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The Biz

CREDIT & COLLECTION NEWS

Collecting America's Debt since 1930!



Est. 1930

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The Otis Notice

Monthly publication is latest value-added feature available to C&W clients

Van Nuys, CA— On January 1st Caine & Weiner clients will receive *The Otis Notice*, a monthly email publication that lists U.S. businesses that are rapidly expanding or recently underwent adverse activity.

Adverse activities include; bankruptcy, lawsuits, judgments, reported losses, declining net income and involvement in acquisitions and mergers.

Such information is highly regarded by Credit and Collection Managers, whose job is to be aware of market place activity which could impact their customers ability to promptly handle their

financial obligations.

The publication, which isn't available through other agencies, is the result of a recently formed strategic relationship between Caine & Weiner and Evanston Illinois-based Bastien Financial Publications, a respected industry publication.

The publication began in 1984 by Stephen Bastien, a financial executive for a Chicago chemical manufacturer, who was dismayed to find that the information from credit reporting agencies was insufficient, lacking up-to-date information.

In addition to the **FREE** monthly edition, the daily version (*The Credit Management Daily Report*) is available by subscription. Annual subscriptions are \$450. The cost for a quarterly subscription is \$125.

Additional benefits available to subscribers include access to the publishers company tracking system and email notification whenever adverse information is reported on businesses flagged by the subscriber.



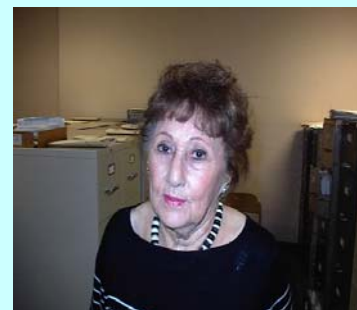
Gertrude Caine, wife of Caine & Weiner founder

Van Nuys, CA—Gertrude Caine, whose husband, Sidney, founded Caine & Weiner in 1930 died December 9th from complications of a stroke.

Despite her age, she was 98, each morning she arrived at the office neatly dressed in business attire and went about her job.

She exemplified charm and dignity and rarely took time off, up until a couple weeks ago when she suffered from a lingering virus.

She is survived by son, Robert E. Caine, Caine & Weiner's Chairman, and daughter, Harriett. She has five grandchildren and 12 great grandchildren.



Credit rating isn't an exact science

USA Today- Sophisticated credit scoring technology has made it easier for lenders to measure a borrower's risk, fueling the growth of the sub prime market.

Unfortunately the information used to calculate credit scores is often inaccurate, incomplete or fraudulent consumer groups say.

The U.S. Public Interest Group recently asked

members in 30 states to review their credit reports for accuracy. The result: 25% of the 200 reports surveyed contained mistakes that could lead to denial of credit or higher interest rates, said Ed Mierzwinski, consumer director for the group.

But credit-reporting agencies said the results were exaggerated and questioned the consumer group's definition of serious

errors. Given the enormous amount of information processed by credit reporting agencies, some mistakes are inevitable.

Sometimes credit-reporting agencies inadvertently merge files of consumers with similar names.

Identity theft can also hurt a borrowers credit score. Some victims spend years trying to get fraudulent accounts and unpaid bills

removed from their reports.

Consumers who want their credit scores will still have to pay for them.

The FTC hasn't yet decided what constitutes a reasonable fee.



FTC charges "Debt Negotiator" with fraud

Washington A business billing itself as a debt negotiation company that promised to reduce consumers' debt, negotiate with creditors and stop harassment from debt collectors in exchange for various fees, instead pocketed the fees and plunged consumers deeper into debt, according to the FTC. The commission

charges that Better Budget Financial Services and its principals, John Colon Jr., and Julie Fabrizio-Colon, defrauded consumers out of hundreds of thousands of dollars each, causing many to be sued by their creditors and forcing others into bankruptcy.

On November 3, 2004, the court entered a temporary restraining order halting the

defendants' illegal business practices, freezing their assets and appointing a temporary receiver pending a preliminary injunction hearing. The FTC received substantial assistance from the Massachusetts Attorney Generals office to move the case forward.

According to the FTC, the defendant had advertised its services through Internet

advertising and on its Web sites since at least August, 2000. Their advertisements claimed they could negotiate with consumer's creditors to reduce their debt by 50 percent. Consumers were told the defendants would work for them for a non-refundable retainer fee and monthly admin fees of \$29.95 and 25 percent of any savings.

Americans leery of economy, personal finances in 2005

Minneapolis, MN— Americans expectations for the U.S. economy in 2005, as well as for their personal financial well-being, are down sharply from a year ago, according to a national Thrivent Financial survey. More Americans expect the U.S. economy in 2005 to worsen than grow better (37 percent versus 33 percent), a

reversal from a year earlier.

This overall pessimism is also found in America's attitudes about their own family income and financial situation. Taking into account their income, savings and investments against financial obligations, some 44 percent say their families will not be financially better

off in 2005 than in 2004, up from 38 percent a year earlier.

In addition the number of people expecting their income to decrease in the coming year doubled from a year earlier. Twenty-two percent expect their family income to decrease, up from 10 percent a year ago, while only 38 percent expect it to increase.



Do you have business news or something compelling to report?

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Check fraud attempts increased to \$5.5 billion in 2003

Kansas City, KS— According to the latest figures released by the American Bankers Association, attempted bank fraud at U.S. banks rose to \$5.5 billion in 2003.

While attempted check fraud continued to rise, actual dollar losses remained relatively stable at \$677 million, down slightly from \$698 that banks lost in 2001, the last year when

the biennial survey was conducted.

While dollar losses decrease, the number of check fraud cases increased 3 percent to 616,469 cases in 2003. However, average losses per case went down from \$1,162 in 2001 to \$1,098 in 2003. Counterfeit checks had the highest median loss per case of \$3,059 followed by kiting

(\$2,566) and alterations (\$1,452). All types of fraud combined, the median loss per cases varied from \$530 for community banks to \$1,380 for mid-sized banks to \$2,242 for regional banks.

After showing signs of improvement in 2001, new account fraud re-emerged as a serious challenge for banks of all sizes. Compared with the

last survey, new account fraud's share of check-related losses rose for community, regional and super regional banks.

The use of account screening software during account opening ranked as the most effective fraud prevention method by the survey participants. The next best methods were the use of credit bureaus and not cashing checks for new customers.

Credit card issuers look to China market

New York, NY—Anyone looking for signs that China is edging its way into western consumer culture should consider this: Bank of China, the oldest indigenous Chinese bank now issues a Great Wall Platinum Visa credit card, and it comes with a frequent-flier rewards program.

Today about 1 percent of Chinese citizens hold western-style credit cards and

they tend to be the wealthiest of urban sophisticates. A majority of people use cash for all transactions; either they do not have bank accounts or they have never been offered credit by a bank. What little personal lending occurs in China usually consists of informal arrangements among friends, family members or business associates.

But major changes are taking shape and conditions in China have grown ripe enough to attract investments from the world's biggest credit card issuers in the past year.

Citigroup, American Express and HSBC holdings have signed credit card partnerships with Chinese banks.

At present foreign banks

are barred from offering loans or banking services directly to Chinese citizens but that will change in 2007 when such restrictions are lifted in accordance with World Trade Organization agreement.

Also on the horizon are the Beijing Olympics in 2008 which will bring large numbers of plastic-carrying visitors.

More Americans are moving away from plastic

Van Nuys, CA— To the dismay of credit-card companies, consumers are finding ways to move away from plastic.

For several years they've piled their debt onto their home mortgages through refinancing. With the refinancing boom winding down, they're moving it to low-rate home-equity

loans. The shift, along with the higher cost of funds, is dimming industry prospects.

Growth in credit-card receivables-what card holders owe-has slipped to low single digits for issuers in the last couple of years, and some industry watchers think the trend is here to stay. "The logic of

borrowing 3% to 7% on a home-equity loan compared to 13% on a credit card is too powerful to ignore," says Morgan Stanley Analyst Kenneth A. Posner.

That dynamic has transformed the credit industry into an even more cutthroat arena where maintaining profitability is

increasingly tough.

To fight off the profit squeeze, credit card companies are trying to impose higher rates. One way is to shift customers to variable-rate interest cards whose rates can change without notice, shortening the periods when low teaser rates stay in force and marketing gimmicks.

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TheBiz

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Caine & Weiner is an international accounts receivable management company that provides commercial and retail credit & collection services to the global business community.

Established in 1930 by Sidney Caine and Charles Weiner our firm has offices strategically located across the country to service our 3,500 clients.

MBNA stops unsolicited switching of customer credit cards

The MBNA Corporation, the largest independent issuer of credit cards, has decided that it should ask for permission before switching its customers' credit cards to American Express cards.

Responding to complaints from customers who did not want the American Express cards MBNA sent them, a spokesman said that the company would stop the automatic replacement policy that was being applied to some of its Visa and MasterCard cards.

He said the policy change was made the day after an article appeared in *The New York Times* reporting objections

from MBNA's customers.

MBNA is introducing the first credit cards that carry the American Express brand but are not issued by American Express. MBNA has been inviting some customers to apply for the new cards, but it has sent letters to others telling them their cards would automatically be switched unless they objected, a practice known as opt-out marketing.

Some customers likened the tactic to "slamming," the unsolicited switching of a customer's phone service, which has been ruled illegal. MBNA, based in Wilmington, Del., said that what it was

doing was legal; the company's general counsel, Louis J. Freeh, defended the practice.

A spokesman for MBNA, said the company had put an immediate stop to the practice. He said the company had used the opt-out process in the past to upgrade customers from gold cards to platinum cards, which offer more benefits, "without any negative customer response."

But, said the spokesman, "in this case, we did get some negative feedback." So, he said, MBNA has sworn off opt-out marketing "in respect to American Express".