

**PREPARED STATEMENT OF
THE FEDERAL TRADE COMMISSION**

on

THE DEBT SETTLEMENT INDUSTRY: THE CONSUMER'S EXPERIENCE

Before the

**SENATE COMMITTEE ON COMMERCE,
SCIENCE, A**

has brought Oswin's lawsuit against the nonprofit consumer groups
that have raised the issue by a factor of 2.² The
the 475,000 lawsuit that they filed
practices.³ The Commission is not actively engaged in the
regulate the industry. As the Commission has
in the past, it has not taken any more
began especially in the field of consumer protection
the industry, as well as the
Berkman's proposal for the
is a serious Commission issue that the
this may result in the Commission's proposal and is the
the (K⁴)
the is a serious Commission issue that the
abundant evidence is on the record in this case.⁵

² A copy of the Commission's written comments to the company is attached as Appendix A.

³ In addition to names whose members have been harassed by automated robocalls pitched
in various states, if not millions, of consumers have been harassed by automated robocalls pitched
in various states. In *D.N.O. Call*, the Commission's decision in this case, the Commission has ruled that the
robocall companies' going to the consumer's home is a violation of the Telephone Consumer Protection Act (TCPA). See, e.g., *FTC v. Economic
Relief Techs, LLC*, No. 09-CV-3347 (N.D. Ga., preliminary injunction issued Dec. 17, 2009); *FTC v.
2145183 Ontario, Inc.*, No. 09-CV-7423 (N.D. Ill., preliminary injunction issued Dec. 17, 2009); *FTC v.
JPM Accelerated Servs. Inc.*, No. 09-CV-2021 (M.D. Fla., preliminary injunction issued Dec. 31, 2009).

⁴ 16 C.F.R. §310. 1 et seq

⁵ With respect to its research and policy development in this area, in September 2008, the
Commission held a public workshop titled "Consumer Protection and the Digital Age,"
inviting together stakeholders to discuss consumer protection concerns associated with the
digital age. The workshop participants had the opportunity to provide testimony.

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¹¹ The Commission has addressed in a report the problems of companies going to
rebalance in the mortgage market. The Commission is continuing to study the
situation.

See FT

again tCCA su d ert h r i w n s a t u e s a d n e s

B. Debt Settlement Services

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m ey b r t h s t e m a , ad (3) c n h a m k g h r i m h y p y m a t e e d o s o a o d

nonp f e di o u n s l n g g a e s m u s o m p l y w i h thv s n 49 s m o s w h h p e f y
p a i u l a f e l i m i t s

²¹ See, e.g., FTC v. Debt-Set, Inc., No. 1:07-cv-00558-RM (D. Colo., final order Apr. 11, 2008); FTC v. EdgeSolutions, Inc., No. CV-07-4087 (E.D.N.Y., final order Aug. 29, 2008); FTC v. Connelly, No. SA CV 06-701 DOC (RNBx) (C.D. Cal., final order Oct. 2, 2008); FTC v. Jubilee Fin. Servs., Inc., No. 02-6468 ABC (Ex) (C.D. Cal., final order Dec. 12, 2004).

²⁷ See, e.g., *FTC v. Innovative Sys. Tech., Inc.*, No. CV04-0728 GAF JTLx (C.D. Cal 2005).

See, e.g., *FTC v. Connelly*,

Some cases have been kept from being added to the list of cases cited in this document as a “customers exemption”

2009); *FTC v. Select Pers. Mgmt.*, No. 07-0529 (N.D. Ill., filed May 15, 2009); *FTC v. Debt Solutions, Inc.*, No. 06-0298 JLR (W.D. Wash., filed June 18, 2007).

³¹ See cases cited *supra*, note 30.

³² See Appendix A (items 2, 3, 4, 5, 6, and 14).

³³ See *FTC v. Economic Relief Techs., LLC*, No. 09-CV-3347 (N.D. Ga. 2009); *FTC v. 2145183 Ontario, Inc.*, No. 09-CV-7423 (N.D. Ill. 2009); *FTC v. Group One Networks, Inc.*, No. 08-09-CV-352-T-26-MAP (M.D. Fla. 2009); *FTC v. Select Pers. Mgmt.*, No. 07-0529 (N.D. Ill. 2009); *FTC v. Debt Solutions, Inc.*, No. 06-0298 JLR (W.D. Wash. 2007).

³⁴ See *FTC v. Economic Relief Techs., LLC*, No. 09-CV-3347 (N.D. Ga. 2009); *FTC v. 2145183 Ontario, Inc.*, No. 09-CV-7423 (N.D. Ill. 2009); *FTC v. JPM Accelerated Services Inc.*, No. 09-CV-2021 (M.D. Fla. 2009).

³⁵ TSR Proposed Rule, 74 Fed. Reg. 41988 (Aug. 19, 2009).

The Commission is currently reviewing the Commission's efforts to educate consumers about debt relief services and debt management plans. At this time, the Commission is reviewing the Commission's efforts to educate consumers about debt relief services and debt management plans.

V. Efforts to Educate Consumers

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⁴⁰ The letters are posted at www.ftc.gov/os/comments/tsrdebtrelief/index.shtml

⁴¹ The brochure is available at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre02.shtml

⁴² Fiscal Fitness: Choosing a Credit Counselor (2005), available at www.ftc.gov/bcp/edu/publications/merced/dice/26.shtml; For People on Debt Management Plans: A Must-Do List (2005), available at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre38.shtml; Knee Deep in Debt (2005), available at www.ftc.gov/bpe/p/consmer/credit/cre19.shtml. In the last year alone, the FTC has distributed more than 248,000 print versions of the settlement publication combination and a same has been then online at has 760,000 times

⁴³ Over the last six months, the Money Matters website has received approximately 50,000 hits per month

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 hold, inform tion derived from F C m terials about the tell-tale signs of a m rtgage foreclosure scam

APPENDIX A

FTC Law Enforcement Actions Against Debt Relief Companies

1. FTC v. Credit Restoration Brokers, LLC, No. 10-cv-0030-CEH-E (N.D. Fla. filed 12/20, 2010) (https://www.ftc.gov/enforcement/whistleblowers/credit-restoration-brokers-llc)
2. FTC v. 2145183 Ontario, Inc., No. 09-CV-7423 (N.D. Ill., filed 12/17, 2009) (https://www.ftc.gov/enforcement/whistleblowers/2145183-ontario-inc)
3. FTC v. Econ. Relief Techs., LLC, No. 09-CV-8347 (N.D. Ga., filed 12/14, 2009) (https://www.ftc.gov/enforcement/whistleblowers/econ-relief-techs-llc)
4. FTC v. JPM Accelerated Servs. Inc., No. 09-CV-2021, (N.D. Fla., filed 12/31, 2009) (https://www.ftc.gov/enforcement/whistleblowers/jpm-accelerated-servs-inc)
5. FTC v. MCS Programs, LLC, No. 09-CV-5380 (N.D. W. Va., filed 12/13, 2009) (https://www.ftc.gov/enforcement/whistleblowers/mcs-programs-llc)
6. FTC v. Group One Networks, Inc., No. 09-CV-00352 (N.D. Fla., filed 12/25, 2009) (https://www.ftc.gov/enforcement/whistleblowers/group-one-networks-inc)
7. FTC v. Edge Solutions, Inc., No. 07-4087-JG-AK (E.D. N.Y., filed 12/29, 2008) (https://www.ftc.gov/enforcement/whistleblowers/edge-solutions-inc)
8. FTC v. Debt-Security, No. 07-cv-00558-ND. Ch. 11A (S.D. Fla., filed 12/11, 2008) (https://www.ftc.gov/enforcement/whistleblowers/debt-security)
9. FTC v. Select Re. Mgmt., Inc., No. 07-CV-0529 (N.D. Ill., filed 12/15, 2009) (https://www.ftc.gov/enforcement/whistleblowers/select-re-mgmt-inc)
10. FTC v. Express Consolidation, No. 06-CV-61851-WZ (S.D. Fla., filed 12/15, 2007) (https://www.ftc.gov/enforcement/whistleblowers/express-consolidation)
11. FTC v. Connelly, No. CV-06-701 DO (N.D. Cal., filed 12/2, 2008) (https://www.ftc.gov/enforcement/whistleblowers/connelly)
12. United States v. Credit Found. of Am., No. CV-06-3654 AB-C (S.D. Cal., filed 12/6, 2006) (https://www.ftc.gov/enforcement/whistleblowers/credit-found-of-am)
13. FTC v. Integrated Credit Solutions, Inc., No. 08-06-CV-00806-SB-GW (N.D. Fla., filed 12/16, 2006) (https://www.ftc.gov/enforcement/whistleblowers/integrated-credit-solutions-inc)
14. FTC v. Debt Solutions, Inc., No. CV-06-0298 (N.D. Fla., filed 12/8, 2007) (https://www.ftc.gov/enforcement/whistleblowers/debt-solutions-inc)

15. FTC v. Jubilee Fin. Serv., Inc., No. 02-6468 AB C(Ex) (C.D. Ch. h. l. d. e12, 2004) (debt enforcement)
16. FTC v. Nat'l Consumer Council, Inc., No. 04-0474CJC (JWJ)(C.D. Ch. f. h. o. d. r. A. p. 1, 2005) (ceiling on advertising debt enforcement)
17. FTC v. Better Budget Fin. Serv. Inc., No. 04-12326 (W4) (D. M. r. a. M. r. 28, 2005) (debt)
18. FTC v. Debt Mgmt. Found. Serv., Inc., No. 04-CM 674-T -17 (S.M. F. h. f. h. o. d. e. M. a. . 30, 2005) (credit unsetting)
19. FTC v. Innovative Sys. Tech., Inc., No. 04-0728 (C.D. Ch. h. l. d. y. 13, 2005) (debt enforcement)
20. FTC v. AmeriDebt, Inc., No. 03-3317 (D. M. ., f. a. l. o. d. r. M. ay 17, 2006) (ceiling on unsetting)