



KAULKIN
GINSBERG

**From Our Desk to Yours - Leadership
Series for ARM Executives**

Powered by 
ONTARIO
SYSTEMS

Disclaimer

This information is not intended as legal or business advice and may not be used as such. Legal and business advice must be tailored to the specific circumstances of each case. Every effort has been made to assure this information is up-to-date as of the date of this presentation. It is not intended to be a full and exhaustive explanation of the law in any area, nor may you use the information to replace the advice of your own legal counsel.

The presenters, Kaulkin Ginsberg and Ontario Systems assume no liability for typographical or other errors contained in the presentation and materials or for changes in the law affecting anything discussed therein.

Meet the Speakers



Mike Ginsberg

President & CEO

Kaulkin Ginsberg



Rozanne Andersen

Chief Compliance Officer

Ontario Systems

Today We Will Cover:

- Keys to sustaining and growing revenues
- The top messages for your Board of Directors
- Tips to calm your investors
- M&A trends and predictions
- CFPB update and top three compliance issues

Keys to Sustaining and Growing Revenues

- American consumer deleveraging efforts are coming to an end
- Spending limits are on the rise while total charge-off rates have returned to historic levels; however, the total delinquency rate is still far from historic averages
- Current low interest rates will not continue as the economy recovers
- The decreasing, but controversial, unemployment rate continues to be an important barometer for liquidation improvement
- Movement to diversify from bankcard/credit card collections continues to heat-up
- The nature of the US economy has not changed in spite of the impact of the Great Recession

Top Messages for Your Board of Directors

- Straight talk from the CFPB
 - “Board” refers to the seated board of directors or other individual or group exercising similar oversight functions
 - The effectiveness of your compliance management system is grounded in the actions of your Board
 - The Board can scale the size and scope of your CMS and your compliance team in a manner commensurate with the size of your organization and the nature and risks your services pose to consumers



Your Board must be able to answer YES to the following 8 questions!

1. Can they demonstrate clear expectations about compliance within the organization and for all service providers?
2. Have they adopted clear policy statements regarding consumer compliance?
3. Have they appropriately staffed the Chief Compliance Officer position?
4. Do they have a process in place to set policies, procedures and standards?
5. Have they allocated resources to the compliance function commensurate with the size and complexity of your organization?
6. Do they address consumer compliance issues and risks of consumer harm from product development through complaint handling?
7. Have they directed you to secure an audit and have they reviewed the results?
8. Do they insist upon recurring reports of compliance risks, issues and resolution through a committee structure or to the Board?

Tips to Calm Your Investors

- The sky isn't falling - the industry and its participants are evolving
- Stricter regulation and client compliance requirements will have profound effects on service providers
- We know what the CFPB expects
- Proper due diligence can alleviate pre and post sale surprises
- Expansion opportunities exist even in today's market
- Companies and governments continuing to seek ways to better manage their costs by outsourcing non-core services to specialists

M&A Trends and Predictions

- Buyers remain cautious but continue to pursue M&A transactions in the ARM industry
- Due diligence takes longer to complete compared to pre-recession times
- Transactions involving underperforming companies require more deal structure and risk sharing
- On the debt buying front, more transactions involve small and mid-size debt buyers exiting by divesting their portfolios to larger debt buyers
- Debt Buyers require sellers to produce nearly complete data to satisfy the CFPB requirements

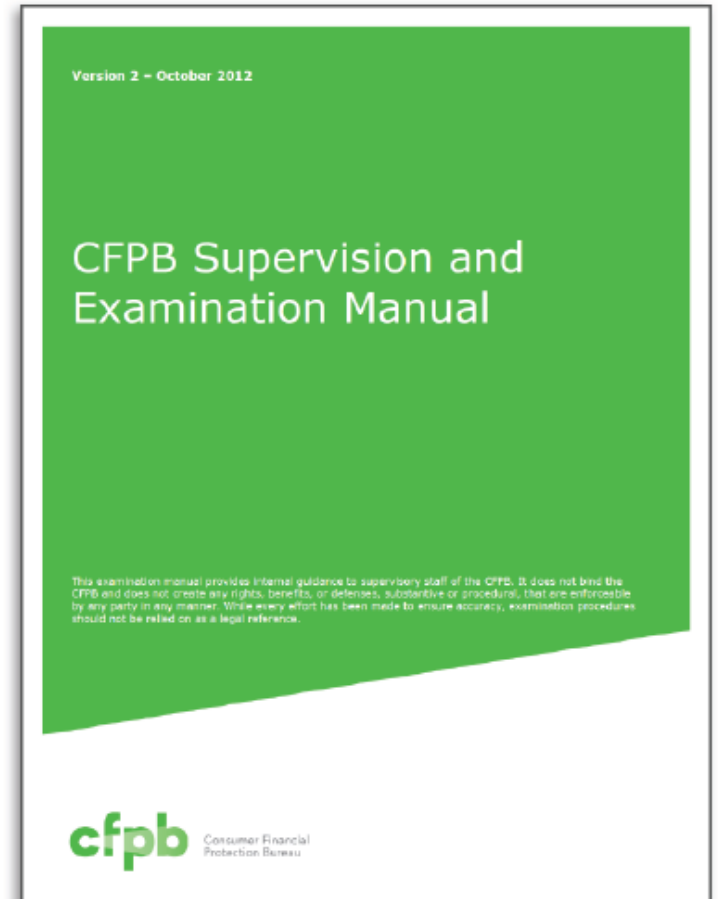


M&A Trends and Predictions

- Large ARM companies are downsizing operations and using M&A to diversify away from collections
- More U.S. ARM companies will acquire companies based outside the U.S. to fuel expansion
- As Obamacare sets in, we expect to see more hospital mergers and M&A transactions involving smaller and mid-size healthcare service providers
- Client concentration risk will increase as ED expands and major credit grantors merge (Comcast/Time Warner)
- Smaller companies battling escalating costs will find it more challenging to remain independent and may look more favorably toward a sale

CFPB Update + Top Three Compliance Issues

- CFPB Exams [Status, results, key issues]
- CFPB in the News
- CFPB Rulemaking
- Top three compliance issues
 - Credit reporting [disputes, discretion and discussion]
 - Account tying and consumer id requirements
 - Call frequency



Thank You!

For additional information or consultation please contact:

- **Mike Ginsberg**
mike@kaulkin.com
240-499-3800

- **Rozanne M. Andersen**
Rozanne.Andersen@ontariosystems.com
952-221-6267
CFPB Consulting [Pre and post closing]
CFPB Gap Assessment
Compliance Outsourcing
Complaint Management

Questions?



KAULKIN
GINSBERG

**From Our Desk to Yours - Leadership
Series for ARM Executives**

Powered by 
ONTARIO
SYSTEMS