

## DEBT COLLECTION AGREEMENT

### I. RECITALS

City Attorney Richard C. Pfeiffer, Jr. enters into this agreement with Capital Recovery Systems, Inc. pursuant to City Council Ordinance 0419-2010, which authorizes the negotiation of a contract for the collection of delinquent and small dollar amount accounts receivable, other debts, and judgments.

Each party agrees it is giving and receiving sufficient and adequate valuable consideration.

Capital Recovery Systems, Inc. is retained to provide legal services to the City of Columbus relating to the collection of public monies due the City. All services shall be rendered in accordance with the terms and conditions of this agreement.

Capital Recovery Systems, Inc. shall be compensated only in accordance with the express written provisions of this agreement. Capital Recovery Systems, Inc. shall not be compensated by any other party, nor shall Capital Recovery Systems, Inc. be compensated in excess of the amount expressed within this agreement.

Any material commissioned or gathered by Capital Recovery Systems, Inc. or in Capital Recovery Systems, Inc.'s possession that fulfills an obligation of the agreement, including names and addresses of potential witnesses, shall be considered the property of the City of Columbus. Capital Recovery Systems, Inc. agrees to adhere to Ohio Revised Code § 149.43 and Columbus City Codes Chapter 151 and maintain all public records accordingly. All responses to public records requests require the prior approval of the City Attorney.

In the event this agreement is terminated by either party, Capital Recovery Systems, Inc. shall be paid the agreed fee for all debts due the City of Columbus lawfully collected by Capital Recovery Systems, Inc. prior to termination. If Capital Recovery Systems, Inc. is removed from any case or matter, then Capital Recovery Systems, Inc. agrees to effectuate a speedy and efficient transfer of the work and to cooperate with the City Attorney. Capital Recovery Systems, Inc. agrees to protect the client's interests in any transfer of work. The City of Columbus may withhold final payment to Capital Recovery Systems, Inc. if Capital Recovery Systems, Inc. fails to transfer all files, documents, and materials when so requested by the City Attorney.

In view of the personal nature of the services to be rendered under this appointment, the City Attorney shall be the sole judge of the adequacy of those services.

The parties further agree as follows:

### II. TERM

This agreement is effective for the period from April 1, 2010, and terminates on March 31,

2011 unless earlier terminated by the City Attorney or as a result of the completion of all work for the assignment. No services rendered by Capital Recovery Systems, Inc. after termination shall be authorized or compensable without an additional written agreement with the City Attorney.

### **III. SERVICES**

#### **A. Scope of Appointment**

Capital Recovery Systems, Inc. shall conduct any and all collection work, including any legal action necessary, assigned by the City Attorney. Both parties recognize that the appointment of Capital Recovery Systems, Inc. is personal in nature and does not extend to any law firm that Capital Recovery Systems, Inc. is associated with, is a partner of, or for which Capital Recovery Systems, Inc. serves as "of counsel".

Capital Recovery Systems, Inc. will additionally provide collection services under this contract for the City of Columbus' Department of Public Utilities (Divisions of Power and Water), Department of Safety (Division of Licensing and Fire), and any other Department or Division thereof, that may contact them hereafter to establish a collection account. Each additional Department or Division will be treated as a separate account under this Agreement. Capital will communicate directly with the Department or Division on issues regarding their accounts receivable, send payments collected directly to the Department, and directly invoice the Department for fees associated with the collection of that Department's debt.

#### **B. Delegation of Work**

Capital Recovery Systems, Inc. may not delegate work to another collection agency or firm with which Capital Recovery Systems, Inc. is affiliated. No such attempted delegation of duties by Capital Recovery Systems, Inc. will relieve Capital Recovery Systems, Inc. of any responsibility under this agreement.

No provision of this section shall be construed to allow Capital Recovery Systems, Inc. to subcontract with, hire, or retain any law firm other than the law firm with which Capital Recovery Systems, Inc. is affiliated.

#### **C. Independent Contractor Relationship**

Capital Recovery Systems, Inc. will render services pursuant to this appointment as an independent contractor. Capital Recovery Systems, Inc., whether for purposes of applications of Chapter 102 and Chapter 2744, Ohio Revised Code, or for any other purpose, shall not be regarded as in the employment of, or as an employee of the City Attorney.

Pursuant to this agreement Capital Recovery Systems, Inc. shall follow the direction, guidance, rules, and policy of the City Attorney in their performance under this agreement.

**D. Tax Information Confidentiality**

Capital Recovery Systems, Inc. agrees to maintain the confidentiality and not to otherwise disclose any tax information provided by the City Attorney in connection with the collection of outstanding income tax, except as authorized in Columbus City Codes § 361.29.

**E. Withholding Income Tax**

Capital Recovery Systems, Inc. hereby further agrees to withhold all City income taxes due or payable under the provisions of Chapter 361, Columbus City Codes, 1959, for wages, salaries, and commissions paid to its employees, and further agrees that any of its subcontractors shall be required to agree to withhold any such City income taxes due under said Chapter for services performed under this Contract. (Ordinance No. 1516-61)

**F. Claim Assignment**

Capital Recovery Systems, Inc. agrees to abide by all policies and procedures promulgated by the City Attorney relating to collection of claims.

For the purposes of this agreement, a claim is a debt due the City for a sum certain and due for a specified period of time. Each claim assignment to Capital Recovery Systems, Inc. is for a one (1) year period. In the event that the City of Columbus is contacted for the purpose of making arrangements to pay or otherwise settle a claim which has been assigned to Capital Recovery Systems, Inc. for collection, upon written notice from the City Attorney, said claim shall be returned to the City Attorney by Capital Recovery Systems, Inc., along with any and all materials relating to such claim, and all rights to said claim shall be relinquished.

Capital Recovery Systems, Inc. agrees not to forgive, reduce, waive, or otherwise compromise any portion of the principal, penalty, late charges or interest due on any City income tax or other claim assigned for collection without express written authorization pursuant to Columbus City Code § 361.30 on tax claims, and, from the City Attorney on all other types of claims.

**IV. COMPENSATION**

Capital Recovery Systems, Inc. will be compensated for services through payment of a fee in an amount approved by the City Attorney or his designee. The standard fee shall be thirty percent (30%) of the first thirty-thousand dollars (\$30,000.00) collected and ten percent (10%) of any additional amounts collected on specific claim. The City Attorney maintains the authority to modify the standard fee paid. The total amount paid to Capital Recovery Systems, Inc. shall not exceed thirty percent (30%) of the funds collected on a specific claim. Legislation 0130-2009 provided that from April 1, 2009 forward, the fee for collection services would be collected from the debtor for any new cases assigned to Capital Recovery Systems, Inc. An example of how that fee will be calculated is attached hereto as Exhibit A,

Exhibit A, and incorporated herein by reference. The total amount of this Contract shall not exceed \$300,000.00.

All monies collected by Capital Recovery Systems, Inc. on claims assigned by the City Attorney shall be by check made payable to the City Treasurer and deposited with the City Treasurer on a weekly basis. Capital Recovery Systems, Inc. shall prepare a report detailing the amounts collected on each claim, the remaining outstanding balance, the dates of the collections, the amount of fees due Capital Recovery Systems, Inc. on the collections, the division or entity of City government on whose behalf the monies were collected, and any other additional information which the City Attorney and/or City Auditor may require. Capital Recovery Systems, Inc. shall submit said report to the City Attorney on a weekly basis. Capital Recovery Systems, Inc. shall submit an invoice for fees due from collections to the City Attorney each month. The City Attorney shall review said invoice, then prepare and submit a voucher to the City Auditor requesting payment of fees be made to Capital Recovery Systems, Inc. for the month in question.

Capital Recovery Systems, Inc. agrees to provide access to all financial records and documents related to the collection of claims assigned by the City Attorney within one week of receiving written notice by the City Attorney or City Auditor requesting to review and/or audit said financial records and documents.

#### **V. STATUS REPORTS**

At the request of the City Attorney and/or City Auditor, Capital Recovery Systems, Inc. shall submit status reports on each claim. The status report shall describe the current status of each claim, the events that have transpired since the prior status report and a projection of events for the next sixty (60) days or the remainder of the assignment, whichever occurs first.

Capital Recovery Systems, Inc. agrees to install and maintain a terminal within the claims section of the office of the City Attorney. The terminal will provide access to up-to-date collection activity, account status, and payment information on each and every claim assigned by the City Attorney.

#### **VI. OTHER TERMS AND CONDITIONS**

##### **A. Counterparts**

This agreement may be executed in one or more counterparts, each of which shall be an original and all of which constitute one and the same instrument.

##### **B. Severability of Terms and Conditions**

Any term or condition judged to be invalid in this agreement shall not invalidate the other terms and conditions.

### **C. Equal Opportunity**

- (1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment up-grading, demotion, or termination; rates of pay or other forms of compensation; and selection for training. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices summarizing the provisions of this Equal Opportunity Clause.
- (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that the contractor is an equal opportunity employer.
- (3) It is the policy of the City of Columbus that business concerns owned and operated by minority and female persons shall have the maximum practicable opportunity to participate in the performance of contracts awarded by the City.
- (4) The contractor shall permit access to any relevant and pertinent reports and documents by the Executive Director for the sole purpose of verifying compliance with this Article, and with the regulations of the Contract Compliance Office. All such materials provided to the Executive Director by the contractor shall be considered confidential.
- (5) The contractor will not obstruct or hinder the Executive Director or his deputies and assistants in the fulfillment of the duties and responsibilities imposed by Article I, Title 39.
- (6) The contractor and each subcontractor will include a summary of this Equal Opportunity Clause in every subcontract. The contractor will take such action with respect to any subcontractor as is necessary as a means of enforcing the provisions of the Equal Opportunity Clause.
- (7) The contractor agrees to refrain from subcontracting any part of this contract or contract modification thereto to a contractor not holding a valid certification number as provided for in Article I, Title 39.
- (8) Failure or refusal of a contractor or subcontractor to comply with the provisions of Article I, Title 39, may result in cancellation of this contract. (Ord. 2550-93.)

### **D. Contract Administrator/Contract Administration**

Nancy Weidman will manage the Contract on behalf of the City and will be the principal point of contact for the City concerning the Contractor's performance under this Contract. Any notice or demand or other communication required or permitted to be given under this Contract or applicable law shall only be effective if it is in writing, properly addressed, and either delivered in person, or by a recognized courier service, or deposited with

with the United States Postal Services as first class mail, to the parties at the following addresses:

Nancy Weidman, Chief  
Claims Section  
City Attorney Richard C. Pfeiffer Jr.'s Office  
90 West Broad Street, Suite 101  
Columbus, Ohio 43215

Craig Klein, President  
Capital Recovery Systems, Inc.  
750 Cross Pointe Road, Suite S  
Columbus, Ohio 43230

**E. Gender Reference**

For purposes of contract interpretation, in every place where a reference to gender appears, the masculine shall be interchangeable with the feminine and the feminine shall be interchangeable with the masculine.

**F. Integration**

This agreement is fully integrated, and as such, constitutes the entire understanding of the parties. Both parties agree that there is no other understanding or agreement than the terms expressly stated or through the documents incorporated by reference herein. This agreement may only be modified by another writing signed by both parties.

**G. Jurisdiction and Choice of Law**

This agreement shall be administered in the City of Columbus, shall be interpreted under the laws of the State of Ohio, and both parties consent to complete jurisdiction in the City of Columbus. This agreement and any claims arising in any way out of this contract shall be governed by the laws of the State of Ohio. Any litigation arising out of or relating in any way to this agreement or the performance thereunder shall be brought in the courts of Ohio, and both parties hereby irrevocably consent to such jurisdiction.

**H. Termination**

The City Attorney reserves the right to terminate this agreement at any time, in his sole discretion, and without cause or duty of explanation. Capital Recovery Systems, Inc. may terminate their duties and obligations under the agreement upon thirty (30) days written notice to the City Attorney. Termination on the part of Capital Recovery Systems, Inc. shall not be effective if the City Attorney finds that such termination prejudices the City of Columbus.

**I. Campaign Finance Compliance**

This agreement shall be immediately null and void and any amounts paid to Capital Recovery Systems, Inc. shall be fully recoverable by the City of Columbus if, due to campaign contributions to The Committee for Richard C. Pfeiffer, Jr. in excess of the amounts specified in Ohio Revised Code § 3517.13, Capital Recovery Systems, Inc. is ineligible to be awarded this no-bid contract.

**J. Media Statements**

The parties agree that neither Capital Recovery Systems, Inc., nor any partner, associate, employee, or any other person assisting with the legal work contemplated by this agreement shall speak to any representative of a television station, radio station, newspaper, magazine, or any other media outlet concerning the work outlined or contemplated by this agreement without first obtaining approval of the City Attorney or his designee. This agreement specifically excludes any right or ability on the part of Capital Recovery Systems, Inc. to speak on behalf of the City Attorney to any member of the news media.

*The undersigned represent they are authorized to enter into this agreement numbering seven (7) pages. The undersigned acknowledge they have read and understand all terms set forth herein. By affixing their signatures below, the parties evidence their intent to be bound hereto*

**City of Columbus, Ohio**

By: Richard C. Pfeiffer, Jr.  
Richard C. Pfeiffer, Jr.  
Columbus City Attorney

5 3 2010  
Date

**Capital Recovery Systems, Inc.**

By: Craig Klein  
Craig Klein, President

4 29 2010  
Date

APPROVED AS TO FORM  
Richard C. Pfeiffer, Jr. 5/11/10  
Richard C. Pfeiffer, Jr.



Ohio Department of Public Safety  
**DIVISION OF HOMELAND SECURITY**  
<http://www.homelandsecurity.ohio.gov>

**GOVERNMENT BUSINESS AND FUNDING CONTRACTS**  
 In accordance with section 2909.33 of the Ohio Revised Code

**DECLARATION REGARDING MATERIAL ASSISTANCE/NO ASSISTANCE TO A TERRORIST ORGANIZATION**

This form serves as a declaration of the provision of material assistance to a terrorist organization or organization that supports terrorism as identified by the U.S. Department of State Terrorist Exclusion List (see the Ohio Homeland Security Division Web site for reference copy of the Terrorist Exclusion List).

Any answer of "yes" to any question, or the failure to answer "no" to any question on this declaration shall serve as a disclosure that material assistance to an organization identified on the U.S. Department of State Terrorist Exclusion List has been provided. Failure to disclose the provision of material assistance to such an organization or knowingly making false statements regarding material assistance to such an organization is a felony of the fifth degree.

For the purposes of this declaration, "material support or resources" means currency, payment instruments, other financial securities, funds, transfer of funds, and financial services that are in excess of one hundred dollars, as well as communications, lodging, training, safe houses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials.

**COMPLETE THIS SECTION ONLY IF YOU ARE AN INDEPENDENT CONTRACTOR**

LAST NAME		FIRST NAME		MI
HOME ADDRESS				
CITY	STATE	ZIP	COUNTY	
HOME PHONE		WORK PHONE		

**COMPLETE THIS SECTION ONLY IF YOU ARE A COMPANY, BUSINESS OR ORGANIZATION**

LAST NAME <b>KLIAN</b>		FIRST NAME <b>CRAIG</b>		MI <b>W</b>
BUSINESS/ORGANIZATION NAME <b>CAPITAL RECOVERY SYSTEMS, INC.</b>			PHONE <b>614-328-2110</b>	
BUSINESS ADDRESS <b>750 CROSS POINT RD., SUITE 5</b>				
CITY <b>COLUMBUS</b>	STATE <b>OHIO</b>	ZIP <b>43230</b>	COUNTY <b>FRANKLIN</b>	

**DECLARATION**

In accordance with section 2909.32 (A)(2)(b) of the Ohio Revised Code

For each question, indicate either "yes," or "no" in the space provided. Responses must be truthful to the best of your knowledge.

- Are you a member of an organization on the U.S. Department of State Terrorist Exclusion List?  Yes  No
- Have you used any position of prominence you have with any country to persuade others to support an organization on the U.S. Department of State Terrorist Exclusion List?  Yes  No
- Have you knowingly solicited funds or other things of value for an organization on the U.S. Department of State Terrorist Exclusion List?  Yes  No
- Have you solicited any individual for membership in an organization on the U.S. Department of State Terrorist Exclusion List?  Yes  No
- Have you committed an act that you know, or reasonably should have known, affords "material support or resources" to an organization on the U.S. Department of State Terrorist Exclusion List?  Yes  No
- Have you hired or compensated a person you knew to be a member of an organization on the U.S. Department of State Terrorist Exclusion List, or a person you knew to be engaged in planning, assisting, or carrying out an act of terrorism?  Yes  No

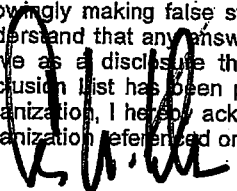


In the event of a denial of a government contract or government funding due to a positive indication that material assistance has been provided to a terrorist organization, or an organization that supports terrorism as identified by the U.S. Department of State Terrorist Exclusion List, a review of the denial may be requested. The request must be sent to the Ohio Department of Public Safety's Division of Homeland Security. The request forms and instructions for filing can be found on the Ohio Homeland Security Division Web site.

**CERTIFICATION**

I hereby certify that the answers I have made to all of the questions on this declaration are true to the best of my knowledge. I understand that if this declaration is not completed in its entirety, it will not be processed and I will be automatically disqualified. I understand that I am responsible for the correctness of this declaration. I understand that failure to disclose the provision of material assistance to an organization identified on the U.S. Department of State Terrorist Exclusion List, or knowingly making false statements regarding material assistance to such an organization is a felony of the fifth degree. I understand that any answer of "yes" to any question, or the failure to answer "no" to any question on this declaration shall serve as a disclosure that material assistance to an organization identified on the U.S. Department of State Terrorist Exclusion List has been provided by myself or my organization. If I am signing this on behalf of a company, business or organization, I hereby acknowledge that I have the authority to make this certification on behalf of the company, business or organization referenced on page 1 of this declaration.

X  
APPLICANT SIGNATURE



4-29-2010  
DATE

**EXHIBIT A: CALCULATING FEE:**

In determining the fee for each installment collected from the debtor and remitted to the City, the collection agency will multiply the installment by the percentage of the fee relative to the total amount owed (including fee) so as not to exceed a maximum 30%. Please see sample below:

<b>Principal Owed</b>	<b>\$100.00</b>
<b>Interest Owed</b>	<b>10.00</b>
<b>Fee</b>	<b>33.00</b>
<b>Total Amount Owed</b>	<b>\$143.00</b>
<b>Percentage of Fee to Total (used to calc fee on installment payments)</b>	<b>23.08% (\$33.00/\$143.00)</b>

<b><u>Payments Received</u></b>	<b><u>Amount to Apply to Debt</u></b>	<b><u>Amount to Apply to Fee</u></b>	<b><u>Fee Calculation</u></b>
\$55.00	\$ 42.31	12.69	(\$55.00*23.08%)
40.00	30.77	9.23	(\$40.00*23.08%)
48.00	36.92	11.08	(\$48.00*23.08%)
<b>\$143.00</b>	<b>\$110.00</b>	<b>\$33.00</b>	

The collection agency will remit all payments to the city in the gross amount received from the debtor (debt plus collection fee). The collection agency will provide statements with each remittance itemizing the dollar amount owed to the City and the amount to which the collection agency is entitled. The City will then pay the fee to the collection agency upon receipt of a valid invoice.