



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: May 19, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
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Subject: Briefing Memo – Asset Acceptance, LLC
Standard MEGA Credit

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COMPANY NAME

Asset Acceptance, LLC
28405 Van Dyke
Warren, MI 48903

HISTORY OF COMPANY

Founded in 1962, Asset Acceptance purchases and collects on defaulted or charged-off account receivable portfolios from consumer credit originators. Since these receivables are delinquent or past due, the company is able to purchase them at a substantial discount. Unlike debt collection agencies that collect on debt held by other companies, purchasing and collecting for themselves allows Asset Acceptance the best opportunity to use long-term strategies to maximize profits. From January 1, 1998 through December 31, 2007, they have purchased 853 consumer debt portfolios, with an original charged-off face value of \$32.1 billion for an aggregate purchase price of \$746.0 million, or 2.32% of face value.

Asset Acceptance currently has 806 employees in Michigan.

PROJECT DESCRIPTION

For the project, Asset Acceptance will be expanding their operations at their current facility in Warren, Macomb County. They would be creating a new Analytics Center of Excellence, which will enable the company to improve the efficiency and effectiveness of existing operations while identifying opportunities for improvement and growth. They would also be consolidating back office support to their national Legal Collections team, and would centralize an Information Technology team to support national operations.

Asset Acceptance will invest approximately \$8.1 million and create 432 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$593. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 601 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$8.3 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Given Asset Acceptance's national presence and existing operations in nine states, the company has the opportunity to pursue this project in a number of other existing locations, with the most likely alternative being Brooklyn Heights, Ohio. The primary advantage of creating this job growth in Ohio comes from a Job Creation Tax Credit (JCTC) available to organizations creating jobs in the state of Ohio. In addition, Asset has also identified higher labor costs as a disadvantage of locating the project in Michigan.

OTHER STATE AND LOCAL ASSISTANCE

The City of Warren is supportive of this project and anticipates approval on May 26, 2009 of a 6-year PA 328 tax abatement. The estimated value of this incentive is \$172,305.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends an 80 percent employment tax credit for seven years for up to 432 net new employees in excess of the company's established base of 806, subject to the following:

- Provided that the company creates and maintains a minimum of 325 jobs, over the employment base of 806, by the end of the fifth year of operations and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.