
FIRST STONE® CREDIT COUNSELING

4372 Spring Valley Road ♦ Farmers Branch, TX 75244

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www.creditmaster.org

a non-profit Professional Consumer Advocate Credit Counseling service

September 15, 2008

Ms. Sara Gottovi, Mgr.
FTC Satellite Building Conference Center
600 New Jersey Ave NW NJ 3158
Washington, DC 20580

RE: Comments on your Debt Settlement Workshop 9/25/08

Dear Ms. Gottovi:

FYI - we are one of the very few US Treasury **approved** credit counselors with the required 501(c)(3) non-profit certification. We are the "**only**" credit counselors in the USA with true "**Consumer Advocate**" approval and we religiously operate as such. (Please note the enclosed copy of our enclosed legal and professional advocacy statement). Now all that said the following:

Obviously those entities who call themselves "Debt Negotiator/Settlement Companies" **all violate** the Credit Repair Organization, Act (CROA) as well as the Telemarketing and Consumer Fraud Abuse Prevention Act and several "Deceptive trade practices" laws. Please study the definition of "credit repair" and "prohibited practices" in the enclosure and you will see that all Debt settlement entities as well as DMP's fit the definition of "credit repair" clinics.

Our question is "Why haven't the Federal authorities such as the FTC, Justice Dept., and state AG'S **stopped** this **scam** and **abuse** on Americas consumer victims?!? It is also unfair that we should have to comply with those onerous laws and the "others" do not! Please feel free to call me @ 972-235-1188.

Sincerely,

Bruce J Danielson, Executive Director

Enclosures:

P.S. I am also available (volunteer) to you and others as a long term (since 1997) Executive Director of a legal and competent consumer advocate credit counselor for your workshops if you need a true "trenches expert" and I am @ 972-235-1188 M-F 08:30-15:00 hrs. By the way, feel free to check us out . . . your Mr. Tom Kane, attorney may remember me as will your Chicago and Dallas regional offices.

P.P.S. Is not Mr. Mark Guimond still on a federal "consent order" warrant back from the mid 1990's, to stay out of the credit business . . . what is he doing sending you credit opinions . . .



Federal Trade Commission
Protecting America's Consumers

258; Project No. P084808; "Consumer Protection and the Debt Settlement Industry"
FTC to Host Public Workshop on September 25, 2008

Public Comments

1. Able Debt Settlement, Inc (Lewis, Ralph) (8/14/2008) #536796-00007
2. American Association of Debt Management Organizations (Guimond, Mark) (8/15/2008) #536796-00017
3. American Association of Debt Management Organizations (Guimond, Mark) (8/15/2008) #536796-00018
4. American Association of Debt Management Organizations (Guimond, Mark) (8/15/2008) #536796-00021
5. American Financial Services Association (Himpler, Bill) (8/15/2008) #536796-00019
6. Association of Settlement Companies (TASC) (Schumann, Teresa) (8/15/2008) #536796-00008
7. Association of Settlement Companies (TASC) (Schumann, Teresa) (8/15/2008) #536796-00009
8. Association of Settlement Companies (TASC) (Schumann, Teresa) (8/15/2008) #536796-00011
9. Association of Settlement Companies (TASC) (Schumann, Teresa) (8/15/2008) #536796-00012
10. Association of Settlement Companies (TASC) (Schumann, Teresa) (8/15/2008) #536796-00013
11. Association of Settlement Companies (TASC) (Schumann, Teresa) (8/15/2008) #536796-00014
12. Association of Settlement Companies (TASC) (Schumann, Teresa) (8/15/2008) #536796-00015
13. Association of Settlement Companies (TASC) (Schumann, Teresa) (8/15/2008) #536796-00016
14. Credit Advisors, Inc. (Skrupa, Frank) (8/15/2008) #536796-00020
15. Debt Settlement USA (Craven, Jack) (8/15/2008) #536796-00006
16. Gilpin, William (7/15/2008) #536796-00001
17. Manning, Robert (7/17/2008) #536796-00004
18. McClendon, (7/16/2008) #536796-00002
19. United States Organizations for Bankruptcy Alternatives (Keehnen, Jenna) (8/16/2008) #536796-00022

Last Modified: Tuesday, 19-Aug-2008 09:54:00 EDT

- Mark Guimond is on a "consent order" with FTC or faster Dept to stay out of the credit advice business from back in the mid 1990's
- Manning sounds like the "credit Repair" scammer?
- Schumann is a questionable credit bus opportunity...

CREDIT STRESSED?



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THE FOUR FATAL SINS DEBT NEGOTIATORS MAKE



CHALLENGES THAT MEAN BUSINESS DEATH TO A DEBT NEGOTIATOR

1.

Are not debt negotiators actually doing illegal credit repair?

One may advertise otherwise, but it's public perception and the USA SIC code that the authorities and U. S. Attorney will use to decide. *If it sounds like a duck . . .*

When former clients are asked what they paid for in their "debt negotiation" process, most comment that they were shocked to see their credit scores *fall* rather than *rise* because they expected improved or repaired credit!

2.

Are not some debt negotiators also performing un-authorized credit counseling?

Debt management programs (DMPs) involve matters that have to do with an individual's credit files. DMPs cannot provide negotiation services without "providing advice or assistance" concerning a person's credit standing. *Unless they hold an IRS 501(c)(3) exemption specifically for credit counseling, they break the law if they charge anything before all services have been "fully performed".*

3.

Don't debt negotiators violate the Deceptive Trade Practices Act?

A guarantee without full ability to deliver is deceptive. Debt negotiation implies that *all* debt liabilities shall be reduced and "settled-in-full". How could anyone promise that without contracts signed with each of America's creditors (the August, 2006, FTC report to Congress on the Fair Credit Reporting Act states that the Credit Reporting Agencies have 30,000+ creditor subscribers). Does each debt negotiator have a contract to negotiate with each and every creditor? If not, then that's deceptive, right?

4.

Are not debt negotiators practicing law without a valid license to do so?

The Bar Associations say "yes" . . . Anything a debt negotiator negotiates or recommends has potential legal ramifications. Unless a debt negotiator is a licensed attorney (like some collectors) or exempted by registration and compliance with Federal Credit Services Organization laws, they cannot cross those legal boundaries without coming under potential attack from Bar Association Unauthorized Practice of Law Committees.

Debt negotiators or credit repair clinics can take action to "get legal", but generally don't. If they're not smart enough to get legal, what makes them smart enough to settle anyone's debts or be trusted with anyone's financial well-being?

**“TITLE IV—CREDIT REPAIR
ORGANIZATIONS**

COPY

“Sec.

“401. Short title.

“402. Findings and purposes.

“403. Definitions.

“404. Prohibited practices.

“405. Disclosures.

“406. Credit repair organizations contracts.

“407. Right to cancel contract.

“408. Noncompliance with this title.

“409. Civil liability.

“410. Administrative enforcement.

“411. Statute of limitations.

“412. Relation to State law.

“413. Effective date.

“SEC. 401. SHORT TITLE.

15 USC 1601
note.

“This title may be cited as the ‘Credit Repair Organizations Act’.

15 USC 1679.

“SEC. 402. FINDINGS AND PURPOSES.

“(a) FINDINGS.—The Congress makes the following findings:

“(1) Consumers have a vital interest in establishing and maintaining their credit worthiness and credit standing in order to obtain and use credit. As a result, consumers who have experienced credit problems may seek assistance from credit repair organizations which offer to improve the credit standing of such consumers.

“(2) Certain advertising and business practices of some companies engaged in the business of credit repair services have worked a financial hardship upon consumers, particularly those of limited economic means and who are inexperienced in credit matters.

“(b) PURPOSES.—The purposes of this title are—

“(1) to ensure that prospective buyers of the services of credit repair organizations are provided with the information necessary to make an informed decision regarding the purchase of such services; and

“(2) to protect the public from unfair or deceptive advertising and business practices by credit repair organizations.

15 USC 1679a.

“SEC. 403. DEFINITIONS.

“For purposes of this title, the following definitions apply:

“(1) CONSUMER.—The term ‘consumer’ means an individual.

“(2) CONSUMER CREDIT TRANSACTION.—The term ‘consumer credit transaction’ means any transaction in which credit is offered or extended to an individual for personal, family, or household purposes.

“(3) CREDIT REPAIR ORGANIZATION.—The term ‘credit repair organization’—

“(A) means any person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that such person can or will sell, provide, or perform) any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of—

“(i) improving any consumer’s credit record, credit history, or credit rating; or

“(ii) providing advice or assistance to any consumer with regard to any activity or service described in clause (i); and

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"(B) does not include— **US TREASURY CERTIFIED Credit Counselors**

"(i) any nonprofit organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986;

with an IRS 501(c)(3)

"(ii) any creditor (as defined in section 103 of the Truth in Lending Act), with respect to any consumer, to the extent the creditor is assisting the consumer to restructure any debt owed by the consumer to the creditor; or

"(iii) any depository institution (as that term is defined in section 3 of the Federal Deposit Insurance Act) or any Federal or State credit union (as those terms are defined in section 101 of the Federal Credit Union Act), or any affiliate or subsidiary of such a depository institution or credit union.

"(4) CREDIT.—The term 'credit' has the meaning given to such term in section 103(e) of this Act.

"SEC. 404. PROHIBITED PRACTICES.

15 USC 1679b.

"(a) IN GENERAL.—No person may—

"(1) make any statement, or counsel or advise any consumer to make any statement, which is untrue or misleading (or which, upon the exercise of reasonable care, should be known by the credit repair organization, officer, employee, agent, or other person to be untrue or misleading) with respect to any consumer's credit worthiness, credit standing, or credit capacity to—

"(A) any consumer reporting agency (as defined in section 603(f) of this Act); or

"(B) any person—

"(i) who has extended credit to the consumer; or

"(ii) to whom the consumer has applied or is applying for an extension of credit;

"(2) make any statement, or counsel or advise any consumer to make any statement, the intended effect of which is to alter the consumer's identification to prevent the display of the consumer's credit record, history, or rating for the purpose of concealing adverse information that is accurate and not obsolete to—

"(A) any consumer reporting agency;

"(B) any person—

"(i) who has extended credit to the consumer; or

"(ii) to whom the consumer has applied or is applying for an extension of credit;

"(3) make or use any untrue or misleading representation of the services of the credit repair organization; or

"(4) engage, directly or indirectly, in any act, practice, or course of business that constitutes or results in the commission of, or an attempt to commit, a fraud or deception on any person in connection with the offer or sale of the services of the credit repair organization.

"(b) PAYMENT IN ADVANCE.—No credit repair organization may charge or receive any money or other valuable consideration for the performance of any service which the credit repair organization has agreed to perform for any consumer before such service is fully performed.

15 USC 1679c.

"SEC. 405. DISCLOSURES.

"(a) DISCLOSURE REQUIRED.—Any credit repair organization shall provide any consumer with the following written statement before any contract or agreement between the consumer and the credit repair organization is executed: