COLLECTOR'S *ink*

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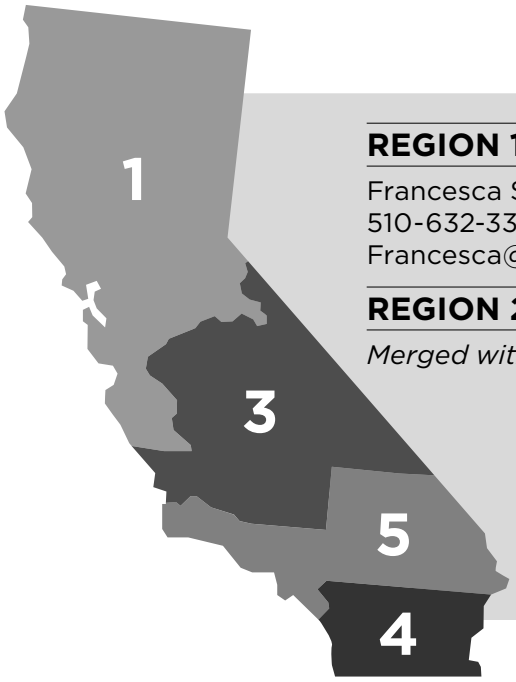
A New Debt Milestone in Q1 2017

(But not Really)

President's Message:
Busy Summer Ahead

Get ready for the CAC 100TH Annual Conference!



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CAC
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Busy Summer Ahead

Sandy Lubin
President

Well here we are again heading into summer and the news about new regulations, new rules, and new protocols tell us that changes are coming to our industry. Everything from the way potential bank levies are handled, to credit reporting data, reminds us that the collection industry is in an ever-changing environment. We must stay vigilant and up to date on these changes.

Thanks to CAC's legal and government affairs committees, we have people working hard to keep us informed and to contest against any new regulations that may impact our industry in a negative way. A big thank you goes out to Cindy Marler, Robert Tavelli, Tom Griffin and Cliff Berg. We are lucky to have you fighting the good fight!

A great member benefit that CAC will continue to bring you are the webinars! Be sure to keep your eye out for upcoming webinars that will cover several topics of interest to our association. If you have suggestions or recommendations, please feel free to contact the Executive Committee with your ideas. We would love to hear from you!

Kim Andosca and her crew are working hard on our 100-Anniversary conference in Rancho Mirage. It should be a magnificent event at the Omni Rancho Las Palmas Resort and Spa. Be sure to mark your calendars and join your fellow CAC members for a historic celebration of our association. I hope to see all of you there for this momentous occasion in October. ink

LEGISLATIVE ADVOCATE UPDATE

Cliff Berg
Governmental Advocates

Friday, June 2, was the last day for each House of the State Legislature to pass bills introduced in the first year of the 2017-18 Legislative Session. Any bills that fail to pass the House of origin deadline become two-year bills and may be considered next January. In effect the State Legislature comes into the beginning of a two-year session in December 2016 then has six months to hear and consider bills in the first house, then roughly six weeks to move bills through the other house. July 21 is the deadline for policy committees to hear and consider bills that have passed the first house.

This week no committees are allowed to meet while both houses debate approximately 800 bills on the floor. Both Houses have been in all-day floor sessions, breaking briefly for Caucuses and lunch and then working into the evening. CAC held it's Sacramento lobby day in May, a few weeks before the first house policy committee deadline which was perfect timing to discuss CAC legislative priorities.

During that week, we focused on three bills that our members determined were priorities.

They were:

- **AB 1526 (Kaira) debt extinguishment**
- **SB 16 (Wieckowski) private student loans, and**
- **SB 298 (Wieckowski) bank levies.**

AB 1526 was introduced as a spot bill. It was amended with language suggested by the Western Center on Law and Poverty that would have created a new legal concept that would "extinguish" a legitimately owed consumer debt after the statute of limitations has run. The statute of limitations is intended to and already does, cut off litigation after a specific time period. However, it does not change the fact that goods or services were accepted and not paid for. In addition, the bills ended causes of action for open book accounts.

In meetings with the author's office and sponsors, they argued that open book accounts are no longer used and the concept was abused by hospitals to try and collect old debt from consumers. Most of their arguments centered around health care debt. Thanks to our lobbying efforts and those of other members of a broad coalition that came together to oppose the bill, the author tried to amend the bill with less than a week before the scheduled hearing in the Assembly Banking Committee and change direction. The newly amended bill dumped the concept of debt extinguishment tied to the statute for most consumer debt other than open book accounts, and added new notice requirements that are required of debt buyers under the Leno debt buyer bill that was intentionally not imposed on debt collectors.

We were successful in arguing that this bill was a mess, not well thought out, and that it was not even clear what problem the author and sponsors were trying to address. The Chair of the Banking Committee, Matt Dababneh, suggested to the author that he cancel the hearing and make AB 1526 a two-year bill which Mr. Kaira reluctantly agree to do. We agreed to work with his office and sponsors to see if there was an issue that we could address over the interim.

SB 16 (Wieckowski) would impose a 15% cap on wage garnishments for private student loans. The bill went to the Senate Judiciary Committee where we opposed it. We pointed out that the bill is unneeded because an agreement on SB 501 from last year that already capped wage garnishments on consumer debt for low-income consumers. SB 501 was enacted in 2016 and provided a cap on wage garnishments for lower income consumers but maintained the 25% cap for higher income consumers. SB 16 is unnecessary because SB 501 should cover these student loans unless the debtor is high income. We will continue

to oppose this bill in the Assembly.

SB 298 (Wieckowski) creates a new exemption of $4,800 in cash from bank levies. This bill in effect, takes away bank levies as a tool for recovering funds owed to creditors. California has long recognized the use of bank levies as proper means to collect legitimately owed debt. A bank levy is a post-judgment tool utilized by creditors only after they have made numerous efforts to contact the consumer and other collection efforts have failed. The process requires returning to court to get a writ, contacting the sheriff, providing notice to the consumer, and time for an appeal.

This bill creates a new exemption of $4,800 cash. The exemption becomes automatic. At the Senate Judiciary committee hearing we were able to get amendments forced on the author that limited the bill to one account. As proposed, the bill would have created the new exemption at $4,800 for multiple accounts. We still believe that the $4,800 amount is unsupportable by any logic and would effectively eliminate bank levees. We will continue to oppose in the State Assembly.

Both of the Wieckowski bills are now pending a hearing in the State Assembly and must be heard prior to July 21.

In other legislative developments, it is interesting to note how fluid the Legislative world is, and how consequences may flow from actions that were never anticipated. The Legislature finally passed last month an increase in state gas tax. After more than a two-year effort to fund repairs and expansions of the state's road and highway infrastructure, the new two-third Democratic majorities passed a financing deal supported by the Democratic Leadership of the Senate, Assembly, and the Governor.

However, one Democrat in the Assembly Rudy Salas refused to vote for it because of concerns about how voters in his central valley district would respond to the gas tax increase. Shortly thereafter the Speaker removed him as Chair of the Assembly Business and Professions Committee. Meanwhile in the Senate, Senator Glazer, a Democrat made it clear that he would not vote for the bill unless it contained a provision limiting public employee strikes at BART. Rather than give in to his request the Senate Leadership got a Republican, Senator Anthony Cannella, to vote for it with a nice package of projects in his district.

Shortly thereafter Senator Glazer was asked to resign as Chair of the Senate Governmental Organization Committee which was given to Bill Dodd then Chair of the Senate Banking Committee. Rather than appoint a new Chair, the Leadership collapsed the Senate Banking Committee into the Insurance Committee Chaired by Senator Tony Mendoza so it is now the Insurance and Banking Committee. After the Senate vote, Republicans announced a recall effort against Democrat Josh Newman from Orange Country who squeaked by Assemblywoman Ling Ling Chang last November by two thousand votes for voting for the gas tax increase. The recall is supported by the same southern Californian talk shows that helped launch the recall of then Governor Gray Davis.

Something is always happening in Sacramento. *ink*

Comment of the Commercial Law League of America Submitted to the United States Congress in Support of H.R. 1849 – Practice of Law Technical Clarification Act of 2017

April 27, 2017

Introduction

The Commercial Law League of America ("League"), founded in 1895, is the nation's oldest organization of attorneys and other experts in credit and finance actively engaged in the fields of commercial law, bankruptcy and reorganization. The League has long been associated with the representation of creditor interests, while seeking fair, equitable and efficient treatment of all parties in interest. League members can be found in every state across America and in many foreign countries. The League regularly submits policy papers to Congress and has testified on numerous occasions before Congress as experts in fields related to creditor interests.

Comment

The purpose of this comment is to confirm the League's support for H. R. 1849, Practice of Law Technical Clarification Act of 2017, introduced by Rep. David A. Trott [R-MI-11], co- sponsored by Rep. Mike Bishop [R-MI-8], and referred to the House Financial Services Committee on 4/3/2017. H. R. 1849 is consistent with long-standing League comments and position papers related to the regulation of attorneys. The League supports H.R. 1849, because it would amend the Fair Debt Collection Practices Act to exclude law firms and licensed attorneys who are engaged in activities related to legal proceedings from the definition of a debt collector, and amend the Consumer Financial Protection Act of 2010 to prevent the Consumer Financial Protection Bureau from exercising supervisory or enforcement authority with respect to attorneys when undertaking certain actions related to legal proceedings, and for other purposes.

For further information, please see prior League comments attached hereto or contact:

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Bills, CFPB and Proofs of Claim

Tom Griffin
CAC General Counsel

Update - Legislative Matters

In the last INK, I identified several bills that CAC has been working. The following is an update on those bills:

SB 16 (Wieckowski) – Wage Garnishment on Student Loans. This bill intends to impose a cap of 15% on the amount of a wage garnishment on student loan debt. This bill is unnecessary given the wage garnishment bill by the same Senator that passed last year. The prior bill revised CCP Section 706.050 to impose a formula (with a sliding scale of percentages) for lower-income consumers. Also, this bill, if it passes, will cause consumers to incur increased costs since the collection period will be extended. This bill has passed the Senate and is before the Assembly Judiciary Committee.

AB 1526 (Kalra) – Collecting Time-Barred Debt. Supported by the Western Center for Law and Poverty, this bill, as introduced, sought to extinguish consumer debt if not collected within the applicable statute of limitations. As a result of the efforts of CAC and other coalition members, this bill has been changed to require certain notices to consumers in connection with efforts to collect time-barred debt, and it has been changed to a two-year bill.

SB 298 (Wieckowski) – New Exemption with Bank Levies. This bill, which has passed the Senate and has been referred to the Assembly, seeks to create a new exemption of $4,800 in any deposit account when a creditor seeks a bank levy. The exemption is automatic; a claim of exemption need not be filed by the consumer. If passed, this bill would effectively eliminate bank levies as a collection tool since the vast majority of levies are for amounts for less than $4,800. CAC is working with a broad coalition of interested groups in opposition to this bill. The committee(s) in the Assembly to which this bill will be referred will make a difference. And, the bill's author may seek a compromise concerning the amount of the exemption.

AB 38 (Stone) – Student Loan Servicers. This bill will require the Commissioner of Business oversight to license, regulate and, oversee student loan servicers. CAC has worked with the author to include language to exempt collection agencies from the definition of "student loan servicers," which will allow collectors to avoid the licensing and other requirements of this bill.

AB 531 (Irwin) – Security Technology. This bill will require the Office of Information Security to review existing and, if necessary, adopt new standards for information security technologies. CAC is following this bill since it may affect members with contracts with the state.

Constitutionality of CFPB

In October of 2016, the Court of Appeals for the District of Columbia, in a split decision (110 pages long), held in PHH Crop. v. CFPB that the CFPB is unconstitutional. At the heart of the decision was the power wielded by the CFPB's sole director The Court found that, because the CFPB is an independent agency headed by a single director and not a multi-member commission, the director possesses more unilateral authority than any single commissioner or board member in any other agency. The director, the Court found, enjoys more unilateral authority than anyone other than the President.

In February of 2017, the same Court granted the CFPB's request for a rehearing before 11 of its judges. On May 24, 2017, the rehearing occurred. With the change in the administration, the Department of Justice ("DOJ") now sides with PHH, a mortgage company, in claiming that the CFPB is unconstitutional. The Justices questioned the lawyers for PHH, the DOJ, and the CFPB at length and the arguments exceeded the allotted times on both side. The entire financial services industry is eagerly awaiting the full panel's ruling. And, of course, the matter could end up before the Supreme Court.

Constitutionality of CFPB

In Midland Funding, LLC v. Johnson (decided May 15, 2017), the Supreme Court held (in a 5-3 decision) that the filing of a proof of claim in a bankruptcy case that is based on time-barred debt does not result in a violation of the FDCPA. In these circumstances, the FDCPA does not apply. Rather, the Bankruptcy Code applies.

In this case, the proof of claim was for credit card debt. No charge had appeared on the subject account for at least 10 years. The relevant statute of limitations was six years. The debtor objected to the claim, the Bankruptcy Court disallowed it and Johnson then sued Midland Funding, LLC claiming that filing a proof of claim on an obviously time-barred debt was "false, misleading, deceptive, and unfair" under the FDCPA. The District Court held that the FDCPA did not apply and dismissed the lawsuit. The Eleventh Circuit reversed.The Supreme Court sided with the District Court and overturned the Eleventh Circuit.

While this decision is a victory for the collection industry as it eliminates FDCPA claims in these circumstances, it is not a panacea. The filing of proofs of claim based on time-barred debt may have consequences under the Bankruptcy Code. In chapter 13 cases in which distributions will be made to unsecured creditors, counsel for the trustee or debtor may object to the proofs of claim for stale debt, and, if the underlying agreement, has an attorneys' fees provision, the collector may be faced with a significant attorneys' fees bill for the time spent objecting to these proofs of claim. This will be less likely to occur in chapter 7 cases since distributions to unsecured creditors are rare in those cases, but it is still a possibility.

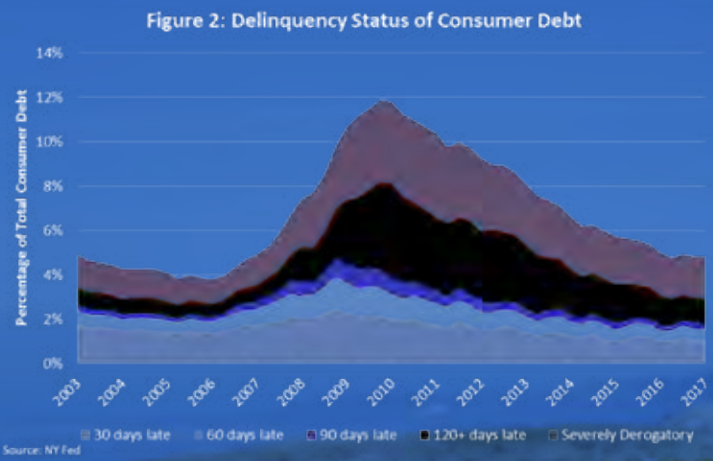
In the end, it is still advisable not to file proofs of claim on time-barred debt. ink

A New Debt Milestone in Q1 2017 (But Not Really)

Kaulkin and Ginsberg

I'm sure that many of you have recently read reports or heard on the news that total consumer debt has finally surpassed its previously peak, which was during the Great Recession's height. Nearly a decade after that economically disastrous time, do the newly released data imply that we're on the verge on another downturn? The short answer is probably not, but the longer response may include more in-depth analysis on other economic variables. However, it's still important to know the true nature of current consumer debt levels, specifically the fact that they really aren't nearly as high as everyone thinks and repayments of this debt are progressing much more conservatively and less volatile than a decade ago.

In figure 1 below, the graph displays total consumer debt (left axis), which is the sheer amount of consumer debt, according to the Federal Reserve Bank of New York (NY Fed). The right axis, however, reveals a truer illustration of consumer debt levels since 2003, since it accounts for changes in inflation. Basically, as inflation increases over time, the purchasing power of each dollar is less – meaning $1 can buy fewer items than before. This is partially the reason for why bread cost just a few pennies in the early 20th century or going out to a movie theater would be significantly cheaper decades ago than it is now. By adjusting for inflation and translating the nominal debt amounts into a "real" value, we can more accurately examine consumer debt over time.



As the above graph shows, yes, total consumer debt in Q1 2017 surpassed its former peak of $12.68 trillion in Q3 2008, but only in nominal terms. After adjusting for inflation, we can clearly see that Q1 2017 debt is still significantly lower – nearly $2 trillion in 2016 dollars – than its peak in 2008. This immediately reveals the power of inflation that many people and news outlets like to overlook just to get the "breaking" headline.

Additionally, figure 2 reveals that the incredibly high consumer debt levels immediately preceding and throughout the Great Recession were significantly more delinquent and unhealthy than current ones. This graph illustrates that a significantly higher percentage of consumer debt was delinquent – at some level – than today. In fact, less than 5% of all consumer debt was delinquent in Q1 2017, compared to the Great Recession's levels, which hovered between 7% and 12% each quarter. Furthermore, by looking at the graph, we can see a completely different trajectory between the two time periods: a sharply rising rate throughout 2007 and 2008 versus a relatively stagnant – if not declining – rate over the last two years. This suggests that current consumer debt, at least over the last 30 days, is relatively safe compared to previous levels, which is another fact that many people overlook when discussing debt levels surpassing 2008 levels.

In all, I'm not disagreeing that total consumer debt has finally surpassed its Great Recession peak, but rather providing additional context to illuminate the statement. There's no doubt that debts are relatively safer compared to a decade ago, and inflation had a substantial impact that many people overlook. Nonetheless, rising debt levels should provide the ARM industry with more opportunities since there's a greater need to collect upon these higher amounts and from more borrowers. Overall, Kaulkin Ginsberg projects that total real consumer debt won't surpass the Q3 2008 peak for at least five more years, barring another major economic recession. *ink*

M&A Trends in the U.S ARM Industry

By Kaulkin Ginsberg

Two strategies are taking center stage across numerous U.S. accounts receivable management (ARM) industry boardrooms in 2017: making an acquisition and selling out.

Leadership teams continue to face numerous challenges ranging from escalating operating and compliance costs and increasing client demands and audits, to decreasing commission rates and postponing contract awards. As a result, many are considering mergers and acquisitions.

On the buy side, there is a division between those companies actively and passively seeking M&A opportunities. Those actively seeking opportunities are accelerating their efforts to locate at least one company to acquire or merge with in the hopes of expanding faster than through organic efforts alone. They tend to view the first six months of the year as a critical step in this process. Conversely, those passively seeking opportunities are reacting to opportunities only as they are presented, and tend to be focused on organic growth opportunities.

On the sell side, a growing number of owners are positioning their companies for eventual sale. Some are performing very well within their respective markets, and have an attractive clientele. These owners realize they may be able to generate more generous deal terms as numerous strategic, industry, and financial buyers are seeking the right company to acquire. The rules of supply and demand tend to work to these sellers' advantage. Other ARM companies are not faring so well. Some businesses suffer from the loss of a major client, while others have experienced a reduction in revenue due to a loss of market share from existing clients to lower-priced competitors. Potentially faced with upside-down balance sheets and dwindling cash resources, these owners are determining if they are prepared to operate their businesses under less than ideal conditions while satisfying their clients' growing demands. As a result, some owners are warming up to the concept of selling or merging their operations with owners that are willing to make the capital investments required for long-term success.

Market Segment Trends

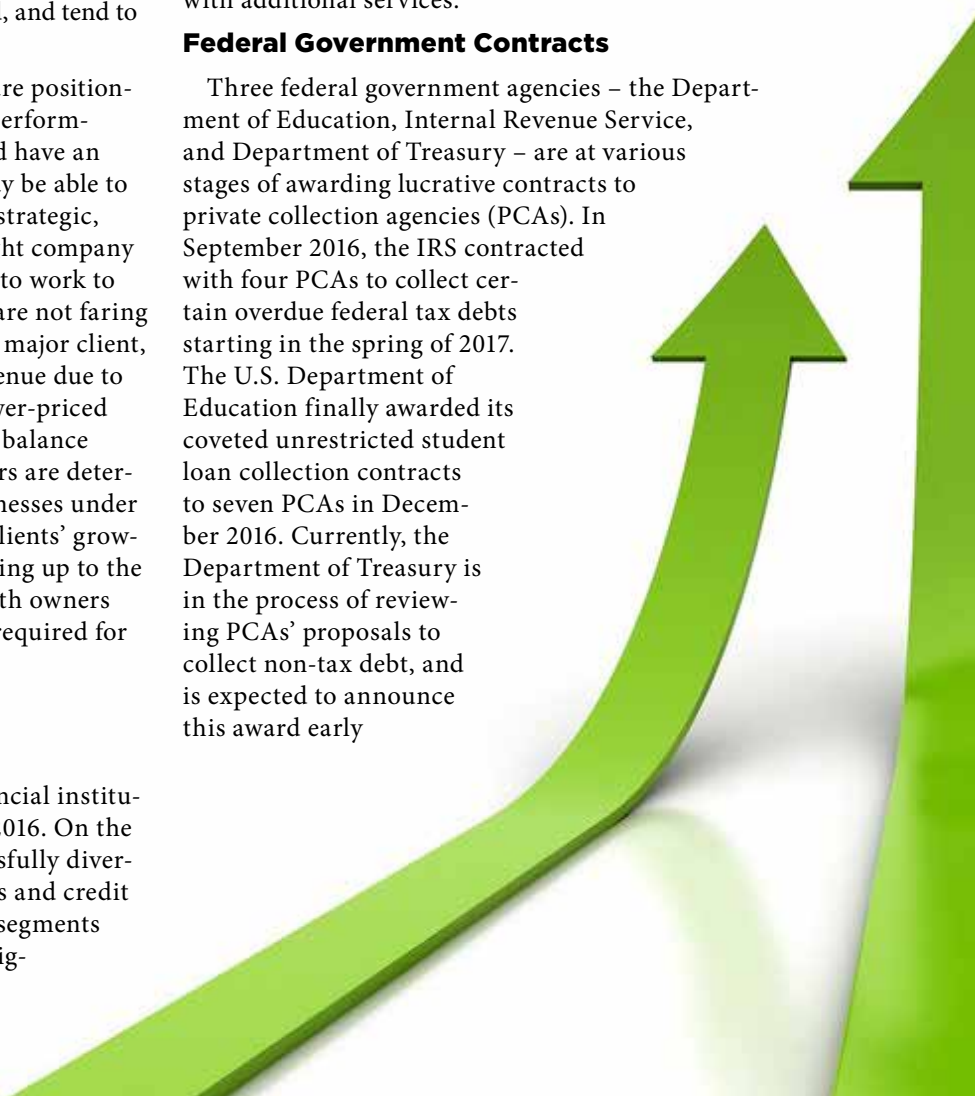
Financial Services

ARM companies focused on serving large financial institutions continued to experience client attrition in 2016. On the one hand, some companies in this market successfully diversified organically by onboarding mid-sized banks and credit unions, in addition to clients from other market segments (e.g. healthcare). Because they already incurred significant costs associated with compliance and data security, these ARM companies recognize they are well positioned to serve additional credit grantors that are experiencing growing regulatory and security requirements.

On the other hand, firms that are reliant on serving large banks are attempting to diversify either by acquiring other bank specialist ARM companies or by acquiring companies servicing other asset classes altogether. While they hope to realize cost savings by eliminating duplicative expenses, the primary goal is to expand their client base. In a recent example, Value Recovery Group (VRG), a diversified financial services firm, acquired Regional Adjustment Bureau (RAB), a multifaceted agency with education, retail, and banking clients. Management announced that RAB will be integrated into the larger VRG platform and clients will be provided with additional services.

Federal Government Contracts

Three federal government agencies – the Department of Education, Internal Revenue Service, and Department of Treasury – are at various stages of awarding lucrative contracts to private collection agencies (PCAs). In September 2016, the IRS contracted with four PCAs to collect certain overdue federal tax debts starting in the spring of 2017. The U.S. Department of Education finally awarded its coveted unrestricted student loan collection contracts to seven PCAs in December 2016. Currently, the Department of Treasury is in the process of reviewing PCAs' proposals to collect non-tax debt, and is expected to announce this award early



this year. Kaulkin Ginsberg believes these federal government contracts will impact M&A in the U.S. ARM industry in two very distinct ways:

1. PCAs that are awarded any of the three very desirable and lucrative federal contracts will experience significant client concentration within their respective companies. On the surface, this might appear to be a concerning factor if any of the companies want to sell out; however, history demonstrated that federal contracts are highly sought after by financial and strategic buyers alike who recognize the contracts will exist for relatively long periods of time at defined terms and conditions.
2. The majority of large ARM companies will not be awarded a contract. As in past years, this will lead to a group of buyers eagerly looking to fill the void created in their own organizations by potentially acquiring one of the companies awarded the contract.

Healthcare

The healthcare segment of the U.S. ARM industry continues to appeal to industry and non-industry buyers who want to capitalize on outsourcing trends among hospital systems and other healthcare providers. Some healthcare providers are also going through their own consolidations, resulting in fewer and larger hospital systems and physicians groups. As a result, larger ARM companies focused on healthcare are being aggressively pursued by financial buyers looking to find the right entry point to serve as a platform company. These buyers want companies with proven management teams that run profitable operations and are well-positioned for organic expansion and acquisitions growth. However, these buyers face a limited number of platform-size investments and substantial price expectations due to increased competition to own or invest in these companies. We expect a considerable amount of M&A activity within the healthcare segment of ARM over the next 24 months.

Technology Vendors

There is increased interest in M&A among tech vendors in the ARM industry. In recent examples, Billing Tree and RevSpring completed major recapitalizations with private equity firms Parthenon Capital Partners and GTCR Golder Thoma, respectively. We are forecasting an increase in transactions involving this segment, including platform investments as well as add-on acquisitions by those looking to expand their client base and service offerings.

What is driving value in today's market?

Industry buyers and financial investors alike are aggressively trying to acquire ARM companies with desirable attributes they can leverage for growth. These are the top five value drivers in today's market:

3. Sustainable Performance – Buyers prefer to acquire firms that consistently demonstrate revenue growth and profitability. They realize that service companies experience fluctuations in business volumes from existing clients or outright client losses. They want losses to be offset by gains in market share and/or additions in new streams of business from new and existing clients.
4. Proven Leadership with a Plan – Some industry buyers base deals predominately on whether they will gain new clients, and structure transactions around retention and expansion of existing client engagements. In those instances, buyers are less concerned about retaining a seller's leadership team except when those individuals possess client relationships. Typically, buyers seek businesses with established leaders who are involved in all facets of their operations, possess longstanding client relationships, and have a strategic plan to address market dynamics.
5. Financial Controls in Place – Experienced buyers realize there will be financial performance fluctuations on a quarterly or yearly basis. They prefer buying a company with executives who demonstrate a proven ability to operate within a budget and are able to define profitability down to the individual client level. Having insight into the future through an annual projection and a multi-year forecast is preferred; however, most ARM companies do not possess this level of detailed financial information.
6. Low Levels of Client Concentration – Most buyers prefer acquiring companies with low levels of client concentration risk. Concern levels start escalating when one or more clients generate 20 percent or more of a company's revenue. Some market segments like healthcare are experiencing a higher level of client consolidation compared to prior years, resulting in increased concentration among ARM service providers. In instances where clients represent more than 25 percent of revenue, sellers should expect some amount of deal structure around client retention.
7. Strong, Competitive Position in a Growth Market – Buyers looking to enter a new market want to buy a company that maintains a longstanding, competitive position. A buyer will be more willing to pay a premium for companies that consistently demonstrate an ability to onboard new clients while increasing business from existing clients. ink

About Kaulkin Ginsberg

Since 1991, Kaulkin Ginsberg has provided value-added strategic advisory services tailored specifically to the accounts receivable management industry and other outsourced business services (OBS) companies. The firm's client-centric approach covers almost every stage of a company's lifecycle. For more about Kaulkin Ginsberg, please visit www.kaulkin.com. ink

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Ogden, UT 84401
Phone: 800-873-2527
Email: ashlee@dakcs.com
Website: www.dakcs.com

Description: One Stop cloud and on-premise collection software solutions

Hawes Technologies
Gerald Jonathan
12204 SE Mill Plain Blvd, Suite 217
Vancouver, WA 98684
Phone: 541-335-2283
Email: gerald@hawestechnologies.com
Website: www.hawestechnologies.com

Description: IT Services/Business Solutions

IAT Smart Dial
David Evans
6671 S Redwood Road #201
West Jordan, UT 84084
Phone: 801-658-6980
Email: david.evans@enghouse.com
Website: www.iatsmartdial.com

Description: Site-Premised and hosted dialing solutions

California Association of Collectors Educational Scholarship Foundation

CAC California Association Of Collectors, Inc.™ Est. 1917

CACESF UPDATE

DONATE TO CACESF!

We hope you will join us in helping the youth of California have the opportunity to research, learn, and share the importance of good financial credit by donating to to this program. Thousands of students have expanded their financial literacy by participating in this essay contest, and are now more likely to make sound financial decisions as young adults.

No amount is too small, and every dollar raised will be used to promote financial literacy throughout California high schools, and will help fund the college education of promising young students.

All donations are tax deductible. To donate online, visit cacesf.org, and click 'Donate' on the left.

QUESTIONS? CONTACT US.

Matthew Peralta, Scholarship Administrator
mperalta@amgroup.us | (916) 929-2125 | cacesf.org

Donate to CACESF Today!

PROGRAM HIGHLIGHTS

- Open to high school juniors AND seniors
- Scholarship awards: $2,500 (first), $2,000 (second), and $1,500 (third)
- Winners recognized at CAC Annual Conference
- CACESF has awarded 33 California high school students a total of $70,000 in scholarships.

CAC
California Association Of Collectors, Inc.™
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The Association of Collection Professionals in California

100TH ANNIVERSARY

CAC 100TH ANNUAL CONFERENCE • OCTOBER 9-10, 2017

OMNI RANCHO LAS PALMAS RESORT AND SPA • RANCHO MIRAGE, CA

CALIFORNIA ASSOCIATION OF COLLECTORS

100TH ANNUAL CONFERENCE & EXPO

The CAC 2017 Convention will be held October 9-10, 2017, at the beautiful Omni Rancho Las Palmas Resort and Spa. This event is designed to provide a platform for education, information, and networking opportunities.

Omni Rancho Las Palmas Resort and Spa

Our resort in Palm Springs offers a relaxing oasis set against a backdrop of mountains and palm trees in the heart of the desert. Revel in the timeless comforts, classic conveniences and modern technologies that have made Omni Rancho Las Palmas Resort and Spa a choice destination for a sun-drenched escape.

The premier Rancho Mirage resort, just a short drive from Palm Springs, is convenient to the world famous Palm Springs Aerial Tramway, El Paseo shopping that has been compared to Rodeo Drive in Beverly Hills and fine dining at a stunning number of local and chain restaurants.

The resort, located on 240 lush acres, has recently been renovated to include a fresh, new color palette, expanded fitness center, refurbished spa, redesigned boutiques and more. Make a splash at one of our three pool settings. Splashtopia, our two-acre water playground, features a 450-foot lazy river, two 100-foot water slides, cliff-side Jacuzzi, sandy beach and fountains and sprinklers to give your kids endless amounts of fun.

Take time for yourself, and replenish your body and soul, at our 20,000 square foot spa. New heights of relaxation will be discovered with our exhilarating treatments that use pure essences of desert botanicals. Our 27-hole championship golf course will challenge amateurs and pros alike with palm tree-lined fairways and incredible mountain vistas.

Hotel Reservations

Our special group rate is $189 plus 13.45% tax per night. To make your reservation online, go to https://www.omnihotels.com/hotels/palm-springs-rancho-las-palmas/meetings/cac-100th-annual-conference-2017. You can also call 1-800-THE-OMNI and ask for the "CAC" rate. The group rate expires at 5:00PM on September 15, 2017. However, the room block set aside for CAC is subject to sellout prior to that date. We encourage you to make your reservations early.

Resort Service Charge

Currently the resort charge is $10.00 per night (taxable), which includes; toll free, credit card, and local calling, entrance to our fitness center, in-room high-speed Internet access, in-room coffee and tea, overnight self parking, access to Splashtopia for registered resort guests and daily newspaper available at Front Desk. These items are subject to change.

Airport Details

Palm Springs International Airport: approximately a 10-minute drive

Ontario International Airport: approximately a 90-minute drive

Schedule – Check the CAC website for last minute updates and to review the full conference schedule

Sunday, October 8

- Board of Governors Meeting

Monday, October 9

- ACA Training
- Lunch in the Exhibit Hall
- Legislative Update
- Educational Sessions
- PAC Dinner/Fundraiser

Tuesday, October 10

- Breakfast in the Exhibit Hall
- Educational Sessions
- Lunch in the Exhibit Hall
- Annual Dinner and Installation

Schedule is subject to change without notice.

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100TH
CALIFORNIA ASSOCIATION OF COLLECTORS
ANNUAL CONFERENCE & EXPO

October 9-10, 2017 • Omni Rancho Las Palmas Resort and Spa • 41000 Bob Hope Drive, Rancho Mirage, CA 92270

ANNUAL CONFERENCE ATTENDEE REGISTRATION FORM

A ATTENDEE

Full Name: _____

Company: _____

Contact Person: _____

Address: _____

City/State/ZIP: _____

Phone: _____

Cell: _____

E-mail: _____

❑ Vegetarian ❑ Special Dietary Needs: _____

In the event of an emergency, contact:

Name: _____

Phone: _____

B CONFERENCE PACKAGE

Includes conference materials, all educational sessions for each day, welcome reception and PAC fundraiser dinner on 10/9, breakfast, lunch and installation and awards dinner on 10/10 and refreshment breaks. Please circle the appropriate cost for your registration.

MEMBERS	(by 9/1)	(after 9/1)
First Registrant	$525	$575
Add'l Staff from Same Agency	$395	$450
NONMEMBERS		
First Registrant	$675	$725
Add'l Staff from Same Agency	$495	$550

Conference Package Fee: $ _____

C SPOUSE/GUEST

You are invited to bring your spouse/guest.

Registration includes meal functions only (welcome reception, PAC fundraiser dinner, breakfast, lunch and installation and awards dinner on 10/10)

Spouse/Guest Fee: $275 $ _____

Name: _____

❑ Vegetarian ❑ Special Dietary Needs _____

D PAC FUNDRAISER

Included in your registration. We just need to know whether you are joining us to play Glow in the Dark Closest to the Pin.

❑ I plan to attend

PAYMENT

Please total B and C $ _____

❑ First time attendee?

Upon verification, first time attendees will receive a special gift at conference.

TOTAL DUE $ _____

Cancellation Policy – No refunds will be given to those who register for the conference and do not attend. You may substitute another attendee in your place. Cancellations must be made in writing. The following refund schedule applies to the conference registration:

Received by Sept. 15 – 75% refund

Received after Sept. 15 – No refund

Card Holder's Name: _____

Billing Address: _____

City: _____ State: _____ ZIP: _____

Signature: _____

Date: _____

Payment: ❑ Visa ❑ MasterCard ❑ AMEX ❑ Ck # _____

Card Number: _____

Exp: _____ Security Code: _____

Register Online at www.calcollectors.net or complete and mail, email or fax with payment to:

CAC, One Capitol Mall, Suite 800, Sacramento, CA 95814

E-MAIL: mputterman@amgroup.us • FAX: (916) 444-7462 • PHONE: (916) 929-2125

YOU ARE NOT VERY INTERESTING

By Paul Morrow, MySalesVP

How many times have you called a prospect and only to hear "I am not interested" after you stop speaking? This is probably the one response that is most common. Many salespeople do not know how to recover from this statement. Decision makers hate cold calls and do not have a real interest in taking your call because they think it will be a waste of time. This response is the easiest one give to get rid of you.

Many times you will get this response because you are not saying anything interesting. You are not being interesting either. In order to change this you need to ask yourself who you are calling and why would they be interested in what you have to say. You want to talk about issues and hot buttons that are of interest to the person you are calling so they will stop what they are doing and want to hear more. In order for this to work for you, it is necessary to understand what is really important to the prospect.

When you are attempting to convince a new prospect to meet with you, you have about 10 seconds to make a first impression. In that first few seconds, you must break through the noise from all of the other salespeople who are calling your prospect, and you must make an irresistible impression. The purpose of the opening remark is to get the prospect to want to hear the rest of your story.

You have to be in a position to precisely and succinctly convey the value your service can bring to this potential customer. This requires you to do some research on the targeted organization to determine this value. Once you know what it is, then you should lead with it in your call.

You can do this by using your past experience with an existing client. Mentioning a client by name and how you have solved a problem for them should get someone's attention. Once you have their attention, which HAS to happen in the first 10 seconds, your next step should be to ask for an appointment to review the situation you just revealed. Offer two different times to meet. The prospect can answer only by choosing one of the times offered.

A potential opening is, "We have helped XYZ Hospital reduce their outstanding AR days by 20%, and I would like to explain how we were able to do it and perhaps do the same for you." If this is the CFO you are calling, she should be able to recognize XYZ Hospital and certainly should be interested in improving her AR days outstanding. This is short and sweet and offers a specific value proposition to a CFO.

If you still get the "I am not interested" response, you can ask why. You need be sound very sincere when asking this question. If you do this properly, it can get your prospect to reveal their real reason for lack of interest. Their answer will allow you to get more involved with their concerns. Another response you could incorporate at this point is, "I wonder if you could help me?" You could then ask if they are the person responsible for improving their AR days out, which will verify if this is the person you need to target.

I have always preached that you need to do some research about your targeted prospect before the call. Mentioning something you know about them indicates that you are familiar with their organization. You must have a message that demonstrates your understanding of your prospects situation or circumstances, and that you have a solution.

If you have a compelling script with a good delivery, you will hardly ever hear the words, "I am not interested," because you will be saying something interesting and you will BE interesting.

If you would like to learn more about this topic or other sales management challenges you would like to discuss please call Paul at 215-219-8346 or email him at paul@pjm-sales.com. ink

Thinking About Buying SOME DEBT?

By Harry Strausser III

In the very early 1990s I was actively working in my family's collection firm in central Pennsylvania. We were experiencing some respectable growth with medical clients in our regional market. There was always conversation about where we could secure more business and continual searches for that golden apple client that could change our operation dramatically. We were fortunate to have some good, respectable competitors in our market that were also friends from the industry. On occasion a fly by night firm would surface and their actions would concern all of us. Dad used to proclaim, "That firm is so bad, they couldn't buy a client in our area!" Then, the debt purchase industry emerged, and they could do just that!

My Dad came from a financial background working in finance companies early on and was contacted by a close friend about the emerging debt purchase market. He decided to get on board with the concept and by 1992 we transitioned his firm into a 100% debt buying/servicing entity. He was active in that market until he passed away in 2009.

I often encounter agency owners that ask, "How does debt purchase work?" and "How can I get involved in buying debt today?" By the early 2000s the debt buying market exploded. Hundreds of millions of dollars worth of deals were being transacted. It was a huge wave and many rode that wave to much financial prosperity. Now, after the economic crisis of 2008 and entry of the CFPB, the market is a virtual shell of what it once was. But there are still some opportunities. The biggest change in culture has been the prohibition of the resale of many portfolios on a state basis, which was the primary culture.

Here is how you might get involved today:

Partner with a Buyer

There are still opportunities where large debt buyers partner with regional firms to collect their investments on a contingency basis. If you plan to enter this tier of the market be prepared to be audited by the buyer as they are under pressure to conform to CFPB mandates and must assure the regulators that standards their partner upholds are the same standards as their parent organizations.

Reach Out to a Debt Broker

The number of debt brokers has reduced substantially, but there are still regional deals being shifted from sellers to buyers via these industry players. Fresh accounts are harder to find but if you engage with a broker they can assess your areas of expertise and keep a watchful eye out for opportunities. There are currently huge portfolios of judgment accounts available that remain from the earlier days of robust purchasing.

Approach Your Contingency Clients

One of the safest and most successful ways to enter the market is to approach one of your current clients about buying their receivables. A common opportunity arises when a doctor you have represented for years decides to retire. They are often interested in just liquidating their accounts. If you have worked with them for some time you know the recovery metrics on the accounts and may already have the data in your system. You can also secure these deals pretty economically as the dollar figures may not be huge and the pricing can be in the 1 to 3 cents on the dollar range. We were recently approached by a doctor who was retiring. He was a client for only one year. We bought his receivables for the past four years, about $300,000 worth of accounts for 1 cent or $3,000. They even boxed up all of the patient statements for us!

Become Educated

Learn as much about the mechanics of the debt purchase process as possible before embarking on a purchase. Reach out to DBA International Inc., the association of debt buyers. They have much to offer and produce an annual conference in Las Vegas each February. You can access them at www.dbainternational.org.

Benchmark with Colleagues

There is a good chance you know an agency owner in your market that has made a purchase or two. Reach out to them about their experiences, both the good and the bad.

Most agencies I encounter in my travels are looking for new streams of business as they navigate the tough competitive nature of our industry. Buying debt, although a longstanding practice, might be a new opportunity for your organization. Like Dad used to say, "If you can't land a client the traditional way, maybe you can buy the business!"

We encourage our readers to submit a "best practice" idea for inclusion in this column. Until next time, I'm in a collection office near you!

Harry A. Strausser III is president of Remit Corporation/Interact Training & Development. Contact him at harry@remitcorp.com. ink

Old-School Communications

Kimberly Andosca
CAC Executive Director

CAC's leadership believes that one of the core benefits through your association is communication. With that in mind, we provided each CAC member with a spiral-bound, hard-copy CAC Membership Director and Buyer's Guide. We hope you will refer to it again and again as you reach out to your peers in collection or need services from our great vendor community.

As CAC continues to grow, we will provide updates to that annual publication here in the CAC Ink. Please refer to page 13 for the updates in membership since the directory publication.

Remind ALL Vendors

As you know, vendor support and participation in CAC is key to our success. You all count on numerous vendors to support your business….and they can support CAC at the same time! Vendor members enjoy the following benefits by joining CAC:

- Privileged with exclusive access to CAC Member Agency Lists
- Listing/link with logo on CAC Vendors specific page of website
- Listing annually within our INK newsletter with company description (50 words)
- Listing in the new CAC Membership Directory and Buyer's Guide
- Eligible to register for and attend Regional Meetings (sponsorships, exhibits tables, etc.)
- Eligible to sponsor Annual CAC Conference events and/or purchase exhibit booth space
- Eligible to contract advertising with the CAC Ink Magazine (Hard copy)

Please encourage the vendors you rely on to join and participate in CAC. Details and an application can be found at www.calcollectors.net.

ACA House of Delegates

Your CAC Delegates to the annual ACA House of Delegates for 2017 will attend and vote for new ACA Board members in July. Your delegates are:

Delegates

- **Sandy Lubin,**
  Coastal Recovery Solutions, CA
- **Kelly Parsons-O'Brien,**
  Credit Bureau Associates, CA
- **Courtney Reynaud,**
  Creditors Bureau USA, CA
- **Rodney Meeks,**
  Credit Consulting Services, CA

Kim Andosca
Executive Director ink

"Political action committee" or "PAC"

is the term used to describe an organization established to raise funds and make contributions to candidates or ballot measure committees. A PAC is formed or exists to support or oppose several candidates and/or measures voted upon in different elections or different jurisdictions.

Supporting legislators and candidates who will serve well into the future in California, who will sit on key legislative committees, who will be among those considering important legislation that will touch our industry, and may affect our way of doing business, is an extremely important part of CAC's mission. Your organization's PAC is a key element in the continued work that is done on your behalf through the legislative process in Sacramento.

We have made great strides over the past few years.

We've built an incredible team and our legislative efforts are stronger than ever.

Our relationships with legislators have grown and we have improved the image of our industry through the tremendous efforts of our Lobbyist, Legislative, and Legal teams.

We are again challenged in 2017 to keep our PAC with enough funds to sustain us through another important legislative year for our industry.

We ask that you dig deep and contribute to your PAC.

Robert Tavelli, your PAC Chair, challenged each member of our Board of Governors to step-up their contributions to the CAC PAC this year with an annual donation of $1,500. And now we challenge every CAC Member to write a check or make a credit card payment commitment to our CAC PAC fund as well. No donation is too small and you may select to have a recurring donation charged to your credit card over time. Just go to: http://calcollectors.net/legislative/index.asp

Thank you! ink

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CAC PAC Fund Contribution

_____
Company

_____
Address City St. Zip

_____
Owner(s) name

_____
Phone

_____
Email address

Member Challenge Donation: $1,500 annually

Please accept my one-time PAC Donation in the amount of $ _____

Pease accept my monthly recurring PAC Donation of $ _____

Beginning on _____ and authorized for _____ number of months.

❏ Visa ❏ MasterCard ❏ American Express

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Card Number

_____ _____
Exp. Date Security number

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Name Printed on Card

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Signature

You May Also Pay by Check (payable to CAC PAC) or go to http://calcollectors.net/legislative/index.asp to have a recurring donation charged to your credit card.

Please complete and return this form with your payment to:

CAC PAC
One Capitol Mall, Suite 800
Sacramento, CA 95814
Or by fax to (916) 444-7462

Questions? Contact Kim Andosca, CAC Executive Director, by
Phone: (916) 929-2125 or Email: kandosca@amgroup.us

Contributions or gifts to CAC PAC are not deductible as charitable contributions for Federal Income Tax purposes !

CAC PAC FUND

Please contribute to the PAC fund TODAY so we can reach 100%!

Visit https://www.efundraisingconnections.com/c/CalifAssoofCollectorsPAC/

CACESF

$6,400

raised so far!

It's not too late to donate!

Join your colleagues, and donate today!

THANK YOU FOR YOUR GENEROUS DONATION:

Pat Collins, Herbert P. Sears Company
Justin Cullum, Credit Bureau Associates
Kris Davisson, Financial Credit Network, Inc.
Linda Guinn, CB Merchant Services
Matt Logan, Collection Consultants of California
Sandy Lubin, Coastal Recovery Solutions
Courtney Reynaud, Creditors Bureau USA
Shawn Suhr, Continental Credit Control
John Yaklin, States Recovery Systems, Inc.

Contribute $1,000 $500, $250, or $100 TODAY to join our growing list! No amount is too small, and every dollar raised will be used to promote financial literacy throughout California high schools and will help fund the college education of promising young students.

DONATE TODAY!

Visit cacesf.org or email Matthew Peralta at mperalta@amgroup.us

All donations are tax-deductible.

To donate: Please visit cacesf.org and click donate on the left side of the homepage, or email Matthew Peralta with your donation amount, and you will be invoiced.

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ALBERT CADENA

FOR BOARD OF DIRECTORS

2017

VOTE July 16th