

Lingering Economic Malaise Means Expansion for PRA

<http://www.consumerlitigators.com/3227/consumer-news/lingering-economic-malaise-means-expansion-for-pra/> January 7, 2013

Portfolio Recovery Associates LLC, a subsidiary of the publicly-traded Portfolio Recovery Associates, Inc., is a debt collection agency that trades in the junk debt markets. It purchases old, defaulted consumer debts from credit card companies, car finance companies, and others often for just pennies on the dollar. It is a competitor of Asset Acceptance, LLC, Midland Funding, LLC, NCO Financial Systems, Inc., and LVNV Funding, LLC all of whom bid against each other for billion-dollar debt portfolios.

Portfolio Recovery Associates (PRA) thrives in the still struggling economy. Its spokesman announced recently that the debt collector will expand its Birmingham, Alabama call center by mid-2013. With arms opens, the city agreed to provide the debt collector with \$200,000 annually over 4 years to help it rent more space. The Birmingham operations already have about 170 employees utilizing an existing 17,000 square foot call center. PRA plans to hire additional collectors and other support staff early in 2013 at the same call center.



With Pennies on the Dollar, **PRA** Controls Billions in Consumer Debt

PRA Finds Profits in Unpaid Taxes

Fueling PRA' growth, it contracts with local governments to help bring in tax revenue in addition to its purchase of junk debt portfolios. Its president, Mike Pelone, said that PRA's established collection services are used in conjunction with existing tax collection schemes. Moreover, rather than passively wait to receive a list of delinquent tax accounts to collect, PRA actively searches for indications that taxes are not being paid by local businesses.

PRA catches mostly out-of-town businesses in localities they have not registered with the taxing authorities. It reports that every now and then, PRA will find an establishment in plain sight that has not registered to pay taxes. PRA has caught the attention of taxing authorities who task it with expanding tax bases and adding new revenues.

Of the 275 governments and taxing authorities PRA contracts with, it has had success. In Decatur, Georgia, it found nearly \$190,000 in delinquent taxes. PRA notes that not all taxing authorities can hire it. In those jurisdictions, collective bargaining or internal policies can prevent third parties from entering the tax collection process.

PRA's activities appear to result in greater income, revenue, and cash collections. Compared to 2011, key financial metrics for the third quarter 2012 show impressive gains. Cash collections of \$229 million are up 26% from the third quarter of 2011. Revenue of \$151 million is up 32% from the year-earlier quarter. Net income of \$33 million is up 31% over the third quarter of 2011.

As it progressively hones its strategies and strengths and positions itself in the languishing economy, more consumers in financial trouble are likely to hear from PRA on two fronts: unpaid debts and unpaid taxes.

PA or NJ consumers having trouble with PRA should contact us for a no-obligation consultation or call 610-616-5303 or 856-861-4241.