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**MADIGAN SUES FOUR DEBT SETTLEMENT FIRMS TO STOP  
ABUSIVE, DECEPTIVE PRACTICES**

Chicago — Attorney General Lisa Madigan today filed four lawsuits against debt settlement companies, alleging that the defendants are engaging in deceptive marketing practices, charging excessive fees and doing little or nothing to improve consumers' financial standing. Along with these suits, Madigan has proposed legislation that would crackdown on the industry's abusive practices.

"These companies are unfairly luring financially strapped consumers with misleading claims that they can effectively eliminate consumers' debt," Madigan said. "The reality is that, after enrolling in a debt settlement program, consumers too often find themselves in even worse financial straits. It's time to clean up this industry so that people struggling to pay off their debts aren't being sold a false bill of goods."

The Attorney General's Consumer Fraud Bureau has recorded a sharp rise in consumer complaints against debt settlement companies that claim they can significantly reduce consumers' credit card debt and provide them with an alternative to bankruptcy protection. Typically, after consumers enroll in debt settlement programs, the companies charge excessive upfront fees and advise consumers to stop paying their credit card bills. For the first several months, significant portions of consumers' monthly payments are applied to the debt settlement company's fees, making it difficult for consumers to save enough money to be used for settlement purposes. As a result of not paying their credit card bills for months, credit card companies add fees and penalties to consumers' credit card balances and often even begin collection efforts to recoup the debt, all of which puts the consumers in a worse financial situation. In many instances, while consumers were enrolled in debt settlement programs, credit card companies have sued the consumers to collect the balance on the consumers' accounts.

Madigan filed four lawsuits today in Sangamon County Circuit Court, challenging the deceptive practices. Madigan sued the following defendants:

- Clear Your Debt, LLC, Swiftrock Financial, Inc., Orion Processing, LLC, and two managing members, Derin Scott and Shannon Scott. The defendants operate the businesses in Austin and Lago Vista, Texas;
- Endebt Solutions, LLC, d/b/a DebtOne Financial, based out of Long Beach, Calif.;
- Debt Consultants of America, Inc., and its owner Robert J. Creel of Dallas, Texas; and
- American Debt Arbitration of Clearwater, Fla., ADA President and Director Glenn P. Stewart, and Phoenix-based Nationwide Asset Services, Inc., NAS President and Director William Anderson, and Secretary and Director Gary K. Brown.

In each case, Madigan's complaint alleges that the defendants have violated the Illinois Consumer Fraud and Deceptive Business Practices Act by misrepresenting the services they can provide to consumers and the impact that those services will have on consumers' credit. Each complaint asks the court to enter a permanent injunction barring the defendants from engaging in debt settlement in Illinois and order the defendants to pay restitution for aggrieved consumers, civil penalties of \$50,000 for violating the Consumer Fraud Act, an additional \$50,000 penalty for each violation committed with the intent to defraud, as well as a \$10,000 penalty per violation committed against a person 65 years or older.

Assistant Attorneys General Melodi Green, Philip Heimlich, and Rebecca Pruitt are handling the cases for Madigan's Consumer Fraud Bureau in Springfield.

Today's lawsuits are part of the Attorney General's ongoing efforts to help consumers who face crippling credit card debt amid the economic downturn. Last month, the Attorney General introduced legislation to end abusive and unfair practices used by the debt settlement industry that wreak havoc on financially strapped consumers. The proposed bill, HB 4781, would prohibit debt settlement firms from charging upfront fees, basing final compensation on the amount saved from settling a debt and advising

consumers to stop paying their creditors. Rep. Marlow H. Colvin (D-Chicago) is sponsoring the bill in the House, and Sen. Jacqueline Collins (D-Chicago) will sponsor the bill in the Senate.

Along with enforcement and legislative efforts, Madigan's office conducts outreach to educate consumers on how to avoid deceptive debt settlement companies and find legitimate financial assistance. Madigan encourages consumers in financial trouble to consider credit counseling instead of debt settlement services. The Attorney General advises consumers to look for credit counseling services that charge modest fees and provide true financial and budget counseling based on a consumer's personal circumstances.

Madigan provided the following tips on choosing a credit counseling service:

- Find a legitimate credit counseling firm in your area by visiting the National Foundation for Credit Counseling at [www.nfcc.org](http://www.nfcc.org).
- Check with the Illinois Department of Financial and Professional Regulation at [http://www.idfpr.com/dfi/ccd/licensees/Debt\\_Management\\_Licensees.HTM](http://www.idfpr.com/dfi/ccd/licensees/Debt_Management_Licensees.HTM) for a list of credit counseling companies licensed in Illinois.
- Before agreeing to any credit counseling service, ask for and review the terms and conditions of the service in writing. Ask about all fees – the amounts, whether they must be paid upfront, if they are refundable – and ask for a description of the exact services that will be provided.
- Check with the Attorney General's Consumer Fraud Hotline and the Better Business Bureau to determine if any consumers have filed complaints against the company. Visit [www.illinoisattorneygeneral.gov](http://www.illinoisattorneygeneral.gov) or call:

**Chicago Consumer Fraud Hotline:** 1-800-386-5438

**Springfield Consumer Fraud Hotline:** 1-800-243-0618

**Carbondale Consumer Fraud Hotline:** 1-800-243-0607

**Spanish Language Hotline:** 1-866-310-8398

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