



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

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Shari Larson
Chief Executive Officer
Financial Consulting Services, LLC
8433 N. Black Canyon Highway, Suite 100
Phoenix, AZ 85021

Dear Ms. Larson:

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.

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 Comments

1. Company Background

(a) We understand from the comment that “FCS family of companies” includes consumers enrolled in programs under the trade name Debt Negotiation. Does it include any other companies or programs?

(b) How long have the FCS family of companies been enrolling consumers in debt settlement programs?

(c) Have the FCS family of companies made significant changes in their programs since they 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 FCS family of companies?

(b) The comment states that the original account balances for consumers enrolled with the FCS family of companies total almost \$300 million (page 1). What is the exact time period covered?

(c) How many total consumers have enrolled with the FCS family of companies?

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

3. Debt reductions

(a) The comment states that the average percentage reduction of settled debt that consumers in your program received, using the amount owed at enrollment, is 51 percent. (page 1) On how many accounts is this average based?

(b) Does the 51 percent average take into account all consumers or only consumers who completed the program?

(c) What is the average percentage reduction of settled debt that consumers who completed your program received, using the amount owed at settlement?

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

4. Accretion

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

5. Fee structure

(a) The comment states that FCS has operated under two fee structures. (page 2) The comment states that, under the first approach, you collect a fee spread over the client's first few months of enrollment. What is the total fee you charge to consumers for your services under this approach?

(b) Under the first approach, over how many months is the fee collected?

(c) Under the first approach, how many consumers have enrolled with the FCS family of companies?

(d) Has FCS's fee structure changed over time?

(e) The comment states that under the Simple Plan, you collect a fee only after FCS has negotiated a settlement and the funds are sent to the creditor. You also state that the fee amount is based on the amount of the consumer's savings. When did the FCS family of companies begin offering the Simple Plan?

(f) What is the fee amount, as a percentage of savings, you charge to consumers for your services under the Simple Plan?

(g) Has the fee amount you charge consumers changed over time?

(h) How many consumers have enrolled with the FCS family of companies under the Simple Plan? For clarification, "enrolled" is defined as consumers who have made at least one payment toward fees or settlement of debts.

(i) Under the Simple Plan, does FCS require consumers to save enough money to cover the settlement amount and the fee to FCS before FCS negotiates a settlement and sends funds to the creditor?

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

(i) What is the total amount of fees paid by consumers who have completed the program under the first approach?

(ii) What is the total amount of fees paid by consumers who have completed the program under the Simple Plan?

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

(i) What is the total amount of fees paid by consumers who have dropped out of the program under the first approach?

(ii) What is the total amount of fees paid by consumers who have dropped out of the program under the Simple Plan?

6. Completion Rate

(a) Of consumers who enrolled in the program at least 36 months ago, what percentage have completed it?

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

(c) If you can provide answers to these questions separately for the first fee approach and the Simple Plan, please do so.

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 who enrolled in your program settled at least one debt in the first two years after enrolling?

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

(d) If you can provide answers to these questions separately for the first fee approach and the Simple Plan, please do so.