



# Federal Trade Commission News

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## **FTC, Illinois Attorney General Halt Chicago Area Operation Charged With Illegally Pressuring Consumers to Pay ‘Phantom’ Debts**

The Federal Trade Commission and the Illinois Attorney General’s Office have obtained a court order temporarily halting a fake debt collection scam located in Aurora, Illinois, a western suburb of Chicago. The defendants are charged with illegally using threats and intimidation tactics to coerce consumers to pay payday loan debts they either did not owe, or did not owe to the defendants.

The FTC’s case against K.I.P., LLC, Charles Dickey, and Chantelle Dickey is the agency’s seventh ‘phantom’ debt collector matter.

“This company scared and tricked people into paying debts they didn’t owe,” said Jessica Rich, Director of the FTC’s Bureau of Consumer Protection. “Working with terrific partners like the Illinois Attorney General, we will keep going after phantom debt scams like this one and shutting them down.”

“The defendants have threatened and intimidated their way into stealing hundreds of thousands of dollars from unsuspecting people all across the country,” Illinois Attorney General Lisa Madigan said. “Between our two offices, we have hundreds of complaints. It is clear they must be stopped.”

According to the complaint, since at least 2010, the defendants used a host of business names to target consumers who obtained or applied for payday or other short-term loans, pressuring them into paying debts that they either did not owe or that the defendants had no authority to collect.

Often armed with sensitive financial information, the defendants would call consumers and demand immediate payment for payday loans that were supposedly delinquent. To pressure consumers to pay, the defendants threatened that they would:

- Garnish consumers’ wages;
- Suspend or revoke their drivers’ licenses;
- Have them arrested or imprisoned; or
- File a lawsuit against them.

In response to the defendants' repeated calls and alleged threats, many consumers paid the debts, even though they may not have owed them, because they believed the defendants would follow through on their threats or they simply wanted to end the harassing phone calls.

The complaint also charges the defendants with failing to provide consumers with a notice containing: 1) the amount of the debt; 2) the name of the creditor to whom the debt is owed; 3) a statement that unless the consumer disputes the debt, it will be assumed to be valid; 4) a statement that if the consumer does dispute the debt in writing, the defendants will verify the debt is correct; and 5) a statement that upon the consumer's written request, the defendants will provide the consumer with the name and address of the original creditor if different from the current creditor.

Finally, the complaint charges that the defendants: called consumers at work when they knew such calls were prohibited by consumers' employers; harassed and abused consumers; used obscene or profane language; and called consumers repeatedly with the intent of annoying or abusing them.

The complaint also alleges that the defendants violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois Collection Agency Act, and that the defendants are not licensed debt collectors as required by Illinois law.

Defendants named in the case include: K.I.P., LLC; Charles Dickey, individually and as an owner, member, or managing member of K.I.P., LLC, and also doing business as (d/b/a) Ezell Williams and Associates, Corp.; Ezell Williams, LLC; Excel Receivables, Corp.; Second Chance Financial Credit, Corp.; Second Chance Financial, LLC; Payday Loan Recovery Group, LLC; Payday Loan Recovery Group; Payday Loan Recovery; International Recovery Services, LLC; International Recovery Services; and D&R Recovery. The complaint also names Chantelle Dickey, also known as Chantelle Rudd and Chantelle Williams, as an individual and as a manager of K.I.P.

The FTC and the Illinois Attorney General's Office appreciate the Aurora Police Department, North Aurora Police Department, Better Business Bureau of Chicago and Northern Illinois, and the U.S. Postal Inspection Service Chicago Division for their valuable assistance with this matter.

For consumer information about your rights under the Fair Debt Collection Practices Act, see [Facing Debt Collection? Know Your Rights](#). For consumer tips on dealing with phantom debt collectors, see [Fake Debt Collectors](#).

The Commission vote approving the filing of the joint complaint was 5-0. It was filed in the U.S. District Court for the Northern District of Illinois, Eastern Division. The court issued a temporary restraining order halting the charged practices, freezing the defendants' assets, and appointing a temporary receiver to take control of the business.

**NOTE:** The Commission files a complaint when it has "reason to believe" that the law has been or is being violated and it appears to the Commission that a proceeding is in the public interest. The case will be decided by the court.

**The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides [free information on a variety of consumer topics](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), and [subscribe to press releases](#) for the latest FTC news and resources.**