



CFPB Files Suit Against Law Firm for Misrepresenting Attorney Involvement in Collection of Millions of Debts

CFPB Alleges Weltman, Weinberg & Reis Deceived Consumers with Misleading Calls and Letters

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WASHINGTON, D.C. - Today, the Consumer Financial Protection Bureau (CFPB) filed a lawsuit in a federal district court against the debt collection law firm Weltman, Weinberg & Reis for falsely representing in millions of collection letters sent to consumers that attorneys were involved in collecting the debt. The law firm made statements on collection calls and sent collection letters creating the false impression that attorneys had meaningfully reviewed the consumer's file, when no such review has occurred. The CFPB is seeking to stop the unlawful practices and recoup compensation for consumers who have been harmed.

"Debt collectors who misrepresent that a lawyer was involved in reviewing a consumer's account are implying a level of authority and professional judgement that is just not true," said CFPB Director Richard Cordray. "Weltman, Weinberg & Reis masked millions of debt collection letters and phone calls with the professional standards associated with attorneys when attorneys were, in fact, not involved. Such illegal behavior will not be allowed in the debt collection market."

Weltman, Weinberg & Reis, based in Cleveland, Ohio, regularly collects debt related to credit cards, installment loan contracts, mortgage loans, and student loans. It collects on debts nationwide but only files collection lawsuits in seven states: Illinois, Indiana, Kentucky, Michigan, New Jersey, Ohio, and Pennsylvania.

The CFPB alleges that the firm engaged in illegal debt collection practices. In form demand letters and during collection calls to consumers, the firm implied that lawyers had reviewed the veracity of a consumer's debt. But typically, no attorney had reviewed any aspect of a consumer's individual debt or accounts. No attorney had assessed any consumer-specific information. And no attorney had made any individual determination that the consumer owed the debt, that a specific letter should be sent to the consumer, that a consumer should receive a call, or that the account was a candidate for litigation.

The CFPB alleges that the company is violating the Fair Debt Collection Practices Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act. Since at least July 21, 2011, the law firm has sent millions of demand letters to consumers. Specifically, the CFPB alleges that the law firm:

- **Sent collection letters falsely implying they were from a lawyer:** Weltman, Weinberg & Reis sent letters on formal law firm letterhead with the phrase "Attorneys at Law" at the top of the letter and stated the law firm's name in the signature line. The letters also included a payment coupon indicating that payment should be sent to the firm. Some demand letters referred to possible "legal action" against consumers who did not make payments. Despite these representations, the vast majority of the time, no attorneys had reviewed consumer accounts or made any determination that the consumer owed the debt, that a specific letter should be sent to the consumer, or that the account was a candidate for litigation before these letters were sent.
- **Called consumers and falsely implied a lawyer was involved:** Weltman, Weinberg & Reis's debt collectors told consumers during collection calls that they were calling from a law firm. Specifically, sometimes they told consumers that it was the "largest collection law firm in the United States," or that the debt had been placed with "the collections branch of our law firm." This implied that attorneys participated in the

decision to make collection calls, but no attorney had reviewed consumer accounts before debt collectors called consumers.

The Bureau is seeking to stop the alleged unlawful practices of Weltman, Weinberg & Reis. The Bureau has also requested that the court impose penalties on the company for its conduct and require that compensation be paid to consumers who have been harmed.

The Bureau's complaint is not a finding or ruling that the defendant has actually violated the law.

The full text of the complaint can be found at:

http://files.consumerfinance.gov/f/documents/201704_cfpb_Weltman-Weinberg-Reis_Complaint.pdf

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

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