



*The Law Offices of*  
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Federal Trade commission  
Office of the Secretary  
Room H-135 (Annex T)  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

**VIA INTERNET:** <https://secure.commentworks.com/ftc-TSRDebtRelief>

Re: **Telemarketing Sales Rule – Debt Relief Amendments, R411001**  
<https://secure.commentworks.com/ftc-TSRDebtRelief>

Mr. Zullo,

I write on behalf of my client, Money Management Resources, Inc., a financial mapping, debt resolution, and consulting company. My client generally agrees with the comments propounded by The Association of Settlement Companies and United States Organization for Bankruptcy Alternatives. But we desire to provide the Federal Trade Commission with these supplemental comments regarding the proposed ban on advanced fees.

Money Management Resources, Inc. is a for profit corporation that represent clients who, in many instances due to the predatory practices of the credit card companies, have found themselves in very unfortunate, stressful, and frustrated situations where they are unable to pay their bills and are under constant harassment from collection agencies. While these individuals could easily escape their responsibilities via bankruptcy, debt settlement helps consumers face debt responsibly by coming to a mutually agreeable payout amount that leaves both the creditor satisfied without the individual turning to bankruptcy for protection. Through debt settlement services, these individuals are able to reduce their financial burden and pay off the outstanding debt at a lower amount through agreements with the creditors.

The root of these proposed regulations are a series of lawsuits and claims of misrepresentation against a handful of debt negotiation industry members that have allegedly abused the clients' trusts and their ethical code of conduct. The proposed regulations fail to note the many consumers have been adequately represented by ethical and professional debt settlement companies. Further, the proposed rules appear to be based on the assumption that the majority of these businesses are unethical, illegitimate, and/or provide no services for the fees charged.

This is far from the reality of debt negotiations. The industry is thriving because most of these consumers avoided the stresses of insurmountable debt and bankruptcy by having been represented professional debt

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negotiators *and* by following the plans the debt negotiators structured for consumer. A ban on advanced fees, however, would severely impact a large portion of similarly situated consumers as well as the debt negotiation businesses' ability to adequately represent their clients' interests to the fullest.

As one of the many legitimate debt negotiation firms, my client assesses the information about a particular consumer's financial condition and, based on that individualized assessment, calculates and creates a client debt settlement plan. As a for profit business, my clients then expend their efforts, resources, time and energy negotiating that debt on behalf of their clients. These are the services that the consumer is paying for – *representation* in debt negotiation. Much like an attorney's representation, the outcome is never guaranteed. Under the current structure, my clients are compensated for their efforts. With full disclosure of the process and fees, a consumer can make an educated decision as to whether they should take on representation in their debt negotiations.

A ban on advance fees would only serve to marginalize my client's ability to represent consumers who are likely to benefit from debt negotiation, but whose individual situation would require more work and/or more risk. A consumer who could benefit from debt negotiation, but has a substantial number of creditors would require exponentially more work than a consumer with one creditor. With no advanced fees, the debt negotiation company would be taking a greater risk if he accepts the consumer with more creditors as a client – and is likely to turn that consumer away. Likewise, a fully informed consumer whose ability to benefit from debt negotiation is less certain and chooses to be professionally represented would also likely be turned away by legitimate for profit debt negotiators on the basis that the businesses costs outweigh the businesses' acceptable risk levels – *not the informed consumers acceptable risk level*.

Finally, a ban on advanced fees negates the consumer's responsibility and duty to comply with the plan presented to them by the debt negotiation business by shifting *all* the liability to business. In other words, my client can perform their duties to the fullest only to have their client's actions prevent any settlement – and therefore prevent any fee recovery.

Credit counseling and debt settlement services are in demand now more than ever. Statistics show that median household income has continued to decline, unemployment levels are record highs, and the overall economy is suffering through a recession. As the recession worsens, debt settlement service becomes an even more critical piece of the overall economic solution for consumers. The proposal to ban advance fees takes what little control the consumer has away and substantially burdens the industry's ability to service many consumers in need of debt negotiation services.

Sincerely,  
**DAVIS & ASSOCIATES**

s/ Jason Davis

JASON DAVIS