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## **CONSUMER AFFAIRS SHUTS DOWN NEW YORK OPERATIONS OF DEBT COLLECTION AGENCY INTEGRATED ASSET RECOVERY FOR ILLEGAL AND PREDATORY PRACTICES**

### ***Agency Threatened Consumer with Arrest When Pursuing Illegal Payday Loan***

The Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today announced that it has entered a settlement order with Integrated Asset Recovery, a debt collection agency previously known as Forster and Colmes LLC. DCA charged the company with collecting debts from City consumers without a license, trying to collect on an illegal payday loan by threatening a consumer with arrest, and harassing the consumer's family about the debt. Under the order, Integrated Asset Recovery and its principals are banned from acting as a New York City debt collection agency for three years. The company must also notify the credit reporting agencies to correct the consumer's credit report and pay almost \$15,000 in fines and restitution. DCA also outlined strict and far-reaching conditions that the company must adhere to if they become licensed after the three-year ban, including obtaining documentation of the original debt prior to attempting to collect, investigating disputed debts and correcting errors with credit reporting agencies if a debt is not valid.

"The abuses that led Consumer Affairs to shut down Integrated Asset Recovery's operation in New York City are too common: consumers drowning in predatory payday loans followed by illegal and harassing collection tactics," said Commissioner Jonathan Mintz. "I hope the relief we secured in this case sets a precedent heard far and wide. Also, I urge New Yorkers struggling with their finances or having trouble with debt collectors to contact us at 311 so that our financial counselors, mediators, and lawyers can help."

In the case against Integrated Asset Recovery, a Brooklyn consumer took out a payday loan in 2008 in the amount of \$425 with an annual interest rate of 1,095 percent. Payday loans, which are high-interest, short-term loans borrowed against one's paycheck, are illegal in New York State. State law has an interest rate limit, or usury cap, of 16 percent. In 2010, Integrated Asset Recovery purchased this debt and, although they did not have a license to collect on a debt of a New York City resident, began harassing and threatening the consumer and the consumer's family in an attempt to collect on the illegal loan in 2011. It is illegal for debt collectors to contact family or friends of a consumer, threaten to have a consumer arrested, or share information about a consumer's debt with any person other than that consumer. Integrated Asset Recovery ignored these provisions and continued with their aggressive and predatory debt collection tactics. After intimidation and out of fear of being arrested, the consumer paid more than double the amount of the initial loan. Even after the consumer paid the debt, the company continued to contact the consumer about the debt. The consumer filed a complaint with DCA, which launched an investigation into the company and its practices.

Complaints about abuse by debt collection agencies have been DCA's top complaint for the past five years, with more than 650 complaints filed last year alone. In the last year, DCA also secured more than \$1 million in restitution for consumers. Anyone seeking to collect on a debt from a New Yorker is required to be licensed by DCA. In 2010, Mayor Bloomberg announced that debt collection agencies must adhere to common-sense guidelines regulating their interaction with New Yorkers. Those who make calls or send letters to collect debts now must tell the debtor who is calling and from what agency, the original creditor, the amount of the debt they owe, and the name and phone number of a live person the debtor can call back. Anyone contacted by a debt collection agency can demand written documentation regarding the status and history of the debt. Consumers can download DCA's [Debt Collection Guide](#), check if a debt collector is licensed and file a complaint online at [nyc.gov/consumers](http://nyc.gov/consumers) or by calling 311.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Empowering consumers and businesses to ensure a fair and vibrant marketplace, DCA licenses more than 78,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their

rights and responsibilities. DCA's Office of Financial Empowerment (OFE) is the first local government initiative in the nation with a mission to educate, empower, and protect New Yorkers with low incomes so they can build assets and make the most of their financial resources. Toward that end, OFE seeks to increase access to high-quality, low-cost financial education and counseling; improve access to income-boosting tax credits; connect households to safe and affordable banking and asset-building products and services; and enforce and improve consumer protections to enhance financial stability. For more information, call 311 or visit DCA online at [nyc.gov/consumers](https://nyc.gov/consumers).

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## TOP 10 THINGS TO KNOW ABOUT DEBT COLLECTION IN NEW YORK CITY

- **All debt collection agencies that seek to collect personal or household debts from New York City residents must have a DCA license no matter where the agency is located.** To verify if a debt collection agency is licensed, call 311 or search DCA's Instant License Check online at [nyc.gov/consumers](https://nyc.gov/consumers).
- **In New York, a debt collector cannot collect or attempt to collect on a payday loan.** Payday loans are illegal in New York. A payday loan is a high-interest loan borrowed against your next paycheck. To apply for a payday loan, you need to have a checking account and proof of income. In New York State, most payday loans are handled by phone or online. If a collection agency tries to collect on a payday loan, visit [nyc.gov/consumers](https://nyc.gov/consumers) or contact 311 to file a complaint with DCA.
- **A debt collector cannot contact your employer, family, friends and neighbors about the debt or discuss it with them.** A collector can only contact someone other than the consumer to locate the consumer.
- **A debt collection agency may not make false statements or threaten you.** A debt collector cannot threaten to arrest you, report the consumer to immigration authorities or claim they are marshals or sheriffs. They can also not threaten to have you evicted, take or garnish your wages, take the money from your bank account, or take your personal belongings without first obtaining a judgment against you in court.
- **Debt collectors cannot call too early, too late or too often.** In New York City, debt collectors cannot call you before 8 a.m. or after 9 p.m. They also cannot call you more than twice a week if the collector has made contact with you.
- **Debt collectors cannot lie about the amount owed.** A debt collection agency cannot claim the debt owed is greater than it is or claim a consumer owes the debt when they do not.
- **A debt collection agency must tell you if the statute of limitations for collecting the debt has expired.**
- **Beware of debt collection companies or companies working with debt collection companies that offer you a credit card if you repay, in part or in full, an old debt that may have expired.** Companies may use terms like "Fresh Start Program" or "Balance Transfer Program" to describe offers to transfer your old debt to a new credit card account after you make a certain number of payments. *If you accept the credit card offer and start making payments, the debt collection agency's time limit (statute of limitations) for suing you to collect this debt will restart.* The company offering the credit card may not tell you that this is a consequence of getting the credit card.
- **It is illegal for a debt collection agency to use "caller ID spoofing."** Some debt collection agencies are using spoofed (or faked) phone numbers to disguise their identities on caller ID. For

example, a debt collector may use the number of a relative or government agency to get you to answer the phone. If you get a “spoofed” call from a debt collection agency, visit [nyc.gov/consumers](https://nyc.gov/consumers) or contact 311 to file a complaint with DCA.

- **Protect your money.** If a debt collection agency is unlicensed, fails to give you information required by law, or unlawfully threatens or harasses you, call 311 or visit [nyc.gov/consumers](https://nyc.gov/consumers) to file a complaint with the Department of Consumer Affairs.
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## WHAT TO DO IF A DEBT COLLECTION AGENCY CONTACTS YOU...

- **Don't ignore a collector.**
- **Check that the debt collection agency is licensed.** Debt collection agencies must include their DCA license number in all letters sent to you. To verify if a debt collection agency is licensed, call 311 or search DCA's Instant License Check online at [nyc.gov/consumers](https://nyc.gov/consumers).
- **Check that the debt collection agency provided required information.** By law, debt collection agencies must provide the following information in all communications to you:
  - the name of the debt collection agency
  - the name of the original creditor
  - the amount of the debt and any fees
  - a call-back number to a phone that is answered by a live person
  - the name of that person. If your call is routed from the agency's main telephone line, the live person qualified to handle your questions must answer the call within 60 seconds.
  - Information about your right to dispute the debt
- **Always request that the debt collector send you written verification of the original debt even if you recognize the debt.** Verification must include:
  - a document from the original creditor that shows you made the purchase and owe the debt
  - a copy of the final account statement from the original creditor
  - a document that lists:
    - the total principal amount you owe (The principal may be either the original amount borrowed OR the part of the amount borrowed that remains unpaid minus any charges or fees.)
    - each additional charge or fee you owe that separately lists:
      - \* the total for each charge or fee and the date each was incurred
      - \* description of why you must pay the additional charge or fee

Once you request verification, a debt collection agency may not contact you to collect the debt until it sends you verification. Do not be pressured into making any payments until you have received verification of the original debt.

- **Confirm if you owe the debt by checking your credit report.**
  - **Check how old the debt is.** If the statute of limitations on the debt is expired, the collector must disclose this information to you, along with information about your legal rights. The statute of limitations is the period of time that a creditor or collector can sue you in court to collect the debt.
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## TIPS ABOUT PAYDAY LOANS

Consumer payday loans are illegal in New York. A payday loan is a high-interest loan borrowed against your next paycheck. In New York State, most payday loans are handled by phone or online. In order to apply for a payday loan, a borrower generally needs to have a checking account and proof of income.

If you receive an offer for a payday loan, please report it to the New York State Department of Financial Services by calling 1-877-BANK-NYS (2265-697) or visiting [dfs.ny.gov](https://dfs.ny.gov).

If you are in need of cash, here are some alternatives to consider:

- Learn more about Human Resources Administration (HRA) emergency assistance programs, including cash assistance, medical assistance, food stamps, and job opportunities. Call 311 or visit [nyc.gov/hra](https://nyc.gov/hra) to learn more about public assistance.
- Look into a small loan from a credit union or bank. These loans usually have lower interest rates than a payday loan. Be sure to shop around to find the best offer for you.
- Inquire about an advance from your employer.
- Ask family or friends for a small loan.
- A cash advance is sometimes available from your credit card provider. It may have a higher interest rate than a credit union or bank loan, but it's a lot cheaper than a payday loan. Be sure to compare all costs.
- Consider free, one-on-one, professional financial counseling. Call 311 to make an appointment at one of the City's Financial Empowerment Centers or visit [nyc.gov/ProtectYourMoney](https://nyc.gov/ProtectYourMoney) for more information.