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Pamela N. Maggied, Attorney at Law
On Senate Bill 120
Senate Insurance and Financial Institutions

Interested Party Testimony

Chairman Hottinger, Vice Chairman Hackett, Ranking Member Brown, and
Members of the Senate Insurance and Financial Institutions Committee:

My name is Pamela Maggied. I am an attorney in a solo private practice, which is primarily focused on the representation of individuals in either chapter 7 or chapter 13 bankruptcy. I have practiced bankruptcy law since April, 1980. I have been certified in consumer bankruptcy since 1993 by the American Board of Certification. Since 2007 I have been annually included in the list of Ohio Super Lawyers. I am a frequent speaker and panelist about bankruptcy, and in 2006 I was recognized as an expert witness in bankruptcy by the Ohio Supreme Court (CBA v Cooke, 111 Ohio St 3rd 290, 2006 - Ohio -5709).

The thrust of Senate Bill 120 seems to be to encourage alternatives to bankruptcy for people who perhaps do not need to file bankruptcy, but at an unregulated and potentially unlimited cost to these consumers.

I am in favor of avoiding bankruptcy whenever possible. I frequently suggest bankruptcy alternatives to potential clients. These have ranged from help with budgeting and pointing out unnecessary and unnecessarily high expenses, to recommending sales of unneeded assets for cash to pay off debts, to referrals to another lawyer to address the real issue. The most recent example of this was last week: an elderly couple unwittingly signed up to purchase a timeshare that they cannot use, and they ended up being sued for tens of thousands of dollars. A bankruptcy would put their farm and annuity income at risk, but a few minutes on the internet allowed me to find that this timeshare company has been sued multiple times for taking advantage of the elderly, and that resulted in a referral to the lawyers who did those other cases. I have referred people to Consumer

Credit Counseling / Apprisen for debt counseling services. I have even instructed judgment-proof, collection-proof people to simply ignore the calls and letters. I do not want to take money from and file a bankruptcy for someone who does not need to file a bankruptcy.

My limited experience with debt adjustment, which is not the same as debt counseling or credit counseling such as is offered by Apprisen, has been bad; but considering that the debtors ended up in my office for a bankruptcy consultation after being sued by creditors following their dealing with, and paying significant money to, the debt adjustment company, that is not surprising.

My true value in being here is to make myself available to answer any questions you might have concerning consumer bankruptcies, and the fees and charges associated with them, and the protections offered by the filing and by the discharge, and the long-term ramifications including future credit. I would like to supply whatever information might be helpful to allow the comparison of bankruptcy to the kind of debt relief that is being encouraged by SB 120.

Consumers who are over their heads in debt, who are being called and dunned and sued, whose house is in foreclosure and whose vehicle just got repossessed, whose wages are being garnished, who are being threatened by collectors from every direction, are, in my experience, particularly vulnerable to falling prey to all kinds of proposals and promises - if those sound like ways to make the collection activities stop. These harassed and desperate people are not always able to separate the unscrupulous and the greedy from the legitimate. They frequently don't think they have time to shop around and investigate and evaluate alternatives; they just grab the closest rope. Lifting the state limits on fees that can be charged by debt adjusters may just make their plight worse. It could make Ohio be a better place for an unscrupulous debt adjustment company to ply its trade, and put more desperate Ohioans into a financial dead-end.