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Senate Bill 211
Senate Financial Institutions and Technology Committee
Chairman Wilson
Sponsor Testimony – Senator Bob Hackett
September 28, 2021

Good morning Chairman Wilson, Vice Chair Hottinger, Ranking Member Maharath and members of the Senate Financial Institutions and Technology Committee, I'm here to present SB 211 the Financial Accountability and Independence Recovery (FAIR) Act. It's no secret that many Ohioans are struggling financially and the Covid-19 pandemic of the last year hasn't helped. Many people have been pushed to the brink financially and this legislation offers another option to deal with unsecured credit card debts.

The FAIR Act would give Ohio families a shot at restoring their personal finances using debt settlement. Allowing debt settlement advisors to operate in Ohio with clear ground rules and appropriate consumer protections gives citizens one more option to deal with significant unsecured debts. Presently Ohioans with high levels of credit card debt can utilize credit counseling or file for bankruptcy protection.

Credit counseling is a great option but only for those with the means to repay their entire debt and we all know how damaging a bankruptcy can be on your credit rating. For too many people credit counseling isn't an option and bankruptcy can be expensive with no guarantee the court will even accept the filing. Debt settlement providers work with debtors and help to negotiate a reduction in the principal owed and help people get back on solid financial footing.

Ohio law presently does not recognize debt settlement as a debt relief tool and SB 211 would change that by giving the Ohio Attorney General's office oversight responsibility for the industry. The FAIR Act would require debt settlement firms to register with the AG's office in a manner similar to how charitable organizations are handled. The bill would also make it clear that the AG can pursue an unfair sales practices complaint in the event of wrongdoing by a debt settlement provider. These are in addition to stringent federal regulatory oversight of the debt settlement profession by the Federal Trade Commission and the Consumer Financial Protection

Agency. Key among the federal rules is a prohibition on advance fees. In order to be paid by their client a debt settlement advisor must first present a negotiated agreement to the client who must approve it and begin making payments toward the settlement. Only then can a debt settlement provider seek payment for their services.

This is not the first time this legislation has been introduced in the Ohio Senate. One critic of this bill is likely to be the Ohio State Bar Association. They maintain that providing debt settlement constitutes the unauthorized practice of law. In my opinion a recent decision by the Ohio Supreme Court undermines their position. Former Ohio Attorney General Betty Montgomery will be appearing before this committee to review this ruling and provide greater context on how it impacts debt settlement.

It's time to pass this legislation into law and give Ohioans struggling with the heavy emotional burden of high levels of credit card debt another option to find a path to financial freedom. Mr. Chairman, thank you for bringing this important issue before the committee and I will now entertain any questions from the panel.