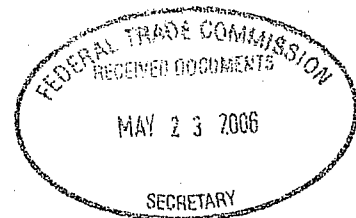


RESURGENT

Capital Services



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May 18, 2006

Federal Trade Commission
Office of the Secretary
Room 159-H (Annex C)
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: Project No. R611017

To Whom It May Concern:

Resurgent Capital Services, LP appreciates the opportunity to comment on proposed changes to FCRA rules (Project No. R611017). Resurgent is a servicer of distressed consumer debt and reports information related to those purchased debts to the consumer reporting agencies on behalf of the purchaser. Continued reporting of that debt ensures that the status of charged off consumer debt is maintained on a consumer's report throughout the reportable life of the account. Because Resurgent is reporting information on behalf of debt purchasers, most of our comments are based on the experience of doing so. The following address some of the issues raised in the request for comment and are correspondingly noted with a reference (enclosed in parentheses) to the specific section of the request for comments.

(A1) Describe in detail, the types of errors, omissions or other problems that may impair the accuracy and integrity of information furnished to the consumer reporting agencies.

The most significant issue in Resurgent's credit reporting experience is not incorrect information, but widespread consumer misinterpretation of accurate information presented in the consumer reports that they see. The nomenclature used in the Metro II reporting format for factoring companies which is subsequently displayed on consumer reports may adequately present the status of the account to those within the credit industry familiar with reading such reports, but the reports are confusing to the customer. Examples which cause misinterpretation, include (but are not limited to) the use of "Open Date" (which represents the date acquired/purchased) but is interpreted by consumers as a date which extends the reporting period of the trade and "Portfolio Type" which describes the type of account as "Open" (meaning all balances are payable) but is misread as an active account (versus closed). Other treatments of the information

compound the confusion. For instance, at least one of the bureaus has chosen to report all accounts as "installment" despite the fact that few were ever that type loan.

These reporting conventions for factoring companies were developed several years ago, when the debt buying business was relatively new. They have not been amended since then, despite substantial growth in the industry and years of resultant confusion for consumers. The result is a perception of incorrect information, which is caused by poorly defined information. The lack of clarity has resulted in a general outcry of inaccuracy. The issue has been exacerbated as an increasing number of individuals access their credit reports.

(A2) Describe, in detail, the patterns, practices, and specific forms of activity that can compromise the accuracy and integrity of information furnished to consumer reporting agencies.

The practices of reporting only negative information and not reporting to all three bureaus is problematic. In the first case, reporting must be comprehensive and cannot be based on exceptions; so creditor reporting of negative information alone should not be permitted. In the latter case, reporting to all 3 bureaus should be a requirement if reporting is done at all. However, it is possible that some of these gaps in reporting are done intentionally as a result of the way data is handled at the bureaus. Because of the differences outlined in these comments, creditors may choose not to report to a particular bureau because their unique presentation of information causes increased levels of inquiries.

In addition, reporting should be governed by one, national standard and not be influenced by individual state requirements. Again, the need to modify reporting to accommodate state requirements likely results in a decision to not report in certain states, resulting in a gap in reporting of certain information.

(A10) Describe, in detail, the policies and procedures of consumer reporting agencies for ensuring the accuracy and integrity of information received from furnishers:.....

Despite receiving the same reporting input, the three credit reporting agencies present the data differently, sometimes changing the description provided by the reporting record or adding information that was not presented. Again, the result is consumer confusion and forcing the data furnisher to defend information that is confusing, out of its original context or that was never submitted in their transfer of information. The confusion is compounded when resellers reinterpret the information and revise the intended meaning of what was originally provided (see the example of "installment" noted previously).

At this time, none of the credit reporting agencies provides any control mechanisms which would help the overall accuracy of credit bureau reporting. That is, after update files are submitted by the furnisher, there is no routine

reporting of the success of the loading (e.g. number loaded, number failed, reason for failure) or samples of the failures. This information is typically available on an "as requested" basis, but usually only annually. Doing so each month would also notify furnishers of failure to receive and load entire files.

(B4) Please address the circumstances under which direct disputes with furnishers would cost more, less, or same to process....as compared to disputes that are first received and processed through the consumer reporting agencies and then routed to furnishers for investigation.

The automated dispute process (CDV) that is initiated when a customer disputes a credit bureau entry directly with the credit reporting agencies works well when there are issues that can be addressed with a minimal amount of information. However, when a customer raises questions such as "not mine" or "fraud", standard industry practices such as requiring supporting documentation for a fraud claim (as that outlined on the FTC website) are inadequate for a full investigation and resolution of the claim. Likewise, the 30 day time limit is generally insufficient to research supporting documentation if ownership has changed during the life of the account. In such cases, and when a customer repeatedly initiates disputes through the reporting agencies for the same trade line, continuing to utilize that process is neither cost effective or likely to reach a satisfactory conclusion. In both situations, it would be preferable to refer the customer to the data furnisher to pursue the dispute. Although currently not done by the agencies, if the trade were marked as 'in dispute' when referred to the furnisher, the customer would receive some level of relief from the dispute until it is resolved. Continual, repetitive disputes through the bureau are of questionable value and substantial cost to all parties involved. It is not possible to determine whether these are legitimate disputes or are initiated based on 'advice' received from a credit repair organization because the transmitted information is insufficient to do so.

Again, Resurgent Capital Services, LP appreciates the opportunity to comment and would be happy to answer any questions regarding these comments. Please feel free to contact me directly at 864 248 5761.

Sincerely,

John Shinovich
V. P. Compliance

Cc: William Blumenthal, General Counsel
Ronald G. Isaac, FTC