

NEWS RELEASE

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AG STRANGE JOINS NATIONWIDE COALITION TO FIGHT ILLEGAL DEBT COLLECTION PRACTICES

(MONTGOMERY) – Attorney General Luther Strange joined with a nationwide coalition of federal, state and local agencies today in announcing Operation Collection Protection, outlining the program’s purpose and the results it already has achieved. The group is working together to combat illegal debt collection practices.

Led by the Federal Trade Commission, Operation Collection Protection has brought together for the first time a national coalition of federal, state and local enforcement and regulatory organizations committed to working cooperatively and devoting greater resources to address illegal debt collection problems. More than 75 organizations are participating, including the FTC, the Consumer Financial Protection Bureau, the Department of Justice, 48 state attorneys general, 17 state regulatory agencies, one Canadian provincial regulatory agency and numerous local authorities.

In 2014, consumers filed more than 280,000 complaints nationally with federal authorities relating to debt collection – more complaints than against any other industry. The Alabama Attorney General’s Office received at least 261 such complaints in 2014. In recent years, debt collection has been noted as the second-most prevalent consumer complaint to the Alabama Attorney General’s Office.

“Consumers deserve for debt collections to be handled in an appropriate and legal manner,” said Attorney General Strange. “My office is committed to assist consumers who are suffering from mistreatment in debt collections, and to ensure more fair practices. I urge anyone who feels they are subjected to illegal debt collections to contact my Consumer Protection Section by calling toll-free 1-800-392-5658, writing to us at 501 Washington Avenue, Montgomery, Alabama 36104, or through our webpage at www.ago.alabama.gov.”

Operation Collection Protection marks a significant change in how agencies are fighting illegal debt collection. Together, participants have improved communications and enforcement coordination, working more effectively as collaborative team members to conduct more than 110 actions that are being announced today.

Through one such action, the Alabama Attorney General’s Office participated in a national settlement with Chase Bank USA N.A. and Chase Bankcard Services Inc. The settlement is expected to bring \$50 million in compensation to consumers nationwide, and is estimated to have returned \$65,000 to 85 Alabama consumers. The litigation reimbursed just over \$1 million to the State for investigative and attorney costs.

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In addition, the Chase settlement mandated comprehensive major reforms for its debt collection practices, including the following:

- The agreement required Chase to significantly reform its credit card debt collection practices in areas of declarations, collections litigation, debt sales and debt buying. Debt buying involves the sale of debt by creditors or other debt owners, often for pennies on the dollar, to buyers who then attempt to collect the debt at full value or sell it to other buyers.
- The agreement required new safeguards to help ensure debt information is accurate and inaccurate data is corrected, and provided additional information to consumers who owe debts.
- It prohibited Chase's debt buyers from reselling consumer debts to other purchasers, which is significant because previously, initial buyers of Chase's consumer credit card debt could resell the debt, the subsequent buyer could flip the debt to another buyer, and the process could repeat itself many times over. If initial information about the debt was incorrect or was transmitted with errors to a subsequent debt buyer, that could result in long-term harm to the consumer and leave the consumer with the difficult or even impossible burden of successfully challenging or correcting errors.

Throughout the nation, Operation Collection Protection initiated approximately 118 actions, some of which resulted in debt collectors being barred or suspended; secured more than \$180 million in monetary relief and \$300 million in judgments; and brought criminal charges against 15 defendants.