



I GAVE MR. JONES A HALL PASS BY ASSOCIATION BECAUSE HE WAS MY BEST FRIEND, HE HAD BEEN MY 20 YEAR BUSINESS PARTNER, AND HE WAS A CO-FOUNDER OF THE COMPANY



the New Yorker magazine who interviewed Bartmann in 2001, says that, according to CFS lore, “debtors used to send personal thank-you notes to Bartmann’s collectors along with their checks.”

Business boomed and Bartmann was not shy about showing it off. During CFS’ hey day, it was not unusual for Bartmann to rent a number of 747 jets to fly thousands of his employees and their spouses to Disney World, Las Vegas, or on a Caribbean Cruise.

CFS and Bartmann earned recognition and awards from organizations ranging from the U.S. Chamber of Commerce to Inc. Magazine. Credit ratings agencies lauded the company for its high profit margins. The company even earned an award for ethics by the Better Business Bureau (That an ethics award given to a debt collection company might be perceived as controversial by the public is not lost on Bartmann. As he says, “A debt collection agency getting a BBB award is like a brothel getting an award from the pope”).

But, despite the public laurels, all was not well behind the scenes. In 1998, an anonymous letter was received by the major U.S. bond-rating agencies alleging that CFS’ astonishing growth – doubling its revenue or better every year since 1994, according to BusinessWeek – was being supported by off-the-books accounting. Specifically, the letter alleged that CFS had been secretly selling loans to a company called Dimat Corp., a company which was affiliated with Jay Jones, and recording those sales as collections. The credit ratings agencies immediately downgraded CFS credit ratings, and the resulting fallout required the company to declare bankruptcy within six months.

After a two-month-long criminal trial, Bartmann was acquitted on all counts levied against him. Jones, who publicly acknowledged that he acted independently, was sentenced to five years in prison. However, despite the full acquittal, Bartmann paid a steep price for the behavior of his partner – he lost his company. Or, as he puts it, “I lost \$3.5 billion because somebody didn’t do something right.”

Today, Bartmann is creating another business – aptly called CFS2 – and has reflected and improved upon some of the processes and aspects of CFS’ culture that allowed the improper activity to occur behind his back.

“At CFS1, we said all the right things, and we said them as we knew how to say them,” Bartmann recalls. “It was a little bit of lip service. We did all we could to tell people they could break the chain of command, and we had protocols for them to follow.”

One of the key lessons learned from the downfall of CFS, according to Bartmann, is that senior management should never be exempted from proper procedures.

“I gave Mr. Jones a hall pass by association because he was my best friend, he had been my 20 year business partner, and he was a co-founder of the company,” Bartmann said. “Somehow the rules, who can complain about who, didn’t apply to him. A common refrain of CFS’ employees was that they didn’t know how to complain about Jay Jones because Jay was Bill’s best friend. They were afraid to say anything about Jay.”

Bartmann points out that during the course of the trial following the collapse of CFS, 26 employees were identified as having raised concerns about the improper behavior, none of which were properly investigated by the company or elevated to senior management.

“I can know now in hindsight that there were 26 people who could have warned us, could have headed it off in the pass,” Bartmann said. “Most of those 26 made some effort but somehow the system didn’t let their concerns percolate through the process.”

Today, CFS2 is run differently than its predecessor, Bartmann says. His daughter, Jessica, 32, is President and Chairperson of the company, and Bartmann makes it clear that even she is not free to violate the substantial policies and procedures in place. He has already hired a new compliance officer to help communicate and enforce the rules. Today, every complaint – whether perceived as frivolous or not – receives a thorough investigation.

“This time around we still have the same mantra,” Bartmann says. “We want to make money, but we have to do it right. It doesn’t matter what image an individual has, if something inappropriate occurs, it must be communicated and handled. No one gets a hall pass.”

And, when asked whether he has further aspirations to enter the ring to challenge another famous wrestler – as he did with Hulk Hogan in front of thousands of his employees during the height of CFS’ financial success – Bartmann responded, “The size of the promotion has to do with the size of the billfold.”

For now, Bartmann points out, company promotions are modest events and involve lunches with employees who hit or exceed goals, called Bill’s Lunch Bunch. Recently, Bartmann met for lunch with 20 employees that had hit their sales goal. The lunch was held in the part of the building where the CFS kids’ daycare had previously existed.

“The letters C-F-S were still written on the wall,” Bartmann says. “Somebody looked at the letters and asked me, ‘When will we be able to put the Roman numeral 2 on the wall for the daycare?’”

Bartmann hopes the answer is soon, but notes, “This time we all know that anyone can bring this ship down. It’s a heavy responsibility, knowing every individual is responsible for our success, but one that is necessary to move forward.”

Business Fact

Commercial Financial Services was founded in 1986 and filed for bankruptcy in 1998. At its height, the company was valued at nearly \$6 billion by some estimates. CFS2 was created in summer of 2010 and is headquartered in Tulsa, Oklahoma.