



Credit and Financial Development Division NEWSLETTER

The Official Publication of the NACM Credit and Financial Development Division

April 2016

Letter from...

Charlene Gothard, CBF CFDD National Chairman



As my term draws to a close, I would like to say thank you for allowing me to serve as your CFDD National Chairman. It has been my pleasure to work with a great board of directors and move our organization forward. I've been fortunate to meet many CFDD members from across the country. We had opportunities to experiment and try new things, to change a few that could be improved and even eliminate some that were no longer beneficial for our organization. Overall, we had a very successful year and are pleased to be awarding numerous scholarships at Credit Congress. Thank you all very much for your support.

This year has been an opportunity for me to learn, grow and develop. I hope you too have been able to take advantage of everything CFDD has to offer. My theme this year was: A Collaborative Family of Dynamic and Dedicated Credit Professionals. We each bring strengths to this organization, not everyone in the same way, but we all have something to share with each other. We truly are a family.

When I started in credit and CFDD way back when, if you had told me I would be National Chairman someday, I would have said no way. I was not the type of person to put myself in front a group and speak. I was content to be supportive and stay in the background. During my time in CFDD, I was encouraged by my peers to accept roles within the chapter and on committees. As I became more involved, I gained experience and confidence. I accepted board positions in the chapter and started developing programs for monthly meetings. I moved up to an area director position and again stepped outside my comfort zone. Here we are today and I extend the challenge to each of you to step up and serve locally and then consider service on the National Board. Take those baby steps first with committee service, then bigger steps with local board service and finally take a leap of faith and serve as an area director. From my experience, you will get more in personal growth and professional development than you will give. By meeting members from various states and industries, you will not find a bigger or better networking system than CFDD and NACM.

I am grateful to the CFDD National Board, all of the area directors, the Past National Chairmen and the NACM support staff for all of their leadership and guidance. But my final thank you is extended to YOU, the CFDD membership, for a very enjoyable and successful year.

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NACM's 120th Credit Congress is in June!
Learn about CFDD's Credit Congress events
in this issue!

- See page 2 for information on **CFDD's Meet & Greet**.
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for CFDD Members.

The Collection Process—Part 1

A company's profit margin has a direct bearing on the process, function and attitude the company expends to collect its accounts receivable. Cash flow is another key component that affects the collection of accounts receivable and plays a significant role in terms of running the business without having to borrow funds to remain operational.

The federally-based Fair Debt Collection Practices Act (FDCPA) is important to credit professionals. The FDCPA was intended for third-party collectors—those individuals and entities (collection agencies and attorneys) that collect accounts on behalf of credit grantors. In other words, a creditor company attempting to collect debt owed to it directly does not fall under the same scrutiny as a third-party agency or attorney collecting debt for the creditor company.

Pre-Litigation

The first and easiest step in the collection process is to bill the customer for the products or services sold and delivered on open account credit terms. The more timely the billing, invoicing or statement is sent, the more quickly the payment process begins. A follow-up procedure should be the next step. If the customer is regularly asked about payment status, it's more likely that creditor will be paid—or will learn that an outstanding problem may affect the payment schedule. All messages conveyed to the customer should be courteous. Regular contact with the customer is encouraged if payment has not been received after the initial terms have ended, with subsequent communication emphasizing that the customer is beyond terms and payment is due. The collection process can include collection letters, telephone calls, personal visits to the business, planned or unplanned, and the use of a third-party collection agency.

Retaining a collection agency does not relieve the creditor of liability for wrongful acts committed by the agent or agency; the creditor is still responsible for the tone and tenor of collection efforts. One of the more subtle tenets of the FDCPA is that creditors must use due diligence when selecting an agency to collect their debts. The creditor can be held liable for the actions of the agent or agency and be subject to fines and penalties if the agent/agency is not in compliance with the FDCPA and other applicable federal or state regulations.

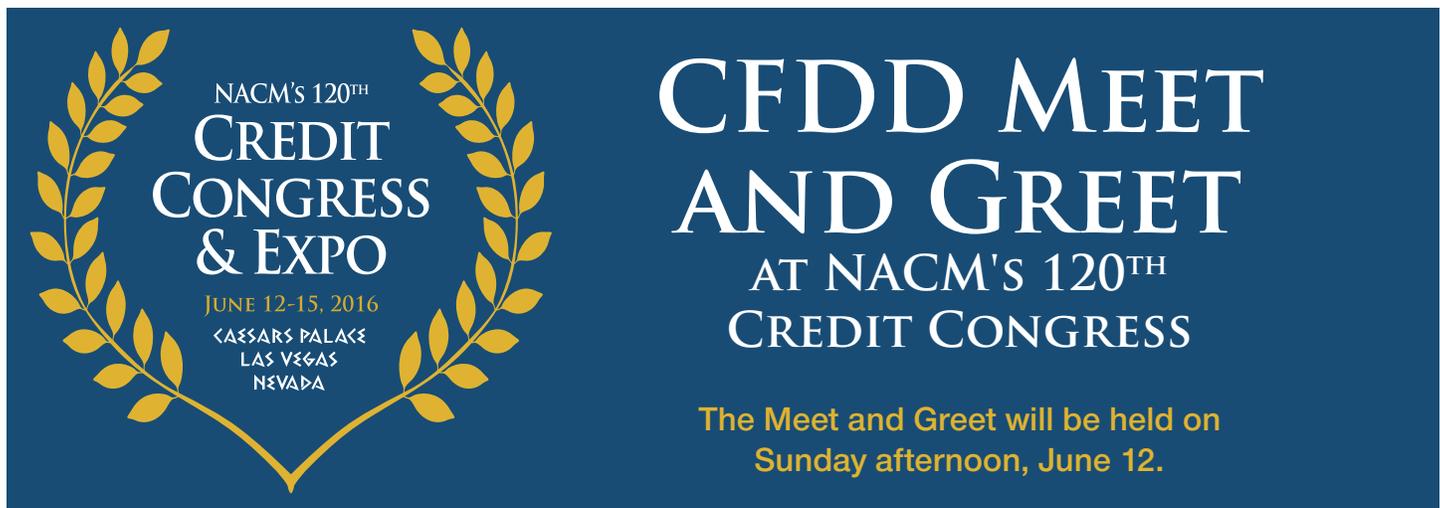
A creditor must also comply with the FDCPA regulation if it establishes any third-party identity for the purpose of collecting its own debt: a creditor will be deemed a debt collector if, in the process of collecting its own debts, the creditor uses any name other than its own which would indicate that a third person is collecting or attempting to collect such debts. Several laws need to be understood and followed by the credit grantor.

Contacting the Customer

Telephone Consumer Protection Act

The Telephone Consumer Protection Act of 1991 (TCPA) prohibits, among other things, calls made to telephone numbers assigned to paging services, cellular telephone services, specialized mobile radio services or other radio common carrier services, or any service for which the called party is charged for the call using: (1) automatic telephone dialing systems, or (2) artificial or prerecorded voices. The TCPA also allows individuals to file lawsuits and collect damages for receiving unsolicited telemarketing calls, faxes, pre-recorded calls or autodialed calls. The TCPA also requires prior express written consent for all autodialed and/or pre-recorded calls/texts sent/made to cell phones and pre-recorded calls made to residential land lines for marketing purposes.

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The banner features a dark blue background with a gold laurel wreath on the left. Inside the wreath, the text reads: "NACM's 120TH CREDIT CONGRESS & EXPO", "JUNE 12-15, 2016", and "CAESARS PALACE LAS VEGAS NEVADA". To the right of the wreath, the text reads: "CFDD MEET AND GREET AT NACM's 120TH CREDIT CONGRESS". Below this, it states: "The Meet and Greet will be held on Sunday afternoon, June 12."

FCC Prohibited Collection Practices (Telephone)

It is a violation of the telephone company's tariff to use the telephone (including voice, fax and email) to frighten, torment or harass another. Practices which come within the scope of this prohibition are:

1. Calls to debtors at odd hours of the day or night
2. Repeated calls
3. Calls making threats to friends, neighbors, relatives and children
4. Calls falsely asserting that credit ratings will be hurt
5. Calls stating that legal process is about to be served
6. Calls demanding payment for amounts not owed
7. Calls to place of employment
8. Calls after a debtor demands the calls stop
9. Calls after a claim cannot be verified or substantiated
10. Numerous faxes and emails may also qualify

A creditor who is in this class may be subject to having its telephone service or Internet service disconnected or may be subject to fines or imprisonment in violation of state or federal statutes and civil damages.

Some of the practices condemned by state laws are:

1. Threats of violence or other criminal means to cause harm to the person, property or reputation of the debtor
2. False accusation of fraud
3. Threat to sell or assign the claim, resulting in a loss of any defense by the debtor
4. Threat of arrest
5. Use of profane or obscene language
6. Telephone calls that do not disclose the identity of the caller
7. Unreasonable publicity concerning the indebtedness
8. Use of any fraudulent, deceptive or misleading representations (e.g., the debt collector represents an official agency) in seeking to collect claims
9. Use of any unfair or unconscionable means to collect claims, including the collection from the consumer of all or any part of the debt collector's fee or charges

It is a crime in the collection of private debts or obligations to use or employ in any communication or correspondence the words: national, federal, United States or the initials U.S., in a manner reasonably calculated to convey a false impression that such communication is from a department, agency or bureau or in any manner represents the United States.

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ANNUAL CFDD LUNCHEON AT CREDIT CONGRESS

Mark your calendar now and plan to join us on **Tuesday, June 14** for the **Annual CFDD Luncheon** at the 2016 Credit Congress. You can register for the luncheon when you fill out our [Credit Congress registration form](#).

For more information, please contact CFDD National at cfdd@nacm.org.

Collection Letters

By far the greatest risk the creditor may run in pursuing various non-legal collection methods will be that of incurring liability for libel. The publication of matter which will tend to disgrace or degrade the debtor or to hold one up to public hatred, contempt or ridicule, or deprive one of public confidence and esteem, may bring a charge of libel.

Libelous per se

To charge another with fraud or dishonesty is *libelous per se*. A written charge that one is guilty of falsehood, or implying want of veracity, is usually *libelous per se*. Creditors may be brought afoul of the law of libel by the listing of the debtor's name in a list of delinquent accounts while envelopes and postcards addressed to the debtor with the words or symbols indicating that the addressee is a delinquent debtor and advertising the debt for sale may violate the postal laws.

Extortion

Extortion means to gain by wrongful methods, to obtain in an unlawful manner, to compel payment by means of threats of injury to person, property or reputation. It may also be an attempt by threat to collect money which is not legally due, and may bring a criminal penalty as well as civil liability. To collect money that is legally due by sending a collection letter calculated to harass the debtor and to coerce payment of the claim may also be actionable.

While the threat to do what one has a legal right to do may not ordinarily result in liability, a threat of bankruptcy or criminal prosecution, or to render an unfavorable credit report to the members of a credit association, intended to coerce payment of the account may render one liable.

Invasion of the Right of Privacy

Invasion of the right of privacy may be broadly defined as the giving of publicity, selling information and sharing information about private affairs, such as: purchasing habits, health data, personal financial data or personal data of individuals without their permission.

It is generally recognized in debt collection cases that the mere threat, institution or prosecution of a legal action as a method of debt collection does not constitute an actionable invasion of privacy, at least in the absence of malice. Accordingly, a creditor has the right to pursue its debtor in a lawful manner and persuade him to make payment. However, the manner in which the threat of legal action to collect the debt is used may subject some collectors to fines and penalties in violations of law, at least where such threat or use of legal process is not attended by undue harassment, malice or other oppressive circumstances.

Excerpted from the NACM Manual of Credit and Commercial Laws, Volume I, General Business Law, Chapter 10, Collections. For the full text of this chapter or information on contracts, escheatment, letters of credit, secured transactions, credit applications, negotiable instruments, bankruptcy, antitrust, SOX and many other relevant topics, please consult the Manual. The current edition of all four volumes of the Manual of Credit and Commercial Laws is available at the [NACM Bookstore](#).

CITY OF LOUISVILLE

2016 CFDD National Conference
September 21-23
Louisville, Kentucky

Join us September 21-23 at the Seelbach Hilton in Louisville for informative educational sessions and productive, entertaining networking opportunities. Add us to your calendar today!

We invite you to attend these valuable sessions:

- Credit Applications and Credit Terms:
The First Lines of Defense
- Cyber Security: Is Your Company at Risk?
- The Seven Cs of Effective Business Communication
- Tips and Tricks to Make Life Easier in Excel
- Social Media as a Tool to Identify and Evaluate Credit Risk: The Technology, Best Practices and Legal Considerations for the Credit Team
- Key Bankruptcy Issues from The Vendor's Perspective: A Point-Counterpoint Discussion
- Best Practices Roundtable



Thanks to Conference Sponsor CFDD Denver Chapter!

Credit Retreat in Oregon

In March, the Portland and Salem/Albany Chapters co-sponsored a two-day educational Credit Retreat conference, focusing on the critical task of creating and implementing credit policies and procedures. In-depth sessions surrounding this important topic included *The Purpose, Contents, Cost Monitoring and Legal Review Aspects of Generating a Credit Policy from Scratch or Reviewing and Revising an Outdated Credit Policy*. Other hot topics included: *Fraud Risk Assessment, Credit Insurance, Basic Financial Statement Ratio Analysis, Payment Methods, Setting Credit Limits* and a *Legislative Update*.

The organizing committee was comprised of members from both CFDD chapters and co-chaired by the two chapter presidents. The committee worked to create a dynamic educational program, secure the session speakers and venue, obtain an incredible 1.45 CEU and CCE recertification points, prepare binders with presentation materials for every attendee and serve as session moderators, performing introductions for each session and speaker.

Eight of the 12 speakers were seasoned CFDD members from the Portland, Salem/Albany and Phoenix Chapters. In my opinion, it's incredibly inspiring to see members within the organization who are willing to prepare and present educational sessions to other aspiring

CFDD and NACM members. The dedication and commitment of time and energy from the speakers to share their wealth of knowledge and experience within the credit profession is a true testament to the strength and family dynamic within CFDD.

We made the Credit Retreat affordable by charging a \$225 early bird registration rate for the two-day event. Scholarships to support attendance were budgeted and awarded from CFDD Portland, CFDD Salem/Albany and the NACM-Oregon Foundation. While final treasury results have not been confirmed, it appears the two CFDD chapters will donate more than \$1,000 each for the use of scholarship offerings in the coming year.

As a co-chair for this event, I'm extremely proud of the committee and especially the top-notch educational conference we created for the attendees. This is the third CFDD Credit Retreat organized and held during the past four years. Not only does it provide an opportunity for both local CFDD chapters to raise much-needed funds for the treasury, it consistently reminds me of the strength, knowledge and family dynamics that exist within the two CFDD chapters.

Submitted by Brett M. Hanft, CBA, Salem/Albany Chapter President, Credit Manager, American International Forest Products LLC.

PROGRAM PICKS

CHAPTER	TOPICS	SPEAKER
Salem/Albany	Creation and Implementation of Credit Policies and Procedures Importance of CFDD	Member Member

SILENT AUCTION 2016 CFDD National Conference

CFDD's popular Silent Auction is on its way! You can help fellow credit professionals achieve their educational goals by donating and/or bidding on items for the Silent Auction. All proceeds raised will be used for the CFDD Scholarship Fund. Donations are welcome from individuals, chapters and corporations. Items should be new, with a starting value of \$25.



Please send all Silent Auction items by August 19 to:
NACM-CFDD
Melanie Brohawn
8840 Columbia 100 Parkway
Columbia, MD 21045
410-740-5560
MelanieB@nacm.org

CFDD NATIONAL'S EDUCATIONAL PROGRAMS

Now available, CFDD National's Programs free of charge! Program topics include:

- Antitrust and You
- Ethics—It's a Matter of Choice
- Business Etiquette
- Mediation—An Alternative to Dispute Resolution
- Selling Marginal Accounts—Are the Rewards Worth the Risk?

These programs can be conveniently downloaded from the [CFDD Members Only](#) Area of the CFDD National website. Please check out these timely resources!

AWARDS & ACHIEVEMENTS

CHAPTER	MEMBER	COMPANY	AWARD/ACHIEVEMENTS
Portland	Debora Diamond-Burt	Schnitzer Steel Industries, Inc.	CCE
	Kathleen Victoria	Kyocera Industrial Ceramics Corporation	CCE
	Charles Westemeyer	Schnitzer Steel Industries, Inc.	CCE

Chapter News

CFDD Phoenix

CFDD Phoenix promoted membership and sold raffle tickets for their scholarship fund at the NACM/SWBCS annual Credit Conference in Phoenix which featured a variety of topics including multi-state lien laws. The chapter is pleased to announce the launch of its new website, www.cfddphoenix.org.

CFDD Charlotte/Raleigh

The Charlotte and Raleigh Chapters presented a joint educational seminar at the North Carolina Zoo. It was a great location, as it was geographically located between both cities, so attendees from a larger area were willing to make the drive. They had 40 people in attendance, and several visitors who were introduced to CFDD for the first time. The event started off with a healthy lunch, followed by three interactive speakers.

A local attorney spoke on the topic of Internet security. Chapter member Kendrick Latimer, an HR director, discussed the importance of using Emotional Intelligence in day-to-day interactions. Marlene Groh, CCE, ICCE, a regional credit manager and chapter member, walked attendees through a financial statement and taught them how to pull out the critical details for a solid credit decision. All attendees left with a couple of nice CFDD logo items, and a wealth of knowledge to take back to their daily jobs. Charlotte Chapter President Val Hardesty, CBA, CICP and Raleigh Chapter President Donna Michell, CBF are already discussing plans for the next joint seminar.

Reminder to All CFDD Chapters

As CFDD chapters elect new boards of directors, please keep CFDD National in the loop!

Please send an email to National (cfdd@nacm.org) with contact information for all newly installed board members.

We appreciate your help in this matter.

CFDD NEWSLETTERS

Did you know that you can access not only the National CFDD newsletters, but also other chapter newsletters from the National CFDD website? Need a fresh topic for an upcoming meeting or a new fundraiser idea? Is your chapter ready to launch its newsletter, but needs some direction? Check out what other chapters are doing by logging onto the [CFDD Members Only Area](#) and clicking on Chapter Newsletters from the menu on the right.



IT IS THE LARGEST GATHERING OF BUSINESS CREDIT PROFESSIONALS IN THE COUNTRY—WHERE THE FOCUS IS ON EDUCATION, NETWORKING, AND GROWING THE UNITY AND INFLUENCE OF THE CREDIT COMMUNITY. YOU'LL BE INSPIRED BY THE BEST CREDIT EXPERTS IN THE COUNTRY. COME CELEBRATE ALL THIS AND MORE WITH US THIS COMING JUNE!



NACM'S 120TH ANNUAL CREDIT CONGRESS & EXPO

JUNE 12-15, 2016

CAESARS PALACE • LAS VEGAS

Hotel info:

Caesars Palace

Special Conference Room Rate

\$169 a night - single/double occupancy room, plus applicable taxes (based on availability)

- ☎ Make reservations directly with the hotel at **866-227-5944**.
- 🌐 Visit the **Credit Congress Hotel [web page](#)** to access our special housing reservation link. Identify yourself as part of the **NACM Credit Congress** to secure the conference rate.

Attend the **CFDD Luncheon** on June 14!



CREDIT CONGRESS HIGHLIGHTS FOR CFDD MEMBERS

Be sure to show your support by attending the Credit Congress sessions led by our own Ed Bell, Ph.D., CBA, ICCE, from the Phoenix Chapter. NACM and CFDD would like to thank Ed for the generous donation of his time and effort.

MONDAY 2:00-3:15PM

25020. INTERNATIONAL CREDIT POLICY

Gain practical guidance to create and implement a credit policy for an international environment, along with the methods and means it will use to support both department and corporate objectives. Learn to build a framework, including best practices in credit management, to ensure that a written global credit policy is operationally successful.

MONDAY 3:45-5:00PM

25030. CREDIT INVESTIGATIONS AND GETTING TO KNOW YOUR CUSTOMER

At the heart of every credit and risk management decision is Knowing Your Customer. This session will examine not only the additional elements needed when extending credit globally, but also present an overview of warning signs and red flags.

WEDNESDAY 8:30-10:00AM

25063/25073. HOW TO DETERMINE THE PROPER RISK AND EXPOSURE WITHOUT FINANCIALS

We have all had situations where we need to determine the proper risk and exposure we are prepared to offer a customer without the benefit of having financials. This session explores the options and tools that are available to help you determine the appropriate credit limit that will help you successfully manage your risk and exposure. The main points of the presentation are: the Credit Review Process including what information is needed, the sources of the information and the steps to complete the review.

WEDNESDAY 2:00-3:00PM

25080. ROLE OF FINANCIAL INFORMATION IN GLOBAL CREDIT DECISION-MAKING

The financial performance of a business often provides the foundations upon which risk management decisions are based. Although the real value of financial information lies in comparison, abridged financial results provide some key financial indicators upon which to base decisions. Other factors, such as knowledge of a customer's base and where the customer fits within its industry and more will be discussed in this session.

CHECK OUT NACM'S LINEUP OF PROGRAMS AND EVENTS

- May 4 **Webinar:** Risk Mitigation
- May 9 **Webinar:** Article 9 of the UCC: A Beginner's Guide to Secured Transactions
- May 10 **Webinar:** Export Compliance & Regulations Part 4
- May 12 **Webinar:** Protecting a Global A/R Portfolio with Trade Credit Insurance
- May 16 **Webinar:** Learning to EXCEL with NACM Part 2
- May 26 **Webinar:** Commercial LCs
- Jul 20 **Webinar:** Credit Resources—What to Look for in Credit Reports and Examining Other Resources Available
- Jul 21 **Webinar:** Trade Credit Financing

Monthly Credit Survey

You are invited to participate in the monthly Credit Managers' Index (CMI) survey of U.S. credit and collection professionals. Each time you take the survey, you receive 0.1 point toward your [NACM Career Roadmap](#). Contribute to the CMI and have your experience count.

The results from the survey are processed and presented each month in NACM's *eNews*, *Business Credit* magazine and at www.nacm.org. Since its inception, the CMI has been a startlingly accurate economic predictor, most notably proving its worth during the recession.

The survey asks participants to rate whether factors in their monthly business cycle—such as sales, new credit applications, accounts placed for collections, dollar amount beyond terms—are higher than, lower than or the same as the previous month. The results reflect the entire cycle of commercial business transactions, providing an accurate, predictive benchmarking tool.

All credit and collections professionals are invited to take the survey each month during the timeframes listed below. NACM membership is not required.

Read more about the CMI [here](#).

Upcoming Survey Dates

CMI Timeline	Survey Opens	Survey Closes
May	Mon, May 16	Fri, May 20
June	Mon, June 13	Fri, June 17
July	Mon, July 18	Fri, July 22

CFDD MISSION STATEMENT

The mission of the NACM Credit and Financial Development Division is to develop tomorrow's business leaders through core offerings.

CFDD VISION STATEMENT

To be a leading provider of professional development opportunities through learning, coaching, networking and individual enrichment.

CFDD Logo Items



Searching for that perfect gift that combines practicality, value and pride? Look no further than CFDD's extensive selection of logo items! From mouse pads to flashlights, CFDD logo items can satisfy even the most discerning recipient. They also make great gifts for speakers and special guests. Don't delay! Browse the [CFDD logo item web pages](#), part of the online NACM Bookstore, and purchase merchandise that reflects your investment in the CFDD professional credit community!

CFDD logo items currently available:

- Acrylic Desk Tray (\$10)
- Aluminum Card Case (\$8)
- Business Card Album (\$15)
- Can Holder (\$2)
- Cork Mouse Pad (\$5)
- Flashlight (\$15)
- Luggage Grip (\$2)
- Mesh Bag (\$10)
- Robotic Book Light (\$5)
- Stylus Twist Metal Pen (\$10)

