

## **Roanoke debt collector draws complaints**

### **Most of the complaints against Atlantic Credit & Finance allege that their collectors harass debtors.**

By [Deirdre Conner](#) 981-3340 The Roanoke Times

[deirdre.conner@roanoke.com](mailto:deirdre.conner@roanoke.com) 981-3340

A Roanoke debt collection agency celebrated as the one of the nation's fastest-growing companies routinely harasses debtors and violates federal law, according to legal proceedings and complaints filed with consumer advocates and a state government agency.

Atlantic Credit & Finance Inc., a company that buys defaulted credit card debt and tries to recover it, has been sued nearly two dozen times in federal courts and at least twice in state courts for alleged violations of the Fair Debt Collection Practices Act. The federal law spells out what debt collectors can and can't do when attempting to collect debt from consumers.

Allegations in lawsuits and complaints against the company describe an assortment of illegal tactics used by collectors to get debtors to pay up, including repeatedly calling their employers after being asked to stop, and posing as attorneys.

In the past three years, the Better Business Bureau has received more than 100 complaints about Atlantic Credit & Finance, and the Virginia Department of Agriculture and Consumer Services has received 31 complaints.

Company President Kelly Woolwine declined to respond to questions about the lawsuits and complaints, saying it was against company policy.

Other representatives from Atlantic Credit & Finance and affiliated companies also declined phone and e-mail requests for comment.

Most of the complaints against Atlantic Credit & Finance and its affiliated companies allege that their collectors harass debtors and their employers to intimidate debtors into paying. But it is illegal for debt collectors to tell third parties about a debt and to call a debtor's place of employment when they have been asked verbally not to. Though it buys the debt, Atlantic is considered a debt collector under the FDCPA.

Debt collectors must altogether stop contacting a debtor if that request is in writing, though the collector may still notify the debt-holder that it intends to pursue a "specified remedy."

While many think the FDCPA is being flouted across the industry, many debt collectors have not received as many complaints or legal filings as Atlantic Credit & Finance, according to a database of federal lawsuits.

Two other long-standing Roanoke-area debt collection agencies, CCA Collections and SCA Credit Services, had only three federal FDCPA lawsuits over the past 10 years. Both are members of the Better Business Bureau, which means they must respond to complaints and maintain a "satisfactory" record.

The pressure of constant calls at work from Atlantic collectors stretched Dewayla Connor of Texarkana, Texas, nearly to the breaking point.

She said an Atlantic collector called her over and over at work despite repeated requests to stop. When the collector called her boss, Connor feared for her job. When the collector told a resident at the apartment complex she manages about the money Connor owed, her supervisor was furious, she said.

Connor said she didn't have the \$850 they said she owed on what she thought was a \$200-limit credit card, but she was afraid her job might be in jeopardy.

"If I had the money, yeah, even though I don't think I really owe it, I have to start thinking about my son and job. I would have paid to save my job if I had had the money," Connor said. "It was embarrassing. I mean, I wanted to leave my office for the day. It really affected my work."

Connor complained to the Better Business Bureau.

Richard Tierney, a Massachusetts resident, had an employer who was not as understanding when he continued to get calls from an Atlantic collector even after he asked them to stop calling him at work. He sued Atlantic last year in federal court for alleged FDCPA violations that he said got him fired from his job.

The case was settled in Tierney's favor on July 30. The settlement amount was not disclosed because of a confidentiality clause requested by Atlantic and agreed to by Tierney, according to Tierney's attorney Christopher LeFebvre. The agreement prevents any of the parties from talking about the terms of the settlement.

Two lawsuits filed in Texas this summer detail allegations that are similar. Michael Ford of Harris

County filed suit against Atlantic in June, alleging that a collector called his employer and his home so frequently that he was forced to unplug his telephones. According to the complaint, the collector would call back after Ford hung up on her, often as many as 10 times in a day.

Stephane Horton also sued Atlantic in June in Texas, claiming that collectors called her office so much that her co-workers were able to recognize their voices. When told that Horton was not in the office, collectors responded by calling the co-workers "liars" and demanding they put Horton on the phone, the complaint said.

The settlements for Ford and Horton came within two months of the initial filings and also included confidentiality agreements.

There's no doubt that debt collection is by nature an unpleasant process, said Julie Wheeler, president of the Better Business Bureau of Western Virginia. The recourse when consumers owe money is more complicated when debt is unsecured, such as with credit card accounts. Unlike cars or mortgages, collectors can't physically repossess past-due balances. But unpleasant is not the same as illegal, experts say, and sometimes people do exaggerate claims because they are upset.

"In the situation where someone's trying to collect debt, there's not a nice way to do it," Wheeler said.

Still, the unusually high volume of unanswered complaints earned Atlantic Credit & Finance an "unsatisfactory" report with the BBB, she said.

"I haven't independently verified [each incident], but by the fact that we've received this many complaints with the same string of information flowing through them leads me to believe that that is what's taking place," Wheeler said. "We do look for patterns, and hearing the same things from people all over the country - there's a pretty good chance that there's proof in that."

Growing company

Atlantic Credit & Finance's expansion has been meteoric. Atlantic, started as a basement operation by brothers Kelly and Richard Woolwine, was

named to Inc. magazine's top 50 fastest-growing private companies in 2002 and 2003. The company projected \$65 million in 2004 revenue, and has another office in Columbia, Md.

In May, plans were announced to open a new center in Henrico County under the name Virginia Credit & Finance, which the company said would be a "servicing partner" of Atlantic. And it has plans to open offices in West Palm Beach, Fla., and Phoenix in 2005, according to a press release.

In June 2003, Atlantic was awarded a \$150,000 grant by the Virginia Department of Business Assistance to train the 226 workers it planned to add to the payrolls at a new Roanoke office on Orange Avenue. The company had used only about half the amount as of August, the department said.

The grant was part of an economic development recruiting effort, where Virginia competed with Maryland for the site relocation and expansion. About 260 people work at the Roanoke office, according to a job advertisement the company ran on Aug. 25 in The Roanoke Times.

The company is in ways much like any other rising star. It was even honored this year for its first employee fund-raising campaign for the United Way.

But most corporations do not have an internal telephone directory in which employees are listed by name and working alias.

Strategies to collect debt at Atlantic Credit & Finance ranged from honest and polite to deceptive and outrageous, according Bryan Cruise of Roanoke, who said he was once one of Atlantic's highest-earning collectors.

Cruise said repeatedly calling a debtor's employer was a common technique, and frequently his own most effective tool. Cruise worked at Atlantic two separate times for a total of more than three years. He is currently employed elsewhere and said he now regrets much of his time at Atlantic.

Other collectors apparently used more creative tactics: Cruise said he once heard someone call a debtor's neighbor to ask where they were. Learning

that the person was shopping at a nearby Wal-Mart, the collector called the store and had the person paged over the loudspeaker to the front desk to talk to them about a debt, he said.

Others threatened to have debtors arrested, or screamed profanities at them over the phone, Cruise said.

After initially working on the collection floor, Cruise later worked in a newly formed compliance department, where part of his job was to respond to lawsuits and agency complaints.

Other former employees contacted for this report declined to speak on the record.

Collectors would also tell debtors that they would place liens on their houses, garnish their wages (both of which are illegal in some states), or even have them arrested, Cruise said, tactics similar to those alleged in lawsuits against Atlantic.

#### Settlement history

Matthew Johnson, senior research and compliance attorney at ACA International, a trade association of debt collectors and creditors, said he could not comment on whether Atlantic Credit & Finance or its affiliated companies have complaints lodged against them or have been subject to disciplinary action. It is made public if a company is suspended or expelled from the association, which happens infrequently, he said. He said that, in general, most ACA members "try to do it right."

Both Atlantic and The Law Office of John P. Frye are ACA members. Members of ACA are required to agree to an ethical code of conduct. The Law Office of John P. Frye lists an address next door to Atlantic, and has sent out collection letters for Atlantic.

Johnson said that generally speaking, it is not a good strategy for debt collectors to settle every case that is filed against them, especially if they are wrongly accused.

"Agencies don't like to settle too much if they think they've got a solid defense," he said. While it can be more cost-effective to settle cases, companies that

settle too often might open themselves up for more lawsuits, Johnson said.

Cruise said he did not know of a time when Atlantic had won an FDCPA case in court. All of the court documents found for this article showed that Atlantic settled cases.

Representatives of Atlantic Credit & Finance declined to comment on the issue.

Private enforcement - allowing consumers to sue for statutory damages and litigation fees over violations of the FDCPA - was built into the design of the law when it was passed in 1977. The Federal Trade Commission oversees broader enforcement of the FDCPA and takes action against the worst offenders. But few attorneys specialize in fair debt collection cases, and the FTC's resources are limited, consumer advocates say.

Thomas Kane, coordinator of FDCPA enforcement and education at the FTC, said he could not comment on whether Atlantic Credit & Finance is or has ever been the subject of an FTC investigation. The company has never been publicly fined or prosecuted by the FTC, Kane said.

Atlantic Credit & Finance is affiliated with at least three other companies: The Law Office of John P. Frye, Virginia Credit & Finance, and Rosewood Hudson & Associates. Its Columbia, Md., office was set up with the name Rosewood Hudson & Associates, but it later merged with Atlantic.

"Rosewood Hudson holds itself out as being a law firm, when in fact they are nothing other than a collection agency. That was the primary target of our lawsuit," said Brian Bromberg, an attorney in New York City who sued Rosewood and Atlantic over calls made in July 2002. In the suit, which was settled for \$1,500 plus attorney fees and court costs, answering machine tapes showed that a collector called the plaintiff claiming to be an "asset investigator for the law firm of Rosewood Hudson," Bromberg said.

Virginia State Corporation Commission records show that Rosewood Hudson & Associates merged with Atlantic Credit & Finance in March of this

year. But it did not list Rosewood Hudson as a law firm.

Earlier this year, plans were announced for a new company called Virginia Credit & Finance, which is to be a "servicing partner" of Atlantic, according to a press release from the office of Gov. Mark Warner. It will be located in Richmond.

Consumers have also received letters claiming to be from both Atlantic Credit & Finance and The Law Office of John P. Frye. The Virginia State Bar officially lists John P. Frye as a lawyer who has an office in Mechanicsville.

Steve Conley, an attorney in Louisiana, filed a lawsuit in federal court Aug. 20 against The Law Office of John P. Frye for sending a collection letter to his client Herbert S. Williams. Conley said the letter illegally implies that Williams would be sued.

"If a consumer gets a letter that says he's going to be taken to court, he knows the price of poker just went up," Conley said. "So if the attorney is not involved in this file, and if it is, in fact, a collection agency masquerading as a law firm, then that's a very unfair and deceptive practice."

John P. Frye is not licensed to practice in Louisiana, according to its state bar.

"The letter conveys the impression that the lawyer is going to file against the debtor in court in Louisiana. The letter is deceptive if the lawyer is not actually licensed in the debtor's state."

John P. Frye did not return messages left at his offices in Mechanicsville and Roanoke.

Conley said he believes the letters are produced "by the hundreds of thousands."

### Spiraling debt

Business is booming for debt collectors everywhere. In the last decade, consumers bought more and more on credit, and with the recent economic downturn and ensuing job losses, many of those bills went unpaid. Consumer debt stood at \$2.01 trillion in July, according to the Federal Reserve. Average credit card debt per U.S. household has

nearly tripled, from \$3,646 in 1993 to \$9,205 in 2003, according to CardWeb.com.

At the same time, debt buying has bloomed as a new industry. Atlantic claims its key to success is buying charged-off debts from major credit card issuers using a proprietary statistical model that identifies which accounts are most likely to be paid.

Debt buying is growing in part because federal regulators have been urging financial institutions to more quickly clear their books of delinquent debt, said William Lund, director of the Maine Office of Consumer Credit Regulation, a state that has what most consider to be the country's strictest debt collection laws and enforcement.

"It's a clean sale, and it is oftentimes for three or four or five cents on the dollar, even as low as two cents on the dollar," Lund said. "For a savvy debt buyer, it can be very remunerative."

Jerry Jarzombek, a lawyer in Fort Worth, Texas, who sued Atlantic Credit twice for FDCPA violations, said debt buyers can present a different set of problems to consumers than traditional third-party debt collectors because they are not accountable to anyone but themselves. Because Atlantic owns the debt, the money collected goes to the company, not a credit card issuer on whose behalf they are collecting.

"It's my opinion that they're scavengers. They find the decaying carcass of an account somewhere, buy it for pennies on the dollar and try to collect on it," Jarzombek said. "If I'm a debt collector and I file my case [against a debtor], maybe as high as a half will never be answered. That 50 percent of default judgments - it will go on their credit report again. Then they will have to answer to me before they try to buy a car."

In addition to the federal law, some states have decided to regulate debt collectors on their own in a variety of different ways. Some require agencies to have bonds and licenses to collect in their states, and some have their own laws regulating collectors. Virginia is not one of them.

There is anecdotal evidence to show that consumers in states with strong enforcement don't get harassed

as much. Wheeler said the BBB has received no complaints from consumers in Maine, Colorado and West Virginia.