

November 13, 2008

Debt collector Premiere Credit to expand, add 300 jobs

Premiere Credit, which services student loans, plans to add 300 jobs

*By Erika D. Smith
erika.smith@indystar.com*

With a rotten economy and Americans running out of cash for even the basics, many debt collection agencies are losing money because they can't make people pay up.

But Indianapolis-based Premiere Credit of North America, with its lucrative government contract to collect student loans, not only is getting people to pay but is adding hundreds of employees to make even more people pay.

The company will double in size in the next few months.

"We've been preparing for this," CEO David Hoeft said.

On Wednesday, Premiere Credit said it will hire nearly 300 collection agents, skip tracers, team leaders and managers. The company also is searching for a 25,000-square-foot building to accompany its current operations on the Eastside.

Hoeft attributes the growth to the company's contract with the U.S. Department of Education to collect delinquent student loans.

Premiere Credit won the contract four years ago along with a handful of other companies across the nation. The contract is up for renewal this year, and Hoeft expects his company to win it again -- as do others in the \$17.5 billion industry.

"The company has performed very well, and as a result they will likely receive more work from the department, and that's probably why they are increasing staff," said Paul Legrady of the collections industry consulting firm Kaulkin Ginsberg Co.

The Indiana Economic Development Corp. said the company will receive up to \$2.5 million in performance-based tax credits and up to \$200,000 in training grants.

Founded in 1999, Premiere Credit manages more than 700,000 accounts valued in excess of \$1 billion. Most of its clients are government agencies, including the state of Indiana for tax and child support collections.

The contract with the Department of Education makes up 40 percent of Premiere Credit's business and will grow in coming months, Hoeft said.

The reason is government-backed student loans are much easier to settle than unsecured loans, such as those for credit cards. Not only are there myriad ways to repay student loans, but debt collectors also have the law on their side.

There's no statute of limitations on collection efforts. The loans, more often than not, can't be discharged in a bankruptcy. Collections agents can garnish wages, tax refunds and Social Security

payments, and they can access a federal database of new hires that makes it easier to find employed people who can pay.

"Student loan collection agencies have tools at their disposal that are the envy of collectors serving other markets," Legrady said.

That's one reason those debt collection agencies are struggling.

For example, Pennsylvania's NCO Group, which is owned by an investment arm of JPMorgan Chase & Co., posted a \$14.8 million net loss in the quarter ended June 30 because of "lower-than-expected collections" on accounts receivable it had acquired.

And experts say a reprieve isn't likely until the economy recovers.

"If a consumer can't spend money on groceries, they're less likely to spend money on debt payments," he said.

Additional Facts

Apply for a job

For information on getting a job with Premiere Credit of North America, call (317) 917-4845 or go to www.mypremierejobs.com.
