

# E ~ Credit News

February 2018

The Business Credit  
Management Association  
Wisconsin

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15755 W Rogers Drive #200  
PO Box 510157  
New Berlin WI 53151-0157  
(262) 827-2880 Phone  
(262) 827-2899 Fax



## DEBT COLLECTION

~ is the process of pursuing payments of debts owed by individuals or businesses. An organization that specializes in debt collection is known as a collection agency or debt collector.<sup>[1]</sup> Most collection agencies operate as agents of creditors and collect debts for a fee or percentage of the total amount owed.

Debt collection has been around as long as there has been debt and is older than the history of money itself, as it existed within earlier systems based on bartering. Debt collection goes back to the ancient civilizations, starting in Sumer in 3000 BC. In these civilizations if a debt was owed that could not be paid back, the debtor and his wife, children or servants were forced into "debt slavery", until the creditor recouped losses via their physical labor. Under Babylonian Law, strict guidelines governed the repayment of debts, including several basic debtor protections.

By the Middle Ages, laws came into being to deal specifically with debtors. If creditors were unable to collect a debt they could take the debtor to court and obtain a judgment against him. This resulted in either the bailiff of the court going to the house of debtor and collecting goods in lieu of the debt, or the debtor being remitted to debtor's prison until his family could pay off the debt or until the creditor forgave it.

During the Great Depression of the 1930s in the United States, large financial institutions relied heavily upon foreclosure to collect outstanding mortgage debts, which gained an overwhelmingly negative public perception.

Members and non-members alike can trust Wisconsin Credit Association Commercial Recovery Services Department to assist with debt recovery here in the United States or anywhere in the world.

**BACKGROUND....**The Association's Commercial Recovery Services offers effective results. Regardless of your company's size or location, the consistent common denominator of all business concerns is professional and efficient recovery specialists who can help with your delinquent accounts.

**CREDENTIALS.....**Wisconsin Commercial Recovery Services is recognized and acknowledged for establishing and setting industry standards for generally accepted credit and collection practices and principles and is integrally associated with the Commercial Law League of America. To ensure our financial responsibility, Wisconsin Commercial Recovery Services is bonded, regulated and licensed by the Wisconsin Department of Financial Institutions.

**PERSONALIZED SERVICE.....**Our experienced professional staff acts as an extension of your collection function working with you to obtain results. We pride ourselves on our ability to analyze each case, take the necessary and appropriate action(s) and recover your receivable in the shortest time possible. Our number one goal is to protect our members' interests at all times. Our recovery services staff can provide you with professional and practical advice at critical times during the collection process.

**INDIVIDUALIZED & STATISTICAL INFORMATION.....**Effective no-nonsense communications is key to keeping you informed on your debtors. We report significant timely information to you as your case proceeds. We provide, upon request, a computerized status report to keep you apprised on all of your debtor accounts, allowing you to track individual debtor progress.

To learn more about what we can do to help you visit <http://wcacredit.org/collections.shtml> or give us a call at 262-827-2880

**NEW MEMBER REPRESENTATIVE**

Abby Barr  
Clack Corporation  
Lisa Spano  
JP Morgan Chase Bank

**NEW GROUP REPRESENTATIVE**  
**REGIONAL PAPER & PACKAGING INDUSTRY CREDIT GROUP**

Mark Szczygiel  
Case Paper

**FOOD SERVICE SUPPLY HOSPITALITY INDUSTRY CREDIT GROUP**

Mark Szczygiel  
Case Paper

**INTERNATIONAL CREDIT EXECUTIVES INDUSTRY CREDIT GROUP**

Abby Barr  
Clack Corporation  
Lisa Spano  
JP Morgan Chase Bank

**NEW GROUP MEMBER**

Katie Marquardt  
Hoffmaster Group Inc



**MEMBER NEWS:**

Congratulations to Ricki Lewis, All County Electric Supply on her new title, Credit Manager.

After a distinguished and outstanding 40+ year career in international banking, credit & trade finance and global business, Thomas A. Gaglione has retired. Tom is well known in the business community for his expertise, leadership and service with industry groups including the Governor's Advisory Council on International Trade, MMAC-World Trade Association, Wisconsin District Export Council, and Wisconsin Credit Association International Credit Executives.



**Forum Discussion: Is the Invoice Date or the Receipt of Goods the determining factor when goods are in transit when a customer files bankruptcy?**

**Question: Is the Invoice Date or the Receipt of Goods the determining factor when goods are in transit when a customer files bankruptcy? I shipped goods prior, was in transit at filing, and delivered after the filing date.**

=====

Accounts Receivable Manager, Consumer Products Company

In past credit lives, on advice of legal counsel, we always did it on Receipt of Goods. If something were in-transit, we would take it off the road and return it to the point of origin (warehouse/mill).

Credit Manager

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We had such a case in which we had goods in transit prior to bankruptcy filing that were not delivered/received until after the filing. It was realized as post-petition debt. I would suggest that you speak with an attorney though.

Credit & Risk Manager, International Chemicals America Inc.

=====

You can also reclaim the goods within 45 days as part of the new BK rules of 2005. Ditto on checking with your attorney on all specifics.

Credit Services Manager, Apparel Company

=====

Right, the prevailing laws allow the creditor the right of stoppage of goods en route. I guess that is hard or impossible to do with UPS, FedEx, etc... It used to be, that might have changed. In determining reclamation or similar rights, date of delivery is the key date.

Credit Manager, Media Company

## Three Clauses to Look for in Vendor Agreements: Do You Read Your Vendor Agreements? Why One Senior Credit Exec Does It Himself (continued)

If title transfers on receipt of goods that should be the date. If title transfers at the shipping point then that date should determine. If title transfers on receipt of goods that should be the date. They may want to affirm that they will pay for the in transits as priority while they are debtor in possession

Credit & Collection Manager, Medial Equipment Company

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As everyone always appropriately states, "best to seek legal advice" but my "non-legal" advice is I believe it is dependent upon the shipping terms. Where does title pass? If it passes at your dock, I do not believe you can legally stop it but just like with receiving funds during the preference period, I would stop it and sort out the consequences later. If title does not pass until upon delivery, I do not believe there are any legal issues to deal with, as it is still your property.

Director - Credit Management, Japanese Electronics Company

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A couple of articles on the rights of stoppage in transit. I think the legal concept is that the UCC provisions allowing this would trump anything else.

[http://www.btlaw.com/files/BC-June-Deb%20Thorne\\_artic.pdf](http://www.btlaw.com/files/BC-June-Deb%20Thorne_artic.pdf)

<http://mercantilelaws.blogspot.com/2012/05/essential-features-of-right-of-stoppage.html>

Credit Manager, Media Company

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You have 20 days in which to reclaim your product under the creditor's right to replevin. I would contact your attorney immediately and see about getting the product back. You have to move quickly, but I have done this several times and beats losing the product & the money.

Credit Manager, Window Treatment Firm

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We had such a case in which we had goods in transit prior to bankruptcy filing that were not delivered/received until after the filing. It was realized as post-petition debt. I would suggest that you speak with an attorney though.

Credit & Risk Manager, International Chemical Company

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Also, note that you could have the right to file as an admin expense creditor under 503(b) (9) if you cannot get your goods back because the secured lender plays his trump card or some other reason. This would give you a better position in any distributions if there are any.

Credit Manager, Media Company

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As far as reclamation rights go, it is date of delivery. There are a number of sources you can google for on that topic.

As far as 503(b) (9) rights to get administrative level claim rights if you do not get your goods back, it is also based on delivery (see link)

<http://www.lowenstein.com/files/Publication/4b72f2a3-3867-45de-9457-6e5680072d0e/Presentation/PublicationAttachment/1deb8129-d8f2-469e-babc-7affacc0730f/The%2020-Day%20Good%20Priority%20Claim.pdf>

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## Three Clauses to Look for in Vendor Agreements: Do You Read Your Vendor Agreements? Why One Senior Credit Exec Does It Himself (continued)

Creditors' rights and bankruptcy attorney Richard Macias helps us out on the listserv (for example, when there's something that is more "nuanced" than usual in the anti-trust area, I rely on Richard heavily, and he's always helpful).

However, of course, his wheelhouse is this particular discussion, and he wrote the following late on Friday: The media company credit exec's response, and his advice in his comment below, are correct. Of course, actions by a creditor that impact a bankruptcy debtor should be taken only after careful consideration with counsel.

This question for example, involves an intricate weaving together of the UCC and the Bankruptcy Code. It turns out, however, there actually is a bottom line answer:

The rules governing the Seller's right of stoppage in transit are derived from the UCC and the UCC defines "receipt" of goods as the point when the Buyer takes physical possession of them. The more abstract concepts of "passage of title" that are used to determine some other important concepts under the UCC do not apply to the Seller's right of stoppage.

\*\*\*\*\*

Richard C. Macias  
Creditor's Rights Attorney  
Sherman Oaks, CA  
213-842-3496

Rob Lawson, Credit Today LLC

## Seven Questions to Rate the Effectiveness of Your Team

**"Do you work on a team?"** Peggy Morrow, one of our favorite HR-related writers, asks. She has facilitated many team-building events and found that it is common for teams to have difficulties working together. She has observed that disagreements are often not brought up at meetings, but are instead discussed in cliques between meetings, referring to these as "bathroom" or "parking lot" conversations.

Here is her list of questions you can use to rate your team's effectiveness.

- 1) Are different, innovative ideas truly encouraged or does your team tend to reject them and concentrate on why they won't work?
- 2) Does the team uncover hidden disagreements among its members and fully work them through?
- 3) Does each team member fully understand their role? Is their role understood by other members of the team?
- 4) Are team members held accountable for their share of the work?
- 5) Is there an atmosphere of appreciation, frequent praise, and recognition from team member to team member or is it mainly negative and focused on what people are NOT doing?
- 6) Do you believe that all members are fully committed to your team's goals?
- 7) Do team members have a feeling of pride about their involvement on the team?

Contact me if you would like to schedule a customized team-building event!

Thanks to Peggy Morrow. [peggy@peggymorrow.com](mailto:peggy@peggymorrow.com) 281-280-8190. [www.peggymorrow.com](http://www.peggymorrow.com)

## Collection Communication Checklist

Usually, that is the type of thing you put on autopilot and then rarely - if ever - pay attention to it again. However, it is important to periodically take a look at what you are doing. After all, there is always room for improvement and things change over time. Here is a handy checklist you can use to make sure you are covering all your bases. When crafting any collection communication, make sure you follow these "tried and true" principals in order to maximize your results.

Source: Credit Today's Checklists

### Collection Communications Checklist

Use this checklist to make sure your collection communication is the best it can be!

PASS	FAIL	Does Your Collection Communication Meet These Tests?
<input type="checkbox"/>	<input type="checkbox"/>	<b>Reference:</b> Collection letters should always include debtor's name, address, and invoice date, description of merchandise or service and amount due.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Personal attention:</b> Avoid form letters. Tailor the letter to the individual situation. Try to address the letter to a particular individual at the debtor firm.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Assign responsibility:</b> Note the fact that your customer signed an order or accepted the merchandise or service.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Motivation:</b> Appeal to honesty, fair play, valued reputation, desire to avoid disputes, goodwill, and maintaining vendor relationships.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Face saving:</b> Consider phrases such as "inadvertently overlooked," "earlier letters not referred to you," etc. Do not imply that an invoice was deliberately bypassed.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Urgency:</b> The tone should indicate that the matter should be settled quickly but avoid an indication of panic. Sometimes letters mailed about a week apart can create a sense of urgency.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Attention formats:</b> Use different types of letters, shapes, sizes, colors, etc.; interspersed with mailgrams, telegrams and telephone calls. Similarity of communications can counter the sense of urgency. Routine letters defeat any motivation to settle the matter.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Heightened impact:</b> Sending a document by registered letter with return receipt requested will assure that the debtor receives the letter and indicates urgency. Collecting more quickly and with less follow-up can easily offset the added cost of mailing such letters.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Promises:</b> Remind debtors that they agreed to pay within certain credit terms.
<input type="checkbox"/>	<input type="checkbox"/>	<b>Time element:</b> Set a limit as to when a response is desired.

# CREDIT TODAY

The premier online community & resource for trade credit execs

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# TSYS Merchant Solutions<sup>SM</sup> (Partners)

Need credit card payment solutions for your business? Whether large or small, TSYS has the customized solutions to fit your business needs. BCMA partners with TSYS because they are focused on creating more value in our client relationships than ever before, and their voice has emerged as one of the most trusted in the payments industry. This true spirit of partnership, and the accompanying understanding that our success is determined by our clients' success, infuse everything we do. Whether you're LOOKING TO BEGIN ACCEPTING CREDIT CARDS, or LOOKING TO LOWER YOUR

CREDIT CARD SURCHARGE FEES...TSYS will help. Contact the Association at 262.827.2880. We'll put you in touch with a representative that will assist you. TSYS was named to Ethisphere's 2013 World's Most Ethical Companies List!

\*NACS Credit Services, Inc

\*Pennsylvania Association of Credit Management

\*The Business Credit Management Association Wisconsin

## Contact Us

ALL EMAIL ADDRESSES ARE: [firstname.lastname@wcacredit.org](mailto:firstname.lastname@wcacredit.org)



Phone: (262) 827-2880  
Web: [www.wcacredit.org](http://www.wcacredit.org)

Darryl Rowinski CCP, CPC X222  
President & COO,  
Membership  
Director of Professional Service Firm  
Solutions

Lisa Schroeter X224  
Data Transmissions  
Group Services  
E-Commerce  
Credit Reporting

Chrys Gregoire X221  
Administrative Support  
General Questions/Information  
Group Services

Dianna Rowinski X225  
Director of Education  
AP/AR  
International & Industrial Group Administrator

Annemarie Breske X231  
Director of Employment & Outsourcing  
Services  
Resume Referral Services

Gail Venne, X223  
Group Administrator  
Credit Reporting

### GOT AN IDEA?

Would you like to contribute to the BCMA Newsletter? The most important part is your idea. We can handle the polishing. Just write to us at [BCMAEditor@CreditToday.net](mailto:BCMAEditor@CreditToday.net) with your idea!



## 2017-18 Board of Directors

### Executive Committee:

Chairperson  
Penny Conaty CCP, CPC, CBA  
President  
Darryl Rowinski CCP, CPC  
Counselor  
Adriana Sertich CCP, CPC  
Director Emeritus  
Wayne Crosby, CCP, CPC

### Directors:

Abe WalkingBear Sanchez  
Davy J. Tyburski  
Rob Lawson  
Stu Sturzl, CCP, CPC  
Barry Elms

## UPCOMING INDUSTRY CREDIT GROUP MEETINGS

### **FEBRUARY 08, 2018**

Food Suppliers Industry Credit Group  
Madison, WI  
Metals & Industrial Suppliers Credit Group  
Discussion List Only

### **FEBRUARY 9, 2018**

Electrical Suppliers Industry Credit Group  
Delafield, WI

### **FEBRUARY 13, 2018**

Fine Paper/Graphic Arts Industry Credit Group  
Teleconference Call

### **FEBRUARY 14, 2018**

Regional Paper & Packaging Industry Credit Group  
Teleconference Call

Plumbing & Heating Industry Credit Group  
Waukesha, WI

### **FEBRUARY 15, 2018**

Construction Industries Credit Group  
Appleton, WI

### **FEBRUARY 16, 2018**

IL Fine Paper Industry Credit Group  
Lombard, IL



### **FEBRUARY 19, 2018**

Western Electrical Suppliers Industry Credit Group  
Discussion List Only

### **FEBRUARY 20, 2018**

Building & Construction Materials Credit Group  
Milwaukee, WI

### **FEBRUARY 21, 2018**

Minnesota Electrical Product Suppliers Group  
Brooklyn Park, MN

### **FEBRUARY 22, 2018**

Food Service Supply Hospitality Industry Credit Group  
Pewaukee, WI

### **FEBRUARY 27, 2018**

WI/IL HVAC Industry Credit Group  
Rockford, IL

# **BCMA** 2018 Educational Events

*Visionary Leadership Results*

### **February 19**

[CBMN Meeting "Generational Differences and Relationships"](#)

### **March 13 ~ AM & PM Session**

["Wisconsin Sales & Use Tax" Workshop | Madison WI](#)

### **March 14**

["Wisconsin Sales & Use Tax" Workshop | Brookfield WI](#)

### **March 15**

["Wisconsin Sales & Use Tax" Workshop | Kimberly WI](#)

### **March 22**

["Wisconsin Sales & Use Tax" Workshop | Eau Claire WI](#)

### **April 17**

["THE COMPLETE CREDIT PROFESSIONAL" Barry Elms full-day seminar](#)

CHECK OUT OUR [CALENDAR](#) FOR MORE UPCOMING EVENTS.  
YOU CAN TRUST THE ASSOCIATION TO ASSIST IN [RECOVERY](#) FROM YOUR DEBTORS ANYWHERE  
IN THE WORLD.

LET THE ASSOCIATION HELP WITH [EMPLOYMENT OPPORTUNITIES](#).