



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
NORTHWEST REGION

915 Second Ave., Ste. 2896
Seattle, Washington 98174

August 7, 2003

To whom it may concern:

In May 2003 the Federal Trade Commission (FTC) and eight state government agencies settled allegations that Leasecomm Corporation had unfairly and illegally obtained tens of thousands of default judgments in Massachusetts against consumers living all over the United States. In addition, the FTC alleged that Leasecomm knew or should have known that many vendors of business opportunity ventures who offered Leasecomm financing were engaged in deceptive practices in selling those business ventures. The FTC also alleged that Leasecomm misrepresented to consumers the possibility of them raising defenses to Leasecomm's claims for payment. The principal allegations concerned the part of Leasecomm's business that involved business opportunity and virtual terminal financing. Leasecomm also did substantial business in other financing areas.

As alleged by the FTC, many consumers were sold business opportunity ventures they considered worthless or fraudulent and chose not to pay for them. When sued by Leasecomm in a distant court, it was financially difficult for them to appear and defend the lawsuits. Also, it would not be apparent from the face of a Leasecomm contract whether a business venture was financed. The FTC alleged that Leasecomm's financing of business ventures was typically described in the contract as the financing of some product related to the overall purchase, such as a "virtual terminal."

As part of the settlements, Leasecomm agreed, among other things, (1) to cease collection on court judgments where the financing involved virtual terminals or the predominant purpose of the financing was for business ventures; (2) to file collection suits for business opportunity and all other products financed only in local courts; (3) to give the customer the option of dismissing or transferring to a local court any litigation currently pending in Massachusetts, regardless of the product or service involved; and (4) not to include certain language in future leases, or to enforce that language in existing leases. Leasecomm is also obligated under the state settlements to investigate all customer complaints, notify credit reporting agencies of debts that are disputed, and, if it agrees that the complaint is justified, request credit reporting agencies to delete the Leasecomm tradeline in its entirety. In settling the cases, Leasecomm did not admit to the truth of any of the complaint allegations. Further details and pleadings can be found at www.ftc.gov/ro/leasecomm.

We cannot comment on any specific consumer's general creditworthiness or whether that consumer was defrauded. However, if a consumer's credit report includes reference to his or her failure to pay amounts allegedly due on a Leasecomm lease or the existence of a judgment in Leasecomm's favor, you may wish to consider the information described above in evaluating the consumer's creditworthiness or any request the consumer has made for a correction in their credit history.

If you need further information, please write to the address above or email us at leasecomm@ftc.gov.