



BRAZOS PRIVATE EQUITY PARTNERS, LLC

## **BRAZOS PRIVATE EQUITY PARTNERS ACQUIRES COLLINS FINANCIAL SERVICES, INC.**

DALLAS, Feb. 9, 2006 – Brazos Private Equity Partners of Dallas, Tex., today announced that it has acquired Collins Financial Services, Inc. of Austin, Tex., a leading purchaser, collector and reseller of charged-off consumer debt. Participating with Brazos in the transaction are the Company's founder and Chief Executive Officer, Walt Collins, who, together with other members of senior management, will retain a significant minority stake in the Company. Financial terms of the transaction were not disclosed.

Collins acquires, at a significant discount to face value, portfolios of defaulted consumer receivables that have been charged off by the original creditors. The Company focuses on the collection of credit card debt, consumer loans, telecom bills, auto deficiency payments and utility bills. Since 2001, Collins Financial has purchased consumer debt with a face value of more than \$3.5 billion.

Jeff Fronterhouse, a Brazos Partner, said: "Over the past decade, Walt Collins has built one of the leading companies in the large and rapidly growing debt collection niche of the financial services industry. The Company has a very experienced management team, led by Walt, who has more than 35 years of mortgage and investment banking experience. Collins Financial President Gary Wood, Ph.D.—currently President-Elect of the Debt Buyers' Association—joined the Company nine years ago, having previously served as a Director of the Federal Reserve Bank of Dallas, as a Finance Professor at Baylor University, and as a staff economist for Texas Senator John Tower. Chief Operating Officer and Chief Financial Officer Larry C. Vasbinder joined the Company eight years ago, having previously been in the tax department of KPMG Peat Marwick. Collectively, they have been highly active and influential in the development and growth not just of the Company but of this segment of the industry. Based on the strength and experience of this management team together with the historical investment Collins has made in its organization as well as its acquisition and collection infrastructure, the Company is well-positioned for significant growth."

Mr. Collins said: "We are very enthusiastic about our new partnership with Brazos Private Equity Partners. With access to substantial growth capital from Brazos, in combination with a newly arranged \$75 million credit facility with Wells Fargo Foothill Lender Finance, Collins Financial is poised to take advantage of some attractive opportunities in both traditional asset types as well as less-developed niche assets."

The market for charged-off consumer receivables is large and is experiencing rapid growth. According to Federal Reserve data, there is currently more than \$2 trillion in non-mortgage consumer debt in the United States. Credit card debt is one of the largest consumer debt categories at approximately \$750 billion and is expected to increase to \$1.25 trillion by 2010. In 2004, according to industry data, a record \$57 billion of credit card receivables alone were charged off—an increase of 24.3 percent from the prior year and a rate of increase significantly greater than the compound annual charge-off growth rate of 14.2 percent from 1992 to 2003. Defaults in other debt categories, such as telecommunications, utilities, health club memberships, school loans, healthcare receivables and back taxes, are also expected to experience continued, significant long-term growth and represent for Collins Financial a major revenue and earnings growth opportunity.

### **About Brazos Private Equity Partners, LLC**

Brazos Private Equity Partners specializes in leveraged acquisitions and recapitalizations of established middle-market companies with strong and proven management teams, predictable and growing cash flows and significant growth potential. Based in Dallas, Brazos partners with management teams to invest in manufacturing, consumer products and services, healthcare, media, distribution and financial service businesses. Since inception, Brazos has completed twenty-seven acquisitions. For additional information about Brazos, please visit the firm's website at [www.brazospartners.com](http://www.brazospartners.com).

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