

[Banking and Finance Law Daily Wrap Up, TOP STORY—CFPB: debt collection law firm violated law with collection practices, \(May 20, 2019\)](#)

Banking and Finance Law Daily Wrap Up

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By [Colleen M. Svelnis, J.D.](#)

According to the CFPB complaint, a debt collection law firm used high-volume tactics to collect funds from consumers in violation of the Fair Debt Collection Practices Act and the Consumer Financial Protection Act.

In a suit filed in the U.S. District Court for the Eastern District of New York, the Consumer Financial Protection Bureau alleges that a debt collection law firm violated the Fair Debt Collection Practices Act's prohibition against deceptive acts and practices. The Bureau is [seeking](#) an injunction against Forster & Garbus, LLP, located in Commack, N.Y., in addition to damages, consumer restitution, disgorgement of ill-gotten gains, and civil money penalties. According to the [complaint](#), the law firm relies on non-attorney support staff, automation, and both a cursory and deficient review of account files to attempt to collect more than 99,000 debts that consumers allegedly owe to Forster & Garbus's clients.

The Bureau alleges that Forster & Garbus violated the Fair Debt Collection Practices Act and the Consumer Financial Protection Act's prohibition against deceptive acts and practices by representing to consumers that attorneys were meaningfully involved in its lawsuits when, in fact, attorneys were not meaningfully involved in preparing or filing them. The complaint states that Forster & Garbus has filed suits against purported debtors on behalf of creditors without investigating or verifying the summary information that served as the basis for those lawsuits. The CFPB also alleges that Forster & Garbus is generally not sufficiently familiar with its clients' contracts and practices to reasonably rely on the limited summary information that its clients provide.

The complaint alleges that the collection suits filed by Forster & Garbus "represented, directly or indirectly, expressly or by implication, that attorneys were meaningfully involved in preparing and filing the complaints," while instead, these suits were prepared and filed without meaningful attorney involvement. The Bureau further alleged that these material misrepresentations were likely to mislead consumers acting reasonably under the circumstances.

The complaint details how the law firm used high-volume litigation tactics to collect substantial sums of money from consumers who may not actually owe debts or may not owe debts in the amounts claimed in the collection suits. Historically, unless a consumer disputed a debt, the law firm did not generally conduct any inquiry into the facts surrounding an alleged debt and did not request supporting documentation, according to the CFPB complaint. These types of documentation, such as account applications, billing statements, payment histories, the terms and conditions governing an account, or consumer correspondence, would corroborate purported debts before filing suit. Additionally, the complaint alleges that the law firm did not conduct reviews for contractual disclaimers related to debt sales, even though many of its clients were debt buyers.

According to the complaint, Forster & Garbus operates on a "massive scale." The law firm filed more than 99,000 collection lawsuits between 2014 and 2016. During the time at issue, the law firm filed collection lawsuits on more than 45,600 consumer accounts; in 2015, it filed collection lawsuits on more than 34,100 consumer accounts; and in 2016, it filed collection lawsuits on more than 20,000 consumer accounts.

Forster & Garbus litigation bore the names and signatures of attorneys despite those attorneys not being "meaningfully involved" in reviewing the merits of the lawsuits, including conducting any inquiry into the facts, or in preparing the pleadings. Instead, the CFPB contends that the law firm relied upon non-attorney staff and automated processes to identify accounts.

The complaint details how associate attorneys would allocate roughly two minutes to reviewing a debtor's file before approving and signing a complaint. For the majority of accounts between 2014 and 2016, attorneys signed the complaints that initiated the Collection Suits without reviewing the original documentation in any form (electronically or otherwise) related to the purported debts. In one year at issue, the law firm possessed original or supporting documentation for only 19.6 percent of accounts on which it filed suit, according to the complaint.

Companies: Forster & Garbus, LLP

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