



# PROFILES IN HARASSMENT

**HOW FIVE TOP DEBT COLLECTORS HAVE DECEIVED,  
HARASSED, AND WRONGLY SUED CONSUMERS FOR THEIR  
OWN PROFIT**



# **Profiles in Harassment:**

## **How Five Top Debt Collectors Have Deceived, Harassed and Wrongly Sued Consumers For Their Own Profit**

## Executive Summary

### **The CFPB Has Proposed Letting Debt Collectors Send Consumers An Unlimited Number Of Texts And Emails, Benefitting Debt Collectors With Tens Of Thousands Of Complaints That Consumers Have Filed About Them With The Bureau.**

Under Kathy Kraninger's leadership, the CFPB has proposed allowing debt collectors to send consumers an unlimited number of texts and emails. While the proposed rule purports to limit phone calls from debt collectors, it could actually result in consumers receiving dozens of unwanted calls per week.

Looking at the records of just five of the nation's top debt collection companies—Transworld Systems, Inc., Portfolio Recovery Associates, Encore Capital Group, Sherman Financial Group, and Pioneer Credit Recovery—it is clear that debt collectors have a troubling history of harassing consumers while attempting to collect on debt. In fact, consumers have filed over 34,600 complaints with the CFPB just about these five companies.

The agency responsible for protecting consumers shouldn't make it easier for debt collectors to harass consumers—the CFPB must step in and protect consumers, not the debt collection industry.

### **Transworld Systems, Inc. (TSI): A "Prolific" Debt Collector Fined Millions By Regulators For Harassing Consumers And Illegally Filing Thousands Of "False Or Misleading" Lawsuits**

Transworld Systems, Inc. (TSI), a top debt collection company that has spent at least \$200,000 on federal lobbying, has had thousands of consumer complaints filed against it with the Consumer Financial Protection (CFPB) and Federal Trade Commission (FTC), both of which have hit the debt collector with massive fines. TSI is known as a "prolific" debt collector that filed over 38,000 lawsuits against student loan borrowers in just a three-year period, using an "assembly line" process where legal documents were created with automated software and signed by low-level employees with no legal training.

TSI was fined \$2.5 million by the CFPB in 2017 for illegally relying on "false or misleading" filings for hundreds of lawsuits against student borrowers. Several years earlier, the FTC hit TSI's then-parent company with a record \$3.2 million fine for "harassing and abusing debtors," including revealing personal information to third parties and pursuing the wrong consumers for debts that weren't theirs.

In addition to pursuing student loan debts, TSI has been hired by school districts, including in Pennsylvania, Rhode Island, and Iowa, to collect school lunch debt. Empowering people who



shake down parents over their children's school lunch money: just another day for the Trump administration.

**Portfolio Recovery Associates: One Of The Country's Biggest Debt Collectors Has Had To Pay Over \$127 Million To Settle Charges Of Illegal Collection Practices, Including Misleading Consumers To Get Them To Agree To Receive Auto-Dialed Cell Phone Calls**

Portfolio Recovery Associates is a subsidiary of PRA Group, "one of the country's largest debt-recovery funds" with over 5,000 employees. Even though the company has been ordered to pay over \$127 million to settle charges of illegal collection practices in recent years, PRA Group's CEO made almost \$4 million last year.

Portfolio Recovery Associates has faced numerous class action lawsuits alleging illegal debt practices, including harassing consumers with robocalls, and was ordered to pay \$18 million to settle a lawsuit alleging that it made "autodialed phone calls to consumers without their consent."

The CFPB ordered Portfolio Recovery Associates to pay up to \$27 million for illegal debt collection practices, including getting consumers to agree to receive auto-dialed calls on their cell phones by telling them it was the only way to "prevent collection calls to their cell phones before 9 a.m."

**Encore Capital Group: One Of The Country's Largest Debt Collectors Was Ordered To Pay Up To \$52 Million To Settle Allegations That It Used Deceptive Tactics To Collect Bad Debts And "Robo-Signed" Legal Documents Against Consumers**

The CFPB described Encore Capital Group as "the nation's largest debt buyer and collector" when it ordered the company to pay up to \$52 million for illegally attempting to collect on bad debts in 2015. It wasn't the last time Encore was fined millions by regulators; last year, the debt collector was ordered to pay over \$6 million to settle a multistate investigation by 42 attorneys general into its practice of "robo-signing" legal documents against consumers.

Encore Capital Group, whose CEO raked in \$2.8 million last year and currently holds \$4.4 million worth of company stock, has spent \$270,000 on federal lobbying since Donald Trump took office.

**Sherman Financial Group: Debt Collection Behemoth That Has Bought Billions Of Dollars In Unpaid Debt And Faced Legal Action For Predatory Collection Practices**

Sherman Financial Group is a huge debt collection company with 1,500 employees, which likely earned over \$2 billion in 2016. Its founder and CEO, Ben Navarro, is an ex-Wall Street banker

worth about \$3 billion; he made headlines last year in a failed attempt to buy an NFL football team valued at over \$2 billion.

Debt collector subsidiaries of Sherman Financial Group, including LVNV Funding and Resurgent Capital Services, have been ordered to pay millions to settle allegations of illegal debt collection practices, including operating without licenses and making false claims against consumers.

Sherman Financial Group even gets debt collection business directly from one of its most controversial subsidiaries—Credit One Bank, which offers one of the most complained-about credit card companies in the country. Credit One reported making \$579 million from account fees in 2017—and sells unpaid consumer debt right back to its parent company for collection.

**Pioneer Credit Recovery: The Debt Collection Arm Of Student Loan Servicer Navient Has Faced Lawsuits And Enforcement Actions For Misleading And Harassing Consumers, Like The Family Of A Military Servicemember It Inundated With Threatening Phone Calls**

Pioneer Credit Recovery is the debt collection arm of Navient, one of the largest student loan servicers in the country, which has faced its own share of scrutiny for its loan servicing practices. Pioneer Credit Recovery was named in a lawsuit brought by the CFPB alleging that Navient failed borrowers “at every stage of repayment” and charged that the debt collection subsidiary made false and misleading statements to borrowers while pursuing student loan debt.

Pioneer Credit Recovery has repeatedly given consumers financially risky advice, like suggesting that borrowers take out second mortgages or withdraw early from their retirement funds, in order to collect on debt. The debt collector was even sued for repeatedly calling and harassing a military servicemember’s wife while he was stationed in Iraq, including by threatening to put a lien on their house, garnish his wages, and calling her “scum.”

# **The CFPB Wants To Let Debt Collectors Send Consumers An Unlimited Number Of Texts And Emails—Even Though Consumers Have Filed Tens Of Thousands Of Complaints About Just Five Debt Collection Companies**

**Consumers Have Filed Over 34,600 Complaints With The Consumer Financial Protection Bureau (CFPB) About Just Five Of The Country's Major Debt Collection Companies.**

## **Consumers Have Filed Over 4,600 Complaints About Transworld Systems With The CFPB.**

As Of July 11, 2019, Transworld Systems Had 4,641 Complaints In The CFPB's Consumer Complaint Database. [[Search for Transworld Systems, Inc.](#), Consumer Financial Protection Bureau, accessed 07/11/19]

## **Consumers Have Filed Over 4,600 Complaints About Resurgent Capital Services With The CFPB.**

As Of July 11, 2019, Resurgent Capital Services Had 4,626 Complaints In The CFPB's Consumer Complaint Database. [[Search for Resurgent Capital Services L.P.](#), Consumer Financial Protection Bureau, accessed 07/11/19]

- **Resurgent Capital Services Is A Subsidiary Of The Sherman Financial Group.**  
“LVNV buys consumer debts while Resurgent tries to collect; both are owned by the Sherman Financial Group.” [Jamie Smith Hopkins, “[District Court dismisses debt cases against Marylanders](#),” *The Baltimore Sun*, 07/11/12]

## **Consumers Have Filed Over 11,700 Complaints About Encore Capital Group With The CFPB.**

As Of July 11, 2019, Encore Capital Group Had 11,708 Complaints In The CFPB's Consumer Complaint Database. [[Search for Encore Capital Group](#), Consumer Financial Protection Bureau, accessed 07/11/19]

## **Consumers Have Filed Over 10,750 Complaints About Portfolio Recovery Associates With The CFPB.**

As Of July 11, 2019, Portfolio Recovery Associates Had 10,754 Complaints In The CFPB's Consumer Complaint Database. [[Search for Portfolio Recovery Associates](#), Consumer Financial Protection Bureau, accessed 07/11/19]

## **Consumers Have Filed Over 3,000 Complaints About The Debt Collection Practices Of Pioneer Credit Recovery's Parent Company, Navient, With The CFPB.**

As Of July 11, 2019, Navient, The Parent Company Of Pioneer Credit Recovery, Had 2,965 Complaints Regarding Debt Collection In The CFPB's Consumer Complaint Database. [[Search for Navient restricted by Debt Collection](#), Consumer Financial Protection Bureau, accessed 07/11/19]

**The CFPB Has Proposed A New Rule That Would Allow Debt Collectors To Send Consumers An Unlimited Number Of Texts And Emails—And Consumers Advocates Have Charged That The Proposal Gives The Debt Collection Industry “Almost Everything” It Wants.**

## **The CFPB's Proposed Rule Would Allow Debt Collectors To “Send Consumers Unlimited Amounts Of Texts And Emails.”**

In May 2019, The CFPB Issued Its Proposed Debt Collection Rule That Would Allow Debt Collectors To “Send Consumers Unlimited Amounts Of Texts And Emails.” “The Consumer Financial Protection Bureau [...] proposed rules that would give the industry the go-ahead to send consumers unlimited amounts of texts and emails, accelerating a trend the watchdog bureau says could be beneficial for everyone.” [Renae Merle, “[Trump administration wants to allow debt collectors to call 7 times a week and text, email as much as they want](#),” *The Washington Post*, 05/07/19]

- **Under The Proposed Rule, Consumers Would Be Required To Actively “Unsubscribe” From Digital Communications.** “It regulates how debt collectors may use voicemails, emails and text messages to communicate with consumers. Notably, the Proposed Rulemaking would permit consumers to ‘unsubscribe’ from future communications through these methods. Under the Proposed Rulemaking, consumers could limit the ways debt collectors contact them, e.g., while at work.” [Thomas H. Wagner, “[The CFPB's Long Awaited Debt Collection Rule is Certain to Shake Up the Industry](#),” *The National Law Review*, 05/20/19]

Public Comments On The Proposed Debt Collection Rule Are Due Monday, August 19, 2019. [[“CFPB to Open Comment Period on Proposed Debt Collection Rule,” ACA International, 05/20/19](#)]

**Consumer Advocates Charged That The CFPB’s Proposed Rule Gave The Debt Collection Industry “Almost Everything” It Wanted And Accused The Bureau Of “Catering To Businesses Instead Of Consumers.”**

**Consumers Advocates Charged That The CFPB Gave Debt Collectors “Almost Everything That The Industry Wanted” And Accused It Of “Catering To Businesses Instead Of Consumers.”** “Consumer advocates, though, say the bureau set the limit too high. ‘We’re very upset and very concerned — I think outraged might be the right word for it,’ said Margot Saunders, senior counsel at the National Consumer Law Center. ‘Almost everything that the industry wanted, the bureau gave them,’ Saunders said. ‘Although they didn’t go as far as the industry wanted, the whole rule is to expand collectors’ rights. ... They’re not expanding consumers’ rights.’ [...] Melissa Stegman, senior policy counsel at the Center for Responsible Lending, agreed, accusing the CFPB of ‘again catering to businesses instead of consumers’ in an emailed statement.” [Katy O’Donnell, [“CFPB overhauls rules for debt collectors as consumer groups balk,” Politico, 05/07/19](#)]

**The Debt Collection Industry “Responded With Limited Enthusiasm” To The Proposal, With The CEO Of Trade Group ACA International Saying They Appreciated The “Potential Clarity” Of Parts Of The Rule.** “While debt collectors and consumer advocates were still digesting the 538-page proposal, the industry initially responded with limited enthusiasm while consumer advocates slammed the plan. Mark Neeb, CEO of collection trade group ACA International, said the group appreciates the ‘potential clarity’ provided by parts of the rule. ‘However, we think there are several areas that need to be clarified and improved upon before the rule is finalized, including the arbitrary limit on call attempts that could unnecessarily impede communications with consumers,’ Neeb added.” [Katy O’Donnell, [“CFPB overhauls rules for debt collectors as consumer groups balk,” Politico, 05/07/19](#)]

**The Rule Would Limit Phone Calls From Debt Collectors To No More Than Seven Times Per Week Per Debt—Which Could Actually Result In Consumers Getting “Dozens Of Calls Each Week” From Debt Collectors.**

**The CFPB’s Proposed Rule Would Limit Phone Calls From Debt Collectors To No More Than Seven Times Per Week Per Debt...**



**The Proposed Rule Would Limit “The Number Of Times A Debt Collector May Attempt To Contact A Consumer By Telephone About A Specific Debt,” With Collectors Able To Contact A Borrower “No More Than Seven Times Per Week.”** “It provides a numeric limit on the number of times a debt collector may attempt to contact a consumer by telephone about a specific debt. Under the proposal, debt collectors could try to contact consumers no more than seven times per week, and once contact is made, a debt collector would have to wait at least one week before calling the consumer again.” [Thomas H. Wagner, “[The CFPB’s Long Awaited Debt Collection Rule is Certain to Shake Up the Industry](#),” *The National Law Review*, 05/20/19]

- **The Proposed Rule Would Restrict The Number Of Calls A Collector Could Make Per Debt.** “The senators also raised concerns over other components of the Administration’s proposal, including allowing a debt collector to call a consumer seven times a week per debt.” [[Press Release](#), Sen. Catherine Cortez Masto, 06/07/19]

**...Which Could Result In “Dozens Of Calls Each Week” For Consumers With Multiple Debts, Such As Separate Bills For A Single Medical Event.**

April Kuehnhoff, An Attorney For The National Consumer Law Center, Noted That The Seven-Call Weekly Limit “Could Be Particularly Tough On People With Medical Debt” As A Single Medical Event Could Result In Several Bills From Several Providers, “Potentially Resulting In Dozens Of Calls Each Week.” “For instance, the center wants a limit of just three telephone attempts each week on a debt. The seven-call limit could be particularly tough on people with medical debt, Kuehnhoff said. They may accumulate bills from several providers for a single medical event — hospital, doctors, a lab and a nursing home, for example — and all could be in collections separately, potentially resulting in dozens of calls each week. [Kaiser Health News, “[New rules would change how collectors can go after medical debt](#),” *The Oregonian*, 06/02/19]

**Transworld Systems, Inc. (TSI): A “Prolific” Debt Collector Fined Millions By Regulators For Harassing Consumers And Illegally Filing Thousands Of “False Or Misleading” Lawsuits**

**Transworld Systems, Inc. (TSI), A Top Debt Collection Company With A \$25 Billion Portfolio, Recently Announced It Could Be Doubling In Size—Despite Consumers Filing Thousands Of Complaints Against The Debt Collector.**

## **Transworld Systems, Inc. (TSI) Is A National Debt Collection Company Whose Clients Include Fortune 100 Companies, Governmental Organizations, Hospitals, And Financial Institutions.**

Transworld Systems, Inc. (TSI) Calls Itself “The Leading Provider Of Outsourced Accounts Receivable Management [...] And Loan Servicing Solutions” Whose “Clients Include Fortune 100 Corporations, Hospitals, Financial Institutions, Governmental Organizations, And Small Businesses.” “TSI is the leading provider of outsourced accounts receivable management, healthcare revenue cycle management and loan servicing solutions. TSI uses predictive analytics to collect on debt to help its clients accelerate cash flow and improve operational efficiency. TSI's clients include Fortune 100 corporations, hospitals, financial institutions, governmental organizations, and small businesses.” [[Press Release](#), Transworld Systems, Inc., 05/23/18]

- **TSI Is A “Nationwide Debt Collector Incorporated In California” That Maintains A “Principal Place Of Business” In Pennsylvania.** “Transworld Systems, Inc. is a nationwide debt collector incorporated in California, with a principal place of business in Ft. Washington, Pennsylvania.” [[Press Release](#), Consumer Financial Protection Bureau, 09/18/17]
- **TSI Is A Privately Held Company Founded In 1970.** [[“TSI – Transworld Systems Inc.”](#), LinkedIn, accessed 06/12/19]

## **TSI Has A \$25 Billion Portfolio, Over 2,400 Collections Employees, And Collected \$865 Million In 2016.**

According To The Company, TSI Has A \$25+ Billion Portfolio, 35,000+ “Client Relationships,” And Collected \$865 Million In 2016. [[“About TSI,”](#) Transworld Systems, Inc., accessed 06/12/19]

- **TSI Has Over 2,400 Accounts Receivable Management (ARM) Specialists And Over 65 Compliance Specialists.** [[“About TSI,”](#) Transworld Systems, Inc., accessed 06/12/19]

## **In March 2019, TSI Announced Plans To Acquire A Collections And Call Center Business With 2,300 Employees In India, The Philippines, And The U.S.**

In March 2019, TSI Announced Plans To Acquire Part Of Altisource Portfolio Solutions, Including Nationwide Credit, Inc., Which Provides “Collections, Customer Relationship Management And Call Center Outsourcing” With 2,300 Employees In India, The Philippines, And The U.S. On March 29, 2019, TSI announced “it has entered into a definitive

agreement with subsidiaries of Altisource Portfolio Solutions S.A. to purchase its Financial Services business for \$44 million. TSI will acquire the Altisource Financial Services business, including Nationwide Credit, Inc. (NCI), a provider of collections, customer relationship management and call center outsourcing for financial, retail credit, mortgage servicing, insurance, utility, and hospitality industries, with approximately 2,300 employees and operations centers in the United States, India, and the Philippines.” [[“Transworld Systems Inc. Agrees to Acquire Altisource Portfolio Solutions S.A.’s Financial Services Business,” Cision, 03/29/19](#)]

## **Consumers Filed Over 6,000 Complaints About TSI With The Federal Trade Commission In 2017 Alone.**

**In 2017, Consumers Filed 6,122 Complaints A With The Federal Trade Commission Against TSI — The Company With The Eight-Highest Number Of Debt Collection Complaints Filed With The FTC That Year.** In 2017, consumers filed 6,122 complaints with the Federal Trade Commission (FTC) against TSI, the debt collection company with the eighth-highest number of complaints filed with the agency. [April Kuehnhoff and Ana Girón Vives, “[Consumer Complaints about Debt Collection: Analysis of Unpublished Data from the FTC](#),” National Consumer Law Center, February 2019]

## **Consumers Have Filed Over 4,600 Complaints About TSI With The Consumer Financial Protection Bureau (CFPB).**

**As Of July 11, 2019, Transworld Systems Had 4,641 Complaints In The CFPB’s Consumer Complaint Database.** [[Search for Transworld Systems, Inc.](#), Consumer Financial Protection Bureau, accessed 07/11/19]

- **TSI Was The Second Highest Recipient Of Student Loan Collection Complaints Made To The CFPB From September 1, 2016 To August 31, 2017.** [[“Annual report of the CFPB Student Loan Ombudsman,”](#) Consumer Financial Protection Bureau, October 2017]

**TSI Filed Over 38,000 Lawsuits Against Student Loan Borrowers In Just Three Years Through An “Assembly Line” Process That Creates Legal Filings With Automatic Software Signed By “Low-Level Employee[s] With No Legal Training.”**

## **Transworld Is A “Prolific” Debt Collector That Filed Over 38,000 Lawsuits Against Student Loan Borrowers In Just Three Years.**

**The New York Times Described Transworld As A “Prolific” Debt Collector That Filed “More Than 38,000 Lawsuits In [...] Three Years On Behalf Of A Single Client, The**

**National Collegiate Student Loan Trusts.**” “Transworld Systems has been one of most prolific debt collectors, filing more than 38,000 lawsuits in the last three years on behalf of a single client, the National Collegiate Student Loan Trusts. But many of the cases were flawed, as the debt collector churned out mass-produced documentation based on scant verification, according to legal filings by a federal regulator and a New York Times analysis of court records from hundreds of cases.” [Stacy Cowley and Jessica Silver-Greenberg, [“Behind the Lucrative Assembly Line of Student Debt Lawsuits,”](#) *The New York Times*, 11/13/17]

### **TSI Uses An “Assembly Line” Process For Filing Lawsuits Against Borrowers, With Employees Reviewing 30 Or 40 Cases Per Day.**

**TSI’s “Process For Producing Legal Filings Runs Like An Assembly Line,” With Employees Reviewing “30 Or 40 Borrower Files In A Typical Day.”** “The process for producing legal filings runs like an assembly line for making widgets. Transworld employees review 30 or 40 borrower files in a typical day, according to testimony from Bradley Luke, the company’s senior litigation paralegal, during a deposition in June.” [Stacy Cowley and Jessica Silver-Greenberg, [“Behind the Lucrative Assembly Line of Student Debt Lawsuits,”](#) *The New York Times*, 11/13/17]

### **TSI’s Affidavits Are Created Automatically With Software And Signed By “Low-Level Employee[s] With No Legal Training” Who Swear To “Personal Knowledge” Of The Records “For Fear Of Losing Their Jobs.”**

**TSI’s Affidavits Are Created Automatically With Software And Signed By “Low-Level Employee[s] With No Legal Training” Who Swear To “Personal Knowledge” Of The Records—The CFPB Found That Employees Signed Unsubstantiated Court Filings “For Fear Of Losing Their Jobs,” According To The CFPB.** “When an affidavit, a legally binding statement laying out evidence in a case, is needed, Transworld’s software automatically fills in details like the amount owed, according to Mr. Luke’s testimony. From there, a document production team finishes preparing the file, then hands it over to an ‘affiant’ — typically a low-level employee with no legal training — for a review and signature. The affiants are a critical link in the litigation chain, swearing in many cases that they had ‘personal knowledge of the business records,’ according to court records. But Transworld’s employees did not have personal knowledge, the consumer bureau said in its complaint against the debt collector. Other companies had created the records reviewed by Transworld employees. Those workers, the consumer bureau said, did not know how the data was maintained and whether it was correct. Even so, employees signed the forms ‘for fear of losing their jobs,’ according to the bureau’s complaint.” [Stacy Cowley and Jessica Silver-Greenberg, [“Behind the Lucrative Assembly Line of Student Debt Lawsuits,”](#) *The New York Times*, 11/13/17]

### **Consumer Advocates Compared TSI’s Process To The Practice Of “Robosigning” Foreclosure Lawsuits During The Financial Crisis.**

**National Consumer Law Center: “This Is Robosigning All Over Again.”** “This is robosigning all over again,’ said Robyn Smith, a lawyer with the National Consumer Law Center, a nonprofit advocacy group, referring to the way that banks, at the height of the mortgage crisis, brought thousands of foreclosure lawsuits without reviewing the underlying paperwork.” [Stacy Cowley and Jessica Silver-Greenberg, “[Behind the Lucrative Assembly Line of Student Debt Lawsuits](#),” *The New York Times*, 11/13/17]

### **TSI’s Assembly Line Lawsuits Often Went Unchallenged By Borrowers Or Were Heard By Unsympathetic Judges That Sided With The Company’s Unreliable Affidavits.**

**TSI’s Lawsuits Have Often Sailed Through Courts Because “Borrowers Often Do Not Fight Collection Lawsuits, Which Allows The Creditor To Win By Default” And If Borrowers Do Challenge Lawsuits, They Often Face Unsympathetic Judges Who Favor The Debt Collectors.** “Borrowers often do not fight collection lawsuits, which allows the creditor to win by default. Even when defendants did respond, some judges brushed off their objections. In Miami, a law firm working for Transworld brought a lawsuit last year against Antonio Fuentes, seeking payment on a \$13,356 student loan. With interest and fees, Mr. Fuentes now owed \$25,322.31, according to the complaint. Mr. Fuentes, representing himself, admitted that he had taken the loan but disputed the amount he was said to owe. A Transworld employee swore in an affidavit that the tally was correct. The judge sided with Transworld and ordered Mr. Fuentes to pay the full amount.” [Stacy Cowley and Jessica Silver-Greenberg, “[Behind the Lucrative Assembly Line of Student Debt Lawsuits](#),” *The New York Times*, 11/13/17]

### **The CFPB Fined TSI \$2.5 Million Penalty For Illegally Filing Hundreds Of “False Or Misleading” Student Loan Debt Collection Lawsuits Against Consumers.**

### **In 2017, TSI Was Ordered By The CFPB To Pay A \$2.5 Million Penalty For “Illegal Student Loan Debt Collection Lawsuits” Against Hundreds Of Consumers Based On “False Or Misleading” Documents.**

**In September 2017, The Consumer Financial Protection Bureau (CFPB) Ordered TSI To Pay A \$2.5 Million Civil Money Penalty For Illegally Suing Consumers By Relying On “False Or Misleading Legal Documents” On Behalf Of The National Collegiate Student Loan Trusts.** “The Consumer Financial Protection Bureau today took action against the National Collegiate Student Loan Trusts and their debt collector, Transworld Systems, Inc., for illegal student loan debt collection lawsuits. Consumers were sued for private student loan debt that the companies couldn’t prove was owed or was too old to sue over. These lawsuits relied on the filing of false or misleading legal documents. [...] Transworld Systems, Inc. is ordered to



pay a \$2.5 million civil money penalty.” [[Press Release](#), Consumer Financial Protection Bureau, 09/18/17]

**TSI “Filed Hundreds Of Debt Collections Lawsuits Without The Documentation Necessary To Prove” That The National Collegiate Student Loan Trusts Owned The Loans.** “In addition, since, November 1, 2014, Law Firms hired by Respondent filed hundreds of debt Collections Lawsuits without the documentation necessary to prove Trust ownership of the loans.” [[Administrative Proceeding File 2017-CFPB-0018](#),” Consumer Financial Protection Bureau, 09/18/17]

**TSI’s Lawsuits Against Consumers For Old Or Unverified Debt “Relied On The Filing Of False Or Misleading Legal Documents.”** “Consumers were sued for private student loan debt that the companies couldn’t prove was owed or was too old to sue over. These lawsuits relied on the filing of false or misleading legal documents.” [[Press Release](#), Consumer Financial Protection Bureau, 09/18/17]

### **One Borrower Racked Up Legal Fees Fighting TSI In Court For Five Months After She Was “Sued Twice, By Two Different Creditors, Over The Same Overdue Student Loan.”**

**One Student Loan Borrower Was “Sued Twice, By Two Different Creditors, Over The Same Overdue Student Loan.”** “A woman in a suburb of Columbus, Ohio, was sued twice, by two different creditors, over the same overdue student loan. [...] Lisa Kyser, in Pataskala, Ohio, said she got tangled up in one of Transworld’s mistakes. She took out half a dozen student loans as she juggled her college studies with full-time jobs, but she thought she had all of them under control. In June 2016, Ms. Kyser got a summons notifying her that she was being sued for falling behind on a \$12,000 loan made in 2006. Two weeks later, she got a second summons also seeking payment — to a different creditor, for a different amount — on the same loan.” [Stacy Cowley and Jessica Silver-Greenberg, [“Behind the Lucrative Assembly Line of Student Debt Lawsuits,”](#) *The New York Times*, 11/13/17]

- **The Borrower “Racked Up Legal Fees” As She Fought The Case For Five Months Before TSI’s Lawyers Dropped Both Lawsuits.** “I called the opposing counsel from both firms and said, ‘You can’t both be right,’ said Emily White, a lawyer in Columbus, Ohio, who represented Ms. Kyser. The cases lingered for five months, while Ms. Kyser racked up legal fees. In the end, after her lawyer continually pestered them, the law firms that sued Ms. Kyser — both working for Transworld — withdrew the cases.” [Stacy Cowley and Jessica Silver-Greenberg, [“Behind the Lucrative Assembly Line of Student Debt Lawsuits,”](#) *The New York Times*, 11/13/17]

### **TSI Has Sued Hundreds Of Borrowers For Debts “So Old That They Were No Longer Legally Collectible.”**

**TSI Has Sued “Hundreds Of Borrowers” For Debts “So Old That They Were No Longer Legally Collectible” And One Borrower “Was Taken To Court Over A Loan That Had Already Been Paid Off.”** “Another person, in Illinois, was taken to court over a loan that had already been paid off. And hundreds of borrowers faced lawsuits over debts so old that they were no longer legally collectible.” [Stacy Cowley and Jessica Silver-Greenberg, “[Behind the Lucrative Assembly Line of Student Debt Lawsuits](#),” *The New York Times*, 11/13/17]

**TSI, With Its Then-Parent Company And Subsidiaries, Was Fined A Record \$3.2 Million In The FTC’s “Biggest Ever” Penalty Against A Third-Party Debt Collector For Harassing Debtors, Revealing Personal Information To Third Parties, And Pursuing The Wrong Consumers Despite.**

**In 2013, Expert Global Solutions And Its Subsidiaries, Including TSI, Was Hit With A Record \$3.2 Million Penalty By The Federal Trade Commission (FTC) For “Harassing And Abusing Debtors.”**

**In 2013, Expert Global Solutions And Its Subsidiaries, Including TSI, Were Fined A Record \$3.2 Million By The Federal Trade Commission (FTC) For “Harassing And Abusing Debtors”—The “Biggest Ever Obtained By The FTC Against A Third-Party Debt Collector.”**

“Expert Global Solutions, the world’s largest debt collection agency, has agreed to pay a \$3.2 million civil penalty and stop harassing and abusing debtors by engaging in practices such as calling them multiple times a day, the U.S. Federal Trade Commission said on Tuesday. The financial penalty levied on the company is the biggest ever obtained by the FTC against a third-party debt collector, the commission said. On its website, Expert Global Solutions says it is a holding company for a leading accounts receivable management company. Three subsidiaries were also involved in the settlement: NCO Financial Systems, Inc., ALW Sourcing, LLC, and Transworld Systems Inc.” [Diane Bartz, “[U.S. debt collector hit with record penalty for abusive calls](#),” *Reuters*, 07/09/13]

- **TSI Also Operated Under The Name “North Shore Agency” In Violations Included In The Settlement.** “At times relevant to this complaint, TWS transacted business under the name North Shore Agency.” [“[Civil Action No. 3-13CV261 1- M](#),” Federal Trade Commission, 07/08/13]

**TSI Called Consumers Day And Night, Including At Work, And Repeatedly Called The Wrong People Despite Being Notified About Their Errors.**

**TSI Called “Consumers Multiple Times Per Day,” Including “Early In The Morning Or Late At Night” And At Their Workplaces, And Left “Phone Messages That Disclosed The Debtor’s Name, And The Existence Of The Debt, To Third Parties.”** “In its complaint, the FTC charged that the companies violated the Fair Debt Collection Practices Act and the FTC Act by using tactics such as calling consumers multiple times per day, calling even after being asked to stop, calling early in the morning or late at night, calling consumers’ workplaces despite knowing that the employers prohibited such calls, and leaving phone messages that disclosed the debtor’s name, and the existence of the debt, to third parties. According to the FTC’s complaint, the companies also continued collection efforts without verifying the debt, even after consumers said they did not owe it.” [[Press Release](#), Federal Trade Commission, 07/09/13]

**TSI Employees Repeatedly Harassed The Wrong People Despite “Being Told That They Had Reached The Wrong Person, That The Consumer Being Contacted Did Not Owe The Debt Or That The Debtor Did Not Live In That Home.”** “Company employees would continue to call people even after being told that they had reached the wrong person, that the consumer being contacted did not owe the debt or that the debtor did not live in that home, according to a complaint filed on Monday in federal court in Texas.” [Diane Bartz, “[U.S. debt collector hit with record penalty for abusive calls](#),” *Reuters*, 07/09/13]

**For At Least A Decade, TSI Has Been Shaking Down Parents Who Owe Money For Their Children’s School Lunches Across The Country, Including In Pennsylvania, Rhode Island, And Iowa.**

**TSI Has Been Pursuing Families For Student Lunch Debt Since At Least 2009.**

**TSI Has Been Contracted By School Districts To Collect Student Lunch Debt As Far Back As 2009.** “The new policy focuses on two efforts, one of which began in 2009 when the school partnered with a collection agency, Transworld Systems, to help recover the money owed. Under the current policy, the district reports family accounts to Transworld Systems once they reach a balance of negative \$60. To date, the collection agency has had about a 38 percent success rate in recovering the money, Nervig said.” [Timothy Meinck, “Debt triggers new meal policy at SEP,” *Des Moines Register*, 03/15/12]

**TSI Was Hired To Pursue 600 Households That Owed Lunch Money In A Pennsylvania School District Where Nearly 60% Of The Households Earn A Low-Enough Income To Qualify For Meal Assistance – With Some Families Still Struggling To Pay For Lunches Even After Receiving Assistance.**

**In 2018, A Pennsylvania School District Contracted TSI To Collect On School Lunch Debt Owed By Approximately 600 Households At The Rate Of \$11.25 Per Account.** “As a last resort, the district has contracted with a collections agency to contact the 600 or so households that have a lunch debt of \$50 or more. [...] The Bethlehem Area School Board voted 7-0 to approve a two-year contract with Transworld Systems Inc. of Bethlehem at a fixed rate of \$11.25 per each account pursued. The company will contact parents who owe \$50 or more and have not made attempts to pay their debt.” [Jaqueline Palochko, [“School district aims to recoup school lunch debts,”](#) *The Associated Press*, 09/01/18]

**Almost 60 Percent Of The School’s Students Come From Households With Income Low Enough To Qualify For Free Or Reduced-Cost Meals — But Even Families That Qualify “Still Struggle To Cover The Cost Of Reduced-Priced Lunches.”** “Nearly 60 percent of Bethlehem’s 14,000 students qualify for free and reduced meals. [...] It’s hard to determine why families aren’t paying the bills. Some may be financially struggling and don’t qualify for lunch discounts, others may qualify but haven’t applied for the free lunch program, and some may be ignoring the debt. [School Nutrition Association Director Diane] Pratt-Heavner said some qualifying families still struggle to cover the cost of reduced-priced lunches. If a family has four children, she noted, they would be paying \$8 a week for lunches. And there may be undocumented immigrants who don’t apply because they don’t feel comfortable leaving a paper trail, she said.” [Jaqueline Palochko, [“School district aims to recoup school lunch debts,”](#) *The Associated Press*, 09/01/18]

### **TSI Was Hired By A Rhode Island School District To Pursue Indebted Families With A Supposedly “Soft Approach” Of Sending Collections Letters.**

**In December 2018, TSI Was Hired By A Rhode Island School District To Pursue Debt From Unpaid School Lunches.** “A Rhode Island school district has hired a collection agency to recover unpaid lunch balances. Cranston Public Schools Chief Operating Officer Raymond Votto Jr. says in a letter sent to parents Transworld Systems will start collecting money Jan. 2.” [[“District hires collection agency over unpaid school lunches,”](#) *The Associated Press*, 12/07/18]

**The School District’s Chief Operating Officer Claimed That Having TSI Send Letters To Indebted Parents Was A “Soft Approach,” Compared To Calling Them.** “Votto says the collection agency will send a letter to parents who owe \$20 or more and who haven’t paid their balance within 60 days.” [[“District hires collection agency over unpaid school lunches,”](#) *The Associated Press*, 12/07/18]

- “The district wants to take a ‘soft approach’ and is having the debt collection agency send letters, rather than call parents.” [Sonja Haller, [“School district sics debt collectors on parents for unpaid lunch fees,”](#) *USA Today*, 12/10/18]

## **TSI Was Contracted To Pursue \$145,000 In Student Lunch Debt In Iowa—A State Where 42% Of Students Come From Households That Earn A Low-Enough Income To Qualify For Free Or Reduced Meals.**

**An Iowa School District Contracted TSI To Collect \$145,000 In Student Lunch Debt.** “In the past, Ankeny has used a debt collection agency to recover some of what is owed, but that’s not a complete fix. Last year, the district referred \$145,000 in debt to Transworld Systems, an agency that was paid \$2,500 and managed to collect \$25,000.” [[“Editorial: Provide all students with free meals,” Des Moines Register, 07/16/17](#)]

**42 Percent Of Iowan Students Are Low-Income Enough To Qualify For Free Or Reduced Price Meals.** “Throughout Iowa, about 42 percent of public school students already qualify for reduced-price or free meals. In the 2015-16 school year, more than 64 percent of Council Bluffs students qualified, and more than 75 percent qualified in Perry and the Columbus school district in Columbus Junction.” [[“Editorial: Provide all students with free meals,” Des Moines Register, 07/16/17](#)]

## **At Another Iowa School District, A TSI Representative Cited The Company’s Collections Work In Several Other Districts As The School Board Voted To Contract It For Lunch Money Collections.**

**In 2015, An Iowa School District Board Approved A Contract With TSI To Collect Student Lunch Debt From 44 Families.** “[On March 9, 2015] the [Newton Community School District Board]: Approved Transworld Systems as a collection agency for past-due food service accounts. Newton Food Service Supervisor Cristy Croson said there are 44 family accounts for students that have left the district, totaling about \$7,200, and a total of \$25,000 in active accounts that have balances of \$500 or more.” [Jason W. Brooks, [“Board approves primary, alternate 2015-16 calendars,” Newton Daily News, 03/10/15](#)]

**At A School Board Meeting, A TSI Representative Cited The Company’s Contracts With Four Other School Districts In His Presentation.** “Tim Greteman of Transworld made a presentation, stating the company does regular collections work for Dallas Center-Grimes, Waukee, Urbandale and Southeast Polk school districts.” [Jason W. Brooks, [“Board approves primary, alternate 2015-16 calendars,” Newton Daily News, 03/10/15](#)]

## **TSI Has Spent At Least \$200,000 Lobbying Congress On Student Loan And Finance Issues Since 2015.**

**In 2018, TSI Spent At Least \$10,000 Lobbying Congress On “Student Loan Issues.”**



**In The Third Quarter Of 2018, TSI Spent \$10,000 On Lobbying The U.S. House And U.S. Senate On “Student Loan Issues.”** [[American Continental Group LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 10/12/18]

### **In 2016, TSI Spent At Least \$70,000 Lobbying Congress On “Student Finance Issues.”**

**In The First Quarter Of 2016, TSI Spent \$10,000 On Lobbying The U.S. House And U.S. Senate On “Student Finance Issues.”** [[American Continental Group LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 04/20/16]

**In The Second Quarter Of 2016, TSI Spent \$20,000 On Lobbying The U.S. House And U.S. Senate On “Student Finance Issues.”** [[American Continental Group LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 07/18/16]

**In The Third Quarter Of 2016, TSI Spent \$20,000 On Lobbying The U.S. House And U.S. Senate On “Student Finance Issues.”** [[American Continental Group LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 10/17/16]

**In The Fourth Quarter Of 2016, TSI Spent \$20,000 On Lobbying The U.S. House and U.S. Senate On “Student Finance Issues.”** [[American Continental Group LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 01/23/17]

### **In 2015, TSI Spent At Least \$120,000 Lobbying Congress On “Student Finance Issues.”**

**In The First Quarter Of 2015, TSI Spent \$20,000 On Lobbying The U.S. House And U.S. Senate On “Student Finance Issues.”** [[American Continental Group LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 04/20/16]

**In The Second Quarter Of 2015, TSI Spent \$50,000 On Lobbying The U.S. House And U.S. Senate On “Student Finance Issues.”** [[American Continental Group LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 07/08/15]

**In The Third Quarter Of 2015, TSI Spent \$30,000 On Lobbying The U.S. House And U.S. Senate On “Student Finance Issues.”** [[American Continental Group LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 10/20/15]

**In The Fourth Quarter Of 2015, TSI Spent \$20,000 On Lobbying The U.S. House And U.S. Senate On “Student Finance Issues.”** [[American Continental Group LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 01/20/16]

# **Portfolio Recovery Associates: One Of The Country's Biggest Debt Collectors Has Had To Pay Over \$127 Million To Settle Charges Of Illegal Collection Practices, Including Misleading Consumers To Get Them To Agree To Receive Auto-Dialed Cell Phone Calls**

**Portfolio Recovery Associates Is One Of The Largest Debt Collectors In The Nation.**

**Portfolio Recovery Associates, A Subsidiary Of The PRA Group, Is One Of The Nation's Largest Debt Collection Companies.**

**Portfolio Recovery Associates Is A “Debt Buyer And Collector” That Is A “Subsidiary Of PRA Group, Inc.”** Portfolio Recovery Associates is a “debt buyer and collector. Portfolio Recovery Associates is a Delaware for-profit corporation headquartered in Norfolk, Va. and is a wholly-owned subsidiary of PRA Group, Inc.” [[Press Release](#),” Consumer Financial Protection Bureau, 09/09/15]

**Portfolio Recovery Associates Is A “Debt Buyer And Collector” That Is “A Wholly-Owned Subsidiary Of PRA Group, Inc.”** “Portfolio Recovery Associates is the nation’s second largest debt buyer and collector. Portfolio Recovery Associates is a Delaware for-profit corporation headquartered in Norfolk, Va. and is a wholly-owned subsidiary of PRA Group, Inc.” [[Press Release](#),” Consumer Financial Protection Bureau, 09/09/15]

- **PRA Group Is “One Of The Country’s Largest Debt-Recovery Funds.”** [[“Virginia giving large grants for debt-collection call center,”](#) Associated Press, 12/24/18]
- **PRA Group Is A Publicly Traded Company That Employs “More Than 5,000 People Across The Americas And Europe.”** “Portfolio Recovery Associates, LLC (PRA, LLC) was founded in 1996 and is one of the nation’s largest debt collectors. PRA, LLC is a subsidiary of PRA Group, Inc.—a publicly traded (Nasdaq: PRAA) company employing more than 5,000 people across the Americas and Europe.” [[“Who is Portfolio Recovery Associates, LLC?”](#),” Portfolio Recovery Associates, LLC, accessed 06/05/19]

**The CEO Of Portfolio Recovery Associates’ Parent Company Made Almost \$4 Million Last Year.**

## **Kevin Stevenson, President And CEO Of PRA Group, Made \$3.9 Million Last Year, Up From \$3.7 Million The Year Before.**

**In 2018, PRA Group President And CEO Kevin Stevenson's Total Compensation Was \$3,920,953.** In 2018, PRA Group President and CEO Kevin Stevenson's total compensation was \$3,920,953. [[PRA Group 2019 Proxy Statement](#), PRA Group, 04/29/19]

- **In 2017, PRA Group President And CEO Kevin Stevenson's Total Compensation Was \$3,682,506.** In 2017, PRA Group President and CEO Kevin Stevenson's total compensation was \$3,682,506. [[PRA Group 2019 Proxy Statement](#), PRA Group, 04/29/19]

**In 2015, Portfolio Recovery Associates Was Ordered By The Consumer Financial Protection Bureau (CFPB) To Pay \$27 Million For Illegally Attempting To Collect On Bad Debts, Including Getting Consumers To Agree To Receive Auto-Dialed Cell Phone Calls By Telling Them It Was The Only Way To "Prevent Collection Calls To Their Cell Phones Before 9 A.M."**

## **In September 2015, The Consumer Financial Protection Bureau (CFPB) "Took Action Against" Portfolio Recovery Associates, "For Using Deceptive Tactics To Collect Bad Debts."**

**In September 2015, The CFPB "Took Action Against" Portfolio Recovery Associates, "For Using Deceptive Tactics To Collect Bad Debts" And Ordered It To "Overhaul [Its] Debt Collection And Litigation Practices."** "Today the Consumer Financial Protection Bureau (CFPB) took action against the nation's two largest debt buyers and collectors for using deceptive tactics to collect bad debts. The Bureau found that Encore Capital Group and Portfolio Recovery Associates bought debts that were potentially inaccurate, lacking documentation, or unenforceable. Without verifying the debt, the companies collected payments by pressuring consumers with false statements and churning out lawsuits using robo-signed court documents. The CFPB has ordered the companies to overhaul their debt collection and litigation practices and to stop reselling debts to third parties. [[Press Release](#), Consumer Financial Protection Bureau, 09/09/15]

## **Portfolio Recovery Associates Violated The Fair Debt Collection Practices Act By Attempting To Collect Debts It Knew "Were Inaccurate Or Could Not Legally Be Enforced."**

**Portfolio Recovery Associates “Violated The Fair Debt Collection Practices Act And The Dodd-Frank Wall Street Reform And Consumer Protection Act” By Attempting “To Collect Debts That They Knew, Or Should Have Known, Were Inaccurate Or Could Not Legally Be Enforced.”** “The CFPB found that Encore and Portfolio Recovery Associates attempted to collect debts that they knew, or should have known, were inaccurate or could not legally be enforced based on contractual disclaimers, past practices of debt sellers, or consumer disputes. The companies also filed lawsuits against consumers without having the intent to prove many of the debts, winning the vast majority of the lawsuits by default when consumers failed to defend themselves. These practices violated the Fair Debt Collection Practices Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act.” [[Press Release](#), Consumer Financial Protection Bureau, 09/09/15]

### **The CFPB Ordered Portfolio Recovery Associates To “Pay \$19 Million In Consumer Refunds And An \$8 Million Penalty.”**

**The CFPB Ordered Portfolio Recovery Associates To “Pay \$19 Million In Consumer Refunds And An \$8 Million Penalty.”** “Portfolio Recovery Associates must pay \$19 million in consumer refunds and an \$8 million penalty, and stop collecting on over \$3 million worth of debts.” [[Press Release](#), Consumer Financial Protection Bureau, 09/09/15]

### **Portfolio Recovery Associates Misled Consumers Into Consenting To Receive Auto-Dialed Cell Phone Calls By Telling Them That It Was The Only Way To “Prevent Collection Calls To Their Cell Phones Before 9 A.M.”**

**The CFPB Charged That “Portfolio Recovery Associates Misled Consumers Into Consenting To Receive Auto-Dialed Cell Phone Calls,” Telling “Consumers That They Could Only Prevent Collection Calls To Their Cell Phones Before 9 A.M. If They Consented To Receive Calls On Their Cell Phones From A Dialer.”** “Portfolio Recovery Associates misled consumers into consenting to receive auto-dialed cell phone calls: For approximately a year, and ending in August 2013, Portfolio Recovery Associates told consumers that they could only prevent collection calls to their cell phones before 9 a.m. if they consented to receive calls on their cell phones from a dialer. The company penalized representatives who failed to adhere to this policy.” [[Press Release](#), Consumer Financial Protection Bureau, 09/09/15]

**Portfolio Recovery Associates Was Ordered To Pay \$82 Million In Punitive Damages After Illegally Suing The Wrong Person For A Debt That Didn’t Belong To Her.**

## **Portfolio Recovery Associates Was Ordered To Pay \$82 Million In Punitive Damages After Violating The Fair Debt Collection Practices Act By Aggressively Suing A Consumer For A Debt That She Did Not Owe.**

**In May 2015, A Jury in Jackson County, Missouri Ordered Portfolio Recovery Associates To Pay “\$82 Million In Punitive Damages” For “Malicious Prosecution And Violation Of A Federal Fair Debt Collection Act” In Suing A Woman For A Debt That She Did Not Owe.**

“Two years ago, a Kansas City woman learned she was being sued for not paying a credit card debt of \$1,130.14. The debt was not hers, she said. Yet the debt collection firm kept demanding that she pay. A Kansas City law firm filed a counterclaim on the woman’s behalf, alleging malicious prosecution and violation of a federal fair debt collection act by the national debt collection firm. This week, a Jackson County jury awarded \$251,000 in damages to Maria Guadalupe Mejia Alcantara and assessed \$82 million in punitive damages against the debt collection firm, Portfolio Recovery Associates LLC. [Brian Burnes, “[Jackson County jury assesses \\$82 million verdict against debt collection firm](#),” *The Kansas City Star*, 05/15/15]

**In 2013, Portfolio Recovery Associates Began Aggressively Pursuing A Little More Than \$1,000 In Credit Card Debt From The Woman, Despite The Debt Not Belonging To Her.**

“Maria Guadalupe Mejia, 51, said she was ‘terrified’ when Portfolio Recovery Associates LLC sought her out in February 2013 for a little over \$1,000, she said in a statement obtained by KCUR. ‘I did not owe this company any money. My husband and I were already struggling just to keep our children fed and the lights on,’ Mejia said. ‘I feared they would take my house and I feared they would arrest me.’ Portfolio Recovery had ‘acted maliciously’ in suing Mejia for slightly more than one year, a Jackson County jury found last Monday. The agency reportedly meant to pursue a man with a similar-sounding name.” [Melissa Chan, “[Kansas City woman awarded \\$83 million in lawsuit against debt collection firm](#),” *New York Daily News*, 05/20/15]

- **Portfolio Recovery Associates Aggressively Pursued This Debt Despite Being Told That They Were After The Wrong Person.** “Chiala said the credit-card debt in question was actually owed by a Kansas City, Kan., resident with a similar but not identical name. But even after Mejia told Portfolio Recovery that it had the wrong person, it persisted in trying to collect the debt from her, Chiala said. ‘They denied it was clear that they had the wrong person,’ she said.” [Dan Margolies, “[Jury Awards KC Woman \\$83 Million In Debt Collection Case](#),” *KCUR*, 05/14/15]

**Portfolio Recovery Associates Was Ordered To Pay \$18 Million To Settle A Class Action Lawsuit Alleging That It Violated The Telephone Consumer Protection Act “By Making Autodialed Phone Calls To Consumers Without Their Consent.”**



**In April 2016, Portfolio Recovery Associates Was Ordered To Pay \$18 Million To Settle A Class Action Lawsuit Alleging That It Violated The Telephone Consumer Protection Act “By Making Autodialed Phone Calls To Consumers Without Their Consent.”**

In April 2016, Portfolio Recovery Associates Was Ordered To “Pay \$18 Million To Resolve Multidistrict Litigation Accusing The Debt Collection Company Of Violating The Telephone Consumer Protection Act (TCPA) By Making Autodialed Phone Calls To Consumers Without Their Consent.” “Portfolio Recovery Associates LLC (PRAA) will pay \$18 million to resolve multidistrict litigation accusing the debt collection company of violating the Telephone Consumer Protection Act (TCPA) by making autodialed phone calls to consumers without their consent, according to documents filed Monday in California federal court. [...] The proposed settlement consists of the following: 1. Defendants will pay \$18,000,000.” [Tim Bauer, [“Portfolio Recovery Associates to Pay \\$18 Million to Settle TCPA Class Action,”](#) *insideARM*, 04/27/16]

**Portfolio Recovery Associates Has Faced Numerous Class Action Lawsuits Alleging Illegal Debt Practices, Including Harassing Consumers With Robocalls And Using “Unconscionable Means” To Collect Debts.**

**Just In February 2019 Alone, At Least Three Class Action Lawsuits Were Filed Against Portfolio Recovery Associates, Including One Alleging That The Debt Collector Used “Unfair And Unconscionable Means To Collect A Debt.”**

In February 2019, Portfolio Recovery Associates Was Sued For Contacting A Borrower “On His Cellular Telephones Without His Prior Express Consent Via An Automatic Telephone Dialing System And/Or By Using A Prerecorded Voice Message.” “Michael Arnold, individually and on behalf of all others similarly situated, Plaintiff, v. Portfolio Recovery Associates, LLC, Defendant, Case No. 19-cv-00265, (C.D. Cal., February 8, 2019) seeks damages and other legal and equitable remedies, resulting from violations of the Telephone Consumer Protection Act. Defendant contacted Arnold on his cellular telephones without his prior express consent via an automatic telephone dialing system and/or by using a prerecorded voice message, notes the complaint.” [“PORTFOLIO RECOVERY: Arnold Sues Over Illegal Telephone Calls,” *Class Action Reporter*, 05/03/19]

In February 2019, Portfolio Recovery Associates Was Sued For Using “Unfair And Unconscionable Means To Collect A Debt.” “MARGOT MALDONADO, individually and on behalf of all others similarly situated, Plaintiff v. PORTFOLIO RECOVERY ASSOCIATES, LLC, Defendant, Case No. 2:19-cv-04610-SDW-SCM (D.N.J., Feb. 4, 2019) seeks to stop the

Defendant's unfair and unconscionable means to collect a debt. [...] Portfolio Recovery Associates, LLC, also known as Anchor Receivables Management, manages past-due accounts. It serves customers through account representatives. The company was incorporated in 1996 and is based in Norfolk, Virginia. Portfolio Recovery Associates, LLC operates as a subsidiary of PRA Group, Inc.” [“PORTFOLIO RECOVERY: Maldonado Sues over Debt Collection Practices,” Class Action Reporter, 04/11/19]

**In February 2019, A Consumer Filed A Class Action Lawsuit Against Portfolio Recovery Associates Alleging It “Failed To Provide [...] Notices Needed For Him To Resolve His Alleged Debt.”** “Silvio Biganini, individually and on behalf of all others similarly situated, Plaintiff, v. Portfolio Recovery Associates, LLC, Defendant, Case No. 19-cv-01174, (E.D. N.Y., February 28, 2019) seeks damages and other legal and equitable remedies, resulting from violations of the Fair Debt Collection Practices Act. Portfolio allegedly failed to provide Biganini notices needed for him to resolve his alleged debt for his debt originally owed to Capital One Bank (USA) N.A. for a consumer credit card.” [“PORTFOLIO RECOVERY: Biganini Files FDCPA Suit in New York Ct.,” Class Action Reporter, 06/03/19]

## **Encore Capital Group: One Of The Country’s Largest Debt Collectors Was Ordered To Pay Up To \$52 Million To Settle Allegations That It Used Deceptive Tactics To Collect Bad Debts And “Robo-Signed” Legal Documents Against Consumers**

**Encore Capital Group, A Public Company, Has Been “The Nation’s Largest Debt Buyer And Collector.”**

**Encore Capital Group, Inc. Is A Publicly Traded “Specialty Finance Company” Headquartered In San Diego.**

**Encore Capital Group, Inc. Is A Publicly Traded “International Specialty Finance Company Providing Debt Recovery Solutions And Other Related Services” “Headquartered In San Diego.”** “Encore Capital Group, Inc. is an international specialty finance company providing debt recovery solutions and other related services for consumers across a broad range of financial assets. Through its subsidiaries, Encore purchases portfolios of defaulted consumer receivables at deep discounts to face value and manages them by working with individuals as they repay their obligations and work toward financial recovery.

Through its subsidiaries Encore also provides debt servicing and other portfolio management services to credit originators for non-performing loans. Headquartered in San Diego, Encore is a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P Small Cap 600 and the Wilshire 4500.” [[About Encore](#),” Encore Capital Group, accessed 07/03/19]

### **Encore Capital Group, With Its Subsidiaries, Was “The Nation’s Largest Debt Buyer And Collector” In 2015.**

**Encore Capital Group And Its Subsidiaries Formed “The Nation’s Largest Debt Buyer And Collector” As Of September 2015.** “Encore Capital Group, Inc. is headquartered in San Diego, Calif. Its subsidiaries also named in today’s action are Midland Funding LLC, Midland Credit Management, and Asset Acceptance Capital Corp. Together, they form the nation’s largest debt buyer and collector.” [[Press Release](#), Consumer Financial Protection Bureau, 09/09/15]

**Encore Capital Group’s CEO Ashish Masih Raked In \$2.8 Million Last Year And Currently Holds \$4.4 Million Worth Of Company Stock.**

### **Ashish Masih, Encore Capital Group’s President And CEO, Made \$2.8 Million Last Year And Holds \$4.4 Million Of Company Stock.**

**In 2018, Encore Capital Group President And CEO Ashish Masih’s Total Compensation Was \$2,795,066.** In 2018, Encore Capital Group President and CEO Ashish Masih’s total compensation was \$2,795,066. [[Encore Capital Group 2019 Proxy Statement](#), Encore Capital Group, 04/29/19]

- **In 2017, Encore Capital Group President And CEO Ashish Masih’s Total Compensation Was \$2,499,378.** In 2017, Encore Capital Group President and CEO Ashish Masih’s total compensation was \$2,499,378. [[Encore Capital Group 2019 Proxy Statement](#), Encore Capital Group, 04/29/19]

**Encore Capital Group President And CEO Ashish Masih “Holds 133,722 Shares Worth US\$4.4 Million.”** “CEO Ashish Masih held 134,501 shares three months ago and the price was US\$26.60. Ashish Masih now holds 133,722 shares worth US\$4.4 million at the last price of US\$33.17, a rise in value by US\$857,832 (24%).” [Encore Capital CEO Ashish Masih’s value of investment increases by \$857,832 in the past quarter, NewsBites Finance, 06/26/19]

**In 2015, Encore Capital Group Was Ordered By The Consumer Financial Protection Bureau (CFPB) To Pay Up To \$52 Million For Illegally Attempting To Collect On Bad Debts.**

**In September 2015, The Consumer Financial Protection Bureau (CFPB) “Took Action Against” Encore Capital Group “For Using Deceptive Tactics To Collect Bad Debts.”**

**In September 2015, The CFPB “Took Action Against” Encore Capital “For Using Deceptive Tactics To Collect Bad Debts” And Ordered It To “Overhaul [Its] Debt Collection And Litigation Practices.”** “Today the Consumer Financial Protection Bureau (CFPB) took action against the nation’s two largest debt buyers and collectors for using deceptive tactics to collect bad debts. The Bureau found that Encore Capital Group and Portfolio Recovery Associates bought debts that were potentially inaccurate, lacking documentation, or unenforceable. Without verifying the debt, the companies collected payments by pressuring consumers with false statements and churning out lawsuits using robo-signed court documents. The CFPB has ordered the companies to overhaul their debt collection and litigation practices and to stop reselling debts to third parties.” [[Press Release](#), Consumer Financial Protection Bureau, 09/09/15]

**The CFPB Found That Encore Capital Group “Violated The Fair Debt Collection Practices Act” By Attempting To Collect Debts It Knew “Were Inaccurate Or Could Not Legally Be Enforced.”**

**Encore “Violated The Fair Debt Collection Practices Act And The Dodd-Frank Wall Street Reform And Consumer Protection Act” By Attempting “To Collect Debts That They Knew, Or Should Have Known, Were Inaccurate Or Could Not Legally Be Enforced.”** “The CFPB found that Encore and Portfolio Recovery Associates attempted to collect debts that they knew, or should have known, were inaccurate or could not legally be enforced based on contractual disclaimers, past practices of debt sellers, or consumer disputes. The companies also filed lawsuits against consumers without having the intent to prove many of the debts, winning the vast majority of the lawsuits by default when consumers failed to defend themselves. These practices violated the Fair Debt Collection Practices Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act.” [[Press Release](#), Consumer Financial Protection Bureau, 09/09/15]

**The CFPB Ordered Encore Capital Group To “Pay Up To \$42 Million In Consumer Refunds And A \$10 Million Penalty.”**

**The CFPB Ordered Encore To “Pay Up To \$42 Million In Consumer Refunds And A \$10 Million Penalty.”** “Encore must pay up to \$42 million in consumer refunds and a \$10 million

penalty, and stop collection on over \$125 million worth of debts.” [[Press Release](#), Consumer Financial Protection Bureau, 09/09/15]

**In 2018, Encore Capital Group Was Ordered To Pay Over \$6 Million To Settle A Multistate Investigation By 42 Attorneys General Into Its Practice Of “Robo-Signing” Legal Documents Against Consumers.**

**In December 2018, Encore Capital Group Reached A Settlement With 42 State Attorneys General “Following A Multistate Investigation” Into Its Subsidiary’s Practice Of “Robo-Signing” Court Documents In Lawsuits Against Consumers.**

In December 2018, Encore Capital Group And Its Subsidiaries Reached A Settlement With Attorneys General Of 42 States And The District Of Columbia “Following A Multistate Investigation” Into Allegations That It “Signed And Filed Affidavits In State Courts In Large Volumes Without Verifying The Information Printed In Them, A Practice Referred To As Robo-Signing.” “Attorneys general from 42 states, along with the District of Columbia, have announced a multistate settlement with debt buyers Encore Capital Group, Inc., and its subsidiaries Midland Credit Management, Inc., and Midland Funding, LLC, following a multistate investigation into the group’s collection and litigation practices. Encore Capital is one of the nation’s largest debt buyers. The states investigated allegations that Midland signed and filed affidavits in state courts in large volumes without verifying the information printed in them, a practice referred to as robo-signing.” [Colleen Svelnis, “[42 State AGs settle with debt buyer Encore Capital](#),” Wolters Kluwer, 12/05/18]

**Encore Capital Was Required To Pay \$6 Million And Set Aside \$25k Per State For Consumer Restitution (Over \$1 Million For 42 States).**

Encore Capital Was Required To “Pay \$6,000,000 To The States” And “Set Aside \$25,000 Per State For Consumer Restitution.” “Under the settlement [Encore Capital subsidiary] Midland must pay \$6,000,000 to the states within 30 days. In addition, it must set aside \$25,000 per state for consumer restitution.” [Colleen Svelnis, “[42 State AGs settle with debt buyer Encore Capital](#),” Wolters Kluwer, 12/05/18]

**Encore Capital Group Has Spent \$270,000 On Federal Lobbying Since Donald Trump Took Office.**

**So Far In 2019, Encore Capital Group Has Spent \$30,000 Lobbying Congress.**



**In The First Quarter Of 2019, Thorn Run Partners Reported \$30,000 In Income For Lobbying Congress On Behalf Of Encore Capital Group.** [[Thorn Run Partners LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 04/17/19]

### **In 2018, Encore Capital Group Spent \$120,000 Lobbying Congress.**

**In The First Quarter Of 2018, Thorn Run Partners Reported \$30,000 In Income For Lobbying Congress On Behalf Of Encore Capital Group.** [[Thorn Run Partners LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 04/19/18]

**In The Second Quarter Of 2018, Thorn Run Partners Reported \$30,000 In Income For Lobbying Congress On Behalf Of Encore Capital Group.** [[Thorn Run Partners LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 07/18/18]

**In The Third Quarter Of 2018, Thorn Run Partners Reported \$30,000 In Income For Lobbying Congress On Behalf Of Encore Capital Group.** [[Thorn Run Partners LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 10/19/18]

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**In The Third Quarter Of 2017, Thorn Run Partners Reported \$30,000 In Income For Lobbying The U.S. Senate And U.S. House Of Representatives On Behalf Of Encore Capital Group.** [[Thorn Run Partners LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 10/19/17]

**In The Fourth Quarter Of 2017, Thorn Run Partners Reported \$30,000 In Income For Lobbying Congress On Behalf Of Encore Capital Group.** [[Thorn Run Partners LD-2 Disclosure Form](#), U.S. Senate Lobbying Disclosure Act Database, 01/20/18]

# **Sherman Financial Group: Debt Collection Behemoth That Has Bought Billions Of Dollars In Unpaid Debt And Faced Legal Action For Predatory Collection Practices**

**Sherman Financial Group Is A Huge Debt Collection Company Whose Subsidiaries Have Purchased Billions Of Dollars In Unpaid Debt.**

**Sherman Financial Group, Which “Service[s] All Types Of Consumer And Commercial Debt,” Is A 1,500-Person Company That Likely Earned Over \$2 Billion In 2016.**

**Sherman Financial Group And Its “Subsidiaries And Affiliates Originate, Purchase And Service All Types Of Consumer And Commercial Debt” In The U.S. And Abroad.**

“Sherman’s subsidiaries and affiliates originate, purchase and service all types of consumer and commercial debt in the United States, Canada, Mexico and the United Kingdom.” [[Investment History](#),” Sherman Financial Group, accessed 07/03/19]

**Sherman Financial Group, A 1,500-Person Company Which Claims To Be A “Market Leader In [...] Servicing Distressed Consumer Debt,” Was Expected To Earn More Than \$2 Billion In 2016.** “The business describes itself as a “market leader in originating credit cards and purchasing and servicing distressed consumer debt,” and employs more than 1,500 people in the U.S., Canada, Mexico and the United Kingdom.” [Jeff Hartsell, “[Meet Ben Navarro. He bid for NFL team, owns Volvo Car Open and is changing schools.](#),” *The Post and Courier*, 10/20/18]

- “The company was expected to earn more than \$2 billion in revenue in 2016, according to its website. [Jeff Hartsell, “[Meet Ben Navarro. He bid for NFL team, owns Volvo Car Open and is changing schools.](#),” *The Post and Courier*, 10/20/18]

**LVNV Funding And Resurgent Capital Services Are Debt Collection Companies And Subsidiaries Of Sherman Financial Group.**

**LVNV Funding And Resurgent Capital Services Are Both Debt Collection Companies Owned By The Sherman Financial Group.** “LVNV buys consumer debts while Resurgent tries to collect; both are owned by the Sherman Financial Group.” [Jamie Smith Hopkins, “[District Court dismisses debt cases against Marylanders](#),” *The Baltimore Sun*, 07/11/12]

- **Resurgent Capital Services Is A “Manager And Servicer Of Domestic And International Consumer Debt Portfolios For Credit Grantors And Debt Buyers,” With Offices Located In “Greenville, SC And Cincinnati, OH.** “Resurgent Capital Services is a manager and servicer of domestic and international consumer debt portfolios for credit grantors and debt buyers. We manage accounts across the credit spectrum including performing accounts, sub- and non-performing accounts, secured accounts, and unsecured accounts. Our offices are located in Greenville, SC and Cincinnati, OH.” [[About Us](#),” Resurgent Capital Services, accessed 05/28/19]

## **Sherman Financial Group And Resurgent Capital Services Have Purchased Billions Of Dollars In Unpaid Debt.**

**In 2005, It Was Reported That Sherman Financial Group “Bought More Than \$7 Billion Worth Of Unpaid Bills In One Year.”** “When collection agents get their hands on the info, they may try to collect the original amount owed to the original creditor plus thousands of dollars in interest charges that have built up. One debt purchaser alone, Sherman Financial Group in New York, has bought more than \$7 billion worth of unpaid bills in one year.” [Robert Heady, “Credit offers can be collectors in disguise,” *San Gabriel Valley Tribune*, 02/04/05]

**In June 2003, Resurgent Capital Services Paid \$250 Million For A “Multi-Billion Dollar Portfolio Of Consumer Debt.”** “Greenville-based Resurgent Capital Services said Friday it has acquired a multi-billion dollar portfolio of consumer debt, by far the largest transaction the five-year-old company has made. The company said it paid more than \$250 million for the portfolio of delinquent credit card debt. It declined to name the seller.” [Woody White, “Resurgent acquires multibillion-dollar portfolio,” *The Greenville News*, 06/28/03]

**Sherman Financial Group CEO Ben Navarro, An Ex-Wall Street Banker Who Made Headlines With His Bid To Buy The Carolina Panthers, Is Worth About \$3 Billion.**

## **Ben Navarro, Sherman Financial Group’s Founder And CEO, Is Worth Around \$3 Billion.**

**Sherman Financial Group Was Founded By CEO Ben Navarro In 1997.** “The bid for the Panthers brought new scrutiny to [Benjamin] Navarro’s Sherman Financial Group, which he founded in 1997.” [Jeff Hartsell, “[Meet Ben Navarro. He bid for NFL team, owns Volvo Car Open and is changing schools.](#),” *The Post and Courier*, 10/20/18]

- **Benjamin W. Navarro Is The “Founder and CEO, Sherman Financial Group, LLC.”** [[Benjamin W. Navarro](#),” Liberty Fellowship, accessed 07/03/19]

**Ben Navarro Now Has An Estimated Worth Of Around \$3 Billion.** “He has an estimated worth of about \$3 billion.” [David Newton, “[Potential Panthers owner Navarro is a low-profile billionaire](#),” *ESPN*, 04/12/18]

## **Ben Navarro Was A Wall Street Banker In The 1980s, Working At Goldman Sachs Alongside Future Treasury Secretary Steven Mnuchin Before Co-Heading Citigroup’s Mortgage Sales Business.**

**“In The Heady Days Of The 1980s,” Ben Navarro Worked For Goldman Sachs With Treasury Secretary Steven Mnuchin, Former Treasury Secretary Robert Rubin, And U.S. Senator And New Jersey Governor Jon Corzine.** “His Wall Street career was underway. He met his wife, Kelly, at Chemical Bank and eventually moved to Goldman Sachs in the heady days of the 1980s. Future Treasury Secretary Robert Rubin had an office across the floor; future U.S. Sen. and New Jersey Gov. Jon Corzine was down the hall; current Treasury Secretary Steven Mnuchin sat right next to him.” [Jeff Hartsell, “[Meet Ben Navarro. He bid for NFL team, owns Volvo Car Open and is changing schools.](#),” *The Post and Courier*, 10/20/18]

**In 1988, Ben Navarro Went To Citicorp As “Co-Head Of Mortgage Sales And Trading, Becoming One Of The Top Producers On Wall Street.”** “Navarro put that experience to work in 1988 at Citicorp as co-head of mortgage sales and trading, becoming one of the top producers on Wall Street.” [Jeff Hartsell, “[Meet Ben Navarro. He bid for NFL team, owns Volvo Car Open and is changing schools.](#),” *The Post and Courier*, 10/20/18]

## **In 2018, Ben Navarro Was In A Bidding War To Buy The Carolina Panthers NFL Team, Which Eventually Sold For A “Record” \$2.2 Billion To Another Bidder.**

**In May 2018, Ben Navarro Made His First Public Acknowledgement Of His Bid To Buy The Carolina Panthers “Shortly After It Was Reported That The NFL Team [Was] Being Sold For A Record Price” To A Competing Bidder.** “Charleston businessman Ben Navarro made his first public statement Tuesday about his effort to buy the Carolina Panthers, shortly after it was reported that the NFL team is being sold for a record price to a Miami billionaire.” [John McDermott, “[Charleston’s Ben Navarro issues statement after Carolina Panthers pick another buyer](#),” *The Post and Courier*, 05/15/18]

**The Panthers Were Sold For \$2.2 Billion.** “Billionaire investor David Tepper of Appaloosa Management was named as the buyer of the Panthers by multiple media outlet citing unidentified sources. The estimated \$2.2 billion sale is subject to a vote at the NFL owners meeting in Atlanta next week.” [John McDermott, “[Charleston’s Ben Navarro issues statement after Carolina Panthers pick another buyer](#),” *The Post and Courier*, 05/15/18]

## **After His Bid For The Carolina Panthers Failed, Navarro Opted To Buy The Stadium That Hosts “The Largest Women’s-Only Tennis Tournament In North America.”**

**In September 2018, Ben Navarro Purchased “Volvo Car Stadium,” Which Hosts “The Largest Women’s-Only Tennis Tournament In North America.”** “Ben Navarro, CEO of the Charleston-based Sherman Financial Group and founder of the nonprofit Meeting Street Schools, has acquired Charleston Tennis LLC, the operator of the Family Circle Tennis Center and Volvo Car Stadium. Volvo Car Stadium, on Daniel Island, is host of the Volvo Car Open, the largest women’s-only tennis tournament in North America.” [[“Navarro acquires Volvo Car Open, tennis center operations,” Charleston Regional Business Journal, 09/26/18](#)]

## **LVNV Funding, A Sherman Financial Subsidiary, Had To Forgive \$10 Million In Consumer Debt To Settle A Class-Action Lawsuit Accusing The Company Of Predatory Debt Collection Practices.**

## **In September 2011, LVNV Funding Agreed To Forgive \$10 Million In Debt To Settle A Maryland Class-Action Lawsuit Accusing The Company Of “Systematic, Intentional, And Predatory Debt Collection Activities.”**

**In September 2011, LVNV Funding Agreed To Forgive \$10 Million In Debt As Part Of A Maryland Class Action Settlement.** “About 3,500 people will have about \$10 million in personal debt forgiven by a collection agency, thanks to a settlement in federal court Friday that resolved a lawsuit over the agency's right to sue debtors in Maryland. [...] The settlement was reached between two Frederick men who led the class action suit — Jason Hauk and Freddy Velazquez — and LVNV Funding LLC, a Greenville, S.C.-based company that buys consumer debt from companies and often sues debtors to collect payment.” [Gus G. Sentementes, [“Debt collection firm forgives \\$10M in class-action settlement,” The Baltimore Sun, 09/09/11](#)]

- **The Class Action Lawsuit Alleged LVNV Conducted “Systematic, Intentional, And Predatory Debt Collection Activities.”** “The case hinged on the right of LVNV to sue debtors in state court, even though the firm had not been licensed in Maryland as a debt collector. LVNV obtained its license after it had begun many of the lawsuits against individuals. The lawsuit accused LVNV of ‘systematic, intentional, and predatory debt collection activities’ against its Maryland debtors.” [Gus G. Sentementes, [“Debt collection firm forgives \\$10M in class-action settlement,” The Baltimore Sun, 09/09/11](#)]

## **Subsidiaries Of Sherman Financial Were Ordered By The State Of Maryland To Pay Millions To Settle A Lawsuit Alleging Illegal**



## **Debt Collection Practices, Such As Operating Without Licenses And Making False Claims Against Consumers.**

### **In July 2012, LVNV Funding And Resurgent Paid Agreed To “Pay A \$1 Million Penalty” And “Issue More Than \$3.8 Million In Credits To Consumers” To Settle A Maryland Lawsuit Alleging That They Operated Without Licenses And Made False And Misleading Claims Against Consumers.**

In July 2012, LVNV And Resurgent Agreed To “Pay A \$1 Million Penalty” “And Issue More Than \$3.8 Million In Credits To Consumers” To Settle A Maryland Lawsuit Alleging “That The Companies Weren’t Licensed As Debt Collectors, Made Inaccurate Claims About Amounts Owed And Employed Attorneys Who Filed ‘False Or Misleading’ Documents In Lawsuits.” “To settle allegations that they violated state and federal law, LVNV and Resurgent agreed to drop cases, pay a \$1 million penalty to the state and issue more than \$3.8 million in credits to consumers, the state Department of Labor, Licensing and Regulation said last week. The agency had alleged that the companies weren’t licensed as debt collectors, made inaccurate claims about amounts owed and employed attorneys who filed ‘false or misleading’ documents in lawsuits.” [Jamie Smith Hopkins, “[District Court dismisses debt cases against Marylanders](#),” *The Baltimore Sun*, 07/11/12]

## **Sherman Financial Subsidiary Credit One Bank, One Of The Most Complained-About Credit Card Companies In The Country, Rakes In Hundreds Of Millions Of Dollars In Account Fees And Then Sells Unpaid Consumer Debt Right Back To Sherman Financial Debt Collectors.**

### **Credit One Bank, A Subsidiary Of Sherman Financial Group, Is A Major Issuer Of Credit Cards That Sells Its Unpaid Debt On Its Accounts To Other Sherman Financial Subsidiaries For Collection.**

Credit One Bank, Reportedly “America’s Fastest-Growing Credit-Card Issuer” In 2018, Is A Subsidiary Of Sherman Financial Group That Sells Unpaid Debts To Other Subsidiaries. “Credit One is owned by Sherman Financial Group, a closely held investment company founded by billionaire Ben Navarro, who earlier this year bid for the National Football League’s Carolina Panthers. Sherman also owns the largest buyer of charged-off consumer debt in the country. When Credit One borrowers don’t pay their balances, the company sells those obligations at discounted prices to Sherman and other debt collectors.” [Jennifer Surane and Zeke Faux, “[America’s Fastest-Growing Credit Card Is Also Its Least Favorite](#),” *Bloomberg*, 06/28/18]

- [“Credit One Bank](#) is America’s fastest-growing credit-card issuer. It’s also the most complained about.” [Jennifer Surane and Zeke Faux, [“America’s Fastest-Growing Credit Card Is Also Its Least Favorite,” Bloomberg](#), 06/28/18]

## **Credit One’s Fees Include “An Annual Upfront Fee Of \$75, Even On Accounts With Credit Limits As Low As \$300”—The Company Reported \$579 Million In “Fee Revenue” In 2017.**

**Credit One’s Fees “Add Up,” Including “An Annual Upfront Fee Of \$75, Even On Accounts With Credit Limits As Low As \$300”: The Card Issuer “Reported \$579 Million In Fee Revenue [In 2017], A 25 Percent Increase Compared With 2016.** “Credit One sometimes charges an annual upfront fee of \$75, even on accounts with credit limits as low as \$300. Payments take as long as a week to be credited, unless customers pay a \$9.95 express-payment charge. But don’t be late: That costs \$35. Optional ‘credit protection’ costs about 1 percent of the balance per month. Interest rates are around 24 percent, and some accounts don’t have a grace period, meaning Credit One charges interest even if the balance is paid in full every month. All these fees add up: Credit One reported \$579 million in fee revenue last year, a 25 percent increase compared with 2016, according to reports the company files with the Federal Reserve.” [Jennifer Surane and Zeke Faux, [“America’s Fastest-Growing Credit Card Is Also Its Least Favorite,” Bloomberg](#), 06/28/18]

## **In 2017, Customers Filed More Complaints About Credit One Bank Than Citigroup And JPMorgan Chase Combined, Despite Issuing “A 13th As Many Cards.”**

**Credit One Bank Received More Customer Than Citigroup And JPMorgan Chase Combined, Despite Only Issuing “A 13th As Many Cards, According To Federal Trade Commission Data.”** “Credit One Bank is America’s fastest-growing credit-card issuer. It’s also the most complained about. Customers filed more grievances about Credit One last year than Citigroup Inc. and JPMorgan Chase & Co. combined, although the Las Vegas-based lender has issued a 13th as many cards, according to Federal Trade Commission data. On a per-card basis, Credit One got twice as many complaints as Wells Fargo & Co., even though that bank’s numbers include unrelated issues, like its fake-account scandal.” [Jennifer Surane and Zeke Faux, [“America’s Fastest-Growing Credit Card Is Also Its Least Favorite,” Bloomberg](#), 06/28/18]

**Credit One Bank Received “Roughly 14,700 Complains In 2017,” Which Was Actually A “46 Percent Improvement Compared With The Previous Year.”** “Credit One received roughly 14,700 complaints in 2017, a 46 percent improvement compared with the previous year, FTC data show. Still, that was the most complaints per card among the 11 largest U.S. issuers.” [Jennifer Surane and Zeke Faux, [“America’s Fastest-Growing Credit Card Is Also Its Least Favorite,” Bloomberg](#), 06/28/18]

# **Pioneer Credit Recovery: The Debt Collection Arm Of Student Loan Servicer Navient Has Faced Lawsuits And Enforcement Actions For Misleading And Harassing Consumers, Like The Family Of A Military Servicemember It Inundated With Threatening Phone Calls**

**Pioneer Credit Recovery Is A Debt Collection Company And Subsidiary Of Navient, One Of The Largest Student Loan Servicers In The Country.**

## **Pioneer Credit Recovery Is A Debt Collector That Operates As A Subsidiary Of Student Loan Servicer Navient.**

**Pioneer Credit Recovery “Provides Asset Recovery Services” As A “Subsidiary” Of Navient.** “Navient provides asset recovery services on defaulted education loans to ED. ED collections contracts have been subject to numerous bid protests and court orders. Presently, we are operating under a contract awarded to our subsidiary, Pioneer Credit Recovery, Inc. (‘Pioneer’), in April 2017. According to its original term the contract expires in April 2019. Following its expiration, ED would have the right to recall any accounts placed with Pioneer under the contract which were not in a payment plan or other satisfactory arrangement.” [[Navient Securities and Exchange Commission Form 10-K](#), 2018]

- **Navient Is “The Nation’s Third-Largest Student-Loan Servicer.”** Navient is “the nation's third-largest student-loan servicer.” [Erin Arvedlund, “[Navient, your student loan servicer, is under pressure from an activist hedge fund. Is that good or bad for borrowers?](#)” *The Philadelphia Inquirer*, 06/02/19]

**Pioneer Credit Recovery Was Named In A Lawsuit The Consumer Financial Protection Bureau (CFPB) Brought Against Navient, Alleging That The Student Loan Servicer Illegally Failed Borrowers “At Every Stage Of Repayment”—The CFPB Charged That Navient’s Debt Collection Subsidiary Made False And**

## **Misleading Statements To Borrowers While Pursuing Student Loan Debt.**

### **Before Donald Trump's Inauguration, The CFPB Filed A Lawsuit Against Navient, Charging That The Loan Servicer Illegally Failed Borrowers "At Every Stage Of Repayment."**

**In January 2017, The CFPB Sued Navient For "Illegally Failing Borrowers At Every Stage Of Repayment."** "[T]he Consumer Financial Protection Bureau (CFPB) is suing the nation's largest servicer of both federal and private student loans for systematically and illegally failing borrowers at every stage of repayment. For years, Navient, formerly part of Sallie Mae, created obstacles to repayment by providing bad information, processing payments incorrectly, and failing to act when borrowers complained. Through shortcuts and deception, the company also illegally cheated many struggling borrowers out of their rights to lower repayments, which caused them to pay much more than they had to for their loans. The Bureau seeks to recover significant relief for the borrowers harmed by these illegal servicing failures." [[Press Release](#), Consumer Financial Protection Bureau, 01/18/17]

- The CFPB charged that Navient: "Fails to correctly apply or allocate borrower payments to their account"; "Steers struggling borrowers toward paying more than they have to on loan"; "Obscured information consumers needed to maintain their lower payments"; "Deceived private student loan borrowers about requirements to release their co-signer from the loan"; and "Harmed the credit of disabled borrowers, including severely injured veterans." [[Press Release](#), Consumer Financial Protection Bureau, 01/18/17]
- **Pioneer Credit Recovery Was Named In The Lawsuit As A Subsidiary Of Navient.** "Named in today's lawsuit are Navient Corporation and two of its subsidiaries: Navient Solutions is a division responsible for loan servicing operations; Pioneer Credit Recovery specializes in the collection of defaulted student loans." [[Press Release](#), Consumer Financial Protection Bureau, 01/18/17]

### **The CFPB Found That Navient Racked Up An Extra \$4 Billion In Interest From Struggling Borrowers By Steering Them Into Forbearance, In Addition To Incorrectly Processing Payments And Imposing Late Fees On Borrowers.**

**The CFPB Alleged That Navient "Incentivized Employees To Encourage Borrowers To Postpone Payments Through Forbearance" Instead Of Enrolling "Them In An Income-Driven Repayment Plan," Resulting In Increased Fees And Interest For Borrowers.** "Among the most serious charges in the CFPB complaint is an allegation that Navient incentivized employees to encourage borrowers to postpone payments through forbearance, an option in which interest continues to accrue, rather than enroll them in an

income-driven repayment plan that would avoid fees. As a result, the CFPB says Navient amassed \$4 billion in interest charges to the principal balances of borrowers who were enrolled in multiple, consecutive forbearances from January 2010 to March 2015. Furthermore, the bureau accuses Navient of misleading people about the terms of renewing enrollment in income-driven repayment plans that cap monthly bills to a percentage of earnings, and misreporting the loan discharge of disabled borrowers to the credit bureaus. The complaint also claims Navient's subsidiary, debt collection agency Pioneer Credit Recovery, made illegal misrepresentations about the federal loan rehabilitation program available to defaulted borrowers." [Danielle Douglas-Gabriel, "[Student loan servicer Navient hit with three government lawsuits in one day](#)," *The Washington Post*, 01/18/17]

- **The CFPB Also Alleged That Navient Often Incorrectly Processed Payments “Resulting In Late Fees, Interest Charges And Negative Reports Being Sent To Credit Reporting Agencies.”** “Among the CFPB’s charges, Navient — formerly part of Sallie Mae — allegedly steered struggling borrowers into forbearance when they might have qualified for income-driven repayment plans, and did not adequately keep borrowers in income-driven plans informed of critical deadlines to maintain their eligibility. Borrowers aiming to get ahead on their loans by making extra payments may also have been burned. The suit alleges Navient often processes such payments incorrectly, resulting in late fees, interest charges and negative reports being sent to credit reporting agencies.” [Kelli B. Grant, "[America’s largest student loan company sued for misallocating student loan payments](#)," *CNBC*, 01/19/17]

### **The CFPB Alleged That Pioneer Credit Recovery Made False And Misleading Statements About The “Federal Loan Rehabilitation Program Available To Defaulted Borrowers.”**

**The CFPB Alleged That Pioneer Credit Recovery “Made Illegal Misrepresentations Relating To The Federal Loan Rehabilitation Program Available To Defaulted Borrowers.”** “The Bureau also alleges that Navient, through its subsidiary Pioneer, made illegal misrepresentations relating to the federal loan rehabilitation program available to defaulted borrowers. Pioneer misrepresented the effect of completing the federal loan rehabilitation program by falsely stating or implying that doing so would remove all adverse information about the defaulted loan from the borrower’s credit report. Pioneer also misrepresented the collection fees that would be forgiven upon completion of the program.” [[Press Release](#), Consumer Financial Protection Bureau, 01/18/17]

### **In A Court Filing, Navient Claimed There Was “No Expectation That The Servicer Will ‘Act In The Interest Of The Consumer.’”**

**Navient Argued In A Court Filing That There Was “No Expectation That The Servicer Will ‘Act In The Interest Of The Consumer.’”** “Among other things, the suits charged that the company saved itself money by steering borrowers away from affordable payment plans and



toward options that cut company costs but were more expensive for borrowers. In a particularly striking admission, the company argued in its court filings last month that it had no responsibility to act as a ‘fiduciary counselor’ and that there was ‘no expectation that the servicer will ‘act in the interest of the consumer.’” [Editorial Board, “[The Wrong Move on Student Loans](#),” *The New York Times*, 04/06/17]

**The State Of California Sued Navient Last Year Alleging That It And Pioneer Credit Recovery, Its Debt Collector Subsidiary, Made “Illegal Misrepresentations About The Federal Loan Rehabilitation Program Available To Defaulted Borrowers.”**

**In June 2018, The California Attorney General Sued Navient After It And Its Debt Collector Subsidiary Pioneer Credit Recovery Allegedly Made “Illegal Misrepresentations About The Federal Loan Rehabilitation Program Available To Defaulted Borrowers.”**

In June 2018, The California Attorney General Filed A Lawsuit Against Navient, Alleging It And Its Subsidiary Pioneer Credit Recovery “Made Illegal Misrepresentations About The Federal Loan Rehabilitation Program Available To Defaulted Borrowers.” “California Attorney General Xavier Becerra said [...] he plans to sue Navient, one of the nation’s largest student loan servicing companies, for alleged widespread abuses in the collection of education debt payments. [...] Becerra alleges the company, which works on behalf of the U.S. Department of Education, violated state laws by encouraging borrowers to postpone payments through forbearance, an option in which interest continues to accrue, rather than enroll in an income-driven repayment plan that would avoid fees. [...] Becerra said Navient’s subsidiary, debt collection agency Pioneer Credit Recovery, also made illegal misrepresentations about the federal loan rehabilitation program available to defaulted borrowers.” [Danielle Douglas-Gabriel, “[California plans to sue one of the nation’s largest student loan companies](#),” *The Washington Post*, 06/29/18]

**Pioneer Credit Recovery Was Sued For Allegedly Harassing A Military Servicemember’s Wife While He Was Stationed In Iraq, Including By Threatening To Put A Lien On Their House, Garnish His Wages, And Calling Her “Scum.”**

**In 2007, Pioneer Credit Recovery Debt Collectors Repeatedly Called And Allegedly Harassed A Military Servicemember’s Wife While He Was Stationed In Iraq, Including Threatening To Put A Lien On Their Home, Garnish His Wages, And Even Calling Her “Scum.”**

**In 2007, Pioneer Credit Recovery Debt Collectors Allegedly Harassed The Wife Of A Servicemember Serving In Iraq—Threatening To Put A Lien On Their Home, “Garnish Her Husband’s Wages,” And Even Calling Her “Scum.”** “As Sgt. Daniel Johnson served in Iraq with the Minnesota Army National Guard last year [in 2007], his wife, Deborah, was at home battling debt collectors. One collector threatened to put a lien on their Lakeville home and garnish her husband’s wages, Deborah Johnson said. ‘She called me ‘scum.’” [Randy Furst, “Assault on the financial front; U.S. troops are finding that their patriotic service is no barrier to aggressive collection agencies, despite the protections of federal laws,” *Star Tribune*, 07/13/08]

- **The Servicemember Said He “‘Couldn’t Sleep At Night”” Because His Wife “‘Was Literally Bawling When I Talked To Her On The Phone.””** “‘I couldn’t sleep at night,’ he said. ‘She was literally bawling when I talked to her on the phone a few times.’ Johnson, now back from Iraq, said the trouble dated to a 1983 federal student loan he got to attend Dunwoody Institute. He said it was his understanding that the Guard paid off that loan when he enlisted in 1985. (The Guard’s records no longer go back that far.) But Pioneer Credit, which contracts with the U.S. Department of Education, began calling in 2007, saying he owed \$1,900.” [Randy Furst, “Assault on the financial front; U.S. troops are finding that their patriotic service is no barrier to aggressive collection agencies, despite the protections of federal laws.” *Star Tribune*, 07/13/08]

### **The Servicemember And His Wife Filed A Lawsuit Against Pioneer Credit Recovery, Accusing It Of “Illegal Debt Collection Practices, Including Harassment, Abuse And Making False Threats.”**

**The Servicemember’s Family Filed A Lawsuit Against Pioneer Credit Recovery For “Illegal Debt Collection Practices, Including Harassment, Abuse And Making False Threats.”** “The Johnsons turned to Minneapolis attorney Pete Barry, who filed a federal lawsuit accusing Pioneer of illegal debt collection practices, including harassment, abuse and making false threats. Pioneer has stopped calling the Johnsons, but the couple isn’t in the clear. Another collection agency assigned by the U.S. Department of Education now calls. Deborah Wiley, an ombudsman with the department, said that Johnson has a debt, but offered no details.” [Randy Furst, “Assault on the financial front; U.S. troops are finding that their patriotic service is no barrier to aggressive collection agencies, despite the protections of federal laws,” *Star Tribune*, 07/13/08]

**As An IRS Contractor, Pioneer Credit Recovery Debt Collectors Would Give Financially Risky Advice To Consumers In Attempts To Recover Debt—Like Suggesting That Borrowers Take Out Second Mortgages Or Withdraw Early From Their Retirement Funds.**

## **Pioneer Credit Recovery Has Been Contracted By The IRS To Collect Debt On Its Behalf.**

**Pioneer Credit Recovery Is One Of The Four Debt Collection Companies Contracted By The IRS To Collect Late Payments.** “Those are some of the financially risky strategies that Pioneer Credit Recovery suggested to people struggling to pay overdue federal tax debt. The company is one of four debt collection agencies hired by the Internal Revenue Service to chase down late payments on 140,000 accounts with balances of up to \$50,000.” [Stacy Cowley and Jessica Silver-Greenberg, “[Outside Collectors for I.R.S. Are Accused of Illegal Practices](#),” *The New York Times*, 06/23/17]

**Pioneer Credit Recovery And Other Collectors “Work On Commission, Earning Up To 25 Percent Of The Delinquent Debt They Collect.”** “The companies will work on commission, earning up to 25 percent of the delinquent debt they collect.” [Jessica Silver-Greenberg and Stacy Cowley, “[I.R.S. Enlists Debt Collectors to Recover Overdue Taxes](#),” *The New York Times*, 04/20/17]

## **As An IRS Contractor, Pioneer Credit Recovery Debt Collectors Would Give Risky Advice To Consumers, Like Suggesting They Take Out Second Mortgages, Max Out Credit Cards, Or Withdraw From Their 401(K)s.**

**Pioneer Credit Recovery Suggested Borrowers Take Money Out Of Their 401(K)s, Max Out Their Credit Cards, Or Even Take Out Second Mortgages In Order For Them To Repay Debts Owed To The IRS.** “Raid your 401(k). Ask your boss for a loan, load up on your credit cards, or put up your house as collateral by taking out a second mortgage. Those are some of the financially risky strategies that Pioneer Credit Recovery suggested to people struggling to pay overdue federal tax debt.” [Stacy Cowley and Jessica Silver-Greenberg, “[Outside Collectors for I.R.S. Are Accused of Illegal Practices](#),” *The New York Times*, 06/23/17]

**Pioneer Credit Recovery’s Scripts For Talking To Borrowers Instructed Employees To “‘Suggest That Liquidating Assets Or Borrowing Money May Be Advantageous’ And To ‘Give The Taxpayer Ideas On Where/How To Borrow.’”** “Pioneer instructs its employees to ‘suggest that liquidating assets or borrowing money may be advantageous’ and to ‘give the taxpayer ideas on where/how to borrow,’ according to the scripts it submitted to the I.R.S. for approval. If that route does not work, the scripts show, Pioneer’s collection agents encourage taxpayers to ask their family, friends and employers for money.” [Stacy Cowley and Jessica Silver-Greenberg, “[Outside Collectors for I.R.S. Are Accused of Illegal Practices](#),” *The New York Times*, 06/23/17]

## **In June 2017, A Group Of Democratic Senators Wrote Letters To Pioneer Credit Recovery And Navient Executives Questioning Them**

## **About Their “Employees Pressuring Taxpayers Into Making Risky Financial Transactions And Violating The Fair Debt Collection Practices Act.”**

**In June 2017, Senators Warren, Brown, Merkley, And Cardin Wrote A Letter To Pioneer Credit Recovery And Its Parent Company Navient “Questioning Them About Their Employees Pressuring Taxpayers Into Making Risky Financial Transactions And Violating The Fair Debt Collection Practices Act.”** “Sen. Elizabeth Warren, D-Mass., Sherrod Brown, D-Ohio, Jeff Merkley, D-Ore., and Benjamin Cardin, D-Md., sent a letter [...] to the heads of Pioneer Credit Recovery and its parent company Navient questioning them about their employees pressuring taxpayers into making risky financial transactions and violating the Fair Debt Collection Practices Act and provisions of the tax code. They also said they are concerned that Pioneer may be failing to adequately protect customers from criminals posing as IRS agents, and may be violating IRS guidelines and provisions of Pioneer's IRS contract.” [Michael Cohn, “[Senators concerned about IRS private debt collector abuse](#),” *AccountingToday*, 06/26/17]