

# SALDUTTI, LLC

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## LEASING & FINANCE NEWS UPDATE

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*Let the Big Dogs Handle Your Collections*



Issue 6

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## CONSTRUCTION EQUIPMENT INDUSTRY REMAINS WEAK



While some believe industries are peaking out of the recession, the construction equipment industry seems to remain weak, according to IHS Global Insight. New federal investment in needed transportation improvements would benefit the industry and strengthen its competitiveness.

About 8 percent of all jobs lost during the recession, or two out of every 25, can be traced to the construction equipment industry, according to a new study released last week.

Research conducted by IHS Global Insight, an economic and financial analysis firm, comes one day before the expiration of federal transportation funding. Congress has yet to pass a new multi-year reauthorization bill, and many experts consider that legislation to be the best opportunity for lawmakers to help stimulate the slumping construction sector this year and improve traffic.

To highlight the report's findings and rally support for government action, construction equipment workers and business leaders launched the Start Us Up USA! campaign. Led by the Associated Equipment Distributors and the Association of Equipment Manufacturers, Start Us Up USA! aims to secure adequately funded transportation legislation before the spring construction season begins in early 2010.

"The current recession has placed a severe drag on the construction equipment industry, which is consequently holding back the broader economy from recovery," said Scott Hazelton, director of construction services for IHS Global Insight and principal author of the study.

*Other key findings include:*

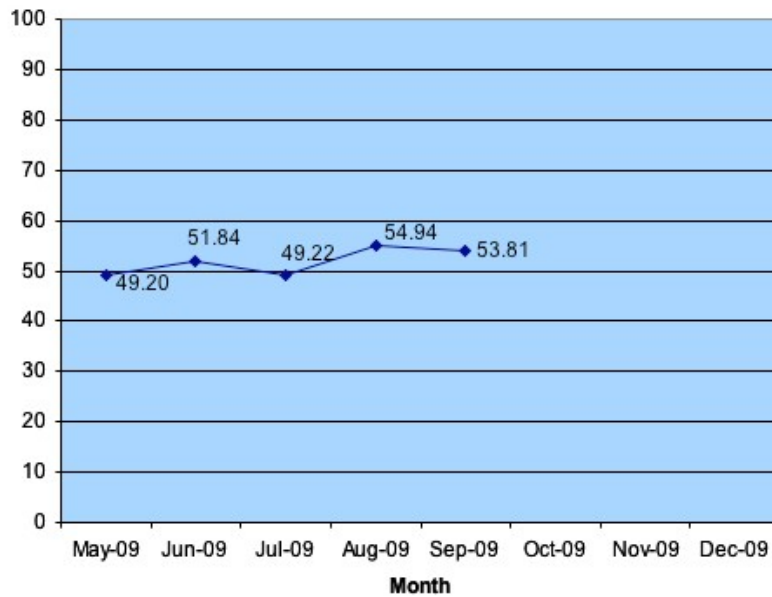
- The construction equipment industry, which includes manufacturing, distribution and equipment service facilities, has shed 37 % of its workforce. By comparison, auto manufacturing and dealership jobs are down by 16 %, while job losses in the finance and insurance industry amount to 6 % of their workforce.
- Spending on construction equipment has fallen by more than 50 % compared to its peak in 2006.
- The economic output of this industry has contracted by nearly 40 % and resulted in the loss of about 550,000 jobs, or 8 percent of all jobs lost since the start of the recession.
- In 2008, the construction equipment industry contributed \$243.3 billion in U.S. economic output and supported nearly 1.25 million jobs.

Source: World Leasing News

## Monthly Confidence Index of the Equipment Finance Industry

The Equipment Leasing & Finance Foundation released the September 2009 Monthly Confidence Index of the Equipment Finance Industry. Designed to collect leadership data, the index reports a qualitative assessment of prevailing business conditions and expectations for the future as reported by key executives from the \$650 billion equipment-finance sector. Respondents included a cross section of industry executives, including large-ticket, middle-market and small-ticket banks; independents; and companies of captive equipment finance. Overall, confidence in the equipment-finance market is at 53.8, a slight dip from 54.9 in August. Industry executives are still seeing a significant decrease in equipment acquisition, as firms continue to focus on capital preservation and deleveraging.

## Foundation Monthly Confidence Index - Equipment Finance Industry (MCI-EFI)



The overall Monthly Confidence Index of the Equipment Finance Industry (MCI-EFI) is 53.8, down slightly from 54.9 in August 2009. Respondents indicate:

- When asked to assess if their current business conditions would remain the same over the next four months, 25% of executives responding said they believe business conditions will improve over the next four months, down from 37.5% in August. 68.2% believe conditions will stay the same over the next four months, with 3.8% indicating they believe business conditions will worsen over the next four months.
- 61.4% of survey respondents believe demand for leases and loans to fund Capital Expenditures (Cap Ex) will remain the same over the next four months, down from 82.5% in August. 27.3% believe demand will increase, while 11.4% believe demand for leases and loans to fund CapEx will decrease over the next four months.
- The majority of survey respondents, 93.1% of executives expect the same or slightly more access to capital to fund equipment acquisitions over the next four months, down slightly from 95% in August.
- When asked, 20.5% of the executives reported they expect to have fewer employees in their company over the next few months, compared to the August response that 27.5% expected to reduce their workforce headcount over the next few months. 13.6% expect to have an increase in their workforce over the next four months and 65.9% indicate they will have no change in workforce in the near future.
- The majority of the leadership, 72.7% continue to evaluate the current U.S. economy as "poor" which is a 5.2 increase from August.
- A remarkable 54.5% of survey respondents now believe the U.S. economic conditions will get "better" over the next six months, 4.5% increase from the August survey and 36.4% believe the US economy will "stay the same" during the same period.
- 20.5% of respondents believe their company will increase spending on business development activities during the next six months, down from 25% in August, while 72.7% believe their will be "no change" in business development spending.

Source: ELFA

## 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

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Information contained in this publication should not be construed as legal advice or opinion, or as a substitute for the advice of counsel. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for clients and others who may be interested in the subject.

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