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Husch Blackwell Wins Illegal Consumer Debt Settlement Case and Helps Shutter Austin-Based Orion

Husch Blackwell won a key victory against consumer debt collection company Orion Processing (Orion). Orion violated Federal Trade Commission regulations and numerous state laws. Financial Services Partner Lynn Butler led the team at Husch Blackwell.

According to Butler, Orion Processing – a front company for a website called World Law Direct – scammed consumers nationwide. It filed bankruptcy in Austin in an attempt to quietly reorganize and to avoid litigation filed against it by at least six states (OR, WA, CT, CO, IL, NC). During the trial, the Consumer Financial Protection Board along with law enforcement raided the Orion’s headquarters and took control of the company.

"Orion represented to their debt-resolution clients that they would receive legal services from local attorneys who would provide them with appropriate legal advice," Butler said. "However, the law firm that Orion advertised simply does not exist. Legal fees were funneled through an account that ultimately went to Orion’s owners who used the money for personal use and to fund Orion and other business expenses," Butler said.

The Husch Blackwell victory proved that the Orion could not effectively reorganize because its business model was illegal and deceptive. Husch Blackwell attorneys convinced the court to convert the Orion bankruptcy to Chapter 7 liquidation. Butler was counsel for the State of Oregon Department of Justice and acted as liaison and coordinator of the legal interests of all six states that had initiated actions against Orion.

"Bankruptcy court is the worst place for you to try to hide," said Butler in his closing argument.

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Husch Blackwell Partner Rhonda Mates was part of the Husch Blackwell legal team handling the Orion case. Mates is experienced in representing commercial litigation in bankruptcy matters.

Husch Blackwell is an industry-focused, full-service litigation and business law firm with 16 offices across the U.S. and in London. The firm represents national and global leaders in major industries including energy and natural resources; financial services; food and agribusiness; healthcare, life sciences and pharmaceuticals; real estate, development and construction; and technology, manufacturing and transportation.