Credit Repair Organizations
What's Happened and Has it Changed

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Disclaimer

This information is not intended to be legal advice and may not be used as legal advice. Legal advice must be tailored to the specific circumstances of each case.

Every effort has been made to ensure this information is up-to-date. It is not intended to be a full and exhaustive explanation of the law in any area, nor should it be used to replace the advice of your own legal counsel.

Any opinions expressed are the opinions of the speaker and not their organization, or the Receivables Management Association International.

Complaint Statistics – provided by WebRecon

	Current Month:	Previous Month:		Previous Year:		Year to Date:	Year to Date Comp:	
	Aug 01, 2019 Aug 31, 2019	Jul 01, 2019 Jul 31, 2019		Aug 01, 2018 Aug 31, 2018		Jan 01, 2019 Aug 31, 2019	Jan 01, 2018 Aug 31, 2018	
CFPB	4265	4044	5.5%	4444	-4.0%	31918	37266	-14.4%
FDCPA	634	704	-9.9%	909	-30.3%	5728	6383	-10.3%
FCRA	413	512	-19.3%	433	-4.6%	3297	3138	5.1%
TCPA	246	286	-14.0%	363	-32.2%	2300	2707	-15.0%

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The CBE Group, Inc. and RGS Financial, Inc. v. John C. Heath, Attorney at Law, PLLC dba Lexington Law Firm and Progrexion ASG, Inc., Case No. 3:17-cv-02594-L (N.D. TX 2019)

CBE and RGS filed suit against Lexington Law in 2017 ins state court alleging the CRO sent large volumes of frivolous dispute letters purported to be from consumers. Alleged fraud and tortious interference with prospective business relationships.

Jury trial was held in June-July 2019

Jury entered verdict on July 3, 2019 awarding defendants $487,965 combined in lost time sustained in the past and $63,718 in expenses sustained in the past. Jury also awarded exemplary damages of $1,948,317.

105 to 160 fraudulent consumer disputes per day

CFPB v. Lexington Law and CreditRepair.com

On May 2, 2019, the CFPB filed suit against Lexington Law and Credit Repair.com in the US District Court in Utah.

CFPB alleges accusations of engaging in ongoing, unlawful and predatory credit repair practices that harmed consumers nationwide.

Charging consumers unlawful advance fees in connection with credit repair services and by marketing and telemarketing those services through deceptive representations.

Ad Astra Recovery Services, Inc. v. John Clifford Heath, ESQ., et al., Case No. 18-1145-JWB (US Dist Ct. Kansas 2018)

Ad Astra filed suit alleging claims under the Racketeer Influenced and Corrupt Organizations Act (RICO); Common law claims for tortious interference with existing contractual relationships; Fraud; and Injunctive Relief.

Claim is pending and set for trial in 2020

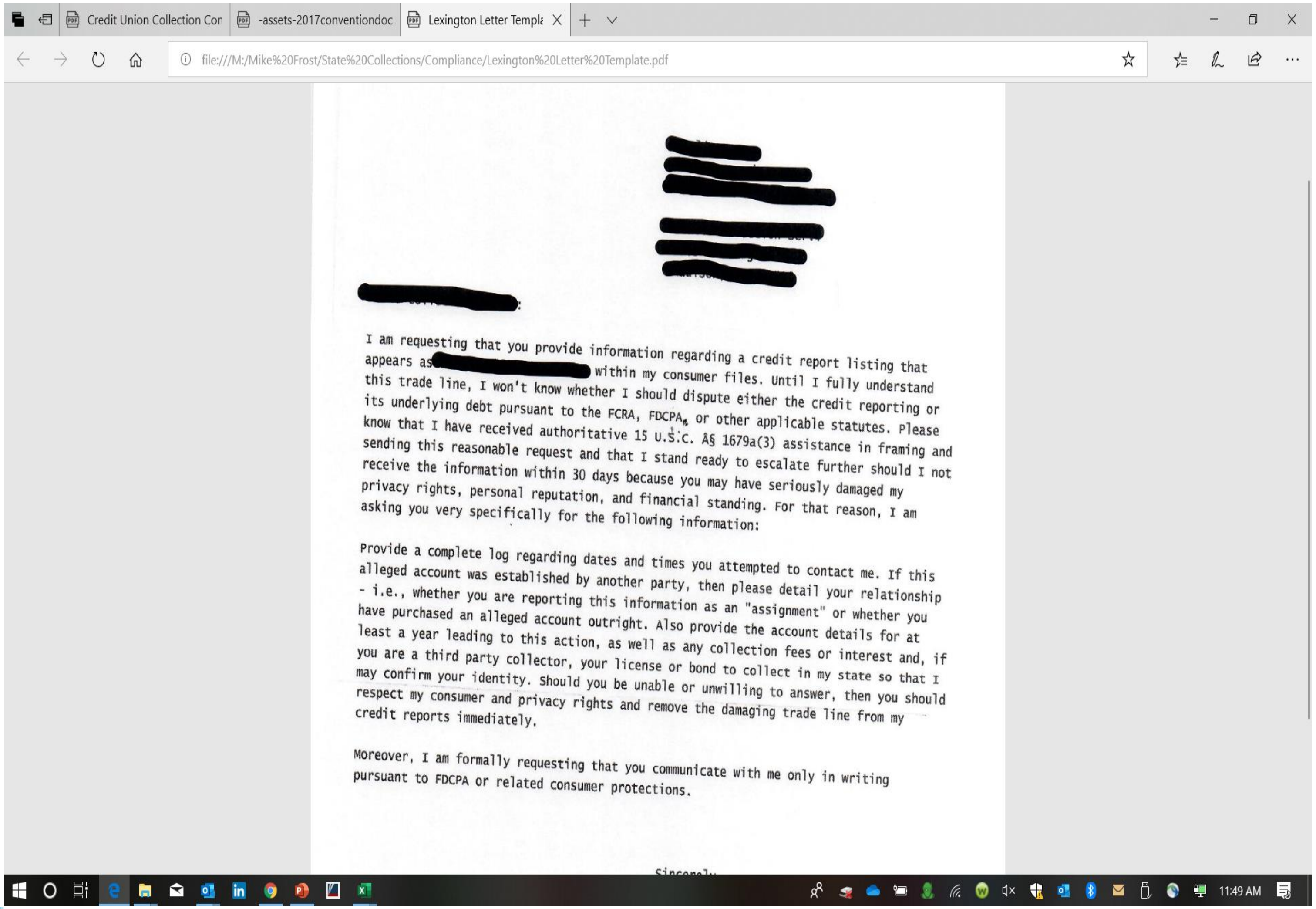
15 U.S.C. § 1681s-2 (a)(8)(G)-(Duty of Data Furnishers)

Exclusion of credit repair organizations.

This paragraph shall not apply if the notice of the dispute is submitted by, is prepared on behalf of the consumer by, or is submitted on a form supplied to the consumer by, a credit repair organization, as defined in section 403(3), or an entity that would be a credit repair organization, but for section 403(3)(B)(i).

Dealing with Credit Repair Organizations

Lexington Law Complaints post $2.5M Jury Verdict



Credit Union Collection Con | -assets-2017conventiondoc | Lexington Letter Templa

file:///M:/Mike%20Frost/State%20Collections/Compliance/Lexington%20Letter%20Template.pdf

[redacted]

[redacted]:

I am requesting that you provide information regarding a credit report listing that appears as [redacted] within my consumer files. Until I fully understand this trade line, I won't know whether I should dispute either the credit reporting or its underlying debt pursuant to the FCRA, FDCPA, or other applicable statutes. Please know that I have received authoritative 15 U.S.C. Â§ 1679a(3) assistance in framing and sending this reasonable request and that I stand ready to escalate further should I not receive the information within 30 days because you may have seriously damaged my privacy rights, personal reputation, and financial standing. For that reason, I am asking you very specifically for the following information:

Provide a complete log regarding dates and times you attempted to contact me. If this alleged account was established by another party, then please detail your relationship - i.e., whether you are reporting this information as an "assignment" or whether you have purchased an alleged account outright. Also provide the account details for at least a year leading to this action, as well as any collection fees or interest and, if you are a third party collector, your license or bond to collect in my state so that I may confirm your identity. Should you be unable or unwilling to answer, then you should respect my consumer and privacy rights and remove the damaging trade line from my credit reports immediately.

Moreover, I am formally requesting that you communicate with me only in writing pursuant to FDCPA or related consumer protections.

What Should You Do Now?

- What should a debt collector do about the letters they continue to receive from Lexington Law?
- How do we keep records for a possible suit?
- What is the best practice to implement?

Questions

Contact Information

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