Know Thy Customer

By Brenda Terreau

When creditors talk about due diligence, they speak in terms of the Cs: Capacity to pay, Character, Collateral, Competition, and perhaps these days, Conditions of the market. Perhaps we should also consider “Carding.”

We all know what “carding” is. Each of us has, at some time, been asked to show our photo ID. One reason for a business to check a customer’s photo ID is to make sure the customer is who he claims to be. It’s the first basic step in the due diligence process, and the ramifications for not knowing your customer can be costly.

Identity Theft/Identity Fraud occurs when an imposter obtains key pieces of personal information about a consumer—such as a Social Security number or a driver’s license—and uses that information to impersonate the consumer by obtaining credit, merchandise, or services in the name of the victim. If someone finds your social security number on a document in your trash and uses that number to make purchases, you have been the victim of identity theft. If instead that person used that information to apply for a new credit card in your name and used the card to make purchases, you have been the victim of identity fraud. Because of the similarities, identity fraud is often confused with identity theft.

Because we live in the computer age, anyone can make a purchase using an existing credit card or apply for credit over the Internet. Only a few pieces of key information are needed. No matter what the credit card commercials say, no one will call you to ask you if you’ve recently bought 10,000 volleyballs, or paid for tennis lessons in Jamaica. Once the debtor finds an unknown charge or unknown account, he can dispute the...continue on page 16
Congratulations to NACM member representatives who recently passed designation exams: Terri Jeffords, CBA - TriQuint Semiconductor Inc.; Dianne Floyd, CBA - West Coast Paper Co.; Elizabeth Ann Gangi, CBF - Richards Packaging; David Crump, CBF - Food Services of America; and, Veronica Royer, CBF - Food Services of America.

We have significantly expanded the education program in 2008. A calendar was mailed to you last week, and we are excited to kick off the program starting mid-month! We also have expanded support for the national designation program. I encourage you to consider this. More information is included in this issue of the Business Credit Journal.

NACM Oregon began working on two new credit information databases in 2007, one in cooperation with twenty other NACM Affiliates and a second for the NACM Western Region, with six other Affiliates. With your help, we continue to build these databases, and the reports become stronger every day! If you contribute, Thank You! If you need to know more about the reasons for contributing credit experience and the benefits of doing so – including credit report pricing and industry group fees – please contact Shannon Abnal at 971.230.1166 or sabnal@nacmoregon.org.

As you may be aware, the law provides for debtor examinations in certain circumstances – such as when you are a judgment creditor trying to find (1) assets that may

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have been transferred to another party, often a family member, or that have been hidden, for example, when property has been moved to a brother-in-law’s warehouse in Vancouver; and (2) where the individual is working and/or sources of income. In our collection work, assets and cash flow are resources we want to know about! I’ve been concerned for some time that debtors’ exams do not work the way we expect them to. That is, the determined debtor, even while under oath, may not “recall” the necessary information, or, even more frustrating, may simply not show up – again and again and again. While the court can issue a bench warrant for the individual, in practice this seems to be very inconsistent from county to county. If you have had recent experience with debtor exam, I’m interested in hearing about it. Please contact me at 971.230.1158 or rwheeland@nacmoregon.org.

The Board and Staff of NACM Oregon wish you the very best in 2008!

Rod Wheeland, CCE, CAE
rwheeland@nacmoregon.org

PROFESSIONAL CERTIFICATION PROGRAM

The NACM-National Professional Certification Program, sponsored by NACM-National, has helped define and establish professional standards in this rapidly changing field and fosters recognition of those individuals who possess special expertise. For business credit professionals there are three nationally recognized designations: the CBA, the CBF, and the highest level, the CCE.

To begin the Professional Certification process you must: 1) Register with the NACM-National Education Department; 2) Complete the appropriate Designation Application; and 3) Complete an NACM Career Roadmap. A nonrefundable registration fee of $160 must accompany your form.

Do one of these avenues appeal to you? If you would like to explore your options in further detail, call Claudia Sarinana at 971.230.1184 or 800.622.6985 ext. 184. Let NACM Oregon help you take the first steps to maintaining that competitive edge: your education.

NACM Oregon is offering Business Credit Principles, a ten-week course (1/24 - 3/27), Thursday, 7:30 - 11 a.m. This college survey class is one of three courses required prior to applying for the CBA designation exam. Scholarships are available to all members. For more information contact Claudia Sarinana at 971.230.1184 or 800.622.6985 ext. 184.
Congratulations!

Look who recently earned a designation! We applaud you for your commitment to excellence in your field!

Dianne Floyd, CBA
West Coast Paper

Terri Jeffords, CBA
Triquint Semiconductor, Inc.

David Crump, CBF
Food Services of America

Elizabeth Ann Gangi, CBF
Richards Packaging

Veronica Royer, CBF
Food Services of America

Equifax Commercial Credit Reports and Credit Scoring Workshop

Plan on joining Ted LaBadie, Assistant Vice President of Equifax Commercial, on March 6, 2008, for the Equifax Commercial Credit Reports and Credit Scoring Workshop.

Gain an understanding of the unique value the newest provider of US business credit reports offers to their customers; also a “101” session on how credit scores are developed and the best practices for utilizing scoring solutions.

Watch for more information!
LEGAL CORNER
by Brenda Terreault

Collection Fees and “Add-On” Accounts

When a creditor places an account with a collection agency, the account is generally very late and the creditor often very angry. When this is the situation, the creditor will always want to add collection fees to the account. However, the collector does not always have a legal right to add those fees to the account balance.

Providing for Fees in a Contract

The collection of any amount not expressly authorized in an agreement creating the debt or permitted by law is a violation of Subsection 808(1) of the Fair Debt Collections Practices Act (FDCPA). Basically, this section limits the creditor and collector’s abilities to charge collection fees. Collecting a fee that is not authorized by the agreement or not permitted by law is considered an unfair or unconscionable act under the FDCPA. It only allows a collector to impose interest charges, fees, or other expenses if the amount is specifically authorized in a contract signed by the debtor or if the law otherwise allows.

What this means is that creditors need to make sure their agreements contain language to allow the addition of collection fees once the account is placed in collections. When drafting the agreement, creditors need to specifically include all collection costs, attorney fees, and legal expenses in the terms and conditions. Otherwise, the collector will not be able to add the fees. To state simply “x% service charge for recovery of past-due amounts will be added” is not the same as providing for the addition of any specific fees.

How much can be added on?

Generally, a “reasonable” collection fee is allowed. In the past, guidance from the courts and the FTC has conflicted. The FTC stated as early as 1981 that a collection fee of a third of the amount due is per se illegal. In that statement, the FTC said the term “reasonable collection fee” was far too vague to meet the standards of 808(1). However, in 1994, the FTC changed its opinion in an informal staff letter saying that there is nothing in the Act that specifically addresses the reasonableness of collection fees charged by debt collectors. At that time, the FTC stated that it was choosing not to place arbitrary limits on such fees and instead was relying on the contract creating the debt and the state law for those parameters.

State and federal courts still...continue on page 6
Collection Fees and “Add-On” Accounts

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conflict. For instance in Wisconsin, a federal court in 1996 stated that the collector charging both interest and 33% collection fees violated both federal and state law. But other federal courts have concluded that, where the contract signed by the debtor includes a collection fee as high as 50%, the debt for collection fee was created. More recently, the Eighth Circuit U.S. Court of Appeals held that collection costs must be itemized in the original consumer agreement and bear a relationship to the actual cost of collection.

State courts regularly weigh in on collection costs. In an increasing number of states, collection fees are allowed by statute, which generally state the fees must be reasonable and actual amounts, and be provided for in the underlying contract to be enforceable. Frustratingly for creditors, language requirements differ from state to state. Even more frustrating, some state courts will deny collection fees even if outlined sufficiently in the agreement. But creditors need to remember that they cannot receive collection fees if they don’t request them. And without including collection fees in the agreement, receiving an award for collection fees generally cannot happen. While fees won’t be recoverable all the time, a creditor cannot receive them unless he asks for them and he cannot ask for them unless they are provided for in the underlying contract.

Brenda Terreault is the Collection Services Manager for NACM Oregon and an Oregon attorney. Her email is bterreault@nacmoregon.org.

Protect Your Company’s Interest

Many creditors don’t file the necessary papers to protect their interests from their competition.

NACM Oregon can assist you with completed and timely filed UCC-1 document.

Some services charge $85 or more for a simple filing. We offer that same service at a reasonable cost.

If you have an application and security agreement and would like to discuss perfecting your security interest, please call Brenda Terreault at 971.230.1196.
January

1/16/08 Interviewing: Predicting Future Job Success (Half-day seminar)—This session will provide tips to applicants in resume presentation, application, and interview; and for the prospective employer in reading resumes and applications and interviewing the job candidate. 8:30 a.m. - 12 p.m.; NACM Oregon, Room 201; Presenter: Patrice Altenhofen, Cascade Employers Association; Fee: $95 (Member); $170 (Nonmember).

1/24/08 - 3/27/08 Business Credit Principles (Ten weeks, Thursdays)—This college survey class is one of three courses required prior to applying for the CBA designation exam. 7:30 - 11 a.m.; NACM Oregon, Room 201; Presenter: TBA; Fee: $295 (Member); $425 (Nonmember) + Textbooks.

1/29/08 Achieving Ultimate Customer Service in the Credit Department (Half-day seminar)—Gain skills and practice tips on providing customer service needed to retain and when necessary, rehabilitate customers. 8:30 a.m. - 12 p.m.; NACM Oregon, Room 201; Presenter: TBA; Fee: $95 (Member); $170 (Nonmember).

February

2/6 & 2/7/08 Oregon/Washington Lien Laws (Two-day seminar)—Provides an overview of Oregon and Washington construction lien laws—from laws, to filing a lien, to foreclosure process. 8:30 a.m. - 4 p.m.; NACM Oregon, Room 201; Presenters: Team of attorneys from Sussman Shank LLP; Fee: $265 (Member); $375 (Nonmember).

2/13/08 Using Security Agreements to Improve Your Position—This session reviews the concepts of the security agreement and remedies. Students will review the practical aspects of preparing the security agreement, filing for perfection, and enforcing the secured party’s rights. 7:30 - 9 a.m.; NACM Oregon, Room 201; Presenter: Brenda Terreault, Collection Services Manager, NACM Oregon; Coffee & Credit class fee: $45 (Member); $90 (Nonmember).

2/14/08 The Art of Conflict Resolution (Half-day seminar)—This session reviews appropriate use of assertive behavior and introduces techniques to use to effectively resolve conflict. 7:30 - 9 a.m.; NACM Oregon, Room 201; Presenter: Lynda Bader, Lynda C. Bader Consulting; Fee: $95 (Member); $170 (Nonmember).

2/19/08 Credit Management Boot Camp (All-day seminar)—Students will review the order-to-cash process and business credit management and will gain practice tips to avoiding “potholes and detours.” 8:30 a.m. - 4 p.m.; NACM Oregon, Room 201; Presenter: Rod Wheeland, CCE, CAE, President, NACM Oregon; Fee: $150 (Member); $225 (Nonmember).

2/26/08 Certification Roadmap Introduction—Learn how to get started on the road to earning an NACM-National Credit Business Associate (CBA), Credit Business Fellow (CBF), or Certified Credit Executive (CCE). 11:30 a.m. - 1 p.m.; NACM Oregon, Room 201; Presenter: Claudia Sarinana, NACM Oregon; Free seminar, includes lunch.

March

3/11/08 Turning Bad Checks Into Payments—This seminar will provide participants with practice tips for collecting returned checks. 7:30 - 9 a.m.; NACM Oregon, Room 201; Presenter: Linda Johnson, Litigation Manager, NACM Oregon; Coffee & Credit class fee: $45 (Member); $90 (Nonmember).

3/13/08 Improving Collection Results (Half-day seminar)—This seminar will provide participants with a practical review of the collection task, especially telephone techniques and applicable laws. 8:30 a.m. - 12 p.m.; NACM Oregon, Room 201; Presenters: Marsha Johnson, Credit Manager, TEC Equipment and Brenda Terreault, Collection Services Manager, NACM Oregon; Fee: $95 (Member); $170 (Nonmember).

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3/18/08  Credit Management Boot Camp - Eugene (All-day seminar)—Students will review the order-to-cash process and business credit management and will gain practice tips to avoiding “potholes and detours.” 8:30 a.m. - 4 p.m.; Location: TBA; Presenter: Rod Wheeland, CCE, CAE, President, NACM Oregon; Fee: $150 (Member); $225 (Nonmember).

3/25/08  Negotiation Techniques For Success (Half-day seminar)—Knowing how to negotiate to gain payment or other rights is vital to your company’s success. Learn how to be on the winning side of negotiations. 8:30 a.m. - 12 p.m.; NACM Oregon, Room 201; Presenter: TBA; Fee: $95 (Member); $170 (Nonmember).

April

4/2/08  Identifying Credit Fraud (Half-day seminar)—Learn how to protect your company from falling into the credit fraud pit. 8:30 a.m. - 12 p.m.; NACM Oregon, Room 201; Presenter: TBA; Fee: $95 (Member); $170 (Nonmember).

4/3/08  Financial Statement Analysis I (Ten weeks, Thursdays)—This course satisfies CBA course requirement. Explains in detail the three main financial statements: Balance sheet, Income statement, and Statement of cash flows. 7:30 - 11 a.m.; NACM Oregon, Room 201; Presenter: TBA; Fee: $295 (Member); $425 (Nonmember) + Textbooks.

4/16/08  Credit Management Boot Camp - Boise (All-day seminar)—Students will review the order-to-cash process and business credit management and will gain practice tips to avoiding “potholes and detours.” 8:30 a.m. - 4 p.m.; Location: TBA; Presenter: Rod Wheeland, CCE, CAE, President, NACM Oregon; Fee: $150 (Member); $225 (Nonmember).

4/17/08  Business Writing for Results (Half-day seminar)—Learn to write less, say more, and get results. 8:30 a.m. - 12 p.m.; NACM Oregon, Room 201; Presenter: Claudia Sarinana, NACM Oregon; Fee: $150 (Member); $225 (Nonmember).

4/24/08  National Seminar/Legal Aspects of Credit (All-day Seminar)—Learn how legal aspects can affect your credit decisions and policies. This seminar will demonstrate the need to know the legal ramifications when extending credit. 8:30 a.m. - 4 p.m.; Location: TBA; Presenter: Wanda Borges, ESQ; Fee: $150 (Member); $225 (Nonmember).

NACM Oregon Library

NACM Oregon has a number of outstanding books and video tapes in the Phylliss Clark Memorial Library. Check out the current Barry Elms’ series video tapes and our new international books: ICC Guide to Incoterms 2000, Incoterms 2000, and Commentary on UCP 600.

These resources are available without charge to members through our library. We encourage you to make use of this excellent collection of resources.

Feel free to come into the office and check out a book(s) or video tape(s). Several books can be purchased from NACM National Bookstore.
NACM Oregon Foundation
Scholarships Offerings

The NACM Oregon Foundation grants scholarships to credit professionals for continuing education, professional designations, and conference expenses. These scholarship funds are a benefit to you as a member, so please take advantage by applying for them.

For 2008, the NOF Board has designated that $16,350 in scholarship funds be made available. The categories are as follows.

To apply for scholarship funds, or for more information, contact Lou Rice, NOF Director, Pacific Metal Company at 503.454.1051 or lrice@pacificmetal.com.

NACM National Credit Congress, May 18-21, 2008, Louisville, Kentucky
Five (5), $700 scholarships.

Pacific Northwest Credit Conference, September 17-20, 2008, Salem, Oregon
Six (6), $500 scholarships.

Phylliss Clark Scholarships
Three (3), $500 scholarships. Applicants must be a CFDD member and a first-time attendee to the Pacific Northwest Credit Conference. Each CFDD Chapter—Eugene/Springfield, Portland, and Salem/Albany is allocated one scholarship per year.

NACM Seminars
$1,500 towards scholarships.

Professional Certification Fees
To establish your file and for continuing certification or recertification for both NACM and FCIB—$3,000 will be available.

College Courses approved and required for accreditation and certification. Includes on-line courses offered through NACM National Education Department—proof of completion is required—$1,500.

Certified International Credit Professional (CICP) Fee - FCIB on-line course—$350 is available.

Graduate School of Credit & Financial Management (GSCFM) two week in-residence program for two years at Dartmouth College sponsored by CRF and NACM.—This is a special scholarship review annually by the NOF Board. $2,000 will be available in 2008 to cover year one of this two-year program.

Please Note: Only one scholarship per person per year from any one category.
Happy 2008! It seems that I just got used to writing 2007 and now it’s obsolete! Have you ever noticed that time moves faster the older you get? When I was a child a week seemed like a year, now a year disappears in a week.

Time moves on and as it moves things change. Lives change, cultures change, economies change, and companies change – or do they? This might be a good time to review “how” or “if” your company has changed.

We’ve all heard the rhetoric that the U.S. has lost all its manufacturing bases to offshore producers, that global trade has ruined our economy, and that we need to protect our culture and resources.

Now let’s look at some facts instead of emotional verbiage. The latest studies from the National Association of Manufacturers have some interesting statistics. Approximately 99% of manufacturing firms in the U.S. are small- to midsize with less than 2,000 employees. These firms account for about 40% of U.S. production. The NAM studies show that 30% of these firms have no overseas sales or sourcing and 60% have less than 10% international sales or sourcing.

Many of these companies are having problems now and are facing ever-increasing problems in the future. The NAM study concludes that these firms are at risk for bankruptcy, acquisition, or stagnation. These facts seem to support the prior mentioned rhetoric with one huge difference. The problem does exist but so does the solution.

The U.S. has had over two years of record export sales. Businesses of all shapes and sizes are benefiting from international sales and sourcing. Based on the NAM study U.S. manufacturing companies using international sales and sourcing are the manufacturing companies making a profit. One of the drivers has been the low U.S. dollar but it is not the only component. The euro has been very strong and yet 85% of European manufacturers engage in international activities with more than half their profit coming from overseas sales.

The global economy is a reality and a ready opportunity for U.S. companies. Is your company taking advantage of international sales and sourcing?

It is challenging and even frightening to jump into exporting with no prior experience. There are different laws, procedures, money, regulations, payment terms, a whole new vocabulary, and potential problems.

There are many resources available to smooth entry into exporting. The Department of Commerce, The Small Business Administration, Credit Insurers, the International Department of your bank, Freight Forwarders, FCIB, and NACM Oregon’s International Industry Group are a few good sources.

If your company has not yet joined the global market you have an opportunity to add significant value. Do some research and be prepared with some specific areas and approaches. Use some of the resources listed above for ideas and education. Contact NACM Oregon to attend an International Industry Group meeting for education and networking.

If your company is already active in the international arena be prepared to stay busy! Just as most other things, exporting is an ever-changing world and it demands continued education to stay current. Your expertise in this area will become more and more valuable to your company.

Alice Knight is Vice President of Finance & Administration for Paper Products Marketing (USA) Inc. Ms. Knight has more than 35 years of experience in International Finance and is an active member of FCIB and NACM. She is currently a member of FCIB Board of Directors and the FCIB Hotline Committee.
Industry Group Highlight of the Month—Industrial Suppliers

Industry groups give you the unique opportunity to talk with other credit professionals in your industry and base your credit decisions on current and accurate information. You can share your payment experience of common customers, and exchange technical and education information concerning your industry. You will be better informed and better protected.

Who is eligible for the Industrial Suppliers Industry Group?
Any company that manufactures or distributes any type of industrial supplies and wholesales to the general industrial trade.

Who are some of the companies that participate in the Industrial Suppliers Industry Group?

- E C Company
- Imperial Paint
- Pape’ Material Handling, Inc.
- General Tool & Supply Co.
- McGuire Bearing Co.
- Quimby Corporation
- Grating Pacific, LLC
- Norlift of Oregon, Inc.
- United Welding

“I have been a member of the Industrial Suppliers Group for about five years and it has proven to be a very worthwhile experience. The historic trade information that is shared with other companies of like size and business acumen provides good insight on customers we potentially share. It allows for the ability to understand more about shared accounts and their history and with that provides for more informed decisions.

I have enjoyed the luncheon meetings and other social affairs also. Camaraderie exists because the people are genuinely open and friendly and NACM Oregon does a good job of choosing wonderful meeting places that serve delightful lunches.

There are the educational benefits as well. Classes in international credit, maximizing cash flow, Sarbanes-Oxley, just to name a few. And, they are offered on a continuing education basis with credits toward certificates verifying your credit expertise.

In short, becoming a member of any one of the groups is fun, educational, and valuable.”
A Swingin’ 40’s Gala Hollywood-Style

This year’s Gala will take place on Saturday, April 5, 2008, at The Governor Hotel in Portland. This red carpet event kicks off at 6 p.m. with cocktails. The evening’s program will include the traditional Silent and Oral Auctions along with the Tower of Gifts Raffle. Entertainment will be provided by Noah Peterson & Friends.

So put on those threads and ground-grippers and join us for an evening of fine dining, entertainment, and lots of fun. But watch out for the paparazzi!

We encourage all members to support this fund-raising event by donating an item. When you are contacted for a donation, please be generous knowing that all funds are used for scholarships.

Please register today for this fun-filled event by contacting Claudia Sarinana at 971.230.1184; 800.622.6985 ext. 184; or csarinana@nacmoregon.org

Where:
The Governor Hotel, 614 SW 11 Ave., Portland

When:
6 p.m., Saturday, April 5, 2008

Cost:
$60 per person or $550 for a corporate table of 8
Collections Performed By NACM

Now that the holiday season is over, the first bills of the year may reflect primarily retail purchases from the holiday. For the most part, establishments engaged in retail trade generally sell merchandise to the general public for personal or household consumption. They include businesses that deal in building materials, hardware, garden supplies, food stores, car dealers, gas stations, clothing stores, home furniture stores, restaurants and drinking establishments, and other similar businesses.

So in keeping with the holiday spirit of spending, we are reviewing collection returns dealing with retail establishments engaged in selling merchandise for personal or household consumption and rendering services incidental to the sale of the goods. This review covers three years, from 2004 through 2006. During that time, NACM Oregon has enjoyed a financial recovery rate for its clients of more than 52%. That compares favorably against the national average for all collection dollar recoveries of 22% provided by ACA/Price Waterhouse Coopers.
CFDD Chapters

Salem/Albany
This chapter of the NACM Credit & Financial Development Division meets the second Tuesday of each month.
Meeting Date: Tuesday, January 8, 2008
Location: Geppetto’s Restaurant & Bar, 616 Lancaster Dr., NE, Salem
Luncheon: 10:30 - 11:30 a.m.
Topic: "Legislative Update"
Presenter: Mike Knapp, Attorney, Michael E. Knapp P.C.
Coordinator:
Theresa Quillard
503.362.3633
tquillard@airbpaviation.com

Eugene/Springfield
This chapter of the NACM Credit & Financial Development Division meets the second Wednesday of each month.
Meeting Date: Wednesday, January 9, 2008
Location: Downtown Athletic Club Conference Center 999 Willamette St., Eugene
Networking/Lunch: 11:30 a.m.
Presentation: 12 - 1 p.m.
Topic: "Ask The Expert Credit Manager"
Presenter: Sandra Texley, CCE, Credit Manager, BowTech Archery; Tony Ceniga, Credit Manager, Industrial Finishes/Superior Steel; and Kent Clausen, Credit Manager, Farwest Steel Corp.
Coordinator:
Mary Ann Gridelli
Farwest Steel Corp.
541.681.7201
maryann.gridelli@farweststeel.com

Portland
This chapter of the NACM Credit & Financial Development Division meets the second Thursday of each month.
Meeting Date: Thursday, January 10, 2008
Location: Red Lion Convention Center, 1021 NE Grand Ave., 6th Floor, Portland
Networking Time: 5:30 p.m.
Dinner: 6 p.m.
Topic: "Legal Aspects of Credit and Collections"
Presenter: Brenda Terreault, Collection Services Manager, NACM Oregon
Coordinator:
Diane Snyder, CCE
Rodgers Instruments, LLC
503.681.0482
dsnyder@rodgers.rain.com
Credit Manager's Index

The seasonally adjusted Credit Manager’s Index (CMI) fell for the fourth consecutive month in December. The index lost 0.7%, and dropped to a record low of 52.4%. Six of the 10 components fell, including a 4% drop in dollar collections. Daniel North, chief economist with credit insurer Euler Hermes ACI, said, “While the manufacturing index actually gained 0.8%, it was overshadowed by a loss of 2.3% in the service index. The deterioration in the combined index matches that of other major indicators in the macroeconomy, including disappointing holiday sales, a weakening employment market, accelerating declines in housing prices, downgrades of banks and insurers, plummeting consumer confidence, and a rapid increase in delinquencies and defaults on many types of credit. It would appear that trade credit managers are now encountering the same difficulty found in other credit markets, that is, the inability of debtors to pay bills due to insufficient cash flow.”
charge, or call and cancel the account. Regardless someone will be financially damaged, whether debtor, creditor, or credit card company. Ultimately the general public pays.

Because of the increase in ID theft and fraud, Congress passed the Identity Theft and Assumption Deterrence Act, 18 USC §1028, in 1998 with the intent to protect innocent debtors from being bankrupted by ID thieves and fraudsters. It also may provide a means for some debtors to avoid their debts.

Wrongful Claim of ID Theft and ID Fraud

While ID theft does regrettably occur to many people, there are debtors who make the easy and incorrect claim that a credit card was stolen and used, or someone else used personal information to obtain credit. There are some debtors who make such a claim knowing that it is not true and will wrongfully dispute the debt based on ID theft.

Credit card paper applications do not require notarization. Internet credit applications and purchases likewise don’t require any form of identification other than knowing a social security number or a card number, and cannot be notarized. Neither transaction is “in person” so no representative will “card” the applicant or buyer. The ability for unscrupulous people to obtain enough data to successfully commit ID theft or fraud is considered so “well-known” that creditors easily accept that defense with little evidence beyond the debtor’s statement.

Assumed Fictitious Identity

Another form of ID fraud—assuming a fictitious identity—doesn’t injure another debtor but still harms creditors.

Case in point, a creditor had a contract with a builder who had a license on file with the CCB. He purchased materials on credit, completed the job, and failed to pay for the materials. The creditor filed suit against the debtor using the name the debtor had provided. The creditor did not ask to see a photo ID and the debtor did not provide a social security number. But the creditor had checked to make sure he had a CCB license. Merchants extending credit to contractors tend to check with the CCB for bond coverage and known issues.

However, the Oregon Construction Contractors Board does not require the exam applicant or licensing applicant to present a photo ID. Additionally, the applicant is never required to have a notarized signature on either application. Notarization would require showing a photo ID to the notary.

The creditor sued the debtor and won a judgment against the debtor only to find out that the name the debtor had provided was fake. The creditor paid legal fees to receive a worthless judgment. He can’t execute upon it because the debtor was not properly named in the initial complaint and served. Now the creditor must figure out the correct legal
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name of the debtor and start over.

There are many instances in which a creditor will not have the ability to ask a customer for a photo ID. Internet purchases allow buyers and sellers to do business from different regions of the country. However, when a businessman has personal contact with a customer, a policy of requesting photo ID and making a photocopy for your file may prove beneficial. If the application is not made in person consider a notarized application. Then, if the credit applicant denies responsibility due to ID theft or ID fraud, you will have documentation that may prove otherwise.

Celebrate National Clean Off Your Desk Day with NACM Oregon!

Are you concerned about what may be hiding in those piles on your desk? It’s time to confront all the paper clutter, past dues, and generally nasty accounts all over the top of what should be your workspace. You know, the files that keep you working on old accounts instead of focusing on new accounts.

Start the New Year off on solid footing by tackling that messy desktop during National Clean Off Your Desk Day!

This special day was originated by Anne Chase Moeller, who often helped out in her father’s office and shared his incredibly cluttered desk. She finally declared that she would clean off his desk at least once each year. The idea caught on and the event is still celebrated each year. It is a great time to get a fresh start for the New Year.

Clean it up! I dare you!

Brenda Terreault is the Collection Services Manager for NACM Oregon and an Oregon attorney. Her email is bterreault@nacmoregon.org.
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