

THE CALLAHAN AND PALMER COLLECTION PROCESS

CALLAHAN & PALMER Legal team has adopted and maintained a collection practice equal to that followed by most well-known collection agencies and law firms in the US. Consequently, your placement of an account for collection will follow USA and international standards and common best practices for your comfort, security, and ease.

Our involvement with your company for the rendering of legal and collection services will also be subject to terms and conditions that are generally followed in the collection industry. Our Firm follows in strict manner the guidelines set forth in the "Operative Guides for Forwarders and Receivers" adopted by the CLLA (Commercial Law League of America) on July 6, 1994.

Our collection process is very unique though. Although best practices around the globe do give us a higher consistency in our collection efforts and results, CALLAHAN & PALMER Legal department creates its own "best practices" according to our own legal environment and legal system, USA and International commercial practices, and other social, economic, and political situations that prevail and need to be taken into consideration in **USA, MEXICO, CANADA AND SOUTH AMERICA**.

Our entire process for collection includes the following steps and strategies.

Operative Procedure: Placing an Account for Collection

Accounts can be placed for collection easily through our PDF CLAIM FORM or through our website, or by sending by fax, email which specifies the particular claim turned over for collection with your proposed terms and conditions (commission fees proposed), along with copies of all supporting documents for the underlying claim.

In this later case we will request for you to fill out as much information as possible for each debtor. This will help us enormously during our collection efforts. It is our policy to work hand in hand with our clients to get the best results possible in each collection.

Operative Procedure: Acknowledgement of Claim

A formal acknowledgment letter is sent to our clients within two days of receipt of any claim for collection. This letter will confirm the receipt of the claim as well as terms and conditions for handling such claim out-of-Court, including our fee arrangement which will always be on a contingency basis, that is, we will charge a commission fee until a recovery is made and only if we collect. If there is no collection there is no fee to pay.

Within the third day of receipt of any claim CALLAHAN & PALMER Legal will have already opened a file to your claim and will update its database giving a formal identity in our system. Every progress and collection effort from now on will be updated to our database and then posted on our website for continuous information to our clients.

The CALLAHAN & PALMER Collection Process

Our collection is done by the best attorneys available in the country and by our fully-trained pre-legal collectors who are knowledgeable about USA and international law, best known local collection strategies, and the CALLAHAN & PALMER Legal unique collection process. Our business is credit & collections, and all of our staff is singularly selected for their demonstrated skills in this field.

Initial skip tracing procedure

In an effort to better prepare ourselves on each collection attempt, we do an initial skip tracing procedure to make sure that our debtor information is complete, accurate, and up to date, regardless of the information provided by our clients. We have to make sure that we are contacting the appropriate person within the debtor company (the decision maker), and that we know his full story financially, economically, and legally (full assets, locations, related companies, lawsuits, etc.)

Whenever possible and where the debtor's jurisdiction will throw no additional cost for us, we will conduct a full search and investigation on special US and International electronic databases (private and public), chambers of commerce, public registry, debtor's address and vendors, Internet, etc. When there is additional cost involved we will inform our clients and let them decide the extent of our investigation.

Collection strategy and process

1. Our collection process is always first pursued out of court.

We do an immediate personal phone call and we also visit the debtor by sending a P.I. when this is possible (either when debtor is in our city or a city where we have a correspondent local attorney), and we try to collect in full in amicably fashion, or at least get a written payment plan, a formal acknowledgment of debt, or a promissory note. After the first calls have been made and in some cases a visit from our P.I.'s have already been performed and a conversation with the debtor has been established then we will be able to determine if suit will be necessary and worthwhile, as well as the promptness that is required for any legal action.

Despite preparing ourselves for litigation during this initial calls and visits, we will make our best effort to resolve all disputes amicably, persuading the debtor to pay voluntarily in full or to make a settlement offer with a serious payment plan. These attempts will be supported by a series of demand letters (3). After the third one we will know it is time to move on. Our objective is to try to get our clients the most affordable solution within a reasonable time period. That is definitely out of court.

This process comprehends the first stage of collection. (This stage is sometime skipped at our client's request, when he wants to immediately proceed with legal action)

2. If no recovery or formal settlement is reached during the first stage of collection, we will assess the possibility of collecting through litigation (based on the debtor's conditions observed during our general investigation and personal visit: assets available, current company name and address, related lawsuits, etc.), and we will make our recommendations for suit or not (It is not our intention to have our clients investing in any legal action only to secure a worthless judgment).

The strategy followed in litigation and all related costs are assessed on a case by case basis, depending on the nature of the transaction and the available supporting documents for each claim.

Timing

Generally, we give our first stage of collection from one to four weeks but no more than 3 months, to reach any kind of settlement agreement, depending on the response we get from the debtor and depending on his situation. This timing will also depend on the promptness of each response from our clients. Any and all proposals from debtors are informed to our clients and it is our clients, not us, who make any decision for a settlement agreement.

In litigation, timing will depend on several factors including our litigation strategy, current debtor situation (if debtor is operating under the same corporate name or under a different company, has changed address during litigation, etc.), debtors' defenses (problems within your transaction, weak counsel, weak defense), etc.

It is recognized by most lawyers in USA and in Mexico that most of these proceedings for recovery of debt (called also in Mexico *juicios mercantiles*) will last between 3 months and around one year, without adding any appeal process. Nonetheless, many collections are done immediately following suit when a debtor notices that the creditor is keeping his word in pursuing legal action and applying all means necessary to collect, or when an attachment or garnishment order is issued against him for the seizure of his company's assets.

Litigation

CALLAHAN & PALMER Legal team encompasses exceptional lawyers with expertise in the field of international & commercial law, and vast experience in cross-border commercial disputes. 50% of our client base involves foreign companies with collection problems in USA and Mexico, so the majority of our cases involve international commercial disputes. (Please refer to the services section on our website for more information on specialized services provided by our Firm)

This has placed the need in our Firm to seek and reunite experts in such field, something we have successfully done so far to our clients' advantage. Thus, we are allowed to pursue legal action in USA, MEXICO, CANADA and SOUTHAMERICA with an approach like no other law firm or collection agency in these countries.

Litigation strategy

Our litigation strategies and formal complaints are always designed and prepared by expert in-house attorneys and of-counsels, with the approving opinion of our correspondent local attorneys to accommodate to local rules and customs.

When a complaint or formal petition is ready for filing we turn it over to any of our local correspondent attorneys who will help us with this initial task as well as the remaining process of litigation. It is our local attorney the one that personally oversees the proceedings at the Courtroom and attends hearings under our Firm's in-house attorneys daily supervision, with full involvement in the case and control overall. This reduces the overall cost of litigation to our clients, and allows them the use of experts on their side for optimum results.

Litigation fees and cost

In-court collection [legal action] is subject to different terms depending on the nature of each claim. After assessing a particular claim and situation we will provide our opinion and a specific proposal for initiating legal action (suit requirements). Once we have recommended suit and provided suit requirements, we will require a deposit of funds to cover court costs and expenses throughout judicial proceedings. Costs vary for each claim depending on the type of proceedings that we are filing for and the particular jurisdiction of the debtor.

We provide each client with a monthly statement for all of his accounts, reflecting each cost incurred during the month, and reimbursing at the end any and all funds not used during the proceedings.