

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

<p>DISTRICT OF COLUMBIA,</p> <p style="text-align:center">Plaintiff,</p> <p style="text-align:center">v.</p> <p>FAIR COLLECTIONS & OUTSOURCING, INC.,</p> <p style="text-align:center">Defendant.</p>	<p>Case No. 2015 CA 008479 B</p>
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CONSENT JUDGMENT AND ORDER

This matter comes before the Court on the joint motion of the District of Columbia, (“District”) and Defendant Fair Collections & Outsourcing, Inc. (“FCO,” and collectively with the District, the “Parties”), pursuant to SCR-Civil R. 68-I, for entry of this Consent Judgment and Order (“Judgment”). The Parties agree to the relief set forth in this Judgment, and the Court further finds that the entry of the Judgment is in the public interest.

This Judgment fully resolves this matter. Only the District may seek enforcement of this Judgment against FCO.

I. THE PARTIES

1. Plaintiff District of Columbia is a municipal corporation empowered to sue and be sued and is the local government for the territory constituting the seat of the government of the United States. Pursuant to D.C. Code §§ 28-3814 and 28-3909(a)-(b), the Attorney General is authorized to bring legal actions seeking injunctive relief, consumer restitution, civil penalties, costs, and attorneys’ fees for violations of the District of Columbia Consumer Protection

Procedures Act (“CPPA”), D.C. Code §§ 28-3901, *et seq.* and the District’s Debt Collection Law, D.C. Code § 28-3814.

2. Defendant Fair Collections & Outsourcing, Inc. is a Maryland corporation with a principal place of business at 12304 Baltimore Avenue, Suite E, Beltsville, Maryland 20705. FCO is a third-party debt collector that specializes in collecting a variety of debts, including multi-unit residential housing debts, student debts, military housing debts, and senior/assisted living debts. FCO collects such debts from consumers residing in the District of Columbia. FCO’s clients consist primarily of large residential property managers.

II. DEFINITIONS

3. “Court fees” for purposes of this Judgment shall include any costs imposed by a court in addition to the amount of any debt owed, including filing fees, court costs, writ fees, U.S. Marshal eviction fees and/or attorneys’ fees.

4. “Consumer” shall include the definition contained in D.C. Code § 28-3901(a)(2) and for purposes of this Judgment shall refer to any resident of the District of Columbia from whom FCO collected any amount in connection with a debt.

III. PRIOR PROCEEDINGS

5. The District commenced this action with the filing of its Complaint on November 3, 2015.

6. In its action, the District alleges that FCO has violated the District’s CPPA and Debt Collection Law by engaging in unlawful and deceptive debt collection practices that misled consumers, violated consumers’ privacy rights, and facilitated the collection of unverified debts or debts that could not be legally collected.

7. FCO denies it has violated any laws, including the CPPA and the District's Debt Collection Law.

8. The Parties have agreed to the relief set forth in this Judgment in order to fully resolve this matter.

IV. APPLICATION

9. The provisions of this Judgment shall apply to FCO and its officers, employees, agents, successors, assignees, affiliates, merged or acquired entities, parent or controlling entities, wholly-owned subsidiaries, and all other persons acting in concert with FCO.

10. The provisions of this Judgment shall apply to FCO's collection and attempts to collect debts from consumers residing within the District of Columbia.

V. INJUNCTIVE TERMS

11. FCO shall not engage in any unlawful practice prohibited by the Consumer Protection Procedures Act, D.C. Code §§ 28-3901, *et seq.* or the Debt Collection Law, § 28-3814.

12. FCO shall not make any oral or written statements that have the capacity, tendency, or effect of deceiving or misleading consumers.

13. FCO shall not misrepresent its ability to lawfully collect any amount, fee, or expense that is not legally chargeable or otherwise owed.

14. FCO shall not fail to state a material fact, the omission of which deceives or tends to deceive consumers.

15. FCO shall comply with the District of Columbia Debt Collection Law.

16. FCO shall fully comply with the debt verification requirements of the Fair Debt Collections Practices Act, 15 U.S.C. §§ 1692, *et seq.*

17. FCO shall, when receiving an oral request to verify the validity of a debt it is collecting, clearly and conspicuously disclose to all consumers from whom it receives the request that the verification request must be submitted, in writing, to FCO within thirty (30) days of the receipt of FCO's initial demand letter. FCO shall include in any disclosure required under this paragraph the address the consumer must use to send his or her written request for verification. For purposes of this paragraph, a disclosure shall be clear and conspicuous if it is delivered in a volume and cadence sufficient for a consumer to hear and comprehend it, does not contradict or is not inconsistent with any other information with which it is presented, and is presented immediately after any information it materially modifies.

18. Upon receipt of a written dispute within thirty (30) days of a consumer's receipt of FCO's initial demand letter, FCO shall cease collecting any debt until it provides verification of the debt.

19. FCO shall not collect or attempt to collect any amount for court fees except where a court judgment or order has awarded such court fees.

20. FCO shall not, in connection with attempting to collect a debt, disclose the indebtedness of any consumer to any third-person by leaving recorded messages on any voicemail, answering machine, or other messaging service if doing so would violate the Fair Debt Collection Practices Act, 15 U.S.C. §§ 1692-1692p.

21. FCO shall not leave recorded messages on the voicemail, answering machine, or messaging service of any person in connection with attempting to collect a debt if that person has instructed FCO to not leave recorded messages at that phone number.

22. FCO agrees to provide the following disclosure to its clients:

- **Accounts or charges you should not send to collections.**
 - Accounts with accelerated rent.

- Accounts with collection fees added.
 - Accounts with court fees unless awarded or approved by a court.
 - Accounts with contractual charges disallowed by a court or responsible parties or otherwise released by the court or the collecting community.
- **Do not send accounts that include charges for legal fees not approved by a court.** A creditor must not add such legal fees or court costs to the principal balance due UNLESS they were already approved by a court, whether or not such charges are allowed in your leases.

VI. PAYMENT TERMS

a. Restitution

23. FCO shall pay to the District restitution in an amount equal to the court fees it collected or attempted to collect from consumers that were not awarded by a court, consistent with the terms of this Judgment. Consumers from whom FCO collected or attempted to collect court fees that were not awarded by a court are entitled to receive restitution, either as a payment or credit against any debt that is still owed to one of FCO's clients.

24. Within one hundred twenty (120) days of the date of the entry of this Judgment, FCO shall discharge or remove any balance owed to one of FCO's clients by any consumer for court fees that were not awarded by a court.

25. Within one hundred twenty (120) days of the entry of this Judgment, FCO shall provide the District a list of all consumers from whom it has collected or attempted to collect any court fees not awarded by a court since January 1, 2010 (the "Consumer List"). FCO shall produce the Consumer List in both electronic and paper form. For each such consumer whose name is contained on the Consumer List, FCO shall provide the following information in the form of a spreadsheet, with each item below contained in a separate field:

- i. the consumer's name;
- ii. the consumer's street address;

- iii. the city, state and zip code;
- iv. the consumer's Social Security number;
- v. the total amount of the debt placed for collection with FCO;
- vi. the amount of any court fees that FCO has discharged or removed from the consumer's account pursuant to paragraph 24;
- vii. the amount of any court fees paid by the consumer; and
- viii. the balance of any amount(s) the consumer owes any client of FCO other than for unpaid court fees, including unpaid rent, damages to any dwelling in excess of normal wear and tear, or other amounts related to the consumers' tenancy.

For a period of five (5) years, FCO shall maintain all of its records in its possession that document the information contained in the Consumer List. FCO shall provide the District access to such documents upon request.

26. Within one hundred and eighty (180) days of the date of the entry of this Judgment, FCO shall pay each consumer from whom it collected any court fees that were not awarded by a court a restitution amount equal to the amount of the court fees FCO collected, less any amount that the consumer owes any client of FCO for unpaid rent, damages to any dwelling in excess of normal wear and tear, or other amounts related to the consumer's tenancy. If, under this paragraph, any consumer has an outstanding debt to any client of FCO that exceeds his or her restitution payment, FCO shall apply the full amount of that restitution payment as a credit against the balance of the consumer's outstanding debt.

27. FCO shall provide the District with a list identifying each consumer to whom it paid restitution pursuant to paragraph 26 and the amount of the restitution paid to each consumer, identifying whether the payment was made as an affirmative payment or an account credit.

28. Two hundred and seven-five (275) days after the entry of this Judgment, FCO shall (i) provide the District with copies of the cancelled checks reflecting each payment of restitution to a consumer and (ii) send the District a payment equal to the total amount of any restitution payments that were not cashed by consumers, as reflected by any returned or uncashed checks. The District shall hold any unpaid restitution amounts either as an unclaimed fund for the consumer or it shall use the funds for any other lawful purpose designated by the Attorney General.

b. Costs

29. FCO shall pay to the District the sum of Forty Five Thousand Dollars (\$45,000) for costs the District has incurred investigating this matter as follows:

- i. One hundred twenty (120) days from the date of the entry of this Judgment, FCO shall pay the District Thirty Thousand Dollars (\$30,000.00);
- ii. One Hundred and Eighty (180) days from the date of the entry of this Judgment, FCO shall pay the District Fifteen Thousand Dollars (\$15,000.00), except FCO shall be permitted to reduce the amount it owes the District under this subparagraph by an amount equal to the total amount of restitution paid pursuant to paragraphs 23 and 26.

VII. ADDITIONAL TERMS

30. FCO understands that this Judgment is enforceable by the Office of Consumer Protection of the Office of the Attorney General for the District of Columbia and agrees that any violations of this Judgment shall be considered an unlawful practice that violates the Consumer Protection Procedures Act subjecting FCO to the legal and equitable remedies provided therein.

31. This Court retains jurisdiction to enforce or modify the terms of this Judgment as necessary.

CONSENTED TO FOR THE DISTRICT OF COLUMBIA:

KARL A. RACINE
Attorney General for the District of Columbia

NATALIE LUDAWAY
Chief Deputy

_____/s/_____
PHILIP ZIPERMAN*
Director, Office of Consumer Protection

_____/s/_____
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Dated: June 14, 2016

CONSENTED TO FOR FAIR COLLECTIONS & OUTSOURCING, INC.:

Michael Sobota, President
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12304 Baltimore Avenue Suite E
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877.324.7265
msobota@fco.com

Dated: 6-1-2016

_____/s/_____

* Practicing in the District of Columbia pursuant to Ct. App. R. 49(c).

SO ORDERED AND ADJUDGED.

Dated: 6/20/2016

Maurice A. Ross

Judge Maurice A. Ross
Superior Court Judge

Copies to:

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