



August 25, 2010

\*\*\*\**Consumer Alert* \*\*\*\* *Consumer Alert* \*\*\*\* *Consumer Alert* \*\*\*\*

### ATTORNEY GENERAL MADIGAN ISSUES WARNING ABOUT FAKE PAYDAY LOAN COLLECTION CALLS

Chicago – Attorney General Lisa Madigan today warned Illinois residents to be on the alert for scam artists posing as collectors of payday loan debt. The scammers call consumers and threaten them with legal action unless the victims authorize payments from their bank accounts.

In recent weeks, Madigan's office has seen a rise in consumer complaints about the bogus collection calls. Most of the consumers report they have taken out payday loans in the past, usually from an online lender, but paid off the loans long ago. In at least one instance, the consumer reportedly filled out an online payday loan application but never completed the process.

Madigan stressed that these complaints involve outright con artists, not innocent mistakes by legitimate debt collectors. Victims who have contacted Madigan's office report that the phone calls seem to originate from outside the United States. Often, the fake collector already knows personal information about the consumer, such as their name, Social Security Number, and place of employment, which can lead the consumer to believe they are dealing with a legitimate collector. Also, the scammers usually have the consumer's bank account information on file and ask the consumer to confirm the accuracy of the information.

Many times, the con artist will claim to be affiliated with a law enforcement agency. In almost every case, the bogus collector threatens the victim with legal action, including a lawsuit or arrest, if they don't make a payment right away. The scammers attempt to force victims into an immediate payment and ask them to authorize a direct withdrawal from their checking account. In some cases, they ask their victims to sign a promissory note and submit it to the bogus collector by fax. Some victims reported to the Attorney General's office that they have paid hundreds of dollars before realizing they have been scammed.

The bogus debt collectors use a variety of names, including: Morgan & Associates, Federal Bureau of Investigators, DNR Recovery, DNI Recovery, Legal Accounts Association, Department of Law and Enforcement, CashNet USA, America Legal Services, Quick Cash, and ACS.

Although many of these names are fake, some are names of legitimate businesses that the purported debt collectors may be using without permission.

The Attorney General urged those who receive a suspicious debt collection call to remember the following advice:

- You cannot go to jail for failing to pay a debt;
- If you are threatened in any way by the debt collector, hang up and file a complaint with the Attorney General's office;
- Do not give out any personal information over the telephone, including bank account numbers or credit card numbers;
- When in doubt, ask the debt collector to provide you with documentation that substantiates the debt they are trying to collect;
- Contact the original creditor and ask whether the debt has been paid. If it has not, confirm that the debt was sold to a third party collector before making a payment.

Consumers can contact the Illinois Attorney General's office at [www.illinoisattorneygeneral.gov](http://www.illinoisattorneygeneral.gov) or by calling the Attorney General's Consumer Fraud Hotline at the following numbers:

Chicago 1-800-386-5438

Springfield 1-800-243-0618

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