TheBiz

Credit & Collection News from Caine & Weiner

Q-2 2011 Volume 11 Issue 2 www.caine-weiner.com

Caine & Weiner contributes to the success of NACM's 115th Credit Congress & Exposition

Nashville, TN—As an active supporter of the credit and collection industry, Caine & Weiner was one of a handful of agencies that participated in the National Association of Credit Management's (NACM) 115th Credit Congress & Exposition held May 22-25 at the Gaylord Opryland Resort and Convention Center in Nashville, TN.

Caine & Weiner supported the annual event, as they have for the last several years, by participating as an exhibitor and sponsoring a hospitality suite.

Recognized as the leading event in the credit and collection industry, attendees benefit from a host of industry-specific meetings, the opportunity to participate in workshops, networking, combining social activities with business events, education forums and more.

The Hospitality Suite, held Sunday evening May 22nd in the Delta Island ABC Room, was an opportunity for the invited guests, to kick-off the three and a half day event in a relaxed, informal setting. Caine & Weiner and their NACM Affiliate alliance partners; NACM Midwest, NACM Upstate New York and NACM Gateway Region, co-hosted it.

Nashville's Gaylord Opryland Resort & Convention Center

Caine & Weiner's exhibitor's booth was also very well attended. Clients and event attendees alike had the opportunity to stop by and meet with our team as well as learn firsthand about the accounts receivable management services we provide. Visitors to our booth also had the opportunity to win great prizes to remember their event experience by. Caine & Weiner is already preparing for another great experience next year in 2012.

In this issue

Home sales fall to lowest point of year

The Los Angeles Times

Fewer people bought previously occupied homes in May, lowering sales to their weakest point of the year.

Home sales fell 3.8% last month from April to a seasonally adjusted annual rate of 4.81 million homes, the National Association of Realtors said. That's far below the roughly six million home annual sales rate typical in healthy housing markets.

Sales fell across most regions in May, dropping 6.4% in the Midwest, 5.1% in the South and 2.5% in the Northeast. There was no change in the West.

The number of first time buyers, who drive about half of sales in healthy times, ticked down to 35% of sales last month.

The supply of unsold homes dropped to 3.72 million, which at last month's sales pace would take more than nine months to clear.

Fitch warns of U.S. rating cut

Reuters

A U.S. default would have severe reverberations in global markets, a top Federal Reserve official said after Fitch Ratings warned it could slash U.S. credit ratings if the government misses bond payments.

St. Louis Federal Reserve Bank President James Bullard said “the U.S. fiscal situation, if not handled correctly, could turn into a global macro shock.”

Some Republican lawmakers have said a brief default, which would be inevitable in August if lawmakers fail to raise the nation’s $14.3 trillion debt ceiling, might be acceptable if it forces the White House to deal with large budget deficits.

Bullard’s warning came just after Fitch said it would slash to “junk” the ratings on all U.S. Treasury securities, seen worldwide as a risk-free investment, if the government misses debt payments by Aug. 15.

The ratings would go back up once the government fulfills its debt obligations, but probably not to the current AAA level, Fitch said, in a stark statement about the effect of even a short-lived default on U.S. creditworthiness.

The White House said Fitch’s warning makes it clear that “there is no alternative to raising the debt ceiling.”

B of A may post $27 billion in housing losses by '13

Bloomberg News

Bank of America Corp., the largest U.S. lender, may face a further $27 billion of housing-related losses between now and 2013 amid increasing regulation as the economic recovery slows, analysts at Sanford C. Bernstein said.

The losses would be in addition to the $46 billion the lender has already recorded, analysts led by John McDonald wrote in a note to clients.

"The process of addressing legacy mortgage issues will be long and arduous," the analysts said. "Recent declines in home prices and an uptick in employment trends create an upward bias to our loss estimates for the lender.” Bernstein has an "outperform" recommendation on the stock.

Bank of America Chief Executive Officer Brian Moynihan, 51, said on June 1 he expects future U.S. home-price declines will be "incremental," a day after reports of the biggest quarterly drop in values in two years. Home prices in 20 U.S. cities fell 5.1 percent in the first quarter, the largest decline since the first quarter of 2009, according to the S&P/Case-Shiller index.

As long as Bank of America's housing related losses don't exceed $55 billion, twice Bernstein's estimate, it should manage to boost Tier 1 capital to 8.5 percent by 2013 and avoid raising more, the analysts said. About 44 percent of Bank of America's total lending is linked to housing, compared with 34 percent at its competitors, Bernstein's McDonald said.

The bank may need to raise capital in a share sale if housing losses wipe out earnings, Paul Miller, a bank analyst at FBR Capital Markets, said in a Bloomberg Television interview with Betty Liu on "In the Loop." Ultimately, the company cobbled together by Moynihan's predecessor, Kenneth Lewis, may be dismantled, Miller said.

"Bank of America is too big to manage at this point," Miller said. "It's not going to happen tomorrow, it's not going to happen next year, but at some point down the road I think Bank of America will be broken up."

Did you know......

When Caine & Weiner was established in 1930, the average cost of a brand new Ford was just $640!

Google unveils three search aids

The Los Angeles Times

Google Inc. showed off some new tricks for easier and faster Web searching on the desktop.

“We are breaking down the barriers between you and the knowledge you seek,” Amit Singhal, one of Google’s top research engineers, said at a news conference in San Francisco.

One tool lets users with the Chrome browser search for information on a desktop computer by using voice commands just as they would on a mobile device powered by Google’s Android software. Another tool available in extensions for Google’s Chrome browser and Mozilla’s Firefox browser enables the user to drag a digital image into the search box to find out about it.

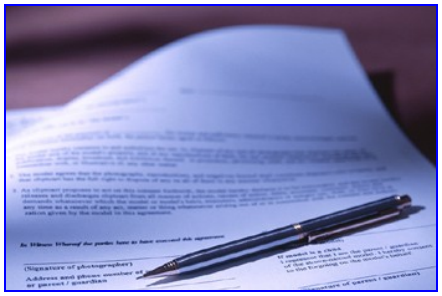
Google also unveiled Instant Pages, which immediately loads Web pages after users click on search results, cutting several seconds from the search process.

On average, users spend nine seconds typing in a query and 15 seconds sifting through the results. Instant Pages, which is available for the Chrome browser, builds on Google Instant, which the company launched last year.

Another Caine & Weiner advantage!

The Law Offices of Pucin, Friedland & Lestak, P.C.

The Law Offices of Pucin, Friedland & Lestak, P.C. ("PF&L") is Caine & Weiner's affiliated legal entity who shares our mission to provide our stakeholders with enhanced due diligence, accountability, control, lower costs and increased results throughout the entire recovery cycle specifically focused on pre-litigation and litigation services. Its team of highly skilled and experienced creditors' rights attorneys serves the entire enterprise and is strategically located in our Chicago, Los Angeles and Buffalo centers.



The PF&L process occurs as the next logical step in the collection cycle initiated by Caine & Weiner. This process involves legal professionals, who are specifically trained in the art of negotiation, financial analysis, skip tracing and reporting all in furtherance of client requirements focused on the ultimate goal of final resolution. Caine & Weiner and PF&L use the same collection system and database, sharing key information thus eliminating redundancy and loss of time. Furthermore, our clientele is able to view our respective activity within the account notes from our CW Connect online portal accessible 24/7 via our website at www.caine-weiner.com/client_access/.

Our objective is to avoid litigation and PF&L will make every attempt to amicably resolve the matter and mitigate the cost of collection without recommending the filing of a lawsuit. If litigation is the only alternative, our team will verify the debtor's financial situation, attachable assets, bank accounts, employment, etc. so as to analyze any settlement offer propounded or post-judgment execution needed. Based on the aforementioned analysis, PF&L will make a well educated recommendation as to whether or not litigation is recommended and submit the same to Caine & Weiner and its clients. Suit will be filed only with the client approval.

PF&L attorneys are licensed in Illinois, Ohio, California, and New York and can litigate certain accounts where jurisdiction falls within those states. On all other accounts, Caine & Weiner will utilize its long standing network of licensed, bonded and insured Commercial Law League of America attorneys.

PF&L and Caine & Weiner will manage the entire legal process for maximized results, eliminating wasted time, efforts, frustration and money. The services provided and results obtained are compelling advantages for our clients.

Bank of America Credit Cards getting higher penalty rates

Associated Press

Missing a credit card payment may soon be a lot more expensive. Customers at Bank of America should take note that starting next week, they could be subject to penalty rates as high as 29.99% if they're late with a payment.

Bank of America began notifying cardholders of the change in April. The company said that starting June 25, a single late payment could result in the higher penalty rates. A late payment won't automatically trigger a higher rate. But the bank says the account will be flagged for review and the rate could be hiked depending on the cardholder's payment track record.

If the rate is hiked, customers will be notified at least 45 days in advance. The penalty rate will then only apply to new purchases.

Customers will also have to pay a late fee of up to $25. The fee can go as high as $35 if there's a second violation in a six month period.

The bank said it will review any account that faced a rate hike within six months to assess whether the original rate should be restored.

Reports point to lower food prices, more hiring

Associated Press

Americans are finally getting some relief from high gas and food prices.

Wholesale food prices fell last month by the most in nearly a year, and gas prices keeping dropping after peaking in May. A separate survey suggests chief executives are feeling more optimistic and will hire more in the second half of the year.

It amounted to welcome news after a rough patch that has stoked worries that the economic recovery is slowing. More jobs and lower prices would give Americans more money to spend on other things and rejuvenate economic growth.

Food Prices at the wholesale level fell 1.4%, the Labor Department said. It was the largest drop since last June. The drop in food prices followed harsh winter freezes, which has driven up the prices of tomatoes and other vegetables in February. Even if prices don't fall, economists say they probably won't go much higher.

Lower wholesale prices should work their way to the grocery store, but that may take as long as six months.

Overall, the producer price index, which measures price changes before they reach the consumer, rose 0.2% in May. That's much lower than April's 0.8% gain and signals that inflation is in check.

Gas prices at the wholesale level rose in May by the smallest amount in eight months.

West Coast
818-226-6000

Midwest
847-407-2320

Mid-South
502-425-9100

Northeast
716-633-0235

Southwest
877-343-6568

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.

TheBiz

The Biz is published quarterly by Caine & Weiner to provide our partners with industry news and credit & collection information.

Information contained in The Biz is acquired from a wide range of sources.

Comments or questions can be directed to the editor.

President & CEO
Greg A. Cohen
greg.cohen@caine-weiner.com

Editor
Vice President-Marketing
Frank Draper
frank.draper@caine-weiner.com

Est. 1930

Consumer borrowing climbs again—but Credit Card use falls second time in three months

The Commercial Appeal

WASHINGTON—Americans borrowed more money in April for the seventh straight month, but they cut back on using their credit cards. The Federal Reserve says consumer borrowing rose by nearly $7.2 billion, fueled by greater demand for school and auto loans. A category that measures credit card use fell for the second time in three months. It has risen only twice since August 2008, the height of the financial crisis.

The 3.1 percent overall increase pushed consumer borrowing to a seasonally adjusted annual level of $2.43 trillion, just above the nearly four-year low of $2.39 trillion hit in September.

The report includes auto loans, student loans and credit cards, but excludes mortgages and loans tied to real estate. The Fed will give a more complete picture of Americans' debt on Thursday when it issues its quarterly report on household net worth.

Households began borrowing less and saving more to cope with the recession, which ended in June 2009. Credit card use has plummeted nearly 19 percent over the past 20 months and it has dropped 5 percent over the past year.

Overall borrowing has increased in recent months. But analysts say the reason for that is also a reflection of the weak economy: The gains have been driven by more people borrowing money to attend school – many of whom are out of work.