

April 13, 2020

ATTORNEY GENERAL RAOUL URGES FEDERAL GOVERNMENT TO ENSURE EMERGENCY STIMULUS PAYMENTS GO TO FAMILIES

Chicago — Attorney General Kwame Raoul today joined a bipartisan coalition of 25 attorneys general in calling on the U.S. Department of the Treasury to take immediate action to ensure that billions of dollars in emergency stimulus payments authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) go to American families and not debt collectors.

Congress passed the CARES Act three weeks ago to provide direct and immediate economic relief to all individuals and businesses affected by the COVID-19 public health crisis. Unlike other government programs, the CARES Act does not explicitly designate these emergency stimulus payments as being exempt from garnishment from creditors. In [a letter](#) to Treasury Secretary Steven Mnuchin, Raoul and the coalition ask the agency to protect CARES Act funds, like other government relief programs, and ensure funds go where they were originally intended.

“The billions of dollars appropriated by Congress to help hard-working Americans during this time of crisis should not be subject to garnishment,” Raoul said. “I urge the Department of the Treasury to take action to ensure this money will go to the individuals and families who desperately need it – not to debt collectors.”

The CARES Act authorizes the Treasury Department to issue emergency stimulus payments of up to \$1,200 for eligible adults and up to \$500 for eligible children. Similar government relief programs intended to provide for Americans’ basic needs — like Social Security, disability, and veterans’ payments — all are statutorily exempt from garnishment, a legal mechanism that typically involves the freezing of funds in a bank account by creditors or debt collectors. The CARES Act does not explicitly designate these emergency stimulus payments as being exempt from garnishment, allowing debt collectors to potentially benefit before consumers.

In the letter, Raoul and the coalition urge Secretary Mnuchin to use his authority under the CARES Act to stave off economic uncertainty for millions by immediately issuing regulations or guidance explicitly designating CARES Act benefit payments as funds that are exempt from garnishment. The attorneys general assert that in the weeks immediately following the passage of the CARES Act, the Treasury Department has stated that Americans will see fast and direct relief in the form of Economic Impact Payments, and the coalition urges the department to ensure that Americans are able to retain that monetary relief.

Joining Raoul in the letter are the attorneys general of California, Colorado, Delaware, Hawaii, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, and Wisconsin, as well as the Hawaii Office of Consumer Protection

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VIA EMAIL & U.S. MAIL

Steven Mnuchin
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**Re: Treasury Action to Prevent Garnishment of
CARES Act Emergency Monetary Relief**

Dear Secretary Mnuchin:

On behalf of the 25 undersigned State Attorneys General and the Hawaii Office of Consumer Protection (the “States”), we write to request that the Department of the Treasury (“Treasury”) take immediate action to ensure that emergency monetary relief authorized by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) will not be subject to garnishment by creditors or debt collectors.

Congress enacted the CARES Act last month to “provide emergency assistance and health care response for individuals, families, and businesses affected by the 2020 coronavirus pandemic.”¹ Section 2201 of the CARES Act authorizes Treasury to issue stimulus payments – Treasury calls them “Economic Impact Payments” – to individuals with income below \$75,000 in the amounts of \$1,200 for an adult and \$500 for a child. Unfortunately, in what appears to be a legislative oversight, the CARES Act does not explicitly designate these emergency stimulus payments as exempt from garnishment, as similar government payments (such as social security, disability and veterans’ benefits) are.² As a result, there is a risk that stimulus payments may be garnished by creditors or debt collectors, which would undermine the purpose of the CARES Act, legislation Treasury has praised as “the largest economic relief package in history for hardworking Americans and businesses that, through no fault of their own, have been adversely impacted by the coronavirus outbreak.”³

Fortunately, the CARES Act contains a built-in mechanism for rectifying such oversights, by authorizing Treasury to issue “regulations or other guidance as may be necessary to carry out the purposes of this section.”⁴ The States request that Treasury immediately take any and all actions to designate CARES Act payments as exempt from garnishment, including by

¹ See <https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>.

² See 31 C.F.R. § 212.1 (“The purpose of this part is to implement statutory provisions that protect Federal benefits from garnishment by establishing procedures that a financial institution must follow when served a garnishment order against an account holder into whose account a Federal benefit payment has been directly deposited.”).

³ See Press Release, Treasury, *Statement by Secretary Steven T. Mnuchin on the Passage of the CARES Act*, Mar. 27, 2020, available at <https://home.treasury.gov/news/press-releases/sm959>.

⁴ See CARES Act § 2201(h).

issuing a regulation or guidance designating CARES Act payments as “benefit payments” exempt from garnishment.⁵

During this public health and economic crisis, the States do not believe that the billions of dollars appropriated by Congress to help keep hard-working Americans afloat should be subject to garnishment. Treasury has stated that “[i]n the weeks immediately after the passage of the CARES Act, Americans will see fast and direct relief in the form of Economic Impact Payments,”⁶ and we request Treasury’s assistance in ensuring Americans are able to retain that monetary relief.

Respectfully submitted,



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⁵ See 31 C.F.R. §§ 212.2(b), 212.3.

⁶ See Treasury, *Your Money and Coronavirus: Resources for Financial Relief*, available at <https://home.treasury.gov/news/featured-stories/your-money-and-coronavirus-resources-for-financial-relief>.

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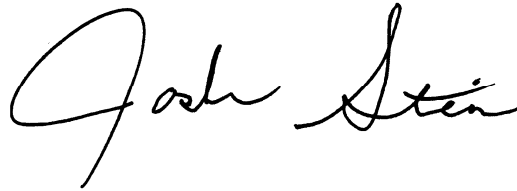
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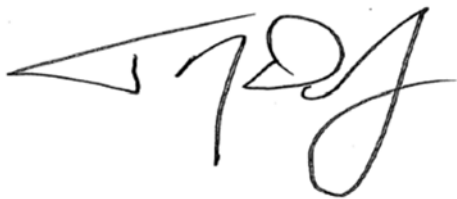
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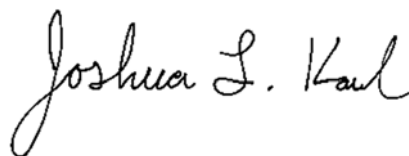
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