DEBTOR BEWARE

Consolidation Firms Increasing Clientele

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One large mail order house reports more customers are getting involved with debt adjusters in the Washington area than anywhere else in the Maine-to West Virginia region.

Like area business leaders, the mail order company spokesman noticed more debt-consolidated customers here now than two or three years ago.

Nobody knows exactly how many debtors have signed up with the adjusters here, but the largest of them, Credit Advisors, Inc., claims to have 5,000 customers in the city and nearby Maryland.

Credit Advisors, however, has no monopoly on customers, as dozens of complaints reaching The Star indicate.

In The Star's collection of complainers are several who blame their financial nightmare on a firm manned most days by an answering service. Before getting into the debt adjusting business, the owner of this firm pleaded guilty to mail fraud in Baltimore in 1965 and received a suspended sentence.

Others are still smarting under losses suffered from two firms convicted here last year. Some complained of being plunged deeper into debt by newer arrivals in this wide-open market, while several blamed the loss of their cars and their credit on firms that have now moved on.

Among those who brought their troubles to The Star's Action Line was one involved by long distance. A divorcee with three children to support, she agreed to pay $35 a week to Nationwide Acceptance, Inc., on the understanding that the firm would start paying her bills as soon as she sent in her first payment and payment books.

When her first payment produced nothing but duns from her creditors, she scrambled to find money to pay them and started trying to get her $35 back from the debt consolidator. Calling the firm's Washington office brought only a tape-recorded message to telephone a number in Cranston, R.I. Nationwide is one of several debt adjustment outfits now being investigated by the Postal Inspection Service.

In addition to Action Line complainers, The Star discovered other debtor victims by checking Neighborhood Legal Services offices, credit unions and creditors who took pity on families in financial troubles.

A number of those interviewed spoke of other families they knew who had also been victimized and sometimes forced to pay up to $150 to extricate themselves from the debt consolidater. More often than not, however, these victims don't complain publicly.

Suffer in Silence

Attorneys, counsellors and investigators gave various reasons why victims suffer in silence. One said victims have been so brain-washed by fast-talking debt adjusters that they