

# Levy Diamond Bello & Associates, LLC

# Insights & Perspectives

## Be Wary of Those Checks Sent by the Credit Card Companies

Over the course of the last twelve months or so, you have probably been deluged with envelopes and envelopes of mail sent by the numerous credit card companies out there that promise free this and free that.

Be wary as these offers are anything but free. The credit card companies are mass mailing dubious marketing materials that could cost the consumer a great deal of money.

Connecticut's Department of Banking issued a warning to all consumers last month indicating that major credit card companies may attempt to sign them up for costly programs they don't want by sending them a check in the amount of \$4.00. Imagine the level of surprise by the customers who cashed that check as they subsequently got charged \$139.95 for a program that promises to save the consumer money at major retail stores. The fine printed terms and conditions of the offer is that the customer must cancel the membership within 30 days of cashing that \$4.00 check or the credit card company charges his or her account the \$139.95 first year membership fee.

According to Connecticut State Banking Commissioner John P. Burke, "The act of cashing one of these checks establishes an agreement between a consumer and their credit card company, and I want to be sure that the consumer knows exactly what that agreement means".

On a national scale, there are thousands of offers being mailed to American households daily. These mailings often reel in the most vulnerable by tempting them with free credit reports, free money, or cheap loans that they never requested. Furthermore, these free offers in the mail tend to target people least capable of repaying the loan.



The promotional material welcomes the recipient's business by encouraging them to use the money for whatever they need. Unfortunately, these loans come with an astronomic rate of interest when the consumer defaults on their repayment schedules.

While they have yet to be tagged as scams, they are unquestionably deceptive.

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# Credit Management Consulting Program

Credit professionals are challenged daily with making appropriate determinations on a customer's credit worthiness. Making these important decisions require sound credit investigation in order to ensure that the sale does not end up fraudulent or abandoned. All honest customers intend to repay the debt; it's whether they truly have the means to repay the debt that is another story.

One of our most valuable services available is the Credit Management Consulting Program. This is an educational tool targeted to assist the Credit Manager in making those tough decisions that could improve or impair the organization's bottom line numbers.

The Credit Management Consulting Program is organized and provided by President & Chief Executive Officer, Lee D. Baldieri. Lee is a past President of the National Association of Credit Managers. He taught credit and collection courses at the University of Hartford in Connecticut as well as the University of Bridgeport. Lee was a credit and collection manager for Olivetti Corporation, American Chain & Cable Company, and Pitney Bowes Corporation.

Lee has been instrumental in developing and hosting several industry credit groups. These groups are formed within a particular industry and may meet monthly or quarterly, depending on the group's requirements. There is an exchange of information relative to the credit history of each participant's customers as well as an open forum to exchange policy and procedure ideas and issues.

"This program has proven more valuable to the subscribers than they ever expected," comments Lee Baldieri. "The information shared among these credit professionals is not something that they could obtain from a book. The hands-on approach to our forum allows the member to gain educational strength from others within their industry while establishing trustworthy working friendships. And, the cost to join an industry group is minimal in comparison to the information gained and shared from the meeting."

The industry group meetings remain federal antitrust laws sensitive so that free trade is not compromised. A statement on antitrust is read at the start of the meeting and compliance to same is adhered to. "While nobody intends to bad-mouth a customer, there are times when emotions run high and inappropriate statements about an individual or a corporation are made" and Lee has had to cease a few discussions because some credit members were inching towards blacklisting a potential customer. While on the surface it appears that the antitrust laws may inhibit the meetings, there still remains an immeasurable amount of ideas and information exchanged.

Another facet of this program is our Credit Department Policy & Procedure Manual Compilation. Although most Credit & Collection Departments have policies and procedures engaged, quite often they are not written down in concise, understandable language. Lee Baldieri will meet with you and based on the answers to his easy questionnaire, he will evaluate, analyze and create a credit policy and procedure manual for you.

All interested credit professionals may contact Lee Baldieri at 203-876-1000 for more information.

# Identity Theft

By now, everyone has seen those creative commercials for identity theft. A man with a woman's voice bragging about the expensive lingerie she bought with his credit. The woman under the hair dryer with a young man's voice bragging about the home entertainment system he purchased with her credit. It is all of ours worst nightmare.

Unfortunately, instances of identity theft have more than doubled over the last three years and are the source of the leading consumer fraud reported to the Federal Trade Commission in 2003.

Stolen credit cards and stolen social security numbers can wreak havoc on your life. Once a thief steals your identity, he/she can establish new credit using your name, birth date, and social security number. With the new card, they can rack up piles of debt, walk away from the bills and then your credit history is marred.

Unfortunately, you may not know when or how your identity is stolen for some time. Victims, oftentimes, don't learn of the theft until they have a credit report run and they see that it includes unrealized debt.

There are several simple ways to protect your identity and your credit.

1. Don't carry your Social Security card.
2. Review your credit report every 6 months.
3. If a merchant requests your Social Security Number, don't give it.
4. Never provide your Social Security Number or credit card number to unsolicited telephone callers or over the Internet.
5. Take care to shred documents containing your Social Security Number, credit card number. Do the same for old bank statements

Thieves are crafty. If you are a victim of identity theft:

1. Contact the fraud divisions of each of the 3 major credit bureaus and report your stolen identity.
2. If any credit card accounts have been accessed or established, contact the security departments of those creditors or financial institutions and close these accounts.
3. File a report with the police. Obtain a copy of the report in case the bank or the credit card company requires proof of the theft in the future.

For future reference, here are important telephone numbers and websites:

Equifax [www.equifax.com](http://www.equifax.com)

Report Fraud: 800-525-6285  
Order credit report: 800-685-1111

Experian [www.experian.com](http://www.experian.com)

Report Fraud: 888-397-3742  
Order credit report: 888-397-3742

TransUnion

Report Fraud: 800-680-7289  
Order credit report: 800-916-8800



## Calendar of Events

July 9 – 14, 2004

Commercial Law League of America  
110<sup>th</sup> National Convention  
Newport Marriott  
Newport, Rhode Island  
[www.clla.org](http://www.clla.org)

July 12 – 14, 2004

ACA International  
65<sup>th</sup> Annual Convention & Exposition  
Hyatt Regency Dallas at Reunion  
Dallas, Texas  
[www.acainternational.org](http://www.acainternational.org)

July 14, 2004

International Association of Commercial Collectors  
16<sup>th</sup> Annual Strategic Management Conference  
Hyatt Regency Dallas at Reunion  
Dallas, Texas  
[www.acainternational.org](http://www.acainternational.org)



## US Economic Statistics

U.S. Bankruptcy Rates:

Number of bankruptcy petitions filed in federal courts and % change from previous quarter:

Q1, 2003	412,968	(4.5%)
Q2, 2003	440,257	(6.6%)
Q3, 2003	412,989	(-6.2%)
Q4, 2003	393,348	(-4.8%)

\*\*Source: [www.uscourts.gov](http://www.uscourts.gov)

## Happy Birthday!!

- April 15 - Tom McCarthy,  
Account Resolution Specialist
- May 9 - Adria Baldieri,  
Records Administrator
- May 17 - Eric Cohen,  
Account Resolution Specialist
- June 23 - Cheryl Poliquin,  
Manager – Client & Collection Support
- June 23 - Kerry Kelly,  
Director of Media Sales
- June 27 - Harvey Kazdon,  
Regional Sales Manager
- June 28 - Richard Graziano,  
Director of Operations