

## Case Study

### Cease & Desist Program

#### The Problem

Scared of running afoul of the Fair Debt Collection Practices Act (FDCPA), for years, lenders have struggled with what to do after their customers have requested that collection attempts via phone and mail are stopped. Many lenders simply cease all collection attempts on their pre-chargeoff inventory, and end up charging off the unsecured portions of their loan assets. Over time, these uncollected accounts – **which can amount to millions of dollars** – are warehoused and remain uncollected. This, in turn, results in losses that drive up the price of credit and decrease the profitability of loan portfolios.

Because the FDCPA dictates that no further attempts to collect may be made **by the specific collector notified** once a consumer has issued a “cease and desist,” many creditors have long believed that their only option is to give up on all additional collection activity.

**Not true.**

#### The Weltman Solution

For more than a decade, Weltman’s clients have enjoyed a **compliant and effective** way to recover C&D monies that would have otherwise been abandoned or left to fall out of statute. Our firm’s comprehensive strategy initiates contact and attempts to liquidate balances voluntarily, while also enabling our clients to pursue consumers through litigation when necessary.

Weltman has a proven history of compliantly and seamlessly liquidating balances for our clients’ dedicated C&D portfolios across numerous portfolio types, including **credit card, debt purchaser, auto deficiency, and student loans**, among others.

As an added benefit, our clients are often able to use funds collected in the early upfront portion of our process to pay the initial court costs necessary for filing lawsuits for accounts selected for litigation. This means that our clients can launch their C&D recovery programs at Weltman with **little or no upfront investment**.

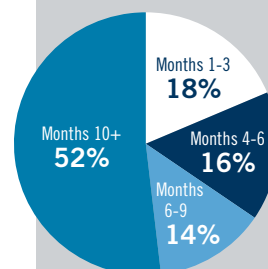


#### The Results

Since 2008, Weltman has applied its proprietary C&D program strategy to more than **95,000 accounts** worth nearly **\$750 million** and has successfully recovered more than **\$59 million** for our clients.

More than **44%** of the monies collected are done so upfront via **voluntary means** in our pre-suit strategy; with the remainder coming in later after litigation has been initiated.

With more than **30%** of recoveries occurring in the first **6 months from placement**, and nearly **50%** coming within the first **9 months from placement**, our clients tend to see a quick recovery bump on a previously idle portfolio; followed by an annuity as the legal process usually **doubles those recoveries** over time.



*Individual results are not guaranteed and may vary.*

# Into the Suit Stream

Every account Weltman receives is appended with a score that assists in prioritizing the account within our collection and suit strategies. This score, along with other information gathered during the collection process, is used to select the appropriate accounts to advance to litigation.

On average, **8.7% of files** placed at Weltman in an identified C&D business line request us to Cease & Desist collections after placement. Upon notification of a cease to Weltman, consumer-facing pre-suit collection activity **immediately stops** and the account moves into a new stream to be reviewed for suit.

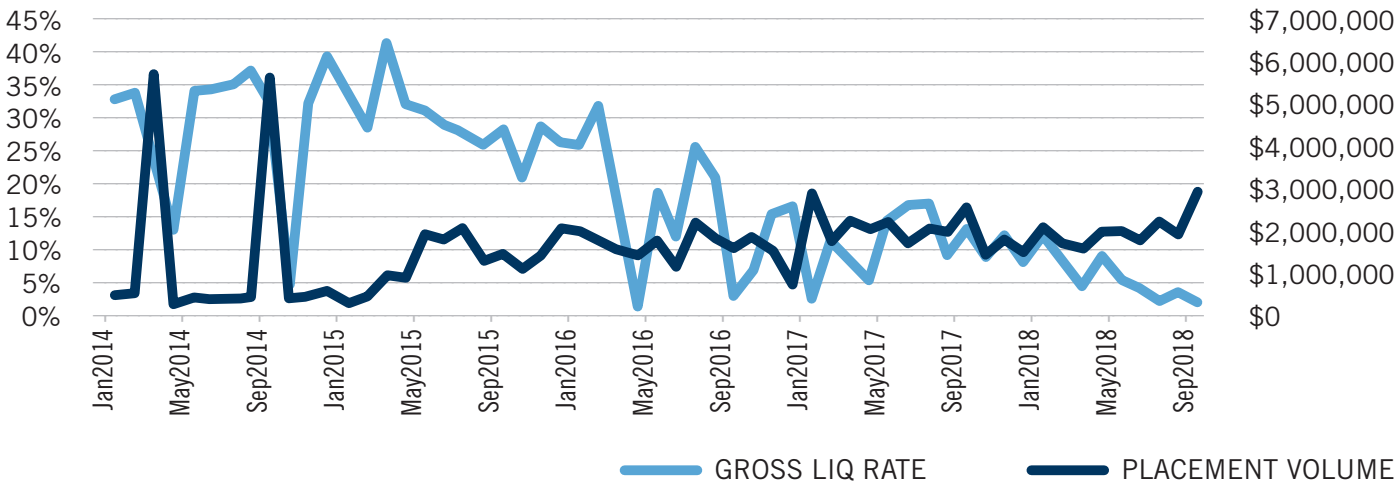
Weltman's 12-Month C&D Suit ROI - Footprint States			
States	Average Costs to Date	Average Payments to Date	ROI
Illinois	\$210.33	\$743.31	353%
Indiana	\$238.35	\$883.14	371%
Kentucky	\$167.29	\$698.36	417%
Michigan	\$190.55	\$710.55	373%
New Jersey	\$257.58	\$717.62	279%
Ohio	\$223.58	\$732.94	328%
Pennsylvania	\$215.01	\$768.89	358%

Over the past 10 years, Weltman has sued over **21,000 C&D** accounts across our footprint states and our national attorney network; approximately 25% of the placement volume by dollar. The average court costs per account have been approximately \$200 per file, with some variance by state.

**Clients that invest in the suit process typically see a return on that investment in less than a year from the suit date.**

# 5-Year View

From 2014-18, Weltman has serviced C&D accounts from a variety of portfolio types with an average placement volume of **over \$2 million per month**. On inventory aged greater than 2 years, it is common to see liquidation rates **in excess of 20%** of overall placement volume.



## C&D Program Benefits:

- ▶ As a creditors' rights leader for nearly 90 years, Weltman's professionals know how to keep our clients compliant with all applicable laws and regulations, including the FDCPA.
- ▶ Since we operate on a contingent fee basis, our clients are able to launch their C&D recovery programs at Weltman with little or no upfront investment.
- ▶ Dedicated team members know how to negotiate on C&D accounts for the fastest possible upfront results, and the highest overall recovery amounts.
- ▶ Weltman's C&D collection services are backed by our industry-leading compliance program. With much of our C&D inventory arriving after a period of inactivity, it is common to see verification requests. At Weltman, a dedicated Verification and Dispute Team works within our firm procedures and client standards to ensure that every request receives a timely response.

## Is Weltman's C&D Program Right for Your Organization?

- Are you currently charging off your C&D portfolio because you are unsure how to handle them?
- Are you nervous about running afoul of the FDCPA?
- Do you lack the in-house resources necessary to handle C&D collections?

## C&D Program Vital Statistics

C&D Program 2008-18	
Total Files	96,976
Total Value of Placements	\$747,551,605
Payments To Date	\$59,214,179
Total from Pre-Suit Collections	\$26,350,309
Court Costs To Date	\$4,130,016
Total from Post-Suit Collections	\$32,863,870
% of Inventory Sued	21.65%
Total Recoveries Net of Court Costs	\$55,084,163

For more information on our C&D Program, contact:

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