

CREDIT & COLLECTION MATTERS

November 2009

One Goal: Recovery of our Clients' Money

Business Bankruptcy Filings Increased 7% in October



Business bankruptcy filings jumped in October, reversing two consecutive months of declining commercial filings and indicating that bankruptcies could continue to rise as the economy struggles to stabilize. Last month, 7,771 businesses filed for bankruptcy protection, compared to 7,271 that sought shelter from creditors in September, according to data from Automated Access to Court Electronic Records, a private firm that tracks bankruptcy filings. After two months of decline, the 7% rise in commercial filings shows that businesses are still struggling to access financing and are facing weak demand for their products.

"The margin for success is so thin that any financial hiccup could cause a business to file for bankruptcy," said Jack Williams, a bankruptcy professor at the Georgia State University College of Law.

The hardest-hit industries continue to be real estate and retail, but weakness in those sectors trickles down to a number of other areas, including home building and manufacturing, Mr. Williams said. On a year-to-year basis, business bankruptcies shot up 24% in October compared with the same month in 2008. Mr. Williams called that

increase "substantial" and said it is a bad omen for the final months of 2009 and the first quarter of 2010. "Bankruptcy filings are a lagging economic indicator so it's likely that we'll see bankruptcy filings increase for the next several quarters," he said.

Through the first 10 months of the year, 74,832 businesses filed for bankruptcy, a 16% increase from the same period last year. The total number of October bankruptcies, including both personal and commercial filings, increased 20% from the same month last year.

Source: The Wall Street Journal

Consumer Confidence Declines in the U.S.

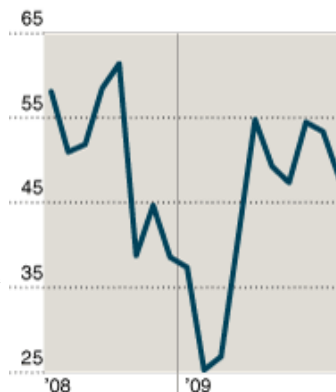
Consumers' confidence about the United States economy fell unexpectedly in October as job prospects remained bleak, a private research group said Tuesday, fueling speculation that an already gloomy holiday shopping forecast could worsen.

The Consumer Confidence Index, released by the Conference Board, sank unexpectedly to 47.7 in October — its second-lowest recording since May. Wall Street analysts predicted a reading of 53.1. A reading above 90 means the economy is on solid footing while above 100 signals strong growth. The index has seesawed since reaching a record low of 25.3 in February and climbed to 53.4 in September. Shoppers have a grim outlook for the future, the Conference Board said, expecting a worsening business climate, fewer jobs and lower salaries. That is particularly bad news for retailers who depend on the holiday shopping season for a hefty share of their annual revenue. "Consumers also remain quite pessimistic about their future earnings, a sentiment that will likely constrain spending during the holidays," said Lynn Franco, director of the Conference Board's Consumer Research Center.

Economists expect holiday sales to be at best flat from a year ago, when sales experienced their biggest declines since at least 1967, when the Commerce Department started collecting the data.

Consumer Confidence

Index measuring attitudes toward the economy, 1985=100.



Source: The Conference Board

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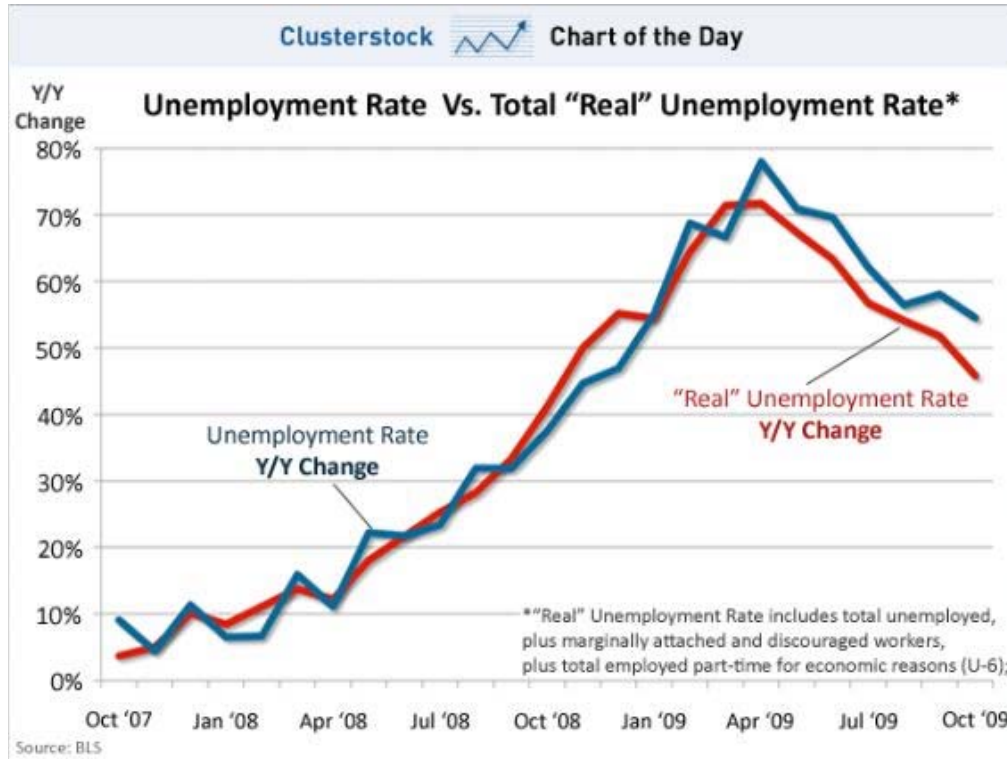
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We're Bleeding Jobs, But Blood Loss is Slowing

U.S. unemployment hit a shocking 10.2% in October. Worse yet, the "real" unemployment rate, which adds in things such as discouraged workers who have dropped out of the labor force, hit 17.5%. Ouch. Yet there's some light at the end of the tunnel. While the unemployment rate and "real" unemployment rate rose in October, the rate of deterioration (year over year change) for both measures kept falling, as shown above. Moreover, the trend of the more conservative "real" unemployment rate (in red) improved faster than that of standard unemployment (in blue). Thus we're still bleeding jobs and it hurts, but the blood loss is slowing rapidly and starting to come under control. Hopefully the patient still has a pulse by the time the blood stops.

Source: The Business Insider

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.

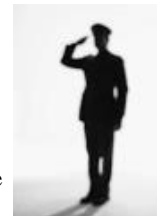


AVOID EXTENDED PAYMENT TERMS

Try not to extend payment terms beyond 30 days when the economy is tight. If you have an existing contract that extends beyond 30 days, consider offering a discount for faster payment. Don't extend credit or terms unless you've verified that a customer is in a position to repay.

Saldutti Salutes

A Class Act ... John Healey, a bookkeeper and collection specialist at Saldutti, LLC was recently appointed as a Veteran Advisor for Rutgers University, Camden Campus. He served in the United States Marine Corps Supply and Logistics field from September 2003 to September 2007, with the rank of Sergeant. Sgt. Healey had a one-year tour in Okinawa, Japan as well as a seven-month tour in Iraq. In his new role, John will provide a positive portrayal of Veterans, promote the value of an education, and help fellow and future Veterans in their academic aspirations by providing resources and information. He will graduate in December 2010 with a degree in Accounting.



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