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Cross Town Move For Caine & Weiner

Larger offices required to house growing staff

Woodland Hills, CA
Ergonomically designed, large and spacious, aptly describe Caine & Weiner's newly occupied corporate office in Woodland Hills.

"I'm delighted with our new center," said Greg Cohen, Caine & Weiner's President and COO. "A lot of planning and effort was invested to create the optimal work environment for our team members—one that is attractive, comfortable and secure."

Following a well-coordinated weekend move that began the preceding Friday, operations at the new center began on Monday, January 22nd. For the previous 15 years Caine & Weiner was headquartered in Van Nuys.

"To maintain the high level of performance and service we are known for," said Cohen, "virtually every department has been expanded. With 90+ team members it was necessary to relocate to a larger center. Our new site meets our present requirements and future expansion plans."

Caine & Weiner's sales and revenues have dramatically increased over the past five years as a result of the implementation of a new corporate business model and growth at each of its five national collection centers.

"We are proud of what we have accomplished through a solid team effort," said Cohen. "We look forward to our loyal clients and valued alliance partners stopping in and visiting us at our new Woodland Hills Center."

Wells Fargo Considers Credit Cards for Illegal Residents

Stealing a page out of Bank of America's style book, Wells Fargo is thinking of offering credit cards to the increasing ranks of undocumented consumers.

Industry experts think this could be the start of a new trend with mega-banks.

"We are exploring the possibility of offering unsecured credit cards to Wells Fargo checking account customers who do not have Social Security numbers," said Marge Rice, Wells Fargo vice president of regional banking communications. "Wells Fargo recognizes a great need for equal access to financial products and services for all customers who want to build credit, establish financial security and achieve the American dream."

Freddie Mac Announces Tougher Subprime Lending Standards

Washington D.C Freddie Mac announced that it will cease buying subprime mortgages that have a high likelihood of excessive payment shock and possible foreclosure. Freddie Mac will only buy subprime adjustable rate mortgages (ARMs) and mortgage-related securities backed by subprime loans that qualify borrowers at the fully-indexed and fully-amortized rate.

The goal is to protect future borrowers from the payment shock that could occur when their adjustable rate mortgages increase.

Freddie Mac also intends to limit the use of low-documentation underwriting for these types of mortgages to help ensure that future borrowers have the income necessary to afford their homes. In addition, Freddie Mac will recommend that mortgage lenders collect escrow accounts for the borrowers' taxes and insurance payments.

In keeping with its statutory responsibility to provide stability to the mortgage market, Freddie Mac will implement the new investment requirements for mortgages originated on or after September 1, 2007 to avoid market disruptions.

To help lenders better serve borrowers with impaired credit, Freddie Mac is also developing fixed-rate and hybrid ARM products that will provide lenders with more choices to offer subprime borrowers. For example, in contrast to the payment structures of many of today's 2/28 ARMs, Freddie Mac's new hybrid ARMs will limit payment shock by offering reduced adjustable rate margins, longer fixed-rate terms, and longer reset periods. Freddie Mac will require orginators to underwrite these products at the fully indexed and amortizing rate. The company plans to commit significant capital to purchasing these loans into its retained portfolio.

"Freddie Mac has long played a leading role in combating predatory lending and putting families into homes they can afford and keep," said Richard F. Syron, Chairman and CEO of Freddie Mac. "The steps we are taking today will provide more protection to consumers and enhance the level of underwriting standards in the market."

Freddie Mac's new requirements cover what are commonly referred to as 2/28 and 3/27 hybrid ARMs, which currently comprise roughly three-quarters of the subprime market. Specifically the company is requiring that borrowers applying for these products be underwritten at the fully-indexed and amortizing rate, as opposed to the initial "teaser" rate. The company also will limit the use of low-documentation products in combination with these loans. For example, the company will no longer purchase "No income, No Asset" documentation loans and will limit "Stated Income, Stated Assets" products to borrowers whose incomes are derived from hard-to-verify sources such as the self-employed and those in the "cash economy." There will be a reasonableness standard for stated incomes.

In addition, Freddie Mac will require that loans be underwritten to include taxes and insurance and will strongly recommend that the subprime industry collect escrows for taxes and insurance, as is the norm in the prime sector.

Judge: Gambling Debts Unenforceable in California

Do you have business news or something compelling to report?

Please Email Frank Draper at frank.draper@caine-weiner.com

DALY CITY, CA. - As more states begin relying on gambling revenues to augment their traditional sources of revenue, casinos and other gambling venues are having to address gambler-related issues.

Most recently two casinos who claim a Daly City couple wrote $43,000 in bad checks to cover gambling debts were informed by a judge's ruling they cannot use California courts to collect.

San Mateo County Superior Court Judge Quentin Kopp dismissed a lawsuit against Manuel and Mercedita Luna, citing California's "deep-rooted policy" against enforcing debts owed to casinos that extend credit to gamblers.

A collection agency sued the couple in 2005, claiming the couple bounced a $15,000 check to the El Dorado Hotel Casino in Reno, NV. and a $28,000 check to Cache Creek Casino in Yolo County.

"Enforcement of such claims is prohibited in California despite growing acceptance of gambling in the state, wrote Kopp," a retired judge who continues to hear cases under a state program.

Payday industry puts forward changes

Columbia, SC— Soft music plays in the background of a new TV ad campaign as it urges viewers to only use payday loans for emergencies. One scene shows a broken-down car. Another depicts a young boy in a doctor's office, his arm in a sling.

"Please borrow only what you feel comfortable paying back when it's due," says Darrin Andersen, president of the Community Financial Services Association. A new emblem will tell borrowers which lenders meet his trade group's requirement, Andersen says in the ad.

The $10 million campaign, announced in February along with some industry policy changes, came as states from Virginia to New Mexico consider legislation to limit payday lending practices. But it's not stopping consumer watchdogs and people already in debt from questioning the motives of an industry whose loans' annual interest rates can exceed 400 percent.

"Payday lenders make it easy for consumers to get trapped in predatory debt," said Teresa Arnold, legislative director for AARP in South Carolina.

Payday lenders offer quick cash advances for a fee, secured by a postdated check from the borrower. Customers are supposed to repay the loan once they receive their next paycheck. Borrowers who can't pay often "roll over" the loan repeatedly, leading to more charges that can quickly add up and lead to a cycle of debt. Customers are drawn to the lenders because, unlike banks and credit unions, they don't run into credit checks.

Rena McFadden and her husband are two people who've become trapped. Her husband has been dealing with lenders threatening court action unless the McFaddens quickly repay the $2,400 they owe.

"The time to repay is too short. He's been trying to talk to them, but they won't talk," said McFadden, a 39-year-old who works in a dry cleaning shop. "They want the money by the next pay day. How are you supposed to pay your bills?"

There are more than 22,000 payday advance locations in the United States that garner $6 billion annually in revenues, according to Steven Schein, a spokesman for the financial services association, which represents about two-thirds of payday lending companies.

The payday loan industry's biggest change would give customers more time to pay back a loan with no financial penalty. This "extended payment plan" would be available at least once a year and provide borrowers between two and four extra months to pay off loans. It was paired with the ad campaign and a ban on ads that promote payday advances for "frivolous purposes" like vacations.

But lawmakers are still pushing changes. In South Carolina, home to Advance American, the nation's largest payday lender, lawmakers are considering a measure that would cap at 36 percent the annual interest fee on the loans and limit the number of payday loans a consumer could have with a single payday loan company.

Experian Unit to pay $300,000 to settle FTC Charges

Consumerinfo.com, doing business as Experian Consumer Direct, will pay $300,000 to settle Federal Trade Commission charges that ads for its "free credit report" offer failed to disclose adequately that consumers who signed up would be automatically enrolled in a credit-monitoring program and charged $79.95. The FTC alleged that the failure to clearly disclose the enrollment and charges violated a previous settlement.

In August 2005, ConsumerInfo.com paid $950,000 to settle FTC charges that it deceptively marketed "free credit reports." According to the FTC, Consumerinfo.com offered consumers a free copy of their credit report and added that they would provide "30 FREE days of Credit Check Monitoring." The FTC alleged that Consumerinfo's advertising and Web sites failed to explain adequately that after the free trial period for the credit-monitoring service expired, consumers automatically would be charged a $79.95 annual membership, unless they notified the defendant within 30 days to cancel the service. Consumerinfo.com billed the credit cards that it had told consumers were "required only to establish your account" and, in some cases, automatically renewed memberships by re-billing consumers without notice.

The FTC alleges that Consumerinfo.com ran ads after the settlement that violated the disclosure requirements.

Los Angeles
818-226-6000

Chicago
866-467-5640

Louisville
866-422-4115

Buffalo
716-633-0235

Tampa
866-499-2575

www.caine-weiner.com

TheBiz

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President & COO

Greg A. Cohen

President-Central US

William J. Vallecorse

Editor & Vice President-Marketing

Frank Draper

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Client satisfaction is our highest priority!

Caine & Weiner is an international accounts receivable management company that provides commercial and retail credit & collection services to the global business community.

Established in 1930 by Sidney Caine and Charles Weiner the firm has offices strategically located across the country to service its 3,500 clients.

The Long Arm of Failure

Craig King was plenty disappointed when Trans World Airlines, Inc. filed for bankruptcy in 2001 still owing him $7,400 for installing a break room and ticket counters at Anchorage International Airport. But King's hurt was just beginning. Nearly two years later, TWA lawyers slapped him with a lawsuit for the return of an initial $10,000 the airline had paid him for work seven weeks before it went bust. King was flabbergasted, pay back 80% of the money or fight the case in Delaware court!

Thousands of suppliers like King are feeling just as dumbfounded. They have been hit by lawsuits filed in the names of bankrupt companies by lawyers working for contingent fees, typically 33% of what they recover. The preference actions, as they are called, seek to reclaim money the debtor paid out in the 90 days before they filed for bankruptcy. They are based on the centuries-old legal principle that no creditor should get preferential treatment.

A string of mega-bankruptcies has spurred the surge of such filings. Last year, the failure of Bethlehem Steel Corp., spawned more than 3,000 lawsuits. Thousands of more suits flowed from the collapses in 2001 and 2002 of Enron and WorldCom.

The National Association of Credit Management (NACM) for years has been pushing to change the law. The fixes it seeks include setting a minimum threshold for lawsuits, shifting the burden of the proof to the plaintiffs and shortening the "claw back period" to 30 from 90 days before the filing.

Although the reforms have received general support on Capitol Hill, NACM President Schauseil says they've been held up in stalemate over consumer issues in a pending overhaul of the bankruptcy code.

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