

TheBiz

Credit & Collection News

Collecting America's
Debt Since 1930



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Caine & Weiner

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On behalf of the Caine & Weiner team we want to wish our clients, strategic partners and vendors a happy holiday.

As we begin our 74th year, we have had to adapt to a market impacted by intense competition, warp-speed technological change, globalization and increased government regulation.

We have, however, met each challenge and by making the necessary changes our company is more robust than ever, allowing us to continue our legacy of providing outstanding service.

We are thankful our loyal clients, our vendors who faithfully deliver the vital products and services we require and our strategic partners.

The last quarter has shown a rebound in the economy and some promising global developments have also occurred on the world scene. Subsequently we look forward to 2004 with hope and positive expectations.

We want to convey our appreciation and warmest regards to you during this holiday season.

Robert E. Caine, Chairman & CEO

Greg A. Cohen, President & COO

Wm J. Vallecorse, President-Central US

Homelessness on rise!

Many American's lack housing because of increased Debt load and lack of a financial safety net.

Van Nuys, Ca—Homelessness in major cities is escalating as more laid-off workers already living paycheck-to-paycheck wind up on the streets or shelters.

As Americans file for bankruptcy in record numbers and credit card debt explodes, more workers are a paycheck away from losing their homes. Now the frail economy is pushing them over the edge. With over nine million unemployed workers in July, the face of homelessness is changing to include more families shaken by joblessness.

“There is still a mind-set that the homeless are substance abusers who have made bad life decisions,” says Ralph Plumb, CEO of the Union Rescue Mission in Los Angeles. “But more and more, they are individuals responding to a catastrophic financial event. The homeless are us. They’re regular folk.”

Requests for emergency shelter assistance grew an average of 19% from 2001 to 2002, according to the 18 cities that reported an increase--the steepest rise in a decade. The findings are from a 2003 survey of 25 cities by the U.S. Conference of Mayors.

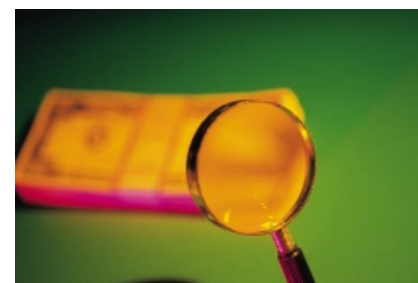
The survey revealed that families with children are among the fastest-growing segment of the homeless population. The conference found that 41% of the homeless are families with children, up from 34% in 2000.

An estimated 3.5 million people are likely to experience homelessness in a given year, the Urban Institute reports. People remained homeless for an average of six months.

The majority of cities polled by the conference of mayors expect homelessness

conference of mayors expect homelessness to increase over the next year.

Several factors put families and workers at risk. One of them is soaring housing costs. The median price for existing homes in the U.S. is \$167,800, according to the National Association



of Realtors.

Foreclosures are up. Last year there were 1.5 million bankruptcy filings by individuals--the highest on record--up from 289,000 non business filings in 1980, according to the U.S. Census Bureau. Mounting debt forces consumers to take out loans to pay credit card and other debts.

“Many people lack financial safety nets” said Greg Cohen, C&W’s President and COO, “subsequently if they lose their job or have an accident or severe illness not covered with insurance it often has a devastating impact on their lives”.

“We can learn a lesson from the Japanese”, Cohen said, “who are known for putting money away for a rainy day”.

32% of Americans spent refund checks from tax cuts

Islandia, NY--One third of Americans spent refund checks they received earlier this year from President Bush's tax cut package on purchasing consumer goods, according to the Cambridge Consumer Credit Index.

One-fifth of Americans used the money on everyday purchases, while 10% spent on something they always wanted to buy and 2% used the money for other kinds of purchases. Of those surveyed, 18% deposited the refund checks into savings accounts. Almost half or 48%, used the money to pay off bills including credit card (15%) and other bills (33%). Only 2% invested the money in stocks, bonds or mutual funds.

Of the total respondents, 32% of Americans received tax refunds this year, while 68% did not receive refunds as a result of the income tax cut legislation.

By comparing what Americans thought they would do with tax refunds to what they actually did, it is clear they spent more and saved and invested less.

New collection laws in effect

On January 1, 2004 a new law becomes effective in California pertaining to the collection of debts and identity theft.

A collection agency must cease their efforts when a consumer can show that they were the victim of identify theft. When it is clear that identity theft was not involved, the collection agency can resume collection efforts. If a debt collector ceases collection activities and does not resume collection efforts, the collector must notify all consumer credit reporting agencies, in which an adverse report was sent, that the debt must be deleted from their credit report.

On September 1, 2003, a new Texas law that modifies the reporting requirements of consumers, third party debt collectors and credit bureaus went into effect.

Rather than notify the third-party debt collector or credit bureau of a dispute regarding the accuracy of an item contained in the consumers credit bureau file, consumers may now notify only the third-party debt collector of such a dispute.

Credit bureaus are no longer required to make a written record of a dispute by a consumer. According to Texas law, only third-party debt collectors are required to make such a written record.

American Credit Card debt drops almost 30 percent

According to the annual credit card survey by Myvesta.org, who provide nonprofit consumer education, the average amount of credit card debt carried by American consumers has dropped by 29.4 percent.

The average consumer is now carrying \$2,294 in credit card debt, down from \$3,250 in 2002. Their wallets also have lightened slightly over the past year. Americans now carrying an average of 2.3 credit cards--down from 2.5 in 2002.

The survey showed that many consumers lowered their credit card debt by cutting back on their credit card use or tapping their home equity.

Other results showed that males have an average credit card debt of \$2,877. females average of \$1,733.

Consumers aged 18-24 have an average credit card debt of \$1,208. In the 25-34 bracket, the average is \$2,245. Consumers aged 35-44 had the highest at \$3,846.

Consumers in the Northeast carry the largest credit card balance with an average of \$3,527. The lowest is \$1,712 carried by Midwest consumers.

Caine & Weiner begins 74th year

As C&W begins its 74th year, marketing efforts are underway to convey it to their clients and prospects with promotional materials, industry publication ads, Internet marketing and trade show exhibits.

"Perception is everything", said Frank Draper, C&W's Vice President--Marketing, "as such when branding C&W in 2004 a primary goal will be to establish greater awareness in the domestic and international marketplace of our prominence--that we have been in business longer than 90% of the companies in business today".

The message will also convey that while other companies have come and gone, not only has C&W survived, but *flourished* in a highly-competitive marketplace.

Although there are over 10,000 agencies operating in the U.S., Few have been under the same ownership since 1930.

In addition to print media reminding clients of the seven plus decades of service, a new trade show booth features life-size images of C&W's founders; Sidney Caine and Charles Weiner standing in front of a 1930 Ford Sedan. Above the dapper gentlemen appears the phrase; "After three-quarters of a century, Caine & Weiner is still Caine & Weiner".



When guests visit C&W's Los Angeles office, a smaller version of the graphic is prominently displayed adjacent to the front lobby.

"We are excited about the marketing campaign and its message which conveys stability and industry leadership", Draper said. "The underlying message is that we have a motivated team with enlightened leadership. That says it all!"

Radio-fueled credit cards Could end swipe

New York (AP) The familiar ritual of buying something with a credit card—handing the plastic to the clerk or swiping it yourself, then waiting for approval and signing the receipt may be headed the way of the mechanical brass cash register.

For more than a year, MasterCard and American Express have been testing “contactless” versions of their credit cards. The cards need only be held near a special reader for a sale to go through—though the consumer can still get a receipt.

The card companies say the system is much faster and safer because the card never leaves the customers hand.

MasterCard has been testing its PayPass system mainly in Orlando, Florida and promises a nationwide rollout in 2004, beginning primarily at quick-service restaurants and other places where people tend to be in a hurry.

American Express has done pilot runs of its Express Pay service in Phoenix, though the company recently expanded the test to New York ferry terminals on the Hudson River.

The new cards have chips imbued with radio-frequency identification or RFID, the technology that Wal-Mart, the military and other institutions hope to begin using soon to precisely check inventory.

The card has no battery or power, they are jolted to life by the readers electromagnetic waves. A small radio antenna in the card instantly transmits account information to the reader.

In theory, the transaction could be intercepted without a consumers knowledge by a technologically savvy thief, however they would have to get quite close to their target or have a sensitive reader.

You probably will leave home without one of the new cards for a while as it will take a few years for the cards to go mainstream.

Man claims wife's suicide caused by credit card debt

Murfreesboro, TN--Magistrate Judge E. Clifton Knowles is scheduled to hear the opening arguments on a case where a Murfreesboro man claims that a stack of unpaid credit card bills are to blame for his wife's death.

Donald MacDermid filed a lawsuit in U.S. District Court this week against Discover Financial Services, seeking compensatory damages of \$1.5 million and punitive damages of \$250 million, charging that Discover's over-aggressive collection tactics lead to his wifes suicide.

McDermid claims that in 2001, his wife Nina Kay, submitted multiple applications via the Internet to obtain credit cards from Discover, using his name as co-applicant on the application without his knowledge or permission.

The suit states that Mrs. MacDermid began using the credit cards as soon as she received them, running the balance of each card up to its limit.

Discover has filed a motion to dismiss the suit, stating Mr. McDermid's claim fails to state a claim upon which relief can be granted, meaning a credible case was not presented.

New Enemy for U.S Troops; Debt

Fort Stewart, Ga—On the one-mile strip of fast-food joints and pawn shops leading to the front gate of Fort Stewart, getting a cash loan of \$100 to \$500 is about as easy as buying a cheeseburger.

Numerous strip-mall businesses bear names like Check into CASH, Need Cash Today? It's Easy as 1-2-3, First American Cash Advance, Payday Advance and PJ Cash.

Fort Stewart has declared these so-called payday lenders enemies at its gate, accusing them of preying on U.S., troops with high-interest, short-term loans that plunge them deep into debt.

“It's like riding a merry-go-round, once you get on, it's hard to get off,” said Frederick Sledge, an emergency relief officer at Fort Stewart whose office gives interest-free loans to soldiers in financial trouble.

Military bases across the nation have become magnets for payday lenders, which charge fees as high as \$30 every two weeks per \$100 borrowed—equal to a 720 percent annual interest rate.

Earlier this month, officials from Fort Stewart and Kings Bay Naval Submarine Base urged Georgia lawmakers to crack down on such loans, which are illegal under state law but thrive because of lax enforcement.

Lt. Col. Russ Putnam, a Fort Stewart lawyer, told legislators that stress over paying off payday loans hurts troops morale and the combat readiness of the post's 3rd Infantry Division, which lead the assault on Baghdad. In extreme cases, soldiers saddled with debt must be discharged.

“When we lose those people because of payday check cashing, they're as good as dead to us. They are gone”, Putnam told the lawmakers.

The Community Financial Services Association, which represents about 15,000 payday loan stores nationwide, denies its members are taking advantage of soldiers. In March, the association urged its lenders to suspend the collection of loan payments by troops sent to the war in Iraq.

Navy Petty Officer 2nd Class Jason Withrow, who works on a nuclear submarine at Kings Bay, took out a payday loan to make ends meet after being hurt in a car wreck. A back injury had forced him to drop his second job loading beer kegs at the navy exchange. Withrow soon found himself taking out loans with other payday lenders to pay the interest on his initial advance.

“In five months I spent about \$7000 in interest and didn't even pay on the \$1,900 principal”, said Withrow.