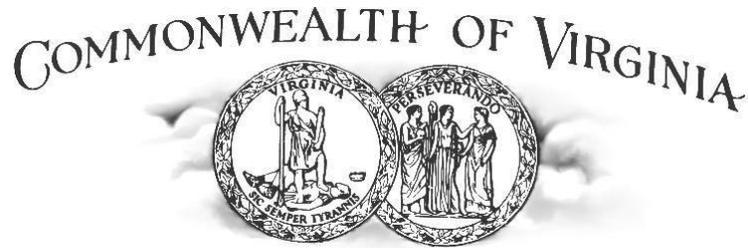


E. J. FACE, JR.  
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FINANCIAL INSTITUTIONS



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**STATE CORPORATION COMMISSION  
BUREAU OF FINANCIAL INSTITUTIONS**

December 1, 2024

TO: The Honorable R. Creigh Deeds, Chair  
Senate Committee on Commerce and Labor

The Honorable Jeion A. Ward, Chair  
House Committee on Labor and Commerce

As required by Chapter 785 of the 2020 Virginia Acts of Assembly, the Bureau of Financial Institutions of the State Corporation Commission respectfully submits the attached report concerning activities of licensed debt settlement services providers.

Sincerely,

A handwritten signature in black ink, appearing to read "E. J. Face, Jr.", written in a cursive style.

E. J. Face, Jr.



**Report Pursuant to Chapter 785  
of the 2020 Virginia Acts of Assembly  
Relating to Debt Settlement Services Providers**

**Prepared by the  
Bureau of Financial Institutions  
State Corporation Commission**

**December 1, 2024**

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## EXECUTIVE SUMMARY

Chapter 785 of the 2020 Virginia Acts of Assembly ("the Act") created Chapter 20.1 (§ 6.2-2026 *et seq.*) of Title 6.2 of the Code of Virginia ("Code") (the "Chapter"), which became effective July 1, 2021. The Chapter sets forth licensing requirements and other regulatory provisions relating to debt settlement services providers. This Report was prepared pursuant to the third enactment clause of the above-referenced legislation, which directs the State Corporation Commission ("Commission") to monitor settlements by all licensees and provide a report to the Chairs of the House Committee on Labor and Commerce and the Senate Committee on Commerce and Labor by December 1 of each year 2023, 2024, 2025, that contains the following:

- i. the number of settlements made pursuant to the Act;
- ii. the fees charged pursuant to § 6.2-2041 of the Code, as created by the Act; and
- iii. the principal amount to be paid by the consumer to satisfy the debt.

On behalf of the Commission, its Bureau of Financial Institutions ("Bureau") is pleased to submit this Report with the above information pertaining to debt settlement services providers licensed under the Chapter. The information provided is for the period from January 1, 2023, through December 31, 2023.

## INTRODUCTION

In accordance with Chapter 785 of the 2020 Virginia Acts of Assembly, the Bureau, on behalf of the Commission, offers this Report of certain activity relating to debt settlement services providers licensed under the Chapter.

## BACKGROUND

The Chapter sets forth regulatory provisions relating to debt settlement services providers including, but not limited to, applicable definitions, licensing requirements, exemptions from licensing, prohibited and required activities, record retention requirements, and licensee reporting requirements. The Chapter also gives the Commission authority to promulgate regulations and requires it to examine licensees at least once in each three-year period. It also provides certain enforcement authority to the Commission and the Attorney General.

The Chapter became effective on July 1, 2021, and the Commission was required to begin accepting applications for licenses on or before March 1, 2021. The Commission approved four licenses in 2021 and seven licenses in 2022. No licenses were approved in 2023. There were four open debt settlement services providers licensed under the Chapter as of December 31, 2021, and ten open debt settlement services providers licensed under the Chapter as of both December 31, 2022, and December 31, 2023.

Pursuant to § 6.2-2035 of the Code, each licensee is required to file a written report annually with the Commissioner of Financial Institutions ("Commissioner") containing such information as the Commissioner may require concerning the licensee's business and operations during the preceding calendar year as to each licensed place of business.<sup>1</sup> These filings serve as the source of the data provided in this Report.

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<sup>1</sup> Specific annual data reporting requirements for licensees are prescribed in the Commission's Rules Governing Debt Settlement Services Providers, 10VAC5-230-10 *et seq.* See 10VAC5-230-30 B.

### NUMBER OF SETTLEMENTS MADE

During the period from January 1, 2023, to December 31, 2023, debt settlement services provider licensees reported 24,909 debts settled pursuant to the Chapter.

### FEES CHARGED

Under Subsection A of § 6.2-2041 of the Code, a licensee may charge or receive a fee for providing debt settlement services totaling either (i) no more than 20 percent of the principal amount of the debt enrolled by a consumer into the licensee's service or (ii) no more than 30 percent of the difference between the amount owed by a consumer at the time the licensee settles the debt and the amount to be paid by the consumer to satisfy the debt.

During the period from January 1, 2023, to December 31, 2023, the amount of debt enrolled by consumers into licensees' debt settlement services totaled \$303,850,769. Licensees reported \$20,395,995 in total fees charged pursuant to § 6.2-2041 of the Code in 2023.

### PRINCIPAL AMOUNT PAID BY CONSUMERS TO SATISFY DEBTS

During the period from January 1, 2023, to December 31, 2023, debt settlement services provider licensees reported that the total principal amount of debts settled was \$104,045,143. The total principal amount paid by consumers to satisfy such debts was \$70,454,149.

CONSOLIDATED OPERATING DATA

The following table presents, on a consolidated basis, operating data reported by licensed debt settlement services providers pursuant to § 6.2-2035 of the Code for the calendar years ending December 31, 2021, December 31, 2022, and December 31, 2023.

|   | <b>2023</b>   | <b>2022</b>   | <b>2021</b>  |
|---|---------------|---------------|--------------|
| Total number of open debt settlement services provider licensees at year-end                      | 10            | 10            | 4            |
| Total number of agreements to provide debt settlement services maintained                         | 18,586        | 8,795         | 725          |
| Total number of agreements to provide debt settlement services entered into                       | 10,559        | 6,327         | 494          |
| Total principal amount of debt enrolled by consumers into the licensee's debt settlement services | \$303,850,769 | \$155,725,512 | \$15,789,005 |
| Total number of settled debts   | 24,909        | 6,185         | 720          |
| Total principal amount of settled debts <sup>2</sup>  | \$104,045,143 | /             | /            |
| Total principal amount to be paid by consumers to satisfy settled debts                           | \$70,454,149  | \$14,606,980  | \$1,581,541  |
| Total amount of fees charged pursuant to § 6.2-2041 of the Code of Virginia                       | \$20,395,995  | \$6,557,676   | \$420,128    |
| Total amount of fees received pursuant to § 6.2-2041 of the Code of Virginia                      | \$16,816,752  | \$5,218,797   | \$312,554    |
| Total number of debt settlement services agreements terminated by consumers                       | 3,595         | 2,411         | 89           |

This concludes the Bureau's Report pursuant to Chapter 785 of the 2020 Virginia Acts of Assembly.

<sup>2</sup> Data not collected from licensees prior to 2023.