



ARIZONA  
COLLECTORS ASSOCIATION

# Unit Update

First Quarter, 2008

## Special points of interest:

- U.S. Congressman John Shadegg Meets with ACA Board
- Meet Your Board of Directors

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## U.S. Congressman John Shadegg Meets with ACA Board— Joe Spiek

The Arizona Collectors Association (ACA) was honored to host a meeting with Congressman Shadegg on April 11th, 2008. The meeting took place at the office of ACA Member, Progressive Financial Services, Inc.



*Congressman Shadegg visits Progressive Financial Services, Inc. with members of the Arizona Unit Board of Directors.*

The meeting was an excellent opportunity for the ACA to represent the entire collection industry and share

some critical issues facing our industry with the Congressman. The critical issues discussed included the importance of updating the FDCPA to permit the use of modern technology, an amendment to the FCRA in order to clarify the ability of creditors and their agents to use consumer reports for the purpose of a collecting a debt (see *Pintos v. Pacific Creditors Association*), our opposition of any legislation or regulatory efforts that would limit or terminate the use of personal identifiers, such as Social Security numbers, and the support of the IRS to contract with Private Collection Agencies.

After our discussion on these important topics, Congress Shadegg and his staff members joined the C.E.O. of

Progressive Financial and the ACA Board for a tour of Progressive's facilities. On the tour, the Congressman learned much more about an agency's operations, the technologies used for collections, and the levels of security that are required to protect consumers' information and to abide by all the collection laws.

Overall, the meeting was a tremendous success and we are confident that we have taken good steps to developing a positive relationship with an Arizona Representative in Congress. I would personally like to thank Progressive Financial Services, Inc. for hosting the meeting and allowing the Congressman to have a behind the scenes look at our industry.

## Upcoming Educational Seminar—June 20, 2008 “Collecting with Confidence”

The Arizona Collectors Association invites you to join Harry Strausser III, past president of ACA International, for the most popular seminar ever hosted by the Arizona Chapter. In this seminar, collectors will learn how applying a “service” and “sales approach to their calls can result in increased collection rates.

Past attendees of this seminar have described it as, “Engaging”, “Informative”, and have said, “I’ve never enjoyed learning this much before!” This seminar is only held once a year, so don’t miss it!

See the insert in this month’s newsletter for more details and registration information. You can also download the registration form at [www.azcollectors.org](http://www.azcollectors.org).

## Modern Day Skip Tracing and Asset Locating—David Lippman

**“Today, the world of skip tracing has evolved into a highly technological and potentially expensive proposition...”**

**“It is extremely important to ensure if you outsource any of your skip tracing needs that you know who you are dealing with.”**

The word skip tracing often evokes images of dimly lit rooms filled with collectors poring over old phone books, “Cole’s crisscross” or college directories looking for a consumer or business that seems to have dropped out of sight. Today, the world of skip tracing has evolved into a highly technological and potentially expensive proposition with vendors at the ready to deliver your consumer to you. The trick in today’s litigious society is to balance the need to locate consumers and at the same time ensure that the firm remains in compliance with various debt collection laws.

### In-house or outsource

A decision that all firms must face is whether to utilize their collectors to devote part of the day or month to skip tracing or to outsource the function entirely. The advantage of outsourcing your skip tracing needs to a vendor is that your collectors can spend more time talking to consumers, potentially resulting in more effective recoveries. One immediate downside is that your files have now left your possession – do you know where your debtors are? Will your clients allow this type of arrangement, and what type of protections will your clients want to ensure that their consumers’ data is safe?

It is extremely important to ensure if you outsource any of your skip tracing needs that you know who you are dealing with. Do they have a license, carry proper insurance, and can they provide solid references. Find out

HOW they skip trace. All processes need to comply with GLB, FDCPA, FTC and FCC regulations. If the company you are considering won’t tell you how they obtain their information, then you should steer clear.

### The “waterfall” approach

Some firms are now moving towards a “waterfall” approach in three stages to address their skip tracing needs:

- Stage 1: handling most of their basic needs in-house
- Stage 2: utilizing database driven solutions for the more difficult situations
- Stage 3: outsourcing files to a vendor for the most troublesome debtor locates

The key differences among the three stages are cost and level of verification of the information obtained. If the debtor is found using your 1st level search solution, there’s no need to escalate to costlier 2nd or 3rd level solutions.

This first stage in the “waterfall” is to pick off the low hanging fruit by using as many free and publicly available online sources. For example, you can easily verify property ownership if your county assessors list this information online. Phone numbers and other asset information can be found online these days. Our collectors are having great success locating employment and other valuable information by searching social networks such as Linked in [www.linkedin.com](http://www.linkedin.com),

Facebook [www.facebook.com](http://www.facebook.com) or even MySpace, [www.myspace.com](http://www.myspace.com). It’s amazing what information people will post online! If you have a permissible purpose under FACTA, you can take advantage of a tool that all the credit bureaus offer: a triggering mechanism that allows you to get a report whenever a consumer applies for credit or changes employment. In addition, there are some relatively inexpensive online skip tracing tools such as Acurint, [www.accurint.com](http://www.accurint.com) or Axiom Insight, [www.axiominsight.com](http://www.axiominsight.com) your collectors can use. It is important to use more than one source because they often pull information from different resources.

After picking off the low hanging fruit, stage two in the “waterfall” approach is to consider using specialized databases to try and obtain hard to find information. For example, Talx Corporation (a division of Equifax) has a product called “the work number,” [www.theworknumber.com](http://www.theworknumber.com), which is useful in locating employment information. Their database contains approximately 30% of the nation’s employment information. Teletrack, [www.teletrack.com](http://www.teletrack.com), is a resource that specializes in the sub-prime space. They maintain a database of high-risk consumer information provided by businesses that do not report to traditional credit bureaus such as payday loan and rent-to-own stores.

The third stage of the “waterfall” approach is to send files to a company such

## It's Difficult To Say Goodbye— Lou Valerio

**Eric O Rauschkolb**  
**July 27, 1962 – October 20, 2007**

The Arizona Collectors Association and Progressive Financial Services, Inc lost a friend, employee and volunteer suddenly this past October.

Eric was well known by all at the AZ Collectors Association as our Editor of the Newsletter for the past three years. He volunteered his time and literary skills to make communication with our members more informative and just plain fun. Over the years Eric represented



Progressive at the annual ACA Int'l Convention. Often he spoke of how happy he was to attend the DC meeting, returning to the city of his birth for the first time in 43 years.

He leaves behind his parents, Myrtis and Jim and brothers Mark and Matt, as well as his dear sisters-in-laws and beloved nieces and nephews.

Eric was not just my co-worker and employee, but truly my best friend, a loss never to be replaced. Thanks Eric.

Lou Valerio  
 CEO/Chairman  
 Progressive Financial Services

***“Eric was not just my co-worker and employee, but truly my best friend, a loss never to be replaced.”***

## Modern Day Skip Tracing and Asset Locating cont'd

as VeriFacts [www.skiptracers.com](http://www.skiptracers.com) or Synergy Solution, Inc. [www.s2info.com](http://www.s2info.com) to obtain a guaranteed locate. The key difference with outsourcing to a vendor rather than using specialized databases as described in stage two is that databases tend to provide any and all results whereas outsourced vendors will dig deeper to attempt to validate the most recent and best result. Of course, the trade off is that the cost tends to be more than when using database providers.

### Executive Summary

- Skip tracing has become more sophisticated and technology based.
- Many online resources are available – and most are free.
- Use a “waterfall” approach to maximize the results while leveraging costs.
- Be aware of how in-house and outside skip tracers comply with debt collection laws.

### Attorney Bio

David Lippman is a shareholder at Lippman Griffeth & Associates, P.C. with offices in Scottsdale and Tucson Arizona. Mr. Lippman, along with his partner George Griffeth, devote their entire practice to both retail and commercial debt collection as well as complex insurance subrogation litigation. Mr. Lippman is the current Arizona state chair for ACA's MAP program and has worked in the collection industry for over 25 years. Additionally, he is a frequent lecturer and author of articles dealing with the FDCPA and FCRA.

***“...databases tend to provide any and all results whereas outsourced vendors will dig deeper to attempt to validate the most recent and best result.”***

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To learn more about the Arizona Collectors Association, please visit our website at:

[www.azcollectors.org](http://www.azcollectors.org)

There you'll find more details about our association, member directories, seminars offered and past issues of our newsletter. It also contains details about the current officers and information on how you can get involved.

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