

Rothman clamps down on debt resolution firm

Written by

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Commerce Commissioner Mike Rothman recently ordered Chicago-based Legal Helpers Debt Resolution, LLC (Legal Helpers) and its five subsidiaries to cease and desist from operating as debt settlement providers in the state of Minnesota.

"Minnesota consumers struggling with debt asked Legal Helpers for assistance, but instead they reported that they were scammed out of money they couldn't afford to lose. These consumers were trying to pull themselves out of a tough situation and earn back their financial independence," said Commissioner Mike Rothman. "I will not tolerate any businesses that simply prey upon our consumers who are trying to make ends meet for a better future."

The Minnesota Department of Commerce investigated allegations that Legal Helpers repeatedly misled consumers throughout the process, charged consumers much higher fees than what Minnesota law allows, and failed to obtain a license to conduct debt settlement work. Legal Helpers allegedly accepted thousands of dollars in up-front and monthly fees from individual consumers with the expectation that these funds would be used, in part, to settle claims with various creditors.

In one complaint, Legal Helpers allegedly withdrew \$1,065 per month from a Minnesota couple's bank account. For more than a year, the couple reported that Legal Helpers virtually ignored their case refusing to provide updates explaining how their money was being spent. Eventually, the consumers reported that it was apparent Legal Helpers was not reducing or settling their debt as they continued to receive collection notices culminating with the threat of legal action by their collectors.

The investigation by the Minnesota Department of Commerce revealed that Legal Helpers allegedly purported to Minnesota consumers that its debt settlement services were being handled directly by its staff and attorneys. Instead, the work was allegedly shopped out to the following list of unlicensed debt settlement service providers to be handled by non-attorneys: CDS Client Services, Inc. ("CDS"), Lynch Financial Solutions, Inc. ("Lynch"), Legal Services Support Group, LLC ("LSSG"), JEM Group, Inc. ("JEM") American Debt Services ("ADS"), and Eclipse Financial Services, Inc. ("Eclipse").

"Sham companies cannot attempt to hide behind an alleged law firm status," said Commissioner Rothman. "Companies with the sole purpose of defrauding Minnesota consumers should be on notice – I will stop them and close them down."

Tips for Consumers:

- Before enrolling with a debt settlement company, check with the Minnesota Department of Commerce License Lookup Tool to see if the Debt Services Company is licensed to operate in Minnesota.
- Choose an agency that offers free face-to-face services to discuss your specific program.
- If possible, avoid signing up for a debt services plan over the phone or the Internet as it may put you at risk for losing money to a fraudulent enterprise.

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- Get any and all debt service agreements in writing and read the agreements before you sign them.
- Avoid companies that require high up-front fees, "voluntary contributions" or high monthly service fees that only add to your debt.
- Keep in mind, debt service agencies are only allowed to charge fees that are statutorily allowed under Minnesota law.
- If you are dealing with a debt management company, make sure you are kept informed about when and how much of your monthly payment is going to your creditors.
- Beware of unrealistic promises, such as erasing your debt for pennies on the dollar in a short time span (most legitimate debt reduction plans take two to four years to repay) or promises to reverse a bad credit score.
- Know that there are several free, reputable loan counseling services out there.

About the Minnesota Department of Commerce

The Minnesota Department of Commerce licenses and regulates debt settlement companies, collection agencies and individuals and companies in several other industries. Consumers with complaints or questions may call the Minnesota Department of Commerce at (651) 296-2488 or toll free, 800-657-3602.