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FTC Obtains more than \$3.3 Million for Consumers; Defendants Agree to be Permanently Banned from the Debt Collection Business

Scheme Often Targeted Spanish-Speaking Consumers, Defendants Posed as Process Servers and Attorneys

FOR RELEASE

April 3, 2014

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The two principal owners of [Rincon Debt Management](#), Jason R. Begley and Wayne W. Lunsford, will surrender more than \$3.3 million worth of assets that will be used to provide refunds to victims, under a [settlement with the Federal Trade Commission](#). The two defendants also are permanently banned from the debt collection business.

Litigation continues against several companies that Begley and Lunsford used as part of their debt collection scheme. The Corona, California-based operation collected debts nationwide.

Part of the [FTC's continuing efforts to curb illegal debt collection practices](#), the settlement resolves FTC allegations that from April 2009 until October 2011 when the Court shut down the operation at the FTC's request, Begley and Lunsford deceived and abused Spanish- and English-speaking consumers – making bogus threats that consumers had been sued or could be arrested over debts they often did not owe.

“These debt collectors focused on Spanish-speaking consumers and other people who were strapped for cash, and preyed on them by using abusive



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collection tactics in violation of federal law,” said Jessica Rich, Director of the FTC’s Bureau of Consumer Protection.

The FTC’s [complaint alleged that the defendants violated](#) the Federal Trade Commission Act and the Fair Debt Collection Practices Act by calling consumers and their employers, family, friends, and neighbors, posing as process servers seeking to deliver legal papers that purportedly related to a lawsuit. In some instances, the defendants threatened that consumers would be arrested if they did not respond to the calls. The defendants and their employees also masqueraded as attorneys or employees of a law office – demanding that consumers pay “court costs” and “legal fees” – even though the operation did not file lawsuits against consumers, the FTC alleged. Also, in many instances, consumers did not even owe the debt the defendants were trying to collect.

In addition to the permanent ban on participating in debt relief services, Begley and Lunsford are prohibited from misrepresenting the features of any financial products or services, including lending, credit repair, debt relief, and mortgage assistance relief services.

The order imposes a \$23 million judgment against the defendants, which will be suspended due to their inability to pay, except for the \$3 million in frozen funds held by the receiver and the personal assets both agreed to surrender. Begley is required to surrender the rights to more than 3,500 American Eagle silver and gold coins. He will also pay a \$176,115 contempt judgment for having sold his home and some other coins in violation of the asset freeze that was imposed as part of the FTC’s case. Lunsford is required to pay a \$134,000 contempt judgment for the proceeds he received when he sold his home in violation of the asset freeze.

If it is determined that the financial information the defendants gave the FTC was untruthful, the full \$23 million judgment would become due.

For consumer information about dealing with debt collectors, see [Debt Collection](#).

The Commission vote approving the proposed consent judgment was 4-0. The FTC filed the proposed consent judgment in the U.S. District Court for the Central District of California and the Court approved it on March 28, 2014.

NOTE: Consent judgments have the force of law when approved and signed by the District Court judge.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC’s online [Complaint Assistant](#) or call

1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides [free information on a variety of consumer topics](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), and [subscribe to press releases](#) for the latest FTC news and resources.

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