



civil penalties, permanent injunction, consumer redress, disgorgement, and other equitable relief for Defendants' violations of the FDCPA and Section 5 of the FTC Act.

2. This Court has jurisdiction over this matter under 28 U.S.C. §§ 1331, 1337, 1345, and 1355, and under 15 U.S.C. §§ 45(m)(1)(A), 53(b), 57b, and 1692*l*. This action arises under 15 U.S.C. § 45(a)(1) and 15 U.S.C. § 1692*l*.

3. Venue is proper in the United States District Court for the Southern District of Texas under 28 U.S.C. §§ 1391(b-c) and 1395(a) and 15 U.S.C. § 53(b).

### **DEFENDANTS**

4. Defendant LTD Financial Services, L.P. ("LTD" or "company") is a Texas limited partnership with its principal office and place of business located within the Southern District of Texas at 7322 Southwest Freeway, Suite 1600, Houston, Texas 77063. At all times relevant to this Complaint, Defendant LTD has transacted business in the Southern District of Texas.

5. Defendant Timothy Feldman is President, Chief Operating Officer, and a 50% owner of LTD. Defendant Feldman plays an active role in the management and/or supervision of LTD's debt collection activities. Defendant Feldman, in his capacity as the President, Chief Operating Officer, and a 50% owner of LTD, formulated, directed, controlled, or had the authority to control, the acts and practices of LTD, including the acts and practices alleged in this Complaint. At all times relevant to this Complaint, Defendant Feldman has resided or transacted business in the Southern District of Texas.

6. Defendant Leonard Pruzansky is Chairman of the Board, Chief Executive Officer, and a 50% owner of LTD. Defendant Pruzansky plays an active role in the management and/or supervision of LTD's debt collection activities. Defendant Pruzansky, in his capacity as the

Chairman of the Board, Chief Executive Officer, and a 50% owner of LTD, formulated, directed, controlled, or had the authority to control, the acts and practices of LTD, including the acts and practices alleged in this Complaint. At all times relevant to this Complaint, Defendant Pruzansky has resided or transacted business in the Southern District of Texas.

7. Defendant John Brewster was the Senior Vice President in charge of LTD's collection operations in Houston, Texas. Defendant Brewster played an active role in the management and/or supervision of LTD's debt collection activities. Defendant Brewster, in his capacity as Senior Vice President of LTD, formulated, directed, controlled, or had the authority to control, the acts and practices of LTD, including the acts and practices alleged in this Complaint. At all times relevant to this Complaint, Defendant Brewster has resided or transacted business in the Southern District of Texas.

8. Defendant Derrek Davis is the Vice President in charge of LTD's collection operations in San Antonio, Texas. Defendant Davis plays an active role in the management and/or supervision of LTD's debt collection activities. Defendant Davis, in his capacity as Vice President of LTD, formulated, directed, controlled, or had the authority to control, the acts and practices of LTD, including the acts and practices alleged in this Complaint. At all times relevant to this Complaint, Defendant Davis has transacted business in the Southern District of Texas.

9. Defendants LTD Financial Services, L.P., Timothy Feldman, Leonard Pruzansky, John Brewster, and Derrek Davis ("Defendants") are "debt collectors" as defined in Section 803(6) of the FDCPA, 15 U.S.C. § 1692a(6).

**COMMERCE**

10. At all times material to this Complaint, Defendants have maintained a substantial course of trade in the collection of debts, in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

**DEFENDANTS’ BUSINESS PRACTICES**

11. From its offices in Houston and San Antonio, Texas, LTD engages in consumer debt collection activities in all 50 states. LTD collects on approximately 1,250,000 accounts a year. The company collects debts in both English and Spanish.

12. In numerous instances, LTD collectors threaten or imply that LTD will garnish consumers’ wages, seize or attach consumers’ property, or initiate lawsuits against them if they fail to pay LTD. Additional threats are made by LTD collectors, including that criminal actions will be taken against consumers or that consumers will be arrested.

13. In truth and in fact, in numerous instances, when LTD collectors make the threats contained in Paragraph 12 above, LTD has no legal authority or intent to garnish consumers’ wages, seize or attach consumers’ property, initiate lawsuits against consumers if they fail to pay LTD, or have consumers prosecuted or arrested.

14. In numerous instances, LTD collectors call consumers at their place of employment even though the collectors know it is inconvenient for consumers to receive calls there. LTD collectors also, in some instances, disclose the existence of debts to third parties, such as the consumers’ parents, children, employers, co-workers, and neighbors.

15. In numerous instances, LTD collectors use harassing and abusive tactics. LTD collectors sometimes call consumers multiple times a day, including calling consumers right back

after being hung up on by the consumers. In addition, some LTD collectors use abusive language, including racial slurs and profanity.

16. LTD's collection practices generate hundreds of complaints filed with the Federal Trade Commission, the Houston Better Business Bureau, various state attorneys general, and the company itself. Many of these complaints allege significant FTC Act and/or FDCPA violations.

17. LTD's response to the consumer complaints it receives is cavalier at best. Complaints forwarded to LTD by state attorneys general and the Houston Better Business Bureau, alleging egregious violations of the FTC Act and/or the FDCPA, are frequently dismissed without significant investigation. Even in the face of substantial evidence that violations occurred, the collectors involved often go unpunished or merely receive a warning.

18. LTD's internal compliance program regularly catches collectors violating the FTC Act and/or the FDCPA. However, even multiple egregious violations by individual collection employees, written up by the compliance department, frequently go without serious punishment.

19. In some instances, LTD's front-line supervisors and mid-level managers participate in actions described in Paragraphs 11 through 15, above. In other instances, LTD managers are aware of such practices by collectors under their supervision, but fail to sufficiently discipline the collectors.

20. LTD's senior managers either turn a blind eye to the company's violative acts and practices or they fail to exercise the supervision necessary to make themselves aware of the significant problems occurring within their organization.

**VIOLATIONS OF SECTION 5 OF THE FTC ACT**

21. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.” Misrepresentations of material fact constitute deceptive acts or practices prohibited by the FTC Act.

**COUNT I**

22. On numerous occasions, in connection with the collection of debts in both English and Spanish, Defendants, directly or indirectly, have represented to consumers, expressly or by implication, that:

- a) Nonpayment of a debt will result in garnishment of a consumer’s wages;
- b) Nonpayment of a debt will result in a consumer’s property being seized or attached or in a consumer’s arrest; and
- c) LTD intends to take legal action against a consumer.

23. In truth and in fact, on numerous of these occasions:

- a) Nonpayment of a debt did not result in garnishment of a consumer’s wages;
- b) Nonpayment of a debt did not result in a consumer’s property being seized or attached or in a consumer’s arrest; and
- c) LTD did not intend to take legal action against a consumer.

24. Therefore, the representations set forth in Paragraph 22 were and are false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**VIOLATIONS OF THE FAIR DEBT COLLECTION PRACTICES ACT**

25. In 1977, Congress passed the FDCPA, 15 U.S.C. §1692 *et seq.*, which became effective on March 20, 1978, and has been in force since that date. Section 814 of the FDCPA, 15 U.S.C. § 1692l, specifically empowers the Commission to enforce the FDCPA. Under its provisions, for purpose of the exercise by the Commission of its functions and powers under the FTC Act, a violation of the FDCPA is deemed an unfair or deceptive act or practice in violation of the FTC Act. Further, the Commission is authorized to use all of its functions and powers under the FTC Act to enforce compliance with the FDCPA by any person, irrespective of whether that person is engaged in commerce or meets any other jurisdictional tests set by the FTC Act. The authority of the Commission in this regard includes the power to enforce the provisions of the FDCPA in the same manner as if the violations of the FDCPA were violations of a Federal Trade Commission trade regulation rule.

26. The term “consumer,” as used in this Complaint, means any natural person obligated or allegedly obligated to pay any debt, as “debt” is defined in Section 803(5) of the FDCPA, 15 U.S.C. § 1692a(5).

**COUNT II**

27. On numerous occasions, in connection with the collection of debts in both English and Spanish, Defendants, directly or indirectly, have communicated with third parties, including parents, children, neighbors, employers, and co-workers, for purposes other than acquiring location information about a consumer, without the prior consent of the consumer given directly to the debt collector or the express permission of a court of competent jurisdiction, and when not

reasonably necessary to effectuate a post judgment judicial remedy, in violation of Section 805(b) of the FDCPA, 15 U.S.C. § 1692c(b).

### COUNT III

28. On numerous occasions, in connection with the collection of debts in both English and Spanish, Defendants, directly or indirectly, have used false, deceptive, or misleading representations or means, in violation of Section 807 of the FDCPA, 15 U.S.C. § 1692e, including, but not limited to, the following:

- a) Defendants, directly or indirectly, have falsely represented or implied that nonpayment of a debt will result in the arrest or imprisonment of a person or the seizure, garnishment, or attachment of a person's property or wages, when such action is not lawful or when neither LTD nor the creditor has the intention of taking such action, in violation of Section 807(4) of the FDCPA, 15 U.S.C. § 1692e(4);
- b) Defendants, directly or indirectly, have threatened to take actions that cannot legally be taken or that are not intended to be taken, in violation of Section 807(5) of the FDCPA, 15 U.S.C. § 1692e(5); or
- c) Defendants, directly or indirectly, have used false representations or deceptive means to collect or attempt to collect debts or to obtain information concerning a consumer, in violation of Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10).



#### COUNT IV

29. On numerous occasions, in connection with the collection of debts in both English and Spanish, without the prior consent of the consumer given directly to the debt collector or the express permission of a court of competent jurisdiction, Defendants, directly or indirectly, have communicated with a consumer at a time or place that Defendants knew or should have known to be inconvenient to the consumer, including, but not limited to, communicating with the consumer at the consumer's place of employment when Defendants knew or should have known that it is inconvenient for the consumer to receive such communications, in violation of Section 805(a)(1) of the FDCPA, 15 U.S.C. § 1692c(a)(1).

#### COUNT V

30. On numerous occasions, in connection with the collection of debts in both English and Spanish, Defendants, directly or indirectly, have engaged in conduct the natural consequence of which is to harass, oppress, or abuse a person, in violation of Section 806 of the FDCPA, 15 U.S.C. § 1692d, including, but not limited to, the following:

- a) Defendants, directly or indirectly, have used obscene or profane language, or language the natural consequence of which is to abuse the hearer, in violation of Section 806(2) of the FDCPA, 15 U.S.C. § 1692d(2); and
- b) Defendants, directly or indirectly, have caused a telephone to ring, or have engaged a person in telephone conversations, repeatedly or continuously, with intent to annoy, abuse, or harass the person at the called number, in violation of Section 806(5) of the FDCPA, 15 U.S.C. § 1692d(5).

**INJUNCTION FOR VIOLATIONS OF THE FTC ACT AND THE FDCPA**

31. Under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), this Court is authorized to issue a permanent injunction to ensure that Defendants LTD Financial Services, L.P., Timothy Feldman, Leonard Pruzansky, John Brewster, and Derrek Davis will not continue to violate the FTC Act and the FDCPA.

**DISGORGEMENT FOR VIOLATIONS OF THE FTC ACT AND THE FDCPA**

32. Under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), this Court is authorized to issue all equitable and ancillary relief as it may deem appropriate in the enforcement of the FTC Act and the FDCPA, including the ability to order disgorgement to deprive a wrongdoer of his ill-gotten gain.

**CIVIL PENALTIES FOR VIOLATIONS OF THE FDCPA**

33. Defendant LTD has violated the FDCPA as described above, with actual knowledge or knowledge fairly implied on the basis of objective circumstances, as set forth in Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A).

34. Each instance within five years preceding the filing of this Complaint, in which LTD has failed to comply with the FDCPA in one or more of the ways described above, constitutes a separate violation for which Plaintiff seeks monetary civil penalties.

35. Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), as modified by Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461, as amended, and as implemented by 16 C.F.R. § 1.98(d) (2007), authorizes this Court to award monetary civil penalties of not more than \$11,000 for each violation of the FDCPA.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff, pursuant to 15 U.S.C. §§ 45(m)(1)(A), 53(b), 1692i, and the Court's own equitable powers, respectfully requests that the Court:

1. Enter a permanent injunction to prevent future violations of the FTC Act and the FDCPA by Defendants;
2. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the FDCPA, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies;
3. Award Plaintiff monetary civil penalties for each violation of the FDCPA occurring within five years preceding the filing of this Complaint; and
4. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

DATED:

**OF COUNSEL:**

DEANYA T. KUECKELHAN  
Director, Southwest Region

THOMAS B. CARTER  
Attorney, Southwest Region  
Texas Bar No. 03932300

LUIS GALLEGOS  
Attorney, Southwest Region  
Oklahoma Bar No. 19098

EMILY ROBINSON  
Attorney, Southwest Region  
Texas Bar No. 24046737

Federal Trade Commission  
1999 Bryan Street, Suite 2150  
Dallas, Texas 75201  
(214) 979-9372 (Mr. Carter)  
(214) 979-9383 (Mr. Gallegos)  
(214) 979-9350 (Office)  
(214) 953-3079 (Facsimile)

**FOR THE UNITED STATES OF AMERICA:**

PETER D. KEISLER  
Assistant Attorney General  
Civil Division  
United States Department of Justice

DONALD J. DEGABRIELLE, JR.  
United States Attorney  
Southern District of Texas

/s/ Keith Edward Wyatt

KEITH EDWARD WYATT  
Assistant United States Attorney  
Attorney-In-Charge  
Texas Bar No. 22092900  
S. D. of Texas Bar No. 3480  
910 Travis Street, Suite 1500  
Houston, TX 77002  
(713) 567-9000 (Phone)  
(713) 718-3300 (Facsimile)

EUGENE M. THIROLF  
Director

/s/ Kenneth L. Jost \*\*

KENNETH L. JOST  
Deputy Director  
Office of Consumer Litigation  
Civil Division  
U.S. Department of Justice  
Washington, D.C. 20530  
(202) 616-0129 (Phone)  
(202) 514-8742 (Facsimile)

\*\* Signed with permission