

ATTORNEY GENERAL CUOMO LAUNCHES INQUIRY INTO DEBT
COLLECTORS ACROSS NEW YORK STATE

*Cuomo Shuts Down NY Collection Agencies That Threatened and Intimidated
Consumers Into Paying Debts They Didn't Owe
Sends Subpoenas to Nearly 20 Debt Collectors Statewide*

NEW YORK, NY (May 27, 2009) - Attorney General Andrew M. Cuomo today announced that his office has launched a statewide inquiry into debt collection companies. As part of the inquiry, the Attorney General's Office obtained a court order against Lamont Cooper and his two debt collection companies, Emanee Development, Inc. and Dial Tech LLC, under which the companies will shut down and Cooper will be forced to pay restitution to consumers statewide.

According to Cuomo's Office, Cooper's companies unlawfully lied to consumers, threatened to arrest them, and intimidated them into paying debts that they sometimes did not even owe. They would often call third parties like neighbors or employers to further embarrass and harass consumers. The Attorney General also announced that his Office has subpoenaed nearly 20 other debt collectors across the state in his ongoing investigation into various facets of the debt industry.

"At a time when New York families are already struggling with unprecedented levels of debt, unscrupulous collection agencies add salt to an open wound," said Attorney General Cuomo. "Using fear and intimidation to take advantage of individuals facing debt is a shameful and illegal scare tactic. This judgment is the first step in this Office's expanding investigation into debt collectors that violate the rights of consumers and operate outside of the law."

According to the Attorney General's Office, Cooper operated Emanee and Dial Tech, which did business under the names of various shell companies and fictitious law firms across the state, including: Claims Process Services, Claims America, CMC Recovery Services, Lomax & Barnes and Murray, Bradshaw & Associates. Collectors at the companies used illegal and fraudulent tactics to collect debts. Emanee and Dial Tech collectors:

- Falsely accused consumers of criminal activity and told them that they had committed criminal fraud;
- Falsely informed consumers that they would be arrested within 24 hours if they failed to pay the alleged debt;
- Threatened consumers with law suits even though the collectors were not lawyers
- Sought collection of debts beyond the six year statute of limitations;
- Illegally discussed debts with third parties like employers and neighbors to embarrass and harass consumers; and
- Failed to provide legally required written notices to consumers about their rights to dispute the validity of the alleged debt.

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Some consumers, intimidated by these unlawful practices, then paid debts that they did not even owe. The tactics used by Emanee and Dial Tech are prohibited by both the federal Fair Debt Collection Practices Act and the New York State debt collection and consumer protection laws.

State and federal laws stipulate that collectors cannot do the following: pose as an attorney, threaten lawsuits or other legal action which cannot be taken, say a consumer committed a crime or will be arrested, talk with third parties except to get location information and cannot engage in conduct meant to harass, oppress or abuse consumer. The law further requires collection agencies to send a written notice within five days of initial communication with the consumer explaining how he or she can dispute the debt. If properly disputed, the collection agency must stop all collection attempts and send verification.

Under the terms of court order obtained by the Attorney General's Office, Cooper and his two companies agreed to pay restitution to consumers who paid debts they did not owe. Additionally, Cooper and the two corporate entities are permanently barred from engaging in the debt collection business. Cooper and the businesses are also permanently banned from acting as brokers that buy and then re-sell portfolios of consumer debt to individuals who then intend to hand the debts over to collection agencies that Cooper selects or with whom he otherwise has a business relationship. The judgment was signed by the Hon. Diane Y. Devlin in the Supreme Court of the State of New York, Erie County.

The Attorney General's investigation into Cooper, Emanee and Dial Tech is part of a larger investigation into debt collection practices. These practices, which violate both state and federal law, include a broad array of potential wrongdoing, including: fraudulent threats of criminal prosecution, harassing phone calls to consumers and their families, friends and employers, bringing lawsuits against and/or reporting consumers to credit reporting agencies without verifying that the consumer being targeted actually owes the debt, and failing to disclose that a caller is working for a debt collector.

Attorney General Cuomo has subpoenaed nearly twenty companies and law firms operating as debt collectors throughout the state. The subpoenas included requests designed to discover the policies and procedures the debt collectors have implemented to comply with federal and state laws, how the companies respond to complaints about their collection practices, as well as how individual collectors are compensated.

The companies subpoenaed by Cuomo's Office include: Cavalry Portfolio Services, LLC; Cohen & Slamowitz, LLP; Debt Recovery Solutions LLC; Eltman, Eltman & Cooper; Forster and Garbus; LHR, Inc; Mel S. Harris & Associates, LLC; Med-Rev Recoveries, Inc.; Mitchell N. Kay, P.C.; NCO Portfolio Management, Inc. and NCO

Financial Systems, Inc.; North Shore Agency, Inc.; RJM Acquisitions LLC; Rubin & Rothman LLC; and Sharinn & Lipshie P.C.

Earlier this month, as part of his ongoing investigation into unlawful debt practices, Attorney General Cuomo announced a lawsuit against two debt settlement companies for fraudulent business practices and false advertising. Cuomo filed suit against CSA-Credit Solutions of America, Inc. (“CSA”), based in Richardson, Texas, and Nationwide Asset Services, Inc. (“NAS”), based in Phoenix, Arizona for making millions of dollars by selling misleading debt settlement plans that very rarely deliver the promised benefits to consumers dealing with debt.