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The Commercial Factor | FEBRUARY 2018 3
The IFA Annual Conference is May 9-12 in Miami Beach, Florida. Terri has done a wonderful job with the conference article in this edition. She transports us on a journey back in time with stories from some of the first conference attendees.

It’s amazing to see some of the same faces attending over the past 24 years and to hear how important the conference is in their professional and personal lives. It makes me smile to know that the IFA has changed so many lives and makes all the hard work with putting on these conferences worth it. This will be my 15th year with the IFA and I do have to admit that although stressful at times, running the annual conference is my favorite part. Hearing the speaking sessions that were so thoughtfully organized, watching all the attendees enjoying themselves at the social events and hearing about all the new business relationships and deals being made is truly rewarding.

This year’s conference will focus on positioning you and your business for the future. Whether you want to connect with peers, develop partnerships, polish your professional skills, spark your imagination at a groundbreaking keynote or tap into new vendors and resources in the exhibit hall, the IFA Annual Conference has something for everyone.

We have also announced our upcoming training course schedule for 2018. For those newer to the factoring industry or those wanting a refresher, the ever-popular Law and Business of Factoring and Account Executive/Loan Officer training courses will be offered in June. In July, we will be changing up our credit and underwriting course to a new course titled Advanced Underwriting for Specialty Finance Products. Our annual Transportation Factoring Meeting will be in Cleveland, Ohio, in September. The Small Factors Meeting will be in October in Las Vegas. We are also offering two new courses in October this year. The course Think Ahead or Be Left Behind will focus on aligning your company for the future and we will also be presenting a brand-new Construction Factoring training course.

The IFA continues to offer webinars as a powerful training tool to disseminate valuable information in a cost-effective way. New webinars are added monthly, so check our website at www.factoring.org for the most up-to-date information.

The American Factoring Association (AFA) continues to represent factoring companies in Washington, DC, by making strides in protecting our industry. At the IFA Conference this year, we will have Senator Joe Donnelly (D-IN) give his viewpoint on the regulation and oversight of the finance and small business community. This is another reason to attend the conference so you can hear firsthand from someone who serves as Ranking Member on the National Security and International Trade and Finance Subcommittee and on the Financial Institutions and Consumer Protection Subcommittee as well as the Economic Policy Subcommittee.

2018 is in full swing so make sure you take advantage of all the IFA provides to you and your organization so you don’t get left behind. As the challenges and opportunities within the factoring industry constantly change, the IFA will continue our commitment of providing valuable information, ideas and education to better the industry and our members. I am looking forward to seeing you in Miami Beach!
The International Factoring Association’s (IFA) goal is to assist the factoring community by providing information, training, purchasing power and a resource for factors. The IFA provides a way for commercial factors to get together and discuss a variety of issues and concerns about the industry. Membership is open to all banks and finance companies that perform financing through the purchase of invoices or other types of accounts receivable.

The Commercial Factor is published bi-monthly by the International Factoring Association. To subscribe, please email info@factoring.org.

The Commercial Factor magazine invites the submission of articles and news of interest to the factoring industry. For more information on submitting articles or advertisements, email news@factoring.org, or call 805-773-0011.

The views expressed in the Commercial Factor are those of the authors and do not necessarily represent the views of, and should not be attributed to, the International Factoring Association.
March 6
Lunch
E Logs—Transportation

April 10
Lunch
Neuromarketing

May 9-12
Fontainebleau - Miami Beach, FL
IFA Annual Factoring Conference

June 5
8:30am-4:00pm
Account Executive & Loan Officer Training Class

August 14
Angus Glenn
Summer Gathering Golf Tournament

September 11
8:30am - 11:00am
Generating Business in Today's New World

October 9
Lunch
Cybersecurity and Your Company

November 13
8:30am-11:00am
Legal Panel - Bankruptcy Matters

December 11
TBD
End of Year Gathering

Meetings Location:
Mississauga Living Arts Centre
Scotia McLeod Room
4141 Living Arts Drive
Mississauga ON L5B 4B8

For more information, call
Oscar Rombolà at (905) 603-6284
or email
orombola@accutraccapital.com
Visit IFA Canada’s website at
www.FactoringAssociationCanada.com

equipment and expand operations. Utica is proud to provide financing based on collateral, not credit.

**Amerisource Completes $3,000,000 Credit Facility for Transportation Firm**

Amerisource Business Capital announced the closing and funding of a $3,000,000 credit facility for a transportation and logistics firm based in upstate New York. The company was introduced to Amerisource by its banker. Proceeds from the facility were used to refinance the Company's bank line of credit and for additional growth and working capital.

**Bibby Transportation Finance Nearly Doubles Business in 2017**

Bibby Financial Services provided $35 million in commercial financing to 64 new clients in North America during Q4/17. BFS specializes in financing small and medium-sized businesses in North America from a variety of industries including transportation, staffing, distributing, manufacturing and service. BFS Canada funded 19 new clients and BFS US funded 45 new clients in Q4/17.

The company gained 7% more new clients in 2017 than in 2016 across all lines of business and nearly doubled its business in Bibby Transportation Finance. Additionally, the asset-based lending funding lines closed in Q4/17 made up more than 50%of the funding for the quarter.

In 2018, BFS expects to see a further bump in the number of SMBs in need of factoring and ABL, estimating its client count will increase by more than 10% as the key issues confronting most businesses continue to be of concern. The most common issues include rising interest rates for business loans, managing cash flow and attracting new business.

**TradeCap Partners Extends $250,000 PO Facility to Louisiana Promotional Products Distributor**

TradeCap Partners is pleased to announce its most recently established relationship with a Louisiana-based promotional products distributor to the casino industry. TradeCap's $250,000 purchase order finance facility will be used to support the company's increased working capital needs resulting from growth in orders and implementation of a business succession plan.

**Crestmark Closes 15 Transactions Totaling Nearly $18.5 Million in the First Half of February**

Crestmark secured a total of $18,450,000 in financial solutions for 15 new clients in the first half of February.

**TAB Bank Provides Manufacturing Company in California with a $1 Million Revolving Credit Facility**

TAB Bank has provided a $1 million revolving credit facility for a manufacturing company located in California. The new facility is extended through a multi-year agreement and will provide for the company's ongoing working capital needs. The company produces and distributes skate and lifestyle shoes, apparel, and accessories.

**Austin Financial Services Funds a $1.5MM ABL Facility to a Mountain West E-Commerce Shipping Company**

Austin Financial Services, Inc. (AFS) funded a $1.5MM ABL Accounts Receivable line to an e-commerce Shipping Company located in the Mountain West Region. The Company, was looking to exit their current banking relationship for a flexible ABL lender that could understand their growing needs and offer more flexibility under its loan structure at competitive rates.

AFS structured a facility that would allow the Company to service its core clientele while meeting its ongoing general working capital needs. Funds from the AFS line of credit were used to pay off the Company's existing bank financing obligations and support new business opportunities.
North Mill Capital Provides $2,000,000 Asset Based Credit Facility to International Rollforms in Sewell, New Jersey

The funding was comprised of an accounts receivable and inventory credit facility. The funds were utilized to pay off the existing lender and provide working capital for the company. International Rollforms, Inc. is a manufacturer of custom roll forms used in the mining, solar and construction industries.

PERSONNEL

Jack Farbak Joins HubTran as Vice President Sales

HubTran announced that Jack Farbak has joined HubTran as Vice President, Sales effective Feb 5, 2018. Before joining HubTran, Farbak served as Senior Vice President of Sales for Comdata’s North America Trucking Division. In that role, Farbak led Comdata’s sales team in delivering innovative financial and payment solutions to top national transportation companies.

Utica Leaseco, LLC Announces a New Sales Team Member, Gilbert Torres

Utica Leaseco, LLC announced that Gil Torres has joined their team as East Coast Business Development Market Manager. Gil has been a leading marketer of lending solutions for nearly 3 decades.

United Capital Funding Group, LLC Announces the Hiring of Nancy Kalman as Business Development Officer

United Capital Funding Group, LLC, announced the hiring of Nancy Kalman as a Business Development Officer. Nancy will lead and manage United Capital Funding’s Chicago office. Nancy has nearly 30 years of experience in the Factoring and Asset based lending sectors.

Transportation Finance Professional, Eric Myers, Joins Accutrac Capital

The Accutrac Capital Group of Companies is pleased to announce the addition of its newest subsidiary company, Accutrac Transportation Factoring Inc. Finance professional, Eric Myers, joins Accutrac Capital as the Managing Director. With over 20 years of practical experience in both finance and transportation, Eric is considered a valued asset for Accutrac Capital and to its growing number of customers.
A Look Back in Time at the IFA’s Annual Conference

The IFA is now in full preparation for the upcoming 24th Annual Factoring Conference. To comprehend how integral the IFA has been to the factoring industry, I thought it would be a great opportunity for newer attendees to see how far we have come. Seeing how in 1995, a 35 person event in San Luis Obispo, California has transformed into an 800-attendee conference is nothing short of amazing, and I think everyone will agree that Bert Goldberg has created an impressive industry-driven event that has helped thousands of companies over the years succeed in Factoring.

BY TERRI BAKER

As I looked over the attendee lists from the earlier conferences, it was interesting to see how many of the initial participants are still attending today. I think this says a lot about how the conference remains relevant with fresh ideas, a diverse group of participants and unparalleled networking opportunities. For people to continue to attend year after year, this shows that it remains a solid tradition in so many Factors’ lives.

To look at the impact the IFA Conference has had on the factoring community, I asked a few people who have been coming to the conference since its inception to talk about their experiences and what changes they have seen over the years. What better way to get a true picture of its evolution and vitality than to view it through the eyes of veteran attendees. Below are their responses.

JON ANSELMA, PARAGON FINANCIAL

I remember attending the first conference around 1995 in San Luis Obispo. It was a small group but it was the first time I met so many people doing exactly the type of factoring I was, and they were eager to exchange ideas and experiences. That was pre-internet, so the availability of information was minimal. The lecturer was a lawyer who...
brought us out with his knowledge and lecturing skills. His obsession with assignments and PACA (especially cherries packed in brine) still reverberates to this day. I was blown away by all that I had learned over a few days. I also met Bert Goldberg and quickly learned that he shunned suits, worked hard and enjoyed life. It seemed like the whole town knew him as we walked through it. I was hooked and have looked forward to every conference since then.

IVAN BAKER, UNITED CAPITAL FUNDING

I recall attending my first factoring event in San Luis Obispo in the 90’s. As the event was a user’s conference for a factoring software platform, I expected a lot of information on the program itself along with tips on using the DOS-based platform in the most efficient manner. Although there was discussion related to the software, the event was much broader in scope than I expected, as a variety of legal and operational issues were also discussed. The event was my first exposure to Bob Zadek’s rants. It was also my first exposure to Debra Wilson yelling at Bob. Little did I know, I would see this many times throughout the years.

Through the efforts of Bert Goldberg and an array of key industry contributors, the conference has grown and evolved more than I would have thought possible. The event has become the premier meeting for the factoring community. The IFA conferences have provided an array of building blocks that assisted us in growing our business, as well as many relationships that have changed my life.

TED PRICE, KW RECEIVABLES

The IFA has grown from a San Luis Obispo acorn into a giant oak tree bearing acorns. It has evolved from a company offering software to a few factoring entrepreneurs, into an organization that provides education to the factoring industry. From the date of a tour of Avila Beach and downtown San Luis Obispo, until the riding of the bull at Billy Bob's Saloon in Ft. Worth, the IFA has offered classes on many aspects of factoring, knowledgeable speakers at the Conferences, and many exhibitors that offer services to IFA members.

Along the trip from San Luis Obispo to Ft. Worth, we Factors have networked, enjoyed camaraderie, and amassed many memories such as visiting the duck penthouse in the Peabody Hotel in Memphis, trying to get a drink at the Grand America Hotel in Salt Lake City, and freezing at the Los Cedros Horse Show in Scottsdale, to name a few. Looking forward to a return to the Mango Mambo Bar in South Beach, and oh yes, the Conference.

VINNIE GALANO, PRIME CAPITAL GROUP

The first factoring conference I attended which was in Shell Beach in 1996 was more like a large meeting rather than a conference. I believe there were less than 100 attendees (probably more like 50). The conference itself had only one session at a time, unlike the many sessions available at today’s conference. It was more like an informal conversation among the attendees rather than the large lectures we now have. I believe there were three or four sessions a day as opposed to the thirteen or so offered now.

One major difference between the Shell Beach conference in 1996 and subsequent conferences is the travel was not as convenient then. My father and I had flown into San Luis Obispo Airport thinking we would catch a cab from the airport to the hotel. Little did we know, the San Luis Obispo Airport was more like a shed in the middle of nowhere and there were no taxis. Fortunately, Debra Wilson was kind enough to offer us a ride to the hotel—she was smart enough to have rented a car.

All of the conferences since then have been at more easily accessible locations.

Being a small group, we were able to attend the Farmer’s Market in San Luis Obispo which was a lot of fun. It was a good way to meet other attendees. While the conference today is too large to do something like that, it has done a great job of adding many social functions, giving IFA members the ability to meet many other members.

Two things which have remained the same however, are 1) you could always count on meeting other attendees at the bar at night, and 2) the golf outings are a great way to meet other attendees of the conference in a more relaxed atmosphere.

DEBRA WILSON-ZUKONIK, BAM WORLDWIDE

I could never have imagined the important role that the IFA would play in my career at the time I attended that first meeting in San Luis Obispo. The IFA has evolved from a small software user’s conference to a true Factoring industry association that strives to serve all of its members. From small ticket Factors to huge bank-owned Factors, the IFA conference offers something for everyone. In addition to many legal, operational and sales workshops and panels, Bert also finds the best inspirational speakers. But the greatest benefit of the IFA conferences is the networking. The deep relationships formed with individuals I have met at the IFA have provided me with wonderful opportunities and have greatly enriched my life. I have never missed an annual conference and hope to be able to say the same in another 20 years.

What’s ahead? After looking back through the progression of the conference, I am excited to update you on our upcoming event that will
take place this year in Miami at the Fontainebleau hotel in South Beach. This is our third time holding the conference in Miami and the second time at the Fontainebleau hotel. This location remains one of the most idyllic and popular settings, which is why we decided to return. Networking continues to be one of the top reasons people continue to return to the IFA conference. Attendees have ample time to meet with industry peers that cannot only enhance their business opportunities but also form friendships and bonds that will last a lifetime. Since the IFA networking events are meant to be fun and entertaining, even the most reserved introverts will enjoy themselves. Below are some of the networking events planned for this year:

• **GOLF TOURNAMENT**
  Our annual golf tournament takes place at the Miami Beach Golf Club, which has recently undergone extensive renovations. This event is a friendly competition that allows participants to flaunt their golf skills (or lack of) in a fun and relaxing environment.

• **SOUTH BEACH FOOD & ART DECO TOUR**
  Our tour this year is for foodies, lovers of architecture and anyone that likes to tour new cities. This journey visits five different restaurants that are off the beaten path to discover the hidden gems that only the locals know about. While touring the city, the guide will walk you through the history and diverse culture that makes up Miami.

• **YOUNG PROFESSIONALS RECEPTION**
  Due to the abundance of young attendees that have entered into the factoring arena, we are having a reception for people under the age of forty. This reception provides the younger generation with an opportunity to meet and socialize with other like-minded individuals in their field.

• **TRIUMPH WELCOME RECEPTION**
  The opening reception is the place to mix and mingle with both old and new acquaintances. If you attended Triumph’s BBQ in Fort Worth last year, you know this will be another great event!

• **THURSDAY’S RECEPTION SPONSORED BY LENDERS FUNDING, SAINT JOHN CAPITAL CORP AND CRESTMARK BANK**
  After a day of exciting speakers, panels and roundtables, get ready to relax on the Fontainebleau’s lawn. This laid-back reception will provide guests with appetizers, cocktails and entertainment that will not disappoint.
• TAX GUARD’S DESSERT RECEPTION
This event always promises a great time for cocktails and desserts. I’m not sure how they can top the butt sketch artist they brought in last year (yes, that is a real thing), but I know they will come up with something equally entertaining.

• CLOSING EVENT
The closing event will take place at Nikki Beach for a second time because nothing says South Beach like this quintessential landmark. For those that have never been, you are in for a treat! Bring your flip flops and enjoy the views of the Atlantic Ocean while sipping on cocktails in the sand.

• IDEA EXCHANGE
The idea exchange divides individuals into groups of people in similar positions or industries to discuss relevant issues and topics. This is often touted as one of the most popular sessions because it allows attendees to strategize with others in a more intimate setting.

Networking is truly one of the most beneficial reasons people attend conferences; however, educational content is equally important. This year’s conference brings together a distinguished group of speakers from all over the world with an unprecedented knowledge base. These high-profile speakers will teach even the most seasoned veterans something new.

This year’s sessions will highlight the issues and trends that are essential for success in the industry. With more advanced, in-depth sessions than ever before, choosing which session to attend will be difficult. The diverse sessions will go to the heart of all matters relating to factoring and asset based lending. Key topics this year will include the following:

• Leadership lessons from a hustler
• Lessons from the frontlines
• Fintech
• Deception Detection
• Factoring 101
• Factoring in Latin America
• Rejuvenating and modernizing your operation
• Niche industries 101
• Cross border transfers
• Regulation and oversight of the finance and small business community
• Economic and financial outlook for Factors
• Lessons from this year’s court decisions
• Blockchain
• Canadian legal updates
• Transportation Factoring
• Improving corporate culture, job performance and eliminating conflict
• Succession planning
• Supply chain finance
• Key legal issues
• Canadian banking system

Due to the overwhelming popularity of the roundtables in the past, we will be bringing those back again. These sessions assemble diverse groups of participants representing similar interests or positions. Roundtable discussions promote open dialogue to circulate information and examine key topics that are relevant to that specific group. This year’s roundtables include Senior Executives, Women in Commercial Finance, Young Professionals, Operations and Small Factors.

The IFA is continuously seeking vendors that can help make our attendee’s operations run in a more efficient and cost-effective manner. With over 45 vendors, our exhibit hall will showcase the newest, most innovative products and services available to Factors and Asset Based Lenders. From the latest technological advances to revolutionary business solutions, our state-of-the-art exhibit hall will be educational, informational and interactive. Don’t forget to visit our vendors and find out why they should be an integral part of your operation.

To reflect on how far the Factoring Conference has come, we have to keep looking forward to keeping up with our unceasingly changing industry. The IFA continues to be the leading platform for the factoring industry to exchange ideas, network and understand the latest trends and industry updates. We couldn’t put on such an amazing conference without all of our attendees, so we hope you will be able to join us for the most anticipated conference so far.

For more information and to register, visit www.factoringconference.com.

Terri Baker is the Marketing Director for the International Factoring Association. Terri is responsible for overseeing the account executive certification program, supporting and developing IFA training programs, expanding sponsorship opportunities and promoting the IFA globally to develop new relationships. Terri has been in the factoring industry for over 15 years with responsibilities including marketing, business development, loan compliance, credit analysis and underwriting. Terri can be reached by phone at 805-773-0011 ext. 303 or by email at terri@factoring.org.
### #MeToo—In the Commercial Finance Industry

One of the themes dominating the news cycle is the #MeToo phenomenon, where sexual misconduct and discrimination are being exposed and discussed. Prominent men in the entertainment, media, political, sports, business, legal, and educational worlds have been exposed and careers destroyed. This movement has done a terrific job of pushing this problem to the forefront, where real action can be taken.

Sexual misconduct is not unique to any industry or strata in life. With respect to the media coverage, the sexual predators who have been the subject of the #MeToo stories are all in situations where they have money and power, and have exploited this dynamic against those who are vulnerable. When stripped to its core, the commercial finance industry is naturally about money and power. The factor/lender has the money and therefore the power over the other party. The #MeToo movement has, in some circumstances, been used as a weapon in which to accuse innocent people of wrongful sexual conduct. Sexual misconduct accusations whether real, false, or somewhere in between, are a real threat and problem in industries where one person has the money and power and the other person has a less equal bargaining position. This article will discuss how to best handle a sexual misconduct complaint in the context of a factoring or lending transaction.

While common sense should prevail, it’s fair to say that people are attracted to others sexually, and stuff is bound to happen. Also, something that you may think is funny may be extremely offensive to the other. The divergent calculus of personalities all interacting with each other is bound to set off something that can go wrong. That said, there should be simple commonsense rules in place. First, one should never date a factor client/borrower. Moreover, one should not think of dating a factor client/borrower. One should not flirt with a factor client/borrower and one should run for the hills if that party flirts with you. The relationship should be strictly business and one should never get too comfortable with the factor client/borrower. The fact that the factor client/borrower may be far away geographically should not cause one to let their guard down. We all know of people getting stupid over the Internet and with their cell phones, especially with the camera feature (remember Anthony Weiner?). Further, all social media with a factor client/borrower should be off limits, unless the social media is strictly business. The bottom line is that there needs to be a zero tolerance for wrongful sexual conduct and you can’t feel too comfortable with the business relationship. The relationship with the factor client/borrower should be solely about advancing money, managing the deal, and collecting what you advance.

A sexual misconduct claim can turn into a bad lender liability case, will cause embarrassment, harm your business, and affect your career and family. Given the current climate and societal awareness of the problem, it can also turn into a challenge for your attorney, when she is enforcing...
a deal that went bad, and has to defend a #MeToo claim. One may feel secure because the deal has been otherwise managed well and the collateral is good. However, a sexual misconduct claim can change the whole dynamic.

Although it seems that a sexual misconduct claim can be prevented through common sense and restraint, real life doesn’t work that way and these kinds of complaints happen frequently. Even the fake matters will be trouble and usually one has no control over someone making a false claim. In the context of a financing deal, this is where the boilerplate provisions in your contract really come into play. Boilerplate provisions are typically the procedural items in your contract at the end of the document that govern a variety of issues, and often are not reviewed, except by the lawyers, and even that doesn’t always happen. However, a well-drafted boilerplate section can be useful in defending unexpected claims and defenses. Probably the most important boilerplate item is the jury waiver because a #MeToo claim does not bode well against the factor/lender before a jury. It is important that the jury waiver be drafted in such a way so that it can apply to employees, principals and tort claims, which arise out of the financing relationship. Jurisdiction and venue should also be clear so that it includes such related claims to make sure that all such matters are heard together with your factoring/borrowing transaction in the jurisdiction of your choice. Although all financing agreements have what is known as an integration clause, which basically requires everything to be in writing, many courts would likely not enforce an integration clause in the context of a sexual misconduct allegation, because a court may consider this to be a tort claim outside the financing relationship. It is also a good idea to have broadly worded standards of commercial reasonableness which requires the factor client/borrower to timely report a claim that the transaction is being mismanaged. Also, one should include a statute of limitations provision which requires that affirmative claims against the factor/lender be brought within a certain period of time after the first occurrence, which is typically a shorter statute of limitations period than the time bar for the underlying claim.

There are other practices in doing your deals, which may help alleviate a #MeToo claim. For example, it is common for modifications to occur in your financing relationship, which are documented as an amendment or addendum. While most people don’t obtain a release in connection with amendments or addendums, some do. If you amend your agreement in connection with a default, then you can certainly demand a broad release, which would apply to the factor client/borrower and all guarantors, and cover any and all claims from the beginning of time up to the release date. But, if you don’t obtain a release in connection with an amendment or modification to your financing transaction, one can certainly include recitals or statements in the amendment that provides that the transaction documents are fully enforceable and the obligations under the agreement are owed without any defense to payment or claims against the factor/lender. Guarantors should sign off on any such documents that contain these kinds of provisions. Although this is not an explicit release of a sexual misconduct claim, a well drafted release, with a waiver of unknown or unasserted claims by the factor client/borrower and all guarantors, will be a big plus in your favor in the face of an unexpected claim.

So, what happens when a deal goes south and, you look to certain guarantors to recover the debt, and your lawyer is told by the guarantor’s lawyer that the guarantor is not liable because the credit limit was much lower when the guaranty was executed, and went up several times only because a high level person at the factor/lender was having relations with a principal of the factor client/borrower? This is when the waivers and consents in the guaranty come into play. A good guaranty will contain multiple waivers and consents, which include the right to waive all forms of notices concerning the financing transaction and consent to all kinds of things, including many mistakes. These can and should include notice of changes in the guaranteed obligations, the right to increase the debt, the right to modify the agreement, the right to release guarantors or other parties, the right to proceed in the collection process in any manner you deem fit and loss of perfection status. While the drafters of a good guaranty may not have envisioned using the guaranty waivers and consents to defend a #MeToo claim, it should not matter how the transaction unfolded, the waivers and consents, if comprehensive, could likely address a #MeToo claim.

Given the fact that people are attracted to others, coupled with the control that comes from having the money and power, plus the fact that some people will play fast and loose with their morals for the purpose of obtaining a financial gain, it’s a wonder that there are not more #MeToo claims in the commercial finance industry. Unfortunately, this kind of sexual misconduct happens and false claims are also made. Therefore, the best defense to this problem is a combination of a zero tolerance policy and awareness. It’s simply not worth the liaison, given the amount of money at stake. For interactions that are mostly innocent, but can be misconstrued, the best policy is the grandmother test. In other words, what would my grandmother think of what I’m doing? With these guidelines in place, hopefully a #MeToo problem can be avoided or the impact softened.
Tap into Tech to Make Your Business a Market Leader

“FinTech” is a term most of us hear too many times every day. But how is FinTech relevant to IFA members? I suspect most members—factoring companies, ABL, cash flow and other similar lenders—rightly focus on the nuts and bolts and “grind it out” of generating new business, underwriting properly, servicing and collecting, which for most seems to be either no or low tech and not applicable to most of what FinTech promises to offer. I think that might be a mistake, and IFA member companies may be missing out on opportunities to utilize and adopt the best practices of FinTech for their business.

BY JEREMY BROWN
FinTech is a way for the market to categorize all finance businesses—not just lenders—that use technology as “disruptors” of existing business models. It is such a broad category of businesses that are called FinTech that the concept can be intimidating to many lenders and, as a result, either disregarded or thought to be of little use or benefit to more established business lending models.

A better way to think about FinTech is that the application of technology can make your business a market leader; it has the potential to increase market share and revenue, reduce losses, streamline operations and back office costs, enhance productivity, and most importantly, generate higher profits. By embracing technology, you may also be able to enhance your exit strategy and generate a higher multiple in a future equity event.

At RapidAdvance, (“Rapid”) we approach technology by identifying existing processes that are repetitive in nature and can be well defined, and therefore technology enabled or enhanced, and modifying business processes so that they are able to be automated. We invest about $3 million annually on technology and employ a staff of 40 developing, implementing and improving our technology and automation platform. It seems like our needs are never ending as our “wants” migrate to needs.

One of our end goals is constantly improving the customer experience, achieved through (a) speed of process (machine instead of human) and (b) accuracy and consistency of process (algorithm-based decision instead of human judgment). We also say a key goal is to “eliminate the friction” in the application, underwriting and boarding process.

In my experience, direct lenders employ technology in three broad areas: customer engagement; underwriting; and servicing or portfolio management. Take customer engagement, for example, and think about the process your company goes through to prospect, underwrite and onboard a new client, and where technology might make that process in some way better.

Rapid is a high volume lender. We typically close and fund in excess of 600 loans or advances each month to both, and in some months in excess of 800, to new and existing customers. To maximize internal efficiency we identified a technology goal of flagging and potentially eliminating fraudulent applicants as well as applicants that have a higher likelihood of non-payment, and doing that as early as possible in the process. We don’t want to waste valuable human resources on applicants we are not ultimately going to do business with.

We have developed an upfront process that involves three separate digital fraud scrubs before a human reviews a file. These processes literally take seconds and are invisible to the applicant.

First, we validate the applicant’s device and IP address against known third party databases suspected of fraud or flagged for high risk. Secondly, we verify the applicant’s personal data against national databases to reduce or eliminate the possibility that an identity is stolen or that the applicant is falsifying information. Social security number, current address, date of birth are all cross-referenced, and then “out of wallet” questions are generated online for the applicant to answer as a secondary confirmation.

The first two scrubs are integrations with third party applications. The last upfront scrub we do is an in-house application that we call Lynx. It is an internal cross-reference of the applicant to all leads, customers, and applicants we have interacted with and are in our CRM. That database has about 500,000 names. We cross reference the applicant by address, tax ID, social security number, bank account, and IP address. We want to identify people that have transacted with us in the past in any capacity or under any business or personal name, whether we had a successful or unsuccessful experience previously.

These three scrubs can be online or with a sales agent on the phone with the prospect, where the applicant’s data is entered by the sales agent with the customer on the phone.

After the applicant scrub, and prior to moving to underwriting, we gather as much information as possible electronically. As a cash flow lender, gathering and analyzing bank data is essential, and doing so in a customer-friendly manner results in better outcomes. We use a third party integration to gather up to 12 months of detailed banking information on the applicant. We can also deploy OCR technology to do the same process if we receive paper statements. We literally receive every line item—deposits, checks, in electronic format from the customer’s banking history. We have customized algorithms that
parse the banking data, extract key information, and summarize the monthly data in a format that allows for easy review by an underwriter. The results of our bank statement analysis feed into our scoring algorithm.

Credit information is similarly pulled electronically, parsed for key statistics, scored and stored. Legal databases (Clear, Lexis Nexis, and Westlaw) are scoured and summarized electronically. We no longer need an underwriter to manually review and look for UCC’s, tax liens, past bankruptcies, etc. Along with various other information collected from the application and other data sources, we have a credit and scoring model that will then price the transaction, present offers for the customer’s approval, and if accepted, generate all contracts electronically for customer online acceptance and signature.

If it all seems a little magical, frankly, to me it is. We are on our sixth generation scoring and pricing model. But any company embracing technology can’t rely on technology alone. We have a monthly Credit Committee meeting and our team of credit analysts compares predicted results to actual results, expected loss curves to actual loss curves, down to the product level (we have about 25 different product offerings).

By the time a file gets to underwriting, for us a big chunk of the processes we used to perform manually in underwriting has been completed. The likelihood that an underwriter will say “no” has been greatly reduced. Underwriting now is a human being making sure that the deal makes sense as a whole, looking for things that may not be covered or picked up by the machine or for inconsistencies that might require further analysis. Depending on the dollar amount of the loan, there are interviews conducted with the client and possibly other creditors, and also financial statement and tax return review for transactions over a certain size. The underwriter’s job is generally not to reprice or question the scoring of the account. It is either “thumbs up” or “thumbs down.”

As we continue down the yellow brick road of Rapid funding, when the underwriter pushes the “approval” button, conditions (if any) to final closing are generated for the sales agent to follow up. Once all conditions are cleared, the deal funds. If we choose to, the deal can fund without a human touch.

Servicing is the final piece of our technology platform. All loan payments are collected electronically, without human intervention. A current project is to automate the reconciliation of payments posted to deposits recorded in our bank accounts, saving hours of monthly time by the accounting department.

The servicing platform utilizes customized algorithms to identify loans that are not performing as expected or have missed payments. Flagged loans are populated automatically into collector’s cues for follow-up, and prioritized again by a customized algorithm.

If you are overwhelmed and wondering where to start the FinTech journey, my suggestion is “start small” and then “think big.” We began our current platform development five years ago with a simple goal. Our sales agents used spreadsheets to quote customers. We wanted to replace spreadsheets with a system that incorporated data lookups and a rules-based pricing engine. Fortunately, our software development guru thought big, and utilized technology that would allow that initial project to become a building block for every subsequent technology implementation so that it all functions as one unified system, accessible anywhere and at any time.

Good luck!

If you are overwhelmed and wondering where to start the FinTech journey, my suggestion is “start small” and then “think big.”

Jeremy Brown has over 30 years of management experience as an entrepreneur and executive running small and mid-sized businesses across various industries, including specialty finance, retail, construction and hospitality. RapidAdvance has funded $1.5bn to over 25,000 customers throughout North America and the United Kingdom since 2005.

Jeremy speaks at industry events as a leading voice on alternative finance and small business, as well as an author and industry expert on funding solutions for small business. Jeremy is a CPA and holds a bachelor’s degree in economics from Duke University. A lifelong resident of the D.C. area, Jeremy enjoys spending time at the beach with his family, working out, and futile attempts to improve his golf handicap. He can be reached by email at jbrown@rapidadvance.com or by phone at 240-514-2002.
Public records searches miss 60% of outstanding tax liabilities. Tax Guard can show you what you’re missing.

See Tax Problems Before You Fund

Tax Guard reports provide 10 years of borrower tax compliance with missing tax returns, tax deposit verification, and lien filings to measure your risk prior to funding.

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Monthly monitoring includes proactive alerts to notify you of potential risks.

Solve Tax Problems So You Can Fund

Our tax experts offer transparent resolution strategies for you and your borrower to ensure no disruption to the funding relationship.
The factoring industry has changed exponentially since first starting Paragon in 1994. I’ve seen countless companies come and go. Paragon has always been profitable due to an emphasis on our back office and willingness to adapt to the current market. We have changed when needed, readjusted our strategies, and expanded our financial offerings to keep up with the ever-changing market.

To further expand our financial offerings, we thought it best to be acquired by a larger company that could meet the ever-changing needs of our clients. If we didn’t address those changes, we would start losing clients to companies that would. We were introduced to Trade Finance Solutions by Bruce Sim, who was very familiar with Paragon through a previous banking relationship. I was immediately interested as they wanted to maintain Paragon as a separate entity and retain the staff. TFS recognized that Paragon’s long history of success would add value to their organization.

With TFS, who is very well capitalized, we are now able to provide not just factoring and purchase order financing but also ABL, Trade Finance, Inventory Finance, International Factoring for foreign-based companies, real estate loans, and much larger credit facilities (up to $10 million) than we previously did. We are better positioned to compete being a one-stop shop for all our client’s funding needs. Our clients are already reaping the benefits of the increased offerings.

We’re excited about what TFS is doing. They’re seeking to rapidly increase their portfolio through acquisitions. Last year they acquired a well-established asset-based lender, Gerber Finance Inc. I can tell you that the transition with Paragon was smooth and seamless.

Paragon Financial isn’t the only company to have been recently acquired. Numerous others over the past year have been sold to banks, private equity, and other finance companies. Activity is high, and the premiums being paid are good but reasonable. I’ve noticed that the well-established companies with a solid and proven platform have seen the most activity. I’m glad to speak with any other IFA member who is considering selling their company or just has questions about the process.
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Steve Troy  
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A Division of AeroFund Financial.
US SMEs Expect Higher Sales, More Investment in 2018

Small and medium-sized enterprises (SMEs) are cautiously positive about their prospects in 2018, despite acknowledging the many obstacles they face during this time of economic uncertainty. According to the latest Global Business Monitor, SMEs generally have an optimistic outlook on the performance of the US economy and expect their own sales to rise and are investing more in growth. Yet, even as they remain upbeat, the survey of over 150 SMEs shows that many continue to face significant challenges.

Managing cash flow, collecting payment from customers and dealing with bad debt will continue to be at the top of the list of issues for SMEs going into the new year. Their ability to tap growth opportunities while navigating these ongoing challenges will not only determine the state of their individual businesses, but also the overall health of the SME sector and its critical role in the US economy.

More Sales and Investment in Growth Expected In 2018

US SMEs are upbeat about the economy despite existing challenges and uncertainties. Sixty-seven percent of SMEs describe the current US economic performance as positive, up significantly from 50 percent in 2016. Three-quarters of SMEs expect that robust performance to continue or improve further in the coming year and that optimism translates into a positive outlook for their businesses. Sixty-three percent expect sales to grow over the next 12 months. With confidence high and markets competitive, 61 percent of SMEs are investing more in sales and marketing. Half or more are also investing in training and development of existing staff (55%), IT and digital technology (54%) and recruitment (50%).

With an easing of monetary policy from the Federal Reserve in recent months, two-thirds (66%) of SMEs currently make use of external finance, up slightly from just over a fifth (22%) in 2016. Almost half (49%) believe that access to finance in the current market is excellent or good, ranking the US in the top three markets in relation to the availability of finance (alongside Canada and Singapore). Despite this, fewer than one in ten (8%) anticipate seeking additional external finance over the next 12 months.

Cashflow and Regulatory Challenges Persist

Nearly one-third of SMEs (31%) expect cashflow management to be among their biggest challenges in the coming year. This concern is compounded by issues surrounding collecting payment from customers on time, which 41 percent of SMEs cite as the most challenging aspect of managing their cashflow. Inconsistent or uncertain payment schedules limit the ability to efficiently manage business operations and could potentially impact business growth.

Even with those legitimate concerns, US SMEs on average benefit from more favorable payment conditions than their counterparts in other countries, according to the Global Business Monitor, which also surveyed SMEs in Canada, the Czech Republic, France, Germany, Hong Kong, the Republic of Ireland, the Netherlands, Poland, Singapore and the UK. In contrast to more than 45 days in both France and Singapore, US SMEs wait just 23.5 days for payment from customers, the fastest payment turnaround of any country surveyed for the second consecutive year.

Additionally, the study found that twenty-five percent of US businesses claim to have suffered from bad debt, compared with the study average of a third of those surveyed in other countries (33%). Of these businesses, the average sum of bad debt written off stands at $73,000. The highest proportion of SMEs (24%) were unable to recover between $2,001-$5,000. Large or small, bad debt represents the loss of funds that could otherwise be used to support business needs and growth.
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<tr>
<th>Date</th>
<th>Event Description</th>
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<tr>
<td>3/8</td>
<td>Successfully Navigating a Factoring Future in Uncertain Times Webinar</td>
<td>1pm - 2pm PST</td>
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<tr>
<td>5/9</td>
<td>Factoring Essentials Training</td>
<td>Fontainebleau, Miami Beach, FL</td>
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<tr>
<td>5/9-12</td>
<td>2018 Annual Factoring Conference</td>
<td>Fontainebleau, Miami Beach, FL</td>
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<td>6/18-19</td>
<td>Law &amp; Business of Factoring Training Class</td>
<td>Planet Hollywood, Las Vegas, NV</td>
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<td>AE/LO Training Class</td>
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<td>7/12-13</td>
<td>Advanced Underwriting for Specialty Finance Products</td>
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<td>9/13-14</td>
<td>Transportation Factoring Meeting</td>
<td>Hilton Cleveland Downtown, Cleveland, OH</td>
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<td>10/15-16</td>
<td>Small Factors Meeting</td>
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<td>10/18-19</td>
<td>Think Ahead Or Be Left Behind Training Course</td>
<td>Planet Hollywood, Las Vegas, NV</td>
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<tr>
<td>10/25-26</td>
<td>Construction Factoring Training Course</td>
<td>Planet Hollywood, Las Vegas, NV</td>
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While concerned about cashflow and payment, even more US SMEs cite government regulation (49%) and rising overheads/costs (48%) as their biggest challenges now and for the year ahead. In that regard, US businesses are almost evenly split on whether they view government policy as favorable (44%) or unfavorable (45%).

Heading Into the Coming Year: What Do These Findings Mean For the Factoring Community?

SMEs account for over 9 out of 10 US businesses, according to the U.S. Census Bureau. Looking ahead to 2018, US SMEs are optimistic about the economy and their business and plan to continue investing at home, despite indicating a high degree of political uncertainty on issues ranging from tax reform to trade negotiations. To remain competitive in the world’s largest economy, SMEs must navigate their biggest challenges while securing access to the right financing to help them achieve long-term success. This is where the factoring community steps in to become the entrepreneur’s best resource and create long-lasting relationships which provide working capital as businesses reach maturity. For many business owners, alternative financing could be the untapped funding source they’ve needed to run operations amid challenges.

Think you know your stuff? PROVE IT!

CERTIFIED ACCOUNT EXECUTIVE IN FACTORING

You are eligible to sit for the Certified Account Executive in Factoring exam if you have been involved in Factoring for at least two years and you are or have been in an Account Executive role, or you have managed such a position.

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Any qualified candidate can sign-up, there is no need for employer sponsorship. Qualified candidates can schedule the exam at a supervised testing center in a nearby city and will take a 100 item, multiple choice exam.

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The exam was not designed to be easy; many candidates report that taking the exam took every bit of the two hours allotted and not everyone who takes the exam will achieve this prestigious credential.

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Visit www.factoring.org for more information or call 805-773-0011

Ian Watson has been Chief Executive Officer of Bibby Financial Services North America since 2016. He joined the North America team after serving for more than six years as Chief Executive Officer of the Asia-Pacific region at Bibby Financial Services. In this position, he helped grow the company’s presence in the region from two to six countries, led the executive boards of the businesses in Australia, New Zealand, Singapore, Hong Kong, Malaysia and India, and increased revenues for the region by nearly three times previous levels to deliver a profitable contribution to the group.

A senior executive with extensive international experience in commercial finance and asset based lending, Ian has a proven track record working with growing international organizations and serving on corporate boards. He can be reached by phone at +1 678-385-9662 or by email at IWatson@bibbyusa.com.
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For Anyone Involved with the Factoring & Asset Based Lending Industry

The International Factoring Association is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.

The IFA offers CLE credits for the Factoring Conference. Information on approved states is available at info@factoring.org or contact the IFA at 805-773-0011.

This conference has been approved for CAEF credits. For information on approved programs and courses, please contact the IFA.
The math is simply not in our favor. There are 535 members of Congress and over 300 million of us. That is not a ratio which lends itself to one-on-one time with your Congressional representatives. For those of us who wish to provide direct input to Congress about our industry, this presents a problem. How do we get face time with our Congressman and Senator?

For the average business person, getting face time with a Member of Congress can appear to be a daunting task. In fact, I would guess most business people will never make the effort due to the perceived difficulties and the imagined inability to succeed. I will tell you right now, that you can achieve the access you desire with your members of Congress.

So how do you go about getting access? Like most worthwhile endeavors, it will take a bit of effort on your part, but the effort will be rewarded. The first thing to remember is that every Representative and Senator must run for reelection every two and six years, respectively. As such, Members of Congress have two never-ending needs: (1) Raising money for reelection; and (2) Meeting and convincing people to vote for them.

For years, I have been moderately active in politics. This mainly involved the occasional contribution to a political campaign. In 2010, I began to evaluate how I could become more involved and ensure my views were being heard.

The approach I undertook was simple and effective. We all have a network of friends, business partners, clients, vendors and associates. This network can raise significant funds for any reelection campaign. When you consider the number of people you know, plus the number of people they know, your reach into the community can be quite extensive. Considering that many of our acquaintances are also business people, our network has substantial political value.

Hosting a political fundraiser is a unique opportunity for you and your network to show support for a candidate and build a relationship with the candidate. I host such fundraisers in my home. The candidate’s staff can assist you with the process and legal issues regarding hosting a political fundraising event. The requirements are very basic and not burdensome.

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My fundraising events have been successful for the candidate. I have helped to elect and keep in office individuals who I believe are the best
representatives for my town, state and the country. Also, I now have relationships which provides me the opportunity to make my views and concerns heard in Washington.

I believe supporting the AFA and the AFA champions is the most effective way that our association can have a voice in our capital.

The goal of the AFA is to increase membership and financial support from every IFA member. We urge every IFA member to contribute to the AFA as we are in the midst of our annual membership fund drive. Currently, we have Bronze Members who have contributed as little as $500, up to Diamond Members who have contributed in excess of $10,000. This is a very inexpensive insurance policy to help protect our industry from needless regulation which will be both costly and prohibitive. Please consider supporting the American Factoring Association.

2017/18 Members

As of February 1, 2018

Diamond Member ($10,000+)
- Apex Capital Corp
- Crestmark Bank
- D & S Factors
- Gulf Coast Business Credit
- International Factoring Association
- J D Factors
- LSI Funding Group
- MP Star Financial, Inc.
- Sallyport Commercial Finance, LLC
- TBS Factoring Service, LLC
- Triumph Business Capital
- White Oak Business Capital, Inc.

Platinum ($5,000—$10,000)
- BAM Worldwide, LLC
- Far West Capital
- Goodman Factors, a division of Independent Bank
- Great Plains Transportation Services, Inc.
- Interstate Capital Corporation
- Millennium Funding
- Phoenix Capital Group, LLC
- Republic Business Credit, LLC
- Sunbelt Finance
- TAFS, Inc.
- United Capital Funding Corp.
- Vertex Financial, Inc.

Gold ($2,500—$5,000)
- Accord Financial, Inc.
- AmeriFactors Financial Group, LLC
- AmeriTrust Capital Corp.
- Assist Financial Services, Inc.
- Bay View Funding
- Durham Commercial Capital
- Evergreen Working Capital
- FirstLine Funding Group
- FSW Funding
- Lenders Funding, LLC
- Mickey Seeman - Owner, Sunbelt Finance
- PRN Funding
- Prosperity Funding, Inc.
- Riviera Finance, LLC
- SevenOaks Capital Associates, LLC
- SouthStar Capital, LLC
- The Hamilton Group
- Transport Factoring, Inc.

Silver ($1,000—$2,500)
- Alleon Capital Partners LLC
- American Funding Solutions LLC
- Amerisource Funding, Inc.
- Brookridge Funding
- Business Finance Corporation
- Commercial Business Funding Corporation
- Commercial Finance Consultants
- Commonwealth Capital, LLC
- Contractors Capital Solutions
- Coral Capital Solutions LLC
- CV Credit Inc.
- Entrepreneur Growth Capital
- Factor King, LLC
- Gateway Commercial Finance
- J.O.B.E. Services, Inc.
- K.W. Receivables
- Levinson, Arshonsky & Kurtz, LLP
- QC Capital Solutions
- Match Factors, Inc.
- Mazon Associates, Inc.
- Nationwide Capital Funding, Inc.
- Primary Funding Corporation
- Spectrum Commercial Services Company
- Viva Capital Funding LLC

Bronze ($500—$1,000)
- Advantage Business Capital
- Business to Business Capital Corp.
- Camel Financial, Inc.
- Cash Flow Resources, LLC
- Concept Financial Group
- David Levy—President, Utica Leasco, LLC
- Dean Landis—President, Entrepreneur Growth Capital
- Exchange Capital Corporation
- Finance One, Inc.
- Firmco Business Funding
- Greenback Capital
- J.D. Kinney—Director, Business Development, QC Capital Solutions
- John Ferguson—President, DML Capital Group, Inc.
- Kevin Janusz—President, Cross Key Capital
- Kim Deveney—President, American Funding Solutions
- MarcFunding, LLC
- Merrell Holbrook, Jr.—COO, Assist Financial Services, Inc.
- New Century Financial
- Raffi Azadian—President, Azadian Group LLC

Other (Under $500)
- FactoringClub
- Hawaii Receivables Management, LLC
- Stonebridge Financial Services, Inc.
- TradeGate Finance, Inc.
Our Preferred Vendors have undergone a screening and evaluation process. When you contact the Preferred Vendors, you will need to indicate that you are an IFA member to receive your benefit. If you offer a good or service to the Factoring Industry and are interested in applying for Preferred Vendor Status, please contact the IFA at 805-773-0011.

ASSOCIATIONS

The following trade associations offer member pricing for events attended by IFA members:

- Beijing Commercial Factoring Association (BCFA)
- Colombian Association of Factoring (CAF)
- Commercial Factoring Expertise Committee of China (CFEC)
- Ecuadorian Factoring Association (ASOFACOR)
- FCI
- Romanian Factoring Association (RFA)

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- RMail
  Go Paperless. Switch to RMail to Send your Important Notices. RMail services allow factors to end disputes attributed to missing, misplaced or denied receipt of notification emails for notices of assignment; notices of default, borrowing base certificates, and other important notifications. It also helps speed invoice collections with proof of invoice delivery irrefutably starting the accounts receivable aging clock.
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CONSULTING

- FactorHelp
  FactorHelp has come to be regarded as the factoring industry’s premier resource provider. Their manuals, in use on every continent of the world, are setting the industry standard, and their reputation as the one-call solution for factoring problems is growing. By consistently introducing innovative, viable products, vigilantly cultivating an extensive alliance of Strategic Partners and providing the professional expertise demanded of an industry leader, FactorHelp strives to maintain its goal of providing the unparalleled service the factoring industry expects from a solutions partner.
  Phone: 972-722-3700 • www.factorhelp.com
  IFA Members receive a discount of 10% on their consulting fees and 5% discount on all FactorHelp products in the IFA store.

CREDIT

- Ansonia Credit Data
  With more than 250 Factors and over $800 billion in data, Ansonia provides Factors and ABL lenders an innovative way of managing debtor and fraud risk. Our business credit reports feature current and historical days-to-pay information collected directly from the accounts receivable departments of small and large factors, and other companies across all segments.
  Phone: 855-ANSONIA • 855-267-6642 x.103
  www.ansoniacreditdata.com
  iFA Member Benefits: Free VIGILANTE™ Portfolio Analysis. Try Ansonia’s unique new program for monitoring credit portfolio risk. Call today to receive a comprehensive review of your entire portfolio.
- Credit2B
  Trusted by all of the majors because of the sheer volume of Factore trade and 98% third-party data coverage of active businesses in North America, Credit2B is a cloud-based platform that empowers accurate and timely decisions by connecting the experiences of trade credit grantors around their common business customers. We combine this highly valuable trade network information of approximately $700B in recent receivables with live bureau and public filing information to provide comprehensive financial risk profiles, all in real time. Our dashboard also provides Factor specific scoring, Factor client risk pools, monitoring, peer benchmarks and comprehensive trade data pack solutions for integration into your enterprise software.
  Phone: 212-714-4500
  Website: www.credit2b.com
  iFA Member Benefits: Join the largest virtual factor community. Receive 10% price discounts for being an IFA member. Complimentary invitations to our hosted events in NYC.

FactorsNetwork

FactorsNetwork provide an online platform where Factors work together to increase their profitability and competitiveness. Members are able to pull Credit Reports free of charge as well as monitor and analyze their portfolio. Transportation Factors benefit from our CarrierMonitoring and ChameleonCatcher programs and their clients love our LoadBoard. You can even use the Sales Tool to help find new clients.
  Phone: 435-659-4612 • www.factorsnetwork.com
  iFA Member Benefits: 33% cost savings for the annual membership fee. It is normally $3 per day, but IFA members will pay $2 per day.

CREDIT CARD PROCESSING

- Clarus Merchant Services
  Clarus Merchant Services offers a custom program developed specifically for how the Factoring Industry processes their credit card transactions. Our program provides detailed reporting that allows tracking of each invoice and fee transaction for easy account reconciliation with their customers and clients. We work with each member to ensure all processing costs are covered and that they are doing so within the guidelines of MasterCard / Visa. In addition we provide IFA members direct access to their account manager for immediate response and support.
  David Powers, Member Relationship Manager
  Phone: 540-222-3925 • www.clarusdc.com
  Email: dave.powers@clarusdc.com
  iFA Member Benefits: Any IFA member that purchases the CardX program will receive a one-time $200 rebate once the member has processed a whole month using the program.
- ePaymentAmerica
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  Email: andre.selvyn@agilityrecovery.com
  iFA Member Benefits: 5% discount to each respective client’s monthly ReadySuite membership fee.
**FUNDING**

**Liquid Capital Corp.**

Liquid Capital has been in the Factoring industry since 1999 and entered into a partnership with Next Edge Capital in 2015. This relationship has allowed them to pursue an aggressive growth strategy focused on the following key initiatives:

- The acquisition of A/R portfolios from Factors looking to exit the industry

**Member benefit:** Trailer fees for the life of the acquired accounts
- Soliciting Factors to join the Liquid Capital network to gain access to additional capital, a robust range of working capital and trade finance products, extensive marketing and back office support

**Member benefit:** Liquid will pay your IFA membership or Annual Conference registration fee for the following year.
- ABL referrals from existing Factors who would not normally fund this type of transaction

**Member Benefit:** The referring Factor will earn an origination fee and have the opportunity to participate in the funding.

Brian Birnbaum
Phone: 866-272-3704 • www.Liquidcapitalcorp.com
Email: birnbaum@liquidcapitalcorp.com

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50 Words is a marketing outsource firm for companies that either do not have a marketing department or that need to add more manpower to their existing marketing team. They serve as your dedicated marketing department.

Phone: 610-631-5702 • www.50wordsmarketing.com

**IFA Member Benefits:** 50 Words will provide five free hours of marketing services with the purchase of any marketing service. (Offer to new clients only)

**RECRUITMENT AGENCY**

**Commercial Finance Consultants**

Established in 2002, CFC is the premier provider of human talent to the factoring industry. CFC’s goal is to provide their clients with the best available human capital and the most current industry information to assist in accomplishing their growth potential.

Phone: 469-402-4000 • www.searchcf.com
Email: dar@searchcf.com

**IFA members will receive an additional 60 days added to the guarantee on all placements.**

**SOFTWARE**

**FactorFox**

FactorFox Cirrus is a cloud application for factors, their clients, brokers, lenders, and others who enter or access data. Entries can be made and reports accessed from any internet-connected computer, tablet, or smart phone. As a web-native program, there is no extra cost for setting up your account or to access your data; further, you receive three hours of free training online. FactorFox’s various versions make it suitable for nearly any size factor.

Phone: 866-432-2409 • www.factorfox.com

In addition to the one-month free trial for everyone, IFA Members receive an additional month to try the complete program.

**Finvoice**

Finvoice offers traditional factoring companies and asset-based lenders a simple-to-use and comprehensive software solution to help them become a modern and efficient online lender. Finvoice came out of a passion to help small businesses who generate 67% of jobs and 50% of the World’s GDP.

Andrew Bertolina
Phone: 310-951-0596
www.finvoice.com

**IFA Member Benefit:** Complimentary landing page review/optimization for digital conversion. 15% discount on pricing for the first year.

**HubTran**

HubTran is the leading provider of back office automation technology for factoring companies. HubTran’s SaaS platform streamlines invoice processing, document management, and exception handling. Customers increase productivity 4X, reduce errors and increase capacity. HubTran’s innovative technology leverages Optical Character Recognition and Artificial Intelligence to simplify back office work without requiring massive investments of time in training and integration.

Tinamarie Sulpingz
Phone: 928-855-0170 • www.hubtran.com

**IFA Member Benefit:** 1 week trial and waived setup/integration fees

**ProfitStars**

ProfitStars® is an industry-leading provider of complete portfolio management systems for commercial finance, including FactorSoft®. Its innovative Commercial Lending Management System™ offers a common framework for factoring, asset-based lending, inventory finance, and lines of credit. ProfitStars dynamic Commercial Lending Center Suite™ includes Commercial Lending, FinancialCenter®, BusinessCenter®, BusinessManager®, and LendingNetwork®.

Phone: 205-972-8900, option 3
www.profitstars.com/commerciallending

IFA members will receive 10% off new ProfitStars lending solutions product purchase.

For IFA members who are currently ProfitStars customers: Free one day FactorSoft refresher course, per year, at ProfitStars’ training facility in Birmingham, AL.

**TAX COMPLIANCE**

**Tax Guard**

Tax Guard fills a critical gap in a commercial lender’s credit risk management toolset with efficient, real-time and actionable insight into the true, non-public IRS tax compliance status of their prospects and clients. Our due diligence reports, tax compliance monitoring and resolution solutions support commercial lenders throughout every stage of the funding life-cycle.

Phone: 646-502-4478 • www.tax-guard.com
Email: Rich Porterfield; rporterfield@tax-guard.com

**IFA Members will receive a 20% discount on the same-day due diligence order.**

**UCC SEARCH**

**First Corporate Solutions**

First Corporate Solutions is a full service public records provider specializing in the research, retrieval and filing of public records nationwide and internationally. Their services include industry standards such as UCC, lien and litigation searching, UCC and corporate filing services, nationwide registered agent coverage and real property title searching, as well as unique solutions such as state and county account monitoring designed specifically for Factors.

Phone: 800-406-1577 • www.ficoso.com
Email: info@ficoso.com

IFA members will receive a 10% discount off the retail rates of their signature state and county account monitoring product.

**IFA CALENDAR OF EVENTS 2018**

**March 6**

Annual Meeting with NYIC & IFA Northeast Chapter
Arno Ristorante, New York, NY

**March 8**

Webinar: Successfully Navigating a Factoring Future in Uncertain Times

**May 9**

Factoring Essentials Training
Fontainebleau, Miami Beach, FL

**May 10-11**

2018 Annual Factoring Conference
Fontainebleau, Miami Beach, FL

**June 18-19**

Law & Business of Factoring Training Class
Planet Hollywood Resort, Las Vegas, NV

**June 21-June 22**

Account Executive/Loan Officer Training Class
Planet Hollywood Resort, Las Vegas, NV

**September 13-14**

2018 Transportation Factoring Meeting
Hilton Cleveland Downtown, Cleveland, OH
Small Ticket Factoring: It’s Not Just a Business; it’s a Lifestyle!

At the first Small Factor’s Roundtable in Las Vegas (about 10 years ago), we spent the first morning trying to define what a “small factor” is. Is it portfolio size? Number of invoices? Invoice amounts? There were people there who purchase a few large construction invoices here and there. There were people who only purchased invoices under $1,000.00. Portfolio size ranged from under $1M in NFE, to an attendee representing one of the big-box factors who was thinking about starting a small ticket division.

We didn’t define it then—and haven’t since. One thing that we did agree on is what we are not. We are not small factors hoping to grow into big factors. We agreed that being in this space, this “however-you-choose-to-define-it,” space is a lifestyle choice for us.

There are small ways that this point is driven home every day. I plan my calendar so that I don’t have to deal with the worst of Bay Area traffic. Most of my clients, networking partners and investors have met my dog because he goes with me everywhere. I run into clients at the grocery store when I am in sweats (probably with dog drool on them—my dog is a Cane Corso mastiff, after all) with no makeup on, pretty sure I could scare old ladies and small children. I have not dealt with crowds at Costco or the bank in years because I go in the middle of the day. There are days when I am working at 4am so I can leave at noon and go wine tasting. There are days when I am posting payments and wrapping up my day at 10pm (and no, I do not post payments after wine tasting).

These small ways have simply become the lifestyle choice over the years. Last week though, the point was driven home in a big way, a big business-y way.

I was talking with a friend and colleague whose primary funding comes from someone with a lot of experience in the industry—at a large shop. They have a deal that is in trouble. The reactions they each had could not have been more different. Reaction of the small factor—“OK, let’s sit down and work out a plan to fix this and then get out of it.” Reaction of the funder with big-box experience—“Shut them down. Take the merchandise. The contract has been breached. Lawyers.”

As small factors, we walk a tightrope all of the time. We have the same contracts as everyone else. We have the same level of experience and expertise. We simply know that our lifestyle choice puts us, in many ways, right in the middle of our client’s lives, and in almost as many ways, it puts them in the middle of ours. With rare exception, it does not serve us to take the hard-line position. With rare exception, sitting down with our client at a Starbucks somewhere and finding a way out of the problem is always going to be our go-to response.

In the 12 years we have been in business, there are only 3 clients I did...
not personally sit down with for the document signing. At every document signing, about the time their eyes are glazing over because of the legalese, I stop to give them time to regroup and I tell them that yes, the contracts can be confusing. That is why I am sitting with them and going over everything. Yes, the contracts are MY contracts, drafted by MY attorney, to protect MY interests. I am unapologetic on this point. I go on to say that my business philosophy is that if I ever have to pull the contract out of the drawer, dust it off and remind them of what they agreed to, we have both done something wrong in the relationship. I then tell them that I can find a liveable solution to almost any problem they have, if they tell me about it 5 minutes before everything hits the fan. If I find out about something 5 minutes after it hits the fan, I will forever wonder why they didn’t tell me, and what they are hiding—and I will reach for the drawer that the contract is in.

The beauty of being in this space is that we get to see every small success our clients have, whether it is a great new business opportunity or the birth of a first grandchild. I had a party a couple of months ago for my 50th birthday—almost all of my current clients were there, as well as a handful of former clients. I have attended birthday parties, holiday parties, christenings, weddings and funerals for clients and former clients.

As small factors, we get to truly effect change in the lives of a segment of the business community that often feels that no one wants to help them. Part of that process is that our business and personal lives become intertwined. After all, we are in the relationship business...we just happen to buy invoices.
How New Tools Have Made Factoring a Better Product

The alternative commercial lending (funding) space has seen, and continues to see, significant change, driven in part by greater access to data, new technology, and improvements in existing technology. It has also received a boost from the emergence of new capital providers that are willing to support funding companies that are using non-traditional models to access credit. With these changes, there are now more options than ever for businesses to access capital, and there’s more competition in the industry.

BY LACOUR MILLER

Ultimately, there will be winners and losers. For factoring companies to be on the winning side and to thrive, they must continue to adhere to the tried and true credit rules. These companies must also be willing to embrace and quickly implement new technologies and tools that can improve the client experience and improve policies and practices for underwriting and risk management. Below are some of these tools and a description of how they can be used.

BANK DATA ACCESS

Third party providers, such as Yodlee, through API’s are now able to give finance companies nearly real-time access to bank data. Though traditionally, bank data has not been heavily utilized by factoring companies, access to this data can be an extremely valuable tool. Once the bank data is available, the factor must decide how to best take full advantage of it.

Proprietary software can be used to leverage the data or this can be outsourced. The following are examples of how this data can be used:

1. **Revenue Verification and Assessment of General Health of the Prospect:** In most cases for smaller deals, financials are not required as part of the due diligence package. When financials are provided, they are often not audited or reviewed and may not be completely reliable. Bank data can be readily used to verify financial reporting and to make an assessment of the overall health of the company. If financials are not provided, revenue trajectory, NSF’s, average account balance, and payments each month to funders/lenders are all variables that can be analyzed in the bank data to assess financial strength. By using this data to assess financial strength, a funder can make a better funding decision while placing less of a reporting burden on the prospect.

2. **Identifying Fraud:** Bank data being received directly from the bank is nearly impossible, if not totally impossible, to forge. For existing companies, bank data can be used to verify that the company is real and has been operating. Payments from debtors can be seen in bank data and can be used to substantiate those relationships.

3. **Risk Management of Clients:** Access to bank data once a client is on boarded is also valuable. First, this access allows a factor to quickly identify debtor payments that are misdirected. Secondly, it allows the factoring company to immediately identify additional loans / MCA’s that are taken out by the client. Third, it allows the factor to quickly identify debits that could indicate high risk, such as withdrawals at a casino or personal expenses. Lastly, the bank data can be used to identify a deteriorating credit. In all these cases, the factor is in a better position to proactively address issues as soon as they arise.

INTERFACE WITH ACCOUNTING SOFTWARE

A significant number of the accounting software companies that serve small to medium-sized businesses allow third parties to interface directly with the customer’s accounting system. By simply syncing the systems, the factor can gain immediate and ongoing access to financial reporting, including balance sheets, profit & loss statements, A/R agings, and A/P agings. Like bank data, the factoring company can choose how it would like to use and analyze this data. It can simply pull the reporting and manually underwrite or review a borrower’s financials, or it could take the next step and use software to assist in the analysis of the information and possibly even in the final
decision-making. Benefits of this include the following:

1. Decrease Workload on Prospect During Due Diligence: Once access is given to the prospect’s accounting system, the factor can pull needed reporting to the extent possible. This directly reduces the administrative burden of the prospect. Small business owners and their executives tend to be extremely busy people. Time is a valuable resource. By saving the businesses time, factoring becomes a more competitive product.

2. Speed of Initial Line Approval: Approval time will likely be faster since the factor will not have to wait on requested information. And, if a factor does decide to take the next step of not only gaining direct access to the prospect’s accounting system but also in using software to aid in the analysis, the speed of approval can be significantly improved. Software can perform such tasks as identifying contra accounts, calculating dilution, calculating DSO, etc. Not only will this capability allow for a faster approval, but it can also save the factor money by allowing for its underwriters to be more efficient.

3. Ease of Submission of Invoices: With a direct link to the client’s accounting system, the factor can automatically upload invoices for funding. An electronic assignment schedule can be utilized. With this capability, the client can submit invoices with a click of a button. This decreases the administrative burden of funding on the client.

4. Risk Management of Clients: Once a client is on boarded, it is often difficult for a small business to stay current on reporting requirements. Because of this, factors are often in the position where they are either hassling existing clients about providing updated reporting or factors are just making the decision to fund despite reporting requirements not being met. Direct access to the customers’ accounting software solves this problem. With this in place, factors can always have the most recent financial information in order to make the most prudent funding decisions and can access it without the client directly providing. Also, with the help of software that can provide real-time analysis on the available information, the factor can be alerted as soon as a new risk is detected.

INTEGRATION OF OTHER THIRD PARTY SERVICE PROVIDERS WITH FACTORING SOFTWARE

Integration of third party service providers with factoring software allows for real time decision making, decreases the burden of manual reviews, and can eventually allow factoring companies to become more automated. Examples of types of third party service providers and the benefit of integrating are listed below:

1. Tax Monitoring Providers: With integration with a tax monitoring company, a factor would no longer have to be on a lookout for email alerts or have to review tax monitor reporting each month. Instead, if a new tax liability or lien is found, the factor could set a rule to freeze future fundings until the issue has been addressed.

2. Debtor Credit Resources: Managing debtor credit can be somewhat resource-intensive. By integrating factoring software with debtor credit resources (DNB, Yahoo! Finance, Experian, etc.) debtor credit can eventually be mostly automated. Even if not fully automated, alerts can be set so changes in debtor credit can be more quickly addressed.

3. Corporate and Debtor Monitoring Providers: Like integration with tax monitoring provider, integration with a corporate and debtor (debtor being client in this case) monitoring provider eliminates the need for manual reviews or monitoring of email alerts. This integration can also ensure that upon a negative change in an entity’s standing, or in the case that a new UCC is filed on the debtor, that the system can automatically freeze fundings to the client until the issue has been resolved.

Bottom line: Businesses now have more options than ever when seeking a new financing partner. New fintech lenders are using new and improved technology and tools and are now a serious competitive threat to the factoring industry. But, factors can survive and thrive in the current environment by continuing to employ prudent credit policies and by embracing and implementing new technologies that improve risk management and that allow the funding of businesses to be simple, fast, and easy.
UCC MANAGEMENT GOT YOU DOWN?


First Corporate Solutions is that company.

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