



At FTC's Request, Court Orders Debt Collection Operation to Stop Deceiving and Abusing Consumers

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FTC Alleges that Defendants Targeted English- and Spanish-Speaking Consumers, Posing As Process Servers and Attorneys

FOR RELEASE

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At the request of the Federal Trade Commission, a U.S. district court has halted a debt collection operation that allegedly deceived and abused consumers – making bogus threats that consumers had been sued or could be arrested over debts they often did not owe. As part of its [continuing crackdown](#) on scams that target consumers in financial distress, the FTC charged two individuals and seven companies in a Corona, California-based debt-collection operation doing business as Rincon Debt Management. The court order stops the illegal conduct, freezes the operation's assets, and appoints a temporary receiver to take over the defendants' business while the FTC moves forward with the case.

Operating since March 2009, the defendants have been unjustly enriched by at least \$9.4 million, according to documents the FTC filed with the court.

"Consumers have a right to expect that debt collectors will be truthful and abide by the law," said FTC Commissioner Edith Ramirez. "We allege that, instead, the victims in this case were subject to abusive and illegal debt-collection practices, and that cannot stand."

The FTC [complaint](#) alleges that the defendants targeted both English- and Spanish-speaking consumers. The defendants called consumers and their employers, family, friends, and neighbors, posing as process servers seeking to deliver legal papers that purportedly related to a lawsuit. In some instances, the defendants threatened that consumers would be arrested if they did not respond to the calls. The defendants also posed as attorneys or employees of a law office, and demanded that consumers pay "court costs" and "legal fees." However, according to the FTC, the debt collectors making calls to consumers were not actually process servers, attorneys, or their employees, and the defendants did not file lawsuits against consumers. In addition, in many instances, consumers did not even owe the debt the defendants were trying to collect.

The FTC charged that the defendants' false and misleading claims that they were process servers or attorneys who had filed – or were about to file – a lawsuit against a consumer violated the FTC Act. In addition, the FTC alleged that the defendants violated the Fair Debt Collection Practices Act by:

improperly contacting third parties about consumers' debts;

failing to disclose the name of the company they represented, or the fact that they were attempting to collect on a debt, during telephone calls to consumers;

misrepresenting the existence of a debt, the amount, and other facts about the debt; and

failing to notify consumers of their right to dispute and obtain verification of their debts.

Last month, at the FTC's request, a U.S. district court halted another debt collection operation that allegedly deceived and abused consumers.

For consumer information about dealing with debt collectors, see [Debt Collection FAQs: A Guide for Consumers](#).

The Commission vote authorizing the staff to file the complaint was 4-0. The FTC filed the complaint and request for a temporary restraining order in the U.S. District Court for the Central District of California on October 11, 2011. On the same day, the court granted the FTC's request.

The complaint names as defendants Jason R. Begley; Wayne W. Lunsford; Rincon Management Services, LLC; Prime West Management Recovery, LLC; Pacific Management Recovery, LLC; City Investment Services, LLC; Global Filing Services, LLC; National Filing Services, LLC; and Union Management Services, LLC.

NOTE: The Commission files a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The complaint is not a finding or ruling that the defendant has actually violated the law.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call

1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides free information on a variety of [consumer topics](#). Like the FTC on [Facebook](#) and follow us on [Twitter](#).

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(Rincon NR)

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