



Office of the Secretary

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

February 12, 2016

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1801 L Street, NW
Washington, DC 20036

Dear Director Cordray:

Thank you for your letter of January 12, 2016. As the letter mentions, the Consumer Financial Protection Bureau (CFPB) is responsible for providing annual reports to Congress concerning the federal government's efforts to implement the Fair Debt Collection Practices Act (FDCPA).¹ This letter and its appendix describe the efforts the Federal Trade Commission (Commission or FTC) has taken during the past year in the debt collection arena. In the FTC's debt collection work, the CFPB has been a valuable partner, and the Commission anticipates that our partnership will become even stronger in the future. We hope that the information in this letter will assist the CFPB in preparing this year's report.

In 2015, the Commission continued aggressive law enforcement activities and public outreach to address new and troubling issues in debt collection, doing more than ever to protect consumers. Among other things, the FTC:

- coordinated the first federal-state-local enforcement initiative targeting deceptive and abusive debt collection practices;
- prosecuted a sweep of cases against collectors that used unlawful text messages to collect debts;
- filed 12 new cases against 52 new defendants (a record number of debt collection enforcement actions for the FTC in a year);
- resolved 9 cases and obtained nearly \$94 million in judgments;²

¹ The Dodd-Frank Act directed the CFPB to report to Congress on the federal government's implementation and administration of the FDCPA. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Pub. L. 11-203, § 1089, 124 Stat. 1376, 2009-93 (2010) (amending the Fair Debt Collection Practices Act, 15 U.S.C. §§ 1692-1692p). Before the enactment of the Dodd-Frank Act, Section 815(a) of the FDCPA, 15 U.S.C. § 1692m, required the FTC to report directly to Congress on these topics. The Commission submitted such annual reports from 1977 to 2011.

² These figures include cases filed and resolved in 2015, as well as cases filed in previous years but resolved in 2015.

- banned 30 companies and individuals that engaged in serious and repeated violations of law from ever working in debt collection again;
- published a list of every company and individual banned by federal court order from engaging in debt collection activities;
- filed three amicus briefs, two of them jointly with the CFPB, on key debt collection issues; and
- hosted three Debt Collection Dialogues, to promote a more robust exchange of information between the debt collection industry and the state and federal governmental agencies that regulate their conduct.³

The FTC's debt collection program is a three-pronged effort: (1) vigorous law enforcement; (2) education and public outreach; and (3) research and policy initiatives. Over the past year, the FTC has employed all three prongs in its effort to curb unlawful debt collection practices and protect consumers.

I. LAW ENFORCEMENT ACTIVITIES

The Commission is primarily a law enforcement agency, and law enforcement investigations and litigation are at the heart of the FTC's recent debt collection work. Both the FDCPA and the FTC Act⁴ authorize the Commission to investigate and take law enforcement action against debt collectors that violate those statutes.⁵ If an FTC investigation reveals that a debt collector violated the law, the Commission may file a federal court action seeking injunctive and equitable monetary relief under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), or refer the matter to the Department of Justice for civil penalties and injunctive relief under Section 5(m) of the FTC Act. Where a collector's violations are so egregious that a court order is necessary to halt the conduct immediately, or where consumer redress and disgorgement are more appropriate forms of monetary relief than civil penalties, the FTC generally files the action itself under Section 13(b) of the FTC Act. Where, on the other hand, preliminary injunctive relief to halt unlawful conduct is unnecessary and civil penalties are the appropriate monetary relief, the FTC may refer the case to the Department of Justice.

In addition to filing and referring law enforcement actions, the FTC files amicus briefs and undertakes other law enforcement-related activities.

³ This past year's work built upon and expanded the FTC's ongoing crackdown on unlawful debt collection practices. Since January 1, 2010, the FTC has sued over 240 companies and individuals who engaged in unlawful collection practices, banning 95 from the industry, and securing over \$352 million in judgments.

⁴ FDCPA, 15 U.S.C. § 1692-1692p; FTC Act, 15 U.S.C. §§ 41-58.

⁵ The FDCPA authorizes the Commission to investigate and take law enforcement action against debt collectors that engage in unfair, deceptive, abusive, or other practices that violate the statute. FDCPA § 814, 15 U.S.C. § 1692l. Under the FTC Act, the FTC may investigate and take law enforcement action against entities that, in connection with collecting on debts, engage in unfair or deceptive acts and practices. FTC Act § 5, 15 U.S.C. § 45.

A. Legal Actions

From January 1 through December 31, 2015, the FTC brought or resolved 18 debt collection cases – the highest number in any single year. In several of its Section 13(b) cases, the Commission obtained preliminary relief that included *ex parte* temporary restraining orders with asset freezes, immediate access to business premises, and appointment of receivers to take over the debt collection businesses.

The actions discussed below represent a concerted effort by the FTC to target unlawful debt collection practices.

1. **Operation Collection Protection**

The Commission's efforts in 2015 to protect consumers from unlawful practices culminated in the announcement of the ongoing Operation Collection Protection initiative in November. Operation Collection Protection is the first coordinated federal-state-local enforcement initiative targeting deceptive and abusive debt collection practices. The nationwide crackdown has so far included over 130 new law enforcement actions by federal, state, and local law enforcement authorities against collectors who used illegal tactics such as harassing phone calls and false threats of litigation, arrest, and wage garnishment.⁶ More than 70 law enforcement partners have participated so far in this continuing initiative. Operation Collection Protection included the twelve new enforcement actions against debt collectors brought by the FTC in 2015. Those actions are described in further detail below.

2. **Joint Actions with Law Enforcement Partners**

In 2015, the FTC collaborated successfully with its partners in law enforcement, including the CFPB, the New York State Office of the Attorney General (“New York AG”) and the Illinois Attorney General’s Office (“Illinois AG”), to combat egregious collection practices. As part of those efforts, the FTC filed one joint action with the CFPB, and one with the Illinois AG. And the FTC filed three joint actions with the New York AG and settled a fourth case filed in 2014. In addition, as discussed more fully below, the FTC and the New York AG co-hosted a Debt Collection Dialogue in Buffalo in June. The FTC has greatly appreciated the opportunity to have worked with the CFPB, the Illinois AG, and the New York AG on debt collection and looks forward to continuing these partnerships going forward.

⁶ See Press Release, FTC and Federal, State and Local Law Enforcement Partners Announce Nationwide Crackdown Against Abusive Debt Collectors (Nov. 4, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/11/ftc-federal-state-local-law-enforcement-partners-announce>; Press Release, FTC and State Law Enforcement Partners Announce More Actions and Results in Continuing Crackdown Against Abusive Debt Collectors (Jan. 7, 2016), available at <https://www.ftc.gov/news-events/press-releases/2016/01/ftc-state-law-enforcement-partners-announce-more-actions-results>.

In April, the FTC and the CFPB filed their first-ever joint law enforcement action, against *Green Tree Servicing LLC*.⁷ In addition to mortgage servicing violations and credit reporting violations, the two agencies alleged that Green Tree made illegal and abusive debt collection calls to consumers, misrepresented the amounts people owed, and failed to honor loan modification agreements between consumers and their prior servicers, among other things. The company, a national mortgage servicer, agreed to pay \$63 million to resolve the charges, including \$48 million in redress to affected consumers and a \$15 million civil penalty. Green Tree also agreed to stop its illegal practices, create a home preservation plan for some distressed homeowners, and take rigorous steps to ensure that it collects the correct amounts from consumers.

In January and February, the Commission and the New York AG filed complaints aimed at shutting down two debt collection operations centered in Buffalo that allegedly targeted consumers nationwide using particularly egregious and abusive collection practices.⁸ The complaints in both *4 Star Resolution LLC* and *Vantage Point Services, LLC* charged the respective defendants with violating the FTC Act and the FDCPA, as well as several New York State laws prohibiting deceptive acts and practices. In filing the complaints, the FTC and the New York AG are seeking to permanently stop the defendants' illegal conduct and to obtain money to provide refunds to consumers. The two agencies continue to litigate the two matters and are also actively exploring ways to continue this fruitful partnership.

In *4 Star Resolution LLC*, the FTC and the New York AG alleged that the company used abusive and deceptive tactics to pressure consumers into making payments on supposed debts. The complaint alleges that 4 Star falsely claimed that they were attorneys, process servers, government agents, or criminal law enforcement officials, and falsely claimed that the consumers had committed an illegal or criminal act such as bank or check fraud.⁹ 4 Star's collectors then falsely threatened consumers with dire consequences, including arrest, imprisonment, and civil lawsuits, unless the consumers made an immediate payment on the supposed debts. Finally, the complaint alleges that 4 Star's collectors unlawfully disclosed information about supposed debtors to third parties, including friends, family members, and employers, and illegally used abusive and profane language. In February 2015, the court granted the plaintiffs' application for a temporary restraining order with an asset freeze, appointment of a receiver, expedited discovery, and other equitable relief. In May 2015, the parties entered into a stipulated preliminary injunction without an asset freeze. The FTC and the New York AG then moved for an asset freeze as part of the preliminary injunction, and the court granted their motion in November. Litigation continues in the matter. In October 2015, Preet Bharara, the U.S. Attorney for the Southern District of New York, announced that fifteen individuals associated with the 4 Star debt collection enterprise, including its principals Travell Thomas and Maurice

⁷ *FTC and CFPB v. Green Tree Servicing LLC*, No. 15-cv-2064 (D. Minn. Apr. 23, 2015) (Stipulated Order for Permanent Injunction and Monetary Judgment). See also Press Release, National Mortgage Servicing Company Will Pay \$63 Million to Settle FTC, CFPB Charges (Apr. 21, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/04/national-mortgage-servicing-company-will-pay-63-million-settle>.

⁸ See Press Release, FTC, New York Attorney General Crack Down on Abusive Debt Collectors (Feb. 26, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/02/ftc-new-york-attorney-general-crack-down-abusive-debt-collectors>.

⁹ *FTC and State of New York v. 4 Star Resolution LLC*, No. 1:15-cv-00112-WMS (W.D.N.Y. Feb. 9, 2015) (Complaint).

Sessum, had been criminally charged with wire fraud and conspiracy to commit wire fraud. The charges were based on the allegations made against the defendants in the FTC's and the New York AG's case.

In *Vantage Point Services, LLC*, the FTC and the New York AG alleged that in collection calls to consumers the defendants often falsely claimed to be a law firm, process server, unrelated debt collection company, or entity affiliated with the government. In some instances, the defendants even posed as government agents, including FBI agents and district attorneys.¹⁰ With this deceptive backdrop, the defendants allegedly falsely claimed that consumers had committed a crime and that an arrest warrant would be issued unless they made a payment. Often, the defendants told consumers that the consumers would spend 90 or 120 days in jail, or that they would need to pay thousands of dollars in bail if they did not pay. In some cases, the defendants allegedly falsely told third parties that the supposed debtors had committed a crime and that a warrant had been issued for their arrest. Finally, the complaint states that the defendants failed to provide consumers with basic information about their identity during calls, did not provide consumers with information about the supposed debt within five days of the call, as required by the FDCPA, and illegally charged them a "processing fee." The Court granted the FTC's request to enter a temporary restraining order prohibiting the defendants from engaging in unlawful collection practices, freezing the defendants' assets, and placing the defendant entities under the control of a court-appointed receiver. The court subsequently entered a preliminary injunction against the defendants, finding – over the defendants' objections – that the FTC and the New York AG had presented ample evidence showing that the defendants likely violated the law and that the continuation of the asset freeze, receivership, and other relief was warranted. The FTC and the New York AG continue to litigate the matter.

The FTC and the New York AG teamed up again in October to file another case against an egregious collector in New York. In *FTC and State of New York v. Brace*, the FTC and the New York AG alleged that the defendants attempted to collect on debts they knew were bogus. According to the complaint, the defendants bought payday loans supposedly owed to a company that repeatedly told them to stop collection efforts because the debts were invalid, and ignored consumers' evidence that they had never authorized a payday loan.¹¹ The complaint also alleged that the defendants failed to identify themselves to consumers as debt collectors, falsely portrayed themselves as process servers or attorneys, and falsely threatened arrest or litigation. The defendants also allegedly unlawfully disclosed consumers' debts to third parties in an attempt to embarrass the consumers into paying them. The Court granted – over the defendants' objections – the plaintiffs' request to enter a temporary restraining order prohibiting the defendants from engaging in unlawful collection practices, granting plaintiffs immediate access to the business premises, and freezing the defendants' assets. The Court entered a stipulated preliminary injunction order that, among other things, freezes defendants' assets, requires them to preserve records, and bans them from engaging in any debt collection or debt brokering activities. The Commission continues to litigate the matter. This was the seventh case against an abusive Buffalo debt collection enterprise that the FTC has filed in the past two years, four of which were filed jointly with the New York AG's office.

¹⁰ *FTC and State of New York v. Vantage Point Services, LLC*, No. 1:15-cv-00006-WMS (W.D.N.Y. Jan. 5, 2015) (Complaint).

¹¹ *FTC and State of New York v. Brace*, No. 1:15-cv-00875-RJA (W.D.N.Y. Oct. 5, 2015) (Complaint).

The FTC and the New York AG also successfully resolved their litigation against the defendants in *FTC and State of New York v. National Check Registry, LLC*, a case that was filed in 2014. To settle charges that the defendants used lies and false threats to collect millions of dollars from consumers, the operators of that debt collection scheme agreed to a ban on participating in any debt collection business.¹² In the complaint, the two agencies had charged the defendants with violating the FDCPA, the FTC Act, and New York State law by falsely representing that consumers had committed check fraud, and then threatening the consumers with arrest, wage garnishment, or litigation if they did not pay the amounts demanded. The complaint also alleged that the defendants assessed unlawful convenience fees on consumers that were not expressly authorized by the agreement creating the debt or permitted by law. Notably, the defendants had continued violating the law despite repeated public and private enforcement efforts, including an investigation by the New York AG that the defendants had resolved by entering into an assurance of discontinuance. The settlement order prohibits the defendants from misrepresenting material facts about any financial-related product or service, including lending, credit repair, debt relief, and mortgage-assistance relief services, and profiting from customers' personal information. The settlement order imposes a monetary judgment totaling \$8,507,423, which has been partially suspended based on the defendants' inability to pay. It also requires the turnover of much of the defendants' remaining assets, including approximately \$112,000, certain bank accounts, two cars, and two boats.

Just as the FTC has partnered successfully with the New York AG to combat unlawful collection practices in Buffalo, so has the FTC joined forces with the Illinois AG to stop rogue collection enterprises in Illinois. In *FTC and State of Illinois v. K.I.P., LLC*, the two agencies charged the defendants with illegally using threats and intimidation tactics to coerce consumers to pay payday loan debts they either did not owe, or did not owe to the defendants.¹³ According to the complaint, the defendants used a host of business names to target consumers who obtained or applied for payday or other short-term loans. Claiming those loans were delinquent, the defendants threatened to garnish consumers' wages, to suspend or revoke their driver's licenses, to have them arrested or imprisoned, or to have them sued if they did not pay. Immediately after filing their case, the FTC and the Illinois AG obtained a court order that halted the defendants' scheme and froze their assets, and that appointed a receiver to take control of the business while the case was litigated. Later in the year, the defendants entered into a settlement with the FTC and the Illinois AG in which they agreed to a \$6.4 million judgment and a ban on working in any debt collection business.¹⁴ The stipulated final order also prohibits the defendants from misrepresenting financial products and services, profiting from customers' personal information, and failing to dispose of such information properly.

¹² *FTC and State of New York v. National Check Registry, LLC*, No. 1:14-cv-00490-RJA-JJM (W.D.N.Y. Oct. 16, 2015) (Stipulation to Enter Into a Final Order for Permanent Injunction and Settlement of Claims).

¹³ *FTC and State of Illinois v. K.I.P., LLC*, No. 1:15-cv-02985 (N.D. Ill. Apr. 6, 2015) (Complaint); see also Press Release, FTC, Illinois Attorney General Halt Chicago Area Operation Charged With Illegally Pressuring Consumers to Pay 'Phantom' Debts (Apr. 10, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/04/ftc-illinois-attorney-general-halt-chicago-area-operation-charged>.

¹⁴ *FTC and State of Illinois v. K.I.P., LLC*, No. 1:15-cv-02985 (N.D. Ill. Nov. 3, 2015) (Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief); see also Press Release, FTC and Federal, State and Local Law Enforcement Partners Announce Nationwide Crackdown Against Abusive Debt Collectors (Nov. 4, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/11/ftc-federal-state-local-law-enforcement-partners-announce>.

3. Phantom Debt Collection

The Commission also continued its efforts to fight so-called “phantom debt collectors” this year. Phantom debt collectors engage in unfair, deceptive, or abusive conduct by attempting to collect on debts that either do not exist or are not owed to the phantom debt collector. The Commission initiated or resolved four actions against phantom debt collectors in 2015: *Williams, Scott & Associates*; *Centro Natural Corp.*; *Broadway Global Master Inc.*, and *K.I.P., LLC* (discussed above).

In May 2014, the FTC filed a complaint alleging that *Williams, Scott & Associates LLC* used a variety of false threats to bully consumers nationwide into paying supposed payday loan debts and other debts. Among the threats made, the defendants allegedly falsely claimed to be affiliated with federal and state agents, investigators, members of a government fraud task force, and other law enforcement agencies, and pretended to be a law firm. The defendants also allegedly told consumers that their driver’s licenses were going to be revoked, and that the consumers were criminals facing imminent arrest and imprisonment.¹⁵ In April 2015, the court issued an order permanently banning John Williams; Williams, Scott & Associates, LLC; and WSA, LLC from debt collection and requiring them to pay \$3.9 million. In November 2015, the court issued a permanent injunction against the final defendant in the case, Chris Lenyszyn, banning him from debt collection activities and ordering him to pay more than \$565,000.¹⁶

In *FTC v. Centro Natural Corp.*, the FTC had alleged in an October 2014 complaint that the defendants targeted thousands of Spanish-speaking consumers and used deceptive and abusive tactics to collect on debts that these consumers did not owe and to coerce them into purchasing goods that they did not want. The defendants allegedly held themselves out to consumers as court officials, government officials, or lawyers, and threatened dire consequences, such as arrest, if consumers failed to pay amounts demanded. The FTC charged the defendants with violations of the FTC Act, the FDCPA, and the Telemarketing Sales Rule.¹⁷ In July 2015, the numerous defendants, in four separate stipulated orders, agreed to be banned from debt collection and telemarketing and to be prohibited from making the misrepresentations alleged in the complaint, and from making material misrepresentations about any product or service.¹⁸ The defendants are also barred from selling or otherwise benefitting from customers’ personal information. The settlement orders impose judgments on the defendants totaling nearly \$6.8

¹⁵ *FTC v. Williams, Scott & Associates, LLC*, No. 1:14-cv-01599-HLM (N.D. Ga. May 27, 2014) (Complaint), *see also* Press Release, At the FTC’s Request, Court Halts Collection of Allegedly Fake Payday Debts (July 1, 2014), available at <http://www.ftc.gov/news-events/press-releases/2014/07/ftcs-request-court-halts-collection-allegedly-fake-payday-debts>.

¹⁶ *FTC v. Williams, Scott & Associates, LLC*, No. 1:14-cv-01599-HLM (N.D. Ga. Nov. 4, 2015) (Order), *see also* Press Release, FTC and State Law Enforcement Partners Announce More Actions and Results in Continuing Crackdown Against Abusive Debt Collectors (Jan. 7, 2016), available at <https://www.ftc.gov/news-events/press-releases/2016/01/ftc-state-law-enforcement-partners-announce-more-actions-results>.

¹⁷ 15 U.S.C. §§ 6101-6108 (Telemarketing Act) and 16 CFR part 310 (Telemarketing Sales Rule).

¹⁸ *See, e.g., FTC v. Centro Natural Corp.*, No. 14-cv-23879 CMA (S.D. Fla. June 30, 2015) (Stipulated Order for Permanent Injunction and Monetary Judgment as to Javier Sumbre, Jessica Anzola, and Sumore, L.L.C.); *see also* Press Release, FTC Action Puts an End to Fraudulent Debt Collection Scheme that Targeted Spanish-Speaking Consumers (July 8, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/07/ftc-action-puts-end-fraudulent-debt-collection-scheme-targeted>.

million, which were suspended upon the transfer of approximately \$776,000 worth of assets, including Florida real estate. For each defendant, the full judgment will become due immediately if the defendant is found to have misrepresented his or her financial condition.

In *Broadway Global Master Inc.*, the operators of a fraudulent debt collection scheme agreed in September 2015 to be banned from the debt collection business under a settlement with the FTC, resolving charges in a 2012 complaint that they illegally processed more than \$5.2 million in payments from consumers for payday loan debts they did not owe.¹⁹ The complaint alleged that callers working with the defendants harassed consumers into paying on bogus debts, often pretending to be agents of law enforcement or fake government agencies such as the “Federal Crime Unit of the Department of Justice.” The court subsequently halted the operation and froze the defendants’ assets pending litigation. In addition to banning the defendants from the debt collection business, the FTC’s settlement order also prohibits the defendants from making misrepresentations about any product or service, profiting from customers’ personal information, or failing to properly dispose of customer information. The order imposes a judgment of more than \$4.3 million. Because of the defendants’ inability to pay, the amount was suspended upon payment of \$608,500, which will be used for consumer redress. The full judgment will become due immediately if the defendants are found to have misrepresented their financial condition. In a separate criminal proceeding, the primary individual defendant pleaded guilty to mail and wire fraud charges brought by the U.S. Department of Justice based on his scheme, and he was ordered to pay restitution and sentenced to a one-year prison term.

4. The FTC’s *Messaging for Money Sweep*: Debt Collection via Unlawful Text Messages and Emails

Also in 2015, at the Federal Trade Commission’s request, federal courts in New York and Georgia temporarily halted three debt collection operations that allegedly violated the FDCPA and the FTC Act by threatening and deceiving consumers via text messages, emails, and phone calls.²⁰ According to the FTC, the defendants used text messages, emails, and phone calls to falsely threaten to arrest or sue consumers. They also unlawfully contacted friends, family members, and employers, withheld information consumers needed to confirm or dispute debts, and did not identify themselves as debt collectors, as required by law. The defendants in this law enforcement sweep, called “*Messaging for Money*,” are known as *Premier Debt Acquisitions*, *Unified Global Group*, and *The Primary Group*. The defendants in *Premier Debt Acquisitions* have settled that case, but the FTC continues litigation in the other two.

¹⁹ *FTC v. Broadway Global Master Inc.*, No. 2:12-cv-0855 JAM GGH (E.D. Cal. Sept. 10, 2015) (Stipulated Order for Permanent Injunction and Monetary Judgment); *see also* Press Release, FTC Action Stops Scammers Who Collected Millions in Phantom Payday Loan Debts (Sept. 16, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/09/ftc-action-stops-scammers-who-collected-millions-phantom-payday>.

²⁰ *See* Press Release, FTC Halts Three Debt Collection Operations That Allegedly Threatened and Deceived Consumers via Illegal Text Messages (May 21, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/05/ftc-halts-three-debt-collection-operations-allegedly-threatened>.

In *Premier Debt Acquisitions LLC*, the defendants impersonated law enforcement and government officials, falsely threatened consumers with a lawsuit or arrest, and falsely threatened to charge some consumers with criminal fraud, garnish their wages, or seize their property.²¹ In text messages, the defendants allegedly claimed they would sue consumers and threatened to seize consumers' possessions unless they paid. In voicemails, the defendants also allegedly falsely claimed a "uniformed officer" was on the way to consumers' homes and asked them to "secure any large animals or firearms" before the officer arrived. The defendants also allegedly sent deceptive emails claiming that making a payment would help a consumer's credit report, but the defendants had no ability to make good on that claim. In May 2015, the FTC secured court-ordered preliminary relief that halted this abusive debt collection operation, froze the operation's assets, and appointed a receiver to take over the defendants' business. In January 2016, the court entered a [stipulated order for permanent injunction](#) that banned the defendants from debt collection activities and prohibited them from misrepresenting material facts about financial-related products and services and from profiting from their former customers' personal information. The order imposed a judgment of \$2,229,756, representing the amount of the defendants' debt collection revenue, which was partially suspended when the defendants surrendered certain personal assets, including real estate.

The FTC's complaint against *Unified Global Group*²² alleged that the defendant companies at times sent texts to trick consumers into calling them back. The texts included false statements such as, "YOUR PAYMENT DECLINED WITH CARD ****_****_****_5463 . . . CALL 866.256.2117 IMMEDIATELY," even though consumers had never arranged to make payments to the defendants. The texts failed to identify the senders as debt collectors. The defendants also allegedly used deceptive emails and calls that threatened arrest and civil lawsuits, and unlawfully contacted consumers' friends, families, and co-workers about the supposed debts. The court entered an ex parte temporary restraining order and subsequently a stipulated preliminary injunction, both of which included an asset freeze and the appointment of a receiver. Litigation is ongoing.

The FTC's complaint against *The Primary Group* alleged that the defendants sent consumers a series of text messages, which failed to disclose that the company is a debt collector.²³ The defendants allegedly threatened consumers with false statements such as "I'm a process server with Primary Solutions, appointed to serve you papers for case [eight-digit number]. . ." and "Please have proper ID and a witness present who can provide a signature. If there's no reply I'll have to bring the document to your employer." The court granted the FTC's request to enter a temporary restraining order prohibiting the defendants from engaging in unlawful collection activities and freezing the defendants' assets. The court later entered a preliminary injunction – over the defendants' objections – preserving much of the relief contained in the TRO, including the asset freeze. The FTC continues to litigate the matter.

²¹ *FTC v. Premier Debt Acquisitions LLC*, No. 1:15-cv-00421-FPG (W.D.N.Y. May 11, 2015) (Complaint); *see also* Press Release, FTC Halts Three Debt Collection Operations That Allegedly Threatened and Deceived Consumers via Illegal Text Messages (May 21, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/05/ftc-halts-three-debt-collection-operations-allegedly-threatened>.

²² *FTC v. Unified Global Group, LLC*, 15-cv-422-W (W.D.N.Y. May 11, 2015) (Complaint).

²³ *FTC v. The Primary Group*, No. 1:15-cv-1645 (N.D. Ga. May 11, 2015) (Complaint).

5. Other FTC Actions to Halt Egregious Collection Practices

In addition to the cases described above, the FTC filed four other cases in 2015 to protect consumers from unlawful collection practices: (1) *Commercial Recovery Systems*; (2) *Warrant Enforcement Division*; (3) *AFS Legal Services*; and (4) *BAM Financial*.

In *United States v. Commercial Recovery Systems, Inc.*, a case that the FTC referred to the Department of Justice for prosecution, the government's complaint charged that, since at least 2010, the company ("CRS") and its current and former principals had violated the FDCPA and the FTC Act.²⁴ According to the complaint, CRS collectors called consumers and falsely claimed to be attorneys or judicial employees. Collectors also allegedly falsely stated that lawsuits had already been filed against consumers and offered to resolve the fictitious lawsuits "out of court," and left voicemail messages falsely representing that a failure to return the collector's call would result in a waiver of rights. The complaint also alleged that, in some instances, collectors told consumers that their wages, taxes, and 401(K) plans would be garnished if they did not pay. In reality, CRS had neither the intent nor the authority to file lawsuits against the consumers or attempt to have their wages garnished. The Department of Justice, with assistance from the Commission, continues to litigate the case.

In *Warrant Enforcement Division*, the FTC's complaint alleged that the defendants, while under contract to collect overdue utility bills, traffic tickets, court fines, and other debts for local governments in Texas and Oklahoma, sent consumers letters and postcards containing threats of arrest that appeared to come from a municipal court.²⁵ According to the FTC, in numerous instances, the defendants' threats were false. In other instances, the defendants did not have a reasonable basis to make the threats. The FTC charged that the false and unsubstantiated threats made to collect municipal court debts violated the FTC Act, and those made to collect utility debts violated both the FTC Act and the FDCPA. Under a stipulated order for permanent injunction,²⁶ the defendants are prohibited from misrepresenting any material fact in collecting debts, including that failure to pay a debt will result in the consumer being arrested or jailed, having their vehicle impounded, or being unable to renew their driver's license. The order imposed a \$194,888 judgment that was suspended based on the defendants' inability to pay. The full judgment will become due immediately if the defendants are found to have misrepresented their financial condition.

²⁴ *United States v. Commercial Recovery Sys., Inc.*, No. 4:15-cv-36 (E.D. Tex. Jan. 20, 2015) (Complaint). See also Press Release, FTC Sues to Stop Texas Debt Collector from Coercing Consumers by Falsely Claiming It Will Bring Legal Action Against Them, Garnish Their Wages (Jan. 21, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/01/ftc-sues-stop-texas-debt-collector-coercing-consumers-falsely>.

²⁵ *FTC v. Municipal Recovery Servs. Corp.*, No. 15-CV-04064-N (N.D. Tex. Dec. 24, 2015) (Complaint).

²⁶ *FTC v. Municipal Recovery Servs. Corp.*, No. 15-CV-04064-N (N.D. Tex. Jan. 29, 2016) (Stipulated Order for Permanent Injunction and Monetary Judgment); see also, Press Release, FTC and State Law Enforcement Partners Announce More Actions and Results in Continuing Crackdown Against Abusive Debt Collectors (Jan. 7, 2016), available at <https://www.ftc.gov/news-events/press-releases/2016/01/ftc-state-law-enforcement-partners-announce-more-actions-results>.

In October 2015, the Commission filed suit against *AFS Legal Services* and related companies, alleging that the defendants impersonated investigators and law enforcement and threatened to arrest, jail, and sue consumers if they did not pay.²⁷ Because the defendants often had consumers' personal information such as Social Security and bank account numbers, consumers believed the calls were legitimate and thought they would be arrested for check fraud or sued. The collectors also allegedly made harassing calls and contacted relatives, friends, and co-workers about consumers' debts. The defendants, who according to the Commission caused approximately \$4 million in consumer injury, used multiple corporate names and locations to avoid detection, and failed to identify themselves as debt collectors. In November 2015, the Commission obtained an ex parte temporary restraining order with an asset freeze, appointment of a receiver, and injunctive relief prohibiting the defendants from engaging in the misrepresentations and other violations of the FTC Act and the FDCPA. The Commission continues to litigate the case.

In *BAM Financial*, the FTC's complaint alleged that the defendants had extracted payments from consumers through intimidation, lies, and other unlawful tactics.²⁸ The complaint also alleged that the defendants bought consumer debts and collected payment on their own behalf by threatening consumers with lawsuits, wage garnishment, and arrest, and by impersonating attorneys or process servers. According to the complaint, the defendants also unlawfully disclosed debts to, or harassed, third parties, failed to identify themselves as debt collectors, and failed to notify consumers of their right to receive verification of the purported debts. At the FTC's request, the court entered a temporary restraining order that, among other things, prohibited the defendants from violating the FDCPA and the FTC Act, froze the defendants' assets, and appointed a receiver for the corporate defendants. The TRO remains in effect while the parties continue litigating the case.

6. Debt Brokering and Data Security

In two separate 2014 cases – against *Bayview Solutions, LLC* and *Cornerstone and Company* – the FTC alleged that the defendant debt brokers posted the sensitive personal information of 55,000 consumers, including bank account and credit card numbers, birth dates, contact information, employers' names, and information about debts that the consumers allegedly owed, on a public website. Bayview and Cornerstone allegedly posted the sensitive data on a website geared for debt buyers, sellers, and other members of the debt collection industry, but accessible to anyone with an internet connection. The FTC's complaints alleged that by disclosing consumers' information online, the defendants exposed those consumers to risks ranging from identity theft to phantom debt collection. Soon after the FTC filed the complaints, the court ordered the website hosting the sensitive information to take it down immediately. It also ordered the defendants to notify the affected consumers that their information had been exposed and of steps they could take to protect themselves. More recently, in April 2015, Bayview and Cornerstone entered into agreements with the FTC under which they must establish and maintain security programs that will protect consumers' sensitive

²⁷ *FTC v. Nat'l Payment Processing LLC*, No. 1:15-cv-3811-AT (N.D. Ga. Oct. 30, 2015) (Complaint).

²⁸ *FTC v. BAM Fin'l, LLC*, No. 8:15-cv-01672-JVS-DFM (C.D. Cal. Oct. 19, 2015) (Complaint).

personal information.²⁹ The companies also must have their security programs evaluated both initially and every two years by a certified third party.

B. Other Law Enforcement Activities: List of Banned Debt Collectors

As a complement to all of the debt collection law enforcement cases that the FTC has brought over the years, the FTC began publishing a list this year of every individual and company that has been banned from the debt collection industry because of the FTC's work.³⁰ Each person and company on this list is under a federal court order prohibiting them from engaging in debt collection activities. The list, which is periodically updated, will serve as a valuable resource for law-abiding collection industry professionals so that they know who NOT to do business with, as well as for state debt collection licensing officials and law enforcers. Currently, the list includes over 100 banned individuals and companies.

C. Other Law Enforcement Activities: *Amicus Curiae* Briefs

The FTC also periodically submits briefs as *amicus curiae* in federal court cases around the country on important debt collection issues. Even when the FTC is not a plaintiff or a defendant in private FDCPA cases, courts all around the country often seek and rely on the Commission's expertise in debt collection issues. See, e.g., *McMahon v. LVNV Funding, LLC*, 744 F.3d 1010, 1020 (7th Cir. 2014); *Bridge v. Ocwen Fed. Bank*, 681 F.3d 355, 361 (6th Cir. 2012). This is yet another way for the FTC to protect consumers from unlawful practices and ensure consistency and logic in the development of federal debt collection law and policy.

Since Congress passed the Dodd-Frank Act, the FTC has often partnered with the CFPB on these *amicus* briefs. This trend continued in 2015. The FTC filed three *amicus* briefs, in: (1) *Bock v. Pressler & Pressler LLP*; (2) *Franklin v. Parking Revenue Recovery Servs. Inc.*; and (3) *Davidson v. Capitol One Bank (USA), N.A.* The CFPB joined the FTC in the first two briefs.

**1. Attorneys' Meaningful Involvement in Debt Collection Lawsuits:
*Bock Amicus Brief***

In August 2015, the FTC joined the CFPB in filing an *amicus* brief in the Third Circuit, urging it to affirm the district court's summary judgment decision that a law firm violated the FDCPA by filing a collection lawsuit without any meaningful involvement by an attorney.³¹

²⁹ *FTC v. Bayview Solutions, LLC*, No. 1:14-cv-01830-RC (D.D.C. Apr. 21, 2015) (Stipulated Final Order for Permanent Injunction); *FTC v. Cornerstone and Co., LLC*, No. 1:14-cv-01479-RC (D.D.C. Apr. 21, 2015) (Stipulated Final Order); see also Press Release, Debt Brokers Settle FTC Charges They Exposed Consumers' Information Online (Apr. 13, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/04/debt-brokers-settle-ftc-charges-they-exposed-consumers>.

³⁰ This list can be found at <https://www.ftc.gov/enforcement/cases-proceedings/banned-debt-collectors>.

³¹ Brief of *Amici Curiae*, *Bock v. Pressler & Pressler LLP*, No. 15-1056 (3d Cir. Aug. 13, 2015), available at <https://www.ftc.gov/policy/advocacy/amicus-briefs/2015/08/daniel-bock-jr-plaintiff-appellee-v-pressler-pressler-llp>. Commissioner Maureen K. Ohlhausen dissented from the filing of this joint FTC/CFPB *amicus* brief.

The case arose out of a lawsuit filed by a collection law firm to collect on a defaulted credit-card debt that the plaintiff, Daniel Bock owed the firm's client. The firm receives accounts for collection from its clients on spreadsheets. If consumers do not respond to the firm's first round of collection letters, non-attorney personnel use computer programs to "scrub" the data to identify missing data, invalid addresses, records showing whether the debtor is bankrupt or deceased, and similar issues. The non-attorneys also confirm that the initial letters were sent, that the statutes of limitations have not expired, and that the suits will be filed in the right venue, and populate template summonses and complaints with the consumers' information. The results are sent to an attorney through an "automated feed process" to approve filing of the lawsuits. The attorney who reviewed the lawsuit against Bock reviewed 672 other cases on the same day; he spent four seconds on the Bock case. Bock eventually settled the collection matter.

Bock then sued the collection law firm, claiming that it violated the FDCPA's prohibition on "false, deceptive, or misleading" debt collection practices by filing a debt collection suit that appeared to be from an attorney even though no attorney had meaningfully reviewed it. Ruling on cross-motions for summary judgment, the district court granted summary judgment to Bock and denied summary judgment to the law firm. The firm appealed.

As the Commission's reports have noted, the number of debt collection lawsuits has vastly increased in recent years, dominating and threatening to overwhelm the state courts in which they are filed.³² As the reports also point out, most consumers do not answer the complaints debt collectors file or appear in court to defend themselves, which permits collectors to obtain default judgments in most cases.

The practice of bulk-filing lawsuits without any meaningful attorney involvement exacerbates these problems. As the FTC-CFPB *amicus* brief explains, the impression that an attorney is meaningfully involved in a consumer's debt conveys authority and credibility, and can increase the consumer's sense of urgency in responding to the debt. Accordingly, several courts of appeals have held that dunning letters are false and misleading – and violate the FDCPA – if they purport to be from an attorney but the attorney has not reviewed the debtor's file.³³ The brief explains that the same principles apply when a lawsuit is filed without the meaningful participation of an attorney. Consumers reasonably believe that a lawsuit comes with the imprimatur of the attorney who filed it and may be misled and intimidated into paying the debt or fail to participate in the lawsuit, believing that a defense would be too costly or futile – contributing to the problems identified in the Commission's reports.

The Third Circuit heard arguments on the appeal in November 2015 but has not yet issued a ruling.

³² See FTC, *Collecting Consumer Debts: The Challenges Of Change* (Feb. 2009), available at <https://www.ftc.gov/sites/default/files/documents/reports/collecting-consumer-debts-challenges-change-federal-trade-commission-workshop-report/dcwr.pdf>; and FTC, *Repairing a Broken System: Protecting Consumers in Debt Collection Litigation and Arbitration* (July 2010), available at <https://www.ftc.gov/reports/repairing-broken-system-protecting-consumers-debt-collection-litigation>.

³³ See, e.g., *Avila v. Rubin*, 84 F.3d 222 (7th Cir. 1996); *Clomon v. Jackson*, 988 F.2d 1314 (2d Cir. 1993).

2. Unpaid Parking Charges as “Debts”: *Franklin Amicus* Brief

In December 2015, responding to an invitation from the Seventh Circuit, the FTC and the CFPB submitted a joint *amicus* brief urging the court to reverse a district court ruling that unpaid parking fees are not “debts,” as that term is defined in the FDCPA.³⁴ The case arose out of a class action complaint alleging that a collection company hired by a private parking lot operator to collect unpaid parking fees sent dunning letters to consumers that violated the FDCPA. The plaintiffs had parked their cars in a parking lot operated by a private entity, CPS Chicago Parking, LLC (“CPS”). A sign at the entrance to the lot offered parking spaces at the rate of \$1.50 per day. A lot attendant, believing that the plaintiffs had not paid the fee, placed parking violation notices on the plaintiffs’ cars, demanding payment of the \$1.50 parking charge and an additional fee of \$45. When the plaintiffs did not pay that sum, CPS assigned the matters to a debt collection company. The debt collector and its counsel sent plaintiffs dunning letters seeking payment of \$46.50 each.

The plaintiffs filed a class action complaint alleging that the letters violated the FDCPA in various respects. The defendants moved for summary judgment, which the district court granted. It found that the \$46.50 charge was a “fine” and not the byproduct of a “transaction.” Thus, the court reasoned, the sum the defendants were attempting to collect was not a “debt,” as that term is defined in the FDCPA, so the prohibitions of the Act did not apply to the defendants’ dunning letters.

The FTC and the CFPB explained in their joint brief that the district court erred in concluding that the \$46.50 charged to each plaintiff was not a “debt” under the FDCPA. The agencies noted that, in enacting the FDCPA, Congress broadly defined “debt” to mean “any obligation . . . to pay money arising out of a [consumer] transaction.” 15 U.S.C. § 1692a(5). The brief cites a Seventh Circuit case for the proposition that the critical term “transaction,” which Congress left undefined, is a broad reference to many different types of consensual business dealings.³⁵ According to the two agencies, parking in a lot that was open to the public for a stated fee constituted a “transaction,” similar to “many commercial dealings in which people engage daily, such as visiting a doctor, ordering groceries, or calling a pharmacy to request delivery of prescription refills.” Because the \$46.50 charges that the debt collector sought “ar[ose] out of” that transaction, the charges were “debts” and the collection of those debts was governed by the FDCPA.

The Seventh Circuit has not yet issued a ruling.

³⁴ Brief of *Amici Curiae*, *Franklin v. Parking Revenue Recovery Servs. Inc.*, No. 14-3774 (7th Cir. Dec. 11, 2015), available at https://www.ftc.gov/system/files/documents/amicus_briefs/franklin-et-al-v.parking-revenue-recovery-services-inc./p082105_parking_revenue_amicus_brief_7th_cir_14-3774.pdf.

³⁵ See *Bass v. Stolper, Koritzinsky, Brewster & Neider, S.C.*, 111 F. 3d 1322, 1325 (7th Cir. 1997).

3. Person Who Buys and Collects on Defaulted Debts as “Debt Collector”: *Davidson Amicus Brief*

In September 2015, the FTC submitted an *amicus* brief in in *Davidson v. Capitol One Bank (USA), N.A.* urging the Eleventh Circuit to grant a consumer’s petition for a rehearing *en banc* to review a panel decision holding that a person who buys debts in default and collects on them does not qualify as a “debt collector” under the FDCPA.³⁶

In *Davidson*, after the defendant, Capital One Bank, acquired a defaulted credit-card debt that the plaintiff, Keith Davidson, owed to another bank, the company sued him to collect, but for more than the amount he owed. Davidson then sued Capital One, alleging that the company violated the FDCPA by misrepresenting “the character, amount, or legal status of any debt.” 15 U.S.C. § 1692e(1).

The FDCPA defines “debt collector” to include those whose business has the “principal purpose” of collecting debts and those who “regularly collect[] or attempt[] to collect, directly or indirectly, debts owed or due or asserted to be owed or due another.” 15 U.S.C. § 1692a(6). It defines the complementary and mutually exclusive term “creditor” to mean a person to whom a debt is owed, except “to the extent that he receives an assignment or transfer of a debt in default solely for the purpose of facilitating collection of such debt for another.” 15 U.S.C. 1692a(4). The question in *Davidson* was how the definition of “debt collector” applies to a company that purchases defaulted debts and collects them on its own behalf.

A panel of the Eleventh Circuit held that the phrase “regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due another” reaches only those who collect debts that are owed to someone other than the person collecting. The panel held that Capital One did not meet the definition because it had acquired Davidson’s debt and was therefore collecting for itself. Davidson filed a petition for rehearing or rehearing *en banc*.

The FTC’s brief first pointed out that the Third, Fifth, Sixth, and Seventh Circuits have all held that a debt buyer is a “debt collector” within the FDCPA’s definition when it collects on debts that were in default when the debt buyer acquired them. No other court of appeals has adopted the Eleventh Circuit panel’s view that a debt buyer who acquires and collects on defaulted debts is immune from the requirements of the FDCPA because the debts are not owed to someone other than the collector.

The FTC then explained that the panel misinterpreted the phrase “owed or due another” to reach only those collectors who are collecting “for another.” As the FTC pointed out, the panel could reach that interpretation only by reading “owed or due another” to mean “currently owed or due another.” The FTC’s brief argued that the phrase instead should be read to mean

³⁶ Brief of *Amicus Curiae*, *Davidson v. Capitol One Bank (USA), N.A.*, No. 14-14200 (11th Cir. Sept. 21, 2015), available at https://www.ftc.gov/system/files/documents/amicus_briefs/keith-davidson-v.capital-one-bank-usa-n.a./150921davidsonamicusbrief.pdf.

“originally owed or due another.” That reading takes into account the complementary definitions of “creditor” and “debt collector,” each of which contains an exception based on whether the debt being collected was in default when acquired. Together, the two definitions sort debt buyers into “creditors” for debts that were not in default when acquired and “debt collectors” for those that were.

As the brief pointed out, the panel’s view nullifies 15 U.S.C. § 1692a(6)(F)(iii), the provision that excludes from the definition of debt collector a person collecting an acquired non-defaulted debt “owed or due another.” Under the panel’s reading of “another,” one cannot collect a debt *for another* after acquiring it for oneself. Thus, the FTC argued, the exception can never come into play. Reading the exception out of the statute would bring within its scope persons Congress did not intend the Act to cover. For example, companies that purchase new auto or home loans may have debt collection as their principal purpose, but they typically collect only non-defaulted debts. Yet under the panel’s approach they would be covered by the statute.

The FTC’s third reason for seeking an *en banc* review of the panel’s decision was that it might exempt a broad swath of debt collectors in the Eleventh Circuit from the consumer protection requirements of the FDCPA. For example, mortgage servicers routinely purchase large portfolios of debt from loan originators. At the time of purchase, some of the accounts may be current and others in default. Such a loan purchaser would not fall within the panel’s interpretation of “debt collector,” leaving the FTC unable to police collection abuses using the FDCPA. The FTC has brought at least four such cases,³⁷ resulting in judgments totaling more than \$130 million. But under the panel ruling it could not bring such a case under the FDCPA in the Eleventh Circuit. Despite these arguments, the Eleventh Circuit denied the consumer’s petition for a rehearing *en banc*.

II. EDUCATION AND PUBLIC OUTREACH

Education and public outreach also are important parts of the Commission’s debt collection program. The FTC uses multiple formats and channels to inform consumers about their rights under the FDCPA, as well as what the statute requires of debt collectors; and to inform debt collectors about what they must do to comply with the law. The FTC also uses education and public outreach to enhance legal services providers’ understanding of debt collection issues.

The Commission reaches tens of millions of consumers through English and Spanish print and online materials, blog posts, and speeches and presentations. To maximize its outreach efforts, FTC staff works with an informal network of about 16,000 community-based organizations and national groups that order and distribute FTC information to their members, clients, and constituents. In 2015, the FTC distributed 17.4 million print publications to libraries, police departments, schools, non-profit organizations, banks, credit unions, other businesses, and government agencies. In 2015, the FTC logged more than 102 million views of its website pages. The FTC’s channel at YouTube.com/FTC Videos houses 144 videos, which were viewed

³⁷ See *FTC v. Green Tree Servicing LLC*, No. 0:15-cv-2064 (D. Minn. 2015); *FTC v. EMC Mortg. Corp.*, No. 4:08-cv-338 (E.D. Tex. 2008); *United States v. Fairbanks Capital Corp.*, No. 1:03-cv-12219 (D. Mass. 2003); *FTC v. Capital City Mortg. Corp.*; No. 1:98-cv-237 (D.D.C. 1998).

more than 471,000 times in 2015. The Consumer blogs in [English](#)³⁸ and [Spanish](#)³⁹ reached 93,052 (English) and 34,892 (Spanish) email subscribers.

As part its work to raise awareness about scams targeting the Latino community, the FTC has developed a series of fotonovelas in Spanish. The graphic novels tell stories based on complaints Spanish speakers make to the FTC and offer practical tips to help detect and stop common scams. People ordered more than 113,000 copies of the *Cobradores De Deuda* (Debt Collectors) fotonovela in 2015.

The Commission educates industry members by developing and distributing business education materials, delivering speeches, blogging, participating in panel discussions at industry conferences, and providing interviews to general media and trade publications. As discussed more fully below, the FTC hosted a series of three Debt Collection Dialogues in 2015 for state and federal agency staff and members of the debt collection industry. In addition, the FTC provided a guest column for the November 2015 edition of “Collector,” a leading trade publication, on the agency's debt collection program. The December 8, 2015 Business Center blog post about the FDCPA was featured on the homepage of InsideARM.com, another leading trade publication. The FTC’s business education resources can be found in its online [Business Center](#).⁴⁰ The Business Center logged more than 3.4 million page views in the first 11 months of 2015, and there are more than 49,000 email subscribers to the [Business Blog](#).⁴¹ A complete list of the FTC’s consumer and business education materials relating to debt collection and information on the extent of their distribution is set forth in Appendix A to this letter.

FTC staff also regularly meet with legal service providers, consumer advocates, and people who work in immigrant, Native American, Latino, Asian, and African American communities to discuss consumer protection issues, including the FTC’s work in the debt collection arena. In 2015, the FTC organized five Common Ground conferences that brought together law enforcement, consumer advocates, and members of these communities to discuss consumer protection issues including debt collection, and to encourage consumers to report frauds and scams to the FTC. The FTC also hosted five Ethnic Media Roundtables around the country during 2015, bringing together law enforcement, community organizations, and consumer advocates with members of the ethnic media to discuss how consumer protection issues – including debt collection – affect their communities.

III. RESEARCH AND POLICY DEVELOPMENT ACTIVITIES

The third prong of the Commission’s debt collection program is research and policy initiatives. In the past year, the FTC has continued to monitor and evaluate the debt collection industry and its practices. Specifically, as described below, the FTC has organized and hosted three Debt Collection Dialogues with the collection industry and provided the CFPB with input on debt collection rulemaking and guidance initiatives.

³⁸ <http://www.consumer.ftc.gov/blog>.

³⁹ <http://www.consumidor.ftc.gov/blog>.

⁴⁰ <http://business.ftc.gov/>.

⁴¹ <http://business.ftc.gov/blog>.

A. Debt Collection Dialogues

Between June and November 2015, the FTC hosted a series of three sold-out [Debt Collection Dialogues](#) around the country with a number of federal and state partners and leaders of the collection industry.⁴² The sessions gave debt collectors opportunities to hear from the government law enforcers who police their industry and allowed the law enforcers and industry members to highlight areas of concern, share strategic priorities, and generate ideas for compliance. The Dialogues were held in Buffalo, NY, on June 15; Dallas, TX, on September 29; and Atlanta, GA, on November 18. Approximately 550 people attended the three Dialogues. Representatives from three federal agencies – the FTC, the Consumer Financial Protection Bureau, and the Office of the Comptroller of the Currency – participated in the conversations. Joining the federal law enforcers were representatives from six state agencies from five states – Georgia, New York, South Carolina, Tennessee, and Texas. The Attorneys General of Georgia (Samuel Olens) and New York (Eric Schneiderman) delivered opening remarks at the events in their respective states.

In Buffalo, the federal and state law enforcers talked about recent enforcement actions their agencies had taken as well as how they choose companies to investigate and how they conduct their investigations, and shared their enforcement priorities. They also answered questions from the audience for the third hour of the event. At the Dallas and Atlanta Dialogues, federal and state law enforcers were joined on four moderated panels by representatives from four collection industry organizations: ACA International, DBA International, insideARM, and NARCA – The National Creditors Bar Association. The first panel focused on debt collection issues central to collection agencies and debt buyers. The second focused on collection issues central to collection attorneys. The third focused on the state regulation and enforcement of debt collection. And the fourth focused on federal regulation and enforcement. Transcripts from all three Dialogues are available on the FTC's website.⁴³

⁴² Each of the three Dialogues had its own event page. See <https://www.ftc.gov/news-events/events-calendar/2015/06/debt-collection-dialogue-conversation-between-government> (Buffalo); <https://www.ftc.gov/news-events/events-calendar/2015/09/debt-collection-dialogue-conversation-between-government> (Dallas); and <https://www.ftc.gov/news-events/events-calendar/2015/11/debt-collection-dialogue-conversation-between-government> (Atlanta).

⁴³ See https://www.ftc.gov/system/files/documents/public_events/635431/buffalo_transcript_-_final_1.pdf (Buffalo); and https://www.ftc.gov/system/files/documents/public_events/677631/dallas_dialogue_transcript.pdf (Dallas); https://www.ftc.gov/system/files/documents/public_events/677651/atlanta_dialogue_transcript.pdf (Atlanta).

B. Debt Collection Rulemaking

The FTC also works closely with the CFPB to coordinate efforts to protect consumers from unfair, deceptive, and abusive debt collection practices.⁴⁴ As part of this coordination, FTC and CFPB staff regularly meet to discuss ongoing and upcoming law enforcement, rulemaking, and other activities; share debt collection complaints; cooperate on consumer education efforts in the debt collection arena; and consult on debt collection rulemaking and guidance initiatives. Building on efforts initiated in 2013, when the CFPB published the Advance Notice of Proposed Rulemaking (“ANPR”), FTC staff have continued to consult with CFPB staff on their rulemaking efforts. FTC staff have provided suggestions and insights based upon our decades of experience in the debt collection arena. We look forward to continuing to work with the CFPB on this rulemaking and other efforts to further our common goal of protecting consumers from unlawful debt collection tactics.

IV. CONCLUSION

The Commission hopes that the information contained in this letter will assist the CFPB in its annual report to Congress about its administration of the FDCPA. The FTC looks forward to continuing to cooperate and coordinate with the CFPB on consumer protection issues relating to debt collection. If any other information would be useful or if you wish to request additional assistance, please contact Malini Mithal, Acting Associate Director, Division of Financial Practices, at (202) 326-2972.

By direction of the Commission.

Donald S. Clark
Secretary

⁴⁴ The Dodd-Frank Act directs the FTC and the CFPB to coordinate their law enforcement activities and promote consistent regulatory treatment of consumer financial products and services, including debt collection. *See* Dodd-Frank Act, Pub. L. 111-203, 124 Stat. 1376 § 1024(c)(3) (July 21, 2010). In January 2012, the FTC and CFPB entered into a memorandum of understanding that supplements the requirements of the Dodd-Frank Act and creates a strong and comprehensive framework for coordination and cooperation. Memorandum of Understanding Between the Consumer Financial Protection Bureau and the Federal Trade Commission, January 2012, *available at* <http://www.ftc.gov/sites/default/files/attachments/press-releases/federal-trade-commission-consumer-financial-protection-bureau-pledge-work-together-protect-consumers/120123ftc-cfpb-mou.pdf>.

Appendix A

Debt Collection Information 2015

Title	Page Views ^{45]}		Print distribution	
	English	Spanish	English	Spanish
Consumer Information				
Coping with Debt	152,249	18,779	619,885	24,175
Debt Collection	502,332	34,085	134,100	
Debt Collection Arbitration	12,626	542	21,850	
Debt Collectors (Spanish)				113,000
Debts and Deceased Relatives	64,188	19,633		
Fake Debt Collectors	71,428	1,109		
Garnishing Federal Benefits	30,232	1,500		
Settling Credit Card Debt	88,775	3,949		
Managing Debt: What to Do	4,588	608	72,750	14,150
Identity Theft Letter to a Debt Collector	10,741	1,215		
Time-Barred Debts	130,698	16,007		
Video				
Dealing with Debt Collectors	23,419	875		
Helping Victims of Identity Theft	5,342			

Title	Page Views		Print Distribution	
	English	Spanish	English	Spanish
Business Information				
The Fair Debt Collection Practices Act	45,223		12,635	
Video				
Debt Collection	4,152	322		

One-stop resource pages:

- [Consumer Advocates](#)
- [Financial Educators](#)

⁴⁵ Page view numbers include pages viewed on FTC websites, but not pages viewed when non-FTC sites download and re-post FTC content.

Blog Posts for Consumers:

- [Partners bring more than 100 debt collection enforcement actions](#)
- [Their “debt” collection days are over](#)
- [Stand up to fake debt collectors](#)
- [Don’t recognize that debt? Here’s what to do.](#)
- [Another abusive debt collector bites the dust](#)
- [A lesson in phantom debt collection](#)
- [When dead debt comes back to life](#)
- [Don't forget the debt](#)
- [Tick-tock goes the clock on old debts](#)
- [Adiós fake debt collectors](#)
- [Attention Grandparents: Watch out for phony debt collectors](#)
- [FTC refunds nearly \\$4 million from debt collection scam](#)
- [Can debt collectors message you for money?](#)
- [FTC racks up charges against unscrupulous debt collector](#)
- [A story in Spanish about debt collection rights](#)

Blog Posts for Business:

- [Think your company’s not covered by the FDCPA? You may want to think again.](#)
- [FTC Debt Collection Dialogue takes the midnight train to – well, you know where](#)
- [Operation Collection Protection puts the heat on illegal debt collection tactics](#)
- [Buffalo bill collecting](#)
- [FTC and NY AG Team Up Against Abusive Buffalo Debt Collectors](#)