

PREVENTION:

- All Guarantees must be signed
- Who owns the Property?
- Risk Assessment

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SUPREME COURT RULING PIERCES CORPORATE VEIL

Plastamasta Tuggerah wins in Supreme Court!!

A customer entered into liquidation for his Company and although he had not signed personal guarantees on the credit application, the credit application had been constructed with an additional safety net within the terms and conditions to give the branch the right to take out caveats on the Directors Properties. CMSA placed caveats the instant the customer entered liquidation which then forced the customer to file a lapsing notice in the

courts and have the matter dealt with quickly, thus moving the case up the ladder in the courts. From placement of the Caveats to winning the case and receiving the money was 6 months. The result was from an original debt of **\$296,000** in April 2006, Plastamasta Tuggerah was paid \$296,000 plus \$39,960 interest plus costs in the amount of \$60,000 which is a total of some **\$396,000**. CMSA were instrumental throughout all stages of recovery, from briefing solicitors to attending court, fully integrating all actions for

recovery for the client.

It is important to note that this customer had property and equity to cover the debt, in addition by applying to the courts to have a liquidator appointed to sell the property rather than giving the customer the opportunity to sell the property himself, the customer was encouraged to seek other finance or the exercise would have been even more expensive for them. The customer of course refinanced and paid the debt and costs in full. An excellent result for the branch.

CMSA – CREDIT APPLICATION FORM

CMSA has created a credit application that puts the power of recovery into the hands of our clients. All full line clients of CMSA automatically receive a CMSA credit application which is badged with the Clients individual logo and trading details.

The credit application has been formulated to ensure that all clients have the most waterproof credit application available, so that when things do go wrong, you have the best chance of recovering your money.

As per the above story, clauses have been included that are now written into case law and therefore makes it easier for recovery.

It must be noted, that the completion of Personal Guarantees is still paramount, these clauses provide a backup.

It is imperative that credit applications are filled out in full by the customer.

Also, further searches in relation to previous Companies that the applicant has been

involved with together with any property owned by the directors must be undertaken at the time of application.

It is too late when the customer is not paying and you realize that all the property is in the wife's name and the director has nothing in his name.

By doing the homework at the outset and making a risk assessment you may minimize your loss.



Louise Avni
Manager

“How much time do you or your staff spend chasing overdue accounts instead of servicing the customer or gaining new accounts?”

CMSA GETS RESULTS – A.P & B.A CLIENT COMMENT:

“We have been using CMSA for 12 months. In this time, they have helped us control debtors, bringing them back into terms so they may resume trading.

The credit application which we are now using is second to none and has recently been tested in court.

With help from CMSA, we now control whom we give

credit, through extensive credit checks, digging deep into the trading history of the Company, its directors and former Companies they have been associated.

They also check into the Companies assets as well as the director’s assets.

CMSA also help you go the next step to recover money through demands, summonses, caveats and

the like, which in the past we have had trouble implementing.

In short, CMSA are now an integral part of our business going forward”.

**Mario Panzarino –
PlastaMasta Central
Sydney**

November 27. 2006

WHY IT WORKS

CMSA is a specialist receivables management Company in your industry.

CMSA assesses continuously the creditworthiness of your customers, and applies risk models that ensure you are aware at all stages as to your customer’s ability to repay debts incurred.

The process begins with the credit application and continues throughout the life of the customers account.

CMSA is your credit department for the day to day receivables duty and then seamlessly becomes your debt collection Company as and when it is required. This is all part of the service. No additional costs (with

exception of legal costs if required). When CMSA is appointed as your credit team, the cost includes:

- Credit checks for all new customers
- Receivables management calling
- Bad debt collection
- Progression to legal

A total receivables package.

COST EFFECTIVE – DEDICATED STAFF

CMSA is a cost effective way of outsourcing your receivables management and debt collection.

A dedicated staff member is assigned to your account and your customers are informed of the new staff member who will be contacting them. CMSA Staff are matched

to the branch. CMSA has staff to match the market. Dedicated personnel to deal with the growing Asian customer base who speak both Mandarin and Cantonese.

It is difficult to take a step back from the selling role and collect the money owing, CMSA gives you

the opportunity to blame it on the Credit Department when a customer is on stop – The branch has the final say on who and when a customer is on stop – we give you the information to make the right decision at the right time.

CREDIT HISTORY OF CUSTOMERS

Everyone needs new customers to continue the growth of their business, but it is imperative that when taking new customers onboard, they are assessed correctly so they do not become a new problem.

CMSA undertakes comprehensive credit checks of each new account customer to assess their creditworthiness and past history in relation to paying their bills.

Each new credit application is checked to ensure all relevant sections are completed, that terms and conditions and guarantees are signed and that the person who is

legally obligated to sign the application is the person who has completed it.

Each director's credit file is checked individually on their credit file and then referencing is also sought though other lenders with whom they have applied for credit, both in the industry and without. Checks are undertaken with both Boral and CSR and other industry providers.

In addition, searches are undertaken to ascertain what if any properties are owned by the applicant and what equity they hold.

By checking on other

businesses the applicant has been associated with we will find any Companies or businesses that have been placed in to liquidation or administration and this assists in the formulation of a risk profile for the customer.

This information is then given to our clients with a recommendation as to whether to open the account.

A customer with a history of defaults, judgements, liquidation or administration will do it again.

Do you want them to do it to you?

LEGAL POINTS

In NSW, stringent laws are applied to the placing of Caveats and the onus is on the Caveator to prove they have a Caveatable interest in the assets before placing the Caveat.

The credit application terms and conditions and guarantee must be written correctly or a filing of a lapsing notice by the debtor will see the Caveat removed and your rights also removed under this form of collection.

Each state has different laws which apply and it is

imperative that the credit application terms and conditions cover you under the state laws.

Another key issue to ensure your credit application holds up should you need to pursue a debt through the courts is to ensure it is dated, witnessed and completely filled out.

Unfortunately it is the small things that can stop you from pursuing money owed to you. Attention to detail is imperative.

When pursuing smaller debts e.g. \$10,000 or under please note that the courts will not award costs in most cases even if you win, so the cost to pursue the debt can in some cases outweigh the debt itself.

When pursuing debts, don't throw good money after bad with Solicitors and Court Costs unless you know that the customer has the money or assets to pay when you win – A very hollow victory if there is nothing at the end of the fight except more bills!!

“Proof must be provided of a Caveatable interest in a property before a Caveat can be placed”

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Why do you need CMSA?

In today's market, customers are becoming more and more informed of ways to avoid paying their debts, some customer's have a track record of winding up and moving on, some just run up debts, enter bankruptcy, move their assets and have never had an intention to pay.

Other customers, get caught short or are not paid what is owed to them and it flows on they cannot pay you. Where possible we will assist these customers to pursue monies owed so that you can get paid.

You need to know, you need to be on top of your receivables, everyday, not just on the quieter days.

Be the first to ask and be informed.

CMSA can do all of this for you from the opening of the account right through the day to day discussions with customers in relation to their accounts and onto briefing solicitors where necessary.

CMSA will become your credit department with the sole purpose of ensuring your customers pay on time, improving your cash flow and reducing your

bad debt and delinquent customers.

CMSA communicates with other supplies in the industry to ensure that when a customer is not paying you, they do not have the opportunity to open accounts elsewhere.

Effectively making non-paying customers pay their bills or not be able to purchase product anywhere.

CMSA will provide you with the information, the resources and the tools to effectively manage your customer credit accounts at a cost effective price

OUR CLIENT LIST.....

1. Plastamasta Central Sydney - Full Receivables Management
2. Plastamasta Taren Point - Credit Applications and Credit References
3. Plastamasta South Coast - Bad Debts – Legal
4. Plastamasta Tuggerah - Full Receivables Management
5. Plastamasta Beresfield - Full Receivables Management
6. Plastamasta Salamander Bay- Full Receivables Management
7. Plastamasta Port Macquarie - Full Receivables Management
8. Coast Reo P/L - Full Receivables Management
9. Plastamasta Smithfield - Full Receivables Management
10. Plastamasta Canberra - Full Receivables Management
11. Plastamasta Campbelltown - Full Receivables Management
12. Sydney Plasterworks - Full Receivables Management
13. APC Yennora - Full Receivables Management
14. APC Camperdown - Full Receivables Management
15. APC Brookvale - Full Receivables Management

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