



FEDERAL TRADE COMMISSION

FTC Debt Collection Initiatives **November 19, 2014**

Division of Financial Practices
Bureau of Consumer Protection

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Disclaimer

The views expressed in this presentation are my own, and do not necessarily reflect the views of the Commission or any individual Commissioner.



Consumer Complaints

~204,644 consumer complaints in 2013

- 192,211 complaints: third-party debt collection
 - 13,277 complaints: creditor debt collection
- (some overlap btw categories)





Overview

1. **FTC's Authority and Process**
2. FTC's Enforcement Actions
3. FTC's Policy Initiatives & CFPB coordination
4. Predictions on FTC Future Initiatives



FTC's Authority & Process

- **FTC Authority**
 - Various entities
 - FTC Act; FDCPA; others
- **FTC Process**
 - Investigating does not mean we'll definitely sue.
 - May go to company; may go directly to court





FTC's Authority & Process

Equitable Relief

- TROs
 - Asset Freeze
 - Receiver
 - Financial Disclosures
- Redress/ Restitution/ Disgorgement
- Bans
- Injunctions

Civil Penalty

- DOJ files or declines





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FTC Enforcement Actions

22 debt collection cases
since January 1, 2012



Monetary judgments totaling
more than \$180 million



FTC Enforcement Actions

- 2014: 10 cases
 - Equitable Relief (National Check Registry, Federal Check Processing, William Scott & Associates, RTB Enterprises, Centro Natural, Cornerstone & Co., & Bayview Solutions)
 - Civil Penalties (Credit Smart, Regional Adjustment Bureau, & Consumer Portfolio Services)



FTC Enforcement Actions

Equitable Relief

FTC v. National Check Registry
(w/ NY AG)

FTC v. Federal Check Processing

FTC v. William Scott & Associates



FTC Enforcement Actions

Allegations:

- False threats of arrests or lawsuits
- Posing as law firms/att'ys/gov.
- Claims that consumers have committed a crime
- Unsubstantiated claims that consumers owe debts



FTC Enforcement Actions

Equitable Relief cont'd:

FTC v. Cornerstone & Co., LLC

FTC v. Bayview Solutions, LLC

FTC v. Centro Natural Corp.

FTC v. RTB Enterprises, Inc.

(non-TRO case)



FTC Enforcement Actions

Civil Penalties

United States v. Consumer
Portfolio Services

United States v. Regional
Adjustment Bureau

United States v. Credit Smart



FTC Enforcement Actions

Consumer Portfolio Services

Allegations:

- Unlawful calls (repeated; 3rd party; work; spoofing)
- Unauthorized debits
- False threats of car repossession

Order: \$5.5 million (\$3.5m in refunds; \$1m in FDCPA civ penalties; \$1m FCRA civ penalties)

(Side point: FTC & CFPB jdx over auto)



FTC Enforcement Actions

Regional Adjustment Bureau

Allegations:

- Unlawful calls (repeated to 3rd parties and putative debtors/ work)
- Unauthorized withdrawals (add'l amounts)

Order: total \$1.5 mil civil penalty; conduct relief, etc.



FTC Enforcement Actions

Credit Smart

Allegations:

- Misrepresentations re lawsuits, wage garnishment, & arrest
 - Often regarding time-barred debt
- Unsubstantiated claims re interest & debts

Order: \$1.2 million (suspended to \$490k based on inability to pay); *Asset*-like disclosure



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FTC's Policy Initiatives

DEBT COLLECTION
& the Latino
Community

An FTC-CFPB
roundtable



FTC's Policy Initiatives

Joint Amicus Brief in *Hernandez* (9th Cir.)

Issue: Do downstream collectors need to send a validation notice under 15 U.S.C. § 1692g?

Our position: Yes.





FTC's Policy Initiatives

Joint Amicus Brief in *Sykes* (2d Cir.)

Issue: Does the FDCPA apply to affidavits filed as part of a lawsuit?

Our position: Yes.





FTC's Policy Initiatives

Joint Amicus Brief in *Delgado* (7th Cir.)

Issue: As a matter of law, can a letter offering a settlement to resolve a time-barred debt mislead the least sophisticated consumer into believing he could be sued for the debt?

The Seventh Circuit's conclusion (and FTC/CFPB's position): Yes.





FTC's Policy Initiatives

Joint Amicus Brief in *Buchanan* (6th Cir.)

Issue: Same as *Delgado*

Our position: Same as
Delgado.





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FTC's Future Initiatives



EGREGIOUS PRACTICES

NEW TECHNOLOGY

TARGETED/VULNERABLE POPULATIONS

DATA INTEGRITY





FTC Resources

FTC Business Center

➤ [http:// business.ftc.gov](http://business.ftc.gov)

News Releases and Links to Debt Collection Enforcement and Policy Materials

➤ <http://www.ftc.gov/opa/reporter/finance/debtcollection.shtml>



Consumer Finance



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