



Consumer Affairs and Business Regulation

Home > 2017 > \$500K Joint Settlement Over Improper Debt Collection

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Division of Banks Announces \$500K Joint Settlement Over Improper Debt Collection Practices at IQor Holdings Inc. Subsidiaries

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Boston, MA (August 10, 2017) – The Massachusetts Division of Banks (Division) today announced a joint [settlement](#) with financial regulators of four other states and two subsidiaries of IQor Holdings Inc. for their failure to comply with state and federal consumer protection laws related to debt collection practices. The agreement requires corrective actions by the two companies and a settlement payment of \$500,000 to be distributed equally among the five states.

The settlement agreement is the result of a multi-state examination of debt collection practices at Allied Interstate, LLC, and The Receivable Management Services Corporation and its wholly owned subsidiary Receivable Management Services – Recovery Division LLC (RMS). The participating state agencies joining Massachusetts in this effort include the Connecticut Department of Banking, Idaho Department of Finance, Minnesota Department of Commerce, and North Dakota Department of Financial Institutions. The exam review period covered collection activity over a two-year period between February 11, 2013 and February 27, 2015. Additional operations and activities outside this time frame were also considered.

“Massachusetts residents should take comfort knowing not only that they have rights against egregious debt collection practices, but also that the Division of Banks will not hesitate to use its authority to enforce consumer protection laws and regulations in this arena. This settlement is a clear indication that poor business practice and violations against consumers will not be tolerated in Massachusetts,” said John Chapman, Undersecretary for the Office of Consumer Affairs and Business Regulation.

“This first of its kind multi-state settlement for improper debt collection practices highlights the collaborative nature of the state regulatory system. Division staff joined forces and resources with other regulators to examine a national debt collector to protect consumers in our home states,” said Massachusetts Commissioner of Banks Terence McGinnis. “This specific examination aimed to determine the companies’ compliance with applicable laws, the financial condition of the company, and supervision controls of licensed debt collection activities. The violations discovered warranted the appropriately significant penalty.”


Highlights of the agreement include:

- During October-December 2015, Allied Interstate violated federal and state consumer protection requirements, including the Fair Debt Collection Practices Act, and its own compliance policies that limit contact with third parties or with consumers at their places of employment in an effort to meet revenue goals. Specifically, collection agents were directed to call phone numbers that had previously been marked as “Do Not Call” and to document the accounts “REHAB PUSH” to avoid potential disciplinary action.
- Allied Interstate also engaged in unfair and deceptive practices by failing to promptly credit debtor accounts upon receipt of payment by check.
- Both Allied Interstate and RMS failed to provide timely, full access to all collection records. They also failed to submit complete responses to requested information in a timely manner.
- In addition to the \$500,000 settlement payment, the two companies have agreed to reform their debt collection, compliance and financial practices. These reforms include:
 - Enhancing oversight and monitoring to ensure an effective compliance management system;
 - Training all management, individual collectors and related support staff about the company’s whistleblower policy;
 - Maintaining an effective compliance audit program to verify adherence to state and federal consumer protection requirements and to identify compliance deficiencies;
 - Ensuring that debt collection operations do not include any unfair, deceptive or abusive practices;
 - Ensuring that debt collection operations do not include harassment of third parties or consumers at their places of employment in an effort to meet revenue goals; and
 - Improving oversight and monitoring of payment processing activity to ensure payments are properly credited to debtor accounts in a timely manner.

The Division licenses over 400 debt collectors to operate in Massachusetts. Licensed debt collectors must demonstrate financial responsibility and show they possess the character, reputation, integrity and fitness to engage in the business of a debt collector in an honest, fair, sound, and efficient manner. The Division conducts regular examinations of licensed debt collectors to determine compliance with state and federal consumer protection requirements governing debt collectors, including prohibitions on harassment or abuse; false, deceptive, or misleading representations; third party disclosure; and other unfair practices.

In addition to the formal regulatory action reported today, the Division also issues confidential informal regulatory actions to correct non-compliant collection practices, as well as issuing cease directives against unlicensed debt collectors operating in Massachusetts.

Consumers are encouraged to inform themselves of rules governing third-party debt collection, including many important consumer protections such as the limits on how often and when a collector can contact a debtor. Please refer to the Division of Banks website at www.mass.gov/dob, for additional information including instructions on how to file a complaint and information relative to the license application requirements. Please visit the Division's [Consumer Money Matters](#) webpage for tips to protect consumers from unlawful debt collection practices.

The Division of Banks is an agency within the Office of Consumer Affairs and Business Regulation which oversees state-chartered banks and credit unions, sales finance companies, check sellers, debt collectors, foreign transmittal agencies, mortgage lenders and brokers. For more information visit the Division's website at www.mass.gov/dob or contact the Division of Bank's Consumer Hotline at 1-800-495-BANK (2265). For a list of recent Division enforcement actions and related fines, please click [here](#) .

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