

CREDIT & COLLECTION MATTERS

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Get the Law Firm Advantage to Debt Recovery ...

"THE DECADE OF THE WORST"



Gary Weiss, of Portfolio.com, publishes his top ten worst list of the decade:

The first 10 years of the new millennium are done, and looking back we can dub it the "Decade of the Worst." For people who have gone through a change in millennium, the mere entrance of a new decade may not seem like much. But what a decade! Why, has anyone ever seen anything so awful? Think of all the "worsts" that blessed the business world since 2000: worst stock-market performance, worst scandals, worst companies, worst CEOs, worst regulators, and, all too often, worst journalism.

So in compiling this list of the top-10 biggest stories of the decade, I had a great deal of big and usually bad news to choose from, and some of gaudier stories of the decade didn't make the cut. Martha Stewart's trip to prison didn't make the cut, and neither did Dick Grasso's nine-figure paycheck. Sure, there were smatterings of good news here and there, but they got muscled out by the Big Terrible (No. 1) and its accomplices.

So here they are, in inverse order of importance:

10. The Death of Old Media

As the decade began, AOL merged with Time Warner in what was heralded as the future of old-fashioned paper-and-ink media properties. By 2009, AOL was de-merging from Time Warner, and the old media were in a state of disintegration. Magazines shuttered, and newspapers were on the endangered-species list.

9. Automakers Go Bust

In any other decade, the bankruptcy of two of the Big Three automakers, General Motors and Chrysler, would be the defining events of an epoch. But in this decade, it was hardly earth-shattering news that the Big Three were failing to make cars Americans wanted to buy.

8. Enron and Friends

The villains of Enron, Adelphia Communications, Tyco International, and their counterparts at Global Crossing and WorldCom—made people mad as hell. Until, that is, they stopped being mad and forgot about the whole thing. Sarbanes-Oxley was passed to prevent it from ever happening again.

7. Bernard Madoff

The corporate scandals of yore could not compete with the man who is arguably the worst financial criminal in history. Madoff stole more, over a longer period of time, than anyone since the Spaniards robbed the Incas.

6. The Real Estate Bubble

The all-American act of buying a house became a crucial part of a huge pump-and-dump scheme. Take overvalued assets, combine with predatory lending and Wall Street bankers selling toxic derivatives to uninformed investors based on absurd credit ratings, and one has the ingredients for a pretty wild crash.

5. Derivatives Mania

Derivatives, including the mortgage-backed securities and swaps that turned banks like Lehman into ashtrays, have been poorly regulated for a very long time. Just before the decade began, Congress exempted over-the-counter derivatives from regulation ... but by October 2008 was apologizing for the mess that resulted.

4. The Subprime/Real Estate Crash

Every boom is followed by bust. But this being the Decade of the Worst, it wasn't just any old real estate bust. We had a crash accelerated by all kinds of exotic mortgages (a product of years of regulatory neglect), as well as subprime mortgages sold to people who could not afford them.



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3. The Bear Stearns-Lehman Brothers Implosion

Bear Stearns was the first major Wall Street bank to suffer from its own greed-induced venture into toxic derivatives and mortgage-backed securities. Bear got the Federal Reserve bailout and the sale to JPMorgan in March 2008, while Lehman was allowed to go bankrupt six months later.

2. The Market Meltdown of 2008

A cyclical decline in the market commenced in October 2007 when the market indices peaked and turned into a rout when Bear, Lehman, and the rest of the major banks imploded. By March, when Bear self-destructed, the market was down 50 percent. All the gains of the 1990s were gone.

1. The Great Recession

Stagnation, high unemployment, and the worst market crash since 1929 combined to give “great” to this particular recession. Where would we have been without the bankers screwing up and betting their Hamptons mansions on mortgage-backed securities it took a supercomputer not to understand? Or the real estate boom and bust that the predatory lenders exacerbated, with help from somnolent regulators?

Source: Portfolio.com

LATER PAYMENTS ARE JAMMING THE ECONOMY'S GEARS

What's one sign of a weak economy? People take longer to pay their bills. As a result, those who await payment have less money to pay their bills, and a cycle of slowness sets in, gumming up the economic works.

An analysis by Sageworks, a financial information company, shows that a range of privately held businesses waited longer for payment last year than in 2008 or 2007.

Legal firms, for example, waited an average of three days longer in 2009 than in 2008 to collect money due. Architectural and engineering companies waited an average of about five days longer. It took accounting tax preparation, bookkeeping and payroll services about 10 days longer to receive their money, along with companies that service buildings and dwellings.

“When people are holding onto their cash, they're feeling less confident,” said Drew White, chief financial officer of Sageworks. Once bills start being paid faster, the economy is more likely to behave like a well-oiled machine.

Source: The New York Times

Days before payment was received by:

INDUSTRY	2008	2009*
Architectural, engineering service firms	45.4	50.1
Management, scientific, and technical consulting	35.8	43.2
Advertising	34.0	37.0
Computer systems design	37.9	36.7
Accounting, bookkeeping and payroll	24.7	34.5
Services to buildings	23.9	34.0
Other services	20.5	22.2
Legal services	12.4	15.8

*Through Nov.

Source: Sageworks THE NEW YORK TIMES

IRONSIDE'S HELPFUL HINTS ...

Having a reliable collection strategy is integral to maintaining enough cash flow to remain solvent. Check this section each month to gain helpful tips to create a streamlined collection process.



CUSTOMER VISITS

We don't all have extensive travel budgets but that doesn't mean we are prohibited from calling on local customers (those within a 50 - 100 mile driving radius). We need to get out from behind our desks and find out what our customers are doing, what is happening in their organization and what we can do to assist them. We don't need to visit all of our customers to identify opportunities. By visiting the customers close to us we can get a general idea of what all our customers are experiencing and what they need from us to survive.

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