FTC Debt Collection Initiatives
November 19, 2014

Division of Financial Practices
Bureau of Consumer Protection
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The views expressed in this presentation are my own, and do not necessarily reflect the views of the Commission or any individual Commissioner.
~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
Overview

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22 debt collection cases
since January 1, 2012

Monetary judgments totaling
more than $180 million
2014: 10 cases


- Civil Penalties (Credit Smart, Regional Adjustment Bureau, & Consumer Portfolio Services)
Equitable Relief

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

FTC v. Federal Check Processing

FTC v. William Scott & Associates
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
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)
Civil Penalties

United States v. Consumer Portfolio Services

United States v. Regional Adjustment Bureau

United States v. Credit Smart
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)
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.
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
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.
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.
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


News Releases and Links to Debt Collection
Enforcement and Policy Materials

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