TheBiz

Credit & Collection News from Caine & Weiner

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Caine & Weiner rolls out red carpet in Las Vegas

NACM members enjoy hospitality suite and spend time at exhibit

Las Vegas, NV—As a supporter of the National Association of Credit Management (NACM), Caine & Weiner was an active participant at NACM's 114th Credit Conference and Exposition, held May 16-19 at the Rio Las Vegas.

Caine & Weiner and their alliance partners from NACM Midwest, NACM Upstate New York and NACM Gateway Region kicked off the four day event Sunday evening by hosting a hospitality suite at the Rio Hotel, where 200 invited guests enjoyed the relaxed atmosphere and opportunity to mingle among like-minded credit professionals.

Over 2000 credit and collection professionals, representing every major industry attended the convention, providing them with a wide selection of educational sessions and valuable networking opportunities.

Many of them took time to visit Caine & Weiner's exhibition booth to find out about services to help them accomplish their accounts receivable management objectives.

Booth visitors also had an opportunity to win an assortment of prizes and meet with Caine & Weiner's team members.

Conference attendees crowd the exhibitors area at the Credit Congress and Exposition

"Our hospitality suite and exhibitors booth were very well-attended," said Jeff Grimm, Manager-Client Services. "We enjoyed the opportunity to personally meet with many of our loyal clients and establish new relationships. We look forward each year to supporting this important NACM function."

U.S. Consumer debt delinquency falls

Fewer U.S. consumers are falling behind on their debt, prompting lenders to look again for ways to make their business grow. Delinquency rates on mortgages, home equity loans and credit card bills fell in April for the third straight month according to data from Equifax.

"If you think about the entire U.S population as a risk portfolio, it is safe to say that the portfolio is indeed improving," said Dan Adams, president of Equifax U.S Consumer Information Services.

Total U.S. consumer debt is down by $626.1 billion, or 5.4 percent from its October 2008 peak of $11.5 trillion. Debt has not been this low since August, 2007.

"In the past year," Adams said, " A quarter of the population has not fallen behind on any payments."

Consumers Should Exercise Caution When Considering Debt Relief

A recent article in *USA Today* cautioned cash-strapped consumers to not respond to advertisements promising fast relief from their debts as they are often placed by marketers that receive a commission for referring customers to debt-settlement companies.

Consumers are urged to check out companies that belong to the Association of Settlement Companies or the United States Organizations for Bankruptcy Alternatives.

Debt-settlement companies negotiate with creditors to reduce the amount of debt owed by their consumer client, who is directed to make monthly payments into a savings account. When a certain amount has been saved, the company will go to the creditors and offer to pay off a percentage of the debt. Debt-settlement companies say they often succeed in reducing their customers' debts by 50% or more.

Debt settlement is an alternative to bankruptcy for people who are struggling with large debts from financial setbacks, allowing them to reduce their debts without losing their cars and their homes.

Some debt-settlement companies, however, charge large, upfront fees that reduce the amount of money available to negotiate with creditors. If the consumer stops paying their bills — which some debt-settlement companies tell their customers to do — interest and penalties will increase the amount they owe. Their creditors could also take them to court, and their wages could be garnished.

Even if the consumer is successful, their credit score could take a serious hit.

Consumer considering a debt-settlement company should ask for a free consultation and make sure they understand how much of their payments will go toward fees.

Consumer Spending at Lowest level in Seven Months

WASHINGTON—Consumer spending was stagnant in April, the weakest showing in seven months, and countered a 0.4-percent rise in April retail sales, according to a Commerce Department Report cited by *The Associated Press*. The flat level of spending came after a 0.6 rise in March

Meanwhile, incomes posted a miniscule gain of 0.4 percent, both signaling the economic recovery could slow, the report said.

The rise in personal incomes was in line with expectations, but not enough to help generate real growth, the AP reported. More people are saving money, and the savings rate rose 3.6 percent in April, after falling to 3.1 percent in March, the lowest reading since October 2008, according to the report.

The lesson here is that relatively strong retail sales numbers do not guarantee robust consumption," Ian Shepherdson, chief U.S. economist at High Frequency Economics, said in the report, noting retail sales account for only two-fifths spending.

Retail business in May is below expectations, due to cool weather and swings in the stock market according to the International Council of Shopping Centers, which was cited in the AP report.

Although April showed no growth in spending, economists expect consumer spending to grow at a pace of around 3 percent in the current quarter, slightly down from spending growth of 3.5 percent in the first three months of the year, the strongest level in three years, the AP reported.

The fall in energy prices and a surge in mortgage refinancing has left households with more cash to spend on other items, Paul Dales, U.S. economist at Capital Economics, said in the report.

And tame inflation could encourage additional spending. Prices did not increase in April and are up 2 percent over the past year, according to an inflation measure tied to consumer spending.

Despite adding 290,000 jobs in April, the jobless rate jumped to 9.9 percent as people who had given up on job searches resumed their quest. High unemployment could dampen spending going forward, limiting the pace of the economic recovery, according to the report.

Foreclosure Rate Steadies in May

Washington—The foreclosure crisis leveled off in May as the number of people facing foreclosure was nearly flat from a year ago, according to RealtyTrac, a private foreclosure listing service.

A third fewer people are receiving warnings that they could lose their homes and legal and foreclosures are receding in some of the hardest-hit cities, the report says

Still, the number of foreclosures remains extraordinarily high. Experts caution that a big reason for the stabilization is that banks are letting delinquent borrowers stay longer in their homes rather than adding to the glut of foreclosed properties on the market. New consumer protection laws, which vary by state, have also meant borrowers can spend more time in their homes.

RealtyTrac reported that nearly 323,000 households, or one in every 400 homes, received a foreclosure-related notice in May. That was up 0.5% from a year earlier and down 3% from April. The report tracks notices for defaults, scheduled home auctions and home repossessions.

But in a sign that the crisis is far from over, the number of homeowners who lost their homes to foreclosure hit a record of nearly 94,000 in May. That number may finally peak next year, as lenders try to work their way through millions of delinquent loans. Economic woes, such as unemployment or reduced income, are the main catalysts for foreclosures.

Bankruptcy filing rate near 5-year high

NEW YORK—The pace of U.S. bankruptcy filings edged up in May to the second-highest daily level since 2005, reflecting the difficulty Americans have in working off excess debt even as the economy improves.

There were 133,459 U.S. bankruptcy petitions filed in May, 10 percent more than a year earlier, according to preliminary data released by Automated Access to Court Electronic Records, or AACER.

Experts say bankruptcies typically peak in an economic cycle between six and 18 months after an economy bottoms out. This is in part because many people and businesses seek other means to work off their debts before seeking court protection.

May's filings were the third most in a month since an October 2005 overhaul of the U.S. Bankruptcy Code that made it harder to restructure debt without creditor interference. There were 159,251 filings, or 6,924 per business day, in March 2010.

Through May 31, there have been 659,516 bankruptcy filings this year, up 15 percent from a year earlier, AACER said. There were 622,798 consumer filings and 36,718 business filings, and 6,048 filings to reorganize under Chapter 11.

About 16 percent of filings this year have been in California, while another seven percent were in Florida and six percent were in Michigan. On a per-capita basis, Nevada had the most filings, followed by Georgia and Tennessee.

FBI Reports New Twist on Counterfeit Check Schemes

CHICAGO—The FBI continues to receive reports of counterfeit check schemes targeting U.S. law firms. In the lastest scheme, scammers send e-mails to lawyers, claiming to be overseas and seeking legal representation to collect delinquent payments from third parties in the U.S.

The law firm receives a retainer agreement, invoices reflecting the amount owed, and a check payable to the law firm. The firm is instructed to extract the retainer fee, including any other fees associated with the transaction, and wire the remaining funds to banks in Korea, China, Ireland, or Canada. By the time the check is determined to be counterfeit, the funds have already been wired overseas.

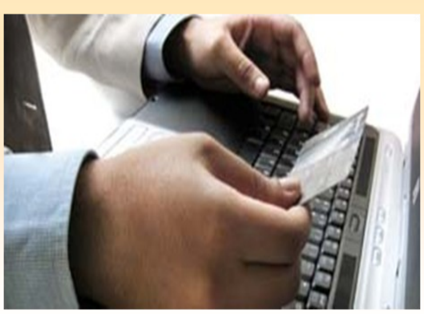
In Dallas, the scheme involved a person identifying themselves as Greg Vanderg, Vice President of an overseas company, TruSeal Industrial, a fictitious Denmark Company. Vanderg then sent a legitimate looking e-mail to the law firm seeking legal assistance in placing a lien on the assets of a debtor. The law firm agreed to assist the client and negotiated a retainer amount and obtained a signed engagement letter. The law firm was then provided falsified documentation outlining the alleged debt owed by the debtor.

After the agreement was reached between the law firm and the fictitious TruSeal overseas company, a person who identified themselves as Vanderg's secretary, Andrea Kentz, sent the law firm an e-mail advising the debtor had agreed to settle the debt to avoid litigation. In this particular instance the law firm was advised the debtor had agreed to pay $492,510. The debtor's check was sent to the law firm. Who deposited it and kept the agreed upon $20,000 retainer fee, then wired the remaining money, $472,510, to the alleged overseas company. The check mailed to the law firm turned out to be counterfeit and no payment was made on the check. By the time the law firm determined the check was not legitimate, the wired amount was collected.

In the Dallas scheme, the debtor was alleged to be located in Houston, Texas. However, the counterfeit check was mailed to the law firm from Canada.

In another scam, the fraudulent client seeking legal representation is an ex-wife "on assignment" in an Asian country, and claims to be pursuing a collection of divorce settlement monies from her ex-husband in the U.S. The law firm agrees to represent the her, sends an e-mail to the ex-husband, and receives a "certified" check for the settlement via delivery service. The ex-wife instructs the firm to wire the funds, less the retainer fee, to an overseas bank account. When the scam is executed successfully, the law firm wires the money before discovering the check is counterfeit.

All Internet users need to be cautious when they receive unsolicited e-mails. Law firms are advised to conduct as much due diligence as possible before engaging in transactions with parties who are handling their business solely via e-mail, particularly those parties claiming to reside overseas.



Credit Card Late Payments Fewer, But Charge-Offs Rising

Credit card late payments slipped in May to 4.18 percent from 4.27 percent in April, marking the fourth straight month of fewer consumers making late payments of 60 days or more, according to the latest Fitch Ratings index.

So-called early stage delinquencies – those late 30 days or more—slid to 5.53 percent from 5.74 percent in April. But credit card issuers overall are still battling higher charge off—those loans deemed uncollectible after becoming 180 days late. Charge-offs jumped to 11.1 percent, from 10.93 percent in April.

Delinquencies trending downward is a positive sign that charge-offs may be leveling off. But much depends on the economic recovery and the labor market, Fitch said.

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Est. 1930

Caine & Weiner—Since 1930, the world-class accounts receivable management solution for 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.

Economy is Top of Mind for Consumers

A study by ConAgra Foods found that despite a turnaround in the economy, Americans say they will not soon let go of their new-found frugal shopping habits.

In addition, the survey found four-in-five Americans said they do not feel like the recession is over, while 7-in-10 said they will continue the savings habits they developed during the economic downturn. The survey showed of those American consumers who made changes to their food shopping or preparation habits, most of those changes will continue next year.

In a statement issued by ConAgra Foods, they reported that over the past 20 months shoppers are heading back to shopping lists and looking for real value. When they are in the store, they are shopping in more locations, especially in the center of the store. Many are turning to canned or prepared products, which can offer both cost savings and convenience for those who are cooking and eating at home more.