

Ladies and Gentleman

In reading the transcripts of the Roundtable dated September 29, 2009 I found much reason for concern in regards to the arbitration process. In these tight financial times, more and more people are finding themselves unable to pay back debt they incurred and the garnishment of wages and aggressive tactics by debt collectors are leading people into choosing between necessary items, like electricity, and paying a credit card debt incurred several years ago.

I'd like to address the process of arbitration and what it means to the standard consumer. The definition of arbitration as explained on [www.dictionary.com](http://www.dictionary.com) is as follows: *the hearing and determining of a dispute or the settling of differences between parties by a person or persons chosen or agreed to by them*. On pages 49-50 of the transcript, Mr. Welch described the experiences of a judge with whom he is acquainted. The judge stated that he, in essence, rubber stamps a box of awards to creditors and collection agencies. That is not arbitration; there is no settling of differences between parties. There is no requirement for the collection agency to prove the debt is valid, there is no requirement for the judge to ascertain that the consumer was ever notified.

As a former loan officer, I have seen many instances of identity theft, instances where a debt was charged against a person with a similar or same name, particularly when there are generations of men who with the same name within a family. If there is no way to know if notice of arbitration is properly served, how can the judge be sure they are awarding collection from the right person? A possible solution is requiring the consumer to send back a signed affidavit indicating that he or she was served, under penalty of prosecution. The consumer could then indicate if he believes this collection is in error.

The consequences of arbitration are mentioned in loan agreements and informational material from a collection agency, but as the speakers themselves admitted, people do not read the fine print. If consumers borrow money, they should repay the debt. But individuals unfamiliar with the law do not understand the seriousness of arbitration; they do not understand that consequences can be more severe than a lowering of the credit score. Unscrupulous credit card companies are luring individuals into horrible terms with promises to establish credit or improve credit scores. Less sophisticated borrowers see only the positive, particularly when dealing with those for who English is a second language.

I do not know if there is an easy fix to these unfair and heavy-handed collection activities. I hope that the roundtable discussions help to discover a way of walking this thin line of fairness to both consumers and creditors. Some creditors get what they deserve, as they intentionally target people who have a history of nonpayment in order to rack up fees and "legal fees" that often exceed the amount originally borrowed. This terroristic lending should be stopped, and this may be the first step in ironing out the arbitration process.