



Tom Blake
Department of Economics
University of California at Davis
One Shields Ave
Davis, CA 95616
tcblake@ucdavis.edu

January 15, 2011

California Bail Agents Association
P.O. Box 4752
Carson, CA 90749

Dear CBBA Board and Members:

I am a researcher at the Department of Economics of the University of California, Davis. I am writing to you because I am looking for data on which I can base some research on the Bail Bonds industry. I am looking to model and evaluate the economic efficiency of the business decisions in this industry: pricing, recovery expenses, etc. This industry serves an important role in society and is a rather unique business model, but despite its long history there is little known about the industry's economics.

Let me tell you a bit more about myself. My field of expertise, a branch of Economics we call Industrial Organization, studies the decisions made by firms. We look for how business decisions can be made to maximize economic efficiency. I have worked with many small and large companies, both as an academic and in my past career and as a consultant, to analyze and improve business decisions. Academic-private collaborations are mutually beneficial because we both want to understand the economics this industry better.

I am looking for partners in the industry who are willing to share data, under the protection of a non-disclosure agreement ("NDA") if desired, which will be the basis of my research. In exchange, my findings may help those that provide data with valuable insights about their business at little cost.

The economic studies of your industry have so far been limited to broad trends. For instance, it's generally known that bonded defendants have a lower failure-to-appear rate. But there has been no (formal) work done on analyzing the economic efficiency from the industry's perspective. That is, the bondsman must choose how to advertise, a price to charge for each bond, the collateral, terms of appearance, what (costly) actions to take in case of a failure to appear, and so forth. I wish to determine what shapes these choices, and which have the most serious consequences for the firm. I also want to evaluate what risks there are in bonding decisions and how uncertainty about the defendants affects the

profitability in light of costly financing. Doing so requires data. I do note that the exact nature of my research will largely be shaped by the type of data available to me.

I propose a collaboration that would help us both understand this industry more. First, I would like a chance to interview you about your business process. I am interested in what decisions are made that affect your firm's profits. From this interview, and similar interviews with other firms in the industry, I will develop a list of data elements to gather. With the data, I can begin to model some general and specific economic decisions.

The private information I collect from each participant will remain confidential. As a participant, you will have access to my results first hand and be able to see how your firm is performing. But under the NDA, your particular information will not be shared with other industry firms or with the public. Only industry-wide statistics and a discussion of the industry's economic properties will be made public. This is done quite routinely in collaborations between academia and industry. And such partnerships have proven mutually beneficially time and again.

Thank you for your consideration of this project. I hope we have a chance to work together. If you are not interested in participating but know of others who might, please pass this invitation along.

Sincerely,

Tom Blake

tcblake@ucdavis.edu

PhD Candidate

Department of Economics

University of California, Davis