



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

FTC Charges Data Brokers with Helping Scammer Take More Than \$7 Million from Consumers' Accounts

Sold Personal Financial Information Obtained from Online Payday Loan Applications

FOR RELEASE

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TAGS: [Bureau of Consumer Protection](#) | [Consumer Protection](#) | [Credit and Finance](#) | [Payments and Billing](#) | [Consumer Privacy](#)

The Federal Trade Commission has charged a data broker operation with illegally selling payday loan applicants' financial information to a scam operation that took millions of dollars from consumers by debiting their bank accounts and charging their credit cards without their consent.

According to the FTC's complaint, the data broker enterprise bought loan applications from the operators of payday loan websites, and got others directly from consumers via their own payday loan websites. Instead of passing on those applications to legitimate payday lenders, the defendants sold the information to companies like Ideal Financial Solutions Inc., which purchased the financial account information for more than 500,000 consumers from the defendants and raided their accounts for at least \$7.1 million. As a result, some consumers had to close their accounts or were charged fees for insufficient funds.

"Scammers used consumer information they bought from this operation to make millions in unauthorized charges," said Jessica Rich, Director of the FTC's Bureau of Consumer Protection. "Companies that collect people's sensitive information and give it to scammers can expect to hear from the FTC."

The defendants often sold payday loan applications to Ideal Financial for about 50 cents each, while legitimate lenders pay up to \$100 or more. The complaint alleges they did this knowing that Ideal Financial was making unauthorized bank account debits and credit card charges. In fact, according to the complaint, the defendants helped hide Ideal Financial's fraud by using fine-print disclosures on their websites as well as other misleading tactics to avoid alerting banks to the fraudulent activity.

The defendants are Sequoia One LLC, Gen X Marketing Group LLC, Jason A. Kotzker, Theresa D. Bartholomew, John E. Bartholomew, Jr., and Paul T. McDonnell.

Three of the defendants, Paul T. McDonnell, Theresa D. Bartholomew, and John E. Bartholomew, Jr., have agreed to settle the FTC charges. Under proposed settlement orders, they are prohibited from selling or otherwise benefitting from customers' personal information. The order against the Bartholomews imposes a \$7.1 million judgment that will be suspended upon payment of \$15,000. The order against McDonnell imposes a judgment of more than \$3.7 million,

which will be suspended due to his inability to pay. The full judgments will become due immediately if these defendants are found to have misrepresented their financial condition. Litigation against the other defendants continues.

The Commission vote authorizing the staff to file the complaint and proposed final orders was 5-0. The documents were filed in the U.S. District Court for the District of Nevada. The proposed final orders are subject to court approval.

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. Final orders have the force of law when approved and signed by the district court judge.

To learn more, read [Online Payday Loans](#).

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.

PRESS RELEASE REFERENCE:

[FTC Action Halts Operation That Billed More Than \\$25 Million to Consumers' Bank and Credit Card Accounts without Their Consent](#)

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