SALES AND MARKETING ISSUE

ALSO INSIDE:

Where Does Your Factoring Company Fit in the Marketplace?
Are Your UCC Financing Statements Giving Away Your Customer Data?
What Every Factoring Company Should Know About OFAC
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WHERE DOES YOUR FACTORING COMPANY FIT IN THE MARKETPLACE?
By Raul Esqueda

ARE YOUR UCC FINANCING STATEMENTS GIVING AWAY YOUR CUSTOMER DATA?
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Numbers don’t lie.

The IFA annual conference has grown to become the number one industry event for the factoring and receivable finance industry. The IFA convention is now the largest and most relevant event of the year, and as the attendees of San Francisco conference can attest to, it has become the must attend event of the year. Thank you to everyone that attended and helped the IFA achieve this unprecedented growth.

I am also pleased to announce the addition of four new members to the IFA’s Advisory Board. The board serves a two year term and assists the IFA in broadening the public understanding of the uses and benefits of factoring. They also help design training programs and foster new ideas to benefit the IFA’s member organizations.

The new Advisory Board members are:

Mike Hilton, Co-President, Brookridge Funding
Niko Kluyver, Partner, FactorPlus
Marc Mellman, COO & General Counsel, Tempay, Inc.
W. David Tull, Chairman, Crestmark Bank

Advisory Board Members returning for the second year of their term are:

Tina Capobianco, Vice President, JD Factors
Steve Hausman, President, Advance Business Capital
Julie Regenold, President, TradeGate Finance, Inc.
Stuart Rosenthal, Executive Vice President, Prestige Capital

Due to the number of complaints that have been received, both the IFA and the AFA have voted to bar Merchant Cash Advance companies from membership in each organization. The boards of both associations felt that the model for this type of financing has changed and that there are a number of MCA companies that are not operating in an upfront manner. Given that the goal of both organizations is to assist the factoring community, we found it best to dissociate ourselves from this type of financing.

The AFA has commissioned a survey to determine the effect that factoring has on the U.S. economy. The survey will be sent to U.S. based factors during the next month. The survey has been designed to take very little time of the participants. Most of the information necessary can be extracted from your software systems. The three main software providers, Bayside, FactorFox, and 3i Infotech, have created extraction programs that can be run against your data. Information extracted will be related solely to the amount of business being done by geographic area. There will be no identifying information regarding individual clients. We hope that all U.S. based factors will assist us in completing this important survey.

The IFA is offering a variety of classes this year to help you and the staff in your organization learn and grow. We are offering new courses as well as some returning favorites. We have also added a number of online courses covering a variety of topics. You can find a listing of the upcoming courses on page 23 of this issue, as well as on our website. Check back often, as we are constantly adding new courses!

Regarding my injury, I just passed the two year mark, and everything is going well. Although a Spinal Cord Injury (SCI) is not something that I’d wish upon anyone, I’ve reached a point where it doesn’t keep me from doing anything I want to do. I attended Project Walk last month, which is a rehab facility geared towards SCI patients. I keep pushing to try to achieve the maximum results that I can, given the constraints that I have.

But Goldby
**INDUSTRY NEWS**

**Utica Leaseco Completes $1,400,000 Sale/Leaseback**
The client is a marine dredging services company headquartered near Baton Rouge, Louisiana. Utica relied on the company’s equipment as the sole collateral for the transaction.

**Gibraltar Business Capital Funds $500,000 Deal in Less than One Week; Closes $1 Million Credit Facility with Emerging EDI Company; Launches Gibraltar Technology Finance**
Gibraltar Business Capital completed a record-setting working capital loan, funding a $500,000 deal for a small, Wisconsin-based trucking company in less than one week.

Gibraltar secured a custom revolving $1 million line of credit and term loan to help support a Boston-headquartered electronic data interchange (EDI) software manufacturer whose product integrates accounting systems between trading partners.

Gibraltar Business Capital announced the formation of Gibraltar Technology Finance, a unit of the company that will focus on making non-dilutive growth capital available to software and technology companies across the US. Gibraltar hired Mark Sperling, who brings more than 15 years of financial and business development expertise, to serve as Vice President of this new group.

**King Trade Provides $1 Million Facility for Manufacturer of Customized Emergency & Surveillance Vehicles**
King Trade Capital announced the recent funding of a $1 million government contract finance facility for a New Jersey based manufacturer of customized emergency and surveillance vehicles.

**Capital Business Credit Helps Extend Terms for Importers**
Capital Business Credit developed a product called Supplier Early Payment or SEP, which allows importers to extend credit for up to 90 days on open account credit terms. Exporters in China and Hong Kong receive customer credit protection and immediate cash for receivables upon shipment and importers receive extended open account terms and payment flexibility. CBC Trade Finance will purchase from exporters, without recourse, for up to 100%, less discounts, accounts receivable due from small to medium importers.

**Paragon Financial Group Provides Four New Factoring Lines of Credit for $2,400,000**
- $750,000 to a commercial cleaning company in Miami, Florida
- $600,000 to a heating repair company in New Jersey
- $250,000 to a food distributor in Miami, Florida
- $800,000 to a security guard company in Naples, Florida

**Universal Funding Provides $1.9M in Factoring Facilities in April**
Universal Funding Corporation brought on eight new clients in April. These new accounts include a $60,000 factoring facility for a security personnel firm in Florida, a $50,000 factoring facility for a signage restoration company in Florida, a $80,000 factoring facility for a tool distributor in Florida, a $100,000 factoring facility for a janitorial operation...
in Pennsylvania, a $150,000 factoring facility for a tutoring organization in Oregon, a $200,000 factoring facility for a fire detection and protection installer in Colorado, a $100,000 factoring facility for a metal recycler in Washington, and a $1,000,000 factoring facility for an oil field consulting agency based in Oklahoma.

**RMP Capital Corp and Celtic Invoice Discounting Limited Announce Joint Venture**
The joint venture will operate under the name RMP CELTIC and will be incorporated in Ireland and be based out of RMP Capital Corp and Celtic Invoice Discounting Limited existing offices in Islandia, New York, USA and Dun Laoghaire, Co. Dublin, Ireland, respectively.

**TAB Bank Completes Acquisition of Anchor Funding Services, LLC Factoring Portfolio; Introduces New Loan Product; Provides $12 Million in Trucking Equipment Loans in 2014 1st Quarter**
TAB Bank entered into an Asset Purchase and Sale Agreement to acquire the factoring portfolio and other related assets of Anchor Funding Services, LLC of Charlotte, NC. In addition to Anchor’s factoring portfolio of approximately 100 clients, the acquisition includes all portfolio related assets, names, trademarks, intellectual property, domains, and sales and marketing channels.

TAB Bank’s new loan product, Flex ABL, combines the flexibility of a factoring line of credit with the structure of an asset-based lending facility.

TAB Bank provided $12 million in trucking equipment loans for 17 transportation companies during the 1st quarter for 2014.

**Crestmark Closes Over $19 Million in Transactions in Four Weeks; Creates National SBA Financing**
Crestmark secured a total of $11,763,500 in financial solutions for six new clients in the final two weeks of April.

Crestmark secured a total of $7,466,000 in financial solutions for ten new clients in the first two weeks of May.

Crestmark created a division focused entirely on national SBA finance. Jack Talkington will serve as Senior Vice President; Christopher R. Soupal, as Vice President, National Sales Director; and David Maiuri, as Vice President, Director of Underwriting and Account Services.

**Bibby Financial Services Adds Asset Based Lending to Product Portfolio**
The company will provide asset based loans up to $10 million in facility size.

**PERSONNEL**

**Bibby Financial Services Promotes Graham Plater to Managing Director, South; Appoints New Head of Sales in Florida**
Graham will report directly to Leigh Lones, CEO, Americas.

Evan Nadler is the new Head of Sales for Bibby’s Florida-based sales team. He will report directly to Marcus Ferrari, National Sales Director.

**Express Trade Capital Promotes Mark Bienstock to Managing Director**
Mark has over 25 years of progressive experience in factoring and trade finance. He began his career at CIT and went on to establish the Factoring Division at Chinatrust Bank USA. He subsequently was involved in the development and expansion of DCD Capital, LLC, into a prominent Trade Finance & Factoring institution.

**Diversified Transportation Finance Hires Michelle Duran as BDO**
Michelle, most recently with Midland America Capital, will concentrate on working with trucking companies with fewer than 100 units to provide working capital and equipment finance.

**Crestmark Hires Zachary Martin as Vice President; Business Development Officer; Robert J. Parks as First Vice President; West Coast Region Sales Manager**
Zachary will assist in expanding Crestmark’s California presence by providing asset-based lending to small to middle-market businesses. He will report to Crestmark West Coast Region Sales Manager, Robert J. Parks.

Robert J. Parks will serve as First Vice President, West Coast Region Sales Manager, reporting directly to National Sales Director, Ray Morandell.

Robert has an extensive asset-based lending background that spans over 25 years.

**TAB Bank Promotes Justin Hatch to Vice President of Asset-Based Lending**
Justin will continue to be based out of TAB Bank’s corporate headquarters in Ogden, UT and will oversee all personnel, operations, and functions as it relates to TAB’s growing portfolio of asset-based loans, rediscount loans, and participations. Prior to his new assignment, Justin served as TAB’s Assistant Vice President of Asset-Based Lending.

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**CANADIAN CHAPTER EVENTS**

**JUNE 17, 2014**

**JULY 2014**
Summer Break

**AUGUST 19, 2014**
IF A Canada Golf Gathering

**SEPTEMBER 16, 2014**
The Business of Money. Legal Issues. Guest Speaker: TBA

**OCTOBER 21, 2014**
EDI: Electronic Data Interchange & Factoring. Operational Issues for Factoring Companies. Guest Speaker: TBA

**DECEMBER 16, 2014**
End of the Year Gathering. Open to all financial professionals. Location: TBA

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**NORTHEAST CHAPTER EVENTS**

**JUNE 26, 2014**
5:30 PM to 8 PM
Pinsetter Bar & Bowl: 7111 Maple Ave., Merchantville, NJ
Joint Bowling Outing with TMA/NJ

**SEPTEMBER 9, 2014**
11 AM to 8 PM
Maplewood Country Club
Maplewood, NJ
Joint Golf & Tennis Outing with ABI & NYIC

**SEPTEMBER 15, 2014**
12 PM to 5 PM
ABI Headquarters Alexandria, VA
Webinar and Panel Program on Financing and Factoring Distressed Firms. Joint Event with ABI, ABF Journal, TMA Chesapeake Chapter and NYIC

**SEPTEMBER 23, 2014**
11:30 AM to 2:30 PM
Deloitte in Boston, MA
Round Table Luncheon Program Updates on Alternative Financing

**OCTOBER 21, 2014**
11 AM to 3 PM
Arno Ristorante, NYC
Factoring & Financing Proposals in a Shark Tank, Held Jointly with NYIC
Diverse industries have the same goals for seeking financial solutions from factoring companies: to meet cash flow needs and grow their businesses. Many factoring companies develop a comfort zone in funding invoices for a specific industry. Usually, this is an industry that the owner or management team has worked for in the past and is therefore confident about the process, risks involved, and overall knowledge of the everyday operations related to that type of industry. They adjust their product to fit the market, based on their knowledge of the industry.

How do you know where your factoring company fits in the market? You need to identify where the market is, what the market is paying, and under what parameters it is getting funded. I have found that many successful factoring companies have common attributes that make them prominent players in the marketplace; the attribute that stands out the most is when a factoring company can identify a market and create a product fit to that specific market. For this article, I will define the “Market” as a group of businesses that are in need of a “Cash Flow Solution” using outstanding receivables as collateral.
The second attribute is to be able to control, manage, and monitor the product offering. This is done by having a highly trained staff in underwriting and operations that completely understands the product offering needed for a particular industry. So what do I mean by “Product Offering?”. Most of the factors today started as generalists and transformed their product to fit the market, along with their staff. For those of you who know the trucking industry, you can agree that you need to be more than a generalist to offer financial services in the transportation industry. A factor funding freight bills needs a staff that understands the transportation industry. This includes having additional credit databases for freight brokers, fuel card accounts, same day funding, transfer fuel advances within an hour, 24/7 online credit checks, and other services trucking clients may need. All this didn’t happen overnight; it slowly evolved with time, and the staff adjusted as needed.

**Product Offering Needs to Match the Parameters Sheet**

A parameters sheet describing the type of industries and client criteria you fund is very helpful for your staff, sales people, and referral sources. If you don’t have a parameters sheet, then how will everyone else know where you fit in the marketplace?

A well described parameters sheet is very simple to do and it will align you with the best possible fit of prospects to your product offering. A well thought out parameters sheet can be established by having input from your staff, sales force, and underwriting department. A “Product/Fit Crisis” can be frustrating for an outside salesperson or referral source, guessing what kind of deals you will fund or what type of clients to call on.

You can launch your marketing efforts once you have an established product offering and a trained staff to manage it. It is much more cost effective to target prospects that will fit within your parameters than to waste time and resources chasing prospects you would never fund.

**The Market Dictates the Product, Not the Underwriting Department**

I find myself debating with factoring company owners all the time. I believe that “The Market is what Dictates the Product” and it is up to the factoring company to develop the “Fit.” I see numerous times where the underwriting department is dictating the market and usually wants clients that are on the extinction list. Everybody wants the best credit score clients, no past history of write offs, no bankruptcies, and no concentrated balances. The perfect client doesn’t exist, and your company needs to have a staff that can make accommodations without putting the company at any higher risk. Monitoring and managing the product is the key; adjust in a timely manner and keep working on it until it’s perfected.

Is your factoring company dictating to the market? I want you to imagine you are a new car salesperson at a top-notch dealership, and you walk into a Monday morning sales meeting. The sales manager and the underwriter for the finance department are leading the charge in the meeting, and they decide to “Dictate the Market” by implementing that, from now on, you are only to sell cars to applicants with an 800 credit score or better and charge mid-teen interest rates. The number of conversions compared to the lost opportunities would be a devastating.
As we all know, the majority of new car sales includes a wide range of credit scores and decent interest rates. The underwriting department decided to cut out the lower quality applicants to look better on their loss score to the lenders they deal with and to increase the yields at the same time. This decision would cause the dealership to shift out of the marketplace, and their new product offering would not fit the market.

I could say the very same scenario is happening with some factoring companies; the salespeople are sent out on an expedition to find clients that don’t exist or offer a product to a market that doesn’t fit.

A factoring company is not a bank. It is a transactional invoice finance company, and applicants should not be underwritten like bank loan applicants. If your company is underwriting deals like a bank loan, then you may be losing out on a lot of opportunities. After all, if your client was bankable, he would be at the bank. I am not suggesting you won’t fund any deals, but the market you target is going to be very small, leaving a lot of potential clients on the table.

Product and Fit is What Keeps the Prospects Coming

Once again, in order for your factoring company to succeed, you need to identify where the market is, what the market is paying, and under what parameters it is getting funded.

A successful factoring company continually evolves with the market in order to ensure that prospects fit your product offering.

Raul Esqueda is the founder of 1st Commercial Credit, LLC out of Austin, TX. He is also a managing partner of Capital Credit, Inc and Commerce Commercial Credit, Inc. Through 1st Commercial Credit, Raul has funded over 2,400 accounts since 2001 and just recently surpassed $2 billion in accounts receivable funding. He can be reached by phone at 512-215-4759 or by email at raul@1stcommercialcredit.com.
Are Your UCC Financing Statements Giving Away Your Customer Data?

In the highly competitive industry of invoice factoring and accounts receivable financing, it’s crucial to safeguard customer lists. Unfortunately for factors, lenders must disclose their client lists...making it easy for competitors to cannibalize your customer data.

BY JEN MATTHEWS

If they learn of a pending transaction, they might contact the debtor and offer better terms. Or they might add your long-term clients to their marketing efforts and entice them away from your service—lowering your market share as a result.

Unfortunately for factors, lenders essentially must disclose their client lists in the public record—making it easy for competitors to cannibalize your customer data.

The problem lies in the filing of a UCC financing statement to give notice of a security interest. Though the financing statement makes the security interest enforceable against other creditors by establishing a public record, it also makes it possible for a competitor to access a list of the lender’s customers.

UCC financing statements:

Are you giving away too much?

Because a financing statement provides the names of both the secured party and the debtor, competitors can quickly conduct a “secured party search” of public records to identify all debtors and transactions associated with a particular lender. This type of request, sometimes known as a “reverse UCC search,” allows the searcher to pull a ready-made list of a lender’s customers.

“The UCC security interest is an essential component of nearly every transaction,” says Paul Hodnefield, associate general counsel for Corporation Service Company (CSC) and a frequent speaker and writer on UCC issues. “However, the benefits of a security interest come at a price.”

“Competitors use the secured party search results for marketing efforts aimed at the other lender’s customers. The targeted lender is at a disadvantage because it ordinarily has to file its financing statement, wait for the filing office to index the record and then conduct a search to reflect before advancing funds. This delay can give a diligent competitor enough time to identify the pending transaction, contact the debtor, and offer slightly better terms. This strategy can end up costing lenders deals they thought were all but closed.”

So what is a factor to do?

Quick fixes on the financing statement aren’t good enough.

Failure to file a financing statement leaves the secured party unperfected,
and no factor wants to be last in line to recover assets. Common, but problematic, courses of action include:

- Lenders listing a registered trade name as the secured party on their financing statements. The problem with this approach is that competitors can easily identify registered trade names from corporate records and use them to conduct secured party searches of UCC records. Not only does the secured party incur additional costs to register and maintain the trade name(s), but the practice doesn’t actually prevent competitors from accessing their customer list.

- Listing a fictitious, but still identifiable, name as the secured party. Although the fictitious name is not officially registered as a trade name, competitors may still be able to associate it with the secured party if the name is easily identifiable. Plus, if the debtor defaults, the financing statement could be deemed insufficient due to the use of an unregistered fictitious name.

- Using an unidentifiable fictitious name on the financing statement. This makes it much harder for a competitor to identify the actual secured party, but it also goes against the nature of the UCC as a notice filing system by preventing searchers from satisfying their duties of further inquiry. Lenders must file their records in such a way that they can receive legitimate inquiries about them.

Clearly, none of these scenarios are ideal.

**A better solution for safeguarding customer data**

Fortunately for factors, there is a solution that protects customer information from the prying eyes of competitors and satisfies the requirements of the UCC notice filing system.

“Many lenders don’t realize that UCC Article 9 provides the basis for such a solution,” says Hodnefield. “To be sufficient under UCC Section 9-502(a)(2), a financing statement must provide the name of the secured party or representative of the secured party. If the financing statement provides the name of a representative for the secured party, it need not indicate that capacity.”

“A lender can use the name of a secured party representative on its financing statements to prevent searches on the actual secured party name from disclosing a full list of debtors. Ideally, the representative would serve multiple lenders from different lending markets. That would prevent searchers from connecting a debtor name to a particular secured party, even if they have the representative’s name. It would also substantially dilute the value of a secured party search for lead-generation purposes.”

In other words, factors can partner with a service provider who offers secured party representative services as part of their UCC search and filing solutions. In this scenario, the service provider provides the factor with a special secured party name to list on financing statements and other UCC records.

Listing this alternate secured party name makes it more difficult for a competitor to associate that name with the factor. And even if the competitor manages to tie the secured party name to a particular secured party, the representative’s name would be used to prevent searchers from connecting a debtor name to a particular secured party.
representative to the factor, accessing their customer data is no longer as simple as running a secured party search. Because the service provider uses the same secured party name for multiple clients, a secured party search returns both relevant and irrelevant records that are difficult to trace back to the individual factor.

Moreover, since the service provider does not disclose the identity of the factor, competitors (and other third parties) must send any inquiries to the service provider—which then promptly forwards them to the factor.

In short, the benefits of using a secured party representative include:

• Improved customer retention
• Reduced competitive interference with closings
• Less sales solicitation directed at existing customers
• More efficient communications for legitimate inquiries

It’s crucial to note that the practice of using a secured party representative is not intended to hide or prevent searchers from contacting the actual secured party. Instead, it is designed to prevent the use of the public record for sales solicitation purposes. Secured party representation does not interfere with debtor name searches or legitimate inquiries about records. In fact, it can actually streamline the communication channel for legitimate inquiries.

Better workflows as a result

Even lenders that are not concerned about competitor access to their customer lists can benefit from using a secured party representative. Consider the case of a lender that operates under multiple names and lists different secured parties on its financing statements. This type of lender may benefit from using a secured party representative—one name (provided through a service provider) that can receive all inquiries regarding filed records.

Instead of having inquiries directed to multiple brand names and departments, a single point of contact receives inquiries and forwards them to the lender’s designated contacts. There are no more misplaced letters or missed phone calls. Perhaps best of all, there is a permanent electronic record of all inquiries.

Using a secured party representative on your financing statements is an effective way to increase privacy, reduce risk, and streamline workflows. Your customer list is a valuable asset. Protect it with a secured party representative.

Jen Mathews is the UCC & document recording marketing manager for Corporation Service Company® (CSC®). Jen has worked for CSC for more than 10 years in a variety of web, email and product marketing roles. She helps educate and market to UCC Article 9 professionals at financial institutions, law firms and other organizations about UCC searching, filing and monitoring. To contact Jen directly, email jen.mathews@cscglobal.com or call 800-927-9801. For more information about CSC’s secured party representation and other UCC filing and search services, please visit www.cscglobal.com/sprs.
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<td>Small Factor’s Meeting</td>
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<td>President’s &amp; Senior Executive’s Meeting</td>
<td>The Fairmont Kea Lani Resort, Wailea, Maui, HI</td>
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<td>Luncheon Meeting w/ NYIC</td>
<td>Arno Ristorante, New York, NY</td>
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<td>4/15-18</td>
<td>Annual Factoring Conference</td>
<td>The Roosevelt, New Orleans, LA</td>
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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.
OFAC, short for the Office of Foreign Asset Control, is an arm of the US Department of the Treasury that enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

Although OFAC has been in existence since 1962, my hunch is that most non-bankers and bankers alike never even heard of OFAC until post 9/11, and even then, OFAC was a little-discussed topic among bankers until very recently. It is likely then, that at least until recently, your and your clients have been relatively unaffected in any way by OFAC.

Chief among the objectives of OFAC is to identify transactions involving an individual or entity designated on the OFAC list of Specially Designated Nationals (SDNs) and Blocked Persons as a global terrorist, terrorist, terrorist organization, narcotics trafficker, or narcotics kingpin, which may be in furtherance of a criminal act, and therefore relevant to a possible violation of law.

What Every Factoring Company Should Know About OFAC: A Practical Guide

Whether your factoring company is a bank borrower, depositor, or both, you are either already aware—or will soon be aware—of US Treasury Department scrutiny of the banking system and how that scrutiny may directly or indirectly affect your operation.

BY TONY FURMAN
Essentially, banks are left to their own devices to develop in-house policies, technologies, and procedures to identify and report suspicious transactions. The larger the bank, the more sophisticated and costly their methods—including, but not limited to development of highly sensitive computer models that run names of their borrowers and depositors against OFAC’s published lists of SDNs. Naturally, the largest financial institutions, especially those which have been penalized by regulators in recent years for weak internal controls, are in the cross-hairs of the federal regulators. Perhaps as an overreaction to their past weak internal controls, the large banks are now eager to demonstrate to the regulators how seriously they take OFAC’s mandates, and how vigilant they have become in identifying transactions that may involve SDNs.

OFAC came into my consciousness about a year ago, when a regular, long-time client that received daily wire transfers, began complaining that they were not receiving funds until the following banking day, and in some cases, later. There had been no change in banking or wire instructions, and it did not seem to make a difference what hour of the day we initiated the wire. On our end, everything appeared fine—the bank was debiting our checking account, the bank showed to have released the funds, but the client was not receiving credit for the funds until after a one-day delay. To make matters worse, this client, located in the Eastern Time Zone, is a depositor of a credit union that clears its wires through an intermediary bank, so any delay during any part of the process would naturally cause this client a delay in receipting its wires. (Note: We originate our wires routinely before noon, Eastern time).

I will refer to my client as “Patriot Transport” to conceal its true identity, and to illustrate the unexpected and unintended consequences of overly zealous bank OFAC compliance personnel. After researching the cause behind the apparently regular delays being experienced by Patriot, we discovered every wire we initiated to Patriot was suddenly, without our knowledge, being manually scrutinized by our bank.

It should be pointed out that Patriot Transport and is not on the SDN list, but because its name is “similar to” a name on the SDN list, the bank’s software keys on it every day, it gets pulled out of the wire queue, manually scrutinized, and then finally, released. It turns out, that there is a shipping vessel that goes by the name of the “Patriot Vessel” that is on the SDN.

“...LARGE BANKS ARE NOW EAGER TO DEMONSTRATE TO THE REGULATORS HOW SERIOUSLY THEY TAKE OFAC’S MANDATES, AND HOW VIGILANT THEY HAVE BECOME...”
To this day, our daily wire transfers to Patriot Transport continue to be manually reviewed by bank compliance personnel to ensure our client has no relationship to a merchant vessel bearing a similar name.

By now, you may be wondering why any of this matters to your factoring company and your clients. The cost of regulatory compliance for banks has reached unprecedented levels. While this may be a temporary phenomenon, for the time being, it is a reality faced by every money-center bank. Is it fantasy to imagine a world where certain banks find it too costly to deal with factoring companies that generate large numbers of non-repetitive wire transfers? Many transportation factoring companies, mine included, not only wire funds to our clients (repetitively), but also non-repetitively to thousands of their vendors (such is the case when we pay motor carriers on behalf of our freight broker clients).

Bankers and others that handle large sums of cash on behalf of their clients, are mandated by regulation to “know your customer” (KYC). Know your customer (KYC) refers to the bank regulation which governs these activities. KYC processes are employed by banks (among a long list of other type of companies) that have been increasingly demanding that customers provide detailed anti-corruption due diligence information, to verify their probity and integrity. Ultimately, KYC is at the heart of OFAC, which demands banks and others follow policies that prevent identity theft, financial fraud, money laundering, and terrorist financing.

Now, the largest banks are under pressure to not only KYC but to “KYCC” and “KYCCC”. To prove to the regulators just how far they’re willing to go to comply with KYC and to remain in OFAC’s good graces, not only do banks want to know their customers, but they also want know their customers’ customers. In the case of some transportation factoring companies that pay motor carriers on behalf of their freight broker clients, it’s no stretch to wonder if the bank is going to want to know its customers’ customers’ customers.

“ULTIMATELY, KYC [KNOW YOUR CUSTOMER] IS AT THE HEART OF OFAC, WHICH DEMANDS THAT BANKS AND OTHERS FOLLOW POLICIES THAT PREVENT IDENTITY THEFT, FINANCIAL FRAUD, MONEY LAUNDERING, AND TERRORIST FINANCING.”
What’s the “OFAC take-away”? 

The larger your bank, the more likely and the sooner your company, and the recipients of your wire transfers, are to experience OFAC-related wire transfer delays. Also, the larger your bank, the greater the size of its compliance department, and the more likely you are to be asked by your banker to satisfy them that you know your customers.

In the unfortunate event you have a customer your bank discovers is an SDN, your banker is eventually going to want to review your due diligence policies. We have already been approached by our bank, which wanted to know what we do to “know our customers”. After a meeting in which we listed our due diligence procedures, we received a thumbs-up. Following is our due diligence best practices:

Best Practices

- Use an expanded, more thorough Factoring Application form, requiring greater disclosure.
- Record (with applicants’ consent where required by law) all post-application due diligence calls.
- Perform site visits.
- IFA members use available resources through the IFA website to monitor suspicious activity.
- Check owners’ names against OFAC SDN Search Tool http://sdnsearch.ofac.treas.gov/.

If for no other reason, factoring companies should adapt these practices for their own loss prevention purposes. As a practical matter, it is useful to understand how your bank’s OFAC compliance may affect the timeliness of your outbound wire transfers. Finally, and perhaps most importantly, don’t give your bank a reason to worry that you are putting them at risk of running afoul of OFAC.

Tony Furman is President and Co-Founder of the Interstate Capital Group of Companies, a leading marketer of accounts receivable factoring, freight matching, credit reports, property broker bonds, and supply-chain finance technology. Founded in 1993, Interstate Capital projects to factor over $1 billion of receivables annually within the next two years. Tony can be reached by phone at 800-422-5995 or by email at tfurman@interstatecapital.com.
I have been asked to write articles in the past and didn’t know where to start, but after managing several Business Development Officers (BDO) and attending numerous conferences, I realized my direct and personal experience may be of interest; if only to provide another ‘take’ on the ole’ Sales vs. Business Development and Sales vs. Underwriting debate.

I have learned that there is a significant range in what some factoring companies require of their BDO’s. Most companies do manage a clear distinction between a BDO and a salesperson. And in my opinion, this is the correct approach. A BDO understands the culture of the company and knows the type of deal that should be approved. The BDO tends to take a nuanced approach in cultivating business (and yes, that can mean a longer ‘sales’ cycle). The salesperson can be more of a “bird dog”, with the expectation of bringing whatever they get their hands on to the table. There is merit in both philosophies and approaches; however, a great deal of time can be wasted chasing “not gonna happen” deals.

A business owner needs to determine how many times they want to say “no”; not only to their BDO, but to their salespeople, brokers, and prospects. An owner should keep in mind: if deals are consistently being declined, the salesperson loses their momentum, and brokers and/or referral sources become frustrated. If relationships are everything (and we all know they are!) it is important to preserve them. Typically, the culture of the company rests with the BDO, someone in the business of relationship development. Still, a relationship cannot come at the expense of your firm.

So, do you really understand the culture of your organization? Is your company connected to that culture? Do you discuss your culture with employees? A few years into my career, I realized that there is a relatively high level of disconnect between underwriting and sales. This can, and will, damage a company’s culture. A BDO can heal that disconnect, but, in an effort to dissolve that disconnect, it is important that your company’s culture, as well as deal expectation and requirements, be fully understood, across the company.

Vertex is a small shop where we connect daily and understand, across the company, what our deals should look like. In reviewing opportunities, we outline the deal, and we identify the pluses and minuses associated. It is critical that issues be shared with underwriters, alongside the numbers—upfront, quickly. In addition, we think of the fit of the client (culture) before making a decision about the business. This comprehensive evaluation process fortifies the underwriter’s belief that the character of the company principals is valued as much as the deal itself. Be warned: if a BDO or salesperson consistently presents a picture-perfect deal and doesn’t reveal the known obstacles, the underwriter will ultimately consider that BDO or salesperson untrustworthy.

Until the BDO builds a relationship of trust and respect with the underwriter, they may be at a disadvantage. More than a typical salesperson, the BDO is expected to fully vet the deal, with the bottom line and the company culture in mind. They ask: “is it a fit?” Again, placing a high level of expectation on outcomes, a BDO should reveal all the information and insight they have on any deal, identifying the challenges and ways to navigate that deal, as well as the potential. Red flag: A potential piece of business in which the owner has never made money (evident by financials), doesn’t pay child support, has past due taxes, and has had several prior companies...well, this is probably not someone to go to bat for, with the underwriter, or otherwise!

If a factoring company is only looking at the account debtors, softer, more...
the job; it is an ongoing process.

In a closing, perhaps over-simplified thought, heard early in my career, “while you are chasing the wrong deal, you are missing the right deal.” Truer words have never been spoken. Time is precious in all aspects of our lives and the lives of others. I work to live; I don’t live to work. This philosophy has made me get down to the basic understanding of what is expected of me within the culture at Vertex Financial. I believe that is why I have the relationships that I have, and the success that has followed.

Create your “smell test”. Create and cultivate your company’s culture. Determine what your “perfect world” deal looks like. Take the time and effort necessary upfront to ensure salespeople and BDO’s truly understand what types of deals are acceptable. No doubt about it, this will save owners, underwriters, and BDO’s time; and ultimately, a success-minded culture works!

nuanced cultural considerations may not matter, but most factoring companies have made the decision to review the principal’s character, as well as pure numbers. The Big Picture does matter.

Certainly, there are factoring companies that have had success in only looking at the debtor; that is, their core culture, and it works for them. Others that have tried the debtor-only philosophy discover they must spend a great deal of time, money, and other resources to manage work-outs. In order to avoid a disconnect with your underwriter and/or the culture of your business, there should be a consistent understanding of what it will take to pass your “smell test”.

Create your “smell test”. Develop a checklist to avoid wasting your time, the broker’s time, and the prospect’s time.

Be a resource! Most of us have been in business long enough to know where to send the business if we know it doesn’t pass our smell test. Why waste time trying to make something work when it just doesn’t? For some, the thinking may be that approvals prove the worth of your company. Don’t go there! Help the team. For the BDO or salesperson, there is nothing worse than a sales manager or owner not clearly outlining what is acceptable. They later bring something to the table, only to learn that it just won’t fly—again, a time waster for everyone!

There are always exceptions to everything. We don’t know everything to ask at all times. But, there are some things that raise questions and red flags. Know what these things are; know what your red flags are, too. Get this information up front on every deal, and out of the way.

BDOs or sales people who don’t do this not only create more work, they send a negative message to their employer. Employers who don’t support their sales and business development team with clear, articulate deal criteria make it tough and frustrating for the folks in the field. The culture of a company should outline expectations early on. There must be a culture that welcomes questions and delivers answers. All involved early on in the training of salespeople and BDOs should address all the whys as best possible. The teaching moment should not be relegated to the first week on
MY IFA

With a nervous step, I entered the Westin St. Francis thinking, “I am barely 20—I don’t belong here!”, but that is when I realized, once again, that I was in the right place at the right time.

BY AARON FURRER

Growing up on my family’s farm, I learned the meaning of hard work and dedication at a very young age. Entrepreneurship seemed to flow through my brother’s and my veins. I had several small, unofficial, agricultural-based businesses growing up, which ultimately led me to the factoring industry. Three Firs Factoring found its origins in 2008, with fuel prices increasing and margins for freight companies decreasing. As I was talking with my uncle, who owned his own small trucking company, he told me of some independents that needed aid due to cash flow stress during what would later be known as the great recession. Further discussion as to how they could be helped led to my plan of starting my own factoring company. The nearest freight broker is only a few miles up the road, and I quickly established connections with the independent trucking companies that operated through them. After setting up the business and a business account, I used personal savings to begin my factoring endeavor.

A great entrepreneur once told me, “The key to success was luck, being in the right place at the right time.” This may seem discouraging because it so often proves correct. I found it to be true in all my business ventures, just as he did. I was in the right place at the right time to start Three Firs Factoring: my uncle was a long haul truck driver and fuel prices were beginning to increase drastically. However, with the entrepreneurial spirit, we are able make our own luck every day, in every place, and at every time.

Our education, life experiences, and intuition shape our luck every day, contributing to success in a variety of ways. I could have let the opportunity slip past, but instead, I aggressively pursued it. I made that day, talking with my uncle in 2008, the right place and the right time.

With a nervous step, I entered the Westin St. Francis thinking, “I am barely 20—I don’t belong here!”, but that is when I realized, once again, that I was in the right place at the right time. I knew I was most likely the youngest and least informed of the industry, but that just meant that I would be able to gain the most out of the conference. The thought of my classes and schoolwork that I was missing back at Stanford vanished as I looked forward to this incredible opportunity and my future career.

With that, my first day at the 20th Annual Factoring Conference began, and it was time to start learning just how much I did not know. Three Firs Factoring is a member of the IFA. This is a change that occurred after I graduated high school and my father took over while I attend college. Thankfully, the opening update helped me get caught up on everything that I had been missing out on. The point/counterpoint opened my eyes to controversial topics within the industry that, due to the size of my business, I had been ignorant of and sheltered from. This trend continued from Factoring 101, Credit & Underwriting 101, Red Flags, and Working with Brokers. Each day, with each speaker and breakout session, I gained so much new information which fueled a plethora of improvements to make to my own company.

The breakout sessions were highly educational, but what would a conference be without networking opportunities? I found the breakout lunches perfectly matched with my interests, as well as those of my business. During both the Small Factors and the Transportation Factor lunch, I was able to share my story and get a tremendous amount of tips and feedback. Throughout the conference, talking with exhibitors and networking provided some of the most beneficial insights and realizations as to just how broad and multifaceted the industry truly is.

I had known for a while that I had a very narrow view of the factoring industry, having a very small firm and relatively little experience. The most important thing that I took away from the conference is just how varied the factoring industry is and all the opportunities that it has to offer. I gained so much from the conference that I will take back to help improve my own small factoring firm but I still know that I have a long way to go before I am truly proficient within the industry. Not only was the conference beneficial, but everyone I met was extremely kind, knowledgeable, and willing to help. I would like to thank the IFA, conference sponsors, and all those that contributed to making the conference a success, for their time and effort. I look forward to implementing what I have learned and attending future IFA conferences.

* * *
On May 15, the Federal Reserve Bank of New York held a conference on small business lending. At this meeting, bankers, regulators, and executives from “high cost alternative” lenders met to discuss the state of the small business-lending environment.

For those of us in the factoring industry hoping to keep our head stuck in the sand, it is time to stop acting like an ostrich. If you attended or watched the webcast, you likely found a few things evident.

First, Washington is taking a closer look at small business financing. The regulators clearly want to step into the environment of alternative financing. While factoring may not legally be the same as lending, we cannot rely on that fact to keep us unregulated. If small business alternative lending is now being watched and evaluated, can the factoring industry be far behind?

Second, regulators are concerned with what they consider excessive APRs on small business loans. While many at the conference concede that APR may not be a true indicator of the economic cost and benefit of alternative financing, it is a factor. However, if APR isn’t the right way to evaluate an alternative financing product, what is? Many alternative lenders are pushing for a “net promoter score”. This is an indication of how well your clients feel you serve them and how likely they are to recommend your service to another business.

Third, regulators still believe many high-rate, short-term products are predatory traps. Without transparency, regulators will look at alternative lenders very suspiciously.

Fourth, factoring is going to have to compete with the alternative lenders who are becoming very innovative in how they service small business financing requirements.

Fifth, everyone believes nonbank loans cost too much and the price has to come down — with or without the help of regulators. What happens to pricing in this arena will certainly be felt in the factoring industry.

The outlook for all of us in the factoring industry is more competition, downward pricing pressure, and the regulators becoming more interested in factoring. Clearly, the need for our representation in Washington has never been more important. If you have not become personally involved in the AFA, please do so today.

The American Factoring Association is dedicated to promoting and protecting the interests of the factoring community. The AFA board is made up of volunteers who devote time and their own funds to travel to Washington, D.C. on behalf of the factoring industry.

As of May 22, 2014

**Gold ($2,500 - $5,000)**
- Amerifactors Financial Group
- Allied Affiliated Funding
- AR Funding
- Bay View Funding
- DB Squared, Inc.
- Federal National Commercial Credit
- Gateway Commercial Finance, LLC
- Lenders Funding, LLC
- Payestone Capital
- Prime Financial Group
- Republic Business Credit, LLC
- United Capital Funding Corp.
- Vertex Financial, Ltd.

**Silver ($1,000 - $2,500)**
- Amerisource Funding, Inc.
- Commercial Business Finance
- Durham Commercial Capital Corp.
- Entrepreneur Growth Capital, LLC
- Evergreen Working Capital, LLC
- Factor King, LLC
- Factor Plus
- Firstline Funding Group
- J.O.B.E. Services, Inc.
- K.W. Receivables

**Platinum ($5,000 - $10,000)**
- Accord Financial, Inc.
- Far West Capital
- Great Plains Transportation Services
- Interstate Capital Corporation
- MP Star Financial, Inc.
- Phoenix Capital Group, LLC
- RMP Capital Corp.
- Sunbelt Finance
- TemPay, Inc.
- TransAm Financial Services, Inc.

**Diamond Member ($10,000+)
- Advance Business Capital
- Apex Capital Corp
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- D & S Factors
- Gulf Coast Business Credit
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IFA Members receive a $10 discount per 100 pack. Also, the first order from each company will be doubled.

CONSULTING

12five Consulting
12five Consulting provides technology and social media consulting to the commercial finance industry. Born out of its sister company, 12five Capital, 12five Consulting understands the technological needs of the commercial finance industry, as it was their application of these tools that lead to their expertise. 12five specializes in software optimization, cloud computing implementation and social media representation.

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FUNDING

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IFA CALENDAR OF EVENTS

JUNE 9-10 Equipment Leasing Training Online 10am-12pm PDT
JUNE 23-24 Law and Business of Factoring Planet Hollywood, Las Vegas, NV
JUNE 26-27 AE-LO Training Planet Hollywood, Las Vegas, NV
JULY 14-15 Meeting for Women in Commercial Finance Paris, Las Vegas, NV
JULY 23 DIP Factoring Facilities Webinar Online 1pm-2pm PDT
AUGUST 5-7 Financial Statement Analysis Training Online 10am-12pm PDT
SEPTEMBER 11-12 Transportation Meeting Omni Nashville Hotel, Nashville, TN
OCTOBER 13-14 Portfolio Operations and Monitoring Planet Hollywood, Las Vegas, NV
OCTOBER 16-17 Credit, Collections & Underwriting - The Art of Getting Paid Planet Hollywood, Las Vegas, NV
OCTOBER 27-28 Small Factors Meeting Planet Hollywood, Las Vegas, NV
JANUARY 21-23 2015 Presidents & Senior Executives Meeting Fairmont Kea Lani Wailea, Maui Hawaii
MARCH 10 Luncheon Meeting with NYIC Arno Ristorante New York, NY
FOR DETAILS ABOUT IFA EVENTS, PLEASE VISIT WWW.FACTORING.ORG
I can’t recall the last time that I wrote a book report, and I doubt I will do another one for a long time. Every so often a book comes out that is an absolute must-read. I’m not talking about the series *A Song of Ice and Fire* by George RR Martin (which is, coincidentally, my favorite fiction book series) but a book which is just as long and exciting as *Game of Thrones*. Rather, I’m talking about *American Factoring Law*. The book is a comprehensive treatise covering the business and legal aspects of the factoring industry and is a must-read for professionals who work in the business. Don’t let the title scare you off. Although couched as a legal book complete with citations, it is not written in legalese and is an easy read for the well informed business person.

The book starts off with a complete history of the factoring business. It traces the industry roots from ancient Babylonia and ancient Rome where the first factors started out as commercial sales merchants. We then journey into the Middle Ages where the commission sales merchants started advancing money on their own account. From there, we go into American Colonial times and learn about the first American factoring transactions when the book discusses the dealings between certain Pilgrims and business people in England. From Colonial America, the book takes us into the 1800s, and then discusses the origins of early modern American factors. This history lesson then takes us up to the present with a good discussion of the modern day factoring industry, broken down into segments.

After a great discussion about history, we go straight into a typical factoring contract. The book does an excellent job of breaking down the typical factoring contract into pieces, and discusses the business and legal issues in plain English, something that really took a lot of thought, as this is not an easy task. One of the biggest issues that lawyers in the factoring industry face, both in and out of court, is structuring the factoring contract as a true sale. If done correctly, the true sale triggers a whole host of beneficial treatment, while, at the same time, balancing the factor’s right to expect repayment on all of its advances. The book provides the details on how to structure a full recourse factoring agreement as a true sale. The book breaks down the true sale versus loan issue and provides a comprehensive analysis of the various permutations and levels of recourse by explaining how and when various types of factoring contracts are treated as true sales and when they are treated as loans.

*A Book Report on American Factoring Law* by David B. Tatge, David Flaxman and Jeremy B. Tatge

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Steven N. Kurtz, Esq. has represented factors, banks, and asset based lenders on a continuous basis since 1987, and he is the Co-general Counsel to the IFA. A founding partner of Levinson Arshonsky & Kurtz, with offices in California and Oklahoma, he practices in the areas of commercial law, insolvency, workouts, loan documentation and trade finance, in both transactions and litigation matters. He can be reached by phone at 818-382-3434 or by email at skurtz@laklawyers.com.
Another challenge in the factoring industry is understanding the various business sectors which draw upon factoring services. The book does a terrific job of demystifying and analyzing how factoring plays out in some of the more challenging industries such as medical/healthcare, construction, PACA and commission advances. But, for those who stick to the more mundane and presumably “safer” industries, (such as trucking, temp staffing, garment and manufacturing), the book delivers a detailed analysis of these industries and supplies helpful pointers to the business and legal person.

No factoring book would be complete without a walk through of all of the various litigation issues that we invariably and unfortunately face. The book breaks down litigation issues and strategies depending upon the type of opponent(s) one will face, the factor client, guarantors, account debtors, bankruptcy trustees, third party creditors, and, our favorite, the IRS. The litigation section is a great starting point for the legal professional involved in a case, but is just as helpful for the business person who wants to spend some time to understand the problems that he will be facing.

The research and writing that went into the making of this book is phenomenal. A tremendous amount of effort went into mapping out the subject matter, researching the topics and then presenting the materials in an easy to understand manner. Two of the writers, David B. Tatge and David Flaxman, are well-regarded veterans of the industry, who have lived through the various war stories they wrote about. The third writer, Jeremy B. Tatge, by virtue of this book, has now earned veteran status in the industry. The word factoring is derived from the Roman word for “he who gets things done”. The writers certainly got a lot done in this endeavor and deserve a shout-out of appreciation for the great job they did in putting together this book.

IFA members can purchase the American Factoring Law Book at the IFA website store at www.factoring.org and receive 20% off.
Over the last several years, it seems that competition among factoring companies has increased dramatically. The supply and demand between invoice factoring companies and qualified prospects has tipped to the point where too many funders are chasing too few deals. Just look around at some of the social media boards where a broker posts a potential lead and ten different factoring companies respond to it. Economics 101 teaches us that a perfectly competitive market structure is one where there are many buyers and sellers, homogeneous products, and relatively free entry and exit in the marketplace. I will be the first to go on record to say that I believe that competition is the cornerstone of our economy, which makes us the great country for others to follow.

Unfortunately, when competition is fierce in a particular industry, what may be good on one side of the equation may not be beneficial on the other. For example, let’s travel back just a few short years ago to the mortgage crisis that crippled our economy and created a global financial meltdown, the likes of which we have not seen since the great depression of the 1930’s. This was a classic example where well capitalized lenders with cheap funds created a demand for borrowers looking for new mortgages, either through new purchases or refinances. As the number of lenders increased, so did the demand for mortgages, which led banks and mortgage lenders to loosen their underwriting guidelines by originating loans to people with less than perfect credit. Many of these loans became foreclosures and underwater mortgages, which led to the great recession of 2008. This is not to suggest we are not in an asset based bubble; however, the comparison is that we are now seeing many new factors and asset based lenders entering the marketplace, competing for qualified prospects. You’ll hear terms like .50% fee, 100% advance rates, and no verification required. As a former numbers geek, I can tell you that many of these too good to be true deals are usually just that. Usually, there are hidden costs, teaser rates, and other junk fees that are buried in the agreement. I can tell you from personal experience, where we’ve had competitors call our clients inquiring about our rates and advances, and then offer them a cheaper discount rate or higher advance. Fortunately for us, our clients realize that value is more than just having the lowest price. I’m sure that many of my colleagues will agree that a superior invoice factoring company is one that values the client, understands their business model, and finds solutions to meet their cash flow needs. In other words, not all factors put their clients in a one size fits all program.

Although factoring companies are getting more aggressive in trying to find new deals, I believe there are many good reasons why this industry will continue to thrive for years to come. First, and most importantly, factors and asset based lenders conduct business with other businesses. Unlike a mortgage or credit card, it is not a consumer driven market. Experience has taught us that, before we fund any new client, there is a cause and effect discussion. Most often, the business has a need for cash flow for the purpose of expanding their operations. In order to increase sales, they will utilize the services of a factoring company and receive immediate cash for their invoices. If the client has a sufficient profit margin to absorb the cost of factoring and increase their sales by accelerating their cash flow, the concept works. Many people who are unfamiliar with invoice factoring often assume that our clients are on the lowest end of the credit spectrum and utilize factors as a last resort for their failing business.

While factoring can help problem businesses, it is a primary source of financing for many new and rapidly growing businesses. For example, we had a client several years ago that

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worked in the tech industry for a large Silicon Valley firm. He ventured out on his own and was quite successful in getting new contracts with household name account debtors. Since he had only been in business for a few months, the bank would not consider financing his new operation. The bank considered him a high risk, not because he had bad credit or any derogatory issues; it was just that he had no real history with his new company and insufficient collateral to back a loan. Our advantage was that we were able to get past his company file and concentrate on the clients he was doing business with. The contracts, purchase orders, and invoices were properly verified, which allowed us to set up a factoring line of credit that enabled his business to hire more employees and take on some larger clients, which took his company to another level of profitability. To this day, we have funded several million dollars with this small business startup and consider him one of our true factoring success stories.

However, before the first funding, before the due diligence or even the application, it started with a meeting. From there, a mutually beneficial relationship was formed, and the rest is history. When a factoring company starts doing business with a new client, it is a constantly evolving relationship. In other financing industries, it’s basically a one and done type situation. When a mortgage company closes a loan, they are on to the next deal. The same is usually true in any other type of financing arrangement. Invoice factoring is different. Unlike traditional loans, factoring companies are constantly interacting with their clients. Whether it’s funding a new invoice, rebating receipts or adjusting escrow accounts, there will always be activity between the client and factor. The client may add new customers to fund, their financial condition may change or they may require some additional type of financing. A good factor will continually monitor all aspects of the client and the account debtors, not just for their own protection, but for all parties involved in the factoring transactions. Yes, the asset-based lending market will experience the compression of margins brought on by a new array of lenders. However, the strongest will survive not just by offering the cheapest deals, but providing the best values for their clients.
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