

# Brown & Joseph Newsletter

Volume 9  
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## Brown & Joseph, a “Top” Collection Agency

↳ Source: *Collections & Credit Risk* magazine

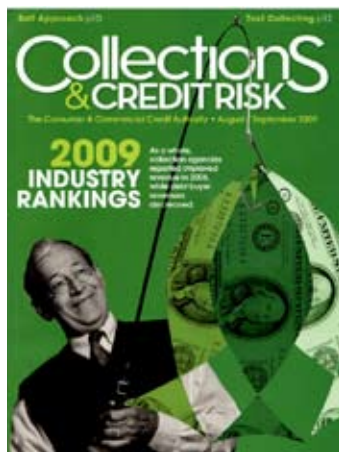
**B**rown & Joseph, LTD was ranked #13 on *Collections & Credit Risk's* “Top Collection Agencies” list for 2009. Brown & Joseph also ranked #12 on *Collections & Credit Risk's* “Top Debt Buyers” list for 2009.

The lists were published in CCR magazine in the August / September 2009 issue. The article entitled “The Survey Says: 2009 Industry Rankings” quotes Brown & Joseph’s CEO, Chris Cappuccilli on page 21. Here is an excerpt:

Chris Cappuccilli, CEO at Rolling Meadows, IL based Brown & Joseph Ltd., tells *Collections & Credit Risk* that his company will continue to grow in the second half of 2009 by setting goals and doing what is necessary to attain them.

“We will continue to spend on marketing and we will continue to provide our clients with quality service,” Cappuccilli says. “It is like the saying goes, ‘Life consists of not always holding good cards, but in playing those you hold, well.’”

“As for the industry in the second half of 2009, much less the economy, all that can be said is that while hopeful for a rapid turnaround, we’re not in the clear yet. We expect to see substantial new business from more troubled companies,” Cappuccilli says. ↩



## Brown & Joseph Hires Subrogation Manager

↳ by Allison Sima

**B**rown & Joseph, LTD is pleased to announce the addition of a subrogation department. The subrogation department will be managed by newly hired Jacqueline Griffin, an expert in subrogation collection, including physical damage, commercial, workers compensation, occupational accident, moving & storage, auto / general liability, and product liability.

I had a chance to sit down with Jackie and ask a few questions.

**Question:** I understand you are new to Brown & Joseph as of August 2009 and you are in charge of the subrogation collection department. Can you tell me a little about you and your experience?

**Answer:** I am married of 14 years with 2 daughters. My background in Subrogation exceeds 13 years. My most recent employment was Transguard Insurance Company where I managed the Subrogation Department in all lines. My background includes experience in worker’s comp, occupational accident, physical damage, product liability, moving & storage, general liability and cargo.

**Question:** What are your plans for the subrogation department?

**Answer:** My focus will be making sure my staff is properly trained, which will allow us at Brown & Joseph to provide exceptional subrogation service to our clients that will result in maximizing their recoveries.

*continued on page 2...*



**BROWN & JOSEPH**

*“Brown & Joseph Hires Subrogation Manager” continued from page 1...*

**Question: What is unique about the department?**

Answer: What’s unique about subrogation is the different lines which require statute knowledge in each State. For example, in New Jersey, there are Subrogation restrictions. Recovering in this State will depend on the facts of loss.

Another thing that is unique is that “Subrogation” is not a debt, it’s a claim.

**Question: What do you see as the biggest problem facing the subrogation industry?**

Answer: The biggest problem facing the Subrogation industry is fraud. As we attempt to recover on claims, we tend to see a rise in fraudulent cases.

Ex: An accident with less than \$500.00 in damage sometimes can exceed \$5,000.00 or more in medical expenses.

**Question: What is your department’s plan to combat the current economic conditions?**

Answer: Here at Brown & Joseph, we will make sure we are aggressive when pursuing the at-fault party. We will exhaust all efforts by following our subrogation guidelines and use the resources we have to recover on each file.

Ex: We will file arbitration to bring claims to a resolution and take the necessary actions by contacting the State to revoke driving privileges of the uninsured motorist.

Our subrogation department will follow the State Statute laws to ensure we are following all State requirements. We plan on exceeding our clients’ expectations. 🙌

**Word Search**

*Words are up, down, backward and diagonal. Answer key on pg 6.*

Client Services	Law Office	Substantiate
Confidentiality	Loop Hole	Suit Fees
Corporate Veil	No Assets	Support
Data Entry	Optimism	Stock Market
Documentation	Payroll	Third Party
Experian	Pays On Time	Trust
File Folder	Refinance	Upside Down
Halloween	Request For Proposal	

L I M P R O V E M E N T M S Y N T  
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D O K I H R I U V T E K G E O E R  
C W V F O E O P T I M I S M L N O  
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U J P I A O H S U T R U S T P G O  
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X W O R F V P A Y S O N T I M E U  
N O A S S E T S R R W B T D I A A  
N F Y D A I W U N N O B M R U O C  
A F I F I L E F O L D E R T F F A  
G I Q E U E W E M R J S A B T D E  
X C U D N I X C T A M C B L P L S  
H E D S U B S T A N T I A T E N W

## Tips for Collecting Your Money

↳ [http://www.wconline.com/CDA/Archive/a070505618768010VgnVCM100000f932a8c0\\_\\_\\_\\_\\_](http://www.wconline.com/CDA/Archive/a070505618768010VgnVCM100000f932a8c0_____)

- Prevent payment disputes before they happen by setting up a system to verify that invoices are accurate. Verify that the delivery and work was done properly.
- Target real people. Mail invoices to specific individuals. Poorly targeted bills can get shuffled around for days before reaching the right person.
- Don't assume everyone understands your payment terms. Explain them verbally and make them prominent on sales and work documents.
- Avoid the trap of treating all customers like friends deserving special consideration. Even if you socialize with them after hours, your obligation is to provide quality work and service, theirs is to pay you on time.

• Later the payer, earlier the inquirer. Make a “customer service” call to chronically late payers the day their orders go out. “I just wanted to let you know your bill is just going out. Can I speed up payment by sending the invoice to a particular person?”

• Accept credit cards. The advantages of credit cards outweigh the modest fees you pay the issuers. Number one is that credit risk is borne entirely by the card company.

• Wield carrots and sticks. Be sure to consider the persuasive power of discounts on one hand and interest penalties on the other. People with cash flow problems tend to pay these bills first.

• Shorten pay periods. Where is it written that you must allow 30 days for payment? Credit card companies typically give 15 days from date of billing. Some say “payment due upon receipt.” You might be able to make shorter terms acceptable with a 2-percent discount.

• Track receivables. Get some computer software that automatically tracks and ages receivables. If big chunks of money are owed more than 30 days, get moving on it. If big chunks are beyond 60 days, you're in a heap of big trouble.



### Where is it written that you must allow 30 days for payment?

• Send letters with bills. An invoice alone conveys no urgency. Be firm but polite —i.e., “Our records show your payment is past due. Please notify us immediately if our information is wrong or if there is a problem with this transaction. Otherwise, we request immediate payment.”

• Phone calls are more effective than letters. This is especially true if you call customers within a day or two after they become overdue. It lets them know you are fussy about getting paid and likely to keep pestering them.

• Keep pestering them. Make phone calls or send out reminders twice a month rather than every 30 days. As accounts age, increase the frequency and urgency of your calls and letters.

• Power up notices. Each successive letter should be tougher in tone. Show that you mean business. Use a form with “SECOND BILLING” imprinted in large red letters across the top. ↩

*Jim Olsztynski*

*Jim Olsztynski is editorial director of Plumbing & Mechanical and editor of Supply House Times magazines.*

# The Call To Update the FDCPA

➤ *Collections & Credit Risk. August / September 2009: 14.*

**L**awmakers, consumer groups and the collection industry agree - on one key point. The Fair Debt Collection Practices Act (FDCPA), the key law governing how collectors behave, needs change.

The law does not adequately address newer communication technologies, says Robert Markoff, president at the National Association of Retail Collection Attorneys and partner at Markoff & Krasny, Chicago.

Congress created the FDCPA in 1977, before voicemail, cell phones and e-mail became a part of daily life. It has updated the law but not enough to account for the use of evolving communication technologies, according to several industry experts.

Collectors perceive as detrimental what little clarity exists in the law. Under the Telephone Consumer Protection Act and an order released by the Federal Communications Commission in 2008, collectors must get prior permission to contact consumers on their mobile devices. The industry wants the full use of these “new” technologies without consumers’ consent before contact.

The industry believes the consent requirement hampers collection efforts because many consumers do not have landlines. “As an industry we are disappointed at the inability to call consumers on the only phone they have. It only means more lawsuits if we can’t contact them,” says Markoff.

The problem is getting worse. According to recent data, 21% of all people in the United States do not have a landline, and that percentage is growing, says Valerie Hayes, vice president of legal compliance and government affairs at ACA International, a trade group for collectors.

There are now almost twice as many cell phones as landlines, and the number of landlines is going down by 3% to 5% per year, says Alan Berrey, vice president of text and mobile messaging at SoundBite Communications, a company that provides multi-channel plans for customer communication.

The Federal Trade Commission, however, is recommending that the law retain the requirement of consumer’s permission. The FTC believes that consumers should be fully informed that they can get calls on their cell phones, and expressly consent to these calls, says Thomas Kane, a senior attorney with the FTC.

**There are now almost twice as many cell phones as landlines...**



The commission’s main concern is that some consumers have restrictive wireless plans that charge for every call or text message. “Consumers should not have to pay to be contacted by debt collectors,” Kane tells *Collections & Credit Risk*.

But the collection industry believes that the FTC’s recommendation is too strict. The law, says Markoff, would be better aimed at restricting the number of calls or texts placed weekly or monthly, particularly because it is easy to see a violation on the phone bill.

The industry also is working to eliminate the cost to the consumer, says Berrey. For example, Free-To-End-User (FTEU) technology enable text messages to be delivered at no cost to the consumer. SoundBite has a patent pending on FTEU technology.

Another issue, says Hayes, is that collectors have no way of knowing whether or not a number is a cell phone or landline. The FTC has not taken a position on what happens if the collector did not realize that a number was a cell phone, says Kane.

The industry wants additional FDCPA changes. The ACA takes the position that the FDCPA’s prohibition on third-party disclosure unreasonably restricts the use of e-mail and texting. The problem, says Kane, is that third parties can access these forms of communication, thus violating the FDCPA.

The FTC is recommending to Congress that it be given the authority to implement new rules interpreting FDCPA, but Congress has not taken action, according to Kane. At the time this story went to press there were no bills in either the House or the Senate. ➤



## Be Very Mindful of Accounts Receivable: Helping Small Businesses

↳ Jerry Osteryoung. September 17, 2009.

↳ [Jhttp://www.tallahassee.com/article/20090917/BUSINESS/909170327/1003/business/Be+very+mindful+of+accounts+receivable](http://www.tallahassee.com/article/20090917/BUSINESS/909170327/1003/business/Be+very+mindful+of+accounts+receivable)

**M**anaging your accounts receivable is critical in today's economic environment. So many entrepreneurs are having problems with cash flow that paying late just seems to be becoming more pervasive.

While you can be empathetic with your customers' troubles, you must maintain the financial viability of your own company, and that means managing your receivables.

To measure collections of receivables, there are two standard methods. The first is an "aging schedule" that lists the amount owed within certain time periods. This might say that \$100,000 of receivables are less than 30 days old, \$200,000 are 30 to 60 days old, and \$100,000 are over 60 days. With this aging schedule you can see over time how effective your collection is.

Another benchmark for measuring collection of receivables is the "average collection period." This ratio specifies the number of days of credit sales tied up in accounts receivable. The formula is accounts receivable divided by credit sales per day. If I have terms of net 30 days and my average collection period is 45 days, then it says that I am not doing a very good collection job.

To improve collections, make sure someone is in charge of this activity. Like most things, if no one is in charge, it tends to slip between the cracks.

Making collections calls and asking for money is no fun and many folks do not like to do this. However, this must be done and you making some of these calls sets the right tone for your business.

Some firms now stipulate that their bill is due upon receipt, which speeds up the cash coming in.

Another thing to consider is credit terms to encourage customers to pay early. For example, offer terms of 1/10 net 30, which means if you pay within 10 days, you can take 1 percent off the bill but the full amount is due by day 30.

Finally, have a collections policy in place that specifies what will happen as the lateness of the bill increases. For example, a policy might state: (a) if a bill is 15 days past due, send a duplicate invoice with a nice note saying the invoice might have gotten lost; (b) if a bill is 30 days past due, then a call is made checking on the status of payment and finally; (c) a demand letter goes out and says if payment is not made, the bill will be turned over to a collection attorney and no further goods or services will be provided to the customer.

You can do this! 📧

## Creditors Required to Verify Data Before Filing Claim

↳ "What's Working in Credit & Collection." September 16, 2009: 4.

**H**eads up: Changes in the way small claims cases are handled could end up having a big impact on creditors like you. Starting October 1, creditors in Massachusetts will be required to certify they've verified a customer's current address before they can file a small claim against that customer.

What if a creditor goes to court but can't prove it confirmed the address?

Don't count on getting a default judgment if that customer doesn't show in court.

It gets down to a matter of correctly identifying debtors.

Some debtors have claimed they never received notification of pending small claims, often because creditors had outdated or incorrect addresses.

Even if you're outside of Massachusetts, it's probably a good idea to pay heed.

Question: Can your procedures for verifying customer data withstand increased scrutiny should you take someone to court over a small claim?

From: *Small Claims Court Rule Changes Affect Collections*, Credit & Collections World, 8/21/2009.

## Get the Facts First

👉 *"The Marketing Report." August 3, 2009: page 5.*

Here's one you may not have heard:

A new, eager assistant was on her way out the door one evening when she found the CEO standing in front of the shredder with a piece of paper in his hand.

"Listen," the CEO said, "this is a very sensitive document, and my secretary is gone for today. Can you work this?" he asked, pointing to the shredder.

Eager to please, the assistant said, "Yes," and turned on the machine, inserted the paper and pressed "start."

"Excellent," the CEO said as the paper disappeared into the machine. "I just need one copy."

Source: [www.comedy-zone.net](http://www.comedy-zone.net) 🐞



*picture of a pea crab*

## Did you know...

- 👉 Thomas Cook, the world's first travel agency in the world, was founded in 1850.
- 👉 There are about a billion bicycles in the world, twice as many as motorcars.
- 👉 The Sahara desert expands at about 1km per month.
- 👉 On average, 13,000 earthquakes are located each year.
- 👉 The South American giant anteater eats more than 30,000 ants a day.
- 👉 Pea crabs (the size of a pea) are the smallest crabs in the world.
- 👉 The giant squid has the biggest eyes of any animal: its eyes measure 16 inches in diameter.
- 👉 Animals also are either right-handed or left-handed. Polar bears are left-handed - and so is Kermit the Frog.

## Words of Wisdom

"Really great people always see the best in others; it is the little man who looks for the worst - and finds it." - unknown

"There is no failure except in no longer trying" - Elbert Hubbard

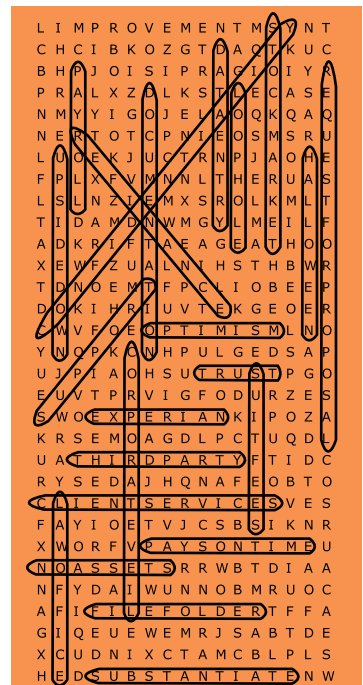
"Make promises and keep them. It's like dating. It's an asset, it's expensive and it's worth it" - Seth Godin

"It's not the load that breaks you down; it's the way you carry it." - Lena Horne

"Some doctors say that cheerful people resist disease better than grumpy ones. The surly bird catches the germ." - unknown

"As long as you're going to think anyway - you might as well think BIG!" - Donald Trump

## Answer Key



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