

# WESTERN CAPITAL

A DIFFERENT KIND OF COLLECTION COMPANY

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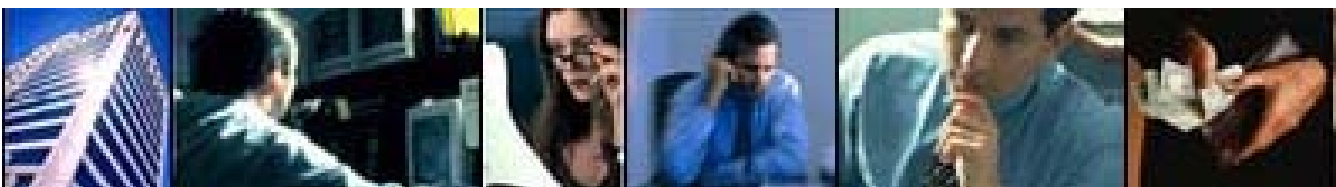
## Hello!

Thank you for your interest in Western Capital. We offer the resources and services to help make collecting easy for you. This year, Western Capital ranked #1 in overall customer satisfaction. Here's why we think you'll agree:

- **Three ways to collect.** Place your accounts for collection directly over the internet, via fax or with a registered representative- it's your choice. Our registered representatives are always available to assist you.
- **Low commissions.** Commissions start as low as **33% !!**
- **Quality information at your fingertips.** Access your account with Western Capital online.
- **Broad selection of services.** Select from an assortment of options and plans to assist you in your collection needs. We are willing to custom tailor a plan that fits YOUR needs!
- **New! Immediate Legal Placement.** Do you have an account that you have already gone "the extra mile" with? Ask us about our FAST TRACK legal program. We can process accounts for legal action within as few as seven days! Now that's Fast and that's the Western Capital Way!

So What Are You Waiting For!...Take control of your collection accounts! Simply fill out and return the attached Commercial/ Retail Placement Forms and a signed contract via fax to **1-800-865-4197** and we will begin collecting on your accounts within days. It's that easy!

Thank you for your trust and confidence in Western Capital. We look forward to serving your collection needs.



# WESTERN CAPITAL

**A Different Kind of Collection Company**



*[ a source of capital for your Business ]*



## Hello!

*Thank you for your interest in Western Capital Group. We offer the resources and services to help make collecting easy for you. This year, Western Capital Group ranked #1 in overall customer satisfaction. Here's why we think you'll agree:*

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- *New! Immediate Legal Placement. Do you have an account that you have already gone "the extra mile" with? Ask us about our EAST TRACK legal program. We can process accounts for legal action within as few as seven days! Now that's Fast and that's the Western Capital Way!*

*So take control of your collection accounts. Simply return the enclosed applications for collection services and a signed contract and we will begin collecting on your accounts within days. It's that easy! If we can assist you, please contact our New Accounts Help Desk at 801-619-4700.*

*Thank you for your trust and confidence in Western Capital Group. We look forward to serving your collection needs.*

*Sincerely,*

*Client Services*

## ABOUT WESTERN CAPITAL

Western Capital is a powerful force in the international finance community and has been featured in the Wall Street Journal, Time, Forbes, Business Week and profiled on CNN. Western Capital Credit (WCC) was started in 1989 by Robert H. Paisola in Salt Lake City, Utah. Western Capital Credit is a division of Western Capital Group Inc. Western Capital Credit, Inc. (WCC) was incorporated in 1989 and has blossomed into a full service account management, billing, collection and recovery agency. We provide you, the client, with cost effective programs customized to suit your needs, Our programs are designed to maximize cash flow, lower account receivable costs and allow you to concentrate on other important matters.

With each day that passes the possibility for the recovery of lost dollars cost you real out-of-pocket monies. These costs include; employment costs, emotional energy, computer time and memory, cost of postage, repeated statements, collection letters, telephone bills, storage space, along with tracking and monitoring of the internal collections.

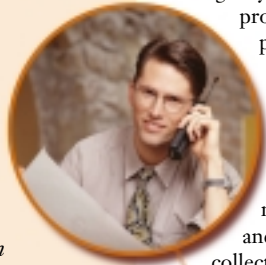
Western Capital Credit's rates are extremely competitive. Our rates and recovery percentage are based on the type(s) of program(s), age of delinquency and dollar amount of the receivables for which the accounts are placed. WCC works on a 100% contingency basis and our rates are negotiable.

### What Makes Western Capital Different?

**Western Capital Investigative Services, Inc. (WCIS)** Our sister company WCIS, is a full fledged private investigation/skip-tracing firm, has a variety of databases at WCC's disposal that are not normally available to the collection industry.

**Our vast database.** With our duplicate debtor analysis, we are able to cross reference and match up active, inactive and legal accounts that are currently in our system.

**Our National Consumer and Commercial Listing Service.** WCC has the capability to report any delinquent consumer collection account(s) into "public record" as an "unpaid collection item" with Trans Union, Experian and Equifax.



**CALL TODAY 1-877-279-8298**  
**OR VISIT WWW.WESTERNCAPITALCREDIT.COM**



Western Capital has a staff based on over 20 years of professional experience and expertise. Being fully trained in the Fair Debt Collection Practices Act (FDCPA), and all related state laws, clients are guaranteed professional and fair collection services.

Through our "Soft Touch" collection process clients can be assured that we do not harass, intimidate, or threaten the debtor; instead we advise, counsel, and persuade. We have found this is the most effective way to get positive results, and you will see the results as well. Our job is to get your money as quickly as possible. Through our fast, accurate, and friendly service we convince the debtor of the importance of keeping or achieving a good credit record.

## SERVICES

Though Western Capital is locally owned and operated, we are able to pursue accounts nationally as well as locally. Western Capital is connected to a network of agencies and attorneys throughout the country.

With our state-of-the-art computer system we are able to work with every kind of collection circumstance.

- **Retail Collections**
- **Commercial Collections**
- **Promissory Note Collection**
- **Automated Credit Reporting**
- **Medical Billing and Collections**
- **Bad Check Recovery Services**
- **Judgements**

Clients will also receive a monthly status report to let them know which accounts have been closed (paid), and which accounts are still active.

## COMMISSION RATES

With Western Capital you will never be charged an up-front fee. Our commission is deducted only when we collect monies.

No fee will be charged on checks valued under \$100.00 for the first 60 days. We simply keep the return check fee.

A 33% percent commission rate will be charged on checks over \$100.00 and all Accounts Receivable.

A 50% commission rate will be charged on forwarded and Legal Accounts.



## CONTINGENCY COLLECTIONS

Western Capital is able to provide a full range of accounts receivable management services including:

- **Retail Collections:** Specializing in credit card collections, Western Capital manages both CONTINGENCY and PROPRIETARY (purchased) credit card portfolios, auto-deficiency balances and all other types of "open book" accounts.
- **Commercial Collections:** At Western Capital, we realize that "today's debtor is tomorrow's repeat customer". Designed to preserve the integrity of the relationship between you and your customers, professionalism is the key to maintaining your image and reputation.
- **Medical Billing / Collections:** All facets of medical collections.
- **Bad Check Recovery Services:** Utilizing the Utah "Bad Check" Law, which allows for Treble Damages, Western Capital will recover more than just the principal.
- **Judgements:** Have a judgement you can't collect on? Western Capital pays all additional filing fees and court costs associated with the recovery process.

## OTHER SERVICES

- **Tenant Screening:** Our direct link to the National Credit Reporting Bureaus combined with years of experience, provide a unique insight into the credit profile and credit history of potential tenants.

*"I have used 'tenant screening services' before, and there is absolutely no comparison to Western Capital. Their wisdom has literally saved me thousands on likely fraud or potential problem applicants."*

—Alex C. Hamilton, Owner,  
Pinebrook Estates



**CALL TODAY 1-877-279-8298**  
**OR VISIT WWW.WESTERNCAPITALCREDIT.COM**

# WESTERN CAPITAL

## COMMERCIAL / RETAIL PLACEMENT FORM

### CLIENT INFORMATION

Name: \_\_\_\_\_

Contact: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

### DEBTOR INFORMATION

Debtor: \_\_\_\_\_ SSN#: \_\_\_\_\_

Spouse: \_\_\_\_\_ SSN#: \_\_\_\_\_

Address: \_\_\_\_\_

Home Phone #: \_\_\_\_\_ Work #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Debtor's Employer: \_\_\_\_\_

Employers Address: \_\_\_\_\_ Phone #: \_\_\_\_\_

Spouse's Employer: \_\_\_\_\_

Employers Address: \_\_\_\_\_ Phone #: \_\_\_\_\_

CDL#: \_\_\_\_\_ Spouse CDL#: \_\_\_\_\_

DOB: \_\_\_\_\_ Spouse DOB: \_\_\_\_\_

Business Entity:  Proprietorship  Partnership  Corporation

If Proprietorship, doing business as: \_\_\_\_\_

If Partnership, name of partner(s): \_\_\_\_\_

If Corporation, name of all known shareholder(s) and officer(s): \_\_\_\_\_

Any Personal Guarantor:  No  Yes

if **Yes** name of Guarantor: \_\_\_\_\_ (please attach copy of Guaranty)

Bank: \_\_\_\_\_ Account Number: \_\_\_\_\_

Type of Account:  Savings  Checking  Other

### DEBT INFORMATION

Amount Owed: \$ \_\_\_\_\_ Accrued Interest: \$ \_\_\_\_\_

Interest Rate (other than legal rate of 10%): \_\_\_\_\_ Total Owed: \$ \_\_\_\_\_

Date customer attempted to cancel the contract: \_\_\_\_\_

Was the customer delinquent at the time of the attempted cancellation?  No  Yes

Description of Claim:  Promissory Note  Check  Credit Card  Other

Reason given for non-payment: \_\_\_\_\_

Date of last payment: \_\_\_\_\_

Charge off date / loss date: \_\_\_\_\_

Client account number or reference number: \_\_\_\_\_

Conditions, if any, under which you are willing to continue to do business with the customer?

PLACE ACCOUNT NOW! FAX BACK TO 1-800-865-4197

# WESTERN CAPITAL

## AGREEMENT FOR COLLECTION SERVICE

### CLIENT INFORMATION:

NAME OF BUSINESS: \_\_\_\_\_  
CONTACT PERSON \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY, STATE, ZIP \_\_\_\_\_  
PHONE: \_\_\_\_\_  
FAX \_\_\_\_\_  
E-MAIL \_\_\_\_\_  
WEBSITE \_\_\_\_\_  
TYPE OF BUSINESS \_\_\_\_\_

**WESTERN CAPITAL GROUP, INC.**, a Utah corporation. hereinafter referred to as "AGENCY" and

\_\_\_\_\_, hereinafter referred to as "CLIENT", agree that CLIENT's delinquent accounts (the "Accounts") placed with AGENCY are uncontested and subject to the term and conditions of the following agreement between the parties:

1. The conduct of AGENCY in collecting the Accounts shall be in compliance with all applicable Federal, State and Local laws and shall be courteous and businesslike, consistent with the image and reputation of CLIENT.
2. Sums collected by AGENCY on Accounts shall be deposited immediately in a separate trust account maintained in a bank, the deposits of which are insured by the FDIC, for CLIENT as well as AGENCY'S other clients (the "Trust Account"). AGENCY is authorized to endorse, tender, deposit and negotiate checks received from or in behalf of debtors and drawn in favor of CLIENT pursuant to this agreement.
3. All sums received by AGENCY on the accounts will be remitted to CLIENT, less AGENCY'S Collection Fees (as such term is defined in Section 6 below), within 30 days of verification that said payment has cleared debtor's bank account. In the event CLIENT receives any sums in payment of an Account directly from or in behalf of a debtor after AGENCY has commenced work to collect the Account, CLIENT shall report such collection to AGENCY and AGENCY shall invoice CLIENT for the amount of the Collection Fee due on its next monthly statement.
4. For each month monies are received, AGENCY will prepare a monthly statement containing the names, dates and principle payments that were received by AGENCY or CLIENT during the month. Any Collection Fees due AGENCY as a result of payments received directly by client from debtors are due and payable to AGENCY upon receipt of the statement by CLIENT. AGENCY has the right to offset such fees against sums received by it on the Accounts.
5. In the event a check is received directly by CLIENT on an Account and the check is returned unpaid to CLIENT after CLIENT has paid AGENCY the Collection Fee due, CLIENT shall report such returned check to AGENCY. AGENCY will list such returned checks on the next statement as a deduction from the amount of the Collection Fee due and payable by CLIENT for that month's statement.

# WESTERN CAPITAL

## AGREEMENT FOR COLLECTION SERVICE

### PAGE 2 of 3

6. It is agreed and understood that AGENCY will charge a collection fee of 33% (thirty three percent) for all accounts placed for collection. In the event that legal intervention is required, the fee will be 50% (fifty percent). AGENCY may assess additional interest and collection fees against any accounts placed for collection. Client understands that AGENCY is entitled under this agreement to keep as compensation any monies received over 66% of the principle balance placed, for non-legal status accounts. For legal accounts, AGENCY is entitled to keep all monies received over 50% of the principle balance. All monies paid over and above the base principle placement balance shall be considered earned compensation by AGENCY for its services under this Agreement.
7. AGENCY agrees to advance all court costs on Accounts referred for civil legal collection action. CLIENT agrees that, with respect to any given Account, AGENCY may reimburse itself for such advanced court costs and legal fees and shall deduct its Collection Fee out of the sums collected on such Account. The balance after such deductions shall be remitted to CLIENT. In addition, AGENCY shall retain any other amounts awarded by the court and collected from the debtor, such as attorney fees and court costs awarded by the court. AGENCY will not receive any reimbursement for court costs or other fees advanced by it with respect to Accounts for which no sums are collected on the Account.
8. AGENCY is not requested to furnish information concerning the Accounts placed with AGENCY to any credit bureaus.
9. CLIENT warrants that all Accounts placed with AGENCY are valid and legally enforceable debts and are not disputed or subject to defense, offset, set off, counterclaim or bankruptcy proceedings, unless otherwise disclosed in writing to AGENCY by CLIENT. CLIENT shall immediately notify AGENCY ,in writing, of any disputes or payments or bankruptcy notifications received by CLIENT subsequent to placement of an Account with AGENCY. CLIENT shall be liable and shall indemnify, defend and save AGENCY harmless from and against any and all suits, actions, claims and demands, costs, actual damages, expenses and attorney fees incurred in connection with any Account that is disputed by the debtor or alleged to be subject to any defense, offset, set off, counter claim or bankruptcy proceedings.
10. Agency is not obligated to file suit in connection with Accounts placed with it pursuant to this Agreement. AGENCY is not liable for claims that become barred by any statute of limitations while in AGENCY 's possession. AGENCY reserves the right to close and return Accounts at such time as AGENCY makes a determination to do so.
11. This Agreement may be terminated by either party upon giving sixty (60) days prior written notice to the other party. Termination or cancellation of this Agreement by either party shall have no effect on the collection, enforcement or validity of any accrued obligations owing between the parties, nor shall it have an effect on AGENCY 'S right to receive Collection Fees in connection with paying Accounts, as well as the right to recover any court costs advanced on Accounts

# WESTERN CAPITAL

## AGREEMENT FOR COLLECTION SERVICE PAGE 3 of 3

as set forth in Section 7 hereof. Should Client terminate this agreement, it is agreed and understood that agency will not return accounts that are then set up for payment or legal action pending until all monies have been collected and received by agency from debtor.

12. All notices given or required by this Agreement shall be sent by United States certified or registered mail; postage prepaid, by a nationally recognized overnight counter service, which shall be addressed to Western Capital, 7060 South Commerce Park Drive, Midvale, Utah 84047. It is further understood that AGENCY is and will be acting and occupying the status of an independent contractor and not the status of an agent (except as defined in paragraph 7) or employee of CLIENT.

This agreement is entered into by and between AGENCY and CLIENT, THIS \_\_\_\_\_ day of \_\_\_\_\_ 200\_\_\_\_ by their duly authorized and empowered representatives.

ACCEPTED:

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
DATE

\_\_\_\_\_  
Print Name

**PLEASE PRINT THIS AGREEMENT, SIGN IT, AND FAX A  
COPY TO WESTERN CAPITAL AT 1-800-865-4197  
PLEASE MAIL THE ORIGINAL TO:**

**Western Capital Financial Services  
Client Services Division  
PO Box 8272  
Midvale, Utah 84047**

REV 3-01



# WESTERN CAPITAL

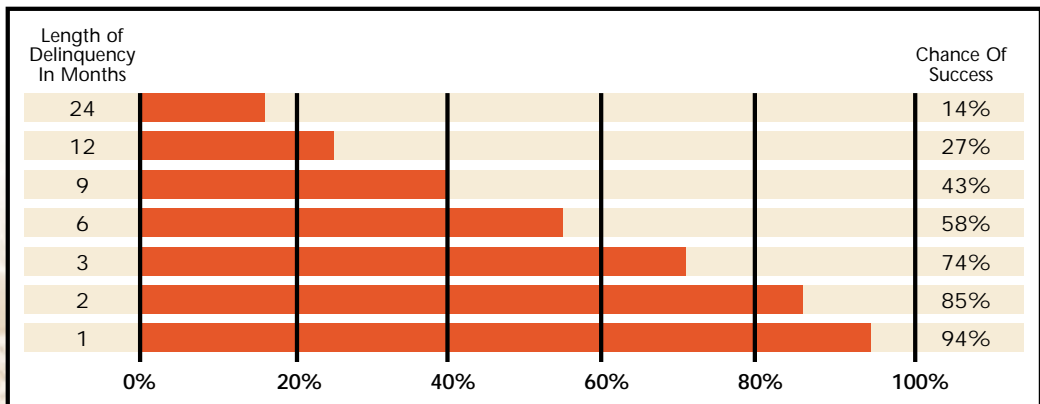
EVERY DOLLAR YOU "WRITE-OFF"  
REQUIRES A FORTUNE IN NEW BUSINESS  
TO BREAK EVEN!

## WRITE-OFFS OF

Your Profit Percent	\$250	\$500	\$1,000	\$2,000	\$3,000	\$5,000	\$7,500	\$10,000
	Equivalent To Sales Of							
1	\$25,000	\$50,000	\$100,000	\$200,000	\$300,000	\$500,000	\$750,000	\$1,000,000
2	\$12,500	\$25,000	\$50,000	\$100,000	\$150,000	\$250,000	\$375,000	\$500,000
4	\$6,250	\$12,500	\$25,000	\$50,000	\$75,000	\$125,000	\$187,500	\$250,000
5	\$5,000	\$10,000	\$20,000	\$40,000	\$60,000	\$100,000	\$150,000	\$200,000
6	\$4,165	\$8,333	\$16,667	\$33,333	\$50,000	\$83,333	\$124,950	\$166,867
7	\$3,572	\$7,143	\$14,285	\$28,571	\$42,857	\$71,429	\$107,145	\$142,657
8	\$3,125	\$6,250	\$12,500	\$25,000	\$37,500	\$52,500	\$93,750	\$125,000
9	\$2,778	\$5,556	\$11,111	\$22,222	\$33,333	\$55,556	\$83,340	\$111,111

**EXAMPLE** If you decide to write off \$2,000 in bad debts, and you are averaging six percent profit, you must sell an additional \$33,000.

Critical to creditors in the recovery of delinquent receivables is that they collect promptly. Data tabulated by the Commercial Agency Section of the Commercial Law League shows that commercial receivables, like an open bottle of wine, "spoil" rapidly, with collectability dropping from 85% after 2 months to 65% after six months.





## The Role of Credit in Your Business

by Robert Paisola, Western Capital Group Inc.

Recently, Senior credit and financial executives were asked to define the core activities of their credit departments. As you would expect, developing credit policy, credit analysis, collections, setting credit limits and management reporting were considered the most important core functions of today's credit organization. All of these activities are expected to remain core functions of the credit organization in the next five years.

However, the survey also indicates that the importance of collections will decrease over the same period. Several factors appear to be driving this change. There is a movement underway in business today to outsource segments of the accounts receivable portfolio. Using cost benefit analysis, organizations are beginning to focus on the marginal benefit a customer provides to the business and the cost of servicing that customer. These organizations are defining the level at which it is cost effective to outsource the receivable. A major manufacturer that participated in one of the focus groups determined this threshold to be accounts with a A/R balances of less than \$10,000. They recently began outsourcing those accounts. Other companies were outsourcing the collection of unearned cash discounts, disallowed deductions and invoices over three to twelve months past due. Factors driving this change are the use of the corporate credit card, the smart card and debit EFT programs. Many financial executives expect the growth in these products to significantly reduce the collection effort in their organizations as the collection responsibility is transferred to a bank.



**WESTERN CAPITAL**

## The Role of Credit Today and Tomorrow

<b>Core Functions (Common to All)</b>	<b>Expanded Functions (Some Companies)</b>	<b>Emerging Opportunities (Few Companies)</b>
Develop Credit Policy	Customer Visits	Inventory Control
Collections	Purchasing/Vendor Analysis	Product Development
Credit Analysis	Banking Relationship	Accounts Payable
Setting Credit Terms	Analysis (Beyond Credit)	Working Capital Management
Management Reporting	Billing/Invoicing	MIS Data Warehouse
A/R Accounting	Develop Credit Scoring Model	Cash Forecasting
Legal/Bankruptcy	Customer Service	Cash Flow Management
Cash Application	Global Risk Management	Profit/Loss Responsibilities

Relatively few companies are using credit scoring systems today. However, credit managers anticipate playing a greater role in creating and analyzing databases of customers, which will lead to growth of automated decision making. The use of credit scoring models is expected to increase significantly in the next five years. Credit and financial professionals from small, medium and large companies expect significant productivity gains will result from using credit scoring models to analyze accounts and set credit guidelines. Using the credit professional's expertise and understanding of the company's risk preference, credit models can be designed to conduct routine account reviews. Accounts that do not meet the company's credit standard become exceptions that would be reviewed based on criteria such as marketing objectives and gross margin contribution. The use of automated scoring models in the future is viewed as an opportunity that will reduce the time required to conduct credit analysis. However, some credit managers are still suspicious of automation and modeling that removes the human element from the credit process.

A new expanded skill set is required for Credit Executives to respond effectively to the changing role of credit. Credit professionals will be highly skilled process owners and must accomplish work through others. This new skill set includes many traditional and non-traditional skills such as financial analysis, communication and negotiation skills, exceptional leadership, team building, process re-engineering, systems and statistical knowledge. These individuals will be highly analytical and will have an excellent understanding of global trade.

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