



CURRENT ISSUE

HOME

FREE MEMBERSHIP

RESOURCES

CAREER OPPORTUNITIES

E-MARKETPLACE

BOOK STORE

EDITORIAL

SPECIAL REPORTS

WHITE PAPERS

BANKRUPTCY DATABANK

INDUSTRY RANKINGS

NEWS ARCHIVES

PRESS RELEASE ARCHIVES

ARTICLE INDEX

INFORMATION

Asset Acceptance: Investments Trending Lower

Asset Acceptance Capital Corp.'s investments in purchased receivables – consumer debt portfolios, that is – during the second quarter was the lowest it has been in a year.

The company spent \$19.2 million for accounts with a face value of \$542.3 billion in the June period, compared with \$26.9 million, \$25.9 million and \$27.4 million in the first, fourth and third quarters, respectively.

What the company is getting for its money has declined as well. The face values on purchased portfolios fell 21.1 percent between the third and fourth quarters of 2005, 15 percent between the December 2005 and March 2006 periods and 26.5 percent between March 31 and June 30, 2006.

The purchasing environment “remains highly competitive, characterized by elevated portfolio pricing,” Asset Acceptance Chairman, President and CEO Brad Bradley said during today’s conference call with analysts.

Even so, not all the inflation is due to market prices generally. Bradley says Asset has been willing to pay a bit more for high-quality portfolios.

“Although there is a higher cost, there is a lower risk and a better collectibility scenario for the buyer” on some of the purchases Asset has been making. He said two of the factors that may make Asset’s purchases higher quality are the reputation of the seller and a lower age of the accounts.

Bradley believes Asset has a competitive advantage

CONFERENCES

INTERNET RESOURCES

RELATED PUBLICATIONS

HOW TO ADVERTISE

CONTACT US

SUBSCRIBE / RENEW

based on its expertise, size and capital structure in both purchasing portfolios and managing collections.

However, he cites a Kaulkin Ginsberg study that shows that returns have been declining from a multiple of four to five times purchase price in years past to about three times today.

“We are committed to growth in spite of the challenges and we will continue our disciplined approach to purchasing,” Bradley said.

Shares in AACC traded at \$15.56 midday, below the 52-week low of \$16.80 and down 17% from Monday’s closing price of \$18.74 per share.

2006-08-08

[Archived Articles](#)

© 106 *CreditandCollectionsWorld.com* and SourceMedia, Inc. All rights reserved.

