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DCSD

Debt Counsel for Seniors & the Disabled

WHAT DCSD CLIENTS SHOULD KNOW ABOUT DEBT BUYERS

If you have ever considered why debt collectors continue to pursue year after year read the following:

FACT: Debt buying is a fact-growing business. According to an industry group, the Debt Buyers Association: "The face value of all such debt sold in 1993 was \$1.3 billion. By 1997, that number had grown to \$15 billion and sales reached approximately \$25 billion in 2000. The Debt Buyers Association estimates that the amount of debt to be sold by the original creditors in 2002 will exceed \$60 billion." By 2007 the amount had risen to \$110 billion per year.

FACT: Courts are aware of how the market for the sale of debt currently works, where large sums of defaulted debt are purchased, by a small number of firms, for between .04 and .06 cents on the dollar. The entire industry is a game of odds, and in the end as long as enough awards are confirmed to make up for the initial sale and costs of operation the purchase is deemed a successful business venture. However, during this process mistakes are made, mistakes that may seriously impact consumers and their credit.

Why is this debt sold for such a cheap price? Certainly part of the reason is the poor prospects of payment these creditors expect from the defaulting individuals given their past delinquent payment history, while another part is undoubtedly to avoid additional costs associated with debt collection. Further yet, is the simple fact that the proof required to obtain a judgment in the creditor's favor is lacking, usually as a result of poor record keeping on the part of the creditor.

FACT: Debt buyers purchase old debts, generally for pennies on the dollar (in some cases, for less than a penny on the dollar). They then try to enforce them against the consumer. Some of the larger debt buyers are:

Arrow Financial Services, Asset Acceptance, Asta Funding/Palisades, Bureaus, CACV/CACH/ Collect America, Cavalry, Credigy, Erin Capital Management, Fourscore Resource Capital, Great Seneca, Harris & Harris, Ltd., Hilco Receivables, LLC, Hudson Keyse, Midland (Midland Credit Management, Midland Funding, etc.), NCO, Oliphant Financial Corporation, OSI, Portfolio Recovery Associates/PRA, PRS Assets,

Resurgence, RJM Acquisitions, Sherman Financial Group (does business as LVNV Funding, Resurgent Capital Services), Unifund/National Check Bureau, World Credit Fund

Some of these firms do their own debt collection, some use third party debt collectors, and some do both. Several of these firms (Arrow, Asset, Asta, NCO, Portfolio Recovery) are publicly-traded companies, or subsidiaries of public companies.

FACT: Many debt buyers are abusive

In 2004, the Federal Trade Commission shut down a debt buyer called CAMCO headquartered in Illinois. The following is from a press release issued by the FTC in connection with that case.

"In papers filed with the court, the agency charged that as much as 80 percent of the money CAMCO collects comes from consumers who never owed the original debt in the first place. Many consumers pay the money to get CAMCO to stop threatening and harassing them, their families, their friends, and their co-workers.

According to the FTC, CAMCO buys old debt lists that frequently contain no documentation about the original debt and in many cases no Social Security Number for the original debtor. CAMCO makes efforts to find people with the same geographic area and tries to collect the debt from them "whether or not they are the actual debtor. In papers filed with the court, the FTC alleges that CAMCO agents told consumers "even consumers who never owed the money "that they were legally obligated to pay, CAMCO could have them arrested and jailed, seize their property, garnish their wages, and ruin their credit. All of those threats were false, according to the FTC."

How can you protect yourself from the illegal tactics of debt buyers? Hire the lawyers at Debt Counsel for Seniors & the Disabled to protect your rights. Continue your connection to DCSD until the Statute of Limitation in your state makes your debts uncollectible. Report all efforts by collector to collect these debts after they have deemed uncollectible by law to the Attorney General of your state.

SCAMMING THE ELDERLY: A LOOK INTO FUNERAL FRAUD

The funeral industry is federally regulated by the Federal Trade Commission (FTC). The federal funeral industry regulations, commonly known as "The Funeral Rules," regulate certain pricing and sales practices by providers of funeral home to inquire about the goods and services offered, the staff must disclose that prices are available over the telephone and then provide them as requested. When consumers inquire in person, the funeral home must provide a general price list describing the cost of each good and service available. The consumer must be informed that embalming is required by law only in certain circumstances and that direct cremation or immediate burial are options that do not require embalming. The funeral home staff may not imply that embalming or sealing the casket will indefinitely preserve the remains. If the funeral home adds a service fee to the price of cash advance items or receives a refund, discount, or rebate from the supplier, that information must be disclosed to the consumer. The consumer has a right to purchase only goods and services desired. A written statement of the goods and services selected that includes an explanation of any items required by law must be provided.

The sealed casket scam. 16 CFR § 453.3(3) states, "In selling or offering to sell funeral goods or funeral services to the public, it is a deceptive act or practice for a funeral provider to: (1) Represent that funeral goods or funeral services will delay the natural decomposition of human remains for a long-term or indefinite time."

The mandatory embalming scam. Embalming is required by some states in certain instances. It is a practical necessity when the remains are to be held longer than 48 hours or an open-casket ceremony is planned. Yet many times funeral homes inform consumers they must have the body embalmed because the law requires it. This clearly goes against the FTC regulation regarding embalming, which states: (1) the customer has a right to choose a funeral without embalming, and (2) the provider may not embalm for a fee unless it is required by law or expressly approved by the customer.

The pay-in-advance scam. Because the FTC's "Funeral Rule" does not specifically address prepaid funeral arrangements, it is up to the states to regulate this area as they see fit. Although nearly all states regulate prepaid funeral contracts either by statute or administrative regulation, the amount of protection afforded to the consumer varies greatly from state to state.

Many things can go wrong with prepaid funeral arrangements. The funeral home, because of formal or informal ties with particular financial institutions, may push consumers into setting the funds aside at those institutions. The funeral home may also choose to provide only some of the selected goods and services to compensate for the effects of inflation on prices. At worst, the funeral home may embezzle the customer's funds, leaving the family to pay a second time for funeral arrangements.

Some consumer protection tips. Before setting foot in a funeral home, do some preliminary research online to gauge price points of basic goods and services. When actually at the funeral home, remember that all funeral homes are required by federal law to provide a price list on any customer inquiry regarding funeral arrangements. Bring someone with you "who is not emotionally invested" to separate the financial from the emotional. Do not spend extra money on a "sealed" or "protective" casket; such caskets do not protect the body any better than a normal casket. When deciding which products and services to purchase, think about what is truly needed and purchase each individually. Generally, package deals are padded with many services that would not have been purchased individually. Try to avoid paying in advance. The consumer should elect a pay-in-advance plan only if he or she is completely satisfied with the protections afforded.

REFER A FRIEND AND/OR FAMILY MEMBER & RECEIVE \$10 OFF YOUR NEXT BILLING STATEMENT! HELP SAVE THEM FROM THE STRESS & THREATS OF DEBT COLLECTORS

Fill out the required information & send this coupon to the DCSD office with your monthly fee

Your Name: _____

Your Client ID: _____

Name of Referral: _____

Address of Referral: _____

Phone Number of Referral: () _____

If the person (s) you refer join DCSD you will receive \$10 off your next billing statement. **REFER BY PHONE AND TO MARKETING AT 1-800-992-3275 ext. 1700**