

How I Beat The Debt  
Collectors At Their Own Game  
and Made Them Settle a  
\$4,283.05 Credit Card  
Account For \$500.00 Cash and  
I Have The Court Documents  
To Prove It

## The Real Debt Solution

The Secret To Getting Out Of Debt Faster!

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By Steven A Williams

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# **Your Debt Can Make You Do Things You Wouldn't Normally Do...**

## **Burden of Debt Weighed on Family in Murder-Suicide**

Published: January 28, 2009

LOS ANGELES — Ervin and Ana Lupoe had planned to move closer to family in Kansas to weather the financial storm their lives had fallen into. But a bounced check to the Internal Revenue Service last week may have changed those plans, police detectives said Wednesday, digging the couple deeper into mounting mortgage debt. Instead of building a new life, Mr. Lupoe killed his wife and five children hours before shooting himself in the head on Tuesday morning.

### **Caught in debt trap, man kills family & self**

Burdened with debt, a man murdered his wife and two children and then killed himself in their flat in Pimpri this morning. Vijay Poojari (50) strangled his wife Sudha (40), daughter Prerna (18) and son Pratik (10) before hanging himself, the police said.

### **Father Kills Self, Family Over Debt**

#### **Police: Father Kills Himself, Wife, Children Over Gambling Debt**

A man who came home from Las Vegas distraught over gambling debts killed his pregnant wife and three children, then shot himself to death, police said today.

A maid found the bodies in their beds in the family's neat brick home in this Detroit suburb shortly after noon.

A suicide note left open and held down with salt and pepper shakers was found on the kitchen counter.

In it, 42-year-old Jihad Hassan Moukalled expressed remorse about gambling debts and "clearly indicated he was sorry he had to take the lives of his wife and children," Police Chief William Dwyer said.

## **Father Kills Family Over Loss of Job**

Wed, Jan 28, 2009

CNN is reporting an unbelievable tragedy this morning out of Los Angeles, Ca. The grisly details of a man and his wife who lost their jobs with Kaiser Permanente stain the consciousness of us all as the unemployment numbers continue to climb. The man killed his family of 5 children including two sets of twins ages 5 and 2, an 8-year old daughter and his wife. The seemed to carefully plan his moves as he sent a fax to the local TV station and called 911. The note he left behind detailed the employment dilemma he and his wife were experiencing.

## **Jobless man kills family over financial woes**

7 October 2008

An unemployed California man shot and killed his wife, three children and mother-in-law before taking his own life over his family's financial difficulties, police said. Los Angeles Police Department deputy chief Michael Moore said the gunman, 45, shot his wife, 39, her mother, 70, and three sons aged 19, 12 and 7 at their home in an up market suburb of Los Angeles.

## **Illegally Used Government Issued Credit Cards to Pay Her Debts**

Former Staff Major Sheila Brian, 34 years old found herself buried in credit card debt, automobile debt, gambling debt and a excessive shopping habit. Her solution was to use government issued credit cards to pay her personal bills, continue her gambling and shopping habit. She ended up spending 14 months in jail and was discharged from the military. She spent over \$100,000. +

## **Mom Committed Suicide over Gambling Debt**

Evon Pavey of New Albany, Ohio a house wife that ended up in severe credit card debt even though she didn't have a job. She used the money from the credit cards to finance her excessive gambling habit. Upset about the financial situation she had placed her family in, she committed suicide by driving her blue Mercury Tracer into a lake.+

## **College Student Commits Suicide over Credit Card Debt**

Shaun 18 year old student at the University of Texas at Dallas found himself buried in student loan debt and over \$12,000 in credit card debt. Overwhelmed by the calls from the debt collectors Shaun committed suicide by hanging himself at his parents house. His mother stated that the debt collectors are still trying to collect the credit card debt even though she is not responsible.+

## **Son Kills Family over Debt**

Peter Bellington, College Dale, Tennessee studied psychology in college found himself in serious student loan debt, credit card debt and automobile debt. On May 20, 2002 Peter's parents informed him that they were not going to help

him with his debt problems anymore. After arguing with his parents Peter went up stairs and got a 9mm pistol and shot his father, mother and sister to death.+

## **My Story...**

After leaving the US Army in 1990 I really didn't know what I was going to do as a career. I left the Army with about \$1,500 and a car that was paid off. The job that I had in the military wasn't going to help me on the outside. There are not too many companies looking to lob mortars at their competition.

I did leave with a great level of discipline that I didn't realize until later in my life. Soon after I met my wife and we were married and moved up North for a better life. With my high school diploma and my 3 years military experience I landed a huge security guard job. Paying me \$356.84 every two weeks, that's about \$6.25 per hour.

We lived in a one bedroom studio apartment with our two daughters, they took the bedroom and the living room was our bedroom. It was a struggle but we just never stopped thinking positive.

My wife and I tried several business opportunities to bring in more money but they all failed. We still didn't quit! Sometime around the winter of 1991 my wife signed up for an internship with the NAACP to help them raise money for their Freedom Fund. This is the money they raise to help with operations throughout the year.

Even though my wife wasn't paid for the work, the experience has been worth many millions of dollars to our family. While working with the NAACP we found a need that wasn't being met in the market.

We didn't have any other business experience or money to invest but we saw the need and we decided to go for it. All of our friends and family thought we were crazy. Some of them laughed at us.

But it didn't matter they weren't going to pay our bills and we needed to make some changes. Soon after we started our business and the first week was a disaster! Most people would have quit after what happened but we didn't...quitting was an option. As we look back on that disaster we laugh about it because it really wasn't a big deal. By the way that little story will help you with your debt problem. Your financial problems are just that financial problems...they don't define you. You define who you are, but that's easier said than done because everyone judges us by our pocket book, automobiles and neighborhoods.

After working our business for 8 months I was able to quit my high paying security guard job and within 3 years we were bringing in over \$200,000 a year. Wow what a life change. We purchased our first home a year later and in 1994 we moved to a 20 acre farm in the country.

And that's when everything started to change my wife started a horse showing and breeding business. I continued to run our publishing company. We were making even more money but we were also spending more money. We ended up spending more money than we brought in. It's not hard when you start to get all types of credit cards we had several vehicles at least 5 at one time.

With our household bills, business bills, insurances, farm upkeep, etc. We were just spending too much money. In about the winter of 1994 everything started to really add up big time. We had a vehicle repossessed, we were behind on several credit cards and we were still just spending our money instead of saving.

We thought we were bankrupt but we didn't file bankruptcy. So we made one big decision that really changed our lives for the better. That big decision was to pay cash for all of our Christmas gifts. If we didn't have the cash we didn't get it. We also told our family that we were cutting back and we were quite surprised with the response. They said ok. No complaints at all. Wow...all this time we thought

we had to keep spending money to make us and everyone else happy, but we didn't... we could stop and everything would still be ok.

The debt collectors started calling, lawyers started sending letters threatening lawsuits. Some of the debt collectors that called were very rude. They made all types of threats to take our cars, bank accounts you name it they said it.

This is the game they play to make us think we only have one choice and that's to pay them what they want. But that's not true and as you read you'll see that you're really the one that has all the control.

So on December 26, 1994 we had did something that we had never done before. We didn't have any more added debt. We didn't use credit cards to buy expensive gifts. We only used cash. Even though we weren't debt free at that time we still had a feeling of relief because our financial situation was the same instead of worse after a major holiday.

Everyone was happy with their gifts. Our friends and extended family was happy. At that time we didn't have a plan like the one I'm giving you. You're going to get over 15 years worth of my personal experience on how to deal with your debt. At that time we thought it was best to save money and pay off our debt slowly. After a few years of doing that we saved a lot of money but our debts were still there. So the next step we started paying off debts with some of the cash we had saved.

We would save \$10,000 so we would use \$5,000 or \$6,000 to pay off some debts. This wiped away huge debt but it still would take too long. Not to mention we didn't offer any settlements to pay less for a huge cash payment. We should have offered settlements to our creditors.

There were still some other issues that we had to work out. A lot of our debt problem was our mindset about money and spending. I think I have perfected a system to help families get out of debt. Please pay close attention to everything in this manual. Don't skip a section because you'll need to know something about each subject to ensure your success.



5. What do you believe could stop you from realizing your financial goals?

6. Please write down exactly what would be your perfect day. Don't leave anything out. Write your perfect day in a story format. Include the time you would wake up each day, exactly what you would do such as: workout at the gym or your home gym. What type of house would you live in? What type of car would you drive? What type of breakfast would you eat? Would you take your kids to school? Would you home school your kids? Would you and your spouse take a morning job, evening walks? It doesn't matter what your current situation is – just imagine that you have the perfect life and write down how you would image it to be. There is one rule...your perfect day must be a life you could live that would put your life in danger, such as drinking from morning till night every day. You must not get bored with the day. So write down a perfect day that you could live the rest of your life. Include work and play.

# Learn Why You Are In Debt

1. Why do you believe you're having financial trouble?
2. Do you have a habit of spending every dollar you earn?
3. Of all of the material items you spend money on, including furniture, clothing, automobiles, property, etc. How much do you own out-right? (no longer paying payments on.)
4. Of those material items what has an appreciative value? Such as real estate.
5. Do you have an emergency fund of cash?
6. Are you serious about getting out of debt?

7. Describe your family?

8. What type of job or business do you have?

9. How would you feel if you had no more debt?

10. What would you do with the extra money that you use to make monthly payments with?

After you've answered these questions see if they match up with your personal and financial goals. Maybe you've learned something about yourself if you've been honestly answering the questions.

# How To Set-up A Budget

Budget, budget, budget the word that we've probably heard from our parents and teachers but we don't stick to a budget because most of our parents and teacher's didn't stick to a budget either.

Government officials preach about budgets but they have a hard time sticking to a budget. There are plenty of examples of people, churches, organizations, businesses and government agencies that have problems sticking to budgets.

So why do we have budget problems? I think it's because of the type of economy we live in. Our economy trains us to have increase and that staying flat is bad. So if we don't continually get a better car, bigger house, more material items we start to feel stuck, depressed or bored with our lives.

The good news is that you don't have to feel stuck, depressed or bored with life if you don't continually increase. The bad news you must continually increase to have a full and comfortable life! There's only one way to balance this and that's to live below your means and pay off your debt. So you'll have money to do the things you really want to do.

The easiest way to start putting your budget together is to grab your check book or all of your bills and start writing them down in this order. (If you have Microsoft Excel it's a great program to use for budgeting.)

1. Write down all of your bills that creditors are sending you in the mail or online. These are car payments, electric bill, mortgage payment, credit cards, cable TV, cell phones, insurance, etc.
2. Write down all bills that are not monthly. Such as: life insurance policy might be quarterly or semi-annual. Property taxes or taxes that you might pay quarterly or semi-annual.
3. Add up the total balance of all of your outstanding debt such as cars, mortgages, credit cards, loans, etc. (do not include electric bills, cable tv, cell phones.) By the way that's the amount of debt you're in right now.

4. Add up all of your monthly expenses.
5. Now here's the hard part, minus your net take home pay from your monthly expenses. Are you upside down? Do you have any money left? Are you breaking even?

Congratulation you've just done part one of setting up your budgeting!

## How To Set-up A Fool-proof Debt Elimination Plan

You've probably heard several ways that you should pay off your debts. Some advise paying off the one with the highest interest. Some advice paying off only credit cards and leaving your automobile and mortgage as they are.

The most successful way to pay off your debts is to pay off from smallest to largest regardless of your interest rate. The reasoning is because you'll see small successes. Remember I said that most of getting out of debt is about mindset. If you don't see some victories over your debt you'll get discouraged and quit.

When you pay off your smaller debts you'll start to gain momentum and confidence.

So I would like you to start paying off your smallest debt as fast as you can and after you pay it off apply that payment to your next smallest debt.

Example:

Credit Card 1	\$50 monthly payment
Credit Card 2	\$75 monthly payment
Car Payment	\$350 monthly payment

You will pay as much as you can to credit card 1 until it's paid off. Let's say for example you paid \$100 per month to credit card 1. That's the \$50 minimum payment plus an extra \$50 per month. After you pay off credit card 1 you would have \$100 extra to pay towards your next smallest debt.

Then your next step is to apply the extra \$100 towards credit card 2. That would make a payment of \$175 per month. \$75 minimum monthly payment plus the extra \$100 from credit card 1's former payment. After pay off credit card 2 you would have \$175 extra to apply towards your car payment.

Instead of paying the \$350 monthly payment you would pay \$525. I know what you're thinking..."I can apply extra towards all of my payments and get rid of them all earlier at the same time."

Wrong!!! I must admit I thought that it could work better that way, but it really doesn't. We all need the small victories. Small victories occur when you pay off a debt and it's gone forever.

So follow the plan! If you need more encouragement drop me an email at [sawilliams@therealdebtsolution.com](mailto:sawilliams@therealdebtsolution.com)

## **The Correct Way to Make Settlement Offers to Your Creditors**

Probably everything you've seen about making settlement offers to creditors has been wrong. You can offer to settle any debt you have. It doesn't matter if you're current with your payments. Most creditors appreciate if you're upfront with them about your situation because it saves them a lot of time trying to call and figure out why you've fallen behind on your obligation(s) to them.

Every company is different so you need to contact their customer service department and ask which department handles "Hardship Settlements". The name of the department differs from company to company. You might have to

explain a little bit about your situation and they will forward you to the appropriate department.

**DON'T OFFER TO MAKE A SETTLEMENT IF THEY ASK WHAT YOU CAN PAY NOW! I REPEAT DON'T OFFER TO MAKE A SETTLEMENT IF THEY ASK WHAT YOU CAN PAY NOW!**

**BUT YOU CAN LISTEN TO THEM MAKE A SETTLEMENT OFFER TO YOU IF THEY ARE AUTHORIZED TO MAKE ONE. IF THEY MAKE AN ATTRACTIVE SETTLEMENT OFFER AND YOU HAVE THE CASH TO PAY IT. HAVE THEM SEND IT TO YOU IN WRITING. IF EVERYTHING MATCHES WHAT THEY SAID USE A MONEY ORDER OR CASHIERS CHECK TO PAY THEM AND IN THE MEMO SECTION PUT PAID IN FULL FOR WHAT EVER THE ACCOUNT IS FOR ALSO WRITE IN THE ACCOUNT NUMBER.**

**MAKE PHOTO COPIES OF THE CHECK OR MONEY ORDER, THE LETTER THEY SENT YOU AND KEEP IT IN A SAFE PLACE.**

**MAIL THAT BACK TO THEM WITHIN THE TIME ALLOTTED AND CONGRATULATION YOU'VE JUST MADE A SETTLEMENT.**

But most companies won't make a settlement offer at the beginning. They will forward you to the department that handles the settlements. Now keep in mind that some creditors won't allow settlement offers unless you are behind on your payments.

If that's the case just move on to another creditor, remember the first step is to find out who will accept settlements and how you'll have to submit them. Because you're reading my workbook you probably don't have the money to offer a settlement right now so this is just a fact finding mission to prepare for making settlements in the future.

## **WARNING: AVOID THESE TYPES OF COMPANIES/SERVICES AT ALL COST:**

- ***Debt Consolidation Companies***

According to national studies\* done on debt consolidation 70% of American's end up in worse shape that they started in when consolidating their debt. They are enticed with promise of one smaller monthly payment to pay off all of their debt.

In my opinion this doesn't solve the problem with the accumulation of debt. Most of their clients start accumulating more debt as soon as their balances are transferred to the debt consolidation loan.

The other problem with debt consolidation is that most debt consolidation companies never make clear to their clients is that they are actually making their uncollateralized debt collateralized with their property. In other words if for some reason you find yourself in a bankruptcy situation you'll lose everything because you've made all of your unsecured debts secured.

It will also take a lot longer to pay off your debt and you'll pay a portion of your monthly payments to the debt consolidation company. In some cases there

have been problems with the debt consolidation companies sending the payment to the creditors. (Source: according to Viale's Statistical data)

## ● ***Debt Elimination/Negotiation Services***

Because so many people have failed in trying to consolidate their debt, so called debt elimination / negotiation services have been popping up making all types of promises to either magically eliminate your debt or negotiate your debt down.

I've actually investigated these companies and they are leaving a path of destruction across the country. These companies are so bad they usually go out of business and change their name after a year.

They entice customers with radio and TV commercials promising to eliminate or negotiate their debt down. Well after calling several of these companies this is what I found out.

### ***Debt Elimination***

This is where they try to use the threat of legal action to lender or debt collector. This is an old trick that has been recycled for decades.

In cases where the lender is involved they try to use a loophole in the law that states that the lender illegally signed your signature for funds to lend money to you or to make a loan to you for an item. Technically this is what happens but it is totally legal and you'll lose in court and end up paying more in legal fees and court cost.

Yes there has been some victories using this action but they don't tell the true story leading up to the events. The few that have won in court or had their cases dismissed by the creditor was due to loss of verifiable paperwork that was signed at the time of the original loan.

In the case of a debt collector they try to use a loophole which is part of the ***Fair Debt Collection Law***. In summary it states that you owe the debt to the

original lender and if it is sold to a debt collector you have the right to contest the ownership of the debt. I have personal experience with trying to use this technique in court. By law the debt collector assumes the right of ownership if they purchase your debt from the original lender.

You do have the right to request all documentation that verifies that they actually own your debt and have a legal right to try to collect it. **NOTE:** you should always verify this if called into court, **NEVER, NEVER, NEVER** admit to a debt without the collector providing the appropriate documentation proving that you own the debt.

You need to have them provide the documentation because they might not really have a true release of the debt from the original lender and you could end up paying the debt twice. They might not have the legal documentation and the judge will dismiss your case automatically.

## ***Debt Negotiation Companies***

This is where they try to negotiate your debt down. The debt must be unsecured such as credit card debt. I also did some personal investigating of these companies. They are destroying people's credit rating and making them break the law.

This is so incredibly illegal I can't believe people have been willing to do this. This is a summary of my call:

**Operator:** thank you for calling \_\_\_\_\_ Negotiation Company. Can I get your name?

**Me:** Brett

**Operator:** how much credit card debt are you in?

**Me:** \$15,000 (I just picked a number out of thin air.)

**Operator:** Brett we can cut your credit card debt in half, but for most of our clients we can negotiate a payment to pay it off.

**Me:** that sounds great how can you do that?

**Operator:** Brett what is your monthly payment to your credit cards?

**Me:** about \$700 per month (another number I picked out of thin air)

**Operator:** Brett we have a team of lawyers that will work on your behalf to negotiate with the credit card companies to pay off your credit card debt.

(Notice she went from negotiating half to paying off)

**Me:** that sounds great how do you do it?

**Operator:** I need to forward you to of our lawyers on staff.

**Me:** ok

**Lawyer:** hi Brett my assistant mentioned you wanted to get help negotiating a smaller amount to pay off your credit card debt.

**Me:** yes how can you do that?

**Lawyer:** Brett your payments are \$700 per month, instead of paying your credit card payments to the credit card companies you'll pay them to an account setup by our firm. After one year we'll take that money and offer the credit card companies a settlement.

**Me:** why would they accept that?

**Lawyer:** because we are going to say you have a hardship.

**Me:** how do you establish that?

**Lawyer:** we do that be not having you pay them for a year.

**Me:** won't they call me demanding payment?

**Lawyer:** yes

**Me:** won't that ruin my credit?

**Lawyer:** yes

**Me:** isn't this illegal to do?

**Lawyer:** hang up phone

Here's how these companies are ripping off hard working American's. They know that if someone is having problems making their monthly payments they will most likely have problems making the monthly payment to them. They are playing a numbers game. Their first goal is to get the initial payment from you and as many payments as they can get until you drop out of the program.

They also don't tell their clients that if they drop out they don't get their money back. If the clients makes it one year of having the debt collectors calling their home, their neighbors, their job, suing them in court and dropping \$700 per month into an account. That doesn't guarantee that the creditor or debt collector will accept the payment, also the negotiation companies has lawyers to pay that aren't going to accept a small payment this will actually hurt your chances of a real settlement. Debt Elimination / Negotiation is very risky!

## **How to Make Your Creditors Settle For Pennies On the Dollar**

Ok here's the meat and potatoes of debt settlement offers. I have unique experience on both sides of the fence. I've been in the situation to have to make settlement offers for debts I once had and I've been on the other end of accepting settlement offers from businesses that owed me money.

I think the number one mistake most people make and I made it too was to get into an adversarial position with the creditor/debt collector. Communication is KEY when trying to work out debt settlements.

Think about it this way if someone owed you money would you like them to avoid you or to at least tell you what's going on?

Of course you would want an open line of communication.

**BUT!!!!!!!!!!!!!! WHEN DEALING WITH DEBT COLLECTION COMPANIES YOU NEED TO BE VERY CAREFUL. YOU ONLY WANT TO DEAL SPECIFICALLY WITH MAKING A SETTLEMENT OFFER. THEY WILL TRY TO BAIT YOU INTO TALKING ABOUT YOUR FINANCIAL SITUATION, IF YOU HAVE CREDIT CARDS WITH OPEN BALANCES, HOW MUCH MONEY YOU HAVE IN THE BANK, RETIREMENT ACCOUNTS, ETC.**

**DON'T GET INTO THOSE TYPES OF FISHING CONVERSATION WITH THEM. THIS WILL BRING DOWN YOUR DEFENSES BY TALKING ABOUT YOUR FAMILY, WORK, FRIENDS, ANY AND EVERYTHING THEY CAN THINK OF TO GET MORE INFORMATION ABOUT YOU TO ADD INTO THEIR DATABASE.**

**AGAIN YOU ONLY WANT TO TALK ABOUT MAKING A SETTLEMENT AND YOU NEVER GIVE THEM THE AMOUNT MAKE THEM GIVE YOU AN AMOUNT TO START WITH.**

Regardless of their offer always try to go down a little bit more. Why? Because they will have the feeling that they could have ask for more. You need to make it like its stretching to pay what they offered, plus what if they say yes. You **SAVED** some more money!

Review: My 10 Don'ts

- Don't fall for these commercials promising to eliminate your debt.
- Don't call a creditor about a settlement if you don't have money to settle.
- Don't settle making monthly payments unless it for your transportation or house.
- Don't trust them with their words, always get it in writing.
- Don't send a check from your account and never give your account numbers to checking or credit cards over the phone or in the mail when settling an account. Use money orders or cashier's checks.

- Don't forget to put in the memo section of the cashier's check or money order the account number, paid in full for the specific account you're settling.
- Don't forget to include the settlement letter from the creditor/debt collector (which should be on their official company letterhead) with the cashier's check or money order.
- Don't forget to send the payment back in the allocated time specified for the settlement. This is a trick that debt collector's use when they find out you might have more money for them to take. They'll allow you 10 to 20 days to send payment during that time they are trying to find out if you have more money and if you do they will hope that you'll miss the deadline.
- Don't forget to send it certified mail. This will ensure that you have evidence that they received it and by whom if they try to change the game.
- Don't forget to photo copy the letter, cashier's check or money order and any other documents pertaining to the settlement and **SAVE IT FOREVER!**

## Exactly How I Made the Debt Collectors Settle \$4,283.05 For \$500

As you'll see I made them prove everything. That's something that I learned from watching court proceedings. It's not all about guilt or innocence it's about what can be proven. Also when it comes to debt collection attorneys these guys are in the business of settling.

They absolutely hate going to trial! They'll do anything to settle before getting to that point. They understand that trials take up time, money and more importantly they could lose!

You can follow exactly what happened to me by looking over the court documents. This debt was an old Citibank Visa card that I had closed and actually forgot about back from 1990. I didn't have the money to pay it back then and when I moved I didn't have a forwarding address. It took them 15 years to find me.

My experience with this debt collection agency actually inspired me to want to help people in bad financial situations.

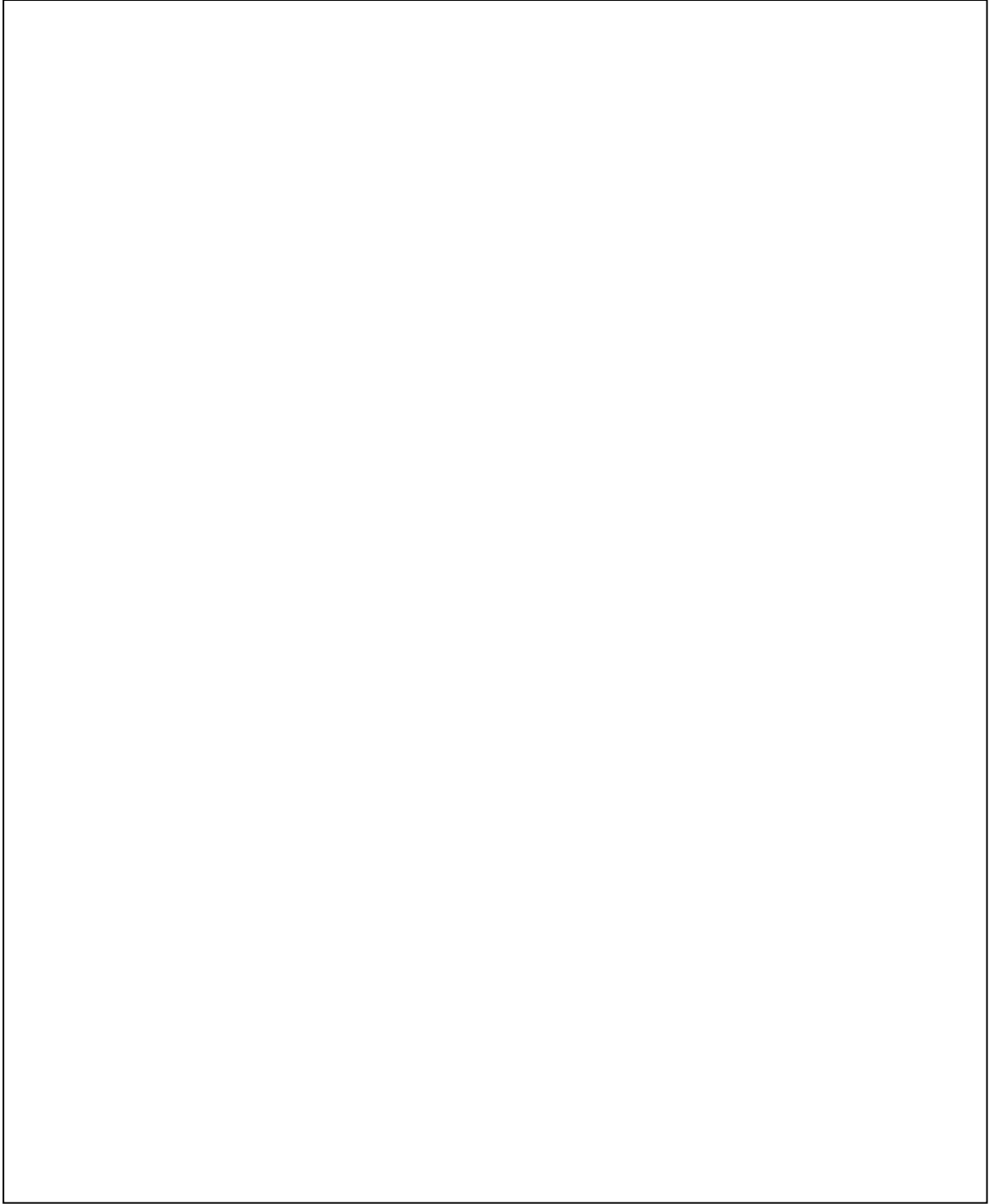
As you read the court records you'll notice that they changed attorneys. This happened because I asked questions that the "Robot" attorney couldn't answer. The "Robot" attorney is the order-taker. He/she will probably never participate as a lead attorney in a trial because they don't have confidence in themselves.

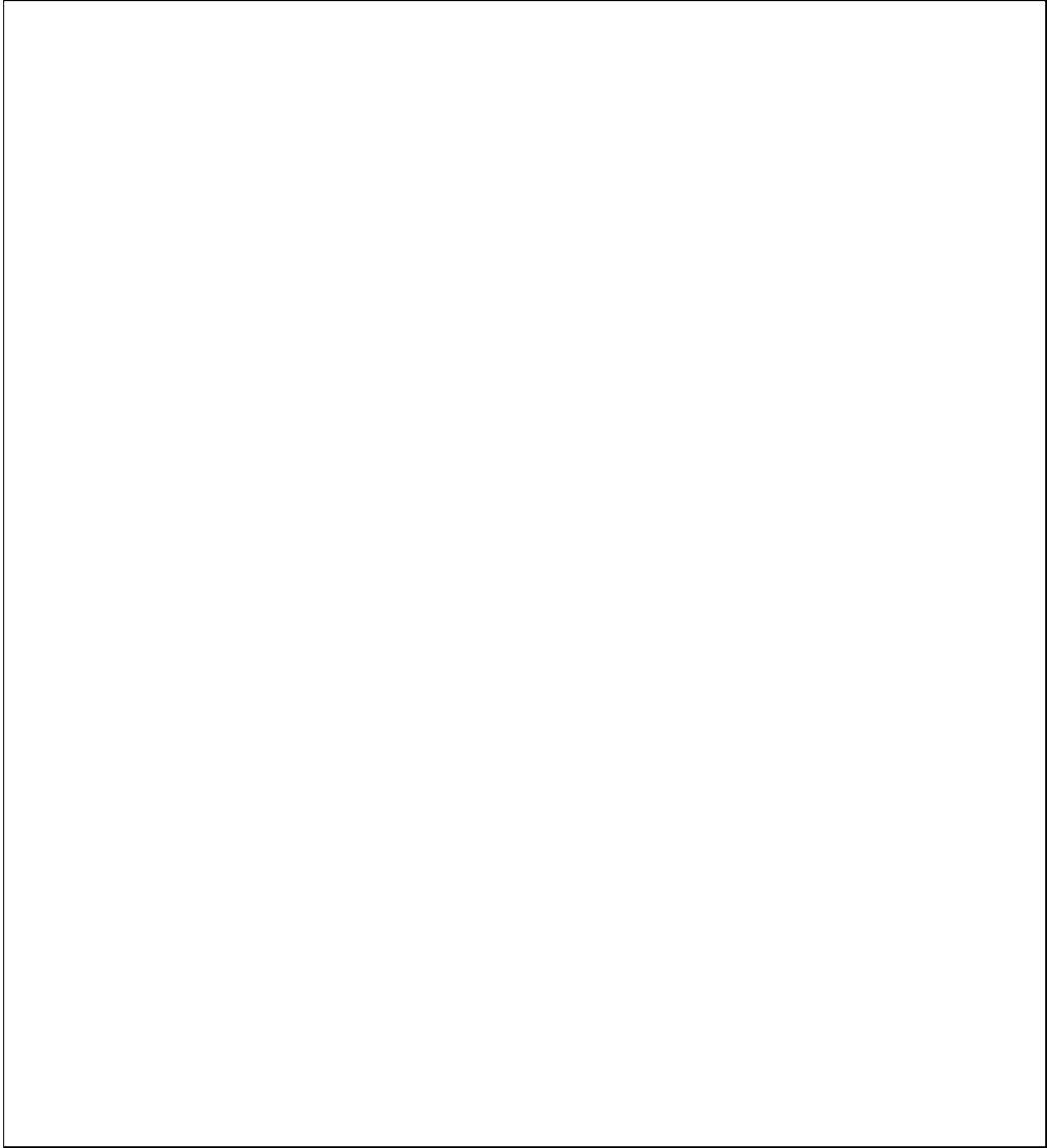
Basically their job is to show up to judgment hearings. The defendants rarely ever question any evidence and the judge usually gives the defendant a judgment. The "Robot" attorney basically reads the small claims complaint and the tries to work something out with the defendant.

But I didn't just follow the template I asked questions, I asked questions to make them prove their case. The "Robot" attorney immediately started stuttering and sweating. When the judge took his eyes off of me and over to him it seemed like everyone in the court room was waiting for him to answer my question.

If I knew what I know now...I should have motioned to 'Dismiss' the case. I would have gotten it. But I didn't and the judge allowed the plaintiff attorney more time to gather documents.

That was the last time I saw the "Robot" attorney and they sent in one of the lead partner attorneys of the firm.





## Wisconsin Circuit Court Access (WCCA)

Great Seneca Financial Corp Assignee of Ncop Capital Inc vs. Steven A Williams

### Kenosha County Case Number 2005SC003750 Court Record Events

[What is RSS?](#) 

	Date	Event	Court Official	Court Reporter
1	10-17-2005	Summons and complaint		
2	10-17-2005	Filing fee paid		
		<b>Amount</b>		
		\$ 85.00		
3	10-26-2005	Receipt		
		<b>Amount</b>		
		\$ 2.00		
		<b>Additional Text:</b>		
		05R 033792 - mailing fee. SG		
4	10-26-2005	Attempted service		
		<b>Additional Text:</b>		
		S&C returned to Clerk of Court to issue AOM. SG		
5	10-26-2005	Affidavit of mailing		
		<b>Additional Text:</b>		
		of S&C w/RD of 11/15/05 at 1:30 pm issued by Clerk of Courts Office. SG		
6	11-15-2005	Return date	Plous, John C.	
		<b>Additional Text:</b>		
		Plaintiff appears by Attorney James A. Day of Rausch, Sturm, Israel & Hornick Law Firm. Def appeared Pro Se. Def Denies Complaint & Hearing before Commissioner Plous set for 1/13 9am. Need Answer by 12/1. Review on 12/6.		
7	11-15-2005	Contested	Plous, John C.	
8	11-29-2005	Answer and affirmative defense		
		<b>Additional Text:</b>		
		Plaintiff's Reply w/ Affirmative Defenses to Defendant's Counterclaim filed		
9	12-06-2005	Review	Plous, John C.	

Court Record Events for 2005SC003750 in Kenosha County

10 12-29-2005 Notes

**Additional Text:**

Plaintiff's atty will notify us to request a court date change.

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11 01-10-2006 Notes

**Additional Text:**

Rec'd call from Atty for Pltf requesting adjournment from 1/13/06 to 3/09/06 to prepare for counterclaim. Pltf's attorney to file a letter w/ the court.

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12 03-09-2006 Return date

Plous, John C.

**Additional Text:**

Plaintiff appears by Attorney James Day. Defendant(s) appeared pro se. PL atty to inquire of PL if matter can be dismissed w/ prejudice if DE dismisses his counterclaim w/ prejudice. Internal review set for 30 days - . If no STAO filed w/ court, matter will be set for trial with notices sent.

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13 03-09-2006 Other papers

**Additional Text:**

Counterclaim filed.

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14 03-09-2006 Contested

Plous, John C.

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15 03-27-2006 Other papers

**Additional Text:**

Plaintiff's Reply to Counterclaim with Affirmative Defenses.

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16 04-13-2006 Review

Plous, John C.

**Additional Text:**

No stip and order filed - court trial to be scheduled with notices to be sent to both parties.

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17 04-13-2006 Judicial transfer

Warren, Wilbur W., III

Leibhan, Janet M

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18 04-13-2006 Notice of hearing

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19 04-26-2006 Notes

Warren, Wilbur W., III

Leibhan, Janet M

**Additional Text:**

Letter from Attorney Robert Hornik (represents the Plaintiff) informing Court he is not available for Court Trial on 5-11-06 at 8:30AM. Branch 5 Clerk got both Attorney Robert Hornik and Defendant Steven Williams on the telephone. All parties agree to reschedule Court Trial to 7-24-06 at 10:30AM. Attorney Robert Hornik will put this information into letter and send to Court and Defendant. cm

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20 06-21-2006 Response/reply

**Additional Text:**

filed by Defendant.

Court Record Events for 2005SC003750 in Kenosha County

**Additional Text:**

Appearances: Attorney Robert Hornik for the Plaintiff and Defendant Steven Williams in person (Pro Se). Clerk C. Mosey. Minutes: Attorney Hornik and Defendant Steven Williams went into Conference Room to talk. Agreement reached and put on the record. Defendant to pay within 10 day \$500.00 to the Plaintiff and upon doing that the Claim and the Counterclaim BOTH will be dismissed with prejudice and no costs to either party. Case to be dismissed in 10 days. If Defendant defaults on the agreement the Plaintiff can take Judgment for the full amount without further notice. cm

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22	07-31-2006	Judicial transfer	Kluka, Barbara A.
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23	08-08-2006	Notes	Warren, Wilbur W., III	Leibhan, Janet M
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**Additional Text:**

Branch 5 Clerk called Attorney Robert Hornik's Office to see if the agreement has been kept. Attorney not in but his secretray will have him call Branch 5 Clerk. Message left on Branch 5 Clerk's answering machine that agreement has been kept and Attorney Robert Hornik will be submitting paperwork to dismiss this case. cm

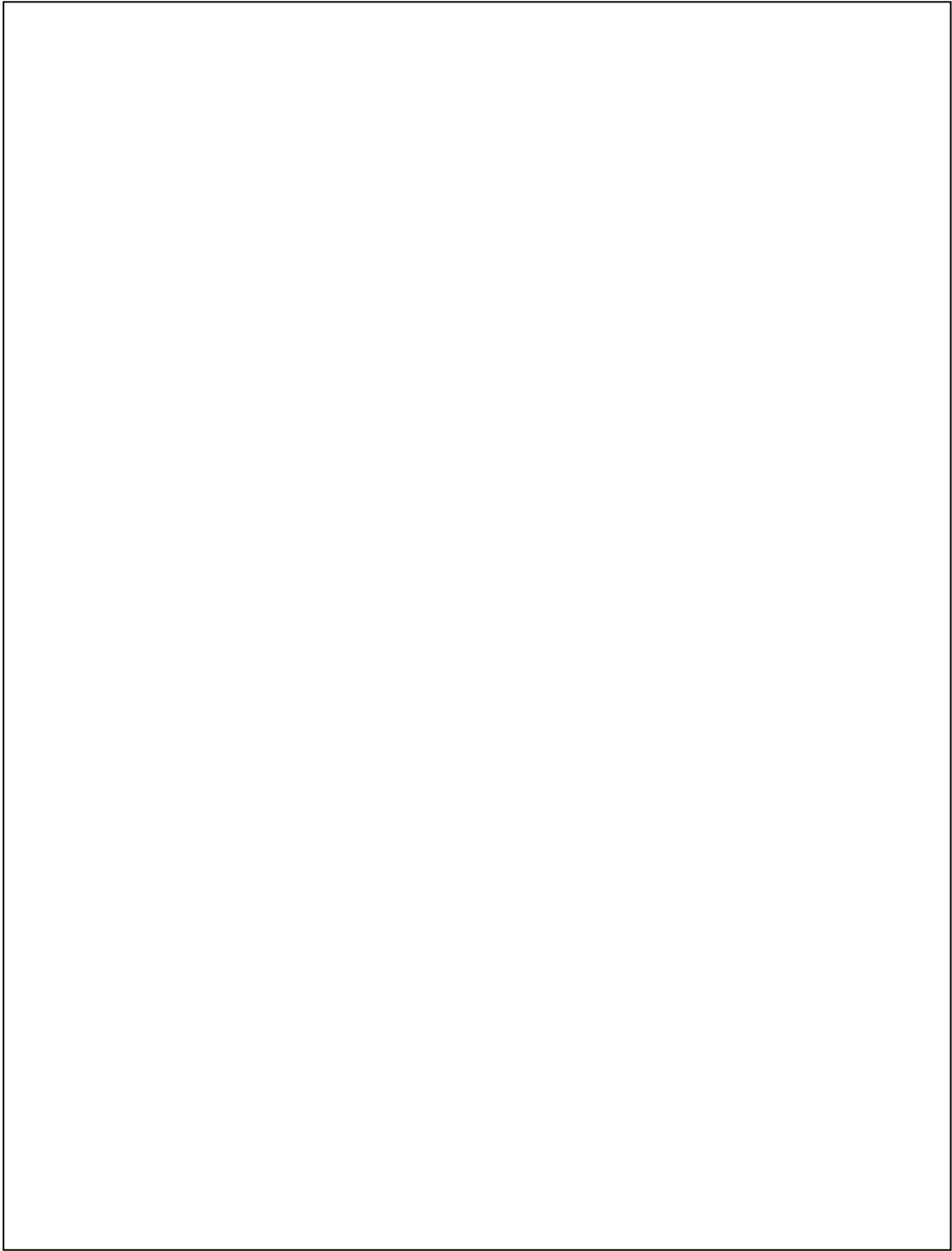
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24	08-11-2006	Stipulation/order of dismissal	Kluka, Barbara A.	Van Lone, Wayne A.
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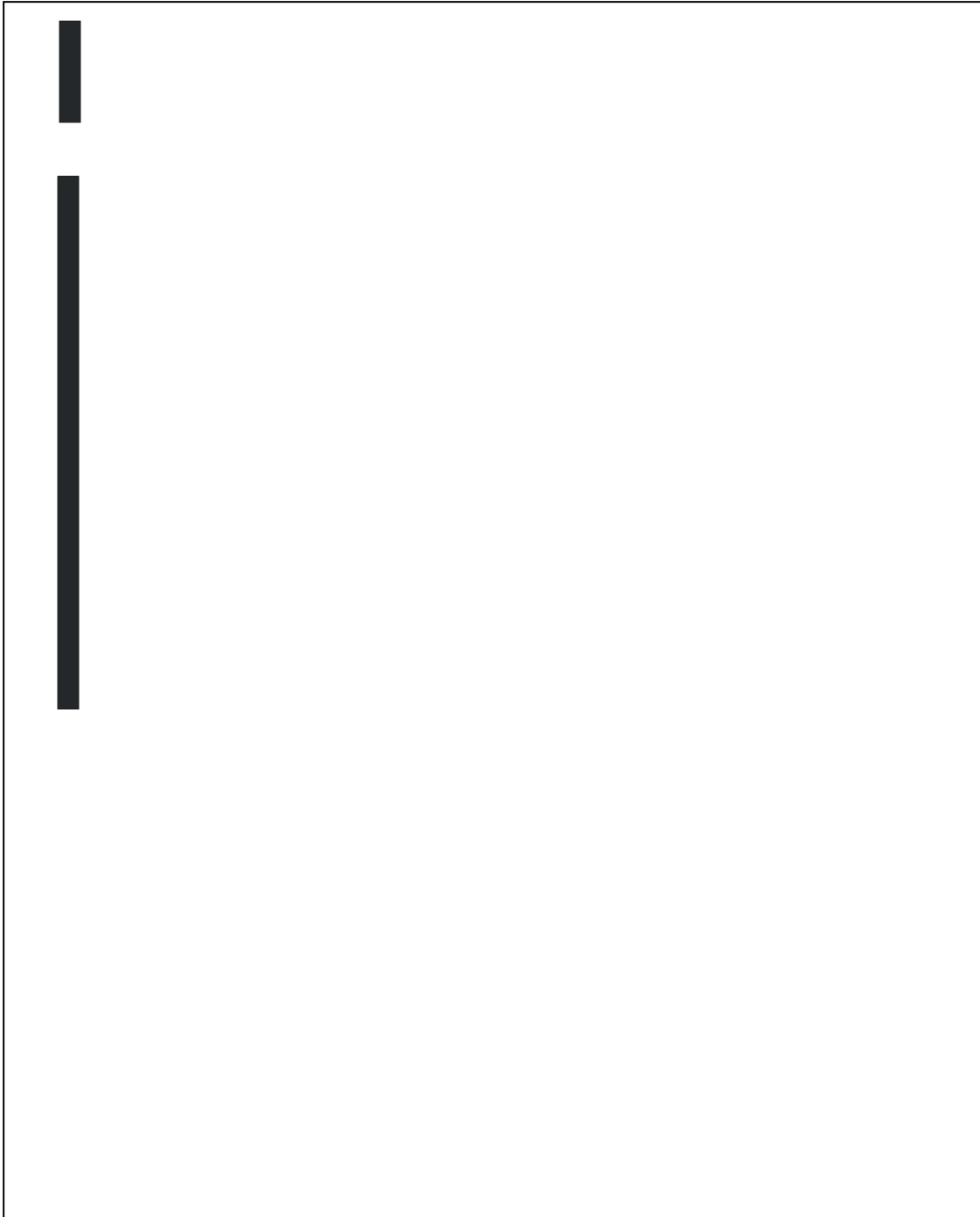
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25	08-11-2006	Stipulated dismissal	Kluka, Barbara A.
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On the next page is the list of names and credit card accounts the debt collection firm ordered. Later I'll get into why this information is key to settlement offers.



As you can see they are in the business of either buying or assignment of old debt. If they buy the debt they might pay between \$5,000 to \$10,000 for thousands of dollars worth of bad debts. Sometime's upwards to \$500,000 worth of old debt from credit card accounts, etc. Pennies on the dollar!!!

If they are assigned debts this is where they have to split the collections with another firm. If they paid \$5,000 for the list their main goal is to first make the \$5,000 back. They tend to hold-out a little bit longer on huge discounted settlements. Remember they have to pay commission to the agent they called out and get their money back plus try to make a profit.

I think it's always better to get them into court. Make them prove their case and at least see what they have. The worst that can happen is that you lose and then the judge will ask you to speak to the plaintiff attorney to agree on a settlement anyway.

I have clients that have made them come to court and they got their cases dismissed by the plaintiff attorney because they knew they didn't have the appropriate paperwork to continue with the case.

This brings up another point. The attorneys don't look at you as a person you're just another case or number in the files. So don't take it personal! They are just shuffling paperwork and billing hours to their clients.

## **How to Legally Repair Your Credit**

There are many firms that claim to have ways to fix your credit report. It basically comes down to two things. First you have to state your case to the reporting agencies the proper way. You must write your letters describing your situation and making your request to remove the mark(s).

They will contact the company that placed the mark on your credit report and if they don't respond within 30 days the mark will be removed. Sounds simple doesn't it? Well here's the truth. My insider's tell me that they get thousands of letters each day and they have two piles. Pile number one consists of requests that they deem standard requests. They either consist of letters that people copied out of a book and just signed their name. They didn't personalize the letter. So they just pretend to do a "spot investigation". A "spot investigation" consists of

looking at the file and saying “yep” the bad mark is correct. They don’t even contact the company that placed the mark on your report.

Pile number two consist of request that are either from attorneys or individuals that made a serious point to show evidence that the mark is incorrect. Here are some things you can do to get the point across that you’re serious.

- Send the letter with “signature request”.
- Get to the point and send evidence proving your point.
- Threaten legal action.
- Quote the law dealing with your rights and what they must do as a reporting agency.

## **Why Follow-up Is the Key To Debt Elimination Success**

Follow-up is the “Key” to everything in life. Follow-up is really just staying consistent and being persistent towards your goals.

Don’t get discouraged. You might lose some before you win some but if you stay consistent and persist you’ll win the battle. You may not think you have enough strength inside of you to keep going, but you do! You actually have more power inside of you than you could ever dream.

Recently I asked a client of mine from another business I own if he thought I would make it this far? I said honestly tell me. He said no! I said why and he told me it wasn’t because of me it was because of my competition. At that time my competition had put all of his other competitors out of business and he claimed that he would put me out of business within 6 months. That was almost 20 years ago.

I still own and operate that business. Now my company is number one in the market and we've started negotiations to purchase my competitors company.

When I look back I honestly didn't know that I had it in me, but I did know one thing I wasn't going to quit!

## **The Easy Way to Decide To Buy or Not To Buy**

This section is so simple but we all avoid it when making purchases. We should never buy anything without at least thinking about how it will affect our budget.

We probably wouldn't buy anything if we did, but we have to get into the habit of thinking about our goals when we decide to buy. There are two aspects that will help us all make the right decision when making new purchases.

1. **THE FACTS** - Before buying anything especially big ticket items such as automobiles you should see how it will affect your personal and financial goals. If financing the big ticket item you need to see how it will affect your bottom line in your debt elimination plan. Can you afford the added monthly payment and the increase in auto insurance?
2. **THE EMOTION** – Before buying anything you need to ask yourself if you really need the item. Why are you buying the item? Did you see a commercial or some sort of advertisement that made you want the item?

## **The Truth About Credit Card Company Profits**

### **Statistical Data:**

### **Profitability of Top 10 Credit Card Companies**

## Profits or Losses at Top 10 U.S. Credit Card Issuers in 2008

1. Chase: \$780 million profit
2. Bank of America: \$520 million profit
3. Citi: \$530 million loss
4. American Express: \$850 million profit
5. Capital One: \$1.00 billion profit
6. Discover: \$710 million profit
7. Wells Fargo: \$990 million profit
8. HSBC: \$520 million profit
9. US Bank: \$1.07 billion profit
10. USAA: Not listed

(Source: Nilson Report, March 2009)

We've heard over and over in the news that the credit card companies were losing money because credit card holders were not able to make their payments. Well the lie has been revealed. These companies are very profitable.

They don't only make money from payments and interest, they make money from yearly cardholder fees, membership fees, payment insurance fees, and the big one that is their most profitable department...selling your name to other companies. I've heard from insiders that they can make as much as \$100 a name for an A+ credit individuals name and \$50 for a B and C credit name.

**EXAMPLE: 1,000,000 B and C credit individuals name x \$50 that's \$50 million dollars. Now x that number by 100, 200, 300, 500 companies you get my point.**

### **Debt totals**

- At the end of 2008, Americans' credit card debt reached \$972.73 billion, up 1.12% from 2007. That number includes both general purpose credit cards and private label credit cards that aren't owned by a bank. (Source: Nilson Report, April 2009)
- Average credit card debt per household -- regardless of whether they have a credit card or not -- was \$8,329 at the end of 2008. (Source: Nilson Report, April 2009)
- The average outstanding credit card debt for households that have a credit card was \$10,679 at the end of 2008. One year earlier, that average was \$10,637. (Source: Nilson Report, April 2009)

- The average balance per open credit card -- including both retail and bank cards -- was \$1,157 at the end of 2008. That's up from \$1,033 at the end of 2006, a growth of nearly 11 percent in two years. (Source: Experian marketing insight snapshot, March 2009)
- As of March 2009, U.S. revolving consumer debt, made up almost entirely of credit card debt, was about \$950 Billion. In the fourth quarter of 2008, 13.9 percent of consumer disposable income went to service this debt. (Source: U.S. Congress' Joint Economic Committee, "Vicious Cycle: How Unfair Credit Card Company Practices Are Squeezing Consumers and Undermining the Recovery," May 2009)
- "As household wealth has declined in the downturn, more American families are facing financial distress due to high debt burdens. In 2007, before the recession began, 14.7 percent of U.S. families had debt exceeding 40 percent of their income." (Source: U.S. Congress' Joint Economic Committee, "Vicious Cycle: How Unfair Credit Card Company Practices Are Squeezing Consumers and Undermining the Recovery," May 2009)
- In 2007, the average balance for those carrying a balance rose 30.4 percent, to \$7,300. Meanwhile, the median balance -- meaning half owe more and half owe less -- for those carrying a balance rose 25.0 percent, to \$3,000. These increases followed slower changes over the preceding three years, when the median increased 9.1 percent and the average climbed 16.7 percent. (Source: Federal Reserve Survey of Consumer Finances, February 2009)
- In the fourth quarter of 2008, consumers over 60 had an average balance of \$763 per open bankcard or retail accounts. A year before, that balance was \$746. The year before that, it was \$735 -- meaning the average has jumped about 4 percent in 2 years. (Source: Experian marketing insight snapshot, March 2009)
- In 2007, credit card balances made up 3.5 percent of the total debt for all U.S. families, including those with and without credit card debt. (Source: Federal Reserve Survey of Consumer Finances, February 2009)
- In 2007, fewer than half of U.S. families (46.1 percent) held credit card debt. That's virtually unchanged from 2004's 46.2 percent number. (Source: Federal Reserve Survey of Consumer Finances, February 2009)
- Undergraduates are carrying record-high credit card balances. The average (mean) balance grew to \$3,173, the highest in the years the study has been

conducted. Median debt grew from 2004's \$946 to \$1,645. Twenty-one percent of undergraduates had balances of between \$3,000 and \$7,000, also up from the last study. (Source: Sallie Mae, "How Undergraduate Students Use Credit Cards," April 2009)

- Balances on bank cards accounted for 87.1 percent of outstanding credit card balances in 2007, up from 84.9 percent in 2004. (Source: Federal Reserve Survey of Consumer Finances, February 2009)
- Of the 73.0 percent of families with credit cards in 2007, only 60.3 percent had a balance at the time of the interview; in 2004, 74.9 percent had cards, and 58.0 percent of these families had an outstanding balance on them. (Source: Federal Reserve Survey of Consumer Finances, February 2009)
- "Total bankcard debt per bankcard borrower" is \$5,710. This was alternately described as the total balance of bank-issued credit cards per consumer. (Source: TransUnion, December 2008)
- The average American with a credit file is responsible for \$16,635 in debt, excluding mortgages, according to Experian. (Source: U.S. News and World Report, "The End of Credit Card Consumerism," August 2008)
- 76 percent of undergraduates have credit cards, and the average undergrad has \$2,200 in credit card debt. Additionally, they will amass almost \$20,000 in student debt. (Source: Nellie Mae, "Undergraduate Students and Credit Cards in 2004: An Analysis of Usage Rates and Trends.")
- Average credit card debt among indebted young adults increased by 55 percent between 1992 and 2001, to \$4,088. (Source: "Generation Broke: Growth of Debt Among Young Americans")
- The average credit card indebted young adult household now spends nearly 24 percent of its income on debt payments, four percentage points more, on average, than young adults did in 1992. (Source: "Generation Broke: Growth of Debt Among Young Americans")
- Among the 35 percent of college students with credit cards that do not pay their balances in full every month, the average balance is \$452. This is down 19 percent from 2007. Moreover, this balance is approximately one-third the size of the average balance for active non-student young adult accounts and one-fourth the size of active accounts for older adults. (Source: Student Monitor annual financial services study, 2008)
- Total U.S. consumer debt (which includes credit card debt and noncredit-card debt but not mortgage debt) reached \$2.56 trillion at the end of 2008,

up from \$2.52 trillion at the end of 2007. (Source: Federal Reserve's G.19 report, February 2009)

- Total U.S. consumer revolving debt fell to \$963.5 billion in December 2008. About 98 percent of that debt was credit card debt. (Source: Federal Reserve's G.19 report, February 2009)
- As of 2007, the majority of U.S. households had no credit card debt. (Source: Federal Reserve Board survey of consumer finances, February 2009)
- When you take a snapshot of how much an individual bank cardholder has in debt on a given day, and ignore whether that debt will be paid off in the grace period, Alaska is the state whose cardholders have the highest debt: \$7,827. Alaska is followed by Nevada at \$6,636 and Tennessee at \$6,568. At the other end of the scale, the states whose citizens carry the lowest card debt at a given moment are Iowa (\$4,277), North Dakota (\$4,403) and West Virginia (\$4,517). (Source: TransUnion, December 2008)
- About 40 percent of credit cardholders carry a balance of less than \$1,000. About 15 percent are far less conservative in their use of credit cards and have total card balances in excess of \$10,000. When you look at the total of all credit obligations combined (except mortgage loans), 48 percent of consumers carry less than \$5,000 of debt. This includes all credit cards, lines of credit and loans -- everything but mortgages. Nearly 37 percent carry more than \$10,000 of nonmortgage debt as reported to the credit bureaus. (Source: myfico.com)
- The typical consumer has access to approximately \$19,000 on all credit cards combined. More than half of all people with credit cards are using less than 30 percent of their total credit card limit. Just over one in seven is using 80 percent or more of their credit card limit. (Source: myfico.com)
- The average college graduate has nearly \$20,000 in debt; average credit card debt has increased 47 percent between 1989 and 2004 for 25-to 34-year-olds and 11 percent for 18-to 24-year-olds. Nearly one in five 18-to 24-year-olds is in "debt hardship," up from 12 percent in 1989. (Source: Demos.org, "The Economic State of Young America," May 2008)
- More than 90 percent of survey respondents believe they had the same amount -- or less -- debt as the average American. (Source: CreditCards.com survey, June 2007)
- Miami residents are the biggest overspenders, one study says. The 50 largest U.S. metropolitan areas were ranked in terms of percent of median

yearly household income owed to credit card companies and Miami residents owed 22.61 percent. Tampa (17.1 percent) and Los Angeles (16.81 percent) came in second and third, respectively. (Source: Forbes.com, Equifax and US Census Bureau, April 2009)

- Anchorage, Alaska, has the highest credit card debt. (Source: Men's Health magazine's personal debt survey, July 2008)
- Lincoln, Neb., has the lowest credit card debt. (Source: Men's Health magazine's personal debt survey, July 2008)
- 28 percent of those surveyed say their ability to pay off their credit card balance has become more difficult. (Source: Javelin Strategy & Research, "Credit Card Issuer Profitability in a Difficult Economy," July 2008)

### **Delinquencies, late payments**

- In the last 12 months, 15 percent of American adults, or nearly 34 million people, have been late making a credit card payment and 8 percent (18 million people) have missed a payment entirely. (Source: National Foundation for Credit Counseling, 2009 Financial Literacy Survey, April 2009)
- 26 percent of Americans, or more than 58 million adults, admit to not paying all of their bills on time. Among African-Americans, this number is at 51 percent. (Source: National Foundation for Credit Counseling, 2009 Financial Literacy Survey, April 2009)
- Only eight percent of cards with penalty rate conditions offered to restore the original rate terms when payments are made on-time, usually after 12 months. (Source: Pew Safe Credit Cards Project, March 2009)
- 72 percent of cards included offers of low promotional rates which issuers could revoke after a single late payment. (Source: Pew Safe Credit Cards Project, March 2009)
- From 1989 to 2004, the percentage of cardholders incurring fees due to late payments of 60 days or more increased from 4.8 percent to 8.0 percent. (Source: Demos.org, "Borrowing To Make Ends Meet," November 2007)
- One-fourth of the students surveyed in US PIRG's 2008 Campus Credit Card Trap report said that they have paid a late fee, and 15 percent have paid an "over the limit" fee. (Source: U.S. PIRG, "Campus Credit Card Trap")

- When finances are tight, 59 percent of people would pay their credit card bills last. A majority -- 52 percent -- would pay the mortgage first and 38 percent say they would pay for utilities before paying other obligations. (Source: CreditCards.com survey, December 2008)
- The ratio of credit card borrowers delinquent on one or more of their credit cards is 1.19 percent. (Source: TransUnion, June 2008)
- Delinquency was highest in Nevada (1.74 percent), followed closely by Mississippi (1.53 percent) and Florida (1.51 percent). The lowest credit card loan delinquency rates were found in North Dakota (0.67 percent), Utah (0.75 percent) and South Dakota (0.79 percent). (Source: TransUnion, June 2008)
- On average, today's consumers are paying their bills on time, with less than half of all consumers have ever been reported as 30 or more days late on a payment. Only three out of 10 have ever been 60 or more days overdue on any credit obligation. Seventy-seven percent of all consumers have never had a loan or account that was 90+ days overdue, and fewer than 20 percent have ever had a loan or account closed by the lender due to default . (Source: myfico.com)
- The average late fee was found to have dropped to \$25.90, down from \$28 in 2007. Consumer Action reported that late fees reached up to \$39 per incident. (Source: Consumer Action credit card survey, July 2008)

## **Bankruptcy**

- Personal bankruptcies surged to more than 1 million filings in the United States in 2008, the most since a rewrite of bankruptcy laws took effect in 2005. (Source: American Bankruptcy Institute, January 2009)
- For the second straight year, Tennessee had the distinction of having the overall highest per capita rate of filings, with 7.65 filings per 1,000 residents. Alaska retained its title as the land of the fewest personal bankruptcies -- only 877 were filed all year. That works out to a rate of 1.28 per 1,000 (Source: Automated Access to Court Electronic Records or AACER, January 2009)
- Young Americans now have the second highest rate of bankruptcy, just after those aged 35 to 44. The rate among 25- to 34-year-olds increased between 1991 and 2001, indicating that this generation is more likely to file bankruptcy as young adults than were young boomers at the same age. (Source: "Generation Broke: Growth of Debt Among Young Americans")

- Memphis, Tenn., consumers have suffered the most bankruptcies. (Source: Men's Health magazine's personal debt survey, July 2008)
- Yonkers, N.Y., has suffered the fewest bankruptcies. (Source: Men's Health magazine's personal debt survey, July 2008)
- The surge of filings in March “suggest that earlier estimates of 1.4 million to 1.5 million cases in 2009 should be revised to somewhere in the 1.5 million to 1.6 million range,” said Mike Bickford, president of AACER, a bankruptcy data and management service. If Bickford’s high estimate proves correct, 2009 filings would exceed 2008 by about 45 percent.

### **Interest rates/ APRs**

- 93 percent of cards allowed the issuer to raise any interest rate at any time by changing the account agreement. (Source: Pew Safe Credit Cards Project, March 2009)
- Only eight percent of cards with penalty rate conditions offered to restore the original rate terms when payments are made on-time, usually after 12 months. (Source: Pew Safe Credit Cards Project, March 2009)
- 72 percent of cards included offers of low promotional rates which issuers could revoke after a single late payment. (Source: Pew Safe Credit Cards Project, March 2009)
- For families having any bank-type cards, the median number of such cards remained at 2; the median credit limit on all such cards rose 21.4 percent, to \$18,000, and the median interest rate on the card with the largest balance (or on the newest card, if no outstanding balances existed) rose 1.0 percentage point, to 12.5 percent. (Source: Federal Reserve Survey of Consumer Finances, February 2009)
- Among 41 credit cards Consumer Action looked at from 20 banks, the average interest rate for purchases was 13.54 percent. That's a drop of nearly a full point from the 2007 survey results. Interest rates on purchases ranged from 6 percent to 22.75 percent, with the 12 fixed rate credit cards averaging an interest rate of 11.82 percent and the 29 variable rate credit cards averaging 11.82 percent. (Source: Consumer Action credit card survey, July 2008)
- 77 percent of surveyed credit card issuers (17 of 22) answered “Yes” to the question “Can you increase my APR or change my terms ‘any time for any reason’?” This includes all Top Ten issuers – even Citibank, which pledges

not to change a customer's terms before the card's expiration date.  
(Source: Consumer Action credit card survey, July 2008)

## **Fees**

- 92 percent of cards included a fee for exceeding the credit limit, including 100 percent of all student cards. The amount of the over limit fee is \$39 on most accounts. (Source: Pew Safe Credit Cards Project, March 2009)
- 64 percent of respondents said having "no annual fee" was an important reason why they chose the credit card they did the last time they got a new card. (Source: Aite Group survey, January 2008)
- Thirty-five of the 41 credit cards (85 percent of those surveyed) did not charge an annual fee. That marked a larger number of credit cards with no annual fee than in 2007, when 72 percent had no annual fee. The cost of those fees ranged from \$18 to \$79, for an average annual fee of \$43.50. That average fee is down more than a dollar from 2007's number. (Source: Consumer Action credit card survey, July 2008)
- The average late fee was found to have dropped to \$25.90, down from \$28 in 2007. Consumer Action reported that late fees reached up to \$39 per incident. (Source: Consumer Action credit card survey, July 2008)
- One-fourth of the students surveyed in US PIRG's 2008 Campus Credit Card Trap report said that they have paid a late fee, and 15 percent have paid an "over the limit" fee. (Source: U.S. PIRG, "Campus Credit Card Trap")
- 95 percent of surveyed issuers have over-limit fees. The average over-limit fee, among institutions with over-limit fees, is \$29.13. (Source: Consumer Action credit card survey, July 2008.)
- Foreign transaction fees of 3 percent are charged on all purchases made in another currency by Bank of America, Chase, Citi, Digital FCU, HSBC Bank, Town North Bank, U.S. Bank and Wells Fargo. The 3 percent fee is the highest found by Consumer Action this year. Only Capital One (and Arkansas National Bank which went out of business following the survey) does not charge foreign currency transaction fees. (Source: Consumer Action credit card survey, July 2008)

## **Causes of debt**

- "As household wealth has declined in the downturn, more American families are facing financial distress due to high debt burdens. In 2007,

before the recession began, 14.7 percent of U.S. families had debt exceeding 40 percent of their income." (Source: U.S. Congress' Joint Economic Committee, "Vicious Cycle: How Unfair Credit Card Company Practices Are Squeezing Consumers and Undermining the Recovery," May 2009)

- As of March 2009, U.S. revolving consumer debt, made up almost entirely of credit card debt, was about \$950 Billion. In the fourth quarter of 2008, 13.9 percent of consumer disposable income went to service this debt. (Source: U.S. Congress' Joint Economic Committee, "Vicious Cycle: How Unfair Credit Card Company Practices Are Squeezing Consumers and Undermining the Recovery," May 2009)
- In 2007, credit card balances made up 3.5 percent of the total debt for all U.S. families, including those with and without credit card debt. (Source: Federal Reserve Survey of Consumer Finances, February 2009)
- The average credit card indebted young adult household now spends nearly 24 percent of its income on debt payments, four percentage points more, on average, than young adults did in 1992. (Source: "Generation Broke: Growth of Debt Among Young Americans")
- Approximately 29 percent of low- and middle-income households with credit card debt reported that medical expenses contributed to their current balances. (Source: Demos.org, January 2007)
- U.S. consumers racked up an estimated \$51 billion worth of fast food on their personal credit and debit cards in 2006, compared to \$33.2 billion one year earlier. (Source: CardData.com)

## **New Credit Card Accountability Law**

On May 22, President Barack Obama signed the Credit Card Accountability, Responsibility and Disclosure, or Credit CARD, Act of 2009 into law. The legislation will improve consumer disclosures and end some egregious practices in the credit card industry but stops short of capping interest rates and fees. Most of the provisions go into effect Feb. 22, 2010, unless otherwise stated.

Here's an overview of the major changes the law will enact.

New credit card rules (*source Bankrate.com*)

1. Retroactive rate increases.
2. More advance notice of rate hikes.
3. Fee restrictions.
4. Restricts marketing and issuance to students.
5. Ends double-cycle billing.
6. Fairer payment allocation.
7. More time to pay.
8. Gift card protections.

### **1. Retroactive rate increases**

Issuers can't raise rates on an existing balance unless a promotional rate expired, the variable indexed rate increased or you paid late by 60 days or more. No longer will they be able to punish borrowers for late payments on unrelated accounts under the practice of universal default or due to "anytime, any reason" clauses.

If the cardholder does trigger the default rate because of a 60-day delinquency, the bank must restore the lower rate once the cardholder demonstrates six months of consecutive on-time payments. This provision takes effect in August 2009.

In general, rates can't be raised in the first year after issuance, and promotional rates must last at least six months. Exceptions include expiration of a promotional rate, termination or completion of a workout plan, a change in the index rate or a 60-day delinquency.

Caveat: Issuers can raise rates at any time for any reason on new balances with 45 days' advance notice. Cardholders will still need to read correspondence from their creditors.

### **2. More advance notice of rate hikes**

Consumers get 45 days' notice before key contract changes take effect, including rate increases. Under the current Truth in Lending Act, cardholders only receive a 15-day heads up. This change takes effect Aug. 20, 2009.

Caveat: This provision doesn't apply to credit limit changes. If your issuer slashes your limit, notification isn't necessary unless the reduction would trigger a penalty, such as an overlimit fee.

The new rules also don't cap interest rates. The increased rate can still be triple your existing APR.

### **3. Fee restrictions**

Cardholders will not face over-limit fees unless they elect to allow the creditor to approve over-limit transactions. Issuers can't charge more than one over-limit fee per billing cycle.

In general, banks can't charge consumers a fee to pay their credit card debt, a cost some cardholders encounter for payments made by telephone or Internet. They can impose a fee to expedite a payment.

Payments received by the due date -- or the next business day, if the bank doesn't accept mailed payments on the due date -- won't trigger a late fee. If the cardholder pays at a local branch, the payment must be credited the same day.

The new law limits fees on "fee-harvester" subprime cards as well. In the first year after issuance, non-penalty fees cannot take up more than 25 percent of the initial credit limit.

### **4. Restricts card issuance to students**

Consumers under age 21 who can't prove an independent means of income or provide the signature of a co-signer aged 21 or older won't get approved for credit cards. The provision protects young people who lack the means or the knowledge to handle credit cards from miring themselves into debt, but could backfire by pushing students to payday lenders and pawnshops, says Greg McBride, senior financial analyst at Bankrate.com.

According to a recent Sallie Mae study, college students carried an average balance of \$3,173 on their credit cards last year, a record high since the first analysis in 1998. A whopping 82 percent revolved a balance each month.

### **5. Ends double-cycle billing**

The new law bans double-cycle billing, the practice of basing finance charges on the current and previous balance. Under this method, the issuer could charge interest on debt already paid off the previous month.

## **6. Fairer payment allocation**

A close look at your card agreement will likely reveal a clause that explains that payments will be applied to lower-rate balances first. Not so anymore. The Credit CARD Act requires above-the-minimum payments to be applied first to the credit card balance with the highest interest rate.

## **7. More time to pay**

Card companies must send statements 21 days before a payment is due. Current law requires a mere 14 days' notice. This provision goes into effect Aug. 20, 2009.

## **8. Gift card protections**

The legislation includes protections for gift cardholders. The new law prohibits gift cards from expiring for at least five years. Issuer cannot assess inactivity fees unless the card has gone unused for 12 months.

# **BONUS SECTION:**

## **How to keep your job in a Bad Economy**

It's really simple you have to find out how you can make yourself more valuable to the company you work for. In a professional way get close to your boss. Do more than you're paid for.

This can be hard to accept but it's something I learned early in life. The bad thing about it is that some bosses won't appreciate or tell you that they appreciate your hard work.

But you have to continue to give it your all because there will come a time that someone will learn of your hard work and offer you a better job or you might start your own business and you'll need to perform at your best level when others don't believe in you or your business.

Also as an employee you should always have one foot in the door and one foot out of the door. Let me explain. I don't care how good your company is you don't

own it if something goes wrong or if the company is suffering you might lose everything. I don't have to tell you that from Nov. 2009 to Feb. 2010 over ten million people have lost their job or been laid off. (source CNN Money)

I would bet that most of them thought their company was loyal to them. So with that understood you must position your finances in a way to allow you to rebound if something happens to your job.

## **How to Expand Your Business In A Bad Economy**

I can't believe I'm adding this section to the same book because we as business owners have a totally different mindset than an employee. During the current (2008, 2009, 2010) economic downturn I've noticed that a lot of businesses closed because of poor management rather than lack of sales.

Many small business owners have found themselves under a lot of debt. When the economy slowed down many small business owners had to lay off workers, cut expenses and some closed down.

I know from personal experience that many of the businesses that closed down were mainly due to poor management of debt and marketing of their products and services. Others business owner's couldn't make the debt payments anymore so they closed down.

As business owners we must stay at least one step ahead of the game to beat our competitors and provide value to our customers. We must continue to market our business regardless of the circumstances. Our businesses cannot succeed if we don't continue to have repeat customers and a fresh flow of new customers to replace the customers that don't use our products and services repeatedly.

As business owners we can't be afraid of changing our goals and making new and higher goals to achieve. We must learn to trust our employees to do their duties properly because this will allow us the ultimate freedom that we dreamed about when we first started our businesses.

These are just some of the most important things that I've learned to do. I started my business in 1991 during the George H. Bush presidency. I've made it through the 1999 Dotcom bust, 911 Recession of 2001 and the current real estate bubble burst of 2008, 09, 10 till?

I've successfully made it through each of them. Even through my overspending up to 1994 I still used these principals in my business and that's what really saved me. I use to have a lot of consumer debt but my business debt was rarely more than \$3,000 to \$5,000. I currently have no business debt at all.

My company currently manages over 600 small business owner account per week. I've consulted them about their business and personal matters with family, friends, etc. They trust me because of my experience and my honesty.

If you have any question please feel free to call me @ 262-745-6879 or email me at [sawilliams@therealdebtsolution.com](mailto:sawilliams@therealdebtsolution.com)

