

## FTC To Hold Debt Settlement Workshop

*The Federal Trade Commission (“FTC”) recently announced that it will hold a public workshop entitled “Consumer Protection and the Debt Settlement Industry.”*

This workshop will be held on September 25, 2008 in Washington, DC and will focus on the growth of the for-profit debt settlement industry and how it has impacted consumers and related businesses. Issues to be covered include market trends that have moved the industry from a non-profit to a for-profit model, best practices in the industry, and regulatory and legislative actions.

### Workshop Topics

In the face of a slowing economy and ever-increasing consumer debt, the for-profit debt relief industry has flourished. This business, which includes products designed to assist consumers in dealing with debt, including credit counseling and debt settlement, has drawn the attention of state and federal law enforcement agencies and regulators in recent years. In addition, several states are considering enacting the Uniform Debt Management Services Act or similar legislation to address the for-profit debt settlement industry. Despite all of this attention, some consumers continue to complain about services provided, fees incurred and the financial and credit score impact of enrolling in a debt relief program.

In an effort to learn more about the nature and extent of developments in the debt settlement industry and to consider changes in law or policy that might help consumers, the FTC is currently soliciting panelists and relevant comments for the workshop. Potential panelists include consumer advocates, industry representatives, state and federal regulators, and others with expertise in the industry. Comments, including research, surveys, and academic papers, may relate to any aspect of the debt settlement industry including, but not limited to, the following:

- Demographic and industry information for debt settlement companies and non-profit credit counseling agencies;
- Information regarding recent changes in the debt settlement industry and the roles of for-profit and non-profit entities;
- Functions of the debt settlement industry outsourced to third-parties;
- Information on the marketing and provision of debt settlement services;
- Information regarding how creditors work with the debt settlement industry;
- Programs, policies and procedures established and followed by debt settlement companies to ensure compliance with federal and state regulatory requirements; and
- Observations regarding the impact of legal developments, such as new state regulations, on the debt settlement industry.

### Conclusion

Businesses operating in the for-profit debt relief industry will benefit from paying close attention to developments discussed at the workshop as the FTC and state regulators consider further legislation regarding the business. Companies that offer debt relief products are encouraged to participate in the FTC’s review of these issues, either as panelists or through submission of comments. Comments are due no later than August 15.

**For more information about this Client Advisory, please contact:**

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