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February 17, 2010

Allison I. Brown, Attorney  
Division of Financial Practices  
Federal Trade Commission  
Washington, D.C. 20580

**Re: Telemarketing Sales Rule – Debt Relief Amendments  
Nationwide Support Services, Inc.  
Our File No.: 3872.3**

Dear Ms. Brown:

This office has been asked to respond on behalf of Nationwide Support Services, Inc. (“NWS”) to the additional inquiry by the Federal Trade Commission pursuant to the rulemaking process regarding the Telemarketing Sale Rule – Debt Relief Amendments. This response will deal with the specific questions directed to NWS (No.s 1 and 8). The information that is responsive to No. 2 – 7 will be provided to The Association of Settlement Companies (“TASC”) and be aggregated by TASC into a collective response submitted by James Huizinga of Sidley Austin.

### RESPONSES TO QUESTIONS

#### 1. Company Background.

(a). NWS provides “back-end” support services to clients enrolled into a debt settlement program. The clients are solicited by and contract with a third party marketing company. NWS contracts with the marketing company to provide for account administration, customer support and account negotiation. These are arms-length transactions with unrelated parties. Therefore, NWS does not enroll consumers. Notwithstanding, Nationwide was formed in 2005 and commenced the back-end servicing business in early 2006.

(b). NWS does not offer settlement programs. The companies that NWS contracts with are the party offering debt settlement programs to consumers. Notwithstanding, since commencing operations, there have been a number of changes, as outlined below. One of the challenges for all concerned is that debt settlement, as practiced at high volumes in the current economy, is a relatively new industry. Best practices in servicing clients and negotiating with creditors is a process of constant improvement. Below is a listing of the material changes since NWS commenced providing back-end services:

1). NWS requires that all consumers it is servicing initiate the savings of funds for settlement sooner than previously provided for;

2). NWS revised its Welcome Package to clients to provide more information on the program, provide it more clearly and emphasize the critical role the clients play in the success of the program by setting aside funds for settlement;

3). NWS developed a transition team that focused on the needs of the client during the first ninety days of the program. NWS found that clients often faced the hardest challenges in the early stages of the program and that by increasing the number of contacts with the client and the amount of information, the client could better understand and navigate the program;

4). NWS substantially revised the contract with the client. The modifications were designed to make the contract easier to understand and ensure that all needed and useful disclosures were properly articulated;

5). NWS modified its contract with the marketing companies to ensure that the marketing companies made certain specific disclosures to clients enrolled in a program and did not make certain unsupportable or misleading statements to consumers;

6). NWS developed Debt Talk™, which consists of a set of educational modules designed to improve financial literacy of clients enrolled in the program. NWS found that merely settling the credit card account of a consumer would not always solve the financial situation of the client because without additional tools and information they could repeat the bad financial habits that lead to near bankruptcy;

7). NWS developed The Frugality Game™, which is an interactive adventure that combines financial learning exercises with games, information and practical solutions that helps consumers save money and improve financial literacy. The game was developed to reach not just clients, but individuals who need financial literacy. There is a critical need for more accessible and useable financial literacy programs for consumers.

#### 8. Quality Survey Services Survey.

(a). NWS retained the services of Quality Survey Services ("QSS") to conduct exit interviews of consumers who received services from NWS. QSS is an independent third party. When NWS decided to conduct a survey of clients who completed 50% of the program, NWS generated a listing of all such clients within a designated time frame and forwarded that list to QSS. The list contained contact information for the client, amount of debt enrolled and the number of accounts settled.

(i) QSS tries to contact each client by telephone at least three times. If they do not make contact after three times and don't receive a call back, QSS will make no further attempts. If QSS makes contact with the client, the interview is conducted by telephone. The trained interviewer uses a form questionnaire to obtain specific information from the client. The information is handwritten by the interviewer on to the form. The forms are maintained by QSS. At the beginning of each call, the interviewer asks the client if they have permission to record the call. If permission is granted, the call is

recorded. QSS maintains all recorded calls electronically. QSS is providing the recording of all NWS exit interviews to the FTC.

(ii) QSS contacted 129 individuals in order to complete this survey.

(iii) The total number of clients that were sent to QSS and were in the target group within the designated time frame is 159. These 159 completed 50% of the program between February 12, 2009 and September 4, 2009.

(iv) NWS is not able to calculate the time frame that the surveyed consumers were serviced by NWS without having to look at each file and ascertain the enrollment date. However, all of these clients received services from NWS in 2008 and into 2009.

(b). NWS also retained QSS to conduct exit interviews of consumers who completed the program. NWS generated a listing of all such clients within a designated time frame and forwarded that list to QSS. It contained the same information as described above.

(i) QSS tries to contact each client by telephone at least three times. If they do not make contact after three attempts and don't receive a call back, QSS will make no further attempts. If QSS makes contact with the client, the interview is conducted by telephone. The trained interviewer uses a form questionnaire to obtain specific information from the client. The form requires the interviewer to circle responses made by the interviewee or fill in a blanks with information provided by the interviewee. The forms are maintained by QSS. At the beginning of each call, the interviewer asks the client if they have permission to record the call. If permission is granted, the call is recorded. QSS maintains all recorded calls electronically. QSS is providing the recording of all NWS exit interviews to the FTC.

(ii) NWS defines completed as the settlement of all accounts that are enrolled into the debt reduction program serviced by NWS.

(iii) QSS contacted 329 individuals in order to complete this survey. All clients who where contacted and surveyed are reflected in the data.

(iv) Not applicable.

(v) The total number of clients that were sent to QSS and were in the target group within the designated time frame is 329.

(vi) The total debt saving was calculated by taking the amount owed on the account when it was enrolled into the debt settlement program and deducting the amount of the negotiated settlement.

(vii) To calculate the average settlement percentage, NWS calculates the settlement percentage for each settled account. For example, if the consumer's account balance was \$20,000 at time of enrollment and was settled for a payment(s) to the account holder of \$8,000, the settlement percentage would be 40%. NWS adds all such settlements and divides that total by the number of settlements.

(viii) NWS calculated the settlement percentage.

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(ix) QSS relied on the information provided by the consumer and did not engage in any independent verification.

(c) QSS used the same interview methodology for the survey of clients 8 months following leaving the program as used for the other two above discussed surveys.

(i) The number of consumers that participated in the follow-up survey was 105.

(ii) The number of consumers included in the follow up survey that participated in the original survey is unknown. Neither QSS nor NWS has cross-referenced the participants of each survey. NWS assumes that there is some overlap.

(iii) NWS does not know the credit scores of clients at time of enrollment.

This information is based on existing information and if subsequently new information arises, NWS reserves the right to amend these responses. However, NWS has carefully reviewed all responses to ensure complete accuracy.

If following your review of the information provided above, the Federal Trade Commission has additional inquiries, please let me know and NWS will endeavor to provide that information.

Sincerely,

**LOGAN RETOSKE, LLP**

✓ William R. Mitchell  
Attorney at Law

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