

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

CRITICAL RESOLUTION MEDIATION
LLC, a Georgia limited liability company,

PARLIAMENT SERVICES LLC, a
Georgia limited liability company,

and

BRIAN CHARLES MCKENZIE,
individually and as an officer of
CRITICAL RESOLUTION MEDIATION
LLC,

Defendants.

Case No.

**COMPLAINT FOR
PERMANENT INJUNCTION
AND OTHER EQUITABLE
RELIEF**

Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint, alleges:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b), 57b, and Section 814 of the Fair Debt Collections Practices Act (“FDCPA”), 15 U.S.C. § 1692l, to obtain temporary, preliminary, and permanent injunctive relief; rescission or reformation

of contracts; restitution; the refund of monies paid; disgorgement of ill-gotten monies; the appointment of a receiver; immediate access to the Defendants' business premises; an asset freeze; and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and in violation of the FDCPA, 15 U.S.C. §§ 1692–1692p, in connection with the Defendants' deceptive and abusive debt-collection practices, including attempts to harass consumers into paying debts they do not owe.

JURISDICTION AND VENUE

2. This Court has subject-matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.

3. Venue in this District is proper under 28 U.S.C. § 1391(b)(1), (b)(2), (c)(1), (c)(2), and (d), and 15 U.S.C. § 53(b).

PLAINTIFF

4. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the FDCPA, 15 U.S.C. §§ 1692–1692p, which prohibits deceptive, abusive, and unfair debt-collection practices and imposes specific duties upon debt collectors.

5. The FTC is authorized to initiate federal district court proceedings by its own attorneys, enjoin violations of the FTC Act and the FDCPA, and secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, the disgorgement of ill-gotten monies, the appointment of a receiver, immediate access to the Defendants' business premises, and an asset freeze. 15 U.S.C. §§ 53(b), 57b. Section 814 of the FDCPA further authorizes the FTC to use all of the functions and powers under the FTC Act to enforce compliance by any person with the FDCPA. 15 U.S.C. § 1692*l*.

DEFENDANTS

6. Defendant Critical Resolution Mediation LLC ("CRM") is a Georgia limited liability company with its principal place of business at 6500 McDonough Drive, Suite C2, Norcross, Georgia 30093. CRM collects alleged delinquent debts from consumers. CRM transacts business in this District and throughout the United States.

7. Defendant Parliament Services LLC ("Parliament") is a Georgia limited liability company with its principal place of business at 3379 Peachtree Road NE, Suite 555, Atlanta, Georgia 30326. Parliament collects payments from consumers deceived by CRM and McKenzie and routinely pays for CRM's

expenses out of its business accounts. Parliament has applied for and obtained merchant processing accounts for Defendants' phantom debt-collection operation. Parliament transacts business in this District and throughout the United States.

8. Defendant Brian McKenzie ("McKenzie") is the owner, organizer, registered agent, authorized signer, and/or managing member of CRM. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of CRM, including the acts and practices set forth in this Complaint. Among other things, McKenzie has used titles such as president and owner of CRM, has purchased debt and uploaded information from debt portfolios into computer systems used by CRM's collectors, has hired and fired CRM employees or agents, has given instructions to CRM collectors about their debt-collection calls with consumers, and has been a signatory on CRM's bank accounts. McKenzie also controls Parliament and pays CRM business expenses from a Parliament checking account. He also opened and controls Parliament's web domains. McKenzie often has paid Parliament's rent from a CRM account. McKenzie resides in this District and, in connection with the matters alleged herein, transacts business in this District and throughout the United States.

COMMON ENTERPRISE

9. Defendants CRM and Parliament (collectively, “Corporate Defendants”) operate as a common enterprise while engaging in the deceptive and unlawful acts and practices and other violations of law alleged below. Corporate Defendants conduct the business practices described below through interrelated companies that have common business functions, shared business expenses, and commingled funds. Parliament functions largely as a pass-through entity for funds paid by consumers deceived or wrongfully intimidated by CRM’s collectors, and consumer payments are routinely transferred from Parliament’s checking account to CRM. In addition, Parliament’s office is a “virtual” space—i.e., shared with other businesses; Parliament has used this address interchangeably with McKenzie’s residential address to apply for merchant processing accounts for CRM. At least one Parliament payment-processing account is associated with McKenzie’s residence. Parliament paid bonuses to at least two CRM collectors and issued at least one refund to a consumer deceived by CRM. One Parliament employee is listed as an authorized user on CRM’s payroll account with ADP, LLC. McKenzie regularly uses debit cards linked to Parliament’s account to pay for CRM’s business expenses, such as internet-voice services. In 2018, CRM paid Parliament’s rent. McKenzie also created and controls Parliament’s two web

domains. Because these Corporate Defendants operate as a common enterprise, each is liable for the acts and practices alleged below. Defendant McKenzie formulates, directs, controls, has the authority to control, or participates in the acts and practices of the Corporate Defendants that constitute the common enterprise.

COMMERCE

10. At all times material to this Complaint, Defendants have maintained and continue to maintain a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS’ ILLEGAL DEBT-COLLECTION PRACTICES

11. Since at least 2012, Defendants have been using illegal debt-collection tactics to prey upon vulnerable, financially distraught consumers.

12. Defendants, often masquerading as law-enforcement officials or attorneys, use threats or fear to persuade consumers into paying phantom debts that are no longer owed or were never owed. Defendants often threaten consumers with felony charges, arrest at their workplaces, imprisonment for lengthy durations, garnishment of their wages or tax refunds, and even the suspension of their Social Security payments or drivers’ licenses.

13. When communicating with consumers, Defendants often use profane and abusive language. Defendants do not confine their abuse to debtors themselves

but also often communicate impermissibly with extended family members about the alleged debts.

14. Defendants often withhold required notices about the consumer's right to dispute the debt within 30 days and receive written verification of the debt. When consumers ask for debt verifications, Defendants often refuse. For example, a consumer who asked Defendants for verification was told "we don't got to do that you f***ing ... b***ch."

15. Defendants' misrepresentations, threats, omissions, abuse, and harassment often lead consumers to reasonably believe that they have no choice but to pay.

16. Defendants McKenzie and CRM are continuing their illegal debt-collection tactics even after promising to stop. In February 2015, both consented to an Assurance of Voluntary Compliance ("AVC") with the State of Georgia to resolve allegations that McKenzie and CRM engaged in unfair or deceptive debt-collection practices by (a) threatening consumers with arrest and imprisonment, (b) failing to provide required notices to consumers, and (c) calling consumers frequently with threats and harassment. McKenzie and CRM agreed to pay civil penalties of \$115,000 and to stop collecting on more than 3,200 disputed accounts worth approximately \$1.63 million. They also agreed

to fully comply with the FDCPA and “expressly acknowledge[d] their awareness and understanding of these statutes and their provisions.”

17. Defendants McKenzie and CRM are recidivists who continue to illegally deceive, abuse, and harass consumers into paying phantom debts. Since 2018, Parliament has been assisting McKenzie and CRM in their illegal debt-collection activities.

Defendants’ False and Unsubstantiated Claims
That Consumers Owe Debts

18. In many instances, Defendants attempt to collect debts that consumers do not owe, including debts that consumers have paid previously or that were previously discharged in bankruptcy.

19. Even when consumers have evidence that the debt was previously paid or discharged in bankruptcy, Defendants sometimes claim that consumers still must pay the alleged debts.

20. When consumers request written verification of debts, Defendants often refuse or are unable to provide genuine proof.

Defendants' False and Deceptive Tactics to Collect Debts

21. To intimidate consumers into paying, Defendants often falsely claim to be, or to be affiliated with, government or law-enforcement officials, prosecutors, court officers or mediators, lawyers, investigators, or process servers. For example, in numerous instances, Defendants have identified themselves as “detectives” or “investigators,” or have threatened to send a “sheriff’s deputy” or “armed law enforcement” to consumers’ residences or workplaces.

22. After misrepresenting themselves or their affiliations, Defendants often falsely claim that the non-payment of debt constitutes a crime and that consumers will be formally charged, arrested at their homes or workplaces, convicted of a felony, or imprisoned for lengthy periods. Frequently, Defendants tell consumers that they can avoid these consequences only if they agree to pay the alleged debts to Defendants. Contrary to Defendants’ threats, consumers cannot be arrested, criminally convicted, or imprisoned for not paying ordinary consumer debts.

23. In many instances, Defendants falsely threaten consumers with service of legal process at their residences or workplaces, civil lawsuits, civil liabilities or penalties, wage or tax-refund garnishments, liens on consumers’ vehicles and homes, or asset freezes for failing to repay the alleged debts.

24. Contrary to Defendants' representations, in all or most instances, Defendants do not, lack the intent to, or have no standing or authority to initiate or levy any civil penalties—or to initiate or file such civil actions on behalf of creditors, their agents, or other persons or entities with such standing or authority.

25. In some instances, Defendants threaten consumers with lawsuits when, in fact, the debts are unenforceable under an applicable statute of limitations.

26. Defendants also falsely tell consumers that Defendants will suspend or revoke consumers' governmental benefits or privileges—including driving privileges, Social Security payments, or unemployment-insurance benefits—for failure to pay the alleged debts. For example, Defendants called a consumer's parents, recited both his driver's license and Social Security numbers, and informed them that they would have the consumer's driving privileges revoked if he did not pay. Defendants often support these types of false claims by reciting consumers' Social Security numbers, dates of birth, account numbers, the names and contact information of family members, employment information, and other sensitive or private information. As a result, many

consumers reasonably believe that Defendants' false representations are true, or consumers feel intimidated into paying the alleged debts.

27. To further intimidate consumers into paying, Defendants often threaten to tack on unauthorized or impermissible penalties, fees, or other amounts to debts if consumers refuse to pay.

28. In many instances, Defendants falsely tell consumers that failing to pay the alleged debts to Defendants will diminish the consumer's credit rating and result in consumers being unable to obtain loans or credit from commercial lenders for the purchase of homes, cars, or other consumer goods.

29. Contrary to Defendants' representations, in most instances, Defendants do not, lack the intent to, or cannot not truthfully report to any credit-reporting bureau information that would diminish consumers' credit scores or that would impair consumers' ability to obtain credit.

30. Defendants, in many instances, also falsely represent to consumers that creditors, their agents, or other third parties have authorized Defendants to collect alleged debts under valid laws, contracts, or agreements.

Defendants' Tacking On Unauthorized Amounts to Debts

31. To collect additional revenue illicitly, Defendants often tack on unauthorized or impermissible charges, expenses, penalties, fees, or other

amounts to debts. For example, in many instances, Defendants impermissibly have tacked on the Corporate Defendants' collection fees or commissions, or Defendants arbitrarily have added additional amounts to the alleged debts that they collected from consumers.

Defendants' Harassing and Abusive Communications With Consumers

32. Defendants often illegally contact consumers repeatedly at consumers' work telephone numbers, as a means of intimidating or harassing consumers into paying the alleged debts. For example, Defendants have called or threatened to call consumers' places of employment, even though consumers have told Defendants that such calls are inconvenient or prohibited by their employers and could subject consumers to discipline or termination.

33. In numerous instances, Defendants use profane language with consumers, including responding to consumers asking for debt verifications by saying "f*** you" or calling the consumer a "f***ing a**hole."

Defendants' Unlawful Contacts With Third Parties

34. In numerous instances, Defendants disclose, or threaten to disclose, information about consumers' alleged debts—including the names of original creditors or the amounts allegedly owed—to third parties, such as extended family members, friends, neighbors, employers, or co-workers. Defendants also call

consumers' employers, family members, and friends, and tell them that consumers will face serious legal consequences, including arrest or jail. In some instances, Defendants also threaten consumers' family members with legal sanctions, such as arrest or imprisonment, for failing to pay the alleged debts on behalf of the consumer.

Defendants' Failure to Provide Statutorily Required Notices and Disclosures to Consumers

35. In their communications with consumers, Defendants often do not inform consumers that Defendants are debt collectors and that any information provided by consumers will be used to collect a debt, as required by law (commonly referred to as the FDCPA's "mini Miranda" warning). Despite receiving numerous calls from Defendants, consumers complain that Defendants never informed them that they would use the information they provided to collect a debt.

36. In numerous instances, Defendants fail to provide consumers, when required by law, with a notice stating: (i) the amount of the debt; (ii) the name of the creditor to whom the debt is owed; (iii) that unless the consumer disputes the debt within thirty days, the debt will be assumed valid; (iv) that if the consumer disputes the debt in writing, Defendants will obtain and send the consumer a verification of the debt; and (v) that, upon the consumer's written request

within thirty days, Defendants will provide the name and address of the original creditor if different from the current creditor.

37. In many instances, despite making numerous phone calls, Defendants fail to inform consumers that they are entitled to written verifications of debt and, in some instances, expressly deny that consumers are entitled to written verification.

ONGOING NATURE OF DEFENDANTS' UNLAWFUL PRACTICES

38. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate laws enforced by the FTC.

VIOLATIONS OF THE FTC ACT

39. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.”

40. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

COUNT ONE

**FALSE, MISLEADING, OR UNSUBSTANTIATED CLAIMS THAT
CONSUMERS OWE DEBTS OR OTHER OBLIGATIONS TO
DEFENDANTS**

41. In numerous instances, in connection with the collection of alleged consumer debts, Defendants represent, directly or indirectly, expressly or by implication, that:

- a) the consumer is delinquent on a debt that the Defendants have the authority to collect, including that the consumer owes a debt in a specific amount; or
- b) the consumer has a legal obligation to pay Defendants.

42. In numerous instances, Defendants' representations set forth in Paragraph 41 of this Complaint are false or misleading or were not substantiated at the time the representations were made.

43. Therefore, the making of the representations as set forth in Paragraph 41 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT TWO

**FALSE, MISLEADING, OR UNSUBSTANTIATED THREATS
REGARDING LEGAL ACTION**

44. In numerous instances in connection with the collection of alleged consumer debts, Defendants represent, directly or indirectly, expressly or by implication, that:

- a) Defendants have taken, intend to take, or have authority to take formal legal action against a consumer who fails to pay, such as filing suit;
- b) The consumer will be arrested or imprisoned for failing to pay Defendants;
- c) The consumer will have his or her governmental benefits or privileges (such as Social Security payments or driver's licenses) suspended or revoked for failing to pay Defendants;
- d) Nonpayment of a purported debt will result in the consumer's arrest, or in the seizure, garnishment, or attachment of the consumer's property or wages; or
- e) Defendants are, or are affiliated with, governmental law enforcement, a law firm or a lawyer, a creditor or its authorized agent, or other person or entity with authority or standing to file or initiate a

criminal prosecution or civil lawsuit against the consumer for failing to pay Defendants.

45. In truth and in fact, in the numerous instances in which Defendants have made the representations set forth in Paragraph 44:

- a) Defendants have not taken, do not intend to take, or do not have authority to take formal legal action against a consumer who fails to pay, such as filing suit;
- b) The consumer will not be arrested or imprisoned for failing to pay Defendants;
- c) The consumer will not have his or her governmental benefits or privileges (such as Social Security payments or driver's licenses) suspended or revoked for failing to pay Defendants;
- d) Nonpayment of a purported debt will not result in the consumer's arrest, or in the seizure, garnishment, or attachment of the consumer's property or wages; or
- e) Defendants are not, or are not affiliated with, governmental law enforcement, a law firm or a lawyer, a creditor or its authorized agent, or other person or entity with standing to file or initiate a criminal

prosecution or civil lawsuit against the consumer for failing to pay Defendants.

46. Therefore, Defendants' representations set forth in Paragraph 44 are false or misleading or were not substantiated at the time the representations were made, and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE FDCPA

47. In 1977, Congress passed the FDCPA, 15 U.S.C. §§ 1692–1692p, which became effective on March 20, 1978, and has been in force since. The purpose of the FDCPA, according to Congress, is “to eliminate abusive debt collection practices by debt collectors, to ensure that those debt collectors who refrain from using abusive debt collection practices are not competitively disadvantaged, and to promote consistent State action to protect consumers against debt collection abuses.” 15 U.S.C. § 1692(e).

48. Section 803(3) of the FDCPA, 15 U.S.C. § 1692a(3), defines “consumer” to mean “any natural person obligated or allegedly obligated to pay any debt.”

49. Section 803(5) of the FDCPA, 15 U.S.C. § 1692a(5), defines “debt” to mean “any obligation or alleged obligation of a consumer to pay money arising out

of a transaction in which the money, property, insurance or services which are the subject of the transaction are primarily for personal, family, or household purposes, whether or not such obligation has been reduced to judgment.”

50. Section 803(6) of the FDCPA, 15 U.S.C. § 1692a(6), defines “debt collector” to mean “any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose of which is the collection of any debts, or who regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due another. Notwithstanding the exclusion provided by clause (F) of the last sentence of this paragraph, the term includes any creditor who, in the process of collecting his own debts, uses any name other than his own which would indicate that a third person is collecting or attempting to collect such debts. For the purpose of section 1692f(6) of this title, such term also includes any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose of which is the enforcement of security interests. The term does not include—(A) any officer or employee of a creditor while, in the name of the creditor, collecting debts for such creditor; (B) any person while acting as a debt collector for another person, both of whom are related by common ownership or affiliated by corporate control, if the person acting as a debt collector does so only for persons to whom it is so

related or affiliated and if the principal business of such person is not the collection of debts; (C) any officer or employee of the United States or any State to the extent that collecting or attempting to collect any debt is in the performance of his official duties; (D) any person while serving or attempting to serve legal process on any other person in connection with the judicial enforcement of any debt; (E) any nonprofit organization which, at the request of consumers, performs bona fide consumer credit counseling and assists consumers in the liquidation of their debts by receiving payments from such consumers and distributing such amounts to creditors; and (F) any person collecting or attempting to collect any debt owed or due or asserted to be owed or due another to the extent such activity (i) is incidental to a bona fide fiduciary obligation or a bona fide escrow arrangement; (ii) concerns a debt which was originated by such person; (iii) concerns a debt which was not in default at the time it was obtained by such person; or (iv) concerns a debt obtained by such person as a secured party in a commercial credit transaction involving the creditor.”

51. Defendants are “debt collectors” collecting “debts” from “consumers.”

52. Section 806 of the FDCPA, 15 U.S.C. § 1692d, prohibits debt collectors from engaging in any conduct the natural consequence of which is to

harass, oppress, or abuse any person in connection with the collection of a debt. Without limiting the general application of the foregoing, the following conduct is a violation of Section 806 of the FDCPA: placement of telephone calls without meaningful disclosure of the caller's identity. 15 U.S.C. § 1692d(6).

53. Section 807 of the FDCPA, 15 U.S.C. § 1692e, prohibits debt collectors from using any false, deceptive, or misleading representation or means in connection with the collection of any debt. Without limiting the general application of the foregoing, the following conduct is a violation of Section 807 of the FDCPA: (1) the false representation of the character, amount, or legal status of any debt, 15 U.S.C. § 1692e(2)(A); (2) the false representation or implication that any individual is an attorney or that any communication is from an attorney, 15 U.S.C. § 1692e(3); (3) the representation or implication that nonpayment of any debt will result in the arrest or imprisonment of any person or the seizure, garnishment, attachment, or sale of any property or wages of any person unless such action is lawful and the debt collector or creditor intends to take such action, 15 U.S.C. § 1692e(4); (4) the threat to take any action that cannot legally be taken or that is not intended to be taken, 15 U.S.C. § 1692e(5); (5) the use of any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a consumer, 15 U.S.C. § 1692e(10); (6) the failure

to disclose in the initial written communication with the consumer and, in addition, if the initial communication with the consumer is oral, in that initial oral communication, that the debt collector is attempting to collect a debt and that any information obtained will be used for that purpose, and the failure to disclose in subsequent communications that the communication is from a debt collector, except that this paragraph shall not apply to a formal pleading made in connection with a legal action, 15 U.S.C. § 1692e(11); and (7) the use of any business, company, or organization name other than the true name of the debt collector's business, company, or organization. 15 U.S.C. § 1692e(14).

54. Section 809 of the FDCPA, 15 U.S.C. 15 U.S.C. § 1692g, requires that, within five days after the initial communication with a consumer in connection with the collection of any debt, a debt collector shall, unless the following information is contained in the initial communication or the consumer has paid the debt, send the consumer a written notice containing—(1) the amount of the debt; (2) the name of the creditor to whom the debt is owed; (3) a statement that unless the consumer, within thirty days after receipt of the notice, disputes the validity of the debt, or any portion thereof, the debt will be assumed to be valid by the debt collector; (4) a statement that if the consumer notifies the debt collector in writing within the thirty-day period that the debt, or any portion thereof, is

disputed, the debt collector will obtain verification of the debt or a copy of a judgment against the consumer and a copy of such verification or judgment will be mailed to the consumer by the debt collector; and (5) a statement that, upon the consumer's written request within the thirty-day period, the debt collector will provide the consumer with the name and address of the original creditor, if different from the current creditor.

55. Pursuant to Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), a violation of the FDCPA is deemed an unfair or deceptive act or practice in violation of the FTC Act. Section 814(a) of the FDCPA further provides that all of the functions and power of the FTC under the FTC Act are available to the FTC to enforce compliance by any person with the FDCPA, including the power to enforce the provisions of the FDCPA in the same manner as if the violation had been a violation of an FTC trade regulation rule.

COUNT THREE

FALSE OR MISLEADING REPRESENTATIONS

56. In numerous instances, in connection with the collection of debts, Defendants use false, deceptive, or misleading representations or means, in violation of Section 807 of the FDCPA, 15 U.S.C. § 1692e, including, but not limited to:

- a) Falsely representing the character, amount, or legal status of any debts, in violation of Section 807(2)(A) of the FDCPA, 15 U.S.C. § 1692(2)(A);
- b) Falsely representing or implying that any individual representative is an attorney or that any communication is from an attorney, in violation of Section 807(3) of the FDCPA, 15 U.S.C. § 1692e(3);
- c) Falsely representing or implying that nonpayment of a debt or other monetary obligation will result in the arrest or imprisonment of a consumer, when such action is not lawful or when the debt collector has no intention of taking such action, in violation of Section 807(4) of the FDCPA, 15 U.S.C. § 1692e(4);
- d) Threatening to take action that is not lawful or the Defendants do not intend to take, such as filing a lawsuit, in violation of Section 807(5) of the FDCPA, 15 U.S.C. § 1692e(5);
- e) Communicating or threatening to communicate to any person credit information which is known or which should be known to be false, including the failure to communicate that a debt is disputed, in violation of Section 807(8) of the FDCPA, 15 U.S.C. § 1692e(8);

f) Using false representations or deceptive means to collect or attempt to collect a debt or to obtain information concerning a consumer, in violation of Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10);

g) Failing to disclose (1) in the initial oral communication with a consumer that the debt collector is attempting to collect a debt and that any information obtained by the debt collector will be used for the purpose of attempting to collect a debt and (2) in all subsequent communications with consumers that the communication is from a debt collector, in violation of Section 807(11) of the FDCPA, 15 U.S.C. § 1692e(11);

h) Falsely representing or implying that Defendants are vouched for or affiliated with the United States, any State, or County, such as claiming to be an officer of the court, affiliated with a police or sheriff's department, or working in connection with prosecuting attorneys' offices, in violation of Section 807(1) of the FDCPA, 15 U.S.C. § 1692e(1); or

- i) Falsely representing or implying that a person committed a crime or other conduct in order to disgrace the person, in violation of Section 807(7) of the FDCPA, 15 U.S.C. § 1692e(7).

COUNT FOUR

FAILURE TO PROVIDE A VALIDATION NOTICE

57. In numerous instances, in connection with the collection of debts, Defendants fail to send consumers, within five days after the initial communication with consumers, a written notice containing (1) the amount of the debt; (2) the name of the creditor to whom the debt is owed; (3) a statement that unless the consumer, within thirty days after receipt of the notice, disputes the validity of the debt, or any portion thereof, the debt will be assumed to be valid by Defendants; (4) a statement that if the consumer notifies Defendants in writing within the thirty-day period that the debt, or any portion thereof, is disputed, Defendants will obtain verification of the debt or a copy of a judgment against the consumer and a copy of such verification or judgment will be mailed to the consumer by Defendants; and (5) a statement that, upon the consumer's written request within the thirty-day period, Defendants will provide the consumer with the name and address of the original creditor, if different from the current creditor, in violation of Section 809(a) of the FDCPA, 15 U.S.C. § 1692g(a).

COUNT FIVE

UNLAWFUL COMMUNICATIONS WITH THIRD PARTIES

58. Section 805(b) of the FDCPA, 15 U.S.C. §§ 1692c(b), prohibits a debt collector, without either the prior consent of the consumer, the express permission of a court of competent jurisdiction, or as reasonably necessary to effectuate a postjudgment judicial remedy, from communicating in connection with the collection of a debt with any person other than the consumer (defined to include the consumer's spouse, parent [if the consumer is a minor], guardian, executor, or administrator), the consumer's attorney, a consumer reporting agency if otherwise permitted by law, the creditor, the attorney of the creditor, or the attorney of the debt collector for any purpose other than acquiring the consumer's location information.

59. In numerous instances, Defendants have violated and continue to violate Section 805(b) of the FDCPA by communicating in connection with the collection of debts with third parties other than those covered by the limited exceptions set forth in Paragraph 58 of this Complaint.

COUNT SIX

PROHIBITED HARASSING AND ABUSIVE CONDUCT

60. Section 806 of the FDCPA, 15 U.S.C. § 1692d, prohibits a debt collector from engaging in any conduct the natural consequence of which is to harass, oppress, or abuse any person in connection with the collection of a debt, including by the use of obscene or profane language or language the natural consequence of which is to abuse the hearer or reader. In numerous instances, Defendants have violated and continue to violate Section 806 of the FDCPA by using such obscene, profane, or abusive language in connection with the collection of debts.

COUNT SEVEN

UNAUTHORIZED CHARGES

61. In numerous instances, in connection with the collection of debts, Defendants have collected and continue to collect fees that are not “expressly authorized by the agreement creating the debt or permitted by law,” in violation of Section 808(1) of the FDCPA, 15 U.S.C. § 1692f(1).

CONSUMER INJURY

62. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendants’ violations of the FTC Act and the FDCPA. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are

likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

63. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

64. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FDCPA, including the rescission or reformation of contracts, and the refund of money.

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b; Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a); and the Court's own equitable powers, requests that the Court:

A. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including temporary and preliminary injunctions, an order freezing assets, immediate access, and the appointment of a receiver;

B. Enter a permanent injunction to prevent future violations of the FTC Act and the FDCPA by Defendants;

C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the FDCPA, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

D. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

Alden F. Abbott
General Counsel

Dated: *September 21, 2020*

/s/ Hans Clausen
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