



CREATING ECONOMIC VALUE FOR
CONSUMERS AND BUSINESSES

April 10, 2009

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: ***Federal Deposit Insurance Corporation's ("FDIC") Legacy Loans Program – Request for Comments***

Dear Mr. Feldman:

This letter is submitted in response to the FDIC's request for comment on its Legacy Loans Program (the "LLP").

DBA International is a non-profit trade group comprised of over 586 professional debt buyers which are committed to the education, integrity, and professionalism of the industry. With an emphasis on legal compliance, we work alongside of other trade groups to ensure the fair and ethical treatment of consumers.

The members of DBA work to educate consumers on financial literacy while also seeking solutions in resolving the consumer's debt. Debt buyers are in the unique position of often being able to substantially discount the debt in situations where in many instances the original creditor would or could not discount the debt. In a recent study by Price Waterhouse, it was found that over \$40 billion dollars in 2007 was returned to businesses that extend credit by debt collectors.¹ This amount is estimated to benefit consumers by saving the average American household \$359.00 annually.

While there are hundreds (if not thousands) of entities purchasing debt, there are only five publicly traded debt buying companies.² Three of these publicly traded debt buyers³ collectively purchased over \$77 billion dollars, face value, of charged-off debt from December 31, 1996 through December 31, 2006, for which they paid a total purchase price in excess of \$1.8 billion dollars.⁴ Publicly traded debt buyers as well as several large privately-owned companies purchase many of the larger portfolios, including large credit card portfolios, directly from the originators. However, there are many smaller debt buyers that are active in the debt buying marketplace as well purchasing a wide variety of debt portfolios, and that are also active in trade organizations such as DBA. It has been estimated that debt buyers, including those which are

¹ "Value of Third Party Debt Collection to the U.S. Economy in 2007; Survey and Analysis" for ACA International by Price Waterhouse Coopers.

² Asset Acceptance Capital Corp., Portfolio Recovery Associates, Inc., Encore Capital Group Inc., Asta Funding Inc. and First City Financial Corp.

³ Asset Acceptance Capital Corp. ("AACC"), Portfolio Recovery Associates, Inc. ("PRAA") and Encore Capital Group, Inc. ("ECPG")

⁴ Data for calculations derived from the 2006 Annual Reports of AACC, PRAA, and ECPG.

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publicly traded, are active in the annual purchase of over \$100 billion dollars in face value of delinquent credit card debt alone.⁵

We believe that charged-off consumer debts such as credit card debt, personal loans and automobile loan deficiencies might be considered for inclusion in LLP sales only if the current market models and current regulatory oversight remains intact. Numerous FDIC member institutions carry charged-off consumer debts which are typically valued at zero for regulatory capital purposes. However, these debts have a current market and the financial institutions need to be incented to sell the same. Before opening up the LLP auction to include charged-off consumer debts to an already well established debt buying market, we would like you to consider that although the program could possibly enhance FDIC institutions capital positions, there needs to be a consideration of existing markets and current regulatory oversight.

The current regulatory oversight of the debt buying market place has been established for over 30 years as the debt buying industry is subject to regulatory oversight by the Federal Trade Commission, the Federal Fair Debt Collection Practices Act, the Fair Credit Reporting Act, The Gramm-Leach-Bliley Act ("GLB"), IRS Reg. 6050-P-2(1099c reporting requirements), and numerous state regulations, and licensing requirements. We would suggest that the FDIC consider the oversight to be well-established to follow this long existing framework.

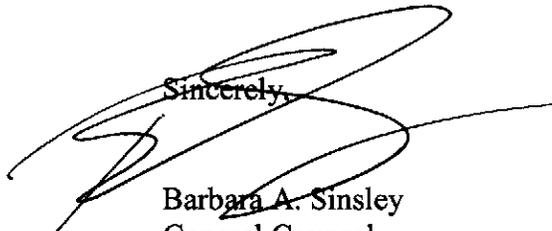
Lastly, the qualifications for debt buyers if considered for the LLP should be that which only considers established and sophisticated debt buyers, which are properly established in the marketplace, and which would typically be members of associations such as DBA International or ACA International, and which have proper regulatory procedures, collection procedures, and licenses in place.

We appreciate your consideration of these comments. I am available to discuss this response at your convenience. We realize that you are in the initial phases of your review and we have industry experts available to you at your convenience.

My direct contact information is as follows:

Barbara A. Sinsley
Barron, Newburger, & Sinsley PLLC
205 Crystal Grove Blvd. #102
Lutz, Fl. 33548
(813) 500-3636 direct line
bsinsley@bnsowlaw.com

Sincerely,



Barbara A. Sinsley
General Counsel
DBA International

⁵ Kaulkin & Ginsberg, GLOBAL DEBT BUYING REPORT, March 2006, p. xxviii.
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