

Complete Creditors' Rights Service for NJ & PA

LEASING & FINANCE NEWS UPDATE

May 2011

The New Breed of Debt Collection Professionals



Q1 UPTICK IN THE QUARTERLY CORPORATE FRAUD INDEX



When it comes to survival, corporate fraud seems to be as invincible as the cockroach. Despite increased legislative attention focused on putting a stop to Foreign Corrupt Practices Act violations, kickbacks, and the like, a report released this week suggests that those activities are still very much on the rise.

According to the "Quarterly Corporate Fraud Index," put out by [The Network, Inc.](#), and BDO Consulting, employee reports of corporate fraud have nearly doubled since the inception of the index in 2005. There were 6,100 reports of fraud-related incidents in the first quarter of this year, compared to 2,500 reports made during the same period in

2005.

The Network offers a third-party ethics hotline to more than 1,100 of its 3,400 corporate clients worldwide. Its quarterly reports examine fraud-related incident report activity gathered from almost 15 million employees at all corporate levels.

Doug Wells, senior vice president of call center operations at The Network, said that the company considers fraud-related incidents to include anything from auditing irregularities to violations of corporate policy that result in a loss. "These can be less severe from a compensation or financial standpoint—up to fraud that results in a corporation ending with in a \$20 million settlement," said Wells. "The long story is that fraud-related incidents continue to remain high and essentially have done so going back to mid-to-late 2009."

Wells offers this advice: "Prevent, detect, and analyze. Have a code of conduct that people understand." He said companies can encourage employees to report fraud internally by making employees feel comfortable talking to their managers or reporting fraud through a hotline. And once fraud has been detected, analyze the activity so that the appropriate corrective action can take place.

Source: New Jersey Law Journal

CREDIT CARD DEFAULT RATE RISES IN APRIL

Data through April 2011, released by S&P Indices and Experian for the S&P/Experian Consumer Credit Default Indices, showed an increase in bank card and second mortgages default rates for the first time in at least five months. Bank Card defaults went up from 5.59% in March to 5.91% in April and Second Mortgages increased from 1.42% to 1.51%. First

S&P/Experian Consumer Credit Default Indices National Indices			
Index	April 2011 Index Level	Change from March 2011	Change from April 2010
Composite	2.30	-5.26%	-40.36%
First Mortgage	2.16	-7.30%	-41.75%
Second Mortgage	1.51	6.03%	-39.39%
Bank Card	5.91	5.71%	-35.45%
Auto Loans	1.45	-1.70%	-25.29%

Mortgages experienced a fairly large decrease in default rates down to 2.16% from 2.33%, while Auto Loan had a small decrease to 1.45%.

"We had seen default rates fall across all major categories and most major cities during the prior six months, but given April's data that might be coming to end," said David M. Blitzer, Managing Director

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and Chairman of the Index Committee for S&P Indices. "The real question is whether April was temporary or are household balance sheets worsening?"

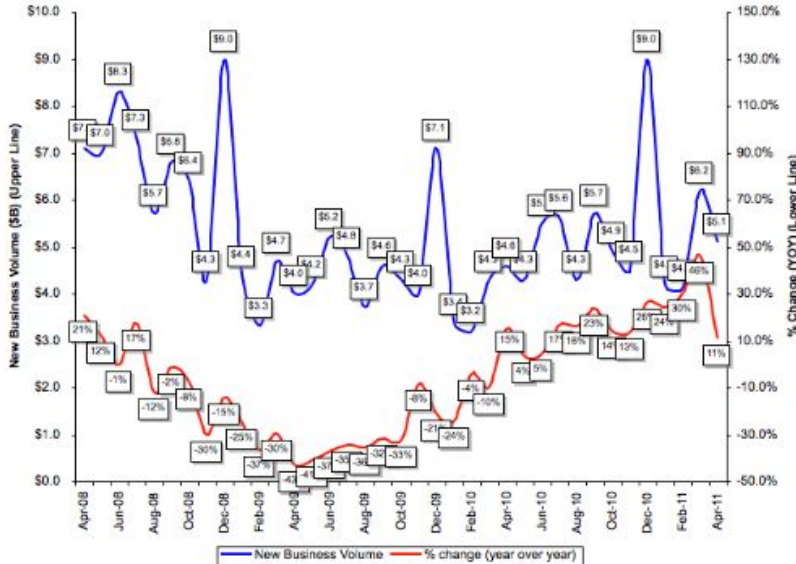
"In addition, there are some significant differences across credit types and MSAs. Bank Card default rates went up in April, after having fallen each of the past 11 months; and the data indicate that the rate of default on credit cards is still 5.90%, more than twice any of the other loan classes."

Consumer credit defaults varied across major cities and regions of the U.S. Among the five major Metropolitan Statistical Areas (MSAs) reported in this release each month, Los Angeles and New York lead the way with the largest decrease in defaults rates to 2.57% and 2.11%, from 2.73% and 2.26%, respectively. Chicago and Dallas followed not far behind with defaults decreasing to 2.48% and 1.56%. Miami's default rates increase this month to 5.40% from 5.33%.

The table above summarizes the April 2011 results for the S&P/Experian Credit Default Indices. These data are not seasonally adjusted and are not subject to revision.

Source: Experian/S&P

APRIL NEW BUSINESS VOLUME DOWN 18 PERCENT



MLFI-25 New Business Volume - April 2011

The Equipment Leasing and Finance Association's (ELFA) Monthly Leasing and Finance Index (MLFI-25), which reports economic activity for the \$521 billion equipment finance sector, showed overall new business volume for April was \$5.1 billion, up 10% compared to the same period in 2010. Compared against March volume, April volume decreased by 18 percent.

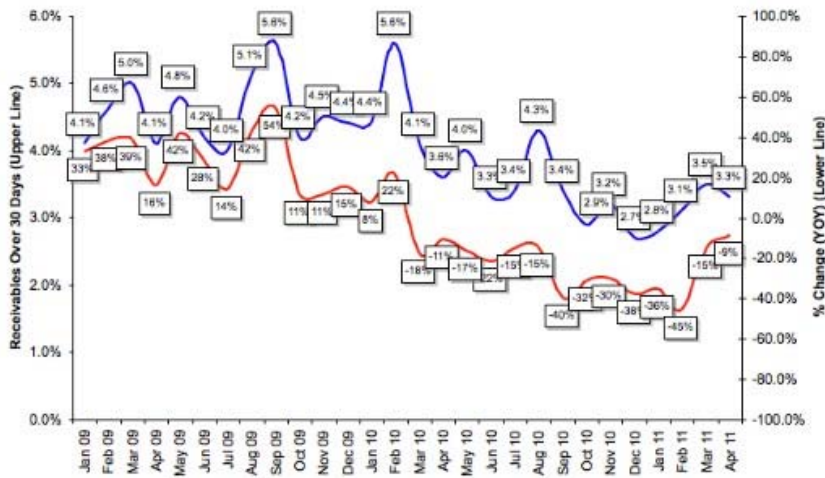
Credit quality is improved. Receivables over 30 days decreased to 3.3% in April from 3.5% in March, and declined by nine percent compared to the same period in 2010. Charge-offs also decreased, from 1.3 percent in March to 0.8 % In April, and showed improvement over the same period in 2010.

Credit standards remained steady as new application approvals increased slightly to 76% in April from a revised 75% approval rate in March. Forty-five percent of participating organizations reported submitting more transactions for approval during the month, down from 50% in March.

Finally, total headcount for equipment finance companies increased for the first time in six months, and was up one percent year-over-year. Supplemental data shows that the construction and trucking sectors continued to lead the underperforming sectors in April. Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) for May is 63.2, down from the April index of 70.3, indicating a more measured outlook due to the uneven performance in certain sectors.

ELFA President and CEO William G. Sutton, CAE, said: "All of April's business performance indicators appear to provide evidence that the equipment finance sector continues to gain momentum."

Source: ELFA



MLFI-25 Aging Receivables - April 2011

SURVEY: SMALL BUSINESSES SEE IMPROVEMENTS

Many small businesses in the U.S. continued to see improved performance during the first quarter, though most expect to continue holding off on hiring or making additional investments in their companies over the next six months, according to a survey by Capital One Financial Corp.

However, the research also revealed that credit availability continued to improve significantly and fewer small businesses reported cash-flow issues.

- About 41% of the respondents said they believed economic conditions for their businesses were improving, up 15 percentage points since the fourth quarter of last year. The portion reporting that conditions are getting worse was down 7 points at 11%.
- About 61% expected their businesses to turn in a better performance this year than in 2010, though the amount expecting a "much better" performance eased 6 points.
- About 43% indicated a stronger financial position this year, up 6 percentage points from the fourth quarter. Only 10% said their financial position worsened.
- Just 29% plan to add employees or increase investments in the next six months.



Source: MarketWatch

SALDUTTI LAW SUCCESSFUL IN CHANCERY COURT

Saldutti Law, LLC is pleased to be the first successful creditor firm in the state to petition the Chancery Division Court in Atlantic County for a receiver to take over and sell various condos that were in the foreclosure process. The firm recently represented an Atlantic City condo association which was facing a high volume of foreclosures. The firm petitioned the court to allow the condos to be listed and sold prior to foreclosure completion. The judge ruled in favor of the condo association, citing the preservation of the property. This significant victory will enable the condo associations to obtain new owners and circumvent what has become a two and a half year foreclosure process. The ruling also eases the burden of the taxes and fees on current condo owners.



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