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About CareOne Services Inc.

CareOne Services Inc. is a national leader in providing debt relief services. The company is committed to helping consumers break the cycle of revolving debt by giving them the confidence and tools to manage their money successfully.

Consumer debt is a complex issue, and people need help addressing their immediate debt situation while also learning how to manage their finances over time. CareOne provides solutions that utilize financial education and emphasize the importance of making smart budgeting decisions.

Headquartered in Columbia, Md., CareOne has helped more than 2 million people on their journey out of debt since its founding in 2002. In 2010, the company provided consumers with the tools and assistance to pay down more than \$385 million in debt. CareOne provides services in 41 states.

CareOne takes a holistic approach to assist customers in managing their debt; it's a way of improving their lives. Traditional debt counseling firms offer a one-size-fits-all approach. CareOne takes a different strategy and looks at an individual's situation and creates a solution that will work for that consumer.

While CareOne offers formal debt payment programs, the company goes beyond that by helping consumers address day-to-day life issues that both lead to and are the result of being in debt. Consumers know they are not alone in their struggle. CareOne offers a wide range of resources for consumers seeking assistance in learning how to better manage their debt.

CareOne's Financial Products and Services

- *Free* Financial Educational Materials on debt management and resolution of financial difficulties
- *Free* Personal Financial Coaching
- *Free* Debt Payment Pro
- *Free* Online Community where all consumers can seek advice and share challenges and triumphs (Community.CareOneCredit.com)
- *Free* FreedomPointers
- Debt Management Program
- Debt Settlement Program
- Business debt negotiation
- Bankruptcy referral services
- Prepaid purchase card services
- Member Benefits Services

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Meet the CareOne Services Experts

CareOne is pleased to offer the following experts:



Mike Croxson, president

Areas of expertise:

- Regulatory issues, including state and federal rules for the debt relief industry
- Similarities and differences between for-profit and nonprofit debt relief providers
- Assessing debt relief services and the companies that provide them
- Demographics of those seeking debt relief assistance
- Primary causes of debt and why people seek help

Mike Croxson has served as president of CareOne Services Inc. since 2005. In this role, Croxson is responsible for all facets of day-to-day business operations. He focuses on direct consumer and business client services, technology and process management, human resources, training, communications and organizational development.

Croxson joined Ascend One Corporation, parent company of CareOne, in 1999 as chief human resources officer and was promoted to chief operating officer in 2000. Croxson was named president of Amerix, a sister company of CareOne, in 2002.

Prior to joining Ascend One, Croxson worked at Synovus Financial Corporation in Columbus, Ga., where he was senior vice president of human resources. He has more than 20 years of experience in the financial services industry.

Croxson earned his undergraduate degree from the University of Virginia and completed advanced studies at Duke University. Croxson currently serves as the president of the board of directors for Maryland Works. He was chairman of the 2008 Start! Howard County Heart Walk. Croxson is also a trustee of the Columbia Foundation and serves on the investment committee. He is a member of the board of directors for St. John's Parish Day School and is senior warden of St. John's Episcopal Church.

For more information on Mike Croxson, visit www.careonedebtinsights.com/about/mike-croxson/.

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Jenny Realo, CPA, executive vice president

Areas of expertise:

- Budgeting and dealing with debt
- Demographics of those who are seeking debt relief assistance
- Primary causes of debt and why people seek help
- Common money mistakes and how to avoid them
- Consumer finance issues, including how to discuss financial issues with children

Jenny Realo is executive vice president and chief product officer for CareOne Services Inc. She joined Ascend One Corporation, parent company of CareOne, in February 1999 as vice president and managing director of quality. She has held various positions within the organization including vice president/senior director of human resources, vice president/senior director of e-commerce and vice president/senior director of CareOne Services' marketing management. In her current role, Realo's responsibilities include overseeing product management, new product development and online channel management.

Before joining Ascend One, Realo was employed by the St. Paul Companies in Baltimore, Md., for nearly seven years. She served as the manager for technology and business development for the Family and Business Insurance Group and was also a member of the Acquisition Task Force. Prior to that, Realo served as a senior auditor for the Commercial and Finance Division of Arthur Andersen & Co. in Washington, D.C.

Realo attended the University of Richmond and received a B.S., B.A. in Accounting. She earned an MBA from Loyola College. Realo is a CPA and a mother of three teenage boys. She served on the board of directors of the Caroline Center for three years and is currently serving as a member of the board of trustees for Living Classrooms Foundation, an organization providing hands-on education and jobs training to economically disadvantaged youth and adults in the Baltimore/D.C. area.

For more information on Jenny Realo, visit www.CareOneDebtInsights.com/about/jenny-realo.

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Other CareOne Experts

Suzanne Coblenz, CareOne Community moderator

CareOne has an online community where customers and non-customers alike can seek free financial advice and get professional and peer support. Coblenz monitors the community and can share real world examples of how people got into debt and the steps they are taking to get out of debt.

CareOne Customers

CareOne also has customers across the country that are willing to speak to the media about their personal battles with debt and the financial lessons they have learned.

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The CareOne Difference

CareOne Services Inc. is a for-profit provider of debt relief services. While there are hundreds of debt relief providers in the United States, both taxpaying and non taxpaying (nonprofit), CareOne has a unique approach to customers and to debt relief which sets it apart from the rest of the industry. Some key points to consider about CareOne and the debt relief industry as a whole:

Tax Status

- While several personal finance experts have advised consumers to only use nonprofit debt relief providers, tax status is not an indicator of quality or expertise. In fact, some of the largest instances of impropriety in the credit counseling/debt management area have been perpetrated by nonprofits.
- In recent years, the IRS has investigated and fined nonprofit credit counseling providers millions of dollars for abusing their tax exempt status or for preying on customers. Among the nonprofit debt management agencies that have been fined are Debt Management Foundation Services (\$100 million in 2005), National Consumer Council (\$84 million in 2005) and AmeriDebt (\$40 million in 2007).
- On average, nonprofit agencies charge the same or higher fees for services than for-profit agencies.
- Nonprofit providers are exempt from new Federal Trade Commission rules for the debt relief industry. That means that consumers who use nonprofit providers are not allotted the same protection as consumers who use for-profit companies.

CareOne believes that state licensure is a better indicator of quality than tax status or membership in industry organizations. Agencies that are licensed by the state have a cap on fees and must follow other requirements that protect consumer interests.

Organizational Affiliation

- Many debt relief providers proudly proclaim that they are a part of trade organizations such as the National Federation for Credit Counseling (NFCC), the Association of Independent Consumer Credit Counseling Agencies (AICCCA) or other groups. In many cases, these organizations have no membership standards other than requiring dues to be paid on time.

CareOne is proud to be one of the founding members of the American Association of Credit Counselors (AACC), a select group of debt relief providers who have committed to advocating for greater consumer protections in the industry. Participation in the AACC is by invitation only and all members must meet strict requirements including charging no upfront fees for services and responding quickly to any customer complaints.

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Conflict of Interest

- The majority of nonprofit agencies receive “Fair Share” payments from credit card companies. Under Fair Share arrangements, credit counseling agencies receive payments from the credit card companies for making sure that debts are repaid. Fair Share payments are typically 12 to 15 percent of the total debt payment.
- Nonprofits are required to disclose to consumers that they are receiving Fair Share payments for setting consumers up on debt management plans, but this fact is usually buried in the agreement the client signs. It is estimated that Fair Share payments from credit card companies constitute about 15 percent of the revenue for a typical nonprofit agency, although in some cases it can be as high as 50 percent.
- Fair Share agreements create a significant conflict of interest on the part of nonprofit providers. In effect, the nonprofit agency is being paid by both the consumer (in the form of monthly fees) and the credit card company to collect debts. This conflict of interest increases dramatically as more nonprofit companies begin to offer debt settlement services.

CareOne does not accept fees or payments from credit card companies to ensure its advice and products are aligned with the best interests of consumers.

Range of Services

- Within the debt relief industry, there are a wide range of services and products to help consumers, depending on their financial situation. The role of a debt relief provider should be to assess the needs of a consumer and offer the most appropriate solution, such as budget planning, a debt management plan, debt settlement or bankruptcy referral.
- The majority of nonprofit debt relief providers offer only one option, the debt management plan (DMP). These “one service providers” are highly incentivized to get consumers into that particular product, which may or may not be the best solution for that customer.

CareOne currently provides credit counseling, debt management plans and debt settlement directly to consumers, but refers customers to bankruptcy attorneys when that is truly the best option.

For more information on the debt relief industry, visit www.CareOneDebtInsights.com.

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Expert's Guide to Debt Relief

Many consumers have more debt, and higher monthly payments on credit cards and other debt, than they can afford. Repeated studies have also found that the majority of consumers have a poor understanding of personal finances. These two factors are, in some cases, creating more problems for consumers as they seek debt relief and strong financial footing.

Both taxpaying and non-taxpaying (nonprofit) providers offer consumers debt relief services, such as credit counseling, debt management and debt settlement, to help individuals get on track financially. These firms can provide consumers with valuable programs and assistance to help them live within their budget, improve financial fitness and avoid future debt problems.

How do consumers know they're in trouble?

Signs people are in over their heads financially:

- Paying only the minimum payments on credit cards
- Living paycheck to paycheck
- Relying on credit cards to pay for everyday purchases, such as groceries and gas
- Using cash advances from credit cards to pay monthly bills
- Receiving frequent calls from credit card companies about late payments
- Maxing out credit cards
- Bouncing checks or overdrawing bank account
- Shuffling credit from card to card to keep payments current and new credit available
- Maintaining a rolling balance on credit cards and continuing to make purchases that exceed monthly payments
- Lacking a realistic view of how much debt is owed
- Unwilling to talk about finances and debt with others

About debt relief services

Debt relief service providers offer valuable consultations and programs to help consumers regain their financial footing. While some counseling agencies offer a "one service fits all" approach, there are several options for consumers facing debt. When choosing a provider, it is crucial that consumers weigh all options and select the option that best fits both their financial needs and their personal comfort level.

Credit Counseling – Advising service to educate consumers on how to create budgets, pay down debt, build an emergency fund and better manage their personal finances. This is the best solution if a consumer can afford to pay all of their bills, but needs help learning to live within his or her means.

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Debt Management – A strict, agreed-upon repayment plan designed to help consumers get out of debt more quickly than they could on their own. A debt management plan is administered by a financial fitness company, generally over a term of about five years. Service providers can renegotiate interest rates, consolidate credit card debt and help eliminate late fees and penalties as part of a repayment plan. This is the best solution if the consumer can afford a consolidated and lowered monthly payment.

Debt Settlement – Service provider negotiates with creditors on the consumer's behalf to settle debt for less than what the consumer owes. This is best for consumers if the debt is more than the individual can afford to pay monthly.

Bankruptcy – This option legally declares the consumer insolvent and unable to pay back debt. This should be a last resort as it affects the person's credit for up to 10 years.

Choosing a financial services company

A reputable debt relief provider should assess the consumer's needs and financial situation, and offer the most appropriate solution. Unfortunately, the majority of debt relief providers offer only one option. These "one service providers" are highly incentivized to get consumers into that particular service, which may or may not be the best solution for that customer. Instead, consumers should evaluate several providers and get information on a wide variety of options before choosing the best fit for them. Consumers should look for:

- Licensure by the appropriate state agency
- Better Business Bureau ratings
- A clear statement by the firm of what services consumers will receive
- A clear description by the firm, up front, of the fees it will charge consumers. Please note that for-profit providers are prohibited for charging for any services upfront, so it should raise a red flag if the service provider asks for any fees before services are provided.
- Some assurance of ongoing support by the firm, including the ability to talk to a human being via phone if needed
- Free educational materials

Selecting a debt relief agency based on its tax status is not an accurate assessment of the company, because it is not an indicator of quality or expertise of their services. Also, no studies or data link tax status with quality of service. Nonprofit providers charge on average the same or higher fees for their services than for-profit agencies and are exempt from the federal regulations prohibiting companies from charging upfront fees.

Debt relief industry licensures and regulations offer consumers a layer of protection against predatory companies that can further damage consumers' finances. However, regulation is uneven, sometimes weak or outdated, and inconsistent across the country. Some states don't have licensure requirements at all. If service providers in the state are not required to be licensed, consumers should look at how those providers are reviewed in regulated states.

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