Federal Trade Commission press release, 2026-11-09
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FTC Action Results in Court Issuing Temporary Restraining Order Halting Phantom Debt Collection Operation

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Debt

Debt Collection

At the Federal Trade Commission's request, a federal court has temporarily halted and frozen the assets of a debt collection operation that allegedly used deceptive and unlawful tactics to pressure consumers into paying debts that they frequently did not owe.

"Pretending to be a law firm or affiliated with attorneys and threatening to contact consumers' employers and family members to induce consumers to pay debts they do not owe is illegal," said Christopher Mufarriage, Director of the FTC's Bureau of Consumer Protection. "We are pleased that the court stopped this scheme—sending a clear message that the FTC will not tolerate bad actors using unlawful debt collection tactics to coerce consumers into paying."

According to the complaint, McDonnell & Associates LLC, also doing business as First Capital Group , Maxwell & Bryant Group and Lewis, McDonnell & Associate LLC and owners, Oscar Gerardo Gonzalez Martin and Oscar Ruiz Canela, falsely claimed to be a law firm or affiliated with attorneys and used high-pressure tactics to coerce consumers to make payments on debts that the consumers often did not owe, a practice known as phantom debt collection. For instance, the complaint alleges that the defendants left deceptive voicemail messages to get consumers to

respond and threatened to contact consumers' employers and family members if they did not.

The complaint further alleges that when consumers did call back, the defendants would make a series of false representations and threats designed to coerce payment from consumers. For example, the defendants threatened to take legal action against consumers if they did not pay the alleged debt, garnish consumers' wages and put a lien on their properties. Yet, as alleged in the complaint, these threats were deceptive because defendants did not take these actions, nor did they intend to.

While making these threats, the complaint alleges, the defendants did not make legally required disclosures. For example, the defendants did not disclose that they were debt collectors and that any information consumers provided would be used for purposes of debt collection. The defendants also failed to provide consumers with legally required debt validation notices that listed the amount of the purported debt, identified the creditor and provided other essential information.

In reality, most consumers did not owe the alleged debts or the defendants lacked the authority to collect or act on the debts they claimed consumers owed. Nevertheless, because of the defendants' deceptive and abusive debt collection tactics, consumers often paid hundreds of dollars or more to satisfy the purported debts. In total, consumers have paid more than $20 million to defendants.

The court's temporary restraining order, issued on November 5, 2026, freezes the defendants' assets and puts the company under the control of a court-appointed receiver while the case continues.

The FTC alleges that the defendants' deceptive conduct violated the FTC Act, the Fair Debt Collection Practices Act and the Gramm-Leach-Bliley Act.

The Commission vote authorizing the staff to file the complaint was 2-0. The complaint was filed in the U.S. District Court for the Central District of California.

NOTE: The Commission files a complaint when it has "reason to believe" that the named defendants are violating or are about to violate the law and it appears to the Commission that a proceeding is in the public interest. The case will be decided by the court.

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