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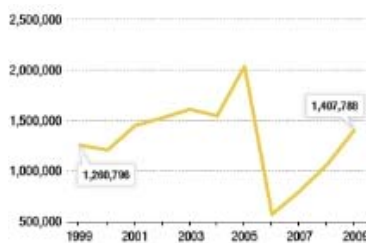
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CREDIT & COLLECTION MATTERS

February 2010

A Good Day in Our Firm is Collecting Clients' Money ... Not Billing Hours

HARD TIMES LEAD TO DRAMATIC RISE IN BANKRUPTCIES



Personal bankruptcies rose more than 30 percent last year, with more than 1.4 million protection filings. Many middle-class Americans sought relief after losing jobs, seeing their businesses fail or facing foreclosure.

In 2005, Congress overhauled the nation's bankruptcy laws with the intention of limiting the ability of many individuals to get rid of their debt — especially through the use of Chapter 7 of the bankruptcy code. But in this faltering economy, the law's impact has been limited.

In fact, far more people are now using Chapter 7 — in which assets are sold to pay off debts and what can't be paid is absolved — instead of Chapter 13. In a Chapter 13 bankruptcy filing, an individual signs up for a time-limited repayment plan and, in return, gets to keep certain assets. Creditors often get more money in Chapter 13 filings.

Business failures are often at the heart of personal bankruptcies. So are serious illnesses, divorce, a death in the family and, increasingly, the loss of a job. Some who choose to file for personal bankruptcy may be deadbeats or individuals who deliberately run up debts that they have no intention of paying. But Seattle bankruptcy lawyer Gloria Nagler says the vast majority of people who seek protection don't fall into either category. Rather, she says, many people considering filing are often so embarrassed that they can't even look her in the eye.

"I quickly let them know it's not a moral failing," Nagler says. "The economy is falling apart all around us. So many people are filing bankruptcy - I can't even return all my calls." Other lawyers across the country report the same thing.

So many people have lost their jobs, says John Farver, another Seattle area bankruptcy lawyer, that they can no longer afford what they easily could have six months ago. "They need their own personal bailout," he says. "Just like the fat cats on Wall Street."

Source: NPR

REMEMBER WHEN MEN USED TO HAVE JOBS?



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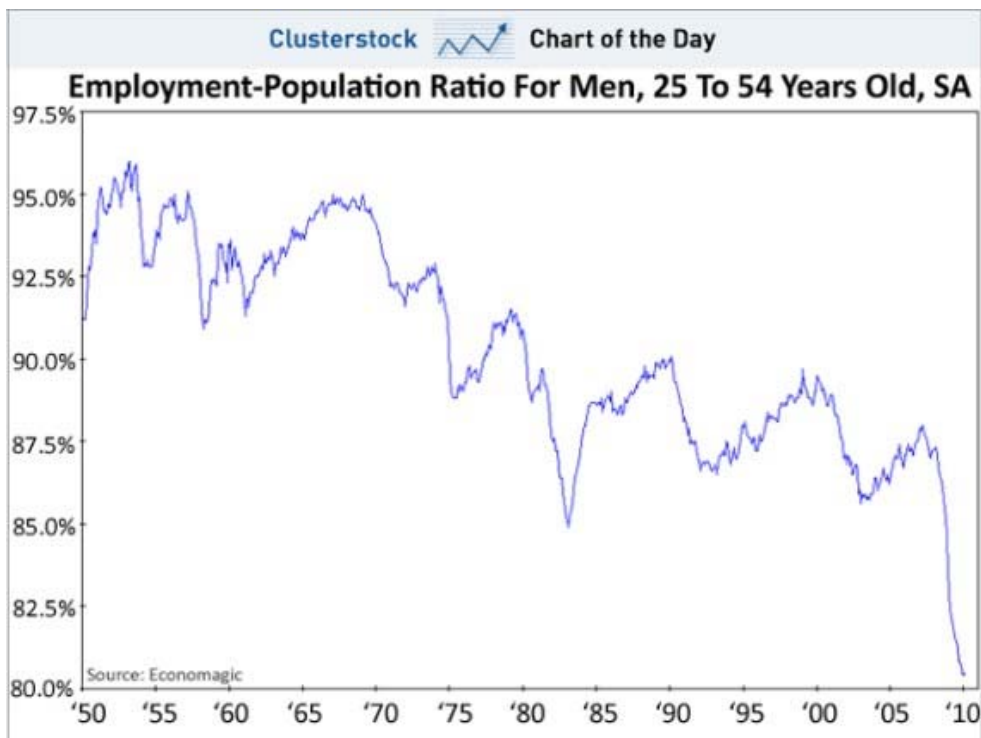
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Men between the ages of 25-54 are frequently described as being "working-age," because, well, they're expected to be working. But as this chart, via Brad DeLong, shows, that's happening less and less. Nearly 20% of men in this age group are out of the workforce, and none of the overall second-derivative labor market improvements seem to be helping much. How this trend impacts society more broadly should be interesting, to say the least.

Source: The Business Insider

SMALL BUSINESS LOAN DEFAULTS FALL

Defaults by small and medium-sized U.S. businesses on loans, leases and credit lines to finance capital equipment investment fell for the first time in 2 years in December, adding to signs of a nascent economic recovery, PayNet reported.

Accounts behind 180 days or more, or in default and unlikely to ever get paid, fell to 0.87% of total receivables in December from 0.89% in November, according to PayNet, which provides risk-management tools to the commercial lending industry. Accounts in moderate delinquency, or those behind by 30 days or more, fell in December to 4.22% from 4.26% in November. Accounts 90 days or more behind in payment, or in severe delinquency, fell to 1.34% in December from 1.41% in November.

The company's Small Business Lending Index, which measures the overall volume of financing, fell just 8.6% year-over-year in December, following a downwardly revised 8.4% decline in November. They were the first non-double-digit declines in nearly two years. Still, lending remained well below levels at the onset of the recent recession. And at more than 4%, moderate delinquencies on loan payments are running at more than twice the rate typical in better times, said Bill Phelan, PayNet's president and founder.

"The headline here is that the recession in this economy is most likely over, but full recovery to pre-recessionary levels is still years away," Phelan said. It will likely be at least another 12 months before delinquencies fall to the pre-recession level of less than 2 percent, he said.

Source: Reuters

IRONSIDE'S INDUSTRY INSIGHT ...

Accounts Placed with Collection Agencies Set New Record

The Commercial Collection Agency Association (CCAA) reported that its members received a record volume of business-to-business accounts for collection in 2009.

Emil Hartleb, Executive Director of CCAA reported that in 2009 CCAA members received \$17,762,139,514 in accounts placed for collection. This represents an increase of 33.4 percent over 2008. Account placement in 2008 held the previous record, \$13,311,932,553.



Hartleb pointed out that the gain in placement for the Fourth Quarter of 2009 compared to the same quarter in 2008 was particularly strong registering a gain of over 48 percent. He indicated that the problems in the economy's business sector are not behind us yet, particularly for small and medium sized businesses. Hartleb also stated that 70 percent of CCAA's membership believed that a lackluster economy, marked by high levels of account placement and declining collectability, will continue for at least the next six months.

If your business could use a helping hand collecting money that is rightfully owed, call Saldutti, LLC to get the *Law Firm Advantage to Debt Recovery*.

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