

From Article at GetOutOfDebt.org

Exhibit 5

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONSUMER FINANCIAL PROTECTION BUREAU

---o0o---

In the Matter of:)
FREEDOM FINANCIAL NETWORK,) CASE NO.
a corporation.) 2016-1843-02
)
)
)
-----)

CONFIDENTIAL DEPOSITION OF ANDREW HOUSSER

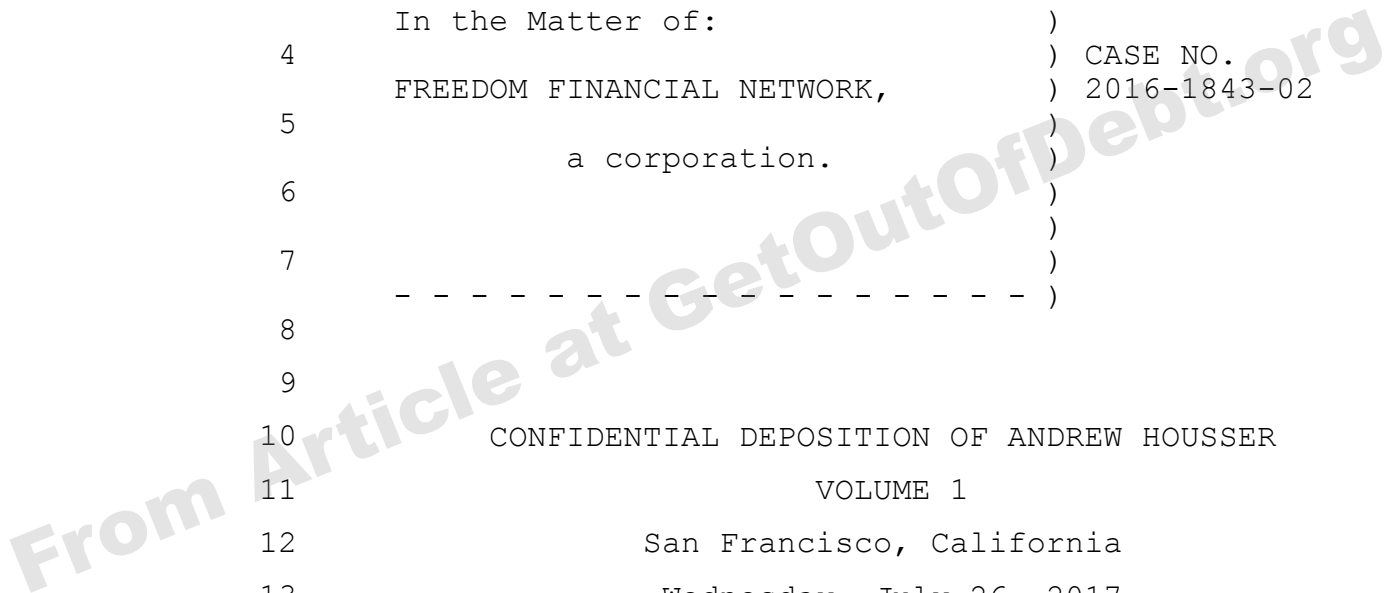
VOLUME 1

San Francisco, California

Wednesday, July 26, 2017

Reported by: Shaaron M. Shigio

CSR No. 12286



Houser

Freedom Financial Network

7/26/2017

1

2 BY MR. BROWN:

3 Q. The date on this e-mail is April 19th, 2017.

4 A. Umm-hmm.

5 Q. The subject on this e-mail is NLLG/coaching
6 accounts.

7 A. Umm-hmm.

8 Q. And she writes: (Reading.)

9 Good morning, team. A report has been
10 created for our department's accounts
11 that will require either NLLG or client
12 involvement. These creditors are

13 [REDACTED] American Express, Chase, and

14 [REDACTED] that are with third-party

15 agencies.

16 Is that an accurate statement as of today?

17 A. Most likely. Well, let me amend that.

18 That -- that will require -- I mean, I believe
19 what that means is that it's our policy, our company's
20 policy at that point to prefer to use NLLG or client
21 involvement for those creditors, correct.

22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

Houser

Freedom Financial Network

7/26/2017

1 Can you tell me why Freedom Debt Relief
2 entered into this agreement with National Litigation
3 Law Group?

4 A. There are two reasons for -- two primary
5 reasons for the relationship with NLLG, [REDACTED]

6 [REDACTED]
7 [REDACTED]
8 [REDACTED] [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED] [REDACTED]

12 Secondarily, we wanted to test out a law firm
13 as a new tool in the toolbox for a negotiation
14 strategy, you know, our multifaceted negotiation
15 strategy which includes [REDACTED] in a minority
16 of cases, coaching, developing creditor relationships
17 and testing them out as a -- as a law firm to help
18 represent our client, a test that ultimately proved to
19 be very successful.

20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED] [REDACTED]
25 [REDACTED]

Houser

Freedom Financial Network

7/26/2017

1 A. Yes.

2 Q. -- or was it --

3 Okay. All right. As of today, does Freedom
4 routinely refer all accounts with Chase, Discover, and
5 American Express to NLLG for resolution?

6 A. I don't believe we refer all accounts, but I
7 know it is a practice to refer a significant chunk of
8 accounts of those creditors to NLLG.

9 Q. Okay. For Chase, what percentage of accounts
10 would you estimate you're currently referring to NLLG?

11 A. I don't know.

12 Q. Would you be able to ballpark for Discover
13 what percentage Freedom Debt Relief is currently
14 referring to NLLG?

15 A. I don't know.

16 Q. And I'll ask the third. For American Express,
17 would you be able to estimate the percentage of
18 accounts being referred to NLLG?

19 A. No, I don't know.

20 Q. Would Freedom Debt Relief be able to get very
21 precise figures on the number of accounts with each of
22 those creditors that have actually been referred to
23 NLLG?

24 A. I believe so.

25 Q. Would you be able to pinpoint the exact

Houser

Freedom Financial Network

7/26/2017

1 [REDACTED]
2 [REDACTED]
3 [REDACTED] [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED] [REDACTED]
7 [REDACTED] [REDACTED]
8 [REDACTED] [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED] [REDACTED]
15 [REDACTED]
16 [REDACTED] [REDACTED]
17 [REDACTED]
18 [REDACTED] [REDACTED]

19 Q. Okay. Would Freedom Debt Relief be giving up
20 a significant portion of its revenue if it stopped
21 charging full fees to consumers who were coached?

22 A. You know, we shared the coaching data with
23 you. It's a -- it is a minority -- a small minority of
24 our overall settlements. Today it's an even much
25 smaller minority of our settlements. I mean, I think

Houser

Freedom Financial Network

7/26/2017

1 we gave you data through 2016. Year-to-date 2017 is
2 even much lower than '16 as a percentage.

3 But I still think it's a useful tool that I
4 wouldn't want to remove from the toolbox because there
5 are times even today with NLLG, with better creditor
6 relationships, even today there are occasional cases
7 where I think it's the best way to get the best result
8 for the customer.

9 Q. Okay. Let me collect these documents then.
10 All right. So do I understand correctly that
11 since 2014, Freedom Debt Relief has routinely charged
12 consumers full fees when debts have been canceled,
13 charged off, or forgiven by the creditors in the
14 absence of a negotiated settlement?

15 A. Correct.

16 Q. When did Freedom Debt Relief start charging
17 consumers full fees in those situations?

18 A. I'm not sure the exact date.

19 Q. Was there ever a time when you did not charge
20 them full fees in that situation?

21 A. Not that I can recall.

22 Q. Do you notify consumers that they would be
23 charged full fees, even when their debts have been
24 canceled or charged off and there was no negotiated
25 settlements?

Houser

Freedom Financial Network

7/26/2017

1

2

3 Q. After the CBS 5 story aired, am I correct in
4 assuming that Freedom Debt Relief was probably not
5 happy with the story?

6 A. Correct.

7 Q. Okay. Did Freedom Debt Relief cease enrolling
8 Chase accounts into its program after this story aired
9 on CBS 5?

10 A. So because what -- because a creditor makes a
11 statement that's part of a negotiation strategy that
12 they won't work with us, but we have actual data that
13 shows that we do settle this case without coaching,
14 with coaching, that would not make sense in my mind.

15 Q. I just want to ask if you stopped enrolling?

16 A. No, we did not.

17 Q. You continued enrolling? Okay.

18 Has Freedom Debt Relief ever ceased enrolling
19 accounts from a particular creditor based on a
20 statement like this one that a particular creditor
21 would not work with a debt relief company?

22 A. If you're talking about an unsecured
23 creditor -- there are creditors that we won't enroll,
24 for example, secured debts --

25 Q. Okay.

Houser

Freedom Financial Network

7/26/2017

1 A. -- many of which are in the -- the materials
2 we went over earlier. But when a creditor makes a
3 public statement like that and we have data to show
4 that we can still get effective results without
5 coaching, sometimes with coaching, we are not going to
6 stop enrolling those accounts.

7 Q. Okay.

8 A. In my mind, then you've let the creditor win.

9 Q. Okay. After this story came out, CBS 5, did
10 Freedom Debt Relief take a look at trying to put
11 consumers on notice that it's a possibility, even
12 though Freedom Debt Relief would like to put its
13 starters in the game and negotiate with Chase, that
14 there is a possibility that they may not -- you may not
15 be able to follow through on negotiating, that it may
16 not work out that way?

17 A. I'm not sure what you mean by "may not be able
18 to follow through."

19 Q. So let me try again.

20 So did you all revisit any disclosures to
21 consumers having debt to Chase to just sort of say,
22 "Hey, there is a possibility, however remote, that
23 Chase will not engage in negotiations with us"? Did
24 you all revisit making new disclosures?

25 A. Specific to Chase we did not make disclosures.




1700 G Street NW, Washington, DC 20552

CERTIFICATION OF WITNESS

In the Matter of: Freedom Financial Network
Witness Name: Andrew Houser
Hearing Date: July 26, 2017
Bureau Investigator(s): Lawrence Brown, Hai Binh Nguyen, Patty Hensler

I, Andrew Houser, hereby certify that I have read and reviewed the foregoing transcript, and the same is a true, correct, and complete record of testimony given by me. Any additions or corrections, if any, have been noted on the attached errata sheet with a statement of the reasons for making the change, which are incorporated by reference herein.



Witness Signature

9/13/17

Date



1700 G Street NW, Washington, DC 20552

ERRATA SHEET FOR CHANGES TO TRANSCRIPT

In the Matter of: Freedom Financial Network
 Witness Name: Andrew Houser
 Hearing Date: July 26, 2017
 Bureau Investigator(s): Lawrence Brown, Hai Binh Nguyen, Patty Hensler

Please note any desired changes in the attached transcript and the corrections thereof on this errata sheet. Include a statement of the reason for any change as required by section 1080.9(a) of Bureau Rules Relating to Investigations, 12 C.F.R. § 1080.9(a). An example of a reason for a change includes "To correct a typographical error." Once complete, please forward, as an attachment to the Certification of Witness, to the Bureau investigator(s) identified above.

Page No.	Line No.	Change/Reason for Change
16	5	[REDACTED]
68	4-5	[REDACTED]
70	23	[REDACTED]
72	17	[REDACTED]
140	25	[REDACTED]
200	11-12	[REDACTED]
214	5	[REDACTED]
225	8	[REDACTED]



 Witness Signature

9/13/17

 Date

CERTIFICATE OF REPORTER


I, SHAARON M. SHIGIO, a Certified Shorthand Reporter, hereby certify that the witness in the foregoing deposition was by me duly sworn to tell the truth, the whole truth and nothing but the truth in the within-entitled cause;

That said deposition was taken down in shorthand by me, a disinterested person, at the time and place therein stated, and that the testimony of the said witness was thereafter reduced to typewriting, by computer, under my direction and supervision;

That before completion of the deposition, review of the transcript { } was { } was not requested. If requested, any changes made by the deponent (and provided to the reporter) during that period allowed are appended hereto.

I further certify that I am not of counsel or attorney for either or any of the parties to the said deposition, nor in any way interested in the events of this cause, and that I am not related to any of the parties thereto.

DATED:



Shaaron M. Shigio, CSR #12286