
SKIPTRACING

The debt collector is very good at using all the information at their disposal to intimidate you. These intimidation techniques generate collections, and in turn big commissions, to the debt collector. Skiptracing is the term used to track down debtors who have dropped out of sight or have unlisted their phone number and become difficult to communicate with. The debt collection industry classifies these "skips," placing them into one of four categories:

- Unintentional skips
- Skips resulting from marital difficulties
- Intentional skips
- Skips with criminal intent

The "skips with criminal intent" are a very small percentage. Most people go "underground" for one of the other three reasons, and I'd like to add a fifth category. How about skips afraid of the size of the medical bills they're buried under? Let's not forget, medical bills have become the #1 reason Americans have been filing for bankruptcy in recent years.

Here are some facts that collection agencies don't want you to know, courtesy of that seminar I attended a few years ago:

- 1) One out of every five people move to a new address every year.
- 2) Up to 50% of all accounts collected by collection agencies require some form of skiptracing.
- 3) Skiptracing helps reduce/decrease bad debt losses.
- 4) Skiptracing helps the collection agency:
 - a) Locate the debtor in hopes of collecting.
 - b) Determine if the debtor is able to pay up.
 - c) Determine if other creditors are pursuing the same debtor.
 - d) Determine what the debtor's paying habits are.
 - e) Determine the stability of the debtor's employment.
- 5) Here's the magic question: Should the creditor or debt collector pursue the skip? These are a few guidelines they follow in making that decision:
 - a) Use good judgment (sometimes a rare commodity in this profession) and follow all state and federal laws.
 - b) Virtually every debtor can be located with sufficient time and expenditure of money.
 - c) Creditors must limit the amount of time and money spent in order to keep skiptracing costs in line with the size of the debt.
 - d) Keep potential recovery in mind.
 - e) Skiptrace in order to locate someone who will pay the account, not just to gather information.

Re-read items 5 c-e! These are extremely important points of the collection equation to remember. Creditors and debt collectors are NOT going to throw good money after bad. These people are not going to waste their time chasing and harassing someone if they think their chance of recovery is slim to none. Their time is money, too!

How They Found You?

Computers have sure made the debt collector's job easier, and made them more effective. But even with the assistance of computers and massive consumer data bases, the typical debt collector has a predictable pattern they follow to track down "skips. "

Here are the techniques the debt collection community uses to find anyone and everyone.

Location Information:

- a) The debtor's last place of residence.
- b) The last telephone number at that place of residence.
- c) The debtor's last place of employment.

Information To Be Developed/Co D On Steps

- a) The debtor's name, including the correct and complete spelling of the debtor's full name, middle initial, junior or senior, etc.
- b) The debtor's correct address, including correct street name, number and zip code (9-digit preferred).
- c) The debtor's previous address.
- d) The debtor's place of employment, including their occupation (remember, debtors usually stay within their trade or occupation).
- e) Debtors who are members of trade unions, schoolteachers, nurses, etc. are relatively easy to find if you can figure out where they may have moved to.
- f) Obtain information about debtor's position, length of employment, earnings, usual paydays, etc.
- g) If you are dealing with a former employer, quiz them in order to obtain any references or find out if anyone else has made any inquiries since the debtor has left. Posing as a friend from "back home," high school or college is an effective ruse, as is posing as a relative.
- h) Find out if the debtor rents, leases or owns property.
- i) If the debtor does own any real estate, check public records (courthouse or tax rolls) for the name of the mortgagor.
- j) Once you find out the mortgagor, you may be able to find out by contacting them directly who carries the insurance on the property-another potential wealth of information and leads.
- k) If the debtor rents, find out the landlord or property, management company's name, address and telephone number on-site property managers will talk in many cases.
- l) Check to see if debtor owns an automobile or motorcycle through department of motor vehicle records. Obtain name, address and telephone number of company that financed or currently has a lien on the automobile.
- n) Get out the crisscross directory. Former neighbors are usually a pretty good source of information. See next category for line of questioning.
- o) Current neighbors: A terrific source of information! When does the debtor go to work? What time do they come home? What type of car do they drive? Can you get a license number? Do you know what they do for a living? Do they have any kids? Have you ever talked with them? What did they have to say?

Skiptracing By Mail

- a) Remember, a debt collection agency may not send correspondence through the mail that indicates the sender is a debt collector.
- b) The Post Office will search their records and give you the new address, if one exists, for \$1.00.
- c) The Post Office is also a pretty good source of information to get additional data on the debtor (if they rented) by tracing the 9-digit zip code. These 9 digit zips can supply more specific data that can be used for further tracing.
- d) Try mailing an empty envelope (with your return mailing address) to the last known address with the notation in the bottom right-hand corner "POSTMASTER: FORWARDING AND ADDRESS CORRECTION REQUESTED If there is a forwarding address the post office will send this information to you for (currently) a \$50 fee.
- e) "RETURN TO SENDER" is your first sign of trouble and indicates your debtor is probably a skip.
- f) Carefully examine all returned mail that is undeliverable for clues.
- g) "NOT HERE" is a typical Post Office wording that indicates the debtor is no longer there.
- h) "NOT THERE" is not normally used by the Post Office and indicates it was probably written by someone still at that address.
- i) "MOVED-NO FORWARDING ADDRESS" indicates the debtor is probably a true skip.
- j) "FORWARDING ORDER EXPIRED" indicates the time limit for forwarding has run out (you may get lucky and check with the post office and get a copy of the forwarding order).
- k) "CERTIFIED MAIL/RETURN RECEIPT REQUESTED" is useful when you need confirmation of a piece of mail being delivered and also to verify who signed for it.
- l) "RESTRICTED DELIVERY" assures that the target debtor receives the mail. This is a premium service and costs extra.
- m) "FORWARD" will show the target debtor's new address if on file and will show the return item from the post office.
- n) "RETURN TO SENDER IF NOT DELIVERED ON FIRST ATTEMPT" is used if you are trying to keep from tipping your hand that you are searching for the target debtor. Without this instruction, your target will be able to claim the letter at the post office and will know that you're looking for them. In addition, you still would not have a certified address.

Skiptracing By Telephone

- a) Making telephone contact is the most effective, fastest and cheapest method.
- b) Use good timing when contacting your informants in order to gain their maximum cooperation. Don't forget the time, place and type of person you are attempting to contact.
- c) Avoid calling early in the morning, when your informant is trying to get kids to school and themselves to work, or at dinnertime.
- d) Always leave a phone number (preferably toll-free) for informants to call you back.
- e) Identify your informant. Always know who you are talking to and verify their name and address.
- f) Identify yourself, stating only your name. Don't identify your employer, unless they specifically ask you to do so. If informant asks you to identify your employer, simply state the name of the original creditor (not your Collection Agency name).

g) Tell your informant you need their help. Be courteous and friendly. Try to build a rapport with your informant immediately ... this will encourage them to respond.

h) Under the Fair Debt Collection Practices Act (Public Law 95-109) you can only contact your target debtor at their place of residence, their place of employment or the telephone number you have on record.

i) Use psychology on your informant. Silently wait for them to make the next move. Wait for them to respond. Be patient.

j) Listen closely for information and leads. Analyze everything the informant says to you since they may give you leads to other sources of information.

k) Analyze the informant's attitude. Be alert for inadvertent clues and listen closely for inconsistencies.

l) Question your informant. Your questions may help turn up more information than the informant realizes they know. Limit your questions to acquisition of location information. Be sure to phrase all of your questions in a positive manner. Sound confident that you have the right information, even though you may be attempting to bluff information out of your informant.

m) Be prepared for any questions your prospective informant may have for you. You should try to structure all of your answers with a combination answer and counter-question of your own. This counter-question will usually prevent the informant from asking you any additional questions. If the informant should ask, tell them that you need to contact the debtor about a business matter.

n) Close your call. As soon as you have all of the information you want or all you think you can get from this particular informant, end the call.

o) Don't allow time for the informant to ask you too many questions. Take your information and end the call.

Additional Sources Of Information

a) Old and new telephone directories.

b) Criss-cross directories. One section lists households and businesses by street name and number; another section lists all telephone numbers by exchange and lists to whom that number is assigned.

c) City directories. Information obtained by direct canvassing of the city by mail, phone and sometimes even personal contacts. Most residents of the city are included, even those with unlisted phone numbers. City directories are usually divided into four sections:

- Business and professional firms
- Names of residents and businesses listed alphabetically
- Listing of households and businesses by street name
- Telephone numbers (in numerical order) followed by the names and addresses of the person(s) or business(es) to whom the telephones are listed

Who Do You Contact?

a) Go back through all/old files on debtor.

b) Contact former or current neighbors.

c) Contact former or current friends.

d) Contact relatives.

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- e) Former employers.
 - f) Apartment managers or landlords.
 - g) Local stores, service stations, barber/beauty shops, restaurants or bars the debtor may have frequented.
 - h) Social services agencies.
 - l) Schools, alumni associations, PFAS, etc.