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## Sen. Chuck Schumer targets debt-settlement scammers as well as Wall Street in financial reform

BY [Michael Mcauliff](#)  
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**WASHINGTON** - It's not just [Wall Street](#) that needs reining in, [Sen. Chuck Schumer](#) declared Wednesday.

Schumer also is targeting phony debt-settlement firms that prey on people who have fallen on hard times, taking their money and doing nothing for them.

A [Government Accountability Office](#) study last week found hundreds of thousands of

people get suckered by firms that promise debt reductions and collect fees from borrowers.

[Brooklyn](#) data-entry worker [Wanda Correa](#), 51, tried using one firm to dig out - and wound up dug under.

"They were going to help me, and they took my money," said Correa, who ended up being hauled into court by creditors and filing for bankruptcy. "I ended up doing what I didn't want to do from the beginning."

Correa slipped into debt after her dad died and her work hours were trimmed, according to her lawyer in a case highlighted by [Attorney General Andrew Cuomo](#), who won a suit to drive the firm out of [New York](#). She was struggling to pay off seven credit cards when she grabbed the debt-settlement lifeline, and began paying a firm \$437 a month to settle her debt.

Two years and \$8,000 in fees later, she said, the company had done nothing to help, and if she wanted to take advantage of its first settlement offer, she'd have to pony up an extra \$200.

"My friends warned me, but I needed to do

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something," she said.

She's hardly alone. "Consumer credit actions are just an epidemic in Brooklyn," said South Brooklyn Legal Services Attorney Matt Crawford.

"When consumers are working to get their financial house in order, the last thing they need is for debt settlement scams to bury them deeper into debt," Schumer said Wednesday in introducing a bill to crack down.

It would limit the firms' fees, force them to disclose more information and give federal and local law enforcers more authority to pursue scam artists.

[mmcauliff@nydailynews.com](mailto:mmcauliff@nydailynews.com)

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