

## **Beware! Debt Relief Company Scamming Consumers**

*Source: Illinois Attorney General and Financial Awareness Institute*

Debt relief companies advertise that they can legally reduce or even eliminate your credit card debt. They're on the radio, Internet and even on TV ads. They charge up front and monthly fees but usually do nothing but take your money.

Although there are some legitimate, not-for-profit debt management companies, there are just as many that are not! The Illinois Attorney General, for example, just fined and is trying to close down Credit Solutions of America which is based in Texas but is operating all over the country and on the internet.

Recently, a proposed class-action lawsuit was filed against Credit Solutions of America (CSA) claiming the company is violating federal prohibitions on predatory behavior against individuals in significant debt. CSA offers itself to consumers as an intermediary between consumers and their debtors generally claiming the company can help people shrink their debt by 60 percent. Before beginning work with any customer, CSA requires that 15 percent of a customer's total debt be paid to CSA through monthly payments with three large installments in the first three months. In addition CSA instructs customers to stop paying their creditors so negotiations can begin. This leads to a range of lawsuits, attorneys' fees and litigation costs for unpaid debts and leaves customers far worse off than when they came to CSA.

If you or someone you know is deep in debt, do a budget, figure out how much you can pay each creditor and then call them and communicate. Lenders have millions of accounts that are in trouble right now and they are more than willing to be flexible and work with you to reduce the interest rate and even wave late fees and penalties. The key is to be upfront and communicate.

If this is not feasible, contact your local Airman & Family Readiness Center to talk to a certified financial counselor free of charge by calling 963-4406!