

# STATE OF MARYLAND

THE OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION  
AND  
THE CONSUMER PROTECTION DIVISION OF THE  
OFFICE OF THE ATTORNEY GENERAL



## MARYLAND DEBT SETTLEMENT SERVICES ACT

2016 REPORT TO  
THE SENATE FINANCE COMMITTEE  
AND  
HOUSE ECONOMIC MATTERS COMMITTEE

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## I. BACKGROUND

On October 1, 2011, the Maryland Debt Settlement Services Act (the "Act"), Maryland Code Ann. Fin. Inst. Art. §12-001. *et. seq.*, (the "Act") went into effect. The Act requires that the Office of the Commissioner of Financial Regulation in the Department of Labor, Licensing, and Regulation (the "Commissioner"), in consultation with the Consumer Protection Division of the Office of the Attorney General (the "Division"), evaluate the efficacy and effectiveness of the Act and, in a written report to the Senate Finance Committee and the House Economic Matters Committee, submit findings and any recommendations regarding changes to the Act on or before December 1, 2014.<sup>1</sup> The report must include analysis of the following:

- (1) whether to transition from a registration requirement to a licensure requirement for debt settlement services providers; and
- (2) whether the calculation of and a cap on debt settlement services fees would be beneficial to consumers and fair to the debt settlement services industry.

The following is the joint report as required by the Act.

## II. REGISTRATION OF DEBT SETTLEMENT ENTITIES

Section 12-1001(d) of the Act defines "debt settlement services" as any service or program represented directly or by implication to renegotiate, settle, reduce, or in any way alter the terms of payment or other terms of a debt between a consumer and one or more unsecured creditors or debt collectors, including a reduction in the balance, interest rate, or fees owed by a consumer to an unsecured creditor or debt collector. The Act prohibits a person from offering, providing, or attempting

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<sup>1</sup> As originally enacted, the Act was scheduled to expire on June 30, 2015, with no further action required by the General Assembly. During the 2014 regular session of the General Assembly of Maryland, Chapters 276 (Senate Bill 160) and 277 (House Bill 704), entitled "Debt Settlement Services Sunset and Reporting Extension," amended the Act's reporting requirements of registered debt settlement services providers. The Act also extended the reporting requirement of the Commissioner and the Division to the Senate Finance Committee and the House Economic Matters Committee.

The amendments to the Act extended the reporting requirement of a registered debt settlement services provider to March 15, 2016, and extended the deadline for the reporting requirements of the Commissioner and the Division to December 1, 2015. The amendments also extended to June 1, 2016, the expiration date for the Maryland Debt Settlement Services Act. The amendments became effective October 1, 2014, and this report ("Report") is issued by the Commissioner and the Division in conformity with that requirement. A summary of significant Maryland legislative history affecting the debt settlement industry is included in the Appendix section of this Report.

to provide debt settlement services in the State unless the person is registered with the Commissioner or exempt from registration under the Act. Fin. Inst. Art. § 12-1004.

To satisfy the registration requirements under the Act and obtain a two-year registration, a person must file a completed application with the Commissioner, and pay a nonrefundable fee of \$1,000. Fin. Inst. Art. § 12-1006. The Act further requires registrants who request or require consumers to deposit funds in a dedicated account to file a surety bond with the Commissioner in the amount of \$50,000. Fin. Inst. Art. § 12-1014. A registration issued under the Act expires on December 31 of each odd-numbered year unless the registration is renewed for an additional two-year period. Fin. Inst. Art. § 12-1010. A nonrefundable renewal registration fee of \$1,000 is due upon renewal. Fin. Inst. Art. § 12-1006.

During the first two-year registration period, 23 debt settlement service providers registered with the Commissioner. The first application for registration was received by the Commissioner on December 12, 2011. In 2012, 17 applications were processed and approved by the Commissioner. An additional 6 applications were processed and approved in 2013. The first renewal period for all registrants commenced in 2014, during which 18 out of 23 registered debt settlement services providers renewed their registration. Also during 2014, the Commissioner received and approved 4 new applications for registration. In 2015, the Commissioner received and processed 1 renewal application, and 7 new applications, resulting in 30 registered debt settlement providers authorized to conduct business in the State.

The composition of registered debt settlement providers ranged from small local businesses to large scale multi-state corporations. As of this writing, 20% of registered providers are located within the State, while the remaining 80% of registered providers are foreign corporations approved and registered to do business in the State. Sixty-one percent of registered providers serviced 1,000 Maryland accounts or less; 28% of registered providers serviced between 1,000 and 5,000 Maryland accounts and 11% of registered providers serviced 5,000 or more Maryland accounts. Twenty-six percent of registered providers engaged exclusively in the marketing and promotion of debt settlement services, by entering consumers into debt settlement contracts with third-party debt settlement businesses.<sup>2</sup> Appendix “B” of his Report provides a complete listing of registered debt settlement providers by calendar year.

### III. MARYLAND DEBT SETTLEMENT SERVICES FUND

An applicant registering as a debt settlement services provider with the Commissioner must pay a nonrefundable fee in the amount of \$1,000 for the issuance of a registration, and a non-refundable fee

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<sup>2</sup> Also known as “Lead Generators”, these individuals engaged in networking, promoting, and contracting consumers for debt settlement services, but do not negotiate with creditors on behalf of consumers or settle debt.

\$1,000 for the renewal of a registration. Fin. Inst. Art. § 12-1006. All fees collected are deposited in the Debt Management Services Fund (the "Fund") established under § 12-905 of the Maryland Debt Management Services Act. Fin. Inst. Art. § 12-905. The Fund is dedicated solely to allocating funds related to the costs and expenses incurred by the Commissioner for the registration of debt settlement services providers, and the licensing and examination of Maryland debt management services businesses.

Since the Acts inception in 2011, a total of \$53,000 has been collected and paid into the Fund. During fiscal year 2012, the Fund collected \$15,000. The Fund collected \$6,000 in fiscal year 2013, and \$21,000 in fiscal year 2014. The increase in fees collected in 2014 was due to the renewal of previously issued registrations, as well as new applications. In the two most recent fiscal years (2015 and 2016 to date), the Fund collected a total of \$11,000.

The total expense incurred by the Commissioner in implementing and administering the registration requirements of the Act to date total only \$28,182.41. A sizeable segment of these expenses (nearly \$10,000) was related to developing a registration regiment suitable for carrying out the requirements of the Act in 2011 and 2012. This included the development and dissemination of regulatory forms used by registrants for reporting certain account information related to the servicing of Maryland consumers. The Commissioner incurred estimated expenses in the amount of \$10,686 for fiscal year 2012, related to the development cost of regulatory forms, in addition to reporting forms and instructional materials for filing annual reports. Expenses for this period also included the processing and approval of applications for registration.

Fiscal year 2014 registered a high level of expenses related to the processing of new and renewal applications, in addition to collecting and analyzing annual reports filed by registered debt settlement providers. Overall, the total expense incurred by the Commissioner in implementing and maintaining the provisions of the Act is estimated to be approximately \$28,000. Additional ongoing expenses incurred relate prorated percentage of staff salary and IT related resources necessary for processing new and renewal applications on an annual basis.

As indicated in the Debt Settlement Services Provider Revenue and Expense Table below, the revenue/expense breakeven point has decreased each year since 2012, from \$713.22 to \$263.22 in 2016. The revenue/expense breakeven point compares the expense for processing each registration application with the current fee paid by an applicant. In fiscal year 2012, the revenue/expense breakeven ratio for processing a registration application was \$713, which largely represents the startup expense for developing registration applications and annual reporting forms. In fiscal year 2013, the revenue/expense breakeven ratio was \$564, which includes the processing of a registration application and annual report submission. In fiscal year 2016 the approximated revenue/expense breakeven ratio was around \$263, and only included the processing of a registration application.

**Commissioner of Financial Regulation**  
**Debt Settlement Services Provider Revenue and Expense Table**  
 Fiscal Years 2012 thru 2016

Revenues	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Registration Fee</b>	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
<b>Registrations Processed - Based on fiscal year</b>	15	6	21	9	2
<b>Total</b>	<u>\$ 15,000.00</u>	<u>\$ 6,000.00</u>	<u>\$ 21,000.00</u>	<u>\$ 9,000.00</u>	<u>\$ 2,000.00</u>
<b>Expenses</b>					
<b>Administration - .0015 to .005% of salary &amp; fringe</b>	\$ 1,935.00	\$ 2,580.00	\$ 7,224.00	\$ 2,322.00	\$ 258.00
<b>Complaint Unit - ___% of staff salary and fringe</b>					
<b>Licensing Unit - .00015% of Licensing Unit and IT expense per registration</b>	\$ 2,013.23	\$ 805.29	\$ 2,818.52	\$ 1,207.94	\$ 268.43
<b>Commissioner - 5% of salary &amp; fringe, first year expense only</b>	<u>\$ 6,750.00</u>				
<b>Total Expense</b>	<u>\$ 10,698.23</u>	<u>\$ 3,385.29</u>	<u>\$ 10,042.52</u>	<u>\$ 3,529.94</u>	<u>\$ 526.43</u>
<b>Net Revenue:</b>	<u>\$ 4,301.77</u>	<u>\$ 2,614.71</u>	<u>\$ 10,957.48</u>	<u>\$ 5,470.06</u>	<u>\$ 1,473.57</u>
<b>Revenue/Expense Ratio</b>	140%	177%	209%	255%	380%
<b>Current Registration Fee</b>	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
<b>Revenue/Expense Break Even Point Per Registration</b>	\$ 713.22	\$ 564.22	\$ 478.22	\$ 392.22	\$ 263.22

Assumption - All expenses are approximate percentage of staff salary, fringe, and IT resources in processing an application and /or other filing requirements.  
 Excluded

- 1 Indirect costs related to stationery, mailings expense, office rent, etc....
- 2 Inflation-related cost increases
- 3 Expense related to complaint investigations by the Division

Overall, the approximated expense for processing a single registration application in 2016 is \$265 per registrant, and the approximated expense for processing an annual report is \$85 per registrant.<sup>3</sup>

#### IV. DEBT SETTLEMENT COMPLAINTS FILED BY MARYLAND CONSUMERS

Any violation of the Act is a violation of the Maryland Consumer Protection Act, pursuant to Title 13 of the Commercial Law Article, § 13-101 *et seq.*. A violator is subject to the enforcement and penalty provisions of the Consumer Protection Act. The Division is the primary enforcement authority of the Consumer Protection Act and accepts thousands of complaints from Maryland consumers annually relating to potential violations of Title 13. From fiscal years 2013 thru 2015, the Division received a total of nine (9) complaints from Maryland consumers relating to the practice of debt settlement services where the debt settlement services agreement was entered into after the effective date

<sup>3</sup> The expense for processing the annual reports does not include any expense for analyzing and formatting the annual report data. The data analysis was performed by the Center for Responsible Lending at no cost to the State. The Center for Responsible Lending is a nonprofit, non-partisan organization that works to protect homeownership and family wealth by fighting predatory lending practices.

of the Act. All of the complaints received by the Division alleged misrepresentation of the debt settlement services agreement and charging excessive fees. Many of the complaints were relatively small, 89% of the complaints received by the Division were filed against entities that are not registered in the State, or entities that are exempt from registration. An overwhelming majority of these complaints were filed against law practices that offered debt settlement services sometimes in

**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**  
 Debt Settlement Consumer Complaint Record  
 Fiscal Year 2013 thru Fiscal Year 2015

Consumer Information		Business Information				Registration Status and Complaint Information		
Reference Code	Location	Reference Code	Location	Business Type	Service Type	MD Registration	Complaint Type	Fees Paid
MU-24	Baltimore, MD	Company A	Costa Mesa, CA	Unknown	Legal Support	N/A	Misrepresentation and excessive fee charges	\$1,329.00
		Company B	Costa Mesa, CA	Law Practice	Debt Settlement	Exempted		
		Company C	Kansas City, MO	Law Practice	Bankruptcy	Exempted		
MU-25	Westminster, MD	Company D	Sunrise, FL	Debt Services	Debt Settlement	Not Registered	Misrepresentation	\$33,000.00
MU-22	Glen Burnie, MD	Company E	Tulsa, OK	Financial Services	Payment Processing	N/A	Misrepresentation and excessive fee charges	\$6,000.00
		Company F	Harrisburg, PA	Law Practice	Debt Settlement	Exempted		
MU-23	Fort Washington, MD	Company E	Tulsa, O	Financial Services	Payment Processing	N/A	Misrepresentation	\$4,000.00
		Company G	Longwood, FL	Debt Services	Debt Settlement	Not Registered		
MU-22(2)	Owings Mills, MD	Company H	Frisco, TX	Law Practice	Debt Settlement	Exempted	Misrepresentation	\$4,956.39
MU-00	Baltimore, MD	Company I	Fort Lauderdale, M	Law Practice	Debt Settlement	Exempted	Misrepresentation	\$4,665.45
MU-25(2)	Reisterstown, MD	Company J	Irvine, CA	Debt Services	Debt Settlement	Not Registered	Misrepresentation	\$2,272.00
MU-23(2)	Silver Spring, MD	Company K	Fort Lauderdale, M	Law Practice	Debt Settlement	Exempted	Misrepresentation	\$6,010.00
MU-00(2)	Montgomery Village, MD	Company L	Rockville, MD	Debt Services	Debt Settlement	Registered	Misrepresentation	\$250.00

conjunction with auxiliary services such as bankruptcy and cursory pre-paid legal services. The Division also received approximately 30 complaints concerning contracts entered into prior to the effective date of the Act, many of which concerned the failure of debt settlement providers to provide any services after having collected substantial upfront fees. These complaints are not listed in the above table.

## V. DEBT SETTLEMENT ANNUAL REPORT ANALYSIS<sup>4</sup>

<sup>4</sup> It should be noted that all of the data submissions by Maryland registrants and discussed in this Report only include debt accounts entered into with Maryland consumers pursuant to a debt settlement services agreement entered into on or after October 27, 2010, the effective date of the amended Federal Telemarketing Sales Rules (16 C.F.R. Part 310 et seq.), as issued by the Federal Trade Commission (“FTC”) on July 29, 2010. The FTC is the federal agency responsible for oversight of certain aspects of the debt settlement industry. The FTC Final Rule prohibits debt relief providers from collecting fees until after services have been provided. Also under the FTC Final Rule, debt relief providers are required to make specific disclosures of material information about offered debt relief services, and are further prohibited from making specific misrepresentations about material aspects of debt relief services. Information regarding the effect of the FTC Final Rule on the debt settlement industry has been discussed in previously submitted reports.

Section 2 of the Act mandates each debt settlement services provider registered with the Commissioner to report on the debt settlement services business the registrant conducted during the preceding calendar year. The Act further requires that the report be filed with the Commissioner on or before March 15<sup>th</sup> of each year beginning in 2012, and ending in 2015. The report provision of the Act requires specific information relating to each Maryland consumer the registrant provided debt settlement services for during the reporting period. The annual report submission included in part information regarding the number and principal amount of debts included in the debt settlement services agreement, in addition to whether each debt is active, terminated, or settled, as well as the settlement amount and the savings to consumers.<sup>5</sup>

From 2012 through 2015, Maryland registrants serviced an average of 2,750 Maryland consumers annually. 2011 demonstrated the lowest level of Maryland consumers serviced (735), but quickly increased to its highest level in 2013 with 4,929 Maryland consumers served. The number of debt accounts serviced also increased from 4,088 in 2011 to 22,130 debt accounts serviced in 2013. The number of debt accounts settled by Maryland registrants in the first reporting year was 2,489 accounts, and increased to reach 8,266 in 2013. In the following year, settled accounts declined to 2,620.

The total principal amount of enrolled debt serviced increased significantly from \$19,658,357.00 in 2011 to \$78,039,935.00 in 2014, however, the principal amount of enrolled debt settled decreased from \$12,042,295.00 in 2011 to \$10,262,102.00 in 2014. The highest reported principal amount of enrolled debts settled occurred in 2013 (\$16,993,862.00).

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<sup>5</sup> The data set collected and discussed in this Report does not provide or make any comparison or inferences regarding the effect of the FTC Final Rule on Maryland registrants.

For purposes of this section of the Report, the following terms have the meanings indicated below:

- *Debt settlement services plan agreement.* -- a written contract, plan, or agreement between a debt settlement services provider and a consumer for the performance of debt settlement services.
- *Debt settlement services fee.* -- a fee charged to a consumer by a debt settlement services provider for providing debt settlement services for a consumer.
- *Principal amount of the enrolled debt.* --the amount of a debt at the time the debt is included in a debt settlement services agreement.
- *Settlement amount.* --the amount based on the amount no longer owed by the consumer.
- *Savings amount.* --the amount calculated by subtracting the amount paid to settle the debt from the amount of the debt at the time the debt settlement services agreement was signed.
- *Accretion cost.* -- the change in the amount the consumer owes to resolve the debt, including interest penalties, collection expense, legal fees and any other legal penalty pursuant to an agreement between the consumer and creditor.



Maryland Accounts	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014
Number of Consumers Served	735	2,277	4,929	3,061
Number of debt accounts serviced during reporting period	4,088	15,892	22,130	19,184
Number of debt accounts settled during reporting period	2,489	5,600	8,266	2,620
Principal amount of enrolled debt for debts serviced during reporting period	\$ 19,658,357.69	\$ 55,806,694.09	\$ 71,374,343.00	\$ 78,039,935.82
Principal amount of enrolled debt for debts settled during reporting period	\$ 12,042,295.39	\$ 23,606,980.68	\$ 28,683,751.00	\$ 10,262,102.35
Settlement amount for debts settled during reporting period	\$ 6,243,118.80	\$ 12,217,852.14	\$ 16,993,862.48	\$ 5,580,380.76
Savings amount for debts settled during the reporting period	\$ 5,799,176.97	\$ 11,389,128.54	\$ 11,689,888.52	\$ 4,681,721.59

Based on the official filings of the DSP Annual Reports by registered Maryland Debt Settlement Services Providers from March 2012 to March 2015

Total savings for consumers remained consistent for calendar years 2012 and 2013. Maryland registrants reported \$11,389,128.00 in savings during 2012, and \$11,689,888.00 for calendar year 2013.<sup>6</sup>

The Act provides that fees may be charged either as a flat fee that bears the same proportional relationship to the total fee as the individual debt amount that was settled bears to the total debt enrolled in the program or as a percentage of the amount actually saved through settlement of a consumer debt. Fees charged by Maryland registrants as a percentage of savings averaged around 50% throughout the four-year reporting period for all debts settled. Fees charged as a percentage of savings for debts settled

### Debt Settlement Provider Fee Charge

Annual Report Filed	All Debts Settled Under Plan Agreement		Some Debts Settled Under Plan Agreement	
	Dollar Amount	% of Savings	Dollar Amount	% of Savings
Calendar Year 2011	\$ 4,035.19	44%	\$ 3,086.02	45%
Calendar Year 2012	\$ 5,255.80	41%	\$ 1,923.04	43%
Calendar Year 2013	\$ 728.01	60%	\$ 1,645.63	49%
Calendar Year 2014	\$ 962.10	49%	\$ 1,246.10	47%

<sup>6</sup> The Commissioner and the Division acknowledge that the savings amount referenced in this Report may not reflect the actual savings received by the consumer since accretion cost is not factored into the calculus. Industry representatives also agree that the present calculus for determining savings does not reflect the actual savings, and further argue that savings are underestimated by not considering the effect of accretion cost for a consumer in a debt settlement program, compared to a consumer paying similar debt outside of a debt settlement program. The industry also contends that once a debt is settled, the accretion cost ceases, but for a consumer paying the minimum payment on a credit card account, the accretion cost will continue to increase for many years until the debt is resolved. However, the Division notes that there has been no analysis comparing savings received by a consumer in a debt settlement plan to savings that the consumer would have received by filing for bankruptcy.

under a plan agreement averaged around 46.3% for the same period. For all debts settled under a plan agreement stated in dollar amount, 2012 registered the highest average fee paid in the amount of \$5,255, and the lowest average fee paid of \$728 for calendar year 2013. For some debts settled under a plan agreement, the fees charged ranged between \$1,200 and \$3,000 dollars over the four year reporting cycle.

The data set also provided insight into the performance level of Maryland registrants in negotiating settlement agreements on behalf of Maryland consumers. By comparing the number of debts settled under a debt settlement plan agreement with the total number of debts enrolled under the debt settlement plan agreement, and separating the results into several percentage tier levels, it was possible to express a percentage level of debts settled for the entire population of debts serviced. The output results are displayed in the Enrolled Debt Settlement Level chart below.

Based on calendar year 2011 data, 35% of Maryland consumers settled 100% of their enrolled debt, with 8% settling between 80 and 99% of their enrolled debt. Forty-three percent of Maryland consumers settled more than 0% of their enrolled debt, but less than 80%. Only 14% of consumers settled none of their enrolled debt. It should be noted that this tier is the only tier that captures new consumers who recently entered into a debt settlement plan agreement prior to the close of the calendar year. The 2012 data submission indicated a decrease of 23% in the number of consumers that settled 100% of their enrolled debt, while 32% of consumers settled 0% of their enrolled debt. The 2012 reporting period also indicated a significant percentage of debts settled at the mid-tier levels around 41% for consumer who settled between 21 and 80% of their enrolled debt. The number of debts settled reached the highest level (42%) for consumer who settled 100% of their enrolled debt in 2013, but this group decreased to just 10% in 2014.

### Enrolled Debt Settlement Levels

All Data Set

Percentage of Consumer Debt Settled	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014
Settled 100% of their enrolled debt:	35%	12%	42%	10%
Settled between 80-99% of their enrolled debt:	8%	5%	1%	0%
Settled between 61-80% of their enrolled debt:	17%	15%	7%	2%
Settled between 41-60% of their enrolled debt:	12%	15%	11%	5%
Settled between 21-40% of their enrolled debt:	8%	11%	11%	14%
Settled up to 20% of their enrolled debt:	6%	11%	6%	15%
Settled 0% of their enrolled debt:	14%	32%	24%	53%

The data collected and analyzed indicates that Maryland registrants are settling a substantial percentage of consumer debts under a debt settlement plan agreement, and that consumers experiencing chronic debt problems are benefiting from these types of programs. However, no data is available that indicates outcomes for consumers who settled less than 100% of their enrolled debt. The Division has reason to believe that consumers who settle some debts, but not all of their debts may be in a worse position than they would have been had they not entered into a debt settlement agreement. These consumers still have outstanding debts that they were not able to satisfy and the consumer may need to file bankruptcy despite having settled some of their debts. When entering bankruptcy, these consumers have fewer assets because of the payments that they have made to the debt settlement company that was unsuccessful in settling all of the consumer's debt. The Commissioner does not agree with the Division's position. Additional statistical measurements relating to the annual reports submissions can be found in the appendix section of this Report.

## VI. SUMMARY OF RECOMMENDATIONS

The Commissioner and the Division are tasked with making recommendations to the General Assembly regarding changes to the Maryland Debt Settlement Services Act, including:

- (1) whether to transition from a registration requirement to a licensure requirement for debt settlement services providers; and
- (2) whether the calculation of and a cap on debt settlement services fees would be beneficial to consumers and fair to the debt settlement services industry.

The Commissioner and the Division recommend that a licensing requirement is not warranted. Beyond this recommendation, the Commissioner and the Division are unable to agree on joint recommendations. Each Office presents their additional recommendations separately.

The Commissioner recommends:

- (1) Continuation of a registration requirement is not warranted.
- (2) The statute should be allowed to abrogate on June 30, 2016 as currently written. As noted above, very few complaints have been received, and those that have been about non-registered providers. The cost of the registration system is not justified given the lack of complaints and demonstrated consumer harm. Further, consumer harm can be redressed through the Consumer Protection Act.

(3) Should the statute not be allowed to abrogate as currently written, the Commissioner recommends as follows:

- a. Eliminate the requirement for a Maryland registrant to file an annual report, including the requirement that registrants file an independent certified profit and loss statement for Maryland accounts serviced. The purpose of the annual report filing was to allow the Commissioner and Division to gather additional information about the debt settlement services to determine how and if the industry should be regulated. The information has been collected and used for this purpose, and we see no further benefit from collecting this information going forward. Additionally, smaller local and less capitalized registrants have expressed concerns about the expense of obtaining the certified statement for the few number of Maryland based accounts they service.

*Note that if the annual registration report is maintained, that the cost to the Commissioner's Office to administer the reporting obligations will be about \$100 per registrant, raising the cost from \$250 to \$350 annually per registrant.*

The Commissioner further recommends that the Act should not provide for a cap on debt settlement services fees for the following reasons:

- (1) The Commissioner has been unable to find any credible evidence that a cap would be beneficial to consumers and fair to the debt settlement services industry;
- (2) The low level of complaints received by the Division over the last several years does not warrant imposition of a cap on fees;
- (3) Consumers have adequate protection under Federal and State laws, and can reject a settlement offer or cancel a debt settlement plan agreement at any time without paying any penalty or other financial obligation to the debt settlement provider; and
- (4) Given the number of Maryland registrants and the fact that 61% of that population serviced 1,000 accounts or less, a fee cap provision may adversely affect smaller, less capitalized registrants' ability to compete in the marketplace.

Additionally, the industry and the Commissioner believes that fees are established on a per debt basis, or a pro rata basis considering the entire debt enrolled in a debt settlement service contract and the amount of debt ultimately settled, consistent with the intent of the statute.

The Division recommends that the Act should provide for fees to be capped in the manner and for the following reasons:

- (1) Fees be based on a percentage of the amount the debt settlement provider actually saved the consumer on debts that were settled;
- (2) The data show that the substantial majority of consumers did not have all of their debts settled, leaving them in the same or worse position with respect to the debts that were not settled as they would have been had they not enrolled in a plan to begin with;
- (3) Consumers should not have to pay a flat fee only to end up in the same position they would have been in had they not enrolled in a debt settlement plan. Limiting fees to a percentage of the amount actually saved protects consumers while providing an incentive to the debt settlement provider to settle all of the consumers' debts.

The Division further recommends that the exemption for attorneys be studied to determine whether consumers who enter into debt settlement services agreements with attorneys face outcomes similar to those who contract with non-attorney providers; whether the attorneys are providing the debt settlement services themselves or contracting with non-attorney providers to perform the debt settlement services; and how the fees charged by attorneys for debt settlement services compare to the fees charged by non-attorney debt settlement providers.

## VIII. APPENDIX SECTION

### MARYLAND LEGISLATIVE HISTORY

General Assembly Session	Bill Title	SB Number	HB Number	Final Status	Effective Date
2005	Debt Management Services	N/A	HB-753	Favorable	October 1, 2005

**Bill Summary:** Clarifying that a person who provides debt settlement services is subject to licensure whether or not the person maintains an office in the State; requiring an applicant for licensure as a debt management services provider to provide specific information to the Commissioner of Financial Regulation; and to satisfy the Commissioner as to specified matters, Study the regulatory mechanisms employed and proposed elsewhere in the country for the regulation of debt management, debt settlement, debt adjustment and similar services; and Recommend appropriate changes, if any, to the Maryland Debt Management Services Act and regulations adopted under that Act.

General Assembly Session	Bill Title	SB Number	HB Number	Final Status	Effective Date
2008	Debt Settlement and Debt Management Services Providers	N/A	HB 1223	Interim Study	N/A

Bill Summary: Prohibiting a person from providing debt settlement services to specified consumers unless the person is licensed by the Commissioner of Financial Regulation or exempt from the licensing requirements; altering a specified exemption from specified provisions of law; altering the name, contents, and purpose of a specified fund; prohibiting a debt settlement services licensee from providing debt settlement services unless specified conditions are met; prohibited fees in advance of settling consumers' debts, capped the fees charged at 15% of the amount the company saved the consumer, and required certain disclosures in debt settlement contracts and advertising.

General Assembly Session	Bill Title	SB Number	HB Number	Final Status	Effective Date
2009	Provision of Debt Management and Debt Settlement Services	N/A	HB 1269	Unfavorable	N/A

Bill Summary: altering a certain exemption from certain provisions of law governing the provisions of debt management services; prohibiting a person from providing, or offering or attempting to provide, debt settlement services in the State; defining a certain term; and generally relating to debt management and debt settlement services.

General Assembly Session	Bill Title	SB Number	HB Number	Final Status	Effective Date
2010	Debt Settlement Services Study	SB 701	HB 392	Favorable	July 1, 2010

Bill Summary: Requiring the Office of the Commissioner of Financial Regulation in the Department of Labor, Licensing, and Regulation, in consultation with the Consumer Protection Division of the Office of the Attorney General, to conduct a study of the State's debt settlement services industry; requiring the Office, in consultation with the Division, to establish a workgroup comprising specified representatives; requiring the Office, in consultation with the Division, to report findings to committees of the General Assembly

General Assembly Session	Bill Title	SB Number	HB Number	Final Status	Effective Date
2014	Debt Settlement Services Study - Sunset and Reporting Extension	SB 160	HB 704	Favorable	October 1, 2014

Bill Summary: Extending to March 15, 2015, a specified reporting requirement of a registered debt settlement services provider; extending the deadline for specified reporting requirements of the Office of the Commissioner of Financial Regulation in the Department of Labor, Licensing, and Regulation and the Consumer Protection Division in the Office of the Attorney General; extending to June 30, 2016, the termination date for the Maryland Debt Settlement Services Act.

**Commissioner of Financial Regulation**  
Debt Settlement Services Provider Registration Record

REG. NO.	APPLICANT NAME	2012 REGISTRATION YEAR	2013 REGISTRATION YEAR	2014 REGISTRATION YEAR	2015 REGISTRATION YEAR
15-01	Freedom Debt Relief, LLC	Yes	Yes	Yes	Yes
15-02	Careone Services, Inc.	Yes	Yes	Yes	Yes
15-03	Debt Relief Center, Inc.	Yes	Yes	Non-Renewal	N/A
15-04	Superior Debt Services	Yes	Yes	Yes	Yes
15-05	Accredited Debt Relief, LLC	Yes	Yes	Yes	Yes
15-06	Century Negotiations, Inc.	Yes	Yes	Yes	Yes
15-07	Renaissance Debt Solutions, Inc.	Yes	Yes	Non-Renewal	N/A
15-09	Debtmerica, LLC	Yes	Yes	Yes	Yes
15-10	Rescue 1 Financial, LLC	Yes	Yes	Yes	Yes
15-11	Debt Settlement Group, Inc.	Yes	Yes	Yes	Yes
15-12	Clearone Advantage, LLC	Yes	Yes	Yes	Yes
15-13	Debt Management Associates, Inc.	Yes	Yes	Yes	Yes
15-14	Pacific Debt, Inc.	Yes	Yes	Yes	Yes
15-15	Financial Resolution Center, LLC	Yes	Yes	Non-Renewal	N/A
15-16	National Settlement Solutions, Inc.	Yes	Yes	Yes	Yes
15-17	National Debt Relief, LLC	N/A	Yes	Yes	Yes
15-18	S & N Debt Solutions, LLC	Yes	Yes	Yes	Yes
15-19	Vantage Acceptance, Inc.	Yes	Yes	Non-Renewal	N/A
15-20	Prodebtco, LLC	Yes	Yes	Yes	Yes
15-21	Franklin Debt Solutions of MD, Inc.	Yes	Yes	Yes	Yes
15-23	Assurance Consumer Services, LLC	N/A	Yes	Yes	Yes
15-24	Assurance Debt Relief, LLC	N/A	Yes	Yes	Yes
15-25	Curadebt, LLC	N/A	Yes	Yes	Yes
15-26	Touchstone Partners, Inc.	N/A	N/A	Yes	Yes
15-27	JKB Financial, Inc.	N/A	N/A	Yes	Yes
15-28	Debt Help, Inc.	N/A	N/A	Yes	Yes
15-30	DMB Financial, LLC	N/A	N/A	N/A	Yes
15-31	Success Link Processing, LLC	N/A	N/A	Yes	Yes
15-32	Century Support Services, LLC	N/A	N/A	N/A	Yes
15-33	Nationwide Debt Reduction Services, LLC	N/A	N/A	N/A	Yes
15-34	Timberline Financial, LLC	N/A	N/A	N/A	Yes
15-35	Greenlink Financial, LLC	N/A	N/A	N/A	Yes
15-36	Atlas Debt Relief, LLC	N/A	N/A	N/A	Yes
15-38	Elite Financial Services, INC	N/A	N/A	N/A	Yes

## Maryland Debt Settlement Annual Report Summary Calendar Year 2011

Number of Consumers Served	2,277
Total number of debt accounts serviced during reporting period	15,892
Total number of debt accounts settled during reporting period	5,600
Total principal amount of enrolled debt for debts serviced during reporting period	\$ 55,806,694.09
Total principal amount of enrolled debt for debts settled during reporting period	\$ 23,606,980.68
Total settlement amount for debts settled during reporting period	\$ 12,217,852.14
Total savings amount for debts settled during the reporting period	\$ 11,389,128.54

Total principal amount enrolled-MEAN	\$ 24,508.87
Total principal amount enrolled-MEDIAN	\$ 18,618.00
Total number of accounts enrolled-MEAN	7.0
Total number of accounts enrolled-MEDIAN	6.0

	COMPLETED / CANCELED / INACTIVE			ACTIVE			
	All Debt Settled	Some Debts Settled	No Debts Settled	Some Debts Settled		No Debts Settled	
	All settled/no active/no canc	Some settled/no active/some canc	No settled/no active/all cancelled	Some Cancelled	None Cancelled	Some Cancelled	All Active
Number of Consumers	277	727	704	156	392	4	\$ 17.00
Total principal amount of enrolled debt for debts serviced during reporting period	\$ 5,898,017.98	\$ 19,136,360.77	\$ 14,375,988.92	\$ 4,760,438	\$ 11,137,087.80	\$ 136,473	\$ 362,328.41
Total principal amount of enrolled debt for debts settled during reporting period	\$ 5,898,017.98	\$ 7,563,054.72		\$ 2,639,251	\$ 7,506,657.48		
Total settlement amount for debts settled during reporting period	\$ 2,905,719.55	\$ 3,873,534.81		\$ 1,442,333	\$ 3,996,264.32		
Total savings amount for debts settled during the reporting period	\$ 2,992,298.43	\$ 3,689,519.91		\$ 1,196,917	\$ 3,510,393.16		
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEAN	\$ 3,217.53	\$ 1,792.77					
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEDIAN	\$ 2,062.00	\$ 693.81					
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEAN	\$ 5,255.80	\$ 5,074.99					
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEDIAN	\$ 4,423.87	\$ 1,908.00					
Debt remaining Active (for those still ACTIVE)		\$ 11,573,306.05	\$ 14,375,988.92	\$ 1,146,347.78	\$ 3,630,430.32	\$ 110,056.63	\$ 362,328.41
Debt left unaddressed (terminated/cancelled)		\$ 11,573,306.05	\$ 14,375,988.92	\$ 974,839.30		\$ 26,416.00	
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee in \$)	\$ 5,255.80	\$ 1,923.04					
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee as % of savings)	41%	43%		9.7	7.3	8.3	4.0
Number of accounts enrolled-mean	3.4	8.2	6.5	9.0	6.0	9.5	3.0
Number of accounts enrolled-median	3.0	7.0	5.0	9.0	6.0	9.5	3.0
Principal amount enrolled-mean	\$ 21,292.48	\$ 26,322.37	\$ 20,420.44	\$ 30,515.63	\$ 28,410.94	\$ 34,118.16	\$ 21,313.44
Principal amount enrolled-median	\$ 17,166.00	\$ 19,887.00	\$ 15,424.66	\$ 23,398.50	\$ 22,808.00	\$ 18,936.50	\$ 18,617.37

The percentage of consumers in each category below based on the amount settled (if any) versus the principal amount of debt enrolled:

	Only inactives	All in dataset
i. Settled 100% of their enrolled debt:	16%	12%
ii. Settled 0% of their enrolled debt:	41%	32%
iii. Settled up to 20% of their enrolled debt:	13%	11%
iv. Settled up to 21-40% of their enrolled debt:	10%	11%
v. Settled up to 41-60% of their enrolled debt:	9%	15%
vi. Settled up to 61-80% of their enrolled debt:	6%	15%
vii. Settled up to 80-99% of their enrolled debt:	3%	5%

Creditor Lawsuits after enrollment (note: if account is enrolled with a lawsuit already filed, it is excluded from this calculation):

Number and share of accounts with lawsuit			
No lawsuit	14549		95%
Lawsuit	832		5%
Number and share of consumers with lawsuit			
No lawsuit	1640		75%
1 lawsuit	341		16%
2 lawsuits	197		9%

(1) Savings relate only to accounts settled and ignore accounts remaining active



# Maryland Debt Settlement Annual Report Summary

## Calendar Year 2012

Number of Consumers Served	2,277
Total number of debt accounts serviced during reporting period	15,892
Total number of debt accounts settled during reporting period	5,600
Total principal amount of enrolled debt for debts serviced during reporting period	\$ 55,806,694.09
Total principal amount of enrolled debt for debts settled during reporting period	\$ 23,606,980.68
Total settlement amount for debts settled during reporting period	\$ 12,217,852.14
Total savings amount for debts settled during the reporting period	\$ 11,389,128.54

Total principal amount enrolled-MEAN	\$ 24,508.87
Total principal amount enrolled-MEDIAN	\$ 18,618.00
Total number of accounts enrolled-MEAN	7.0
Total number of accounts enrolled-MEDIAN	6.0

### COMPLETED / CANCELLED / INACTIVE

	COMPLETED / CANCELLED / INACTIVE		
	All Debt Settled All settled/no active/no cancelled	Some Debts Settled Some settled/no active/some cancelled	No Debts Settled No settled/no active/all cancelled
Number of Consumers	277	727	704
Total principal amount of enrolled debt for debts serviced during reporting period	\$ 5,898,017.98	\$ 19,136,360.77	\$ 14,375,988.92
Total principal amount of enrolled debt for debts settled during reporting period	\$ 5,898,017.98	\$ 7,563,054.72	
Total settlement amount for debts settled during reporting period	\$ 2,905,719.55	\$ 3,873,534.81	
Total savings amount for debts settled during the reporting period	\$ 2,992,298.43	\$ 3,689,519.91	
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEAN	\$ 3,217.53	\$ 1,792.77	
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEDIAN	\$ 2,062.00	\$ 693.81	
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEAN	\$ 5,255.80	\$ 5,074.99	
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEDIAN	\$ 4,423.87	\$ 1,908.00	
Debt remaining Active (for those still ACTIVE)			
Debt left unaddressed (terminated/cancelled)		\$ 11,573,306.05	\$ 14,375,988.92
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee in \$)	\$ 5,255.80	\$ 1,923.04	
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee as % of savings)	41%	43%	
Number of accounts enrolled-mean	3.4	8.2	6.5
Number of accounts enrolled-median	3.0	7.0	5.0
Principal amount enrolled-mean	\$ 21,292.48	\$ 26,322.37	\$ 20,420.44
Principal amount enrolled-median	\$ 17,166.00	\$ 19,887.00	\$ 15,424.66

### ACTIVE

Some Debts Settled		No Debts Settled		All Active
Some Cancelled Some settled/some active/some cancelled	None Cancelled None sett/some act/none cancelled	Some Cancelled None sett/some act/some cancelled	All Active	
156	392	4	17	
\$ 4,760,437.58	\$ 11,137,087.80	\$ 136,472.63	\$ 362,328.41	
\$ 2,639,250.50	\$ 7,506,657.48			
\$ 1,442,333.46	\$ 3,996,264.32			
\$ 1,196,917.04	\$ 3,510,393.16			
\$ 1,146,347.78	\$ 3,630,430.32	\$ 110,056.63	\$ 362,328	
\$ 974,839.30	\$ 26,416.00	\$ 26,416.00		
9.7	7.3	8.3	4.0	
9.0	6.0	9.5	3.0	
\$ 30,515.63	\$ 28,410.94	\$ 34,118.16	\$ 21,313.44	
\$ 23,398.50	\$ 22,808.00	\$ 18,936.50	\$ 18,617.37	

The percentage of consumers in each category below based on the amount settled (if any) versus the principal amount of debt enrolled:

	Only inactives	All in dataset
i. Settled 100% of their enrolled debt:	16%	12%
ii. Settled 0% of their enrolled debt:	41%	32%
iii. Settled up to 20% of their enrolled debt:	13%	11%
iv. Settled up to 21-40% of their enrolled debt:	10%	11%
v. Settled up to 41-60% of their enrolled debt:	9%	15%
vi. Settled up to 61-80% of their enrolled debt:	6%	15%
vii. Settled up to 80-99% of their enrolled debt:	3%	5%

Creditor Lawsuits after enrollment (note: if account is enrolled with a lawsuit already filed, it is excluded from this calculation):

Number and share of accounts with lawsuit			
No lawsuit	14,549	95%	
Lawsuit	832	5%	
Number and share of consumers with lawsuit			
No lawsuit	1,640	75%	
1 lawsuit	341	16%	
2 lawsuits	197	9%	

(1) Savings relate only to accounts settled and ignore accounts remaining active

# Maryland Debt Settlement Annual Report Summary

## Calendar Year 2013

Number of Consumers Served	4,929
Total number of debt accounts serviced during reporting period	22,130
Total number of debt accounts settled during reporting period	8,266
Total principal amount of enrolled debt for debts serviced during reporting period	\$ 71,374,343.00
Total principal amount of enrolled debt for debts settled during reporting period	\$ 28,683,751.00
Total settlement amount for debts settled during reporting period	\$ 16,993,862.48
Total savings amount for debts settled during the reporting period	\$ 11,689,888.52

Total principal amount enrolled-MEAN	\$ 14,480.49
Total principal amount enrolled-MEDIAN	\$ 6,907.00
Total number of accounts enrolled-MEAN	4.5
Total number of accounts enrolled-MEDIAN	3.0

	COMPLETED / CANCELLED / INACTIVE			ACTIVE				
	All Debt Settled	Some Debts Settled	No Debts Settled	Some Debts Settled		No Debts Settled		All Active
	All settled/no active/no cancelled	Some settled/no active/some cancelled	No settled/no active/all cancelled	Some Cancelled	None Cancelled	Some Cancelled	None Cancelled	
Number of Consumers	2,050	510	1,054	162	1037	6	110	
Total principal amount of enrolled debt for debts serviced during reporting period	\$ 9,008,770.00	\$ 10,957,313.00	\$ 18,054,376.00	\$ 4,085,967.00	\$ 27,859,205.00	\$ 142,052.00	\$ 1,266,660	
Total principal amount of enrolled debt for debts settled during reporting period	\$ 9,008,770.00	\$ 3,440,123.00		\$ 1,845,600.00	\$ 14,389,258.00			
Total settlement amount for debts settled during reporting period	\$ 6,483,488.42	\$ 1,823,859.39		\$ 1,027,009.83	\$ 7,659,504.84			
Total savings amount for debts settled during the reporting period	\$ 2,525,281.58	\$ 1,616,263.61		\$ 818,590.17	\$ 6,729,753.16			
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEAN	\$ 899.64	\$ 1,389.74						
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEDIAN	\$ 0.25	\$ 500.00						
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEAN	\$ 1,231.84	\$ 3,169.14						
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEDIAN	\$ -	\$ 1,057.00						
Debt remaining Active (for those still ACTIVE)				\$ 1,485,791.00	\$ 13,469,947.00	\$ 88,420.00	\$ 1,266,660	
Debt left unaddressed (terminated/cancelled)		\$ 7,517,190.00	\$ 18,054,376.00	\$ 754,576.00		\$ 53,632.00		
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee in \$)	\$ 728.01	\$ 1,645.63						
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee as % of savings)	60%	49%						
Number of accounts enrolled-mean	1.4	7.7	5.7	9.4	7.2	6.5	3.3	
Number of accounts enrolled-median	1.0	7.0	5.0	8.0	6.0	6.0	2.0	
Principal amount enrolled-mean	\$ 4,394.52	\$ 21,484.93	\$ 17,129.39	\$ 25,222.02	\$ 26,865.19	\$ 23,675.33	\$ 11,515	
Principal amount enrolled-median	\$ 1,547.50	\$ 15,270.50	\$ 11,662.00	\$ 20,042.00	\$ 21,591.00	\$ 22,203.00	\$ 7,772	

The percentage of consumers in each category below based on the amount settled (if any) versus the principal amount of debt enrolled:

	Only inactives	All in dataset
i. Settled 100% of their enrolled debt:	57%	42%
ii. Settled 0% of their enrolled debt:	29%	24%
iii. Settled up to 20% of their enrolled debt:	5%	6%
iv. Settled up to 21-40% of their enrolled debt:	4%	10%
v. Settled up to 41-60% of their enrolled debt:	2%	11%
vi. Settled up to 61-80% of their enrolled debt:	2%	7%
vii. Settled up to 80-99% of their enrolled debt:	1%	1%

Creditor Lawsuits after enrollment (note: if account is enrolled with a lawsuit already filed, it is excluded from this calculation):

Number and share of accounts with lawsuit			
No lawsuit	16736	94%	
Lawsuit	1142	6%	
Number and share of consumers with lawsuit			
No lawsuit	1806	73%	
1 lawsuit	422	17%	
2+ lawsuits	255	10%	

(1) Savings relate only to accounts settled and ignore accounts remaining active

# Maryland Debt Settlement Annual Report Summary

Calendar Year 2014

Number of Consumers Served	3,061
Total number of debt accounts serviced during reporting period	19,184
Total number of debt accounts settled during reporting period	2,620
Total principal amount of enrolled debt for debts serviced during reporting period	\$ 78,039,935.82
Total principal amount of enrolled debt for debts settled during reporting period	\$ 10,262,102.35
Total settlement amount for debts settled during reporting period	\$ 5,580,380.76
Total savings amount for debts settled during the reporting period	\$ 4,681,721.59

Total principal amount enrolled-MEAN	\$	25,494.92
Total principal amount enrolled-MEDIAN	\$	20,222.00
Total number of accounts enrolled-MEAN		6.3
Total number of accounts enrolled-MEDIAN		5.0

## COMPLETED / CANCELLED / INACTIVE

	COMPLETED / CANCELLED / INACTIVE		
	All Debt Settled All settled/no active/no cancelled	Some Debts Settled Some settled/no active/some cancelled	No Debts Settled No settled/no active/all cancelled
Number of Consumers	304	92	684
Total principal amount of enrolled debt for debts serviced during reporting period	\$ 1,691,261.21	\$ 2,234,558.77	\$ 17,772,560.69
Total principal amount of enrolled debt for debts settled during reporting period	\$ 1,691,261.21	\$ 464,953.99	
Total settlement amount for debts settled during reporting period	\$ 1,089,239.54	\$ 227,921.08	
Total savings amount for debts settled during the reporting period	\$ 602,021.67	\$ 237,032.91	
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEAN	\$ 1,494.68	\$ 1,786.16	
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEDIAN	\$ -	\$ 773.00	
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEAN	\$ 1,980.33	\$ 2,576.44	
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEDIAN	\$ -	\$ 1,137.71	
Debt remaining Active (for those still ACTIVE)			
Debt left unaddressed (terminated/cancelled)		\$ 1,769,604.78	\$ 17,772,560.69
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee in \$)	\$ 962.10	\$ 1,246.10	
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee as % of savings)	49%	47%	
Number of accounts enrolled-mean	1.4	7.4	5.9
Number of accounts enrolled-median	1.0	6.5	5.0
Principal amount enrolled-mean	\$ 5,563.36	\$ 24,288.68	\$ 25,983.28
Principal amount enrolled-median	\$ 1,489.46	\$ 18,848.90	\$ 21,115.50

## ACTIVE

	Some Debts Settled		No Debts Settled		All Active
	Some Cancelled Some settled/some active/some cancelled	None Cancelled Some sett/some act/none cancelled	Some Cancelled None sett/some act/some cancelled		
Number of Consumers	95	935	52		899
Total principal amount of enrolled debt for debts serviced during reporting period	\$ 2,438,912.49	\$ 28,622,327.35	\$ 1,097,495.38		\$ 24,182,819.93
Total principal amount of enrolled debt for debts settled during reporting period	\$ 573,915.78	\$ 7,531,971.37			
Total settlement amount for debts settled during reporting period	\$ 263,762.52	\$ 3,999,457.62			
Total savings amount for debts settled during the reporting period	\$ 310,153.26	\$ 3,532,513.75			
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEAN	\$ 1,369,468.60	\$ 21,090,355.98	\$ 754,081.45		\$ 24,182,819.93
For consumers who completed a debt settlement program during the reporting period, savings per account (\$) - MEDIAN	\$ 495,528.11	\$ 343,413.93			
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEAN					
For consumers who completed a debt settlement program during the reporting period, savings per consumer (\$) - MEDIAN					
Debt remaining Active (for those still ACTIVE)					
Debt left unaddressed (terminated/cancelled)					
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee in \$)					
For consumers who completed a debt settlement program during the reporting period, fees paid to the Registrant (per consumer fee as % of savings)					
Number of accounts enrolled-mean	9.3	7.8	8.6		6.0
Number of accounts enrolled-median	9.0	7.0	7.5		5.0
Principal amount enrolled-mean	\$ 25,672.76	\$ 30,612.11	\$ 21,105.68		\$ 26,899.69
Principal amount enrolled-median	\$ 20,143.00	\$ 25,471.00	\$ 16,497.91		\$ 21,405.00

The percentage of consumers in each category below based on the amount settled (if any) versus the principal amount of debt enrolled:

	Only inactives	All in dataset
i. Settled 100% of their enrolled debt:	28%	10%
ii. Settled 0% of their enrolled debt:	63%	53%
iii. Settled up to 20% of their enrolled debt:	5%	15%
iv. Settled up to 21-40% of their enrolled debt:	2%	14%
v. Settled up to 41-60% of their enrolled debt:	1%	5%
vi. Settled up to 61-80% of their enrolled debt:	1%	2%
vii. Settled up to 80-99% of their enrolled debt:	0%	0%

Creditor Lawsuits after enrollment (note: if account is enrolled with a lawsuit already filed, it is excluded from this calculation):

Number and share of accounts with lawsuit			
No lawsuit	17,458		95%
Lawsuit	856		5%
Number and share of consumers with lawsuit			
No lawsuit	2,151		83%
1 lawsuit	266		10%
2+ lawsuits	187		7%

(1) Savings relate only to accounts settled and ignore accounts remaining active