

POLICIES AND PROCEDURES FOR CONSUMER COMPLAINTS AND ENFORCEMENT

Preamble

The American Association for Debt Resolution (AADR) requires its members to comply with all relevant federal and state laws and regulations. In addition, the AADR Executive Board has constituted a “Standards Committee,” composed of AADR member companies and industry experts, and has requested that the committee develop written policies and procedures that reflect industry “best practices.” Standards promulgated by the committee are sent, first, to the Executive Board for review, and then distributed to the AADR membership for comment and feedback prior to adoption.

AADR member companies are subject to regular (every other year) accreditation examinations by an independent third party, the purpose of which is to verify compliance with all AADR membership requirements, including those set forth in the AADR standards.

Consumer Complaints

Make It Easy. In addition to a toll-free customer service telephone line, each AADR member company shall provide on its website a clearly labeled active hyperlink that makes it easy for a consumer to contact the Member to ask a question or express a concern about any aspect of the consumer’s debt resolution program. The hyperlink should be easy to find and not require more than one click-through from the Member’s homepage to bring the consumer to the Member’s contact portal.

Be Transparent. AADR member companies shall create and adopt written consumer complaint policies and procedures that are compliant with the standards set forth herein. A Member’s consumer complaint policies and procedures must be accessible to consumers through the Member’s website.

Don’t Delay. The AADR encourages prompt and direct resolution of consumer complaints; accordingly, within two business days of receipt of a consumer complaint (either directly from a consumer or from the AADR, as discussed below), a Member shall reach out to the consumer and (i) acknowledge receipt of the complaint and (ii) advise the consumer of a reasonable timetable for the Member’s response, which should be no more than 30 days from the Member’s receipt of the complaint. If during the inquiry the Member determines that additional information is required, the Member shall promptly request such information from the consumer.

And If It Doesn’t Work Out. If the consumer does not feel that they have received a satisfactory response to their complaint, the consumer may file a complaint with the AADR through the AADR Consumer Complaint Resolution portal.

Filing a Consumer Complaint with AADR

The AADR has placed on its website a prominent “click-through” button labeled “FILE A COMPLAINT” to enable consumers to notify the AADR directly of any customer service complaints. In addition, the AADR maintains a main telephone number through which a consumer may initiate a complaint. It is the AADR’s policy to attempt to facilitate a resolution between the Member and the complaining consumer before taking any other action, including enforcement action.

Submission of Complaints. A complaint may be submitted by a consumer either orally (through the AADR phone number) or in writing, through the AADR Consumer Complaint Resolution portal. Once a consumer complaint has been submitted, the AADR Head of Compliance will acknowledge receipt of the complaint within two business days, forward a copy of the complaint to the Member and open a complaint file. The Head of Compliance shall include with the acknowledgement a “one-pager” that describes (i) how the complaint will be handled, (ii) the estimated time for investigation and response and (iii) the consumer’s right to appeal if the consumer is dissatisfied with the offered resolution of the consumer’s complaint.

Evidence Required. A complaint must be accompanied by documentation supporting the claim. If a complaint is initiated telephonically, the Head of Compliance shall request from the consumer supporting documentation. A complaint submitted without supporting documentation will be deemed insufficient and may result in the complaint file being closed without further action. The Head of Compliance may, at his/her discretion and at any point in the process, request additional information from the Member or the consumer.

Coordination with the Member. The Head of Compliance will, as promptly as practicable, evaluate the nature of the complaint and forward the complaint to the Member against whom the complaint has been made.

Response and Member Follow-Through. A Member shall acknowledge to the Head of Compliance receipt of a complaint and thereafter promptly review the complaint. The Member shall coordinate directly with the consumer and make commercially reasonable efforts to resolve the complaint within 30 days of receipt. Copies of all correspondence between the Member and the consumer should be forwarded to the Head of Compliance. If at the end of the 30-day period the Member, through the exercise of good-faith efforts, has been unable to communicate with or satisfy the consumer, the Member may close the complaint and notify the Head of Compliance, in writing.

Head of Compliance Follow-Through; Appeal. If, by the end of the 30-day response period, the Head of Compliance has not heard from the Member, the Head of Compliance will follow up with the Member and request a status update. The Member shall have five business days to respond to the Head of Compliance’s request. Thereafter, the Head of Compliance shall reach out to the consumer to ascertain whether the consumer is satisfied with the Member’s response. If a consumer is dissatisfied with the Member’s response or did not receive a response from the Member, the complainant may request that the Head of Compliance review the complaint file and, if the Head of Compliance deems it appropriate,

refer the complaint to the AADR's Compliance Review Board ("CRB," described further, below) further review the complaint.

Complaints Against Non-Members. If a complaint is submitted against a non-member of the AADR, the Head of Compliance will (i) advise the consumer that the subject company is not an AADR member and (ii) send the complaint to the non-member with the recommendation that the non-member respond directly to the consumer.

Complaints Against Third-Party Service Providers. A complaint against a third-party service provider of a Member company shall be treated as a complaint against the Member. For purposes of responding to consumer complaints, the Member shall be considered responsible for the actions of its third-party service providers. To the extent that a Member's third-party service provider is also an AADR Member company, a complaint against such third-party service provider will be handled by both the Member and the third-party service provider.

Record Retention. Members should retain a written record of all complaints in the client file of the consumer (if the consumer is a current or former client), and for not less than two (2) years with respect to non-client complainants. The AADR will retain a written record of the complaint and its resolution for a period of not less than two (2) years following the closing of the complaint file.

Compliance Violations

For purposes of these policies and procedures, a "compliance violation" shall mean an alleged or suspected violation of a federal or state rule or regulation, including but not limited to the Federal Trade Commission's Amended Telemarketing Sales Rule, and/or any of the AADR Standards that (i) have been adopted by the Executive Board and (ii) are applicable to such Member. A complaint alleging a compliance violation may be filed against a Member by a consumer, a federal or state regulator, a state Attorney General, the AADR itself or another Member. All complaints to the AADR alleging a compliance violation by a Member must include the name of the individual or organization submitting the complaint.

Evidence Required. A complaint alleging a compliance violation must be in writing and be accompanied by documentation supporting the claim(s). Within two business days after the receipt of a complaint alleging a compliance violation, the Head of Compliance shall evaluate the submission and, if necessary or appropriate, request additional information from the complainant, who shall have a further two business days to respond to the Head of Compliance's request. A complaint that is not supported by sufficient evidence and/or supporting documentation will be deemed insufficient for submission to the CRB.

Prioritization. The Head of Compliance will, upon receipt of a complaint alleging a compliance violation, evaluate the complaint and categorize the complaint as "major" or "minor," taking all factors (i.e., the subject matter of the complaint, the identity of the complainant, the harm, if any, involved, etc.) into account. The Head of Compliance will promptly advise the CEO of any "major" complaints, which will then

be promptly referred to the CRB. All “minor” complaints will be handled by the Head of Compliance, under the general supervision of the CEO.

Coordination with the Member. The Head of Compliance will forward a complaint alleging a compliance violation to the Member against whom the complaint has been made; provided, that, in the case of a complaint alleging a compliance violation that is filed by a Member against another Member, the identity of the complainant shall be withheld and not provided to the Member against whom the allegation has been made.

Referral to Compliance Review Board. A “major” complaint alleging a compliance violation shall be referred to the CRB within two business days after the Head of Compliance deems the submission(s) complete. The referral shall be in writing, signed by the Head of Compliance and shall be accompanied by such evidence as has been submitted in support of the complaint. Thereafter, the CRB shall have exclusive jurisdiction to handle the investigation and to recommend to the Executive Board any enforcement or remediation required to address the alleged compliance violation.

Response and Member Follow-Through. A Member shall acknowledge to the Head of Compliance receipt of a complaint alleging a compliance violation and thereafter promptly review the complaint. The Member shall coordinate with the Head of Compliance (in the case of “minor” complaints) and make commercially reasonable efforts to resolve the complaint within 30 days of receipt. If at the end of the 30-day period the Member, through the exercise of good-faith efforts, has been unable to satisfy the Head of Compliance, the complaint shall be forwarded to the CRB for resolution.

Complaints Against Third-Party Service Providers. A complaint alleging a compliance violation against a third-party service provider of a Member company shall be treated as a complaint alleging a compliance violation against the Member. To the extent that a Member’s third-party service provider is also an AADR Member company, a complaint against such third-party service provider will be handled by both the Member and the third-party service provider.

Record Retention. Members should retain a written record of all complaints alleging a compliance violation for such period of time as counsel shall advise. The AADR will retain a written record of any complaint alleging a compliance violation and its resolution for a period of not less than two (2) years following the closing of the complaint file.

Regulatory Inquiries. A request from a regulator or an Attorney General shall be referred by the Head of Compliance immediately to the CEO and the Executive Board and, if not specifically prohibited by the requestor, to the affected Member(s) and thereafter not treated further as a complaint.

Compliance Review Board

The AADR Executive Board has constituted an Compliance Review Board, composed of three (3) persons chosen by the board for the purpose of (i) reviewing all “major” complaints, (ii) hearing the appeals of dissatisfied complainants and/or Members and (iii) reviewing complaints between Members. In order to

ensure complete independence of the CRB members, no CRB member may have a financial, consulting or other material relationship of any sort with Member.

The CRB will meet as often as necessary, at which time the CRB shall review those matters referred to it by the Executive Board and/or the CEO or the Head of Compliance. At its discretion, the CRB may request additional information with respect to any matter presented to it for review, which information may include input from counsel, members of the Executive Board or any consultant to the AADR. Upon completion of its review, the CRB shall forward its recommendations (which shall be by majority vote) to the CEO, who shall calendar the matter for review and discussion by the Executive Board at its next regularly scheduled meeting; provided, that if any member of the Executive Board is the subject of, or has a material interest in the outcome of, a complaint alleging a compliance violation, such member(s) of the Executive Board shall be recused from any discussion of the Compliance Review Board's report, recommendation(s) or enforcement decision(s).

Enforcement

It shall be the policy of the AADR to work in good faith with all parties to achieve appropriate complaint resolutions and to see that any alleged compliance violations or violations of the AADR standards are cured as swiftly as possible. However, in cases where a Member has declined to follow the CRB's recommendations, the Executive Board may consider enforcement action, which may include, without limitation, a demand that the Member remediate the alleged violation to the satisfaction of the Executive Board, or suspension or termination of the Member's AADR membership. In such cases, the following procedures shall be followed.

1. If the CRB does not deem the Member's response to have resolved the complaint or cured the alleged compliance violation and has recommended to the Executive Board that further action is necessary or appropriate, then the CEO shall notify the Member of the Executive Board's intention to take enforcement action and allow the company an opportunity to defend its position. Any such defense shall be made in writing within five (5) business days from the AADR's notice to the Member and shall address the allegations with specificity.
2. The Executive Board shall review all materials in the case and may submit questions to the Member before making a final decision.
3. If the complaint that is the subject of the CRB's review and recommendation involves a Member who has representation on the Executive Board, then the representative director shall recuse him- or herself from any and all discussions on the matter.

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