

Colebrook Financial Turns 15

On July 2, 1993, Bill Ryczek went to City Hall in Meriden, Connecticut to bid on individual tax liens being sold by the city. With an offer of \$17,887.39, he was the successful bidder for the lien on a single-family residence and gave his personal check in the amount of \$2,683.11 for the deposit.



That \$2,683.11 was the initial capital of the entity that eventually became Colebrook Financial Company. Bill, Jim Bishop, and Fred Dauch formed a partnership called Cross County Investment Associates and contributed the additional funds to purchase the lien. Attorney Harry Heller handled the legal aspects of the transaction. Bill, Jim, and Fred had worked together in banking and finance companies for a number of years, and had utilized Harry's services on several deals.

After the tax lien came a couple of condominiums purchased at auction, and eventually Cross County acquired a few small timeshare receivable portfolios. During the mid-'90s, financial institutions and receivers like the Resolution Trust Company were liquidating distressed assets, and companies like Cross County that had a little cash and were willing to do small deals could find some bargains.

After a few years of buying small portfolios and financing individuals buying timeshare weeks on the resale market, the partners had the feeling that if they devoted their full attention to the venture, they might actually be able to make a living at it. By the time the decision was made to launch the business on a full-time basis, Mark Raunikaar had joined the group (Tom Petrisko became a partner in 2013).

On January 1, 2003, the partners had a new office, a new vision, and a new name. Cross County seemed a bit too parochial for a national firm, so the entity became known as Colebrook Financial. We asked Bill Ryczek how they came up with the name.

Ryczek: A few years earlier, I was self-publishing a book and needed to find a name for the publishing company. I pulled out maps of England and New England and looked for towns or cities with



classic-sounding names. After eliminating those that were already taken by other publishers, I settled on Colebrook Press. When we were looking for a new name for the finance company, we decided to steal the name of the publishing company. No, the name has nothing to do with Colebrook, Connecticut or Colebrook, New Hampshire. People sometimes think it does, which occasionally leads to confusion, such as in 2007 when problems arose in the Colebrook, Connecticut fire department and there was a banner headline that read, "Colebrook Officials Caught in Sex Sting." For the record, that wasn't us.

Trades: Going off on your own was a leap of faith. What encouraged you to do it, and would you recommend it for others?

Ryczek: One of the most import-

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ant elements for us was that the partners had conservative financial lifestyles and limited debt, and we were able to live on reduced incomes during the first couple of years of the company's existence. We'd had enough success on a part-time basis to encourage us, and we were the right ages, from late 40s to late 30s. Old enough to know what we were doing but young enough to have the energy for a start-up. And I'm sure in the back of our minds, we were thinking—young enough to start over if necessary. Fortunately, it wasn't necessary.

As for the second part of your question—self-employment is not for everyone. Many people, probably most, feel comfortable with and receive a sense of security from

the most important thing you need to do that day to move the company forward, and do it, even if it's a task you'd rather avoid. If you don't do it, no one's going to yell at you or remind you. Mental discipline is probably the toughest part of self-employment, as well as being able to live without the certainty of a paycheck every two weeks.

Trades: How do Colebrook's partners complement each other, and how do you resolve disagreements when they arise?

Ryczek: We have similar values but different approaches to risk management. Jim Bishop, our CFO, will nearly always line up on the conservative side of an issue, I'll be leaning toward the more aggressive approach, and the others

pushed. It's important to have different perspectives, and for each person to listen respectfully to the others. I grew up with parents who, in more than 60 years of marriage, hardly ever raised their voices to each other. We have a similar situation in our office. We disagree, but we don't get angry, and if someone senses that their idea doesn't have much traction, they'll defer to the majority. And I think it's also very important that after there have been disagreements, you avoid the little cliques that can go off and have a gripe session about the others. Jim and I go back 38 years, I've had nearly 30 years with Fred and Mark, and almost 20 with Tom, so it seems to work. No fistfights in the office yet.

Trades: You compete with very large banks. How does a small company convince a prospective customer to borrow from you rather than from a multi-national financial institution with almost unlimited resources?

Ryczek: We offer a lot of things that customers like, such as being responsive, flexible, and accessible, traits not generally found in large institutions. When we started the business, we decided that the timeshare industry didn't need another broker. There was only a handful of lenders, and most people in the industry knew who they were. The need was for a lender that that could provide loans on terms that were more flexible than bank financing, but were not as



corporate structure and routine. It's a different feeling to come in every morning without a list of things you're required to do or a series of meetings to attend that fill up your day. You've got to figure out what's

array themselves at various points along the spectrum. Jim has saved me from mistakes I might have made if left on my own, and I've led him to sound opportunities he would have passed up if I hadn't



pricey as that offered by high-yield finance companies. We did that by bringing in banks as participants to get good pricing and by carving out for our own portfolio those portions of the deals that banks are hesitant to do.

We also try very hard to provide good service. One thing people always mention is that we answer our phones almost 100% of the time. They're astonished, but it's really not that hard. You don't need an MBA or Ph.D. to lift the receiver and say, "Hello." The obstacle we had to overcome was getting people to believe we had the resources to come through on larger transactions. We've answered that concern by doing so consistently over the past 14 years.

Trades: Speaking of resources, where do you get your capital and how do you ensure that it's going to be there when needed?

Ryczek: We get our funds almost exclusively from a number of banks—14 at this time. We've never wanted to rely on one source, because we remember not only what happened in 2008, but what happened in the early 1990s, when some banks just shut their lending

window. When the 2008 crisis hit, a couple of our banks got skittish, but we had the resources to take advantage of the situation and really grow our business. The financial crisis was the event that lifted us up from being a relatively small, boutique lender to a mainstream, very competitive timeshare lender.

We've been able to maintain the confidence of our banks most of all because the results have been good. We've done hundreds of millions of dollars in business with our banks and none has ever lost a dime. As ex-bankers, we also realize what banks need to operate within their regulatory environment.

Trades: What do you like most about what you do?

Ryczek: When I was in banking, I found that the higher I moved in the organization, the less time I spent doing things I liked, such as putting deals together and interacting with customers, and the more time I spent doing things I didn't like, such as sitting in meetings, debating policies and procedures, and dealing with office politics. Working at Colebrook means being able once more to work with customers to put deals together, and trying to keep

my fingers on the pulse of the time-share industry. That's what makes the job interesting.

Trades: What do you foresee for the next fifteen years?

Ryczek: Anyone who tells you they can predict fifteen years in the future is in for a hard lesson, but I think our future will be greatly dependent on the future of the time-share industry. If consolidation increases, the nature of our business will have to change. Or perhaps consolidation will drive some of our competitors out of the market and we will thrive. If the business continues similarly to what it is today, I would like to see Colebrook gradually increase our market share and be a better company than we are now. We have a succession plan in place that should carry us through at least 15 years, and we wouldn't be true entrepreneurs if we didn't expect the second 15 years to be better than the first.



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