

**CollectCheck** ..The **FREE** NSF electronic payment processing system.

**Collectcheck is a NO CHARGE collection system for recovering non-sufficient funds (NSF) checks quickly and efficiently with our electronic fund transfer re-deposit system.**

## **Benefits**

It's a **FREE** service. We charge the writer of the NSF check a processing fee and the amount is governed by the state where the check writer resides.

Our system eliminates a re-presentment check fee charged to your bank account.

You receive **100%** of the face amount of the NSF check.

Faster access to your funds with our electronic re-presentment system.

Recovery rate is over **70%** of the checks re-presented.

Funds from check recovery are remitted to you weekly

## **Signing up: Is as EASY as 1,2,3!**

Complete an electronic check recovery agreement, bank release form and attach your voided business check (for the account where you want your collected funds deposited).

Post a check policy statement at point of sale, on credit application, contract agreement, or the face of an invoice as well as website. This is a simple statement notifying the customer that a dishonored check will be collected with an electronic debit to their account for the amount of the check plus a processing fee of \$25.00 (or legal limit) plus any applicable sales tax.

For immediate enrollment, FAX signed agreements and voided business check to 702-543-4843. Then mail the signed agreements, voided business check and business card to:

**Levy Diamond Bello & Associates**

P.O. Box 889

North Attleboro, MA 02761-0889

***Now you are ready to protect your investment!!***

**To get started:** Call our Sales Department at 203-876-1000 x7942 or send us an e-mail at [dan.figuly@ldbassociates.com](mailto:dan.figuly@ldbassociates.com)



# Insights & Perspectives

Editor: Hank Nothnagel

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## Las Vegas, Nevada June 10<sup>th</sup>, 2002

We anxiously look forward to seeing all of our friends and clients at this year's NACM Convention being held at Bally's Las Vegas. Our booth number is # 807 and we look forward to having you stop by to say hello and meet Lee, Dan, Kerry, Lorraine and Brenda.

### Opening Reception

Monday evening June 10<sup>th</sup> from 4:00 to 6:00 PM, at the Exhibit Hall.

### Exhibit Dates and Times

Tuesday June 11, 2002 from 11:00 AM to 2:00 PM and 5:00 PM to 6:30 PM

Wednesday June 12, 2002 from 10:30 AM till 2:00 PM

We will also be attending the Broadcast Credit Financial Management Conference in Orlando, Florida at the Wyndham Palace Hotel on June 19<sup>th</sup> thru the 21<sup>st</sup> and look forward to seeing those of you who are attending that conference as well.

## Greenspanomics 101

### How the Fed Influences the Economy

Most of us are familiar with the Federal Reserve Chairman Alan Greenspan and the power that he and the "Fed" wield over interest rates, and therefore, the economy. But when you read that the Fed has cut the rates again, what exactly does that mean? Let's take a quick refresher course on the relationship between the Fed, the money supply, and the economy.

One of the Federal Reserve's most important roles is maintaining a healthy economy. There's a delicate balance between a stalling and an over accelerating economy that the Fed strives for. When the economy becomes sluggish, the Fed takes steps to get it going again. But when the economy is going "too" well, the Fed takes action again, to rein it in and protect against a healthy economy's archenemy: inflation.

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## ***Everybody loves Ritchie, well almost!***

*Our featured employee this edition is Richard Graziano, our Director of Operations at Levy Diamond Bello & Associates.*

*As Director of Operations he is responsible for our Customer Service Department , the education and training for our collectors, and assisting Chris Ricciuti our Manger of Information Technology in the day to day functions of our internal MIS operations.*

*Previous experience in our industry includes a period of 5 years as assistant and then collection manager of a national collection agency, along with a 5 year period in the communications industry where Richard, established and grew a cellular / digital communications business which he recently sold.*

*A resident of North Haven, along with his wife Donna of 10 years and his two children, Angelo 7 and Giovanna 4, he enjoys outdoor sports and occasionally getting off for some solitude on his Harley.*

*We believe you will agree that we are fortunate to have such a fine young man on our management team. Pictured below are Richard (standing) arriving at some solutions to a customers request with Chris Ricciuti.*



## **Greenspanomics 101 Continued**

### **The Money Supply**

There are three ways the Fed can influence the economy, all have to do with controlling the money supply. Increasing the money supply—easy money policy—promotes growth in the economy. Companies hire more workers, consumer confidence rises, people spend more, then companies need to hire more workers to meet growing demand.... and so on. The trick here is to sustain growth in the economy without sparking inflation. Inflation occurs when the prices rise faster than the money supply and consumers are then able to afford less and less. Demand decreases, companies lay off workers, consumer confidence declines, and people spend even less, possibly sending a once-vibrant economy into recession. The Fed employs a tight money policy—reducing the money supply—to rein in the economy before it enters an inflation spiral.

### **Reserve Requirement**

The first instrument the Fed can manipulate to implement its monetary policy is the reserve requirement. This is a very powerful tool that the Fed seldom uses; its impact is too strong. Banks earn profits by lending money to the public in the form of mortgages and commercial loans. The reserve requirement dictates how much of the deposits a bank receives that may be used for new loans and how much must be kept on hand, in “reserve.”

### **The Discount Rate**

The second vehicle the Fed controls is the discount rate. Banks may borrow additional reserves from the Fed, which in turn are lent out, increasing the money supply. The Fed can influence this by raising or lowering the interest rate banks pay for these loans—the discount rate. This mechanism is not very powerful because banks aren't allowed to borrow very much this way anyway, and do so at their own choice. The discount rate is closely monitored by the financial markets, however, as an indication of the Fed's intentions. On November 6, in addition to cutting the federal funds rate, the Fed did reduce the more symbolic discount rate.

### **Federal Funds Rate**

The Fed's most commonly employed strategy to manipulate the money supply is to change “rates.” In 2001, the Fed's Open Market Committee made cuts an unprecedented 11 times, bringing rates to 40 – year lows. When you hear that the Fed is raising or lowering interest rates, this refers to the federal funds target rate—the rate banks charge each other for overnight loans drawn on excess reserves. Now, the Fed can't actually “raise” or “lower” the federal funds rate. Instead it employs the classic theory of supply and demand, buying or selling government securities on the open market. (This is where the Federal Open Market Committee (FOMC) gets its name. It is the body that meets every six weeks to decide whether to adjust monetary policy—to “cut rates” or not.)

When the Fed buys the securities, it pumps money into the economy and increases bank reserves. Increased availability means banks will charge each other less to borrow excess reserves. Voila, the federal funds rate decreases. To slow down the economy, the Fed sells government securities, taking money out of circulation and lowering reserves, which will cause the federal funds rate to rise.

### **It's an Art**

As you can see, this is more art than science. Typically, it takes about six months before changes the Fed makes to its monetary policy affect the economy directly. That's why the issue is so hotly debated. It is very hard to judge whether to continue increasing or decreasing rates, or if the actions already taken will have the desired effect. For now, we take our cues from Mr. Greenspan by continuing to cut rates, the Fed signals that it will go to great lengths to jump start the economy.

Article courtesy of Joseph Uradnik, J.D. Vice President- Investments / Complex Manager. If you have any questions Joe can be reached at [joseph.uradnik@advest.com](mailto:joseph.uradnik@advest.com).