

>> Allison Brown: Hi. We're gonna get started. My name is Allison Brown. I'm a senior attorney in the Division of Financial Practices. Our assistant director for Financial Practices, Alice Saker Hrdy, was supposed to be moderating this panel, but she can't be here today, so Joel Winston and me are going to moderate the panel. So we're sorry that she's not here with us today. First, one quick announcement -- We do have some time after this panel and the next panel, about 4:15, for open microphone. So if anybody in the audience, or if you're a panelist but you didn't get to say anything, you're welcome to make some comments to us at open microphone. And those will be on the public record, and we'll be able to consider those in our deliberations. There is a sign-up sheet. If you want to speak at the open microphone, between now and the end of the next break, please walk out to the desk where we were doing the sign-ins and the panelists' nametags and add your name to the list, so we have a general sense of how many people want time to speak at the open-microphone time. And, panelists, I just remind you to speak into the microphone. And maybe if, you know, if you could look out for your fellow panelists and move the mikes over when somebody starts speaking, that would be really helpful, so we can capture all of the comments on the Webcast that we are projecting now and will be available on our Website as an archive that people will be able to refer back to later. Okay, first I'm gonna start with introductions. And I'm just going to say the names of the people that were up here this morning, and then, also, give the short bios for people who are new to the panels. Starting over here, our first panelist is Bill Binzel from the National Foundation for Credit Counseling. Next, we have Norman Googel from the West Virginia Attorney General's Office. To his right, we have Susan Grant. Susan Grant is Director of Consumer Protection at Consumer Federation of America, a nonprofit association of some 300 nonprofit consumer groups that was established in 1968 to advance the consumer interest. Ms. Grant works specifically in the areas of privacy, deceptive marketing, online safety and security, fraud, electronic and mobile commerce, and general consumer-protection issues. We'll probably have joining us Mark Guimond from AADMO, who's joining us right now.

>> Mark Guimond: It was the security. [Laughter]

>> Allison Brown: Right.

>> Mark Guimond: They couldn't keep me out.

>> Female speaker: That's why we didn't leave the building.

>> Male Speaker: Thank you.

>> Allison Brown: Next, we have Gail Hillebrand from Consumers Union. Next to her is Andrew Houser, representing TASC. Next, we have Scott Johnson. He's the C.E.O. of US Debt Resolve. He has participated in the drafting of various state-level legislation. In 2008, he was a panelist of the FTC Debt Settlement Workshop, and he's testified before various state legislatures and other entities. Next to Scott, we have Jenna Keehnen. Jenna is the executive director for the United States Organizations for Bankruptcy Alternatives, or USOBA. Before serving as the executive director of USOBA, she served as the director of operations at USOBA. Before that, she served as the director of operations for AADMO, which is the American Association of Debt Management Organizations. And then we have Jim Keiser from the state of Pennsylvania, who's on our panels this morning. Next to him, we have Michael Mallow. He's a lawyer who regularly defends companies and individuals sued in class actions and by governmental agency. He's at Loeb & Loeb. And he also counsels companies on how to avoid and prepare for litigation before it happens. Mr. Mallow's clients come from a broad spectrum of industries, including entertainment, automotive, telecom, debt settlement, dietary supplement, electronic mail marketing, Internet commerce, and lead generation. And next to him, we have Robert Manning. He's a specialist in the consumer-credit and financial-services industry. He's the author of "Credit Card Nation," an in-depth study living with debt, sponsored by lendingtree.com. And he's been featured in Danny Schechter's documentary "In Debt We Trust." And he's widely written and been published on these issues. Going around the table, we have Johnson Tyler from South Brooklyn Legal Services. And our final new panelist is Dr. Bernard Weinstein. He's the associate director of the Maguire Energy Institute and an adjunct professor of business economics in the Cox School of Business at SMU in Dallas. From 1989 to 2009, he was director of the Center for Economic Development and Research at the University of North Texas. Thank you, everybody, for being here today and continuing our discussion of these really important issues. We want to start by talking a little bit

about the prevalent marketing practices that are employed by debt-relief companies. Some of the comments raised the use of lead generators as a growing practice. One of the things we want to talk about is how lead generators operate and what, you know, whether anybody has other specifics to add to the marketing practices about lead generators. Okay. Mark?

>> Mark Guimond: We've consistently taken the position on the credit-counseling side that lead generation is a chronic problem. Just as a frame of reference, what we've done at AADMO -- we have filed 12 federal lawsuits over the past couple of years against lead generators for using the AADMO logo when they had no affiliation with us whatsoever. So I think the credit-counseling side is pretty consistent, saying we have a real problem with lead generators.

>> Allison Brown: Do you have a sense of what percentage of the business to debt-relief companies comes in through lead generators?

>> Mark Guimond: I can speak for the credit-counseling side of it. I would say slim to none. There are some referral services out there that comprise certain elements, but in the strict idea of the lead generator, which is usually somebody either on TV or on the Internet, which takes it and sells that lead in turn. On the credit-counseling side, it's mostly prohibited by federal law and most of the state laws, too. So there's not really all that much of an issue on the credit-counseling side.

>> Allison Brown: Can you describe what you mean by "referral company"?

>> Mark Guimond: Referral company -- well, pick one -- the NFCC and AADMO and AICCCA. We all have customer-locator services where a customer can call in to a number and find a referral to a company, but they're expecting from Point "A" that they're going to find a company at Point "B." And we've had, on the AADMO side, all of those agencies to make sure that, where the consumers are coming from, that the agency that they end up with is licensed, but there's no fees for that. The consumer's not being charged, as some of the lead generation does, and there's no marketing costs along with that. So it's a different setup than traditional lead generation.

>> Allison Brown: There are, then, those that you mentioned, what you called "traditional lead generation" and the referral services. Are there any other referral types of entities that you know of?

>> Mark Guimond: I think that's about it. I think the biggest problem that we've seen is TV advertising that says that you're going to be referred to a nonprofit agency. We have a variety of options, and we can refer you to a nonprofit or debt settlement or whatever the "X" happens to be. And at the outcome, it's not going to the nonprofit agencies. It's going to two other agencies, either the debt-settlement side or the debt resolution on credit counseling.

>> Allison Brown: Andrew, do you want to speak to this point?

>> Andrew Houser: Sure, yeah. I wanted to say, first of all, that I think we're gonna find a lot of common ground here. I think it's in everyone's best interests to have fully informed customers coming into the programs. It causes problems for everyone when there's not fully informed customers. I think, at a minimum, you know, it's reasonable to request that, whether you call them "lead generators" or "referral partners" -- whatever you call them, that the claims they're making are substantiated by the companies that they are sending those leads or referrals to. I think that's a very reasonable assumption. I think, like I said, fully informed customers is what we all want. You know, it's not a quick sale process. It's not a process where the product is sold in a day or a call. It's typically -- a consumer is enrolled over a 2-week period -- typically, four phone conversations that happen before enrollment. And it involves a real strict suitability analysis to get the right consumer into the right program. You know, our company, in addition to doing the disclosures, the suitability analysis, a separate one page with but nothing on it but the fees, do a compliance call, as well, to verbally disclose to the consumer the important disclosures that are included in the agreement. So it's in everyone's best interest to get the right consumer in to not create confusion, and lead generators should be held to that same standard of making representations that they can back up through the companies that they're sending them to.

>> Allison Brown: And is there communication between lead generators and companies, in terms of, how would a lead generator, you know, substantiate certain claims?

>> Andrew Houser: There certainly should be. We don't purchase third-party leads, so I can't speak from firsthand experience, but there certainly should be.

>> Allison Brown: How prevalent are lead generators in the industry?

>> Andrew Houser: Again, this is gonna be based on anecdotal evidence. I would guess when you -- Everyone talks about the TV's ads they see all of the time, the radio ads, ESPN. I would guess the majority -- the vast majority of the commercials you are seeing are lead generators, as opposed to providers.

>> Allison Brown: And if your company doesn't use lead generators, what are the marketing techniques that you use to obtain clients?

>> Andrew Houser: We have an internal marketing department that directly markets to consumers.

>> Allison Brown: What types of marketing?

>> Andrew Houser: What types of mediums?

>> Allison Brown: Right.

>> Andrew Houser: Internet, radio, TV -- pretty much everything except for e-mail marketing.

>> Allison Brown: And some of the comments also discussed debt-relief providers that operate solely online or without using telemarketing. Does anyone have any specifics to add to that point? Mike?

>> Michael Mallow: I can't tell you how many companies currently do their marketing exclusively online, but I would predict that if the regulation of debt settlement is done through the TSR, versus in some other method or -- and some other statute, the number of companies that market exclusively online will rise dramatically as an end run around the application of the TSR, which,

you know, when we're talking about the marketing issues here, we really have, you know -- this whole discussion really has two -- two discussions in it. One is, does the regulation of the industry make sense? Is the substance the right substance to be talking about? The second is -- and I think, equally as important, is how are we going to do it? And does it make sense to do it in the context of the TSR? Is that a proper way of doing it? Is it an authorized way? Are you gonna be creating unintended results? And one of the unintended results, I think, that would be created is you will see a rise in companies using solely the Internet or some form of marketing that does not involve the telephone. So you will actually have -- see less consumer interaction, you know, in terms of trying to avoid the TSR, which is why, at least in my perspective, the TSR's not the right way to go about doing this. But I'm sure we can talk about that more at another point.

>> Allison Brown: Will you describe how the sales pitch would happen over the Internet? Are you saying that the entire sales pitch would happen over the Internet? Are you talking about e-mail? Or can you be a little more specific?

>> Michael Mallow: It could theoretically all occur online. How would that happen? You would have -- There could be video presentations that are part of a Website, in terms of the marketing. All of the forms that are filled out could be filled out online. The communications could be through live chat online. All these methods are currently available to communicate directly with the consumer and not use the telephone as a medium. So, again, I think you'll see a rise in that.

>> Allison Brown: Are you seeing any today, where the entire sales pitch is delivered online?

>> Michael Mallow: I don't have any clients who do it that way. I am told by some clients that they are aware of companies who are doing most, if not all, of their marketing online and are able to enroll clients online. But I have not personally seen that yet.

>> Allison Brown: Jim?

>> James Keiser: From a regulator perspective, Internet marketing has always been a problem primarily because you can go on the Internet, the information can be submitted electronically, and

we have no idea who is putting out the marketing, who is receiving the information, because many times it's just not available from the Website. So, from a regulator aspect, Internet-only marketing can be a serious problem.

>> Allison Brown: Susan?

>> Susan Grant: I just wanted to say that, right now, the most prevalent means of advertising seems to be television, radio, and direct mail. And ads on the Internet that induce consumers to call a toll-free number -- the fact that, in the future, there may be more marketing by the Internet only is not a reason not to act now to deal with the current problem that we have.

>> Allison Brown: Bill?

>> William Binzel: I think Susan captured that very well. And just to clarify another distinction between 501(c)(3) agencies and for-profit entities are 501(c)(3)s are prohibited from paying for referrals. So, as a result, nonprofits don't use lead generators, per se. We do operate a locator line, but that's as a result of a consumer calling the NFCC and saying, "I would like counseling. Where should I go?" And then we refer them to an agency, and we use fees from the agency, a \$3 fee from the agency, to support that operation, which has been approved by statute. But going back to the definition of debt-relief services, I think what you're hearing -- and it sounds like there is a consensus even -- that the definition of debt-relief service needs to be fairly broad, relating to advertising encouraging assisting, soliciting, brokering, et cetera, either leading to or intended to lead to debt -- debt-settlement services. So the point being that the final definition of "debt-relief service" needs to be broad enough to cover the lead generating and the activities related to lead generating.

>> Allison Brown: We're gonna talk more about definitions in the next panel, but focusing on the prevalent marketing, can anybody speak to what the prevalent claims are out there today, in terms of how debt-settlement companies are presenting themselves to consumers? Gail?

>> Gail Hillebrand: Thank you. We see claims like "cheaper than credit counseling." We see claims -- "lower monthly payment." We see references to a monthly payment, which, in my view, are inherently deceptive because they imply that there's a payment on the debt, as opposed to a payment to someone who is going to use it for future purpose. We see words like "debt-free" and "debt elimination," sometimes accompanied by an asterisk -- "individual results may vary." But I don't think you can dispel the implication created by words like "debt-free," "debt elimination," "get out of debt in three years," with that kind of asterisk. So we certainly do see those kinds of claims. And we also see claims about what is the -- Here -- I got a couple off the Internet here. "Our typical settlements are able to reduce debts by approximately 50%." "Reduces debt 40% to 60%." The implication of these claims is that you're gonna get out of all of your debt for that amount. And based on what we heard in the morning about the percentage of consumers who still have significant remaining debt at the end of the program, I think those are problematic.

>> Allison Brown: Bill? I mean, Norm?

>> Norman Googel: There's something I touched upon in the last panel -- We think the industry is really exploiting consumers' -- I'm sorry. [Laughter] I'll take them off.

>> Female Speaker: Just speak into it.

>> Norman Googel: We feel that the industry is exploiting consumers' myths and misconceptions about bankruptcy. For example, by saying, "We know you want to pay your debts and don't want to file for bankruptcy," which is true, then instead of doing a true screening and helping a consumer to determine what they really need, which, in our view, in the vast majority of cases, maybe even 90% or more, is bankruptcy, often Chapter 7, instead, they are sold a product by a company that only sells one product. So we've been particularly concerned about the claims relating to bankruptcy and presenting itself as an alternative to bankruptcy. And then, of course, as it was just mentioned, the concern about "debt-free," that, "We will help you become debt-free in two to three years." And in our view, the references to "debt-free" actually invoke our credit-services statute or credit repair because, while it is true that your credit score will go down if you use a debt-settlement service -- and that often is disclosed -- on the other hand, the real message is, "We're

going to help you get debt-free.” And assuming that's true, we see that as a form of helping you with credit, which would then require the industry to register as a credit-repair company in the state, which they do not do.

>> Allison Brown: Andrew?

>> Andrew Houser: Well, I agree with Norman to the extent that there needs to be a suitability analysis. Now, I disagree that 90% of consumers would choose bankruptcy if they had all the facts. In fact, one of the biggest things that you'll see in those testimonials, that 200 or some positive testimonials on the FTC site, on the testimonials we hear, is how proud and how happy people are to have avoided bankruptcy. I don't think you can discount that. But a suitability analysis is a really important part of the process -- getting the right consumer into the program. You're absolutely right. Some consumers cannot afford to deal with a debt-settlement program. Some consumers are better suited for a nonprofit credit-counseling program. And as Bob mentioned in our earlier panel, our company has 25 people whose entire job is trying to screen out consumers. So I do agree with you in the respect that a suitability analysis has to be an important part of the whole package.

>> Allison Brown: Scott, you want to speak to this issue?

>> Scott Johnson: I do. I think what I look at in the reports that we get back is, I think, in reference to the claims that companies are making. And to say a debt reduction of 70% -- and this might even tie into the online advertising -- there was a race. The first company puts 70%, then somebody does 75%, and then 80%, then 85%, and 93%. My question is, is, you know, that there's no question that we do get settlements reduced that amount. My issue that I see on that disclaimer that folks are making is what percentage of the clients actually receive that 60% reduction, that 40% reduction? You know that from us, internally, what we do is as analysis is all our numbers. So, when we look at our historical performance, correlate to what our advertising did on the Website. So I think the question would be is, if a company is open for six months making a claim of "reduce your debt by 40%, 60%, do it in 12 months to 30 months," where is the empirical data to prove that you can actually do that? And I think that gets into some disclosures on, you know, that

if a consumer knows more about maybe the way a company performs, it would at least maybe make them choose a different company. Now, in respect to -- I can just say on the "debt-free" is can provide substantial numbers that that happens in a two-, three-year period of time for a significant amount of people. And I can only speak internally on our data that we collect.

>> Allison Brown: And we're gonna drill down in a minute about exactly how you might substantiate some of those claims. But let me give Tyler a chance to talk -- Johnson a chance to talk, and then we'll move on.

>> Johnson Tyler: The claims that seem to get my clients and get their attention is that, "in 24 to 48 months, depending on the size of the debt, you will be debt-free." And there usually is a disclaimer that goes along with that is that, you know, we can't stop the creditors from using their enforcement techniques. The reality is and the reality I've seen is that the creditors always respond to not being paid, and they will sue the client, the customer, from five to seven months. And that's what undermines the whole program, because most people can understand some of the risks, but that's a risk that they really have never had any experience with. They've never been to court before on some sort of debt-collection matter. They don't understand that, well, you can get a judgment against you and that your wages will be garnished and how easy that is to do. And they don't understand that their assets can be taken, that their bank accounts can be frozen. All those things happen very quickly. I've seen it happen all the time in New York very quickly, and they completely -- they short-circuit the whole debt-settlement idea.

>> Allison Brown: Bernard?

>> Dr. Bernard Weinstein: I just wanted to echo Andrew's point, that we talk about debt settlement and other options to bankruptcy. And I agree -- you know, bankruptcy is appropriate for some people. In fact, we're having record number of bankruptcy filings, running at 130,000 a month, 4 times the level 3 years ago. But there are long-term economic and social causes associated with bankruptcy. And I think what's important is that we have various options in terms of debt relief that need to be pursued.

>> Allison Brown: We want to drill down in the proper way the debt-relief entities might be able to make truthful performance or success claims that might comply with the proposed misrepresentation provisions. Let's isolate a claim that some of you have mentioned as a claim that's often made by debt-relief providers. For example, "We will eliminate your debt this 18 to 36 months," or, "You'll become debt-free in 18 to 36 months." The standard for substantiation is that the commission requires competent and reliable evidence of any claim that a debt-relief provider is making. So, with that preliminary information, let's talk about what type of competent and reliable evidence would substantiate the claim that a debt-relief provider will eliminate a consumer's debt in 18 to 36 months. Any takers? Gail?

>> Gail Hillebrand: I think the only competent and reliable information there would be evidence that they in fact have done so for a very large majority, you know, whether it's 100% or 95% or some other large percentage of their clients actually enrolled for all of the debt for those clients. I actually think that the substantiation question is, in some ways, the wrong question. I think there's - - inherently impossible to make a truthful claim about historic performance because of the implication it creates that you will get the historic performance. Dr. Briesch's study has a very wide standard deviation in his Table 5 -- I invite you to take a look at it -- suggesting that even median results don't tell you very much about what the individuals get. We know it's very subject to the individual's budget, to the decisions that will be made by an individual's creditors, whoever they are at the time or become later, about the individual's ability to save, and about the realisticness -- realistic -- whether or not the savings amount is realistic for that consumer and has really been explained to them what they're getting into.

>> Allison Brown: Let me step in for a minute. One of the things we look at here is what consumers take from a claim. Do you think that consumers, when they see a claim like this, does that mean to them that 100% of the people who enroll get the claimed results?

>> Gail Hillebrand: I think what it means to consumers, when you say, "Save 50 cents on the dollar," is, "I'm gonna save 50 cents on the dollar for all of my debt." And that's not accounting -- It doesn't account for the tax consequences. It doesn't account for the very serious impact of the unsettled debt. And I'd like to talk about that a little more at whenever the appropriate time is. And

it doesn't account for the fees that will be paid. But even more importantly, it doesn't account for the fact that many of those consumers are gonna finish without settling all of their debt. And so 50 cents off -- You know, if I owe \$10 and I save 50 cents on the dollar for half of it and I still owe the other half, I haven't saved 50 cents on the dollar. Maybe I've saved 25 cents on the dollar, minus the fees.

>> Allison Brown: Do others have views on what consumers take from claims about eliminating debt in a certain amount of time? Do you want to go ahead?

>> Andrew Houser: Sure. I mean, obviously, we all agree that disclosures need to be accurate. I think one of the fundamental misperceptions of our industry that I think still exists today is that our consumer group is very unsophisticated. You know, in fact, the average consumer in a debt-settlement program is above average income, above average education. Most people don't know that. There are people that have run up \$30,000 in credit-card debt and had a one-time life event that got them in a really difficult situation that they need help with. That said -- So, do I think that if I, on average, including accretion of the accounts, I'm settling debts on 50 cents on the dollar, that, if I tell a consumer, "Our average is 50 cents on the dollar, subject to you meeting your obligations -- savings obligations, our settlements are 50 cents on the dollar," the vast majority of consumers that drop out of the program drop out because they're not able to make the savings obligations. The vast majority of consumers that stick to their savings obligations get those settlements.

>> Allison Brown: And what's the basis for your statements that the vast majority of consumers who drop out do because of this issue with savings obligations?

>> Andrew Houser: It's based on just one company's data and anecdotal data from a lot of other companies in the industry that consumers that make their savings payments on time every month have great success in this program.

>> Allison Brown: When you mention one company's data, what are you referring to?

>> Andrew Houser: Oh, Freedom Debt Relief -- I'm sorry -- my company.

>> Allison Brown: So your knowledge of your own internal data.

>> Andrew Houser: Which is a large company -- You know, we've done 45,000 settlements so far this year. It's a significant data sample.

>> Allison Brown: When you say there is a significant data sample in terms of why consumers have dropped out, is that based on consumer interviews after the fact or some other type of information?

>> Andrew Houser: It's based on looking at the percentage of consumers that drop out who have missed one or more payments along the way, and it's a significant -- the vast majority, to be honest. It's very rare for someone to be sticking to their savings program every month and then have it not work out for them.

>> Joel Winston: A follow-up on that?

>> Allison Brown: Mm-hmm.

>> Joel Winston: As Allison said, a lot of the substantiation issue comes down to, what claims do consumers take from an ad? And I think under pretty well-accepted deception law, if you're making a claim that you will receive a certain result, then the consumer reasonably expects that they will receive that result. If it's a claim about not -- not identifying a specific consumer and what they will get but just says, you know, "Save 30% off your debt," typically, we -- typically -- usually, the word that we apply to that is that's gonna be the typical result, that maybe not everyone's gonna get that result, but that's gonna be the typical result. So what I'm wondering is, given that, is there a way to make a much more qualified claim that would be more easily substantiated? For example, if I could say, "The consumers who stay with my program for more than 36 -- for 36 months, 50% of them achieve a reduction, and the average reduction in debt is 30%." And assuming that's what the data shows, is that the sort of claim that we think is okay, or do we think that's problematic?

>> Scott Johnson: And I'm gonna start on -- on the claims that are made, as far as why I think -- and I'll speak specifically to my company -- why we make a general claim is on the 40/60 reduction is because, historically, our numbers for five years reflect that this is the results that we get for the consumers. The thing that we use as a modeling called "batch tracking" is, as we know, depending on the scenario of each different consumer, that we know the historical performance with, you know, a debt buyer, a certain debt buyer, a certain collection agency, a certain issuer, or a certain law firm. So when we're doing that consultation process with them, that's when we have to make the adjustments to say, "You know, look, we'll take on debt under \$500, but we know the performance on that is going to be 'X.'" Or we will say, "You know, it changes from time to time that issuers move their position with us on debt settlement. One month, it could be down to 15 cents. The next month, it could be up to 60 cents." So we're doing a lot of forecasting on this. So the issue probably more comes from is there's no third-party audit that's happening to debt-settlement companies and no standard model to see if everybody's using the same performance standards. Last year, in 2008, I used -- One of my slides were "Understanding Your Inventory" and, you know, take your total debt under management, you know, divide that over a period of time, and are you successfully moving clients along that program? And when I did that one, I mentioned that my model was, at that time 210 days, the account's age, divided by an average term of the program. When we saw those results starting to happen a lot quicker, we changed it to total debt under management from Day One, and now we divide that by a 30-month period of time. So, when we look at performance, we look at, are we moving the inventory? Are we settling the settlement percentage we use? We use that on original balance, not current balance, because I think there was a claim about a 10% move. I think, if you look at the Colorado numbers, it reflected that that grew 20%.

>> Allison Brown: Yeah.

>> Scott Johnson: So that, when you're using a disclosure to say, "Oh, it's gonna be 20 months before you settle your first account, depending on --" and I'm not trying to get into a fee-structure discussion, but if a consumer waits that long of a period of time, it's more about the total cost of the program that would significantly increase. So, even though you save 40%, you know, settlement average and 15%, the numbers that actually -- what the total costs for that consumer could rise

significantly. So an additional 20% on the original debt for the average consumer, \$30,000 in debt, could cost them \$6,000 more. And that's where you typically see some of the cancellations because the budget doesn't fit that. So a way to handle this is probably not under the FTC, but is to have more third-party audits and have some standard modeling so that we at least have some general practices on how we measure the success for consumers.

>> Allison Brown: In terms of measuring the success, how do you measure -- how do you calculate dropouts? What do you do with the consumers that made one payment and dropped out or three payments and dropped out?

>> Scott Johnson: Well, we look at it because there are certain things that are beyond our control. And as we look at things that say an unemployment rate's hit 9.8%, we look at that and categorize - - Is it fault in the program, or is it fault on, you know, that something changes on the consumer's side? Now, what we do in the enrollment -- We have a 30-point checklist that we go through on the budget analysis to make sure that we know the performance that we do on the debt, so I think our screening process helps out a lot more to make sure that somebody's committed to the program. Our average -- our average consumer that drops out is around 24 months -- is the starting point. There's just not a lot of -- If they're on track, and I think this will reflect what Andrew said -- If they have the ability to save and stay on that budget, there's a high success rate. You know, we try to give them tools to be able to manage their budgets better. Unfortunately, you know, the second breadwinner in the house loses the job. Usually, they get them in the first place -- somebody losing their job -- now the second one, and then it becomes totally unreasonable for them to continue. So we look at -- we do an exit interview with everybody that cancels to find out what their reasoning is. And for us, the majority of the people is, is that they can't afford our program anymore -- therefore, it becomes bankruptcy.

>> Allison Brown: So you're saying that you telephone everybody and ask them and do an exit interview over the telephone, or is it a written survey?

>> Scott Johnson: No, we do -- It's an exit. I mean, we have to, 'cause we look at the folks that file bankruptcy. We also collect the data to know what law firm that they're using so that we can send

our correspondence to make sure that law firm now that has that client, you know, isn't gonna get them into violating. But the majority of them are -- is it's loss of additional income. You know, it could be the price of gas going up to \$5. That \$200 a month can be very tricky in a lot of the average consumer's budget. So there's outside things that usually will push somebody out of the program, not necessarily the program design itself.

>> Allison Brown: Can you walk us through, then, for these different groups of consumers whether you're then including some of them -- it sounds to me like you're including some of them, but not all of them in your calculations.

>> Scott Johnson: We include them all. I mean, if I was to break down with my data sheets, I'll tell you, depending on how much debt they have, depending on what their age group is, the balances that they come in on the account, what type of program they sign up for -- For me, it's not one simple question on, "This is the 30% of people that drop out of the program through the entire that never make it to the end. What happens to them?" I put attributes on each different consumer type to say, somebody less than \$15,000 is one of our highest cancellation rates. The folks that get over \$150,000 start to fall into that category, as well. But the consumers that fall, as the average, \$30,000 -- that's by far the most successful. So there's a breakdown for each different group. We've tagged everybody to understand how they perform, and then we tie that information into the initial consultation to make sure we select the right program for them.

>> Joel Winston: More specifically, and I open this up to anybody, if a company's making a claim that they'll save 30% off your debt, when they know that a significant percentage, whether it's 30% or 50% or 80%, of their customers drop out before they get that result, should those dropouts be factored into the calculation of the success rate? Susan, do you want to...

>> Susan Grant: Sure. Well, I should start by saying that we think that any success claims are inherently misleading and would like to see them prohibited. For all the reasons that we've talked about here, it's really impossible to know whether the consumer is going to be successful at the point where they're thinking about enrolling. And you can try to make the claim more nuanced, as you suggest with, "You have to be in this program for 'X' number of months, and you might see the

success.” And that might satisfy the lawyers in the room, but it's certainly not gonna be meaningful to consumers. They don't have any way of knowing how long they're gonna be in the program or whether this is gonna be successful for them, whether their creditors are going to cooperate, whether they're gonna be able to fund settlements or any of the other contingencies that might come up. And so I'm very uncomfortable with any success claims being allowed. But if they are allowed, then, certainly, companies should factor in everybody who's been enrolled over the specific period of time in question.

>> Joel Winston: Just to follow up on that, do you think it's okay in that scenario to make a claim that says, "For those of our customers who stay in the program through the full length of the program, 70% of them achieve a certain level of success?"

>> Susan Grant: I just think it's meaningless for consumers who are thinking about enrolling because they don't have any way of knowing whether they're going to be part of that 70% or the other 30%.

>> Allison Brown: Johnson, do you want to say...

>> Johnson Tyler: Yeah, I was gonna say -- Along those lines, Andrew and Scott have both said that things happen along the way that people can't anticipate. The thing that I found with my clients that happens that they really have downplayed when talking to their counselors is they're gonna be sued, and that is what terminates debt settlement for them. All of a sudden, they do not feel protected, and the next thing they know, they have their wages garnished or their bank accounts frozen. So, that's what -- And that is a predictable result from debt settlement. It's something that needs to be disclosed in ways much more than simply, "The creditor has a right to pursue their legal remedies.”

>> Allison Brown: Bob?

>> Bob Manning: I think what's really striking over the last few years is really the lack of empirical baselines for making these assessments. I mean, there's clearly here an apple-and-

oranges issue. First, is the client matched up with the most appropriate program? And second, if they go into a partial payment plan, what's the appropriate payment structure? Now, right now, we're facing a crisis with credit counseling. We're seeing less than 10% of people, 'cause we're talking as if credit counseling is going to absorb a lot of these people. Less than 10% of people who call will get it -- are eligible for credit counseling. And we know that there's a success rate of less than 25%. What happens to people who drop out of credit counseling? You know, we have a conflict of interest because, as GreenPath mentioned, that their revenue flows are shifting away from debt-management plans, and a lot of it has to do because they're going to bankruptcy, education, and counseling programs. The real key issue here is, do we have some kinds of standardized metrics that can say to a consumer on the point of, "You're in the appropriate plan, and now here's what your success rate could be based on"? And you know, in the last year since we had the last meeting, I put together a program, a very sophisticated algorithm. And we've put through about 15,000 people, which looks at -- calculates adjusted gross income, looks at deductions, puts them on a bankruptcy-allowable schedule for the district of residence, looks at state and federal taxes, household structure, home-ownership status, tax-filing status and all secured obligations, and comes up with a net cash-flow analysis. Now, from that, the big problem with creditors is -- and my big criticism of the debt-settlement model -- is that you're negotiators. You're not estimating debt capacity. If somebody comes in and they can pay 40% through their cash flow, either at the individual or household level, are you putting them on a 40% plan? And conversely, if the person can only pay 20%, are you still putting them on the 40% plan? And from the creditor perspective, if have you someone who can pay 60% and you're putting them on a 40% plan, they don't know what is the appropriate payoff, and as a result, you can very easily come up with a set of disclosures with an empirical analysis of a means test of a client. If that person comes in at 40%, we calculate that.

>> Allison Brown: We'll try to get back to this, but we do want to focus for now on, what kind of evidence could actually substantiate a claim that people could get out of debt in 18 to 36 months?

>> Bob Manning: What I'm saying is, if you bring people into a program that the most they can pay is 25% and you've put them into a 45%, 50% plan, they're doomed from the onset. They're no

way possible they can go through a 36-month plan. So, if your screening process is correct, then you're gonna reduce that.

>> Allison Brown: And we'll try to get back to that. Okay. But on the substantiation issues -- Mike, do you want to add anything on the substantiation issues?

>> Michael Mallow: Yeah, let me weigh into this because not only do I counsel clients on this issue of substantiation, but I've actually litigated the issue and litigated the issue with the Federal Trade Commission on this very subject in this very industry. Look, there's a well-known body of law related to substantiation. There's nothing unique about debt settlement as it relates to that law. You have to have a reasonable basis in which to make the claims that you make. If you have empirical data that has been accumulated over a sufficient period of time, that provides the reasonable basis in which to make the claim, you're allowed to make the claim. So if you have data over five years that shows historical achievements on a per-account basis, then you should be able to represent to the consumer that -- the information based on that data. Now, what the danger is and the real analysis needs to be is on what is actually being represented. So, to sit here and have a discussion about amorphous claims and what data and what evidence do you need about amorphous claims is somewhat of a useless exercise.

>> Joel Winston: Let me follow up on that. I think that's a good point. The amount of substantiations that's required depends on the claim. You may need different levels of substantiation if you say, "You will get this result," "You may get this result," "Some people get this result," "You will get this result if you stay in the program for 36 months" -- all those are at least theoretically different claims that could require different levels of substantiation. What I'm wondering is whether it would be useful in this rule to lay out some of these issues and try to provide as much guidance as possible on what kind of substantiation we expect for which kind of claim. Would that be useful to people?

>> Michael Mallow: Well, let me approach the question this way. First, I don't think that the rule is the right mechanism to do what the FTC is trying to do for a number of reasons.

>> Joel Winston: But putting that aside, just getting to the issue...

>> Michael Mallow: But if, for example, you are talking about FTC guidance, which it has done in other areas where you can use and you have the ability and the flexibility of laying out specific examples and what kind of substantiation the commission would be looking or expecting to see, of course that would be useful. The industry is dying for guidance. It wants specific guidance, and specific guidance has been lacking. So, yes, it would be useful. If you turn around and gave examples such as, if you're making a claim that a consumer will settle all their debts or can settle all their debts on 50 cents on the dollar, attrition rates may very well be a useful piece of information and necessary piece of information. If you're stating to consumers, "We settle credit-card accounts at -- or have historically settled credit-card accounts on an average of or within a range," then do you need all the attrition information? Probably not, because we're talking about specific accounts. If you want -- If you're making -- So you've got to tie it to the claim, and if you're dealing with a guidance document, I think the FTC has far more flexibility to raise examples -- specific examples that can be used for debt-settlement companies to model in their marketing and advertising. That's why I think the TSR is the wrong way to do this.

>> Joel Winston: What do other people think about whether the FTC should or it would be useful if the FTC provided that sort of guidance and whether it should be in this rulemaking or through some other mechanism? Jenna?

>> Jenna Keehnen: I agree with Michael Mallow, as far as the avenue or vehicle to move forward on this. It seems like the constrictions and parameters in the Telemarketing Bill -- I'm sorry -- the Telemarketing Rule are either too broad in some instances and way too narrow in others. As far as substantiations and seeking guidance and that kind of thing, absolutely, if you're looking for something from us, I mean, Stephanie was gracious enough to be at our last conference, and we're begging for -- for, "What can we do? What can we do to, you know, 'make you guys happy'?" And what it comes down to is, "Well, I can't really tell you that. Well, I can't really tell you that. Well, here, let me make something up, but then I can't answer any direct questions." I'm not sure if you haven't noticed or not, but at least I'm not a mind reader. I don't know about anybody else here. And without that guidance, I'm not sure -- I guess it seems to me that you would keep it so broad

that you could encompass anybody at any time and that you might like it that way. And that's -- I don't think that that would be your intention. So, yes, we would welcome it, absolutely.

>> Joel Winston: What do we have here? Mark?

>> Mark Guimond: As I referenced this morning, the U.K. has a system in place through the Office of Fair Trading, which has actually issued guidance for debt management generally, including the debt settlement, credit counseling, and everything under what would be called "debt relief" right now. And I want to read a quote from what they did with their guidance. What it comes down to it, I think it's wholly relevant to the question you've asked. This is the Office of Fair Trading in the U.K. "Our main finding is a 70% reduction in the number of consumer complaints we've had since the guidance was issued." And this applies mostly as we're talking to you right now about advertising, marketing, and promotion. I think if there is a guidance, though, clearly if that can be the result in the U.K., we can probably do a lot better than that here. [Laughter] I meant it that way. [Laughter]

>> Female Speaker: I'm reminded this is the day that the headline is "U.K. Breaks Up Large Banks." But that's a topic for another forum. [Laughter] The TSR was a good place to start on this issue. We heard the TASC folks say four phone calls over two weeks to sign up the client. We heard the Freedom Debt folks in the prior panel folks say eight phone calls -- phone conversations signing up the client. Telemarketing and telephone communications are a big piece of how consumers get signed up. There's a fundamental disconnect between substantiation of a claim of savings and a substantiation of a claim of results. The statement, "We save 50 cents" -- "We settle debts for 50 cents on the dollar," implies that the result is your financial obligation at the end is 50% of what you started with. And the problem is the consumer -- if that's true -- if the statement, "We settle for 50 cents," makes people think you're gonna owe 50 cents at the end, then the substantiation would have to include not only the savings amount off the original debt, without whatever amount of accretion occurs after enrollment, but those savings -- subtracted from that savings would have to be the fee, the amount the consumer actually pays to fund that settlement because reduction off debt doesn't mean you pay zero -- you pay something to fund that settlement -- and accounting for the remaining debt, where the company's own records show that lots of

consumers have remaining debt. And I actually ran those numbers under the USOBA-fee model and the ACCORD-fee model for the median -- Dr. Briesch's average debt of \$24,000. I made it just two debts of \$12,000 each to simplify the math. If one of those debts settles at 50 cents -- at 50%, the consumer has to come up with \$6,000 to fund that settlement and then is going to pay the USOBA 20% fee of \$4,800. The remaining debt of \$1,200 -- that consumer's total financial obligation there is gonna be \$22,800. That consumer's gonna be paying 95 cents on the dollar from where they started. It actually -- maybe it would be accurate to say you save 5 cents on the dollar, not counting the tax claims. The ACCORD model, paid later, is actually quite similar. It would be accurate there to say you save 12 1/2 cents on the dollar. The true fact that settlements occur at 50 cents on the dollar when combined with the obligation to pay fees and the remaining unsettled debt makes that true fact misleading.

>> Allison Brown: Andrew?

>> Andrew Houser: So, I want to say -- the question is whether the TSR is the right place to do it is not for me. That's up to the lawyers. I do think we would just appreciate the guidance, absolutely. I think the real question is, we all agree that the settlements have to reflect actual results. The question is, what do you do with the people that are unsuccessful? And Gail's arguing that we factor that into the overall average, but I think that's almost more confusing. If I'm saying - - If 50% of my people are getting 50% of their debt reduced, completely reduced, and then 50% are getting zero percent, just to make up numbers, to say our average client's gonna get 25% debt reduction doesn't really -- that's almost more confusing to me, you know, which is why I kind of would lean towards your original proposal which is, hey, give the settlement results for the people that are successful and then make it absolutely clear what it takes to be successful and who is and who is not successful. I think that provides a more accurate picture than blending in the average of two completely separate groups into one number.

>> Joel Winston: And that's where this issue bleeds into the disclosure issue and why it's difficult to provide the sort of certainty and guidance that we would issue. And that is because the amount of substantiation you need depends on what consumers take the claim to be. And it may be that you can make a more qualified claim about just the people who get through your program, in which

case the substantiation you need is gonna be very different from a claim that all of your consumers get a certain result or that there's -- the average consumer gets a certain result. The problem we face is that ascertaining what claim consumers take from a particular advertisement is very difficult, and often, you need to do testing of consumers to find out exactly what it is that they understand it to be. So, when we've done this sort of guidance in the past, and we have in many other industries, we've always said, you know, "If consumers are taking your claim to mean 'X,' then this is what we expect in services of substantiation." But if they're taking a different claim, then it's a different level of substantiation. And it's very hard to tie it to a specific language because the interpretation consumers take from a particular ad depends on all of the elements of the ad working together. It's not from one phrase or use of one term, but everything in the ad contributes to it, and it's very hard to predict what it is. So that where that leads us to is that the issue of disclosures is very relevant to the issue of substantiation, and we'll get to that in a few minutes.

>> Allison Brown: Johnson?

>> Johnson Tyler: Yeah, I just was struck that, assuming some people benefit from debt settlement, it's hard -- it sounds like it's very fact-specific -- it's fact-specific as to whether they have assets, like a 401(k), whether they have a rich uncle, and it also depends on their tolerance to litigation because there is -- I find it very hard to believe that people aren't being litigated on these debt-collection issues. And because the setup fee is such a lucrative way to collect money without providing a service, it prevents debt -- or enables debt settlers not to differentiate between who's gonna succeed and who's gonna fail. And that's why the fee provision is important to, you know, to stop having all of these people lumped together. Some will succeed, some will fail, and the debt-settlement companies get paid, regardless of the outcome.

>> Scott Johnson: Could -- I'd like to just respond to that.

>> Allison Brown: Scott.

>> Scott Johnson: And I'll sit there and say, my fee-structure model as US Debt Resolve is, is we take the payments evenly out over the entirety of the program. So when we talk about litigation, as

we've been able to track that over the years, we saw that as an issue, right? And then we saw -- you know, it spikes and changes on the outside. So, in order to lessen any of the litigation, why we push the fees further out -- so the consumer had more money up front, so if we talk about the six accounts and we're able to settle two of those within the first 12 months, we already reduced the opportunity for litigation by 33%. The other factor that we've done is, is that we've done over the last two years is reach out to get agreements in place already with the creditors. So -- And if I do a quick definition on creditors. We have issuers. We have agencies. We have debt buyers and law firms. So, when I mentioned on the batch tracking, if we see something spikes on "X, Y, Z" law firm, then -- you know, and I'll say this an ISO 9000 -- we create a corrective and preventive action form, we come up with a policy and a procedure to change on that, and then we also know that, if they do pay 80% back on one account, to get them back closer to the average, we'll leverage our relationships to decrease another account so that the overall outcome for them is managed right at their budget. Now, so, and litigation -- And you talked garnishment. That's also in the consultative way that we go through it. We have a whole matrix on all 50 states to understand what the potential is for garnishments and that, you know, we'll forego fees for several months and tie it onto the back end so that the consumer can make that payment before the actual litigation goes in. So those are kind of like business designs, which I'm sure people do. But if we're talking to generalities on how we operate, there are some things that become out of our control because we work with -- as debt settlement, and to clarify this -- we work with over 2,500 different entities, where the DMPs are working 150 -- collection agencies, debt buyers, issuers. That's what we're working, so that's where we become more labor-intensive. So to, you know, to make the design to actually -- you know, we're trying to forecast the future, what's gonna happen. So, if a new debt buyer pops up, there's work that we have to do that could change a claim that we're making Day One, as opposed to Day 28.

>> Allison Brown: Michael?

>> Michael Mallow: Yeah, I think there's a certain irony in the discussion in that we're talking about substantiation of claims and positions that debt settlement takes, yet we're not requiring that same level of substantiation for a number of the positions that are being maintained at this table. [Laughter] Specifically, it would be a logical assumption to say that, if a creditor is not getting

paid, they're suing their debtor or the borrower, if we make a logical assumption, but the stats don't bear it out.

>> Male Speaker: In New York, they do.

>> Michael Mallow: They don't bear it out. If you -- And I have canvassed a number of my clients to ask, "What is the statistical percentage of your clients that actually get sued?" Put aside the threat. Put aside the phone calls. Put aside a whole lot of the chest pounding that creditors will do to get clients to fall out of a program. Put that aside. The actually filing of the paperwork -- It happens about 10% to 12% of the time. And that's -- I've had seven or eight different companies that are vastly different come back with that same statistical range. What's really happening is that you have the creditors utilizing the telephone, pounding these clients into submission, essentially, for dropping out of the program. You heard, John, I think, use the statistic -- it was 40%. So, what they're using is not the reality of litigation -- it's the threat of litigation, okay? And, remember, debt settlement is part of the collection-process continuum. It is -- there's a place that debt settlement occupies. It goes in between the creditor and the borrower, as the creditor is either going to try to collect what the creditor believes is owed to it. So it would make sense to me that, if you were looking at the issue holistically, which you need to do -- you can't take this piecemeal -- you'd be looking at the creditor activities in conjunction with the debt-settlement activities. So if you're going to say, "Debt-settlement companies, you should be making these representations or you should have these fee limitations or whatever," you can't just look at that in isolation without looking at the other side, and that's the other side -- is the creditor activities. So if you want -- You know, there is a very, very easy way of bringing benefit to the consumers and recognizing what I think has been determined to be value in debt settlement, and that's to say, if a consumer has a debt-settlement company representing them or acting as an intermediary, then the creditor can only contact that intermediary and can't pound on the consumer separate and apart from that intermediary.

>> Allison Brown: And we do have a lot to cover today.

>> Michael Mallow: Yeah.

>> Allison Brown: So I think we're gonna segue into the disclosures portion of the discussion. So, turn it over to Joel to focus on proposed disclosures.

>> Joel Winston: Thanks, Allison. As you know, the proposed rule requires six additional disclosures, in conjunction with the basic disclosures that are in the Telemarketing Sales Rule. And I want to go through those a little bit in a few minutes. But just to tie up the loose ends on this discussion we're having now, the issue, I think, is whether or not a debt-settlement company can make a qualified claim that can be substantiated by something less than the kind of data that we're talking about. In other words, could I make a claim that, you know, "Many of the consumers who enter my program drop out before they get results, but of those who stay in until the end, the average benefit is such and such"? And I'll tell you my prior on this -- you kind of must call it a prior -- I mean, what I think. And it's based on a lot of work this agency has done over a lot of years in testing consumers and doing research, and what we found is that, generally speaking, it's very hard to qualify an efficacy claim, a success-rate claim, and that you may think that you're putting in language that says, "Well, we're giving you all the qualifiers here. We're telling you under what circumstances you're going to be successful and what you're not." But in all -- in most of the testing we've done, what we find is that consumers just don't understand the qualifiers, and they look at it as, "They're telling me I'm going to be successful." An example that we've tested a lot is what we call an up-to claim, where a company will say, "Buy our gas-saving device, and your mileage will go up, up to 20%." Now, we may sit here and think about that and say that, "Well, they're saying it might be 20% or it might be less. They're saying up to 20%." When do you the copy test, you find that everyone thinks they're gonna get 20%. They just don't understand the qualifiers. So, the basic question I have is, what do people think about the possibility of making more qualified claims and, for example, being able to substantiate a claim without including the dropouts in the pool? Anyone want to comment on that?

>> Scott Johnson: You say that on the dropouts -- here's the thing, though. See, when I see all the claims that I read out there, it's -- it seems to be sometimes results are for a small group of people, and that has got to be the biggest factor. So, when somebody uses a number, if they've settled a lot of debt, they'll say, "Look, we've settled this much, you know, millions and millions of debt." But

it's how much should you have settled? So, if you show the performance on anybody, there's about 8% to 16% of the consumers that will go through the program because of the design, who they are, how they have their finances together. So, without evaluating the dropouts, you're not getting a real big picture. It'd like an investment to say, "Oh, I'm a great investor because, you know, here's all these people that made millions of dollars, but here's the 90, you know, percent that made nothing." So when we're making claims on people -- you know, and that probably just referenced, you know, that people can see claims relatively quickly. So, when we're talking about two years to settle a debt, I can make a claim that we settle our first account for 92% of our clients -- their first account - - within 90 to 180 days. And by making that claim, that ought to give them the choice to say, "If a company says, 'I can only perform that doing at 14 months or 24 months,'" the consumer would have more information to make a decision on the company. So, when you're saying, "Oh, my settlement average is, you know, 40 cents," what percentage of those consumers receive that 40-cent settlement? And is that original or current? And has that been audited by an independent third party? Because there's some misconception on -- you can make claims, but if it's only for one person or a few, then that's where they get misguided.

>> Joel Winston: Yeah, I think that's a good indication of the complexity of this. Susan?

>> Susan Grant: Well, Joel, you just made a very cogent argument for my position that there shouldn't be any success claims allowed. And let's not forget two other factors that I think are important and that maybe distinguish this from some other situations. We have an industry with which there are a lot of problems, and we have consumers who are really, really vulnerable at the time that they're being solicited with these pitches, people who are in financial and emotional distress. And you know, we're asking them maybe to parse these very convoluted explanations, which may not apply to them, of how this has worked out for other people, and I just don't think that it's going to give consumers the realistic picture and the protection that we're aiming for here.

>> Joel Winston: Just to clarify, I may have made a cogent argument in favor of your position, but that doesn't necessarily mean I favor your position, so... [Laughter]

>> Susan Grant: Yes. I understand.

>> Joel Winston: There are no judgments on that. Jenna?

>> Jenna Keehnen: It seems to me, I guess, the consensus around the table is that making claims like this because -- and I believe you said, no matter how you make the claim, if it's "up to" or whatever, the consumer just doesn't understand. So might I suggest that the Federal Trade Commission pull way back on this and make a big rule so that I stop seeing it with diet pills -- I stop seeing it with investments? I don't think -- If consumers are truly taking that away from our claims, I would -- I would believe that, surely, they're taking them away from all of the claims they're seeing out there. Is it something that you would consider, instead of targeting one little, tiny industry and their claims or broaden this to target the entire world and their ridiculous claims?
[Laughter]

>> Joel Winston: How do you feel about that, Jenna? [Laughter] I couldn't quite tell. We actually have put out a lot of guidance on the limitations of disclosures and qualifying claims. That's not to say it's impossible. Obviously, it's possible. In some cases, qualifications can be effective if they're done appropriately. It brings to mind another recent example. We did a lot of testing on the issue of consumer testimonials. We have a guide that says if you -- we had a guide that said if you use a consumer testimonial in your ad, like, you know, "I lost 50 pounds using this product," it either has to be the typical results that consumers would achieve or there has to be disclosure that the results aren't typical. Everyone went along for many, many years saying, "Gee, that sounds right. There's a disclosure -- qualifies the claim." Then we did some testing and discovered that people didn't get "results not typical." People thought they would lose 50 pounds. And we tested a variety of other disclosures to see whether there's some way to explain to consumers that these are the people who are getting the best results, that you may not get those results. And the only thing that worked at all was basically having the ad disclose what the average result is, so it'll say, you know, "I lost 50 pounds using this product. Average weight loss -- 6 pounds." I'm wondering whether there's an analogy here, whether a disclosure of sort of the average result -- and I realize how complex it is to say what the average result is in something like this because it depends on a lot of variables. But, you know, that's sort of the principle that I think that we've looked at. But moving to the specific disclosures we've proposed -- So, there are three

existing disclosures in the Telemarketing Sales Rule, the first being that you have to disclose the total cost to purchase, receive, or use and the quantity of any goods or services that you're offering, so basic cost disclosures. The second requires disclosures of all material restrictions, limitations, or conditions on the purchase. The third is that, if the seller has a policy of not making refunds, then you have to disclose that fact to consumers. Those are the three basics. Now, we've proposed six additional disclosures. And my questions will be -- so you can be thinking about them -- individually, are these good disclosures, and collectively, is this a good way of educating consumers, or are we throwing so much information at them in the context, particularly of a telephone call or sales pitch that's being made, that consumers are going to be confused or just not understand it all? So, here are the six disclosures we've proposed. The first is the amount of time necessary to achieve the represented results and, to the extent that the offer of service may include the making of a settlement offer to one of more of the customer's creditors, the specific time by which the debt-relief service provider will make such a bona fide settlement offer. So, in other words, you have to disclose how long it takes to get the results and how long it'll take before the settlement offers are made. The second is that, if you are purporting to make settlement offers on behalf of your customers, you have to disclose the amount of money or the percentage of each outstanding debt that the customer must accumulate before the settlement offer will be made, so how much money you'd have to save up. The third would require a disclosure that not all creditors or debt collectors will accept a reduction in the balance, interest rate, or fees a customer owes to that creditor, so your results may not be typical. Then the fourth disclosure -- that, pending completion of the service, the customer's creditors may pursue collection efforts and may initiate lawsuits, so these are the consequences. Fifth, that, to the extent that any aspect of the service relies upon or results in the customer failing to make timely payments to creditors, disclosure that the use of that service will likely affect adversely the customer's creditworthiness, it may result in the customer being sued by the creditor, and it may increase the amount that the customer owes because of the accrual of late fees and interest. And then, finally, sixth, the telemarketer of debt-relief services must disclose that the savings a customer realizes from the use of the service may be taxable income. So I think most people would agree that this is all useful information -- good things to know. And the question is, should they all be mandated, and if so, are they likely to be effective? And maybe we should -- Maybe we can touch first on -- Well, let's talk about -- let's talk about the disclosure of the amount of time necessary to achieve the represented results. And I

know there have been some comments that that's a very hard thing to calculate, and it depends on so many things that predicting it in advance, with respect to any consumer, is gonna be very difficult. What comments do people have about that kind of disclosure?

>> Andrew Houser: I mean, I think all of these disclosures are no-brainers, and anyone that's a member of TASC or USOBA already does these in one form or another multiple times throughout the process. You raised a valuable issue -- is, if you start throwing too much at people, does the message get lost? But I don't -- I think each one of these is valuable and important. I think time to results -- Like you said, you don't have a crystal ball. You can never predict it perfectly, but people do have historical settlement results. I think it's important to take into account accretion when you're estimating the time to results in the customer's -- compared to the customer's payment. It's obviously important to take into account fees when you're talking about time to results. But a thing that, you know, some of the more sophisticated companies have started to do, which is really important is, which, as Scott alluded to earlier, is looking at this on a creditor-by-creditor basis. You can't just use 50% across the board and assume that the time to results is just a mathematical certainty. It depends on creditors. It depends on the consumer's individual situation. So to try to -- There is -- It's impossible to become perfectly accurate about it, but there are ways to dial it in. But in general, these are things that, like I said, all TASC and USOBA members do, and I think they're very beneficial to consumers.

>> Joel Winston: Okay. Jim?

>> James Keiser: From a technical standpoint, the proposed rulemaking affects all debt-relief services, and it should be noted that the likelihood of creditors suing or tax implications under a debt-management service probably won't exist. There should probably be something that that disclosure might be required when it's applicable, but for a debt-management service, those disclosures probably would not be applicable.

>> Joel Winston: Thank you. Mark?

>> Female Speaker: Oh, sorry.

>> Mark Guimond: Yeah, I would mirror that to the extent that these do not apply, and I generally think a lot of the proposals in the rule don't apply to for-profit credit counseling. We just haven't seen the number of problems rise. I mean, I think this is limited to a debt-settlement issue, and I think the commission might want to look at removing for-profit credit counseling from the rule entirely and particularly the disclosures.

>> Joel Winston: Bill?

>> William Binzel: Joel, I know you wanted to -- that you were focused specifically on the time disclosures, but based on what Andrew said, and I know you don't speak for everyone, but it sounded like there was almost immediate consensus around the six disclosures that the commission has recommended. And that's why I jumped in, and I would add we think that there ought to be a couple of other requirements in this, and we think that the disclosures ought to be made in writing and that there be a written contract with a provider of debt-settlement services. And we think there ought to be -- and I'll just mention four other things very quickly that we think ought to be part of the disclosures, and the first being the legal name of the company providing the services and, also, their DBAs. There are a lot of different entities out there that are causing consumers confusion. And we also think there ought to be the corporate address -- where is this entity based? where are they located? -- and the license or registration number, if applicable, and if operating in the consumer's state and if that it's required. And, fourth, it sounds really simple, but a phone number during normal business hours where the consumer can reach the company because we hear it on a daily basis that consumers come in, signed up for a plan, and then can never get ahold of the company or get a call back, and there needs to be a mechanism by which consumers can reach the company and talk to a live human being.

>> Joel Winston: I should mention that, in case I'm starting to get a little bit arrogant here -- I'm sitting in the chairman's chair right here. [Laughter] This is where all the power -- This is as close as I'm ever gonna get to being chairman of the FTC, but please excuse me. Norm?

>> Norman Googel: Just a brief comment -- I do think the disclosures are very good, as was said earlier, very useful information, can't possibly hurt, can only help, although disclosures alone have a limited value without stronger stuff, like the advanced-fee ban that we talked about earlier, but I think a danger on the disclosures is that they could be swallowed up by certain other claims that are made. And I think, in particular, the claim that debt settlement will help somebody become debt-free and all the variations of that are so inherently deceptive and misleading and, in a way, impossible to provide any data to really substantiate that, it probably shouldn't be used at all. And as long as it is, I think the other disclosures are just gonna get lost in the shuffle or overshadowed.

>> Joel Winston: And in that vein, rather than going through these individually, do people think there are any of these six disclosures that aren't necessary, that we could jettison in the interest of better communication? And conversely, are there additional disclosures? Bill mentioned some that people think we should mandate. Mike?

>> Michael Mallow: I think the concept behind the six disclosures makes sense. I think some of the wording might be problematic as written. You know, for example, on the first disclosure, talking about the amount of time necessary to achieve represented results and the specific time by which the debt-relief service provider will make a bona fide offer, I think, probably, these are meant to be the projections that the companies are using. It doesn't say "projections," but I think that's a change that needs to be made to really understand what is supposed to be represented to the consumers. The other thing --

>> Joel Winston: I'll change it right here. What language do you want to use here? [Laughter]

>> Michael Mallow: I'll be more than happy to send the redline, along with some other redlines I owe to the commission right now. [Laughter]

>> Joel Winston: I'll bet you would be, yeah.

>> Michael Mallow: The other thing that I think might be missing from here, but I think ties into the fee issue is perhaps a uniform manner in which debt-settlement companies would disclose their

fees. I think one of the reasons that the market forces that would otherwise govern expenses related, or the compensation to debt-settlement companies is not working or perceived -- is perceived to be not working is the fact that consumers have a difficult time really comparing one product to another -- the cost of one product or one service to a competitor. So what might be a good way of trying to deal with that issue is to have fees represented across different companies in a more uniform matter to allow consumers to literally be able to say, "Wait a second. It's gonna cost me 'X, Y' -- you know, this much in this program, and based on the following fee structure, it'll cost me this much in this program, based on a different fee structure," but having it represented in a way where people can really do an apples-to-apples comparison, and let's get the market forces and have the consumers really dictate how much the compensation should be for debt-settlement compensation.

>> Joel Winston: It sounds like kind of an annual-percentage-rate approach.

>> Michael Mallow: A Schumer Box is a similarity, yeah.

>> Joel Winston: Schumer Box, yeah. I think the difficulty from our standpoint is we don't want to be in the business of dictating what kinds of fees people can charge.

>> Michael Mallow: And that's not really the suggestion, is not telling them what they can charge but how to represent what they've decided to charge.

>> Joel Winston: Well, you know, there could be companies who want to charge -- Well, this gets back into the advance-fee ban, so maybe we shouldn't go there. But that's a good suggestion. While people are thinking about what disclosures that we should add or subtract from this list, the other question I have relates to something that you raised, Mike, and Bill raised. Should these disclosures be in writing in some fashion? And I'm thinking about the model for land sales contracts, transactions, under the Interstate Land Sales Act. If you're buying a parcel of land in Florida on a land-sales contract, before the transaction's consummated, they have to provide you with a series of written disclosures, an actual booklet with a lot of information, and you have basically a 10-day cooling-off period where you can back out of the deal. Is that something that's possible here? Particularly given again that I have some question whether disclosing a lot of

information in the context of a sales phone call, where you really don't know exactly what it is the salesperson's gonna say, you don't know how they might try to neutralize the effect of the disclosures. It's hard for people to listen to an entire -- you know, it could be a several-minute-long sales presentation. Would it help to have something in writing and give consumers an opportunity to review it before they're locked in? Susan?

>> Susan Grant: Thanks. My cold pills are starting to fail me. Just, I'll answer that and have some other thoughts, too, about disclosures. I agree that it probably would be more accurate to talk about some of these things, like the time it will take and the amount of money that you have to save up for a settlement in terms of estimated, and I think that some of the other concerns about some of the disclosures not necessarily being applicable to all models of debt relief could just be dealt with by saying "if applicable," which some have suggested. If success claims are allowed, then I think it would be really important for the FTC to mandate specific language making clear that, but success isn't guaranteed, and that everybody is different. We have called for there to be a mandatory cancelation period, and whether that happens or just thinking about the company's own voluntary cancelation periods, which some of them give, it would be useful to mandate that that be disclosed, and I think that disclosures probably need to happen multiple times. They need to happen in the initial phone call. They can be reinforced by something being sent to the consumer in writing but shouldn't only be sent to the consumer in writing and maybe even shouldn't be part of the contract but should be a separate piece of paper so consumers will hopefully pay a little bit more attention to it.

>> Joel Winston: Yeah, I'm glad you raised that last point, 'cause I'm interested in people's thoughts about where the disclosure should go and whether putting them in the contract is a good place or not a good place. Jenna?

>> Jenna Keehnen: I'll just speak to USOBA members. We do require this and much more as far as disclosures go. We require that they present it on the initial contact call with the consumer and require that it also be in their written contracts with the consumer. Again, if you're worried about things getting lost, I would, at least for simplicity reasons, if you're going to consider making this mandatory in written form, to not put further parameters, like in exactly these same words or with

nothing else on the page, because the state laws that are working very well right now in this debt-settlement industry all have certain specific requirements. I've seen some of our contracts that have three separate pages of disclosures because each one requires it to be written a little bit differently. So, those kind of parameters, I think, are absolutely counterproductive, and I would just encourage that if you're going to make those kinds of recommendations, you keep that in mind.

>> Joel Winston: Which raises another question that people might think about, which is, should we be looking at the state laws as a safe harbor? In other words, if you're complying with the applicable state law, then you're complying with the federal standard. Gail?

>> Gail Hillebrand: Absolutely not. In the disclosure area, that's a trickier question. There are some newer state laws. There are some older ones that take a more direct just who can be in the business and who can't, and don't take the disclosure route, but there's a long tradition of federal law providing a consumer floor and allowing states to require more. There's no reason to vary from that here. I wanted to agree with Susan's point about the frequency and timing of the disclosures. There's a point in the sales process where the decision is made, and that point may very well be during the sales communications and not at the time the contract is signed. So, moving these to the very back when the contract's signed would definitely be too late, although it would be helpful, as the USOBA folks said, to give it at each communication at which the upcoming transaction's being discussed. I think it is helpful to have it in writing, but writing only will be too late for the decision process. You asked a question about what else might be disclosed. I'd like to see the dropout rates disclosed.

>> Joel Winston: Let's save that for the next topic.

>> Gail Hillebrand: Okay, the next one. I have one more for the next one, then. Thank you.

>> Joel Winston: Andrew.

>> Andrew Houser: I just want to say that, yet again, I agree with Gail. It's amazing. I think, you know, I'd love to have you down to our office for like 30 minutes down the road. I think we're

seeing eye to eye on more things than I would have guessed. That makes me happy. But I think that, you know -- I absolutely think that verbal and written disclosures are required. And, in fact, I think they're equally important, and what we do, to your concern, was that during the sales process the disclosures may be lost. We require the written disclosure, a disclosure during the sales process, and then a verbal disclosure after the sales process from someone who's not on the sales team, which we've found to be very effective, because it just makes good business sense to get consumers into the program to understand what the program is, and any company that's taken a long-term perspective has that same view.

>> Joel Winston: So, your members of your company. Your company. I'm sorry, your company.

>> Andrew Houser: And many of the task members do that, as well.

>> Joel Winston: And you're talking that last one is about somebody from the company, not the salesperson, calling the consumer back and repeating the disclosures.

>> Andrew Houser: Exactly.

>> Joel Winston: Michael?

>> Michael Mallow: Joel, only 'cause I have -- I get this question from clients often about, you know, when do they have to make the disclosures, how do they have to make the disclosures. The FTC law on this is pretty clear. It has to be prior to contracting. Now, "what does that mean" has a little more complexity to it. I think it becomes -- Again, we have to watch out for the law of unintended consequences. You can't have the same disclosures repeated over and over again because they kind of lose effectiveness. There are going to be places in different phases of the discussions with the consumers who are contemplating going in to a debt-settlement program. Some disclosures are gonna be very relevant to certain parts of that conversation. Others will be lost. So, to tie the disclosures into a repetitive process is probably a good idea, but mandating it show up in every phase of the process is probably going to be counterproductive and a bad idea. I think what should be clear and what is already clear is, prior to the time of contracting, all

necessary disclosures and all necessary information has to be provided, but you got to provide some flexibility as to when they are, in fact, provided, because they're gonna be relevant at some times and irrelevant at others, and people will tune out if you try to make the same mantra over and over again.

>> Joel Winston: Johnson?

>> Johnson Tyler: I was -- I agree with Andy, actually, that most of the contracts actually have all these disclosures in them. I've pored over the contracts, and they say all of these disclosures right now, the ones I've looked at. I think, for that reason, it's important to move the disclosures closer to the sales pitch, and what you were saying, Joel, about, you know, "I lost 50 pounds but the average is 8 on this pill," is really where it needs to be, because people are -- they're sold by the time they're hearing the disclosures. They've heard the possibility of getting out of this problem, and they're sold on it, and having looked at what my clients have signed and initialed and some of the stuff has been presented to them orally, as well, you got actually tapes of people, you know, agreeing to everything that's in these disclosures. They're sold on the idea of just getting out of this debt.

>> Joel Winston: Now let's move to the 400-pound gorilla or elephant or whatever the cliché is, and that is whether there should be disclosure of opt-out rates -- dropout rates. Dropout rates. I'm sorry. Who wants to lead it off? Jenna?

>> Jenna Keehnen: Okay. I guess to have a disclosure, you need to probably first understand and define what you're talking about, and I think that's the biggest issue that the industry has faced, is the uniformity which I think definitions as next, and that might be a good time to thoroughly explore that, and I believe it was Susan that said, "You know, yes, you need to put everybody, whether they fall out, you know, for bankruptcy, for this, for that, and, you know, consider that kind of a strike against you." I can't see any reason why that would be truthful or beneficial to anybody looking at any statistics at an agency and their dropout rate or their success rate, and I think Scott and Andrew both have already said, "You know, if this person has a horrible life event that prevents them from continuing, we count that as a dropout, as if we've done something horribly wrong, but that's the way it would look. So, to me, those numbers wouldn't make any sense unless

they were actually further broken down. So, I think until you get at the heart of what you're asking for and the manner of which you'd like to see it, I couldn't really give you a good, educated opinion about whether or not it should be disclosed until it's defined.

>> Joel Winston: I think some people might respond to that and say, "It doesn't really matter why the consumer dropped out, whether it's the company's fault or somebody else's fault, but that it would be useful for consumers to know that historically 50% or 60% or whatever the number is of people don't make it through the program.

>> Jenna Keehnen: Then would it be considered by maybe Susan or Gail misleading or -- than to qualify it further and say, "You know, 50% of the people did not complete and 45% of that was from creditor harassment or an altering event or whatever," does that then put us back to square one, that, well, then, the average consumer, who's I guess not thought too highly of in the brains department around this table, but, you know, do they now think that that's their typical, you know, result? So, can we qualify it? Are you just looking for a really slanted number that isn't representative of what we're talking about?

>> Joel Winston: I'm not looking for a really slanted number that's not representative. Maybe some other people are, but I'm not. Michael?

>> Michael Mallow: I think along the lines of what Jenna was saying, but a slightly different take on it, is, again, defining what a dropout is. is a dropout somebody who signs the contracts and doesn't pay anything? Is that a dropout? Is a dropout somebody who comes in to the program with seven accounts, has six accounts settled, and then goes, "You know what? I got the last one on my own"? And in some fee models, there's a financial incentive for the consumer to say, "Hey, listen. I've got this last one. I can deal with one-on-one." Is that a dropout? Is it a dropout that somebody has settled 85% of their debts and decided, "Again, I don't need the company to do this for me any longer"? Are those dropouts also? You know, until we understand what a dropout is, forget why they drop out. I agree. If you come up with a definition, then that person's in the definition, but first we have to define what is a dropout for the calculus.

>> Joel Winston: Jim?

>> James Keiser: This is in response to Jenna's comments. Hopefully a company will do an analysis of a consumer to make sure that their program is suitable for them. If I look at two different programs and if I see that one has a much higher dropout than another one, regardless of whether -- presumably they'll both have people that have life events, but if I see one that has a much higher dropout than another one, to me that's a red flag that maybe the second company is not doing a suitable analysis, that they're putting people in programs that aren't appropriate, and as both a regular and if I were a consumer and just wanted these things, I would want to know, "Is this company likely to put me into an inappropriate program?"

>> Joel Winston: Susan?

>> Susan Grant: If success claims are allowed and if any kind of significant advance fee is allowed, then I think the dropout rate disclosure becomes very important and perhaps less important if there is no fee, if the model is totally success-based, and if there are no success claims that are allowed.

>> Joel Winston: Andrew?

>> Andrew Houser: I just want to say that, regardless of the disclosures that are decided upon, whether it's a Schumer Box or whether some way of looking at dropout rates, if we're able to define it, request that the same rules apply to everyone in the debt-relief industry, nonprofit, for profit, debt settlement, debt negotiation, so that we're on a level playing field in terms of how we're disclosing data to consumers.

>> Joel Winston: Gail?

>> Gail Hillebrand: I think it would be helpful to get a disclosure of the dropout rate as a market-shaping device to help to reward those companies that actually are doing decent screening for suitability, because there is value to a consumer in knowing more people who are signed up here stuck than didn't stick. I am reminded we've just been through this with mortgages, where people

said, "Well, they gave me a loan. They must have thought I could afford to repay it. Well, I was accepted in to debt settlement. Must have thought that if I saved the programmed amount, my debts would go away." There's that same risk and implication. However, I just want to caution that all of these disclosures, including a dropout disclosure, don't substitute for aligning the incentives, which is the fee issue.

>> Joel Winston: Mark?

>> Mark Guimond: I'll just disagree with you, Andrew, for half a second. I think for credit counseling, it's a different scenario. You have somebody who's in a 60-month plan, and the idea that they may only get two, three, four years into that plan, will be able to self-manage through education or financial counseling, I don't consider that to be a dropout. It's probably a success. So, I don't think the credit counseling side can be acquitted fairly with it, but I won't take any more time with it.

>> Joel Winston: Anyone else on this issue? We have a few minutes left, so let me raise something different I was just thinking about. There's been some discussion today, and I guess there's some state laws that relate to qualifying the customer before they're put in to a plan to make sure that doing the financial analysis to make sure they're appropriate. Is there any sense to the FTC in its rule requiring a sort of financial analysis or is it just impractical? Why don't we start with Bill?

>> William Binzel: I think it's an area that would take some consideration, but I think the underlying premise is very sound and something that certainly is worth serious consideration, and that being your -- In order -- and, frankly, I think maybe the debt-settlement companies might support it, as well, and from what I'm hearing Andy say, a number of companies are doing it, and that is they want to do business with consumers who meet the criteria necessary for a successful plan and to the extent that there can be a universal assessment done with individual consumers to see if they will meet the necessary criteria. Again, there may be a consensus around the table that that is a good area to go, although I will say the devil is in the detail, but the concept is worthy of further consideration.

>> Joel Winston: Bob?

>> Bob Manning: I think it's crucial at this point that the evolution of this industry has gotten to the point where it shouldn't be playing horseshoes, and I can tell you, with the program, that in the algorithm I've developed, it takes about 15 to 30 minutes with a verification to follow, and what's astounding to me is that I can look at somebody at, say, Texas, where there's no state income tax, and we know what the predictability of the difference payoff is. Compare that exact same person that moves to California, and the amount that that household can afford to repay based on their debt capacity has changed markedly, and I don't see that incorporated at the credit-counseling level, I don't see it at the debt-buyer level, and I don't see it at the debt-settlement level, and I can tell you, the degree of efficiency that would not take a lot of work that would put people in appropriate programs with more precise estimates of their debt capacity means that creditors would be much more likely to accept a plan that they know is reasonable. The other issue I haven't heard at all is the distinction between individual-level liability versus household debt capacity, and a lot of creditors and a lot of issues here. There's a lot of wiggle room. Person takes on a contract as an individual, but households make decisions in terms of how they repay. For example, a mortgage, and one of the problems in this period of time, of course, is with adjustable-rate mortgages. At any point and time, the ability of a household pay can change based on the secured loan obligation. That's not incorporated in any of those issues. I actually incorporated it, for example, in this algorithm where we look at at what point the adjustable rate of a mortgage would rise and when it would affect the ability to make that payment. I think there's tremendous ability of making precision when we're talking about \$600 to \$1,000 to being spent on marketing, and I'm hearing dollars literally in terms of the horseshoes that are being played to assess a consumer. I think until you get to that degree of precision, everything else in terms of disclosure becomes again a black box of how you come to that and the ability of the consumer to succeed without that empirical verification again raises the whole issue of credibility for a program. Thanks.

>> Joel Winston: Norm?

>> Norman Googel: I think that -- Sorry. I think that it will be a very good idea to require suitability analysis. Many of us would already argue that the failure to conduct a suitability analysis has been one of the big issues, and we would say it's an unfair or deceptive act of practice already unlawful under our state laws, and, also, one of the best ways to require or to bring about a suitability analysis without even specifically requiring it would be the advance-fee ban, because then there would be that meeting of interests. It would be in everybody's interest to do it.

>> Joel Winston: Okay. Jenna?

>> Jenna Keehnen: Norm. As far as the financial analysis being required in this venue, I know that we require it of our members. I know that TASC requires it of their members. I don't see the general requirement for a review or financial analysis being objectionable for any reason, but again I would caution to not put something here that is going to contradict with other states as far as exactly how that -- you know, what form to fill out and those kinds of things. That's -- if it is like Gail said, this should be very, very broad, and states can go in and make it stricter, stronger, bigger, then we should allow them to do that, not try to micromanage on this level.

>> Joel Winston: Are there particular state laws on this issue that you think are good, Gail?

>> Gail Hillebrand: The Minnesota law I think may be on our next panel -- you can quiz them about it in more detail -- requires a determination of financial analysis. It looks at the income and the debts. It requires that be done in writing and a copy be given to the consumer. It requires that a written determination be made both of suitability -- No. I'm not sure about suitability. It requires a written determination. There will be a tangible net benefit to the consumer participating in the program. And it also requires as part of that pre-analysis process that the creditor actually tell the consumer which of their current creditors will deal with the debt-settlement company based on there actually having been a settlement with that company for another client in the past six months or based upon an actual communication the debt settler engages in with the creditor. Now, the owner of a debt can change over time, but at least that tells the consumer before they sign the contract, you know, "You owe three debts. Two of your current creditors won't deal with us." And that is useful information to the consumer, as well.

>> Joel Winston: Andrew, I'll give you the last word.

>> Andrew Houser: The Uniform Law Commission requires a financial analysis, that it's disclosed to the consumer before the time of enrollment, which I think is a terrific result for all consumers. I do want to point out that we think we do a pretty good job, and task members think they do a pretty good job, at suitability analysis, which results in success of consumers, which is proven in our data, and I do want to point out that the companies that advocate for a contingency-fee ban, none of them provided any data to show that it's actually working. So, the fact is, the suitability analysis is working. It's getting results for our customers.

>> Joel Winston: Thank you. Again, thank you to the panel for another great discussion. We're gonna break. We will break until 3:30.