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**Inside this issue:**

- FBI to crack down on mortgage fraud **2**
- One million Chinese projected to use credit cards in 2006 **2**
- Supreme Court sides with government in delinquent loans case **3**
- Experian-Gallup survey shows consumers optimism in 2006 **3**
- Many organizations still take a reactive approach to collection **3**

# TheBiz

CREDIT & COLLECTION NEWS

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## Thank You For Your Support!



Robert E. Caine  
Chairman & CEO



Greg A. Cohen  
President & COO



William J. Vallecorsa  
President-Central U.S.

Van Nuys, CA— As the holiday season ushers in the New Year we want to take a moment to thank those who made 2005 an outstanding year for Caine & Weiner.

We are sincerely indebted to our clients, some of whom have allowed us to serve them for over 25 years. Their support allows us to provide jobs which sustains our 142 team members and their families. Our clients, over 3500 of

them, represent virtually every facet of commerce and can be found in every state and in cities overseas.

Our clients are sincerely appreciated and we will continue to place their satisfaction as our highest priority.

Our alliance partners are also to be thanked. Without them we could not provide the diversity of services used by our clients. Our partners include NACM

Midwest, NACM Tampa, FX Source, First Commercial and Global Credit Solutions.

In addition to our clients and alliance partners, we owe gratitude to our team members who daily perform an exceptional job from our five national collection centers.

Happy Holidays to all from Bob, Greg and Bill and we look forward to a continued relationship in 2006.

### Credit Card Payments via iPods and MP3 Players

Cool describes the stylish Internet tool just introduced by point-of-sale leader Ingenico. The hand-held gadget allows the user to complete credit card transactions by combining Apple iPod technology with an FM transmitter to send the payment data to the POS reader. In addition to making payments, other options are also included.

Imagine downloading an MP3 file that contained a secured record such as an on-line purchased airline ticket. Once at the airport the user could electronically transmit the data to the ticket counter and breeze through the gate for boarding.

Branded as the iTrip from Griffin, the FM transmitter is also designed to play MP3's over car stereos.

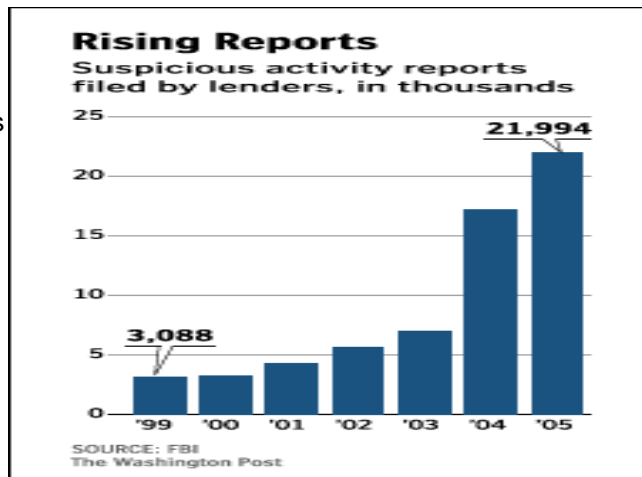


## FBI Vows to crack down on mortgage fraud

Washington Post The federal government recently announced a crackdown on what officials called the "growing epidemic" of mortgage fraud, with organized rings of real estate operatives bilking consumers and lenders out of billions of dollars.

At a news conference at FBI headquarters, law enforcement officials announced they had received 21,994 reports of "suspicious" real estate activity in 2005, up from 17,127 the previous year. They said the FBI is investigating 721 pending mortgage fraud cases in numerous states, up from 534 the previous year.

"It's a pervasive problem, and its on the rise," said Chris Swecker, assistant director of FBI, as officials described investors and consumers drawn to the hot real estate market only to find themselves the prey of savvy criminals who use



loopholes in lending practices to strip borrowers of their savings, in most cases also ruining their credit. Lenders are becoming victims as well, induced to make bad loans that will go into foreclosure. When the loans are insured by the Federal Housing Administration, taxpayers are on the hook for the losses. The cases are being handled by a joint task force that includes the FBI, the Department of Housing and Urban Development,

the U.S. Postal Service, and the Internal Revenue Service.

Government officials criticized real estate and banking executives for not doing enough to root out mortgage fraud. FBI officials said lenders should check to make sure Social Security numbers on loan applications are legitimate and should double-check to make sure the signatures on documents match because of the increase in forgeries.

Swecker said banking executives are not doing enough to verify that appraisals on properties represent their true value. He also said a surge of new entrants to the mortgage broker business has permitted "fly-by-night operators who exploited" the recent hot real estate market to avoid detection.

Jim Nabors, president of the National Association of Mortgage Brokers, said his group is seeking to work more closely with law enforcement officials and has placed a direct link to the FBI on its Web site for use by its members.

In Atlanta, a lawyer named Chalana McFarland has been sentenced to 30 years in prison for her role in using stolen identities to submit fraudulent loan applications for which she paid \$10,000 each.

## HSBC predicts one million Chinese credit card users in 2006

Shanghai (Reuters)— Europe's biggest bank, HSBC Holdings PLC, aims to sign up one million credit card uses by mid-2006 with its Chinese banking partner.

Ron Logan, chief executive of the HSBC's joint card Bank of Communications said he expected the unit to be profitable in three to four years.

"We are slightly ahead of our target and the number can reach one million by July 2006".

HSBC set up a Shanghai-based joint card center with Shanghai Pudong Development Bank.

It is estimated that credit card profits in the nation could hit \$1.6 billion compared with zero now

in China, where people still believe cash is king.

Beijing, struggling to clean up a banking sector saddled with \$200 billion in bad debt, is encouraging local lenders to seek out foreign capital and expertise. Overseas investors want to access the \$1.7 trillion the Chinese have in personal savings.

At present, foreign banks are

not allowed to issue credit cards on their own. "China's card market", said Logan "Is highly competitive and profits cannot come easily. To secure a bigger market in China vast marketing and promotion is required which eats into profits in the early years".

## Supreme Court sides with government in loans case

**Washington**—The Supreme court ruled unanimously that the government can seize a person’s Social Security benefits to pay old student loans.

Retiring Justice Sandra Day O'Connor wrote the decision that went against a disabled man, James Lockhart of Seattle, who contends he needs all of his \$874 monthly check to

pay for food and medication.

His government benefits had been cut by 15 percent to cover debts he incurred for college in the 1980’s.

Lockhart also lost at the San Francisco-based 9th U.S. Circuit Court of Appeals, which said that Congress had eliminated a 10-year time limit on the

governments right to seek repayment on defaulted student loans.

The Bush administration had maintained that the case was important because outstanding student loans total \$33 billion, which includes \$7 billion in delinquent debt. Of the delinquent loans about half are over 10 years old, government lawyers said.



**Do you have business news or something compelling to report?**

**Please Email Frank Draper at**  
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## Experian-Gallup survey shows most consumers are optimistic about 2006

With the new year approaching, most consumers have a decidedly upbeat outlook. According to the latest Experian-Gallup Personal Credit Index (SM) survey, 68 percent of consumers say they are optimistic about their financial situation in the coming year, including 30 percent who are “very optimistic”.

“These positive views reinforce the modest increase in consumers’ assessment of their credit situation this month,” said Ed Ojdana, group president of Experian Interactive. “The Experian-Gallup personal credit Index is up 11 points from last months record low of 74. December’s level of 85 represents the index’s highest level since August, ending the year on a relatively high note.”

Other positive expectations for the coming year include

higher pay, promotion and an improved credit score. A majority of employed consumers, 57 percent, look forward to earning more money next year than this past year, while only six percent expect to see a decline in their pay. Thirty percent of workers also anticipate getting a promotion. More than a third of consumers, 36 percent, hope to earn a higher credit score, while just two percent think their score may decline. The rest expect it to remain the same.

When thinking about the new year consumers anticipate the following: making home improvements (50 percent), paying off all their debt (38 percent), buying a new car (21 percent), moving to a new place at least 10 miles away (20 percent), going back to school (19 percent), getting

a new job (18 percent), buying a new home (13 percent) and, among those with a mortgage, refinancing their home (6 percent).

The under-30 consumers also are more likely than older consumers to be looking for a new job, moving to a new location and buying a new car. Thirty-nine percent of younger consumers expect to find a new job next year, compared with just 14 percent of consumers 30 and older. Also among young consumers, 44 percent expect to change residence and 32 percent look forward to buying a new car, compared, respectively with just 15 percent and 18 percent of older consumers thinking of such changes.

On a separate issue, the poll found that 14 percent of consumers who have a credit card pay only the minimum amount, in effect using the card as a high-interest loan. In a similar Experian-Gallup

poll last December, just seven percent of consumers used their credit card that way.

“It’s worrisome that twice as many consumers are using their credit in this fashion compared to last year,” said Dennis Jacobs, chief economist for the Gallup Organization. “The past year’s devastating natural disasters, general price increases and record energy costs may have caused more consumers to put day-to-day items on their credit card, and they haven’t caught up with their finances. This could also be the result of the increase in minimum credit card payments by credit card issuers”.

**Your satisfaction with our service is our highest priority!**

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## TheBiz

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

Comments or questions can be directed to the editor.

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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 the firm has offices strategically located across the country to service their 3,500 clients.*

## Many organizations still take a reactive approach to collection

A recent survey conducted by Aceva Technologies, a leading provider of enterprise applications for revenue and receivables management, announced that many organizations take a reactive approach to collection and receivables management.

The survey found that 90 percent of disputes are settled in the customers favor, indicating a high percentage of preventable disputes. It was also found that disputes take on an average of four weeks to resolve once they've been identified.

Their data also showed that 89.5% of companies

focus on large accounts or large past due balances, but 85% of the companies spend less than 50% of time contacting customers,

"The findings, though compelling, don't surprise me as the most progressive and successful receivables operations are the ones that address existing issues through automation and take a proactive approach to receivables management", said Sanjay Srivastava, Aceva's CEO.

Additional survey findings discovered that 60% of companies use historical-based measurements such as past due percentages,

DSO and aging quality as the primary measures of success. While these measures are important, they only quantify end-results and don't explain how front line managers contribute to achieving the organizations collection and receivable goals.

Metrics better suited for measuring their accomplishments would include a number of touch points and dispute resolution cycles, which can also act as early warning signs.



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