

**FTC Alleges Text Messages Were Used In Illegal Debt Collection Scheme
Defendants Will Pay \$1 Million to Settle Charges
FTC Press Release**

A Glendale, California-based debt collector will pay \$1 million dollars to settle Federal Trade Commission charges that the defendants violated federal law. This is the first FTC action against a debt collector who used text messaging to attempt to collect debts in an unlawful manner.

The FTC, the nation's consumer protection agency, alleged that Archie Donovan and two companies he controls – National Attorney Collection Services, Inc. and National Attorney Services, LLC – used English- and Spanish-language text messages and phone calls in which they unlawfully failed to disclose that they were debt collectors. The FTC charged the defendants with violating both the Fair Debt Collection Practices Act and the FTC Act.

In their text messages, phone calls, and mailings, the defendants also falsely portrayed themselves as law firms – by using the names National Attorney Services, National Attorney Service, National Attorney, and *Abogados Nacionales*. Building on their deceptive company name, the defendants falsely threatened to sue consumers for not paying their debts or to garnish their wages.

The FTC also alleged that Donovan and his companies illegally revealed debts to the consumers' family members, friends and co-workers. Among other tactics, the defendants used mailing envelopes picturing a large arm shaking money from a consumer who is strung upside down. The law does not allow debt collectors to disclose publicly someone's private debts, because doing so could endanger their jobs and reputations. Mailing envelopes can include only the name and address of the company, and cannot indicate that the consumer may owe a debt.

“No matter how debt collectors communicate with consumers – by mail, by phone, by text, or some other way – they have to follow the law,” said Jessica Rich, director of the FTC's Bureau of Consumer Protection. “The FTC has a zero tolerance policy for deception.”

The FTC held a workshop in 2011 and issued a report in 2009 that addressed how debt collectors can use text messages to collect debts in a lawful manner while maintaining consumers' privacy.

In addition to the \$1 million civil penalty, the settlement requires the defendants to stop sending text messages that do not include the disclosures required by law, and to obtain a consumer's express consent before contacting them by text message. The defendants also are barred from falsely claiming to be law firms, and from falsely threatening to sue or take any action – such as seizure of property or garnishment – that they do not actually intend to take.