

November 2010

A Breath of Fresh Air

October 27th, 2010 invites transformation for the debt settlement industry



Compliance is a new buzzword in the *debt* settlement industry. Following recent investigation by the FTC, a new rule banning upfront fees went into effect October 27th, 2010. This will dramatically alter the industry's climate, as many unscrupulous businesses will end up closing their doors.

While this is a breath of fresh air and furthers credibility for the industry, many consumers are left in the dust.

Because SDS has consistently served clients sans upfront fees since 2007, we are poised to stand in the gap between these consumers and bankruptcy. Following 10/27/10, SDS plans to counsel companies who are closing in methods

to help their clients, and even absorb many of their clients. Though many companies plan to leave their clients high and dry, SDS is committed to helping clients eliminate deadly credit card debt.

Further, it is important for potential debt settlement candidates to be aware of any company that plans to quickly change its business model to skirt the new rule. Companies that suddenly claim non-profit status, or that use the attorney-based settlement model should be avoided at all costs.

A primary model for those who plan to evade the spirit of the new rule is the attorney fee model. Attorneys are largely exempt

from the new rule due to the protection offered by their state bars, and the face-to-face nature of their business interactions. In reality, clients are advised to steer clear of attorney-based help that charges upfront fees.

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New FTC rules mean upfront fees are a thing of the past; here is what you need to know. With the death of upfront fees, will the FTC target the unscrupulous collections industry next? Rampant violations warrant change. **1**



Client of the Month: SDS is proud to highlight a client who demonstrates perseverance and character in the midst of struggle. Also, check out tips to ease the stress of dealing with creditors. **2**



The number of women who bear the brunt of excessive family debt continues to rise. The reasons are part of generational trends, and affect many SDS clients. **3**



Side notes: some creditors will stop at nothing, even death; great tips for shoppers looking for a bargain; easy and cheap family recipe. **4**

"The cost of discipline now is less than the price of regret later."

from the new rule due to the protection offered by their state bars, and the face-to-face nature of their business interactions. In reality, clients are advised to steer clear of attorney-based help that charges upfront fees.

The upfront model simply does not work, and SDS is excited to set the standard for consumer advocacy in this industry.

Will there be a Regulation Domino Effect?

As debt collectors become harsher, so should scrutiny and regulation of their industry. Recent FTC investigations may transcend the debt settlement industry to spark further regulation of the collection industry- a sort of domino effect.

According to the FTC, nearly 85 % of all consumer complaints are aimed at the debt collection industry. Claims of harassment

comprised 46.5 % of the complaints, while 31.1 % claimed that collectors demanded larger payments than were required by law. In addition to calling at inconvenient hours, some collectors are really stepping it up by resorting to physical violence! According to the FTC, 2500 legitimate cases detail physical violence claims.

Clearly, the FTC needs to continue investigations and seek to put unscrupulous collectors to rest.



Client of the Month

Each month it is our honor to spotlight an SDS client who exemplifies courage and commitment to the program regardless of extreme challenges. Though choosing to resolve debt via settlement requires daring perseverance, it is an effective way to erase debt. For us, showing up to work every day involves hearing inspirational stories that touch our hearts. We want to share this encouragement with our clients in order to spur them on in the face of their own challenges.

November's client of the month is 63-year-old Jerry. Jerry's wife recently underwent 2 brain surgeries and is currently unable to work. To make matters worse, his daughter is also confined to a wheelchair because of diabetes, and has survived multiple, extended hospital stays.

In order to care for both his wife and daughter, Jerry relies on Social Security, SSDI- his only source of income. Although Jerry contacted his creditors for help prior to enrolling with Superior Debt Services, they refused to help him.

After two years of participation in our

program, one of Jerry's creditors decided to pursue legal action. By working together, Superior and Jerry came up with a plan to resolve the situation. Though he was anxious, Jerry did appear in court, followed our instructions, and was able to convince the judge to instruct the attorney to work with Superior. We ultimately settled the debt and saved Jerry thousands of dollars.

Jerry is our client of the month because he demonstrated character and determination by refusing to give in to creditor intimidation. He is committed to honorably resolving his debt with Superior's help. Superior is incredibly proud to have Jerry as our client.



Credit Card Stressors:

VS.



Realistic Alternatives

It's no secret that debt is stressful! But, you can stay sane!

-A debt collector's dream come true is to make your life a nightmare until your bills are paid. Often, debt collectors violate the Fair Debt Collection Practices Act. Research shows that this stress is real. A recent study by Ohio State University suggests that people with higher debt levels report higher levels of physical impairment & decreased health. As credit cards can actually become addictive, learning how to erase debt while managing cards wisely is imperative. Credit Card debt does not have to continue interfering with your everyday life.

-Though most clients choose not to speak with their creditors, if you do wind up speaking with them, here are some tips: Politely but firmly state, I understand I owe & intend to pay; I have an extreme financial hardship; I've considered bankruptcy, but don't want to file; I've engaged professionals to help me in this matter and will contact you once we've decided on a course of action. Speak quickly as creditors will often try talk over you. Also, budget a weekly amount of cash rather than using cards to avoid raising existing card balances. Enlist the help of a trusted relative or friend to help hold you accountable.

Yo-Yo Debtors: Women & Credit Card Debt

Should simplicity become the new fashion? Though media often portrays women as careless with credit cards, there is more to the stereotype than meets the eye.

The yo-yo debtor is now a common profile among financially stressed women. Like yo-yo dieters who repeatedly lose and regain weight, these women tend to stockpile debts, pay them off quickly, and then re-accumulate the debt. Women caught in this cycle are having a harder time paying off debts as more women file for bankruptcy.

More specifically, one study conducted by CareOne debt relief concludes that more divorced and widowed women seek debt relief than ever before. Many women from the baby-boomer generation received little

education concerning finances in their younger years, and even for financial independence in the event of divorce or death. Thus, it's very possible that women aged 50-74 might become a large part of SDS clientele.

Poor financial management isn't solely to blame, as the debt is also tied to key relationships. Rising numbers of older women who get into debt aren't doing so in efforts to keep up with the latest fashion, but begin accumulating debt in attempts to help others. This might include sending money to adult children or assuming care for an elderly parent.

Data from the American Psychological Association reveal that women often bear the brunt of family financial stresses. Women tend to have



primary responsibility for home and family matters, even if they work outside the home. Coupled with less financial education in general, this can be a recipe for financial disaster. Equipping yourself with such knowledge can help you tackle your debt with confidence, and regain control of your finances.

Lighten the Load

Debt is no laughing matter. Nevertheless, here are some financial wisecracks...

- A man had his credit card stolen. He however decided not to report it because the thief was spending less than his wife did.
- A couple was having a discussion about family finances. Finally the husband exploded, "If it weren't for my money, the house wouldn't be here!" The wife replied, "My dear, if it weren't for your money I wouldn't be here."
- Double your money:
The quickest way to double your money is to fold it in half and put it back in your pocket.
- I received a letter saying I would not be given a particular credit card I'd requested because my income wasn't substantial enough. Oddly enough, I work for that particular credit card company.

Side notes:

Because Debt Shouldn't consume *your* life

Collecting from the Dead? Outrageous!

After passing away this past January, Citibank billed one woman for February and March for their annual service charges on her credit card, and added late fees and interest on the monthly charge. The balance had been \$0.00, and is now somewhere around \$60.00.

A family member placed a call to Citibank. Here is the exchange:

Family Member: "I am calling to tell you she died in January."

Citibank: "The account was never closed and the late fees and charges still apply."

Family Member: "Maybe, you should turn it over to collections."

Citibank: "Since it is two months past due, it already has been."

Family Member: "So, what will they do when they find out she is dead?"

Citibank: "Either report her account to frauds division or report her to the credit bureau, maybe both!"

Family Member: "Do you think God will be mad at her?" (I really liked this part!!!)

Citibank: "Excuse me?"

Family Member: "Did you just get what I was telling you - the part about her being dead?"

Citibank: "Sir, you'll have to speak to my supervisor."

-Supervisor gets on the phone-

Tools & Tips for thrifty shoppers

1. Plan your spending. Avoid impulse buys.
2. Advertised items are not necessarily the cheapest.
3. Watch for unadvertised specials.
4. Ask for a "rain check" if an item is sold out.
5. To avoid crowds, do not shop after work, on paydays, or just before holidays.
6. Buy items before you run out of them. Buy at clearance, or sale price rather than regular price when you must have the item.
7. Due to volume discounts, larger stores are generally cheaper than smaller ones.
8. Your emotions affect your shopping. Be careful of the "I deserve it" mentality.
9. Buy at the end of the season
10. Remember the "Rule of Three":
If an item has three different ways it can be used, you will not be wasting your money.
11. **Never pay full price.**

Family Member: "I'm calling to tell you, she died in January."

Citibank: "The account was never closed and late fees and charges still apply."

(This must be a phrase taught by the bank!)

Family Member: "You mean you want to collect from her estate?"

Citibank: (Stammer) "Are you her lawyer?"

Family Member: "No, I'm her great nephew." (Lawyer info given)

Citibank: "Could you fax us a certificate of death?"

Family Member: "Sure." (Fax number is given)

After they get the fax:

Citibank: "Our system just isn't set-up for death. I don't know what more I can do to help."

Family Member: "Well, if you figure it out, great! If not, you could just keep billing her. I don't think she will care."

Citibank: "Well, the late fees and charges do still apply." (What is wrong with these people!?)

Family Member: "Would you like her new billing address?"

Citibank: "That might help."

Family Member: "Odessa Memorial Cemetery, Highway 129, Plot Number 68."

Citibank: "Sir, that's a cemetery!"

Family Member: "What do you do with dead people on your planet? Priceless!"

Source- Credit Card Blog Post, Tues. Aug. 17, 2010

Dinner on a Dime! Recipe of the Month:

A great turkey day side- Cheesy Creamed Corn

Ingredients:

- 2 Eggs -- beaten
- 2 Cans cream-style corn -- 16 oz each
- 1 Cup milk
- 1 Cup cracker crumbs
- 1/2 Cup chopped onions
- 1/2 Cup chopped green peppers *(can sub with RED or ORANGE peppers)
- 1 Cup cheddar cheese, shredded
- Salt & pepper to taste

To Prepare:

Beat eggs in large mixing bowl; stir in remaining ingredients. Spoon mixture into a greased 2-quart casserole dish. Bake, uncovered, at 350 degrees for about 35-40 minutes. Enjoy.

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