

CREDIT & COLLECTION MATTERS

October 2009



While Collection Agencies are all Bark, Our Law Firm will take a Bite ...



Consumer Bankruptcies Soar in September

Consumer bankruptcies soared 41% in September from a year before and climbed from August, as high unemployment and the housing market crash took their toll, the American Bankruptcy Institute (ABI) said.

September filings totaled 124,790, the fourth-highest month since the bankruptcy law changed in 2005. Filings also rose 4% from August, even as recent reports have indicated that the U.S. housing market might be stabilizing and consumer confidence

appears to be recovering.

September's filings pushed 2009 consumer bankruptcies to about 1.05 million, the highest for the first nine months of a year since 1.35 million in 2005. ABI said it expects consumer bankruptcies to climb to more than 1.4 million this year.

The U.S. unemployment rate rose to a 26-year high in September at 9.8%, according to government statistics released on Friday. Although recent reports show that the erosion in the U.S. housing market might be easing, after dramatic declines in sales and prices, credit bureau Equifax Inc said recently that mortgage delinquencies accelerated in August to a record level. Equifax said that indicated personal bankruptcies are likely to continue to rise. Many Americans with troubled finances rushed to file for bankruptcy in 2005 before a law change, leading to a spike that year.

Source: Reuters

Job Losses Accelerate to 263,000 in September *U.S. unemployment rate rises to 9.8%, a 26-year high*

The nation's job losses accelerated in September, driving the unemployment rate to a 26-year high of 9.8% and casting a cloud over the incipient recovery, economic data showed. Nonfarm payrolls fell by a greater-than-expected 263,000 in September, the Labor Department reported. It marked the 21st consecutive month of job losses. Since the recession began in December 2007, 7.2 million jobs have been lost and the unemployment rate has doubled.

The "weak employment report lessens hope for a sustainable recovery," wrote Harm Bandholz of UniCredit Research. "Once the impact of the inventory cycle and the fiscal stimulus has run its course, gross domestic product growth will slow down substantially again."

Details of the report were almost universally dismal, with the number of unemployed people rising by 214,000 to 15.1 million. And of those, 5.4 million have been out of work longer than six months, accounting for a record 35.6% of the jobless.



Issue 17

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More than a half a million people dropped out of the labor force, and the employment participation rate fell to 65.2%, the lowest in 23 years. The average duration of unemployment rose to 26.2 weeks, a record high. An alternative gauge of unemployment, which includes discouraged workers and those with part-time employment, rose from 16.8% to 17% -- the highest in the 15-year history of the data. Total hours worked in the economy fell by 0.5%. The average workweek dropped back to an all-time low of 33 hours.

Source: MarketWatch

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.



CONDUCT CREDIT CHECKS

When working with a new client, it is wise to conduct a thorough credit and background check. Consider enlisting the service of a professional credit check company or accessing credible, inexpensive online resources.

Saldutti, LLC Successful in Fraudulent Loan Case

Saldutti, LLC recently sued an Atlantic County business on behalf of one of the world's largest banks. After a thorough investigation, the firm found that the company, accused of a fraudulent business loan, had filed Chapter 7 bankruptcy. The firm's forensic evidence also revealed that the company's president was in fact a "straw person" and proceeded to file a lawsuit against the real party who had set up the conspiracy to defraud the bank. After an intense two days of testimony, the court ruled in favor of Saldutti's bank client. Financial crimes are one of the fastest growing areas of criminal activity in the United States. Here are a few quick tips on Fighting Corporate Identity Fraud:

- Ask for photo ID - While lawyers continually ask for photo identification of individuals who sign documents in personal transactions, there is no reason why this standard should not extend to transactions involving individuals who sign for corporations.
- Ensure that the party signing for the corporation is an authorized signing officer
- Obtain an updated status certificate and corporate profile

Saldutti Salutes

A Happy Homecoming ... Saldutti, LLC Collection Manager Erica Carroll welcomed home her husband, Sgt. Colden Carroll, last month after a one-year deployment in Iraq. Sgt. Carroll is enlisted in the Pennsylvania National Guard and assigned to the 328th Support Battalion, Company B of Philadelphia. This was Sgt. Carroll's second tour of duty to Iraq, where he served as a mechanic of specialty vehicles and is one of a handful of Soldiers licensed to drive heavy duty equipment. His recent deployment mobilized more than 4,000 PA National Guard Soldiers as part of the 56th Stryker Brigade. The team was responsible for preparing the Iraqi Army to begin the "take over" process once the U.S. Soldiers pull out. To celebrate his return home, Sgt. Carroll, Erica, and their four sons will enjoy a fun-filled family vacation in Disney World.



Get the Law Firm Advantage with Saldutti, LLC:

- Game Changers: **Contingency Collections**
- Information Warfare: Cutting-Edge Forensic Investigations
- Comprehensive Call Center Capabilities
- One-Stop-Shop: The Benefits of an Agency with the Power of the Courts
- National and International Collections

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