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Testimony of Michael Goodman
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Regarding Ohio H.B. No. 534 – Proposed Amendment of Debt Resolution Services Standards
November 5, 2025, Financial Institutions Committee Meeting

My name is Michael Goodman. I have been a partner at the Hudson Cook law firm for 20 years. I counsel financial services clients, including debt settlement companies, in compliance with federal and state laws. Before joining Hudson Cook, I was a staff attorney in the Federal Trade Commission’s Bureau of Consumer Protection. One of my responsibilities during my time at the FTC was to draft the 2003 amendments to the Telemarketing Sales Rule, which, among other things, created the national do-not-call list.

I have represented a debt settlement trade association and individual debt settlement companies in several state legislative and regulatory proceedings to modernize their debt settlement standards over the past two years. This work has included drafting and submitting written statements, meeting with state regulators, and assisting with drafting. Having worked with debt settlement companies as outside compliance counsel for the past several years, I strongly believe that House Bill 534 would benefit all participants in the debt settlement process, including consumers, debt settlement companies, and creditors.

The Federal Trade Commission’s Telemarketing Sales Rule has closely regulated debt settlement at the national level since 2010. When the FTC amended the TSR to regulate debt settlement, it was reacting to a perception that too many companies offering debt settlement could not be counted on to act in consumers’ best interests. The FTC’s response was to restrict how debt settlement companies receive fees for their services and the use of escrow accounts for consumers’ payments, require specific disclosures before consumers enroll, and prohibit specific misrepresentations. The result has been what the FTC hoped it would be: the market is made up of operators with the resources to honor the advance fee ban and the determination to comply with the TSR, and consumers are able to comparison shop, make informed decisions around enrollment, and rely on debt settlement companies to negotiate settlements on accounts that consumers are struggling to manage on their own.

While the FTC’s Telemarketing Sales Rule establishes robust standards at the federal level, many states have added their own standards. Ohio House Bill 534 builds on the TSR in several ways, offering additional protection for consumers as well as important regulatory certainty for industry participants. An additional benefit of H.B. 534 is that it would be easy for state regulators to implement, administer, and enforce.

The bill’s licensing requirement would give Ohio and its consumers an efficient way to distinguish between good and bad actors. Many neighboring states have adopted this approach,

including Kentucky, Michigan, and Pennsylvania. The Ohio bill's annual reporting obligation would supplement the licensing requirement, by facilitating the Division of Financial Institutions' ability to monitor providers of debt resolution services for compliance.

The bill would mandate approximately 20 separate disclosures in every agreement that consumers sign for debt resolution services. Of Ohio's surrounding states, only Kentucky approaches this bill in terms of the broad scope of required information given to consumers in the agreement. The Ohio bill further promotes consumers' understanding of their debt settlement programs by requiring ongoing statements of accounting.

As a related measure, the Ohio bill's prohibited misrepresentations build on similar TSR provisions. And as with respect to Ohio's required disclosures, its list of prohibited misrepresentations is more comprehensive than those in surrounding states. Ohio's approach offers robust consumer protection without unduly hindering providers' flexibility. Companies that make these misrepresentations expose themselves to enforcement actions, and compliant companies that prioritize positive outcomes for consumers will not misrepresent what their services offer or how they work.

The debt settlement industry has a long history of compliance, especially but not exclusively following the TSR's 2010 amendments. The Ohio bill would establish clear, appropriate, and stringent standards for companies enrolling Ohio consumers in a way that would make it straightforward for regulators to monitor licensees for compliance and ensure consumers experiencing financial stress are protected.

Nationwide, states across the political spectrum regulate debt settlement in ways similar to what Ohio is proposing in House Bill 534. Following the TSR's debt settlement amendments, state governments from California and New York to Florida and Texas have adopted new debt settlement standards or revisited existing standards and concluded that the right approach is one that allows debt settlement companies to offer their services in their states, subject to requirements and prohibitions that offer transparency for businesses and protection for consumers. The Ohio bill follows this sensible approach— providing consumers with a safe and valuable alternative to bankruptcy. I would be happy to answer any questions about my statement.