the view of the creditors who have drafted and lobbied for the current Senate bill it is the repayment of debt that is the most paramount duty of humans. Under God's plan in the Old Testament, it was the creditor who was given the onerous commandment to lend and to give, not the debtor who was punished because he could not repay. The Senate bill seeks to punish both American families who cannot repay their debts and the lawyers who are trying to help them. Faced with declining real wages, job insecurity, long-term unemployment, out-sourcing of jobs to overseas markets, and ever-rising health care costs, American families have turned to increasingly expensive easy credit. We all know about this credit. The fact of the matter is that all of us receive dozens of solicitations each week informing us "we are pre-approved for this" and "pre-approved for that" from the same creditors who are now crying out for reform. These same credit card banks, who are now crying wolf, raked in record profits in excess of \$30 billion dollars last year. Yet, with the prime rate at its lowest level in more than 50 years, the credit

card banks have issued new cards to millions of American families at the highest annual interest rates in history. The current Bill imposes no limitations on these exorbitant and usurious fees and charges. If this Bill passes, the credit card companies will continue to charge higher interest rates and the great benefits this Bill lays upon them will not be passed to their customers but to their balance sheets.

Based on our religious beliefs, we all firmly adhere to the proposition that the family is far more important than debt. We believe in the forgiveness of debt and charity that are stressed and required by the Bible. We believe helping people in dire situations is more important than preserving penalty fees, late charges, and sky-high interest rates for the purveyors of the new plastic money.

Today, with the introduction of interest upon interest, penalties for failure to timely pay, interest on the principal, interest on the penalties, and countless other "fees" and "charges," much of the credit world is effectively obtaining payment without lending. For example, take the case of Ruth Owens of Cleveland who stopped using her Discover Card in 1997 when she had a balance of \$1,963. Over the next six years, Ruth made \$3,492 in payments to Discover Bank. However, from May of 1997 until her account was sent to collection in May of 2003, not one penny of Ms. Owens' \$3,492 in payments went to reduce the debt. So, despite having received substantial payments from Ruth for six years (she was on Social Security and paid all she could afford plus some), Discover Bank sued her for \$5,564, which they claimed she still owed.

If God saw nothing unrighteous with the debtor-oriented release in the Old Testament, it is difficult to believe that He would approve of a more conservative and more difficult release of debt under the proposed Senate bill. God, in fact, invented the unconditional discharge of debts. God is a God of forgiveness, and he wants His people to be forgiving people; this includes financial forgiveness as well as moral forgiveness. Luke 16:1-13. There is no limit to the forgiveness that God offers through His Son Jesus Christ who paid for the sins of the world on the cross. John 1:29 and Romans 5:8. We are called to be like Him and to trust what He accomplished on the cross so that we might be saved. John 17:23 and Matthew 5:48. After a release from debts takes place, it is possible, even for the debtor with insurmountable debts, to owe nothing to anyone and to be at peace with God. Romans 13:8.

More than 1,700 medical doctors and dozens of law professors have expressed their grave concerns and objections to the pending legislation. These groups have all written letters to their representatives in Washington and copies of those letters are attached. They are concerned about many aspects of this legislation. For example, they have objected to the limitation of parochial school tuition expenses to \$1,500

per year per child. This level may have been appropriate when this Bill was first introduced 8 years ago, but we all know that this amount would not even begin to cover the religious and educational training for one child today.

A bankruptcy should be the beginning of something and the end of something. It should be the end of an overwhelming debt burden and the beginning of a new way of life. The legislation before the Senate would undermine these historic truths of our religious and cultural heritage. We did not elect the members of Congress to help powerful national credit card companies squeeze more money out of consumers who are struggling week to week to provide food, clothing, and shelter to their families. We urge all of our representatives to strongly reject and vote against this legislation.

We therefore ask you, as respected Christian leaders, to join with us in opposing this harsh and anti-family legislation and in asking our lawmakers to take a long second look at how we can work together in crafting a reform bill that more narrowly address those relatively rare cases of bankruptcy abuse. Forgiveness, amazing as it is, is by no means the most amazing part of the Christian story. We need to promote a law that does not simply allow individuals to discharge debts, but also promotes and encourages the concept of family. And for this, as one commentator has said, we do not need a harsher anti-consumer law, but a better family. Please join us in this endeavor of hope, faith and forgiveness.

Sincerely yours,

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