

Why you must litigate to drive your portfolio returns

In today's market you must employ a litigation model to create the needed returns

*By Phillip W. Duff, President and Founder,
Lighthouse Consulting & Asset Management, Inc.*

Portfolio Pricing

Based on the current pricing of in statute debt the best strategy will have to include litigation of a portion of the portfolio. This is required to increase the returns in order to meet investors requirements. Whether you actually do the litigation while you own the portfolio or you sell it to someone who will peruse that strategy the portfolio will be litigated in most cases.

Growth in Litigation

There are many more buyers who have created a litigation strategy in the last 18 months and the growth of some of the litigation forwarders and the growth of NARCA demonstrate this growth.

There are still numerous buyers and resellers who are not using a litigation strategy but most are selling the inventory to a buyer who will execute a litigation strategy. Many of my clients have me sell their national inventory to State specific buyers (who are generally lawyers) who will sue the accounts in their State. So one way or another your portfolio will have a portion sued.

So the question for the traditional collection debt buyer is "should I be using a litigation strategy"?

So should You be Litigating?

Not all buyers need to litigate but you do need to understand that the buyers downstream will need to litigate and if the traditional collection strategy buyer keeps that in mind his portfolio will be worth more

at resale.

If the portfolio is treated in a particular manner and the chain is short, the portfolio will have added value for the Litigation Buyer. This will allow some buyers to only concentrate on the traditional collections that they are comfortable with and still leave the litigation value for the State specific buyer.

Many buyers are entering the stream after a traditional collection strategy has been deployed and then moving accounts to litigation. There are also many re-sellers who are selling files by State and of course the websites that allow the litigation buyer to pick by zip code or assets.

Creating a Litigation Strategy

Well the next step is how do you incorporate a litigation strategy into your current processes? If you have a traditional strategy of calls and letters to collect debt and currently do not litigate then you first need to determine if creating a new strategy is best for you or if just selling to litigators is what will work best for your collection floor and investors.

If you desire to create a new strategy employing litigation then you will have quite a bit of work to do. If you chose to just sell to litigators then you only need to not spoil the litigation accounts in the file.

By realizing when you purchase a file that you will need to retain it's litigation value you can better create a process that will provide value to you and the next owner of the portfolio. By buying files with short titles and good documents available you have set yourself up for a good resale price. If you can also identify any assets and provide that data to the next buyer this will provide value to you at resale.

If you have decided to create your own litigation process you may need to contact a professional like myself, as this is a much more difficult task. Many of my clients have found this process very difficult to get set up and manage.

So what should you be doing Litigating or selling?

This is a question that can only be answered in two ways the first is a gut check, do you want to get involved in this

We'll see you at
NARCA in Vegas in
May of 2007

Continued on Page 2

Lighthouse Beacon Alert

Continued from Page 1

process? Or do you just want to continue with traditional collections and the second is a complete inventory of your companies skills and this may be best performed by a professional. Lighthouse Consulting can help you make these decisions and find improved processes that provide superior returns on your portfolio purchases. Give me a call at 877.819.1962 or contact us at info@lighthouseconsultinginc.com



***Attention debt buyers and attorney buyers
Do you have small balance accounts you want to sell?***

Lighthouse Consulting has buyers who are willing to buy the accounts you deem as not worth pursuit due the small balance.

If you are an attorney and only sue accounts above a fixed balance this program is for you. Sell us your accounts not worth suit and redeploy the cash to acquire more sue-able inventory. Give us a call and we can get you a bid on this portion of your inventory you are not working and is not performing. There is nothing to lose.

Contact Phil at 877-519-1962 x 2

Or at

Phil@LighthouseConsultingInc.com



Portfolio Spotlight

- Metris and Household Orchard available by State as a forward flow. This is one agency paper with no prior litigation
- Arbitration awards available by State. These are recent awards and ready to be converted to judgments.
- US Bank DDA accounts available by State. These are 0 agency accounts.
- Let us help you liquidate your portfolio.
- We want to buy your small balance accounts, call us now.

Lighthouse Consulting would like to

Announce the Partnership of The

***Law office of Andreu & Palma, LLC
in Miami, FL and***

Lighthouse Consulting.

The Law office of Andreu & Palma, LLC has partnered with Lighthouse Consulting in order to grow it's contingency business and debt purchase in FL. If you are interested in placing business with a quality, aggressive law firm in any State please contact Phil at Lighthouse Consulting at 877-819-1962. if you have FL debt to sell or place call us today

