

Testimony of Holly A. Haas  
*Hearing on Debt Settlement Industry: The Consumer's Experience*  
April 22, 2010

Thank you, Chairman Rockefeller and Ranking Member Hutchison, for inviting me to speak with you today about my experience with debt settlement. I live in New Hampshire with my husband of 17 years. I have three sons, and one grandson. One son served proudly in the US Navy until 2009.

In June 2007, our credit card interest rates were increased. The credit card company told us our "debt to income ratio was too high" and that justified an increase even though we were current. These increases made it difficult to meet our monthly budget due to dramatic increases in our monthly payments. We were never late on our payments, but we needed help to reduce them.

In July 2007, after watching TV commercials on credit counseling, we started researching credit counseling companies on the internet, we found one in particular that was close to home in MA, Consumer Credit Counseling of America, (CCCoFA), and because it had "America" in the title, we thought we couldn't go wrong. We called CCCA and spoke with a man named Tom Roy who talked about "credit counseling"; but because of our credit card balances he persuaded us to do a "debt settlement". For a fee they could get us an Attorney, that they selected, who would work to settle our debts. In the end, we would pay 46% of our debt and a retainer of \$7,500. This would cut our credit card payments in half. 48 monthly payments would go into an account and would be used to pay the attorney

and the settlements. After trying to work with our creditors to no avail, this sounded like a better option for us.

On August 4, 2007, we received the contract, and sent it back signed along with our checking info for the installments. We were instructed by CCCA not to pay our credit card bills because the credit card companies would not negotiate settlements with current accounts.

By September, the collection letters and calls started, money was going into our holding account and the attorney Consumer Credit Counseling of America put us in touch with started taking his fees. The Attorney's name was Richard A. Brennan. We heard nothing from him so we researched our attorney on the internet. To our dismay, we found numerous serious complaints about him.

Afraid that we were being scammed, we called Brennan's Client Services number as instructed in the contract for questions, which we thought was Brennan's office staff, but turned out to be a totally separate entity in Boca Raton, FL. The person assured us that our case was being handled properly so we continued with Brennan to help us with our debt.

November 2007, we called Client Services due to collection threats. They no longer handled Brennan's cases and referred us to a number in Maryland that no one answered, the voicemail was always full. We called Client Services again who said the creditors agreed to settle our Credit card debt at 80%. In reality, nothing was done on our case and the attorney was still taking money from our account.

In February, 2008, we got a call from Howard Lee Schiff Law Office hired by Sears Credit. They were going to sue us. We told them that we had a lawyer and that they needed to contact them. We again called Client Services. The woman told us they no longer instruct clients of Richard A. Brennan, again giving us the contact information that gets you nowhere.

We decided to Google Brennan's name. The complaints were worse, the Better Business Bureau rated him with an F, and the AG of Maryland had reached a settlement with him to discontinue debt settlement practices but the Attorney was still practicing Debt Settlements. After learning this, we realized we had to stop working with him immediately.

We then faxed a letter to the bank that had the holding account and told them to stop all payments to Brennan and to stop all transfers. We immediately closed our checking account for fear they would still take the money out anyway. The next day, we sent a letter to the Attorney's office terminating his services.

On February 25, 2008, we consulted with an Attorney in NH to see if we could undo the damage that Brennan caused. We were now so far in default that we thought our only option was bankruptcy. At our consultation we found out neither Consumer Credit Counseling of America nor Brennan was licensed for Debt Adjustments in NH making our contracts with them illegal. He said we should formally complain to the AGs Offices in NH and MD and the NH Banking Commission, which we did. There is now an order to "Cease and Desist" in NH. The AG's Office in MD had Brennan disbarred from their State.

Our NH Attorney told us about Consumer Credit Counseling Service of NH and VT, a licensed, non-profit company that is affiliated with the credit card companies to help manage debt. We joined the program on March 10, 2008. In 6 months time we were about \$13K behind from where we started.

Our credit scores had gone from excellent to poor; All credit extended to us now is at a higher rate - if at all. Banks who once gladly financed our cars won't look at us. Insurance companies have given us higher quotes due to our credit history.

Debt Settlement companies are very misleading. They have no regard for State or Local Laws. Debt "Settlement" is much different than Debt "Management". As we now know, the Debt Settlement plan does extreme damage your credit and in our opinion they don't work and shouldn't exist.

In two years we have paid about \$32K toward our credit cards and now owe about \$34K. If we had started with a legitimate company first, our current debt would be about \$13K. We would have paid off our credit cards in April 2011. With our current payment plan we will be debt free October 2012.

Now we don't spend beyond our means; if we want to buy something, we save up first and we have not used credit cards since.