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NEWS RELEASE

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Cease and Desist Orders Issued to Unlicensed California Collection Agency and Attorney Trying to Collect on Bogus Debt

(Boise) – The Idaho Department of Finance announced today that it has issued two orders to cease and desist against **Legal and Debt Recovery**, an entity operating out of Orange, California, and its legal counsel, **D. Scott Carruthers**, a professional law corporation located in Stanton, California.

In March 2014, the department became aware of the unlicensed collection activities targeting an Idaho business. The business owner reported that it had been disputing unordered toner supply billings for over two years, but to no avail.

The unlicensed collection activities began by Legal and Debt Recovery, a purchaser of the alleged delinquent toner cartridge debt. Legal and Debt Recovery hired the legal services of attorney D. Scott Carruthers, and by November 2013 the unordered toner cartridge billing had spiraled out of control from an initial claim of \$339.25 to the sum of \$18,532.00, accompanied by the threat of a lawsuit if not paid in full.

The Idaho Collection Agency Act requires the licensure of third-party collection agencies that are collecting on consumer as well as commercial debt. "This includes debt buyers and attorneys not licensed to practice law in Idaho," said Gavin Gee, director of the Idaho Department of Finance. He cautioned that "legitimate collection agencies will not require a company to pay for unordered merchandise. This was a fraudulent scheme from the get-go, and the victimized business did the right thing by filing a complaint."

Gee advised Idaho consumers and businesses not to be bullied or deceived into paying for products not ordered. "And when it involves unscrupulous and unlicensed collection attempts, we recommend that you contact the Idaho Department of Finance," he said.

Gee said the investigation is ongoing and Idaho consumers and businesses experiencing collection attempts from Legal and Debt Recovery or its legal counsel, D. Scott Carruthers, are encouraged to contact the Idaho Department of Finance at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.

"Legal Debt Recovery, Inc.," a California corporation operating out of Monarch Beach, California, is not the same entity as the Respondent in the department's cease and desist order. The department's Web site (<http://finance.idaho.gov>) includes a listing of all collection agencies licensed to collect on consumer and commercial debt in Idaho.

Consumers can obtain information about financial firms, professionals or products, as well as view more Department press releases and other information on the Internet at <http://finance.idaho.gov> or by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.