2018: A LOOK AHEAD

ALSO INSIDE:

Top Digital Marketing Strategies of 2018

IRS Lien Issues—Pushing the Limits

Seven Trends that Will Affect Every Lender
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For those of us who have been in the Factoring industry for some time, it is obvious that this industry is changing. Companies need to plan for the future to survive or they may just be a bystander watching changes occur and risk being left behind.

Technological innovations will continue in the financial sector and will push the factoring industry to adopt those ideas. Some of these changes, such as blockchain technology and Supply Chain Financing, have the potential to greatly change how factors operate.

This Look Ahead issue is designed to give you some insights into changes you need to be aware of and plan for. From marketing to software, we highlight some trends you need to monitor.

A new training course we are presenting this year will be our Domestic Supply Chain Finance training course. Scheduled for February 22-23 in Miami, FL, this course is specifically designed to help factors learn about offering this type of financing.

The IFA has just released our new website. Keeping all of the same features that our members like, the new website is a dynamic design with many new features and enhancements.

We’ve also released our legal compendium for the Factoring industry. The compendium will assist Factors and their counsel by highlighting how specific legal issues that concern Factors vary from State to State. The compendium can be found in the IFA store.

This year’s Factoring Conference will continue our focus on Fintech and modernization. The conference will take place May 9th-12th at the Fontainebleau in Miami Beach, FL. The conference will feature over 60 speakers and moderators speaking about a variety of topics designed to help you increase the efficiency and productivity of your company.

One of our keynote speakers will be Robert Stephens. This session will focus on lessons from the frontlines: disruption, one industry at a time. Robert will present you with thought-provoking insights on developing a culture of innovation, creating memorable customer experiences and tips for identifying and harnessing upcoming disruptive trends.

Our other keynote speaker is Chef Jeff Henderson. He will be presenting his leadership lessons from a hustler.

We will again be featuring various roundtables. Designed to promote networking and interaction among those attendees with similar interests, each roundtable will be led by moderators familiar with the specific group. The roundtables we will be running for the conference are:

- Senior Executives
- Women in Commercial Finance
- Young Professionals
- Operational Issues
- Small Factors

Sessions designed specifically to assist you with planning are:

- The Tech Behind Fintech
- Blockchain—Is it the Technology of the Future?
- Using Verbal Statement Analysis to Detect Deception
- Ideas to Rejuvenate and Modernize Your Operations
- Boost Innovation and Collaboration Through an Outward Mindset (Half Day Session included with Conference)
- Economic Projections
- Opportunities and Challenges with the Changing of the Guard
- Supply Chain Finance

Additional sessions that are specific to the Factoring / ABL community are:

- Current Topics in Transportation Factoring
- Report from the Courts
- Legal Panel
- Factoring 101
- Factoring Niche Industries 101

We also have sessions specifically designed for Factoring internationally. They include:

- Factoring in Latin American
- Cross-Border Transfers
- The Canadian Banking System and its Impact on Alternative Lenders
- Canadian Legal Update

An additional training course that is being run in conjunction with the conference is:

- Factoring Essentials (Wednesday, May 9th)

Networking events will be:

- Golf, Miami Food Tour, Triumph Welcome Reception, Thursday Evening Reception, Tax Guard Dessert Reception, Closing Event at Niki Beach Breakout Small Factors Lunch, Breakout Transportation Factoring Lunch, Young Professionals Reception and Saturday’s Idea Exchange.

It’s no wonder that the IFA’s annual conference has become the must-attend event of the year for the Factoring and Asset Based Lending community. You can find a detailed conference write-up on page 10 or by visiting the conference website at www.factoringconference.com.

See 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.
payment processing app, TriumphPay, at the Transportation Intermediaries Association conference in Las Vegas.

**AeroPay Creates Virtual Procurement Card Unit**

AeroFund International launched a new division that offers businesses with virtual procurement cards. AeroFund has formed AeroPay Express, a unit that provides virtual procurement cards that act as a line of credit to business payers, as well as vendor management services. Vendors pay a fee to accept the virtual card payment.

**Austin Financial Services Funds $5.5MM ABL Facility to a Contract Manufacturer in the Midwest**

Austin Financial Services, Inc. (AFS) closed a $5.5MM senior secured credit facility to a Midwest-based full-service manufacturing company specializing in contract manufacturing, custom machining, automation, and systems integration & engineering. AFS structured a facility that leveraged the company’s untapped resources. AFS’s LOC also provided the company with additional liquidity which will allow for it to bid on new projects and grow the business. Funds from AFS’s credit line were used to pay off its existing bank obligations and to support new business opportunities.

**INDUSTRY TRANSACTIONS**

**DS-Concept Provides $5 Million Trade Finance Facility to Indian Textile Titan**

The company, a manufacturer and exporter of readymade garments including knits, woven goods, leather and accessories, mainly ships to the US and Europe, selling to big-name buyers such as Ann Taylor, Guess, and Sainsbury’s.

The client came to DS-Concept with the goal of expanding its business. While the company’s funding sources were limited and carried high interest rates, DS-Concept offered competitive pricing to finance its open account 60-day payment terms with its buyers.
DS-Concept was able to provide off-balance sheet funding, which helped bridge the working capital requirement gap.

The company is already taking additional orders from their buyers and as they expand, DS-Concept will scale its funding in line with sales, an asset unavailable with traditional banks.

**Global Trading Partners Completes its 250th Purchase Order & Trade Finance Transaction to Date in 2017, a 10% Increase over the same period in 2016**

Founded in 1992 and headquartered in San Diego, California, Global Trading Partners has completed 250 Purchase Order and Trade Finance transaction for 2017 year-to-date. For over 25 years, Global Trading Partners has provided Purchase Order and Trade Financing solutions to a broad spectrum of clients. With an emphasis on importing and exporting clients as well as companies awarded government contracts, Global provides transactional financing that covers up to 100% of the cost of goods.

**Orange Commercial Credit Supports Intermodal Company**

An intermodal trucking company acquired a new customer but required an immediate cash infusion to meet increased expenses. The Company’s existing lender was unwilling to lend against the new accounts receivable which resulted in a cash-flow squeeze. OCC was able to quickly approve the new customer for credit and offered the intermodal trucking company a $100,000 line of credit.

**Rosenthal Provides $500,000 Production Finance Facility for South Carolina-Based Outdoor Gear Company**

Rosenthal & Rosenthal, Inc., announced the completion of a production-based purchase order finance deal with an investment group that is building a portfolio of companies in the outdoor recreation products industry.

Rosenthal provided an initial $500,000 production finance facility to assist with the raw material component procurement, assembly and packaging of goods to fulfill a major order from a large retailer. The supply chain financing requirements of this transaction involved the purchase of multiple components from several domestic suppliers, which would then be assembled into finished product by the client. The funding was a combination of domestic purchase guarantees to create open payment terms from suppliers for raw material purchases and cash funding of direct labor.

**Allied Affiliated Funding Announces Recently Closed Transactions**

$750,000 accounts receivable facility to a Texas-based staffing company supporting IT, telecom and accounting/finance customers. This start-up company needed growth capital to help launch their new staffing business, but they could not qualify for a bank line because they did not have any operating history. The company
was referred to Allied by an existing Allied client, and Allied was able to provide a $750,000 factoring facility. $500,000 accounts receivable facility to a Texas-based based retail services organization that provides project management and professional installation to brands, retailers and retail manufacturers across the country. The company had previously been a bank client with a traditional line of credit. With losses experienced after losing their largest customer during 2015, they struggled growing the business and maintaining their financial covenants for their lender. Ultimately, the bank issued a non-renewal of their line. With payroll approaching and a frozen line, the bank referred the company to Allied to move the facility quickly, in time to refinance their bank line and meet their payroll obligations.

Crestmark Closes 13 Transactions Totaling Nearly $23.5 Million in the Second Half of November
Crestmark secured a total of $23,416,000 in financial solutions for 13 new clients in the second half of November.

Sallyport Commercial Finance, LLC Provides AR Financing to an Alternative Lending Company
Sallyport Commercial Finance provided a $1,000,000 Accounts Receivable facility to a growing commercial lender offering a variety of working capital solutions for small businesses.

Utica Leaseco, LLC Completes Transaction Totaling $525,000 during the week of November 27th, 2017
Utica Leaseco completed the funding of a $525,000 Capital Lease secured by machinery and equipment to a logistics company located in Michigan. This brings the total funding for this customer to over $3,500,000.

Amerisource Completes $1,000,000 Credit Facility for Media Company
Amerisource announced the closing and funding of a $1,000,000 credit facility for a nationwide advertising and media company. Proceeds of the facility are being used to finance working capital and projected growth.

Federal National Commercial Credit Provides Funding For a Specialty Cheese Manufacturer and a Staffing Company
Federal National Commercial Credit announced they recently completed two new fundings.

The first was a $1,250,000 Accounts Receivable Factoring Line to a 29-year old specialty cheese manufacture, headquartered in the Northeast. The new credit line will be used to provide working capital for the company as they prepare to move into their new state-of-the-art manufacturing facility.

The second was a $5,000,000 Asset Based Line of Credit to a healthcare staffing company in the Southeast. After a recent change in ownership, the staffing firm was seeking a line of credit to support their operations and growth. The new line of credit will provide the working capital required for the company to execute on their expansion initiatives.

PERSONNEL

Transfac Capital Establishes New A/R Finance Transportation Team
Transfac Capital, Inc. created a new group focused solely on serving the Transportation Industry. The company hired Jefferey Hogg as the first Regional Vice President for the group. He began his 20+ year career as a commercial driver, transitioning into finance as an inside sales specialist with TAB Bank. His experience includes serving as vice president of business development for the western US, and most recently, vice president of equipment financing with a focus on long-haul transportation equipment. Jefferey is a member of several state trucking associations and industry organizations. He holds the title of Regional Vice President, Transportation and reports directly to Mr. Sala.

Loeb Welcomes Vince Andrews to the Team as Vice President, Equipment Division
Vince joins the organization to lead the day-to-day efforts of Loeb’s Account Management and Inventory
teams. He brings over 20 years of experience in both brand and private label food processing and contract packaging in addition to having hands-on equipment knowledge spanning from sourcing to modification for specific applications. Vince will be based out of Loeb’s corporate headquarters in Chicago, Illinois and will be working with his teams to increase efficiencies in Loeb’s equipment division and increase sales, purchases, rentals and leases.

FSW Funding Announces New Addition to Sales Team
FSW Funding hired Adam Keck as a Senior Business Development Officer covering the Southwest markets. Adam has over 16 years of experience in both the commercial finance and banking industries. He is a member of the local chapters for ACG and RMA and is a founding board member of the Phoenix Chapter of the AM&AA. Prior to joining FSW, Adam was responsible for new business development in the Western region of the US for both commercial finance and factoring companies.

Crestmark’s Growing West Division Welcomes Jan Ibey as Regional First Vice President, Business Development Officer
Crestmark welcomes Janice (Jan) Ibey as regional first vice president and business development officer for the West Division. Janice joins the Los Angeles team to build value for small- and medium-sized businesses in the California market. As regional first vice president and business development officer for the West Division, she reports to Steve Hansen, first vice president and West Division sales manager. With more than 25 years of experience in financial services, structured finance and capital markets, Janice joins Crestmark from LendSpark, where she served as managing director for middle-market lending, providing customers with asset-based lending, equipment financing and subordinated debt. •
The 2018 IFA Annual Factoring Conference: Revolutionizing the Future of the Commercial Finance Industry

On May 9-12, 2018, attendees will gather at the largest conference in the world exclusively designed for commercial finance professionals. Dedicated to being the foremost educational experience in the industry, the 24th Annual Factoring Conference is not to be missed. This year’s conference will focus on positioning you and your business for the future. Enter a world of endless possibilities where hundreds of industry leaders will gather together, defining the future of factoring and commercial finance.

BY HEATHER VILLA

EXPERT-LED EDUCATION

Some of the greatest minds in the commercial finance industry will provide two full days of instruction, delivering expert-led education and topics for all skill sets. Innovative learning formats and engaging instructors allow you to align your education with your own personal needs, interests, and learning level.

OUR KEYNOTE SESSIONS THIS YEAR ARE:

• Chef Jeff Henderson (America’s Favorite Celebrity Chef, Author and Motivational Speaker)—Chef Jeff Henderson is creator of the Food Network reality show series, “The Chef Jeff Project”. He is also the exciting host of the new innovative television series “Flip My Food.” Jeff is one of the most influential chefs in the country. He is a highly sought after motivational and public speaker, an award-winning chef and author of the New York Times best-seller “Cooked.” From overcoming hardship, to identifying personal talents, Jeff reveals his hard-knock yet transformative life lessons and the secrets to rising above and realizing your potential. His dynamic and engaging presentations will help you discover your hidden business aptitudes, make life-changing decisions, and gain a new foothold on the ladder to success.

• Robert Stephens (Geek Squad Founder & Former CTO of Best Buy)—The visionary entrepreneur behind Geek Squad helps you adapt to the era of digital disruption with a prospective and revealing examination of trends in business, technology and innovation. Drawing from his entrepreneurial journey and lessons learned along the way, Robert leaves you with thought-provoking insights on developing a culture of innovation, creating memorable customer experiences and tips for identifying and harnessing upcoming disruptive trends.
• Jason Schenker (Economist, Futurist, Author & Speaker)—Jason is the world’s top ranked financial market Futurist. Bloomberg News has ranked him one of the most accurate forecasters in the world in 36 different categories since 2011, including #1 in the world in 21 categories for his forecasts of the Euro, the Pound, the Swiss Franc, the Russian Ruble, the Brazilian Real, crude oil prices, natural gas prices, gold prices, industrial metals prices, agricultural commodity prices, and non-farm payrolls.

• Senator Joe Donnelly (D-IN)—Senator Donnelly is Ranking Member on the National Security and International Trade and Finance subcommittee and on the Financial Institutions and Consumer Protection subcommittee. He will speak about the Senate viewpoint on the regulation and oversight of the finance and small business community.

BREAKOUT SESSIONS WILL INCLUDE THE FOLLOWING:

• The Tech Behind Fintech (Panel)—New technologies have entered the Finance industry. Factors can either embrace these technologies or risk getting left behind. Our panelists have embraced many of these technologies to modernize their operations allowing them to operate more quickly while keeping costs down. Hear which technologies have worked and why.

• Using Verbal Statement Analysis to Detect Deception (Michael Bret Hood, 21 Puzzles)—In this session you will learn how to focus your attention as well as how to catch the little nuances of language to proactively determine when someone isn’t being completely honest with you.

• Report from the Courts (Bob Zdek, Esq., Buchalter)—Hear the lessons learned from this year’s court decisions and how the courts treated IFA members.

• Ideas to Rejuvenate and Modernize Your Operations (Panel)—These panelists will be discussing different methods to streamline, modernize and rejuvenate your operations. Ideas will include topics such as software, management, technology, workflow, staffing and communications with clients.

• Boost Innovation and Collaboration Through an Outward Mindset (Mitch Warner, Arbinger Institute)—In this special half day training session, participants will be equipped with: Frameworks to deepen their own self-awareness and help others identify an inward, self-focused mindset; tools to help shift to an outward mindset and implement outward practices in their day-to-day work and with their teams; and an approach to work that sparks innovation and collaboration in delivering impact toward customers, managers, coworkers, and reports.

• Opportunities and Challenges with the Changing of the Guard (Panel)—During this session we will be discussing how the next generation of CEO’s and owners can work their way up in the corporation and how management must groom those younger employees to eventually take the reins.

• Blockchain—Is it the Technology of the Future? (Phil Gomes, Edelman)—Blockchain is the ledger that records bitcoin transactions. This technology has the potential to drastically change the way monetary transactions are conducted and recorded. Blockchain technology is set to revolutionize the mechanism in which international payments are made. Learn what it is all about and its global implications, how it will affect finance and trade and if it is the currency of the future.

• Current Topics in Transportation Factoring (David Jencks, Esq.)—Receive an update on the transportation industry with time for discussion on key topics related to Transportation Factors.

• Factoring 101 (Brian Center)—Learn the nuts and bolts of Factoring for beginners or those wishing to enhance their previous knowledge. Topics include: What is Factoring, Factoring Terms, The UCC Code, Finding the Right Client, Five C’s of Credit, and Resources to Assist You.

• Factoring Niche Industries 101 (Ian Varley, Eagle Business Credit)—Every industry has different procedures and rules to follow in order to be able to safely and successfully fund invoices. This session is designed to give you the basics of what you need to be aware of in order to fund invoices in these niche sectors. Some of the industries to be covered are: Transportation, Temp Agencies, Government, Manufacturing, Medical, Construction, Apparel, and Agriculture.

• Cross Border Transfers (John Martin, GE Energy & Erik Timmermans, FCI)—This session will cover Cross Border Factoring with an emphasis on Mexico, Central and South America, and Europe.

• Factoring in Latin America (Panel)—During this session our panelists will be discussing issues specifically related to Factoring in Latin America.

• Canadian Legal Update (Panel)—These panelists will review case rulings from various Canadian jurisdictions over the past year and the practical implications for Factors and Asset Based Lenders operating in Canada.

• Supply Chain Finance (Panel)—Supply Chain Finance, (Supplier Finance or Reverse Factoring) historically has been used by larger buyers and global suppliers. This type of financing is now being used domestically by smaller companies. During this session, we will be discussing how SCF works and various ways that you can enter this type of financing.

• Legal Issues (Panel)—The diverse panel of legal experts will address the key legal issues pertaining to the
commercial finance sector. Panelists will cover a wide range of legal matter and keep attendees up to date on the latest industry developments. Some of the topics they plan to address are: How to deal with Fintech companies when they fund behind you; dealing with UCC issues in relation to Fintech companies; notification issues in relation to Fintech companies; torturous interface from Fintech companies; perfection requirements in non-US Jurisdictions.

**ROUNDTABLE SESSIONS**

Roundtable Sessions will be led by industry professionals familiar with the specific group and will provide an open discussion forum between conference attendees. This year’s Roundtable sessions are:

- **Women in Commercial Finance**—Women in Commercial Finance shouldn’t miss this opportunity to openly exchange ideas and experiences with other women on various topics relevant to the commercial finance industry. Three prominent industry professionals will lead the discussion which is open to women at all stages of their career.

- **Senior Executives**—This high-level gathering provides a platform for Senior Executives to share best practices and discuss the challenges that often come with being top decision makers. Senior Executives will discuss several key issues and topics while expanding their networking circle.

- **Young Professionals**—This valuable networking opportunity will provide a forum for young professionals under 40 years of age, who are early in their careers, to discuss valuable ways to learn and share from others in similar positions. Young professionals face unique challenges on the road to success and this gathering provides an ideal atmosphere to discuss and exchange experiences.

- **Operational Issues**—This is an open forum for operations personnel to discuss relevant commercial finance issues.

- **Small Factors**—Factoring companies who fund clients with low sales volumes operate in a unique manner. This roundtable discussion is designed to give this important segment of our industry a forum to discuss their challenges and learn from their peers.

- **Idea Exchange**—Saturday morning’s Idea Exchange is also
included in your conference registration. From 9am-12pm, this event brings together small groups who have a common interest in a particular issue. Over the course of the morning, attendees explore continuing and emerging opportunities and issues in a roundtable environment that provides enormous opportunities for sharing ideas.

Attendees also have the opportunity to earn CLE (Continuing Legal Education), CPE (Continuing Profession Education for Accountants) and CAEF (Certified Account Executive in Factoring) credits for the sessions they attend. For more information, contact the IFA.

NETWORKING OPPORTUNITIES

Networking is an opportunity to expand your knowledge, learn from others and share your experiences. You won’t want to miss all of the socials, activities and other networking opportunities that are available to you throughout the week. Not only is one of the best ways to learn about the industry through the experience of others, but expanding your networking circle allows you to gain resources for future business. Some of the events we have planned this year include:

- **Triumph Welcome Reception**—sponsored by Triumph Business Capital and Triumph Commercial Finance
- **Thursday Evening Reception**—sponsored by Crestmark Bank, Lenders Funding, LLC and Saint John Capital Corporation
- **Thursday Night Dessert Reception**—sponsored by Tax Guard
- **Golf Tournament**—sponsored by Wells Fargo Capital Finance-Lender Finance Division
- **Young Professionals Reception**
- **South Beach Food and Art Deco Tour**
- **Breakout Small Factor’s Lunch**
- **Breakout Transportation Factor’s Lunch**
- **Closing Event at Nikki Beach**

EXHIBIT HALL

Finding the right solution provider is essential to your organization’s success. The Factoring Conference Exhibit Hall is your one-stop destination to finding the right products and providers to help your company achieve new heights. Resources are available from categories such as software, credit, consulting, funding, trade finance, backgrounds, credit card processing, marketing, insurance, participations, UCC, publishing, tax assistance and specialty financing. Breakfasts, lunches and breaks are held in the exhibit hall in order to maximize your time with the vendors and for greater networking opportunities.

ADDITIONAL TRAINING

Before the conference starts, we will be offering our Factoring Essentials Training Course with George Thorson (Executive Vice President, Triumph Business Capital) and Gen Merritt-Parikh (President, Allied Affiliated Funding). Legal counsel will also be provided by Jim Cretella, Esq. (Attorney, Otterbourg, P.C.) If you are a new Factor, an individual new to Factoring, or just wish to enhance your knowledge, this add-on course will provide you with the background you need to become a successful Factor.

DESTINATION

With its nine miles of golden sand, 85-degree water, engaging nightlife and cutting-edge art scene, it’s hardly a wonder why we picked Miami Beach, Florida, as the destination for the 2018 IFA Annual Factoring Conference. As an international hub of cultural diversity and world-class offerings, Miami Beach captures the world’s imagination with its very own mystique. The Fontainebleau Miami Beach is Travel & Leisure’s number one rated hotel in Miami Beach. At the Fontainebleau, striking design, contemporary art, music, fashion and technology merge into a vibrant new kind of resort experience. Come see for yourself!

Top-notch educational sessions, informal discussions and invaluable networking opportunities make the 2018 IFA Annual Factoring Conference the must-attend event of the year! Reviews from previous years include: “Very well organized and best conference in my life!”, “Another great year for the IFA conference—always a great time with lots of valuable information.”, “Once again, conference was great! Seeing old friends, making new ones and developing new partnerships has made it all worthwhile.”, “This year’s conference exceeded my expectations. Great crowd, great presentations and great networking opportunities.”, “Essential for all in the industry!”

Don’t be left behind! See you in Miami Beach!

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

Heather Villa is the Managing Director of the International Factoring Association. She is responsible for managing and directing the IFA’s external communications as well as managing the business affairs of the Association. She assists with event planning, speaker selection and contract negotiations for all training seminars and conferences, including the annual Factoring Conference. Heather can be reached at 805-773-0011 ext 301 or heather@factoring.org.
IRS Lien Issues—Pushing the Limits

On July 17, 2017, Douglas Corriher, 67, who was the head of the factoring group of a South Carolina-based bank, pled guilty to multiple federal criminal charges. The net result of his scheme allowed the bank to continue to charge and receive high factoring fees, collect accounts receivable, which were subject to the IRS' tax lien, and assist the tax debtor-factor client in evading payroll taxes. This is a very scary proposition for a common situation in our industry, i.e., a factor client/borrower falls behind on its payroll tax obligations, the factor/lender knows, and is working and plotting to collect out on the deal and get paid ahead of the IRS. The facts in Mr. Corriher's case are quite extreme, but the case received some publicity in the industry, and can serve as a good reminder for best practices on how to handle a potential priority problem with the IRS.

This is a case of bad facts, greed, and outrageous behavior converging to make a common and scary problem with the IRS look much worse. Mr. Corriher and his co-conspirators, created a series of dummy entities to enter into factoring transactions with the tax debtor/factor client. The dummy entities were created in order to avoid the bank's legal lending limits to one borrower. The act of creating dummy shell entities to avoid the bank's legal lending limits to a single borrower is probably the biggest fact which got the prosecutors worked up. But, the dummy entities entered into factoring transactions with the tax debtor/factor client. All parties were aware that the tax debtor/factor client was not paying payroll taxes. The tax debtor/factor client was a temp staffing business that did deals in multiple states. It also came out that Mr. Corriher assisted the bad guys in not paying taxes, for the purpose of funding the tax debtor/factor client and collecting high fees. As things were starting to unravel, the factor collected out to the detriment of the IRS' senior right to its accounts receivable collateral, securing the tax debt.

Normally, one does not engage in a very elaborate scheme to defraud the IRS and the banking regulators in an effort to collect high factoring fees and beat the IRS in collection. But, it is common to be caught in a deal where the factor client/borrower gets into trouble with the tax authorities, leaving the factor/lender in a workout situation. When taxes become delinquent, the IRS has a right to assess the amount due against the taxpayer. Once the IRS assesses, a lien against virtually all assets attaches. The lien is perfected against an entity by following the rules of the state where the entity is located. For personal property, this generally means following the UCC rules for filing a financing statement. However, the IRS does not always have to get it right, and has received breaks when it files in the wrong name and sometimes in the wrong place. That's why it's important to conduct comprehensive tax lien searches, which most of the well-regarded commercial search firms should know how to do. However, once the IRS files its lien, the priority rules come into play. The priority rules between the IRS and a pre-existing secured party are strict and often result in the prior perfected secured party becoming junior to the IRS on new collateral. You, as the factor/lender will have the priority on existing collateral. However, with respect to new collateral, the IRS will have priority earlier of when you know or should have known about the lien, or, if you never learn about

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.
The lien, 45 days after filing its lien. The net result, is that new collateral that comes into being after the IRS lien becomes effective, is the IRS' senior collateral. Existing collateral which was in place before the IRS lien remains your senior collateral. However, in the real world, if the IRS is collecting on accounts receivable and sends notices to account debtors, the account debtors will typically honor the IRS instead of the factor’s notice. The state tax rules are different for each state, but several follow the IRS’ rules and it’s best to assume that once a state tax lien is filed, that new collateral will be subject to the state tax lien.

The best practice is to make sure that as part of your monitoring and due diligence, that you confirm that taxes have been paid. In most cases, it's the payroll taxes which are at issue. Ensuring that the payroll taxes are current is often done by using a payroll service. However, payroll services will only make the tax payment if there are available funds. Otherwise, they are just payroll tax calculators. Also, lien monitoring firms can alert you to the filing of any tax liens.

When you first learn about the tax lien, the first thing you should do is stop all funding and increase your account collection activity. If your factor client/borrower intends to stay in business, it will need to make a deal with the IRS right away. It will need a good professional who specializes in such matters. You will also need to bring in your professional if you intend to continue to fund the IRS workout, since you will need a subordination from the IRS and be prepared on how to monitor compliance and anticipate problems. If the IRS is not amenable to a workout, and if the factor client/borrower intends to stay in business, then the most likely option is a chapter 11 bankruptcy filing, where the automatic stay stops the IRS collection activity and where DIP financing orders can protect you on your advances. The other alternative if the IRS refuses a workout plan is for you to liquidate, and it’s every person for himself.

Often the IRS will be amenable to a workout with your factor client/borrower. It is important for your factor client/borrower to have a good financial professional as the deal will likely call for payments over time and one will need a good handle on expenses, budgets and projections. As mentioned, you will also need to sign off on a subordination agreement with the IRS. Unfortunately, the IRS only uses its official form subordination, which is not a well-drafted document. But, if done right, the IRS is subordinate to your lien against accounts, hopefully other collateral, and provides you with notice if it intends to enforce further rights against your factor client/borrower after a default. It is also important for the factor client/borrower to keep current on its ongoing tax obligations and on all required IRS filings. The factor/client borrower’s failure to stay current will kill any deal with the IRS. One fairly common situation is that you know your factor client/borrower is not current on its tax obligations and you need to collect out before the other shoe drops. The key is maintaining the right balance from being a well-informed creditor that has a good handle on the situation versus one who wrongfully conspires against the tax authorities. You must keep an arm's length distance with your factor client/borrower. You can never tell the factor client/borrower who to pay, or make decisions which directly involve paying or not paying taxes. Rather, you handle the workout, keep control over your collateral, and take steps to work through your problem. A written forbearance agreement which spells out your rights, and contains an operating budget, is often a good paper trail against an IRS conspiracy claim. If the deal is large enough, it is helpful to advise your factor client/borrower to hire a trustworthy consultant or chief restructuring officer who can act as a bridge between creditors and the factor client/borrower. As long as you don’t cross any lines, there is never anything wrong with two creditors of the same debtor, who have no duties to the other, to take steps to protect their interest. In the pre-IRS lien situation, you may have the advantage because the IRS has rules on how it has to act, while you are presumably a party to a well-drafted agreement which gives you a lot of rights and leeway in the event of a default.

While the IRS is a powerful foe and can immediately disrupt your deal, there are ways in which you can keep your distance, yet still protect yourself if you are competing with the IRS for payment. The first line of defense is monitoring. There are several search firms and tax lien specialists that monitor for tax liens and problems. You also need to get proof of payments in your larger deals. As mentioned, you are presumably a party to a well-drafted credit agreement. Your factoring agreement or loan documents should give you lots of rights to ask for things, monitor and investigate. These are very good tools at your disposable, which give you control over the situation, while at the same time keeping an arm’s length distance so as to avoid any conspiracy issues with the IRS, like the subject of this article.
As each new quarter unfolds, new trends in the world of digital marketing continue to emerge. More and more companies are implementing these innovative strategies, though some business decision-makers have hesitated, waiting to see what the returns on these strategies might actually be. This wise stance has helped us determine which digital marketing trends have had true staying power. As we move into 2018, each quarter will bring new opportunities for business decision-makers to implement these hot—and effective—digital marketing strategies.

BY ALEX VASILAKOS

These and other successful digital marketing strategies have a few important things in common:

- Data is strategically collected and utilized
- Collected data is presented in fresh and innovative ways
- The right team of people works on implementing ideas
- Results are tracked for the refinement of future efforts

Preparing a digital marketing strategy for each quarter of 2018, and for the year as a whole, can be successfully accomplished with the help of these trending techniques. Implement these strategies and discover what has given them the traction that has made them popular among so many companies.

1 MAKE VISUALIZATION A TOP PRIORITY

Data visualization is much more than just a trend—it is an...
important way of managing information in a manner that communicates ideas effectively and concisely. After all, data is just information until it is framed within a larger conversation or context. Once data is contextualized, it is more easily grasped and understood; findings are more readily implemented and people can understand what action can be taken.

Data is perhaps most effectively visualized with the help of a video. Online videos have the potential to be exciting and informative; with the right production design, script, and performance, the finished project can communicate a surprising amount of information in a relatively short amount of time.

Videos are easily shared on social media platforms like Facebook and Twitter. This gives brands increasing opportunities to gain viral traction. Brands can become much more widely known and share their message with more people through effective video dispersal on social media. Sharing, liking, and otherwise boosting content helps kick-start the snowball effect that will be discussed below.

**2 BEGIN DEVELOPING CUSTOMER-CENTRIC CONTENT**

Personalized content is now much easier to develop than it has ever been; thanks in large part to increasingly sophisticated data collection algorithms, businesses can deploy personalized shopping experiences for each customer. Content marketing can be used to enhance this personalized experience. When done right, you can feel confident that the needs of each customer are perfectly catered to.

Dynamism is the key to successfully developing content centered on customers. Static content no longer serves to connect meaningfully with customers on a personal basis; rich, dynamic content is required. This means that each customer will have a unique experience on your website, an experience that more accurately reflects their expectations, needs, and desires.

This is perhaps especially useful when it comes to delivering distinct messaging for new customers and existing customers. Imagine a website that could shift its content to reflect recent past activity of an existing customer and then shift again to welcome a new customer with fresh, relevant information. This is the power of dynamic, customer-centric content.

**3 PARTNER WITH GREAT CONTENT DEVELOPERS**

Dynamic content does not happen by accident. You have to make the decision to partner with a content creation team that specializes in producing this kind of material. Some business decision-makers choose to work with external content creation companies, especially those with a proven track record of creating great on-page content, while others choose to develop an in-house team of content specialists who handle the creation of fresh, engaging, and informative content.

Working with content creation experts is the right thing to do because only experienced specialty writers have the skills required to compose polished copy. The copy on your website should present your company in the best possible light and do so with flair and imagination. This is perhaps especially important for dynamic, customer-centric content like that described above. Website users are becoming increasingly savvy and can spot phony, weakly phrased copy. Developing an in-house team of writers is a great way to go about creating content that is an accurate reflection of a company’s personality. Brand identity should shine through to catch the reader’s attention and communicate important pieces of information quickly and effectively.

Editorial groups and teams can be great assets to any company. Experienced writers can work quickly and collaborate efficiently on large-scale projects. Furthermore, blogs and email newsletters can be guaranteed fresh content with the help of a dedicated team. Content specialists are vital to delivering information in an engaging way without overlooking the important details that distinguish your products and services from the competition.

**4 USE CUSTOMERS TO INFLUENCE OTHERS**

Reaching customers and successfully completing sales are not the final stages of the sales process. In fact, this can actually be the middle stage of a longer chain of events. Imagine a customer being pleased with their experience with a company, as well as with the product or service they purchased. This customer then tells others about this positive experience and so becomes an influencer—someone who independently exerts a brand’s influence throughout their personal social network. This network includes their online presence as well as their interpersonal connections; the larger a person’s social network is, the greater their influence will be. Each of your customers has the potential to be an influencer, so they need to be treated that way. Customers are transformed into a strong influence on your brand’s behalf in more or less the same way as they are transformed into customers in the first place—through recognizing and then fulfilling their needs. The kind of dynamic solutions described above can help achieve this. As a result, customers form a stronger relationship with the brand that has helped them fulfill their needs and desires, which motivates them to spread your influence to their personal social network.
This continues in a snowballing effect, where brands gain traction through word of mouth and through online social networking platforms like Instagram. More and more people take notice of your brand and see what makes you unique and interesting. More interested people are transformed into customers who then go on to do the work of influencers for you.

**5 BEGIN LEVERAGING BIG DATA TO YOUR ADVANTAGE**

Big data is no longer the domain of supercomputers and remote think-tanks. Today you can begin using the tools made available by big data to drive innovation and improvement within your own organization. With the right data, you can begin to predict customer behavior with greater accuracy, which gives you greater control over the sales process. More leads can be generated, which then go on to generate additional income. Refining the sales funnel is possible with the help of the right data, correctly applied.

When more information is known about a customer or about a specific population of customers, it becomes increasingly possible for sales members to close the deal successfully. Learning more about your customers and their purchasing decisions with the tools of big data will provide you with a wealth of information that can then be analyzed; the results of this careful analysis can then be applied to problem solving, sales plan development, customer outreach efforts, and other ends. This final stage—the analysis and application of information—is what often frustrates business owners and decision makers.

Consider this—9 out of 10 owners have felt that their business has suffered because sales members were unable to make adequate sense of the information in front of them.

**6 USE NATIVE ADS TO BOOST VISIBILITY**

Native ads are unobtrusive and integrate seamlessly with whatever platform they appear on. Rather than interrupt a user’s experience with an annoying pop up, a native ad draws the user’s attention in an organic manner. The introduction of branded information is thus less jarring and the user is much more receptive. The result is a better rate of engagement because people are in a receptive state; they have not been “turned off” by the sudden and unexpected appearance of an ad they didn’t ask to see.

Native ads are perhaps most easily visualized on social media. A post in a user’s news stream alerts them to a brand’s products or lets them know about a special offer that they are likely to be interested in. The ads appear in-context and so the user’s experience is not interrupted; nonetheless, they still receive the information and are educated about what your brand can do for them. Native ads like these are often matched to users based on sophisticated user demographics.

Native ads are especially easy to use on social media platforms, but do not feel limited to these. The same strategies can be applied to generating ads for websites, including websites that your brand already controls. Affiliates can also make use of native ads.

Organizations can use native ads for many purposes, including:

- Advertising new products
- Alerting customers to the advantages of using a company’s services
- Announcing new store hours and new store locations
- Boosting promotional events like time-sensitive sales and percentage discounts
- Demonstrating how a product is used
- Showing how a product or service can solve a problem affecting users

Considerable creative freedom can be exercised in the creation of native ads, although the native ads that appear on social media sites often must conform to the parameters of the platform. A skilled marketing team or group of social media experts should have no trouble developing a campaign of native
ads tailored for all relevant branded social media outlets.

**7 MASTER MOBILE MARKETING OPPORTUNITIES**

Mobile devices are more ubiquitous than they have ever been and people are using them at constantly-increasing rates. Even so, people have a very limited attention span when taking in information on their mobile devices, so engagement has to be measured in the micro-moment. Capturing the micro-moment and making it yours will help drive brand engagement and lead generation.

A micro-moment is the moment in which a person chooses to reach for their mobile device in order to solve a problem. This problem might be something short term, such as deciding which restaurant to visit, or something more long term, such as researching current home loan rates. Your brand has mastered the micro-moment when a person reaches for their mobile device to find some information relating to your industry and comes across your brand immediately.

There are many ways of integrating mobile marketing in your online sales efforts, including app development. Creating custom, branded content that fills a customer’s niche concerns is a good way of maximizing the micro-moment and making your brand the solution the customer is looking for.

Mobile devices have become a vital part of how customers go about making purchasing decisions on a daily basis. From looking up store locations and hours to sharing and “liking” branded content, mobile devices give people the freedom to engage with their favorite brands in new ways. Learning about how your customers use their mobile devices will give you valuable insight into how they can best be reached by your new outreach strategies.

**PUTTING INFORMATION TO WORK FOR YOU**

The world of data-driven marketing never slows down and it can be hard to tell which trends have real staying power and which are simply a flash in the pan. These are just seven of the trending strategies that deserve a closer look. They have demonstrated their ability to deliver results and accelerate the goals of companies that implement them correctly. With the right investment of effort, research, and strategy, these seven strategies will drive the next stage of your company’s growth.

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**Alex Vasilakos** is the Director of Marketing at The Finance Marketing Group. He entered advertising and marketing in 2003, right when the industry landscape shifted from traditional print to digital media. In that time, Alex has worked with numerous large accounts in both healthcare and financial services, and has helped small and medium-sized businesses grow and flourish in their respective digital markets. Alex has won countless awards for creative direction and strategy, and is certified by Google Partners in both AdWords and Analytics. Currently, Alex works exclusively with financial services companies, but his depth of knowledge and experience can help design and implement long-reaching strategies for businesses across all industries. He can be reached by phone at 518-591-4645 or by email at alex@financemarketing.com.
Global growth is likely to remain strong in 2018. Purchasing Manager Indices, otherwise known as PMIs, are critical leading indicators of growth. Manufacturing PMIs improved in recent months, with significant rebounds in the Chinese Caixin Manufacturing PMI following a contraction in May 2017. Ongoing expansions in the U.S. ISM and Eurozone Manufacturing PMIs have also supported commodity prices, while IMF global growth forecasts have been revised higher to reflect strong growth expectations for 2018.

BY JASON SCHENKER, KEYNOTE SPEAKER AT THE 2018 IFA ANNUAL FACTORING CONFERENCE

The US labor market has improved, but the Fed does not face an urgent threat to raise rates due to low inflation. After all, the PCE Core was up only 1.3 percent year over year in September 2017, which was well below the Fed’s 2 percent target. Fiscal policy stimulus is likely to increase the future US national debt level. Against this backdrop of potential fiscal stimulus, is a set of monetary policies, including Fed balance sheet reductions, that are designed to dampen inflation, but which could also dampen growth. While US monetary and fiscal policy are likely to change in 2018 compared to 2017, we see US economic growth as a critical driver of global economic growth. We also expect a continuation of disruption in a number of industries in the United States, and the global economy. One sector that is likely to see continued changes is finance, as FinTech continues to disrupt traditional industries and engender change at a more rapid pace. FinTech represents a host of businesses that are designed to disrupt (and eat the lunch of) traditional financial institutions. FinTech companies generally reduce costs,
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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.
reduce complexity, or increase ease of use for transactions that had previously been the domain of banks. FinTech is affecting financial services, and awareness has been spreading.

One of the areas most impacted—so far—by FinTech has been asset management. Of course, asset management has long been dominated by computers, statistical analysis, and programming. And FinTech has been disrupting asset management—often with passive trading strategies. Some of these strategies are known as Roboadvising, due to their automated (i.e. robot-like) nature.

And the result?
Asset managers are losing their jobs, and the disruption potential for asset management is likely to remain high. Passive asset management techniques and Roboadvising are often easier and cheaper to administer than active asset management. These strategies can be implemented at significantly lower costs than active asset management strategies, because they no longer require human asset managers. There is an economy of scale, when computer programs do all the strategy work, analysis, and planning, as well as all the buying and selling of securities.

Finance is likely to see more and new disruptions in the year ahead, as automated solutions and online platforms reduce the overhead of operations, and make FinTech solutions more cost competitive than traditional finance businesses. FinTech leverages technology to eat the lunch of traditional financial services businesses.

And FinTech could eat the lunch of factoring, too.

Of course, invoicing and payment processing are likely to change over time. This is especially true as the advent and application of blockchain drastically reduces frictional transaction costs when it comes to payables and receivables. But that isn’t the

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Jason Schenker is one of the top-ranked financial market forecasters in the world and a columnist for Bloomberg News. He is the President of Prestige Economics, and he is also the Chairman of the Futurist Institute, a professional education organization that helps analysts and economists become futurists. Jason can be reached by phone at 512-425-0670 or by email at jasonschenker@prestigeeconomics.com.
UPCOMING EVENTS

1/17 Account Debtor’s Right of Recoupment
Webinar, 1pm - 2pm PST

1/24-26 President’s & Senior Executive’s Meeting
Mauna Kea Beach Hotel, Hawaii Island, HI

2/22-23 Domestic Supply Chain Finance Training Class
Hilton Conrad, Miami, FL

3/6 Annual Meeting w/ NYIC & IFA Northeast Chapter
Arno Ristorante, New York, NY

5/9 Factoring Essentials Training
Fontainebleau, Miami Beach, FL

5/9-12 2018 Annual Factoring Conference
Fontainebleau, Miami Beach, FL

6/18-19 Law & Business of Factoring Training Class
Planet Hollywood, Las Vegas, NV

6/21-22 AE/LO Training Class
Planet Hollywood, Las Vegas, NV

7/12-13 TBA
Planet Hollywood, Las Vegas, NV

9/13-14 Transportation Meeting
Hilton Cleveland Downtown, Cleveland, OH
“Charge It!”: The Evolution of the Credit Card

As we enter 2018, it will mark the 60th anniversary of the issuing of the first American Express card. Before, American Express merchants accepted either cash, check, or in some cases, provided credit to the steady VIP customers by way of house accounts. If you had a house account at a restaurant or merchant back in the early 20th century, you were the best of the best. By the 1960’s, department stores and large retailers started moving away from simple ledger house accounts serving the rich, to issuing their own credit cards to middle and upper-class shoppers.

BY STEPHEN TROY

Smaller merchants and merchants without the ability to carry a large book of receivables were at a distinct disadvantage to their large, well-capitalized competitors. The entry of American Express and the later bank cards into the merchant credit card market was a game changer for these small and medium businesses.

In the beginning, American Express targeted only the wealthiest of shoppers. In 1958, just a year after American Express decided to issue travel and entertainment cards, 250,000 Amex cards were rolling off the presses each year on their way to the most affluent households in America.

Along with receiving your personalized American Express card, you would have received a small book that listed all the places that accepted American Express, from Albuquerque to Zurich. It must have been a challenge for American Express to keep up the pace while adding hundreds of new businesses each and every month as demand soared for the most coveted of credit. Whether you were at home or traveling, you simply thumbed through your American Express book to find dozens of restaurants and businesses close by, all eager to have you in their shop as a customer.

To the businesses that decided to accept the American Express card, it was about more than getting paid early. It was about expanding business with new sales. Back in the 1950’s and 60’s, getting paid early by American Express, and later, BankAmeriCard (later Visa), and MasterCard, was hardly the case. Settlements to merchants could take weeks and sometimes up to a month. Businesses were more interested in access to affluent customers. It would be years before technology would make QuickPay settlement possible.

Accepting the American Express card in the early years was appealing to businesses. It gave them access to tens of thousands of affluent customers, willing to pass by their competition, simply to use the American Express card, and it gave them the option of passing off their house accounts to a professional. That was worth the very high fees paid to Amex on every charge—a charge that could go as high as 6% of the sale. They saw it more as a marketing fee than an early pay fee.

Soon, word was out that if you signed up to accept American Express, or later, Visa and MasterCard, customers would beat a path to your door simply for the opportunity to say, “charge it!”

Sixty years after the first mass market credit cards were issued, not much has changed, other than the fact that credit cards are in the hands of more consumers and are accepted by more retail merchants worldwide. That’s all changing. For the past 60 years, commercial vendors, suppliers, manufacturers, and service providers have been virtually overlooked. With consumer credit reaching saturation, credit card companies, e.g. MasterCard, Visa, and American Express, are looking now to B2B transactions to drive growth, both domestically and internationally.

With new innovations in FinTech, a new class of Virtual Credit Card providers, backed by millions in venture capital, have entered the market.
AeroPay Express, Taulia, Prime Revenue, Avid Exchange, AribaPay, Payoneer, along with a host of other new upstarts, are providing buyers with credit lines to use to purchase goods and services from other businesses. These vendor procurement credit lines provide buyers the same convenience, efficiency, and cost savings when paying supply chain vendors as they get using their corporate credit cards when they travel.

With 21st century innovation, it’s now as easy to pay for a million dollars of commercial goods with a credit card as it is to charge a $100 business dinner. As with that $100 dinner, paying a vendor with a credit card can provide a buyer with benefits as diverse as cash rebates, gifts, or airline miles. Buying commercial goods or paying for business services with a virtual AP credit line is easier, more efficient, and as safe as buying a plane ticket.

Paying by virtual credit card allows a buyer to pay multiple vendors with one simple statement at the end of the month, cutting down on AP processing. Paying with a credit card also gets you cash back on every purchase you make. Rebates can generate tens of thousands of dollars in cash for the company that’s buying millions in products and services each year—money that drops right to the bottom line of gets you that luxury vacation sooner.

Quick pay benefits to a vendor are enormous. Getting paid early cuts down on burdensome collection calls, paperwork and financing costs. Getting paid when a vendor ships goods or finishes providing services, means vendors will have less of their capital tied up in receivables and in turn decreases the need for credit facility to support growth or carry customer’s purchases.

Getting a credit line to cover AR can be a challenge for many businesses so early pay can be a smart alternative to borrowing. For the better capitalized, banks and financial institutions can provide financing so long as a borrower is willing to pledge collateral, provide a secondary source of payment, and be willing to follow a stringent and restrictive list of covenants to get access to credit. For the less creditworthy, alternative lenders are an option. These lenders focus more on the collateral, but they can certainly be more expensive, burdensome on paperwork, and have restrictions which can tie the hands of most borrowers’ future credit needs. Alternatively, accepting early payment from a buyer doesn’t require the pledging of assets, eliminates the need to fill out and submit forms and frees up AR so vendors no longer have to play financier for their customers’ purchases.

Accepting a small discount to get paid early solves a multitude of issues for a small business. Just as restaurants, merchants and department stores saw the need to get out of the credit business, commercial vendors will eventually move in that direction en masse.

There is one group that is not at all thrilled with Quick Pay virtual credit card entrants—traditional lenders. Small banks and finance companies accounts receivable lending arms will be the first casualties of virtual AP credit lines. These financial institution business models are based on secured lending on collateral of accounts receivables. See the problem here? If vendors get early paid, there are no accounts receivables to finance. No receivables, no revenue. No revenue, bye bye business.

This doesn’t mean things are dire for legacy banks and finance companies. While most financial professionals have their heads in the sand, others have decided to adapt. Changing a company’s 100-year-old business model does pose its own set of problems. It’s the innovator’s quandary. When is the right time to shift your business model and cannibalize your existing revenue? Every CEO struggles with this and financial professionals are no exception.

The good news is there are alternatives to total disruption of the old-world lending business. Independent finance companies can forge Strategic partnerships with companies like AeroPay Express, while banks can join forces with Visa and MasterCard to issue Pcards, industry lingo for “vendor procurement card”. The falling cost of technology can also help some go it alone as they reinvent their businesses. Both options give hope to the financial professional who recognizes that the risks ahead can also spell opportunity. One thing is certain in the years ahead. Not adapting to a changing market, or ignoring your competitor’s innovation, is one way to put your company into a slow, irrelevant death spiral.
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The CFPB, Small Business, and the Future of Factoring

BY DAVID RAINS, President, Commercial Finance Consultants

The CFPB is always something that deserves our attention. As you know, the CFPB is charged with consumer finance, not business finance, but the CFPB, like most bureaucracies, has the tendency to expand its jurisdiction. Further, Section 1071 of Dodd-Frank directs the CFPB to collect data on lending to small business and minority-owned and women-owned business. Earlier this year, the CFPB announced that it would begin to study how it should implement Section 1071.

This is the press statement by then CFPB Director Richard Cordray.

WASHINGTON, D.C. – The Consumer Financial Protection Bureau today launched an inquiry into ways to gather and use new and existing information to identify the financing needs of small businesses, especially those owned by women and minorities. Small businesses typically need access to credit to take advantage of growth opportunities, yet public information on this lending market is inconsistent and incomplete. The Request for Information asks for public feedback to help the Bureau better understand how to bridge this information gap. The Dodd-Frank Wall Street Reform and Consumer Protection Act requires the CFPB to collect data about small business lending to help identify needs and opportunities in the market and to facilitate enforcement of fair lending laws.

“Small businesses fuel America’s economic engine, create jobs, and nurture communities. Yet, little is known about how well the lending market serves their financing needs,” said CFPB Director Richard Cordray. “This inquiry will help us learn how we can best fulfill our duty to collect and report information on small business lending.”

Small businesses foster community development and fuel economic growth both nationally and locally, and access to financing is crucial to their success. It is estimated that small businesses provide jobs for almost half of all private sector employees, and have created two out of every three jobs since 1993. A 2013 study by the Federal Reserve Bank of Atlanta found that counties with a higher percentage of their workforce employed by small local businesses showed higher local income and employment rates, and lower poverty rates. Based on publicly available data, and depending on the definition used, there are an estimated 27.6 million
small businesses in the United States. This includes 9.8 million businesses owned by women and 7.9 million businesses owned by minorities.

Today, the CFPB is also releasing a white paper reviewing the available evidence concerning the small business lending landscape. The Bureau estimates that small businesses access about $1.4 trillion in financing. However, current information on how small businesses engage with credit markets is incomplete or dated and does not paint a full picture of access to financing, particularly for small businesses owned by women and minorities. For example, current information does not reflect whether there is more or less access to credit for a small business depending on its type or location. Nor does it show to what extent small business lending is shifting from banks to alternative lenders. And it does not indicate whether the tighter credit triggered by the Great Recession still persists.

The CFPB's Request for Information aims to enhance the Bureau's understanding of the small business lending industry. Section 1071 of the

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### 2017 Members

**As of December 1, 2017**

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

**Platinum ($5,000—$10,000)**
- Far West Capital
- Federal National Commercial Credit
- Goodman Factors, a division of Independent Bank
- Great Plains Transportation Services, Inc.
- Interstate Capital Corporation
- Millennium Funding
- Pavestone Capital
- Phoenix Capital Group, LLC
- Republic Business Credit, LLC
- Sallyport Commercial Finance, LLC
- Sunbelt Finance
- TAFS, Inc.
- Triumph Business Capital
- 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
- FirstLine Funding Group
- FSW Funding

**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
- Evergreen Working Capital
- Factor King, LLC
- Gateway Commercial Finance
- J.O.B.E. Services, Inc.
- Levinson, Arshonsky & Kurtz, LLP
- QC Capital Solutions
- Match Factors, Inc.
- Mazon Associates, Inc.
- Nationwide Capital Funding, Inc.
- Spectrum Commercial Services Company
- Viva Capital Funding LLC
- William Gallagher—

**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
- 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.
- Primary Funding Corporation
- Raffi Azadian—President, Azadian Group LLC

**Other (Under $500)**
- Stonebridge Financial Services, Inc.
- TradeGate Finance, Inc.

**Managing Partner, CapFlow Funding Group**
- 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.

**As of December 1, 2017**
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 (ASOFATOR)

FCI

Romanian Factoring Association (RFA)

CERTIFIED EMAIL

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.

www.rpost.com/ifa

IFA Members save $300! Subscribe to 1000 units RMail plan for only $390! (Normally $690)

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.

Phone: 630-270-3072 • www.12five.com

Email: ryan@12five.com

IFA Member Benefit: One free hour of initial phone consultation

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 Factor 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.

Dun and Bradstreet (D&B)

D&B is your source for the best business insight in the world. D&B’s global database contains the deepest, broadest, most rigorously quality-assured business insight available, covering more than 210 million businesses worldwide. With this insight,

D&B has been enabling companies to Decide with Confidence™ for more than 170 years.

Phone: 973-665-6344 • Website: www.dnb.com

IFA Member Benefits: New & Returning customers: receive DISCOUNTS off D&B solutions. Discount is for IFA members that are not current D&B customers or have been gone for a period of one year. Existing customers: receive discounts on other D&B solutions not under contract. (ie: Hoover’s, Supply, D&BI Modules)

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

ePaymentAmerica is the nation’s leading provider of processing services for the factoring, A/R financing, and P/O financing industries. They offer IFA members exclusive Visa, MasterCard, American Express and discover pricing, a discount on their virtual gateway, and a discount on PCI Compliance Certifications.

Phone: 901-385-5327 • www.epaymentamerica.com

Email: factoring_program@epaymentamerica.com
IFA Member Benefits: Interchange Plus Pricing* Bundled Monthly Service Fee of $30.00 (includes IRS regulatory compliance, account maintenance, PCI compliance, virtual gateway & online management tool.) *Based on volume/transaction count.

**DISASTER RECOVERY SERVICES**

**Agility Recovery**

For the past 25 years, Agility Recovery has been a premier provider of onsite recovery solutions across the United States and Canada. When disaster hits, Agility will be on the scene, providing you with any, or all, of the critical elements you need to keep your business in business: power, space, technology, connectivity. Membership also includes access to a dedicated Continuity Planner and secure access to your myAgility planning portal to assist in building and maintaining your business continuity plan.

Phone: 866-364-9696 • www.agilityrecovery.com
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

**MARKETING**

**50 Words LLC**

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:** IFA Members will receive 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.

Tinamaria Sulpio
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 toolkit 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; porterfield@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 researching, 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 of the retail rates of their signature state and county account monitoring product.**

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**IFA CALENDAR OF EVENTS 2018**

**January 17**

Account Debtor’s Right of Recoupment Webinar 1pm-2pm PST

**January 24-26**

2018 Presidents & Senior Executives Meeting Mauna Kea Beach Hotel
Hawaii Island, HI

**February 22-23**

Domestic Supply Chain Finance Training Class Hilton Conrad Miami, Miami, FL

**March 6**

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

**May 9**

Factoring Essentials Training Fontainebleau, Miami Beach, FL

**May 9-12**

2018 Annual Factoring Conference Fontainebleau, Miami Beach, FL

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2018: A LOOK AHEAD

DECEMBER 2017

Seven 2018 Trends that Will Affect Every Lender…(and Most B2B Businesses)

BY COLE HARMONSON

1: FINTECH FRAGMENTATION STARTS MOVING TOWARD A WINNER WHO CAN REMOVE UNCERTAINTY.

There’s so much fragmentation in the world of what we do. Every single person gets paid to sweat the details of uncertainty; someone who can remove uncertainty stands to make a lot of money.

In particular, blockchain technology may be able to remove uncertainty around the value of any given asset.

2: MANAGING A PORTFOLIO WILL GET EASIER AS TECHNOLOGY AND ALGORITHMS CAN HELP YOU SPOT BIG PROBLEMS.

We’re expecting more and more B2B transactions to be managed by algorithms—where technology can spot problems and show us where we need to focus our attention. It will never take away our need for human oversight—but it will give us better efficiency.

That technology should get significantly better in 2018. I don’t think it’s gonna come from the big players. We’re working on tweaking our own exception model that sits on top of our application software. If you’re also thinking about this, be sure to review what the Jack Henry, Inc. folks have to say about it.

There are 28 million small businesses in the United States with 200 billion worth of commercial receivables that we’re all out there fighting over. All of it is essentially being financed in an old school manner right now. We get paid to sweat the details, which we will always have to do, but, in theory, it
should get easier and easier to sort out issues.

"Leading financial services groups such as BBVA, Intesa Sanpaolo, and Lloyds Banking Group are already spending hundreds of millions on digital business transformation; Bank of America also intends to spend $3 billion annually for new software development alone." Forrester

3: MARKETING EVOLVES: 2018 MARKETING EFFORTS WILL GET CHEAPER AS TARGETING GETS EASIER, BUT MORE DIFFICULT AS AD BLOCKERS AND ADVERTISING DISTRUST GROWS.

In 2018, many b2b businesses—and lenders—will move to building long-term relationships (aka customer experience) instead of acquiring more leads; pay attention to churn rate to monitor the long-term health of your marketing and brand.

4: MORE POWER MOVES TO THE CONSUMER OR CLIENT, WITH A GROWING AMOUNT OF REVIEWS & DATA AVAILABLE ABOUT THEIR DECISIONS.

In 2016, we began asking our clients to leave reviews on TrustPilot, which acts like a Yelp for B2B businesses. More and more clients are looking to sites like that for unbiased reviews of a potential vendor; your Google reviews, Facebook reviews, and score on sites like TrustPilot will become more important, not only to validate your brand, but for consumer discovery. If someone searches TrustPilot for the highest-rated factoring firm, we want to win that search.

“Empowered customers are wreaking havoc on markets, changing the rules and destroying once-sturdy business models. Power has shifted away from institutions to customers.” Forrester

5: BIG PLAYERS CONTINUE TO PUSH INTO THE LENDING BUSINESS; SOME UPSTARTS MAY EXPERIENCE BUSINESS MODEL PIVOTS.

With a growing population of freelancers, contract workers, and small businesses that rely on invoicing, it’s inevitable that behemoths like Amazon and PayPal would explore lending at scale—as they have been quietly doing.

It’s also likely that companies like OnDeck, Inc. may have to pull back or rethink lending models when high default rates no longer become acceptable to investors. If there is any disruption in asset values, there will be a major test of many “fintech” working capital lenders who don’t focus on collateral performance.

6: MORE AND MORE RECORDS GET DIGITIZED, EVEN IN INDUSTRIES THAT HAVE RESISTED IT.

Hopefully, this makes our jobs easier; in businesses like fuel distribution, record-keeping is still primarily done in spreadsheets not connected to software. As that changes, it will get easier to spot problems and systemic issues that underwriters may have missed before.

7: PERSONAL CONTACT WITH CUSTOMERS AND CLIENTS BECOMES A PREMIUM SERVICE AS MORE AND MORE SERVICES MOVE TO DIGITAL.

According to Forrester, "organizations will not see half of their customers, members or clients in 2018.

Contextual engagement will become a source of differentiation, with the impact of automation and the ability to integrate digital and human interaction becoming a consumer expectation.”

For us, this has always been a differentiator, but it’s become much more important in the fintech world. We call what we do "fintouch”—it started as a joke, but became a serious philosophy that we now apply to our long-term planning, both in technology innovation and in our staffing decisions. •

Cole Harmonson is the CEO and Co-Founder of Far West Capital. After his employer sold their banking business in 2007, Cole took the leap into entrepreneurship and started Far West Capital. Growing up in Texas with an entrepreneur father, Cole learned early on the valuable lessons about business, family, and taking care of people. These core values drive the mission of Far West Capital to unleash the potential inside of every business. Just ten years later, Far West Capital has provided over $5 billion in financing to growing companies across the country, with offices in Austin, Charleston, Dallas, El Paso and Houston.

Active in the community, Cole has served in various leadership positions on several non-profit and for-profit boards, including Mission Capital, American Factoring Association, International Factoring Association, Commercial Finance Association, Entrepreneur’s Organization and Pure Action, Inc. Cole attended Texas Tech University where he received a BBA in Finance in 1993. Cole can be reached by phone at 512-527-1111 or by email at cole@farwestcapital.com.
AFA UPDATE
Continued from page 29

Dodd-Frank Act requires financial institutions to compile, maintain, and report information about their applications for loans from small businesses, including those owned by women and minorities, in accordance with regulations to be issued by the Bureau. Today’s action is a first step toward crafting a rule for the collection and reporting of this lending data. The CFPB is exploring topics including:

• What Defines a Small Business
• What Institutions Lend to Small Businesses and What Products are Offered
• What Types of Business Lending Information are Used by Financial Institutions
• Privacy Impact of the Public Release of Small Business Lending Data

The AFA has had a number of meetings with the CFPB to explain why factoring does not come under the mandate of Section 1071. We anticipate that those discussions will continue into 2018. This is a critically important issue, given the new burden the collection and maintenance of such information would impose on factors, particularly smaller factors. The AFA has been explaining to the CFPB staff the legal and practical differences between factoring and lending to small business.

The resignation of former Director Richard Cordray and the installation of Mick Mulvaney as the Acting Director may well alter the situation. The AFA is following this transition of authority. Acting Director Mulvaney is also the Director of the OMB in the White House and a former Member of Congress who served on the House Financial Services Committee. He is well known to the AFA and is highly regarded. Additionally, he has put a moratorium on any new regulations, but we must be diligent in ensuring that we are not placed in a bucket with lenders who will be required to collect this mound of data.

In another realm, for a variety of reasons, fintech is a matter of interest to many members of the AFA. Some AFA members are interested in studying whether they might wish to obtain a bank charter. As a result, we are following what the bank regulators are doing in this regard. The Acting Comptroller of the Currency signaled before he left office in late November that the OCC was backing away from a fintech charter which had been pushed by the former Comptroller, Tom Curry. Online lending is moving rapidly, and the AFA is following it.

Some factors are still suffering the effects of Operation Choke Point. While factoring was not listed on the now famous FDIC list of target lines of business, a number of American factors have had their banks close their bank accounts with little or no warning. The AFA has been apprising the Hill of these developments, as well as working with bank regulators to address the problem.

The bottom line is that the AFA is working hard for the members of the factoring industry and need the continued support of the membership. As someone who went to Washington and saw firsthand the very aggressive attitude of the six CFPB attorneys in wanting to include our industry in their pile of new regulations, support is needed to continue this fight for our industry.

If you are not already a member of the AFA or have not renewed your membership, now is the time to do so. We need your support to continue our fight to avoid unfair and burdensome regulations on our industry. Membership in the AFA is not just limited to factors, but all vendors serving the industry. As a preferred Vendor, I consider it a business investment in the industry.

Please help us to continue the good fight in Washington.

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.

ECONOMIC OUTLOOK
Continued from page 22

biggest risk to factors. That isn’t likely to be what erodes margins and threatens profitability.

It’s competition from alternative funding solutions that presents risks to factors.

The critical stop-gap cash flow and credit that Factors provide could find rising competition in a democratized world of financial services. The FinTech areas of crowdfunding and crowdlending could threaten Factoring at some point, as the crowd vies to provide credit. There’s a massive source of crowdlending funds available for unsecured debt, which means that the factoring credit which is tied to receivables as an asset are much more desirable. And it may only be a matter of time, before crowdlending and crowdfunding get into crowdfactoring.

Factors need to explore ways to stay ahead of these kinds of disruptions the way that banks and other traditional financial service providers have founded FinTech incubators and accelerators, to ensure that they don’t miss out on emerging opportunities. If technology is going to erode their industry’s margins, they want to make sure they own a piece of the action. Factors will need to make sure they aren’t left out in the cold, too.
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.
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