



National Association
of Attorneys General

THE SESSIONS FIRM



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Attorney General Debt Collector Investigations:

The First Analysis

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- ❑ Attorneys General have issued hundreds of subpoenas and requests for information to debt collectors.
 - ❑ Most (many) investigations are broad based and cover the full range of a debt collector's policies, procedures and practices.
 - ❑ **Investigation: Broad Based Issues or Single Policy Violation?**

A Respectful Question:

Before launching a broad based investigation,
should an AG first analyze the size and impact of the debt collector?

Fair Debt Collection Practices Act

FDCPA Requirements that most often relate to consumer complaints

- ❑ § 1692b- No 3d Party Violations
- ❑ § 1692c- No Improper Communications
- ❑ § 1692d- No Harassment or Abuse
- ❑ 1692e- No False or Misleading Statements
- ❑ § 1692f- No Unfair/Unconscionable Practices
- ❑ § 1692g- Dispute Rights
- ❑ § 1692h- Proper Application of Payments
- ❑ § 1692j- No Improper Forms

2009 FTC-Top 8 Consumer Complaints Against Debt Collectors

In 2009, the FTC received 88,190 complaints regarding collections. The highest number of FTC complaints were:

1. Harassing the consumer or others
2. Demanding a larger payment than permitted
3. Threatening dire consequences
4. Impermissible calls to employment
5. Third-party disclosure
6. Failing to send required validation notice
7. Failing to verify disputed debts
8. Contact after written cease and desist

There are millions of consumer contacts or unanswered calls by debt collectors each year-reaching consumers by: letters, representatives, auto-dialers.

The American Collection Association estimates that there are 124,000 debt collectors contacting U.S. consumers.

Number of collections complaints –

- ❑ FTC– 88,190 complaints
- ❑ Better Business Bureau (BBB) (per the ACA)
– 15,628 complaints
- ❑ Assume AG complaints equal
– 44,095 complaints (50% of FTC complaints)
- ❑ Total- 147,913 (assume 25% for multiple filing
of complaints with more than 1 agency)
=110,935 complaints

110,935 FTC, BBB and AG complaints

While one complaint, is one
complaint too many . . .

- There is a ratio of tens
of thousands of
contacts or unanswered
calls for each filed
complaint.
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AG Analysis of Collection Agency *Before* Broad Based Policy Investigation:

- ❑ Identify number of representatives (shows scale of potential personal contacts)
 - ❑ Identify number of accounts during applicable period
 - ❑ Identify number of contacts per account
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Contact analysis of specific investigation

1. Greater than 25 million accounts over a 3-year look back for applicable jurisdiction
2. 390 complaints filed with the AG during that time period
3. Complaint Ratios:
 - a. Ratio - Number of complaints / number of accounts (390/25 million) = **0.0000156%**
 - b. Assuming there are 15 contacts per account – Ratio (390 complaints/25 million accounts x 15 contacts (375,000,000))
= **0.00000104%**

Actual Complaint Record: for each filed complaint- over 1 million contacts or unanswered calls

Suggested Collector Review Process

- ❑ Identify the number of complaints
- ❑ Abstract the complaints to determine if there is any pattern or practice
- ❑ Determine the scope/scale of the collection agency
- ❑ Tailor the requests to the collection agency based upon the complaint history/number and size of agency

ATTORNEY GENERAL AWARD

Compliant Collection Agency

As Represented by:

David Israel

Defender of the Unfairly Accused

