



**freedom**  
DEBT RELIEF  
1-800-655-6303

Debit Card Safety Tips • FDR Client Reminders  
Common Questions About Debt Collection  
Spare Change • Inspiring Thoughts  
Sales Tactics to Tempt You to Spend More

Welcome to the Freedom Debt Relief monthly newsletter! As part of our ongoing goal to enhance our services, we will be sending you a monthly newsletter filled with interesting articles and helpful financial tips and advice. We hope you enjoy this issue, and that you find the enclosed information helpful as you continue on the road to financial freedom.



## Debit Card Safety Tips

In recent years, debit cards have become the preferred payment method among consumers. Since 2006, the Federal Reserve Board reports that the amount of debit card transactions were more than \$1 trillion, surpassing credit card transactions by \$2 billion. As a debt settlement client, you may feel that debit cards are convenient and better to use than credit cards because you do not acquire debt. Although these statements may be correct, below are some safety tips that may help you avoid problems associated with debit cards.

**Act fast if your card is lost or stolen.** As soon as you discover your debit card is lost or stolen, notify your bank immediately. The Electronic Fund Transfer Act (EFTA) states that if you report it missing before any fraudulent charges occur, you are not responsible for the charges. If you report the loss within two business days, you are only responsible for \$50 of unauthorized use. Waiting longer than two days could make you liable for up to \$500 for charges made without your permission. If you do not report unauthorized use



during the first sixty days, you may not have any recourse and would be responsible for all the charges.

**Remember that your debit card is linked to your money.** Be cautious about using your debit card to make purchases online and over the phone. If you never receive what you ordered or the merchandise arrives damaged, you may be able to dispute it, but while the issue is being resolved, you may not be able to have your cash refunded right away. Bankrate.com, a comprehensive financial information site, recommends using a credit card for major purchases\* and debit cards for items such as groceries and other small miscellaneous expenses. In case there is ever a problem, consumers have the Fair Credit Billing Act (FCBA) to assist them with credit card disputes. This federal law may allow credit card holders to withhold payment and the maximum liability for unauthorized use is \$50.

**Overdrafts can be costly.** Because debit cards are so convenient and linked to your checking account, it is very easy to overdraw your checking account if you miscalculate. According to the Center for Responsible Lending, a nonprofit research organization, debit card POS (point of sale) overdrafts cost consumers \$2.17 in fees for every dollar borrowed.

A common reason for debit card overdrafts is the fact that some business establishments can put “holds” on your debit card. This practice is common in the hospitality and travel industry and it means that merchants can place a hold on more money than you expect until the bill is paid in full. Hotels and car rental stores are examples of the businesses that may place a hold on your funds. In this situation, it may be best to use a credit card.\* Although businesses still place holds on credit cards, at least it is not freezing actual funds in your checking account. In any case, recording debit card transactions and keeping track of your checking account balance will help you detect a problem as soon as possible.

**Be safe when using your debit card.** When paying with your debit card, it is best not to leave it out of your sight. According to Cardweb.com, an

online source for credit card research, a large percentage of card theft occurs at restaurants. The practice of handing a payment card to a server to pay your restaurant bill may soon be an outdated procedure as some establishments are implementing “pay at the table” technology. Patrons may soon be able to swipe their card and complete the transaction using an electronic device.

Since many debit cards also have ATM privileges, the Better Business Bureau (BBB) also warns customers to be careful of which ATM that they use. According to the BBB, consumers should be particularly careful using stand-alone or mini ATM’s at convenience stores. Electronic devices, known as skimmers, have been fraudulently used in some ATM’s to steal debit card information. It may be best to mostly use ATMs that bear your bank’s name.

*\*Disclaimer: As a debt settlement client, you may have limited access to credit cards at this time. Using credit wisely upon completion of your program is one step towards achieving financial freedom.*



## More Debit & ATM Tips

- ◆ Be careful about disclosing your debit card number over the phone.
- ◆ Cut up or shred old debit cards.
- ◆ Memorize your PIN. Do not carry it in your purse or wallet.
- ◆ Carefully check the amount of ATM or debit card transactions before you enter a PIN or sign the receipt.
- ◆ Check your bank balance often to detect any discrepancies.

*Tips were provided by an FTC Fact Sheet. For more helpful consumer information, visit <http://www.ftc.gov/bcp/consumer.shtm>*



## Client Reminders

**Tax Debt?** If you owe money to the IRS and would like information on how to reduce your tax debts, please contact our sister company, Freedom Tax Relief at 1-800-455-6TAX. Our tax attorneys and tax specialists are eager to immediately start helping you resolve your tax troubles. In addition, existing FDR clients are eligible for a \$100 referral bonus if they refer someone to Freedom Tax Relief.

### American Consumers Union

We have recently partnered with the consumer advocacy group, American Consumers Union, in order to provide additional support to our clients with respect to creditor harassment. All FDR clients are automatically given membership into the American Consumers Union, and are given the full use and support of the advocacy group, at no additional charge. This is a terrific benefit for our clients, and we are happy to be able to provide this service to our clients at our expense. You can visit them online at [www.myacu.org](http://www.myacu.org).

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**Customer Service  
Phone Number:  
1-800-655-6303**

**Hours of Operation:  
6:00 AM – 6:00 PM PST**

**E-mail:  
[support@freedomdebtrelief.com](mailto:support@freedomdebtrelief.com)**

# Common Questions About Debt Collection



**T**hroughout your debt negotiation program, you may have some contact with collectors via mail or telephone. On several occasions, you may have encountered some terms or business practices that were new to you. Here are the answers to some common questions about the debt collection industry. We hope you find this information helpful as you travel the road to financial freedom.

**“I received a letter from a collection agency regarding a credit card bill. How did they receive my information? Why isn’t the credit card company contacting me?”**

The company or organization that you initially signed a contract with is referred to as the original creditor. For example, let’s say you obtained a credit card account with FirstBank. If your account becomes past due, FirstBank, your original creditor, will send reminders and call in an attempt to get you to pay the amount due. When your account becomes more delinquent, approximately 180 days, FirstBank may have an outside collection agency, XYZ Acquisitions, attempt to collect payment. This company is a third-party collector. Keep in mind that your accounts may be assigned to or bought and sold by several collection agencies during the course of your debt negotiation program. It is important to keep paperwork organized and to notify your debt negotiation company when you notice that an account changes hands.

**“A collector recently contacted me about an unpaid bill that I incurred nearly a decade ago. Do I still owe really old debts?”**

One way to determine if you still owe the debt is to check the statute of limitations in your state. The statute of limitations also varies depending on what type of debt it is. A common example is that the collection agencies can still attempt to collect the debt, but may not be allowed to file a lawsuit because so much time has passed. To find out what the statute of limitations are in your state, visit [www.creditinfo.com](http://www.creditinfo.com) and select the “Credit Repair” link followed by the “Statute of Limitations on Debt” link. You can then find your state on the list. If a collector tries to persuade you to make a

payment on an old debt, be sure to contact your debt negotiation company before you take any action. If you pay, you may cause more harm than good. According to an article on MSN Money ([www.moneycentral.com](http://www.moneycentral.com)) entitled “Zombie Debt Collectors Dig Up Your Old Mistakes,” “...the smallest payment can revive the state of limitations in some states, leading to more aggressive collections and lawsuits. Even acknowledging the debt is yours can restart the clock in some jurisdictions.” Checking your credit report periodically can also help you keep track of old debts. You can obtain an annual free copy of your credit report at [www.annualcreditreport.com](http://www.annualcreditreport.com)

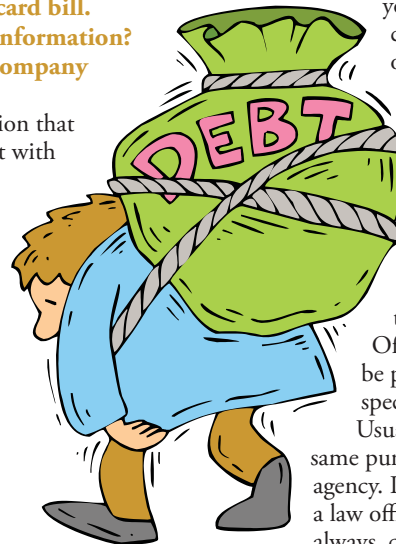
**“I received a letter from a law office concerning a debt. Am I being sued?”**

In our past experience, this is not necessarily the case. Oftentimes, your account may be placed with a law firm that specializes in debt collection. Usually, this organization serves the same purpose as a third-party collection agency. If you receive a letter from a law office, read it carefully and as always, contact your debt negotiation company when you receive any collector correspondence.

**“A creditor called me and said my account will be ‘charged-off.’ What does that mean? Do I still owe the debt?”**

According to Bankrate.com, a comprehensive financial web site, a charge-off is a term that is used to classify delinquent accounts for tax purposes. The word “charge-off” is used to report a loss for the creditor. A debt is usually charged-off if there has been no payment made on the account for more than 180 days. Although your account is charged-off, you still owe the debt. A creditor can continue with attempts to collect the debt themselves or through a third-party debt collection agency.

*Disclaimer: While this article is factual and accurate, it is not intended to replace the advice of professional, financial, accounting, and/or legal advisers. As with all decisions regarding your finances, the advice, techniques, ideas and suggestions offered herein should be followed under the supervision of the appropriate competent professional.*





# Spare Change

News, financial tips, and other information regarding personal financial freedom

## FTC takes action against Florida debt collectors.

A federal court has entered a final order against a Florida debt collection agency settling a Federal Trade Commission action that alleged the defendants violated the FTC Act and the Fair Debt Collection Practices Act (FDCPA) while collecting consumers' debts. The FTC's complaint alleged that the enterprise used misleading letters and abusive telephone calls to falsely threaten that consumers would be sued, their property seized, and their wages garnished if they did not pay the money that the defendants said they owed. The complaint alleged that the collectors often shouted and used profanity and other abusive language to carry out their collections. The final order, among other things, permanently bars the defendants from falsely representing the character, amount, or legal status of a consumer's debt, that their collector is an attorney or represents an attorney, or that if the consumer does not pay, the defendants can or will file a lawsuit against the consumer. It also prohibits them from violating the FDCPA in any way, including disclosing a consumer's

debts to any third parties, using profanity or other abusive language in collection calls, or by continuing to attempt to collect a debt before providing verification of the debt to consumers who properly request such verification. The settlement also requires the defendants to provide consumers with a toll-free number and mailing address to file complaints, promptly investigate each such complaint, and take steps to cease, resolve, and cure any violations of the court order or the FDCPA.

## Credit card mail volume declined.

Credit card mail volume declined in the 4th quarter of 2007. Issuers, straining from fall-out due to the mortgage crisis and concerned about the economy, cut back on direct marketing activity according to Mail Monitor, the direct mail tracking service. Uncertainty surrounding the



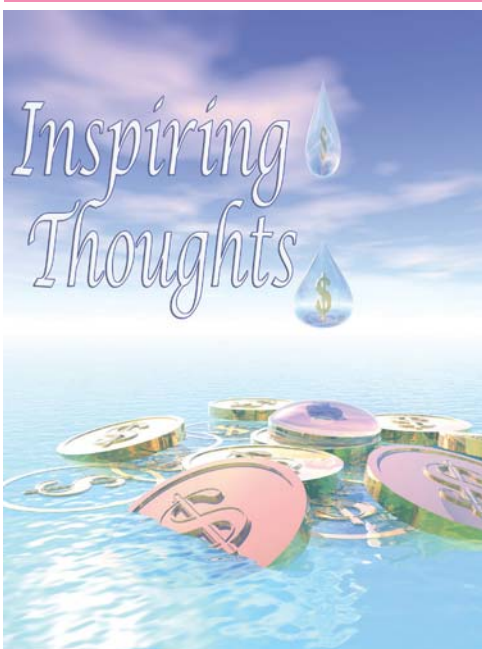
economy has caused issuers to be more selective in their targeting.

## IRS warns consumers of "phishing scams":

The IRS wants to warn consumers about possible "phishing" e-mail scams. Identity thieves attempt to send out e-mails that appear to be from the IRS, but it is an attempt to gain financial information. The IRS never asks for information such as Social Security and PIN numbers or passwords to access credit card or bank accounts. Some other signs that may indicate a fraudulent email include asking consumers to participate in an IRS survey or threatening to withhold refund money if they do not respond. The IRS encourages consumers to forward unsolicited "IRS" e-mails to phishing@irs.gov. For more details, visit [www.irs.gov](http://www.irs.gov) and do a keyword search on "phishing."

## Identity theft is still the number one crime.

The FTC recently released the list of top consumer fraud complaints received by the agency in 2007. The list, contained in the publication "Consumer Fraud and Identity Theft Complaint Data January-December 2007," showed that for the seventh year in a row, identity theft is the number one consumer complaint category. Of 813,899 total complaints received in 2007, 32% were related to identity theft.



FEELINGS ARE MUCH LIKE WAVES,  
WE CAN'T STOP THEM FROM  
COMING BUT WE CAN CHOOSE  
WHICH ONE TO SURF.  
~JONATAN MÅRTENSSON

Reacting to life's unexpected or unfortunate events is a natural human reaction. Our mood and feelings can change depending on what is occurring in our life at the moment. After having a bad day, you may have been tempted to buy something to make you feel better. Results from a recent scientific study entitled, "Misery is not Miserly" indicates that consumers that feel sad or self-focused are more likely to spend more for material goods. Below are some tips that may help you make wiser financial choices on those bad days.

**Do not shop while hungry.** You may have heard this tip when referring to grocery shopping. Consumers may spend more for food if they shop while they are hungry. The same idea can also relate to other types of shopping. The recent study indicates that consumers should refrain from making major purchasing decisions when they are angry, sad, stressed, or depressed. Shopping while experiencing an extreme emotion may lead to impulsive purchases.

**Walk away.** Let's say you are shopping after a stressful day at work and you see a great deal on the latest electronic gadget. Although you did not plan on making this purchase, you

may suddenly think that you absolutely need it or deserve it after your difficult day at work. In these types of situations, it is best to remove yourself from the situation. Consider walking away and think about the purchase for a few days. In most cases, you may have forgotten all about it by the time you arrive home.

**Appreciate what you have.** According to research site Science Daily ([www.sciencedaily.com](http://www.sciencedaily.com)), university researchers of the "Misery is Not Miserly" study suggest that sadness causes people to devalue their current possessions. Sadness can make people feel "empty" and some may look to purchase items to fill that void. Paying off debt can make some people feel as if they have very little to show for their spending. Before you spend more in an attempt to feel better, think about things or aspects of your life in which you are thankful. For example, you may be grateful for the health of your family, food, housing, employment, etc.

**Reward yourself.** We all have times in which we need to relax and reward ourselves for our hard work. Discover inexpensive activities or small tokens of appreciation that will help cheer you up or reduce stress. For example, rent a movie, have a family pizza night, exercise, or do something that your family may enjoy.



## Sales Tactics to Tempt You to Spend More

**H**ow many times have you walked into a store with the intention of buying only one or two items and leave with several bags full of merchandise? This scenario is probably a common occurrence for most consumers. You may blame it on lack of self-control, but stores play a major role in encouraging you to spend more money. Below are a few subtle sales tactics that may be a reason your bill is higher than expected.

**Shopping carts:** Some consumers may only plan on buying a few small items, but may still take a shopping cart when they enter the store. According to MSN Money, carts make it psychologically easy to toss in an item you do not need because there is plenty of room.

**Atmosphere:** In order to make customers feel

welcomed, retail stores may play music, offer free samples, or fill the air with a pleasing scent. Time magazine reports that “scent is the latest technique for putting consumers in a spending mood.” Many stores create their own signature smells, which can cost as much as \$25,000.

**Price points:** According to TheStreet.com, a leading financial media company, consumers spend more money when prices end in “9”. This may explain why many stores may charge \$19.99 for an item, as opposed to \$20. In order to keep track of your spending, it may be wise to carry a calculator while you shop so you can see the miniscule difference.

**Stock-up sales:** Many stores offer “Buy One, Get One Free” sales. If you do not think you will use “two” of a particular item, read the store requirements. You may be able to purchase one for half of the price. Stores may also promote sales such as “5 for \$9.99” or “3 for \$7.98”. Once again, ask yourself if you need to buy that many items. If not, do the math and figure out how much it is to buy just one.

**Mail-In Rebates:** These offers can provide some savings to consumers. However, stores are expecting that most customers will not follow through with the requirements. According to Bankrate.com, at least 50% of consumers do not claim their rebates because they forget to cut off the UPC, lose the rebate form, or they just simply do not want to be bothered by all of the paperwork.



## TAX REBATE CAN BOOST YOUR RESERVE ACCOUNT

You may have heard about the \$168 billion economic stimulus package that Congress recently passed. Later this year, individuals may receive rebate checks up to \$600 and couples could receive up to \$1,200. Also, families may qualify for an additional \$300 per child. This rebate is for individuals that earn under \$75,000 per year and couples that earn under \$150,000 per year. If you plan on receiving a rebate check, consider putting this money towards your reserve account.

The Freedom Debt Relief newsletter is published by The Premier Institute for Financial Freedom. While articles in this newsletter are factual and accurate, they are not intended to replace the advice of professional financial, accounting, and/or legal advisers. As with all decisions regarding your finances, the advice, techniques, ideas and suggestions offered herein should be followed under the supervision of the appropriate competent professional.



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