TheBiz

Credit & Collection News from Caine & Weiner

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Caine & Weiner to support NACM's 114th Credit Congress & Exposition

Woodland Hills, CA—Preparations are underway for Caine & Weiner's upcoming participation at NACM's 114th Credit Congress & Exposition, May 16th-19th at the Rio Las Vegas.

As an alliance partner with NACM Midwest, NACM Upstate New York and NACM Gateway, Caine & Weiner is an active participant of the annual event held in a different city each year.

The conference enables NACM members, who represent every major industry, to attend industry-related sessions, participate in workshops, network and combine organized social activities with business events.

Scheduled sessions at this years conference include: managing fraud exposure, changing payment environments, portfolio scoring, managing post audit deductions, standby letters of credit and others.

Caine & Weiner's team members will be on hand at booth #612 to personally greet clients, stakeholders and business associates and provide assistance to prospective clients.

Booth visitors will also have an opportunity to take home prizes.

An invitation-only hospitality suite, co-sponsored by Caine & Weiner and their NACM affiliate partners, will be held Sunday, May 16th, from 6:00 to 8:00 P.M in Room Miranda 5 & 6 at the Rio Hotel.

"Caine & Weiner takes a great deal of pride in the relationships we have established with the members of our highly regarded NACM affiliate partners," said Greg Cohen, Caine & Weiner's President and CEO. We look forward to this year's event being held at the Rio Las Vegas."

Consumer Credit Scores drop in January

San Francisco, CA—Credit Karma, the consumers credit advocate reported that on average, nationally, credit scores dropped by two points in January to 669, marking the first time credit scores have dropped below 670 in 12 months.

On a positive note, consumers with credit cards paid down their debt by 2% nationally since December 2009.

The average consumer with an account had $7,925 in credit card debt, a $180,190 home mortgage, $51,919 in home equity loans, $14,736 in auto loans and $26,337 in student loans.

Credit Karma compares the current credit scores of its user base monthly. The statistics were obtained from comparisons of 100,500 user scores.

Collection Agencies receive record placements

Cedar Grove, NJ—The Commercial Collection Agency Association (CCAA) reported that its members received a record volume of business-to-business accounts for collection in 2009.

Emil Hartleb, Executive Director of CCAA reported that in 2009, CCAA members received $17,762,139,514 in accounts placed for collection.

This represents an increase of 33.4 percent over 2008. Account placement in 2008 held the previous record of $13,311,932,553.

Hartleb pointed out that the gain in placements for the fourth quarter of 2009, compared to the same quarter in 2008, was particularly strong registering a gain of over 48 percent.

In addition to reporting account placement statistics, CCAA members are surveyed quarterly on their outlook for account placement and the collectability of that placement.

Hartleb stated that in the survey conducted for the fourth quarter of 2009, 70 percent of CCAA's membership believed that a lackluster economy, marked by high levels of account placement and declining collectability, will continue for at least the next six months. This is an increase of approximately 27 percent from the third quarter survey where 55 percent of the CCAA membership believed that account placement would continue to rise and collectability decline.

The Commercial Collection Agency Association (CCAA), of which Caine & Weiner is a founding member, is an organization with over one hundred member agencies, representing the most prestigious commercial collection agencies in the United States.

Consumer bankruptcies increase as large business filings fall

The economic recovery effort has not slowed consumer bankruptcy filings, which surged 14% in February compared with a year earlier, according to the American Bankruptcy Institute.

The 111,693 cases filed in February also represented a 9% increase from January, the report said.

“The debt-stress overhang from years of consumer spending has a more acute impact now because of troubling economic times," says Samuel Gerdano, American Bankruptcy Institute executive director.

And that financial distress is driving more Americans to file for Chapter 7 bankruptcy, which — if approved — allows a court to discharge most unsecured consumer debt, including credit card bills.

When a stricter bankruptcy law took effect in 2005, a major goal was to require more families to rely on Chapter 13 bankruptcy, which requires filers with regular income to repay debts in full, or in part, over several years. However, the number of Chapter 13 filings decreased 3% in February from January, the American Bankruptcy Institute says.

"People generally file for Chapter 13 to try to save a home," says Robert Lawless, professor of law at the University of Illinois.

Before the housing crisis, financially strapped consumers could often avoid bankruptcy by tapping the rising value of their homes and taking out home equity loans. "People have borrowed money to avoid filing for bankruptcy," says Lawless. "When consumer credit tightens up, as we've seen, that does increase the (bankruptcy) filing rate."

Gerdano expects that trend to continue, but he notes that business bankruptcies represent fewer than 10% of total filings.

Last year, there were 1.47 million bankruptcy filings, up 32% from 2008, according to data released by the Administrative Office of the U.S. Courts. Chapter 7 filings rose 41% in 2009, while Chapter 13 filings were up just 12%.

“The bankruptcy rate has risen each year since the law was changed in 2005. We are already on a faster pace in 2010 than we were a year ago," said Gerdano. "Consumer filings will likely surpass 1.5 million filings this year."

Meanwhile, the number of U.S. companies with public stock or debt that filed for bankruptcy protection in January dropped more than 70 percent from a year ago, as companies have benefited from strategies to stay out of court.

Those figures were consistent with January, when just 12 companies with publicly held securities filed for bankruptcy, down from 18 a year earlier. Even at the end of last year in December just 11 companies filed, compared with 23 in 2008, BankruptcyData.com said.

Many companies have avoided bankruptcy in the past few months by taking advantage of more robust high-yield debt markets to raise capital, securing agreements from lenders to delay or amend credit agreements, or through debt exchanges that allow companies to cut their debt levels.

Small business loan defaults down in December

CHICAGO—Defaults by small and medium-sized U.S. businesses on loans, leases and credit lines to finance capital equipment investment fell for the first time in two years in December, adding to signs of an economic recovery, PayNet Inc reported.

Accounts behind 180 days or more, or in default and unlikely to ever get paid, fell to 0.87 percent of total receivables in December from 0.89 percent in November, according to PayNet, which provides risk-management tools to the commercial lending industry.

The drop snapped a two-year increase in defaults which crept up steadily along with other measures of borrower stress as the economic downturn and the shutdown of the credit markets put the squeeze on businesses.

Accounts 90 days or more behind in payment, or in severe delinquency, fell to 1.34 percent in December from 1.41 percent in November.

Paynet’s Small Business Lending Index, which measures the overall volume of financing, fell just 8.6 percent year-over-year in December, following a downwardly revised 8.4-percent decline in November. They were the first non double-digit declines in nearly two years.

Still, lending remained well below levels at the onset of the recent recession. Moderate delinquencies on loan payments are running at more than twice the rate typical in better times, said Bill Phelan, PayNet's president and founder.

"The headline here is that the recession in this economy is most likely over, but full recovery to pre-recessionary levels is still years away," Phelan said. “It will likely be at least another 12 months before delinquencies fall to the pre-recession level of less than 2 percent,” he said.

PayNet's data comes after the Institute of Supply Management said its closely watched index of national factory activity rose more than expected last month, hitting its highest level since 2004.

The borrowing data suggests one more factor in the recovery: existing borrowers are repaying more loans on time, and lenders are less resistant to extending the credit needed for businesses to invest in capital equipment.

"We really do see it as a sea change in demand for borrowing by small business, and in turn an indication of investment," Phelan said.

Foreclosure rates up by smallest amount in four years

WASHINGTON – The foreclosure crisis isn't over, but the pace of growth may finally be slowing down.

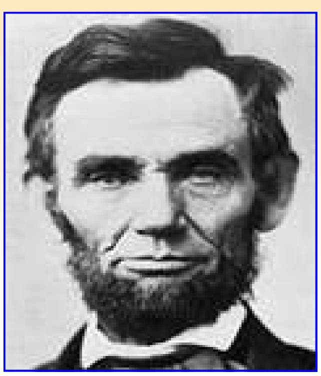
RealtyTrac Inc. reported that the number of U.S. households facing foreclosure in February grew six percent from the year-ago level, the smallest annual increase in four years.

More than 308,000 households, or one in every 418 homes, received a foreclosure-related notice, the Irvine, California-based foreclosure listings company reported. That was down more than 2 percent from January. Still, fears remain about the hundreds of thousands of homeowners who are still being evaluated for help under loan modification programs. Many analysts say most of those borrowers will eventually lose their homes, sparking a new round of foreclosures later this year.

"It's premature to declare victory just yet," said Rick Sharga, a RealtyTrac senior vice president. He did, however, allow that, "If this is the beginning of a slowdown in growth rates, that would be a good thing."

Banks repossessed nearly 79,000 homes last month, down 10 percent from January but still up 6 percent from February 2009.

Abraham Lincoln—Collection Attorney



While Abraham Lincoln is immediately recognized as America’s 16th President, as a private citizen he was an Illinois attorney who practiced law for 25 years.

John A. Lupton, author of *The Papers of Abraham Lincoln,* reveals that Lincoln, a self-taught attorney, had three separate law practices throughout his career.

While he handled many categories of litigation, debt-related issues comprised most of his cases, representing both creditors and debtors. He lost the majority of debtor cases because the legal system at that time favored creditors.

Lupton reported that Lincoln would often pursue litigation in Federal court if the debt exceeded $500. For legal fees, he generally received $5 to $10.

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TheBiz

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Est. 1930

Caine & Weiner—Since 1930, providers of world-class accounts receivable management solutions to the global business community

Established in 1930 by Sidney Caine and Charles Weiner the firm has offices strategically located across the country to service their 2,500 clients.

FTC amends Free Credit Reports Rule to help consumers avoid fraudulent "free" credit reports

Beginning April 2, advertising for “free credit reports” will require new disclosures to help consumers avoid confusing “free” offers, which often require them to spend money on credit monitoring or other products.

The Federal Trade Commission’s (FTC) Free Credit Reports Rule will require prominent disclosures in advertisements for “free credit reports.” For example, any Web site offering free credit reports must include a disclosure, across the top of each page that mentions consumers have the right to a free credit report from AnnualCreditReport.com or 877-322-8228, the only authorized source under federal law.

The Web site disclosure must include a clickable button to “Take me to the authorized source” and clickable links to AnnualCreditReport.com and FTC.GOV.

The Credit CARD Act of 2009 requires the FTC to prevent deceptive marketing of “free credit reports.” Specifically, the Act requires that certain advertisements for “free credit reports” include prominent disclosures designed to prevent consumers from confusing these “free” offers with the federally mandated free annual credit reports available

Information in credit reports may affect whether consumers can get a loan or a job, so it is important that consumers check their credit reports and correct any information that is inaccurate. Each of the nationwide credit reporting companies is required to provide consumers with a free copy of their credit reports once every 12 months upon request.