

By Kristen Kibler

Thriving in an Opportunistic Industry

Michael Philippe finds a need for debt recovery services in an evolving market

Two years ago, with an eye on changing market conditions in the corporate finance industry, Michael Philippe decided to blend his experience in structured finance, distressed debt and credit to start a company specializing in debt recovery. Card Acquisition, LLC, in Sioux Falls, S.D., is the product of Philippe's desire to diversify his knowledge of the industry while providing superior distressed-debt settlement services.

Philippe began his career while working toward degrees in accounting and economics at St. John's University in Collegeville, Minn. He later pursued graduate work in finance and marketing at Northwestern University in Evanston, Ill. and The Wharton School at the University of Pennsylvania in Philadelphia, as he worked on his corporate banking career.

He spent most of his corporate financing days with two international banks: Lloyds Bank and Sumitomo Bank.

"My first corporate lending banking assignment in the early 1980s was in the oil and gas division right before oil prices crashed, causing widespread loan defaults among independent oil and gas companies," Philippe said. "That short assignment taught me how to recognize red flags and how quickly market conditions can change."

After his first lending experience, Philippe entered the structured finance and asset securitization industry of banking.

"The challenge was finding ways to finance portfolios of non-prime consumer receivables at a time when traditional lenders, like banks, weren't making these types of consumer loans, let alone financing the companies that were making non-prime consumer

loans," he said. "As certain types of loans became accepted on Wall Street, I would look for emerging asset classes to bring to the market."

In 1997, Philippe found his niche in debt buying.

"A meeting about eight years ago with an Oklahoma-based debt buyer tweaked my interest in the distressed consumer debt business," he said. "Fortunately, we declined that particular lending opportunity, but it indirectly led me into the business."

Since its launch in 2002, Card Acquisition has been providing debt-recovery services and implementing a new balance transfer approach for consumers with distressed debt.

"While we develop a specific business plan for each portfolio we take on, our primary debt-recovery method is a 'balance transfer' credit card product, whereby the debtor is offered the opportunity to balance transfer their settlement to a new credit card issued through a third-party bank," Philippe said.

Card Acquisition made headlines in August when Nicollet Capital Partners, LLC announced a strategic relationship with the debt-buying financial firm. According to Philippe, this partnership allows Card Acquisition to receive start-up capital and ongoing expertise in several important areas.

Philippe also established another beneficial relationship through ACA International's Creditors International (CI) division and Asset Buyers Program (ABP). He noted that CI and ABP have provided him and his staff with many networking opportunities, as well as training and educational resources.

Being president and CEO of a company, raising a family, and finding time for hobbies can create a hectic



ACA member Michael Philippe

schedule. "Right now I'm at the stage where having a balanced life is a long-term goal," he said. "Running a new business in an opportunistic industry, and having a college student and two high school students, keeps life rather unpredictable."

He added, "I love golf, tennis and playing the piano. I vaguely recall that I was pretty good at these things."

Philippe will be participating in the Panel of Brokers discussion during the ACA International Joint Programs Conference, held Nov. 4-5 at The Palmer House Hilton in Chicago. This session is an open discussion where brokers from various market segments discuss the kind of debts they buy and settle. **cm**

Kristen Kibler is communications specialist for ACA's Creditors International Division.