



CODE OF ETHICS

All members of the Commercial Collection Agency Association of the Commercial Law League of America shall conduct their business in accord with this Code of Ethics, and their membership in the Association shall be conditioned on their continuing conduct in accord with this Code of Ethics.

Each member shall:

(1) In general conduct:

- (a) Maintain a high standard of fairness, honesty and courtesy in the conduct of business and avoid any activity which would bring reproach on this profession or this Association. *
- (b) Provide efficient collection service in the territory served; protect the interest of creditors; and give prompt and diligent attention to all claims received for collection.
- (c) Operate under a name which does not imply or suggest that the agency is a branch of or associated with any department of the federal government, a local government or any court. The letterhead of the agency should clearly indicate that the agency is in the collection business.
- (d) Make certain that all personnel are familiar with this Code of Ethics and that they fully comply with it.
- (e) Avoid the unauthorized practice of law by complying fully with the Declaration of Fair Practices of Collection Agencies approved by the Board of Governors of the Commercial Law League, appended hereto as Appendix 1.

(2) In relations with creditors:

- (a) Comply with instructions given by creditors in the processing of a claim promptly or give reasons for not doing so and ask for further instructions.
- (b) Maintain a trust account separate and apart from the member's operating account which should be titled as "Client" or "Customer Trust Account" and into which all debtor payments and attorney remittances shall be deposited by the agency. All remittances to creditors should be from the trust account only.

(c) Identify clearly and accurately all charges to the creditor. Service and administrative charges by the member are separate and apart from commissions and fees earned by a receiving attorney. Court cost and suit fees requested by an attorney must be communicated to the creditor as communicated by the attorney to the member. A full accounting of any withdrawal fees charged must be provided to the creditor at the time withdrawal fees are assessed.

(d) Remit to creditors as specified by the debtor where a number of claims against the same debtor are being collected.

(e) Within 30 days after the close of a calendar month during which monies are collected for a creditor, account in writing and remit to that creditor all monies collected and received during the month less commissions and service charges. If the amount due the creditor is less than \$100., remittance may be deferred for an additional 30 days, provided such deferral of remittance is approved by the creditor.

(f) Not permit any creditor to use any forms, letters or other material bearing the member's name as a preliminary service for which no charge is made in the collection of a debt (free demand service), unless such form, letter or other collection material states that the debt will be placed with the member for collection if it is not paid within a specified period of time after the date thereon.

(g) Advance court costs and suit fees on behalf of a creditor only at the creditor's specific request, and bill the creditor for such costs and fees at the same time they are forwarded to an attorney.

(h) Display the Official Association Logo on the letterhead of all correspondence sent to creditors and where other locations are listed, the identification of Branch (full service), Sales or Collection office must be shown.

(3) In relations with debtors:

(a) Avoid deceptive practices, statements or materials which would cause debtors to believe they are dealing with someone other than the member. A member when contacting a debtor shall not engage in any subterfuge such as stating they are a private investigator conducting an investigation of the debtor.

(b) Show due consideration for debtor's problems and deal with them according to the merits of their individual cases.

(c) In the event a claim is disputed, obtain from the creditor and provide the debtor with such documents or information necessary to validate the debt.

(d) Avoid any harassment by telephone or personal calls.

(e) If the debtor states that he is represented by an attorney and identifies him or if the agency is contacted by debtor's attorney, then the agency shall deal directly with the attorney. However, should the attorney fail to respond to calls or letters from the agency, then the agency may continue to contact and negotiate with the debtor.

(f) Not represent that, if payment is not received by a specific date, a claim will be placed with an attorney or litigation will be commenced, unless:

(i) the representation indicates that such action has been authorized by the creditor, and

(ii) such representation is true

(g) Threaten to damage a debtor's credit reputation if they do not pay or fail to cooperate by notifying other vendors and financial institutions that deal with the debtor.

(4) **In relations with attorneys**, comply with the Operative Guides adopted by the Commercial Law League of America, appended hereto as Appendix 2, as they may from time to time be amended, in the absence of specific agreement to the contrary.

*** The following *Interpretations* have been adopted under the Code:**

It shall be considered contrary to high standards of "courtesy in the conduct of business" within the meaning of Section 1(a) of the Code of Ethics for an officer or partner of a commercial collection agency to initiate communications with an employee of another agency for the purpose of employing that employee without first advising an officer or partner of the other agency; but this does not apply where an employee of an agency responds to a public advertisement or initiates discussion of employment with another agency. (Adopted by Association November 22, 1977)

It shall be deemed contrary to "high standards of fairness, honesty" in the conduct of business under Section 1(a) of the Code of Ethics for a member to give a credit manager any inducement to place accounts with the member, other than normal business entertainment or nominal gifts. (Adopted by Association July 13, 1981)

It shall be considered contrary to "high standards of fairness in the conduct of business" within the meaning of Section 1(e) of the Code of Ethics for a member to request that a receiving attorney write a demand letter to a debtor for a stipulated fee, where the claim had not been forwarded to the attorney on behalf of the creditor. (Adopted by Association July 25, 1998)

Approved by the Section - July 4, 1977

Amended July, 1991, July, 1998, May, 1999, and April, 2002.