

ALABAMA SECURITIES COMMISSION

770 Washington Ave., Suite 570

Montgomery, Alabama 36130-4700

Mail: Post Office Box 304700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

CONSUMER ALERT: Beware of Questionable Debt Management Programs

MONTGOMERY, ALABAMA (May 11, 2009) Joseph P. Borg, Director of the Alabama Securities Commission (ASC), warns Alabama consumers to be wary of certain debt or credit management schemes being promoted via the internet, television, mail, or by telephone as “debt elimination” or “financial freedom” programs that promise to change the terms of or otherwise eliminate credit card or other indebtedness.

The promoters of these programs often claim that they can aid in changing the terms of the consumer’s credit card or similar credit agreement and will assume and/or eliminate the consumer’s debt through various and often complex legal means. Typically, the promoters of these schemes require large, up-front fees and promise total elimination of a consumer’s debt without the consumer having to experience bankruptcy proceedings. The Alabama Securities Commission warns consumers that these debt elimination programs must be licensed in accordance with Alabama law or they are operating illegally.

“We want to emphasize that consumers facing significant credit card or other forms of debt should work only with licensed credit counseling and debt management program providers,” Borg said. “Often, the promoters of schemes engage in deceptive and misleading advertising to attract customers, charge excessive fees and do little to improve a consumer’s financial standing. In fact, dealing with an unlicensed business can worsen the consumer’s financial standing for years and negatively impact their ability to obtain new credit, mortgages, auto loans and employment opportunities.”

Before you use the services of a credit counseling or debt management program, contact the ASC to verify if they are licensed to conduct business in Alabama; never send money to an unlicensed credit counseling or debt management business. Consumers can call the ASC at 1-800-222-1253 to inquire about the licensure status of a credit counseling or debt management program. Also, citizens may inquire about any securities-related transactions or offers or to determine the licensing status of securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, the registration status of securities, to report suspected fraud or to obtain consumer information.

###

For more information contact Dan Lord, Education and Public Affairs manager, (334) 353-4858.

ALABAMA SECURITIES COMMISSION

770 Washington Ave., Suite 570

Montgomery, Alabama 36130-4700

Mail: Post Office Box 304700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov