

# Pioneers and Pathfinders: Jonathan Petts

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## **Steve Poor**

Hi, this is Steve Poor, and you're listening to Pioneers and Pathfinders.

Today's guest is Jonathan Petts, co-founder and CEO of Upsolve, a nonprofit helping low-income Americans overcome debt at scale. Jonathan's career has been focused on bankruptcy law, from clerking for bankruptcy judges to practicing at top New York firms. In 2016, he co-founded Upsolve, and since then, the platform has become the nation's most visited nonprofit financial education site. Its free bankruptcy tool has already helped more than 14,000 families relieve over \$600 million in debt. Jonathan talks about his path into bankruptcy law, the story of founding Upsolve, the importance of building strong nonprofit partnerships, and the advice he'd give his younger self.

I'm joined today with Jonathan Petts, who is the co-founder and CEO of Upsolve. Jonathan, thanks so much for making time for me. I really appreciate it.

## **Jonathan Petts**

Thanks for having me, Steven.

## **Steve Poor**

Let's start ... Upsolve is in the bankruptcy field, but I want to talk about its mission and what it's been doing. Let's start a little bit about your background. You went to University of Pennsylvania Law School, and sort of immediately started a career in bankruptcy. First off, what took you to law school? And secondly, where does the passion for the bankruptcy field come from?

## **Jonathan Petts**

Well, what took me to law school is my dad is an immigrant, had no education after age 17, and his big immigrant dream for his sons was to be Wall Street lawyers and to work at fancy firms and go to fancy schools. And you know, basically, for the first 34 years of my life, I executed my dad's plan pretty well, until I didn't, which is another story, but my passion for bankruptcy ... My first year of law school, that summer, I had an internship the summer of 2005 with a bankruptcy judge in Brooklyn named Elizabeth Song. And 2005 was a turning point in bankruptcy law. The BAPCPA Law was being amended. And so basically, millions of Americans believed that bankruptcy would no longer be available to them. So there was just a mass surge of filings that summer. Brooklyn is one of the highest filing districts in the country. And so, I was in the half the week I was in judge Song's chambers, writing memos and researching. And then half the week I was in the clerk's office just helping people fill out these, you know, 100 page forms. And at that point it was really, like primitive. It was people were buying these sets of forms from Staples that had triplicate like, I don't even remember. This doesn't even exist anymore. But like you write on the first page and then you get two copies.

## **Steve Poor**

I remember that, although I think most of our listeners probably never experienced it.

**Jonathan Petts**

Yeah. And so I was helping people to organize. And then, of course, they needed the local forums on top of the stuff they bought from Staples. And it just, it was just a mess. And so that was my first experience to one like seeing what a transformational impact getting a fresh start has on folks you know, getting rid of unsecured debt, getting a fresh start, having debt collectors not call you anymore, but also just how insanely painful it was to just navigate the paperwork if you weren't a lawyer.

**Steve Poor**

It sounds like an incredible experience. It must have been very intense, but sounds very rewarding.

**Jonathan Petts**

It was, yeah. I mean, it's why I'm on this, this journey, you know, however many years later.

**Steve Poor**

You started Upsolve in what 2016?

**Jonathan Petts**

That's right, yeah.

**Steve Poor**

What was this experience in 2005 sort of the genesis of your thinking, there must be a better way. Tell us about the origin story of Upsolve.

**Jonathan Petts**

Well, the origin story of Upsolve basically stems from my experience as a failed big firm lawyer, so I so I had this...

**Steve Poor**

Okay, you're gonna have to fill that out, you know, just leave that one sitting there.

**Jonathan Petts**

There's a lot, you know, there's a lot of shame that our Upsolve users, and anyone who's filing bankruptcy experiences, and so I think it's fitting that my Upsolve origin story kind of stems from my personal shame, and that is, as I said, you know, I was on this path as a corporate bankruptcy lawyer and working at fancy Wall Street type firms, and then I got fired from the First of those firms, and that was Milbank, and then I got fired from the second of those firms, Morrison and Forster, and the managing partner told me, I remember, Jonathan, I don't think you should be a lawyer, and I had just built my entire identity around this job and this career and making, you know, getting my dad's approval. And I remember just feeling so insanely scared and confused and lost, and I went through this dark time. I came to faith as a Christian, and, you know, started asking myself, like, what? What's my like? Why am I here on this planet and just trying to figure I looked at so many different things. I knew I could never go back to big law. And I just had so little self confidence, because I had, you know,

I built my entire identity around this one thing that I was objectively terrible at. And my mom said something to me, you know, that really sort of brought me out of this, which is when you have no confidence, the thing to do is figure out who you can serve, because service connects you to what you have to give...

**Steve Poor**

That's awesome.

**Jonathan Petts**

And that puts you in a mindset of abundance and that, and that builds confidence. And so I asked myself, like in these few years, last three years. Like, who have I served that has, you know, that made the biggest impact? And it took me about 10 seconds to answer that question. It was a pro bono bankruptcy client in Brooklyn named Keisha, and I helped Keisha file and, you know, fill out these 100 page forms, and she called me back a year later, and it was this amazing success story. She was debt free, she had a better job, she had a 680 credit score. Her kids are doing better in school. And she said something that really resonated with me, which was, if I hadn't found you, I still would be trapped in this debt because it cost \$2,000 to hire a bankruptcy lawyer, and if I had \$2,000 I wouldn't be filing for bankruptcy and and that really made me think, so, okay, how I definitely helped Keisha. What would it take to help more people like Keisha and I can't be a pro bono lawyer for for everyone, like, is there a way that we could solve this problem in a more scalable way with software in a nonprofit. And shortly after that, and this is there's so many sort of bizarre coincidences in my Upsolve journey. But shortly after that, that bankruptcy judge who I'd interned for in Brooklyn, Judge Song I called her, and I was like, you know, I think I have this idea. And she was like, well, that's sounds kind of crazy, but like, I have, I'm doing this pro bono bankruptcy lunch in the court next week. Why don't you come? So I came there, and the first person there was Rohan Pavuluri.

**Steve Poor**

Your co-founder.

**Jonathan Petts**

Yes, who became my co founder. And he and so I asked him, like, what are you working on? And he's like, Oh, I just finished my sophomore year at Harvard, and I want to build a nonprofit TurboTax for bankruptcy. And I was like, that is like, what are the odds of us meeting in the bankruptcy court together? Turns out Rohan, as part of his user research, had been just talking to the security guards and the bankruptcy court and people that were coming into the court, and one of the security guards said, you know, you should talk to this judge, who's the head of the Harvard alumni group, and she loves students, and so she invited Rohan. And now, you know, nine years later, here I am.

**Steve Poor**

That is an amazing story. It's just, it's fascinating how these coincidences, it looks like they were meant to be?

**Jonathan Petts**

Yeah, totally.

**Steve Poor**

How does one get started building a not for profit, access to justice startup? Where do you begin? You? Where did you and Rohan begin?

**Jonathan Petts**

So, I'm glad you asked that question, Stephen, because it is that is number one. The hardest thing is just taking that first step. So Rohan told me, is like, Okay, we're gonna create a spreadsheet. On the first column, there's every question that you need that's on the bankruptcy forms, you know, like, Do you have any unsecured non priority debt? And then in the second column, we're going to write that question in plain language, in just like, you know, do you have any credit card debt? And then we're going to create a type form, like a Google form, that just asks the questions in in plain language that folks can understand. And then, Jonathan, you're going to take pro bono bankruptcy clients from Brooklyn bar volunteer lawyer project, and we're going to get them to come into our co working space and to fill out our Google form and to watch them, you know, struggle through it. And then once they've done that and they've answered all the questions, we're going to take their answers and manually type them in to the 100 page bankruptcy forms, and we're going to print them out for folks and give them instructions to the bankruptcy court down the street and pray that everything goes well.

**Steve Poor**

And it obviously did.

**Jonathan Petts**

And it did, yeah, and that's because, you know, our bankruptcy laws are an amazing thing in America. You know, the idea of a fresh start is like, it's part of our Constitution, and it's, you know, 99% of Upsolve users, fast-forward to today who complete all the steps in our process get a fresh start. And the problem is, just like, people can't access this without us, when they can't afford lawyers, because it's just so much legalese and so much paperwork and bureaucracy that continues from 2005.

**Steve Poor**

The story of the spreadsheet is fascinating to me. What was the biggest challenge in translating the forms that people needed to fill out into a simple solution that normal humans can understand and can complete? Was it this translation you're doing between what the legalese and the in plain English? Was it the technology component and the usability of that, what was, what was your biggest challenge?

**Jonathan Petts**

I think all of that was really hard. The I mean, I remember we sat down initially translating all the questions into plain language like that. First piece isn't really that hard, but then creating branching logic on top of that, so you don't ask each person 3000 questions. Questions you realize like, Oh, you don't own a home. I'm not going to ask you questions about real estate that the bankruptcy formed asked you about right? And I would say getting and helping, like our software. The reason that it's so you know that 99% of people who get to the end get a fresh start is because we screen out a lot of folks that have more complicated cases that could be at risk if they filed with us. And so building out all of those

guardrails to make sure that nobody should be filing who with us that could be put at risk? I think that was a big part of the lift at the start.

**Steve Poor**

If I got it right, Rohan was working with Harvard's access to justice lab?

**Jonathan Petts**

That's right, yeah.

**Steve Poor**

Were there insights or teachings he gathered from that experience that helped shape this early stage?

**Jonathan Petts**

Yes. So there's a professor there at Harvard Law School called Jim Greiner who runs the Access to Justice lab. And I think one of Jim's many insights is the law. We make the law really scary. Legal forms are terrifying that you know, it's just the word pro se, like, who knows what that means? Who isn't a lawyer? And Jim ran these, these randomized control trials of could you take legal forms and put them in plain language and then use these like cartoon-like characters to make them more less scary and more approachable, and so that a lot of what we did is we took Jim's research on how to communicate in a non-scary way and scale that with technology.

**Steve Poor**

We'll cut to the current story. You've recently surpassed, I think, 16,000 users, and they've had what, 700 million in debt relief, something like that? So it's an amazing story that's over what nine years. Tell us a little bit about that journey, what sort of, what have been the challenges you faced over that period of time? As you've improved, I assume you've improved the software, and learned from it, adapted, put up various versions.

**Jonathan Petts**

Yeah, it is. Building software is just a never ending journey of iteration, and so much of it is just talking to the folks who are going through the process using the tool. Like when we started, we were basically community legal aid organization in Brooklyn, and along the way, we're not meeting our users in person anymore, but we're constantly calling them and saying like, "Hey, it looks like you're struggling here. You dropped off there. What was hard about that? What was painful about that?" to constantly understand how we can make the process a little bit easier and a little bit less friction, and all of these little tweaks really add up to helping more folks access justice.

**Steve Poor**

You started in New York, and where have you expanded?

**Jonathan Petts**

We're now nationwide. We're in, I think, 46 states. There's four that have sort of special rules that we're not in yet, but probably in the next year to two will be.

**Steve Poor**

As you've expanded. I know you, it's public knowledge that you've got a case Upsolve vs. James, dealing with the unauthorized practice of law issues. How do you deal with those issues on a nationwide basis? Every state's a little bit different. Do you have to do your research and take your approach state by state? Or have you got common philosophies you present?

**Jonathan Petts**

Yes, so there's two. So Upsolve v. James, our impact litigation suit is actually about it's another interesting story, but it's not about bankruptcy. It's about helping folks navigate debt collection lawsuit defense for a bankruptcy tool like we are. I think we're blessed that bankruptcy is regulated by outside of two states, by the Department of Justice, the US Trustee program. And really, at the start of our journey, we went to the US Trustee and we said, this is what we're doing. We're not asking for you to bless it, but we want you to understand what it is. And in the years since, I've been really impressed by how much the Department of Justice just gets it in my opinion. We had to deal with an unauthorized practice of law challenge in the state of Maryland, which we won, and the US Trustee filed an amicus brief in that case, or I believe it called an amicus brief, saying that they didn't think that Upsolve was engaged in the unauthorized practice of law. So I think we're lucky that because of that. That's a big factor in what's allowed us to scale nationally?

**Steve Poor**

Well, if you think about it, I mean putting aside philosophical issues around unauthorized practice of law and the role of technology and all that kind of stuff. It's actually in the department's interest to have you have a good program that helps people because they get better input into the system. I would think. And the judges are handling more stream handling more streamlined, and it's easier on the system itself, I would think.

**Jonathan Petts**

I think that's right. We hear a lot from clerks offices that they're so happy when pro se people show up, using Upsolve because it's it's much less work for them. It's easy compared to if somebody just tries to put together all these forms on their own. I also think, like, you know, there's a lot that had been written about how low income Americans don't have access to chapter seven because they can't afford lawyers, and you can't do chapter seven on a payment plan. And you know, ProPublica did a series about how on some level, that hurts our rule of law, it hurts people's confidence in our democracy when there's this legal remedy out there that they can't access if they can't pay \$2,000 and so I hope that a small part of like what we're doing for the bankruptcy system is not just helping ... Our primary thing is just helping folks who are suffering get out of debt and hopefully get to the middle class for a life of more opportunity, but to strengthen the foundation of the bankruptcy system itself in terms of people's perception of its accessibility. And it is an amazing thing. Chapter seven bankruptcy is a huge part of what makes our economy, our capitalist system, work, right? You can take risks, you can fail, you can come back from that. You can get a sudden financial shock, like a \$50,000 medical bill, like that. It can happen to anyone in our country, and bankruptcy is a safety net for that.

**Steve Poor**

How do you reach users? You've now got a nationwide reach on the bankruptcy tool. How do people know? I assume you've got a number of affiliate bar associations, pro bono legal organizations and something. But how did you build that network?

**Jonathan Petts**

So we do have some nonprofit partnerships, folks who are nonprofits that are serving low income Americans in debt, but primarily actually Google search is the way that folks find out about Upsolve. So we're the most visited nonprofit financial education site in the country. So we have lots of different articles on common questions that folks have about navigating severe debt. And so people will Google that, or increasingly, now ask it in ChatGPT, and they will see a link to one of our articles. And they on there, they will see a call to action, like, you know, get free legal aid. And you know, some percentage of people will qualify for our free service will be eligible, and then we'll get their fresh start.

**Steve Poor**

You've also got a gold plated list of supporters, funders, from LSC to private funders. How do you view those partnerships? I mean, obviously they're very important to the organization. I don't mean that, but what role do they play in the success of the organization, beyond just money, I would assume they play an important sort of psychological role, if nothing else?

**Jonathan Petts**

Yeah, I think probably there's three things. First, like credibility to low income folks who come to our site, and one of the first questions they're asking is, why can I trust you? And when they see, oh, you're funded by a Legal Services Corporation or the Bill and Melinda Gates Foundation. Those are names that people understand and build trust. Separately, I think partnerships are really important, like we are linked, promoted as a resource on many of the statewide legal aid websites that the LSE has funded over the years, and they're working to get that to 50, all 50 states. And that's because, you know, folks trust the LSE. And then lastly, I think that you know, this is something that when we look sort of five years out, low income folks who are navigating debt, they have a lot of different challenges, right? They need to deal with their debt. They need to boost their credit score. They need to boost their income by getting a better job, in the meantime, accessing public benefits like food stamps. And right now you really have to, as a low income person, you have to go to like five different nonprofits, five different intakes going from referral to referral, and it's just too much friction for folks to navigate. And so the Gates Foundation in particular, has been really great about this idea of, how can we streamline this to create the equivalent of a one stop shop for low income folks digitally? And if we can do that, then we'll, we'll be able to help a lot more folks navigate out of out of poverty in the middle class.

**Steve Poor**

What does that one shop stop look like?

**Jonathan Petts**

So, I think it's technical integration between, let's say you come to Upsolve. We helped you get a fresh start. You don't have any more debt, but your income is \$22,000 a year. So what does that mean? It means we need to help you access the government benefits you're entitled to. So you need to apply for food stamps. There's a organization, M relief that that does that and to automatically push all of the

information that we've collected into M relief, and to do this inside of our app, so that people can get their their food stamps, or SNAP rather, without starting a whole new process or in terms of getting a job. One of our current partners that we're starting with, Skill Up, is a online job training place that will connect you find out what your interests are, and connect you with a local job training program in your area. And so to be able to connect someone, an Upsolve user, to get a better job, connect them to a job training program without another login, without going to another site and researching it just in one place, I think that's really the vision of what we call single stop AI and using AI. I won't get into that, but yes.

**Steve Poor**

So, how close are you to realizing that vision, and what are the biggest challenges?

**Jonathan Petts**

Right now, we are ... a lot of this is, is, how can AI be used to ... you know, AI can capture a lot of history and know stuff about you. And so how can we transfer that between platforms right now? Upsolve as itself is at the start of its AI journey, just focusing on our bankruptcy app. So we have 30-something-thousand folks who pass our eligibility screener, who we should be helping get a fresh start. And last year, only 3000 who actually were able to file and get their fresh start. So 90% of folks are dropping off, and the biggest reason for that, we think, is we have two paralegals who are supporting these 30,000 people. And these folks have so many questions, because bankruptcy is scary, right? Will I lose my car? Can I ever get a student loan? You can imagine, and so we're building AI to give people on demand basically, kind of like an on demand paralegal who can answer questions and keep people moving through the process.

**Steve Poor**

That sounds like a fabulous solution, fabulous use for generative AI. That's wonderful.

**Jonathan Petts**

Thank you. Yeah, we're really excited about the opportunity for it to be an impact multiplier.

**Steve Poor**

How have you expanded your service offerings past the core bankruptcy filing?

**Jonathan Petts**

Well, certainly there are many people come to us who are not a good fit for bankruptcy, and we are referring out to other mission driven organizations who can help them with their debt in another way. For example, there's a great nonprofit called dollar four, which helps people file medical debt relief applications and get medical debt eliminated for folks under 200% so I think that's the main, the main way right now.

**Steve Poor**

So as you look back over the last nine or 10 years, if you were to sit down with Jonathan of 10 years ago who was starting this journey. What advice would you give him?



**Jonathan Petts**

I would say, don't be scared to take the first step, or be scared, but just still take the first step. I think that was the hardest part.

**Steve Poor**

That's great advice. That is a barrier for people that are looking to start executing on an idea. Taking that first step is sometimes terrifying.

**Jonathan Petts**

It was for me.

**Steve Poor**

But it's been a great journey.

**Jonathan Petts**

Yeah, it has. I feel so blessed that I failed so spectacularly, that I was pushed out, and that God just shut down that door, and that I had to find what was next, and it just it turned out so much better and more fulfilling than I ever could have imagined.

**Steve Poor**

You're doing, you're doing great stuff. And I hope your parents are proud. They should be.

**Jonathan Petts**

Thank you. My dad is he still, you know, he still keeps asking me, when will I be able to exit, Upsolve and get it acquired. So I don't think he's, it's fully set in yet, but I think he's, he sees that I'm happy, and I think that makes him happy.

**Steve Poor**

He must, he must understand all the people you've helped and the difference you've made in their lives is really amazing.

**Jonathan Petts**

Well, thank you for saying that.

**Steve Poor**

Well, Jonathan, thank you so much for making the time and telling us the Upsolve story. It's been very inspiring. And thank you. Thank you again.

**Jonathan Petts**

It's my pleasure.

**Steve Poor**

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