

Credit and Financial Development Division



NEWSLETTER

The Official Publication of the NACM Credit and Financial Development Division

January 2004

Letter From...

Carol Fowle, CCE CFDD National Chairman



It is the beginning of a New Year and, for many it is a time of reflection upon what has passed and to make new resolutions for the future. We look forward to a year of new opportunities and challenges. How can any business professional take advantage of those opportunities and meet these challenges in today's fast changing business environment? The key is to "Make the Connection" with CFDD. I know from my personal experience that CFDD offers many opportunities for members to enhance their professional skills and to become more effective in their job performance.

This fall I had the opportunity to do just that. I attended two exceptional conferences that were packed full with educational opportunities. With the help of CFDD I obtained over 2.0 Continuing Education Units in the course of two months. And, as always it was wonderful to

renew old acquaintances and to meet new friends. At both the Pacific Northwest Conference and the Eastern Conference nearly one-third were first-time attendees. Also, at the Eastern Conference the National Board met and many of our Past National Chairmen were in attendance. I extend my congratulations to the Eugene/Springfield and Minneapolis/St. Paul chapters for their superb topics and speakers and thanked them for their hospitality at these two events. I am looking forward to attending our third regional conference in San Diego in February.

I am proud to be part of an organization that has so many people willing to dedicate their time to make it a success. Throughout the year, your **Area Directors** discuss issues with your chapter officers and chairmen that directly impact your chapter's operation. When they come to the Board Meetings they bring ideas, issues and concerns that they have heard from you, the members.

At the mid-year board meeting, your **Vice Chairman of Education and Programs, Dennis Thomassie, CCE** reported on the results of a survey regarding CFDD's national programs. With the feedback he received, your National Board will be working on updating the current programs, adding new ones and finding new ways of marketing them.

Also at that meeting, your **Vice Chairman of Member Services, Pam Foreman, CCE** introduced a survey in the area of membership. With the information obtained from our chapters, we hope to find ways to assist our chapters in the area of obtaining new members, membership retention and participation.

Also at the mid-year board meeting, your National Board introduced a new award to recognize outstanding achievement in mentoring. Any member or chapter may submit a

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candidate for the National Mentor Achievement Award, which will be judged by the committee that also reviews the candidates for the DMA Award. A candidate must have participated in the CFDD Mentor Training Program and be a CFDD member for a least five years. The judging focus will be on participation in and promotion of the credit profession and CFDD through the mentoring process, a letter or recommendation, and the statements and achievements of those mentored. This award will only be given when the committee feels that the individual merits this honor.

March 15th is the deadline for the CFDD national awards and scholarships. I hope to see a great number of submissions this year. All of our chapters have excellent programs and publicity that are worthy of consideration. Also, I know of many members who would be honored if their chapter

submitted them in consideration for the Distinguished Member Achievement (DMA) Award. And don't forget the Marilyn Daugherty Spirit Award that was introduced two years ago to honor the memory of a dedicated mentor, teacher and friend to many in the credit profession. Anyone can submit a candidate for this award, but like the new Mentor Achievement Award, it will only be given when the selection committee feels an individual merits such an honor.

I want to thank all the members of CFDD for joining together with others to build a strong organization committed to the credit profession. CFDD is about quality education, scholarships, skill development, networking, mentoring, and leadership. "Make the Connection" with CFDD and take advantage of all that it has to offer.

PROGRAM PICKS

Topic

Bankruptcy
 Conflict Resolution
 Are You Safe?
 What's New in the DA's Worthless Check Unit?
 Sarbanes-Oxley Act
 Public Speaking Skills
 Credit Scoring
 Leadership in Turbulent Times
 Potential Changes at NACM
 The Federal Reserve System
 How to Write a Credit Policy
 Preparing a Case to Go to Court
 Collections
 Collection Techniques
 Pre-Judgment Collection Efforts
 Fair Debt Collection Practices Act
 Antitrust and Bankruptcy
 Resumes and the Art of Interviewing
 Credit A-Z Seminar Series (3 Days)
 Alternative Dispute Resolution
 Dressing for Success
 Traps & Pitfalls of Contracts
 Construction Lien Laws
 Check Guarantee Service
 Have Gun Will Travel (local gun laws)
 Credit Applications
 White Collar Crime
 Customer Visits
 Financial Planning
 Banker's Perspective on Collections
 Disaster Planning
 White Collar Crime/Identity Theft

Speaker

Attorney
 Management Consultant
 Officer of Police Department
 District Attorney
 Economist
 Toastmaster
 CAP
 President of Local Company
 Local Affiliate President
 Banker
 Chapter President/CCE
 Attorney
 NACM Collection Manager
 Credit Manager
 Attorney
 Attorney
 Attorney
 Credit Temporary Employee Services Manager
 Senior Credit Managers and Attorney
 Attorney
 Clothing Store Owner
 Credit Manager
 Attorney
 American Check Management
 Public Speaker
 Credit Manager
 FBI Agent
 Credit Manager and Business Consultant
 Financial Consultant
 Banker
 Manager Risk Management Agency
 Local Police Dept.

Letter From...

Dennis W. Thomassie, CCE
Vice Chairman
Educational/Program
and Chairman Elect



I hope that all of you had a wonderful and joyous holiday season with family and friends. And those friends certainly do include our CFDD circle. Not only do we make friends through our monthly meetings, but also through attendance at Regional and National seminars and conferences. These friends not only help us by mentoring our professional growth, but also supply us with a ready source of information and problem-solving solutions when needed in our day-to-day business activities. In today's business environment where we are all being asked to do more with less, what a valuable resource CFDD becomes. Our Chairman's theme, "CFDD: Make the Connection",

could not be more relevant for us as credit professionals. How can we help ourselves in this current business environment? Make use of the many benefits available to us through CFDD.

• **Apply for Local and National Scholarships**

By doing so we demonstrate to our companies and ourselves that we are committed to our growth as credit professionals. We also demonstrate that through our involvement, and that is a key word, in CFDD we are able to contribute to our company's bottom line by saving it money while we enhance our knowledge and abilities in our jobs. The funds are available nationally for use in attending regional and national conferences and seminars, for CAP and ACAP classes and self study courses. What do you have to do? Apply. Make sure that you correctly complete the national scholarship form available online at www.cfdd.org, make the required number of copies and mail it in by the March 15th deadline. When using the online application please note that the area for reason and need is 10 lines long, but it clearly states that you can attach another sheet of paper. Since this area constitutes 40% of the score, it is in your best interest to make that section as complete as possible. And through your active involvement in your local chapter, you become eligible for their scholarships. Check out those possibilities as well.

• **Continue to Enhance Your Job Knowledge**

Attend your chapter's regular monthly meetings. Chapters provide quality speakers on topics of interest to us in the credit profession. I am pleased to see so many chapters putting on such a rich assortment of educational seminars. There you have the opportunity to participate in programs that address business/credit topics that can give you that information or insight needed to solve one of those famous daily problems. I was very pleased to be able to attend the Pacific Northwest Conference in Eugene, OR and the CFDD Conference East in Minneapolis, MN. Not only was I able to attend a wealth of educational programs, I got the opportunity to meet and network with a terrific group of dedicated CFDD members. We were able to share ideas and learn from one another. Now my networking source for business problem solving is even larger. I hope that you are budgeting to attend the great conferences that are coming up this year: CFDD

Sail Your Way to Success CFDD Conference West

February 19-21, 2004
San Diego, CA
Sheraton Suites Hotel

For information Contact:
Pam Foreman, CCE
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858.566.6700 ext. 204

West in San Diego, NACM-National's Credit Conference in Phoenix, Pacific Northwest Conference in Portland and CFDD East in Louisville.

• Professional Certification

Education is what we are about. Through your active participation at the local level by serving on committees, your local board, attendance at or involvement in planning seminars you gain valuable road map points. Hopefully your area has CAP and ACAP classes available. If not, what can you do to get those classes started? If your chapter does not already have a study group to assist with certification, get one started. It helps all of us. Do you have a mentor program in your chapter? National has available an excellent Mentor Training Program. Consider the possibilities. As credit professionals we have probably all gained from having someone mentor us in our career. Here is your opportunity to give back to your profession. Mentees can obtain help in establishing and achieving their career goals. Both Mentors and Mentees can gain roadmap points toward their professional designation through the process. Proudly seek the CBA, CBF and CCE designations. In a tight job market, who do you think might have an edge in a job search? Someone with those credentials or someone without them?

Nationally we are continuing in our efforts to provide you with the best and most relevant educational programs through revisions and updates as needed. Have you checked out the list of programs

available? Visit www.cfdd.org and do so. Not only do we supply the programs, but also a synopsis of what they are, who can present them, a facilitator guide, who can best benefit from the program and a flyer to use in promoting it. Can it be any easier?

Every chapter should be proud of its accomplishments and should be anxious to tout those achievements to the world. Have you already begun planning to submit your chapter for national awards? I hope so. Regular monthly meetings, special seminar/workshop or national publicity awards are eligible. Being fortunate enough to receive so many of your outstanding chapter newsletters, I know that chapters have seminar and monthly meeting candidates for such recognition. The newsletters alone are certainly very eligible for nomination. Apply, apply, apply. And don't forget to submit a worthy member for recognition as a Distinguished Member Achievement Award recipient. Having been fortunate enough to be submitted by my chapter for this recognition and having been awarded the DMA, I can attest to the great sense of pride and accomplishment that it entails.

I look forward to the opportunity to meet with you this year at our upcoming Regional and National Conferences. In the interim, please let me know if you have any suggestions that can aid us in continuing to make our organization even stronger and more dynamic. It is through all of our commitments and involvement that we grow not only as an organization but also as individuals.

Mentor Training • Credit Congress

Become a Professionally Trained Mentor

HOW?

Sign up for the CFDD-sponsored Mentor Training workshop when registering for the NACM Credit Congress (Phoenix • May 16-19, 2004).

This CFDD professionally designed workshop has been offered by many of our chapters locally.

Now is your opportunity to get the training that will allow you to give back to your profession by becoming a mentor to your fellow credit professionals.

And at only \$25, it's an opportunity too good to miss!

We will look forward to seeing you in Phoenix and helping you continue to "Make the Connection".

Letter From...

Pam Foreman, CCE
Vice Chairman Member
Services



I recently looked up the words “member” and “membership” in the dictionary and found these definitions: Member—a person who joins a group to take part in a particular activity; and Membership—the state of belonging to an organization. At first glance, one wouldn’t think there was a difference between the two. But ask yourself this: Are you a member of CFDD, or do you simply have a membership in CFDD?

By holding a membership in CFDD, you are receiving this newsletter. You have access to our web site. You have the opportunity to attend your chapter’s meetings, conferences, seminars and the like. Once in a while, a program topic piques your interest and you attend a meeting, just one out of the many your chapter holds each year. If it was valuable to you, then we, the organization, have served our purpose. We provided you an educational opportunity and a return on your investment, your dues.

Be being a member—by “taking part”—you not only have opportunities but so many possibilities! You attend all meetings, not just an occasional one. You participate in committees, hold office and work to get others involved. As a result, you grow professionally and personally. You become

leaders and take that with you wherever you go—back to the office, to other groups you belong to, even to your families. You gain confidence, self esteem, self-respect. Your return on your investment becomes immeasurable.

It works the same way with our chapters. The chapters who are members know what is expected of them and they do it. They get their reports in, they pay their dues and understand where the money is going, they volunteer to take part in national committees, participate in the national scholarship program and submit newsletters and programs for awards. They ask questions and offer suggestions.

Are you a member or do you hold a membership? Is your chapter a member? Even if you are an active participant in your chapter, your chapter may not be active on the national level. If you wonder how to be both, we are here to give you those answers. If you feel some information we distribute about the activities on the national level has not reached you, let us know. Your Area Director and National Officers want to hear from all members.

I often hear chapter officers voice concerns about their members not taking an active part. But the reality is, in any organization, 80% of the work is done by 20% of the members. That’s not going to change. But if you want the full benefits of membership, if you truly want to reap its rewards, take part, be active, volunteer. And chapter officers, don’t wait for volunteers to step forward. Reach out, ask, lead by example. Sometimes the best leaders evolve from those who never would have dared to succeed if they hadn’t been given a little push.

2004 Calender Of Events

February 19-21
CFDD Conference West
San Diego, CA

March 1
CBA, CBF, CCE Exam Date

May 16-19
108th Annual NACM Credit
Congress & Exposition
Phoenix, AZ

October 6-9
NACM-CFDD Pacific Northwest Conference
Portland, OR

October 21-23
CFDD Conference East
Louisville, KY

Member Viewpoints

I have been an active member of CFDD Salem-Albany for eight years. One of the most rewarding parts of my membership has been in volunteering to give classes on various credit management topics.

In researching my topics, I learned more about the subject and added to my own personal professional growth. In giving classes, I added to my personal skills in organization and public speaking. And finally, I was able to contribute to the professional growth of others involved in our profession.

If you haven't taken time to teach a class, you should. You too will find the experience very gratifying.

John L. Peel
Retired Credit Manager
Past CFDD Chapter President (two times)
Senior Business Consultant for JP Consultants LLC

Teamwork! After taking a hiatus from CFDD for a couple of years to start a family, I was invited to attend a monthly meeting. Being very excited, nervous and anxious I arrived at the Piccadilly Café for my first meeting back. It was family night at the restaurant... kids screaming and throwing food. I saw a few new faces and my friends of the past but was still waiting for the "rest of the gang". The speaker started promptly at 7:00pm, "Time Management, Where Does Time Go/And How To Track It". I am thinking "where is everyone?" Our CFDD group had dwindled down to 8-10 regular members, and total membership was down to 24.

I realized after the meeting, I needed to step in. A part of me said, "hey, this is your first meeting back, don't go in and take over". Another part said, "with everyone working together, this can be done, we just need a few cheerleaders".

So, we started meeting, sometimes at working lunches with other members, brainstorming and getting fresh ideas. Changing our meeting place was the first idea we implemented. By meeting at different local restaurants it gave us a change in atmosphere and our speakers felt our group was very professional.

We started talking with our attorneys about getting suggestions on speakers. Our planning calendar has been full for two years with respected and knowledgeable guests and speakers. Our membership has grown by leaps and bounds! Teamwork is what won our 2003 Increased Membership Award and 2003 Highest Percentage of Attendees at the Minneapolis Conference. Additionally we started our newsletter called the *Crediscope*, but best

of all, we have been awarded the honor of hosting the CFDD 2004 East Conference, in Louisville, Kentucky.

My advice is be enthusiastic when talking to others about CFDD, especially to your customers. For instance, when getting calls from local vendors for credit references, take time to ask if they are members of NACM and forward that information to your local affiliate. By attending the NACM industry groups, we were able to increase our membership by sharing what CFDD is all about. Working together can make a difference.

We have a GREAT group of men and women, who are empathetic, understanding, and compassionate in helping one another. I know this personally since passing the CCE exam last November. One last bit of advice: listen to others, make changes, and stay positive, but most of all stay away from the cliché "we've always done it this way". Teamwork is the bottom line.

Melissa Ballou, CCE
Credit Manager
Masters Supply, Inc.

Get A Clue The Mission of a Credit Professional NACM-CFDD Pacific Northwest Conference



October 6-9, 2004
Portland, OR
Hilton Portland &
Executive Tower



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Every Day I Play Like a Champion

By Boaz Rauchwerger

It was the bottom of the fifth inning. Little league baseball in Ft. Wayne, Indiana on a balmy April afternoon.

Local companies sponsor teams in that area. Today it was TLC (Tailored Logistics Corporation) versus Marco's Pizza. There are fourteen players on the TLC team, ages 13-14.

The coach, Marty Marringer, was standing next to third base and his team was up to bat. After initially falling behind 4-0, TLC had now evened the score at 4-4. In their previous game, TLC had also fallen behind 6-0 and ended up winning 16-6.

As I said, it was the bottom of the fifth. Trevor Oetting had advanced to third base and TLC's Jessie Meredith was up to bat. Then it happened. Trevor hollered to Jessie, "Jessie, play like a Champion!"

Jessie promptly gets a hit and scores Trevor. By the end of the fifth inning, TLC is leading 13-4. The team wins the game. They have now won their first four games of the season, three of which were "come from behind" victories. Coach Marringer has been with the team for a number of years. They've done well in the past. However, this year they've added a secret weapon.

In the past the coach has talked with his players on numerous occasions about the power of "belief" and reminded them individually, and as a group, that they are Champions. This year, he added the following sign on the dugout wall: EVERY DAY I PLAY LIKE A CHAMPION!

Every member of the team touches that sign before going onto the field. This team WILL NOT leave the dugout to go onto the field without touching the "EVERY DAY I PLAY LIKE A CHAMPION!" sign. If one forgets (including the coach), he is reminded by another player to go back and touch the sign.

This is the same sign that appears on the locker room door at Notre Dame. When the University of Oklahoma football team was a perennial national champion, they also had that sign on the locker room door and every player was required to touch it before going onto the field.

What about your game, the game of life, and what about your team, YOU? All of us have the ability to play like a champion. Some people just know how to focus on that

possibility and they remind themselves to perform at a higher level.

Mary Lou Retton, the US Olympic Champion of the past in gymnastics, played like a champion a number of years ago. It was the finals in the Olympics. In order to pass her Russian counterpart and win the Gold Medal, she had to get a perfect 10 on the vault. As she was getting ready to go, did she say to herself, "The entire world is watching. This is too much. I wish my parents weren't here. I've missed this vault many times?" That's the subconscious pattern of the average person.

NO. Mary Lou talked to herself in different terms. She had ingrained the concept that EVERY DAY I PLAY LIKE A CHAMPION! She said to herself, "Need a 10. Got a 10! Let's do it. I play like a Champion!" And she did. Gold was hers.

I suggest you create a sign that says just that, EVERY DAY I PLAY LIKE A CHAMPION. Make copies. Put some up at home and at the office. If you're the leader of a team, whether with your family at home or at your company, encourage others to participate. The transformation can be amazing.

Touch the sign every day, several times. In a challenging moment, touch the sign. The signal that will flash to your subconscious mind is instant and powerful. The subconscious mind says, "Yes. You are a Champion. It may be challenging, but you play like a Champion and you'll find the answer." That attitudinal change opens your mind to creative ideas and empowers your body with positive energy.

Need a 10? Got a 10! You are a Champion and you can play like one every day! I don't believe you came just to play. I believe you came to WIN!

A Champion's Affirmations:

- a. Every day I play like a Champion!
- b. I am special, unique, and destined for greatness.
- c. It's easy, important and profitable for me to do the most valuable thing first every day.

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Awards & Achievements

<u>Chapter/Member</u>	<u>Company</u>	<u>Award/Achievement</u>
Charlotte		
Mike McCraw, CBA Marlene Groh	Coca-Cola U.S. Foodservices	CBA Designation New Position - Asst. Credit Manager
Dallas/Ft. Worth		
Wendy Legan, CCE Tricia Nevvacil, CBA Laura Click, CBA	Summit Electric Arrow Metals Internetwork Experts	CCE Designation CBA Designation CBA Designation
Grand Rapids		
Claudia Ganzevoort, CBA	Wolverine WorldWide	New Position - Asst. Director of Credit
Kansas City		
Jill Tamborini	Sericol	Presidential Citation
Louisville		
Lois Roemer, CCE Kathy Hibdon, CCE Susie Secuskie, CBA Connie Thomas	Ready Staffing Labsco Graft Pelle Fire King International	25 Year Award Nat'l Member at Large Local Scholarship Local Scholarship
Minneapolis		
Kris Holthaus, CBF	SPS Companies	CBF Designation
Portland		
Carla Grimm, CBA Cindy Warran Kimi Shelton, CCE Rhonda Ollison Kimi Shelton, CCE Yvonne Prinslow, CCE Nita Fritzler Rhonda Ollison Brett Hanft, CBA Jeffery O'Banion, CCE	Holman Building Services Landa, Inc. Glacier NW Quimby Corp. Glacier NW Pope & Talbot, Inc. United Tile Co, Inc. Quimby Corp. Weyerhaeuser Business Consultants NW	Local Scholarship Local Scholarship Local Scholarship Appointed to Board of Directors CCE Designation CCE Designation DMA Award Outstanding New Member Selected Area Director, Nat'l CFDD Board Selected Area Director, Nat'l CFDD Board
San Diego		
Lorraine Seeley Noemi Marchesano, CBF	LMA North America Vycera Communications	CAP Scholarship CBF Designation
Tacoma		
Joanne Swanson Diana Halsted Martha Skomski Kristy Warner LeAnne Durham, CCE Mike Hobby, CBA Wendy Larsen, CBA Lori Morrison, CBF James Maule, CCE Cheryl Hammond, CCE Tamara McCourt, CCE	Swarnar Communications Swarnar Communications Charlie's Produce Brady Int'l/Lumber Prod. Weyerhaeuser Oak Harbor Freight Xpedx Weyerhaeuser Co. Hughes Supply Xpedx The Virtual Credit Manager	Local Scholarship Local Scholarship Local NACM Accreditation Level 1 Local NACM Accreditation Level 2 Local NACM Accreditation Level 3 Local NACM Accreditation Level 3 Local NACM Accreditation Level 3 Local NACM Accreditation Level 3 Local NACM Accreditation Level 5 Local NACM Accreditation Level 6 Local NACM Accreditation Level 6

Old Scam Finds New Victims

Savvy Businesses On Guard Against Check-Floating Scheme...

While spectacular corporate fraud producing the bankruptcies of companies like Enron and WorldCom grab headlines, a garden-variety business scam, the “bust-out,” has been wreaking havoc for years at businesses without the resources—or commitment—to shut it down. Considering how rarely this crime is prevented, the stakes are at least as high.

But there are ways to fight back, according to the National Association of Credit Management, which points to the recent jailing of a bust-out artist to illustrate the pitfalls of careless credit practices and the benefits of working with law enforcement. If companies hadn’t been willing to admit being fleeced and devote some time and money to support the prosecution, “there could have been so many more victims,” Isabel Mercedes Cumming, assistant state’s attorney for the City of Baltimore’s Economic Crimes Unit, said.

Fifty-year-old Michael Murray is now serving a prison sentence after pleading guilty to a scheme in which he defrauded suppliers of about \$338,000. Murray set up shop in Baltimore as president of two companies he called Easy Access and Char Enterprises. Murray targeted everyday merchandise, from snack foods and soda pop to soaps and fragrances. His victims included distributors unknown to the general public as well as consumer giants such as The Coca-Cola Company and Gillette.

In a classic bust-out, Murray contacted the companies with an offer to buy large quantities of merchandise. The terms: cash on delivery. The suppliers would deliver the goods to Murray’s downtown Baltimore warehouse, in exchange for a check drawn on a business account. When suppliers complained to Murray after his checks were returned for insufficient funds, he’d make apologies for the “mistake” and send another check. Often, by this time, another truckload of goods was on its way to Easy Access or Char Enterprises, but subsequent checks had no more cash behind them than the first. The accounts were real, but unfunded. By the time the suppliers realized they’d probably been taken, Murray had sold the stolen goods at flea markets. The pattern might continue for awhile at a given company before Murray would move on to the next.

Murray might be a free man today if he hadn’t pushed his luck. Convicted by Baltimore City last year, he was released on home detention on probation—a move opposed by prosecutors—that required him to make partial restitution for the stolen goods. Murray promptly set up shop in the same

location, with the same company names and even the same business checking accounts. Another arrest followed and he’s been locked up since August 13th.

“You’d think he would have gotten different checks,” Cumming said. But even then, the second prosecution depended partly on the fact that one of Murray’s last victims, American Hotel Register, contacted the Baltimore City Police, ran into thick case files both in the city and in NACM’s Asset Protection Group (formerly the Loss Prevention Group), which had been coordinating the case with law enforcement. Companies that documented the crimes and were willing to testify in a court far from their own headquarters were also instrumental to the case.

Is Criminal prosecution the only recourse for a business that has been scammed?

No, civil cases often are an option. Provided the assets can be used to pay a penalty, sometimes this is a better option. In criminal cases, defendants can be convicted only in the absence of “reasonable doubt”. In civil cases, the plaintiff can win with merely a “preponderance of evidence.” Think of that as being more than 50 percent sure that the plaintiff has proved the case.

In the case of American Hotel Register, the company flew security and safety manager Bill Wagner from its Vernon, Ill. headquarters to Baltimore to accompany police who executed a search warrant. When they entered Murray’s warehouse, they found \$800 worth of the company’s goods—a minuscule fraction of the \$29,000 they lost in bogus orders but enough to help trigger the arrest.

But how could Murray get as far as he did? It’s a combination of limited company resources and standard business practice, according to the experts.

Cash on delivery, or COD, has been around for years and companies eager to make a sale are often willing to chance it—most of the time, they collect. And when they don’t collect, it’s not immediately clear whether the reason is fraud or a legitimate customer having trouble making ends meet. Suppliers will try to carry customers for awhile with an eye to

the long-term future. "So in many cases," according to Joe Crowley, head of NACM's Asset Protection Group, "it's written off as a simple collection issue. Every company is pretty much willing and comfortable with carrying a certain amount of writeoffs, from year to year."

Another weakness to be exploited is the knowledge that company and state or city resources are often stretched thin and can devote only so much attention to suspected fraud. Many municipalities do not have economic crime units that can focus on bust-outs, for example, and if criminals limit their take or keep moving often, they probably won't get caught.

And cities may have dollar-value thresholds below which they can't justify a prosecution, as do federal authorities, which may only get involved when the fraud goes across state lines. The larger the economic base of a region, the higher that threshold may be.

According to NACM, criminals who commit such crimes have a much better chance of not getting caught in big cities such as New York or Los Angeles, where resources are spread thinly. In those cities, the FBI may only get involved when the net value is a million or more. Fewer than one percent of criminals committing such crimes get caught; the average bust-out nets between \$3 million to \$5 million. However, energies devoted at the federal level to combating economic crimes is increasing, with the growing recognition that business fraud helps fund terrorism. And companies can help reduce fraud without waiting for help on the outside.

Both Cumming and NACM's Crowley agree on these guidelines to follow:

- Get certified funds instead of COD
- Get a thorough background check from credit-rating agencies
- Work with organizations like NACM's Asset Protection Group, "which would have known immediately about Mr. Murray"

If you suspect you're being victimized, reach out to prosecutors. "People should realize that we do prosecute these cases," Cumming said, "and justice does happen."

Crowley cites warning flags that include a new client's selling goods below cost. "That's a sign they never intend to pay you back," he said. Other signs include receiving unsolicited orders by fax or from cell phone numbers, and responding vaguely to questions about the company's corporate structure or business model. Still another, he continued, is a total lack of response to dunning notices. "Creditors are sometimes amazed at how thoroughly and resolutely a buyer

resists terrifying letters and dire phone calls... well, he never intended to pay you in the first place."

Still, Crowley says, many credit managers are very savvy "and have a good, gut intuition that says, 'Let me call Asset Protection on this.'" What NACM's Asset Protection Group provides is a centralized data-collection center that can connect the dots when a new scam is emerging and help support law enforcement and private enterprise in thwarting them. Crowley refers to his division as a "disciplined gossip club" that can immediately connect to its more than 28,000 business members in response to suspect behavior.

The \$338,000 that Murray was convicted for "may not sound like a staggering amount of money," Crowley said, "but in a city the size of Baltimore, that's huge. And imagine what's taking place on a daily basis across the nation."

Investing In Your Career CFDD Conference East

October 21-23, 2004
Louisville, KY
Executive Inn-Airport

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