



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

Office of the Secretary

February 19, 2019

The Honorable Kathleen L. Kraninger  
Director  
Bureau of Consumer Financial Protection  
1801 L Street, N.W.  
Washington, D.C. 20036

Dear Director Kraninger:

Thank you for your letter of January 3, 2019. As the letter mentions, the Bureau of Consumer Financial Protection (CFPB) is responsible for providing annual reports to Congress concerning the federal government's efforts to implement the Fair Debt Collection Practices Act (FDCPA).<sup>1</sup> 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. We hope that the information in this letter will assist the CFPB in preparing this year's report.

In 2018, the Commission continued its vigorous law enforcement activities against unfair, deceptive, and otherwise unlawful debt collection practices. Among other things, the FTC:

- filed or resolved 7 cases against 52 defendants, and obtained more than \$58.9 million in judgments;<sup>2</sup> and
- banned 32 companies and individuals who engaged in serious and repeated violations of law from ever working in debt collection again.<sup>3</sup>

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<sup>1</sup> 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, 2092-93 (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.

<sup>2</sup> These figures include cases filed in 2018, as well as cases filed in previous years but resolved in 2018.

<sup>3</sup> In 2015, the FTC began publishing a list of every individual and company that the agency has sued that has been banned from the debt collection industry. This list, located at <https://www.ftc.gov/enforcement/cases-proceedings/banned-debt-collectors>, is a valuable resource to help law-abiding collection industry professionals avoid doing business with these defendants, as well as to help state debt collection licensing officials and law enforcers better protect consumers. Currently, the list includes 184 banned individuals and companies.

The FTC's debt collection program is a three-pronged effort: (1) law enforcement;<sup>4</sup> (2) education and public outreach; and (3) research and policy initiatives. Over the past year, the FTC has employed all three prongs 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 Act<sup>5</sup> authorize the Commission to investigate and take law enforcement action against debt collectors that violate those statutes.<sup>6</sup> 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, 15 U.S.C. § 45(m). 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. In other circumstances, the FTC may refer the case to the Department of Justice.

From January 1 through December 31, 2018, the FTC brought or resolved seven debt collection cases. In several of its Section 13(b) cases involving phantom debt collection and other issues, the Commission obtained preliminary relief, including temporary restraining orders with asset freezes, immediate access to business premises, and appointment of receivers to take over the debt collection businesses.

### **A. Phantom Debt Collection Actions**

The Commission has continued its aggressive efforts to fight "phantom debt collection" this year. Phantom debt collectors engage in unfair, deceptive, or otherwise unlawful conduct by attempting to collect on debts that either do not exist or are not owed to the phantom debt collector. In 2018, the Commission initiated or resolved four actions involving phantom debt collection: (1) *ACDI Group*, (2) *Lombardo, Daniels & Moss*, (3) *Advanced Mediation Group*, and (4) *Hylan Asset Management*. This past year, the Commission also returned money to thousands of consumers who were targeted by the phantom debt schemes in *Delaware Solutions* and *Rincon Management Services*.

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<sup>4</sup> 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 more than 306 companies and individuals who engaged in unlawful collection practices, banning 177 from the industry, and securing more than \$538.9 million in judgments.

<sup>5</sup> FDCPA, 15 U.S.C. § 1692-1692p; FTC Act, 15 U.S.C. §§ 41-58.

<sup>6</sup> 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.

In 2017, the FTC filed an action against the *ACDI Group* operation for collecting on phantom debts.<sup>7</sup> The complaint alleges that the defendants obtained counterfeit payday loan debts from SQ Capital<sup>8</sup> through a debt broker. When the defendants reported to the broker that they had been receiving consumer complaints regarding these debts, the broker returned the defendants' money and told them to stop collecting on these phony debts. However, the defendants allegedly continued to collect from consumers for at least seven more months. In August 2018, the court found the defendants liable for the alleged conduct at the summary judgment stage and ruled that the defendants are jointly and severally liable for the repayment of more than \$30,000 to consumers.<sup>9</sup> The court is considering competing proposals with respect to permanent injunctive relief and consumer redress.

The FTC also resolved an action initiated in 2017 against the phantom debt collection scheme in *Lombardo, Daniels & Moss*. According to the complaint, the North Carolina-based scheme used intimidation and deception to collect more than \$2.1 million from consumers.<sup>10</sup> The Commission's action charges the defendants with falsely claiming that consumers were delinquent on payday loans or other debts they did not owe, and threatening them with arrest or other formal legal action. Their collectors also allegedly called consumers repeatedly and regularly used profanity; illegally disclosed purported debts to third parties; and failed to provide other disclosures and notices required by the FD CPA. At the Commission's request, the court issued a temporary restraining order halting this operation, along with an asset freeze and a receiver. In June 2018, the Commission secured a settlement banning the debt collection operation and its principals, Dion Barron and Charles R. Montgomery III, from the debt collection business and from making misrepresentations about any products or services. The settlement also bans the defendants from profiting from or failing to properly dispose of consumer information collected as part of the challenged practices. The order against Montgomery and Lombardo, Daniels & Moss imposed a \$2.8 million judgment, of which they are jointly and severally liable with Barron for \$1.6 million—the amount of consumer harm they caused before Barron left Lombardo, Daniels & Moss. The order against Barron imposed a \$1.8 million judgment (of which he is jointly and severally liable with the other defendants for \$1.6 million).<sup>11</sup>

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<sup>7</sup> *FTC v. ACDI Group LLC*, No. 3:17-cv-00340 (W.D.N.C. June 22, 2017) (Complaint); *see also* Press Release, FTC Charges Debt Collection Scheme Took Consumers' Money for Phantom Debts They Did Not Owe (June 23, 2017), available at <https://www.ftc.gov/news-events/press-releases/2017/06/ftc-charges-debt-collection-scheme-took-consumers-money-phantom>.

<sup>8</sup> In 2017, the Commission filed suit against *SQ Capital* for brokering phantom debt and obtained an order banning the defendants from handling sensitive debt information. *See* Press Release, FTC Charges Defendants with Selling Fake Payday Loan Debt Portfolios (Jan. 9, 2017), available at <https://www.ftc.gov/news-events/press-releases/2017/01/ftc-charges-defendants-selling-fake-payday-loan-debtportfolios>; Press Release, FTC Obtains Court Order Against Scheme that Sold Fake Payday Loan Debt Portfolios (Oct. 17, 2017), available at <https://www.ftc.gov/news-events/press-releases/2017/10/ftc-obtains-court-order-against-scheme-sold-fake-paydayloan-debt>.

<sup>9</sup> *FTC v. ACDI Group LLC*, No. 3:17-cv-00340 (W.D.N.C. Aug. 22, 2018) (Order).

<sup>10</sup> *FTC v. Lombardo, Daniels & Moss*, No. 3:17-cv-00503 (W.D.N.C. Aug. 21, 2017) (Complaint); *see also* Press Release, FTC Charges Debt Collection Operation Took Consumers' Money for Phantom Debts (Aug. 29, 2017) available at <https://www.ftc.gov/news-events/press-releases/2017/08/ftc-charges-debt-collection-operation-took-consumers-money>.

<sup>11</sup> Press Release, Phantom Debt Collectors Settle FTC Charges of Deceiving Consumers (June 4, 2018), available at <https://www.ftc.gov/news-events/press-releases/2018/06/phantom-debt-collectors-settle-ftc-charges-deceiving-consumers>.

In the fall of 2017, the Commission halted a Georgia-based operation, *Advanced Mediation Group*, which the agency charged with tricking people into paying for debts defendants did not have the authority to collect, securing a temporary restraining order with an asset freeze and receiver.<sup>12</sup> The defendants allegedly used abusive tactics, such as falsely telling consumers that they had committed a crime and faced dire consequences—including lawsuits, garnishment, and even imprisonment—if a purported debt was not paid. The operation collected more than \$3.4 million from consumers. The defendants also illegally contacted consumers’ friends, non-spouse relatives, and employers, and failed to provide statutorily-required written notices and disclaimers. In September 2018, the Commission successfully obtained a settlement banning the defendants from the debt collection business and from buying or selling debt. The settlement orders impose a \$3,462,664 judgment that will be partially suspended, due to the defendants’ inability to pay, when they have surrendered certain assets.<sup>13</sup>

Additionally, the FTC and the New York Attorney General’s Office filed suit against another phantom debt operation in 2018. In a June 2018 complaint against the *Hylan Asset Management* operation, the Commission charged Hylan Asset Management LLC (Hylan) and Worldwide Processing Group LLC (Worldwide), as well as their principals, with running a scheme to collect money from consumers on fake and unauthorized debts.<sup>14</sup> The complaint alleges that Hylan bought, placed for collection, and sold portfolios of phantom debts, including debts that were fabricated by the defendants or disputed by consumers. Hylan placed these phony debts for collection with several collection agencies, including Worldwide, which used illegal tactics to collect on them. The complaint further alleges that Hylan was aware that many of these debts were fabricated or legally unenforceable, given that many of them originated from Hirsch Mohindra and Joel Tucker—both of whom were defendants in separate FTC actions for distributing counterfeit debt.<sup>15</sup> Worldwide allegedly continued its collection efforts after consumers said they had never heard of the lenders and provided records to prove they owed nothing. The defendants stipulated to a temporary restraining order on June 29, 2018 and a

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<sup>12</sup> *FTC v. Global Processing Solutions*, 1:17-cv-4192 (N.D. Ga. Oct. 23, 2017) (Complaint); see also Press Release, FTC Charges Debt Collection Business Defrauded Consumers into Paying Debts They Did Not Owe (Nov. 8, 2017), available at <https://www.ftc.gov/news-events/press-releases/2017/11/ftc-charges-debt-collection-business-defrauded-consumers-paying>.

<sup>13</sup> *FTC v. Global Processing Solutions*, 1:17-cv-4192 (N.D. Ga. July 17, 2018 & Sept. 4, 2018) (Orders); see also Press Release, FTC Settlements Ban Fraudulent Debt Collectors from Debt Collection Business and from Buying or Selling Debt (Sept. 7, 2018), available at <https://www.ftc.gov/news-events/press-releases/2018/09/ftc-settlements-ban-fraudulent-debt-collectors-debt-collection>.

<sup>14</sup> *FTC v. Hylan Asset Management LLC et al.*, 1:18-cv-00710 (W.D.N.Y. June 26, 2018) (Complaint); *FTC v. Hylan Asset Management LLC et al.*, 1:18-cv-00710 (W.D.N.Y.) (Aug. 27, 2018) (First Amended Complaint); see also Press Release, FTC and New York Attorney General Act Against Phantom Debt Brokers and Collectors (June 27, 2018), available at <https://www.ftc.gov/news-events/press-releases/2018/06/ftc-new-york-attorney-general-act-against-phantom-debt-brokers>.

<sup>15</sup> See *FTC v. Stark Law, LLC*, No. 1:16-cv-3463 (N.D. Ill. Oct. 27, 2017) (Orders); Press Release, FTC Settlements Ban Chicago-area Phantom Debt Collector from the Debt Collection Business and from Selling Debt Portfolios (Nov. 1, 2017), available at <https://www.ftc.gov/news-events/press-releases/2017/11/ftc-settlements-banchicago-area-phantom-debt-collector-debt>; *FTC v. Joel Jerome Tucker*, 2:16-cv-082816 (D. Kan. Sept. 20, 2017) (Order); Press Release, FTC Obtains Court Order Against Scheme that Sold Fake Payday Loan Debt Portfolios (Oct. 17, 2017), available at <https://www.ftc.gov/news-events/press-releases/2017/10/ftc-obtains-court-order-against-scheme-sold-fake-paydayloan-debt>.

preliminary injunction on July 9, 2018. Litigation continues against the defendants in this matter.

In addition to the law enforcement actions above, this past year the Commission also returned funds to consumers who lost money to two phantom debt collection operations previously stopped by the FTC. In July 2018, the agency mailed 597 checks totaling \$184,000 to consumers in the *Delaware Solutions* matter who had been tricked into paying phony debts.<sup>16</sup> In October 2015, the FTC and the State of New York charged a group of defendants known as Delaware Solutions, among other names, with collecting on debts that they knew were bogus. According to the complaint, the defendants ignored evidence that the debts were invalid, failed to identify themselves as debt collectors, falsely portrayed themselves as process servers or attorneys, and falsely threatened arrest or litigation for failure to pay. The defendants agreed to—and in August 2016, a federal court in New York entered—an order that permanently banned them from the debt collection industry.

The Commission also returned money to consumers affected by the abusive debt collection scheme in the *Rincon Management Services* matter, issuing a second round of checks.<sup>17</sup> Following on the refunds issued in 2017, the FTC mailed an additional 3,773 checks totaling more than \$669,715 this past April. This mailing brings the total amount refunded to people in this matter to more than \$2.7 million. The FTC had obtained a judgment of more than \$23 million against this operation (partially suspended after \$3.3 million in assets was handed over), along with a complete ban on debt collection activity.<sup>18</sup> This relief resolved allegations that this operation victimized Spanish-speaking consumers and others with abusive practices to coerce repayment of alleged debts that they often did not owe.

## **B. Other Actions to Halt FDCPA & FTC Act Violations**

In addition to the phantom debt cases described above, the FTC successfully initiated or resolved three other actions in 2018 to protect consumers from unlawful debt collection practices: (1) *Vantage Point Services*, (2) *4 Star Resolution LLC*, and (3) *Campbell Capital*.

In September 2018, the operators of an illegal debt collection scheme in *Vantage Point Services* agreed to a permanent ban from the debt collection business in order to settle FTC charges that they falsely threatened to have people arrested if their debts were not paid. The defendants falsely claimed consumers would spend up to 120 days in jail or pay thousands of dollars in bail, according to a complaint filed by the FTC and the New York Attorney General's

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<sup>16</sup> Press Release, FTC Returns Money to People Targeted by Phony Debt Collection Scheme (July 26, 2018), available at <https://www.ftc.gov/news-events/press-releases/2018/07/ftc-returns-money-people-targeted-phony-debt-collection-scheme>.

<sup>17</sup> Refunds, FTC Returns Money to Victims of a Debt Collection Scheme (Apr. 2018), available at <https://www.ftc.gov/enforcement/cases-proceedings/refunds/rincon-management-refunds>.

<sup>18</sup> *FTC v. Rincon Management Services, LLC*, No. 5:11-cv-01623-VAP-SP (C.D. Cal. Mar. 26, 2014) (Order); see also Press Release, FTC Obtains More Than \$3.3 Million for Consumers; Defendants Agree to Be Permanently Banned from the Debt Collection Business (Apr. 3, 2014), available at <http://www.ftc.gov/news-events/press-releases/2014/04/ftc-obtains-more-33-million-consumers-defendants-agree-be>.

Office in January 2015.<sup>19</sup> The complaint also alleges that the defendants failed to provide information about their identities during the phone calls or the supposed debt within five days of the calls, as required by law, and illegally added unauthorized amounts to consumers' debts. The orders impose a judgment of (1) \$22.5 million against Gregory MacKinnon, Vantage Point Services LLC, Joseph Ciffa and Bonified Payment Solutions, Inc. and (2) \$4.4 million against Angela Burdorf and Payment Management Solutions Inc. The judgment against Ciffa and Bonified Payment Solutions will be suspended due to their inability to pay.<sup>20</sup>

The Commission and the New York Attorney General's Office also secured a ban against the three individuals and seven corporate entities engaged in a deceptive and abusive debt collection scheme in *4 Star Resolution, LLC*. As alleged in the FTC's February 2015 complaint, the defendants used threats and abusive language, including false threats that consumers would be arrested or sued, to collect supposed debts. The court halted the operation pending resolution of the case.<sup>21</sup> The Commission referred the case to the U.S. Attorney's Office for the Southern District of New York, leading to fourteen criminal convictions against individuals charged with involvement in the scheme. The two co-owners of 4 Star Resolution are serving 100-month and 70-month sentences for their crimes.<sup>22</sup> In March 2018, three separate settlement orders imposed the following judgments in the FTC's civil case: (1) \$30 million against Travell Thomas and the 4 Star corporate defendants; (2) \$30 million against Maurice Sessum; and (3) \$18,789,000 against Charles Blakely III and Merchant Recovery Service, Inc. These judgments will be partially suspended upon the surrender of certain assets. In addition to banning the defendants from the debt collection business and from buying or selling debt, the settlement orders prohibit them from misrepresenting financial products and services and from profiting from customers' personal information collected as part of the challenged practices.

In October 2018, the Commission and the New York Attorney General's Office also sued a New York-based debt collection operation in *Campbell Capital*.<sup>23</sup> A federal court

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<sup>19</sup> *FTC v. Vantage Point Services, LLC, et al.*, 1:15-cv-00006 (W.D.N.Y. Jan. 5, 2015) (Complaint); see also 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>.

<sup>20</sup> *FTC v. Vantage Point Services, LLC, et al.*, 1:15-cv-00006 (W.D.N.Y. Sept. 21, 2018) (Orders); see also Press Release, FTC Settlements Stop Debt Collection Scheme (Sept. 21, 2018), available at <https://www.ftc.gov/news-events/press-releases/2018/09/ftc-settlements-stop-debt-collection-scheme>.

<sup>21</sup> *FTC v. 4 Star Resolution LLC et al.*, 1:15-cv-00112 (W.D.N.Y. Mar. 20, 2018) (Orders); Press release, FTC and New York Attorney General Settlements Ban Abusive Debt Collectors from the Debt Collection Business and from Buying or Selling Debt (Mar. 22, 2018), available at <https://www.ftc.gov/news-events/press-releases/2018/03/ftc-new-york-attorney-general-settlements-ban-abusive-debt>.

<sup>22</sup> Press Release, Owner And CEO Of Debt Collection Company Sentenced To 100 Months In Prison For Orchestrating \$31 Million Debt Collection Scheme (Apr. 20, 2017), available at <https://www.justice.gov/usao-sdny/pr/owner-and-ceo-debt-collection-company-sentenced-100-months-prison-orchestrating-31>; Press Release, Owner And CFO Of Debt Collection Company Sentenced To 7 ½ Years In Prison For Orchestrating \$31 Million Debt Collection Scheme (July 7, 2017), available at <https://www.justice.gov/usao-sdny/pr/owner-and-cfo-debt-collection-company-sentenced-7-years-prison-orchestrating-31-million>.

<sup>23</sup> *FTC v. Campbell Capital LLC et al.*, 1:18-cv-01163 (W.D.N.Y. Oct. 23, 2018) (Complaint); see also Press Release, FTC and New York Attorney General Sue Operators of Debt Collection Scheme (Nov. 1, 2018), available at <https://www.ftc.gov/news-events/press-releases/2018/11/ftc-new-york-attorney-general-sue-operators-debt-collection>.

temporarily halted the operation's illegal activity and froze its assets.<sup>24</sup> According to the complaint, defendants' employees often completed forms that showed they demanded more money than consumers allegedly owed, also known as "overbiffing" in the debt collection industry. In many cases, consumers agreed to pay more than what they allegedly owed. The complaint also alleges that employees pretended to work for law enforcement agencies and threatened consumers with arrest. Other collectors falsely claimed to work on behalf of attorneys and falsely told consumers they would face lawsuits if they did not make a payment on an alleged debt. Litigation continues in this matter.

## **II. EDUCATION AND PUBLIC OUTREACH**

Education and public outreach are also 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, 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 2018, the FTC distributed 13.4 million print publications to libraries, police departments, schools, non-profit organizations, banks, credit unions, other businesses, and government agencies. In 2018, the FTC logged more than 60 million views of its business and consumer education website pages. The FTC's channel at [YouTube.com/FTCvideos](https://www.youtube.com/FTCvideos) houses 232 business and consumer videos in English and Spanish, which were viewed more than 592,000 times in 2018. One video—Debt Collection: Know Your Rights—summarizes consumer rights and encourages viewers to report problem calls to the FTC. The consumer blogs in English<sup>25</sup> and Spanish<sup>26</sup> reached 230,520 and 50,744 email subscribers, respectively, and regularly serve as source material for local and national news stories.

As part its work to raise awareness about scams targeting the Latino community, the FTC has developed a series of fotonovelas (graphic novels) in Spanish. These 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 24,000 copies of the *Cobradores De Deuda* (Debt Collectors) fotonovela in 2018.

The Commission also 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. The FTC's business education resources can be found in its online Business Center.<sup>27</sup> The Business Center

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<sup>24</sup> *FTC v. Campbell Capital LLC et al.*, 1:18-cv-01163 (W.D.N.Y. Oct. 25, 2018) (Orders).

<sup>25</sup> <http://www.consumer.ftc.gov/blog>.

<sup>26</sup> <http://www.consumidor.ftc.gov/blog>.

<sup>27</sup> <http://business.ftc.gov/>.

logged more than 4.7 million page views in 2018, and there are more than 77,000 email subscribers to the Business Blog.<sup>28</sup> 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 meets 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. For example, the FTC hosted four Ethnic Media Roundtables around the country in 2018, bringing together law enforcement, community organizations, consumer advocates and 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. The FTC continues to work closely with the CFPB to coordinate efforts to protect consumers from unfair, deceptive, and abusive debt collection practices.<sup>29</sup> 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.

Additionally, the FTC issued a new Staff Perspective in February 2018—a paper that examines the key takeaways from a July 2017 workshop titled “Military Consumer Financial Workshop.” This workshop focused on the various financial issues and scams that can affect military consumers.<sup>30</sup> The Staff Perspective includes a discussion of the unique issues that servicemembers face if they fall behind on their financing payments, including how debts in collection can endanger a servicemember’s security clearance. It also describes panelists’ reports of debt collectors unlawfully threatening to tell servicemembers’ commanding officers

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<sup>28</sup> <http://business.ftc.gov/blog>.

<sup>29</sup> 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 (“MOU”) 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 (Jan. 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>. The agencies reauthorized the MOU in May 2015 for a three-year term. This MOU was extended in May 2018 and remains in effect while under review by the agencies. *See* Press Release, FTC, CFPB Reauthorize Memorandum of Understanding (Mar. 12, 2015), available at <https://www.ftc.gov/news-events/press-releases/2015/03/ftc-cfpb-reauthorize-memorandum-understanding>; Extension of Memorandum of Understanding between the FTC and the CFPB (May 2018), available at [https://www.ftc.gov/system/files/documents/cooperation\\_agreements/second\\_extension\\_of\\_mou\\_between\\_ftc\\_and\\_the\\_bcfp\\_5-15-18.pdf](https://www.ftc.gov/system/files/documents/cooperation_agreements/second_extension_of_mou_between_ftc_and_the_bcfp_5-15-18.pdf).

<sup>30</sup> More information about this workshop, including an agenda and video of the event, is available at <https://www.ftc.gov/news-events/events-calendar/military-consumer-workshop>.



about an alleged debt, to coerce servicemembers to pay. The paper discusses the rights, remedies, and potential resources that are available to military consumers and emphasizes how financial education early and often, adapted to the military life cycle, is crucial.<sup>31</sup>

#### **IV. CONCLUSION**

The Commission hopes that the information contained in this letter will assist the CFPB in preparing 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.

April J. Tabor  
Acting Secretary

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<sup>31</sup> Press Release, FTC Staff Perspective Examines Key Financial Issues That Affect Military Consumers (Feb. 2, 2018), *available at* <https://www.ftc.gov/news-events/press-releases/2018/02/ftc-staff-perspective-examines-key-financial-issues-affect>.

## Appendix A

### Debt Collection Information 2018

Title	Page Views <sup>32</sup>		Print distribution	
	English	Spanish	English	Spanish
<b>Consumer Information</b>				
<a href="#">Debt Collection FAQ</a>	241,686	67,855	83,400 <sup>^</sup>	2,225 <sup>*</sup>
<a href="#">Debt Collectors (Fotonovela)</a>				24,150
<a href="#">Debts and Deceased Relatives</a>	55,831	35,786		
<a href="#">Fake Debt Collectors</a>	76,283	3,090		
<a href="#">Garnishing Federal Benefits</a>	32,677	1,448		
<a href="#">Settling Credit Card Debt</a>	66,136	7,779		
<a href="#">Managing Debt: What to Do</a>	12,212	14,703	91,150	13,700
<a href="#">Identity Theft Letter to a Debt Collector</a>	2,632	70		
<a href="#">Time-Barred Debts</a>	68,273	54,815		
<b>Video</b>				
<a href="#">Helping Victims of Identity Theft</a>	59			
<a href="#">Fraud Affects Every Community: Debt Collection</a>	3775			
<a href="#">Debt Collection: Know Your Rights</a>	2555	321		

<sup>^</sup>Issued 6/2018

<sup>\*</sup>Issued 11/2018

Title	Page Views		Print Distribution	
	English	Spanish	English	Spanish
<b>Business Information</b>				
<a href="#">The Fair Debt Collection Practices Act</a>	17,035		8,140	
<b>Video</b>				
<a href="#">Debt Collection</a>	305	31		

<sup>32</sup> “Page views” show the number of times pages were viewed on FTC websites. Viewers may also download and re-post content from an FTC page, or make paper copies to share with friends and family, which adds viewers.

**Consumer Blog Posts**

[Free publications about credit and debt](#)

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