

# SALDUTTI, LLC

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Complete Creditors' Rights Service for NJ & PA

## CREDIT & COLLECTION MATTERS

May 2010

### Put Some Bite Into Your Collections

#### 49 OUT OF 50 STATE ECONOMIES ARE STILL UNDERWATER



Issue 25

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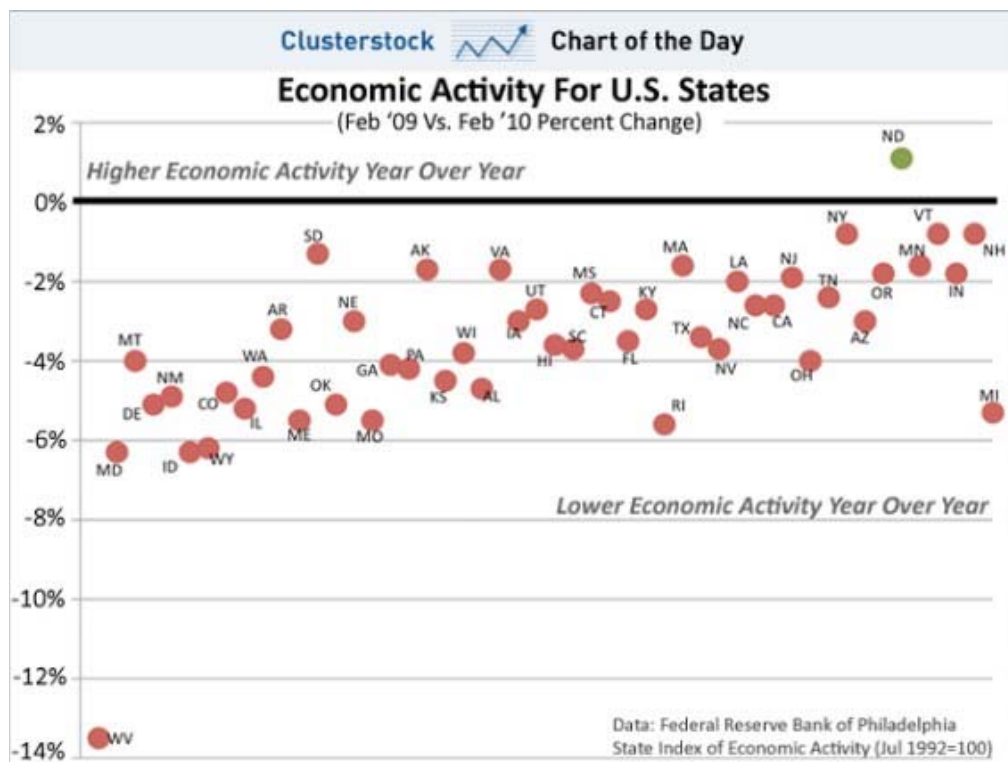
1-877-809-4345

TEL: (856) 779-0300

FAX: (856) 779-0355 - fax

NJ: Cherry Hill/Lawrenceville

PA: Philadelphia/West Chester



49 out of 50 U.S. states are still showing less economic activity than a year ago, based on February 2010 coincident economic indicators from the Federal Reserve of Philadelphia. The chart above is organized from top to bottom, from the most growth in economic activity to the largest declines in economic activity. States like West Virginia (WV), Maryland (MD), Idaho (ID), and Wyoming (WY) are the worst off year over year. Their February 2010 economic activity remained 13.5%, 6.3%, 6.3%, and 6.2% lower year over year. Thus their economies, along with those of another 45 states, all the red ones, are all underwater on an annual basis.

North Dakota (ND) is the only state to currently have a higher level of economic activity year over year. Its February 2010 economic activity was 1.1% higher than February 2009, as shown by the green dot in the chart above.

Moreover, 28 out of 50 states even exhibited less economic activity in February 2010 than just three months earlier (not directly shown above). This means they have been deteriorating most recently as

well. In fact, the chart above is organized from left to right by the change in economic activity in the last three months (February 2010 vs. November 2009). Thus West Virginia (WV), Maryland (MD), Montana (MT), and Delaware (DE), have seen their economic activity fall since November 2009 the most, given that they are the left-most dots. For example, West Virginia's economic activity fell 3.1% vs. November 2009 (percentage not shown). In contrast, Michigan has done the best most recently, given that it is the right-most dot, rising 1.5% vs. November 2009 (percentage not shown). Net-net what this tells us is that 49 out of 50 state economies are still underwater on a one year basis, and 28 out of 50 are even still falling vs. November. Source: The Business Insider

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## NEW JERSEY'S EXTREME MEASURES

### *More Anti-Small Business Tactics From Our Politicians*



A bill, Proposal A3839, was recently introduced in the New Jersey General Assembly that would require businesses in the state to provide debtors with additional information about their accounts, a copy of the lengthy Fair Debt Collection Practices Act (FDCPA), and would increase fines per violation to at least \$10,000.

For the most part, this bill mirrors the federal FDCPA regulations - which outline permissible calling times, warns against harassment and intimidation, using deceptive representations, etc. However the New Jersey bill goes far beyond the federal rules, requiring businesses to take unnecessary extra steps. Additionally, the bill will be enforceable under New Jersey's Consumer Fraud Act. A violation under the Consumer Fraud Act is punishable by a monetary penalty of \$10,000 for a first offense and up to \$20,000 for any subsequent offense.

Needless to say, New Jersey's "enhanced" FDCPA will lead to a plethora of problems. First and foremost, the FDCPA is roughly **33 pages** which will require additional postage. In order to ensure that the debtor receives this oversize packet (and avoid the popular "I never got it" excuse), proof of delivery will more than likely be needed. The mailing costs alone will drive up fees and possibly lead some agencies to forgo collection work in this state. Secondly, it is unlikely that a "least sophisticated debtor" is highly unlikely to understand the wording of the FDCPA, since it's a Federal Law written in lawyer speak. Someone commented on an industry blog, "If a consumer can't understand a simple loan agreement, how would they be able to fathom the FDCPA?" This addendum is superfluous and has only **one** real purpose - **political gain**.

Bill A3839 has no real foundation other than to make politicians appear consumer-friendly, hence gaining votes. These elected officials are taking short-sighted steps in attempt to correct the state's massive mound of economic problems. In the end, this will actually do more harm than good. This alleged pro-consumer stance will hinder small business. It affects all companies, both large and small, that extend credit. In this economy, credit is already difficult to get - the bill, will make it even worse. By limiting creditors and making it more difficult to collect, this bill will halter lending in the state because collection would be so cost prohibitive. Ultimately, it will force businesses out of the state and dry up the credit market.

Keep in mind that this bill does not just affect collection agencies - this will directly influence the way all businesses that extend credit operate - from legal firms like Saldutti, LLC, to accounts receivable clerks at large companies to the bookkeeper at a local neighborhood shop. Make sure that your voice is heard. Contact the Bill's primary sponsors and let them know how this will adversely affect you and your business: Paul D. Moriarty (4<sup>th</sup> District) - [AsmMoriarty@njleg.org](mailto:AsmMoriarty@njleg.org), Reed Gusciora (15<sup>th</sup> District) - [AsmGusciora@njleg.org](mailto:AsmGusciora@njleg.org), and Pam Lampitt (6<sup>th</sup> District) - [AswLampitt@njleg.org](mailto:AswLampitt@njleg.org).

## SONGS TO GET YOUR FINANCES ON TRACK

Here is a "hit list" of download-worthy songs that are sure to teach you a thing or two about managing your money. And maybe even rev you up to start paying down your debt.

***The Gambler*** by Kenny Rogers

**The lyrics:** "You've gotta know when to hold 'em, know when to fold 'em, know when to walk away, and know when to run. You never count your money, when you're sitting at the table..."

**The lesson:** Don't sit back and wait for your financial adviser to suggest solid investments or retirement strategies. Take matters into your own hands, and request bi-annual appointments to review your 401(k) distributions, savings goals and other financial matters. And don't forget knowing when to walk away from plastic, a.k.a. leaving your credit cards at home instead of swiping them at the register.



***Waking up in Vegas*** by Katy Perry

**The lyrics:** "...shut up and put your money where your mouth is..."

**The lesson:** Stop talking about "someday" saving for retirement or paying off debt. Talk the talk and walk the financial walk. Start putting your money where you always say you want it to be, instead of blowing it or making excuses to avoid saving.

***If I had \$1,000,000*** by Bare Naked Ladies

**The lyrics:** "If I had a million dollars (If I had a million dollars). Well I'd buy you a house (I'd buy you a house). And if I had a million dollars (If I had a million dollars). I'd buy you furniture for your house (maybe a nice chesterfield or an ottoman)..."

**The lesson:** Budgets work. Making lists of what you want to pay off or how you should spend your paycheck will help keep you on track to meeting your financial goals -- even if that's stashing away a million dollars!

***Money Changes Everything*** by Cyndi Lauper

**The lyrics:** "Money changes everything. Money, money changes everything. We think we know what we're doin'. That don't mean a thing. It's all in the past now. Money changes everything."

**The lesson:** It's easy to lose sight of how deep you might be falling into debt or where you're hemorrhaging money, especially if you're doing it a little bit at a time. To keep your wits about you, experts suggest designating one day a month as "money day." On that day, you should review your bank and credit card statements, 401(k) balances, monthly bills, etc. That will help identify areas you can cut (like excessive ATM fees or late charges).

Source: WalletPop

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## Get the Law Firm Advantage with Saldutti, LLC:

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- Information Warfare: Cutting-Edge Forensic Investigations
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Saldutti, LLC 856 779-0300

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