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The Little-Known Career That Could Earn You More Than $40,000 A Month… Without A Degree Or License

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Dear Student,

I'm Michael Senoff, founder and CEO of HardToFindSeminars.com.

For the last five years, I've interviewed the world's best business and marketing minds.

And along the way, I've created a successful home-based publishing business all from my two-car garage.

When my first child was born, he was very sick, and it was then that I knew I had to have a business that I could operate from home.

Now, my challenge is to build the world's largest free resource for online, downloadable audio business interviews.

I knew that I needed a site that contained strategies, solutions, and inside information to help you operate more efficiently

I've learned a lot in the last five years, and today I'm going to show you the skills that you need to survive.

It is my mission, to assist those that are very busy with their careers

And to really make my site different from every other audio content site on the web, I have decided to give you access to this information in a downloadable format.

Now, let's get going.

Michael Senoff

Michael Senoff

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The Little-Known Career That Could Earn You More Than $40,000 A Month… Without A Degree Or License

Whether you need a major career change or just a little side money, being factoring broker could be just what you're looking for. Ed Vigil has been working as one since 1991 and makes well over $40,000 a month in residual income doing it. It basically involves selling cash flow to businesses, and here's how it works.

A factoring firm buys small businesses' accounts receivables, giving them cash today on invoices they'd otherwise have to wait on. For example, let's say a janitorial firm has an account with IBM that pays every 90 days. They could wait for their cash, or they could go to a factoring firm and get most of it right away. Getting it right away allows them to put money back into their business more times a year – and maybe actually grow in this economy.

The factoring firm takes a percentage off every receivable it buys and, as a broker, you make a percentage off of that. This is money you get for the life of every deal, so it's residual income that adds up quickly. And in this audio, you'll hear everything you need to know to get started, along with all of Ed's shortcuts and tips for making money right away.

You'll Also Hear…

- The "Coward's Cold Calling Method" Ed uses on every deal, and a step-by-step look at how he finds clients and lands deals
- Common misconceptions about factoring debunked – why credit scores don't matter, why the IRS works with tax-delinquent businesses when it comes to factoring, how factoring is different from debt collection or a depository institution, and more
- A cold, hard look at how banks have begun to treat small businesses – and why so many of them are turning to factoring nowadays
- All the terms you need to know to look like an expert such as "advanced rate, reserve, fee, nonrecourse vs. recourse firms" and more
- How much you can expect to make as a broker, and the one realistic goal you'll want to shoot for right away
- How to get banks to refer you to the customers that get denied a line of credit – why most will want to do this and exactly what type of bank to go after
- The advantages of only working with 2-3 factoring firms (even though you could sign onto many) – and a couple broker-friendly factoring firms you may want to contact first

- Examples of some of the creative ways people use factoring (believe it or not… you can sometimes use it as a cash down payment when buying a business)

In this economy, many good businesses are in trouble simply because they've been denied loans and lines of credit, and are forced to sit stagnant. Factoring gives them the cash flow they need to increase profitability so they can survive... and even grow. Ed says it's easy to get started as a broker because factoring firms are not only friendly to newbies – they pretty much walk you through the process. And in this audio, you'll hear everything you need to get started.

Hi, I'm Michael Senoff, founder and CEO of HardToFindSeminars.com. For the last five years, I've interviewed the world's best business and marketing minds. Along the way, I've created a successful publishing business all from home from my two car garage. Now, my challenge is to build the world's free resource for online downloadable mp3 audio business interviews. I knew I needed a site that contains strategies, solutions and inside angles to help you live better, to save and make more money, to stay healthier and to get more out of life. I've learned a lot in the last five years, and today, I'm going to show you the skills you need to survive.

Michael: How many years have you been doing this?

Edward: I started in '91.

Michael: So, you've been doing this a long time. You're definitely an expert on the subject, and I know nothing about it, and I'm sure a lot of my subscribers know nothing about it.

Edward: There's not a lot to know. This is extraordinarily simple which works for me because I'm a simple man.

Michael: So, where are you located?

Edward: I'm in Albuquerque, New Mexico.

Michael: So, since '91, you've been doing this, and we're going to discuss what this is. Is that correct?

Edward: Exactly.

Michael: First of all, how old are you?

Edward: I am 48.

Michael: You're 48. So, what were you doing before '91.

Edward: I was actually working for an investment bank in Los Angeles in the '80s. That bank went bankrupt, and I was waiting for some money that the bank owed me. I was kind of thrown into the creditor kind of stuff. I wanted to keep doing things in the finance world, and really factoring was one of the things that I can do as a broker. That was kind of my lead into factoring.

Michael: So, in the investment banking world, you had experienced or known about factoring because you have people who maybe want to borrow money for their businesses or to buy businesses.

Edward: Exactly. Usually, I was working with an investment bank that often times worked with companies in trouble. So, by that time, those companies already were factoring because they no longer were bankable. In fact, it's one of those types of financing that's not based on the company's financials. It's based on the receivables.

Michael: So, when you say the companies weren't bankable meaning there was no way they were going to get a loan from the bank.

Edward: Exactly. I think Kmart a while back was in some financial trouble and they needed to continue to get supplies – the clothes and stuff like that – a lot of those vendors that were supplying to Kmart no longer were getting paid by Kmart because Kmart didn't have the money to pay, but the vendors still kept doing business with Kmart because they were able to factor those receivables to Kmart. It was a pretty stiff price because Kmart was in trouble at the time, but factoring is ideal for young companies, start-ups, companies in trouble, companies that want to increase cash flow.

Michael: Let's do this. Why don't we do the basic question? What is factoring? You can explain what factoring is and maybe you can use Kmart as an example to take people through the steps. So, what is factoring?

Edward: Factoring is basically the purchase of accounts receivable from a company. That purchase is done at a discount to face value, and it's for a service that has already been performed or for a product that has already been delivered.

Michael: That may sound Greek to someone. So, let's use Kmart as an example, and explain the definition based on maybe an example that Kmart buys shorts from company X, and use that as an example.

Edward: I have a real simple example that I use with the janitorial firm. When companies are asking what I do, I tell them, "Well, I've worked with different janitorial firms. These are small companies maybe they have a contract with IBM to clean their offices. So, they clean the offices for IBM.

IBM is going to pay them. IBM typically will not pay them for thirty, sixty, ninety days getting longer, longer. The janitorial company has a receivables, have an invoice that they sent to IBM for the service that they've done, and they've got to wait to get paid.

What they can do with that invoice is they can take that invoice to a factoring firm, and instead of waiting the thirty, sixty, ninety days to get paid, they can get paid immediately from that invoice.

Michael: I see. It's a way to accelerate and cash out on your services that you've already performed, invoices that you've already invoiced reputable companies that have a good chance of paying their bills.

Edward: It does not have to be a reputable company. The factoring firm will do a credit check on the company. The more reputable the firm is like an IBM, the lower the fee the factoring company will charge, but that same janitorial company might also be doing Joe's Garage down the street and they can factor that invoice, too, but instead of paying a one percent or two percent discount or fee, they might end up paying a seven percent or eight percent discount because there's a higher credit risk with Joe's Garage versus IBM.

Michael: Who is doing the factoring? Are banks doing the factoring? Who's sending the money to the person who needs the cashflow?

Edward: There are numerous factoring firms. There are banks that do factoring, but there are literally thousands of factoring firms out there. If you do a Google search, you will just be inundated with firms that are out there especially in the last three or four years. A lot of your higher network individuals are looking for yield. So, a lot of them have started up factoring firms because the returns on the money are really, really good.

Michael: What are the returns between what and what?

Edward: If you're an investor in a factoring firm and let's say you buy an invoice at one percent and they're doing that every month, you're getting a twelve percent return annualized. If you're doing it at two percent, you're getting a 24 percent return annualized.

Michael: So, one percent per month.

Edward: Exactly.

Michael: Use an example. I'm a janitorial firm, and I have $10,000 worth of invoices that haven't been paid. I come to you as the factor, and my credit is very good after you run a credit check. You're going to charge me one percent of the accounts receivables per month or two percent per month.

Edward: That's where people get confused. Your credit has nothing to do with it. The receivables credit is what's checked out.

Michael: That makes sense I see.

Edward: It's a janitorial firm, and let's say you have horrible credit. The factoring firm will run a credit check on you, but the only thing they're looking for is to see if you have an IRS lien because [inaudible], and you need that money, the IRS might step in right away and take that money right away, but the janitorial firm's credit does not matter at all other than just to see if there's any liens on there, and factoring firms are really good at interceding with the IRS already. So, even that's not a problem.

Michael: So, if I had an IRS lien and you took on my receivables and provided factoring services for me, they're going to actually try and negotiate with the IRS to get that money rather than having the IRS take it. Explain that.

Edward: Exactly. The reason that the IRS will work with factoring firms is the IRS needs to have an ongoing company to collect on that lien. The last thing they want to do is have the company go out of business and they can't get that money anymore. So, a factoring firm, that's basically their argument. They'll say, 'Let us fund these receivables." The company continues to go and it continues to grow, and they'll be able to make those payments to you can do a monthly draft of X amounts of whatever.

Factoring firms are really good at negotiating with the IRS, and the IRS is already used to negotiating with banks and factoring firms on deals like that.

Michael: That's interesting. At what point does the factoring firm have the rights to go negotiate? How far into the process does that occur?

Edward: Well, they do the application and then the run the credit check on the owner and they see that their. That's when they'll talk to the owner and say, "Hey, you've got this IRS lien. If we're going to pursue this factoring relationship, let us talk to the IRS first and then we'll take care of this. We'll get it arranged and then we can start funding."

Michael: Nice, so my credit as a janitorial firm isn't important. It's the credit of my accounts that owe me money that's important.

Edward: Exactly.

Michael: So, if I have a hundred different accounts, is the factoring company going to investigate the credit of each one of those accounts?

Edward: Yes, but that's one of the advantages of having a factoring firm especially if you're smaller firm. Not only do you get immediate funding and working capital, but often times for a small firm, a factoring firm becomes your account receivables department and actually work with you to establish credit limits on the companies that you're working with.

You may think locally that there's a company that's really well-known and you want to give them really big credit lines, etc. A factoring firm will go in there and they'll investigate their credit, Dun and Bradstreet, etc., and they'll say, "Well, we can probably advance you $10,000 or $20,000 with that particular company." That becomes your credit line, but you immediately know what that company's credit worthy for.

Michael: Even though we've discussed so many advantages of factoring, let's recap for the listener what are some of the advantages of factoring.

Edward: One is that you get immediate funding, and that's probably the biggest one.

Michael: When you say immediate, how long would you say the process takes? Let's say you just got me as an account. I've got receivables. I say, "Edward, I need money, ASAP." How long is it going to take before I see that money in my account?

Edward: The application process is entirely up to you how fast you get the paperwork to me, but specifically a one or two page app. So, that might be two or three days to get that done. Once you're set up as an account with a factoring firm, you can potentially get paid the exact same day that you get your invoice if you get the invoice sent early enough or typically it's within 24 hours.

Michael: Now, you mean when I invoice my vendor?

Edward: Yes, so you would have the invoice to the factoring firm as well, or a lot of them are set up to do electronic receiving and 48 hours is a long time to receive your money. You'll get it that fast. So, immediate funding, helping out with your working capital. Like I mentioned before, it can also be the accounts receivable department especially if you're a smaller firm. I find that companies that are a million dollars and under in revenue, those are the ones who really like a factoring firm as their accounts receivable department having all that kind of stuff.

Michael: So, what services will the factoring firm provide for me? Let's say I turn over all my invoices to the factoring firm. How are they going to help me keep things going smooth?

Edward: One is the credit department. They help you establish credit limits for your customers. Two is the reports that you get from the factoring firms. They give you the [inaudible] on the receivables, payment records, etc.

Michael: How often do they provide those reports?

Edward: Those are available online with most factoring firms. So, it's available 24 hours a day, seven days a week.

Michael: I own a janitorial business. I have a hundred accounts that are being factored. They're all going to be online. I can monitor that 24/7.

Edward: Exactly.

Michael: It shows which ones have been paid out, percentages, all that.

Edward: Exactly.

Michael: So, how is this different than like if I have a book of accounts people who have promised to make payment say on an information product that I sell, monthly payments and I have many declined credit cards. So, I have bad accounts? What does a factoring company do with something like that? Is that something they would touch or do they only want the good paying stuff?

Edward: That's the biggest misconception. Factoring firms are not collection agencies. Factoring firms purchase good accounts receivables only. Now, this is a business to business transaction. So, what you were talking about there is a business to consumer transaction.

When you write up an account and it goes to collections, it's no longer factorable. If you have an account that's 30/60/90 days past due, but it's with another firm like IBM or something like that, that's normally what's happening these days with business to business accounts. I would just say as a rule of thumb, and I know that rules of thumb are done, but if an account goes past 120-150 days, it's probably not factorable, but within that 30/60/90 days, definitely a factorable receivable. Even a returned credit card, factoring has kind of gone into a lot of different fields. One of the things that a lot of people are doing now is something called a merchant cash advance. That's where these firms are coming and saying to small mom and pop operators that have merchants accounts, "We'll lend you money against what you're receiving upon those merchant accounts on your credit cards, not the declines, but what you've got on the credit card accounts."

They'll go in and they'll do just a history of what you're doing, how much per month you're doing and what is your decline rate, etc., and they'll advance you money against that. That actually is a form of factoring, the latest form of factoring that is out there right now.

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Michael: What are some of the terms one should know when it comes to factoring?

Edward: I think the big three is you need to know reserve, advance rate and fee because those are the ones that are directly related to the factoring transactions. The fee is basically what the factoring firm is going to charge for purchasing that receivable. When I first started back in '91, I was kind of like a hard money guy. It was really hard to compete. Rates might have been nine, ten, eleven percent discount fee.

Now, it's gotten really competitive. So, you're seeing fees of one percent, two percent, three to four percent maximum on most of the transactions I do now. So, fee is the fee is that the factoring firm is charging. The advanced rate, let's say you have a $100 receivable. The factoring firm isn't going to advance you $100. They're going to advance you X amount of it.

Again, when I first started doing this, it was typically sixty or seventy percent. So, if you had a hundred dollar receivable, they'd give you sixty dollar or seventy dollars right away. Now, it's not uncommon to have that eighty or ninety percent advanced rate immediately on the receivable. That twenty percent that isn't advanced or twenty percent, that's considered the reserve. The reserve is paid to you as soon as the receivable pays.

So, there's the advance rate. There's the reserve, and there's the fee. When the reserve is paid is when they typically take out the fee. Some of the other things you should know are recourse and non-recourse. A lot of factoring is non-recourse which is what a lot of people like. In other words, if the receivable goes bad, then the factoring firm is responsible for that. They don't come back to you. They don't have recourse to you for collecting on that.

If it's non-recourse, then they come back to you to say, "Hey, this receivable went bad." Typically, a factoring firm will just ask you to replace one receivable with another receivable.

Michael: So, what determines whether the account is recourse or non-recourse? Where is the line drawn?

Edward: A lot of it is really just the factoring firm itself. A lot of them like offer recourse. Other firms offer non-recourse. If it's a non-recourse deal, you've got to figure that's going to be priced into the deal. Non-recourse, the fee is going to be a little bit higher than a recourse deal. It's just case by case, factoring firm by factoring firm. A lot of them want to do it, and a lot of them don't. You have to do your research on the firms you want to work with. That's what you'll see as part of what they offer.

Michael: So, you were in investment banking. You were looking for other things to supplement your income. Now, take me back to how you came across the factoring and how you got started.

Edward: The bank went bankrupt. I was out on my own. I knew of people that were basically brokers doing brokering. We were brought deals by men and women who were brokers, and I had some relationships with some of these factoring firms just in the normal course of business doing my stuff. I didn't want anybody to think I was a high level investment banker. I was basically at the associate level and just doing due diligence work and things like that, but because I was aware of the factoring when I was on my own and the bank went under, I just reached out to some of these factoring firms, and the great thing about factoring firms is almost all of them love working with brokers.

It's great. It's like you're a commissioned sales force and bringing them business. So, why would they turn you down? They're very broker friendly, and I really was playing with it. I started working with a couple of firms initially. I found out that there were a lot more factoring firms doing other things such as medical factoring, construction factor. Factoring is in a lot of different fields, and you just sort of grow as you learn more.

Michael: You hooked up with a broker. Let's say for example your first one. Did they teach you the ropes? Did they tell you what you wanted? How did you know who to call, what to do, what to say? How did you gain that experience?

Edward: That taught me the ropes as to what is factoring, and almost every website that you go on for a factoring firm will give you examples and they'll talk to you about what is factoring. The website is their marketing pitch to firm wanting to go to it, but back in those days, there was no website really. I was just given, "Here's a script, and here's what you do. Here's who you call," just really any business to business firm out there because really 90 plus percent of all business to business what is done is done on a receivable basis. The market is huge, and they signed me up on a broker agreement and it just went from there.

Michael: What's a broker agreement going to look like? Let's say I want to become a broker in California. Do I need to be licensed?

Edward: No, there's no licensing for factoring to be a broker. You want to look at a couple of things. Standard commissions right now are ten percent of the fee that the factoring firm gets. So, let's say it's a hundred dollar deal. I'm just using round numbers. If the fee is two dollars, you get twenty cents of it. So, it seems small, but deals are actually bigger than that.

Michael: That's ongoing?

Edward: This is residual, exactly. It's ongoing. Now, there are some firms out there that'll say they offer it for six months or twelve months or eighteen months. You want to sign up with those firms that say they give you the commissions for the life of the deal. That's what you always want to see in your broker agreement, life of the deal, so that as long as a firm is factoring and selling the receivables to that factoring firm, every single time that they do it, you've got a commission. It's residual, life of the deal.

After you get more time into it and you start working my time at the firm, your commission rate can go up to fifteen percent. I have a few that pay me a little bit higher. Usually when I'm talking to guys who are just getting into the field, I tell them to set yourself a goal of a million dollars. A million dollars is always a number that's a good one to shoot for.

Michael: A million a month?

Edward: A million a month. It sounds like a lot, but if you think about it, a small firm might be factoring $40,000 a month. So, you're looking at 25 accounts there over the course of the year. Just about everybody who is really serious about this can get 25 accounts. It is very common to get $80,000 a month deals, $100,000 a month deals. Those are not big deals in the factoring world. Once you get that one million dollar a month in factoring receivables, you're looking at anywhere from two to three thousand dollars a month in income.

I don't want anybody to think it's easy because it comes down to your marketing. We all have our different styles of marketing. I have my style of marketing. If you wanted to pick up the phone and make the phone calls, the business is out there.

Michael: Can you share how you've done over the years, financially?

Edward: I'm probably in the twenty to thirty million dollars a month range right now with what I'm factoring right now.

Michael: You're bringing in at least twenty grand a month every month?

Edward: Yes.

Michael: That's just ongoing.

Edward: But, I've been doing this since 91.

Michael: You're doing forty or sixty grand a month.

Edward: I'm doing well.

Michael: That's beautiful.

Edward: Like I said, it's simple. It's just a matter of picking up the phone. I don't consider myself a good marketer. I consider myself one of those guys that just pounds it out. My style of marketing, I call it the coward sell. I make phone calls at night when I know nobody is there at the office, and I'll leave a message with the president or CFO of the company. The next day, I'll call and talk to them. It's a little bit warmer because they know my name already because I left a message.

You're selling money is what you're selling. It's not so hard to get through the gatekeepers.

Michael: When you've had the experience and you know what to do and you know what to say.

Edward: Exactly.

Michael: That's very exciting.

Edward: When I talk to a secretary or a gatekeeper, when I call them, I'm calling them to say, "I want to purchase accounts receivable from your company." A lot of times, they don't know what I'm talking about, but they heard the word purchase. I'm not trying to sell them something. I'm trying to buy something from them.

Michael: Let's do a role play. You're going to call me. I'm Joe's air conditioning and heating contracting. Joe's air conditioning and contracting, may I help you?

Edward: Hi, is John or David available?

Michael: Now, how do you know it's John or David? Have you pre-researched?

Edward: I've researched it already, yes.

Michael: So, you've got a list of the owner's name.

Edward: Right.

Michael: Do you want to talk to the owners only?

Edward: I do. If the company is bigger, I want to talk to the C-suites, CEO, CFO, COO. A million dollars or less, I'm probably talking to the owner.

Michael: This is John. I'm the owner. How can I help you?

Edward: Hi John. My name is Ed. I left a message with you last night about purchasing some receivables from your company.

Michael: Stop right there. Now, when you say that, percentage wise, how many times have they heard your message already?

Edward: Most of them have already heard it because I make the phone calls usually in the afternoon. So, most of them have already checked their messages in the morning.

Michael: Okay, so that's going to make sense, and it's going to ring true. Yes, yes, I did get your message. Is that what they say?

Edward: Yes, and often times, they don't know what I'm talking about. They'll say, "Yes, I got your message. Are you a collection agency?" That's what I get a lot. My response immediately is, "No, I'm not a collection agency. We're looking to buy good receivables from your company, and I'm looking to buy anywhere typically from $100,000 up to maybe two or three million a month in receivables. Do you have that amount of receivables?"

Then, they'll start talking a little bit more about what they're receivables are, what they have, and they already know this as well. I think they know it intuitively because it's really the amount of time if you turn your cash at least to profitability. In other words, if you turn your money over four times a year, you've got X amount of profit. If you turn that money over six times per year, your money is working more for you and you're increasing your profitability. So, I got into a discussion about that. I have a little sheet that I fax them just basically outlining that.

Michael: At what point do you fax that sheet to them, after the first phone call?

Edward: After the first phone call. Now, I'm not a one call closer. I know there are some people that are out there that are one call closers. I'm just not that kind of salesperson, but typically after the first phone call and after faxing that one page sheet, I'll talk to them relatively quickly afterwards, and that's when we start talking more in depth about what kind of receivables they have. Are they looking to factor? In my opinion, I think every company out there should have a relationship with a factoring firm.

Once you sign a contract, you don't have to immediately sell all of your receivables to a factoring firm. You can sell just one month's worth of receivables, or you can just keep them as a back-up and whenever you need a cash inflow, then sell some receivables at that time, or you can sell them on an ongoing basis.

Michael: Let me ask you this. Before you call them, tell me about the research you've done. You've got a list of people you're contacting. Is that list been checked for what else other than the owners' names?

Edward: I'm looking for revenue size and the owners' names?

Michael: What's the sweet spot for revenue size?

Edward: I like preferable one million to twenty million in revenue?

Michael: Why?

Edward: It's easier to reach the C level suite. They're also at that level where they may be needing some cash flow help. They may be looking at expanding or not expanding. In the last three years, there's been a huge influx where banks have literally cut off lines of credit for companies. These are companies that were making their payments on time on these loans, but because of different regulations and different things that banking regulators have set up, they've had to really just bring in capital and cut off these loans.

So, I've been talking to a lot of companies that were basically left hanging without any money. As a matter of fact, a lot of my marketing recently has been to bank officers talking about how we might be able to establish a relationship.

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Michael: How often are you seeing this and hearing about this currently? What is going on with the banks now? It's June of 2013.

Edward: It primarily was starting with real estate. Banks had increased the capital that they had on hand. The thinking is the more capital we have in the bank as a cushion, the safer the bank will be. So, they were trying to call in loans from commercial real estate and that kind of thing, but a lot of those loans went bad. So, they couldn't get capital back into the bank from those loans.

Banks also have a lot of lines of credit. Remember, factoring is not a loan. Factoring is an asset purchase, but banks have loans with a lot of good manufacturing companies that have never missed a payment, never been late on payments, but they needed to get capital back into the bank. So, they started calling those loans. One stopped line of credit, you no longer have access to more capital, and two, we need you to pay off whatever you have on your line of credit because we need that capital back in the bank.

Because of regulatory things, they need to up their capital standards. So, good companies were being left just bereft of any cash, any lines of credit. So, the last two or three years have been really good for factoring firms. They just kind of stepped into that void that was there.

Michael: Is there a way to identify prime prospects by researching which banks are pulling lines of credit and going after businesses that are dealing with these banks? Do you have a list of specific businesses dealing with these banks that you can find from a list broker and call on?

Edward: I wish that there was, and if anybody knows of one, let me know. What I've been doing is I'll go to different banking regulatory sites, and I'll look for banks to see if they're in trouble. You can see that by how many negative loans or bad loans that they have. Those are the ones that I sort of target when I'm calling bank offices, and my tip to a bank officer when I call him is, "I'd love to work with you on any of those lines of credit that you've had to withdraw. We are not a depository institution," and that's big for the bank officer.

Michael: Why? Why is that big? Why do you say that?

Edward: They have a relationship with these manufacturers. Even though they pulled away the line of credit or the loan, they still have deposits that manufacturing firms have with their bank. So, those deposits are important to them, and there's usually other relationships like a treasury function and things like that.

Factoring firms don't take deposits. So, we're not threatening that depository relationship that banks have with those firms. Almost all factoring firms don't tie the firm into a long term relationship. They literally can factor with a factoring firm, and when the banks are ready to offer a line of credit again, they can just stop the factoring relationship and go with the bank.

They would want to do that because lines of credit are cheaper than factoring.

Michael: Now, have you scored some good accounts by dealing with the banks who reveal and set you up with clients who have had their lines of credit pulled?

Edward: Yes. There's probably about a third of the marketing that I do now is calling on banks and speaking to bank loan officers, just by nature of the way loan officers are set up. They are typically given a portfolio of loans when they started with the bank, or they build up a portfolio of loans. So, they may have $30 million worth of loans that they have in their portfolio, and they're also expected to generate fees off of that portfolio by their treasury function, deposit fees. There's all these different things they're expected to do, but when they're told to they have to get rid of a relationship especially a line of credit, they don't want to be the guy that says no. They don't want to be the guy that says, "We're dumping you." They'd rather say, "We have this other solution for you. We have another way that we can keep our relationship with you on the depository side and still help you out with some of your cash flow type problems through a factoring relationship."

Michael: But, aren't all half-way decent banks going to have some kind of relationship with a factoring firm already, or is it just not that widely done?

Edward: I think more and more they're starting to. Those guys like me calling up a lot of the loan officers and giving them the exact same spiel, but there's still a lot that aren't, and I focus on the community bank. I don't go to the regional banks or the money center banks. All of your money center banks already have those factoring divisions, and most of your regional banks have factoring divisions. A lot of your community banks don't. So, that's what I focus on.

Michael: So, how do you establish your credibility with that loan officer that you're legit, and if you're a broker, you have multiple resources for the factoring, or are you dealing with just one or two?

Edward: As a broker, I have multiple resources, but just as a matter of fact, I tend to work with three or four factoring firms that I'm really comfortable with. I do a lot of small manufacturing firms, and that's kind of a niche that I work, but if somebody has a trucking company looking for factoring, I'll go out there and find a factoring firm that specializes in trucking and sign a broker agreement with them and refer the deal to them.

As far as establishing credibility with a loan officer, really I just think it's your level of expertise in the product. When I'm talking to them, I'm talking to them about what we can do and what we can't do and how we can help their firm.

Michael: You talk about how you can them just stay on their problem and solution.

Edward: Exactly, it's about building a relationship and as soon as they send you one, you better perform. If they send you a manufacturing firm and you can set it up for factoring, you better do it right away. If you can't, you better explain to them why you can't right away.

Michael: You've been doing this since 91. So, what's a typical day for Edward look like?

Edward: Usually at night, I'm doing my research, researching companies. I'll go to Hoovers and to some other stuff that's free with my local library. I'll start researching for whatever market segment a million dollars and two million or two million to five million, and getting the names of the contact people.

Michael: Are you doing this every night, or a couple nights a week?

Edward: I don't have much of a life. I do it most nights. I enjoy doing it. I'm building my list, and I'm also making some of the phone calls at night time as well.

Michael: Ninety-five percent of the time or a hundred percent of the time, you're leaving a message, right?

Edward: Exactly. So, my night time is doing the research and making phone calls.

Michael: How late will you make the phone call until?

Edward: I can call at like one in the morning, at two in the morning. Manufacturing firms typically close at five or six in the evening.

Michael: I think it's a good technique. Look, it's working for you.

Edward: There's a day that I started doing my marketing usually in the afternoon, probably calling the list that I called the night before and that tends to take more time because now I'm engaging in conversations. So, taking a whole week in the afternoons to work the list that I make the first calls in that night time. Typically my mornings, I'm actually working the deals. If somebody says that they want factoring, I send out the agreements. I'm following up, "Hey did you get them? Did you send them in? Did you send in the paperwork?"

Michael: So, you're dealing through phone and mostly email.

Edward: Yes, I'm talking back and forth with the factoring firm. "What do you think the rate's going to be?" They came up with the question, "What do you think about that?"

Michael: Do you have a point man at each one of the factoring firms?

Edward: Yes. This is what I did initially. I think I signed like eighty broker contracts, but really and truly when you have a relationship with two or three factoring firms that you feel really comfortable with, you want to do most of your work through them. It builds up credibility for you too as you start sending more deals to them. They return your calls faster. They do the underwriting quicker, that kind of thing.

Michael: Tell me a story of one of your most exciting deals you've done, like one that you've been like, "Oh man, this is great." It's a lot larger than you thought, just an example. Is there anything that sticks out in your mind?

Edward: It may not be super exciting, but I was really pleased with the results. I was working with a steel fabricator. They did a little manufacturing of metal parts. They were doing about 2.2 million in sales. Their gross profit was about 27 percent. Their net profit was about two percent. It was really, really close. You need to have some good margins to be able to factor.

It was pretty close on whether I was going to be able to do anything with them, but they were cash constrained. They were buying their inventory in small lots because they didn't have enough money to buy more inventory, but this is a manufacturing firm that has the ability to produce more if they could get more inventory to build it.

Some of their goals were they wanted to get current with their vendors. They wanted to increase the amount of inventory they could get so that they could sell more, and get free of some of the working capital loans that they had acquired, set them up on a factoring agreement, a factoring facility and just by getting that cash freed up, instead of staying in receivables but now being immediately available because of cash. Remember I said the amount of times that you turn over money that increases profitability.

Michael: Explain that. So, a listener hears that and it's not making sense to them, how is it that a company increases profitability by turning over cash more often per year?

Edward: When you have a receivable that pays you in 90 days, and let's say that you're office. Your receivables are turning over in 90 days. In other words, they're paying you in 90 days. Effectively, you've able to turn over your money four times a year. So, for a good amount of that time, your money is just tied up in a receivable that you can't do anything with.

Michael: You can't invest it. You can't make interest on it. You can't do anything with it.

Edward: You can't buy inventory with it, exactly. So, for 90 days, you're tied up. When you get paid 90 days out, all of a sudden, you have cash and then you can do some stuff then your next receivable comes in another 90 days later.

So, you're turning your money over four times a year. What happens when you can all of a sudden say turn it over six times a year, so you're getting your money quicker? So, now you can buy more inventory so that you can produce more, and now you can start selling more and then you can turn it over again even quicker.

Michael: Because you have a lack of cash flow, you have a lack of growth opportunity because you don't have the liquidity to grow.

Edward: Exactly. As a matter of fact, I have even seen some companies where they have so many sales that they have sold themselves into bankruptcy.

Michael: They couldn't grow. They needed the cash.

Edward: They were strangled because of a lack of cash.

Michael: How can one use factoring to buy a business, for example or I guess maybe the business owner who wants to sell doesn't know about factoring and they have receivables and they never considered that they can use the factoring to help finance the sale?

Edward: If you're the person buying a company and you see that a company has a lot of receivables, typically it will be written into the note that let's say the down payment would be paid ten days after closing, something like that so if you're the smart acquirer, the smart guy that wants to buy the business, and you've done your due diligence and you see all the receivables that are on there, the soon as you have control of the company and hopefully you've already got a relationship with the factoring firm, as soon as you have control of the company, you immediately factor those receivables and that becomes your cash down payment. That's the model I've seen on a couple of transactions, where they've done it that way.

I myself have never been involved in a merger and acquisition where it was done, but that's how I've seen how they do it.

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Michael: So, let's say I wanted to get involved and become a broker and start selling some factoring services. You said there's no licensing involved. Do I need any money to get started?

Edward: You need no cash to get involved. Let me preface that by saying you should have a telephone line and you should have a fax line. You should have internet, but I think everybody pretty much has that these days. I work out of a home office. So, really just set up a basic home office, really and truly, it comes down to your marketing. Are you willing to pick up the phone and make the phone calls? Are you willing to just follow-up?

Michael: Have you seen some other factoring companies use direct mail? Is that a means for generating accounts compared to phone calls?

Edward: Back in the 90s, I used to see more of it. I think now a lot of everything is done with your websites and search engine optimization and that type of marketing. I don't see the direct mail as much anymore. Really, a lot of your factoring firms depend on your brokers. They really have a good relationship with brokers. It's a really broker friendly industry. So, a lot of them don't really compete. That would be competing with the sales force that's out there. So, a lot of them don't' really do that. I don't see a lot of that anymore.

Michael: Okay, so I don't need a license. I don't' really need money. I need a phone line, be willing to pick up the phone. Do I need a website as a factoring provider? Do you have a website?

Edward: I do not have a website. I basically just talk to C level executives or owners of companies, and just give them the basic outline of what factoring is and do you want to pursue it? That's my marketing. On occasion, I might have a little lifecycle or working capital dollars that I'll fax or email.

Michael: So, do you set goals for yourself as far as numbers every month that you'd like to do? How do you keep motivated?

Edward: I kind of am starting to work with a smaller market. In other words, I really enjoy working with entrepreneurs. I really enjoy working with small business guys. I'm working on a $9,000 purchase order right now. Ten years ago, I don't think I would have been interested in working with that, but the guy is a great guy. He's trying to start up a sign company. He's really enthusiastic.

So, a lot of these smaller guys are really energizing me with their enthusiasm with what they're doing. So, I really enjoy working with that. Before, I would set goals, "I want a million dollars in receivables." That was my very first goal, a million dollars a month in receivables. Then, once I hit that, my next one was two million, then four million. That was my number was the amount of receivables per month that I could get factored.

Michael: Let's say I'm a manufacturer, and I get a PO from a reputable firm that is credit-worthy and it's a purchase order for say $500,000. Is that as good as gold, and why should I go to a factoring agency and not just ask the bank to lend me money based on the PO?

Edward: We haven't really talked much about purchase orders, but most factoring firms and not all of them but most of them also do purchase orders and they look at it as kind of like a precursor to receivables. If they funded the purchase order, then it's going to create receivables and they like to keep the whole relationship there.

I've never worked with a bank on a purchase order just by their very nature banks tend to be very paperwork intensive, very credit intensive. It just seems to me they're going to want to know everything about you, about your company. They're probably going to want to have personal guarantees.

Michael: So, purchase orders really aren't as good as gold with the bank.

Edward: I'm not really experienced enough to say that. I just think it's a much more difficult process to work with a bank on either factoring or purchase orders than with a factoring firms. Purchase orders are as good as gold if you have them from a reputable company. If you've got a purchase order from Wal-Mart, that's money in the bank.

Michael: Through a factoring company or a bank.

Edward: Exactly.

Michael: What is the future of factoring?

Edward: There's one firm out there that I've had my eye on. The company is called The Receivables Exchange. So, if anybody wants to Google it, just Google The Receivables Exchange. They're based out of New Orleans, Louisiana, and really what they're doing is innovative. I think it's the way that the industry is going to go. The only problem with The Receivables

Exchange is they're not broker friendly. I have basically a broker agreement with them, but the terms in which they pay me just take too long for me to get paid and I'm not really interested in that point here.

Michael: What are they? How long does it take to get paid?

Edward: Ninety days.

Michael: What about your other relationships? How long does it take for you to get paid?

Edward: Once a month. So, with The Receivables Exchange, what they've done is they've basically set up a market for receivables, and by that I mean, it's an electronic exchange kind of like the NASDAQ, and a company signs up with The Receivables Exchange, and they basically just list the receivables on the exchange.

The Receivables Exchange has gone out and they've gotten primarily hedge funds to sign up as funders to buy the receivables, and again, the hedge funds are doing it because they're looking for a yield, looking for higher rates of return, and they can really juice up the returns by purchasing receivables.

So, when you list your receivables on The Receivables Exchange, you might have five, six or seven different hedge funds bidding on that receivable. So, really that drives the cost of selling the receivable down, actually quite substantially, and I think that model is going to be the way it's going to go in the future. I think you'll see a lot more of that, but I also think that the broker is still going to be important. I believe The Receivable Exchange is probably suffering because they're not broker friendly.

They could have a lot more deals online on that exchange if they worked with brokers versus the way they're working with them now. I think the broker will always be involved because it's just pretty expensive to have your own sales force, and brokers do do a really good service in what they do. I just feel the receivable exchange is probably the way it's going to go in the future.

Michael: Very interesting. Now, as a broker, can you get sub-brokers under your or agents under you, kind of like a real estate broker?

Edward: Don't hold me to this. I want to say no. There's sales managers at the factoring firms are the one that are responsible for signing up brokers, and I imagine they probably get an override of some sort, but I don't know of any factoring firm off the top of my head that allows you to set up sub-agents or sub-brokers.

Michael: Very interesting. So, Edward, you should put some kind of information product together. Why don't you put a report together that kind of outlines your formula of how you do it? Then, we can put this recording up. You can offer a report for $97 or something like that, and you can sell that. Then, you can have people call you and you can offer some consulting for these people, if you're into.

Edward: I would be interested. It's just such a simple process.

Michael: It's simple when you're doing it, but for someone that has no idea how to do it, you've got a formula. You've been doing it since 91. You can use your coward cold calling method, which is a genius strategy right there.

Edward: Well, thank you.

Michael: It would appeal to anyone. No one likes picking up the phone, but that's a great way to make your phone calls more effective and make it more of a warm call than a cold call. I would imagine it's effective or you wouldn't be doing it.

Edward: Thank you, I appreciate that. It works for me, definitely. I'll think about putting something together. I just want to make sure I give value. I don't' want to charge $97 and give them like a six page thing.

Michael: It's not the amount of information. If you went through your steps, outlined what you do, if you looked at your day within a 24 hour working day. So, you're doing the research at night. You make an outline, like an outline of a book – research. What websites do you get your names? Every little thing you do, make a little outline and then just write out what you do, what's important, what you would tell your brother to do to get into the business. Make sure you're calling on the owners. Make sure you're getting businesses between the $100,000 or two million, some of the stuff that we talked about.

Even if you make the outline, do you have an iPhone 5 where you can just talk right into your phone and transcribe a little section on each note about your outline? Put a nice little report together with URLs and specifics and give people a primer and then have your information at the end of that report, "For more information if you get stuck," and then they can call you. You can charge consulting fees for that time on the phone, if it's worth it.

You're making great money doing what you're doing. You may not even want to be bothered with it, but you can position yourself as the expert in factoring as a broker.

Edward: I'll have to think about that. I really will. I do love what I'm doing already, and it does keep me fairly busy, but I do enjoy helping people. Anybody calls me, I wouldn't be charging them for that, but if I can make a difference in somebody's life, I'd love seeing that. I have helped other people become brokers.

Michael: How many people have you helped over the years become brokers?

Edward: Fifteen, twenty.

Michael: Have you seen them go on to making good money?

Edward: Yes, I'm just talking about the ones who make good money, who have gone on and made it a career. I think I've talked to hundreds of people, but very few actually do it. I belong to like a local investment group here in Albuquerque, and I almost pleaded with people two years ago because factoring was really exploding because of what was going on with the banks, and this is a great time for being in factoring. Give me a call. I won't charge you anything. I'll show you the ropes. I think I had one person call, and that one person really didn't want to pick up the phone and make the phone calls.

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Michael: You have had some people who have used your advice to gone on and make good money?

Edward: Yes.

Michael: What's an example?

Edward: I had one guy in California, this is probably the late 90s. He was a tailor, but when I went into him, his customer service was just outstanding. I said, "You are just great with your customer service. You call me back on everything. Have you ever thought about just selling money?" That's in essence what I do. I sell money. He was intrigued by it, and he was just in a position where he had the time, and he was aggressive. He was willing to make the phone calls, willing to do the work, and really in anything I'm sure there's very successful people because they're willing to do the work they tell you to do.

Michael: Did you ever hear back from him how well he did?

Edward: Oh yeah. It's a career for him now. He actually has his own small factoring firm. I cherry pick some deals. I buy some local deals here in town that I can actually put my hands on and that kind of stuff.

Michael: Where you become the factor? You'll be the lender as well.

Edward: I only do stuff here in Albuquerque, but I particularly do like a two percent fee or a three percent fee, annualized that to 24 percent or 36 percent return.

Michael: So, how many of those deals have you done since 91?

Edward: I've really only started doing it the last seven or eight years.

Michael: So, what gave you the idea to start doing it?

Edward: It was here in Albuquerque, a janitorial company, and literally I used IBM as an example. That is actually the deal that I did. There is an IBM sales office here in Albuquerque, and he was doing the janitorial for them, and I just said, "He's local. He's here. I know him real well."

Michael: You had the money at the time.

Edward: Right, and IBM, I don't think I'll go on there, so I'll just buy the deal myself. I was used to being just a broker, and just selling the deal to the factoring firm. Now, I had to do a little leg work and do the actual what's called the UCC15.

Michael: What is that?

Edward: That's basically declaring to the world that you have an ownership interest in that receivable. It's kind of like a mortgage says to the world that the bank has a lien on the house.

Michael: Do you have to file it with your local courthouse?

Edward: Yes, with the state. It's a simple process. It's a one page paper.

Michael: No big deal. So, you do the filing. Did you have to get an attorney or anything?

Edward: Maybe I should have. I didn't. It was just such a simple deal.

Michael: Is there a standard contract?

Edward: I especially copied one of the contracts from one of the factoring firms. That's all I did. Most of the contracts are pretty standard, and that's all I did. I just copied one of the contracts I had and filed the UCC and just started buying receivables.

Michael: Annualized, it was 20-something percent on your money?

Edward: Yes.

Michael: Is that still going today?

Edward: It is.

Michael: So, how many years has that been going on?

Edward: Seven, now.

Michael: Seven years. So, generally, these deals can go on year after year after year.

Edward: What's really great is a lot of times, these companies kind of get hooked on factoring. It's such a simple process, and you can also get your money so quickly – 24 hours. Forty-eight hours is slow in the factoring world today. You send your receivable and within a day you've got that money in your bank.

Again, when I was talking about banks, the whole paperwork process and then they do the credit checks on the companies and they do the credit checks on the individuals. Then, they'll require personal guarantees and it's worth it when your company gets to a certain size because it is cheaper to have a line of credit than it is to have factoring. Before the recession hit, I kind of took it as my responsibility that when a company hit a certain size, I would tell them, "Hey, you probably should look at a line of credit now."

Now, after the recession, a lot of companies just don't even want to consider going to a bank right now.

Michael: So, this example of this janitorial firm, so how do you work it with IBM? Are the invoices now coming to you, payable to you? Are they still coming payable to the janitorial firm? How do you work that out?

Edward: They'll come payable to the janitorial firm. I have, you can call it lockbox. I have a PO Box. So, I change the address of where the payments were sent to. Instead of going to my friend's office, it goes to my PO Box.

Michael: So, you'll change the payable address?

Edward: Exactly.

Michael: So, IBM will send the checks made out to the janitorial firm, but to your address, and what do you do with that check?

Edward: Because he's local, he just signs them over to me. A lot of factoring firms when they do it, they typically have a stamp that's made where it's signed over to them.

Michael: They'll get the company to sign, "Pay to the Order of."

Edward: Exactly, with this guy, he's local. So, I just say, "Sign these."

Michael: And, he'll go pay to the order of your group, and you just make the deposit.

Edward: Exactly.

Michael: Any tax advantages as far as earned income from you with this type of business that anyone may benefit from?

Edward: I set mine up as a C-Corp, back in the 90s, but I only did that because there was no LLCs back in 91. Maybe today I would have set it up as an LLC, but there was a myth at the time. I think I've heard you talk about him. There was a guy named Gordon Bazar. So, I went to one of his courses, and he was like, "Sign up for a C-Corp, and the banks will fund you immediately because you're not an entrepreneur, but you're an employee and they like that."

So, I thought that was true, but that turned out to be a lie. Any bank when you want to get a loan from them, one of the questions was asked, "Are you a fifty percent or more shareholder in any company?" As soon as they see you're 51 percent or more, they know you're self-employed.

Michael: So, with your deals, your cherry-picking, was that a non-recourse or a recourse deal with the janitorial?

Edward: Mine is a recourse, but I never had a problem, and when you cherry-pick, I'm always doing stuff here in Albuquerque. Maybe I might consider something in Santa Fe, but I want to be where I can actually go to the door of the company and meet with the guy directly. That's my comfort level.

Michael: Is there any fraud in the factoring business where maybe companies are submitting faulty invoices to get money?

Edward: Yes.

Michael: How do you protect yourself from that, or is that really not your problem? You're just the broker.

Edward: As a broker, it's not my problem. It may become a problem if a factoring firm says, "Can you talk to these guys and give them a call before we come in and crack the whip?" It doesn't happen as much anymore. You've got to be pretty sophisticated to do it because remember the factoring firms have a credit department. They're running credit checks. They're doing their background checks on the receivables that they're buying which is a plus of having a factoring firm in your corner because they help you with that.

If somebody is determined to carry out a fraud, they can do some pretty sophisticated stuff. You do hear about it occasionally where a firm has to go to court and sue. Usually, most of the time when I see something where a factoring firm has to go to court, it's almost always because the firm that was the receivable like IBM accidentally sent the check to the guy selling the receivable and he cashed it. That's usually the scenario that I see where they go to court.

Michael: He cashes the check and takes the money from the factoring.

Edward: Takes the money right and never gives it back to the factoring firm. That happens on occasion. They have to be pretty sophisticated to pull one over on a factoring firm.

Michael: So, what sounds like a real opportunity for the listeners is listeners who want to invest in something is learnt he business, cherry pick some local deals and earn 20, 22, maybe up to 30 percent a year on your money.

Edward: I'm a firm believer, and I do this with everything. I do more than factoring, but the bedrock of everything I do is factoring. Everything that I do I start out in a broker role. For example, I was partial owner of a property and casualty agency here in Albuquerque, but I never put any money into it because I don't' know anything about P&C agencies, but they needed somebody to run the business during the day. So, I ran it because I wanted to learn what was going on. What are the inner workings of a P&C agency?

That was kind of like a broker role. I was stepping in, not paying any money because I wanted to learn about it first. Going forward, if the opportunity were to arise, and now I know enough about that that I would invest money into it. I always tell people always start out if you can in a broker role whatever it is so that you're actually originating deals. You're putting stuff together and you're learning about the deal. You're learning about the process or you're learning about the receivable.

Then, when you know enough, that's when you can step in and start making your own direct investments.

Michael: You mentioned I think in one of the emails you cringe when you hear about people spending thousands of dollars on cash flow seminars to learn this stuff.

Edward: I do.

Michael: So, what's a warning for anyone that wants to learn factoring when you have a lot of promoters out there promoting the educational aspect of cash flow?

Edward: You don't need to spend that kind of money. Factoring, number one is so simple. It's a simple process. You're buying a receivable at a discount. That's all it is really, and number two, almost every website for every factoring firm explains the processes, explains the advantages. It's all there for you.

Number three, when you sign an agreement with a factoring firm, I don't really know of any that are not broker friendly even for newbies because if you think about it, they'll put the time into it because they want you to bring them business. They want you to bring them deals. This is a very, very broker friendly industry even for new people coming in. they'll help you, walk you through it. If you call up the factoring firm and say, "I have a relationship with this company and I heard they were looking for someone they were looking for somebody in their receivables, can you help me?" They'll be all over that. They'll walk you through it.

Michael: Do you want to recommend a couple maybe very broker friendly firms that are reputable and easy to work with?

Edward: I had a couple of websites I was going to say you might want to check out. Either go to commercial finance association and their website is www.CFA.com. Those are all asset based lenders, and factoring is asset based. There's a difference between cash flow lending and asset based lending, and so you want to talk to asset based lenders. So, CFA.com.

Michael: You were going to explain the difference between cash flow lending and asset based lending. Let's do that.

Edward: In the United States, historically was an asset based lending country. In other words, if you wanted to get a loan, you had to have an asset to loan against.

Michael: We used to loan against gold.

Edward: Exactly, a loan against gold. Most people know they can get a loan against their house. That's an asset based loan. That's the way it was mostly in the United States history. It was an asset based lending country. Maybe in the late 60s, 70s, there was this new thing that came along called cash flow lending, and specifically it was that banks would look at a company's cash flow, and say, "Okay, you have X amount of cash flow. We'll lend you X amount of money against that cash flow," which was fine as long as people did that. As long as they stayed with, "You have a cash flow, we'll lend against it," and that's it.

I think I mentioned before I was like a hard money lender in the 90s. it was hard for me to compete against cash flow lending because their rates were so cheap. Cash flow lending went all the way overboard to the point where they actually started lending on what's called pro-forma. So, pro-forma is Latin for "as if" I believe. So, you could be a real estate developer, hotel developer and you can make a plan for a hotel, and you can say, "I'm going to build this hotel, and we're projecting that we're going to get this cash flow."

So, even though it was just an idea and there was actually no cash flow, the banks started lending against pro-forma cash flow, and that's where we started getting them to some of these crazy things that eventually exploded on us in 2007-2008. That's why factoring really had a resurgence for the last two years because these went back to asset based lending. Going forward, I think you're going to see a mix of asset based and cash flow, but I think the only people that will qualify for cash flow lending are the big guys, the real estate investment trust, your big companies. I don't think you're going to see cash flow being available to the ordinary small business guy just trying to pitch a deal.

Michael: So, you really kind of have your pulse on the economy because you're seeing the workings of lending. How do you feel the economy is doing right now compared to three, four, five years ago as far as lending? Is it loosening up? Is it still tight? Is it getting more restrictive? I know we've talked a little bit about credit lines being taken away.

Edward: I think it's still pretty tough. There are asset classes again factoring, and I know I'm pro-factoring. Factoring is probably one of the best games in town right now. I think banks are still in a position where they're having to clean-up balance sheets and I think there's a lot of uncertainty about a lot of things regulatory wise, but they're not ready to open up the spigots yet.

So, I see there's as much entrepreneurialship as there ever was. People still want to build businesses and create business. There's just not the capital available. The capital is there. Banks have money. Insurance companies have money. They're just not putting it out right now until I think there's more regulatory things going on in the economy. When it's more clear what's going to be going on, business people adjust and things will work out I think, but right now it's still pretty tough.

Michael: That's interesting. All right, Edward, this has been good. It's a great gig for someone who wants to get on the phone and make some good money.

Edward: You're selling money. You're not selling soap. You're not selling widgets. It's something that I think everybody will listen to you as you talk to them.

Michael: So, if some of my listeners want to pick your brain a little bit more, would you be willing to talk to them?

Edward: Of course. Like I said, I don't have a website, but I do have a toll-free number. My toll-free number is 866-626-6186.

Michael: That's perfect. This has been very information, and educating. So, that's Edward F. Vijil, Managing Director of the Adragon Group.

Edward: Thank you so much for the opportunity.

Michael: You're very welcome.

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