Press Release
Tuesday, August 23, 2016

AG Swanson Sues Unlicensed Debt Collection Company That Aggressively Pursued People For Fake Payday Loans

Attorney General Lori Swanson today filed a lawsuit against Global Gateway Solutions, Inc., which operates call centers in Jamaica, for making unlicensed collection calls attempting to collect fake payday loan debts—or "phantom" debts—from Minnesotans who do not owe them.

"Phony collectors aggressively pursue collection of fake debts. These calls can be unsettling, but people shouldn't be intimidated into paying a debt they don't owe," said Attorney General Swanson.

Minnesota residents report that Global Gateway tried to bully them into paying off fake payday loans they had never taken out, including threatening to file lawsuits, having the person arrested, or sending the sheriff to their home if they didn't pay the money. Examples of the company's tactics in the Complaint include:

- repeatedly calling an elderly St. Cloud couple to demand they pay off a delinquent payday loan debt of $400, even though their only loan was their home mortgage.
- threatening to file a lawsuit against a Brooklyn Park woman if she did not pay off a payday loan within two days from a company she'd never heard of. Fearing a lawsuit, the woman paid Global Gateway $366.95, only to receive more calls from the company on another "phantom" debt one month later.

Global Gateway failed to inform people of their legal right to dispute the "debt" and refused to provide verification of the "debt" when people asked questions. Under the law, a debt collector is required to do both. For instance, during or within five days after a debt collector's initial contact, the collector must send the debtor a statement of the total amount owed to the creditor, along with information on how to dispute the debt.

Some people report that the company called them repeatedly, sometimes daily or even multiple times a day, after the person asked the calls to stop. In other cases, the company called work phones, co-workers, or relatives in an attempt to bully people into paying debts they did not owe.

* * *

Attorney General Swanson also today issued a Consumer Alert entitled Phony Debt Collection Scams (http://www.ag.state.mn.us/Consumer/Publications/PhonyDebtCollectionScams.asp), to warn the public about these scams and provide tips on how to avoid them.

What to Do if you are Targeted by a Phony Collection Scam.

If you receive a call from a "collector" demanding that you pay a debt that you do not owe, do not be intimidated by scare tactics—including threats of legal action or adverse credit reporting—to make a payment or disclose your banking information.

If you receive a call from a collector demanding payment on a debt that you do not owe:

1. Hang up the phone and contact the Minnesota Department of Commerce to determine if the company is licensed. If a company is not licensed, it may not engage in collection activity in Minnesota.

2. Demand that the company provide written verification of the debt and file a complaint with the Commerce Department, the Federal Trade Commission, and the Attorney General's Office.

3. Watch out for red flags, such as threats to have you arrested or send law enforcement officials to your home. Under the law, debt collectors cannot imply that nonpayment will lead to your arrest, imply they are government or court representatives, misrepresent the amount you owe, or threaten to disclose false information about you to the credit bureaus.

Today's lawsuit was filed in Anoka County District Court against Global Gateway Solutions, Inc., which also does business as First Recovery Associates, Northwest Recovery Associates, and National Recovery Associates. As noted above, Global Gateway is a Jamaica-based business. The suit seeks injunctive relief, civil penalties, and restitution for victims of the company's practices. It alleges violations of the state collection laws, including collecting debts without a license, misrepresenting that debts are due and owing, threatening actions that it cannot legally take, and failing to provide notice of people's right to dispute and seek verification of the debt.

People may report complaints about Global Gateway or other phony debt collectors to the Minnesota Attorney General's Office by calling (651) 296-3353 or (800) 657-3787. People may also download a Complaint Form (http://www.ag.state.mn.us/Office/Forms/ConsumerAssistanceRequest.asp) from the Attorney General's Office and mail the completed form to the Attorney General's Office at: 445 Minnesota Street, Suite 1400, Saint Paul, MN 55101-2131.

Related Posts

Debt Collection Fact Sheet

Find answers to questions such as... How can a debt collector contact you? What rights do you have regarding debt collection? What debt collection practices are prohibited?
(../../Consumer/Publications/DebtFactSheet.asp)

When Debt Collectors Come Calling and You Don't Owe the Money

It is not uncommon today for people to be pursued by debt collectors for money they don't owe. This occurs for several reasons: the original creditor may have made an accounting error, you may be a victim of identity theft, or the creditor may have found the wrong person with a similar name.
(../../Consumer/Publications/WhenDebtCollectorsComeCalling.asp)