

What's Up

In the World of Collections

A Publication of Commercial Collection Corp. of NY

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The Essence of a Fraudulent Conveyance Claim

Any entity, such as a Sole Proprietorship, Corporation, Limited Liability Company or Partnership, may compile a plan with the ominous intent of routing assets away from creditors. If an entity completes such an act, these transfers are intentionally fraudulent transfers.

There are situations where an entity without such ominous intentions has to liquidate assets in order to raise funds quickly. In this instance, the entity liquidating or transferring the assets must receive fair value for those assets; otherwise, it can be considered a constructively fraudulent transfer.

In each of these instances, many factors must be reviewed before any transfer can be deemed fraudulent. The factors include proving the fraudulent intent of the entity to defraud its creditors, the financial condition of the debtor entity at the time of the transfer or liquidation, the relationship between the two entities that transfer and receive the assets, and the value received for the assets.

An intentionally fraudulent transfer of assets is, in essence, a conscious decision of a debtor entity to transfer or liquidate assets to defraud and avoid paying creditors. In many instances the transfer or liquidation occurs because the entity was either sued or was threatened with legal action. Transferring assets between entities, even if the owner is the same for both entities, must show that the debtor entity received fair value for the assets.

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To know what is right and not to do it is the worst cowardice.

~Confucius

Tolerance...is the greatest gift of the mind; it requires that same effort of the brain that it takes to balance oneself on a bicycle.

~Helen Keller



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A constructively fraudulent transfer is made without the ill intent to defraud or avoid paying creditors. These types of transfers occur for the most part due to a debtor entity not receiving fair value for the transferred asset while the entity was in financial distress. Keep in mind that financially stable companies may transfer assets for any value they deem fair as long as they are paying their creditors.

There are many nuances in proving both intentionally and constructively fraudulent transfers. However, knowing the basic circumstances of each may provide an alternative avenue to collect a receivable that might otherwise be deemed uncollectible.

If you suspect you may have any of these problems, contact your collection agency or attorney for advice.



Believe It or Not

All of us at Commercial Collection Corp. are working on being a "**Fred**."

What's a "FRED"?

Check out our Web site's home page and click on "**FRED**."

Your input is very important to us.

Tell us what you think!

"What's In A Name?": Do not be too quick to think that you have heard of a company, and therefore it is legitimate. Fraudulent companies will sometimes try to convince you that they have been around for a long time by carefully crafting a company name to mislead you.

Did You Know?

-The "**familiar**" name: The fraudulent company may use a name that is very similar to a successful, well-respected company in the same town, or similar to a company with a national reputation, such as the "International Business Machines Corporation."

-The "**big**" name: A fraudulent business may use an impressive, nondescript trade style that is intended to convey an impression of size and stature. Some of the favorite words used by these false companies are International, American, U.S., European, Atlantic, and Pacific.

Brain Teaser

You have two blocks of clay in cube form and the edges are 10 cm. How many spheres with a radius of 5 cm can you make with that amount of clay?

Answer to last Brain Teaser: GREEN

Winners of Last Drawing

1. Ms. Stacy Benson (New York, NY)
2. Ms. Tracy McCormick (Omaha, NE)
3. Ms. Ellen Miller (Cincinnati, OH)
4. Ms. Jane Beatty (Orleans, IN)
5. Ms. Barb Szpaicher (Buffalo, NY)

All answers to be placed on enclosed Special Placement Form.
5 Special Placement Forms will be pulled at random & sent a FREE Gift.

HAPPY BIRTHDAY!!

Libra

Born: Sept. 23 - October 22
Element: Earth
Quality: Charming & Energetic
Symbol: The Scales
Lucky Day: Saturday
Lucky Numbers: 2, 11, 17, 19, 22
Special Color: Blue
Starstone: Sapphire

Scorpio

Born: October 23 - Nov. 21
Element: Wind
Quality: Determined & Gifted
Symbol: The Scorpion
Lucky Day: Tuesday
Lucky Numbers: 4, 6, 9, 18, 29
Special Color: Dk. Red / Maroon
Starstone: Aquamarine

For more information or to place a claim, please contact Judy Mattioli at:

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