



Association for
Consumer
Debt Relief

**Testimony of Michael Komashka
On Behalf of the
Association for Consumer Debt Relief (ACDR)
To the House Financial Institutions Regarding HB 534**

Good morning Chair Oelslager, Vice Chair Pizzulli, Ranking Member Russo, and members of the House Financial Institutions Committee.

My name is Michael Komashka, and I serve as a Government Affairs Manager for the Association for Consumer Debt Relief (ACDR), the national trade association representing debt resolution companies across the country. I am also a lifelong Ohioan. I appreciate the opportunity to offer testimony in support of House Bill 534.

The Association for Consumer Debt Relief represents companies focused on helping consumers resolve unsecured debt through ethical, transparent, and federal and state compliant programs. Our members collectively serve hundreds of thousands of consumers each year, negotiating billions of dollars in settlements with creditors and saving consumers an average of 30–35 cents on every dollar of enrolled debt, net of any fees.

ACDR's mission is to ensure that consumers in financial hardship have access to safe and effective debt relief options and that the industry operates under strong consumer protection standards. Every ACDR member must adhere to an extensive set of standards and a detailed Code of Conduct, submit to independent third-party audits, comply with all federal laws and regulations enforced by the Federal Trade Commission (FTC) and the Consumer Financial Protection Bureau (CFPB) and comply with any all relevant state laws and regulations.



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Across the country—and here in Ohio—millions of households are struggling under the weight of unsecured consumer debt. As was discussed in Sponsor testimony, the average Ohio consumer carries over \$6,000 in credit card debt, and total U.S. credit card debt recently surpassed \$1.2 trillion for the first time in history. While there are countless ways for consumers to get into debt, there remain far too few responsible options to help them get out of it.

Today, consumers in financial hardship typically have only two choices. Credit counseling can be helpful for some households by reducing interest rates and extending repayment timelines, but it does not reduce the principal debt owed. For families with deep or multiple debts, this often is not enough. The other alternative, bankruptcy, carries long-term financial and personal consequences that can limit opportunity for years.

House Bill 534 provides a sensible, regulated third option—debt resolution—that allows consumers to settle their unsecured debts for less than what they owe, avoid bankruptcy, and regain financial stability in a dignified way.

This bill establishes a licensing framework under the Ohio Division of Financial Institutions for providers offering debt resolution services to Ohio consumers. It ensures that only responsible companies meeting strict financial and ethical standards can operate in the state. Among its key features, HB 534:

- Requires licensure, bonding, and background checks for providers, ensuring oversight and accountability;
- Aligns Ohio law with federal consumer protection rules;
- Prohibits advance fees, so consumers pay nothing until the consumer reviews and accepts his or her debt resolution plan, consumer debt has been successfully settled, accepted, and at least one payment has been made to the creditor;
- Requires that all consumer funds remain in FDIC-insured accounts controlled by the consumer, not by the debt resolution provider; and
- Preserves the consumer’s right to cancel their debt resolution plan at any time without penalty.

These protections are among the strongest in the financial marketplace today. Debt resolution is one of the few financial services where companies must deliver measurable results before charging a fee.

Independent studies show that debt resolution programs typically help consumers save about \$2.60 for every \$1 in fees, and most see their first account settled within four to six months. ACDR members consistently demonstrate high compliance rates and provide meaningful relief to consumers who might otherwise be left with no alternative to bankruptcy.

By enacting HB 534, Ohio will modernize its laws to match the federal framework, give regulators clear oversight authority, and provide consumers with a safe, lawful, and effective path to resolve their debts.

As an Ohioan, I believe my neighbors and friends struggling in the state would benefit from having an additional option. For too long, Ohio's policies have failed to evolve alongside our neighboring states and federal law due to outdated regulations—something I know this Committee and legislature cares deeply about. I believe Ohio regulations should be working for consumers, not against them.

On behalf of the Association for Consumer Debt Relief, I want to thank you, Mr. Chairman and members of the committee, for your leadership in advancing this important legislation. HB 534 will help thousands of Ohio families rebuild their finances and move toward long-term stability.

I respectfully urge your support for the bill and would be happy to answer any questions you may have.



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