

# CONSUMER WARNING



*From the desk of:*

***Christopher Viale***

*President & CEO*

*Cambridge Credit Counseling Corp.*

With the economy slowly starting to turn around, more and more people are looking for a quick fix to help them repair the damage done to their finances over the past few years. That's only natural - many of us wish the debt we've accumulated would simply go away. Unfortunately, there are a number of unscrupulous organizations waiting to capitalize on that hope, preying on vulnerable consumers looking for relief from their financial burden. I'm speaking, of course, about debt settlement companies.

A typical debt settlement message is designed to get you to believe that your debt problems can be eliminated by making a simple phone call. If you watch TV or listen to the radio at all, you've probably seen or heard these fraudulent ads. Some settlement companies market their "services" as a "Government Bailout Plan for Consumers" and feature images of the president and the White House. Most ads claim to cut your debt by 50% or more, miraculously erasing your credit problems - all you have to do is call and leave the rest to them. It sounds too good to be true (and it's not, of course), but when people are bombarded with the same message over and over again, it's hard not to believe.

The truth is that a typical debt settlement company is a for-profit business that employs salespeople who are paid commissions for convincing unsuspecting consumers to use their service. They are not affiliated with the government, in fact, there is no such thing as a consumer bailout. These companies offer no education and no support, only the promise that they will attempt to settle your debts. While you pay into an escrow account that will hold the funds used to propose your settlement, you can still be sued by your creditors and your credit will suffer additional damage as you continue to miss payments.

Since the start of the recession in 2007, the Better Business Bureau has received more than 3,500 complaints about debt settlement companies. According to the Federal Trade Commission (FTC), 65% of those consumers who left debt settlement programs did not receive a settlement on any of their accounts. This summer, the FTC enacted new rules to reign in the worst of the settlement industry's abusive practices, and the Commission's chairman, Jon Leibowitz, went so far as to warn that debt settlement companies use "a business model based on deceit."

Cambridge has been at the forefront of educating the public about the settlement industry's deceptive practices. I've been interviewed by several news agencies about this topic, we've distributed a number of press releases, and we've even created a video series specifically designed to let consumers know about the hazards of pursuing debt settlement. You can view these video segments for free on the front page of [www.cambridgecredit.org](http://www.cambridgecredit.org), and you can do your part in spreading the word about debt settlement companies simply by warning your friends and family members.

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Unfortunately, as you might imagine, some of our expertise regarding debt settlement has been learned directly through counseling sessions with people who've already been victimized. I've also spoken to current Cambridge clients who had been lured by a settlement company's sales pitch with promises of further reduced payments and a faster repayment term. Bear in mind, these were clients who were already well on their way to becoming debt free. When they joined our program, their interest rates had been reduced, their fees had been waived, and they had been set up with a monthly payment they could afford. But the settlement company promised more, and their message sounded so good – it had to be true.

Apparently, our warnings about debt settlement company practices didn't reach these clients in time. Now, after months of paying the settlement company's fees without having a cent paid to their creditors, they called us back, desperate for help. Unfortunately, it was too late. The damage had been done, and their hard work and commitment to paying down their debt safely and responsibly had all been for nothing. For this reason, I am determined to get this warning out to as many consumers as possible: **DON'T BE FOOLED BY THESE THIEVES!** I was quoted in a recent article in the Washington Post under the headline, "[New Rules Will Help Defang the Debt Settlement Snakes.](#)"

The fact is, there are no quick fixes to debt problems. There are no easy remedies, no one-size-fits-all solutions. Only you can change your financial future. That's a message you can believe.

Thank you for taking the time to read my important message. As always, I'm here for you and can be reached personally by phone at 800-527-7595, extension 5126, or by e-mail at [cviale@cambridgecredit.org](mailto:cviale@cambridgecredit.org).

Sincerely,

A handwritten signature in cursive script that reads "Chris Viale".

Christopher Viale  
President & CEO  
Cambridge Credit Counseling Corp