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Why Levenstein Vaceva & Company?

LVC is the best company to service your business and consumer loans, because of our experience and analytic abilities. It is not unusual to find a consulting or service team with an excellent academic background in finance, information systems, law and accounting. LVC partners additionally have run a company, paid interest, met payroll, fought with clients and other lenders, worked out problems, and taken over businesses. If you are an officer of a company whose loans we would service (a "Lender"), we can understand you because we have been you.

The Problem to Solve – Loan Collateral other than Public Securities and Real Estate

In the search for yields higher than those offered by public stocks, public bonds and real estate many Lenders make loans to borrowers with new kinds of secured collateral, like inventory or receivables. Such loans can be a profitable enterprise, but our Lender can have big problems recovering and liquidating the collateral if the loan defaults.

In the case of loans against stocks, bonds and real estate well-defined processes exist for valuing, foreclosing and liquidating collateral. If the Lender has made a loan against some other collateral such as receivables or inventory, then there may be limited options to:

1. Know if the collateral exists or has been sold.
2. Know where the collateral is.
3. Prevent a sale of the collateral.
4. Recover damages from the borrower if the collateral has been sold.
5. Recover the collateral or damages from a third party borrower if the collateral has been sold to that third party.

Also, frequently the borrower may not even maintain a collateral information system ("System"), as it would incriminate the borrower. So if the borrower wants to defraud, obfuscate records or simply does not prioritize repaying the loan, a System may cease to exist at any given point in time and the Lender will not get accurate reports, or even get reports at all.

LVC partners have seen two cases in which a separate System was not maintained. In one case the Lender got no reports whatsoever for months before they successfully foreclosed on the borrower. In another a "theft" existed the day before the receiver arrived and every computer disappeared from the borrower's office.

LVC's Service for Lenders

LVC's service includes:

1. Establishment of a System for the Lender that will
 - a. Physically Track Collateral
 - b. Value Collateral on a dynamic basis every day
 - c. Monitor Collateral
 - d. Function independently of the Borrower's business
2. Hiring of personnel to collect on, manage or dispose of collateral
3. Production of Reports for the Lender on collateral
4. Establishment of various collection media for consumers if necessary.
5. Producing financial analyses for Clients, In the case of a foreclosure on assets and if requested, that determine
 - a. Ways to maximize the book value of the assets securing the Loan
<or>
 - b. Ways to liquidate the Collateral and the expected value of the Collateral

Case Study: Acme Hedge Fund, Stamford, CT ("ACME")

Over a two year period we rendered the service described here for a hedge fund with an auto inventory loan, that involved setting up a System, hiring personnel, dealing with employees of the Borrower, selecting a new technology for inventory tracking ("RFID"), dealing with a variety of implementation issues and eventually selling the borrower sold to a third party.

This case study can be downloaded from <http://www.levenstein.net/press.html>, "Use of RFID in Inventory Inspections."