Federal Trade Commission

United States Department of Justice

May 2006

Dear Executive Director:

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 opened a new era: Consumers who plan to file for bankruptcy protection now must get credit counseling from a government-approved organization within six months before they file.

The Department of Justice's U.S. Trustee (UST) Program oversees the administration of bankruptcy cases, including approving organizations to provide the mandatory credit counseling. Only organizations that appear on the UST's approved list may provide the required counseling.

The UST and the Federal Trade Commission (FTC), the nation's consumer protection agency, are writing to you because we are concerned that some organizations may advertise that they offer approved credit counseling and official bankruptcy counseling certificates even though they are not approved by the UST. In fact, shortly after the new counseling requirement went into effect, the Massachusetts Attorney General fined BK Counselors of Walpole, Massachusetts, for misrepresenting itself as an approved credit counselor under the new federal bankruptcy reform law. Despite not being on the list of approved counselors offered by the UST, BK Counselors ran an ad in Lawyers Weekly offering approved counseling and promising "official" bankruptcy counseling certificates.

Both the UST and the FTC, which enforces the federal truth-in-advertising laws, want to prevent other non-UST-approved counselors from using the new law to misrepresent their status. To do that, we need your help. We ask that you encourage your member organizations to check the UST list of approved credit counselors, which is available by judicial district at http://www.usdoj.gov/ust/eo/bapcpa/ccde/index.htm, before accepting an ad from any organization that claims to offer UST-approved or certified credit counseling and/or promises official bankruptcy counseling certificates. We've attached an alphabetized list of currently approved counselors for your convenience.

We view ad screening as a real service to the public as well as to legitimate advertisers. When consumers are disappointed because a service isn't what it appears to be, they may blame the publication or station that ran the ad. The consequences range from an angry consumer – who may cancel a subscription, turn you off, or tune you out – to a crimp in the credibility of legitimate advertisers or a smudge on your members' reputation for accuracy.

Effective ad clearance standards reduce the damaging effects of advertising fraud on American consumers and commerce. We hope you will share this information with the appropriate people in your organization.

Sincerely,

Lydia B. Parnes
Director
Bureau of Consumer Protection
Federal Trade Commission

Clifford J. White III
Acting Director
United States Trustee Program
United States Department of Justice