

THE CREDIT TIMES



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A Publication of The Commercial Collection Corp. of NY Inc.

*For Our Readers...
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Licensing Requirements Are Not Always Clear



*Tom Peglowski
Project Manager*

There are considerable federal and state laws that regulate all types of activities and businesses, so it is not surprising that collection agencies are one of those entities. The intent is to protect against deceptive or unfair collection practices, but there is significant confusion created because of the differences in the requirements of various governing bodies.

While the Fair Debt Collection Practices Act is a Federal law governing debt collection practices, it is directed at consumer protection and specifies the collection of personal, family and household debts. The Federal Trade Commission was the sole regulator of collection agencies, and now the Bureau of Consumer Financial Protection, which was created in 2010, will also have regulatory power.

Many states and a few cities require collection agencies to be licensed and/or bonded in order to collect or attempt to collect debt within their lands. Some accept license reciprocity if the agency has a license in another state with similar requirements, while other states demand an actual office to be located within the state to house collection records. Several states require licenses only when clients are located within the state, and a few are only concerned when the debtor is a resident.

There are states that don't differentiate between the types of debt and others that only require a license when collecting from consumers. States that require a license to collect commercial debt: Alaska, Arizona, Arkansas, Florida, Hawaii, Idaho, Illinois, Indiana, Minnesota, Nebraska, Nevada, North Carolina, North Dakota, Oregon, Tennessee, Washington, West Virginia, and Wyoming.

Canada is no different, as their provinces all seem to have some type of regulation but they vary in scope. All have legislation that dictate collection practices; however, many of them are specifically oriented around consumers, and a Consumer Services Department is responsible for enforcement.

The major drawback to licensing is the expense, with bonds from \$5,000 to \$50,000 and licenses that cost from \$100 up to \$1,000 per year. Some states also require trust accounts within their state for client funds. The ramifications for agencies that are not licensed range from penalties of a few hundred dollars to \$1,000 per violation, per day. The impact on the client that uses an unlicensed agency is limited if they do so unknowingly.

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While licensing issues can be challenging, the advantage is to show the willingness of the agency to abide by professional standards and guidelines set by the state. For this reason, credit grantors should utilize the services of licensed collection agencies to assure that their own reputations are protected. Affiliations with organizations like the International Association of Commercial Collectors (IACC) and the Commercial Law League of America (CLLA) show the intent of the agency to align with the association's code of professional ethics and its desire to provide ethical collection services. An attorney or the individual state regulator should be consulted for specific license information.

Congratulations Robert Ingold, New President of IACC



Industry veteran, Robert Ingold, was recently elected President of the International Association of Commercial Collectors (IACC). The announcement was made recently during the IACC's 42nd Annual Convention in Miami Beach, FL. Additionally, Ingold remains on the IACC board of directors. The IACC is the world's largest international trade association for commercial debt collection professionals with members throughout the United States and 25 other countries. *IACC Press Release, January 25, 2013.*

"One of the real cool things about being President of the IACC is the former President of CCC and my mentor, Bernie Engel, was President of the IACC 30 years ago in 1982. It's a privilege representing a group that has served our industry for so long." Robert Ingold, President of CCC of NY

Believe It or Not



**NACM
Credit Congress**

Only 11 weeks away!!!

*Our annual Grand Breakfast Buffet will be at
the NACM Convention in Las Vegas...*

May 20, 2013.

*Please E-mail Judy Mattioli at
jmattioli@commercialcollection.com
if you will be attending the convention this year.*

Hope to see you there!

Marisa Armellini - New York, NY

The Voice

Q: What are helpful tools in determining a potential client's credit limit?

A: While a company may appear to be a good risk on the credit application, a credit search may reveal pending civil litigations, secured assets, and an over extended company looking for credit terms. Credit reports, such as Experian, are a good resource for locating information that can be used to help determine a company's credit worthiness and also help with determining a credit limit. Databases and credit reports that cover judgments, tax liens, UCC Filings, and detail the customer's assets is critical when determining a new customers credit limit.

Submit your credit questions and/or opinions to Judy Mattioli at jmattioli@commercialcollection.com.



Send an E-mail to Alicia Bell at abell@commercialcollection.com to become a member and watch for your gift from CCC on your birthday!

Our Management Team:

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