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IF EVERYONE COULD PLEASE TAKE  
THEIR SEATS.

SO I AM NOT IN FACT HEATHER  
ALLEN.

I WOULD LIKE TO CALL HEATHER  
ALLEN FORWARD, SENIOR ATTORNEY  
HERE IN THE DIVISION OF  
FINANCIAL PRACTICES AT THE  
FEDERAL TRADE COMMISSION.

[APPLAUSE]

>> GOOD MORNING, EVERYONE.  
I'M DELIGHTED TO BE HERE TODAY  
TO SHARE WITH YOU SOME OF THE  
HIGHLIGHTS OF A REPORT THAT THE  
AGENCY RELEASED EARLIER THIS  
YEAR CALLED STRUCTURE AND  
PRACTICES OF THE DEBT BUYING  
INDUSTRY.

WE BELIEVE THIS REPORT IS THE  
FIRST OF ITS KIND AND IT REPS  
THE CULMINATION OF AN EXTENSIVE  
MULTIYEAR STUDY OF THE INDUSTRY.

BEFORE I BEGIN, LET ME MAKE THE  
USUAL DISCLAIM MER THAT THE  
VIEWS ARE MY OWN, I'LL BE  
REFERRING TO THE DEBT BUYER  
REPORT WHICH IS THE COMMISSION  
PUBLICATION AND DOES REFLECT THE  
COMMISSION'S POSITION.

THE FTC COMMENCED THE STUDY BACK  
IN LATE 2009 TO GAIN A BETTER  
UNDERSTANDING OF THE INDUSTRY.  
AS THE COMMISSION HAS SAID  
PREVIOUSLY, THE ADVENT AND  
GROWTH OF DEBT BUYING HAS BEEN  
THE MOST SIGNIFICANT CHANGE IN  
THE DEBT COLLECTION BUSINESS IN  
RECENT YEARS.

THUS, IT'S IMPORTANT TO US FOR  
POLICY AND LAW ENFORCEMENT  
PURPOSES THAT WE HAVE A VERY

GOOD UNDERSTANDING OF IT.  
AS PART OF THE STUDY, WE WANTED  
TO EXPLORE ANY POSSIBLE LINKS  
BETWEEN DEBT BUYING AND SOME OF  
THE CONSUMER PROBLEMS CONTINUE  
MERNS -- PROTECTION CONCERNS WE  
HAVE SEEN AND INFORMATION FLOW  
ISSUES IN COLLECTION ATTEMPTS  
AGAINST THE WRONG CONSUMER OR  
FOR THE WRONG AMOUNT.  
THE PRIMARY SOURCE OF DATA FOR  
THE STUDY CAME COLLECTLY FROM  
NINE OF THE LARGEST DEBT BUYERS  
IN THE U.S.  
IN 2008 THEY PURCHASED  
APPROXIMATELY 3/4 OF ALL DEBTS  
SOLD, 60 ORDERS THAT REQUIRED  
THEM TO PRODUCE EXTENSIVE DATA  
ABOUT BUSINESS PRACTICES AND HOW  
THEY RECEIVE, ACQUIRE, TRANSFER  
INFORMATION ABOUT CONSUMER DEBT.  
IN RESPONSE, WE RECEIVED FROM  
THE DEBT BUYERS DATA FROM MORE  
THAN 5,000 PORTFOLIOS THEY  
PURCHASED DURING A THREE-YEAR  
PERIOD BETWEEN 2006 AND 2009.  
WITHIN THOSE 5,000 PORTFOLIOS,  
NEARLY 90 MILLION CONSUMER DEBT  
ACCOUNTS WITH A TOTAL FACE VALUE  
OF ALMOST \$143 BILLION.  
NOW, THE VAST MAJORITIES OF THE  
PORTFOLIOS THAT WERE PURCHASED  
WERE BOUGHT FROM ORIGINAL  
CREDITORS, AS OPPOSED TO  
RESELLERS OF DEBT.  
AND MOST OF THEM WERE PORTFOLIOS  
OF CREDIT CARD DEBT THOUGH WE  
DID SEE PORTFOLIOS OF ALL OTHER  
TYPES SUCH AS MEDICAL,  
TELECOMMUNICATIONS, UTILITIES  
AND THE LIKE.  
NOW, THERE ARE SOME IMPORTANT  
LIMITATIONS TO THE STUDY  
MENTIONED THROUGHOUT THE REPORT.  
I JUST WANT TO MENTION TWO OF  
THEM.

FIRST, WE DO NOT OBTAIN DATA FROM SMALLER DEBT BUYERS OR FROM DEBT BUYERS WHO PURCHASE MOST DEBT FROM OTHER DEBT BUYERS, THE RESELLERS.

AND AS IS STATED IN THE REPORT, THE COMMISSION'S EXPERIENCE SUGGESTS THAT THOSE TYPES OF DEBT BUYERS THAT ARE LIKELY TO BE A SOURCE OF SIGNIFICANT CONSUMER PROTECTION PROBLEMS AND MAY BE AN AREA OF FURTHER STUDY.

IN ADDITION TO THE DATA WE RECEIVED FROM THE NINE DEBT BUYERS, WE ALSO CONSIDERED RESEARCH AND PROFESSIONAL LITERATURE RELATED TO DEBT BUYING, AS WELL AS PUBLICATIONS FROM INDUSTRY, CONSUMER GROUPS, AND WE MET WITH SOME INTERESTED SHAREHOLDERS SUCH AS CONSUMER ADVOCATES, INDUSTRY REPRESENTATIVES AND THE CFPB AND OUR OWN EXPERIENCE IN DEBT COLLECTION, THE FTC IN THE PAST THREE DECADES HAS BROUGHT MORE THAN 80 LAW ENFORCEMENT ACTIONS AGAINST DEBT COLLECTORS.

THE REPORT DOES PROVIDE A GOOD BACKGROUND ON THE LEGAL FRAMEWORK FOR DEBT BUYING AS WELL AS HISTORY OF THE DEBT BUYING MARKET AND EXPLANATION OF THE DEBT BUYING PROCESS.

MANY OF THOSE TOPICS WERE TOUCHED ON BY PREVIOUS PRESENTATIONS SO I WILL SKIP OVER THEM NOW.

BUT IF YOU HAVEN'T HAD A CHANCE, YOU CAN VIEW THE REPORT IN ITS ENTIRETY TOY THE FTC WEB SITE AT [FTC.GOV](http://FTC.GOV).

MOVING STRAIGHT TO SOME OF THE FINDINGS IN THE REPORT, IN TERMS OF THE PRICES PAID, WE FOUND THAT ON AVERAGE THE BUYERS IN

OUR STUDY PAID 4 CENTS FOR EACH DOLLAR OF DEBT.

OUR ECONOMIST DID A STATISTICAL ANALYSIS TO HELP DETERMINE WHAT FACTORS TENDED TO INFLUENCE THE PRICE OF THE DEBT.

WE FOUND THAT BUYERS PAID LESS FOR OLDER DEBT, NOT SURPRISINGLY.

AND WE SAW THAT THE TYPE OF DEBT ALSO MATTERED RELATIVE TO CREDIT CARD DEBT, WE SAW THAT BUYERS PAID SUBSTANTIALLY MORE FOR MORTGAGE DEBT AND SIGNIFICANTLY LESS FOR MEDICAL AND UTILITY DEBT.

THE BUYERS ALSO PAID LESS FOR DEBT WHERE SELLERS HAD PREVIOUSLY HIRED THIRD PARTY COLLECTORS.

WE DID NOT FIND A SIGNIFICANT DIFFERENCE IN PRICE FOR DEBT THAT WAS SOLD BY RESELLERS AS OPPOSED TO ORIGINAL CREDITORS AFTER WE CONTROLLED FOR OTHER FACTORS LIKE AGE AND TYPE OF DEBT.

AS PART OF THE STUDY, WE ALSO TOOK A LOOK AT A SAMPLING OF PURCHASE AND SALE AGREEMENTS THAT WERE ENTERED IN TO DURING THESE TRANSACTIONS.

IT DOES APPEAR THAT THE SELLERS DRAFT THESE DOCUMENTS.

WE NOTICE THAT WHEN DIFFERENT BUYERS ENTERED IN TO AGREEMENTS WITH THE SAME SELLER, THE STRUCTURE ORGANIZATION AND PHRASING OF THESE AGREEMENTS TENDED TO BE THE SAME.

NOW, OF COURSE THERE WERE SOME DIFFERENCES ACROSS DIFFERENT SELLERS IN TERMS AND CONDITIONS, BUT THERE WERE A FEW FEATURES THAT WERE FAIRLY COMMON I WOULD LIKE THE HIGHLIGHT.

FIRST, THE DEBTS WERE GENERALLY SOLD AS IS.

THAT IS, SELLERS TYPICALLY DISCLAIM ALL REPRESENTATIONS AND WARRANT IS THE REGARDING THE ACCURACY OF THE INFORMATION THEY PROVIDED ABOUT INDIVIDUAL DEBT. MOST OF THE CONTRACTS ALSO PROVIDED VERY LIMITED PUT-BACK RIGHTS.

IN OTHER WORDS IF A BUYER DISCOVERED MISSING OR INACCURATE INFORMATION ABOUT ANY OF THE INDIVIDUAL DEBTS, USUALLY NO RIGHT TO PUT BACK THAT DEBT OR GET A REFUND FROM THE SELLER. THERE WERE ALSO TYPICALLY LIMITATIONS ON THE RIGHTS OF BUYERS TO ACQUIRE DOCUMENTS ABOUT THE DEBT.

USUALLY THE SELLERS WOULD PROVIDE THAT CERTAIN NUMBER OF DOCUMENTS AT NO CHARGE UP TO A CERTAIN PERIOD OF TIME, GENERALLY SIX MONTHS TO THREE YEARS AFTER THE SALE OF DEBT. ONCE THAT MAXIMUM NUMBER OF DOCUMENTS IS REACHED OR AFTER THAT PERIOD OF TIME, THE BUYERS WOULD TYPICALLY CHARGE BETWEEN FIVE AND \$10 PER DOCUMENT.

USUALLY A POINT OF TIME AFTER WHICH THE SELLERS WOULD NO LONGER BE OBLIGATED TO PROVIDE ANY DOCUMENTS AT ALL.

ALSO, IN THE CONTRACTS, USUALLY THE ORIGINAL SELLERS HAD NO OBLIGATION TO PROVIDE DOCUMENTS TO SECONDARY AND LATER BUYERS. SO AS MENTIONED IN A PREVIOUS PRESENTATION, THOSE REQUESTS HAD TO BE FORWARDED UP THE CHAIN THROUGH THEIR ORIGINAL PURCHASER AND SOMETIMES THESE RESELLERS CHARGED FEES OF THEIR OWN TO REQUEST THESE DOCUMENTS.

ONE FINAL NOTE ABOUT THE PURCHASE AND SALE AGREEMENTS. WE ALSO OFTEN SAW RESTRICTIONS IN HOW BUYERS COULD USE THE NAMES OF THE ORIGINAL CREDITORS IN COMMUNICATIONS WITH CONSUMERS.

FOR EXAMPLE, SOME CONTRACTS EXPRESSLY FORBID BUYERS FROM USING THE NAME OF THE ORIGINAL CREDITOR IN THE SUBJECT LINE OF LETTERS SENT TO CONSUMERS.

AS THE COMMISSION SAID IN THE REPORT, IT'S THESE TYPES OF RESTRICTSES THAT CAN MAKE IT MORE DIFFICULT FOR CONSUMERS TO IDENTIFY THE DEBT, TYPES OF RESTRICTIONS.

WE ALSO TOOK A CLOSE LOOK IMPLEMENTATION, INFORMATION, DOCUMENTATION THAT DEBT BUYERS RECEIVED ABOUT THE DEBT.

THERE ARE A LOT OF NUMBERS AND TABLES IN THE REPORT THAT I CAN REFER YOU TO.

LOOK HOW OFTEN FOR EXAMPLE CONSUMERS HOME PHONE NUMBER WAS INCLUDED IN THE DATA FILE THAT WAS GIVEN TO THE BUYER ON THE SALE.

SO I'M JUST GOING TO HIGHLY LYLE HIGHLIGHT A FEW THINGS.

BUYERS TYPICALLY HAD ALL THE INFORMATION THAT THE FAIR DEBT COLLECTION PRACTICES ACT CURRENTLY REQUIRES BUYERS TO PROVIDE CONSUMERS AND VALIDATION NOTICES SENT TO CONSUMERS AT THE BEGINNING OF THE COLLECTION PROCESS.

THAT'S NAMELY THE AMOUNT OF THE DEBT AND OF COURSE AT THE MOW THE NAME OF THE CURRENT OWNER OF THE DEBT, WHO IS A DEBT BUYER ITSELF.

WE FOUND THAT THE BUYERS ALSO

TYPICALLY RECEIVED FROM SELLERS  
ADDITIONAL INFORMATION THAT  
COULD HELP CONSUMERS IDENTIFY  
THAT DEBT IF THAT INFORMATION  
WERE INCLUDED IN THOSE NOTICES.  
THAT INCLUDES THE NAME OF THE  
ORIGINAL CREDITOR, THE ORIGINAL  
CREDITOR'S ACCOUNT NUMBER, THE  
DATE OF LAST PAYMENT, THE DATES  
OF CHARGE-OFF.

AGAIN, ALL PIECES OF INFORMATION  
THAT WE FOUND IN OUR STUDY, THE  
BUYERS USUALLY DID GET AND THAT  
AS MENTIONED IN THE REPORT, MAY  
BE HELPFUL TO INCLUDE IN NOTICES  
SENT TO CONSUMERS TO HELP  
CONSUMERS IDENTIFY THE DEBT.  
THERE WERE SOME PIECES OF  
INFORMATION THAT BUYERS  
TYPICALLY DID NOT GET IN THE  
STUDY.

THEY DID NOT GET DISPUTES AND  
VERIFICATION HISTORY.

THAT'S STATED IN THE REPORT.

THIS TYPE OF INFORMATION,  
KNOWING WHETHER THE CONSUMER  
PREVIOUSLY DISPUTED A DEBT COULD  
BE VERY RELEVANT TO DEBT BUYERS  
IN ASSESSING WHETHER THE  
CONSUMERS IN FACTS OWE THE DEBT  
OR IF THE AMOUNT OF THE DEBT IS  
CORRECT.

THE BUYERS ALSO TYPICALLY DID  
NOT RECEIVE INFORMATION THAT  
WOULD ALLOW THE BUYERS TO  
BREAKDOWN THE AMOUNT OWED IN TO  
PRINCIPLE, INTEREST AND FEES.

AGAIN, THE COMMISSION HAS  
PREVIOUSLY FOUND THAT THAT TYPE  
OF INFORMATION ALSO WOULD HELP  
CONSUMERS IN DETERMINING WHETHER  
THE AMOUNT OWED IS CORRECT.

IN TERMS OF ACCOUNT

DOCUMENTATION, WE FOUND THAT  
BUYERS OBTAINED REMEMBER FEW  
DOCUMENTS ABOUT DEBT AT THE TIME

OF SALE OR AFTERWARDS.  
FOR EXAMPLE, AT THE TIME OF  
SALE, BUYERS RECEIVED DOCUMENTS  
WITH JUST 12% OF DEBT ACCOUNTS.  
THOSE WERE HIGHLY CONCENTRATED  
WITHIN PARTICULAR PORTFOLIOS,  
VAST MAJORITIES WHICH WERE  
CREDIT CARD PORTFOLIOS.

BUYERS DID RECEIVE  
DOCUMENTATION, USUALLY THREE  
TYPES.

WE ALSO LOOKED AT THE  
INFORMATION THAT DEBT BUYERS  
CONVEYED WHEN THEY RESOLD DEBT  
TO LATER DEBT BUYERS.

WE FOUND IT WAS VERY SIMILAR TO  
WHAT THEY WERE ORIGINALLY  
PROVIDED.

SO IN OTHER WORDS, THESE DEBT  
BUYERS WERE NOT DISCARDING  
INFORMATION THEY RECEIVED FROM  
ORIGINAL CREDITORS, BUT ALSO NOT  
SUPPLEMENTING IT WITH  
INFORMATION TO REFLECT THEIR OWN  
EXPERIENCE IN COLLECTING ON THE  
DEBT.

IN TERMS OF THE DISPUTE RATE, WE  
FOUND THAT CONSUMERS DISPUTED  
3.2% OF ALL THE ACCOUNTS ON  
WHICH DEBT BUYERS ATTEMPTED TO  
COLLECT THEMSELVES AS OPPOSED TO  
PUTTING OUT TO THIRD PARTY  
COLLECTORS.

3.2% RATE WERE APPLIED ACROSS  
THE ENTIRE DEBT BUYING INDUSTRY,  
IT WOULD RESULT IN CONSUMERS  
DISPUTING A MILLION DEBTS A  
YEAR.

AS THE COMMISSION STATED THIS IS  
SIGNIFICANT CONSUMER PROTECTION  
CONCERN.

EVEN THE 3.2% RATE LIKELY  
UNDERSTATES PREVALENCE OF  
INFORMATION PROBLEMS.

FOR EXAMPLE, CONSUMERS MAY NOT  
RECEIVE A VALIDATION NOTICE,



THOSE THAT DO MAY NOT OPEN THEM,  
THEY THINK THEY'RE JUNK MAIL OR  
MAY NOT BOTHER SENDING IN A  
DISPUTES.

THE RATE PAY NOT BE REFLECTIVE  
OF THE INDUSTRY OVERALL.

AS MENTIONED WE DID NOT SURVEY  
SMALLER DEBT BUYERS OR WHO  
PURCHASE FROM LARGER RESELLERS.

DISPUTE RATES DOES NOT INCLUDE  
DISPUTES RAISED IN THIRD PARTY  
COLLECTION EFFORTS.

THE DISPUTE RATES, ANALYSIS DID  
NOT REVEAL ANY SPECIFICALLY  
SIGNIFICANT RELATIONSHIP BETWEEN  
LIKELIHOOD OF A DEBT BEING  
DISPUTED AND A DEBT'S AGE OR  
FACE VALUE.

WE ALSO TOOK LOOK AT HOW OFTEN  
DEBT BUYERS VERIFIED THOSE  
DISPUTED.

UNDER FDCPA ARE IT'S DISPUTED  
THE COLLECTOR MUST CEASE  
COLLECTION EFFORTS UNTIL IT'S  
VERIFIED.

IN OUR STUDY, THE DEBT BUYER  
REPORTED THEY VERIFIED ABOUT  
HALF OF ALL DISPUTED DEBTS.

THEY WERE MORE LIKELY TO VERIFY  
DEBT OBTAINED FROM ORIGINAL  
CREDITOR AS OPPOSED TO OTHER  
DEBT BUYERS.

THEY WERE LESS LIKELY TO VERIFY  
DEBT THAT WAS MORE THAN SIX  
YEARS OLD COMPARED TO DEBT THAT  
WAS LESS THAN THREE YEARS OLD.

AND THEY WERE LESS LIKELY TO  
REPORT VERIFICATION OF MEDICAL,  
TELECOMMUNICATION AND UTILITY  
DEBT AS COMPARED TO CREDIT CARD  
DEBT.

CAVEATS ABOUT THE VERIFICATION  
RATE DATA, THE COMMISSION ITSELF  
DID NOT DETERMINE THAT THE DEBTS  
WERE VERIFIED.

THESE WERE ALL SELF REPORTED

RATES OF VERIFICATION BY THE BUYERS AND THE COMMISSION DOES NOT KNOW WHAT THE BUYERS DID TO VERIFY THE DEBT.

IN TERMS OF RESALE DISPUTED DEBT, IN OUR SURVEY FOUND 2.9% OF THE DISPUTED DEBTS ARE RESOLD, BREAKS DOWN TO 4.9% OF VERIFIED OR SELF-REPORTED AS VERIFIED DISPUTED DEBT, .8% MUCH VERIFIED DISPUTED DEBT.

ONLY TWO DEBT BUYERS IN THE SURVEY HAD THE DATA ON THIS TOPIC, THE RESALE DISPUTED DEBT MUCH THIS IS ANOTHER AREA WHERE FURTHER STUDY MAY BE NEEDED. THE FINAL TOPIC, MAJOR TOPIC THAT THE REPORT COVERS IS DEBT AGE.

WE FOUND IN OUR STUDY THAT MOST OF THE DEBT WAS NOT PARTICULARLY OLD OR BEYOND THE AT THAT TIME CHUTE STATUTE OF LIMITATIONS, BETWEEN 3 AND 6 YEARS OLD.

IN OUR STUDY, ALMOST 70% OF THE DEBT WAS LESS THAN THREE YEARS OLD, A LITTLE OVER 12% WAS OLDER THAN SIX YEARS.

AGAIN, I NOTE OUR STUDY, WE WERE LOOKING AT BUYERS WHO GENERALLY BOUGHT FROM ORIGINAL CREDITORS. WHO WOULD EXPECT THEM TO HAVE NEWER DEBT.

WHEN WE ISOLATED PORTFOLIOS BOUGHT FROM RESELLERS, WE SAW THE AGE OF THE DEBT DID INCREASE.

WE DID NOT OBTAIN DATA ON HOW OFTEN THE DEBT BUYERS FILED SUIT ON OUT OF STATUTE DEBT.

WE DID FIND THAT DEBT FIRES GENERALLY KNOW THE AGE OF THE DEBT THEY'RE COLLECTING, BECAUSE THEY DO TYPICALLY RECEIVE DATE OF LAST PAYMENT FOR THE CHARGE-OFF DATE.

OF COURSE, THERE ARE A NUMBER OF QUESTIONS THE STUDY DID NOT ADDRESS, INCLUDING WHY BUYERS DID NOT SEEK MORE INFORMATION OR DOCUMENTATION POST-SALE OR WHY NEARLY ONE-HALF OF DISPUTED DEBTS NOT VERIFIED.

ALSO DID NOT ADDRESS THE LITIGATION PRACTICES OF DEBT BUYERS, WHICH IS A FREQUENT SOURCE OF CONSUMERS PROTECTION PROBLEMS, WHICH AS NOTED IN ONE OF THE FTC PRIOR'S REPORTS, WHAT WE'LL DISCUSS THIS AFTERNOON. THIS STUDY ALSO DID NOT DIRECTLY EXAMINE ACCURACY OF THE INFORMATION THAT BUYERS RECEIVED AND USED.

AS THE COMMISSION NOTES IN THE REPORT, FEES IN OTHER AREAS OF DEBT BUYING THAT MAY BENEFIT FROM FURTHER STUDY.

THANK YOU AGAIN FOR YOUR ATTENTION AND AGAIN, IF YOU WANT TO READ THE WHOLE REPORT, IT IS AVAILABLE ON THE FTC WEB SITE.

THANK YOU.  
[APPLAUSE]

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>> THANK YOU, HEATHER.  
JUST A FEW ANNOUNCEMENTS BEFORE THE FIRST PANEL DISCUSSION.  
SO PEOPLE KNOW, WE HAVE BEEN GETTING QUESTIONS, THIS MORNING'S PRESENTATIONS WILL EVENTUALLY BE POSTED ONLINE AT OUR EVENT WEB SITE.  
THE WEB SITE IS  
THE FTC.GOV/BCP/WORKSHOP/LIFE OF A DEBT, WHICH IS THIS WORKSHOP'S TITLE.  
IN A MATTER OF A FEW DAYS I THINK THE POWER POINT PRESENTATION WE HAVE HAD WILL BE ONLINE.  
I WOULD ALSO LIKE TO LET PEOPLE

KNOW AS WE ENTER IN TO THE PANEL DISCUSSIONS, NOW IS THE TIME TO BE ASKING QUESTIONS.

SO PLEASE FILL OUT QUESTION CARDS IF YOU HAVE QUESTIONS FOR THE PANELS.

WE'RE IN A LITTLE TIME CRUNCH TO ANSWER THEM BUT WE'LL TAKE AS MANY AS WE CAN.

WHEN YOU HAVE FILLED OUT A QUESTION CARD, WAVE IT UP AND WE'LL HAVE VOLUNTEERS COMING AROUND TO PICK THEM UP.

OKAY.

AT THIS TIME I WOULD LIKE TO CALL UP TOM KANE FROM THE FEDERAL TRADE COMMISSION AND MEMBERS OF THE FIRST PANEL.

THANK YOU, FOLKS.

WELCOME TO THE FIRST OF OUR FOUR PANELS.

WE'RE HEARING THAT THE MIKES ARE, PEOPLE CAN'T HEAR SOMETIMES ON THE WEB CAST UNLESS WE'RE TALKING CLOSE TO THE MIKE.

SO LET'S, I GUESS IF YOU CAN HEAR IT LIKE, THIS YOU CAN HEAR THE REVERB, YOU KNOW PEOPLE ON THE WEB CAST CAN HEAR YOU.

SO OUR PANEL TODAY, FIRST PANEL IS CALLED INFORMATION AVAILABLE TO DEBT COLLECTORS AT THE TIME OF ASSIGNMENT OR SALE.

BUT IN FACT WE'RE GOING TO GO, WE'RE GOING TO TALK ABOUT THAT AND WE'RE ALSO GOING TO TALK ABOUT THE INFORMATION THAT DEBT COLLECTORS CONVEY TO CONSUMERS IN THEIR SECTION 1692G

VALIDATION NOTICES, INFORMATION AND IN THEIR PRELIMINARY COLLECTION CALLS.

SO WE'RE GOING TO DO OUR BEST TO NARROW IT TO JUST THAT EARLY PART OF THE COLLECTION PROCESS. WE'RE GOING TO TRY NOT TO TALK

ABOUT THE DISPUTE PROCESS OR LITIGATION PROCESS WHICH WILL BE TALKED ABOUT IN THE NEXT TWO PANELS.

IT WILL BE HARD, BUT WE'LL DO OUR BEST.

SO I'LL ALSO ASK YOU FOLKS TO SEND YOUR SUBMITTING QUESTIONS. PLEASE HAVE THEM FOCUS ON THIS FIRST PART.

THE INFORMATION THAT DEBT COLLECTORS OBTAIN EARLY ON AND ALSO THE INFORMATION THAT THEY SHARE WITH CONSUMERS.

SO NOW I'LL ASK THE FIVE PANELISTS TO INTRODUCE THEMSELVES AND GIVE A COUPLE SENTENCES ABOUT THEIR ORGANIZATION AND SO I'LL START, WE'LL GO IN ALPHABETICAL ORDER, BECAUSE THAT SEEMED TO WORK OUT SO WELL.

>> I GUESS THAT'S ME SAYING THAT WITHOUT ANY FUMBLING, I MANAGED THE ALPHABETICAL ORDER WELL. I'M MANOJ HASTAK, PROFESSOR OF MARKETING AT THE KOGOD SCHOOL OF BUSINESS AT AMERICAN UNIVERSITY, LONG-TIME CONSULTANT AT THE FEDERAL TRADE COMMISSION ON A VARIETY OF ISSUES RELATED TO CONSUMER PROTECTION, CONSUMER INFORMATION PROCESSING AND INTERPRETATION OF INFORMATION, INCLUDING DISCLOSURES.

AND SO I'M ASSUMING I HAVE BEEN INVITED TO BE ON THE PANEL BECAUSE OF MY WORK ON DISCLOSURES.

I'VE WORKED ON A NUMBER OF DIFFERENT PROJECTS AT THE FTC AND AT OTHER AGENCIES ON DISCLOSURES BOTH VERY SHORT DISCLOSURES AND DISCLAIMERS IN ADVERTISING, AND MUCH LONGER DISCLOSURE THAN COMMUNICATION

EFFORTS SUCH AS THE ONES WE'LL  
BE TALKING ABOUT TODAY.

>> THANK YOU.

I'M LORAIN LYONS, SENIOR VICE  
PRESIDENT AND AGAIN COUNSEL FOR  
FMA ALLIANCE, THIRD PARTY  
COLLECTION AGENCY.

I'VE BEEN IN THE COLLECTION  
INDUSTRY FOR 20 YEARS.

MY INVOLVE.

INCLUDES, I AM ACTIVE WITH  
AMERICAN COLLECTORS ASSOCIATION  
OF TEXAS, I'M A BOARD MEMBER FOR  
ACA INTERNATIONAL, CREDIT AND  
COLLECTION INDUSTRY TRADE  
ASSOCIATION.

IN OUR INDUSTRY WE DO SERVICE A  
DIVERSE SET OF CLIENTS.

THAT'S BEEN MENTIONED EARLIER.  
WE DO SERVICE THE GOVERNMENT  
CLIENTS, FINANCIAL INSTITUTIONS,  
HEALTH CARE PROVIDERS AND ASSET  
BUYERS.

THE DATA WE RECEIVE IS GOING TO  
BE DEPENDENT ON THE TYPE OF DEBT  
WE'RE COLLECTING.

IN OUR COLLECTION EFFORTS WE  
WILL HAVE TELEPHONE CALLS TO  
CONSUMERS, WE WILL SEND LETTERS  
TO CONSUMERS, WE WILL IDENTIFY  
THE CREDITOR, THE AMOUNT OF THE  
DEBT, INCLUDE A VALIDATION  
NOTICE REFERRED TO AS THE G  
NOTICE.

AND WE HAVE EVOLVED TOO.

1977 WAS A LONG TIME AGO.

OUR INDUSTRY RECOGNIZES  
CONSUMERS NEED MORE INFORMATION  
TO IDENTIFY DEBTS THAT HAVE BEEN  
SOLD OR TO IDENTIFY DEBTS WHERE  
THE CREDITOR IS NOT THE NAME  
THEY'RE FAMILIAR WITH, LIKE A  
RETAILER, EVEN A HOSPITAL.

SO WE DO PROVIDE ADDITIONAL  
INFORMATION TO HELP CONSUMERS.

IN OUR PRE-LITIGATION PROCESS

THAT WE'RE GOING TO KEEP THE FOCUS HERE, OUR INDUSTRY WANTS TO DO WHAT'S BEST FOR THE CONSUMER WHETHER IT'S PRE-LITIGATION OR LITIGATION. WE WANT TO DO WHAT'S BEST FOR CONSUMERS.

IN THE PRE-LITIGATION PROCESS WE FEEL WHAT WOULD BE IMPORTANT TO HELP THE CONSUMERS TAP BULLISH A HIGHER LEVEL, ESTABLISH A HIGHER LEVEL OF CONFIDENCE, HAVE UNIFORM NATIONAL STANDARDS BASED ON BEST PRACTICES.

WITH THESE STANDARDS WE CAN ACHIEVE THE GO HE WILL TO HELP THE CONSUMER UNDERSTAND THE DEBT BEING COLLECTED.

ON BEHALF OF ACA INTERNATIONAL, FMA ALLIANCE, I WANT TO THANK THE FTC FOR THE OPPORTUNITY TO BE ON THIS PANEL.

THANK YOU.

>> MY NAME IS DAVID PAUKEN, CHIEF EXECUTIVE OFFICER OF CONVOKE SYSTEMS.

IT'S A SOFTWARE COMPANY LOCATED HERE IN THE WASHINGTON AREA, ARLINGTON, VIRGINIA.

CONVOKE HAS DEVELOPED A SOFTWARE SOLUTION THAT ENABLES TWO-WAY INFORMATION MOBILITY BETWEEN CREDIT ISSUERS AND THEIR COLLECTION CHANNEL PARTNERS.

THESE COLLECTION CHANNEL PARTNERS INCLUDE COLLECTION AGENCIES, LEGAL NETWORKS, COLLECTION ATTORNEYS, AND DEBT BUYERS.

THE VISION OF THE COMPANY IS TO BRING WHAT WE CALL INFORMATION INTEGRATION TO THE COLLECTIONS INDUSTRY BY AUTOMATING PROCESSES.

WE DO THAT BY REDUCING FRICTION IN THE FLY CHAIN OF INFORMATION.

CONVOKE PROVIDES ACCESS TO ALL FORMS OF DATA, DOCUMENTS AND AUDIO FILES THROUGH A CLOUD-BASED INFORMATION EXCHANGE PLATFORM.

AND IT CONTAINS POOLS FOR ISSUERS AND OTHER USERS TO BRING SECURITY, VENDOR OVERSIGHT, THE ABILITY TO AUDIT, EDIT, TRACK AND ANALYZE THE INFORMATION. WE HAVE ALSO DEVELOPED TOOLS TO TRACK CHAIN OF TITLE OR SOLD DEBT.

OUR CUSTOMERS AND OUR USERS INCLUDE CREDIT ISSUERS AND THEIR COLLECTION CHANNEL PARTNERS AND SIMULTANEOUSLY SERVES CONSUMERS, INDUSTRY AND THE REGULATORY ENVIRONMENT.

CONVOKE IS ONE OF SEVERAL TECHNOLOGY COMPANIES THAT OPERATE IN THE SPACE, THAT TRY TO BRING INFORMATION, MOBILITY TO THE INDUSTRY.

THANK YOU.

>> I'M IRA RHEINGOLD, EXECUTIVE DIRECTOR OF THE NATIONAL ASSOCIATION OF CONSUMER ADVOCATES, ASSOCIATION OF ATTORNEYS WHO REPRESENT CONSUMERS IN COURTS ACROSS THIS COUNTRY EVERY SINGLE DAY. THE PROSPECTIVE, PERSPECTIVE I HOPE TO BRING IS PROBABLY DIFFERENT AND LOT OF PEOPLE HERE.

I BELIEVE THAT THE DEBT COLLECTION SYSTEM IS BROKEN. I THINK THAT IT'S FANTASTIC. I'M REALLY EXCITED TO BE IN A ROOM PACKED LIVE THIS TODAY BECAUSE I THINK, PACKED LIKE THIS BECAUSE PEOPLE ARE ON NOTICE THERE ARE SUBSTANTIAL PROBLEMS IN THIS INDUSTRY. THERE ARE THINGS THAT NEED TO BE



FIXED THAT WE CANNOT GO ON LIKE THIS ANYMORE, WE DID NOT DAMAGE BEING DONE BOTH TO OUR ECONOMY AND JUDICIAL SYSTEM BY THE BAD DEBT COLLECTION PRACTICES THAT WE SEE EVERY DAY, I HAVE CONVERSATIONS EVERY SINGLE DAY WITH CONSUMER ATTORNEYS ACROSS THIS COUNTRY AND THE ABUSES THAT WE SEE, THE POOR INFORMATION THAT WE SEE THROUGHOUT THE PROCESS IS CAUSING GREAT HARM PARTICULARLY TO THE COMMUNITIES THAT WE CARE MOST ABOUT, LOW AND MODERATE COMMUNITIES.

WE THINK ECONOMIC RECOVERY, WE NEED TO GET THIS DEBT OVERHANG TAKEN CARE OF AND MAKE SURE CONSUMERS AREN'T FORCED TO PAY DEBT THEY DON'T OWE AND CONTRIBUTE TO THE ECONOMY IN A MORE PRODUCTIVE WAY.

I'M VERY PLEASED TO BE HERE TODAY.

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>> THANK YOU, HI, LARRY TEWELL, I'M IN THE CONSUMER CREDIT CONSUMER DIVISION OF WELLS FARGO, PRIMARY RESPONSIBILITIES ARE CARD COLLECTIONS AND SPECIALTY ACCOUNTS.

ESPECIALLY ACCOUNTS INCLUDE OUTSTANDING UNPAID CONSUMER DEBT.

I'M ALSO AN ACTIVE MEMBER AT CONSUMER BANKERS ASSOCIATION WHERE I AM VICE CHAIR ON THE DEFAULT MANAGEMENT COMMITTEE.

IT'S PRIVILEGE TO BE HERE TODAY REPRESENTING THE INDUSTRY.

I THINK THE ONLY THING I'LL OFFER, WE CAN GET UNDERWAY, TOM, IS THERE'S BEEN MUCH SAID THIS MORNING ALREADY ABOUT THE IMPORTANCE AND RESOLVING UNPAID CONSUMER OBLIGATIONS AS IT'S

CONTRIBUTORY TOWARD CREDIT  
AVAILABILITY AND CREDIT  
AFFORDABILITY.

THE ONE THING THAT HASN'T BEEN  
SAID YET FROM THE CREDITOR  
SELLER PERSPECTIVE, IS THAT  
CREDITORS ONLY SELL UNPAID  
CONSUMER FINANCIAL OBLIGATIONS  
AFTER EVERY EFFORT HAS BEEN MADE  
TO WORK DIRECTLY WITH THEIR  
CUSTOMERS THAT WE CARE SO MUCH  
ABOUT.

THANK YOU.

WE APPRECIATE THE OPPORTUNITY  
HERE.

>> GREAT, THANK YOU, LARRY.

WE HEAR, WE'RE GETTING FEEDBACK.

IT'S CELL PHONES THAT ARE

SOMEHOW NEAR OUR --

[LAUGHTER]

.

>> I DON'T KNOW.

COULD BE MINE.

I HAVE SIX.

>> ONE OF MINE COULD BE DOING  
IT.

HOW ARE WE DOING IN.

>> I THINK THAT'S IT.

>> BACK POCKET, WE'RE GOOD.

>> BACK POCKET IS PROBABLY GOOD.

SO AS SAID, WE'RE GOING THE TALK  
ABOUT INFORMATION RECEIVED BY  
DEBT COLLECTORS AND INFORMATION  
CONVEYED TO CONSUMERS AND SO  
FIRST WE WILL TALK ABOUT  
INFORMATION RECEIVED BY DEBT  
COLLECTORS.

I'M GOING TO BREAK THAT DOWN  
EVEN FURTHER AND TART OUT, LET'S  
TALK ABOUT CONTINGENCY  
COLLECTORS.

THAT IS OFTEN CALLED COLLECTION  
AGENCIES.

THEN WE'LL TALK ABOUT DEBT  
BUYERS.

SO CONTINGENCY COLLECTORS

CURRENTLY RECEIVE, THIS IS, OR  
RECEIVE ACCESS TO AT THE TIME A  
CREDITOR AS SIGNS A DEBT TO  
THEM?

DO THEY GET EXCEL SPREAD SHEETS?

DO WE GET MEDIA?

WHAT OTHER STUFF?

SOME TALKED ABOUT THIS MORNING  
ALREADY, BUT TO THE EXTENT YOU  
GUYS CAN TELL US ABOUT THAT.

LORAIN, AS A COLLECTION AGENCY  
REPRESENTATIVE, WHAT DO YOU ALL  
RECEIVE WHEN YOU, WHEN AN  
ACCOUNT IS ASSIGNED TO YOU?

>> THANK YOU, TOP.

AGAIN, IT'S GOING TO DEPEND ON  
THE TYPE OF THE DEBT AND THE  
SOPHISTICATION OF THE COLLECTION  
AGENCY AND THE CREDITOR.

THERE ARE TYPICALLY ELECTRONIC  
INTERFACES WHERE INFORMATION IS  
EXCHANGED THROUGH VARIOUS  
SOFTWARE.

THEN YOU'RE GOING TO HAVE  
MINIMUM, COMMON WITH ALL TYPES  
OF DEBT, NAME OF THE CONSUMER,  
THEIR ADDRESS, PHONE NUMBER, THE  
AMOUNT THAT'S DUE.

THOSE ARE VERY MINIMAL  
REQUIREMENTS THAT ARE GOING TO  
BE CONTAINED.

WE'RE GOING TO HAVE ACCESS TO  
DATA DEPENDING ON THE TYPE OF  
DEBT, DEPENDING ON THE CREDITOR.  
IN SOME CASES WE HAVE ACCESS TO  
THE CREDITOR'S SYSTEM TO OBTAIN  
THE DATA.

AGAIN, DEPENDING ON THE  
SOPHISTICATION OF THE PARTY.  
SO IT WILL VARY.

IT VARIES WIDELY, BUT AS AN  
INDUSTRY, WE WANT TO HAVE THE  
GOOD DATA SO THAT WE COLLECT  
LEGITIMATE DEBT.

THAT IS OUR OBJECTIVE.

WE WANT TO CONTACT THE RIGHT

CONSUMER AND COLLECT THE  
LEGITIMATE DEBT.

>> LORAIN, JOHN MENTIONED A  
COUPLE DIFFERENT SYSTEMS THAT  
CREDITORS SEEM TO HAVE, THE  
CUSTOMER RELATIONSHIP MANAGEMENT

SYSTEM, WHEN EVERYTHING IS GOING  
SMOOTHLY.

THEN INTERNAL COLLECTION SYSTEM  
AND THEN INTERNAL RECOVERY  
SYSTEM AFTER CHARGE OFF.

DO CONTINGENCY COLLECTORS TEND  
TO GET INFORMATION FROM THE  
INTERNAL RECOVERY SYSTEM?

>> WELL, I CAN'T COMMENT EXACTLY  
WHICH SYSTEM WE'RE GETTING THE  
INFORMATION FROM.

BUT I CAN TELL YOU THERE IS A  
CONSTANT FLOW AND EXCHANGE OF  
INFORMATION BETWEEN US AND THE  
CREDITORS, BETWEEN US RECEIVING  
THAT, US UPLOADING NEW  
INFORMATION BACK TO THE  
CREDITOR.

IT'S A DAILY PROCESS.

IT'S DAILY INTERFACE EXCHANGE OF  
DATA.

>> SO YOU BUY A PORTFOLIO OF  
30,000 ACCOUNTS, THERE'S SOME  
INFORMATION THAT IS CONVEYED  
RIGHT FROM THE BEGINNING.  
THEN THERE'S SOME BACK AND  
FORTH?

>> I'M TALKING FROM THE  
PERSPECTIVE OF A THIRD PARTY  
DEBT COLLECTOR, NOT AS AN OWNER  
OF A PORTFOLIO.

SO THERE IS EXCHANGE OF DATA  
DAILY.

WE MAY LEARN OF A REQUEST FOR  
RARE INDICATION OF DEBT.

VERIFICATION OF DEBT, OBTAIN  
INFORMATION NEEDED TO SATISFY  
THEQ WE MAY ALSO REFLECT PAYMENT

HAS BEEN MADE OR REFLECT  
SETTLEMENT HAS BEEN ENTERED IN  
TO.

WE HAVE THIS CONSTANT FLOW OF  
INFORMATION SO THAT WE ARE  
RECONCILING WITH EACH OTHER'S

SYSTEMS.

>> SO DO YOU AS A CONTINGENCY  
COLLECTOR, DO YOU RECEIVE ANY  
MEDIA WHEN YOU FIRST, I REFERRED  
TO PORTFOLIO, I KNOW THAT'S WHAT  
THEY CALL IT WHEN YOU SELL A  
BUNCH OF DEBT TO A DEBT BUYER.  
IS THERE A DIFFERENT TERM FOR A  
WHOLE BUNCH OF ACCOUNTS THAT ARE  
CONVEYED TO A COLLECTION AGENCY?

>> GENERALLY WE MIGHT REFER TO  
ACCOUNTS AS BEING PLACED,  
PLACEMENTS, BECAUSE WE DON'T OWN  
THE DEBT.

THAT'S WHAT MAY BE MISSING, THE  
PROCESS WHERE CONSUMERS AREN'T  
ENTIRELY CLEAR OF WHAT IS THE  
ROLE OF EACH PARTY.

OUR ROLE IS TO COLLECT THE DEBT  
AS A CONTINGENCY COLLECTION  
AGENCY.

WE ARE NOT THE OWNERS OF THAT  
DEBT.

THERE ARE SOME FOLKS WHO ARE THE  
OWNERS OF THAT DEBT.

THAT'S A DIFFERENT ROLE.

AND THEN OF COURSE WHAT I  
MENTIONED EARLIER THERE'S SOME  
DEBT THAT'S CONFUSING TO THE  
CONSUMER BECAUSE THEY'RE USED TO  
SEEING A CHARGE CARD MY  
RETAILER, THIS WRITES I WENT TO  
BUY MY GOODS, WHERE I WENT TO  
GET MY HAMMER AND NAILS.

BUT THAT'S NOT THE CREDITOR.  
IT'S A DIFFERENT NAME.

AND SO THAT'S WHEN WE WOULD  
COMMUNICATE TO THE CONSUMER THAT  
YES, THE CREDITOR, BECAUSE

REQUIRED BY LAW I HAVE TO DISCLOSE WHO IS THE CREDITOR THAT'S OWED THE DEBT, BUT LET THEM KNOW THEY'RE THE CREDITOR THAT ISSUED THAT CARD FOR YOU. THE STORE THAT YOU'RE FAMILIAR WITH, WE WILL GIVE THEM THE NAME OF THAT STORE.

AGAIN, WE BELIEVE TO HAVE ANY TYPE OF EFFECTIVE EXCHANGE YOU'VE GOT TO HAVE GOOD COMMUNICATION ON BOTH PARTIES.

>> THANKS.

SO LARRY, MY UNDERSTANDING IS THAT WELLS FARGO SELLS DEBT, BUT ALSO PLACES DEBT WITH COLLECTION AGENCIES; IS THAT RIGHT?

>> I THINK WHAT I'LL DO IS SAY, INSTEAD OF FOCUSING ON WELLS FARGO, LET'S FOCUS ON WHAT DOES THE INDUSTRY DO.

THE WAY I WOULD COUCH THAT, CREDITORS IN GENERAL HAVE FOUR PRIMARY OPTIONS WHEN DEBT HAS GONE UNPAID FOR A DURATION THAT CAUSES US TO COMPLY WITH CHARGE OFF REQUIREMENTS. THOSE FOUR PRIMARY OPTIONS ARE TO WORK THE UNPAID DEBT INTERNALLY, INSIDE THE BANK SOMEWHERE.

WE COULD INDEED AS AN INDUSTRY PLACE IT WITH AN AGENCY.

THIRD, WE MIGHT SELL IT IN TO THE DEBT BUYING ECOSYSTEM.

OR WE MAY CHOOSE TO WORK WITH ATTORNEYS AND LITIGATE. THOSE ARE THE FOUR THINGS CREDITORS HAVE TO WORK THROUGH THE NEED FOR ALL CONSUMERS BENEFIT THE RESULT OF UNPAID DEBT.

>> AND SO WHEN CREDITORS ARE CONVEYING INFORMATION TO THEIR COLLECTION AGENCIES, DO YOU HAVE ANYTHING ELSE YOU THINK THAT

COLLECTION AGENCIES ARE RECEIVING?  
THAT WE HAVEN'T MENTIONED YET?  
>> NO, I MEAN I THINK THE INDUSTRY IN GENERAL PROVIDES THE INFORMATION NECESSARY FOR THE CONSUMER TO RECOGNIZE THE DEBT, TO UNDERSTAND THE DEBT, THEIR FINANCIAL SITUATION AND WHAT THEIR OPTIONS ARE.  
I WOULDN'T HAVE ANYTHING TO ADD TO WHAT LARRY SAID.  
>> OKAY, THANKS.  
SO IRA, DO YOU THINK THE INFORMATION THAT CONTINGENCY COLLECTION AGENCIES ARE RECEIVING AT THE TIME A GROUP OF DEBTS ARE ASSIGNED TO THEM, IS THAT SUFFICIENT FOR THEM TO COLLECT DO YOU THINK?  
>> WELL, I DON'T HAVE THE INFORMATION.  
I MEAN I'M HEARING WHAT'S BEING SAID HERE TODAY, I DON'T HAVE ACTUAL INFORMATION ABOUT WHAT IS BEING TRANSFERRED.  
I MEAN I HAVE REAL CONCERNS. I THINK OUR BIGGEST CONCERN CURRENTLY IS THE DEBT BUYER INDUSTRY.  
I THINK THERE'S ALSO DEBT COLLECTION PRACTICES THAT ARE OFF AS WELL.  
I THINK WHEN WE THINK ABOUT THE INFORMATION THAT A DEBT COLLECTOR HAS, I THINK IT'S IMPORTANT THAT AS LARRY SAID, THAT THEY HAVE INFORMATION THAT THE CONSUMER CAN UNDERSTAND, THAT WHAT THAT DEBT IS.  
THE ORIGINAL CONTRACT NEEDS TO BE PART OF IT.  
I THINK THE ORIGINAL CONTRACT HAS TO BE PART OF IT.  
ONE OF THE CONCERNS THAT WE ALWAYS HAVE IS THAT WHEN

CONSUMERS SEE THE AMOUNT OF THE DEBT THAT'S OWED, IT'S NOT BROKEN DOWN.

IS THAT ACTUALLY, IS THAT INFORMATION BEING PROVIDED INDO WE GET INFORMATION ABOUT THE PRINCIPLE, INTEREST, FEES? WE HAVE REAL CONCERNS WHEN DEBT COLLECTION PROCESS HAPPENS, BECAUSE YOU DON'T HAVE THAT BROKE DOWN YOU HAVE INTEREST ON INTEREST.

SO I DON'T HAVE THE DATA.

I CAN'T SPEAK FOR THE INDUSTRY IN TERMS OF WHAT INFORMATION THEY CONVEY TO EACH OTHER BUT I CAN TELL YOU CONCERNS WE HAVE IN TERMS OF -- I THINK THE KEY CONCERNS ARE ORIGINAL CONTRACT NEEDS TO BE IN PLACE, CREDIT HISTORY NEEDS TO BE IN PLACE, NEEDS TO BE AN UNDERSTANDING ABOUT WHAT THE AMOUNT IS COMPOSED OF.

SO THAT THE CONSUMER HAS A BETTER OPPORTUNITY TO DISPUTE IF NECESSARY.

>> YOU THINK THIS IS AN IMPORTANT AT THE VERY BEGINNING OF THE PROCESS BEFORE THEY COLLECT?

>> I DON'T THINK THERE'S ANY DOUBT ABOUT IT BECAUSE I THINK INFORMATION TO STARTS WHICH IS ESSENTIAL.

JOHN WALKED THROUGH THE LIFE OF A DEBT.

THE FURTHER YOU MOVE AWAY FROM THE ORIGINAL CREDITOR, THE INFORMATION GETS WORSE EVERY TIME IT MOVES ALONG.

WHEN YOU BEGIN THE PROCESS, IF YOU'RE STARTING WITH NOT PERFECT INFORMATION AS YOU MOVE ALONG THE PROCESS, THE INFORMATION JUST IS GOING TO GET WORSE AND



WORSE AND WORSE.

SO I THINK IT'S ESSENTIAL THAT THAT FIRST STEP OF THE PROCESS, I THINK IT'S ESSENTIAL THAT THE BANKS, ALL PEOPLE WHO ARE SENDING DEBT OUT TO BE COLLECTED HAVE REAL INFORMATION, TRACK THIS STUFF IN WAYS THAT ARE MEANINGFUL.

AND HAVE THE DOCUMENTS TO BACK ALL OF THAT UP.

>> LET'S TALK SOME ABOUT DEBT BUYERS AND WHAT THEY CURRENTLY OBTAIN AT THE TIME THEY BUY A PARTICULAR DEBT TO THE EXTENT WE CAN TALK ABOUT PARTICULAR DEBTS RATHER THAN PORTFOLIOS, WHAT INFORMATION DOES A DEBT BUYER GENERALLY OBTAIN ABOUT A CONSUMER'S ACCOUNT AT THE TIME THEY PURCHASE THE DEBT?

DO THEY GET EXCEL SPREAD SHEETS, MEDIA, COLLECTOR'S NOTES, PRIOR DISPUTES?

LARRY, WHAT'S YOUR UNDERSTANDING OF WHAT DEBT BUYERS RECEIVE FROM, AT LEAST FROM PRIMARY CREDITORS?

>> THANK YOU, TOM.

I'M GOING TO CHEAT AND I'M GOING TO REFERENCE THE FTC STUDY THAT WAS DONE BECAUSE IT REPRESENTS THE INDUSTRY AS A WHOLE.

I THINK WHAT THEY SAID AND I'M JUST GOING TO READ THIS, WAS COMMON, THE CONSUMER NAME OR NAMES, ACCOUNT NUMBER OR THE LAST FOUR DIGITS, SOCIAL SECURITY NUMBERS, PHONE NUMBERS AS MENTIONED THIS MORNING, LAST KNOWN ADDRESS, DATE ACCOUNT OPENED, DATE ACCOUNT CHARGED OFF, BALANCE OF TIME OF CHARGE-OFF.

THOSE ARE THE COMMON THINGS. WHAT THIS MOVES US TO IS A POINT

A COUPLE PEOPLE MADE.  
IF WE COULD HAVE UNIFORM  
NATIONAL STANDARDS RELATIVE TO  
DATA AND MEDIA, THAT WOULD GO A  
LONG WAY TO HELP ALL THE  
PARTICIPANTS IN THE DEBT  
COLLECTION ECOSYSTEM FUNCTION  
WELL.

MOST IMPORTANTLY, WOULD HAVE THE  
TENDENCY TO IMPROVE THE CUSTOMER  
EXPERIENCE.

>> OKAY.

THANK YOU.

THAT'S WHAT WE WILL TALK ABOUT  
AS WE CLOSE THE SESSION, SOME  
SORT OF NATIONAL STANDARD.  
SO DAVE, YOU'RE WITH CONVOKE  
SYSTEMS.

YOU WORK QUITE A BIT WITH DEBT  
BUYERS.

CAN YOU TELL US BRIEFLY AGAIN  
HOW DOES IT WORK?

HOW DOES THE SYSTEM WORK?

WHO HIRES YOU?

WHERE DOES THE DATA COME FROM?

WHAT DO YOU DO WITH THE DATA?

>> SO A CREDIT ISSUER SELLS A  
PORTFOLIO TO A DEBT BUYER.

THEY REACH THEIR OWN FINANCIAL  
ARRANGEMENT, SIGN A CONTRACT  
LIKE ANY ASSET THAT'S SOLD,  
THERE'S A CONTRACT BEHIND IT.  
FOLLOWING THAT SALE THEY WOULD  
LOAD ON TO CONVOKE LISTING OF  
THE ACCOUNTS THEY SOLD WITH  
GENERALLY ALL OF THE INFORMATION  
LARRY JUST MENTIONED, PLUS SOME.  
OFTEN YOU WILL FIND MANY CASE IT  
IS PRINCIPLE BALANCES, INTEREST  
BALANCES, BREAKDOWNS, SOCIAL  
SECURITY NUMBERS, COMMONLY  
CALLED INDUSTRY ROAD LEVEL DATA.  
AND THAT INFORMATION IS FLAGGED  
TO THE DEBT BUYER, CONFIRMED  
THAT IS WHAT THEY IN FACT  
BOUGHT.

AND THEN DIFFERENT ISSUES HAVE DIFFERENT APPROACHES TO DELIVERING DOCUMENTS. SOME DELIVER DOCUMENTS AT THE TIME OF SALE. THEY WILL PROVIDE THE LAST SIX OR 12 MONTHS OF STATEMENTS. OTHERS MAKE THEM AVAILABLE UPON REQUEST, EITHER THROUGH OUR SYSTEM OR IF THEY'RE NOT USING CONVOKE, ANOTHER SYSTEM. AND GET THE DOCUMENTS AS THEY NEED THEM. THAT'S HOW IT WORKS.

>> SO WHAT SORTS OF DOCUMENTS, ARE THERE ANY SORTS OF DOCUMENTS, YOU MAY HAVE MENTIONED IN PREVIOUS CONVERSATIONS, SOME KINDS OF DOCUMENTS THAT YOUR DATABASE COULD HOLD THAT AREN'T BEING, YOU AREN'T BEING ASKED TO HOLD AT THIS POINT?

>> WE CAN CAPTURE JUST ABOUT ANY TYPE OF DOCUMENT. I WILL SAY THAT THE PREDOMINANT REQUIREMENT FROM THE DEBT BUYERS ARE THE CHARGE-OFF STATEMENT AND THE LAST STATEMENT THAT REFLECTS EITHER A PAYMENT OR A CHARGE. WE'RE GENERALLY ABLE TO DELIVER NEARLY 100% OF THOSE. NOT 100%, BUT NEARLY 100% OF THOSE IN A RELATIVELY SHORT PERIOD OF TIME. THAT SEEMS TO SATISFY MANY OF THE REQUIREMENTS OF THE DEBT BUYER. IF THEY NEED, IF THAT DOESN'T SATISFY IT THEY WILL NEED APPLICATIONS, TERMS AND CONDITIONS AND WE CAN PROVIDE ALL OF THAT INFORMATION. MANY CREDIT ISSUERS ARE DOING THAT WITH OR WITHOUT CONVOKE. OUR GOAL IS TO DO THAT IN A MORE

EFFICIENT WAY, BUT WE HAVE OBSERVED THE INDUSTRY DOES MAKE AN ATTEMPT TO PROVIDE THAT.

>> OKAY.

SO WHAT SORTS OF -- THE INFORMATION THAT DEBT BUYERS ARE OBTAINING AT THE TIME OF SALE, IRA, DOES THAT SEEM SUFFICIENT TO YOU?

>> GUESS WHAT MY ANSWER IS GOING TO BE.

I WANT TO PULL BACK FOR A SECOND HERE BECAUSE I THINK THERE'S ACTUALLY A PREDICATE HERE. I WILL TALK ABOUT DEBT BUYER INFORMATION.

I COME OUT OF REPRESENTING HOMEOWNERS IN THE MORTGAGE WORLD.

THE FIGHTS THAT WE HAVE HAD WITH THE SERVICERS.

WE TALK ABOUT INFORMATION THAT'S BEING SOLD TO THE DEBT BUYERS AS IF THAT INFORMATION TO START WITH IS RELIABLE.

I THINK THAT ONE OF THE EXPERIENCES THAT WE HAVE HAD OVER THE LAST FOUR OR FIVE YEARS IS I HAVE REAL DOUBTS AND I THINK ANYBODY WHO HAS BEEN PAYING ATTENTION, SHOULD HAVE REAL DOUBTS ABOUT CREDIT ISSUERS' ABILITY TO MAINTAIN GOOD INFORMATION.

WE HAVE SEEN IT TIME AND AGAIN WHERE THE AMOUNTS THEY SAY ARE OWED ARE WRONG.

WE HAVE SEEN A CONSOLIDATION IN THE BANKING INDUSTRY WHERE SYSTEMS FROM ONE BANK TO ANOTHER DID NOT MATCH.

YOU SAW ALL SORTS, I MEAN HOW MANY BANKRUPTCY CLAIMS ARE THERE, THERE'S A JUDGE IN NEW ORLEANS WHO PRETTY OFTEN A DAILY BASIS PROVIDES A SPREAD SHEET TO

THE BANKS SO THAT THEY CAN DO  
AUDITED ACCOUNT OF THE AMOUNTS  
THAT ARE OWED BECAUSE BANKS HAVE  
SHOWN AN INABILITY TO KEEP  
RECORDS ACCURATELY.

I THINK THAT'S A REALLY, THAT'S  
A PREDICATE TO OUR DISCUSSION  
HEREMENT I THINK SOME OF THE  
INFORMATION, SO WE TALKED ABOUT  
WHAT THE BANKS PROVIDE TO DEBT  
BUYERS.

I THINK THERE'S REAL INTERNAL  
QUESTIONS ABOUT CREDITORS AND  
ABOUT THE INFORMATION THAT THEY  
ARE KEEPING AND THEIR ABILITY TO  
KEEP IT ACCURATELY.

I THINK WE SAW THAT IN THE  
MORTGAGE MARKET AND I THINK WE  
SEE IT EVEN MORE IN THE DEBT  
MARKET.

I THINK THAT'S ONE POINT.  
NOW, IN TERMS OF THE INFORMATION  
THAT'S BEING SOLD, I THINK WE  
ALL BELIEVE IN MAKING, HAVING  
THE MARKETPLACE SORT OF DICTATE  
SOME OF THESE THINGS THAT ARE  
HAPPENING.

I WOULD JUST, THERE'S A QUESTION  
THAT KEEPS WRAPPING AROUND, I  
TALKED TO DAVID BEFOREHAND, THE  
THING THAT KEEPS WRAPPING ME IN  
MY HEAD, THE THING I CAN'T GET  
MY BRAIN AROUND, IS IF THIS  
INFORMATION IS SO ACCURATE AND  
IT'S SO GOOD, WHY IS IT BEING  
SOLD FOR 3 AND 4 CENTS ON THE  
DOLLAR, 2 CENTS TO DOLLAR,  
RIGHT?

I DON'T UNDERSTAND THAT.  
I THINK IF IN FACT YOU ARE  
PROVIDING VALUABLE INFORMATION  
THAT WOULD BE USEFUL IN TERMS OF  
COLLECTING DEBT, THAT ACTUALLY  
WAS RELIABLE, THAT PROVIDES  
SUFFICIENT PROOF THAT THIS WAS A  
RIGHT PERSON AND THIS IS THE

RIGHT AMOUNT OF MONEY THAT THEY OWE, AND HERE'S THE ORIGINAL CONTRACT AND HERE'S AN ACCOUNTING ALL ALONG, THAT WOULD BE WORTH A LOT MORE THAN 2 AND 3 AND 4 CENTS.

BUT IT'S NOT.

I THINK THE MARKET'S VALUATION OF THAT MAKES MY POINT THAT THE INFORMATION BEING TRANSFERRED THROUGH THE DEBT BUYER IS INSUFFICIENT.

THEN THE QUESTION IS, WELL, ARE THE DEBT BUYERS HAPPY WITH THAT? MAYBE THEY'RE HAPPY WITH IT BECAUSE THEY CAN SELL, THAT GOES IN TO DISCUSSIONS LATER BUT USE OF LITIGATION MAXIMIZES 2, 3, 4 CENTS THEY'RE PAYING FOR THIS SORT OF INFORMATION THAT IS AT BEST TENUOUS.

>> I GUESS YOU HAVE A BASIC, YOU QUESTIONED THE DATA THAT BANKS HAVE, THE ORIGINAL CREDITORS HAVE.

I GUESS JUST --

>> ADDITIONAL LAYER.

>> FOR OUR PURPOSES TODAY, WHAT DO YOU THINK ABOUT THE, WHAT KINDS OF DOCUMENTS OR INFORMATION, WHETHER IT'S MEDIA OR WHATEVER, THAT DEBT BUYERS ARE NOT GETTING NOW, SHOULD THEY GET AT THE TIME OF SALE AS OPPOSED TO AVAILABLE TO THEM AT THE TIME OF DISPUTE OR FOR LITIGATION?

>> AGAIN, I DON'T KNOW WHY THAT INFORMATION ISN'T SIMPLY PROVIDED INITIALLY, WHY THAT INFORMATION HAS TO WAIT TO THE MOMENT OF DISPUTE.

I THINK THE SYSTEM WOULD WORK SO MUCH BETTER IF IN FACT ALL OF THE INFORMATION THAT WOULD BE NECESSARY TO COLLECT THAT DEBT,

INCLUDING PROCEEDING WITH LITIGATION.

YOU KNOW, THERE'S A NUMBER OF DEBT BUYERS WE KNOW, THAT'S WHAT THE BUSINESS MODEL IS.

THE MODEL IS TO TAKE THE DEBT AND LITIGATE IT.

I DON'T SEE ANY REASON WHY, THE AMOUNT, WHAT IS THE INFORMATION, THE DEBT BUYER WILL NEED, TO PROVE THAT IN FACT, WHETHER IT'S A COURT OF LAW, WHETHER IT'S SUFFICIENT SO THAT IF A CONSUMER DISPUTES A DEBT EITHER FROM THE G NOTICE OR ON A CREDIT REPORT, THE INFORMATION THEY RECEIVE INITIALLY SHOULD BE ALL OF THAT INFORMATION.

THEY SHOULDN'T HAVE TO GO BACK. WE HAVE SEEN THE CONTRACT, A LOT OF TIMES THEY CAN'T GO BACK OR LIMITED IN HOW MUCH INFORMATION THEY SHOULD GET.

I BELIEVE THEY SHOULD HAVE ALL THAT INFORMATION AT THEIR FINGERTIPS AT THE MOMENT OF SALE.

I THINK A LOT OF THE ISSUES THAT WE SEE TODAY IN TERMS OF THE DISPUTES THAT ARE HAPPENING, IN TERMS OF THE PROBLEMS IN LITIGATION WOULD BE MITIGATED IF IN FACT THAT INFORMATION WAS PROVIDED AT THAT INITIAL MOMENT.

>> THANKS.

LARRY, WHAT DO YOU THINK? SHOULD EVERYTHING BE CONVEYED AT THE TIME OF SALE?

WHEN YOU SEAL PORTFOLIO, IS IT, SELL A PORTFOLIO, IS IT POSSIBLE?

IS IT POSSIBLE TO DO SOMETHING IN-BETWEEN EVERYTHING AND WHAT IS BEING CONVEYED NOW?

>> WORDS LIKE EVERYTHING ARE REALLY HARD TO WORK WITH. TO THE BASIC

PREMISE THAT IT'S NOT A MATTER OF INFORMATION AVAILABILITY, IT'S A MATTER OF INFORMATION VARIABILITY.

SO THE IDEA THAT THERE ARE DIFFERENT POSITIONS REPRESENTED IN THIS PANEL AND IN THIS ROOM INTRODUCES TWO BASIC THINGS THAT WE CAN DO AS LEADERS OF OUR INDUSTRY TO BETTER SERVE OUR CONSUMERS.

THAT'S ONE, CREATE THE STANDARDS TOGETHER RATIONALLY.

AND TWO, I'D LIKE TO SEE SOME GOOD OLD FASHIONED DISCIPLINE AROUND TEST AND CONTROL.

WHERE INSTEAD OF FOLKS REPRESENTING WHAT THEY KNOW WHAT IS BEST FOR THE CONSUMER AND INSTEAD LEARN BY WHEN WE ADD A DISCLOSURE, WE ADD VERNACULAR TO A LETTER, THAT WE THEN TEST AND SEE IF THAT INFORMATION INDEED IMPROVED CONSUMER UNDERSTANDING, CONSUMER AWARENESS.

SO YOU KNOW, EVERYTHING AND ALL INFORMATION IS HARD TO WORK WITH, BUT THE BASIC PREMISE OF GETTING IT RIGHT FOR THE CONSUMER IS A GOAL WE SHARE IN COMMON.

>> THANKS.

WHAT WOULD BE THE BENEFITS TO HAVING CONSUMERS -- HAVING DEBT BUYERS RECEIVE MORE INFORMATION AT THE TIME, IRA?

AT THE TIME OF PURCHASE.

>> I THINK IT MAKES THE PROCESS -- I THINK IF IN FACT THE DEBT BUYER GETS ALL THE INFORMATION THAT THE ORIGINAL CREDITOR HAS, I THINK IT MAKES EVERYTHING -- ONE, IT WOULD COST MORE MONEY, WHICH WOULD BE GOOD FOR THE CREDITORS.

SHOULD BE GOOD FOR THE DEBT



BUYERS.

WOULD BE EASIER TO GO AHEAD AND TAKE CARE OF THE DEBT, THIS IS A QUESTION DOWN THE LINE.

WHEN YOU PROVIDE THAT ORIGINAL NOTICE, I THINK YOU CAN SOLVE SOME OF THE PROBLEMS ABOUT DISPUTES WHEN ALL OF THAT INFORMATION IS ON THAT ORIGINAL NOTICE, RIGHT?

SO WHEN WAS THE DATA ACCRUED? WHO WAS THE ORIGINAL A CREDITOR. WE HAVE THE ORIGINAL CONTRACT HERE.

HERE IS A BREAKDOWN OF THE DEBT WE OWE.

WHAT WE HEAR FROM THE INDUSTRY, EVERYBODY DISPUTES IT BECAUSE WE DON'T HAVE A BREAKDOWN OF INFORMATION.

SOME OF THAT GETS SHORT CIRCUITED AND SOME OF THE ISSUES AND SOME OF THE FIGHTING THAT TAKES PLACE BOTH IN THE LETTER PROCESS AND THE DISPUTE PROCESS AND LATER ON IN LITIGATION WOULD GET SOLVED IF IN FACT IT WAS A COMMON PRACTICE THAT THE DEBT BUYER REALLY WAS STANDING IN THE SHOES OF THE CREDITOR.

IN FACT, HAD THE FULL INFORMATION SO THAT THAT COLLECTION WOULD WORK MUCH BETTER.

>> YEAH.

IRA AND LARRY, WHAT DO YOU GUYS THINK OF SOME SORT OF TECHNOLOGICAL -- TECHNICAL, SOME SOLUTION TO CONCO SYSTEMS OR SOMETHING LIKE THAT.

COULD THAT SOLVE SOME OF THESE ISSUES?

>> WHEN YOU SAID REPOSITORY, I THINK OF THE NIGHTMARE THAT THAT CREATED IN THE MORTGAGE INDUSTRY.

NO OFFENSE IF ANYBODY HERE IS  
CONNECTED TO MERS.

>> BUT YOU CREATED A NIGHT MARE.

>> NONETHELESS -- I'VE ALWAYS  
BELIEVED IN THE MORTGAGE  
PLACE -- THERE'S NO REASON WHY  
TECHNOLOGY CAN'T DO THAT.  
I DON'T THINK THERE'S ANY REASON  
WHY THIS INFORMATION CAN'T BE  
CREATED.

WHY YOU CANNOT HAVE THAT  
INFORMATION IN A USEABLE,  
RELIABLE -- LEGALLY RELIABLE  
FORM AND BE ABLE TO TRANSFER IT.  
I DON'T THINK WE HAVE THAT  
SYSTEM.

MERS CERTAINLY DIDN'T DO IT.  
CAN IT BE ACCOMPLISHED THROUGH  
TECHNOLOGY?

I DON'T THINK THERE'S ANY REASON  
IT CAN'T BE.

THE QUESTION IS, WHAT IS THIS  
INDUSTRY GOING TO LOOK LIKE FIVE  
YEARS FROM NOW.

AGAIN, THE PARALLELS ARE SO  
OBVIOUS IN TERMS OF THE  
UNWILLINGNESS OF BANKS TO SPEND  
THE MONEY NECESSARY TO MAKE  
MORTGAGE SERVICING WORK  
PROPERLY.

I THINK IT'S A QUESTION OF  
EXPENDING CAPITAL FOR FUTURE  
GAIN.

BUILDING A SYSTEM WHERE THE  
INFORMATION FLOWS IN A RELIABLE  
MANNER SO THAT PEOPLE CAN DEPEND  
ON IT.

I DON'T THINK THAT'S IMPOSSIBLE.

I THINK THERE'S A GENERAL  
UNWILLINGNESS TO DO IT BECAUSE  
IT'S GOING TO REQUIRE INITIAL  
CAPITAL OUTLAYS TO WORK.

FUNDAMENTALLY, IF WE HAVE ALL OF  
THIS TECHNOLOGY IN OUR HAND, WE  
HAVE SOMETHING HERE THAT WORKS  
ON THE TECHNOLOGIES, I DON'T

THINK ANY OF THE STUFF IS  
IMPOSSIBLE.

THERE HAS TO BE A WILL AND IT  
ACTUALLY IS GOING TO REQUIRE  
REGULATORY PUSHES IN WHATEVER  
FORM OR LITIGATION PUSHES OR,  
YOU KNOW, TO MAKE THAT HAPPEN.  
I THINK THOSE OPPORTUNITIES ARE  
THERE AND IT CAN WORK.

I DON'T SEE A WILLINGNESS FROM  
THE CREDITOR SIDE FROM MAKING  
THAT WORK.

AND I THINK IF I WAS A DEBT  
BUYER TRYING TO COLLECT DEBTS, I  
DON'T THINK -- I THINK THE  
WRITING IS ON THE WALL.

THIS IS THE WAY THE INDUSTRY  
WILL HAVE TO OPERATE.

>> OKAY.

DAVE, DO YOU HAVE -- I'M SORRY.  
I CUT LARRY OFF.

YOU MENTIONED NATIONAL  
STANDARDS.

DO YOU HAVE ANY SUGGESTIONS  
ABOUT THINGS THAT COULD BE IN A  
NATIONAL STANDARDS FOR WHAT IS  
CONVEYED AT THE TIME OF SALE?  
AND THEN I'LL ASK DAVE IF --  
LARRY, I'LL ASK YOU AND DAVE IF  
YOU FOLLOW UP ON WHAT IRA AND  
LARRY HAVE SAID.

>> FIRST, A COUPLE THINGS.

THE INDUSTRY IS VERY INTERESTED  
IN PROVIDING THE INFORMATION  
NECESSARY FOR CONSUMERS TO  
UNDERSTAND THEIR OBLIGATIONS,  
THEIR FINANCIAL SITUATION AND  
WORK THROUGH IT.

SO THERE'S SCLEERLY A  
WILLINGNESS ON THE INDUSTRY'S  
PART TO MAKE THE INFORMATION  
AVAILABLE THAT BENEFITS THE  
CONSUMER.

SECOND, HUGE PROPONENTS OF  
TECHNOLOGY.

TECHNOLOGY EQUALS EFFICIENCY.

SO OBVIOUSLY THE CREDIT GRANTING INSTITUTIONS ACROSS THE COUNTRY ARE INTERESTING IN BEING EFFICIENT IN ALL ASPECTS OF THE ECOSYSTEM AND WE INVEST MILLIONS AND MILLIONS OF DOLLARS EVERY YEAR TO MAKE SURE THAT'S THE CASE.

WITH RESPECT TO THE SPECIFIC QUESTION ABOUT DATA.

ARE THERE GOOD IDEAS OUT THERE? I THINK WHAT YOU'VE HEARD TODAY IS THAT SOME CREDIT ORIGINATOR AND SELLERS PROVIDE A GREAT DEAL OF INFORMATION AND SOME PROVIDE LESS.

SO AT THE RISK OF REPEATING MYSELF, THAT'S WHY WE NEED A STANDARD.

THE IDEAS THAT I SEE THAT ARE GOOD AND WOULD BE BENEFIT INCLUDE THINGS LIKE THE ORIGINAL CREDITOR NAME.

IN THAT NOTICE, HOWEVER, IT'S IMPORTANT NOT TO CONFUSE WHERE THE OBLIGATION RESIDES IN TERMS OF OWNERSHIP.

WE WANT TO AVOID THE CONSUMER CONFUSION.

LORAIN MENTIONED THAT WHILE IT'S NOT REQUIRED, PROVIDING LAST PAYMENT DAY AND AMOUNT ARE ALSO POTENTIALLY HELPFUL.

SO YES, THE INDUSTRY BELIEVES THERE ARE SOME ADDITIONAL THINGS THAT WOULD BE HELPFUL TO THE CONSUMER AND I DON'T SEE ANY IMPEDIMENTS TO WHY WE COULDN'T MAKE THOSE THINGS AVAILABLE.

>> OKAY.

GREAT.

THANK YOU.

DAVE, WHAT DO YOU THINK ABOUT SOME OF THE REPOSITORIES, YOURS OR SOME OTHER, HOW THEY MIGHT HELP WITH THIS INFORMATION AT

THE TIME OF -- AT THE TIME OF  
SALE?

>> I THINK REPOSITORY OR AN  
EXCHANGE PLATFORM CAN BRING  
GREAT VALUE TO THE INDUSTRY.  
THERE'S NO REASON WHY YOU  
COULDN'T HAVE A DEFINED SET OF  
DATA STANDARDS AND DOCUMENT  
STANDARDS THAT COULD BE PROVIDED  
TO ANYONE OF THE COLLECTION  
CHANNELS ON PLACEMENT OR SALE.  
EVERYBODY AGREE ON THOSE  
STANDARDS AND IF AS THE DEBT  
MOVES FROM ONE COLLECTION  
CHANNEL TO ANOTHER, FROM ONE  
AGENCY TO A LAWYER, TO A DEBT  
BUYER, ALL OF THAT INFORMATION  
WOULD BE READILY AVAILABLE TO  
WHOEVER HAS PERMISSIBLE PURPOSE  
TO THE ACCOUNT.

IF IT'S BEEN PLACED TO THEM OR  
IF IT'S BEEN SOLD TO THEM.  
SO I'M VERY INTERESTED IN THIS  
AREA.

OBVIOUSLY I HAVE A BUSINESS THAT  
FOCUSES ON IT.

I THINK IT CAN BE A BIG PART OF  
THE SOLUTION.

WHETHER IT'S CONVOC OR ANY OTHER  
TECHNOLOGY COMPANY OUT THERE.

>> I WANT TO MOVE TO THE  
INFORMATION THAT DEBT COLLECTORS  
CONVEY IN EVALUATION NOTICES AND  
WHEN THEY FIRST CONTACT  
CONSUMERS BY PHONE.

FIRST, I WANT TO TALK ABOUT THE  
VALIDATION NOTICES.

IT'S THIS, YOU KNOW, WRITTEN  
COMMUNICATIONS TO CONSUMERS FOR  
WHICH WE HAVE, YOU KNOW,  
BENEFITTED FROM HELP FOR 20  
YEARS OR SOMETHING LIKE THAT.  
A LONG TIME.

SO MANOJ, THE VALIDATION NOTICE  
OF THE 1692 G NOTICE, IT'S --  
DEBT COLLECTORS ARE REQUIRED TO

NOTIFY CONSUMERS THAT THEY -- IF THEY DISPUTE WITHIN 30 DAYS, THEY MUST PROVIDE THE AMOUNT OF THE DEBT, THE NAME OF THE DEBT WHO THE CREDITOR IS OWED.

AND SO THE DISCLOSURES ARE -- SOME WOULD SAY SOME OF THESE DISCLOSURES BECAUSE THEY TRACK THE LANGUAGE OF THE STATUTE THAT IT'S HARD FOR THE CONSUMER TO FOLLOW.

YOU KNOW, HOW DO YOU THINK THESE DISCLOSURES TO CONSUMERS MIGHT BE IMPROVED, WHAT ARE YOUR THOUGHTS IN GENERAL ABOUT SHARING INFORMATION TO CONSUMERS WHO -- WHEN DEBT COLLECTORS CONTACT THEM?

>> WELL, AS YOU MENTIONED, TOM, I'VE BEEN WORKING IN THIS AREA FOR SOME TIME.

AND IT'S AN AREA FRAUGHT WITH CHALLENGE AND FRUSTRATION.

LET ME SAY THAT.

AND I REALLY WANT TO MAKE TWO BROAD POINTS.

WE CAN TALK A LITTLE MORE SPECIFICALLY ABOUT THE DISCLOSURE AT HAND HERE.

I THINK THERE'S SORT OF A POINT TO BE MADE STEPPING BACK FROM THESE SPECIFIC DISCLOSURES TO THE IDEA OF HOW TO DEVELOP DISCLOSURES AND HOW ONE TESTS THEM.

LARRY MENTIONED THE CONCEPT OF CONSUMER TESTING, WHICH IS REALLY HALF MY PITCH TODAY.

SO LET ME START WITH THAT FIRST.

IT SEEMS TO ME THAT THE MOST IMPORTANT POINT I CAN MAKE IS THAT DISCLOSURES OUGHT TO BE TESTED WITH CONSUMER RESEARCH. THIS IS NOT DONE AS OFTEN AS ONE MIGHT BELIEVE.

IN A LOT OF SITUATIONS, WHEN I

AM CALLED IN TO COMMENT ON DISCLOSURES, THERE IS A RELUCTANCE TO TEST DISCLOSURES. PART OF THE CHALLENGE IS THAT MANY DISCLOSURES SIMPLY LOOK PRETTY CLEAR ON THE FACE OF IT. THIS IS NOT JUST LAWYERS FOR EXAMPLE DEVELOPING DISCLOSURES. THERE'S A JOKE WITH THE FTC THAT LAWYERS WITH DISCLOSURES CAN BE DANGEROUS. BUT EVEN PEOPLE THAT CLAIM TO BE EXPERTS IN CONSUMER RESEARCH LIKE MYSELF OFTEN FIND THAT THE DISCLOSURES THAT THEY HAVE CREATED DON'T WORK. I WANT TO START WITH THAT. DISCLOSURES OFTEN DON'T WORK. IT'S QUITE THE CHALLENGE TO DEVELOP GOOD DISCLOSURES. CONSUMER TESTING CAN ALSO BE EXPENSIVE. THAT'S PART OF THE ISSUE. PEOPLE ARE APPALLED THAT I TELL THEM THAT A QUALITATIVE STUDY WITH 50 RESPONDENTS IS GOING TO CAST -- I'M MAKING THIS UP, SO DON'T PANIC -- \$100,000. WHAT IS IT THIS PERSON THAT IS TELLING YOU THAT IS SO VALUABLE? THAT THEY'RE CHARGING MORE THAN MOST OF THE TOP LAWYERS SITTING IN THIS ROOM, I WOULD THINK? BUT THE VALUE OF TESTING DISCLOSURES IS NOT ONLY THAT YOU LEARN WHICH DISCLOSURES ARE NOT WORKING. I'LL GIVE YOU EXAMPLES AS WE GO FORWARD HERE. BUT ALSO THAT YOU CAN LOOK FOR UNINTENDED AFFECTS. THIS IS PARTICULARLY IMPORTANT IN A SETTING WHERE DIFFERENT AUDIENCES ARE LOOKING FOR DIFFERENT THINGS FROM THE DISCLOSURE THAT IS CERTAINLY

TRUE HERE.

SO YOU KNOW, THERE ARE PEOPLE THAT MIGHT BE LOOKING AT DISCLOSURES FROM THE CONSUMER'S PERSPECTIVE.

WHAT IS IT THAT THE CONSUMER SHOULD LOOK AND WHAT WILL MAXIMIZE CONSUMER WELFARE THAT WILL INFLUENCE CONSUMER DECISION-MAKING.

LET THEM MAKE BETTER DECISIONS. THEN THERE WILL BE UNINTENDED CONSEQUENCES.

ONE OF THE POINTS THAT PEOPLE TALKED ABOUT IN AN EARLIER CALL, IF CONSUMERS UNDERSTAND FOR EXAMPLE THAT THEY HAVE THE RIGHT TO STOP COMMUNICATION FROM THE COLLECTOR, THAT THIS WILL LEAD TO MORE LAWSUITS.

THIS IS NOT MY SPECIFIC AREA OF EXPERTISE.

BUT THESE KINDS OF TRADE-OFF ISSUES COME UP ALL THE TIME.

ONE QUICK EXAMPLE I'LL GIVE IS WORK I DID ON PRIVACY

DISCLOSURES WHICH ARE UNDER THE GLBA, WHICH ARE COMPLEX PRIVACY STATEMENTS THAT CONSUMERS GET FROM BANKS OR FINANCIAL INSTITUTIONS.

INITIALLY IT SEEMS EASY TO SAY WHETHER BANKS PROVIDE OPT-OUT FOR COLLECTION INFORMATION, THIS IS STRAIGHTFORWARD.

CONSUMERS WOULD LIKE TO KNOW IF YOU GIVE THEM CHOICES.

WE SHOULD TELL CONSUMERS.

THE TESTING REVEALED THAT WHEN YOU TEST A BANK THAT DOESN'T GIVE ANY OPT-OUTS BECAUSE IT COLLECTS NO INFORMATION OR -- SORRY, SHARES NO INFORMATION, THAT THAT'S PROBABLY AN IDEAL SITUATION.

I DON'T SHARE, SO I DON'T NEED



TO GIVE YOU A CHOICE.  
CONSUMERS MISUNDERSTOOD THAT.  
SO THEY HAVE THE OPT-OUT  
MENTALITY SAYING IF THE BANK  
DOESN'T OFFER OPT-OUTS THERE'S  
SOMETHING SHADY GOING ON HERE.  
THAT'S A THORNY PROBLEM.  
SO DESIGNING DISCLOSURES THAT  
ARE MUTUAL IS VERY CHALLENGING  
IN THE ABSENCE OF CONSUMER  
RESEARCH.

FINALLY, ON TESTING THE POINT I  
WOULD MAKE -- AND THIS IS AGAIN,  
TIES INTO THE COMMENT THAT I  
THINK IRA MADE -- THIS NOTION  
THAT, YOU KNOW, THE BETTER  
INFORMATION WILL ACTUALLY  
IMPROVE CONSUMER CHOICE.  
THEY'LL BETTER UNDERSTAND WHAT  
IS GOING ON, MAKE BETTER  
CHOICES.

A LONG-TERM STUDY AFTER  
INTRODUCING A DISCLOSURE IS VERY  
IMPORTANT AND AGAIN RARELY DONE.  
SO YOU KNOW, WE LOOK AT THE FTC  
DEBT STUDY, FOR EXAMPLE, WHICH  
AMONG OTHER THINGS WAS LOOKING  
AT WHAT FACTORS INFLUENCE THE  
DEBT, WHICH I THOUGHT WAS  
INTERESTING.

AS ONE IDEA, YOU CAN DO  
SOMETHING AFTER GOOD DISCLOSURES  
HAVE BE INTRODUCED TO LOOK AT  
WHAT FACTORS INFLUENCE  
CONSUMERS.

IT'S NOT CLEAR ON THE FACE THAT  
A DISCLOSURE WILL NECESSARILY  
IMPACT CONSUMER DECISION MAKING,  
REDUCE THE NUMBER OF LAWSUITS.  
PERHAPS HAVE PEOPLE PAYING BACK  
MORE DEBT.

I DON'T FULLY UNDERSTAND WHY  
PEOPLE AREN'T PAYING DEBTS, BUT  
IT HAS TO BE A COMPLEX FACTOR  
AND THE ROLE THAT INFORMATION  
PLAYING IN THAT PROCESS ISN'T

CLEARLY UNDERSTOOD.  
SO MY MAIN PLEA WOULD BE FOR  
LOOKING AT RESEARCH AS A WAY OF  
IMPROVING DISCLOSURES AND  
TESTING THEIR VALUE, WHETHER  
IT'S VERY LIMITED OR IT'S  
SUBSTANTIAL IN INFLUENCING  
CONSUMER DECISION MAKING.

>> GOOD.

I'LL ASK YOU SOME MORE ABOUT THE  
DISCLOSURES THAT DEBT COLLECTORS  
ARE PROVIDING NOW.

SO LORAINÉ, WHAT SORTS OF  
INFORMATION ARE DEBT COLLECTORS  
CURRENTLY PROVIDING TO CONSUMERS  
IN THEIR VALIDATION NOTICES?

THE 1692 G NOTICES.

>> COMMONLY WE WILL TRACK THE  
STATUTE AS IT'S WRITTEN.

WE WILL PROVIDE THEM INFORMATION  
THAT IS REQUIRED.

THE NAME OF THE CREDITOR TO WHOM  
THE DEBT IS OWED AND THE AMOUNT  
THAT IS DUE.

OF COURSE, THE TRACKING THE  
LANGUAGE WILL INFORM THE  
CONSUMER HOW THEY CAN OBTAIN  
VERIFICATION OF THE DEBT.

BUT THEN SOME INDUSTRY MEMBERS  
HAVE GONE BEYOND THAT.

LIKE I MENTIONED IF IT'S A  
RETAILER, NOT THE CREDITOR,  
THEY'D IDENTIFY THE RETAILER.

>> AND ASSET BUYERS ARE CALLED  
DEBT BUYERS?

>> YES.

SOME WILL LIST THE ORIGINAL  
CREDITOR AND THE CURRENT  
CREDITOR AND THE ORIGINAL  
ACCOUNT NUMBER AND CURRENT  
ACCOUNT NUMBER.

THAT'S NOT UNCOMMON.

AGAIN, WE WANT TO MAKE SURE  
CONSUMERS UNDERSTAND WHY WE'RE  
CONTACTING THEM AND THE DEBT  
THAT IS OWED.

THOSE ARE IMPORTANT ELEMENTS.  
THAT'S WHERE WE GO BACK TO IF WE  
CAN HAVE SOME UNIFORM NATIONAL  
STANDARDS BASED ON BEST  
PRACTICES WITH VALIDATION OF  
RESEARCH, THAT THIS NEW  
INFORMATION WE GIVE HELPS THEM,  
WE'RE IN FAVOR OF THAT.  
WE WANT TO HAVE A GOOD  
EXPERIENCE WITH THAT CUSTOMER OR  
WITH THAT CONSUMER.  
THAT'S IMPORTANT TO US.  
AND I DON'T -- I HAVE TO DO THIS  
BECAUSE MY EXPERIENCE IN THIS  
INDUSTRY HAS BEEN DIVERSE.  
IT HAS BEEN WITH PRIMARILY  
COLLECTION AGENCIES.  
TO THINK THAT THE VALUE OF DEBT  
BEING SOLD IS BASED ON THE  
INFORMATION IS, I THINK, AN AREA  
WE NEED TO BE CAREFUL WITH  
BECAUSE I CAN TELL YOU 20 YEARS  
AGO I WORKED FOR AN ASSET  
BUYER/DEBT BUYER THAT DEBT BUY  
ASSETS AS YOU MIGHT COMMONLY  
HEAR FOR PENNIES ON THE DOLLAR.  
WE HAD EVERYTHING.  
WE HAD THE ENTIRE PAPER  
PORTFOLIO.  
BUT THE VALUE IS NOT NECESSARILY  
OF THE DATA RECEIVED.  
IT'S THE VALUE OF THAT  
PORTFOLIO.  
AND I CAN TELL YOU THE SELLER  
WAS THE GOVERNMENT.  
RESOLUTION TRUST CORPORATION.  
>> SO DIDN'T THE FACT THAT YOU  
HAD ALL THIS OTHER STUFF  
SOMETIMES COME IN HANDY AND  
SOMETIMES MAKE IT EASIER TO SAY  
TO THE CONSUMER, YOU KNOW, I'M  
SORRY, MRS. JOHNSON, HERE'S THE  
DOCUMENTATION THAT SHOWS YOU OWE  
IT OR WE'RE SORRY, MRS. JOHNSON,  
AS IT TURNS OUT YOU'RE THE WRONG  
MRS. JOHNSON?

>> NOT NECESSARILY.  
IT GAVE US THAT INFORMATION THAT  
WAS AVAILABLE QUICKER BECAUSE I  
WAS WORKING FOR A DEBT BUYER.  
IT WAS AVAILABLE TO US TO GIVE  
TO THE CONSUMER THAT REQUESTED  
VERIFICATION OF THE DEBT.  
IT DIDN'T MAKE THE DEBT MORE  
AVAILABLE OR VALUABLE.  
BUT IT WAS AVAILABLE.  
AS WE MOVE IN TECHNOLOGY -- AND  
I WANT TO EMBRACE TECHNOLOGY.  
HAVING PAPER LIKE THAT IN  
TODAY'S ENVIRONMENT WOULD JUST  
ALMOST KILL A NATIONAL FOREST.  
WE WANT TO BE, YOU KNOW, GREEN  
IN OUR ECOSYSTEM.  
I THINK WE CAN EMBRACE LIKE NEW  
TECHNOLOGY OR INTERFACES WHERE  
WE CAN HOUSE THIS INFORMATION  
THAT IS CRITICAL THAT WILL  
IMPROVE THE COLLECTION PROCESS.  
TO KNOW WHETHER IT WILL IMPROVE  
OR NOT, WE'RE GOING TO NEED  
RESEARCH AND SOME BEST  
PRACTICES.  
>> I WANT TO RESPOND TO THAT A  
LITTLE BIT.  
THE INFORMATION -- WE TALK ABOUT  
THE LACK -- I THINK THERE'S  
MINIMAL INFORMATION BEING  
PROVIDED TO THE DEBT BUYERS.  
I THINK THAT'S INTENTIONAL.  
RIGHT NOW THERE'S NO NEED TO  
PROVIDE THEM WITH ANY MORE  
INFORMATION BECAUSE OF THE WAY  
DEBTS ARE COLLECTED TODAY.  
AND THIS IS A LATER SESSION, AND  
I KNOW YOU WANT TO KEEP IT HERE,  
BUT I DON'T THINK YOU CAN SORT  
OF IGNORE THE FACT THAT THE  
REASON WHY MINIMAL INFORMATION  
IS NECESSARY IS BECAUSE THE WAY  
DEBTS ARE COLLECTED TODAY.  
THAT'S THE LITIGATION MODEL  
WHERE YOU OVERWHELM THE COURTS

AND YOU DON'T NEED A LOT OF INFORMATION BECAUSE 99 OUT OF 100 TIMES PEOPLE DON'T SHOW UP IN COURT AND THAT MINIMAL INFORMATION WILL PROVIDE YOU WITH THE ABILITY TO GET A JUDGMENT AGAINST THAT DEBTOR. I THINK AS WE MOVE TO A NEW SYSTEM WHERE COURTS WILL NO LONGER RUBBER STAMP HUNDREDS OF CASES, WHEN WE HAVE A JUDICIAL SYSTEM THAT IS FAIR AND NEUTRAL, THAT DOESN'T SIMPLY TAKE THE WORD OF AN ATTORNEY BECAUSE THEY'RE OVERWHELMED IN THAT COURTROOM, THEN THAT INFORMATION THAT WE'RE TALKING ABOUT THAT I'M SAYING IS NECESSARY WILL BECOME NECESSARY BECAUSE THAT'S GOING TO BE THE MODEL FOR COLLECTING THE DEBTS, IF IN FACT LITIGATION IS THE MODEL THAT NEEDS TO BE USED.

THIS ALL FLOWS TOGETHER. THAT INFORMATION IS ESSENTIAL BECAUSE I THINK THAT LITIGATION MODEL IS DANGEROUS AND IS CAUSING ENORMOUS PROBLEMS IN THIS COUNTRY AND IT WILL BE FIXED.

>> LARRY, WHEN YOU TALK ABOUT A NATIONAL STANDARD, IS THAT SOMETHING THAT THE CONSUMER BANKERS ASSOCIATION IS PUSHING OR IS THAT SOMETHING YOU PERSONALLY THINK IS A GOOD IDEA?

>> I'D SAY FROM MY CONVERSATIONS AROUND THE INDUSTRY INSIDE AND OUTSIDE OF THE ASSOCIATIONS AND WITH THE OTHER CREDITORS, THEY RECOGNIZE IF THERE'S STANDARDS THAT COULD BE MADE COMMON THAT MAKE THE ECOSYSTEM WORK TOGETHER MORE EFFECTIVELY, THAT BENEFITS EVERYONE.

THERE'S A CONSENSUS GENERALLY

SPEAKING THAT IF WE CAN FIND COMMON GROUND, IT WILL BENEFIT EVERYONE.

>> OKAY.

DO YOU HAVE ANY IDEAS PERSONAL OF SOME ADDITIONAL INFORMATION THAT WOULD BE USEFUL FOR DEBT COLLECTORS TO CONVEY TO CONSUMERS IN THEIR VALIDATION NOTICES AND THEN WHAT COULD -- WHAT SHOULD THEY CONVEY IN A COLLECTION CALL?

>> FIRST, THEY SHOULD BE CONSISTENT BETWEEN THE COLLECTION CALL AND THE LETTER CERTAINLY.

I DON'T WANT TO SPEAK FOR THE DEBT COLLECTION INDUSTRY. BUT JUST CONSUMER -- WE'RE ALL CONSUMERS.

I'M A CONSUMER.

I THINK A COUPLE OF GOOD IDEAS ARE THE ORIGINAL CREDITOR NAME AND THE PROPER CONTEXT.

I THINK THE LAST PAYMENT DATE, THESE ARE GOOD THINGS.

I WORRY -- IT'S NOT BECAUSE WE DON'T WANT TO PROVIDE THE INFORMATION.

WE AS AN INDUSTRY COLLECTIVELY AND CONSUMERS DO BETTER WHEN WE'RE MUTUALLY ENGAGED.

WE WANT CUSTOMERS TO RECOGNIZE A DEBT, ENGAGE WITH US AND HAVE IT RESOLVED.

THE THING THAT MANOJ IS MENTIONING AND THAT I INTRODUCED WITH GOOD OLD TEST AND CONTROL, IS THAT OUR EXPERIENCE COLLECTIVELY AS AN INDUSTRY IS THAT IF YOU PROVIDE SUDDENLY TOO MUCH INFORMATION AND THE CONSUMER FEELS OVERWHELMED, WE SHOULDN'T BE POSTURING UP HERE ABOUT WHAT IS RIGHT TO INCLUDE OR NOT TO INCLUDE.

WE SHOULD BE TESTING AND LEARNING THROUGH THAT AND MAKING SURE WHAT THOSE FINAL STANDARDS WORK OUT TO BE TRULY BENEFIT THE CUSTOMER.

>> THANKS.

BEFORE I MOVE ON TO TALKING ABOUT COLLECTION CALLS, I DO WANT TO GET MANOJ'S THOUGHTS ABOUT WHAT PEOPLE HAVE SAID ABOUT VALIDATION NOTICES AND -- WHAT ARE YOUR THOUGHTS?

>> SURE.

THE -- GOING FURTHER THAN WHAT LARRY MENTIONED.

ONE OF THE DIFFICULTIES IN THIS CASE, YOU'RE DEALING WITH LONG COMPLEX DISCLOSURES.

IT'S HARD ENOUGH TO DESIGN ONE-LINE DISCLOSURES.

TESTING SHOWS PROBLEMS WITH THEM.

ONE OF THE ISSUES WITH LONGER DISCLOSURES, IT'S TEMPTING TO USE THE DISCLOSURE AS A PIECE FOR CONSUMER EDUCATION.

IT'S ONLY NATURAL.

YOU'RE DEALING OFTEN WITH AN AREA WHERE THE CONSUMER DOESN'T KNOW WHAT THE DISCLOSURE IS TRYING TO ACCOMPLISH.

WE HAD THAT PROBLEM AND WE DID THE PRIVACY NOTICES WORK, FOR EXAMPLE.

WE FOUND THAT PEOPLE DIDN'T UNDERSTAND A LOT OF THE TERMINOLOGY, THAT DIDN'T KNOW WHAT AFFILIATES MEANT.

IN FACT, PEOPLE MISUNDERSTOOD THE CONCEPT OF A PRIVACY NOTICE.

WE FOUND THAT PEOPLE THOUGHT THAT MEANT THAT THAT BANK OR INSTITUTION PROTECTS THEIR PRIVACY.

THEY DIDN'T SEE IT AS SOMETHING SAYING HERE'S WHERE WE TELL YOU

WHAT WE DO.

WHAT WE DO MAY BE PRETTY BAD  
FROM YOUR PERSPECTIVE OR MAY NOT  
BE.

I'M NOT TAKING A POSITION HERE.  
WE RECOMMENDED A NAME IN THE  
CHANGE ITSELF.

YOU NEED TO SORT OF SEPARATE  
THOSE TWO THINGS OUT.

SO LONGER -- SO MY TWO COMMENTS  
HERE, LONGER DISCLOSURES POSE  
PARTICULAR PROBLEMS WHERE  
TESTING IS IMPORTANT.

DISCLOSURES PROVIDED VERBALLY  
ARE ALSO VERY CHALLENGING.

IN A SITUATION WHERE SOMEBODY  
CALLS YOU AND IN THAT PROCESS  
MAKES YOU A DISCLOSURE, I'M SURE  
YOU HAVE ALL GOTTEN CALLS AS  
JUST ONE EXAMPLE FROM SOMEBODY  
RAISING MONEY FOR YOUR LOCAL  
FIRE DEPARTMENT.

THERE'S A DISCLOSURE IN THERE  
THAT SAYS THAT THEY ARE PAID TO  
MAKE THAT CALL.

I HAVE NEVER BEEN ABLE TO PICK  
UP THE DISCLOSURE.

IT'S THERE.

BECAUSE IT'S PRESENTED IN  
CONTEXT, THE IMPACT OF THE  
DISCLOSURE IS DIFFERENT.

THE CONTEXT IN AN ORAL  
PRESENTATION CHANGES.

IT'S MALLEABLE.

IT CAN BE CHANGED MALICIOUSLY OR  
SIMPLE HAPPEN ACCIDENTALLY.

EVEN THOUGH IT POSES CHALLENGES  
THERE, BUT BRINGS ME BACK TO THE  
NOTION AGAIN THAT TESTING IS THE  
ONLY WAY HERE.

>> LORAINÉ, THANK YOU.

LORAINÉ, IS THE INFORMATION THAT  
COLLECTION AGENCIES OR JUST ANY  
DEBT COLLECTORS CONVEY TO  
CONSUMERS IN A VALIDATION  
NOTICE, IS THAT DIFFERENT THAN



THE INFORMATION THAT THEY CONVEY  
TO CONSUMERS IN THE EARLY DEBT  
COLLECTION CALLS WHERE FIRST  
COMMUNICATING WITH THE CONSUMER?

>> NO, NOT NECESSARILY.

WE'RE GOING TOED IN ADDITION TO  
THE VALIDATION NOTICE WHAT'S  
REQUIRED IN THE 1692 G.

WHEN WE GO INTO COLLECTION  
CALLS, WE'RE GOING TO SAY THE  
SAME THINGS.

THAT WHY -- WELL, LET ME ADD  
THAT.

WHEN WE'RE ON THE PHONE WITH  
SOMEONE, WE'RE GOING TO IDENTIFY  
OURSELVES.

SAY IF I'M THE PERSON THAT IS  
MAKING THE CALL, IDENTIFY  
MYSELF, I'M LORAINE LYONS.

LET'S SAY I'M A COLLECTOR FOR  
ABC.

I'M TRYING TO REACH A CERTAIN  
CONSUMER.

I HAVE TO VERIFY I HAVE THE  
RIGHT PARTY.

IT'S IMPORTANT THAT I CONVEY  
INFORMATION I HAVE WITH THE  
CORRECT PARTY.

ALL RIGHT?

>> IN PART BECAUSE THERE'S A  
PROVISION IN THE FD CPA THAT  
PROHIBITS DISCLOSING INFORMATION  
TO THIRD PARTIES.

IS THAT RIGHT?

IS THAT YOUR CONCERN?

>> YES.

AND YOU HAVE TO PROTECT PRIVACY.  
SECONDLY, IT DOES ME NO GOOD TO  
TALK TO THE WRONG PERSON.

I WANT TO MAKE SURE I'M TALKING  
TO THE RIGHT PERSON.

AND THEN WE WILL HAVE THE  
DISCLOSURE THAT IF I'M A DEBT  
COLLECTOR, WE WILL HAVE OTHER  
DISCLOSURES.

SOME INDUSTRY MEMBERS ARE

RECORDING CALLS.

THEY'RE GIVING DISCLOSURE THAT  
THE CALL IS BEING RECORDED.

THIS IS A LIVE CONVERSATION.

IT'S DIFFERENT THAN A WRITTEN  
DOCUMENT.

AND THEN THEY WILL DISCUSS THE  
CREDITOR, THE AMOUNT THAT IS  
DUE, IF THERE'S AN ORIGINAL  
CREDITOR, THERE MAY BE A  
CONVERSATION WITH THAT.

THE CONSUMER MAY INQUIRE ABOUT  
THE LAST PAYMENT, IF WE HAVE  
THAT INFORMATION, WHICH SOME  
PLACEMENT FILES WILL HAVE THAT.  
WE CAN PROVIDE THE INFORMATION,  
THE LAST PAYMENT AMOUNT IF  
THAT'S HOPEFUL TO THE CONSUMER.  
SOMETIMES IT'S BECAUSE THE  
INFORMATION WE'RE DISCLOSING IS  
A LIVE CONVERSATION, IT CAN  
VARY.

AND IT CAN VARY TO MEET THAT  
CONSUMER'S SITUATION.

THEY MAY BE CONTACTING US TO  
FIND OUT IF THEY CAN SETTLE THE  
ACCOUNT AND THEN IF WE GET INTO  
CONVERSATIONS OF SETTLEMENT, WE  
MAY HAVE TO DISCLOSE WHAT WE  
CALL A 1099 DISCLOSURE TO LET  
THEM KNOW THAT IF THEY DO SETTLE  
THE ACCOUNT, THERE MAY BE TAX  
CONSEQUENCES.

SO IT CAN VARY GREATLY BETWEEN  
WHAT HAPPENS ON THE PHONE CALL  
VERSUS A WRITTEN COMMUNICATION.  
BUT THERE'S GOING TO BE SOME  
MINIMUMS THAT IS CONSISTENT IN  
BOTH ORAL COMMUNICATIONS AND  
WRITTEN COMMUNICATIONS.

>> ALL RIGHT.

THANK YOU, LORAINÉ.

>> SURE.

>> IF ANYBODY HAS A VERY BRIEF  
RESPONSE OR FOLLOW UP, THAT  
WOULD BE GREAT.

OTHERWISE, I'M GOING TO MOVE INTO SOME OF THE QUESTIONS THAT FOLKS HAVE SUBMITTED TO US.

GREAT.

I'LL MOVE INTO IT.

SO LET ME SEE HERE.

SOMEBODY ASKED A QUESTION, CAN WE GET CONCRETE INFORMATION ABOUT THE INCREMENTAL COSTS OF UPLOADING MORE INFORMATION, STATEMENTS, ET CETERA.

THE PERSON ASKS, DOESN'T CONVOC KNOW THIS?

WOULDN'T THE BANK KNOW THIS? SO LARRY OR DAVE, YOU WANT TO ADDRESS THIS?

>> OKAY.

CERTAINLY ALL TECHNOLOGY HAS COSTS, RIGHT?

IT'S NOT FREE.

TO PROVIDE THE INFORMATION THAT IS BEING DISCUSSED HERE TODAY, WHETHER IT'S DATA, A STANDARD, DOCUMENTS OF ANY SORT.

IT'S NOT FREE TO PROVIDE THAT.

THE ISSUERS INCUR COSTS TO DELIVER IT AND PULL IT OUT OF THEIR SYSTEMS.

THE DEBT BUYERS INCUR COSTS TO PULL IT IN.

THE COLLECTION AGENCIES HAVE COSTS.

IT'S IMPORTANT AS WE THINK ABOUT PROVIDING INFORMATION IN A MORE EFFICIENT WAY, THAT IT ALSO HAS TO BE COST-EFFECTIVE.

BECAUSE IF THE PRICE GETS TOO OUTRAGEOUS, THEN THERE'S NO BUSINESS HERE FOR ANYBODY.

AND THE COLLECTION ENVIRONMENT SUFFERS.

WE THINK THAT IT CAN BE DONE AT A PRICE THAT IS VERY EFFICIENT FOR EVERYBODY INVOLVES.

AND IT DEPEND ON THE UNIQUE CIRCUMSTANCES OF THE ISSUERS

PRIMARILY IN OUR BUSINESS AND  
THEY'RE USERS.

SO RATHER THAN QUOTING SPECIFIC  
DOLLARS AND CENTS THAT WOULDN'T  
MAKE ANY SENSE IN THIS VENUE, I  
CAN SAY IT CAN BE DONE AT AN  
EFFICIENT COST.

>> AND I WOULD ONLY ADD -- AND  
THIS IS MY PERSONAL OPINION --  
SO MAYBE THE INDUSTRY FRIENDS  
WON'T BEAT ME UP TOO BAD AFTER  
THIS.

I'M ACTUALLY NOT CONCERNED ABOUT  
THE COST, IF IT ADDS VALUE,  
WE'LL FIND A WAY TO DO IT.

WHAT I'M MORE CONCERNED ABOUT ON  
THE CONSUMER'S BEHALF IS  
THROUGHOUT THE ECOSYSTEM, WHEN  
WE MOVE DATA, WHEN WE MOVE  
MEDIA, WHEN WE HOUSE IT, ARE WE  
SAFEGUARDING THE CUSTOMER'S  
INFORMATION.

ARE WE PROTECTING CONSUMER  
PRIVACY.

THOSE WOULD BE ANY MORE SPECIFIC  
CONCERNS IF IN FACT THERE WERE  
CONCERNS TO BE HAD.

>> THANKS.

THIS ONE IS BEST DIRECTED AT  
LORAINÉ.

CAN YOU COMMENT FURTHER ON  
ADVANTAGES, DISADVANTAGES OF  
AGENCIES UTILIZING THE CREDITOR  
SYSTEM VERSUS USING THEIR OWN  
STAND-ALONE SYSTEMS.

>> WELL, AGAIN, IT'S GOING TO --  
THIS IS GOING TO VARY BY THE  
SOPHISTICATION OF BOTH PARTIES.  
IF THERE'S A BENEFIT TO USE A  
CREDITOR SYSTEM BECAUSE IT IS A  
BETTER SYSTEM, THEN I THINK  
THAT'S A CONVERSATION THAT HAS  
TO BE HAD BETWEEN THE CREDITOR  
AND THE COLLECTION AGENCY.  
AS FAR AS BENEFITS, I THINK  
BECAUSE I SAY THE WORD "BETTER"

DOES IT HAVE MORE INFORMATION THAT IS MEANINGFUL BASED ON PERHAPS IF WE CAN GET SOME UNIFORM NATIONAL STANDARDS, THAT WOULD BE GREAT.

IF THAT INFORMATION CAN BE PASSED TO THE COLLECTION AGENCY, WE'RE REALLY IN THE SAME POSITION.

SO I THINK YOU HAVE TO LOOK AT THE PARTIES INVOLVED AND THE TYPE OF DEBT BEING COLLECTED. THOSE ARE SOME CRITICAL FACTORS.

>> AND HERE'S ONE THAT I'LL THROW OUT FIRST TO IRA AND ANYBODY ELSE.

DO YOU THINK CONSUMERS WOULD IDENTIFY DEBTS MORE READILY IF A COPY OF THE CHARGE-OFF STATEMENT WAS ATTACHED TO THE VALIDATION? WOULD THIS BE BENEFICIAL TO CONSUMERS, BENEFICIAL TO COLLECTORS?

>> I THINK MAYBE THE LAST -- I THINK BREAKDOWN OF THE COST, MAYBE THE LAST BILLING STATEMENT WOULD BE THE MOST USEFUL THING FOR CONSUMERS TO HAVE.

I'M NOT SURE WHAT IS IN A CHARGE-OFF STATEMENT THAT INTERNALLY THE CREDITOR USES, IF IT'S IN FACT THE LAST STATEMENT THAT HAS THEIR ACCOUNT AND HAS THE COST AND SHOWS THE LEVEL THAT THEY OWED.

THAT WOULD BE EXTREMELY USEFUL.

ONE OF THE PROBLEMS THAT WE SEE ALL ALONG HERE IS THAT PEOPLE DON'T KNOW WHAT THE DEBT IS.

THERE'S NO CONNECTION.

THEY GET SOMETHING FROM MIDLAND AND SAYS, YOU OWE \$452 TO MIDLAND.

THEY'RE LIKE WHO IS MIDLAND?

I HAVE NO IDEA WHO THAT IS.

THE MORE INFORMATION YOU

PROVIDE, THAT SORT OF GIVES THEM  
CONTEST THAT THIS IS IN FACT A  
DEBT RELATED TO THEM.

ONE OF THE PROBLEMS IS  
OFTENTIMES WE'VE SEEN FAR TOO  
OFF THE DEBT IS NOT RELATED TO  
THEM.

IF THE CONSUMERS SEES THIS A  
DEBT THAT THEY OWE, THAT MAKES  
THE PROCESS WORK THAT MUCH  
BETTER.

AND I THINK -- I THINK THAT'S A  
NECESSARY PART OF THIS PROCESS,  
THAT CONSUMERS HAVE ENOUGH  
INFORMATION TO MAKE A DECISION.  
WHETHER OR NOT THEY DISPUTE THIS  
DEBT, WHETHER OR NOT THEY FIGHT  
IT OR WHETHER OR NOT THEY'RE  
GOING TO RESIGN THEMSELVES TO  
PAY WHAT THEY CAN AFFORD BASED  
ON THEIR CURRENT ECONOMIC  
SITUATION.

>> THANKS.

ANYBODY ELSE HAVE ANYTHING ELSE  
THEY WANT TO ADD ABOUT THAT  
QUESTION?

OKAY.

THIS IS TO MANOJ.

HOW MANY INSOPHISTICATED  
CONSUMERS COULD UNDERSTAND THE  
VALIDATION NOTICE AS WRITTEN IN  
THE FTCBA?

[LAUGHTER]

CAN YOU SUGGEST BETTER LANGUAGE?

>> THANK YOU FOR PUTTING ME ON  
THE SPOT THERE.

LET ME JUST MAKE A SIDE COMMENT  
BEFORE I GET INTO THE QUESTION.  
BELIEVE ME, I'M NOT TRYING TO  
DUCK IT.

WHEN I FOUND OUT I WAS GOING TO  
BE ON THIS PANEL, AND I BELIEVE  
I MENTIONED THIS ALREADY, THIS  
PARTICULAR DEBT COLLECTION AREA  
IS CERTAINLY NOT MY AREA OF  
EXPERTISE.

BUT I GOOGLED "VALIDATION NOTICE."  
IT WASN'T A TERM I HORDE -- HEARD BEFORE.  
I GOT A BUNCH OF HITS.  
ALMOST ALL OF THEM ASKED THEM TO VALIDATE THE DEBT.  
IT WAS QUITE INTERESTING.  
BUT ALMOST NOTHING ON WHAT A VALIDATION NOTICE LOOKS LIKE.  
I WAS TRYING TO SEE AN EXAMPLE OR TWO OF HOW THE DISCLOSURE IS INCLUDED IN THE NOTICE, THE MAIN PURPOSE TO INFORM CONSUMERS THEY HAD A DEBT.  
WITH THAT SORT OF BACKGROUND, LET ME SAY HAVING SAID THAT CONSUMER TESTING IS THE KEYED, IT DOESN'T BEHOVE ME TO SPECULATE ABOUT HOW GOOD OR BAD THIS DISCLOSURE IS OR HOW IT COULD BE IMPROVED.  
LET ME JUST SAY ONE THING.  
ONE OF THE THINGS YOU FIND WITH COMPLEX DISCLOSURES IS EVEN THE BEST DISCLOSURES ACHIEVE MODERATE LEVEL OF COMPREHENSION OR SUCCESS.  
IF YOU TEST A GOOD DISCLOSURE IN ISOLATION, YOU'LL GET NUMBERS LIKE 50% PEOPLE GET IT OR 60% PEOPLE GET IT.  
THAT ALLOWS EVERYBODY TO DECLARE VICTORY.  
THE PEOPLE THAT LIKE DISCLOSURES SAY YOU'RE COMMUNICATING WELL WITH SO MANY PEOPLE AND THE ONES THAT DON'T LIKE DISCLOSURES SAY, WELL, PEOPLE ARE NOT GETTING IT.  
HOW GOOD IS THIS RESEARCH?  
WHAT HAVE YOU REALLY ACCOMPLISHED HERE?  
SO THE ONE THING THAT I THINK IS WORTH DOING HERE AND IN SITUATIONS LIKE THIS IS CREATING MORE THAN ONE ALTERNATIVE.

AND YOU COULD HAVE ALTERNATIVES  
COMING FROM DIFFERENT INTEREST  
GROUPS WHERE PEOPLE ARE TRYING  
TO CREATE DISCLOSURES THAT  
ACHIEVE DIFFERENT OBJECTIVES  
COULD TRY TO CREATE THEM.  
THE TESTING WOULD THEN SORT OF  
LOOK AT THE ABILITY OF THESE  
DISCLOSURES TO IMPROVE  
COMPREHENSION.

I THINK THAT'S THE BEST GOAL WE  
CAN ACHIEVE, AGAIN, WITH THE  
PRIVACY NOTICES PROJECT THAT I  
KEEP GOING BACK TO, THESE ARE  
COMPLEX NOTICES.

THE ORIGINAL NOTICES WERE TEN  
PAGES LONG AND STARTED WITH, YOU  
KNOW, WE LOVE YOU AND WE WOULD  
NEVER HURT YOU IN ANY WAY.

AND THEN END ON PAGE 5 WITH  
WE'RE SHARING YOUR INFORMATION  
WITH WHATEVER WE PLEASE.

I'M GOING TO A LITTLE BEYOND.

>> YEAH, I THINK THIS IS -- I  
THINK WE PROBABLY SHOULD KEEP IT  
UNDER FIVE PAGES, I THINK.

THIS IS A GOOD QUESTION.

IN FACT, IT'S ONE THAT I MEANT  
TO PIN DOWN AND REALLY DIDN'T.  
SO I'M GLAD SOMEBODY POSTED IT.  
MIGHT BE THE WRONG PEOPLE OVER  
HERE.

GOOD QUESTION.

DO THE CONTINGENCY COLLECTION  
AGENCIES OR DEBT BUYERS GET  
INFORMATION ABOUT CONSUMER  
DISPUTES WITH THE CREDITOR OR  
EVEN PREVIOUS COLLECTION  
AGENCIES?

WHAT DO YOU GUYS SAY ABOUT THAT?

>> I THINK CURRENTLY I DON'T SEE  
A LOT OF THAT HAPPENING.

I WILL SAY THAT THE CUSTOMERS  
THAT WE'RE WORKING WITH, THAT IS  
ON THE TABLE FOR THEM TO BEGIN  
TO PROVIDE.



SO I THINK THERE'S A HIGH LEVEL OF INTEREST TO BE ABLE TO PROVIDE THIS INFORMATION. IT'S JUST FINDING A TOOL TO BE ABLE TO DO THAT IN AN EFFICIENT AND EFFECTIVE WAY.

>> SO THE CONSUMER INFORMATION THAT WE'RE TALKING ABOUT, ARE WE TALKING ABOUT RECORDED PHONE CALLS?

IS THAT A POSSIBILITY?

>> EVERYTHING IS ON THE TABLE RIGHT NOW.

I THINK BACK TO SOME OF THE POINTS THAT HAVE BEEN MADE HERE BEFORE MIGHT BE HELPFUL TO IDENTIFY WHAT IS THE STANDARD TYPE OF INFORMATION TO PROVIDE FOR A DISPUTE.

BUT I THINK ANYTHING IS POSSIBLE.

WRITTEN COMMUNICATION, AUDIO RECORDINGS.

ANYTHING LIKE THAT COULD BE PROVIDED.

>> AND I THINK --

>> IRA.

>> AND I THINK YOU'VE HIT ON A REALLY IMPORTANT POINT AND PART OF THE CONSUMER EXPERIENCE THAT IS SO SORT OF DISILLUSIONING IS BOTH IN THE DEBT COLLECTION DISPUTE PROCESS AND THE CREDIT REPORTING DISPUTE PROCESS.

WE TALKED ABOUT THE LIFE OF THE CREDIT AND THE DEBT AND HOW IT KEEPS GETTING RESOLD.

SO WHAT HAPPENS IS, A CONSUMER MAY DISPUTE A DEBT AND MAY BE RIGHT OR THE DEBTOR CAN'T VALIDATE.

THEY TAKE IT OFF OF THE CREDIT REPORT OR STOP COLLECTING IT BECAUSE IT WAS A VALID DISPUTE.

WHAT HAPPENS WITH THAT DEBT? DOES IT GO AWAY?

DOES IT DISAPPEAR?

NO, IT GETS SOLD TO SOMEBODY  
DOWN THE LINE AND DOESN'T HAVE  
THE INFORMATION.

THAT'S A REALLY ESSENTIAL PART  
OF MAKING THIS SYSTEM WORK  
BETTER, IS THAT THAT HISTORY,  
WHEN A CONSUMER DISPUTES A DEBT,  
THAT THAT HAS TO BE PART OF THE  
INFORMATION THAT GETS  
TRANSMITTED ALONG THAT TRAIN.

>> LORAIN, WHAT HAPPENS IF A  
CONSUMER DISPUTES TO SAY THE  
FIRST CONTINGENCY COLLECTOR THAT  
A CREDITOR HIRES, WHAT DOES  
COLLECTION AGENCY NUMBER 1 DO  
WITH THAT INFORMATION?

>> WELL, MY EXPERIENCE IN THE  
INDUSTRY IS THAT WHAT WOULD  
HAPPEN IS THERE'S THE EXCHANGE  
OF INFORMATION.

SO THE INITIAL AGENCY WOULD  
SUBMIT THAT INFORMATION TO THE  
CREDITOR AND THEN THE DISPUTES  
WOULD BE INVESTIGATED.

MY EXPERIENCE IS THE CREDITORS  
DO NOT WANT TO GIVE DISPUTED  
ACCOUNTS.

KEEP IN MIND, DISPUTES ARE  
JUSTIFIED OR UNJUSTIFIED.

I HAVE SEEN IN VARIOUS SETTINGS  
WHERE CREDITORS HAVE  
CONTEMPLATED OR I'VE SEEN SOME  
SITUATIONS WHERE CREDITORS WILL  
GIVE US -- NOT NECESSARILY US IN  
THE INDUSTRY, BUT GIVE ACCOUNTS  
WITH DISPUTE INFORMATION, NOT  
BECAUSE THEY WERE JUSTIFIED,  
THEY WERE NOT JUSTIFIED SO THAT  
THE AGENCY IS AWARE OF THE  
SITUATION.

I CAN TELL YOU ONE OF THE  
BIGGEST AREAS THAT CONSUMERS --  
IT HAS TO DO WITH EDUCATION.  
THEY MAY NOT BE EDUCATED ON THE  
TYPE OF DEBT THEY OBTAINED,

WHETHER THAT DEBT IS SOMETHING THAT WOULD SAY BE DISCHARGEABLE IN THE BANKRUPTCY PROCESS. SO THERE MAY BE CONFUSION IN THAT.

IT'S ALREADY BEEN INVESTIGATED. AND THAT INFORMATION MAY FLOW TO VARIOUS COLLECTION AGENCIES, SO ARE THEY AWARE THERE WAS A PREVIOUS UNJUSTIFIED DISPUTE? SO THAT WHEN IT COMES UP AGAIN AND INSTEAD OF HAVING THE CONSUMER GO THROUGH THE PROCESS OF DISPUTING THE DEBT AND WRITING, OBTAIN VERIFICATION OF DEBT.

OF COURSE, THEY CAN REQUEST THAT AND IT WILL BE FULFILLED. YOU CAN HAVE A GOOD CONVERSATION ABOUT THE DEBT.

>> GREAT.

THANK YOU.

SO WE HAVE FOUR MINUTES UNTIL LUNCH TIME.

IT'S A BRIEF LUNCH TIME.

SO WE'LL END IN FOUR MINUTES.

SO TO DO THAT, I WANT TO ASK EACH OF YOU, STARTING IN ALPHABETICAL ORDER, GIVE THREE TO FOUR SENTENCES ON THE SUBJECT OF WHAT WE'VE BEEN TALKING ABOUT.

AND BECAUSE OUR GOAL TODAY IS TO TRY TO MOVE THE BALL FORWARD, TRY TO REACH AGREEMENT, GIVE SUGGESTIONS WHERE THEY MIGHT BE COMMON GROUND AND WHAT SUGGESTIONS WE CAN HAVE FOR MAKING THINGS BETTER FOR CONSUMERS.

MANOJ?

>> I'M GOING TO REPEAT A COUPLE OF THE COMMENTS I'VE MADE AND THROW IN ONE NEW IDEA RELATED TO DESIGNING DISCLOSURES.

NUMBER 1, I'D LIKE TO EMPHASIZE

THAT DEVELOPING GOOD DISCLOSURES IS CHALLENGING. ACTIVITY.

BUT NUMBER 2, THAT TESTING IS THE ONLY ROUTE TO HAVING ANY CHANCE OF SUCCESS, ESPECIALLY WITH COMPLICATED DISCLOSURES.

NUMBER 3, THAT LOOKING FOR ABSOLUTE LEVELS OF SUCCESS WITH DISCLOSURES IS PROBLEMATIC.

THAT WAS, BY THE WAY, MY POINT WITH THE FTC DISCLOSURE.

I WANT TO EMPHASIZE, IT WASN'T AS BAD AS THE 10-POINT PRIVACY DISCLOSURE.

RATHER THAT YOU WANT TO COMPARE IT TO ANOTHER DISCLOSURE.

PERHAPS AN IMPROVED ONE TO SEE HOW MUCH IMPROVEMENT YOU GET.

ONE LAST THOUGHT I WANT TO THROW IN THERE, STANDARD IDEATING

DISCLOSURES GENERALLY IS A GOOD IDEA BUT POSES SIGNIFICANT CHALLENGES AS WELL.

I'VE WORKED ON SEVERAL PROJECTS WHERE WE'VE BEEN ABLE TO GET DIFFERENT PARTIES WITH DIFFERENT POINTS OF VIEW TO A STANDARDIZED DISCLOSURE.

STANDARDIZATION HELPS CONSUMERS. NO DOUBT ABOUT IT.

WHETHER IT ACHIEVES ALL THE OBJECTIVES OF THE PARTIES INTERESTED IN THE DISCLOSURES IS A DIFFERENT ISSUE.

SO RATHER THAN CONSUMERS SEEING TEN DIFFERENT DISCLOSURES FROM TEN DIFFERENT PROVIDERS.

IF THERE'S A WAY TO STANDARDIZE THEM SO CONSUMERS SEE THE SAME LANGUAGE AND THE SAME FORMAT AGAIN AND AGAIN REDUCES IMPEDIMENTS TO COMPREHENSION.

THANKS FOR THE OPPORTUNITY TO BE ON THE PANEL.

>> THANK YOU, LORAINE.

>> THANK YOU, TOM.  
I WANT TO PICK UP ON ONE OF  
MANOJ'S SUGGESTIONS.  
THE STANDARDIZED NOTICES.  
OUR INDUSTRIAL WOULD WELCOME  
MODEL LANGUAGE AND WOULD BE  
UNIFORM TO ALL CONSUMERS.  
WE WOULD WELCOME UNIFIED  
STANDARDS IN THE PRELITIGATION  
CONTEXT SO THAT CONSUMERS CAN  
HAVE AN EXPECTATION OF  
INFORMATION THAT WILL BE  
RECEIVED.  
AND I BELIEVE THAT WILL HELP  
IMPROVE THE LEVEL OF CONFIDENCE  
IN THE COLLECTION PROCESS.  
THANK YOU.

>> TOM, I HAVE A QUICK  
OBSERVATION AND A  
RECOMMENDATION.  
I'M NEW TO THE INDUSTRY.  
THREE YEARS IN THE INDUSTRY.  
I COME WITH NO BIASES.  
IN MY EXPERIENCE WITH MY  
CUSTOMERS AND THE CUSTOMERS THAT  
I'M TALKING TO, AND THAT  
INCLUDES CREDIT ISSUERS, DEBT  
BUYERS AND ATTORNEYS, IT'S MY  
BELIEF THAT BY AND LARGE THEY'RE  
VERY INTERESTED IN IMPROVING  
THEIR PROCESSES AND BENEFITTING  
THE CONSUMER TO THE GREATEST  
EXTENT POSSIBLE AND REASONABLE.  
I HONESTLY BELIEVE THEY'RE  
TRYING HARD.  
AND I THINK FROM THE CONSUMER  
AND REGULATORY SIDE, I THINK  
THEY'RE DOING A VERY GOOD JOB OF  
TRYING TO UNDERSTAND THE ISSUER  
AND COLLECTION SIDE OF THINGS.  
SO I BELIEVE THE ENVIRONMENT IS  
PROBABLY RIGHT FOR EVERYBODY  
COMING TOGETHER TO AGREE ON THE  
RIGHT APPROACH.  
AND CONVOC, WHETHER IT'S US OR  
ANYBODY ELSE, ANY TECHNOLOGY

COMPANY OUT THERE, IS PART OF THE SOLUTION.

WE'RE NOT PART OF THE TOTAL SOLUTION BUT PART OF IT.

I WOULD ENCOURAGE THE COMMUNITY TO WORK TOWARDS FINDING THE COMMON GROUND.

>> IRA?

>> I THINK I'VE MADE MY POINTS A FEW TIMES.

I'LL MAKE IT A LAST TIME.

I THINK IT'S IN EVERYBODY'S COMMON INTEREST TO MAKE SURE THAT WHEN DEBT IS SOLD, THE INFORMATION THAT IT'S SOLD WITH IS COMPLETE IN EVERY MANNER POSSIBLE, INCLUDING DISPUTES.

I THINK THE ONLY WAY THIS SYSTEM WORKS PROPERLY IS IF THE PEOPLE THAT BUY THAT DEBT OR COLLECT THAT DEBT HAVE COMPLETE ACCESS TO TRUSTWORTHY INFORMATION THAT IS RELIABLE AND EVERYBODY CAN -- THAT EVERYBODY CAN RELY ON AND I THINK THAT'S THE ONLY WAY THIS THING CAN WORK.

I SEE -- I BELIEVE IT'S IN EVERYBODY'S BEST INTEREST.

I'M NOT SURE WHY WE CAN'T GET THERE.

>> LARRY?

WRAP IT UP FOR US?

THANK YOU.

>> I'LL DO IT AND BRING THE MICROPHONE CLOSE.

IT'S IN THE COMMON INTEREST OF ALL OF US TO DO WHAT IS BEST FOR THE CUSTOMER AND HELP THEM SUCCEED FINANCIALLY.

SECOND, WE WANT TO PROVIDE ALL THE INFORMATION NECESSARY SO THE CUSTOMER CAN IDENTIFY THE DEBT, UNDERSTAND THEIR FINANCIAL SITUATION, KNOW WHAT THEIR OPTIONS ARE AND WORK THROUGH THOSE.

WE WANT TO BE CONSCIENTIOUS OF NOT OHIO WELLING THE CUSTOMER, WHICH LEADS TO MY THIRD POINT. THE IMPORTANCE OF TEST AND CONTROL TO REMOVE POSTURING AND MAKE SURE THE CONSUMER IS BEST SERVED.

FOURTH, I'M GOING TO SAY IN A COMPLETE WAY, UNIFORM NATIONAL STANDARDS RELATIVE TO DATA, MEDIA AND THEN COMMON DEFINITIONS RELATIVE TO DISPUTES AND COMPLAINTS.

WHEN INTERJECTED INTO THE ECOSYSTEM WILL BENEFIT ALL THE PARTICIPANTS, BUT MOST IMPORTANTLY THE CONSUMER. AND THEN FINALLY, CONSUMER EDUCATION.

FINANCIAL LITERACY.

AND THAT'S A BIG TOPIC.

BUT THE PIECE THAT IS MOST ON MY MIND RELATIVE TO THIS PANEL IS ENCOURAGING ALL CONSUMERS TO STAY ENGAGED WITH THEIR CREDITORS, BECAUSE WHEN THEY DO, THE BEST POSSIBLE OUTCOMES WILL OCCUR.

AND SO THAT'S HOW I SEE IT AT A HIGH LEVEL.

AND I KNOW THAT THE INDUSTRY IS INTERESTED IN WORKING WITH GOVERNMENT AND OTHERS TO GET IT RIGHT.

THANK YOU FOR HAVING ME.

>> THANK YOU.

THANK YOU ALL FOR YOUR TIME AND THOUGHTS.

[APPLAUSE]

>> THANK YOU.

IT'S LUNCH TIME NOW.

WE'LL RECONVENE AT 1:00.

IF YOU EXIT THE BUILDING AND DON'T HAVE AN FTC BADGE, YOU'LL HAVE TO REENTER THROUGH SECURITY.