



STATE AND FEDERAL
SAFTI
TRANSPARENCY INITIATIVE



Disclosures Summary:

The following list of mandatory disclosures is the most comprehensive list available in the industry. We have spent a great deal of time combing through every known law enforcement action taken against companies in the debt settlement space and identifying the disclosures that were absent during the sales presentation. As you may or may not know, nearly all of the actions taken against our industry have been related to the impressions that the front-line agent gave to the consumer about the debt settlement program. The FTC believes that what your front-line agent says to the consumer supersedes even your service agreement and contracts.

The guidelines used to pursue the industry players involved in the lawsuits were taken from Section 5 in the FTC's code. This section involves deceptive marketing and sales practices. The main reason our industry is under such intense scrutiny from all sides is NOT the program itself per se, rather it's the way the program is marketed and communicated that is problematic. The subject matter of the complaints being addressed are very uniform in nature, indicating, upon closer examination, that the debt settlement program was misrepresented to the consumers in these cases. In other words, the debt settlement program was not the problem, but the way it was sold and communicated to the consumers was at the issue.

In an effort to understand what our contacts at the FTC were relaying, we undertook a broad sample (cross-industry) agent audit. The MSTARS' Compliance staff contacted nearly 200 companies acting as a consumer to better understand the trend of misrepresentation. Out of the test group which was represented by some of the most well known companies in the space, 98% of the companies failed the audits in significant ways. In a separate test, we conducted the same audits within our MSTARS membership group to create a contrast number. Out of the members audited, the results were exactly the polar opposite. 98% of the subjects passed the audit and made nearly perfect disclosures during their sales process. Here is the liability: If you have even one front-line agent misrepresent the program to a consumer and are issued a CID (Civil Investigative Demand), you will need to substantiate the claims made to consumers. If you cannot produce such evidence, regardless of the agent's experience and level of knowledge, you will be held accountable and potentially face a law enforcement action. The FTC and AG's point suggests that a hospital would never allow a doctor to perform surgery without the proper training and expertise, because if a patient were injured, the hospital would be liable. Therefore, any agent marketing or selling the debt settlement program needs to be highly skilled and trained prior to making even one call. Many data files are seeded by regulators and they will call on advertising both on and off line to test companies. (We have personally handled these calls when operating a debt settlement call center in the past.) If one of your agents is "shopped" by a regulator, they had better be 100% accurate in the description of the debt settlement option. There is no longer room for complacency in the industry and we exist to help you in these matters. MSTARS does not offer legal advice, but we understand the concepts which need to be relayed and can help you become aware of what should be said and how it should be said from a saleable point of view. If you have any questions regarding the following disclosures, please call or email training@mstarsinc.com

20 MANDATORY DISCLOSURES / CONCEPTS FOR EVERY CALL:

1. Complete fee disclosures and administration of the details to the penny. (How much are fees, when will they be paid, and what are they for).
2. Full and accurate credit impacts of the debt settlement program for the client.
3. Accurate percentage of savings, based on your actual internal client's experience with your program. (Remember, there are many variables involved that will affect this. If you can't substantiate it with every client, don't say it.)
4. Card closure and non-use of credit/credit cards (How and why the cards get closed. Cannot keep and use cards out of the program. This is not specific to your underwriting guidelines.)
5. All creditor legal remedies and legal risks associated with the debt settlement program. (And without giving legal advice, see below.)
6. Creditor calls disclosure. (They can and will call even if you have the LPA/PA and serve C&D. If you say they won't and they do, you have lied.)
7. Number of months in the program accurately described. (Must be substantiated. If you say 36 months and variables prevent this, you have lied. This cannot be based on industry statistics; it must be accurate to your average client and substantiated.)
8. Accurate timeframe to creditor contact on their behalf.
9. Accurate timeframe to first settlement.
10. Tax consequences and how to handle them (Without giving tax advice.)
11. Accurate description of alternative debt relief options.
12. No trigger words or deception. ("Pennies on the dollar", "Secret program", "Obama plan" "Loophole", etc...)
13. No legal advice may be given or insinuated unless the agent is an attorney licensed to practice law in that state.
14. No tax advice may be given or insinuated unless the agent is a licensed CPA.
15. Must not advise the client to stop paying their creditors directly.
16. Must not advise the clients to avoid contact with the creditors.
17. No promise of when credit will become 'remedied' or usable. No future scores quoted.
18. Full explanation of how the program works. (What it is and isn't, what your role is vs theirs.)
19. No overpromising and/or exaggerating the program effectiveness or results therein.
20. No emotional enrollments. Clients must make an educated decision based on sound advice and facts to enroll in the program.

Making this happen might sound difficult or even impossible, and practically speaking, it is why most sales centers simply read a quick bullet list and skim over the downside implications. Agents tend to candy coat the negative aspects of the program because they feel making disclosures will kill their sale. We've faced that challenge successfully, and is why our training program was developed. We have created a program that will teach your agents how to increase their closing percentages AND meet all the difficult disclosures at the same time, conversationally...and it works. Our techniques were deployed and honed in a world class debt settlement call center and were responsible for nearly 20,000 quality enrollments in just under 3 years, with a staff of 18 dayshift agents and 12 nightshift agents working 6 hour shifts. Outside of this, we have since trained hundreds of companies and their agents with our system and their results speak volumes. Our training director was a leader in the DSA and has developed strategies and presentations for some of the world's most elite direct selling companies. Learn more about Mr. Hearn at <http://www.mstarsinc.com/>