



OFFICE OF THE ATTORNEY GENERAL  
STATE OF ARIZONA

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ATTORNEY GENERAL

July 7, 2010

Secretary Donald S. Clark  
Federal Trade Commission  
Office of the Secretary  
Room H-135 (Annex T)  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Re: Proposed amendments to the Telemarketing Sales Rule –  
Debt Relief Amendments (the "Rule") Matter No. R411001

Dear Secretary Clark:

As the Attorney General of Arizona and on behalf of Arizona consumers, I want to express my support for proposed amendments to the Rule concerning debt relief companies. I know that many state attorneys general have expressed the same view. I support the sign-on letter from a number of state attorneys general regarding proposed amendments to the Rule, and particularly support the prohibition on advance fees. I opted to not sign-on to the letter because I wanted to write to you separately to convey the urgent need for such amendments in light of the economic downturn that has hit Arizona families particularly hard.

In today's economic climate, my office has seen an increase in scams that prey on desperate Arizona consumers who are "under water" in debt for a variety of reasons. Among the many scams that have blossomed overnight are so-called debt relief companies that charge large up-front fees and rarely, if ever, deliver the promised services. These companies prey on consumers who are in dire need of funds to pay off bills and save their credit; often these companies leave consumers in far worse financial situations than they were experiencing before getting the company's "help". The Federal Trade Commission's proposed ban on advanced fees provides a necessary deterrent and is an important step toward protecting consumers.

Like the other Attorneys General who have written to you, our Office has seen an increase in consumer complaints. The Arizona Consumer Fraud Act prohibits us from commenting on active investigations, but you should be aware that these scams are out there, and that our Office will aggressively pursue any individual or company that misleads consumers or willfully and routinely fails to perform the services it promises.

I support enhanced regulation of the debt settlement industry, and I applaud Illinois' current legislation regulating this particular area. I hope that, by next legislative session,

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Arizona's Legislature will pass a similar measure. Such a measure should include, at the minimum:

- A clear definition of debt relief services, including what constitutes debt settlement business activities;
- A ban on advanced fees;
- New prohibitions on deceptive advertising in that area;
- Mandatory written disclosures from companies engaged in this business;
- Mandatory licensing and bonding.

Passage of such legislation will provide consumers with important additional safeguards from self-serving businesses that promise debt relief, fail to deliver, and only make the situation worse for cash-strapped borrowers.

Similarly, the proposed changes to the FTC Rule will provide necessary protections for consumers through appropriate regulation of the debt settlement industry. Arizona strongly supports the proposed amendments as drafted in the Notice of Proposed Rulemaking.

Very truly yours,



Terry Goddard  
Arizona Attorney General