



# Arizona Collectors Association Newsletter October 2007

## Arizona Collectors Association Annual Meeting November 16, 2007 Pointe Hilton Squaw Peak Resort 7677 North 16th Street Phoenix

8:30 – 9:30 a.m.	Registration/Continental Breakfast
9:30 – 10:00	Welcome and Business Meeting – Lou Valerio, President, Arizona Collectors Association
10:00 – 10:45	ACA International Update – Christopher Wunder, President, ACA International
10:45 – 11:00	Refreshment Break -- Raffle
11:00 – 12:00 p.m.	“Privacy Issues – What We Need to Protect Ourselves and Our Businesses” Leslie C. Bender, Esq., Leslie C. Bender, P.A.
12:00 – 1:15.	Lunch/Installation of Officers Steve Duffy, Issacson & Duffy– Legislative Update
1:15 – 2:15	“What Do Clients Really Want from Us?” David Glezerman, Bursar, Temple University
2:15 - 2:45	“Creating an Awesome Employment Brand” Holly Schor, Community Relations Manager, Jobing.com
2:45 - 3:00	Refreshment Break – Raffle and Giveaways
3:00 – 4:00	Healthcare Issues Panel Chris Becraft, IFCCE, President Collection Services Bureau, Inc. Leslie C. Bender, Esq., Leslie C. Bender, P.A. Chris Lehr, Healthcare Collections, LLC. Christopher Wunder, President, ACA International

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
 Organization: \_\_\_\_\_  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ St: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax #: \_\_\_\_\_ E-Mail: \_\_\_\_\_

Additional Attendees from the Same Organization:  
 Name: \_\_\_\_\_ Title: \_\_\_\_\_  
 Name: \_\_\_\_\_ Title: \_\_\_\_\_  
 Name: \_\_\_\_\_ Title: \_\_\_\_\_

Registration Fees: Early Registration (By 11/05) \_\_\_\_\_ (# attending) X \$65.00 = \_\_\_\_\_  
 Registration (After 11/05) \_\_\_\_\_ (# attending) X \$80.00 = \_\_\_\_\_  
Total \_\_\_\_\_

Payment Options:  
 Check (Made payable to Arizona Collectors Association)  
 Visa  MasterCard  American Express  Discover  
 Credit Card #: \_\_\_\_\_ Exp Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Verification #: \_\_\_\_\_  
 Card Holders Name (Print) \_\_\_\_\_ Signature: \_\_\_\_\_  
 Card Billing Address: St: \_\_\_\_\_ City: \_\_\_\_\_ Zip: \_\_\_\_\_

(Your statement will list Silver & Cherner, Ltd as they are the administrator for the association)

**REGISTRATION DEADLINE: NOVEMBER 12, 2007**  
 Fax Registration to: 602-996-2330      Mail Registration & Payment to: Arizona Collectors Association  
 10221 N 32nd St Ste D  
 Phoenix, AZ 85028  
 Questions? Call 602-996-1220

## To pull or not to pull; under Pintos, that is the question

On September 21, 2007, a ruling from the court of appeals for the 9<sup>th</sup> circuit concerning the Fair Credit Reporting Act (FCRA) was published that will, unless overturned have far reaching impact on our membership. If you request credit reports, then you and your counsel will want to review this case.

The case (*Pintos v. Pacific Creditors Association* 2007 U.S. App. LEXIS 22519), involved a consumer whose SUV was towed and later sold at auction. The sale did not cover the towing and storage fees, and the matter was referred to a collection agency – Pacific Creditors Association. The agency requested the consumers' credit report. In this case, the issue was whether the agency had a permissible purpose to request the report.

The FCRA (15 U.S.C. §1681 et seq.), allows that a "consumer reporting agency may furnish a consumer report" so long as the requestor has a "permissible purpose". (15 U.S.C. § 1681b). In the Pintos case, the debt arose not from an extension of credit, but from a towing charge.

The belief in the collection community has been, and supported by case law that a permissible purpose existed so long as the file was assigned for collection. This ruling now raises additional questions about whether a permissible purpose exists. Section 604 of the FCRA states in part when a permissible purpose exists:

§ 604. Permissible purposes of consumer reports [15 U.S.C. § 1681b]

(a) In general. Subject to subsection (c), any consumer reporting agency may furnish a consumer report under the following circumstances and no other:

(1) In response to the order of a court having jurisdiction to issue such an order, or a subpoena issued in connection with proceedings before a Federal grand jury.

(2) In accordance with the written instructions of the consumer to whom it relates.

(3) To a person which it has reason to believe

(A) intends to use the information in connection with a credit transaction involving the consumer on whom the information is to be furnished and involving the extension of credit to, **or review or collection of an account of, the consumer**;

The court in **Pintos** stated that under section (A), that for a debt collector to have a permissible purpose, the request for the consumers credit report must be "in connection with a credit transaction." The reasoning of the court is that under FACTA, the terms **credit** and **credit transaction** now have definitions that did not previously exist under the FCRA.

We recommend that all ACA members review this case and their internal policies as this issue is likely to be raised in other jurisdictions.

If anyone would like a copy of the case, please email me at [david@lippmangriffeth.com](mailto:david@lippmangriffeth.com) or contact me directly at 520-762-4061.

David F. Lippman  
Lippman Griffeth & Associates, P.C.  
MAP Attorney for Arizona

## Message from the President Lou Valerio

### "Membership has its benefits"

So often we sign up or join some organization and really don't reap the benefits that are just waiting for us to use.

ACA International as well as the local chapter of the Arizona Collector Association have so much to offer. Considering those opportunities maybe now is the right time for those members who really have not gotten involved. Why not start on November 16<sup>th</sup> with attendance at the upcoming annual meeting of the membership.

You may ask what's in it for me. Well for one a great chance to meet with associates in the field, pick up some new ideas without reinventing the wheel. How about checking out a long list of vendor booths offering a great chance to see what new products are available to make running your company more efficient and profitable?

The agenda is packed with excellent speakers, hot topics and a chance to win some prizes. It could be your lucky day. For the first time in many years the sitting ACA International President, Chris Wunder will be here to give us a membership update as well as the opportunity to network with a true industry leader. David Glezerman, Bursar from Temple University in Philadelphia will also be on hand. Dave named the ACA member of the year in Chicago this past July. If data security is your concern as it is for many of us in this computer age consider attending to listen to Leslie Bender Esq. give us some operational advice on how to create proven methods and policies to protect our clients and debtor information.

Do you struggle with hiring and retaining good employees? One of our sessions will discuss branding your company and putting yourself out there in the community. Many members may not be aware that our unit retains a firm to lobby on the behalf of the collection industry here in Phoenix. Steve Duffy our lobbyist will provide an update on this year's legislative session.

This is just the tip of the iceberg. So come and join us. A registration form is located on the front of this newsletter.

In closing I would like to thank all those who helped me during my term as Arizona Collectors Association President. Special thanks to my Executive Board, Directors and general membership. It has been a pleasure to serve our great unit and I must say I am very excited to pass the baton to our soon to be next President, Joe Spiek. I am certain Joe is ready and will lead with great distinction.

See you all on November 16<sup>th</sup>.

#### Collector Pledge

I believe every person has worth as an individual  
I believe every person should be treated with dignity and respect  
I will make it my responsibility to help consumers find ways to pay their just debts.  
I will be professional and ethical.  
I commit to honoring this pledge.

## Data Security in Today's Competitive Environment

Most Agency Owner's who hope to grow their company's in today's competitive environment understand the importance of protecting their client's data. Even relatively small clients are sensitive to this issue and are increasingly inquiring about the protections agencies have in place to safeguard their information.

Agencies engaged in Health Care collections are required to operate under HIPAA regulations. Those in the Bank Card arena are regulated under the GLBA. Clients that fall into neither category are just as concerned as the hospitals and banks about the security of their accounts. The person who decides which agencies to use knows that his or her job may be in jeopardy if their data is compromised while at an agency they selected and the proper due diligence was not performed by the decision maker.

To secure your company you must, at a minimum, assess three areas: Physical Security, Network Security, Collection Software.

Physical security includes protecting against unauthorized access through such measures as key card access locks, reception areas where proof of identity is required and visitor badges are issued. Visitors should be escorted at all times while on the premises. Internal "badge audits" should be done periodically to ensure all employees still have their badges and that any NLE employee's badges have been deactivated. All windows and doors should be protected by a monitored alarm system. Shred bins should be utilized and a clean desk policy enforced.

Don't overlook low tech methods of compromising your client's data, such as stealing your trash. Dumpsters should be locked. If yours can't be locked your waste company will provide a locking model for you at no charge. More identity theft occurs from low tech means such as this than by any other method. Do you really want a reporter and camera man from Channel 5 broadcasting from next to your dumpster?

Perform back ground checks on potential employees. Sophisticated methods of preventing attacks on your data from outside sources won't help if you hire someone who has record of identity theft and is intent on stealing your data.

Train your staff on the importance of protecting your client's data. Keep records of that training (both HIPAA and GLBA require that you do this). Your staff will take security as seriously as you do, so set the right tone in your office. If you feel like security is just a necessary evil and act that way round your staff they will take their cue from you and not take company security seriously.

Network security includes building a network that conforms to industry standards. Smaller companies can employ a relatively simple architecture with an all in one router that provides traffic filtering, fire walling, VPN remote access, intrusion prevention and control on the perimeter. A layered approach provides additional protection. Examples of that include network segmentation, an approach that divides your office into different areas and regulates and restricts the network traffic between those areas and includes a DMZ, a separate IPS (Intrusion Prevention System), an IP addressing scheme that is compliant with RFC 1918 and a basic network design that doesn't allow unfiltered access to the internal network from the DMZ.

Your network should enforce remote access via VPN only, centralized logging, host and server hardening prior to deployment and automatic patch management to all servers via Microsoft Windows Server Update Services. Make sure all default passwords on servers, routers, firewalls, etc. have been changed.

Employ a world class anti-virus solution such as Symantec Antivirus Corporate Edition, software that automatically keeps your virus definitions current by updating them daily. A comprehensive Disaster Recovery plan should be part of your security implementation.

Your Collection Software should support log ins that require unique usernames and passwords. Passwords should expire after 60 days and the software should not allow the use of previous used passwords. The collection software should require passwords that are at least 8 characters long and contain at least one letter, one number and one symbol. The software should maintain audit trails. Sign ins should lock after three failed attempts. Collector workstations should be hardened, allowing limited access to only those applications required for collection efforts. Any recordable media devices such as CD ROMs should be disabled to help prevent data theft.

This article only touches upon the basic elements of company security. After you complete the gap assessments required under HIPAA and GLBA consider engaging the services of a data security company such as Symantec Corporation to conduct an ISO 17799 security audit of the physical and logical security of your company. Those audits typically cost from \$5,000 to \$20,000 depending upon the size of your company. The additional clients you land by making use of the audit as a sales tool may well cover the cost of the audit.

Greg Lang  
Vice President of Strategic Initiatives  
Progressive Financial Services

## Your ACA Board of Directors

### President

Lou Valerio  
Progressive Financial Services, Inc  
Ph: 602-453-8752  
Fax: 888-484-0013  
lval@swlink.net

### President-Elect

Joe Spiek  
Healthcare Collections, LLC  
Ph: 602-445-1912  
Fax: 602-943-3931  
joe.spiek@healthcareinc.com

### Vice-President

Chris Becraft  
Collection Service Bureau  
Ph: 480-947-7657  
Fax: 480-947-2170  
Chris@csbcollections.com

### Treasurer

Pat Esquivel  
Jerold Kaplan Law Offices, PC  
Ph: 602-258-8433  
Fax: 602-258-4302  
pesquivel@kdelaw.com

### Director

Bob Antenucci  
JR Brothers Financial  
Phoenix, AZ 85051-9570  
Ph: 602-371-1001  
Fax: 602-371-0200  
bob@jrbfinancial.com

### Director

Brad Klein  
Paid In Full, Inc.  
Ph: 623-580-7207  
Fax: 623-298-5688  
brad@WeCollectIt.com

### Director

Greg Lang  
Progressive Financial Services, Inc  
Ph: 602-453-8790  
Fax: 602-453.8773  
glang@progressivefinancial.com

### Director

Chris Lehr  
Healthcare Collections, LLC  
Ph: 602-445-1922  
Fax: 602-943-3931  
chris.lehr@healthcareinc.com

### Director

Bob Schunn  
Audited Financial Management  
Resolution, Inc  
Ph: 480-634-6045  
Fax: 480-634-6047  
info@auditedresolution.com

### Past President

Scott Sievert  
Audited Financial Management  
Resolution, Inc  
Ph: 480-634-6045  
Fax: 480-634-6047  
scott@auditedresolution.com

### MAP Chair for Arizona

David Lippman  
Lippman Griffeth & Associates, P.C.  
Ph: 520-762-4036  
Fax: 888-870-2807  
david@lippmangriffeth.com

**2007 Program Schedule — Mark Your Calendar**

**November 16, Friday - Annual Meeting**

Arizona Collectors Association  
10221 N 32nd St Ste D  
Phoenix, AZ 85028-3849