

January 12, 2010

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Division of Financial Practices
Federal Trade Commission
Washington, D.C. 20580

Enclosed as requested is J. Hass Group's completed questionnaire. In conjunction with these responses, we would like to once again bring to the attention of the Federal Trade Commission the effect of creditor deception on our clients and on our program. J. Hass Group has approximately 17,000 active clients at this time. Where there used to be perhaps one complaint a week, we now field nine or ten complaints, the majority of which have their genesis in the deceptions perpetrated by creditors and of late, bankruptcy attorneys. Creditor deception can come in many forms, but the most common is telling our clients that they don't know who we are, that they don't negotiate with debt settlement companies ("DSC"), or that they never received any communication from the DSC. This deception results in our clients becoming extremely anxious, doubtful and agitated, which leads all too often to cancellation of their contract, and once again being at the mercy of their creditors and the collection agencies the creditors hire. All too often our client ends up in the office of a bankruptcy attorney which brings up a different set of issues, not the least of which are the hard costs to the DSC in defending against baseless charges and lawsuits, and creditors receiving no money from the debtor.

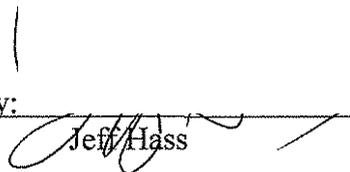
Although perhaps knowledgeable regarding bankruptcy law, attorneys are generally not knowledgeable regarding debt settlement. The outcome of this lack of knowledge is the attorney urging our now former client (who has already been released from all contractual obligations to the DSC and has received a refund of all money accumulated in their personal reserves account) to (i) demand a complete refund of professional fees paid to and earned by the DSC; (ii) threaten to sue the DSC for non-performance; (iii) file a complaint with the state attorney general and the Federal Trade Commission; or (iv) all of the above. This behavior is deceptive because the attorney who is advising our former client to do these things in turn takes any refund received as payment for their representation of our client in bankruptcy court. Who is the winner now? Certainly not the client. And as mentioned above, the creditor gets absolutely no money when a Chapter 7 is filed, little to no money when a Chapter 13 is filed. Instead of everyone benefiting from a negotiated settlement, the client has utterly destroyed not only his credit rating, but his creditworthiness for a minimum of ten years, and the bankruptcy attorney collects his fee and moves on to the next client. Filing for bankruptcy has also resulted in the DSC being required to respond to bankruptcy trustees who accuse the DSC of being the recipient of fraudulent or preferential transfers. Responding to the deceptions of creditors and attorneys places the DSC in the position of having to defend itself, at significant cost, at every turn for acts neither contemplated nor committed.

There are three legitimate, ethical methods available for consumers to deal with debt. J. Hass Group believes that although our clients have the right to drop out of their program and file bankruptcy, it should not happen as the result of an attorney "fishing off our pier" for their business or a creditor lying about whether they deal with debt negotiation companies. Consumers have the right to seek out the debt solution which best suits their needs, whether it is through a debt settlement program, bankruptcy, or consumer credit counseling services who claim to be non-profit but in reality receive money through a "fair share" given by creditors and are not required to and therefore do not disclose hidden fees to their clients who pay anywhere from 20% to 25% of their debt to these counselors on top of paying 100% of their debt, plus interest, to their creditors. Subsequently, the debtor never knows what this debt management service is costing them; and the banks/creditors and the counseling service are happy to allow the consumer the illusion of such service being virtually free, while the banks/creditors and counseling services push their *non-profit status*.

We welcome any further questions the Federal Trade Commission might have and are more than willing to work at creating statutes which protect not only the consumer, but our right to conduct business. Thank you for this opportunity.

Cordially,
JHASS GROUP

By:



Jeff Hass

Questions From FTC Staff Following Up on Public Comment

1. Company Background

- (a) How long have you been enrolling consumers in debt settlement programs?

2 years and 9 months

- (b) Have you made significant changes in your programs since you began offering settlement programs?

Yes.

2. Number of accounts and consumers

For each question, state the specific time period.

- (a) How many total accounts have consumers enrolled with the company?

Currently in excess of 75,000

- (b) How much total debt have consumers enrolled with the company?

Currently ≈ \$425,000,000.00

- (c) How much total debt have consumers settled through the company?

≈ \$225,000,000.00 in 2.9 years

- (d) How many total consumers have enrolled with the company?

≈ 22,020

“Enrolled” is defined as consumers who have made at least one payment.

3. Debt reductions

- (a) What is the average percentage reduction of settled debt that consumers who completed your program received? Please calculate this percentage reduction using the amount owed at enrollment.

37%

“Completed” is defined as having had 95%-100% of the consumer’s total amount of debt settled.

- (b) What is the average percentage reduction of settled debt that consumers who completed your program received? Please calculate this percentage reduction using the amount owed at settlement.

41%

4. Accretion

What is the average rate of increase in amounts that consumers owe to creditors between enrollment and settlement?

10%

5. Fee structure

- (a) What is the total fee you charge to consumers for your services?

15% of enrolled debt, plus \$49.00/month maintenance fee

- (b) Has this fee changed over time?

Yes.

- (c) When do you charge the fee to consumers? If the fee is charged in parts over the course of a program, please explain when amounts are collected, and what amount is collected at each time.

The first payment is taken as a deposit at signing. The remainder of the fee is paid in installments over one-half of the program, i.e., if the program is 36 months in duration, the remaining balance after initial deposit is spread equally over the next 17 months.

- (d) Has the timing of fee collection changed since you began offering debt settlement programs? If so, please describe how they have changed.

Yes. Initially, fees were paid in full in the first 12 months, regardless of length of program. Now, fees are as stated in 5(c), above.

- (e) What is the total amount of fees paid by consumers who have completed the program?

15% of the initially enrolled debt.

- (f) For consumers who have dropped out of the program before completion, what is the total amount of fees paid by them?

This amount varies according to circumstances. As outlined in our contract, if the drop occurs within the first 30 days, there is a full refund. If after 60 days, the consumer will not receive a refund of professional fees, but all amounts accumulated in their personal reserves account are refunded. If settlements have been reached and paid, the remainder in the reserves account is returned. Each request is reviewed and a determination made on a case-by-case basis.

6. Completion Rate

- (a) Of consumers who enrolled in the program at least 36 months ago, what percentage have completed it?

41%

- (b) Of consumers who enrolled in the program at least 36 months ago, what percentage are still active?

39%

7. Number of Settlements

- (a) What percentage of consumers who enrolled in your program settled at least one debt in the first year after enrolling?

80%

- (b) What percentage of consumers in your program settled at least one debt in the first two years after enrolling?

98%

- (c) How many consumers who enrolled in your program dropped out before settling any debts?

10%