

Brown & Joseph Newsletter

Volume 12
May - June 2010

Meet the Staff

This is a segment where we interview staff members and learn more about the people you work with.

Harold Buchholz - Director, Outsource & Corporate Reporting

Q1: How long have you worked with Brown & Joseph?
How long have you worked in the industry?

Answer1: Since January 2002, so just over 8 years. It was my first job out of school, so I have worked in the industry for just as long.

Q2: What area(s) do you specialize in?

Answer2: Commercial Outsourcing, Corporate Reporting & Data Analysis

Q3: What is the best thing about working for Brown & Joseph?

Answer3: The endless opportunities, and room for advancement. I love the fact that I am not nailed down to taking care of mundane tasks. There is always some thing new & challenging for me to do...I have taken advantage of a lot of great opportunities that have been thrown my way!

Q4: Has your role at Brown & Joseph changed due to the economy?

Answer4: Yes. There is a lot more work to do now! The economy has caused people (especially debtor companies) to get a lot more creative and better informed when

it comes to handling debt. My job is to stay ahead of the curve and be even more creative and savvy to assist in the recovery our client's past due receivables – whether it be from a consultant role, or from the analytical reports I also create. I have always taken pride in my technical ability and problem-solving skills, but the changes in the economy have really tested what I could do...so it has helped me personally to stay up to speed.

Q5: What is your best advice to companies when handling accounts receivables?

Answer5: My best advice would be to invest the proper tools, resources, and processes into their A/R department. Most importantly, adequate collection software. I have been a part of many projects, and assisted numerous clients whose Accounts Receivable department had been treated like the redheaded step-child of the organization. In all of those cases, there was no existing collection software and minimal support or resources to assist them. Now, those same companies need the A/R department more than ever – and are in a mad scramble to get the proper tools, resources and processes in place. In the process, the companies have to take big hits towards their total receivables.

Data and document retention is also vital. Like I said before, debtor companies are getting more creative and savvy...so everything and anything can be used to help (or hurt) them in the long run. ☹️

debtor companies
are getting more creative
and savvy...



BROWN & JOSEPH



Bankruptcy Filings Spike in the Area and Nationwide

↳ *The Washington Post. April 26, 2010.*

Bankruptcy filings in 2009 were up substantially in Virginia, Maryland and the District, according to the American Bankruptcy Association. They rose 78 percent in Virginia, 68 percent in Maryland and 74 percent in the District. The U.S. rate last year rose 75 percent.

Legislation affecting the bankruptcy process, small-business bankruptcies and the retail slump will be among the topics discussed at the association's annual conference Thursday to Sunday at the Gaylord National Hotel and Convention Center in Oxon Hill. ↩



Word Search

Words are up, down, backward & diagonal.

Answer key on page 5.

Behind	Fiscal	Prosecution
Blame	Increases	Reform
Check by Phone	Interest Rate	Rescind
Choice	Justification	Response
Compensated	Liability	Signature
Crossroads	Loss	Summons
Customary	Off the Hook	Tactful
Discount	Plan B	Written
Distribution	Policy	Agreement
Email	Political	

C H E C K B Y P H O N E F I C B
 R I V U F M D A M R P M R A P A
 E E E S S C R D E G L A S L H T
 S A F T N B H N B E H I N D N E
 C Q L O T L K O V N I L C E B M
 I B F M R A N L I U I A M T C D
 N E A A E M U D R C A E M A I S
 D V L R H E V T S I E E T S N U
 R Y A Y A J A K I R S I C N B M
 R E S P O N S E G O J O N E U M
 C P N P K I C A N L U P O P A O
 T L U O R Z N U A N S O L M Q N
 T A P L E E D C T U T E L O S S
 G N C I T J S J U H I O K C T A
 L B I T B I S G R I F B C R J D
 O P I I F F E X E C I Q T O I I
 M R Y C W U M Z E N C U A S C N
 W O R A P O L I C Y A R T S L C
 N E F L E N D L P S T R E R I R
 I T P R O S E C U T I O N O A E
 Q O V U M Y U N I B O L S A B A
 G A D F E T M L U I N U O D I S
 I N T E R E S T R A T E S S L E
 X A O G X H I N L K T O T U I S
 S I L K O O H E H T F F O B T U
 H R N E N K H N O T A R S W Y Q



Fed May Keep Rates Low as Tight Credit Impedes Small Businesses

By Steve Matthews and Vivien Lou Chen. *Bloomberg Businessweek*. April 26, 2010.

Michael Chapman, the owner of a building company with 20 employees in Santa Fe, New Mexico, has had trouble getting a bank loan and this month he let Kansas City Federal Reserve Bank President Thomas Hoenig know it.

Tight credit in commercial real estate “has really made it impossible for banks to lend to people like me,” the president of Chapman Homes said during a question period after an April 7 speech by Hoenig. Chapman said his company, unable to get a loan to hire 15 workers while big Wall Street firms get record bailouts, is “too small to succeed.”

Owners of small businesses across the country are telling Fed officials that they would expand and hire more workers if only they could get financing. Policy makers at the end of a two-day meeting starting tomorrow may cite scant lending as a drag on demand as they affirm a pledge to keep interest rates low for an “extended period.”

“It’s going to be a slow recovery to the extent it depends on banks opening up their lending,” said William Ford, a former Atlanta Fed president now at Middle Tennessee State University in Murfreesboro.

Small companies generated about two thirds of the new jobs over the past 15 years...

‘Extremely Weak’

“Lenders have gone to the extreme of being very tight, very cautious, as they recover from serious earnings problems.”

The Federal Open Market Committee is scheduled to issue a statement on April 28.

Confidence among U.S. small businesses fell in March to the lowest level since July 2009 as executives grew more concerned about earnings and sales, the National Federation of Independent Business reported April 13. More borrowers reported credit hard to get and good borrowers saw little reason to expand borrowing, said William Dunkelberg, the group’s chief economist.

Out of Woods

Fed Chairman Ben S. Bernanke said in an April 7 speech that while a U.S. economic recovery is under way, “we are far from being out of the woods,” in part because of tight credit.

“Bank lending remains very weak, threatening the ability of small businesses to finance expansion and new hiring,” Bernanke told the Dallas Regional Chamber.

Commercial and industrial loans at U.S. commercial banks declined by \$900 million during the week ended April 14 to \$1.27 trillion, according to Fed data released on April 23. In March, such loans hit the lowest point in more than two years.

Revolving debt, such as credit cards, which are often used to finance small businesses, fell by \$9.4 billion in February, the biggest decline in three months, according to Fed statistics.

“Currently, there is little evidence that financial institutions are significantly expanding the provision of credit and liquidity,” Janet Yellen, president of the San Francisco Fed said in an April 15 speech in San Francisco. “Quite the contrary, even with very low interest rates, credit flows remain extremely weak.”

The shortage of credit for small businesses will probably slow a decline in the U.S. unemployment rate, which fell to 9.7 percent in March from 10.1 percent in October.

Small companies generated about two thirds of the new jobs over the past 15 years, Cleveland Fed President Sandra Pianalto said in February. During recoveries from the 1990 and 2001 recessions, firms with fewer than 20 employees expanded their payrolls more than any other firms, she said.

continued on next page...

“Fed May Keep Rates Low as Tight Credit Impedes Small Businesses” continued...

The FOMC this week will probably affirm its view that the recovery may not be strong enough to reduce unemployment rapidly, said former Fed Governor Lyle Gramley, a senior economic adviser at Potomac Research Group in Washington.

Gotten an Earful

While speaking to executives across the U.S., Fed officials have gotten an earful from small business owners hungry for financing.

In Dayton, Ohio, Bernard Jergens, general manager of Breckenridge Financial Supplies, which sells automated teller machine supplies, told Pianalto in February his firm was forced to scramble for funding after its lender declined a refinancing application. Businesses “have to work harder to find a solution” to meager credit, he said to Pianalto.

In Santa Fe, Richard Czoski, 57, Santa Fe Railway Community Corp’s executive director and a developer for 25 years, told Hoenig that “conservative” real estate projects can’t obtain financing.

“There is an unwillingness on the part of local banks to lend,” he said in an interview. “Even reasonable projects can’t get financing.”

In Alexandria, Virginia, Diane Palminteri, president of Innovation Associates, told Fed Governor Elizabeth Duke on April 19 that start-up firms -- hurt by “contracting venture capital” and declining home equity -- are pressed for loans. “They are increasingly challenged even more than existing small businesses,” she said.

Never Defaulted

Chapman, 57, who’s never defaulted on a loan, says that with financing he’d add 15 or more jobs and build five or six more houses. “Anything called a commercial real estate loan is virtually unavailable,” he said in an interview.

His concern was echoed last week by New Mexico Governor Bill Richardson, who wrote Bernanke and other banking regulators that the “overzealous” application of rules may be choking off lending. Community banks didn’t cause the financial crisis but they “are feeling increased pressure to restrict lending by federal financial regulators in the field,” he said.



Some banks may be reluctant to lend because of the large numbers of problem loans, Hoenig said in response to Chapman. “The banks are going to be more cautious,” he said.

‘Problem’ Banks

U.S. banks reported profits of \$914 million in the fourth quarter, compared with a \$38 billion loss in the year-earlier period, the Federal Deposit Insurance Corp. reported. Still, the number of “problem” banks climbed to 702 with \$402.8 billion in assets, the highest level in 17 years.

The policy makers’ statement will probably affirm their March 16 description of inflation as “subdued,” Fed watchers said. The central bank’s preferred gauge of inflation rose at a 1.3 percent annual rate in February, below the Fed’s longer-run goal of 1.7 percent to 2 percent.

In assessing the economy, the FOMC may be “heartened” by strength in the housing

market and a firming in financial markets, said Gregory Hess, a former Fed economist who’s now dean of the faculty at Claremont McKenna College in Claremont, California. He is a member of the Shadow Open Market Committee, a group that critiques Fed policy.

“Credit demand has been pretty soft and that means the economy is not going to grow rapidly or very much,” said Sung Won Sohn, former chief economist at Wells Fargo & Co. and now an economics professor at California State University-Channel Islands in Camarillo, California.

“Sluggish growth, low inflation and weak credit demand all translate into what Bernanke has talked about: low interest rates for an extended period,” he said.

Some banks may be reluctant to lend because of the large numbers of problem loans...



Turkey Problems?

➤ <http://ancienthomeofdragon.homestead.com/fun3.html>

A lady was picking through the frozen turkeys at the grocery store, but couldn't find one big enough for her family.

She asked a stock boy, "Do these turkeys get any bigger?"

The stock boy replied, "No, ma'am, they are dead." ➤

A Real Friend

➤ <http://ancienthomeofdragon.homestead.com/fun3.html>

Two friends were standing in a bank when a pair of robbers entered. Not only did the thieves clean out the tills, but also they walked around with bags and ordered everyone to throw their valuables in. Just as the robbers got to the pair, one of the friends turned to the other and, passing him a bill, said, "By the way, Joe, here's that twenty bucks I owe you." ➤

Did You Know...

- The average computer user blinks 7 times a minute.
- The average person's left hand does 56% of the typing.
- When you sneeze, all bodily functions stop ... even your heart!
- The average person over fifty will have spent 5 years waiting in lines.
- The toothbrush was invented in 1498.
- 40,000 Americans are injured by toilets each year.
- A coat hanger is 44 inches long when straightened.
- Your feet are bigger in the afternoon than the rest of the day.
- There are more chickens than people in the world.
- A cat has 32 muscles in each ear.
- A shark is the only fish that can blink with both eyes.

Words of Wisdom

"Outstanding leaders go out of their way to boost the self-esteem of their personnel. If people believe in themselves, it's amazing what they can accomplish." - Sam Walton

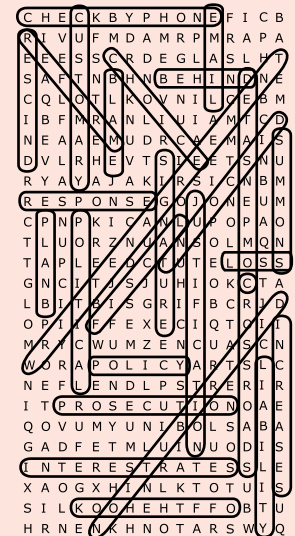
"Lots of people want to ride with you in the limo, but what you want is someone who will take the bus with you when the limo breaks down." - unknown

"The mediocre teacher tells. The good teacher explains. The superior teacher demonstrates. The great teacher inspires." - unknown

"When our memories outweigh our dreams we become old." - Bill Clinton

"Fast is fine, but accuracy is everything." - Wyatt Earp

Answer Key



Published by Brown & Joseph

For letters to the editor e-mail
asima@brownandjoseph.com



BROWN & JOSEPH