

Testimony of Kathy Virgallito, Manager of Grants Administration and Community Affairs
Apprisen/CCCS of the Midwest
In opposition to Senate Bill 226
Financial Institutions Committee
December 1, 2015

Chairman Hughes, Vice-Chair Eklund, and ranking Minority Member Yuko, on behalf of the CEO and President of Apprisen, Michael Kappas, who is unable to attend today, I want to thank you for the opportunity to provide testimony in opposition to SB 226.

I am Kathy Virgallito, Manager of Grants Administration and Community Affairs for Apprisen, known for many years as Consumer Credit Counseling Service of the Midwest, and the oldest non-profit credit counseling agency in the country.

Apprisen is based in Columbus, OH and has eight community counseling offices throughout the state. We provide service across the country through local offices in seven other states, and by telephone and Internet. One of the largest members of the National Foundation for Credit Counseling (NFCC), we provide comprehensive financial counseling and coaching, HUD-approved housing counseling, student loan counseling, bankruptcy counseling and education, and community-based financial education. We are accredited by the Council on Accreditation. We are a member in good standing with the Better Business Bureau.

For 60 years, our agency, and the other Ohio members of the NFCC located throughout the state, have served thousands of Ohio families that have needed our assistance with their financial problems – credit card debt, delinquent mortgages, medical debt and other bills that have overwhelmed them. As of today, our certified counselors helped over 5,000 Ohio families in 2015 through our broad range of financial counseling and education programs.

SB226 reduces current protections and puts debt-burdened families at risk

In 2004, legislators passed the Debt Adjuster’s Act, Section 4710 of the Ohio Revised Code, in order to put protections in place, including fee limits, to safeguard Ohio citizens from unscrupulous debt adjusters of all kinds. This law has worked well for the citizens of the state over the past eleven years.

We oppose Senate Bill 226. The debt settlement industry states that current FTC regulations do not allow them to assess fees in the manner prescribed by ORC 4710. Even if this is accurate, should the solution be one that reduces protections for Ohio families? Many of the concerns that prompted the 2004 passage of the safeguards in the current law still exist.

SB 226 puts vulnerable, financially-distressed Ohioans at risk by eliminating all fee restrictions on debt settlement companies. Debt-burdened consumers do not shop around for debt-relief services. They are under such stress that most do not take the time to gather enough information to consider options, leaving them vulnerable to any unscrupulous provider.

SB226 does not open up new options

Debt settlement companies are advertising heavily in Ohio. They are already an option for debt-burdened consumers in Ohio.

SB226 will not bring more jobs to Ohio. Most debt settlement companies operate utilizing large call centers located elsewhere.

Recognized consumer experts stand in opposition to this bill

Apprises is not the only organization that stands in opposition. In addition to those around the state who are expressing concerns about this bill, national leaders in the field of consumer finance, such as the Consumer Federation of America, oppose this bill.

Legislators can protect Ohio families

The FTC regulations put in place in 2010 have had a very positive impact for consumers, but they were not intended to be the full package of protections. They speak to the timing of fees, but they do not address fee limits. Instead, the FTC believes it falls more appropriately to you, the state legislators. You know your local communities best and can protect the citizens of our state by defining fee limits.

Every year, for the past 4 or 5 years, an attempt has been made to change existing law in order to eliminate fee limits and other regulations governing debt adjusters for the benefit of the debt settlement industry, not the general public. Each time, legislators have seen fit to halt the passage of these bills, and, as a result, Ohio families have continued to be protected against abuses in the debt relief industry. Please do not change this.

SB226 is not good for Ohio families. I ask your consideration of my testimony and the testimony of all those in opposition to this bill.

Thank you for your time and the opportunity to speak to you today.