



UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

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Wesley Young, Esq.  
General Counsel  
American Debt Exchange, Inc.  
17304 Preston Road, Suite 1400  
Dallas, Texas 75252  
wyoung@tascsite.org

Dear Mr. Young:

Thank you for the public comment you filed in the FTC's rulemaking proceeding regarding the Telemarketing Sales Rule - Debt Relief Amendments. We are seeking additional information to follow up on specific public comments, and we request that you voluntarily provide answers to the following questions. We appreciate the information that you provided in your comment about the debt relief industry generally, but for purposes of these questions we are specifically interested in information about American Debt Exchange, Inc. and Debt Settlement America, Inc.

Please let us know whether you will provide answers to the attached questions by Tuesday, January 5, 2010 and provide completed answers to all questions you are willing to answer by Tuesday, January 12, 2010.

All information should be submitted at <https://secure.commentworks.com/ftc-TSRDebtRelief> and will be treated as public comments in this proceeding. Comments containing material for which confidential treatment is requested must be filed in paper form, must be clearly labeled "Confidential," and must comply with FTC Rule 4.9(c), 16 CFR 4.9(c). Specifically, the comment must be accompanied by an explicit request for confidential treatment, including the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. The request will be granted or denied by the Commission's General Counsel, consistent with applicable law and the public interest. See FTC Rule 4.9(c), 16 CFR 4.9(c).

Please contact me if you have any questions.

Sincerely,

/s/ Allison Brown

## **Questions From FTC Staff Following Up on Public Comment**

### **1. Company Background**

- (a) How long have you been enrolling consumers in debt settlement programs?
- (b) Have you made significant changes in your programs since you began offering settlement programs?

### **2. Number of Accounts and Consumers**

For each question, state the specific time period.

- (a) How many total accounts have consumers enrolled with the company?
- (b) How much total debt have consumers enrolled with the company?
- (c) How much total debt have consumers settled through the company?
- (d) How many total consumers have enrolled with the company?

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

### **3. Debt Reductions**

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

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

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

### **4. Accretion**

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

### **5. Fee Structure**

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

(b) Has this fee changed over time?

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

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

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

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

(g) The comment states that “the Companies statistics and others in the industry show that over 50% of consumers that complete the debt settlement program do so in 24 months or less” (page 6, footnote 5); thus, consumers may finish the program before paying the full fees. The comment states that it is difficult for the company to collect the remainder of the fee from the consumer after they have received all the benefit of the program and more often than not results in unpaid fees.

(i) What is the basis for this assertion?

(ii) How many consumers have completed the program before all fees have been paid?

(iii) How many consumers have completed the program before all fees were paid and failed to pay the company? For these consumers, what is the average amount of unpaid fees?

## **6. Completion Rate**

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

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

(c) The comment states that “DSA and ADE further have a turn rate of 33 months for 2009 which means that at the current rate at which settlements are made for their clients, all debt currently under management would be settled in 33 months” (page 6). What percentage of consumers who enrolled in DSA and ADE’s programs have all of their debts settled in 33 months?

## **7. Number of Settlements**

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

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

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