

# New on the Amex



Date listed: Nov 1, 2006  
Share Price (as of 11/6/06): \$4.75  
Shares Outstanding: 6.5 M  
Market Capitalization: \$30.7M

## **Management**

James D. Burchetta – Co-Chairman  
& Chief Executive Officer

Richard G. Rosa – President &  
Chief Technology Officer

Katherine A. Dering – Chief Financial  
Officer, Treasurer & Secretary

Sandra L. Styer – Senior Vice President  
& Director of Client Services

Howard C. Knauer – Senior Vice President &  
Director of Collection Strategies & President  
of DRV Capital LLC

Helen G. Rosen -  
Controller

## **Corporate Headquarters**

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## **For more information on Debt Resolve, please contact:**

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## **Debt Resolve, Inc. (Amex : DRV)**

Debt Resolve is a development-stage company that provides a hosted software service that allows credit card companies and collection agencies to collect money from delinquent consumers. The Company licenses its proprietary software solution, the DebtResolve® system, an Internet-based bidding system, to allow debtors and creditors to agree on acceptable repayment terms. Customers include banks and other credit originators, credit card issuers, third-party credit card issuers, third-party collection agencies, as well as assignees and buyers of consumer debt. The second segment of the business operates through the Company's wholly-owned subsidiary, DRV Capital, LLC, to pursue the proprietary purchase and collection of distressed consumer receivable portfolios.

### **DebtResolve System**

The Company's DebtResolve system is a comprehensive suite of proprietary service modules that enable creditor clients to settle and collect debts online. The system is offered through an application service provider (ASP) model that allows clients to introduce this collections option without modifying their existing collections systems. This system offers debt collectors a less intrusive and less expensive way of pursuing delinquent debts. Debt Resolve currently has contracts in place with 14 clients, including 4 banks and 10 collection agencies.

### **The DebtResolve Process**

The DebtResolve system brings creditors and debtors together online to resolve defaulted consumer debt through a series of steps. The process is initiated when one of the company's clients, which include banks and collection agencies, electronically forwards a file of debtor accounts and sets rules or parameters for handling each class of accounts. The bank or collection agency then invites its customer to visit their client-branded Web site, developed and hosted by Debt Resolve. The debtor is presented with an opportunity to satisfy the defaulted debt through the DebtResolve system. By accessing the Web site, the debtor can make three or four offers, or select other options to settle or resolve the obligation. If the debtor makes an offer acceptable to the creditor client, payment can then be collected directly through the DebtResolve system and deposited into the bank or collection agency's own account. Debt Resolve bills the bank or collection agency for the applicable fee. The entire resolution process is accomplished in real-time.

### **DRV Capital LLC**

DRV Capital LLC is focused on the proprietary purchase and collection of distressed consumer debt portfolios. Through DRV Capital LLC, the Company will seek to acquire these portfolios at a substantial discount (greater than 95%) to their face value and collect a significant percentage over a three-year period. DRV Capital has not purchased any portfolios to date. The Company plans to make its first purchase of distressed consumer debt portfolios in the fourth quarter of 2006.

### **The Debt Resolve Total Solution**

Debt Resolve believes that its combined businesses, the DebtResolve system and DRV Capital LLC, will allow the Company to operate as a more efficient debt collection and resolution provider. The Debt Resolve solution permits a creditor to collect defaulted debts faster than with traditional methods, through the use of the Internet. Additionally, the debt portfolios which the Company intends to purchase through DRV Capital can be processed through the DebtResolve system, allowing the Company to constantly test and improve the system, which it plans to continuously upgrade as a result of what it learns from processing its own portfolios of debt. At the same time, the Company expects that the costs of collecting on its purchased debts should be less because it will use the DebtResolve system and can rely less on human collectors and their associated overhead.

## Market Overview

- According to a U.S. Federal Reserve Statistical Release dated May 5, 2006, consumer credit extended to individuals totaled \$2.2 trillion as of March 31, 2006. Consumer revolving credit, of which the bulk amount relates to consumer credit card debt, approximated \$806 billion.
- According to a 2004 report on a survey of 1,000 consumers conducted by FiSite Research, an independent financial services research company, 84% of respondents rated the concept of an online collection service as excellent, and 83% chose the Internet as their preferred means to resolve a debt, compared to a call from a collections agent.

## Growth Strategy

Debt Resolve's goal is to make the DebtResolve system a key collection tool at all stages of delinquency across all categories of consumer debt. The key elements of the growth strategy are:

### ➤ Accelerate Marketing Efforts

Initially, Debt Resolve marketed the DebtResolve system to credit issuers, their collection agencies and the buyers of their defaulted debt in the United States and the United Kingdom. In 2006, the Company also targeted additional markets in the U.S. and abroad. The Company believes that its system will be especially valuable for the collection of low balance debt, such as that held by utilities, telecommunication companies and online service providers, particularly where the email address of the debtor is available, where the cost of traditionally labor intensive collection efforts may exceed the value collected. Other markets in the U.S. may include student loan debt and automobile loans.

### ➤ Expand Service Offerings

In 2007, the Company plans to build a scoring model based on aggregate customer data collected. This scoring model will identify customers based on their propensity to use the Internet versus other channels offered and, it believes, will help its creditor clients determine to what degree settlement should be offered as an option.

### ➤ Seek Strategic Acquisitions

The Company may seek strategic acquisitions of businesses, assets and technologies that complement its business. The Company may seek to enter the Accounts Receivables Management (ARM) business through the acquisition of a collection agency or other ARM firm. Debt Resolve believes that there are significant potential benefits for its entry into the ARM business. By using its Internet-based system to collect defaulted customer debt, a collection agency owned by them could achieve operating efficiencies that would potentially outperform competitors in the ARM business. An ARM operation could also serve as a platform to test new products and determine the most effective uses of the DebtResolve system.

### ➤ Develop Best Practices

By using its DebtResolve system to help collect the portfolios it intends to purchase through DRV Capital LLC, it also seeks to develop best practices for using its DebtResolve system to collect past-due debt.

## Bankruptcy Abuse Prevention and Consumer Protection Act

The Bankruptcy Abuse Prevention and Consumer Protection Act, which became effective in October 2005, significantly limits the availability of relief under Chapter 7 of the U.S. Bankruptcy Code, where consumer debts can be discharged without any effort at repayment. Under this new law, consumer debtors with some ability to repay their debts are either barred from bankruptcy relief or forced into repayment plans under Chapter 13 of the Bankruptcy Code. In addition, this law imposes mandatory budget and credit counseling as a precondition to filing bankruptcy. The company expects that these more stringent requirements will make bankruptcy a much less attractive option for most consumer debtors to resolve outstanding debt and will increase the pool of accounts suitable for the DebtResolve system and potentially lead more creditors to utilize its system.

## Recent News

*Nov. 1, 2006 American Stock Exchange Lists Common Stock of Debt Resolve*

*Nov. 1, 2006 Debt Resolve Announces Pricing of Its Initial Public Offering*

American Stock Exchange, 86 Trinity Place, New York, NY 10006-1872

The information in this report has been obtained from corporate filings with the SEC and other documents available to the public; it has been prepared with care but its accuracy is not guaranteed. This report does not constitute a recommendation by the Exchange.