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Federal Trade Commission
Office of the Secretary
Room H-135 (Annex T)
600 Pennsylvania Ave, NW
Washington, DC 20580

Re: NACCA's Proposals Regarding Telemarketing Sales Rule – Debt Relief Amendments, R411001

Orion Processing (“Orion”) is a back end service debt settlement company located in Austin, TX with sales offices located in Austin, Houston, and San Antonio, TX. As a for profit debt settlement company, which has focused on assisting clients with resolving their debt issues, we believe that it is our responsibility to respond to the Federal Trade Commission’s (“FTC”) proposed Telemarketing Sales Rule (“TSR”), along with the National Association of Consumer Credit Administrators’ (“NACCA”) response to the FTC’s proposed rules.

First let us start off by commending the FTC for addressing the abuses by certain debt relief companies. As a member of an industry in which our consumers are often in vulnerable positions, Orion understands that there exists the risk of companies formed with no intention of actually assisting consumers with resolving their massive debt issues. Below are some of our thoughts on the proposed TSR. We believe that by enforcing rules designed to prevent misrepresentation, the FTC can help improve the image of debt relief companies, allowing a company such as Orion, which strives to assist our consumers, to excel.

We agree with the NACCA’s viewpoint regarding the scope of the TSR. We believe that the TSR should apply not only to inbound and outbound telephone calls, but also to marketing done via the internet or mail. Those certain debt relief companies, which are uninterested in actually helping consumers resolve their debt problems, can just as easily mislead consumers through communications via the internet or mail. In addition, we also believe that the TSR should apply to both for-profit and not-for profit companies in order to level the playing field for all debt relief companies. We have all

seen how not-for-profit companies can claim non-profit status while paying huge salaries to their board of directors.

Our main concern is with proposed Section 310.4(a)(5) of the TSR. As a debt settlement company, Orion relies on receiving advance payments from its clients. This is explained to consumers over the phone and is clearly stated in our client contracts. The reason we charge fees in advance is this model is necessary to ensure we can cover our expenses. Our marketing system is set up to where simply acquiring a client can cost anywhere from \$500 to \$1,200. In addition, the overhead expenses for Orion, which include office space, phones, computers, printers, faxes, etc., are substantial.

This amount does not even take into consideration the enormous costs of servicing each client's account. We estimate that Orion spends an average of 12 to 14 labor hours processing, servicing, and negotiating each account. At an average wage of \$15 per hour, the labor costs for a settlement is around \$200. The average client file has seven accounts, so we can spend anywhere from \$1,400 to \$2,000 to settle an individual client's accounts. This does not include the labor hours for when a client has a lawsuit filed against them. Negotiating a settlement once an account has gone to litigation significantly increases the time spent servicing the account. Often times, litigation can double or triple the amount of labor hours necessary to settle an account.

If Orion, and other legitimate debt settlement companies, were required to wait to collect fees from clients, it would be very difficult to continue operations. In addition, if we were not allowed to collect fees until a settlement agreement had been reached, there is no guarantee that a client would pay the fees for resolving the client's debt. Instead, we think it might be better if the FTC considered prohibiting advance fees for companies, which the FTC believes are not providing the services promised to their clients.

In conclusion, while we believe that telemarketing sales regulations are indeed necessary, we request that the FTC reconsider Section 310.4(a)(5) prohibiting debt settlement companies from charging fees in advance of settlement. Thank you for permitting us to comment on the proposed rules and taking our comments into consideration.

Sincerely,

Randy Lepley
Director of Settlement
Orion Processing, LLC