



FTC and New York Attorney General Act Against Phantom Debt Brokers and Collectors

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Defendants tricked consumers into paying on debts they did not owe

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The Federal Trade Commission and the New York Attorney General's Office have charged two New York-based operations and their principals with running a scheme to collect money from consumers on fake and unauthorized debts.

This action is part of the FTC's continuing crackdown on all players in the phantom debt chain, including those who sell fake debt portfolios and those who harass consumers to collect the phony debt.

According to the FTC, [debt broker Hylan Asset Management LLC and its owner, Andrew Shaevel](#), bought, placed for collection, and sold lists 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 Processing Group LLC and its owner, Frank A. Ungaro, Jr., who collected on the fake debts and used illegal tactics to do so.

The complaint alleges that Hylan was aware the debt was fabricated. Much of it was purchased from [Hirsch Mohindra, a defendant in a separate FTC action who was banned](#) from the debt collection business and from selling debt portfolios. Mohindra had bought the debt from [Joel Tucker, a defendant in another FTC action who was banned](#) from handling sensitive financial information about consumer debts.

Despite this knowledge, Hylan continued to buy phantom debt lists and place them for collection, even after learning that consumers disputed the debts. Similarly, Worldwide Processing continued its collection efforts after consumers said they had never heard of the lenders and provided records to prove they owed nothing. Worldwide Processing engaged in other illegal collection practices, including failing to provide required notices about the debt and consumers' rights to dispute the debt, and threatening to contact, or contacting, family members or other third parties.

The defendants are charged with violating the FTC Act, the Fair Debt Collection Practices Act, and New York state law.

The Commission vote authorizing staff to file the complaint was 5-0. It was filed in the U.S. District Court for the Western District of New York.

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 case will be decided by the court.

The Federal Trade Commission works to promote competition, and [protect and educate consumers](#). You can [learn more about consumer topics](#) and file a [consumer complaint online](#) or by calling 1-877-FTC-HELP (382-4357). Like the FTC on [Facebook](#), follow us on [Twitter](#), read our [blogs](#) and [subscribe to press releases](#) for the latest FTC news and resources.

PRESS RELEASE REFERENCE:

[FTC Settlements Ban Chicago-area Phantom Debt Collector from the Debt Collection Business and from Selling Debt Portfolios](#)

[FTC Obtains Court Order Against Scheme that Sold Fake Payday Loan Debt Portfolios](#)

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