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**ATTORNEY GENERAL MADIGAN AND FTC REACH \$9 MILLION SETTLEMENT WITH PHANTOM DEBT COLLECTOR**

**Chicago** — Attorney General Lisa Madigan and the Federal Trade Commission (FTC) announced three separate settlements totaling \$47 million with the operators of a Chicago-area fake debt collection scheme. The settlements ban the operators from the debt collection business and from selling debt portfolios, which was the bulk of the business. The settlements also require the operators to surrender their assets totaling at least \$9 million, which will be returned to impacted consumers across the country.

Madigan and the FTC alleged in March 2016 that [Stark Law, Stark Recovery and Capital Harris Miller](#) targeted people who had obtained or applied for payday or other short-term loans. Since 2015, they pretended to be a law firm with authority to sue and obtain substantial judgments against delinquent consumers. They also sold bogus payday loan debt portfolios to other debt buyers, who then tried to collect the fake debts. The charges brought by Madigan and the FTC were part of [Operation Collection Protection](#), an ongoing federal-state-local crackdown on deceptive and abusive collection practices. A federal court had temporarily halted the scheme pending resolution of the case.

"The Stark Law firm and its affiliates coerced consumers through lies and threats into paying fake or 'phantom' debt – debts consumers had already paid back or never owed in the first place," Madigan said. "Working with the FTC, we were able to shut down these scammers and recover millions of their ill-gotten proceeds to return to victims."

In addition to banning the defendants from the debt collection business and from selling debt portfolios, the settlements also ban the companies from misrepresenting financial products and services, profiting from customers' personal information and failing to dispose of such information properly.

The defendants will surrender identified assets valued at more than \$9 million as part of the settlement. The full judgment will become due and payable if the defendants are found to have misrepresented their financial condition. Stark Law owner Hirsh Mohindra will give up certain bank and investment accounts, his home and rental properties. His brother Gaurav Mohindra will surrender \$85,000, a one-kilogram gold bar, certain bank accounts and his interest in a condominium. Preetesh Patel will give up \$41,000 and certain bank and investment accounts.

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