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OWNER AND FIVE SUPERVISORS OF FRAUDULENT DEBT COLLECTION COMPANY CHARGED IN $6 MILLION CONSPIRACY TARGETING VICTIMS THROUGHOUT THE UNITED STATES

CHARLOTTE, N.C. – A criminal bill of information was filed today in U.S. District Court charging six individuals with mail and wire fraud conspiracy charges, for their involvement in a $6 million debt collection scheme operating in Mecklenburg County that targeted victims throughout the country, announced Jill Westmoreland Rose, U.S. Attorney for the Western District of North Carolina.

John A. Strong, Special Agent in Charge of the Federal Bureau of Investigation in North Carolina joins U.S. Attorney Rose in making today's announcement.

According to allegations contained in the criminal bill of information, Cedric Clark, 35, of Concord, N.C., was the sole owner, operator, and leader of the fraudulent debt collection company operating as Capital Solutions Agency, and/or Berkeley Hughes and Associates, and/or the Vortex Group, collectively "BHA." Clarks' five co-defendants, who served as both collectors and team leaders or supervisors are Michael Boughner, 48; Isaac Humberto Gonzalez, 31; Cynthia Martinez, 47; Benjamin Murray, 28; and Felicia Shaw, 46, all of Charlotte.

The charging document alleges that from in or about November 2011 through May 2015, BHA operated in Mecklenburg County and allegedly defrauded thousands of debtors throughout the United States of approximately $6 million. Using a number of interconnected fraudulent debt collection companies, court documents allege that the co-conspirators targeted individuals and generally executed their scheme to defraud by coercing purported debtors to pay money, some of which was not even owed, by providing false and misleading information and using harassing and abusive tactics.

The bill of information alleges that the collectors used prepared scripts that contained false and misleading information designed to scare purported debtors into paying monies. (An example script is attached.) Among the false and fraudulent representations in the script were that:

- The collector was calling "to investigate and possibly file 2 charges against you (the Debtor) in (Debtor's local county court)" and that those charges included "Breach of contract or fraud" and "Malicious intent to defraud a financial institution."

- "We have reviewed all of the case file; and it has been determined that this is a definite case of breach of contract…"

- "According to the language of this contract; our client has the right to pursue you for up to 378% of the original balance if this contract is breached…"

- "Federal law does require that I inform you that you do have the right to offer a counter offer; most defendants offer close to what they originally borrowed, plus the $300 civil penalty…assessed by the state…."

Further, court documents allege that in order to disguise the fraudulent nature of the business and scare purported debtors the collectors:

- Frequently changed the name of the purported company they were working for when making calls so that a purported debtor would not be able to locate truthful information about the company, and, more particularly complaints against the company, on the internet. For example, among the fictitious company names used were: The Layton Group, Kaufman and Associates, Sanderson Blaine & Associates, The Fleetwater Group, Bloom & Smith, Lyman & Turner Agency, Collins & Stern, Kennedy Clyne & Associates, The Patterson Group.

- In some instances, the collectors falsely represented that they were law firms, that they had attorneys on staff to consult, and/or that the collectors themselves were attorneys.

- In other instances, they falsely represented themselves to be members of law enforcement or falsely represented that they were working with or affiliated with law enforcement, sometimes going as far as to play a police scanner in the background.

- They utilized names intended to give the false impression they were working with the government, including, for example, "Mediations" or "Department of Fraud."

- They instructed collectors to use aliases, commonly known as "shake" names, when making the calls and to fraudulently identify themselves as an "investigator" purportedly calling on behalf of a "client."

The bill of information further alleges that BHA also often engaged in other scare tactics to fraudulently induce purported debtors, including:

- Harassing family members and friends to get the purported debtor to call them and pay them.

- Threatening that imminent civil and/or criminal charges would be filed if the purported debtor did not make arrangements to pay during the call.

- Threatening that a process server or the sheriff was prepared to serve them with papers, including, for example, arrest warrants, subpoenas, restraining orders, and garnishment of wages, if they did not make arrangements to pay during the call.

"Today's charges should serve as a warning to fraudulent debt collection companies looking to set up their illicit enterprise in the Western District," said U.S. Attorney Rose. "We also caution the public to be exceptionally careful if contacted by a purported debt collector who makes allegations of criminal charges yet refuses to provide documentation of the debt, threatens you if you do not pay before the call ends, and uses language similar to that charged here. Just because the collector has personal information about you, it does not mean the claim is legitimate. If you do not recognize the debt or the company, be careful and verify the information before you decide to pay," Rose added.

"It is difficult enough for many Americans to make ends meet and pay their bills on time. For criminals to prey on these hard working people is inexcusable. The FBI is working to uncover these fraudulent companies and hold those accountable for their predatory and criminal actions," said Special Agent in Charge Strong.

Each of the six defendants is charged with one count of engaging in a fraudulent debt collection conspiracy to commit mail and wire fraud, which carries a maximum prison term of five years in prison and a $250,000 fine. Clark is also charged with one count of money laundering, which carries a maximum prison term of 10 years and carries a fine of $250,000 or twice the amount fo the criminally derived property involved in the transaction.

The six defendants have acknowledged taking part in the conspiracy and have agreed to plead guilty to the charges filed against them, according to the plea agreements filed today. The defendants are expected to formally appear before the court to formally enter their guilty pleas.

All charges contained in the bill of information are allegations. The defendants are presumed innocent until proven guilty beyond reasonable doubt in a court of law.

The Charlotte Division of the Federal Bureau of Investigation is leading the investigation. Assistant United States Attorney Maria K. Vento, of the U.S. Attorney's Office in Charlotte, is in charge of the prosecution.

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