

Statement of Commissioner Mozelle W. Thompson
FTC v. Capital City Mortgage Corporation
File No. X980026

I have voted to accept the Consent Decree settling the Commission's allegations against defendant Eric J. Sanne because I think moving this matter forward is in the public interest. Given the procedural posture of the ongoing litigation as well as the settlement's strong injunctive relief and defendant Sanne's sworn financial statement, this negotiated resolution is appropriate. But I reach this conclusion with reservation. In light of the alleged conduct at issue, I would have supported stronger relief.

Mr. Sanne served as in-house general counsel to Capital City Mortgage Corporation ("Capital City"), a subprime market lender that extended credit to consumers, small businesses and churches in Washington, D.C., Maryland and Virginia. The Commission's complaint alleges that Capital City deceived borrowers - - many of whom were minority and/or elderly persons living on fixed or low incomes - - about the terms and payment of their loans. The complaint also alleges that these practices caused many borrowers to default on their loans and caused some of them to lose their homes. As Capital City's in-house general counsel, Mr. Sanne allegedly played an important role in this behavior. Consequently, the complaint alleges that he violated the Fair Debt Collection Practices Act and the Federal Trade Commission Act by engaging in illegal debt collection practices.

Lawyers generally occupy a position of trust in our society because they are responsible for helping people. Accordingly, their professional conduct is held to a high standard. This standard is especially important in situations involving people who are economically or otherwise vulnerable. Given Mr. Sanne's status, as well as the vulnerabilities of many of the consumers harmed in this matter, the alleged conduct is particularly reprehensible. The Consent

Decree approved today permanently bans Mr. Sanne from engaging in debt collection activities.

It is my sincere hope, however, that in the future Mr. Sanne will not be placed in a position of trust where he is responsible for offering any type of financial service to consumers.