

Mike Boyle Interview on Capital Club Radio

Broadcasting live from the Pro Business Channel studios in Atlanta, Georgia, it's time for Capital Club Radio. Brought to you by Flock Specialty Finance, please welcome Chairman and CEO, Michael Flock.

00:24 Michael Flock: Good morning and welcome to Capital Club Radio today, we've got a very interesting guest, Mike Boyle, a man of many skills, many gifts, and in many industries, he's also a rising leader in the debt buying world.

He started and built his own debt buying company. And he sold it to a larger debt buyer and became an owner and partner in the consolidated fast-growing company, now called Diverse Funding Associates. Prior to Diverse Mike was founder of C&E Acquisitions, a debt buyer focused on asset purchases in the healthcare space. He started the company while he was an account executive at EMC Corporation. At EMC, Mike was selling data center and infrastructure services to hospitals and law firms.

Mike developed his knowledge and appreciation for technology while working in sales at Systems Alliance where he sold technology solutions to the university marketplace. He learned financial analysis skills at Partners First Holdings where he managed the financial aspect of its outsourcing relationship with FDR First Data. He also learned something about advertising when he started his career at MBNA where he managed advertising jobs including the launch of the Platinum Card.

Mike was the first in his family to graduate from college, he got both a bachelor's degree in business administration and marketing and also a MBA in finance from Loyola College in Maryland.

Mike, at first blush, you appear to be a man for all seasons with financial, marketing and technology experience in banking technology and finance companies, pardon the pun, it's pretty diverse.

02:16 Mike Boyle: Well, it's maybe a jack of all trades, master of none so kind of a generalist.

02:24 MF: Well, I sometimes feel that's important. As a kid, what was your aspiration, what did you dream about becoming?

02:28 MB: My dad at one point, had a trucking company and delivered home heating oil, and I wanted to be in business and I wanted something with large equipment and trucks. Yes, so real sophisticated; so if it was big and made noise I liked it. So, I haven't gotten there yet. Maybe that'll be the next chapter, but my dad is one of six kids and my mom one of eight, everyone in small business and around our community, which in northeast Baltimore in a town called Bellaire Maryland in Harford, County. So, my dad's family is largely in the car business they had

for a long time, a Buick dealership, now Buick GMC, that just celebrated its 50th year anniversary.

And my mom's family, my grandfather was in the logging business, so logging and timber business. And now my uncle and cousins still are active there, and own and operate a sawmill. I have another cousin and he's in the environmental services world. There's a lot of land clearing and it's much more regulated today than back in the day when they were doing it. It was storm water run-off issues, etcetera. So, the whole forestry industry has really grown and evolved. Both sides of my family, all small business and close to home, so it was I just figured I would do something, but I never really had any grand plan.

03:50 MF: So, there's some kind of entrepreneurial gene in your family on both sides of your family.

04:00 MB: Maybe being a little bit of independence and that independent streak probably as much as the entrepreneur.

04:07 MF: Why didn't you go into one of your parents', or your grandparents' businesses? They're already established and you like trucks, so car dealership, why didn't you go into your dad's business?

04:19 MB: So, the car business was family run and my dad, actually was independent, he now wholesale cars and he does a lot of work with his brothers, but doesn't work in the family business per se. So when I looked at coming out of school 20 years ago at the family business, there were only so many good jobs, and a family-run car business, they were all taken right and by guys that weren't my dad, so I thought this looks like it might be a tough road to hoe. And actually, through my high school and college careers I worked for my mom's brothers in their small hardware store and that's probably the best job I ever had. I learned more, the day-to-day in the hardware on hardwood floors and really a great experience and learned more life lessons and more practical how to do things there than probably any other job I've had.

05:12 MF: Give our listeners some examples of life lessons in a hardware store.

05:16 MB: So, the area it's in is Jarrettsville, Maryland and it's called Smith Hardware and they've been there about 40 years now, but the areas notorious for hard water and it's hell on plumbing. So, any type of metal pipes, so bathroom fixtures, over time, they corrode and fall apart. So typically, the way a plumbing guy would come in, someone would do it yourself or trying to figure out what he's doing, he would pull a part one part, well, then he would break the next part up the line. So, usually by the second or third trip, he had finally gotten to a point where he had a clean break and he could start replacing and repairing but this was an iterative thing. So, what I learned was that not only did you have to look at and figure out what he was holding in his hand, but two and three steps up the ladder from that or further and closer to the source to be able to tell and help him or her through whatever plumbing challenges he was having. So having an awareness of what that guy or girl was dealing with in addition to what you

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were seeing. As trivial as that sounds, it's certainly something I've tried to bring to whatever career I'm in. In a deal not only with what I've got in front of me but with what that person on the other side of the table may have behind the scenes. So thinking on your feet and doing that stuff was challenging; it sounds silly, but some of these guys were a little less than capable. So trying to hand hold someone and talking her through their challenges and trying to coach the UN-coachable, at times. Certainly, you can't really tell the guy "Look you idiot do it this way" So, I worked a little diplomacy. So, believe it or not, the hardware store actually was my first job and I was there for eight years, part-time. During my college years, I would commute it was enough and they were always very flexible with my schedule. So it was cool. I still go in there and am a good customer, my number still works in the computer, so I can check myself out and a couple of my cousins are there now.

We looked at and talked about perhaps opening another location and the one thing that I really didn't like about that grind, and as much as I loved the business, was the retail side; just the hours and at the end of the day, it's a retail business. And I didn't want to be married to a spot. So I kind of started looking around and got a couple of internships. I enjoyed working with my uncles immensely and I learned a ton from them and I very much consider them mentors, but really being married to a spot going and showing up every day in one particular location, I just did not like the structure and the grind of retail.

08:20 MF: But it sounds like you learned a couple of lessons about... You're not just selling metal piping, or hardware is solutions.

08:25 MB: Oh yes, and try to get a guy's toilet working again, it's not always elegant solutions!

08:29 MF: Exactly, so is that how you differentiated the hardware store, meaning it wasn't just a commodity... It wasn't just parts for your toilet, but how do you actually fix it?

08:40 MB: Well, I think it's actually why they're still successful today in the world of Amazon and Home Depot and the big box stores. One, they're a little bit geographically removed, so it's a 15-20 minute drive to get to one of the big boxes, but two, you walk in, and someone greets you with, "what do you need today?" They walk you through, they help you and the level of service that they provide relative to walking into a Home Depot, nothing against them, especially since I'm in Atlanta, but kind of a small boutique store, very high service, and again, they're really doing well today, and just completed a big renovation, and so it's been fun to watch.

09:19 MF: So, what I just picked up on is you're recognizing that there is also a relationship at the hardware store. So that personal touch, that personal communication.

09:36 MB: Without a doubt, and in that community it's still like this today, although it's grown half of the folks who walk through the door you knew by name or certainly if you didn't know exactly who they were, you know, kind of who they were. And so, very much that sense of community and a really good area. So, it was fun.

09:53 MF: So, are there some common denominators from your experiences in your first jobs and back to that hardware store, meaning you are an MBNA, you managed advertising jobs and later at Partners First Holdings you managed the finances of the outsourcing relationship with First Data, were there some parallels there? Was it customer relationships that is a solution selling?

10:19 MB: So, I think communication which probably permeates any type of sales campaign, or customer service, I'm often told to shut up and I talk too much in long-winded and those types of things, and that's only by my friends, and sometimes family, so some of the folks who really know me, but all kidding aside. I rarely have ever thought or ever felt I'm the smartest guy in the room, but I kind of feel like it's my job to facilitate, and that's been common, how do we get from point A to point B with a lot of diverse opinions or different opinions often. What's a common goal here and how can I help, person A relate to person B or vice versa?

11:08 MF: Well, it'd be pretty hard, I think, just to sell solutions if you can't communicate and I guess two, communications as part of marketing which you learned without it out, started at MBNA. What were some of those types of communication lessons?

11:25 MB: It's interesting, when I started in the advertising world at MBNA, it was very heavy direct mail. So they were early on, the whole endorsed marketing concept, so they were very early on. I'm a graduate of Loyola College, the Loyola College Alumni Association. So, they worked with Loyola to provide their list provide some nuance to their alumni base and then Loyola enjoyed royalties and the financial component. MBNA had great loyalty, great customer service so at that point direct mail and list management was really the crux of it. It was a multi-faced marketing campaign. They'd go to Loyola and get their list and did direct mail based on a bunch of different things. So we were looking at response rates and does the green envelope get a better response than the white one so they certainly were doing things on a scale that there was a lot of statistical analysis going on by guys a lot smarter than me. But the other side of it was the outbound call campaigns; so that was my first call center exposure as well. So the call center and key performance measures all those fun things. And as you well know from your time with debt buyers and collection operations, the call center can be a grind as well.

12:59 MF: And the quality of the communication is critical to the outcome. But in marketing, it's a different kind of communication, it's also a message. Did you get involved in designing some of the messages in the advertising?

13:04 MB: We did, so not necessarily on the creative side, it was more the execution. The Platinum card was the first time I guess in the evolution of credit cards in the late '90s, this platinum concept was a new one and so some of the enhanced benefits, the reward points, all those fun things the loyalty programs that are everywhere today. MBNA, was pretty innovative in bringing that to market, so from a huge launch for the Bank, I don't recall, I think they had about a \$100 billion announced the outstanding balances at the time, but this drove another 25% or 30% growth over the next couple of years. It really was a significant undertaking and product launch with a lot of success. So at that role at that time, I was very junior early in my

career, but it was just really wild to see something done at scale. A direct mail campaign which was blanketing the country effectively.

14:06 MF: So, we look at communications in a call center and you need technology for that. So that's how you, I guess, acquired your interest and learning technology?

14:17 MB: So, from MBNA, I went to work at a boutique consultancy called First Annapolis. They were a group that was pretty active in the payment card space, so any type of electronic financial transaction, they also had an issuer or practice and did a lot of consulting work with the bigger banks. Credit cards were much less consolidated then, so everyone had a credit card portfolio at the regional banks had their relationship accounts, etc. Obviously over the last 15 years, we've seen just drastic consolidation and in a real run to the top with all the acquisitions in the portfolio world. But at First Consultant, I got into that issuing practice and so they contributed to our group and the formation of a company called Partners First and that was a credit card bank and we basically managed Bank of Boston and Bank of Montreal through a subsidiary Chicago Harris Bank, and took all of their credit card accounts and put them into a portfolio. So we had about a million active accounts, \$2 billion outstanding and so we did the securitization. I had no idea what I was doing at the time, but little did I know I was basically doing some pretty heavy lifting and had access to a pretty cool deal. We funded a couple of billion-dollar portfolios and then ultimately sold them to Wachovia, also here in Atlanta. Their credit card operations were at the time, and so over the course of literally two years and three days, put the company together and then spun it off and sold it. So it was pretty interesting to go through M&A at that time. It was also a kick in the butt when Partners first got sold and I needed a job. That was in 2000, the height of the dot-com bubble, and there was a group in Baltimore called Advertising.com that had just received a pretty big round of funding and was the wonder-kid at the time locally, and one of my buddies had gotten a job there. I interviewed and started there the next week. So it was at different times and lots of fun, but I found myself in the dot com world, which was kind of a brave new world to say the least.

16:42 MF: But you were building up a nice, pardon the pun again, portfolio of skills because you were learning about credit card portfolios, technology, call centers. And then, let's fast forward to EMC, there, you were selling data center infrastructure services to hospitals and law firms. So now you're beginning to also build a knowledge and experience with the whole healthcare system.

17:07 MB: So I wish I had some blue print or grand plan and intended to go do all this stuff. It was a lot more serendipity and kind of luck and whatever along the way meeting good people and recognizing opportunity. When I did make the shift to EMC, I had been through the dot com and I was with a local system's lines and was a local integrator and did application development work, but I didn't have a really a blue-chip marquee on my resume. So EMC was probably my first conscious decision that I wanted to go work for a big name in technology and try to cut my teeth there and see how I faired. So EMC, I did go into interview with them, with Oracle, HP, and I wanted a big name in technology and very fortunate and had a great experience at EMC. So I'm glad that one worked out.

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18:05 MF: You call it serendipity, but in reality, when you look at your history, your career history, you are already building experiences in finance and technology, and call centers and it kind of comes together in your years at EMC. You have that entrepreneurial instinct and gene and I think it sounds like you were able to kind of craft your own kind of career path at EMC.

18:29 MB: EMC was an interesting place. It's culture I think was interesting. I've never been a part of an organization that hired so tightly to a culture. I was sharing with some friends at dinner last night that I could walk into a sales meeting with a group of the sales guys in Baltimore, Maryland; Atlanta, Georgia; San Diego, California; Chicago, Illinois and we were headquartered in Boston. So aside from them all being Red Sox fans, that made him a little different, but almost to a person it felt like I was in the same room. They hired a lot of young, aggressive folks like me and there were a lot of ex-athletes there and they did not encumber you. Very little marketing support actually and it really was the strongest sales culture I've ever been a part of and that permeated all aspects of the organization. So, from a compensation perspective, if you were successful, they paid you well from a competitive perspective. If you were in a fight against HP or someone on a large deal you could get executive involvement from a technical side and from the corporate side. You know they used to say we turned the company upside down and bring all the resources down to the guys in the field and there was not a lot of corporate bureaucracy when I was there; you can pick up the phone and call anyone. So I had a great experience at EMC and the culture there really was one of a sales lead culture of do what's right for the customer and in many of my instances the company always did right and it was a great group to work for.

20:19 MF: And it also sounds like they gave you some freedom as an account executive to manage your territory the way you thought was best for your clients.

20:29 MB: Absolutely, they had their way of doing it and if you were hitting numbers and successful and you put up numbers consistently and were exceeding goals, then you had a lot of autonomy. When we were struggling there was certainly some structure there and some proven methodologies that they used but if you were successful in your role and your territory was performing where they thought it should be, then you had a lot of freedom.

20:57 MF: So, with all those great things about EMC, the culture, the autonomy, the fun that you were having, why did you start, while you were working there, C&E Acquisition?

21:11 MB: So we had a friend of the family, who was a collection attorney and my brother was actually involved at the time and so it was in 2005 and I had just got married and just started a new job at EMC and my brother was a very adamant on we have got to start something, we have got to do something and candidly from an ambition and entrepreneurism. He went to Penn State and spent a couple of years at JP Morgan on Wall Street and then come back to Maryland. And Patrick really was the one who wanted to get this thing going. So I said, I just started a new job, I've got a new wife, like this is not the time and he said, "When are we going to do it?" We had that friend of the family, as a collection attorney, and Patrick said, "Look you

know this gentleman seems to do okay, he works a pretty loose schedule, maybe there's something to this". So this gentleman did kind of guide us through our first debt purchase, he was a state buyer locally and said, "Hey go out and do it somewhere else". He made a couple of introductions and helped us get our first portfolio, find someone to service it, and that was in early 2005. So fast forward to 2008 and that's when I guess I started working with my current partners in '06 and the buys get a little bigger, a little bit of different strategies and not necessarily a local legal model in one jurisdiction. We were buying national portfolios of HSBC at the time, albeit relatively small ones. So it really kind of, again not by design, but just by opportunity and necessity we kind of grew the operations. Then we grew the financing capacity.

23:03 MF: So, you were buying HSBC, but also, I thought some of your first portfolios were in the health care and hospital space.

23:09 MB: They were early on, so when I was in technology and by the time I left, I had seven accounts and they were law firms or litigation support companies and hospitals. And it doesn't really sound a whole lot alike... But there were actually a lot of similarity. So one was the whole privacy issue and really understanding patient data or client data and very much both protected classes of data, so the privacy and integrity issues that were there to healthcare are kind of vital and everyone needs their health information. And in the technology industry, Hurricane Katrina and the devastation that happened in New Orleans, was really kind of a seminal moment where the tide turned, and hospitals got it. So, you've had all these technology companies trying to sell bedside documentation and computerized physician order entry for forever, okay, and folks were kind of halfway along or implementing little bits and pieces. Well, when you had a wholesale destruction like that and all these patchwork systems were at varying stages of maturity and none of them had redundancy or some of the business continuity, that really they required, it really was kind of a kick in the butt to that industry. And even so, you saw much more adoption after that which is a great time to be selling hardware to support that. So with healthcare, and similarly the legal world, big business litigation, I will go to my grave saying we care more about our money than we do our health because ironically, the legal world and those folks had invested in all the DR and business continuity and much more mature in their systems than healthcare was. So anyway, I kind of straddled the two, I had a small book of some key accounts and really had a lot of fun there.

25:09 MF: So then when did you become completely independent from EMC and then is that when you also then partnered with Diverse?

25:16 MB: So, I came out of EMC officially in 2012. I've been working with the partners at Diverse, Dan Mendez, Larry Schiavi and Neal Walsh since 2006. We had co-invested and Dan was really running the servicing operation at that time. So, to varying degrees we have been working together since 2006. In 2008, we raised our first outside money together and then in 2012, in the midst of the crash, that capital supplied us through the crash. And in hindsight, I would have loved to raise a lot more and really doubled down on what was a good time to make hay. But we were pretty conservative with how we had grown it. One of the reasons we enjoy our financing with your group is the elasticity. We see a lot of guys go out, raise money, they're

under pressure to produce returns and they start making bad, bad buys just to put money to work. And that's something I'd like to think we've had the discipline to avoid.

26:31 MF: Yes, that's obviously critical in this industry. So, what is it about Diverse and their team and their culture that attracted you? Obviously, they had money initially that was critical to the relationship, but beyond that, for you to give up your independence. We started out this interview talking about your entrepreneurial genes in your family and the fact that you like to be independent, but then when you sold C&E to Diverse you're giving up some independence, aren't you? And how does that gel?

27:01 MB: It didn't feel that way and I'd like to think it was an example of one plus one, plus one, plus one equals five or six. So, among the partnership and dad is our CEO and our majority owner, and really in my career, a unique and talented guy. I mean, a top five guy that I've had the pleasure of working with and for and so Dan, he makes all of us better. And so I guess balancing that independence with a little bit of security of having some smart guys around you and being part of the bigger team, and certainly Larry and Neal also really talented guys in their own right, and to Dan's credit as the company has grown, really, he's turned over a lot of the trust, a lot, and really empowered Larry, Neal, and myself, to do our various roles. So the partnership works, not because we're all the same, our skill sets are pretty complimentary. Larry and I do a lot of the talking and dealing with the outside stuff, Neal and Dan more the operators. And so, recognizing that other guys have other skills and other passions that aren't necessarily the same but certainly complementary to mine. And if a couple of those guys happen to be a lot smarter than you, that doesn't hurt either. So it's been a good run and the one thing back to your earlier comment about communication, the one thing that I enjoy is we are always treated like partners, and that really comes from Dan. So it's free to say, and behind closed doors, we don't necessarily have to agree and we can be candid, we can be direct and I think that's what makes it work and... And once we make a collected decision, than we live with it, some of them have been good, we've had a couple of stupid ones.

29:06 MF: Have there been any moments though this journey with Diverse with Dan, Larry and the team that you worried that you won't succeed and that you could fail?

29:09 MB: No, never a failure. Just as with the ebbs and flows in our industry, you see what the returns can look like when life is good and certainly maybe some frustration when life is bad.

29:43 MF: But you started this thing in the middle of the crash which is kind of gutsy or maybe it's smart in the long run.

29:36 MB: We had been at it for a little while and certainly had some of the key components of the working relationship down, but it was really looking for that financing in 08 in the middle of the crash that that was really the genesis of C&E. So, it was a recognizing an opportunity I would say we're probably a little contrarian when everyone else was running for the exit, you should probably be looking around to see what we can pick though and so, again, not divine strategy, just we like to go where others don't.

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30:10 MF: But initially your focus was in healthcare, hospital systems and you did buy an HSBC portfolio early on, but healthcare was really your focus at C&E and now at Diverse that's not as much of a focus. So tell our listeners your outlook for healthcare and why that seems to be taking longer to develop it as a debt buying segment.

30:36 MB: So, Diverse being a parent company and we buy all of our consumer assets and consumer debts through Diverse. So we go to market as C&E Group in the healthcare market, so two distinct entities, two sources of financing. So C&E really hones its message and the reverse sale I'll call it, to the hospital to earn their trust, and we have a transact business with them so I think a little bit unique. It's funny I've never worked so hard in my career to give money away. But when we go to the average hospital CFO and say, "Hey we'll buy your pool of outstanding receivables and I can cut you a check for a million bucks tomorrow"... And they look at you and say, why would I do that? So it's an interesting time and I think in our evolution and certainly at the national level, you can't have any debate on a national level that doesn't include some component of healthcare. And pragmatically, what I think and what I've seen over the last several years and what it means to Main Street USA are higher deductibles and so for a long time we've had hospitals who have absolutely optimized and spent lots of money on revenue cycle management and at the end of the day, what that really means is, they've optimized themselves to get paid by the big third-parties that can be Blue Cross, that could be Medicare, that can be Medicaid, most every dollar, every innovation, every piece of technology was to streamline those payment processes and enhance that revenue cycle. What they didn't do or didn't do well in many cases, and I'm being a little critical here and this is based on experience, but hospitals didn't really focus on the patient element. All of their money was coming from the big third-party payers to the extent that they were collecting copays and deductibles from the actual patient in the building. It was the cherry on top of the whip cream on top of the hot fudge to make the sundae and very incremental to their overall picture. In the midst of all this with the Affordable Care Act, I've heard it called the unaffordable deductible act, and it's really pushed a lot of that first albeit \$3,000 to \$5,000 a year of medical expense to the individual consumer. So, indirectly it forced the hospital now to go collect that first \$3,000 to \$5,000 of medical care from the consumer the last decade, they've been focused on the big third-party payers, they haven't been doing scoring models, they haven't been effective, they're not banks, they're in credit, not necessarily credit, but it's a few for service offering and they have no clue the credit quality of the person who walks through the door. So we've seen a lot of variation in different hospitals as to how sophisticated they are. When Mike Boyle walks through the door, Michael Flock walks in with pre-authorization, so you're there for a service. My daughter, this was some years ago, but we walk in and my kids have all had issues with ear infections. So I think we've been through five or six sets of tubes, among the three kids. They've typically been done in a surgical center, no problem. Well, one year and my daughter was getting her second or third set. The surgical center had a pipe burst and the place was closed down. So we had to go to the hospital, right, so we walk into the hospital, we got my two-year-old, we were the first appointment because she's young. She hasn't eaten, mom's upset because she hasn't eaten, I'm upset because putting my kid on the operating table at 7 o'clock in the morning, and so we go check in and they look at me and they say it will be \$387 and I said, "okay, no problem. Send me the bill as

you always do. No sir, it will be \$387 cash, check or credit card, she isn't going back there unless you pay now. Okay, here's my credit card." But not only was that in the St. Joseph Medical Center in Towson, Maryland, they pre-authorized our insurance coverage to determine what our eligibility was and all the charges and actually pretty early adopter to be able to do that. So, they no longer were in the credit business they were in the pay-to-play business and pretty rigid right out of the gate. So I offer that as an example of how hospitals now are really understanding what's going to be due from the patient and having that conversation up front, but still I think we have a long way to go. Comparison shopping is a joke and meaning healthcare. I needed a prescription for my daughter. At Walmart it was six bucks, at CVS next to my office it was \$86 and for the same thing! Until there's more transparency, I think we're going to struggle with this, but from a healthcare perspective, normal business practices don't yet apply I think because there are so many different intermediaries in between you as a doctor and me, is a pain.

35:44 MF: What's interesting Mike about this conversation with you is that you are searching in your mind for solutions to patient care just as when you were at the hardware store as a kid. You're not just selling pipes, you were selling a solution, how to fix toilet. Now you're in the hospital systems, you're trying to marry a debt-buying solution or how it can help in their management of the whole patient care process.

36:08 MB: So the other indirect outcome of all this is a lot of the hospitals are struggling financially and we're seeing some consolidation, we're seeing bankruptcies, we're seeing lot of carnage in the healthcare provider space. And so what we offer at the end of the day is liquidity and money. So you're sitting on assets that are not being managed well today, we'll buy those from you, release them from you and give you an infusion of liquidity. We'll cut you a check for a million bucks, go invest in that point of care system. We often tell CFOs look, we'd love to work ourselves out of a job with you over the next three to four years. Give us the opportunity, let us inject some capital into your organization and work us out. Get more sophistication, buy the systems you know you need. So where we are successful, those are often the use of funds are those front-end systems, insurance verification, etc.

37:01 MF: So, wrapping things up, what's your outlook for Diverse in the industry? And as you craft the vision with your partners, how does the future look for your company and for you personally?

37:14 MB: So, we're bullish on the industry and we feel that the regulatory environment is more favorable today. I think it over-corrected and was due for a correction. I think through 2016 it really was restrictive. Today, I think it's more appropriate. We see some barriers to entry. Not just anyone can start being a debt buyer. The licensing and binding requirements now to do so at a national level really have some teeth so we like it. We feel that consumer credit is back to record highs. As the economy slows down, there's going to be purchasing opportunities at the end of the day, we feel our job is to provide liquidity back into that system, and that's fun, philosophically how we rationalize this and feel good about it. And so, with the correction we see opportunity for purchasing and what we collect and compliance and consumer friendliness are

two key priorities of ours, we want to be very good guys at what is often looked at as an ugly business. And that's really a key strategy to our collection is treating consumers, regardless of their situation, like real people with real problems, and how do we help them get out of those problems and that served as well. So, we're bullish. We like it. The one challenge that we have is the consolidation just in the banking world. So much of consumer credit is tied to so few issuers and particularly on the card side.

39:04 MF: But now there's online lending, so doesn't that provide a new channel of credit?

38:59 MB: It does and it's certainly been an area that we've been doing some exploring, and although exciting and although growing, it is a neophyte compared to... So it's in a cork in the bathtub, relative to traditional consumer credit. So, from a scale perspective and those things, they're growing, they're exciting, and it's certainly some innovative models out there that we like, but... But from a scale perspective the big banks, you aren't going to get away from that any time soon.

39:39 MF: Well, Mike, you certainly have a great past and your future, you've got at least another what, 20-30 years of entrepreneurial endeavors in your future. So how do you want to be remembered though? I mean, you're a single father, you got three wonderful kids, you've built a wonderful business, you've got some great partners. What do you want to be remembered for?

40:03 MB: So, my kids, I think I look at them and that's certainly regardless of anything that I have done without a doubt, my biggest point of pride. And if you want to make my day, tell me something nice about my kids. And my oldest, Kinley, is in seventh grade, starting to look at high schools, my middle, Mikey, is 10 years old. He went to a field trip yesterday at a naval academy and at this point seems to be a pretty talented athlete. Then my youngest, Elena, she is the life of the party. She's got more personality in that little body than they should give out and anyone should be allowed to have. So how to be remembered, that's a tough one. As long as those three people speak well about their dad, I think I would have been successful.

40:59 MF: Well, thanks Mike for your time today, you've got a wonderful story. Actually, a Diverse, pardon the pun, career in combining finance, technology, sales and culminating today in a significant leadership role in one of the fastest growing debt buyers in our industry. And in fact, when I look back at your career so far, and you look at the skill sets necessary to be successful in debt buying, it's finance, technology and sales, all of which you've had. They all intersect, and these are critical ingredients for any executive in underwriting, raising capital, analyzing data systems, and of course, selling your brand with creditors and capital sources. You've developed all these skills, and I compliment and congratulate you on your achievements. Are there any parting words of wisdom for our listeners here as we navigate these exciting times in the debt buying industry?

41:48 MB: I certainly thank you for listening, and I certainly appreciate Flock's partnership. If I didn't give the disclaimer, we are a client so we appreciate your support of our growth and the

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team that supports us, you, Greg, Damon, John and the team. No one does anything alone. So we appreciate that support and I appreciate the opportunity to be here today. Glad to be here and thanks for having me.

42:16 MF: Well, Mike thank you for sharing your lessons learned over your couple of decades in your career. I think the other common denominator I want to underscore is as you've talked about relationships and how important they are, whether it was at the hardware store and now at Diverse and you clearly have demonstrated how that can grow your business and be very fulfilling personally.

42:46 MF: That has served me well and I'll leave you with this, my grandfather, the car guy, one of his most consistent sayings was "never judge a man until you walk a mile in his moccasins". We don't have to any Indians around us, so I don't know where he got the moccasins, but he always had empathy. And at his funeral, I looked around and most of the folks in that room I had known my entire life, and I was fortunate enough, I was 36 when he died, but the value of the relationship, he did not turn friends over. He and my grandmother were married for 58 years and that relationship piece is it. And so, I take a lot of pride and I have the same friends, and I guess I'm not real transit in that way. So, I credit that one to my grandfather.

43:36 MF: Well, those are very wise words, indeed, in fact with lessons maybe for some of our politicians today, don't judge anybody until you've walked in their moccasins.

43:45 MB: You don't want to get me going on that.

43:47 MF: Yes let's end here... Thank you Mike, thank you so much for your friendship and your business.

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