PREPARING FOR THE FUTURE

ALSO INSIDE:

Regulation of the Factoring and Commercial Finance Industry—It’s Here!

A Conversation with Futurist Simon Anderson

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It is easy to reflect back at the end of the year on the prior months and think about the deadlines missed, the failed goals and what went wrong. It’s much easier to dwell on the negatives than on the positives.

The problem is that what we are doing is holding us back from moving forward and turning the page to the next year. Instead of focusing on the negatives, turn them into positives by creating learning opportunities. How can I change my sales tactics to land that great deal next time? What technology advancements can I incorporate into my business so that I can get ahead? What can I do as a manager to lead a successful team of hard-working employees? The IFA is here to assist you in all of those areas, and many more, so that you can prepare your business for the new year ahead.

Registration for the 2019 Annual Factoring Conference is exceeding records for previous years. We are well underway to hosting our largest event yet. The conference will take place April 3-6, in San Diego, California. With over 850 attendees expected and an exhibit hall including over 50 leading industry vendors, you will not want to miss this event! You can read more about the conference in Terri’s article on page 20. We have put together a long list of educational sessions that will steer you in a positive direction for the future.

One of our keynotes for the conference is Simon Anderson, who is a strategic foresight consultant with his company Venture Foresight. He will be looking into the near future of the factoring industry to help you recognize and point out important trends and technologies that are reshaping factors, and provide new approaches to anticipate the opportunities and challenges that these advancements could create. Topics to be covered include the impact of generational trends, workforce and workplace trends, and a variety of important emerging technologies. Lastly, he will discuss specific actions and next steps that can be taken right away to make organizations more future-ready. A question and answer session with Simon can be found on page 23 of this issue.

Another session that is highly anticipated is the panel titled, “If I Could Turn Back Time.” This panel of experts may have made mistakes at some point in their careers (who hasn’t?), but they are great examples of how you can turn a negative into a positive and learn from those mistakes to be able to prosper even more in the future. They will be sharing their stories so you can learn from what they did and gain insight into recovering when something goes wrong.

The American Factoring Association (AFA) is also helping you prepare for the future by monitoring legislation that can directly or indirectly affect Factors. A lot of time has been spent with the California Senate Bill SB1235. You can read more about this bill and how it will affect you in Steve Kurtz, Esq.’s article on page 12. Please consider donating to the AFA today in order to protect your business in the times ahead. More information on the AFA can be found on page 24.

Besides the annual conference, the IFA offers various webinars, training classes and meetings to support the factoring industry. Some of our 2019 offerings are listed on our website at www.factoring.org. Check back soon with more class announcements. The IFA strives to keep you informed with current events and educated with quality training to help you prepare for the future. We wish you the happiest of holidays and a healthy New Year!
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.

INDUSTRY NEWS

Live Oak Bank Expands CRE Lending, ABL Services for Small Businesses

Live Oak Bank is expanding its lending services by offering products for commercial real estate, asset-based financing, and further increasing the small business financing team.

Live Oak is now providing conventional loans for commercial real estate projects. Angus McDonald leads the division as general manager and has almost 20 years of real estate financing experience.

Live Oak is also now providing conventional asset-based lending (ABL) products to small- and medium-sized companies across the country. Chris Lehnes is leading the team as a senior loan officer and has more than 25 years of ABL and small business lending experience.

Live Oak has expanded its General Small Business Administration (SBA) Lending Team with the addition of Mike Shepston. The team has extensive SBA expertise to help brokers, intermediaries, search funds and individuals navigate SBA loan products to grow their business.

ABF Journal Acquired by Industry Vets Lisa Rafter & Kate Majewski

Lisa Rafter and Kate Majewski, owners of LK Consulting Partners LLC, have acquired ABF Journal, the leading source of news for the asset-based lending industry, and Molloy Associates, an executive search firm serving employers in the commercial finance industry.

In connection with the acquisition, Susie Angelucci, who previously served as ABF Journal’s Advertising Manager, has rejoined the team as Director of Advertising after a decade with County Lines Magazine in West Chester, PA where she served as Director of Advertising.

“In can’t imagine a better-suited team to take the reins of ABF Journal than Lisa and Kate,” said former publisher Jerry Parrotto. “Lisa played an instrumental role in the launch of ABF Journal in 2001, and her dedication to our brand gave it the industry recognition it has today. Her partner, Kate Majewski, has a solid background in finance and is schooled in the art of using technology to elevate and improve outcomes. Together, they bring a solid credential and nationwide reputation for getting results. This will ensure seamless continuity for our stakeholders during this transition.”

Rafter has been in the commercial finance industry for more than 25 years. She has served as Editor in Chief of ABF Journal and Monitor, publisher of the International Factoring Association’s Commercial Factor, publisher of the National Equipment Finance Association’s Newsline, co-publisher of World Leasing News with Sudhir Amembal and SVP/Sales for Odessa.
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TBS Factoring Service Small Business Funding Surpasses $1 Billion; On Track for Record Year

TBS Factoring Service surpassed $1 billion in annual funding for the first time since it entered the business in 2004. “Our unprecedented growth over the past 10 months is both a testament to our ongoing investment in technology to serve our clients better, and our commitment to being a happy workplace,” said Jennifer Fogg, president of TBS. “When our associates enjoy coming to work, that reflects in the way they serve our clients. It reverberates outward.”

A significant portion of that growth came from TBS Capital Funding, which experienced a 69 percent year-over-year increase in funding requests, due primarily to an increase in bank referrals and a recently launched Payment Accelerator program for construction subcontractors, created to add stability to the construction supply chain.

Interstate Capital Releases Invoice Factoring Risk Assessment Guide

Interstate Capital has recently added to its collection of free educational materials for small-business owners. The series focuses on things that matter most to small businesses and covers everything from business management tips through methods to improve cash flow.

The latest addition, “How to Assess the Risk of Using Factoring for Your Small Business,” breaks down the pros and cons of invoice factoring, while offering a balanced look at which types of companies benefit most from the practice and what to remember before getting started with it. The guide is available at www.InterstateCapital.com.

Commercial Finance Association Announces Name Change

During its 74th Annual Convention in San Diego, the Commercial Finance Association announced it will rebrand in 2019 as Secured Finance Network.

“In June, the Commercial Finance Association announced its intention to rebrand over an 18-month period. The decision to re-envision the CFA name and logo, including our messaging and approach to visual expression between now and the Association’s 75th Annual Convention in New York City in 2019 reflects the board’s objective to make the CFA brand more relevant to our members and to reinforce our strategic direction,” said Richard D. Gumbrecht, CEO.

According to David Grende, CFA’s president, and CEO & President of Siena Lending Group, “Over the past six months, the CFA has taken a very thoughtful approach to the rebranding initiative. The organization has retained a top branding firm, conducted research, surveyed our membership, and held focus groups to inform our direction. ‘Secured Finance Network’ is descriptive and memorable, builds on our legacy and is highly relevant to...
our members and target constituents.”

The Commercial Finance Association will continue to operate as CFA while it effects an orderly transition in conjunction with an associated expansion of offerings including a complete website redesign.

**INDUSTRY TRANSACTIONS**

**Wells Fargo Capital Finance Closes Financing for British Garden Retailer Homebase,** one of the UK’s leading home improvement and garden retailers, has secured an asset-based lending facility of up to £95 million with Wells Fargo Capital Finance.

The refinancing is the latest milestone achievement for the Homebase business, which is in the midst of delivering its turnaround plan. Following the agreement to the Company Voluntary Arrangement, which was supported by 96% of all creditors, along with improved trading and execution, EBITDA for the first four months of the current financial year is already £35 million ahead of last year, and the business is on track to return to profitability by the end of 2019.

**TAB Bank Provides Beverage Company in Pennsylvania with a $1 Million Revolving Credit Facility**

TAB Bank provided a $1 million revolving credit facility for a beverage company located in Pennsylvania. The new facility is extended through a multi-year agreement and will provide for the company’s ongoing working capital needs.

**Sallyport Commercial Finance Closes $1.3MM in Financing to Manufacturer of Baby Products**

Sallyport Commercial Finance delivered an $800,000 Accounts Receivable facility and a $500,000 Inventory facility to a family-run manufacturer of baby products.

**Utica Leaseco, LLC Completes Two Transactions Totaling $3,000,000 During the Last Week of November 2018**

Utica Leaseco completed the funding of a $2,000,000 transaction secured by certain tangible assets for a technology company located in the Bay Area of California. Utica provided the working capital for this company to expand operations.

A current Utica customer, operating within the agricultural sector needed funding quickly to purchase new equipment and expand their daily operations. Within five days of their initial request, Utica helped them unlock the value of their machinery and equipment with a $1,000,000 capital lease, bringing their total funding to date to over $9,500,000.

**Allied Affiliated Funding, a Division of Axiom Bank, N.A. Announces Recently Closed Transactions**

$1,500,000 in Receivables Financing to a Texas-based printing company that has been in business for over 50 years providing sheet-fed, digital, wide format printing for their customers. $300,000 in Receivables Financing to a recently formed Colorado-based construction company providing directional drilling and boring services to the underground utility construction market.

**Continental Business Credit Completes $5 MM ABL Facility to an Innovative Online Retailer and Distributor of School Supplies**

Continental Business Credit completed a $5 million asset-based lending facility to an innovative online retailer, and distributor of school supplies. The borrower is owned by a Los Angeles-based private equity firm who was seeking to partner with a lender who understood the opportunities and risks inherent in its business while offering flexibility to support the firm’s seasonal inventory needs.

**inFactor Provides $500k Credit Facility to Government Staffing Company**

inFactor Capital recently closed and funded a $500,000 credit facility for a Staffing Company based in Colorado. inFactor was able to meet the financial deadline put into place by the Client, which in turn gave them the needed capital prior to their year end.

**Proceeds of the facility were used to recharge their business and allow them to secure multiple government contracts.**

**Franklin Capital Provides Purchase Order and Factoring Facilities to a Luggage Distributor, Toy Manufacturer, and a Lighting Distributor**

A $500,000 Purchase Order and Factoring Facility for a startup distributor of luggage. The small growing company needed to increase their cash flow so they could purchase additional inventory to fulfill new large orders.

A $500,000 Purchase Order and Factoring Facility for a children’s toy manufacturer who recently received a large order from Target. The facility provided them with the financing they needed to accept and fulfill this order and future orders from Target.

A $3,000,000 Purchase Order Facility for a large lighting distributor. The growing company needed financing to help them expand their business and accept orders from big box stores.
March 5
Annual Meeting in Conjunction with IFA and NYIC
Arno Ristorante
New York, NY

April 3
4:30pm-5:30pm
Chapter Meeting & Reception
IFA Annual Conference
Manchester Grand Hyatt
San Diego, CA

For more information, call Harvey Gross at (732) 672-8410 or hgross4@verizon.net or visit www.ifanortheast.org.

Crestmark Provides More Than $23.2 MM in Commercial Financing to 86 Businesses in the First Half of November
Crestmark secured a total of $3,550,000 in ABL financial solutions for six new clients; Crestmark Equipment Finance provided $12,095,622 in four new lease transactions; Crestmark Vendor Finance provided $6,700,000 in 75 new lease transactions; and the Government Guaranteed Lending Division provided $900,000 in financing for one new client in the first half of November.

Marquette Provides $25MM+ to Three New Clients
Marquette Business Credit recently funded three new clients with new commitments totaling more than $25 million. These new clients include Arch Auto Parts, a near-immediate distributor of auto parts and supplies; Gordon Lumber, a lumber yard specializing in the manufacturing of roof/floor truss components and Blashack Coal, a processor and provider of high quality anthracite coal.

These secured credit facilities contain a range of revolving lines of credit and equipment term loans. Marquette’s credit facilities will provide these companies with the funds necessary to meet their working capital needs, refinance existing debt, purchase additional equipment and meet their business growth expectations.

Amerisource Completes $1,000,000 Credit Facility for Energy Services Company
Amerisource Business Capital announced the closing and funding of a $1,000,000 credit facility for a geological services company in Oklahoma. Proceeds of the facility are being used for working capital needed to support sales growth.

PERSONNEL
Bibby Financial Services Appoints New Head of Export Finance
Bibby Financial Services (BFS) has made its third senior appointment in as many months with the appointment of Jim Davis to lead its export finance business.

Davis has been promoted to managing director for export finance to help expand its support for businesses trading internationally.

Joe Waters was recently appointed head of sales as BFS seeks to develop its services to SMEs operating in the South of England.

Paul Lomas also recently joined as global HR director.

Hitachi Capital America Names Glickstern Director of Originations, Structured Finance
Hitachi Capital America Corp (HCA) announced that Todd Glickstern has joined their team as Director of Originations for the Structured Finance Division.

Glickstern has 33 years of experience in commercial finance. In his role at HCA, he is responsible for originating and managing structured finance transactions, as well as large ticket equipment leases/loans and leveraged loans.

Axiom Bank, N.A. Hires Ujjit Patel as Executive Vice President, Consumer Banking
Axiom Bank N.A., a Maitland-based community bank, recently hired Ujjit Patel as Executive Vice President, Consumer Banking. In this role, Patel will be responsible for developing and implementing multi-channel growth and customer engagement strategies for the Bank’s consumer lending, digital, and retail divisions.

Patel has nearly 30 years of experience in banking, most recently serving as Chief Experience Officer at a Houston-based Credit Union, where he created a culture of innovation and transparency that helped drive the organization to new heights of success.

Paragon Financial Group Hires Three Relationship Managers and Promotes Two Employees
Paragon welcomes Stephanie Palestine and Michael Paez to their team of Relationship Managers along with their newest Assistant Relationship Manager, Marissa Carrillo. These additions to the existing team of Relationship Managers have an in-depth knowledge of small business financing, credit management, underwriting, and Business to Business (B2B) & Business to Government (B2G) funding.

Scott Norris has been promoted to Portfolio Manager, and Deborah Segovia is Paragon’s new Quality Control Manager.

Stephen Metivier Joins North Mill Capital
Stephen Metivier has joined North Mill Capital as Managing Director ofOriginations and resides in Upstate New York. Metivier has been in the asset based lending industry for over 27 years.
1/23-25 Presidents & Senior Executives Meeting
Casa Marina, Key West, FL

3/5 Annual Meeting w/ NYIC & IFA Northeast Chapter
Arno Ristorante,
New York, NY

4/3-6 Annual Factoring Conference
Manchester Grand Hyatt,
San Diego, CA

4/3 Factoring Essentials Training Class
Manchester Grand Hyatt,
San Diego, CA

6/17-18 The Law & Business of Factoring Training Class
Planet Hollywood,
Las Vegas, NV

6/20-21 AE-LO Training Class
Planet Hollywood,
Las Vegas, NV

9/4-6 Transportation Factoring Meeting
The Driskill, Austin, TX

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.
One of the nation’s fastest growing financial institutions, Sterling National Bank (“Sterling”) was recently ranked an impressive No. 31 in Forbes’ annual ranking of America’s Best Banks for 2018. We wouldn’t have gotten there without a wide range of financial offerings and several strategic acquisitions, but the bank prides itself on a client-centric approach that hasn’t changed despite its larger size.

Sterling National Bank has deep roots in the factoring industry. Our factoring capabilities remain a valuable tool for businesses nationwide, as our national footprint continues to grow. Our acquisition strategy, including a recent purchase of a New York-area factoring portfolio that we are now integrating into our business, is part of a broader strategy of expanding our services and financial solutions to our clients. Despite our growth, we still value relationships and a personal touch in all parts of our

Spotlight on: John La Lota
President of Sterling National Bank’s Factoring and Payroll Finance Division

Can you talk about Sterling’s history as an institution?

The success of its single-point of contact model?

Its roots in factoring?

About some recent deals?

Changes in the factoring industry?
We understand that each business has unique needs; having one person who understands those needs and navigates the right solutions on your behalf is crucial.

Factoring continues to be a steady part of our business, but the industry itself has changed over the past 20-30 years. Non-recourse factoring was initially associated with the textile and apparel industry. In the 90's, we saw consolidation in retail and the shift from manufacturing in the US to imports, which would eventually have an impact on growth. We recognized the need to expand into new markets. We modified the product to offer recourse factoring and developed a new marketing approach. Now, we have factoring clients in industries like pharmaceuticals, transportation, jewelry and temporary staffing.

One such example is a mid-western freight handler, with revenue of $53 million, facing a financial setback and a restricted line of credit from their current bank. After meeting with their management and getting comfortable with their business model and plans, we were able to structure a $16 million factoring facility with advances of 85% against eligible accounts receivables. In six months, the company was profitable and reported revenue of $55MM.

We provide financing to leveraged and fast-growing companies with revenues from $2 to in excess of $200 million. The factoring structure will typically allow for more borrowing capacity than a traditional bank loan without all of the financial covenants and restrictions. One example is when a New York-based jewelry manufacturer was experiencing rapid growth. While most banks shied away from the risks of lending to the jewelry industry, we tapped into our experience to offer a $12 million factoring facility that included financing inventory on consignment at retail. The facility has since helped the company grow by 15% to achieve annual sales of $95MM.

Whatever the profile, Sterling takes a personal approach to factoring, catering to the unique needs of each business. Our accounts-receivable management service includes credit protection, posting invoices, cash application, collections, and can be structured as a borrowing, or non-borrowing, arrangement. We can also help complete domestic or overseas purchases by issuing documentary or standby letters of credit.

Our tenured account officers have been instrumental in expanding our client base. While Sterling has grown, its focus on one-to-one relationships has remained. They bring years of experience in the industry while continually working to anticipate industry trends and client needs. Competition from banks and other factoring companies is a reality, but it only bolsters our unwavering promise to clients to go above and beyond, offering a comprehensive suite of banking products and services to help grow their businesses. •
Regulation of Factoring—It’s Here!

Factoring has not typically been subject to State or Federal regulation beyond state usury laws and minor licensing procedures. California has long had its finance lenders requirements, which allows the license holder to exceed California’s strict usury laws and penalties. Until recently, however, the California Finance Lenders License came with little supervision by the regulators, and required filing perfunctory reports and payments of relatively minor fees.

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.
It is hard to pinpoint what exactly caused the current uptick in regulatory scrutiny, but it is likely a confluence of timing, involving unscrupulous practices of some merchant cash advance lenders who charge astronomical rates, coupled with smart/aggressive/liberal politicians. It seems that a constituent of one California state senator got into serious trouble through dealing with a merchant cash advance lender. This led to legislation in California which will now seriously impact our industry. New Jersey may follow California in passing similar legislation. Other states may also follow suit. This Article will focus on the California legislation, which will become effective January 1, 2019.

SB 1235 will require that non-bank lenders, who are not making loans secured primarily by real estate, to provide explicit disclosures at the time of extending an offer for a commercial financing transaction, which is a defined term. The new California Law applies to all offers of a commercial financing transaction that are in the amount of $500,000 or less. The law attempts to capture factoring, asset based lending, merchant cash advance transactions, general commercial loans, lease financing transactions, and revolving lines of credit.

The disclosures, again at the time of the offer, seem to be similar to the truth-in-lending rules that apply in consumer loan and lease transactions. The required disclosures for those that are not factors or asset based lenders will be: the amount of funds provided; total dollar cost of the financing; the term or estimated term; the method, frequency, and amount of payments; a description of the pre-payment policies; and the total cost of the financing at an annualized rate. For those who do factoring and/or asset based lending, they must provide the same type of disclosures, but the disclosures can be done as an example of a typical transaction. The example of a typical transaction was put into the new law because there are multiple variables in factoring and asset based lending that affect the total cost, such as the time in which an account debtor pays a financed account.

I can hear you screaming now as you read this, but this legislation gets worse. The law is predicated on definitions, which include definitions of: an “accounts receivable purchase transaction”; “asset based lending transaction”; “commercial financing”; and “factoring.” The problem is the definitions do not comport with industry realities, or even standard business dictionaries which can be found on the internet. In addition, it appears the drafters of this legislation did not have an
understanding of the California Finance Code, which works well with other bodies of California Law, especially the UCC, because the drafters of the original Finance Code, read and incorporated the UCC into the Finance Code when it was originally drafted. Unfortunately, this legislation was written by someone who, it appears, did not review the entire California Finance Code, nor did the California government employees catch the definitional and other drafting problems when refining the law. What’s worse, a good argument can be made that the new law does not capture the merchant cash advance industry—the financing market segment which caused this law to be enacted in the first place.

The good news is that while the law goes on the books January 1, 2019, it does not become effective until the California Department of Business Oversight (the “DBO”), the agency charged with enforcing this law, drafts regulations that accompany the law. The regulations are supposed to include the form of disclosures. My understanding is that the DBO will reach out to certain folks in the industry for input on parts of the regulations before they go into effect. I also understand that I will be one of the people whose comments will be solicited. Hopefully, the DBO will follow through on its commitment to reach out to various industry players for suggestions, because we are facing a situation where the DBO will be enforcing a badly drafted and vague law.

We have been informed the DBO intends to have the form of disclosure ready when it goes live with its regulations. It is important that our industry have a constant dialogue with the DBO and educate the organization on how our industry works.

The full text of SB 1235 can be accessed here:

For those who have concerns about this new law, or have suggestions on the regulations, please feel free to reach out to me in order to present these concerns to the DBO.
Public records searches miss 60% of outstanding tax liabilities. Tax Guard can show you what you’re missing.

See Tax Problems Before You Fund

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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.
Building a Rock-Solid Portfolio in 2019

As we approach the end of the year and look forward to 2019, many of us will use this time to reflect on our businesses. Although the economy has been strong, and I suspect most of us enjoyed a prosperous 2018, I would still be willing to bet the 80/20 rule applied to most of us. Not only did most of us probably earn 80% of our income from 20% of our clients but I would also bet that 80% of our headaches came from the least profitable clients.

BY FRANK SKELLY

In the June 2017 issue of Commercial Factor, I wrote a short marketing piece titled Rules to Live By. I wanted to take this opportunity to expand on some of the essential elements of building a rock-solid business, a business that is indeed an asset and provides a steady stream of headache-free income. Impossible, you say—maybe not!

I believe 2019 is going to be a turning point where people stop seeking out glitzy marketing material and smooth-talking salespeople and start looking for the true experts in their respective professional services field. This will be especially true when it comes to the services that are vital to a company's existence such as lawyers, accountants, consultants, and financiers. There has been a tremendous amount of damage done to small companies by inexpert professionals in the last couple of years, particularly in the financial arena. Let's be honest; how did that cheap lawyer your friend found on www.cheaplawyers.com work out? Or that new client who came to you riddled with liens and judgments because they went to www.cheapmoney.com to finance their company?
My point is it’s not about the commercial finance company with the most Facebook likes, LinkedIn connections or the coolest website anymore. People are becoming numb to all of the relentless marketing they endure on a daily basis, and it’s getting too difficult for people to discern who the real experts are. If you search the internet, there are thousands of companies claiming to be the top experts in just about every profession. Adding to the problem is that factors, particularly the smaller factors, are busy running their businesses and don’t necessarily have the time or the resources to make sure they have the perfect social media presence.

Don’t get me wrong; we all need a good website and a current LinkedIn profile because it is part of how potential clients vet us, but I do not believe it will continue to receive the same weight as it has in the past. So, what is a factor to do? How do we separate ourselves from the fast money out there that’s being peddled by people who have no interest in creating true solutions or long-term relationships? The first thing we need to do is recognize that we are selling a service and not a tangible item.

When you buy a new BMW, it’s nice to have a salesperson that is an expert, and it’s nice if you trust and respect them but at the end of the day it doesn’t really matter because you can buy a BMW anywhere. Plus, your salesperson’s lack of knowledge will not prevent you from doing your own research and buying the car anyway. Not so easy when you are trying to hire a professional, right? For one, our services do not sell themselves. And herein lies the challenge.

Selling a service is very different from selling a tangible item and make no mistake...it’s also much harder. When we think of professional services, most of us probably think of lawyers, accountants, consultants, and financiers. And what are some of the key ingredients these professionals enjoy with their clients? Trust and respect! They have both been established and it is the glue that keeps them connected. People generally do not retain lawyers, accountants, consultants or financiers they don’t trust or respect and if they do, the relationships are usually short-lived and don’t end well.

There are 8 elements that are part of a client’s decision journey and must exist in any successful professional services relationship. They can occur sequentially, but they don’t have to. Once they are all present, your client will consider you a true expert and an unbreakable bond will be created, rendering your relationship immune to almost any situation.

The 8 elements that will create a rock-solid professional relationship:

**AWARENESS**

Seems pretty obvious but people need to know you exist in order to be able to do business with you. Without knowing you exist, there can’t be a relationship. Many of us develop relationships through networking, referrals, banks, brokers and even LinkedIn but regardless, you must have a plan in place to ensure that the right type of clients become aware of you and your services. Remember, experts don’t take a shotgun approach to bringing in business; they clearly define their ideal client and then target that group with laser focus.

**COMPREHENSION**

Are you able to clearly articulate what you do and why it’s relevant to your target audience? The second element in developing a strong business relationship is your client must understand what you do. You cannot just ‘tell’ a client what you do; you must engage them and make sure they fully understand every critical aspect of your program. When people don’t understand what you do, how you do it or, for that matter, what your motivations are, the...
answer will always be the same at the end of the presentation--"No thanks!"

INTEREST
Ask them to identify the problems and challenges they are facing so you can, in turn, tailor your presentation to address their specific needs. The more specific the solution, the more they will feel that you understand their needs and, in turn, they will come to believe that you are the solution. They must believe that what you do is relevant to them and their goals. They must also believe that the results you promised will have a substantial impact on their agenda.

RESPECT
Who are you and what is your experience? Are you well established in your industry? What about your track record? What have you accomplished? How have you dealt with past challenges and, more importantly, failures? Do you have the knowledge and the connections to get the job done? Are you a standup person who is respected by their peers? Lay it out for them in verifiable terms. Offer references and case studies that are relevant! Tell them about situations where you have helped people that were in nearly the exact situation.

TRUST
Trust can be transferred in many ways, but there are 3 primary ways: through relationships, referrals and your reputation. They must trust you and they must trust your motivations. Why are you doing this? Why do you want to help them? Do you speak well or ill of others? People generally don’t trust people that speak poorly of others, and for a good reason. You must convince them that you truly have their best interest at heart, but they will never be satisfied until they understand your motivations. Never let them guess your motives; you must make them abundantly clear. For example, your motivation might be that referrals are the lifeline of your business and doing a good job for them will lead to referrals. You might explain that factoring is a risky business and you have found that referred clients substantially reduce your risk. A productive mutually profitable relationship is your ultimate goal. Don’t be afraid to give them credit along the way; it’s one of the best ways to establish rapport and, by default, trust.

ABILITY
Are you able to get the job done? Do you have the ability, the connections, the wherewithal, and the experience to complete the task? They must believe that you have the competency to complete the task at hand and hand them achieve their goals. Are they convinced you can help them the way you have helped others? If you have done a thorough job covering the elements of comprehension, interest, respect and trust, this one should come relatively easily; however, it is still a key element. For example, if you are a small factor, you may need to address concerns they have about capital constraints that might prevent you from being able to finance their operations. Do you have the staff and the back-office support to get the job done? If you have any sense the client has concerns, address them head on; don’t beat around the bush. You are almost home!

NEED
Do they need your services? Is your program indeed the best solution for them? If it turns out they aren’t a good fit, remember the trust and respect you established; you will lose it instantly if you try to force a square peg into a round hole. You have worked too hard to get to this point; better to wait until they have a real need for your services than to try to rush things. Once they trust you and respect you, they will always come back seeking your counsel.

READINESS
Are they ready, willing and able to move forward? Are they prepared to devote the required time and effort to getting you the documents you need? They must be ready and fully committed to moving forward and the best way to establish this is to ask them; “Are we ready to do this, Bob?” A simple and straightforward question that should always be asked. Their affirmative response becomes a commitment, a contract that is far stronger than any piece of paper.

Once you have checked off all 8 elements, transparency and communication are the key to maintaining a rock-solid relationship for years to come. Furthermore, by identifying the right clients up front and taking the time to cover each element, you will eliminate most of the headaches. By becoming a true expert your clients can count on, you will be filling a huge void and creating an opportunity to build that rock-solid portfolio in 2019. Remember, experts will be in tremendous demand in 2019. Are you ready? •

Frank Skelly runs a cash management and funds control group which provides financing to the commercial construction industry. He works with Factor King, LLC, a New York-based factoring company. Frank has a 30-year background in both finance and construction. He has previously served as CEO of an investment bank and President of a distressed real estate investment fund. He can be reached at 800-918-7830 or FSkelley@factoring.com.
Uncover Your Potential at the 2019 Factoring Conference

A lot of time and effort goes into planning a major conference. Anyone that has ever organized a large-scale event understands what takes place behind the scenes to ensure attendees maximize their experience. The IFA dedicates a tremendous amount of hours to make sure our conference is successful.

BY TERRI BAKER

It is so exciting to be on the front lines and see how the conference has evolved over the years. The growth has been substantial with over 850 attendees at our 2018 Conference, making it our biggest to date. The progression of this event shows the strength of our profession as more and more people enter into the commercial finance arena. Valuable learning opportunities are essential to ensure our industry continues to flourish, and the IFA Conferences remain one of the most effective tools.

I just had the opportunity to visit San Diego and walk through the conference hotel to see how everything will be arranged. If you haven’t been to San Diego before, you will be in awe of its beauty. It has so much to offer for almost every kind of enthusiast. With spectacular beaches, unbeatable weather, one of the best zoos in the country and an electrifying nightlife, there is something for everyone.

The Manchester Grand Hyatt was renovated a few years ago and is one of the nicest hotels in San Diego. It is walking distance to an array of top-notch restaurants, shopping, and walking trails. The hotel has stunning views of the bay where you can see the naval and cruise ships
from your hotel window. If you are ever going to include your family on a conference trip, this should be the one! Stay a couple of extra days to make sure you can see everything the city has to provide.

We all know San Diego is a great city, but what are some other reasons people must attend the IFA Conference? People often ask what the advantages are to attending our event and since there are too many to count, I will try to narrow it down to the top three that I believe are the most beneficial.

1. **Superior Sessions**
2. **High-Quality Vendors**
3. **Valuable Networking**

### SUPERIOR SESSIONS

Finding relevant speakers and topics is not always as easy as it may seem. Every evaluation is examined from the previous year’s conference when determining our presenters and subject matter. To prevent stagnation, we continuously try to bring innovative content which keeps attendees coming back year after year. We want to ensure all of our attendees get the most out of the conference, so we try to bring diverse topics and speakers from an array of backgrounds so there is something for everyone.

For our keynote speaker, we typically choose someone that is not in the industry but has an inspirational and heartfelt message that all attendees can relate to and use in their lives. This year, we have Erik Wahl who is speaking for a second time at our conference due to the overwhelming response we received during his first visit in 2008. He is an acclaimed artist, and No. 1 bestselling author and TED speaker that shows you the importance of thinking outside the box and embracing your creativity. His message is one you will not want to miss!

We also like to bring in forward-thinking speakers and an economist to keep everyone at the forefront of the factoring industry. Simon Anderson is a futurist who uses current trends in technology and the workforce to make predictions about what the future holds in store for commercial finance professionals. Elliot Eisenberg, our acclaimed economist, specializes in making topics about our current economy fun and relevant.

We have expanded our content this year to include several new sessions that will be sure to pique your interest. The session *If I Could Turn Back Time* will include a panelist of seasoned factors speaking about some of the biggest factoring mistakes they made during their careers and what they, and you, can learn from their mistakes. Also new is a session on *Artificial Intelligence and Machine Learning* which will help modernize and streamline your factoring operation. Blockchain is another new topic that most people don’t understand but should. This is why we are bringing in a session showing how the factoring community can utilize this technology and its impact on our industry. *Your Personal Marketing Playbook: How to Create Referrals for your Factoring Practice* session will show different revenue-enhancing tools and ways to increase your referral network. Find solutions to some of your biggest company challenges in the *IGNITE BRILLIANCE in Your Culture* which will show you effective tools to make your company more productive during the half-day training session. If you are interested in finding out the benefits and challenges between bank-owned and independently-owned factoring companies, we will have a session that is run by a panel who have experienced both. Many Factors are expanding their operations to include Supply Chain Finance, so we are including a session on this hot topic to show you how to incorporate this product into your portfolio.

For attendees doing business outside of the United States, we have several sessions devoted to International Factoring. *Unique Challenges of Factoring in Latin America* will look at how to safely factor receivables in Latin American Countries and how to mitigate your risk. Attendees can learn about the trade difficulties of developing countries and how to address the challenges in the *Strategic Roles of Factors in Expanding the Frontier of Trade in the 21st Century* session. For those factoring in Canada, we will have a session that shows effective ways to deals with litigation in that country.

We have some returning sessions this year that have been a hit in the past. The always entertaining Bob Zadek will review some critical cases in the factoring industry and how they affected your fellow factors. We are also bringing back our legal panel to discuss the latest legal issues and topics that the factoring industry experiences in a fun, interactive environment. Cynthia Hetherington will be back to discuss the dark web and how to prevent fraud online. Since online fraud is rampant in our industry, you will want to hear what you can do to protect yourself.

For those newer to the Factoring Industry, we have *Factoring 101* which will cover the basics everyone in the factoring industry should know. For those in sales, our *Sales 101* session will discuss innovative ways to market your factoring services. We also offer an intensive Factoring Essentials course that will delve deep into the most pertinent topics new factors need to know. This is an add-on session that takes place prior to the conference.

Since transportation factors make up such a large portion of our members, we always include a
session pertaining to this group. If you are factoring transportation receivables, this is a must-attend session. There are sure to be a number of key takeaways from this year’s conference that you will not want to miss. Professional development is important in any career and the IFA works hard to make sure you are up to date on the most pertinent topics and issues related to our industry.

HIGH-QUALITY VENDORS

Everyone needs high-quality products and services to run their business. Without vendors to provide them, a company cannot be successful. The IFA takes pride in the large number of superior vendors that exhibit at the conference. We understand that everyone runs their company differently and products that work for some, may not work for others. This is why diversity is so important. This year’s exhibitors will offer a wide variety of options to help your business.

Some of the products and services that will be offered in our exhibit hall include: marketing, software, trade publications, insurance, recruiting, credit reporting, UCC support, payment processors, appraisers and tax services.

With over 55 exhibitors expected at the 2019 Conference, I encourage you to utilize your conference time by visiting them and finding out how they can improve your company’s operations.

VALUABLE NETWORKING

Most people would agree that the IFA has phenomenal networking opportunities. The comradery in our industry is unprecedented and it is so important to maintain relationships with other industry professionals. Over the four days of the conference, there will be plenty of time to make connections while learning alongside one another in a fun, relaxing environment.

We have over 25 hours of networking activities planned for the 2019 Conference. We start off with our golf tournament on Wednesday which always allows for a little friendly competition. If you haven’t attended our nightly reception, you are in for a treat. We have the Young Professionals Reception which is geared for the younger generation of professionals under 40. Our Triumph Welcome Reception, Thursday Night Reception and Tax Guard Dessert Reception will give everyone the opportunity to meet with new and old friends in the industry. We will also have a chapter meeting for our Northeast, Canadian, and our new Midwest Chapter, giving people the chance to connect with others in their local community.

Our Roundtable sessions are a great way to network and learn from others. People always enjoy these sessions because they provide a more intimate environment allowing for an easy flow of communication. We offer a session for women, senior executives, young professionals, small Factors, and operations professionals. For those staying through Saturday, we have an idea exchange where people break up into small groups to discuss different topics. Attendees always rank these sessions as some of their favorite sessions to attend.

Closing out the conference this year will be our reception and dinner at Parq nightclub. This three-story club will offer something for everyone. We will have a band playing on the second floor for those that like to dance and listen to great music. For those looking for a quieter spot to mix and mingle, the first and third floors will provide plenty of space to hold discussions.

The IFA always makes networking such an important part of the conference because of its value. Relationships are essential in our industry because they provide a network of people to learn from as well as business leads that can help grow your business. Make sure you take advantage of all of the networking opportunities we offer!

Every year, we build on the successes of our previous events. We find out what works and what doesn’t work and figure out ways to continuously make improvements. I believe our conference is so successful because we listen to what our attendees’ likes and dislikes are and try to build on them. The IFA’s mission is to provide information, training, purchasing power and resources to the factoring community and the 2019 Conference is a critical tool that allows us to exceed our goals. We hope to see you all in San Diego in April! •

Terri Baker is the Marketing Director for the International Factoring Association. Terri is responsible for overseeing the account executive certification program, supporting and developing IFA training programs, expanding sponsorship opportunities and promoting the IFA globally to develop new relationships. Terri has been in the factoring industry for over 15 years with responsibilities including marketing, business development, loan compliance, credit analysis and underwriting. Terri can be reached by phone at 805-773-0011 ext. 303 or by email at terri@factoring.org.
A Conversation with Futurist and 25th Annual Factoring Conference Speaker Simon Anderson

**WHAT CHANGES DO YOU FORESEE OCCURRING IN THE FACTORING INDUSTRY?**

The most immediate changes might be those to the industries that factors serve. For example, transportation is being transformed by technology as vehicles begin to be powered by electricity and operate autonomously. This will have a major impact on supply chain companies and the types of funding they need. Fuel costs become electricity costs, which will likely be much lower per mile and be less variable, and payroll is reduced as fewer human drivers are needed. Of course, buying new electric and autonomous trucks (or at least upgrading existing trucks), will create new funding needs, but how that evolves remains to be seen.

Additionally, how employees are paid is changing and that impacts payroll factoring. Walmart is already experimenting with allowing employees to “cash-out” wages they earned before payday, and a company in the UK is developing a platform that enables construction workers to be paid up-to-the-minute with payroll debit cards. Once a few major employers begin providing access to earnings for time worked immediately, it could quickly become standard practice. This could drastically change operational budgets and funding needs, especially for small businesses.

Lastly, up until recently, factors have been recently unchallenged by emerging “fintech” companies, at least certainly not to the extent that other financial service providers such as stock trading and wealth management have. This could change as startups and more established fintech companies begin to find ways to compete with legacy factoring companies. A good example of a startup beginning to explore opportunities and inefficiencies in factoring is Populous, which bills itself as “a global invoice trading platform built on Blockchain’s distributed ledger technology.”

**WHAT SHOULD FACTORS DO TO PREPARE FOR THESE CHANGES?**

The rate of change is itself increasing, and new technologies and trends are continuously emerging. To be better-positioned to survive and thrive in our fast-changing world, it’s more important to change how you think about the future than to prepare for a specific change. The faster the world changes, the more uncomfortable thinking about the future can be. However, by making it a habit, and by providing structure to how you think about change, you can become much more comfortable with uncertainty.

There are many actions that I recommend that factors can take right away to be more future-ready, regardless of what changes may happen. It starts with recognizing that what made you successful in the past may not guarantee your success in the future. Next, pay attention to advancements “at the edges,” things that don’t directly impact you today. Then, anticipate different opportunities or challenges these advancements could create for your business in the future and determine what actions you could take right away to capitalize on these opportunities before they become challenges. I call this “3A Thinking—Attention, Anticipation, Action.”

Apply 3A Thinking to your clients’ businesses, as well. You may not be able to take action on their behalf, but considering their future challenges and opportunities can better prepare you to navigate the impacts that changes to their businesses may have on your business.

Another good exercise to help identify emerging vulnerabilities in your business while there’s still time to address them is to conduct a “pre-mortem” either on your own or at your next board meeting. To do this, imagine that it’s five years from now and your factoring business is out of business. What killed it? By taking time to consider the various

Continued on page 30
Now that the midterm elections are over, and we know a little more about the priorities that will dominate state legislatures and Congress over the next two years, I wanted to update you on the work the AFA is doing to allay burdensome, problematic regulation that may affect factors in the future.

We know regulation is likely coming for factors, whether it makes good common sense or not. This year, California passed SB 1235, which adds a disclosure requirement to commercial financing similar to what consumers receive with respect to mortgages, personal loans, credit cards, etc. If this is applied to factoring, this will significantly increase our regulatory burden in the State of California in a way factors haven’t seen before.

It is our position at the AFA that we don’t finance; we purchase. Disclosure requirements might make sense for small business loans, and may even be necessary in the case of online MCA vendors. After all, many of us have been in the position of cleaning up the mess left by MCA financing that the client did not fully understand.

But disclosure is only useful if it establishes metrics that can be compared across financing options, and in the case of invoice purchasing, those metrics aren’t comparable in the same way they might be for a small business loan. As written, the bill requires a “one size fits all” standardized disclosure, but in the case of factoring, this results in an apples-to-oranges comparison that adds more confusion as factoring is built on a much different financial structure than a standard small-business loan. These disclosures could also be a legal risk for factors and result in unintended consequences if smaller deals become too risky to fund.

With your support, we’re working with California regulators to implement this law, to the extent possible, in a sensible and reasonable way. If disclosures are required for factors, we hope to make them as minimally burdensome as possible and in a format that actually delivers transparency for borrowers.

We are especially concerned about California’s SB 1235, as California tends to set the agenda for other states’ regulatory efforts. A similar bill, (Senate 2262), is working its way through the New Jersey legislature, and we are also working with them to discourage passage of this bill—or, failing that, to work with the legislature on implementation to ensure factors can legally and sensibly comply with the law.

Our fear is that these bills may have a stifling effect; if the result of this legislation keeps factors away from smaller deals, avoiding the legal risk, it will have the opposite effect to its intended result. No one—not legislators, not the AFA, and not small business owners—wants that result.

On the national level, there is one big regulatory red flag in our future: a statute the CFPB will implement requiring all lenders to track the sex and ethnicity of anyone who contacts you about buying their accounts. This is a provision of
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.

As of December 1, 2018

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.
Sallyport Commercial Finance, LLC
TBS Factoring Service, LLC
Triumph Business Capital

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

Gold ($2,500—$5,000)
Accord Financial, Inc.
American Funding Solutions LLC
AmeriFactors Financial Group, LLC
Assist Financial Services, Inc.
Bay View Funding
Commission Express National, Inc.

Silver ($1,000—$2,500)
Alleon Capital Partners LLC
Amerisource Funding, Inc.
AmeriTrust Capital Corp.
Brookridge Funding
Business Finance Corporation
Capital Solutions Bancorp, LLC
Commercial Finance Consultants
Commercial Finance Group
Commonwealth Capital, LLC
Contractors Capital Solutions
Coral Capital Solutions LLC
CV Credit Inc.
David Jencks—Jencks & Jencks, PC
David Pape—Commercial Business Funding Corporation
Factor King, LLC
Gateway Commercial Finance
J.O.B.E. Services, Inc.
K.W. Receivables
Kiran Ramasamy—Vayana Network
Levinson, Arshonsky & Kurtz, LLP
QC Capital Solutions

Match Factors, Inc.
Mazon Associates, Inc.
Michael Ullman—Ullman & Ullman, P.A.
Nationwide Capital Funding, Inc.
Orange Commercial Credit
Paragon Financial Group
Primary Funding Corporation
Spectrum Commercial Services Company
The Hamilton Group
Viva Capital Funding LLC
Xynergy Healthcare Capital LLC

Bronze ($500—$1,000)
Advantage Business Capital
Business to Business Capital Corp.
Camel Financial, Inc.
Cash Flow Resources, LLC
Concept Financial Group
Entrepreneur Growth Capital
Exchange Capital Corporation
Finance One, Inc.
Firmco Business Funding
Grace Capital Resources, LLC
Greenback Capital
Integrated Logistics & Associates
MarcFunding, LLC
New Century Financial

Other (Under $500)
David B. Tatge, PLLC
FactoringClub
Hawaii Receivables Management, LLC
Plus Funding Group
Stonebridge Financial Services, Inc.
TradeGate Finance, Inc.
The following trade associations offer member pricing for events attended by IFA members:

- **Beijing Commercial Factoring Association (BCFA)**
- **Colombian Association of Factoring (CAP)**
- **Commercial Factoring Expertise Committee of China (CFEC)**
- **Ecuadorean Factoring Association (ASOFACTOR)**
- **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**

- **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 Preparing for the Future 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 credit risk profiles, all in real time.
  - Our dashboard also provides Factor specific scoring, Factor client risk pools, monitoring, peer benchmarks and comprehensive trade data pack solutions for integration into your enterprise software.
  - Phone: 212-714-4500
  - Website: www.credit2b.com
  - IFA Member Benefits: Join the largest virtual factor community. Receive 10% price discounts for being an IFA member. Complimentary invitations to our hosted events in NYC.

- **FactorsNetwork**
  - FactorsNetwork provides an online platform where Factors share trade experiences with each other. Members are able to pull unlimited Credit Reports as well as monitor and analyze their portfolio. Transportation Factors benefit from our CarrierMonitoring and ChameleonCatcher programs and their clients profit from our LoadBoard. We even offer a Sales Tool to help you find new clients.
  - Phone: 435-659-4612
  - www.factorsnetwork.com

- **IFA Member Benefits**: 50% cost savings for the monthly membership fee. It is normally $1,000 per month, but IFA members will pay $500 per month.

**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, 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...

**WHAT’S NEW AT IFA**

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.*
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.

Robert Thompson So
Phone: 866-272-3704
www.Liquidcapitalcorp.com
Email: rts@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 Sulpizio
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 portfolio management systems for commercial finance, and offers a common framework for factoring, asset-based lending, inventory finance, and lines of credit. Our dynamic Commercial Lending Center Suite™ incorporates all-digital loan origination, decisioning and portfolio management workflows that save time, improve accuracy and improve the overall borrowing experience.

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

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### TAX COMPLIANCE

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

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

### IFA CALENDAR OF EVENTS 2019

**January 23-25**

**Presidents & Senior Executives Meeting**

Casa Marina, Key West, FL

**March 5**

**Joint Meeting with NYIC and IFA Northeast Chapter**

Arno Ristorante, New York, NY

**April 3**

**Factoring Essentials Training Course**

Manchester Grand Hyatt
San Diego, CA

**April 3-6**

**2019 Annual Factoring Conference**

Manchester Grand Hyatt
San Diego, CA

**June 17-18**

**The Law & Business of Factoring Training Class**

Planet Hollywood, Las Vegas, NV

**June 20-21**

**Account Executive/Loan Officer Training Class**

Planet Hollywood, Las Vegas, NV
Leaving a Legacy

I was recently talking to one of my investors. He has a small amount of money in my general capital pool, and has for a long time. We send him his return every month like clockwork and honestly, I hadn’t actually talked to him in a long time.

He called to ask me if I wanted more money. Well, if you are sure!

While we were catching up and chatting away, he told me that he had recently gotten married and his wife would like to get to know me and had some questions. He passed the phone to her.

More than an hour later, the call ended. She put me through the paces, asking all the questions I hope people will ask before turning their money over to anyone, for anything.

She also asked some questions I didn’t really see coming. For those who know me, I pride myself on being able to see things coming. While I welcomed the expected questions, the unexpected ones knocked me a little sideways.

She asked me about succession planning and the hard question of “What happens to our money if something happens to you?”

It is not that I have not thought of these things. It would be irresponsible if I hadn’t. My partner and I have taken steps, both in our business agreements and in our individual estate plans to dot as many i’s and cross as many t’s as we can to ensure our clients and investors are handled properly if we are not here. As strange as it sounds, creating a succession plan around the idea of something catastrophic happening was easier than addressing when or how we would sell the company.

It raised a set of questions that many business owners struggle with, particularly for those of us who run businesses that we created specifically around our own skills and lifestyle goals. What is the value of the business if the business is built on the name, face and reputation of one or two people?

My mom was a CPA. She had a successful practice for decades. When she was diagnosed with cancer, she decided to sell her practice and went to a broker to find a buyer. Months later, there was no deal and no buyer. Why? Because my mom was the heart and soul of her business. Her clients, many of whom were family and longtime friends, could not be handed off to just any old CPA. While she wanted to get a fair price for her business, she turned down top dollar because the offers came from firms where her clients would become numbers. Ultimately, she sold her practice to the son-in-law of one of her oldest friends. He treats her clients the way she did. More than 10 years later, he is still my CPA.

I receive fairly regular (once or twice a month) emails from people looking to acquire small factoring portfolios. I delete them and, occasionally, block them as spam. I am not so egotistical that I believe no one else could manage the transactions in LDI’s portfolio. Any number of you reading this right now could manage those transactions. Some of you are better at it than I am. I delete them because I would never consider selling my portfolio to someone whose only introduction to me or my company is my email address. My partner and I are the heart and soul of LDI. We would never consider letting anyone near our book of business who was not prepared and willing to be the same.

If/when there comes a point that it is time to move on from this factoring thing, and go rescue/train dogs full time, we won’t be looking only at getting top dollar. We will be looking to make sure that our clients, investors and referral partners are going to be treated as we treat them; that the lifestyle and legacy we are building will continue.

I guess I really am my mother’s daughter. •

Melissa Donald has been in the industry since 2001. She and her partner started LDI Growth Partners in 2007, making the choice to only do business locally, by personal referral. In addition to serving on the IFA Advisory Board, Melissa is the President of the Board of Directors of Community Violence Solutions, the local rape crisis center. She is also involved in rescuing, fostering, raising and training large breed working dogs. Her first book, The Dog Factor, was published in late 2017. Melissa can be reached by email at melissa@ldifactors.com or by phone at 925-325-2898.
Breakout Capital Finance Surveys 24th Annual Factoring Conference Attendees

Breakout Capital’s survey found that:
Competing advance rates are the top reason preventing factoring companies from winning new clients (26 percent), followed by MCA liens and insufficient collateral to pay off banks (tied at 22 percent of respondents).

According to the factoring industry professionals surveyed, it’s easier to keep existing clients as opposed to winning new ones. Eighty-five percent said that winning new clients is their top challenge, while 15 percent of respondents identified keeping existing clients as their top challenge.

Additional reasons that the factoring community identified as challenges for winning new clients included accounts receivable not high enough to pay off other financing (17 percent), requirement for short-term bridge loans (eight percent), competition from lower cost and/or lower fees (three percent) and due diligence (one percent).

A majority (83 percent) of factoring industry professionals indicated that they would consider partnering with an online lender.
challenges and uncertainties you face from the future back to the present, you may be able to spot things that can be better handled now instead of waiting until they present more of a problem.

**HOW WILL BUSINESS FINANCING CHANGE?**

The types of businesses that need financing and the types of financing they could change due to emerging trends and technology. For example, if trucks start moving to electric and autonomous instead of diesel-powered and human drive, that could dramatically affect what types of financing domestic shipping companies need.

Artificial intelligence powered platforms will use advanced predictive analytics to better determine risk and more accurately price financing. This could reduce losses and insurance costs for factors, and help to identify new clients that may have previously been excluded under previous vetting processes.

**HOW WILL PAYMENTS BE MADE?**

It’s difficult to imagine a future where we use more paper, such as more paper checks or paper invoices. Future payments will likely be made electronically. The biggest change may be that in the future, payments are handled almost completely by machines with little human interaction. This could be made possible by decentralized-ledger-powered “smart contracts” that automatically execute when preset conditions have been met (e.g. cargo is delivered and scanned in to customer inventory).

In addition to being digital and often executed by smart contracts, payments in the future may be made in cryptocurrency, which is effectively borderless, and can have ultra-fast execution times with minimal transaction costs. In fact, this is already starting to happen. In September, IBM launched a blockchain-based payment system called "Blockchain World Wire." It uses Stellar’s blockchain network to send cross-border digital currency payments in near-real time. This is one of many efforts to revolutionize payments with blockchain technology, and as these platforms develop, all areas of finance could be impacted.

**HOW WILL INVOICES BE PRESENTED?**

Like with payments, invoicing in the future is likely to be heavily impacted by smart contracts and cryptocurrencies. These smart contracts will provide both opportunities and challenges for factors, as they remove uncertainty and variability from the equation, and also reduce the cost of administration. Factors will need to find ways to integrate their services into the various automated invoicing and payment platforms to remain competitive.

**WHAT TECHNOLOGY WILL BE IMPORTANT?**

The technologies that could most impact factors in the next five years are electric, autonomous, and shared vehicles, including tractor-trailers, blockchain technology and other forms of distributed ledgers, including the smart contracts and cryptocurrencies that they enable, emerging payroll platforms that grant workers access to their earnings immediately, and like virtually every industry, artificial intelligence (AI). This last technology in its various forms could be the most impactful. AI will allow factors to use advanced predictive analytics to better price their services and more accurately determine the risk of a contract. AI will also improve other areas of the business from hiring and training to controlling the heating and air conditioning in your office.

With all the changes impacting factors today and into the future, “business-as-usual thinking” becomes increasingly dangerous. Emerging technologies and trends will require factors to evolve to stay relevant in the market, just as it is already forcing their clients to adapt. The future is full of promise if we’re open to new possibilities and not too focused on doing things the way they’ve always been done.

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