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# TheBiz

## CREDIT & COLLECTION NEWS

Collecting America's Debt since 1930!



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# Bankruptcies Down

## Record U.S. Highs continue

**Van Nuys, CA**—U.S. bankruptcy filings dipped 2.6% to 1,618,987 for the 12 months ending September 30, according to data from the Administrative Office of the U.S. Courts. The total for the previous 12-month period, ending September 30, 2003, was 1,661,996.

Numbers for the full year 2004 were not available but Samuel Gerdano, Executive Director for the American Bankruptcy Institute does not expect to see an increase. "I expect filings to be over 1.6 million again but the full year should come in under the number for 2004", he said.

Filings declined from record highs in the past few

quarters, although filings remained at historically high marks. The ABI recently decided to conduct a study to determine what variables have the strongest correlation with filings, to help predict where filings are headed. The ABI studied a 10-month period, looking at how variables such as mortgage defaults, interest rates and credit card debt related to the number of bankruptcy filings.

Three variables; financial obligations, credit card defaults and credit card delinquencies emerged as having the strongest ties to filings. "It wasn't so much a surprise to find out the correlations between these variables and bankruptcies

as it was to see what variables didn't correlate, like interest rates", Gerdano said.

The National Association of Consumer Bankruptcy Attorneys believes the high number of filings is due to the predatory lending practices of creditors. "Bankruptcy filings remain high because consumers are struggling to keep up", said Matthew Mason, NACBA president. "Consumer debt has been at record high levels compared to disposable home income. As long as that is the case we will continue to see filings which closely track consumer debt burdens at a very high level".

## U.S. Economy Stronger Than Estimates

**Washington, DC**—The U.S. economy grew at a 3.8 percent annual rate in the fourth quarter, the government recently reported.

It was much stronger than previously estimated due to a stronger trade and investment performance. The Commerce Department said gross domestic product, the broadest

measure of the nation's economy growth, rose at the revised rate rather than the 3.1 percent reported a month ago.

That was slightly stronger than the 3.7 percent rate that Wall Street economists had forecast and only a small decline from the third quarter's four percent pace.

Nearly half the revision stemmed from a stronger trade performance, reflecting more robust exports than previously thought.

Despite the fourth quarter revision there was no change in the governments 4.4 percent GDP prediction.

## NACM Encourages Congress To Enact Fairness In Bankruptcy Litigation Act of 2005

**Columbia, MD-** The National Association of Credit Management (NACM) commends U.S. Senator John Cornyn (R-TX) for sponsoring S.314 known as the Fairness in Bankruptcy Litigation Act of 2005. The bill is currently before the Senate Committee on the Judiciary for consideration.

NACM has encouraged Congress to enact vital legislation for its potential

to protect consumers, pensioners, shareholders and small businesses by reforming the rules governing venue in bankruptcy cases to combat forum shopping by corporate debtors.

"This bill would provide much needed relief to businesses and perhaps even more importantly to small businesses" said Robin Schausell, President of NACM. "This bill would

provide relief from the current practice of requesting a transfer of venue which is expensive and time consuming to both the debtor's estate and its creditors".

The National Association of Credit Management, headquartered in Columbia, Maryland supports more than 25,000 business credit and financial professionals worldwide with premier

industry services, tools and information. NACM and its network of affiliated associations are the leading resource for credit and financial management information and education, delivering products and services which improve the management of business credit and accounts receivable.

## Robert Caine Addresses NACM In Mexico City

**Mexico City**—Robert E. Caine, Chairman and CEO of Caine & Weiner was one of several speakers invited to address attendees at the NACM/Mexico Third Annual Conference held in Mexico City, February 21-22.

The two-day forum, held at the Mexico City Sheraton Hotel for the benefit of NACM/Mexico members,

addressed several credit and collection issues when Mexican and American companies transact business.

The agenda included; an overview of the 2005 fiscal reform in Mexico, selling under the U.S. Uniform Commercial Code and the Mexican Commercial Code and the challenges and opportunities of doing

business in Mexico

Caine's presentation provided the attendees with an overview of the FDCPA and the Sarbanes-Oxley Act, and other regulations.

After addressing agency licensing, bankruptcy and bad check laws, Caine discussed the collection process, collection tools and payment options available to debtors in the United States.



Robert E. Caine

The forum provided the attendees with helpful credit and collection related resources.

## Internet Fraud Threatens U.S. Economy-Secret Service

**San Francisco, CA**— Internet fraudsters motivated by money and armed with sophisticated technology pose an increased economic threat, as they steal private data from companies and individuals, was the recent comments of the Director of the U.S. Secret Service.

"There is no longer any doubt about that threat.

With just a few key strokes online fraudsters can disrupt our nations economy," said Ralph Basham at the RSA Security Conference held in San Francisco.

Security analysts have warned that Internet hackers, once motivated by the thrill of shutting down computer systems, are joining forces with

organized crime groups as they seek to profit from hacking into databases and stealing personal data through a variety of tactics.

Basham said several law enforcement agencies in the United States and overseas recently disrupted an online organized crime ring that spanned eight U.S. States and six countries with the

arrest of 30 people so far.

Internet fraudsters are increasingly targeting less-protected small businesses rather than large companies that can spend millions of dollars on security software to protect their computer systems.

## Identity Theft Costly To Consumers

### Van Nuys, CA—

According to the latest figures released by the American Bankers Association, attempted bank fraud at U.S. banks rose to \$5.5 billion in 2004.

With the recent announcement that hackers penetrated a databases containing the credit information of 35,000 Californians, consumers may wonder if it's a smart idea to purchase

identity-theft insurance.

The Identify Theft Resource Center in San Diego said in a 2004 Study that affected Americans spend an average of 600 hours recovering from identity theft, often over a period of years, and spend an average of \$1,400 in out-of-pocket expenses. The business community at that time lost between \$40,000 to \$92,000 per

victim.

Identify theft is so pervasive that insurers consider it a peril. As such many Insurance companies now offer identity-theft coverage.

Insurers include; Allstate, American International Group, Chubb Group of Insurance Companies, Encompass Insurance, Farmers Group and others.



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

**Please Email Frank Draper at [frank.draper@caine-weiner.com](mailto:frank.draper@caine-weiner.com)**

## Electronic Automated Clearinghouse Payments Concerns Few Consumers

**Van Nuys—CA** Most consumers don't mind having their checks converted into electronic automated clearinghouse payments (ACP). Moreover, consumer knowledge and awareness of ACP is high, according to a National Automated Clearinghouse (NACHA) survey.

"The survey demonstrates that check conversion can

happen on a massive scale with little impact on consumers, although NACHA still recommends that sufficient attention be paid to customer service and education," said Elliott C. McEntee, president and CEO of NACHA.

ACP allows companies that receive consumers' checks at remittance and lockbox locations to convert them

into electronic ACP payments. The same, safe electronic payments system is also used for direct deposit. ACP is used for consumer bill payments such as credit cards, mortgages, insurance premiums, telecommunications and utility bills.

NACHA estimates that in 2004 there were 1.25 billion consumer checks converted into ACP payments, and at

the current growth rate payments may reach two billion in 2005.

When read a description of the ACP check conversion process, 69 percent of the surveyed consumers said they are familiar with the process and 55 percent said they had no concerns with it.

## Study: Higher Credit Scores For Consumers With Debt Above National Average

**New York, NY—** A national study conducted by Experian found that indebted consumers appear to enjoy relatively high credit scores. In fact, the average credit score for consumers with debt above the national average is higher than the average score for those with debt below the national average. U.S. consumers may find credit more readily

available than ever before and many are taking advantage of this opportunity by acquiring debt such as increasing credit card balances, greater automobile installment loans and real estate mortgages. Some consumers believe that all of this spending might have an adverse effect on their credit score, but it appears, according to a national study to be false. Debt by

itself is not a negative factor, as long as it is managed well and consumers are not extending themselves beyond their means.

The survey found that the U.S. consumers have an average debt of \$11,224 compared to \$10,024 in 2004. The average credit score for consumers with less than the average amount of debt is 671, only

six points lower than consumers with above-average amounts of debt.

A quarter of U.S consumers have debt that is above the national average, with a credit score of 695.



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**Chicago**  
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716-633-0235

**Tampa**  
866-499-2575

[www.caine-weiner.com](http://www.caine-weiner.com)

## TheBiz

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### **Chairman & CEO**

Robert E. Caine

### **President & COO**

Greg A. Cohen

### **President-Central US**

William J. Vallecorse

### **Editor & Vice President- Marketing**

Frank Draper



*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.*

## Increased U.S. Debt Keep Collectors Busy

People involved in debt recovery are very busy these days.

From banks and retailers to health-care and cellular phone service providers, unpaid bills are mounting. Various sources show that two out of every five American households spend more each year than they earn and that the average family non-mortgage debt in this country is about \$14,500.

Arranging payments from customers with overdue accounts and recovering that money for lenders is the task of the nation's 413,000 bill collectors— a field expected to grow

faster than average through 2012, according to the U.S. Bureau of Labor Statistics.

The collection industry claims its work saves American households an average of \$331 each year in prices that businesses would have otherwise raised to cover bad debt losses.

Debts recovered by collectors for the federal government alone garnered some \$546.8 million in 2004, according to ACA, formerly the American Collectors Association.

Increased household debt

and the lenders attempts to recoup the money is what's driving the jobs in account collections.

"If there's a myth about this work, it's probably the impression that it's a bunch of leg-breakers knocking down doors to collect the money from the debtor", said Kevin Underwood, President of the ACA's Washington chapter.

In reality it's a profession that has moved into the 21st century on the leading edge of technology. Today's collectors spend their workdays calling debtors to arrange payment plans and to offer suggestions for how to pay the bills.