

# Driving off with market

## Red Deer firm finds financing for auto repairs

By HARLEY RICHARDS  
Advocate business editor

Lee Emerson loves to talk cars. But it's not showroom models or vintage collector vehicles he's interested in. It's what average people are driving — and the inevitable repairs those aging cars and trucks require.

Emerson is president and chief executive officer of Repair Industry Finance Corporation Inc., or RIFCO, a Red Deer-based company that's carved a niche for itself in the automotive repair finance market. Actually, it's more than a niche; RIFCO is the market.

"No one had focused on financing the maintenance and repair of the vehicle," says Emerson. "Everyone was left to their own devices."

RIFCO, a public company traded on the TSX Venture Exchange, provides loans to help pay for automotive work. Applications are completed at the repair shop and faxed to RIFCO's office on Riverside Drive, and after a few online checks a decision is returned — typically within an hour.

If approved, the vehicle owner is able to spread the repair costs over a one-, two- or three-year loan term. RIFCO has a secured loan with an attractive 27.8 per cent interest rate, and the shop owner has a job that might otherwise have disappeared.



Photo by RANDY FIEDLER/Advocate staff

**Chief operating officer Bill Graham, front, chief financial officer Lance Kadatz and president Lee Emerson began offering RIFCO's services in Ontario this week.**

"It's been extremely useful," says Jeff Roberts, owner of Red Deer's Center City Tire & Auto.

"A lot of people can't afford to fix their vehicles in one shot."

Without this alternate source of financing, many customers would have to walk out the door, adds Steve Lawrence, assistant manager of National Transmissions in Red Deer. "You'd lose a percentage of them."

Roberts and Lawrence aren't alone in their assessment of the value of RIFCO's service. The finance company now deals with more than 800 automotive-related businesses, including repair, body and transmission shops.

Most are in Alberta and British

Columbia, but RIFCO recently expanded into Manitoba, and as of last Tuesday, Ontario.

The company also plans to move into Atlantic Canada by the spring, and is even looking beyond the Canadian borders.

Emerson's eyes light up as he describes the numbers in the United States: 200 million vehicles with an average age of 8 1/2 years, and no auto repair financing company operating there.

In fact, he adds, Great Britain and France also lack such a service.

"We joke about the world, but we are serious."

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During the 12-month period ending March 31, the company's first full year of operation, RIFCO processed more than 1,400 loan applications and lent in excess of \$1.8 million.

And, says Lance Kadatz, RIFCO's chief financial officer, the numbers are rising.

Kadatz, who was a corporate business account manager with the Royal Bank in Red Deer, says the company has been developing the systems upon which to build its operations.

This has included an increase in staff from two to 12.

"It's easy to build a company to do three loans a day, but try to do 50. Your systems have to be flawless," he says.

RIFCO also finances some used car purchases, either through the repair shops it works with or select dealers.

"That's a whole different kettle of fish," acknowledges Kadatz.

RIFCO's only office is in Red Deer, with regional managers operating from their homes or on the road. This winter the company expects to move into new premises in the Central Block building downtown.

Emerson's first exposure to auto repair lending came in the late 1980s.

That was an act of financial self-preservation as much as entrepreneurial ingenuity.

Owner of a small equipment leasing company, he found himself in temporary control of a collision repair shop in Langley, B.C. that had defaulted.

Among the strategies he employed to turn the operation around was to attract business by financing repairs customers couldn't otherwise afford.

In 1996 Emerson returned to Red Deer — where he was born and raised — and started Canadian Automotive Repair Finance Corporation or CARFINCO.

When an investor behind that venture insisted the business shift its focus to car purchase financing, Emerson left.

He incorporated RIFCO in July 2001, and the company began trading on the TSE Venture Exchange April 1, 2002.

"It has been a joyful, challenging ride to date," he says.