

Junk Debt Buyer LVNV Funding LLC Busted to the Tune of \$12.5 Million Dollars to Resolve Alleged Violations

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LVNV Funding LLC is a junk debt buyer, aptly named, because its business model is built entirely around gambling. The losers of its gambling, however, are flesh-and-blood consumers, not faceless casinos in Las Vegas, Nevada. Junk debt buyers buy old, defaulted consumer debts for pennies on the dollar and then try to collect the full amount of the defaulted debt. Most junk debt buyers like LVNV Funding can skip traditional debt collection and go right to the courts.

In traditional debt collection, the debt collector is a third party hired to try and collect the debt. Its efforts were rewarded by a percentage of the amounts collected as commissions. It was incentivized to contact you, work with you, and arrive at a solution with you. Junk debt buyers on the other hand have no incentive to work with you when they can employ the machinery of the court system to do its collections for them. "Why bother calling and writing you," LVNV Funding probably asked, "when a court will readily garnish your wages for us?"

LVNV Funding LLC and Resurgent Capital Services L.P. and Sherman Financial Group LLC

LVNV Funding is actually a sock puppet for much more powerful interests. It's owned by Sherman Financial Group LLC who in turn also owns Resurgent Capital Services L.P. Thus, if Sherman Financial was the parent, LVNV Funding and Resurgent Capital would be the daughters. Sherman Financial causes LVNV Funding to purchase and own debt and causes Resurgent Capital to "service" and otherwise collect the debt owned by LVNV Funding. It is believed that Sherman Financial reaps lucrative tax treatment from this arrangement as well as shielding itself from regulators and private lawsuits.

It is against this backdrop that LVNV Funding was busted in Maryland for improper debt collection activities. On June 28, 2012, LVNV Funding and Resurgent Capital (but not Sherman Financial, see above) executed a Settlement Agreement with the Maryland State Collection Agency Licensing Board regarding collection in Maryland.

LVNV Funding Was Not Licensed to Collect Debts

The chief complaint of the Licensing Board was that LVNV Funding was not licensed either as a creditor or a collector in Maryland yet it flooded the courts with tens of thousands of collection lawsuits. Sherman Financial claimed through Resurgent Capital that only Resurgent Capital had to be licensed. LVNV Funding did eventually obtain a license in February 2010, but the investigation of the Licensing Board pertained to its activities prior to then.

In October 2011, the Licensing Board issued its first summary order in this matter and suspended LVNV Funding and Resurgent Capital's collection efforts in Maryland. Alexander M. Sanchez, ultimately responsible for the licensing and regulation of debt collection activity, said of the LVNV Funding and Resurgent Capital suspensions, "[We] protect[] Marylanders against fraud and from the risk posed by unlicensed creditors, lenders and collectors; I applaud the Office of Financial Regulation for their proactive work to defend Maryland's consumers."

In its October 2011 press release, the Licensing Board found that LVNV Funding and Resurgent Capital "over the last six years have attempted to collect on consumer claims in default by filing at least

27,522 actions in State courts throughout Maryland, the majority of which were filed prior to the respondents obtaining proper licensing.” It was also alleged that LVNV Funding and Resurgent Capital engaged in additional violations of law including:

- Knowingly filing false, deceptive or deficient affidavits with regard to the affiant’s personal knowledge of the consumer’s claim;
- Intentionally misrepresenting the amount of the consumer claims and collecting impermissible compound interest;
- Knowingly collecting unauthorized attorney’s fees and prejudgment interest at unauthorized rates; and
- Filing cases which the relevant assignment documents evidence that LVNV did not have valid title of the consumer claims at issue.

Although in Paragraph 14 of June 2012 Settlement Agreement LVNV Funding and Resurgent Capital admit to no wrongdoing, the Settlement Agreement is intended to resolve the allegations found in the October 2011 summary order and suspension of LVNV Funding and Resurgent Capital from debt collection activities and an interim settlement agreement that arose in November 2011.

LVNV Funding to Cough Up \$12.5 Million Dollars to Get out of the Hot Seat

The Settlement Agreement resolving all of the Licensing Board’s issues with LVNV Funding and Resurgent Capital provides:

[A] voluntary penalty of \$1 million payable to the state, agreement to dismiss more than 3,500 cases pending in Maryland district courts having balances of over \$7.7 million, and credits totaling over \$3.8 million which will be applied to the accounts of over 6,200 consumers whose cases have already been adjudicated or settled.

\$12.5 million dollars is the value of LVNV Funding and Resurgent Capital’s concessions to end the Licensing Board’s right to engage in administrative hearings in which evidence could be made public. In a July 2012 Licensing Board Press Release, it was noted that LVNV Funding and Resurgent Capital “cooperated” with the Licensing Board and that they denied any liability and wrongdoing.

The Settlement Agreement is very complex and provides a wide variety of relief to affected Maryland consumers. Those believing they are entitled to various benefits which includes credit reporting amendments under the Settlement Agreement should Resurgent Capital at 866-316-1830 for additional information.

Click here for the Licensing Board’s Press Release about the [LVNV Funding Settlement](#).

Click here for the [LVNV Funding Settlement Agreement](#).

Unfortunately for Pennsylvania and New Jersey consumers, they do not reside in states willing to take on the scams of junk debt buyers. In the meantime, however, PA & NJ consumers can still resort to Consumer Rights Attorneys who will privately try to clean up the messes caused by LVNV Funding and/or Resurgent Capital.

[PA & NJ Consumers Needing Help with LVNV Funding or Resurgent Capital](#)

Should Click Here or Call Us at 610-616-5303 or 856-861-4241 for Professional Legal Assistance.

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