

Issue 52



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**The New Breed of Debt
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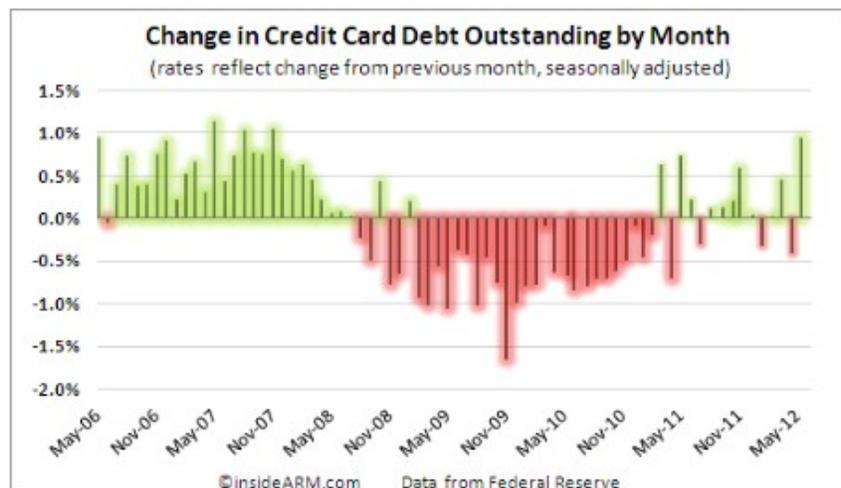
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CREDIT & COLLECTION NEWS

JULY 2012

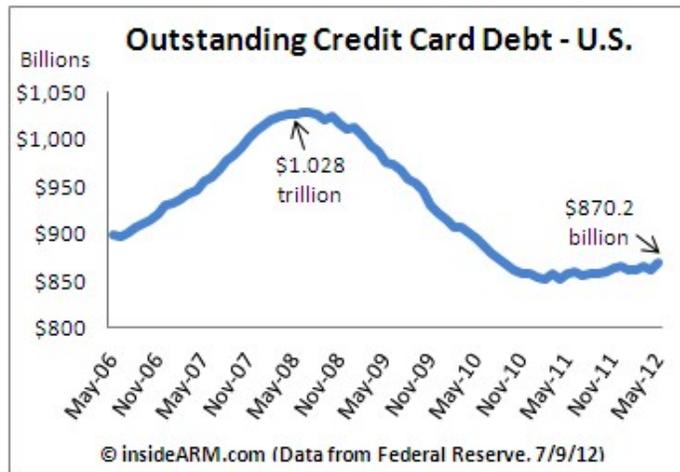
CREDIT CARD DEBT IN MAY GROWS AT FASTEST PACE SINCE RECESSION



U.S. consumers in May added \$8 billion to their outstanding credit card bills, the largest increase since before the beginning of “The Great Recession.” The Federal Reserve said in its monthly consumer credit data release (also known as G.19) that total consumer credit card debt outstanding at the end of May was \$870.2 billion. The revolving debt numbers come straight from Fed member financial institutions.

Total revolving debt outstanding in May increased a seasonally adjusted 0.93% from April, marking the highest monthly increase since November 2007, a month before the recession officially began and nearly a year before the financial crisis of fall 2008.

May’s numbers continue a trend of positive growth for credit card debt that has been evident for more than a year.



Credit card debt outstanding exploded in the early to mid-2000s, peaking at more than \$1 trillion in July 2008. After the financial collapse of October 2008, banks began charging off their credit card debt at a record pace, and enacted stricter lending standards which limited the availability of credit. Total credit card debt outstanding contracted by more than \$150 billion in less than three years.

But in March 2011, card debt started to grow again. In the 14 months since then, consumers have added nearly \$15 billion in debt to their credit card accounts. The Fed said that other consumer lending also increased in May. Non-revolving debt – mostly comprised of auto and student loans – grew by \$9.1 billion in the month. The Fed’s G.19 report does not include debt backed by real estate.

Source: InsideARM

NUMBER OF CONSUMERS WITH AN ACCOUNT IN COLLECTION GROWS



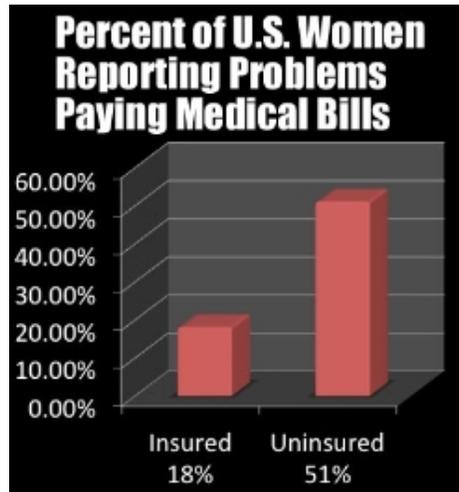
The percentage of Americans with at least one account actively in the third party debt collection process increased over the first six months of 2012, according to data released by a consumer help site. Bills.com reported this week that 11% of its users have an account that is being worked by a collection agency, an increase from the previous six months.

The average balance of accounts in collection also increased 17% to \$1,100. The data released by Bills.com reflects only the situations of consumers using its Debt Coach tool. But other data sources also show an increase in debt collection accounts. The Federal Reserve Bank of New York reported in May that in the first quarter of 2012, 14.26% of consumers had an account with a third party debt collector, up from 13.95% in the first quarter of 2011. The average account balance for loans in collection reported by the Fed was \$1,497, up significantly from the \$1,386 reported in the previous year.

Source: InsideARM

1 IN 4 WOMEN STRUGGLE WITH MEDICAL DEBT

26% of women in the United States have had “serious difficulty” paying medical bills, a new study by The Commonwealth Fund has found. A survey of U.S. women covering the year 2010 found that more than half (51%) of women without insurance or who only had coverage for part of a year could not promptly pay their medical bills. The study also found that 18% of women - nearly one in five - with insurance had difficulty paying medical debts. Almost 40% of women incurred medical expenses greater than \$1,000 in 2010, according to the study, and both insured and uninsured women reported similar out-of-pocket medical expenses for the year.



The study indicated that while the vast majority of women in the US have some form of medical insurance, 18.7 million women do not - a 50% increase since 2000. The study also compares insurance coverage and ability to pay of women in other industrialized countries and finds coverage for women in the US significantly lacking. Last month the Commonwealth Fund released a similar study, focusing on young adults. Some 36% of young adults, male and female, reported problems with medical debt, the study found.

Source: InsidePatientFinance.com

450 YEAR-OLD DEBT?



The sleepy hamlet of Mittenwalde in eastern Germany could become one of the richest towns in the world if Berlin were to repay it an outstanding debt that dates back to 1562. A certificate of debt, found in a regional archive, attests that Mittenwalde lent Berlin 400 guilders on May 28, 1562, to be repaid with 6% interest per year. According to Radio Berlin Brandenburg (RBB), the debt would amount to 11,200 guilders today, which is roughly equivalent to 112 million euros. An analysis showed that the debt would be worth roughly \$136 million, given the interest and conversion value of the defunct guilder (a gold coin commonly used in Europe in the 13th and 14th centuries). But with compounded interest and adjusted for inflation, the debt could be worth trillions.

Town historian Vera Schmidt and Mittenwalde's Mayor, Uwe Pfeiffer, have tried to ask Berlin for their money back. Such requests have been made every 50 years or so since 1820 but always to no avail. However Berlin's finance senator, Ulrich Nussbaum, ceremonially handed them a historical guilder from 1539, which was put

in a temporary display at the Mittenwalde museum.

Reclaiming the debt would bring significant riches to Mittenwalde, a seat of power in the middle ages, which now has a population of just 8,800. "This case shows that debts always catch up with you, no matter how old they are," Nussbaum told the Berliner Zeitung paper.

Source: Reuters

WELCOME ABOARD ... SALDUTTI CONTINUES EXPANSION



Saldutti Law, LLC continues to experience tremendous growth. The firm is pleased to announce the addition of three new staff members to our team: Amber Brown, litigation support, Rory McTear, legal intern and Kyesha Moultrie, Marketing/PR intern.

A California native, **Amber Brown** is a graduate of the American Military University of Charles Town. She served on active duty in the Air Force in Marysville, CA as an Intelligence Analyst.

Amber is currently a reservist with the Air Force.

Rory McTear has joins the firm as a legal intern. Rory will be a senior at Swarthmore College majoring in Political Science with a minor in History. At Swarthmore College he is an outfielder on the baseball team and was named to the Centennial Conference Academic Honor Roll in 2011 and 2012, as well as the Centennial All-Conference 2nd Team in 2011.

Kyesha Moultrie is a junior at Rowan University majoring in Marketing with a concentration in International Studies. At Rowan University she is a Resident Assistant as well as a member of the American Marketing Association.

~ Kyesha Moultrie

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