TheBiz

CREDIT & COLLECTION NEWS

Collecting America's Debt For 7 Decades

Est. 1930

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Inside this issue:

Robert E. Caine

Beloved Chairman 1936-2006

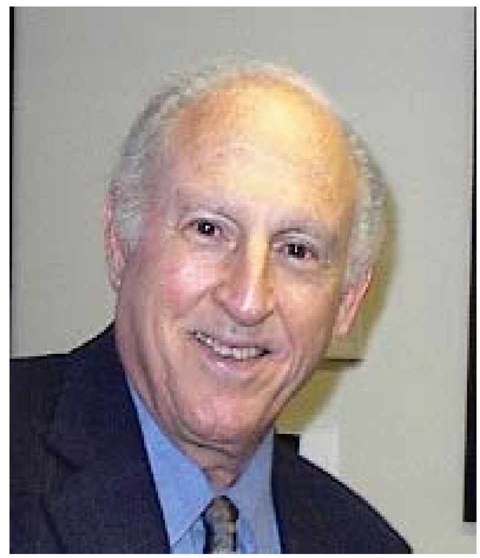
Van Nuys, CA—Robert E. Caine, Chairman & CEO of Caine & Weiner, and the son of the company's founder—Sidney Caine died August 15th due to complications from a brain hemorrhage.

The suddenness of his affliction caught family members and his business associates off-guard as he had enjoyed excellent health.

Bob was active in the Commercial Law League of America. He was the past Chair of the Commercial Collection Agency Association and served on the Board of Governors. He was the recipient of the President's Cup, the highest recognition that can be bestowed upon a member.

"I had the pleasure and honor of working with Bob for the past 18 years", said Greg Cohen, President & COO of Caine & Weiner, "His people skills, industry knowledge and wisdom continually amazed me. His imprint is everywhere within the organization. His loss cannot adequately be expressed in words.

Active in his community, Bob served as President and Managing Director of the El Portal Center for the Arts, President of the Jewish Federal Council of Los Angeles in the San Fernando Valley and Vice President of the North Hollywood Chamber of Commerce. He also served on the Board of Directors of the Jewish Federation Council of Los Angeles,



The Jewish Family Services of Greater Los Angeles and The Valley Economic Development Corporation.

As a person who lived in the moment, Bob had many interests; He was an accomplished actor. As a member of the Screen Actors Guild and AFTRA he appeared in nationally-aired TV commercials and community theatre. He coached Little League for 15 years, enjoyed singing—writing his own songs, dancing and world travel with Sunny and often with whichever grandchild was lucky enough to accompany them.

Bob and Sunny met when they were undergraduates at the University of California, Berkeley. August marked their 50th wedding anniversary.

(Continued on back page)

Consumer lawsuits against credit bureaus are multiplying

The nation's three top credit bureaus are being slammed with a growing number of lawsuits filed by consumers who allege that the agencies are severely damaging their credit worthiness.

Scores of lawsuits challenging credit-report errors and low credit scores are pending in several states, including California, Louisiana, Michigan, Mississippi, New Mexico, South Carolina and Virginia.

Consumers allege that the bureaus—Equifax, TransUnion and Experian—are engaging in a practice that artificially lowers their credit scores, and that they are ignoring pleas to remove inaccurate information from reports.

"It is becoming more and more prevalent that people are fighting back and suing credit bureaus and information furnishers who can't get it right without filing a lawsuit," said James Fishman of New York's Fishman & Neil, who has handled about 100 credit lawsuits in the last five years on behalf of plaintiffs. "I've always told clients who come in and have been banging their heads against the wall, 'It takes a lawsuit to get your thing solved," he said.

Fishman, who settles about 99 percent of his cases, believes litigation works. "When I go to court, the first thing I'm handed (from the defense) is a clear credit report," Fishman said. "You don't get that unless you walk into the courtroom."

Study concludes that workforce instability is number one fear of HR professionals

Companies across the United States are facing a growing problem, their workforce is slipping away.

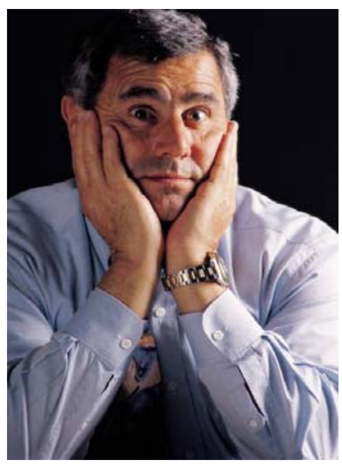
More than two-thirds of human resource (HR) professionals feel that attracting and retaining workers is the biggest threat to bottom-line profitability, according to a survey recently released by Oklahoma City-based Express Personnel Services, an international staffing and human resource company with nearly 600 offices in 47 states and Canada, South Africa and Australia.

As the economy continues to grow and the Baby Boomers retire, companies are facing stiffer competition for top talent. That doesn't bode well for employers. Nearly half (47%) of the responses from HR professionals indicated employee retention was their #1 concern.

Organizations that step up and boost their retention strategies will come out ahead, increasing productivity, profitability and employee loyalty, according to Robert A. Funk, founder and chairman of Express Personnel Services. In addition, companies that do a good job of retaining workers will become preferred places to work, resulting in people wanting to stay and a line of people wanting to come on board.

Managers have many tools in their arsenal to stave off employee desertion. Funk added that recognizing those tools is one thing—knowing how to best utilize those tools is even more important.

"There is more to retention than offering competitive salaries, paid time off and



insurance benefits ," Funk said. "By building trust, providing regular feedback , conducting effective annual performance reviews and giving appropriate rewards, supervisors and managers can lead their employees to a greater sense of commitment, increasing customer service, profitability and productivity.

"Nurturing a committed and satisfied workforce will pay for itself many times over in higher employee retention, increased productivity and more satisfied customers, which in turn will drive companies to reach the next level," Funk said.

In the Express Personnel Services survey, HR professionals identified the top critical concerns facing companies: retention/turnover (47%), recruiting/hiring (20%), training (19%), teamwork/teambuilding (9%) and morale (5%).

Express conducted the survey to determine what issues were top-of-mind with HR professionals. The survey questions were open-ended and distributed to a sample of attendees at 167 Express training and development workshops, yielding 935 responses from HR professionals.

China raises interest rates to curb credit boom

Beijing China recently raised interest rates for the second time in four months in the latest effort to tame a boom in credit and investment that the central bank said poised pressing problems for the economy. The People's Bank of China (PBOC) said it had ordered an increase of 0.27 percentage point in commercial banks' benchmark one-year deposit and lending rates. The deposit rate is now 2.52 percent and the lending rate stands at 6.12 percent.

The PBOC raised lending rates by the same margin in April 27 but kept deposit rates unchanged.

"The national economy has maintained rapid growth so far this year, and the overall situation is sound, but the problems of over-rapid investment growth and credit expansion and an excessively large trade surplus are pressing," the central bank said on its Web site (www.pbc.lgo.cn).

The timing of the rise caught some in the markets off guard and the rate rise which weakened the Yuan was expected to push higher in the immediate future.

Powered by investment and exports, growth in the world's fourth-largest economy quickened to 11.3 percent in the second quarter form a year earlier, the fastest pace in a decade, compared with 10.3 percent for the previous quarter.

But after figures this week showed slower growth in industrial output and capital spending in July, many economists thought the PBOC would hold fire even though the money supply and credit are expanding and will above target.

"The message is: they are trying to do something. Probably the measures are having an effect on some part of the investment story

but overall they have to do much more," said Oliver Stoenner, head of emerging markets research at Commerzbank in Frankfurt.

The yen, often traded as a proxy for the Yuan, rallied from record lows against the euro following the rate rise and rose a third of a percent to the day's high against the dollar.

Japan, the European Central Bank and Australia are among major central banks that have raised borrowing costs lately, although the Federal Reserve has paused after a two-year campaign of raising U.S. interest rates.

Since April, the Chinese central bank has also required banks to hold more deposits in reserve and instructed them to curb lending to specific sectors. The PBOC has also sucked more money out of the banking system through open market operations.

Government ministries have weighed in with strict orders to rein in capital spending. Three senior officials in Inner Mongolia were recently punished for flouting their orders.

Think tank gets bored, decides to rail against collectors

Washington, DC-based Center for American Progress recently released a report entitled "Reigning in the Repo Man: The Case for Increased Regulation of the Debt Collection Industry." The report is little more than a compilation of FTC data and mainstream media press reports.

The twelve-page document relies heavily on recent articles and stories in major newspapers and TV networks and the recent release of FTC numbers concerning a dramatic rise in the number of complaints logged against collectors. In fact, the report uses little else to support its position and recommendations.

The recommendations laid out in the report include extending the FDCPA to include in-house collectors at credit granters, implementing stricter pleadings requirements to prevent collectors from using small claims courts to "exploit vulnerable citizens," and the real gem of the bunch, increasing punitive damages for FDCPA violations.

The primary reasons given for increasing the damage size were inflation and the increased size of the collection industry. Since the industry now makes so much money, it should be more than willing to pay drastically increased penalties, reasons the report, Besides, there's no way consumers would abuse that new measure.

In sum, the report is little more than an emotional populist appeal to rid the earth of bottom feeding collectors in favor of consumers who feel entitled to own a flat-screen plasma TV.

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TheBiz

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Est. 1930

Your satisfaction with our service is our highest priority!

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 U.S to service their 3,500 clients.

Bob Caine (cont'd)

"He was an excellent and honorable business man" said Emil Hartleb, Executive Director of the Commercial Collection Agency Association, "And had many friends among his competitors who respected his business ethics. CCAA has lost one of its steadfast supporters and leaders. CLLA also has lost the business acumen, leadership and long term love of the leaguer".

Bob is survived by his wife Sunny, their son Andy and daughters; Edye and Laurie and five grandchildren.

Editors note:: Bob's imprint was everywhere, including the creation of Otis, a smiling, animated character used in many of Caine & Weiner's marketing programs. The following tribute to Bob was written by Eddy Sumar, Director of Finance for Rain bird International:

Bob passed away, alas, but he did not pass away from our heart

When you meet Bob he quickly resides deep in your
heart, from the start

He loved life, he laughed and made sure that we all
understood the art

He was creative, generous and a gentleman with a heart

He created Otis to be a spokesman for his dear domain
He laughed and laughed, at the mention of
Otis there was no restraint

He loved his family and cared about them without a constraint
He was loved by all for his qualities that alleviate pain

Bob has passed away, but he found in our heart a
lasting domain.