

# The Biz

Credit & Collection News from Caine & Weiner

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## Holiday Greetings!



During this festive holiday season I want to express my sincere appreciation to our valued clients, alliance partners, business associates, global business partners and the incredible C&W team.

As an enterprise who takes great pride in our eight decades of continuous service to the industry, and mindful of the current economic uncertainties, we are well aware of the unprecedented challenges that our stakeholders face daily and we are optimistic about the future.

Throughout these tough economic times, Caine & Weiner continues to develop innovative strategies to improve cash flow for our valued clients. We remain focused and committed—steadfast in our resolve to deliver performance excellence and best-in-class service that our clients, who represent every major industry, deserve and depend on in order to remain competitive in the ever-changing market place.

We are fortunate to have aligned ourselves with tremendous domestic and international partners with whom we share core values, mutual goals and a common thread of commitment to excellence.

The C&W teams of professional associates are

genuinely appreciated and I am thankful for their daily commitment, enthusiasm, results oriented motivation and exemplary performance throughout the year.

Best wishes to all, for a joyful holiday season, and a healthy and prosperous New Year.

*Greg A. Cohen*

President & CEO  
Caine & Weiner



Front row, Greg, Chris and Cami.  
Back row, Zac, Matt and Jake.

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### Foreclosures Show Biggest 5-year Drop as Process Slows

Foreclosure activity fell dramatically in November, showing the biggest drop in more than five years, mostly due to a temporary freeze on foreclosures and the holiday slowdown.

CNBC News reported foreclosures fell to 21 percent in November from the previous month and 14.4 percent from the year before, according to foreclosure tracking web site RealtyTrac.

Both percentage drops are the highest recorded since RealtyTrac began publishing its reports in 2005. But the drop isn't due to a recovery, RealtyTrac said.

"Part of the decrease can be attributed to a seasonal drop of 7 to 10 percent that typically occurs in November," said RealtyTrac CEO James Saccacio in the report.

The other reason for the decrease is the foreclosure freeze earlier this year.

## Credit & Collection Managers Closely Watch the U.S Economy

With the national employment rate stuck at 9.6 percent (14.8 million unemployed Americans) and the U.S economy growing at an anemic two percent annual rate in the third quarter, Caine & Weiner surveyed businesses in every major industry to determine how the uncertain economy was affecting their cash flow.

In response to the November survey, 43.8% of the respondents that took part reported their DSO remained about the same as last year and 63.5% reported that no changes were made to their department staffing levels. Most of the respondents are engaged in business to business (B2B) commerce.

When asked about their expectations for the next six months for placing accounts for collection, 57.5% reported placements

will remain about the same. In response to the number of customer bankruptcy filings compared to last year, the majority (41.7%) reported filings were about the same.

An increase in company sales is expected in 2011 by the majority (59.5%) of respondents.

The survey results indicate that cautionary measures have been implemented by Credit and Collection Managers to protect their accounts receivables in light of the uncertain economy. Such measures may include trimming back credit lines and initiating collection activity sooner.



## Nearly 12 Million in U.S. Were Victims of ID theft

Nearly 12 million people, about 5% of the U.S. population, ages 16 and older, were victims of identity theft in a recent two-year period, from figures provided by the Department of Justice and reported by The Los Angeles Times.

The most common type of theft was the unauthorized use of an existing credit-card account, according to the Bureau statistics.

Others surveyed said their identity had been stolen to raid bank accounts or to open new credit-card accounts.

The report was based on a 2008 survey of 56,000 people ages 16 and older. Participants were asked whether they had been victimized in the prior two years.

Based on the survey results, the Bureau of Justice Statistics estimates that the crimes caused \$17.3 billion in damages to U.S. victims. Three-quarters of victims said they suffered no out-of-pocket financial loss, presumably because their banks covered the loss, the report said.

About 17% of victims reported the thefts to law enforcement.

Many victims said they chose not to report the crime because they suffered no monetary loss or because they didn't think police could help them.

## Indicators Index Has Big Increase

The Los Angeles Times reports that a gauge of future economic activity rose in November suggesting that the economy will strengthen early next year.

The Conference Board said its index of leading economic indicators rose 1.1% in November—the biggest increase since March when the index jumped 1.4%

The leading indicators rose 0.4% in October and 0.6% in September. The index has risen for five straight months.



## TransUnion: 2011 Payment Problems to Drop Sharply

Consumers are expected to get better control on their mortgage and credit card payments next year as the economy slowly improves.

The Associated Press reported that Credit reporting agency TransUnion predicts that delinquencies, or late payments, on the two biggest major forms of borrowing will drop sharply again in 2011, after substantial declines seen in the second half of this year.

More homeowners in every state and the District of Columbia will get current on mortgage payments, according to a forecast from the Chicago company. That includes the hardest hit states of Nevada, Arizona and Florida.

TransUnion said that by the end of 2011, it expects just 4.98 percent of mortgages will be 60 days or more behind. The mortgage delinquency rate peaked at 7.89 percent in the fourth quarter of 2009.

The prediction is still well above the 1.5 to 2 percent delinquency rate considered "normal" for mortgages.

"We're actually still significantly higher than where we'd like to be," said Steve Chaouki, group vice president in TransUnion's financial services group. Nevertheless, the figure forecasts substantial improvement, reflecting expected stabilization in the housing market and a slowly improving unemployment picture.

Another reason for the expected gains is that many of the properties where homeowners have problems making their payments have already worked through the system



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### ACA International Applauds Members of Congress

ACA International, the Association of Credit and Collection professionals, applauds 11 members of the House Energy & Commerce Committee for their leadership in urging the Federal Communications Commission (FCC) not to hinder consumers and businesses from effectively communicating.

In a letter to the FCC, bipartisan members of Congress asked the FCC not to enact a proposed rule change to the federal Telephone Consumer Protection Act (TCPA), and allow the use of auto dialers and pre-recorded messages without prior written consent when placing calls to consumers on wireless telephones.

The signatories are Representatives Lee Terry (R-Nebraska), Fred Upton (R-Michigan), Ed Whitfield (R-Kentucky), Roy Blunt (R-Missouri), Sue Myrick (R-North Carolina), Jim Matheson (D-Utah), Bart Gordon (D-Tennessee), Mike Ross (D-Arkansas), John Shimkus (D-Illinois), Cliff Stearns (R-Florida) and Marsha Blackburn (R-Tennessee).

ACA has previously filed comments with the FCC and will continue to encourage Congress to take immediate action to modernize the Telephone Consumer Protection Act (TCPA).

ACA believes that proper communication between businesses and consumers is a vital component of a strong consumer protection environment. It ensures consumers are made aware of changes to the status quo and provides an opportunity to address pressing issues that stave off otherwise unavoidable, adverse financial action, such as foreclosure, negative credit reporting or litigation.



### Auto Credit Continuing to Loosen, Loan Amounts Up



In a recent survey, cited by Financier, Experian Automotive found that lenders have continued to loosen their criterion for loans. The loans taken for purchasing new vehicles are now 'credit-challenged' as the rate of shoppers has increased by 12.7 percent.

This was evident in the third quarter of this year. Loans are showing a boost for the prime purchasers including a significant rise of loans for sub-primers and non-primers.

Sub-prime shoppers now have a credit score between 550 and 619 and the

non-prime customers have the same between 620 and 679. According to Experian, this is not as risky as it seems and that shoppers are doing good work on re-paying their loans.

Lenders are at a safer side as the risk of default 'auto-loans' has fallen.

They are still optimistic that the prime purchasers will get sixty-three percent of the loans, which is respectable yet falls short of the sixty-six percent that was seen last year. On the whole, even though the credit scores have seen a downfall for both used and new shoppers, the average loan amounts have gone up.



### More Americans Satisfied with Their Credit Cards

A survey conducted by JD Powers & Associates revealed that Americans are becoming more satisfied with their credit cards, especially after new disclosure laws came into effect earlier this year.

The Epoch Times reported that the survey found that in 2010, more consumers are satisfied with their credit cards than last year, coinciding with recently passed legislation—the Credit Card Accountability, Responsibility and Disclosure Act referred to as CARD.

CARD simplifies credit card disclosures and protects borrowers from exorbitant fees and rate hikes.

“The increase in overall satisfaction from 2009 is driven primarily by improvements in satisfaction with credit card terms and billing and payment process,” said JD Power. “The largest increase in satisfaction with credit card terms is among revolvers, or customers who typically carry account balances from month to

month.”

The CARD Act, on the whole, helps those who carry monthly balances as it forces credit card companies to make further disclosures and warn in advance about rate hikes and credit card terms.



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## The Biz

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Comments or questions can be directed to the editor.

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*Caine & Weiner—Since 1930, the world-class accounts receivable management solution for 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 2,500 clients.*

### IRS Audits Jump by 11 Percent; Wealthiest Targeted

The Internal Revenue Service is making it a bit riskier to cheat on your taxes.

As reported by the Associated Press, the tax agency increased the number of returns it audited by nearly 11 percent this year. Wealthy taxpayers and big businesses were most likely to be targeted.

The IRS also stepped up audits of charities and other tax-exempt organizations.

In all, the IRS examined more

than 1.58 million individual returns in the budget year that ended in September, up from 1.43 million the year before.

"We saw individual audits increase, reaching the highest rate in the past decade," said Steve Miller, IRS deputy commissioner for services and enforcement. "The bottom line shows enforcement revenue topped \$57 billion, up almost 18 percent from last year."

Overall, a little more than 1 percent of individual returns

were audited, either by mail or in person. The IRS audited more than 8 percent of returns with incomes above \$1 million.

Taxpayers filed nearly 143 million returns, including those from individuals and married couples. Nearly 389,000 taxpayers reported incomes of \$1 million or above.

Corporate audits dropped slightly, by less than 1 percent. But there was a 7 percent increase in the number of audits of firms with \$10 million or more in assets.

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