



Phillip A. Noblett  
*City Attorney*

Valerie L. Malueg  
*Deputy City Attorney*

# City of Chattanooga

## Office of the City Attorney

Harolda G. Bryson  
Gregory E. Glass  
Kathryn C. McDonald  
Christopher McKnight  
Andrew S. Trundle  
Azarius "Zack" Yanez

*Assistant City Attorneys*

April 4, 2025

VIA CERTIFIED MAIL RETURN RECEIPT  
7018 0680 0000 9756 5862

Mr. Michael Baird  
Nationwide Recovery Services  
5655 Peachtree Parkway  
Norcross, GA 30092

Dear Mr. Baird:

The City of Chattanooga ("City") received a letter dated February 7, 2025 (see enclosed **Exhibit A**) from Nationwide Recovery Service, Inc. ("NRS") to inform us of a data breach that may have impacted certain information related to individuals associated with the City of Chattanooga.

Pursuant to Section 35 of the Collection Services Contract between the City and NRS, dated April 19, 2021 (see enclosed **Exhibit B**), the City hereby requests that NRS notify the customers of the data breach as set forth in the February 7<sup>th</sup> letter. Furthermore, in the event that it is determined that personal financial data of individuals associated with the City has been compromised, the City hereby requests that NRS offer credit protection to said individuals, pursuant to Section 35 of the Collection Services Contract.

Please contact Javaid Majid, the City's Chief Financial Officer, at [jmajid@chattanooga.gov](mailto:jmajid@chattanooga.gov) and Weston Porter, the City's Deputy Chief Financial Officer, at [wporter@chattanooga.gov](mailto:wporter@chattanooga.gov) to confirm the steps that NRS will take to comply with the City's request.

Sincerely,

  
Valerie L. Malueg  
*Deputy City Attorney*

cc: Nationwide Recovery Services  
P.O. Box 8005  
Cleveland, TN 37320

VIA CERTIFIED MAIL RETURN RECEIPT  
7018 0680 0000 9756 5879



PO Box 8005  
Cleveland, TN 37320

**Exhibit A to  
City of Chattanooga Letter**

February 7, 2025

**VIA U.S. MAIL**

*Attn: Chief Financial Officer*  
City of Chattanooga  
100 East 11<sup>th</sup> St.  
Chattanooga, TN 37402

**Re: NATIONWIDE RECOVERY SERVICES, INC. DATA SECURITY EVENT**

Nationwide Recovery Services, Inc. (“NRS”) is writing to supplement our July 14, 2024 notice regarding the July 11, 2024 cyber incident. We are writing to inform you that we recently determined the incident may impact the security of certain information related to individuals associated with CITY OF CHATTANOOGA. Although we have no evidence to suggest there has been identity theft or fraud related to this incident, NRS is providing this notice to make you aware of the incident and to inform you of the steps we are offering to take in response.

As you are aware, in July 2024, NRS discovered suspicious activity related to certain systems which resulted in a network outage. We immediately took steps to secure our environment and launched an investigation to determine the nature and scope of the activity. The investigation determined there was unauthorized access to the NRS network between July 5, 2024, and July 11, 2024, and that certain files and folders were copied from our systems. As a result, NRS began a review of the systems which contained these files and folders to determine what information they contained and to which NRS client the information belongs.

This review was recently completed, and we are notifying you because we determined that information related to individuals associated with CITY OF CHATTANOOGA is potentially impacted as a result of this incident. The information that may be potentially impacted likely includes name, address, social security number, date of birth, financial account information and/or medical related information, among other information provided to NRS as part of its normal course of business.

The confidentiality, privacy, and security of information in our care is one of our highest priorities. Upon becoming aware of this incident, we immediately took steps to confirm the security of our systems and to determine what information was potentially impacted. We implemented additional cybersecurity measures and reviewed existing security policies to further protect against similar incidents moving forward. We are notifying potentially impacted clients and reported this incident to federal law enforcement.

You may have certain legal duties in response to this matter, including providing notice of this incident to the individuals associated with your organization and whose information was potentially impacted, and we recommend you share this letter with legal counsel. You may also have contractual notice obligations as well. On behalf of CITY OF CHATTANOOGA, NRS is offering to provide written notice of this incident, complimentary credit monitoring, and call center services to potentially affected individuals associated with your organization. We will also provide notification of this incident to applicable U.S. state regulators, as requested.

Upon request, we will securely send you a list of individuals associated with CITY OF CHATTANOOGA that NRS identified. Subject to your written authorization, notice will be provided to these individuals by way of a letter in substantially the same form as the sample letter attached as *Exhibit A*.

If you would like NRS to take these steps on your behalf, please provide the following information:

1. Authorization to mail notice to potentially affected individuals associated with your organization on your behalf.
2. Authorization to provide potentially affected individuals associated with your organization access to complimentary credit monitoring.
3. Complete address information for any potentially affected individuals in which you would like NRS to provide written notice to; and
4. Authorization to provide notice to U.S. state regulatory bodies, if required, and direction to which U.S. state regulatory bodies you would like notified.

**NRS will not take any further action on your behalf unless written authorization to do so is provided.**

Please contact us at [Privacy@nrsagency.com](mailto:Privacy@nrsagency.com) with any questions or concerns. If you would like NRS to take any of the above actions on your organization's behalf, please provide written authorization to NRS no later than March 15, 2025.

We take this incident very seriously and sincerely regret any inconvenience or concern this incident may cause.

Sincerely,

*Nationwide Recovery Services, Inc.*



EXHIBIT A

<<First Name>> << Last Name>>  
<<Address 1>>  
<<Address 2>>  
<<City>>, <<State>> <<Zip>>

[Date]

<< Variable Data 2>>

Dear <<First Name>> << Last Name>>:

Nationwide Recovery Services, Inc. ("NRS") is writing on behalf of <<data owner name>> to inform you of an incident that may impact the security of some of your information. NRS is a debt collection agency and received your information in its normal course of business. We are providing you with information about the incident, our response, and steps you may take to better protect against the possibility of identity theft and fraud, should you feel it is necessary to do so.

**What Happened?** In July 2024, NRS discovered suspicious activity related to certain systems which resulted in a network outage. We immediately took steps to secure our environment and launched an investigation to determine the nature and scope of the activity. The investigation determined there was unauthorized access to the NRS network between July 5, 2024, and July 11, 2024, and that certain files and folders were copied from our systems. As a result, NRS began an extensive review of these files and folders to determine what information they contained and to which NRS client the information belonged. This review was completed on or about February 3, 2025.

**What Information Was Involved?** NRS undertook an in-depth review process to identify the individuals and NRS clients who were potentially impacted. NRS is notifying you now out of an abundance of caution because the investigation recently determined that certain information relating to you may have been within the accessed systems, including your name and <<Variable Data 1>>. Please note that we do not have any evidence of identity theft and fraud as a result of this incident.

**What We Are Doing.** We take this incident and the security of information in our care very seriously. Upon becoming aware of this incident, we immediately took steps to confirm the security of our systems and conduct an investigation. We also reviewed existing security policies and implemented additional measures to further protect against similar incidents moving forward. We reported this incident to law enforcement and regulators, as required by law.

In addition to providing you with notice of the event, we are also offering you immediate access to complimentary credit monitoring and identity theft protection services for <<Membership Offering Length>> months, through <Vendor>. You can find information on how to enroll in these services in the below *Steps You Can Take to Help Protect Your Information*.

**What You Can Do.** We encourage you to remain vigilant against incidents of identity theft and fraud by reviewing your account statements, explanation of benefits and health insurance/medical bills, and monitoring your free credit reports for suspicious activity and to detect errors over the next 12 to 24 months. Please also review the information contained in the enclosed *Steps You Can Take to Help Protect Your Information* where you may also find instructions to activate the credit monitoring and identity theft protection services we are offering.

**For More Information.** If you have additional questions, please call our dedicated assistance line at 1-xxx-xxx-xxxx Monday through Friday, x:xx a.m. to x:xx p.m., <Time Zone> Time. We take this incident very seriously and sincerely regret any inconvenience or concern this incident may cause you.

Sincerely,

*Nationwide Recovery Services, Inc.*

## STEPS YOU CAN TAKE TO HELP PROTECT YOUR INFORMATION

### Enroll in Credit Monitoring

[enrollment instructions]

### Monitor Your Accounts

Under U.S. law, a consumer is entitled to one free credit report annually from each of the three major credit reporting bureaus, Equifax, Experian, and TransUnion. To order your free credit report, visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call, toll-free, 1-877-322-8228. You may also contact directly the three major credit reporting bureaus listed below to request a free copy of your credit report.

Consumers have the right to place an initial or extended “fraud alert” on a credit file at no cost. An initial fraud alert is a 1-year alert that is placed on a consumer’s credit file. Upon seeing a fraud alert display on a consumer’s credit file, a business is required to take steps to verify the consumer’s identity before extending new credit. If you are a victim of identity theft, you are entitled to an extended fraud alert, which is a fraud alert lasting seven years. Should you wish to place a fraud alert, please contact any one of the three major credit reporting bureaus listed below.

As an alternative to a fraud alert, consumers have the right to place a “credit freeze” on a credit report, which will prohibit a credit bureau from releasing information in the credit report without the consumer’s express authorization. The credit freeze is designed to prevent credit, loans, and services from being approved in your name without your consent. However, you should be aware that using a credit freeze to take control over who gets access to the personal and financial information in your credit report may delay, interfere with, or prohibit the timely approval of any subsequent request or application you make regarding a new loan, credit, mortgage, or any other account involving the extension of credit. Pursuant to federal law, you cannot be charged to place or lift a credit freeze on your credit report. To request a security freeze, you will need to provide the following information:

1. Full name (including middle initial as well as Jr., Sr., II, III, etc.).
2. Social Security number.
3. Date of birth.
4. Addresses for the prior two to five years.
5. Proof of current address, such as a current utility bill or telephone bill.
6. A legible photocopy of a government-issued identification card (state driver’s license or ID card, etc.); and
7. A copy of either the police report, investigative report, or complaint to a law enforcement agency concerning identity theft if you are a victim of identity theft.

Should you wish to place a credit freeze, please contact the three major credit reporting bureaus listed below:

<b>Equifax</b>	<b>Experian</b>	<b>TransUnion</b>
<a href="https://www.equifax.com/personal/credit-report-services/">https://www.equifax.com/personal/credit-report-services/</a>	<a href="https://www.experian.com/help/">https://www.experian.com/help/</a>	<a href="https://www.transunion.com/credit-help">https://www.transunion.com/credit-help</a>
888-298-0045	1-888-397-3742	1-800-916-8800
Equifax Fraud Alert, P.O. Box 105069 Atlanta, GA 30348-5069	Experian Fraud Alert, P.O. Box 9554, Allen, TX 75013	TransUnion Fraud Alert, P.O. Box 2000, Chester, PA 19016
Equifax Credit Freeze, P.O. Box 105788 Atlanta, GA 30348-5788	Experian Credit Freeze, P.O. Box 9554, Allen, TX 75013	TransUnion Credit Freeze, P.O. Box 160, Woodlyn, PA 19094

### Additional Information

Consumers may further educate themselves regarding identity theft, fraud alerts, credit freezes, and the steps they can take to protect their personal information by contacting the consumer reporting bureaus, the Federal Trade Commission, or their state Attorney General. The Federal Trade Commission may be reached at: 600 Pennsylvania Avenue NW, Washington, D.C. 20580; [www.identitytheft.gov](http://www.identitytheft.gov); 1-877-ID-THEFT (1-877-438-4338); and TTY: 1-866-653-4261. The Federal Trade Commission also encourages those who discover that their information has been misused to file a complaint with them.

Consumers can obtain further information on how to file such a complaint by way of the contact information listed above. Consumers have the right to file a police report if they ever experience identity theft or fraud. Please note that in order to file a report with law enforcement for identity theft, consumers will likely need to provide some proof that they have been a victim. Instances of known or suspected identity theft should also be reported to law enforcement and the relevant state Attorney General. This notice has not been delayed by law enforcement.

*For District of Columbia residents*, the District of Columbia Attorney General may be contacted at: 400 6th Street, NW, Washington, D.C. 20001; (202) 442-9828; and [oag.dc.gov](http://oag.dc.gov). You can also write to NRS at <mailing address>.

*For Maryland residents*, the Maryland Attorney General may be contacted at: 200 St. Paul Place, 16th Floor, Baltimore, MD 21202; 1-410-576-6300 or 1-888-743-0023; and <https://www.marylandattorneygeneral.gov/>. You can also write to NRS at <mailing address>.

*For New Mexico residents*, consumers have rights pursuant to the Fair Credit Reporting Act, such as the right to be told if information in their credit file has been used against them, the right to know what is in their credit file, the right to ask for their credit score, and the right to dispute incomplete or inaccurate information. Further, pursuant to the Fair Credit Reporting Act, the consumer reporting bureaus must correct or delete inaccurate, incomplete, or unverifiable information; consumer reporting agencies may not report outdated negative information; access to consumers' files is limited; consumers must give consent for credit reports to be provided to employers; consumers may limit "prescreened" offers of credit and insurance based on information in their credit report; and consumers may seek damages from violators. Consumers may have additional rights under the Fair Credit Reporting Act not summarized here. Identity theft victims and active-duty military personnel have specific additional rights pursuant to the Fair Credit Reporting Act. We encourage consumers to review their rights pursuant to the Fair Credit Reporting Act by visiting [www.consumerfinance.gov/f/201504\\_cfpb\\_summary\\_your-rights-under-fcra.pdf](http://www.consumerfinance.gov/f/201504_cfpb_summary_your-rights-under-fcra.pdf), or by writing Consumer Response Center, Room 130-A, Federal Trade Commission, 600 Pennsylvania Ave. N.W., Washington, D.C. 20580.

*For New York residents*, the New York Attorney General may be contacted at: Office of the Attorney General, The Capitol, Albany, NY 12224-0341; 1-800-771-7755; or <https://ag.ny.gov>.

*For North Carolina residents*, the North Carolina Attorney General may be contacted at: 9001 Mail Service Center, Raleigh, NC 27699-9001; 1-877-566-7226 or 1-919-716-6000; and [www.ncdoj.gov](http://www.ncdoj.gov).

*For Rhode Island residents*, the Rhode Island Attorney General may be reached at: 150 South Main Street, Providence, RI 02903; [www.riag.ri.gov](http://www.riag.ri.gov); and 1-401-274-4400. Under Rhode Island law, individuals have the right to obtain any police report filed in regard to this event. There are approximately [#] Rhode Island residents that may be impacted by this event.

## Exhibit B to City of Chattanooga Letter

### COLLECTION SERVICES CONTRACT

This Collection Services Contract ("Contract") is made by and between Nationwide Recovery Service, Inc., a Georgia Corporation located at 5655 Peachtree Parkway, Suite 211, Norcross, Georgia 30092 (hereinafter "AGENCY"), and the City of Chattanooga, a Tennessee municipal corporation located at 101 East 11<sup>th</sup> Street, Chattanooga, Tennessee 37402 (hereinafter "CLIENT") (collectively "Parties"). This Agreement shall be effective as of the date signed by the CLIENT's authorized signatory (the "Effective Date").

WHEREAS, CLIENT desires to refer certain accounts to AGENCY for collection servicing and AGENCY is willing to accept said accounts and perform the collection servicing in a manner agreeable to CLIENT;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and such other valuable consideration, the Parties hereby agree to the following:

#### SECTION 1. DEFINITIONS.

- (1) "Claims" means the referral of delinquent accounts by the CLIENT to AGENCY for collection.
- (2) "Collection Services" means those services, compliant with state and federal law, rule and regulation, employed by AGENCY hereunder to obtain payment on delinquent accounts of various types, natures, and amounts as referred or placed with AGENCY from time to time by CLIENT.
- (3) "Commission" means the amount to which AGENCY shall be entitled and is a contingent fee based upon a percentage of the collections received on claims.
- (4) "Collections" means the aggregate proceeds collected by AGENCY in payment of a claim.
- (5) "Nonpaying Claims" means any claim not subject to a payment arrangement or that has not had a payment made on the claim for ninety (90) days.
- (6) "Recalled Accounts" means claims the CLIENT may recall from AGENCY.
- (7) "Trust Accounts" means accounts segregated from accounts containing AGENCY operating funds.

SECTION 2. PURPOSE

The CLIENT and the AGENCY enter into this Contract for the purpose of providing collection services for the CLIENT. By signature of this Contract, AGENCY agrees to provide collection services in accordance with all the terms and conditions set forth herein, and the CLIENT agrees to compensate the AGENCY by payment of commissions due under the terms and conditions set forth herein.

SECTION 3. EFFECTIVE DATE/TERM

This Contract will be effective on the stated Effective Date and its full execution by the appropriate officials shown on the signature page of this Contract. The AGENCY shall provide the services described in herein for a period of three (3) years (the "Initial Term") unless earlier terminated pursuant to the provisions of this Contract. Upon expiration of the Initial Term, this Contract may be renewed, at CLIENT'S option, for two (2) additional terms of twelve (12) months each (the "Renewal Term"). The original terms and conditions will remain in effect for any renewal period.

CLIENT shall notify AGENCY in writing of the CLIENT's intent to renew this Contract at least thirty (30) days prior to the expiration of the then-current term. If AGENCY consents to the extension, it shall sign and return the Renewal Notice to CLIENT within the time period specified therein. If the AGENCY does not consent to the renewal, this Contract shall expire according to its terms, unless earlier terminated.

SECTION 4. STANDARD TERMS

This Contract shall be governed by the City of Chattanooga's Standard Terms and Conditions (Revised 07/18/2018) which are attached hereto as an Addendum and incorporated herein by reference. In the event the City's Standard Terms and Conditions conflict with other provisions of this Contract, the Standard Terms and Conditions prevail. For purposes of the Standard Terms and Conditions, AGENCY may be referred to as "Contractor" but shall have the same meaning.

## SECTION 5. SERVICES TO BE PERFORMED

AGENCY agrees to provide services to the CLIENT as specified herein, or as amended hereto, on each account referred by CLIENT. Accounts shall be deemed transferred and delivered to AGENCY for servicing beginning on the Effective date and continuing from time to time at CLIENT's discretion. AGENCY shall provide the services set forth below and furnish all equipment, labor, postage, forms, and materials necessary to collect certain unpaid accounts referred to AGENCY by CLIENT. Accounts assigned to AGENCY will be in CLIENT's sole discretion.

Collection Services as agreed to by the Parties shall be subject to the following terms, conditions and provisions:

- (1) CLIENT shall, during the Contract term and any renewals, refer a portion of its outstanding delinquent accounts to AGENCY for collection. CLIENT agrees not to refer any such account to any other collection agency while the account is in AGENCY's possession. Accounts listed in error may be cancelled by the CLIENT without fee or penalty once assessed by the AGENCY. Accounts that are identified by the CLIENT as bankrupt shall be cancelled without a fee or penalty and shall be returned immediately to CLIENT.
- (2) AGENCY shall apply a standardized collection procedure to all accounts referred by CLIENT using all reasonable collection efforts. All collection efforts shall be conducted in AGENCY's name. AGENCY agrees that it shall comply with all provisions of relevant federal, state and local statutes governing the collection accounts referred by CLIENT.
- (3) AGENCY shall provide a secure internet location for payment of delinquent accounts. All payment process systems shall be in compliance with all payment card industry processing laws and regulations now in effect, including all payment card industry data security standards. CLIENT shall have access to the secure payment portal or location.

## SECTION 6. COLLECTION ACTIVITIES

AGENCY shall diligently pursue the collection of sums owed to CLIENT under delinquent accounts on referral or placement by CLIENT. AGENCY shall have, maintain, and employ, at its sole cost and expense without recourse or contribution from CLIENT, any and all industry standard and necessary infrastructure, capacity and expertise, including but not limited to, all necessary employees, agents, services, supplies, equipment, working capital, and funding to perform Collection Services for CLIENT. AGENCY shall not be responsible for performing collection activities for accounts with balances of one dollar (\$1.00) or less.

## SECTION 7. PROPRIETARY RIGHTS

CLIENT shall have sole discretion to place Claims with AGENCY. All Claims placed by CLIENT with AGENCY, including but not limited to, all files, documentation, work product, and data collected, produced or maintained by AGENCY, are and shall at all times continue to be, the exclusive property of CLIENT and shall be provided by AGENCY to CLIENT on request and returned to CLIENT immediately upon the recall, withdrawal or retraction of any or all Claims.

## SECTION 8. RIGHT OF ASSIGNMENT

Accounts are placed with AGENCY only for the purpose of Collections, unless the CLIENT is located in a "right of assignment" state. In the event the CLIENT is located in a state that is a "right of assignment" state, the AGENCY shall not proceed with the collection of a Claim until the Claim has been assigned to the AGENCY pursuant to state law.

## 9. PLACEMENT OF CLAIMS

All Claims heretofore and hereafter placed by the CLIENT with AGENCY shall be placed subject to the terms and conditions of this Contract. AGENCY shall have no right to refuse or reject any referral or placement of any Claim regardless of the nature or dollar amount or value of the Claim. CLIENT will determine solely and in its own discretion what Claims to place or refer to AGENCY and CLIENT shall have the right to revoke, retract or withdraw any and all Claims placed or referred to AGENCY for any reason and any time. AGENCY shall be entitled to payment of the agreed upon compensation as provided for under this Contract for all Collections made prior to the withdrawal, revocation or retraction of any and all Claims. Claims withdrawn or recalled prior to a Collection or recovery shall have no right to compensation, reimbursement, or commission hereunder. Upon recall of any Claim, AGENCY shall return all files and documentation related to that Claim.

## SECTION 10. COLLECTION EFFORTS.

AGENCY will exert diligent efforts to collect Claims held by AGENCY pursuant to industry standards and in compliance with local, state and federal law, rules and regulations, and in accordance with ethical and legal collection practices during the entire period the Claim is held by AGENCY for collection. CLIENT shall dictate in general the nature, but not the manner, of the Collection Services and AGENCY shall provide CLIENT, upon execution of this Contract,

with copies of all policies and procedures, process descriptions, template and form letters and documents, telephone scripts and all documentation regarding the business practices of AGENCY. CLIENT may choose not to employ, or allow, or may order the discontinuation of any particular type or category of collection practice or procedure employed by AGENCY hereunder should such practice or procedure not comply with CLIENT's business or customer philosophies.

#### SECTION 11. RECALL OF CLAIMS.

CLIENT shall have the right to recall any Claim that is a Nonpaying Claim and that has not been referred for litigation. Any recall of a Claim under this Section must be requested by the CLIENT in writing by the CLIENT's Chief Finance Officer, City Treasurer or City Court Clerk. Should AGENCY wish to continue its collection efforts on any recalled Claim, AGENCY must notify CLIENT within ten (10) days of the date the written request for recall is received by the AGENCY and explain the reasons why AGENCY should continue to collect the Claim. Continuation of collection efforts will require the written approval of CLIENT's Chief Finance Officer, City Treasurer or City Court Clerk. If recalled, AGENCY shall receive a Commission upon the Claim, limited to the amount of payment received, if a payment is made within fourteen (14) days of the date of the notice of recall due to the demonstrable and provable efforts of AGENCY. AGENCY will return to CLIENT its entire file, all documents created and maintained by it, and any documents received from CLIENT relating to any recalled Claim. If the Claim has been referred for litigation, AGENCY shall have the right to recover any costs of litigation if AGENCY and CLIENT determine that such Claim may be recalled. Additional recall rights are set forth in SECTION 27 below.

#### SECTION 12. ASSISTANCE.

During the term of this Contract, and for one (1) year hereafter, AGENCY will provide CLIENT with any and all assistance which CLIENT may request regarding any Claim, whether open, closed, collected, non-collected, returned or recalled. Such assistance shall include, but not be limited to, providing documentation and files, answering questions regarding AGENCY's contacts with debtors, preparing and filing satisfactions, giving statements and testifying, and releasing garnishments and liens. Furthermore, upon Collection, completion, recall, withdrawal, or closing of any and all Claims and/or upon the termination of this Contract, AGENCY shall either return to CLIENT all files in their entirety, including but not limited to all files and documentation created and maintained by AGENCY regarding each Claim, or shall certify to CLIENT that all such documentation regarding all such Claims files are stored and maintained

in a secure facility at AGENCY's expense for a period of seven (7) years and subject to recall individually or in their entirety by CLIENT at any time.

### SECTION 13. REASSIGNMENT OF CLAIMS

Claims may be reassigned by CLIENT at its discretion at any time to a different or secondary collection agency for the same, similar or additional collection efforts. Any Claim closed and returned by AGENCY or recalled by CLIENT may be assigned by CLIENT with a secondary agency for additional collection efforts. Claims without Collections or recoveries shall have no right to compensation, reimbursement, or commission hereunder.

### SECTION 14. SETTLEMENTS

All settlements must receive prior written approval on behalf of CLIENT by CLIENT's authorized legal representative, except if such settlement is made in court and is approved, prior to entering into the settlement, either in person or over the telephone, by CLIENT's authorized legal representative. No settlement that constitutes in whole or in part any payment plan may be the basis or partial basis for any settlement unless and until its terms, including the payment of interest, are approved in writing in advance by CLIENT. AGENCY shall not be entitled to any compensation for any settlement reached in violation of this Section and shall make CLIENT whole for the entire amount of the Claim in the event of any such inappropriately settled claim.

### SECTION 15. DEPOSITS REPORTS AND REMITTANCE SCHEDULE, DATA CONVERSION AND DATA FILE PROCESSING

#### A. DEPOSITS, REPORTS, AND REMITTANCE SCHEDULE

All funds (including amounts owed to CLIENT and commissions) collected by AGENCY on behalf of CLIENT shall be electronically deposited on a daily basis in a separate federally insured trust account maintained by AGENCY. The gross amount of funds collected as set forth in SECTION 32, including all commissions, shall be electronically transmitted to CLIENT, daily for City Court and weekly for all other collections, following receipt by AGENCY consistent with the provisions set forth in SECTIONS 22 and 32. The AGENCY agrees that the commission will not be paid on an individual account until said account is paid in full. At the same time the AGENCY remits funds to the CLIENT pursuant to the terms of this Contract, AGENCY shall provide a detailed, written, and computerized report of collections in a mutually agreed upon format, which shall include,

but not be limited to, the following information, individually and collectively, for all account activity categorized by type:

- (1) Identifying Information: Debtor; Account; Parcel number, if applicable; and Account number.
- (2) Amount of original balance referenced to AGENCY.
- (3) Date account placed with AGENCY.
- (4) Amount collected by AGENCY since referral.
- (5) Current balance of account.
- (6) Number of accounts placed.
- (7) Dollar amount of accounts placed.
- (8) Current month collections.
- (9) Cumulative collections.
- (10) Recovery rate.
- (11) Number and dollar amount of accounts closed.
- (12) Number and dollar amount of active accounts.

Separate reporting shall be made for activities of the Water Quality Management Department, the Chattanooga Public Library, the City Court Clerk, and any other departments that may be added by CLIENT in the future. In calculating amounts, the report shall account for the most recent twelve (12) months individually and prior years cumulatively.

#### B. DATA CONVERSION AND DATA FILE PROCESSING

Conversion Data File. AGENCY shall accept transferred accounts via electronic data file(s) in a mutually agreed upon format.

Conversion Data Reconciliation. AGENCY shall provide for data reconciliation to confirm that data as imported to the AGENCY database is an exact match to that supplied by the CLIENT.

Conversion Costs. AGENCY shall pay costs incurred by the CLIENT as a result of this transition, in an amount not to exceed EIGHT THOUSAND AND NO/ 100 DOLLARS (\$8,000.00).

Ongoing Data File Transfers. AGENCY shall accept ongoing file transfers for new business, payments, etc. in the CLIENT's existing file formats. CLIENT will provide record descriptions and sample data as needed in order for the AGENCY to program their files accordingly.

Transfers shall be performed via an automated FTP process with no ongoing manual intervention required.

AGENCY shall provide for separate file procedures for each department of CLIENT in a mutually agreed upon format. Each department shall have its own file format, timing, and business rules.

#### SECTION 16. TRUST ACCOUNT.

Upon receipt of funds obtained as a result of collections, AGENCY shall electronically deposit said funds on a daily basis in a separate federally insured trust account maintained by AGENCY. All CLIENT collections shall be held in trust by the AGENCY as the sole and exclusive property of CLIENT. Such funds shall not be used or be available for use by AGENCY for any purpose whatsoever. 100% of all such funds collected shall be disbursed to CLIENT daily for City Court and weekly for all other collections, following receipt by AGENCY. AGENCY shall provide CLIENT with a monthly accounting of all activity in the Trust Account in a form and format specified by CLIENT that shall include, but not be limited to, an accounting of all funds held in the Trust Account and all amounts disbursed to CLIENT. CLIENT shall compensate AGENCY from the funds received by CLIENT, and under no circumstances shall AGENCY withhold, deduct or offset any Commissions, any costs or any amounts whatsoever collected on behalf of CLIENT.

#### SECTION 17. TRUST ACCOUNT AUDIT

AGENCY's trust account records and all records associated with this Contract shall be available for inspection and audit consistent with the record retention and audit provisions in the City's Standard Terms and Conditions attached as an Addendum.

#### SECTION 18. NO AUTHORITY TO INITIATE SUIT ON BEHALF OF THE CLIENT OR SETTLEMENT AND COMPROMISE OF ACCOUNTS.

AGENCY shall have no authority to and shall not initiate legal suit against any person to recover sums owed to the CLIENT without the written consent of CLIENT's authorized legal representative. No account referred to AGENCY shall be compromised or settled for less than the full amount without written consent of CLIENT's authorized legal representative. If there is any claim that the account is incorrect, such claims shall be referred to CLIENT for review and advice.

#### SECTION 19. REPORTING REQUIREMENTS

AGENCY shall furnish CLIENT with itemized reporting in a mutually agreeable format to include but not be limited to the items outlined in SECTION 15 above. AGENCY will provide online access to the CLIENT. AGENCY shall submit to CLIENT quarterly reports in the manner and form specified by CLIENT regarding the status, progress and planned collection efforts related to each and every Claim placed or referred to AGENCY. AGENCY shall make available to CLIENT, for inspection by CLIENT at any time, its entire file for review including all forms, letters and other written correspondence used to communicate with account holders, as well as written materials and procedures which specifically pertain to the collection of CLIENT Claims.

In addition to the reporting requirements set forth herein, AGENCY is responsible for providing an independent Service Organization Controls (SOC) report on an annual basis for the duration of this Agreement for assurance on the internal controls in compliance with the AICPA Statement on Standards for Attestation Engagements (SSAE) No. 16. The SOC report must be a Type II report to validate the operating effectiveness of controls throughout the year.

#### SECTION 20. NON-SUFFICIENT FUNDS

AGENCY acknowledges and agrees that it shall not remit to CLIENT for reimbursement of funds for payment towards a debtor account when such funds are due to a returned check by debtor's bank ("NSF checks"). This Contract covers any reversal of funds from debtor's bank with no exception to timing or reason. Furthermore, when AGENCY accepts a personal check on a debtor account, AGENCY agrees that such payments will not be "held" for any amount of time before remitting to "CLIENT" in an attempt to determine if the check will be honored.

#### SECTION 21. CLIENT PROPERTY

AGENCY acknowledges that any information provided to it by CLIENT is the property of CLIENT and will only be used for the purposes of locating the debtor and collecting the account. CLIENT supplied information may be submitted to Credit Bureaus. AGENCY will not use or release such information to any third party without prior written consent from CLIENT.

#### SECTION 22. COLLECTION OF ACCOUNTS

AGENCY will exercise due diligence to effect collection of all such accounts referred by CLIENT and will employ such lawful means, methods, and procedures as in its judgment,

discretion, and experience it believes will effect collections. The collection fees described in SECTION 32 and EXHIBIT B of this Contract shall be the only charge to CLIENT for such collection services. AGENCY shall not violate any guidelines concerning the collection of accounts established by the Federal Trade Commission or the State of Tennessee, and shall comply with all applicable federal, state, and local laws and regulations with regard to collection practices and procedures, including, but not limited to the Fair Debt Collection Practices Act (15 U.S.C. 1692, et seq.).

#### SECTION 23. INSOLVENCY OF ACCOUNT HOLDER

In the event that any proceeding is filed under the Bankruptcy Code by or against any account holder after the placement of the Claim with AGENCY, the AGENCY shall promptly return such Claim to CLIENT upon AGENCY's notice of the proceeding and will notify CLIENT of all pertinent details of such proceeding (i.e. case number, chapter, court district and division, date filed, etc.).

#### SECTION 24. TERMINATION

This Contract may be terminated by either party at any time, upon thirty (30) days prior written notice to the other except that the Parties shall remain obligated to one another for all terms otherwise due with respect to said accounts placed prior to termination and for all payments due to the date of termination.

Upon termination of this Contract, or upon CLIENT's request, the unpaid balance of any account transferred to AGENCY hereunder will be cancelled and returned to CLIENT. Provided the Contract is not terminated due to AGENCY's breach of any covenant, term or condition set forth herein, as compensation for AGENCY's efforts and expenditures on behalf of CLIENT, AGENCY shall be entitled to continue to receive commissions as follows:

- (1) Except as provided in SECTIONS 11 and 27, AGENCY shall receive its normal commission on all collections received by either CLIENT or AGENCY for a period of fifteen (15) business days following the date of recall of all accounts or the termination of this Contract.
- (2) AGENCY shall retain possession of all accounts in which the responsible party has entered into a written Contract to pay the account over time and is making payments as agreed until such time as the account has been paid in full; provided, however, that the payment arrangements do not extend beyond twelve (12) months from the Contract expiration or sooner termination date. AGENCY shall be entitled to receive commissions on all payments made by the responsible party to these accounts.

AGENCY shall be entitled to receive commissions on all payments made on said accounts.

#### SECTION 25. EVENT OF DEFAULT

The occurrence of any of the following shall constitute an Event of Default:

- (1) **NON-PERFORMANCE.** Failure of AGENCY or CLIENT to perform any term, covenant or condition contained in this Contract, including, but not limited to, timely remittances and payments to CLIENT.
- (2) **MISREPRESENTATION.** Any representation, covenant or warranty made by AGENCY or CLIENT in this Contract, or any written report, certificate or other instrument in writing furnished to CLIENT shall have proved to have been inaccurate in any material respect as of the date or dates with respect to which it is deemed to have been made.
- (3) **INSOLVENCY.**
  - (a) AGENCY or CLIENT has applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets;
  - (b) A custodian shall have been appointed with or without consent of AGENCY or CLIENT, AGENCY or CLIENT is generally not paying its debts as they become due;
  - (c) AGENCY or CLIENT has made a general assignment for the benefit of creditors;
  - (d) AGENCY or CLIENT has been adjudicated insolvent;
  - (e) AGENCY or CLIENT or has filed a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization, an arrangement with creditors, or attempted to take advantage of any insolvency law, or an answer admitting the material allegations in a petition in any bankruptcy, reorganization or insolvency proceeding;
  - (f) AGENCY or CLIENT has taken corporate action for the purpose of affecting any of the foregoing;
  - (g) An order, judgment or decree shall have been entered, without the application, approval or consent of AGENCY or CLIENT by any court of competent jurisdiction approving a petition seeking reorganization of AGENCY or CLIENT, or appointing a receiver, trustee, custodian or liquidator of AGENCY or CLIENT, or a substantial part of its assets and such order,

judgment or decree shall have continued unstayed and in effect for a period of forty-five (45) consecutive days;

- (h) A petition in bankruptcy shall have been filed against AGENCY or CLIENT and shall not have been dismissed for a period of thirty (30) consecutive days;
- (i) An Order for Relief has been entered under the Bankruptcy Code; or
- (j) AGENCY or CLIENT shall have suspended the transaction of its usual business.

#### SECTION 26. PAYMENTS ON ACCOUNTS.

In the event payments are made directly to CLIENT on any account referred to AGENCY, CLIENT shall promptly notify AGENCY of such fact. For each individual payment or paid account, AGENCY shall remit the gross amount collected to the CLIENT. CLIENT shall remit on a monthly basis to the AGENCY an amount commensurate with AGENCY'S commission percentage as set forth in SECTION 32.

#### SECTION 27. RECALL OF ACCOUNTS.

CLIENT may at any time, in writing, recall any account upon reasonable notice to AGENCY. AGENCY shall be entitled to receive its normal commission for any collections recovered by AGENCY for a period of fifteen (15) days following the date of recall of all accounts.

Notwithstanding the foregoing, no compensation shall be due to AGENCY as a result of an account if the recall is because:

- (1) A claim or demand is asserted against the CLIENT, its officers, agents, or employees;
- (2) It is discovered, through no documented effort of the AGENCY, that a third party will pay the account balance;
- (3) Payment is made between the term of placement with the AGENCY and the date of the AGENCY's first response with the responsible party; or
- (4) The CLIENT, in its sole discretion, decides that it would be inequitable to collect the claim against the party.

Authorization to recall accounts shall require the written approval of the CLIENT's Chief Finance Officer, City Treasurer, or City Court Clerk.

AGENCY shall immediately return such account(s) to CLIENT, including any applicable files, and conclude its action thereof.

#### SECTION 28. SUSPENSION OF COLLECTION

When requested by CLIENT, either orally or in writing, AGENCY shall suspend its collection efforts on any account and take no further action thereon as notified by CLIENT.

Authorization to suspend collection shall require the written approval of the CLIENT's Chief Finance Officer, City Treasurer or City Court Clerk.

#### SECTION 29. SURETY BOND

During the term of this Contract and any renewals, AGENCY shall maintain in favor of and for the protection and benefit of CLIENT, a fidelity bond covering all officers and employees with a minimum limit of \$1,000,000.00. The bond shall include the CLIENT as loss payee. AGENCY shall supply CLIENT a copy of the bond or a certificate evidencing its existence and general terms and conditions upon execution of the Contract. The fidelity bond shall include a covenant that agrees to give CLIENT sixty (60) days advanced written notice of cancellation.

#### SECTION 30. LICENSE/MEMBERSHIP.

AGENCY shall provide CLIENT a copy of its license for Collection Services as required by the Tennessee Collection Service Act, T.C.A. 62-20-105. CLIENT agrees to maintain its membership, in good standing, with the American Collector's Association during the term of this Contract and any renewals or extensions thereto.

#### SECTIONS 31. CLAIMS AGAINST THE CITY.

If AGENCY becomes aware of any claim or demand of any person against the CLIENT, its officers, agents or employees arising out of or related to any account (or the services underlying such an account) or referred to the AGENCY by the CLIENT, AGENCY shall promptly report such information as it may have concerning the claim or demand to the CLIENT's designated representative. Such a report shall be transmitted to CLIENT by telephone and in writing.

#### SECTION 32. FEES FOR SERVICES

During the term of this Contract and any renewals or extensions, CLIENT agrees to pay AGENCY the commissions calculated and set forth in the Commissions Schedule attached

hereto as EXHIBIT A and incorporated herein by reference. Commissions shall be added to any amount owed to CLIENT.

### SECTION 33. NO VOLUME REQUIREMENTS

This is exclusively a demand Contract whereby Collection Services are provided by AGENCY to CLIENT only upon CLIENT's request and AGENCY acknowledges and agrees that CLIENT makes no minimum or maximum dollar volume or other guarantees and CLIENT is not obligated to use this Contract at all or to refer or place any claims or accounts with AGENCY for collections under this Contract.

### SECTION 34. NO RECOVERY OR COLLECTION GUARANTEES

AGENCY acknowledges that CLIENT makes no representations or guarantees as to the amount of any collections or the relative ability of AGENCY to make any collections or earn any commissions from any Claim that CLIENT refers under this Contract. CLIENT further makes no representations or guarantees as to the solvency, liquidity or ability to pay on the part of any individual or entity that may be the subject of any Claim referred or placed for collection under this Contract. Furthermore, AGENCY shall provide the same level of service and diligence in the pursuit of all Claims referred for Collection regardless of any actual or perceived liquidity, solvency or ability to pay on the part of any individual or entity that may be the subject of any Claim referred or placed for collection under this Contract.

### SECTION 35. DATA BREACH

NRS will immediately notify the city of any discovered data breach of information and notify the customer as well. Additionally, credit protection will be offered to the customer if personal financial data has been compromised.

### SECTION 36. AUDIT BY CITY

NRS's records pertaining to accounts referred by the city shall be open and available for Audit and inspection by the City and its agents at any time during regular business hours in accordance with the city's Audit Policy.

SECTION 37. CONFIDENTIALITY

NRS acknowledges that the information disclosed to it concerning the City's operations during performance of the contract is confidential and/or proprietary to the City, and shall not be disclosed to third parties without the City's prior consent

SECTION 38 ADDRESS OF NOTICE

Parties are subject to the Notice requirements set forth in the City's Standard Terms and Conditions attached as an Addendum. Any written notice required to be given hereunder shall be sufficient if mailed to:

If to AGENCY:

Nationwide Recovery Service  
Attention: Michael Baird  
5655 Peachtree Parkway  
Norcross, Ga, 30092

If to CLIENT:

City of Chattanooga  
Chief Financial Officer  
101 East 11<sup>th</sup> Street  
Chattanooga Tn. 37402

With copies to:

City of Chattanooga  
Office of City Attorney  
100 East 11<sup>th</sup> Street  
Chattanooga, TN 37402

City of Chattanooga  
Attention: Purchasing  
101 E. 11<sup>th</sup> Street, Suite G-3  
Chattanooga, TN 37402

SECTION 39. REQUEST FOR PROPOSAL

All statements made and materials supplied by AGENCY regarding its qualifications to perform the services contemplated under this Contract, including without limitation, AGENCY's response to CLIENT'S Request for Proposals, which includes the litigation and conflict of interest statements submitted to CLIENT, are true and correct and are not misleading or incomplete for any reason, including by reason of omission. The provisions contained in the Request for Proposal and AGENCY's response thereto are attached hereto as EXHIBIT B and incorporated herein by reference.

IN WITNESS WHEREOF, the Parties have by their duly authorized representative set their signatures.

ACCEPTED:

NATIONWIDE RECOVERY SERVICE

By: *Miss J. Bid*

Title: CEO

Date: 4/16/21

CITY OF CHATTANOOGA

By: *Tanikia Jackson*  
Tanikia Jackson (Apr 19, 2021 13:54 EDT)

Title: Interim City Treasurer

Date: Apr 19, 2021

## EXHIBIT A

### COMMISSIONS

Commissions shall be added to any amount owed to CLIENT.

AGENCY shall be paid a Commission of:

Fourteen and Four-Fifths Percent (14.8%) on all amounts recovered for the benefit of CLIENT on all primary non-legal Collections.

Twenty-Two Percent (22%) on all amounts recovered for the benefit of CLIENT on all primary accounts approved for Litigation in states outside of Tennessee.

Fifteen and Three Quarters Percent (15.75%) on all amounts recovered for the benefit of CLIENT on all primary accounts approved for Litigation in the state of Tennessee.

These Commission rates shall apply only to amounts recovered and collected by AGENCY for the benefit of CLIENT. No other commissions, compensation or reimbursement are available for any activities or services provided by AGENCY under this Contract. AGENCY shall forward once each month by First Class mail a gross remittance made payable to the CLIENT with an invoice of all monies owed to the AGENCY since the last statement of collections. If any undisputed invoice is not paid within forty- five days on three or more occasions within a one-year period, AGENCY shall have the right, upon written notice to the CLIENT, to remit all further Collections to the CLIENT net of the Commissions. If any undisputed invoice is not paid within sixty days from the date of the invoice, the undisputed amount of any Commissions owed as indicated on the invoice shall be increased at a rate of 2.5% on all legal and non-legal Collections.

Should AGENCY fail to make any recovery or collection on a legal or non-legal Claim, AGENCY shall not be entitled to payment or reimbursement of any Commission, costs, Court Costs, or fees incurred in the pursuit of such collection.

Provision of all documentation deemed necessary by CLIENT to support the collection on any Claim including, but not limited to, written Contract by the account holder, consent decree or court judgment, is a pre-requisite to AGENCY's entitlement to receive any payment or reimbursement of any commissions, costs, Court Costs, or fees incurred in the pursuit of such collection.

## EXHIBIT B

### AGENCY Response to Request for Proposal

# COC041621 (4)

Final Audit Report

2021-04-19

Created:	2021-04-19
By:	Sheryl Appleberry (sappleberry@chattanooga.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAABHb-Lbv5Jba0lfF7_Z9Qk1WzejXWIC-vh

## "COC041621 (4)" History

-  Document created by Sheryl Appleberry (sappleberry@chattanooga.gov)  
2021-04-19 - 5:45:47 PM GMT - IP address: 45.43.96.8
-  Document emailed to Tanikia Jackson (tjackson@chattanooga.gov) for signature  
2021-04-19 - 5:47:57 PM GMT
-  Email viewed by Tanikia Jackson (tjackson@chattanooga.gov)  
2021-04-19 - 5:53:52 PM GMT - IP address: 66.249.88.175
-  Document e-signed by Tanikia Jackson (tjackson@chattanooga.gov)  
Signature Date: 2021-04-19 - 5:54:24 PM GMT - Time Source: server - IP address: 45.43.96.8
-  Agreement completed.  
2021-04-19 - 5:54:24 PM GMT