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Debt collector allegedly bilked students, borrowers across NY. What you need to know.

David Robinson, Albany Bureau Published 3:53 a.m. ET July 31, 2019 | Updated 6:03 a.m. ET July 31, 2019

Narlene Arias-Gil rushed her feverish 2-year-old daughter to the emergency room without a second thought, but the resulting \$6,400 medical debt is shrouded in uncertainty.

Long after the health scare at Westchester Medical Center in 2016, Arias-Gil is headed to trial to fight the debt she says should have been covered by health insurance. Her courtroom opponent is the debt-collection law firm Forster & Garbus.

She is not alone.

Federal regulators have accused the Long Island-based firm of improperly trying to collect 99,000 debts, including some that may not be owed, court records show.



A sticker that reads final notice. (Photo: The Motley Fool)

The debt collections were tied to everything from home equity and student loans to credit cards and health care, including hundreds of lawsuits across the Finger Lakes, Hudson Valley and Southern Tier, according to a USA TODAY Network in New York review of court records.

Questionable collection practices unfolded throughout Arias-Gil's story, such as a legal notice left on her Yonkers' doorstep that revealed she was being sued for a medical bill that never came and didn't charge her employer-sponsored health insurance.

Arias-Gil, with baby in tow, has gone to court repeatedly, ultimately refusing settlement offers to pay a portion of what she argued is a bogus debt.

"I think this practice has been going on for a while, it's dishonest and it's not the right thing to do," she said. "They're taking advantage of people because they know they could get away with it."

USA TODAY Network in New York reviewed dozens of state Supreme Court lawsuits connected to a federal lawsuit against Forster & Garbus, revealing newly reported details on how its debt collections involved New Yorkers from Rochester to Yonkers.

Among the findings:

- Westchester County had about 470 debt-collection lawsuits within the federal case's timeframe and Rockland County had 180.
- Similarly, Monroe County had 109 lawsuits, Dutchess County had 90 and Putnam County had 55.
- Most of the lawsuits involved student loans, credit cards, banks and debt-collection conglomerates.
- Hundreds of additional debt-collection lawsuits have been filed in those counties and other communities in New York since 2017, including 24 in Broome County.
- About 60 debt-collection lawsuits tied to Westchester Medical Center sought to collect more than \$1 million since 2016.

A debt collector accused

Arias-Gil's comments come amid allegations leveled against Forster & Garbus in federal court by the Bureau of Consumer Financial Protection.



Narlemme Arias-Gil at Westchester Medical Center in 2016. (Photo: Submitted)

The law firm allegedly relied on high-volume litigation and deceptive practices to improperly collect debts for lenders like Discover Bank and Citibank, as well as other creditors and companies that buy up bundles of debts, court records show.

Forster & Garbus referred questions to its attorney, JoAnn Needleman, who addressed accusations that the firm wrongfully collected debts.

"We absolutely, 100% deny those," she said.

Specifically, the firm disputed claims it violated federal laws by failing to have attorneys meaningfully involved in cases, court records show. Among other legal defenses, it accused the consumer protection agency of exceeding its authority.

Needleman declined to comment on the firm's debt collections for Westchester Medical Center, citing her unfamiliarity with the cases.

Among other penalties, the consumer protection agency seeks to halt Forster & Garbus' improper debt collections and secure unspecified payouts to those affected by 99,000 lawsuits between 2014 and 2016, court records show.

Why this case is different

As opposed to financial lenders with histories of profit-driven wrongdoing, the medical debt lawsuits are unique because Westchester Medical Center is a public-benefit corporation that touts its primary goal to treat anyone in need of advanced medical care.

"Westchester Medical Center's vital mission is to provide the highest-quality care for all residents of the Hudson Valley regardless of ability to pay," according to its website.

In response to questions about patients claiming they were wrongfully sued by Forster & Garbus, the hospital's parent organization, Westchester Medical Center Health Network, or WMCHHealth, said it is conducting an internal review of the situation.

"Our patients, their care and our service are our top priority. It is our expectation that all of our patients are treated properly, fairly and respectfully during and after their time in our care," WMCHHealth stated in an email.

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"Upon learning about the potential issues surrounding this firm, we are undergoing a comprehensive review of all related cases to ensure that our expectations are being met, and that the proceedings are being handled appropriately," it added.

Similarly, nonprofit hospitals across the country have faced public scrutiny for pursuing questionable debt collections despite receiving tax exemptions and other government benefits.

One hospital in Memphis affiliated with the Methodist church, for instance, filed more than 8,300 lawsuits to collect medical debts, but it suspended the policy after a ProPublica report on the practice (</story/news/2019/06/27/methodist-lebonheur-healthcare-debt-collection-medical-bill-propublica/1577883001/>).

Money: As debt climbs in USA, the next financial crisis you should worry about is your own (</story/money/personalfinance/2019/03/12/national-debt-rises-the-next-financial-crisis-may-be-your-own/3102507002/>).

Medical: [Millions in crushing medical debt — gone. All thanks to these churches \(/story/news/2019/05/31/church-pays-medical-bills-debt-rip-medical-debt/1286600001/\)](#).

Debt collection, big data



The growing student loan debt crisis is one of the most daunting public policy challenges of our time. In the last 10 years alone, total student loan debt more than doubled in the United States, overtaking both credit card debt and auto loans, and hitting an all-time high of \$1.5 trillion. This increase in debt [8230] (Photo: FGorgun / Getty Images)

To understand the stakes nationally, consider medical debt contributes to two-thirds of U.S. bankruptcies, [USA TODAY Network reported \(/story/news/local/michigan/2019/07/01/grand-rapids-first-church-medical-debt/1617429001/\)](#).

Further, Americans borrowed about \$88 billion to pay for health care last year, and [one in four people skipped care because of costs \(/story/news/health/2019/04/02/health-care-costs-gallup-survey-americans-borrowed-88-billion/3333864002/\)](#).

The debt-collection boom, in many ways, exploded as Americans struggled to pay off credit cards, student loans and medical bills after the economy tanked around 2007.

As defaults piled up, some law firms started using increasingly powerful digital tools to handle more debt cases without relying on more attorneys, commonly called high-volume litigation.

Federal regulators and defense attorneys have attacked the big data trend in debt collection for putting corporate greed ahead of consumer safety.

“There is a reason to handle cases this way and it’s because it’s more profitable,” said Dan Schlanger, who has represented debtors sued by high-volume firms, including Forster & Garbus.

“One downside of that in some cases is you are much more likely to sue people who don’t owe the money,” he said.

What the records revealed



About 43 million Americans have medical debt. (Photo: IndyStar file photo)

The consumer protection agency case against Forster & Garbus offered a glimpse into the inner workings of handling tens of thousands of debt cases per year.

The firm used computer programs that automatically filtered through debt cases to search for disqualifying red flags, such as bankruptcy, active military status, or death, court records show. The software also caught whether a statute of limitations bars collection.

Once digitally cleared, the debts were passed to support staff who tried to collect debts outside of the legal system. From there, the cases were scrubbed again through the database and turned over to a partner at the firm who looks for obvious reasons to reject a lawsuit, court records showed.

Ultimately, an associate attorney can spend a minute or two giving a final review of the case before signing a legal complaint, court records contended.

In other words, federal regulators claim people got misled and were sued without the traditional checks and balances intended to prevent frivolous and inaccurate debt collections.

The consequences of wrongful debt collections can be totally disastrous, Schlanger said.

"When people have their bank accounts all of a sudden frozen for debts they don't owe, or have their wages garnished or have their employer contacted on a garnishment, it can really harm peoples' lives," he said.

"In the worst cases, it can lead to unemployment and bankruptcy and ruin peoples' relationships, and it can also keep people poor," he added.

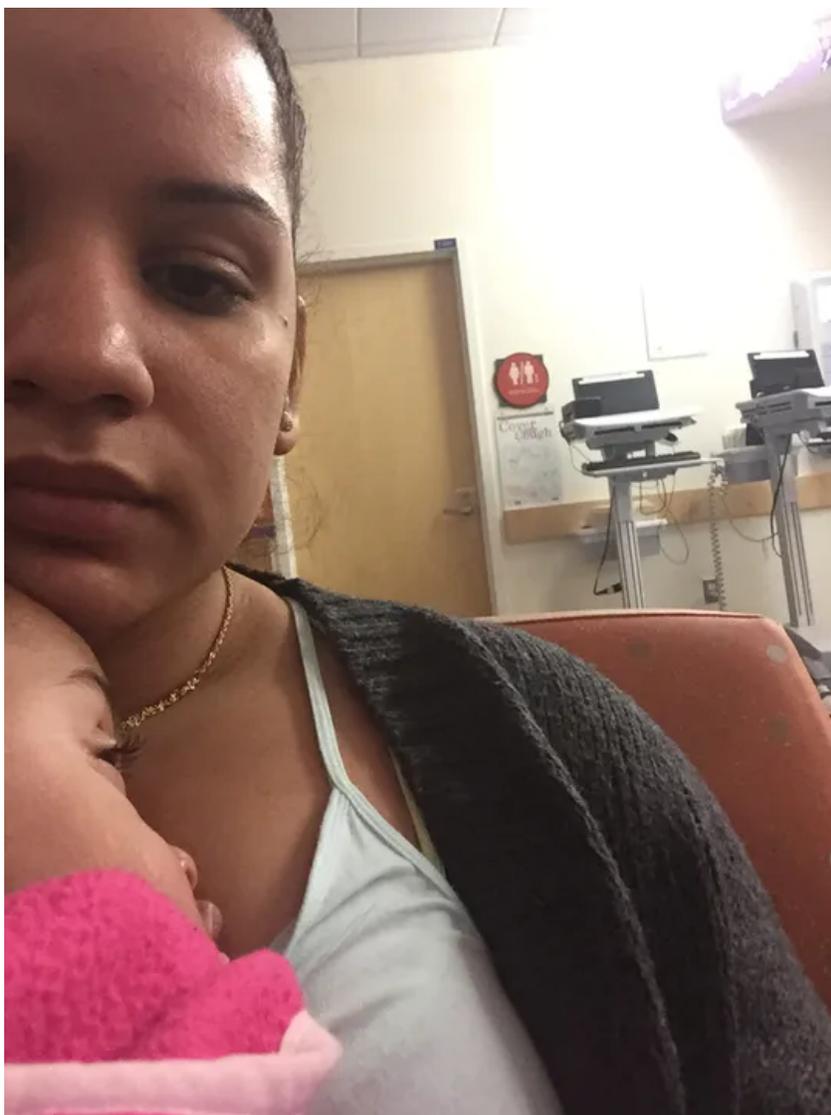
Debt-collection abuses have also drawn the attention of New York Attorney General Letitia James, who recently announced [a \\$66 million settlement shutting down illegal schemes](https://ag.ny.gov/press-release/attorney-general-james-announces-66-million-settlement-shutting-down-illegal-schemes) (<https://ag.ny.gov/press-release/attorney-general-james-announces-66-million-settlement-shutting-down-illegal-debt>) involving Buffalo-based debt collector Douglas MacKinnon.

Patient lawsuits

Arias-Gil's saga underscored how some patients face off against hospitals, health plans and law firms in battling medical debt.

"When I call the insurance company, they say Westchester Medical Center hasn't billed them, and when I call Westchester Medical Center they say you have to speak to the attorney handling the case," Arias-Gil said, recalling conversations over the past two years.

"All the attorney wants to do is settle, to make sure I pay out of pocket for something that I don't owe," she said.



Narlene Arias-Gil of Yonkers with her daughter at Westchester Medical Center in 2016. (Photo: Submitted)

Westchester Medical Center declined to discuss specific cases, citing the ongoing federal lawsuit against Forster & Garbus.

The USA TODAY Network in New York reviewed more than 60 Forster & Garbus lawsuits connected to Westchester Medical Center, doing business as Westchester County Health Care Corporation, revealing numerous cases that made similar claims about improper debt collections.

Among the findings:

- Patients who received insufficient notice of lawsuits because process servers didn't properly contact them and only visited during work or commute hours.
- Hospital billing officials who couldn't explain which medical services were connected to debts and how Medicaid or private insurance coverage applied to bills.
- Patients who claimed they never received bills and owed less than the debt-collection lawsuit sought to recover.

Some of the cases were dismissed by judges or dropped after being challenged in court.

Others ended in settlement agreements for varying amounts of the debt. Several people contacted for this story declined to comment, citing the stigma of debt and ongoing legal battles.

One woman argued she applied for charity care at the hospital and ended up battling a \$9,500 medical debt, court records show. She noted she has no income and has tried to sort out the lawsuit repeatedly, to no avail.

"I am 70 years old and am very poor," she wrote in court documents.

Arias-Gil, who is self-represented in court, said she refused settlement offers to reduce the \$6,400 medical debt to \$1,000, payable in monthly installments.

Yet she described another reason than money for fighting the collections effort.

“It’s really just unfair and I’m not going to let them do it,” she said.

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