

## **Small Claims Court. . . Turn That Worthless Piece of Paper into Cash by Jim Martin**

If you've ever won a court judgment, you learn that you have to collect it yourself. The judgment debtor, the person who lost, does not have to voluntarily pay. It's up to you to collect your money. Some people will pay the money owed to you if you just ask. Write them a letter explaining that you plan on taking legal action if they don't send you the money. Don't give away any plans on how you're going to do that.

Also, don't use any threats or strong language. It won't work and it's illegal. You might also suggest working out payment arrangements or suggest a loan or putting it on their credit card. Be creative. If that fails then you'll have to resort to collection. This can be done by one of three ways:

- Collect it yourself
- Hire a collection agency
- Hire a judgment collector
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Have you checked the prices of the last two lately? They will want between 30 to 50% of the money that they collect. Let's take a look at a possible fourth option. Somewhere in between collecting it ourselves and hiring it to be done.

How about hiring some of it to be done and doing some of it ourselves. There's really only four things involved in collecting a judgment:

- Locate the person
- Locate their assets
- Make a plan
- Carry it out
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We could hire an information company to locate the person for us. If we already know where they are located we can still use that information to uncover some of the person's assets, place of employment, where they bank, date of birth, social security number and lots of other information. We probably won't need to do an asset search with this information. It will save us a lot of money.

You should be able to get this information for about \$15-\$30. Any expenses incurred collecting your money you can recover. You just have them added onto the amount of the judgment. The debtor has to pay them for you.

You can also collect interest on the money that's been owed to you all this time. Anywhere from 8%-12% depending on what state you live in. If your judgment is two or three years old or more you can double or even triple your money.

Some judgment collectors won't even tell you about this and will keep it for themselves. Or they will want some of it.

You may want to hire one or two things out to a regular attorney. For example, if you have to file garnishment proceedings. It's very easy to do yourself and the court will give you the forms for free. But let's say you don't want to be bothered with it. Get your attorney to do it for you for you say between \$75 to \$150. Remember, you can get it back.

So let's figure things up. At the most you've spent \$180 doing very little of it yourself. Now let's say your judgment was for \$2,500 and you hired it all done. You would be paying around \$1,250 plus probably lose some interest if not all of it. See the savings here?

Let's take a look at how important interest accumulation is. Let's say we have a judgment of \$2,500 owed to you for three years at 10% interest.  $\$2,500 \times .10 = \$250$ . Then divide that by 365 = .68 cents a day. That's almost \$750 extra money for you. In most states you can collect simple interest only.

If you collected this judgment yourself, you've saved as much as \$2,000. If you have multiple judgments on the books, you can see what a savings this adds up to.

Even if you have one, it's a lot. If you're like most business people, you have a relationship with an attorney who would work with you on this. Now all you need is an information company to make a great team.

Look for an information company that will work on a no hit no fee basis or one that doesn't charge much if they can't locate any info on the person. They do deserve something for their efforts. They are charged by the databases even if they can't find anything.

If you see from the information you obtain that the person's financial picture doesn't look good at this time as far as being able to collect anything just put it back in the filing cabinet. Check back on it every six months to a year and see if it's changed any.

Sometimes you have to look at these things as long term investments. Remember, the interest is adding up. So, smile instead of frowning when you put it back in the filing cabinet.

There is an old saying I like in this business. "Persistence breaks resistance." You will get your money if you're persistent. It's not hard. It's not time consuming once you learn how to do it. Most of the judgments I've collected over the years I only have about twenty hours in over a six-month period when I collected them.

I hope I've inspired in you the confidence that you can do this. Because you can. It's not rocket science. Look at all the money you're leaving on the table if you don't. Good luck and be persistent.

*This information is not intended to be a substitute for the legal advice of an attorney. Jim Martin spent many years in the field of judgment collecting. He's authored a book entitled "Small Claims Court – How to Collect the Money You Won." Reprinted with permission from Metro East Landlords Update.*

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