

## **Warning: Growing Problems with Collection Agencies**

A number of NACM Southwest members have recently reported serious problems with collection agencies, including the failure to remit net collection proceeds. These problems seem to be occurring more frequently as the recession drags on, which reminds us that collection agencies are as vulnerable to financial risks as any other businesses.

We suggest that you consider the following as baseline requirements for dealing with any collection agency.

- Confirm that the agency is bonded through a reputable surety, and is licensed wherever necessary to conduct your collection business
- Check performance and integrity references with current clients of the agency
- Confirm that the agency clears collected funds through a client trust account that is separated from the agency's funds
- Determine if the agency is a member in good standing of any collection industry organizations that enforce rules of conduct and ethical standards

Feel free to contact us for guidance in dealing with collection agency problems.

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