

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

Office of the Secretary

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The Honorable Kathleen L. Kraninger  
Director  
Bureau of Consumer Financial Protection  
1801 L Street, NW  
Washington, DC 20036

Dear Director Kraninger:

Thank you for your letter of January 4, 2011 (y)B-2 (u)21 (S)9 (ia) (um)-2 (e)4 (r)-7 (F)6 (

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The FTC's debt collection program is a three-pronged effort: (1) law enforcement; (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 authorize the Commission to investigate and take law enforcement action against debt collectors that violate those statutes. 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.

A. Phantom Debt Collection Actions

The Commission has continued its 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 2019, the Commission initiated or resolved three matters involving phantom debt collection: (1) Global Asset Financial Services Group, LLC, (2) Hylan Asset Management LLC, and (3)

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detect and stop common scams. People ordered more than 27,500 copies of *Colorado De Deuda* (Debt Collectors) fotonovela in 2019.

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.<sup>21</sup> The FTC's business education resources can be found in its online Business Center.<sup>22</sup> The Business Center logged more than 5.3 million page views in 2019, and there are more than 82,000 email subscribers to the Business Blog.<sup>23</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 2019, 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. In the past year, the FTC has continued to monitor and evaluate the debt collection industry and its practices through public events and the FTC's comment on the CFPB's proposed rulemaking.

In 2019, the FTC organized and co-sponsored four Common Ground conferences around the country, bringing together law enforcement, consumer advocates, and community members to discuss important consumer protection issues. Two of these conferences included discussions

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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.

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 FDCA. 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, Associate Director, Division of Financial Practices, at (202) 326-72.

By direction of the Commission

  
April J. Tabor  
Acting Secretary

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