



FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

FTC Action: Debt Collector Banned from Collection Business

FOR RELEASE

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A debt collector and his companies will be banned from the debt collection business under a settlement with the Federal Trade Commission and the Attorney General of the State of New York, which charged them with seeking money from consumers for debts they did not owe. The action was part of [Operation Collection Protection](#), an ongoing federal-state-local crackdown on collectors that use deceptive and abusive collection practices.

The [stipulated final order](#) resolves [charges brought in 2015 against Kelly S. Brace and four companies he owned](#). The FTC and New York charged them with collecting on fake payday loans they knew consumers did not really owe, and using deceptive and abusive tactics to get them to pay, including false threats of lawsuits and arrest. At the request of the FTC and New York, the court halted the defendants' operations and froze their assets.

In addition to banning Brace from debt collection, the final order prohibits him from misrepresenting material facts or making unsubstantiated claims about any good or service, and profiting from consumers' personal information or failing to dispose of it properly. The order imposes a judgment of more than \$18.4 million that will be partially suspended based on inability to pay once the defendants surrender assets worth \$151,893. The FTC and New York also agreed to a stipulated order against Brace's ex-wife, relief defendant Joelle J. Leclaire, who profited from the scheme. The order imposes a \$418,000 judgment, partially suspended upon her payment of \$44,700. In each case, the full judgment will become due immediately if the defendants are found to have misrepresented their financial condition.

The Commission vote authorizing the staff to file each of the stipulated orders for permanent injunction against Brace and Leclaire was 3-0. The U.S. District Court for the Western District of New York entered the orders on July 13, 2016, and August 18, 2016, respectively.

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

To learn more, read [Facing Debt Collection? Know Your Rights](#) and [Fake Debt Collectors](#).

The Federal Trade Commission works to promote competition, and [protect and educate consumers](#). You can [learn more about consumer topics](#) and file a [consumer complaint online](#) or by calling 1-877-FTC-HELP (382-4357). Like the FTC on [Facebook](#), follow us on [Twitter](#), read our [blogs](#) and [subscribe to press releases](#) for the latest FTC news and resources.

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