



Keystone Collector

OFFICIAL NEWSLETTER OF THE PENNSYLVANIA COLLECTORS ASSOCIATION

Winter 2006

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INAUGURAL EVENT SUCCESSFUL

The joint convention of the New York, New Jersey and Pennsylvania Collectors

Associations held September 2005 was deemed such a success, plans have already been announced to continue the annual event.

Previously called, Collection Spectrum and rolled-out annually for close to 20 years,

participants attending the 2005 Northeast Debt Collection Expo and Conference enjoyed the vistas of northern-New York's Turning Stone Resort & Casino.

Timely, fabulous program offerings included: Servicing Purchased Paper for Dummies, Techies R Us, Best & Worst Practices, Sales 101, and The World According to MAP. Feedback indicates that

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Turning Stone Resort offered convention attendees an abundance of relaxation to temper the aggressive agenda filled with networking, education, and multiple visits to the exhibit hall.



CALENDAR OF EVENTS & ACA SEMINARS

PCA Keystone Collector

The official newsletter of the
Pennsylvania Collectors Association

2006 PCA MEMBER AD RATES

(Rates are listed as amount per issue)

| Size | Commitment | |
|---------------------------------|------------|-------|
| | 1x | 6x |
| Full Page 7.75" x 10" | \$400 | \$240 |
| 2/3 Page (V) 5" x 10" | \$300 | \$200 |
| Half Page (H) 7.75" x 4.875" | \$200 | \$120 |
| (V) 3.75" x 10" | \$200 | \$120 |
| 1/3 Page (H) 5" x 4.875" | \$150 | \$100 |
| (V) 2.437" x 10" | \$150 | \$100 |
| 1/4 Page (H) 7.75" x 2.3125" | \$100 | \$60 |
| (V) 3.75" x 4.875" | \$100 | \$60 |

2006 PCA NON MEMBER AD RATES

(Rates are listed as amount per issue)

| Size | Commitment | |
|---------------------------------|------------|-------|
| | 1x | 6x |
| Full Page 7.75" x 10" | \$600 | \$500 |
| 2/3 Page (V) 5" x 10" | \$400 | \$330 |
| Half Page (H) 7.75" x 4.875" | \$300 | \$250 |
| (V) 3.75" x 10" | \$300 | \$250 |
| 1/3 Page (H) 5" x 4.875" | \$200 | \$165 |
| (V) 2.437" x 10" | \$200 | \$165 |
| 1/4 Page (H) 7.75" x 2.3125" | \$160 | \$135 |
| (V) 3.75" x 4.875" | \$160 | \$135 |

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PCA

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PA COLLECTORS ASSOCIATION
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Phone: 717-730-9745
Fax: 717-730-6786

January 19, 2006

PCA Board of Directors Meeting
Wyndham Harrisburg-Hershey
Harrisburg, PA

January 22-25, 2006

ACA Credit & Collection Business Academy (CCBA)
Atlanta, GA

January 26-28, 2006

ACA Foundational Training on Professional Practices Management System (PPMS)
Atlanta, GA

March 19-20, 2006

PCA 2006 Strategic Planning Session
Inn at Jim Thorpe, Jim Thorpe, PA

April 3-5, 2006

ACA Training on Professional Practices Management System (PPMS)
Lake Buena Vista, FL

April 5-7, 2006

ACA March for Success Together
Lake Buena Vista, FL

May 2-3, 2006

PCA Spring Fling and Annual Meeting
Holiday Inn Harrisburg East
4751 Lindle Road
Harrisburg, PA 17111

September 17-19, 2006

Northeast Debt Collection Expo and Conference
Hershey Lodge & Convention Center
Hershey, PA

Visit www.nyscollect.org or e-mail Kathy Wittig (nysca@verizon.net)

WE WELCOME YOUR ARTICLES AND PHOTOGRAPHS!

Send Your Articles, Photos, and Captions To:
Editor, Keystone Collector at
info@pacollectors.org

Submission does **NOT** guarantee publication.
Include your name, address and phone number.
Make sure all photographs include captions.
All digital photos must be high resolution jpeg, tiff, or eps



Attendees interact during a program event at the 2005 Northeast Debt Collection Expo and Conference held in September.

Inaugural Event Successful
continued from page 1

this annual event will continue and only grow larger, and more respected.

Last minute interest was so high that vendors hoping to register at the last minute had to be turned away by unit planners, and the resort found it

necessary to redirect guests, who had attempted to secure reservations past the cut-off date, to other facilities offering over night rooms.

The 2006 event is slated for Hershey, Pennsylvania in September 17-19, 2006. When announcement arrives, be sure to respond on a timely basis! ■

THANK YOU to Everyone who made the 2005 Northeast Debt Collection Expo and Conference a SUCCESS!

Remember to register early this year!

WELCOME NEW MEMBERS!

PCA welcomes the following new members having joined this year!

Kirt & Newman, LLC, Philadelphia
National Recovery Agency, Harrisburg

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Visit the Web site at
www.pacollectors.org

For a schedule of upcoming deadlines, please contact:

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www.pacollectors.org/html/press.html

WHAT'S IN YOUR WALLET

When it comes to training your employees, PCA continues to offer its members a huge, financial return on the investment of annual dues: For every employee you pay to have attend an ACA PTCT or FDCPA seminar hosted by PCA, we sponsor an additional employee from your firm at no cost to you! Its called our 2-for-1 deal. Some agencies are able to recoup 50% or more of the cost of annual unit dues by enrolling two or more employees in either of these ACA seminars when hosted by PCA.

Last Fall over 51 employees of Pennsylvania members were trained in Harrisburg.

Its money in your pocket! ■



CONGRATS TO AWARD WINNERS

Congratulations to PCA Members Mike Euculano and Dwayne Heisler for having been recognized by ACA during the 2005 ACA Convention.

Euculano was recognized as a 13th Winner of the Red Coat Award which is given for Unit Membership Chairs having recruited five or more new members to ACA and the Unit.

Heisler received the Fred Kirschner Instructor Achievement Award for having volunteered his professional time to teach over 125 ACA seminars!

A hearty KUDOS to both Unit members! ■

**Award of Excellence
Congratulations to
ACA's Government
Affairs Team!**

The Midwest Society of Association Executives (MSAE) has honored ACA's Government Affairs Team with an Award of Excellence in the "Lobbying/Government Relations/Public Policy" category. ■

**NYSCA & PCA ANNOUNCE
2006 CONVENTION**

The New York State Collectors and the Pennsylvania Collectors Associations will host the Northeast Debt Collection Expo and Conference at the Hershey Lodge, located in Hershey, Pennsylvania, on September 17-19, 2006.

Please check your mail, and as information becomes available, it also will be posted on our web sites: www.nyscollect.org and www.pacollectors.org.

Mark your calendars and join us for our 2006 convention! ■

Plan with **ATTITUDE**

Prepare with **APTITUDE**

Participate with **SERVITUDE**

Receive with **GRATITUDE**

... and that should be enough to separate you from the **MULTITUDES**.

—Krish Shanam

www.pacollectors.org

COLLECTOR CORNER

By Donna Nicholson (Credit Bureau of Lancaster County)

It takes a lot to run a collection agency. Out of all of the functions, it is the collectors that are “down in the trenches,” doing the job that ultimately produces recovery of debt.

Here at Credit Bureau of Lancaster County, some of my top collectors were interviewed to find out what really motivates them, what really keeps the PMA (Positive Mental Attitude) up and finally, what do they really want their boss or manager to know? Their candid responses may surprise you.

Q: What motivates you as a debt collector?

Karen: The ability to increase my income! You don't have to wait for an annual review. I can increase my income right now based on how strategic I am at collecting. Receiving a commission based on your efforts gives an entrepreneurial aspect to the job. It's an awesome opportunity.

Q: What helps you to keep your PMA in check?

Stacey: Camaraderie with the staff. We do fun things like throw a beach ball back and forth between cubicles; wear the same color shirt on certain days (e.g. green for money!); working through lunch and leaving early on a Friday; little things like that keep us pumped!

Q: What do you think every manager should know about his or her staff?

Tracey: Our individual strengths and weaknesses as well as what motivates us... not all of us are motivated by the same thing. We are not always motivated monetarily. When the manager listens to our ideas and implements them, we feel that our input has value.

Q: The holidays are here! How do you prepare for some of the common stalls typically used during this time?

Stacey: If a debtor uses the holidays as an excuse, I usually respond by telling the debtor that he/she owed last year as well and that

there are holidays all year round, regardless of such, paying the bill is priority.

Q: Finally, what has been the most motivating thing you've ever experienced as a collector?

Stacey, Tracey and Karen: You realize you really are part of a huge industry that truly impacts the economy. Learning in that type of face-to-face environment had a long lasting impact. I also liked meeting others that encounter the same issues we do. We went back to the office with a new mindset and totally motivated. We felt revived!

Obviously, the Face to Face PCA Seminars had the largest positive impact on Stacey, Tracey and Karen.

We welcome you to ask your staff these questions. If you would like to participate by including your team's response to this survey, or to other questions you've posed, please contact me by E-mail: donna@cboflanc.com, or by phoning 717.397.8144 ext 132. We'd enjoy sharing your survey with our membership. ■

WATCH for information on the following ACA's Seminar Topics

February

Communication and Technology
eOSCAR: The Compliance Side

March

Responding to RFP's for Clients To Be

April

Mitigate your Risk: Overcoming Compliance Issues for Any Size Agency

May

The Games We Play: Motivating Your Employees



For Up-to-Date Information on Industry News Concerning PA Collectors,

Visit

www.pacollectors.org/html/press.html

Grassroots Advocacy

PLANNING FOR A FACE-TO-FACE MEETING WITH YOUR LAWMAKER

The mere thought of reaching out to your state representative or state senator on an issue of importance to your business has many of us running for cover. The truth is:

1) its not rocket science, and; 2) as a constituent, you're more important to the legislator than you may think.

You're not only a voting constituent (you do vote, right?), but also you represent resources which a legislator craves and that doesn't mean money.

continued on page 7

PCA PAC The Political Action Committee for Pennsylvania's Credit and Collection Industry!

Enclosed is my personal donation in the amount of

\$25 \$50 \$75 \$100 Other _____

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WHAT RESOURCES?

- Knowledge of an industry mostly foreign to lawmakers
- Employees who are also constituents
- Autodialers which could assist a candidate during the campaign process
- You help keep the economic engine running back in the home district.

Legislators cannot possibly be fluent on every issue competing for their attention. Thousands of bills are introduced in a two-year session of the Pennsylvania General Assembly and legislators rely on constituents to educate them on how a potential bill may impact their district. In addition to staff, lawmakers depend on their constituents for knowledge.

Educating your legislator may be done either by telephone, letter, face-to-face, or even e-mail. In this issue, we'll focus on the most important form of communicating with your lawmaker: the face-to-face meeting.

✓ MEETING WITH THE RIGHT PERSON

The following link will assist you in identifying your state senator (home and business) and state representative (home and business).

Visit www.legis.state.pa.us/index.cfm and on the upper, right side of the page is a box to enter (home and/or business) zip code. The page will reload with the names of state legislators for your zip code. Click individually for full contact information.

✓ MAKE AN APPOINTMENT

Pennsylvania's General Assembly is typically in session Monday-Wednesday and for the most part, follow a similar schedule as do the school districts. After passage of the state budget with a Constitutional deadline of June 30, the legislature recesses until mid-late September.

Always make an appointment. Depending on the time of the year, your schedule and the type of visit you want; you will decide if you wish to visit the lawmaker in their district office or their office in Harrisburg. You may have limited choices of times, especially if the legislature is in session. (During session days, legislators attend committee meetings, convene for caucus, and receive other constituents.)

When calling for the appointment, be sure to have the bill number, sponsor, and what's commonly referred to as the "short title." Being able to identify these details, either when writing, or making an appointment to visit, will assist the staffer in pulling the bill and giving the legislator some preliminary information so that your legislator is able to focus on your issue.

✓ PREPARE

Ahead of the appointment, form your talking points and have your facts verified. Know your issue and your opposition. If you

are aware of who is on the other side of the issue, share with the legislator why you differ with the opposition. It goes without saying (but we'll say it anyway)—never bad mouth the opposition.

If you plan to visit the legislator as a group, decide ahead of time on a spokesperson. Others may add comments or information, but one person should speak for the group.

✓ SHOW TIME

No magic pill exists for conducting the visit. Simply stated, relax and be yourself.

Always speak in a clear manner that invites questions. Present your stand on the bill and explain your position.

Be sure to mention how many employees could be impacted by pending legislation. Share the specific nature of your business by making the legislator aware of clients' interests being served, also. Give personal examples when possible and never exaggerate.

If the lawmaker asks questions that you can't answer, be honest and state you do not have that answer but will certainly find out and report back.

Keep to the issue. Straying from the reason for your visit only takes away from the issue and limits the effectiveness of your visit.

Never, under any circumstances, state your opinion as policy or an official stand of any group unless you are authorized to act as a spokesperson for that group. Although the legislator may share an opinion on the issue, a face-to-face meeting is not the time to ask a legislator to take a stand on a bill. Never push for a position. You do more harm than good by pushing them.

You can leave materials concerning the bill and your views with the lawmaker. The more information you provide them the better. However, this information should be clear and to the point addressing only the issue involved with your visit.

✓ FOLLOW-UP

After your visit, send a thank-you note. If more than one person visits, then each member of the group should follow up with a thank-you to the lawmaker or staffer if the legislator wasn't available.

Key Links For PA General Assembly

- Pennsylvania General Assembly
www.legis.state.pa.us/index.cfm
- Legislative Information by Chamber
www.legis.state.pa.us/cfdocs/legis/home/session.cfm
- How a Bill Becomes Law
www.legis.state.pa.us/WU01/VC/visitor_info/making_law/intro.htm

A YEAR IN REVIEW: *Success in Washington*

2005 has been a very exciting and rewarding year for ACA's Government Affairs efforts. A number of significant goals have been reached for the association's legislative and regulatory agenda during the 109th Congress. Listed below is a recap of the major achievements and more information is available in the Government Affairs Section of the ACA web site at www.acainternational.org.

BANKRUPTCY—In April, Congress and President Bush approved sweeping Bankruptcy Code reform legislation. The bill became effective on Oct. 17, 2005. ACA's effective lobbying efforts preserved the child support and student loan exemptions.

CLASS ACTION—In February, Congress and President Bush passed the Class Action Fairness Act. The new law will reduce forum shopping. Class actions over \$5 million will be moved out of state court to federal court, which is generally more favorable for business. Specifically for the credit and collection industry, class actions involving claims such as invasion of privacy, trespass, libel and defamation, etc., which may reach \$5 million, will be moved to a more favorable venue.

FDCPA AMENDMENTS—In November, the House Financial Services Committee approved three amendments to the Fair Debt Collection Practices Act (FDCPA) as part of the Financial Services Regulatory Relief Bill (H.R. 3505)—a direct result of the grassroots advocacy work of the members of the association. The approval of these three amendments is just the first step in a long process before the amendments are passed into law, but ACA is very pleased with the development.

TCPA—ACA delivered a win for the industry and resolved one of the workability issues caused by the Federal Communications Commission's (FCC) 2003 Telephone Consumer Protection Act rules. In February, responding to ACA's 2003 Petition for Reconsideration, the FCC clarified that calls made for the purpose of debt collection are not required to identify the caller's state registered name in prerecorded messages if doing so would conflict with federal or state laws, in accordance with the FDCPA.

The association continues efforts to bring a satisfactory resolution of the second workability issue. The commission changed the definition of "autodialer" to prevent the use of this technology

ACA
NEWS



by telemarketing firms, but the extended prohibition included unintended industries such as debt collection. In October, ACA filed a second petition with the FCC requesting an expedited declaratory ruling, and ACA continues to seek legislative relief on the autodialer issue as well.

FTC ADVISORY OPINION—In August, ACA filed a petition with the Federal Trade Commission (FTC) seeking clarification on a number of irreconcilable compliance issues with the FDCPA. According to ACA's petition, industry guidance in the form of an advisory opinion is needed to clarify the "meaningful disclosure" requirement under section 806(6) of the FDCPA and the application of the "Mini-Miranda" disclosure of section 807(11), in the context of a voice mail message to a debtor. ACA argued for the commission to resolve the unclear legal authority that presents substantial compliance challenges for the accounts receivable management industry and exposes well-intentioned businesses to certain litigation risk.

DATA SECURITY—Data security has been a hot topic for Congress this year and promises to top the list again next year. Senate committees have passed three pieces of legislation and House committees have held hearings and passed one bill out of subcommittee. ACA is working with committee members and staff to ensure the credit and collection industry's voice is heard. ACA supports uniform, federal privacy legislation that protects consumers without imposing unreasonable burdens and barriers. Specifically, ACA opposes legislative or regulatory efforts that would limit or terminate the use of personal identifiers, including Social Security numbers,

consumer demographic information, protected health information, fax numbers, cell phone numbers and e-mail addresses. These identifiers are needed to accurately, ethically and lawfully carry out the debt collection process.

MEDICAL BILLING AND COLLECTIONS—During the first part of the year, two congressional committees showed keen interest in the broad issue of hospital medical billing and collection practices. In May, the Senate Finance Committee and the House Energy and Commerce Committee sent letters to major hospitals requesting information on such practices. As part of its outreach efforts, ACA sent a letter to the American Hospital Association to open communication between the two organizations and to help the public and lawmakers better understand the healthcare receivables process.

INTERNAL REVENUE SERVICE (IRS)

CONTRACTING PROGRAM—In the spring, legislation was introduced which would have repealed the authority of the IRS to enter into private tax collection contracts. In June with ACA's help, an amendment to repeal the IRS program was rejected during a House floor debate. See section below for more information.

REQUEST FOR QUOTATION (RFQ)—In August, the IRS cancelled the RFQ based upon a Court of Federal Claims Order. In October, the agency reissued a new RFQ. The IRS anticipated awarding approximately three task orders and plans include a limited implementation phase of this program in early 2006.

1099-C COMPLIANCE GUIDANCE—In May, ACA sent a letter to the IRS requesting guidance regarding serious compliance challenges imposed by Treasury Regulation Section 1.6050P-2 (Dash 2 regulations) to be faced by those organizations that acquire accounts receivable in their capacity as debt buyers. In October, the IRS responded to ACA's request with a letter which helped clarify the requirements for reporting cancellations of indebtedness for organizations that purchase debt.

JUNK FAX—In July, President Bush signed legislation overturning the FCC's 2003 regulations, which severely restricted the sending of commercial faxes by requiring all organizations sending faxes to get prior written consent from recipients.

ACCESS TO AFFORDABLE HEALTHCARE—The House passed the Small Business Health Fairness Act (H.R. 525) in July. The legislation will allow for the creation of association health plans (AHPs). AHPs offer small businesses greater bargaining power, economies of scale and administrative efficiencies under the same federal law governing health benefits for large corporations and unions. In November, a similar bill was introduced by Sen. Mike Enzi (R-Wyo.), chairman of the Senate Health, Education, Labor and Pensions Committee.

LOOKING AHEAD—When Congress returns in January, it expects to have a full plate. The Senate will get down to work on the Supreme Court nomination of Samuel A. Alito Jr. The House is expected to reconvene later in January. The agenda for both chambers includes budget and tax reconciliation, hurricane relief packages, data security, immigration reform and the war in Iraq. ■

MAP Legal Update: Court Decisions

By Valerie Hayes (ACA Corporate Counsel and MAP Director)

The following summary of select case decisions was originally published in MAPbulletin, an ACA International Members' Attorney Program (MAP) publication. Please remember that case decisions are fact specific and only apply to the jurisdiction within which the case is decided. Consult your MAP State Compliance Chair to determine whether or not these reported decisions apply to your business practices before acting in reliance upon this information.

Dunlap v. Credit Protection Assoc., L.P., 419 F.3d 1011 (9th Cir. 2005).

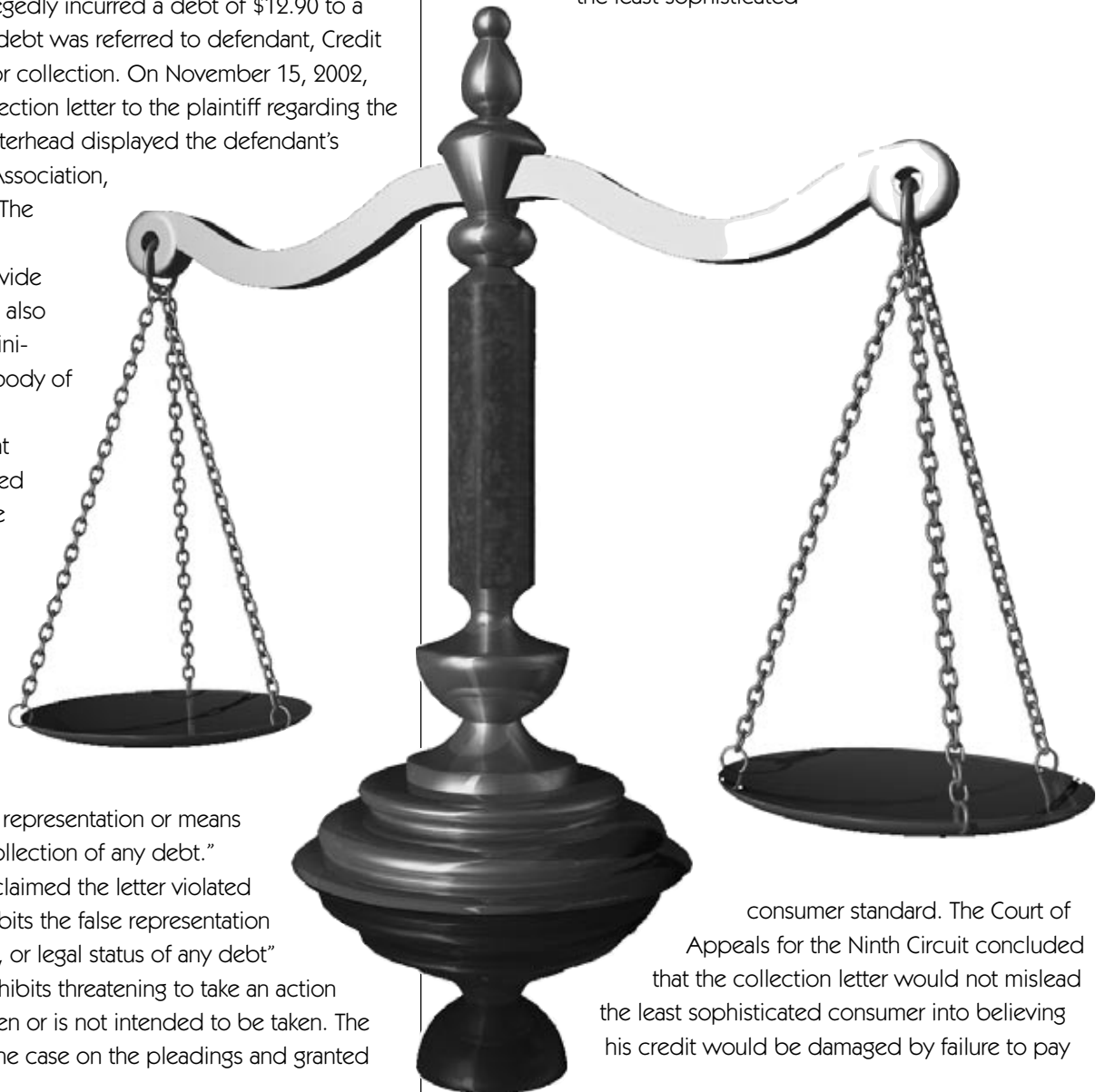
Plaintiff, John Dunlap, allegedly incurred a debt of \$12.90 to a video store. The alleged debt was referred to defendant, Credit Protection Association, for collection. On November 15, 2002, the defendant sent a collection letter to the plaintiff regarding the outstanding debt. The letterhead displayed the defendant's name, Credit Protection Association, in large, capital lettering. The subheadings stated the defendant was a "nationwide collection company" and also provided the required mini-Miranda disclosure. The body of the letter informed the consumer that his account was past due and informed him of his right to dispute the debt, as required by 1692g(a) of the FDCPA.

Plaintiff claimed the November 15th collection letter violated 1692e, which prohibits a collector from "using any false, deceptive, or misleading representation or means in connection with the collection of any debt." Specifically, the plaintiff claimed the letter violated 1692e(2)(A) which prohibits the false representation of "the character, amount, or legal status of any debt" and 1692e(5), which prohibits threatening to take an action that cannot legally be taken or is not intended to be taken. The district court dismissed the case on the pleadings and granted

judgment in favor of defendant. Plaintiff appealed.

All of the plaintiff's claims were based on the reasoning that the name "Credit Protection Association," along with a demand for payment of the account, implied that the defendant would report the debt to a consumer reporting agency if the consumer failed to pay the debt. Plaintiff asserted that consumer reporting agencies generally do not report de minimis debts and that the defendant had no intention of reporting consumers owing that small of an amount. Therefore, the plaintiff alleged the collection letter threatened action that the defendant did not intend to take. The plaintiff further alleged the company's name was misleading.

The language of the letter was reviewed under the least sophisticated



consumer standard. The Court of Appeals for the Ninth Circuit concluded that the collection letter would not mislead the least sophisticated consumer into believing his credit would be damaged by failure to pay

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the debt. The court determined that any inference regarding credit reporting that could be drawn from the defendant's name was weak. Moreover, such an inference was not sustained by the letter's main text, which did not mention anything about credit reporting. Additionally, the text of the letter complied with the FDCPA and was not threatening. Further, the court reasoned that although the letter did not inform the consumer that de minimis debts were rarely reported, the omission of such information did not violate the FDCPA.

The court determined the defendant's letter did not threaten any unintended action. Rather, the letter only generally implied that the consumer should pay his debt. The court compared the letter to a collection letter in *Wade v. Regional Credit Ass'n*, 87 F.3d 1098 (9th Cir. 1996). The collection letter in *Wade* contained statements that warned of possible credit-rating damage which were much stronger than the language of the letter in the present case. Yet in *Wade*, the Ninth Circuit concluded the collection letter was not threatening. Following the precedent from *Wade*, even if the least sophisticated consumer would construe defendant's letter as a warning, this would still not characterize it as a threat for purposes of 1692e(5).

Plaintiff failed to specify how defendant violated 1692e(2)(A) or cite any cases which may support his claim. Thus, the court concluded the claim was without merit.

Accordingly, the Ninth Circuit affirmed the decision of the district court.

DeAngelo v. Action Management, Inc., Case No. 1-02-bk-06824 (M.D. Pa. Sept. 23, 2005)

On December 18, 2002, Plaintiff filed for bankruptcy under Chapter 7 that then converted on January 7, 2003, to Chapter 13. Defendant responded on January 17, 2003, by filing a proof of claim in the converted case stating that its claim was entitled to priority, even though it was unsecured. However, under 11 U.S.C. 507, Defendant's claim could not be considered a priority claim and should have been classified as a general, unsecured claim.

On May 2, 2003, Plaintiff's plan was confirmed and indicated that all priority claims were to be paid in full. Plaintiff then filed an objection to Defendant's claim on August 11, 2003, indicating that it was not entitled to priority status. The notice issued stated that Defendant would have 30 days to file an answer, which they failed to do. Likewise, Plaintiff failed to file a motion for default judgment against Defendant.

Almost eleven months after the objection on July 9, 2004, Plaintiff's attorney sent a letter to the Defendant requesting that it immediately amend its claim. The letter further stated that if the claim was not amended, it would be viewed as a fraudulent act and a false claim with the Bankruptcy court. On August 2, 2004,

Defendant amended its claim to a nonpriority, unsecured claim. On March 28, 2005, Plaintiff's attorney filed an adversary case on Plaintiff's behalf alleging that Defendant violated Pennsylvania's Unfair Trade Practices Act, Pennsylvania's Consumer Protection Act (73 P.S. 201 et seq.), Pennsylvania's Fair Credit Extension Uniformity Act (73 P.S. 2270 et seq.), and the federal Fair Debt Collection Practices Act (15 U.S.C. 1692 et seq.). The main argument of the complaint was that the consumer protection statutes were violated when Defendant filed the original proof of claim. On June 20, 2005, Defendant moved to dismiss the case for failure to state a claim upon which relief can be granted.

The court granted the motion to dismiss the Complaint stating that Plaintiff had not cited cases in which filing a proof of claim in a bankruptcy case was found to be a violation of any of the consumer protection statutes stated. The court noted that it could also not locate any such cases and stated that the majority of courts have held that the Bankruptcy Code preempts the state and federal laws asserted in the Complaint. Therefore, because the Complaint did not assert a claim under the Bankruptcy Code, it was dismissed. ■

Excerpted from ACA's MAPbulletin which is produced monthly for member attorneys and their ACA International sponsors. ACA members who sponsor an attorney in MAP may subscribe to MAPbulletin. For information about this valuable legal resource, contact MAP at +1(952) 928-8000, ext. 102, or vang@acainternational.org.

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NATIONAL BACKGROUND CHECKS

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Economic Volatility Pushes ARM Index Down from Historic High

In one of the most volatile months in 6-year history of the Kaulkin Ginsberg Index (KGI), the leading indicator of economic conditions affecting the accounts receivable management (ARM) industry fell 3.7% to 1250.7. The KGI is down 4% from its June 2005 high of 1303.1 but remains up 4.8% year over year.

The Kaulkin Ginsberg Index is a monthly leading indicator of economic conditions affecting the accounts receivable management (ARM) industry. As anticipated, December's index is down for a number of reasons. The Index has declined 4% from its June 2005 high of 1303.1 but remains up 4.8% year over year.

A number of macroeconomic factors placed downward pressure on the Index. The total market capitalization of publicly traded ARM stocks fell from \$3.4 to \$3.0 billion. The number of bankruptcy filings increased from 497,000 in the second quarter of 2005 to 542,000 in the third quarter of 2005 — the highest number ever recorded for bank-

ruptcy filings by the Administrative Office of the U.S. Courts. In addition, outstanding consumer credit decreased by \$7.2 billion during October, the steepest decline ever reported by the Federal Reserve.

"Had the KGI been comprised of only six economic factors, this would have been its worst month ever," said Paul Legrady, Director of Kaulkin Ginsberg's Research Group. "However, increases in the charge-off rate held the Index up during an otherwise challenging economic period for the industry."

Given the amount of debt available to purchase or collect, increases in chargeoff rates cause the KGI to increase as well.

The KGI is a product of Kaulkin Ginsberg's Research Group, which provides industry-specific publications and custom research services to the ARM industry. For more information call Paul Legrady, Director of Kaulkin Ginsberg's Research Group, at 301-907-0840 ext. 104. ■

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