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St. Paul partnership to help make good on bad checks



Jeff Wheeler, Star Tribune

After a news conference Monday, St. Paul Police Chief John Harrington, left, and St. Paul business owner Gary Cooper discussed the new partnership to help recover money from bad-check writers. Scott Adkisson, president of Financial Crimes Services, the private company that will work with the city, is in the background.

The city will work with a firm that helps businesses recover money and aid prosecution of habitual offenders.

By [PAT PHEIFER](#), Star Tribune

The quandary is this: Bad checks cost merchants millions of dollars each year and much of that cost is passed on to shoppers in the form of higher prices. Police departments and prosecutors' offices have limited resources to pursue people who write bad checks.

What is there to do?

A public-private partnership announced Monday in St. Paul should help business owners recover some of their money, make it easier to prosecute those who intentionally pass worthless checks and even teach a thing or two to those who accidentally overdraw their accounts.

And it won't cost businesses or the city a dime. It's paid for by the people who write the bad checks.

The city of St. Paul will work with Financial Crimes Services, a private business based in Red Wing, Minn., on the "bad check diversion program."

Individual businesses sign up for the service, then send the bad checks they've received to Financial Crimes Services. The company contacts the debtor by letter or phone and asks them to pay restitution or set up a payment plan. When the money is recovered, it's returned to the merchants.

Debtors who choose to work through the program must take a \$100 financial management class -- far less expensive than working through the courts, said Scott Adkisson, president of Financial Crimes Services.

The company also aids in prosecutions by aggregating checks to identify habitual bad check writers and show intent to defraud merchants. Its investigative reports are then reviewed by police and in turn by city or county attorneys offices, which have the final say on which cases are prosecuted.

"The experience with other cities is that most of the cases are resolved on the front end where restitution is made to the victim, but if it's not, there's a small number of cases that do get prosecuted," said St. Paul City Attorney John Choi.

Financial Crimes Services contracts with 116 jurisdictions in the state and has 7,500 businesses enrolled in the program. Minneapolis has used the company's services since 2000, Maplewood since 2003.

Adkisson said \$4.7 million in bad checks were sent to the company last year. The company recovered \$2.6 million and returned it to merchants; another \$1 million is being repaid by check writers on payment plans.

Meetings will be held with St. Paul businesses and community groups over the next six to eight months to let them know about the service. Pat Pheifer • 651-298-1551