CAS INSIGHTS

EXPERTS IN OUTSOURCED BUSINESS SERVICES

THIRD QUARTER 2016

CAS
Corporate Advisory Solutions
INTEGRITY • CONFIDENTIALITY • EXPERIENCE

INTRODUCTION

We at CAS are proud to present our Q3 2016 newsletter, which offers deal statistics and market trends we have been tracking for the Accounts Receivable Management (ARM), Customer Relationship Management (CRM) and healthcare Revenue Cycle Management (RCM) industries.

As we head toward what may be a historical Presidential election producing our first female President, I for one am personally happy that it is almost over. I have been asked on several occasions how the outcome of this election will impact the OBS sector and M&A activity within it, and quite frankly, I don't think it will have much of an impact one way or the other. Despite all of the rhetoric and drama surrounding the Presidential election, merger and acquisition (M&A) activity within the OBS sector has remained fairly robust in 2016, and the level of interest among both buyers and sellers suggests that this level of activity will continue into 2017. If Hillary becomes President, we can expect more of the same with perhaps tax hikes on income over $250,000 and an increase in the capital gains tax. Since Hillary's administration will be paranoid about causing a post-election recession, I doubt any of these changes will be made prior to the end of 2017 and may not be implemented until 2018. If Donald Trump becomes President, we will likely see a lot of grandstanding with regard to reducing regulatory requirements, lowering taxes, investing into infrastructure and building the Great Wall of Mexico. However, I suspect Donald will be challenged to implement these and other initiatives, particularly those that require Congressional approval.

We may also see slight increases to the Federal Rate post-election, but again these should be slight given the concerns about a possible recession.

So, as we head into Election Day we are bullish about determining who the next President will be and hopefully enjoying a continued, albeit sluggish, economic growth. We don't expect substantial changes in the OBS sector or M&A markets for the foreseeable future, and do expect the consolidation trends to continue in 2017. We also anticipate another round of private equity interest in our core OBS industries (ARM, RCM and CRM) over the next couple of years, which will lead to further M&A activity down the road.

Owners should know that there are interested buyers for OBS businesses, and deal value continues to be driven by a consistently growing top and bottom line performance, client stability and diversification, opportunities for future organic growth, scalable and compliant technology and operational systems, and seasoned management and staff in place.

As always, we are available to confidentially discuss your business interests. Thank you for reading our newsletter, and we look forward to speaking with you soon.

Sincerely,

Mark Russell
Managing Partner

Please connect with us at one of the upcoming conferences/seminars that will be attended by CAS team members:

- October 25, 2016 – ACA Teleseminar
    - Michael Lamm and Mark Russell hosted the ACA teleseminar titled "Valuation in an Uncertain Market". Click **here** to learn more about how to purchase the teleseminar.
- November 9-11, 2016 – ACA Fall Forum
    - Michael Lamm speaking sessions: Evaluating Client Profitability, November 10th at 11:00 am.
- November 14-16 Multifamily Housing Council Annual Conference
    - Michael Lamm speaking sessions: Multifamily Housing and Debt Collection, Regulation and Enforcement: What You Need to Know, November 15th at 8:00 am.

We hope that you find our newsletter a useful insight into the OBS sector and welcome any discussion of business interests or feedback you may have. Our contact information can be found at the end of this report.

Here are a few highlights of what you will find in the newsletter:

- **Overview of the M&A market for OBS sub-sectors (ARM, RCM and CRM).** Included in the overview: a breakdown on completed OBS transactions, leverage analysis for completed M&A transactions, OBS sub-sector overviews, public comparable research and details surrounding noteworthy transactions within each sub-sector.
- **ARM Regulatory Update from CAS team member Elaine Rowley** detailing the latest government news, regulation and compliance activities in the ARM sector.
- **Jim Struck, Chief Performance Officer for Vision Financial Services**: The Challenges and Opportunities in Debt Collection, which discusses the effects of technological and regulatory changes on the ARM business.

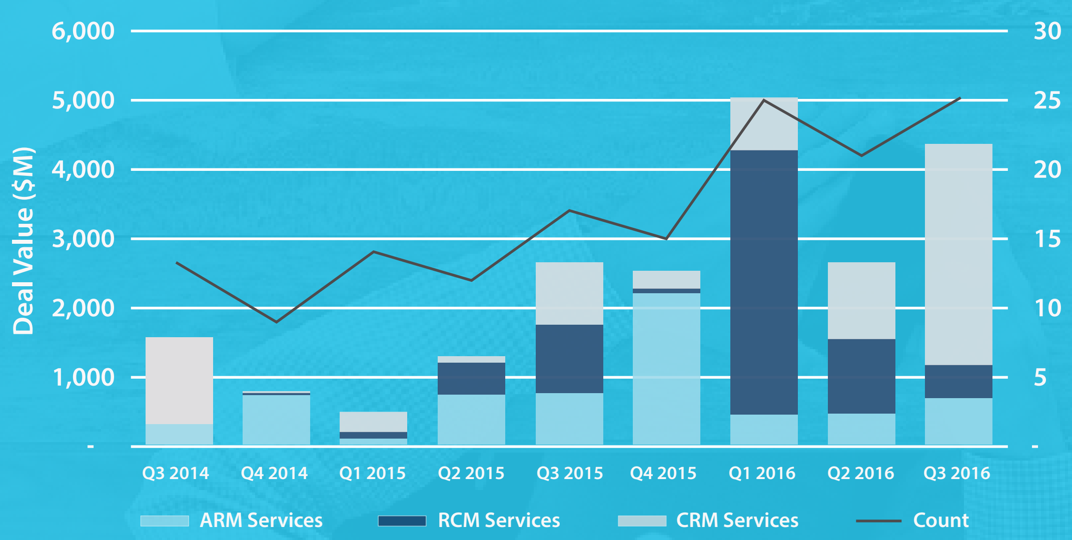
The ARM market, driven by attractive growth in verticals such as auto and student loans, continues to expand. According to IBISWorld, industry revenue is expected to grow at a rate of 4.2% in 2016 as consumers continue to take on more debt. Macroeconomic variables have been important in supporting the growth of the ARM sector. The unemployment rate, as of September, remains low at 5.0%, increasing consumers' propensity to pay, while historically low interest rates have led to an increase in total outstanding debt. Regulation, such as the newly announced **Consumer Financial Protection Bureau's (CFPB) proposals** under considerations, will continue to drive consolidation and M&A activity, eventually leading to larger, more capable vendors supporting the growing needs of their clients.

Likewise, the RCM sector will continue to grow as consumer health care costs are anticipated to increase under the Affordable Care Act ("ACA"). RCM providers will look to M&A or strategic partnerships as consolidation within the healthcare industry shows no sign of slowing.

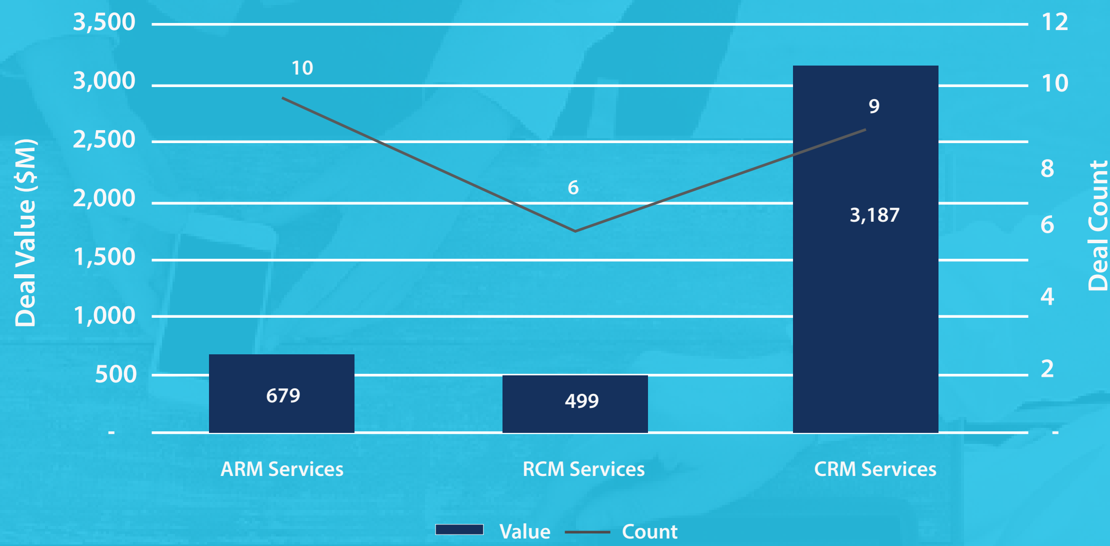
And lastly, the CRM market has witnessed an impressive quarter in terms of M&A activity, as nine deals were completed comprising $3.2 billion in enterprise value. The CRM sector is experiencing a technological shift as the demand for real-time online support grows and new entrants look to create a presence in the space.

Regulation and changing industry landscapes drive M&A activity in each of the sub-sectors within OBS. Our newsletter focuses on these significant market trends we have observed in the third quarter of 2016.

OBS DEALS IN Q3 2016

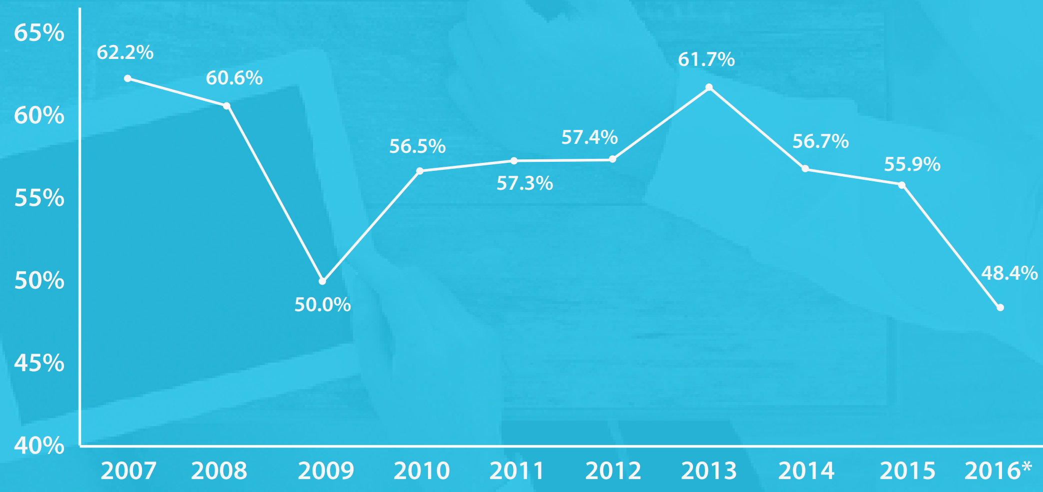


OBS DEAL BREAKOUT BY SECTOR IN Q3 2016



Year to date September 30th deal value in the OBS sector totaled $12.03 billion dollars and comprised of 70 announced deals. Third quarter deal value totaled $4.37 billion dollars and consisted of 25 announced deals. Deal value in the third quarter increased approximately 63% year over year and the number of deals rose 41%. Total deal value through the third quarter of 2016 has exceeded the total deal value for FY 2015 by roughly 72%. Information for the OBS deals was obtained from public filings, press releases, confidential discussions with individuals in the OBS sector, and proprietary deal activity.

We have also included an analysis on the trend of leverage utilized to complete M&A transactions market-wide as of September 30, 2016. The chart below illustrates the median debt levels used to complete and fund U.S. M&A transactions.



Note: 2016 data is through 9/30/2016. Source: PitchBook.

Accounts Receivable Management (ARM)

OVERVIEW

In the third quarter of 2016, the ARM sector experienced continued M&A activity. Ten deals were completed in Q3 2016, comprising an estimated $679 million in enterprise value. An uptick in M&A activity is driven by motivated buyers seeking market and asset class diversification.

As of June 30, 2016, there has been a shift to growing ARM verticals. While credit card, student loan, and mortgage delinquency rates dropped in the last quarter, auto and consumer credit delinquency rates saw growth. In addition, student loans remain the largest category of unsecured debt owed by Americans. The CFPB estimated that there are over 40 million borrowers with student loans, that collectively owe over $1.2 trillion. And while delinquency rates decreased slightly, there remains nearly 8 million student loan borrowers that are in default, representing $110 billion in balances.

Furthermore, newly proposed rules by the CFPB will likely continue to push smaller agencies to sell to larger agencies with greater compliance capabilities. The CFPB proposed a set of rules announced in July to address: uncertainty surrounding modern interpretation of FDCPA to address new technologies; the integrity of information related to debt portfolios sold; and the conduct of debt buyers with regards to communication. The increased regulation will continue to drive sellers to seek to liquidate and/or consolidate into larger, more stable businesses.

Overall growth in the ARM sector is driven by favorable macroeconomic trends. An increase in availability of delinquent debt in the marketplace leads to an increase in outsourcing to debt buyers and collection agencies. As of June 30, 2016, total U.S. household debt was approximately $12.29 trillion, bringing it close to the peak level achieved post Great Recession.

The increase in debt has been a result of lower interest rates, which have led to a rise in borrowing by individuals and companies. The Federal Reserve has indicated a possible increase to the Federal Rate before December 2017. However, gradual and expected rate increases typically have a minimal effect on lending activity. We do not anticipate more than this due to the potential risk of a large increase creating a recession.

Household debt has also grown due to the lower unemployment rate, which as of September 2016 is 5.0%. A low unemployment rate creates a higher propensity to pay for debtors. This is especially important as the supply of debt continues to rise. As of June 30 2016, 4.8% of all outstanding debt was in some stage of delinquency; almost 70% ($407 billion) was 90+ days delinquent.

In addition, as the economy continues to recover, there has been an increase in outsourced collection efforts to first and third party vendors. For example, the IRS recently announced that it will begin to outsource collections to various 3rd party vendors, as a part of their efforts to cut costs due to a shrinking budget. The private debt collection companies awarded the contract will begin collecting on outstanding tax liabilities in the spring of 2017. The government agency has awarded contracts to four companies to collect inactive federal tax debts, as required by legislation enacted last year: CBE Group, ConServe, Performant Recovery, and Pioneer Credit Recovery.

PUBLIC COMPARABLES:

Analysis of Selected Publicly Traded Outsourced Business Services Companies (In Millions)
All Data as of 9/30/2016

Company Name	Ticker	Price	Market Cap (1)	TEV (2)	LTM Revenue	LTM EBITDA	LTM Net Income	TEV/ Revenue	TEV/ EBITDA	TEV/ Net Income
Asta Funding Inc.	ASFI	10.50	129.07	190.84	44.18	5.22	2.02	4.32x	36.56x	94.48x
Collection House Limited (3)	ASX:CLH	0.89	118.93	157.87	96.77	30.63	17.33	1.63x	5.15x	9.11x
Credit Corp Group Limited(3) (4)	ASX:CCP	18.62	674.88	760.18	151.91	47.68	34.97	5.00x	15.94x	21.74x
Encore Capital Group	ECPG	22.48	574.53	3293.53	1124.81	322.76	77.77	2.93x	10.20x	45.26x
Intrum Justitia (3)	STO:IJ	32.41	2182.78	3006.60	684.07	390.58	144.10	4.40x	7.70x	20.86x
Performant Financial Group	PFMT	2.95	146.49	159.02	158.02	14.54	(6.37)	1.01x	10.94x	--
PRA Group	PRAA	34.54	1623.72	3401.47	962.56	369.28	173.95	3.53x	9.21x	19.55x
Mean (ARM)			778.63	1567.07	460.33	168.67	62.68	3.26x	13.67x	35.17x
Median (ARM)			574.53	760.18	158.02	47.68	34.97	3.53x	10.20x	21.30x

Notes:
(1) - Market Cap equates to total shares outstanding multiplied by the price per share
(2) - Total enterprise value consists of market cap plus debt less cash
(3) - Converted Local Currency to United Stated Dollars using the conversion rate at 9/30/2016
Source: PitchBook

Within the publicly traded ARM sector, two transactions closed in the second quarter of 2016. PRA Group (NASDAQ: PRAA) finalized the closing of **eGov Systems**, a provider of web-based payment portals for the government sector. The transaction will allow PRA's government business to develop and maintain scalable online payment portals, as well as enhance its ability to expand its services and client base. **Credit Corp Group Limited** (ASX: CCP) announced the acquisition of National Credit Management Limited (NCML), a diversified receivables management business with both portfolio acquisition and accounts receivable management segments operating in both Australia and New Zealand. Other key takeaways from the quarter include: **Asta Funding Inc.** (NASDAQ: ASFI) indicating the trend of diversification through acquisitions and strategic partnerships and **Encore Capital Group** (NASDAQ: ECPG) indicating the increasing regulation on consumer treatment by the ARM industry in the European market.

Below are some additional noteworthy transactions that took place in the ARM sector in Q3 2016:

- **Contentia**, a debt collection service provider in France and Belgium, was acquired by EOS Group to help solidify their receivables management position in both countries as well as expand their range of services.

- **FUTR Corporation** acquired the assets of ECMC Servicing Corporation, the student loan servicing subsidiary of ECMC Group, to enhance their student loan servicing solutions.

Revenue Cycle Management (RCM)

OVERVIEW

In the third quarter of 2016, six deals, comprising approximately $499 million in enterprise value, were completed in the RCM sector. The RCM sector will continue to grow as healthcare costs are expected to increase under the Affordable Care Act (“ACA”).

The rise in healthcare costs has led service providers to depend on additional revenue cycle management support from external vendors. Therefore, hospitals and physician practices are outsourcing more non-core RCM services to reduce costs and improve operational efficiencies. This trend will become even more widespread in 2017 as costs continue to rise. According to a report from the Department of Health and Human Services, premiums are expected to go up 25% next year across 39 states served by the ACA.

In addition, as the consolidation in the healthcare sector continues, this will create a ripple effect into the RCM sector. Hospitals and healthcare providers will likely consolidate their RCM vendors when making acquisitions. In addition, when a hospital makes multiple acquisitions in a short time period (as we have seen in the market), RCM providers will partner with larger players with attractive cross-sell capabilities in order to sustain performance and increase function. Partnerships achieved through joint ventures or loosely structured alliances provide flexibility. Furthermore, as competition increases within the space, it will become difficult for smaller RCM companies to continue to grow and survive unless they have a niche market specialization or sticky client relationships.

Thus, we expect M&A activity in the RCM space to increase as healthcare providers continue to adjust to the changing industry landscape, and vendors seek to partner/join forces in order to better compete for client business.

PUBLIC COMPARABLES:

Analysis of Selected Publicly Traded Outsourced Business Services Companies (In Millions)
All Data as of 9/30/2016

Company Name	Ticker	Price	Market Cap (1)	TEV (2)	LTM Revenue	LTM EBITDA	LTM Net Income	TEV/ Revenue	TEV/ EBITDA	TEV/ Net Income
Accretive Health Inc.	ACHI	2.44	239.78	18.11	96.35	(170.21)	(107.35)	0.19x	--	--
Advisory Board Company	ABCO	44.74	1,857.03	2,392.51	623.11	100.37	12.70	3.84x	23.84x	188.45x
HMS Holdings Corp.	HMSY	22.17	1,900.37	1,910.28	457.86	84.68	13.41	4.17x	22.56x	142.47x
Allscrips Healthcare Solutions Inc	MDRX	13.17	2,480.73	3,598.51	1,381.65	176.62	(20.73)	2.60x	20.37x	--
Cerner Corporation	CERN	61.75	21,029.43	20,984.12	4,176.00	1,173.51	521.10	5.02x	17.88x	40.27x
Huron Consulting Group Inc .	HURN	59.76	1,290.41	1,618.39	627.28	111.35	52.50	2.58x	14.53x	30.83x
Quality Systems Inc.	QSII	11.32	688.83	750.48	499.35	69.59	32.10	1.50x	10.78x	23.28x
Mean (RCM)			4,212	4,467	1,123	221	72	2.84x	18.33x	85.08x
Median (RCM)			1,857	1,910	623	100	13	2.60x	19.13x	40.27x

Notes:
(1) - Market Cap equates to total shares outstanding multiplied by the price per share
(2) - Total enterprise value consists of market cap plus debt less cash
Source: PitchBook

Within the publicly traded RCM sector, one transaction closed in the third quarter of 2016. **Huron Consulting Group, Inc.** (NASDAQ: HURN) acquired HSM Consulting Group to widen the size and scope of their service offerings in the healthcare sector. Other key takeaways from the quarter include: **Accretive Health Inc.** (NASDAQ: ACHI) indicated the need to invest in physician RCM, value-based reimbursement, and patient engagement due to the amount of ongoing change in the healthcare industry such as customer M&A activity, the shift to value based reimbursement models, and increasing regulatory complexity.

Below are some additional noteworthy transactions that took place in the RCM sector in Q3 2016:

- **MedData**, a subsidiary of MEDNAX, has completed its previously announced acquisition of Cardon Outreach, a leading third party RCM service provider to enhance MedData's RCM service programs.
- **TransUnion**, acquired Healthcare Revenue Technologies, Inc (RTech) to boost their healthcare business and further maximize reimbursements for healthcare providers.
- **VEGA Medical Professionals**, an RCM company focused on hospitals and independent physician groups was acquired by Constellation Healthcare Partners (LON:CHT), to expand into the Northeast US markets. The deal has a maximum consideration of $24 million including earnouts.

Consumer Relationship Management (CRM)

OVERVIEW

The CRM sector experienced an impressive quarter with nine deals completed, comprising approximately $3.2 billion in enterprise value.

The landscape of the CRM industry is continuing to evolve, specifically due to the industry's dynamic with offshoring. Although clients have become more receptive to moving work offshore, as offshoring call center operations can significantly cut the costs of on-shore operations, clients' end-customers have shown a greater appreciation for on-shore or near-shore operations. On-shore and near-shore operations will typically have fluent native English speaking agents handling calls. Offshoring will see greater attention with the shifting political environment following the election.

Furthermore, the CRM industry is increasingly adapting to technology. Real-time online chat dialogue boxes are becoming more widespread as millennial consumers increasingly move online for support. Online chat creates a controlled message, which holds greater importance in the highly regulated environment.

The changing technological landscape has spurred M&A activity in the CRM sector. As technology becomes less costly and more accessible for industry operators, numerous new entrants have been enticed into the industry. Companies looking to enter the market will likely pursue acquisitions within the space, rather than organic growth.

According to IBISWorld, over the five years to 2016, the number of industry enterprises increased at an annualized rate of 3.7% to 25,911. Over the five years to 2021, domestic industry revenue is expected to increase at a modest annualized rate of 0.7% to $21.9 billion. An increase in spending on new technologies will hinder profit margins in the short term. However, in the long term, these technologies will reduce labor costs.

We anticipate that the rising M&A activity trend in the CRM space will continue as companies seek growth opportunities within the industry.

PUBLIC COMPARABLES:

Analysis of Selected Publicly Traded Outsourced Business Services Companies (In Millions)
All Data as of 9/30/2016

Company Name	Ticker	Price	Market Cap (1)	TEV (2)	LTM Revenue	LTM EBITDA	LTM Net Income	TEV/ Revenue	TEV/ EBITDA	TEV/ Net Income
Atento SA	ATTO	8.48	624.98	1083.07	2062.90	208.55	17.89	0.53x	5.19x	60.53x
Convergys Corporation	CVG	22.24	337.09	337.09	51.66	26.31	21.12	6.53x	12.81x	15.86x
Sykes Enterprises Incorporated	SYKE	28.13	1174.97	1173.76	1298.99	156.83	71.06	0.90x	7.48x	16.52x
StarTrek, Inc.	SRT	6.22	97.33	129.70	264.05	(3.36)	(17.54)	0.49x	--	--
Teleperformance SE (3)	PAR:RCF	106.36	6074.36	6381.31	3397.77	436.12	184.80	1.88x	14.63x	34.53x
TeleTech Holdings, Inc.	TTEC	28.99	1398.97	1485.74	1283.11	157.15	66.63	1.16x	9.45x	22.30x
West Corporation	WSTC	22.08	1832.20	4937.65	2274.77	658.55	227.82	2.17x	7.50x	21.67x
Mean (CRM)			1,648.56	2,218.33	1,519.03	234.31	81.68	1.95x	9.51x	28.59x
Median (CRM)			1,174.97	1,173.76	1,298.99	157.15	66.63	1.16x	8.48x	21.99x

Notes:
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Source: PitchBook

Within the publicly traded CRM sector, four transactions were closed in the third quarter of 2016. **Convergys Corporation** (NYSE: CVG) completed its acquisition of buw, a German service provider for call centers and business process outsourcing. This transaction expands Convergys' global footprint, making them the second largest outsourced service provider in Germany. **Teleperformance SE** (PAR: RCF) acquired LanguageLine Solutions, the leading provider of over-the-phone and video interpretation solutions. Teleperformance believes this acquisition will create a 10% yearly accretion to earnings per share on a pro-forma basis for 2016. **Atento SA** bought a majority stake in R Brasil Soluções, a Brazilian collection services company specializing in retail, telecommunications, and financial services. This was a strategic plan to expand Atento's end-to-end collection capabilities. **Atento** also sold its Moroccan operations to Intelcia Group to focus on its core markets in Spain and Latin America.

Other key takeaways from the quarter include: **TeleTech Technologies** (NASDAQ: TTEC) indicated the shift to technology by diversifying the solution portfolio with technology enabled and outcome driven services to increase their strategic relevance to clients in the market place.

Below are some additional noteworthy transactions that took place in the CRM sector in Q3 2016:

- **Denstu Aegis** took a majority stake in Merkle, the United States' largest independent agency for CRM, digital and search. This acquisition assists Dentsu Aegis goal of becoming a 100% digital economy business by 2020 as well as enhance global operations.
- **Minacs** was acquired by Synex (NYSE: SNX) and will be integrated into their Concentrix Business Segement to provide more scale and further serve its client base.
- **Relia**, one of the largest CRM in Japan has come to a definite agreement to acquire SPi Global's CRM business in the Philippines, United States and Nicaragua to complement their global footprint.

The section below features a guest articles from **Jim Struck and Elain Rowley**. Jim Struck, Chief Performance Officer for Vision Financial Services, discusses the effects of technological and regulatory changes on the ARM business. CAS team member, Elaine Rowley, provides an ARM Regulatory Update detailing the latest government news, regulation and compliance activities in the ARM sector.

Please feel free to contact the guest authors to further discuss the information they have detailed in their respective pieces below.

ARM REGULATORY UPDATE

Elaine Rowley | Corporate Advisory Solutions, LLC | Chevy Chase, Maryland | 240-235-6008

The ARM Regulatory Update is the CAS quarterly Newsletter feature focused on government news, regulation and compliance so you are informed of the latest activities of government agencies with oversight over the ARM sector. Your comments and suggestions are welcome!

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Consumer Financial Protection Bureau (CFPB)

CFPB Notices of Proposed Regulation:

CFPB Mortgage Servicing Rule Amendments Published in Federal Register

The CFPB Mortgage Servicing Rule Amendments have been published in the Federal Register. Most of the provisions are effective on October 19, 2017. The provisions related to successors in interest and periodic statements for borrowers in bankruptcy are effective on April 19, 2018. The published servicing rule amendments can be found **here**.

The CFPB's accompanying FDCPA Interpretive Rule is also now published in the Federal Register. As with the servicing rule amendments, the provisions are generally effective on October 19, 2017, and the provisions applicable to successors in interest are effective April 19, 2018. The published interpretive rule can be found **here**.

CFPB Reports and Updates:

2016 Annual Report of the CFPB Student Loan Ombudsman. The Dodd-Frank Wall Street Reform and Consumer Protection Act established a student loan ombudsman within the Consumer Financial Protection Bureau. Pursuant to the Act, this annual report analyzes complaints submitted by consumers with student loans from Sep. 1, 2015, through Aug. 31, 2016. This report highlights debt collection and servicing problems plaguing the federal programs designed to help defaulted student loan borrowers get on track and into affordable repayment plans.

CFPB Publishes Updated Versions of Small Entity Compliance Guide and Guide to Forms

The CFPB has posted on its **TILA-RESPA implementation webpage** updated versions of its **Small Entity Compliance Guide** and **Guide to Loan Estimate and Closing Disclosure Forms**. The updates focus on various guidance provided in recent TILA/RESPA Integrated Disclosure (TRID) rule webinars provided by the Bureau.

CFPB receives unprecedented level of comments on payday, title and high-cost installment loan proposal

The comment period for the CFPB's **proposed rule** on Payday, Title and High-Cost Installment Loans ended Friday, October 7, 2016. Borrowers in danger of losing access to covered loans submitted over 1,000,000 largely individualized comments opposing the restrictions of the proposed rule and individuals opposed to covered loans submitted 400,000 comments.

Department of Labor (DOL)

*****Overtime Law Goes into Effect on December 1, 2016*****

Key Provisions of the Final Rule: The Final Rule focuses primarily on updating the salary and compensation levels needed for Executive, Administrative and Professional workers to be exempt. Specifically, the Final Rule:

1. Sets the standard salary level at the 40th percentile of earnings of full-time salaried workers in the lowest-wage Census Region, currently the South ($913 per week; $47,476 annually for a full-year worker);

2. Sets the total annual compensation requirement for highly compensated employees (HCE) subject to a minimal duties test to the annual equivalent of the 90th percentile of full-time salaried workers nationally ($134,004); and

3. Establishes a mechanism for automatically updating the salary and compensation levels every three years to maintain the levels at the above percentiles and to ensure that they continue to provide useful and effective tests for exemption.

Full Rule can be found here:
DOL, Overtime Final Rule, May 2016

Internal Revenue Service (IRS)

The Internal Revenue Service plans to begin private collection of certain overdue federal tax debts as early as spring of 2017 and has selected four contractors to implement the new program.

The new program, authorized under a federal law enacted by Congress last December, enables these designated contractors to collect, on the government's behalf, outstanding inactive tax receivables. See full story and report **here**.

The House Financial Services Committee

October, 2016: Court Ruling Means Executive Orders Now Apply to CFPB. **House Financial Services Committee** Chairman Jeb Hensarling (R-TX) notified CFPB Director Richard Cordray in **a letter** that a recent federal court ruling means the Bureau must now follow executive orders requiring agencies to ensure the benefits of their proposed regulations outweigh the costs.

Financial Services Committee Chairman Jeb Hensarling (R-TX) released the following statement on the federal court ruling that the structure of the Consumer Financial Protection Bureau (CFPB) is unconstitutional. **Hensarling Statement on CFPB's Unconstitutional Structure**

Details of The Financial Choice Act

CAS Resource Links:

CFPB, October, 2016 Annual Report of the CFPB Student Loan Ombudsman.

CFPB, October 2016, Guide to Loan Estimate and Closing Disclosure Forms.
CFPB, October 2016, Small Entity Compliance Guide
CFPB, September 2016, Monthly Complaint Report, Vol. 15
CFPB, July 1, 2016 Semi-Annual Report of the CFPB, October 1, 2014-March 31, 2015
CFPB, Regulatory Agenda, Spring 2016
CFPB, April 2016 Online Payday Loan Payments
CFPB, April 2016, Student Loan 'Payback Playbook'
CFPB, March 2016, Winter Supervisory Highlights
CFPB, March 2016 Annual Report on Fair Debt Collection Practices Act
CFPB Report on Private Student Loans
DOL, Overtime Final Rule, May 2016
FTC, EU-U.S. Privacy Seld Framework, July 2016
FTC, Fair Debt Collection Practices Act
FTC, Memorandum of Understanding between the CFPB and the FTC, March 2015.
IRS, Internal Revenue Service Affordable Care Act

Office of the Comptroller of the Currency, Risk Management Guidance

Protecting Personal Information: A Guide for Business.

altus
GLOBAL TRADE SOLUTIONS

WAS ACQUIRED BY

NewSpring Capital
Spring Capital
Evergreen Industries, LLC

The undersigned initiated the transaction and served as M&A advisor to **Altus Global Trade Solutions.**

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Corporate Advisory Solutions

(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

VITAL SOLUTIONS

WAS ACQUIRED BY

FUSION BPO
GLOBAL CONTACT CENTER SOLUTIONS

The undersigned initiated the transaction and served as M&A advisor to **Vital Solutions.**

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(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

PENNCRO
ASSOCIATES, INC.
A FINANCIAL SERVICES COMPANY

WAS ACQUIRED BY

radius

The undersigned initiated the transaction and served as M&A advisor to **Penncro.**

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(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

Credit Bureau of Traverse City, Inc.

WAS ACQUIRED BY

MERCHANTS ASSOCIATION COLLECTION DIVISION, INC

The undersigned initiated the transaction and served as M&A advisor to **Credit Bureau of Traverse City.**

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(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

Berlin-Wheeler, Inc.
A Receivables Management Company

WAS ACQUIRED BY

WAKEFIELD & ASSOCIATES

The undersigned initiated the transaction and served as M&A advisor to **Berlin-Wheeler, Inc.**

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Corporate Advisory Solutions

(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

LEADING EDGE
RECOVERY SOLUTIONS

WAS ACQUIRED BY

Affinity Global
Connecting People with Solutions

The undersigned initiated the transaction and served as M&A advisor to **Leading Edge.**

CAS
Corporate Advisory Solutions

(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

KADENT
THE TEAM THAT COUNTS

WAS ACQUIRED BY

ARB
ARCADIA RECOVERY BUREAU

The undersigned initiated the transaction and served as M&A advisor to **Kadent Corporation.**

CAS
Corporate Advisory Solutions

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PRS
PROFESSIONAL RECOVERY SERVICES, INC.

WAS ACQUIRED BY

CREDITCONTROL

The undersigned initiated the transaction and served as M&A advisor to **PRS.**

CAS
Corporate Advisory Solutions

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Integrity
Solution Services, Inc.

WAS ACQUIRED BY

Oakville Consolidated Limited

The undersigned initiated the transaction and served as M&A advisor to **ISS.**

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Jim Struck is Chief Performance Officer for Vision Financial Services in LaPorte and Fishers, Indiana. Prior to that he was owner and President of Leadership Vision, LLC from 2006 - 2016. He served as CEO of Mutual Hospital Services from 1985 – 2006. He writes frequently on leadership and personal development.

THE CHALLENGES AND OPPORTUNITIES IN DEBT COLLECTION

When I left the collection industry a decade ago, I never dreamed I would return. For the past 10 years I have served it, and others, as a certified executive coach and developer of emerging leaders. In that time, I have observed a lot of change in the agency business.

This change spans the gamut from technology to compliance, increased regulations (TCPA, FCRA), the presence of the CFPB, and increased litigation. These changes have forced agencies to upgrade their ability and professionalism in a number of areas. Given the risks now inherent in the business, agencies have had to rethink their recruiting, hiring, and on-boarding practices to ensure that they are attracting the right staff to carry out the increased requirements of the business. Internally, there is now increased auditing to verify that what is stated in a policy, procedure, and work instruction is actually carried out.

For me, one of the subtler shifts has been from call center to contact center. Many creditors are trying to enhance the experience of their customers, not just respond to questions in some scripted way. This shift has caused an emphasis on resolution of a customer's issue, not just on collection of the account. Those working the front line with customers have greater latitude in the decisions that are made about resolution; it will be interesting to see how this trend continues. Regardless, I believe it will continue to influence a more 'debtor-friendly' approach in those operating call centers.

This has changed how - and how often - we manage and update the training of our people. An increasing amount of that training is computer-based, allowing the agency to upgrade or update an agent's knowledge at low cost without great detriment to the agent's productivity. There is a greater breadth of knowledge and level of skill necessary by the representative to connect with the caller. Knowledge and skill are key factors in determining the success of an agency to meet the public relations needs of their clients, guarantee success with the customers of their clients, and generate acceptable financial returns.

What we are doing is affected by how we do it. Technology is now more cloud-based than ever. Twelve years ago, VOIP was just appearing; today that technology is the standard in many agencies. The software used in the telephony of the business most often does not reside in the agency. We continue to upgrade our capabilities, while lowering our cost.

Connectivity with our clients has never been greater. In many cases, there is an increased use of portals to allow clients to connect with us with a variety of requests and to fulfill some of their own information needs (reports). We use portals with our clients to access many of our information requests, as well as to utilize the portal to bill insurance (medical), thereby decreasing the labor intensity of our business.

Agency leadership has had to increase its capability to serve its staff, its clients, and its clients' customers. This is mostly due to the need to increase the sophistication of the leaders' ability to deal with technology, the demands of supervision, and the requirement to be more adept at dealing with client-facing issues. The ability to solve problems is not just the responsibility of senior leaders; the need has migrated to the lowest levels of supervision in the organization.

This increased sophistication has often meant increased education, both formal and on-the-job. In general, the degree of education and experience of leaders at all levels in agencies is much higher than it was 10 years ago.

In addition, the best leaders have high Emotional Intelligence. They are adept as teachers, coaches, and are skilled at increasing the self-responsibility and self-accountability of their staff. These increased capacities are increasing the engagement and retention of staff, which increases the productivity of staff and the agency.

With each challenge in, or to, the industry (legal, technology, human resources, etc.) the very best agencies have always had a mindset of, "How will we deal with this latest challenge?" Sometimes, the challenges are quite daunting. We grouse about the intervention of some federal agency into our world. Then, upon reflection, we realize that in an industry that is often viewed as a commodity, we begin to understand that some of these challenges are the very opportunity we have to distinguish ourselves in the business and to bring a new level of service and solution to our clients and to the industry.

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We encourage you to contact CAS
to confidentially discuss your growth and exit interests.

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