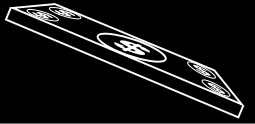


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On the
Edge



Fighting Bogus Arbitrations

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As consumers' use of credit cards increases, Internet scammers have found a large market of people willing to ignore the truism that "if something is too good to be true, it probably is." These scammers promise consumers a supposedly easy and lawful way to eliminate their credit card debts. Sadly, the worst victims of the scam are usually those consumers who are most in debt and who can ill-afford to pay what little free cash they have to a con artist.



Judy D. Thompson

The scam web sites use a number of different claims and arguments to reach the same conclusion: that the person can be instantly freed from debt and does not have to pay his creditors. Even if not meritorious, these arguments have the effect of delaying collection or causing creditors to cease collection because the amount to be collected is not

worth the hassle or cost of collection. The latest strategy is to use multiple alleged legal theories to obtain bogus arbitration awards that the debtors then try to confirm against their creditors and thus eliminate their debts.

"Scam" Legal Theories

1. "No Money Lent." A widely circulated Internet scam is based on the argument that no money was lent by the bank to the debtor. The premise behind this argument is that because the bank only lent "credit" to the debtor instead of money, the debtor does not need to repay the bank with actual money. As stated by the web site zerooutdebt.com:

When you sign for a credit card or home loan, the bank uses your signature as your "promise to pay," and that signature, that "promise to pay," is considered a valuable asset to the bank. Just like the U.S. bonds; bonds are simply the government's promise to pay [sic]. So, based on the valuable asset you just gave to the bank (for free), the bank uses that asset to create new money; they call it *credit money* (I call it *debt money*). They actually open an account and immediately fund it, from out of thin air, with the limit of your credit card contract or the value of the loan.

The fact is that the bank did *not* LOAN you any money. It did not experience any decrease in its assets. Even when it paid the seller for your house. It paid the seller out of the VALUE that was deposited, namely, your promissory note. Follow the logic: YOU paid the seller with your signature and promise to pay; the bank did not pay the seller as the bank never gave up anything of value, but YOU did. The ONLY value that was brought into this contract was your promise to pay. The bank never brought anything of value to the table at all. Only YOU did. The seller was paid by YOU, not the bank, by your "promise" to pay.

On a \$100,000 loan, your promissory note immediately became a valuable asset worth \$100,000. You gave the bank an asset that was worth \$100,000, and the bank turned around and used that asset to create new money in order to pay the seller. Now the bank wants you to pay them again another \$100,000, plus interest. Over a 30-year period, you will have paid \$300,000-400,000. But where is the *loan*? There never was an actual loan. And this was not disclosed to you, *which is against the law.* (Truth in lending—what was lent?)



S. Andrew Jurs

Thus, according to the "no money lent" argument, the debtor not only does not owe any money, but the debtor is in fact entitled to a claim against the lender for the largest amount of credit extended by the bank.

This argument can also be restated as saying that the bank did not provide any "consideration" to the debtor. This is based on the proposition that if the bank only lent credit to the debtor, then the bank did not risk any of its own funds and there was no consideration on which to base a contract for repayment.¹

2. *Truth in Lending.* Once the debtor accepts the proposition that no money was actually lent, it is a short distance to believing that the debtor's creditors have violated the Truth in Lending Act and/or other consumer protection laws. The violation purportedly occurs when the creditor fails to disclose the purported material fact that the creditor did not risk any of its assets and only lent credit.

Again, this argument ignores the fact that a creditor does not have to lend money directly to a debtor to create a liability. Often, in the face of a demand that the person state

¹ A similar theory is that where funds are advanced electronically, only "vapor money" is advanced, and the borrower is not required to repay such vapor money with "real" money. The alleged perpetrators of one of these schemes recently were referred by a federal judge for criminal prosecution; an attorney allegedly involved in the scheme was referred to the California State Bar by the federal judge for disciplinary proceedings. See *The Frances Kelley Family Trust v. World Savings Bank FSB*, No. C 04-03724 WHA (N.D. Cal. Jan. 19, 2005).

specifically what portion of the Truth in Lending Act has been violated, the debtor cannot support such a claim. Instead, the debtors are using broad allegations of fraud and misrepresentation in order to create doubt as to liability.

Bogus Arbitrations

1. Introduction to the Process. Because no court ever has accepted the previous arguments, the web sites ingeniously have created a strategy to sidestep the court system. The web sites have done so by attempting to use arbitration clauses, standard provisions in most credit card agreements, to support the “no-money-lent” scheme.

Typically, a consumer starts the bogus arbitration process by sending the credit card company a letter disputing the debt and purporting to change the terms of the credit agreement by naming a new arbitration forum as the place to resolve the dispute. In many of the bogus arbitration scams, these letters include a nominal payment and assert the existence of an “accord and satisfaction” if the consumer’s check is cashed. The consumers’ letters to their lenders typically state that cashing such a check constitutes acceptance of an offer to arbitrate any and all disputes between the lender and the consumer. Note, however, that the typical credit card agreement contains a provision expressly prohibiting the consumer from evading his debt by including statements like “accord and satisfaction” or “paid in full” on a check. The consumers and the bogus arbitration firms typically do not address this contractual provision.

Most likely, the new arbitration forum will have an official sounding name and be located far away from both the lender and the debtor. For example, in one case, the debtor, an Iowa resident, sent a letter to his credit card company, based in New Jersey, stating that he contested his debt, that he intended to tender a partial payment as full satisfaction of his debt and that he demanded arbitration of the dispute by an arbitration forum in North Carolina. This dispute letter contains identical language to other dispute letters received by the lender from other parts of the country involving other arbitration groups.

A lender’s response to such an “accord and satisfaction” letter should be to advise the consumer and the purported arbitration firm that the arbitration firm is not authorized to conduct an arbitration under the relevant provisions of the credit card agreement.

Whether or not any response to the “accord and satisfaction” letter is received, however, debtors using the bogus arbitration method then send a “Notice of Arbitration”

that purports to bind the creditor and force it to participate under the threat of default. The arbitrators in these cases generally refuse to conduct the arbitrations in person, but rely instead only on submissions from the parties. In fact, the arbitrators may refuse to allow any communication except through their web site. One North Carolina arbitration forum advises those who receive its letters: “Do not attempt to call or fax.” Similarly, another purported arbitration forum in New York did not have its address, fax number or telephone number on its web site, and its only method of contact was through the web site.

The arbitration forums also make it difficult to inquire about the identities of the arbitrators themselves. The Notices of Arbitration may simply contain a name and identify the arbitrator as an attorney, but there is little or no additional detail regarding the arbitrators or their qualifications. In many cases, a bogus “award” is issued even before the lender is aware that the consumer has initiated the proceeding. Sometimes the lender’s first knowledge of the bogus award is when the consumer seeks to interpose it as a defense to a collection action.

The end result of the bogus arbitrations usually involves an award to the debtor based on the “no money lent” theory in the amount of the default or the highest credit limit. Courts have declined to enforce these bogus arbitration awards. For example, a California judge took a strong stand against this kind of fraud in *Edward A. Seiler v. MBNA*.² In this case, the petitioner sought to evade payment of a credit card debt by filing a petition to confirm a phony award issued by the “Consumer Arbitration Forum.” When the judge became suspicious that the petition to confirm had never been properly served, the judge determined “that the Consumer Arbitration Forum could not be located by a telephone number in its purported place of existence.”³ The judge ultimately found that the attempt to confirm the bogus award constituted “one of the more palpable efforts of an individual to abuse the processes of the courts,” that the petitioner “attempted to deceive the court” through his participation in a “sham enterprise” and that the petition was “totally and completely without merit and filed solely to harass” the credit card issuer.⁴

In spite of an increasing number of favorable rulings, the bogus arbitration scam presents an ongoing hassle for creditors and their attempts to collect, costs creditors money to defend and wastes the courts’ time.

² *Edward A. Seiler v. MBNA*, No. CIV 434652 (Cal. Super. Ct., San Mateo Cnty., Dec. 5, 2003).

³ *Id.* at 3.

⁴ *Id.* at 4, 6, 7.

Combating Bogus Arbitrations

Faced with the alternative of separately defending against each sham “award,” some lenders have taken the offensive and filed suit against the bogus arbitration firms. Some lawsuits seek injunctions against the arbitration forums that can be identified and served. The following are some strategies creditors can employ in dealing with the bogus arbitration firms.

1. Defeating the “Accord and Satisfaction” Theory. A party cannot be forced to arbitrate when it did not agree to do so. “Arbitration is a matter of contract, and a party cannot be required to submit to arbitration any dispute which he has not agreed so to submit.”⁵ Although the procedures for enforcing an arbitration agreement or collecting an arbitration award are often governed by the Federal Arbitration Act and similar state statutes, the agreement to arbitrate in the first instance is a matter of contract, and the courts generally apply state law principles governing the formation of contracts when deciding whether parties agreed to arbitrate.⁶

Although the consumers assert the theory of accord and satisfaction to replace the original credit card or loan agreement with a new arbitration right, there cannot be an agreement to arbitrate when the parties have not reached an accord. Section 3-311 of the Uniform Commercial Code (UCC) defines when an “accord and satisfaction” exists and provides that accord and satisfaction requires three elements. First, the consumer must tender an instrument (*i.e.*, a check) in good faith for full satisfaction of a creditor’s claim. Second, the creditor’s claim must be unliquidated or subject to a bona fide dispute. Third, the creditor must obtain actual payment. Consumer debt arbitration scams fail the second and third prongs of the test for a valid accord and satisfaction under U.C.C. §3-311.

“Good faith” is defined in the UCC at §1-103(a)(4) as “honesty in fact and the observance of reasonable commercial standards of fair dealing.” Consumer claims that lenders created money out of thin air and similar claims should fail to meet the good-faith test on their face. Similarly, there is no bona fide dispute in the consumer credit scam arbitrations. The consumers actually received goods or services that they charged to their credit cards, and the consumers did not assert that the goods or services were defective or wrongly provided, or any similar defenses. Consumers’ claims that lenders created credit out of thin air do not constitute bona fide disputes. It is not a “good faith”

⁵ *AT & T Techs. Inc. v. Communications Workers of America*, 475 U.S. 643, 648 (1986).

⁶ *First Options of Chicago Inc. v. Kaplan*, 514 U.S. 938, 944 (1995).

faith” dispute simply to offer to pay less than an amount that is admittedly borrowed.⁷ “[T]here is no bona fide dispute where it is clear what amount is owed and the dispute centers on whether the debt is owed at all.”⁸ When a debtor does not dispute receiving goods or services, but merely does not want to pay for them, the debtor is not released from its obligations simply because it used the phrase “accord and satisfaction” in connection with a payment.⁹

2. *Obtaining Declaratory Relief.* The creditor may seek an order pursuant to the federal Declaratory Judgment Act, 28 U.S.C. §2201, or comparable state statute, declaring that any and all arbitration “awards” issued by the bogus arbitration firm are null and void as a matter of law. There is essentially only one element to a declaratory relief cause of action—“the existence of an actual, present controversy over a proper subject.”¹⁰

There is little doubt that an actual controversy exists concerning the legal duties and rights of the parties in these types of actions. The creditors contend that the “awards” are meritless and unenforceable since there is no contractual agreement between the parties to have the bogus firm arbitrate disputes. On the other hand, the bogus firms (if they appear to defend themselves at all) contend that the “awards” are legitimate and lawful.

In many cases, there exists no agreement between the parties authorizing arbitration before the bogus firms. In some instances, the creditors inform the bogus firms long before awards are issued that the creditor had not agreed, and would not agree, to arbitrate any borrower disputes before the bogus firm. The bogus firms’ issuance of sham “awards” in the face of the creditors’ non-consent is unlawful, and such “awards” are clearly invalid and not binding on the creditors. Arbitration is a matter of contract, and a party cannot be required to submit to arbitration any dispute that she or he has not agreed so to submit.¹¹ Where there is no agreement to arbitrate before a

⁷ *Baillie Lumber Co. Inc. v. Kincaid Carolina Corp.*, 4 N.C. App. 342, 167 S.E.2d 85 (1969).

⁸ *Sedona Development Group Inc. v. Merrillville Road*, 801 N.E.2d 1274, 1278 (Ind. App. 2004) (citing *Gord Indus. Plastics Inc. v. Aubrey Mfg. Inc.*, 431 N.E.2d 445, 448 (Ill. App. 1982)).

⁹ *Glover v. Sunnyside Produce Co. Inc.*, 2001 WL 1807404, *2 (Pa. Com. Pl. 2001). See, also, *Pierola v. Moschonas*, 687 A.2d 942, 948 (D.C. App. 1997) (part satisfaction of a fixed debt is not consideration for accord and satisfaction as there is a preexisting duty to pay absent a bona fide or honest dispute); *Ward v. Richards & Rossano Inc.*, 51 Wash. App. 423, 429, 754 P.2d 120, 125 (1988) (the offeror of an accord must have a “bona fide belief in the validity of his or her position with respect to the claim”); *Product Advancement Corp. v. Paducah Box & Basket Co.*, 114 F. Supp. 25, 27 (W.D. Ky. 1953) (“where the facts show clearly a certain sum to be due from one person to another, a release of the entire sum upon payment of part is without consideration”).

¹⁰ *Californians for Native Salmon and Steelhead Association v. Department of Forestry*, 221 Cal. App. 3d 1419, 1426 (1990); see, also, *Baird v. State*, 574 P.2d 713, 715-16 (1978) (“justiciable controversy” relates to “an actual conflict between interested parties asserting adverse claims on an accrued state of facts as opposed to a hypothetical state of facts”).

particular firm, the creditor should thus be entitled to a determination to that effect and stating that no arbitration awards issued by the firm are valid.

A more sophisticated argument sometimes seen is that, although the borrowers agreed to submit to arbitration, they did not agree to arbitrate with the firms listed in the agreement. Because this part of the arbitration agreement is unconscionable, they say, borrowers are free unilaterally to choose a different (and bogus) arbitration firm to handle their disputes. There is a certain inherent *sauce-for-the-goose* logic to this argument, but it is fundamentally flawed because it conflicts with basic principles of arbitration law. Specifically, where there is a dispute as to who may arbitrate a dispute, the court must appoint an arbitrator.¹² Thus, the borrower may not simply impose his choice of arbitrator upon the creditor in violation of express terms of the agreement.

3. *Injunctive Relief and Intentional Interference with Contractual Relations.* While the creditors can challenge each “award” separately and engage in appropriate legal action to vacate the “award” and/or reconfirm the borrower’s debt, those endeavors are costly and inefficient. In this respect, the common law tort of “intentional interference with contract” may be helpful.

In one action, a lender successfully obtained an order from the U.S. District Court for the District of Idaho permanently enjoining one bogus “firm” from engaging in the bogus arbitration scheme.¹³ The permanent injunction enjoined the arbitration firm and its registered agent from, among other things, (1) conducting any arbitration proceedings involving the lender’s credit card customers, (2) accepting any arbitration demands involving the lender’s credit card customers (3) issuing or attempting to enforce any arbitration “awards” involving the lender, (4)

¹¹ *AT&T Tech. Inc. v. Communication Workers of Am.*, 475 U.S. 643, 648 (1986); *United Steelworkers of Am. v. Warrior & Gulf Navigation Co.*, 363 U.S. 574, 582 (1960); *Czarina LLC v. W.F. Poe Syndicate*, 358 F.3d 1286, 1293 (11th Cir. 2004) (“[A]rbitration is a creature of contract, and thus the powers of an arbitrator extend only as far as the parties have agreed they will extend.”); *Francesco’s B. Inc., v. Hotel and Rest. Employees and Bartenders Union, Local 28*, 659 F.2d 1383, 1387 (9th Cir. 1981) (“The duty to arbitrate depends solely on the contractual agreement of the parties to settle their disputes in that manner.”); *R.J. O’Brien & Assoc. Inc. v. Pipkin*, 64 F.3d 257, 263 (7th Cir. 1995) (arbitrator must have been “chosen in conformance with the procedures specified in the parties’ agreement to arbitrate.”); *Cargill Rice Inc. v. Empresa Nicaraguenses Dealimentos Basicos*, 25 F.3d 223, 226 (4th Cir. 1994) (“Arbitration awards made by arbitrators not appointed under the method provided in the parties’ contract must be vacated”).

¹² See 9 U.S.C. §5 (“if for any other reason there shall be a lapse in the naming of an arbitrator or arbitrators or umpire, or in filling a vacancy, then upon the application of either party to the controversy the court shall designate and appoint an arbitrator or arbitrators or umpire, as the case may require, who shall act under the said agreement with the same force and effect as if he or they had been specifically named therein”); *Brown v. IIT Consumer Fin. Corp.*, 211 F.3d 1217, 1222 (11th Cir. 2000) (“Where the chosen forum is unavailable, however, or has failed for some reason, [9 U.S.C.] §5 applies and a substitute arbitrator may be named” by a court).

¹³ See *Tech Solutions LLC v. Bank One Delaware NA et al.*, Case No. CIV-04-494S-EJL (D. Idaho Dec. 17, 2004).

interfering directly or indirectly in any way with any relationships between the lender and its credit card customers and (5) advising, teaching, transferring and/or supporting any other person or entity on how to form and/or operate an arbitration entity that purports to arbitrate matters involving the lender and its credit card customers.

Generally speaking, injunctive relief is available upon a showing of a combination of (1) probable success on the merits, (2) possibility of irreparable injury, (3) inadequacy of the remedy at law and (4) multiplicity of suits.¹⁴ These conditions are plainly satisfied in the case of repeated presentation of bogus arbitration awards.

The elements that a plaintiff must plead to state the cause of action for intentional interference with contractual relations are “(1) a valid contract between plaintiff and a third party, (2) defendant’s knowledge of this contract, (3) defendant’s intentional acts designed to induce a breach or disruption of the contractual relationship, (4) actual breach or disruption of the contractual relationship and (5) resulting damage.”¹⁵ To “establish the claim, the plaintiff need not prove that a defendant acted with the primary purpose of disrupting the contract, but must show the defendant’s knowledge that the interference was certain or substantially certain to occur as a result of his or her action.”¹⁶

The bogus arbitration firms knowingly and intentionally interfere with and cause the disruption of the creditor’s contractual relationship with its borrowers by (1) assisting the borrowers to serve unauthorized and ineffective “amendments” to their credit card agreements, (2) accepting unauthorized “arbitration” demands from borrowers in knowing violation of the governing credit card agreement, (3) facilitating borrowers’ attempts to avoid their debts by conducting phantom “mailbox arbitrations” without any contractual authorization and (4) issuing sham arbitration “awards” on the basis of false statements and misrepresentations in violation of the governing credit card agreement. Indeed, these “awards” often are entered in favor of borrowers who are, or were, being sued by the creditor as a result of the borrowers’ failure to pay the outstanding balance due on their credit card accounts. The borrowers often refuse to pay the debts owing on their accounts because of the phony “awards,” and the creditors lose money legitimately owed to them.

¹⁴ See *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982); *Stuhlbarg Intern. Sales Co. Inc. v. John D. Bruch & Co. Inc.*, 240 F.3d 832, 841 (9th Cir. 2001); *Johnson & Johnson Vision Care Inc. v. 1-800 Contacts Inc.*, 299 F.3d 1242, 1246-47 (11th Cir. 2002).

¹⁵ *Pacific Gas & Electric Co. v. Bear Stearns & Co.*, 50 Cal. 3d 1118, 1126 (1990). Accord, *Johnson Enterprises of Jacksonville Inc. v. FPL Group Inc.*, 162 F.3d 1290, 1321 (11th Cir. 1998) (listing similar elements).

¹⁶ *Reeves*, 33 Cal. 4th at 1148.

The harm caused the creditors by this scheme is obvious. As a result of the interference, the companies are forced separately and repeatedly, at significant inconvenience and expense, to defend against the meritless arbitration “awards” and demonstrate that such “awards” are null and void as a matter of law. The schemes also harm creditors because the legitimate collection efforts are hindered and delayed. Absent injunctive relief, the companies will continue to suffer inconvenience and expense. “Being compelled to arbitrate a claim in the absence of an agreement to arbitrate that claim constitutes an irreparable injury.”¹⁷

The sham “awards” do in fact interfere with and disrupt the relationships of the creditors and their borrowers. Taking the position that the “awards” exonerate them from their contractual obligations to pay the debts owing on their accounts, the borrowers fail to pay their debts and the creditors lose money legitimately owed to them. Thereafter, the companies incur additional legal expense in defending against the “awards” on top of the monies expended in collection of the debts owing on the accounts.

Finally, as a practical matter, there exists no adequate remedy at law, for it is impossible for creditors to determine the precise amount of damages in the form of increased costs and expenses that they will incur in the future from the continued misconduct. Absent injunctive relief, the companies will continue to suffer as an unknown number of future borrowers will fail to pay or will delay paying their debts because of the bogus arbitration firms’ unlawful and improper conduct. Ultimately, the misconduct of the bogus arbitration firms injures the creditors’ reputation in the marketplace.

Grounds for equitable relief, such as inadequacy of the remedy at law and a multiplicity of suits, exist. In issuing the “awards,” the bogus firms are engaged in ongoing and continuing interference with the creditors’ relationships with their borrowers. Although the exact pecuniary impact of this interference is difficult to predict, history shows that this conduct has been, and continues to be, disruptive to contractual relationships with borrowers. Moreover, the bogus arbitration schemes are disruptive irrespective of their financial impact. Indeed, “[e]vidence of threatened loss of prospective customers or goodwill certainly supports a finding of the possibility of irreparable harm.”¹⁸ Finally, it would be wasteful and inefficient for the creditors to need to sue

each bogus firm separately for each sham arbitration “award” that a firm separately issues.

4. Monetary Relief. Given the type of harm suffered, the exact pecuniary damage suffered as a result of the misconduct of the bogus arbitration firms can be difficult to quantify. However, “the fact that the amount thereof may be difficult of exact measurement, or subject to various possible contingencies, does not bar a recovery.”¹⁹ Likewise, “the law only requires that some reasonable basis of computation be used and will allow damages so computed, even if the result reached is only an approximation.”²⁰

With this standard in mind, monetary damages essentially are composed of (1) the legal costs incurred in separately defending against the numerous sham “awards” issued by each bogus firm, (2) the loss of money owed to a creditor when borrowers refuse to pay the amounts owing on their accounts on the grounds that the “award” exonerates them from their contractual obligations to pay the balance due and owing, and (3) the damage to the creditors’ relationship with their borrowers and overall reputation in the marketplace attributable to the bogus firms’ misconduct.

5. Deceptive Trade Practices Acts. Another alternative is to bring suit under various state unfair and deceptive trade practices acts.²¹ Although these statutes often are used by consumers against businesses, their terms do not limit them to that context. Indeed, the action fundamentally is a consumer protection suit because bogus arbitration schemes ultimately harm consumers by denuding them of funds at a time when they can ill-afford to lose them.²²

Strong arguments exist to the effect that the bogus arbitration firms’ conduct is “unlawful,” “unfair,” “fraudulent,” “deceptive” or “unconscionable” in that the firms purport to bind creditors to an arbitration process that has not been agreed to, they assert jurisdiction over the creditors when they clearly have no right to arbitrate any claims involving the issuers and they purport to be an objective arbitration process when, in fact, they are a complete sham. Moreover, the bogus firms defraud consumers by charging them for a service that—usually after extensive litigation—proves worse than worthless, as consumers are typically liable

¹⁸ *Stuhlberg Int’l. Sales Co. v. John D. Brush and Co.*, 240 F.3d 832, 841 (9th Cir. 2001).

¹⁹ *Noble v. Tweedy*, 90 Cal. App. 2d 738, 745 (1949).

²⁰ *Allen v. Gardner*, 126 Cal. App. 2d 335, 340 (1954).

²¹ See, e.g., Cal. Bus. & Prof. Code §17200, Fla. Stats. §501.201.

²² See *Committee on Children’s Television Inc. v. General Foods Corp.*, 35 Cal. 3d 197, 210 (1983) (interpreting California’s Unfair Competition Law: “The legislature apparently intended to permit courts to enjoin ongoing wrongful business conduct in whatever context such activity might occur”); *Mack v. Bristol-Myers Squibb Co.*, 673 So. 2d 100 (Fla. 1st Dist. Ct. App. 1996) (interpreting Florida Unfair and Deceptive Trade Practices Act: Conduct that “offends established public policy” and is “immoral, unethical, oppressive, unscrupulous or substantially injurious to consumers” violates the law).

for the increased collection costs associated with responding to the bogus awards. Thus, a violation of state unfair trade practices acts potentially may be proven regardless of what the particular creditor-borrower contract says. Moreover, these statutes typically provide for broad injunctive relief.

Conclusion

The end result is that creditors must take timely and aggressive action in responding to bogus arbitration notices. In particular, legal tools exist so that creditors can attack the problem directly by initiating actions against the bogus arbitration entity. Concomitantly, the creditors also can advise the relevant state attorney general offices and the relevant state bar organizations of the fraud being worked on their citizens. Statutory relief may ultimately be necessary to provide more effective tools for responding to this nationwide problem. Defeating these arbitration scams at their source is necessary, however, because unfortunately, the scams will continue as long as persons in financial distress are willing to believe anything—no matter how unbelievable—that promises an easy escape from debt. ■

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¹⁷ *MONY Sec. Corp. v. Bornstein*, No. 2:02cv9FTM29DNF, 2002 WL 32153368, at *1 (M.D. Fla. Feb. 8, 2002).