



Consumer Financial
Protection Bureau

CFPB Takes Action to Halt Illegal Debt Collection Practices By Lawsuit Mill and Debt Buyer

CFPB Bars Law Firm, Debt Buyer from Churning Out Illegal Collections Lawsuits and Imposes \$2.5 Million in Penalties

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WASHINGTON, D.C. — The Consumer Financial Protection Bureau (CFPB) today ordered the debt collection law firm Pressler & Pressler, LLP, two principal partners, and New Century Financial Services, Inc., a debt buyer, to stop churning out unfair and deceptive debt collection lawsuits based on flimsy or nonexistent evidence. The consent orders bar the companies and individuals from illegal practices that can deceive or intimidate consumers, such as filing lawsuits without determining if debts in question are valid. The orders also require the firm and the named partners to pay \$1 million, and New Century to pay \$1.5 million to the Bureau's Civil Penalty Fund.

“For years, Pressler & Pressler churned out one lawsuit after another to collect debts for New Century that were not verified and might not exist,” said CFPB Director Richard Cordray. “Debt collectors that file lawsuits with no regard for their validity break the law and violate the public trust. We will continue to take action to protect borrowers from abuse.”

Pressler & Pressler is a New Jersey-based law firm that collects consumers' debts for creditors through lawsuits and other means. New Century Financial Services, also based in New Jersey, buys and collects defaulted consumer debts and hands off those accounts to Pressler & Pressler for collection. To collect alleged debts on behalf of New Century and others, Pressler & Pressler filed hundreds of thousands of lawsuits against consumers. Sheldon H. Pressler and Gerard J. Felt, partners of the firm, each participated in the firm's debt collection litigation practices.

The CFPB found that to mass-produce these lawsuits, Pressler & Pressler used an automated claim-preparation system and non-attorney support staff to determine which consumers to sue. Attorneys generally spent less than a few minutes, sometimes less than 30 seconds, reviewing each case before initiating a lawsuit. This process allowed the firm to generate and file hundreds of thousands of lawsuits against consumers in New Jersey, New York, and Pennsylvania between 2009 and 2014. The CFPB found that the respondents violated the Fair Debt Collection Practices Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, which prohibits unfair and deceptive acts or practices in the consumer financial marketplace. Specifically, the CFPB found that Pressler & Pressler, the firm's named partners, and New Century Financial Services:

- **Made false or empty allegations about consumer debts:** The CFPB found that the firm, the named partners, and New Century filed lawsuits against consumers without sufficient basis. Neither the firm nor New Century reviewed documents supporting the validity of debts.
- **Filed lawsuits based on unreliable or false information:** Some consumers had previously challenged the validity or accuracy of the debts, but the firm or New Century did not obtain or review information to justify their claims. The firm and New Century also filed suits and collected debt knowing that some account portfolios targeted for lawsuits contained unreliable or false information.
- **Harassed consumers with unsubstantiated court filings:** The CFPB found that the firm, the named partners, and New Century filed collection suits generated mainly by automated processes that relied on summary data. The firm won the vast majority of the lawsuits by default when consumers did not defend themselves, even though neither Pressler & Pressler nor New Century had verified that the debts were actually owed.

Enforcement Action

Under the Dodd-Frank Act, the CFPB has the authority to take action against institutions or individuals that engage in unfair, deceptive, or abusive acts or practices. The CFPB also has authority over debt collection practices under the Fair Debt Collection Practices Act. The CFPB orders require that Pressler & Pressler, the firm's named partners, and New Century Financial Services must:

- **Stop filing lawsuits with unsubstantiated claims:** Pressler & Pressler, the named partners, and New Century cannot file lawsuits or threaten to sue to collect debts unless they obtain and review specific account-level documents and information showing the debt is accurate and enforceable.
- **Ensure accurate court filings:** The firm, the named partners, and New Century may not use affidavits as evidence to collect debts unless they accurately describe relevant facts including that the individual executing the affidavit has personal knowledge of the debt, or, if not, has

reviewed documentation related to the debt. The firm must also keep an electronic record showing it is following proper procedures.

- **Pay civil penalties:** The firm and the named partners must pay a penalty of \$1 million to the CFPB's Civil Penalty Fund. New Century must pay a penalty of \$1.5 million.

The CFPB's order against Pressler & Pressler and the named partners is available at:

http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order-pressler-pressler-llp-sheldon-h-pressler-and-gerard-j-felt.pdf

The CFPB's order against New Century Financial Services is available at:

http://files.consumerfinance.gov/f/documents/201604_cfpb_consent-order_new-century-financial-services-inc.pdf

This action continues the Bureau's work to address illegal debt collection practices across the consumer financial marketplace, including companies that sell, buy, and collect debt. In recent separate enforcement [actions](#), the CFPB has ordered large banks, credit card issuers, debt buyers, and firms to overhaul their debt collection practices and refund millions to harmed consumers. The Bureau will continue working to ensure all players in the collections market treat consumers fairly.

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