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THE SECURED Lender

NOVEMBER 2025 WWW.SFNET.COM

Putting Capital To Work

TSL INTERVIEW

Betty Hernandez

LEADING SFNET WITH VISION AND DEDICATION

A publication of: Secured Finance Network

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TOUCHING BASE

RISING TO THE CHALLENGE

Reflecting on 2025 and Preparing for 2026

As we look back on 2025, SFNet's 81st Annual Convention theme—Rising to the Challenge—perfectly captures our industry's spirit of resilience and innovation. This year, SFNet and its members have not only met challenges head-on, but have thrived, driving meaningful progress across secured finance.

2025 was marked by record engagement and impactful events. The SFNet Asset-Based Capital Conference in Las Vegas drew unprecedented attendance, while programs like the SFNet Supply Chain Finance Conference in New York City and our new Alliance Partner Program broke new ground. Our Emerging Leaders Summit in Boston saw a big lift in participation, and a great number of us gathered to honor the SFNet 40 Under 40 Award recipients in a memorable ceremony.

Professional development remained a cornerstone, with dozens earning Secured Finance Certified Professional (SFCP) credentials and the acclaimed Mentoring Program pairing a record number of emerging leaders with seasoned professionals. Guest lectures at universities and expanded internship opportunities helped attract new talent to our field.

SFNet's Data & Tech Committee launched new reports and a hands-on workshop, "Empowering Secured Finance with AI & Automation." Members benefited from a robust lineup of free webinars and insightful publications, including thought-provoking issues of The Secured Lender and increased timely content in *TSL Express*.

Advocacy efforts were strong, with the Advocacy Committee helping to shelve and/or amend bills that could have adversely affected our industry by engaging with legislators on key topics. SFNet also submitted letters to federal agencies and Congress, advocating for policies that support working capital deployment.

We turn our focus to the coming year, on page 10, with an interview featuring SFNet's new president, Betty Hernandez, executive vice president and chief credit officer, SLR Business Credit. Betty shares her career journey and extensive involvement with SFNet as well as her priorities as SFNet president and her vision for the future of the secured finance industry.

The secured finance industry has weathered major disruptions—from the Great Recession to COVID-19 and now shifting trade policies. As tariffs and supply chain changes reshape risk, lenders face new uncertainties. On page 76, In *The Cost of Uncertainty*, Alex Sutton, Becky Goldfarb, and Eric Livesey of Gordon Brothers discuss if old strategies are still effective, or is it time to rethink how we value inventory and assess risk in today's rapidly evolving environment?

RICHARD D. GUMBRECHT
SFNet Chief Executive Officer

The SFNet South Florida Chapter held a panel recently entitled, *Winter is Coming: How to Prepare for a Cooling Economy*. On page 24, the moderator, Chris Gouskos of Gibraltar, shares the panelists' thoughts including practical ways lenders can protect their institutions and their clients as economic uncertainty builds.

Field exams may not make headlines, but they're the unsung heroes of asset-based lending. In *Field Exams: Evolving Tools, Unchanging Purpose*, on page 70, Doug Jung and Trent Tanber of Hilco explore how these rigorous, hands-on reviews continue to anchor risk management in a tech-driven world. If you're a lender seeking deeper insight into collateral quality, evolving risks, and the future of ABL diligence—read on and stay ahead of the curve.

For decades, financial institutions have relied on robust fraud defenses to protect their operations. But the rapid rise of AI is shifting the balance. Once unreliable, AI now enables the possibility of scalable, sophisticated fraud—while also offering powerful new tools for defense. On page 14, in *AI Fraud in Lending*, Bluewater executives address staying ahead of the changes brought about by AI.

As we prepare for 2026, we celebrate the dedication and teamwork of our community. By leveraging collective expertise and fostering strong partnerships, SFNet continues to build a robust ecosystem that fuels innovation and growth.

Thank you for all you do for our thriving community. We look forward to another year of rising to every challenge together.

THE SECURED Lender
A PUBLICATION OF SECURED FINANCE NETWORK

Articles

Secured Finance Network

An association of professionals putting capital to work

The Secured Finance Network is the trade group for the asset-based lending arms of domestic and foreign commercial banks, small and large independent finance companies, floor plan financing organizations, factoring organizations and financing subsidiaries of major industrial corporations.

The objectives of the Association are to provide, through discussion and publication, a forum for the consideration of inter- and intra-industry ideas and opportunities; to make available current information on legislation and court decisions relating to asset-based financial services; to improve legal and operational procedures employed by the industry; to furnish to the general public information on the function and significance of the industry in the credit structure of the country; to encourage the Association's members, and their personnel, in the performance of their social and community responsibilities; and to promote, through education, the sound development of asset-based financial services.

The opinions and views expressed by *The Secured Lender's* contributing editors and authors are their own and do not necessarily express the magazine's viewpoint or position. Reprinting of any material is prohibited without the express written permission of *The Secured Lender*.

The Secured Lender, magazine of the asset-based financial services industry (ISSN 0888-255X), is published 6 times per year (Jan/Feb, March, June, July/August, September/October and November) $65 per year non-member rate, and $105 for two years non-member rate. SFNet members are complimentary.

Secured Finance Network
370 Seventh Avenue, Suite 1801,
New York, NY 10001.
(212) 792 -9390 Email: tsl@sfnet.com
www.SFNet.com

Periodicals postage paid at New York, NY, and at additional mailing offices. Postmaster, send address changes to *The Secured Lender,* c/o Secured Finance Network, 370 Seventh Avenue, Suite 1801, New York, NY 10001

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Advantage Business Capital Welcomes Mike Fussell, SVP ABL, Southeast Regionp

Mike Fussell will be focused on $1MM to $15MM asset-based loans in the southeast region, with main focuses in Florida, Georgia and the Carolinas. Fussell can be reached at: mfussell@cbhou.com and (336) 391-6073.

Cambridge Savings Bank Appoints Erin Toomey as Chief Human Resources Officer

Cambridge Savings Bank (CSB) announced the appointment of **Erin Toomey** as chief human resources officer. Toomey brings more than 25 years of experience leading human resources strategy and organizational transformation across diverse industries and complex business environments.

Choate Continues to Expand Its Finance and Restructuring Team with Addition of Luke Barrett

Luke Barrett will advise clients on a wide range of restructuring, bankruptcy and insolvency matters, including large Chapter 11 cases and complex out-of-court restructurings. He has participated in transactions valued more than $340 million, including representing lenders in debtor-in-possession financings, senior secured term and first lien term loans, and revolving credit facilities.

eCapital Appoints Estevan Ruiz as Head of Credit and Risk for Transportation Group

Estevan Ruiz, a seasoned finance professional in commercial and transportation finance, will oversee credit and risk management to support the division's growth under the leadership of Melissa Forman-Barenblit, president, head of Transportation Group.

Faegre Drinker Welcomes Jared Hershberg to Corporate Practice in New York

Jared Hershberg's arrival follows a series of recent additions to the New York office, including partners Dan Smulian and Gregory Mitchell, as well as counsel Alena Markley. With a focus on private equity, mergers and acquisitions, corporate governance and general corporate matters, Hershberg represents a diverse array of fund types, including private equity, growth capital and venture capital, as well as independent sponsors, private companies, portfolio companies, founder-owned businesses and other stakeholders with complex legal and business issues.

Robin Oertel Joins First Business Bank as Senior Vice President - Asset-Based Lending

Based in Minneapolis, MN, **Robin Oertel** brings nearly three decades of asset-based lending expertise to help businesses access working capital for growth, recapitalizations, mergers and acquisitions, and turnarounds.

Steve Ogus Joins First Business Bank as Senior Vice President - Asset-Based Lending

With more than 30 years of asset-based lending expertise, **Steve Ogus** is an experienced leader in helping middle-market companies secure flexible financing solutions to manage growth, acquisitions, refinancing, and turnaround situations.

FGI Tech Adds Matthew Taylor as Director of Product for TRUST™

Matthew Taylor will lead strategy, roadmap, and evolution of TRUST™, FGI Tech's credit insurance management software. Leveraging years of leadership in product strategy, data platforms, and workflow automation across the insurance technology sector, Taylor will focus on enhancing the user experience, expanding platform capabilities, and positioning TRUST™ to scale globally with client needs.

Gordon Brothers Bolsters Market Presence in New England & Welcomes Daniel Bolger as Director, Business Development

In this role, **Daniel Bolger** will accelerate Gordon Brothers' continued growth in the region by providing comprehensive, integrated solutions across the firm's existing suite of asset services, lending and financing, and trading that unlock liquidity for clients and partners.

Hilco Global Unveils Operating Structure to Fuel Next Stage of Growth

Hilco Global announced its new operating structure through the creation of two divisions—Hilco Global Professional Services and Hilco Global Capital Solutions. Both divisions will report to Hilco Global's Founding Chairman and CEO, Jeffrey B. Hecktman. In this new structure, the firm will operate as a subsidiary of ORIX Corporation USA, following the completion of ORIX USA's acquisition of a majority equity interest in the 38-year-old financial services and advisory firm.

In connection with this simplified organizational structure, Hilco Global also announced several executive management leadership roles which will report to Hecktman. **David Kurtz** will serve as the CEO of Hilco Global Professional Services and continue as vice chairman for Hilco Global. **Neil Aaronson** will continue in his capacity as president of Hilco Global for The Americas, alongside **Henry Foster**, who will serve as president of Hilco Global for the UK, EU and APAC. Additionally, **Ian Fredericks** will serve as the CEO for the Hilco Global Capital Solutions Division-Americas and Henry Foster will serve as CEO of the Hilco Global Capital Solutions Division across the UK/EU/APAC. **Nik Singhal** will serve as the interim head of Asset Management and Private Credit within the Hilco Global Capital Solutions division as an extension of his role as group head of Direct Lending for ORIX USA. James H.M. Sprayregen will continue to serve as vice chairman Hilco Global Strategy and Growth.

J.P. Morgan Commercial Banking Announces New Global Head of ABL

J.P. Morgan announced that **Andrew ("Drew") Ray** has been appointed as the new global head of Asset Based Lending (ABL) within Capital & Advisory Solutions, Commercial Banking. Ray brings over 18 years of experience at the firm, having held leadership roles in ABL originations, syndications and portfolio management.

Experienced Banking & Private Credit Partner Rejoins Latham & Watkins in Chicago

Latham & Watkins LLP announced that **Mohammed Shaheen** has rejoined the firm's Chicago office as a partner in the Banking & Private Credit Practice. Shaheen has significant experience representing lenders in both the syndicated and private markets and in restructurings across a variety of industries.

Legacy Corporate Lending Appoints Ben Silver as Senior Executive Vice President and Head of Portfolio and Operations

Legacy Corporate Lending, LLC announced the appointment of **Ben Silver** as senior executive vice president and head of Portfolio and Operations. Based in Los Angeles, Silver will play a critical role on Legacy's leadership team as the firm continues to scale its diversified ABL platform.

Mitsubishi HC Capital America Welcomes Aaron Dever to Asset-Based Lending Team

Mitsubishi HC Capital America appointed **Aaron Dever** as business development director, Business Finance. Dever will be spearheading the origination and structuring of asset-based lines of credit, collaborating with referral partners, and serving as a vital resource for business owners and trusted advisors for the company.

Porter Capital Welcomes Roger Welker as Senior Vice President

With more than 35 years of experience in commercial finance, **Roger Welker** brings deep expertise in factoring, asset-based lending, and relationship-driven business development.

Fritz Martinson Joins Rosenthal Capital Group's Equipment Finance Division as SVP for Underwriting, Portfolio Management

Rosenthal Capital Group (RCG), the leading private commercial finance firm in the United States, announced that **Fritz Martinson** has joined as SVP for Underwriting and Portfolio Management, based in the firm's Chicago office.

Truist Names Veteran Leaders to Commercial and Corporate Banking Roles

Truist Financial Corporation announced **Jenna Kelly** as head of the Consumer and Retail practice group within Truist Corporate Banking and Travis Rhodes as North Carolina West regional president for Truist's Commercial Banking business.

US Capital Global Names Jullion Taylor Named Partner and Managing Director

US Capital Global announced the acquisition of TC Capital Advisors LLC, a premier business consulting and advisory firm founded in 2012. As part of the acquisition, **Jullion Taylor**, founder and managing director of TC Capital Advisors, has been appointed partner and managing director at US Capital Global.

Adam Davis to Lead ABL Originations for Wells Fargo in the Northeast

Wells Fargo is pleased to announce the promotion of **Adam Davis** to head of Asset-Based Lending (ABL) Originations for the Northeast region. In this newly created role, Davis will oversee all aspects of ABL activities, reinforcing Wells Fargo's commitment to delivering flexible, scalable financing solutions to asset-rich companies. A 20-year veteran of the company, Davis has spent the last 12 years on the Retail Finance ABL originations team.

Wingspire Capital Hires Katie Thornett to Lead Healthcare Originations

Wingspire Capital announced the hiring of **Katie Thornett** as managing director - Healthcare Finance. She is responsible for spearheading the origination efforts for Wingspire's healthcare strategy and brings over two decades of broad experience in healthcare lending.

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

Required by 39 U.S.C. 3685. 1. Title of publication: The Secured Lender. 2. Publication No. 0888-255x. 3. Date of filing: September 30, 2025. 4. Frequency of issue: 6x a year. 5. No. of issues published annually: 6. 6. Annual subscription price: $65 for nonmembers. 7. Complete mailing address of known office of publication: 370 7th Ave. Ste. 1801, New York, NY 10001. Contact Person: Michele Ocejo, Telephone: (212) 792-9396. Complete mailing address of the headquarters of general business offices of the publisher: 370 7th Ave. Ste. 1801, New York, NY 10001. 9. Full names and complete mailing address of publisher, editor, and managing editor: Publisher: Secured Finance Network, Inc. 370 7th Ave. Ste. 1801, New York, NY 10001; Editor-in-Chief: Michele Ocejo, 370 7th Ave. Ste. 1801, New York, NY 10001; Managing Editor: Eileen Wubbe. 10. Owner: (If the publication is owned by a corporation, give the name and address of the corporation immediately followed by the names and addresses of all stockholders owning or holding 1 percent or more of the total amount of stock. If not owned by a Corporation, give the names and addresses of the individual owners. If owned by a partnership or other unincorporated firm, give its name and address, as well as those of each individual owner. If the publication is published by a nonprofit organization, give its name and address.): Secured Finance Network, Inc., A Delaware Non-Stock, Non-Profit Corporation, 370 7th Ave. Ste. 1801, New York, NY 10001. 11. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities: None. 12. The purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes: has not changed during preceding 12 months. 13. Publication Title: The Secured Lender. 14. Issue date for circulation data below: September, 2025. 15. Extent and nature of circulation: a. Total number of copies (net press run): Average no. copies of each issue during preceding 12 months: 6,703; No. copies of single issue published nearest to filing date: 6,569. b. Paid circulation (by mail and outside the mail): (1) Mailed outside-county paid subscriptions stated on PS Form 3541 (Include paid distribution above nominal rate, advertiser's proof copies, and exchange copies): Average No. copies each issue during preceding 12 months: 6,047; No. copies of single issue published nearest to filing date: 6,105 (2) Mailed in-county paid subscriptions stated on PS Form 3541 (Include paid distribution above nominal rate, advertiser's proof copies, and exchange copies): Average no. copies each issue during preceding 12 months: 0; No. copies of single issue published nearing to filing date: 0; (3) Paid distribution outside the mails including sales through dealers and carriers, street venders, counter sales and other paid distribution outside USPS: Average no. copies each issue during preceding 12 months: 0; No. copies of single issue published nearing to filing date: 0; (4) Paid distribution by other classes of mail through the USPS (e.g., First-Class Mail): Average no. copies each issue during preceding 12 months: 230; No. copies of single issue published nearing to filing date: 100. c. Total paid distribution (Sum of 15b(1), (2), (3) and (4)): Average no. copies of each issue during preceding 12 months: 6,077; No. copies of single issue published nearest to filing date: 6,205. d. Free or nominal rate distribution (by mail and outside the mail): (1): Free or nominal rate outside-county copies included on PS Form 3541: Average no. copies of each issue during preceding 12 months: 0; No. copies of single issue published nearest to filing date: 0. (2) Free or nominal rate in-county copies included on PS Form 3541: Average no. copies of each issue during preceding 12 months: 0. No. Copies of Single Issue Published Nearest to Filing Date: 0. (3) Free or nominal rate copies mailed at other classes through the USPS (e.g., First-Class Mail): Average no. copies of each issue during preceding 12 months: 0; No. copies of single issue published nearest to filing date: 0. (4) Free or nominal rate distribution outside the mail (carriers or other means): Average no. copies of each issue during preceding 12 months: 230; No. copies of single issue published nearest to filing date: 100. e. Total free or nominal rate distribution (sum of 15d (1), (2), (3) and (4): Average no. copies of each issue during preceding 12 months: 300; No. copies of single issue published nearest to filing date: 250. f. Total distribution (Sum of 15c and 15e): Average no. copies of each issue during preceding 12 months: 6,377; No. copies of single issue published nearest to filing date: 6,205. g. Copies not distributed: Average no. copies of each issue during preceding 12 months: 326; No. copies of single issue published nearest to filing date: 114. h. Total (Sum of 15f, 15g): Average no. copies of each issue during preceding 12 months: 6,703; No. copies of single issue published nearest to filing date: 6,569. i. Percent paid (15c/f x 100): Average no. copies of each issue during preceding 12 months: 95.29%; No. copies of single issue published nearest to filing date: 96.12%. I certify that all information furnished on this form is true and complete.

TSL
INTERVIEW

Betty Hernandez: Leading SFNet with Vision and Dedication

BY EILEEN WUBBE

Betty Hernandez, executive vice president and chief credit officer, SLR Business Credit, and incoming SFNet president, shares her career journey and extensive involvement with SFNet. She discusses her priorities as SFNet president and vision for the future of the secured finance industry.

Congratulations on becoming SFNet's incoming president! Before we dive in, can you provide our readers with a background on your career?

After graduating from Rutgers University, I started my career in a credit training program in New Jersey at First Fidelity Bank, a mid-sized regional bank. After nine months of classroom training, I was rotated through various departments to support lenders as an underwriter. There I was exposed to many different types of lending facilities and borrowers including non-profits, wholesalers, distributors, real estate and leasing. In July 1990, at the end of the two-year program, I was placed in the bank's asset-based lending department. This department was headed by Ted Kompa, with Jeff Goldrich, Dan Tortoriello and Mike Coiley as team leaders. My role was account executive, but before I was given accounts to handle, Ted wanted me to get field exam experience. I was sent out with various field examiners under the tutelage of Ira Wolfe, the audit manager. I audited staffing companies as well as manufacturers and distributors prior to becoming an account executive.

In 1995, Ted and Jeff had an opportunity to leave First Fidelity (which was soon to become First Union and now Wells Fargo) to start up an independent finance company called Business Alliance Capital Corp. (BACC). I vividly remember Jeff's farewell speech, as he had just turned 40 and I was about to have my second child. He discussed turning 40, leaving a stable bank job to start up a new independent finance company with no borrowers day 1. I, too, had no idea what the future would hold as everything had been changing so rapidly.

After working briefly at PNC Business Credit, I re-joined my former colleagues at BACC as an underwriter. In 2005 BACC was sold to Sovereign Bank (later to become Santander Bank). Eventually Santander decided to exit the BACC portfolio, and I became a team leader in their workout department working for Tony Cortese and later Mike Maiorino. In 2010 Jeff and Dan had successfully raised equity and had obtained a leverage facility to re-start on their own again. I joined them, and a few others, to co-found North Mill Capital LLC and serve as the firm's chief credit officer.

In 2017, we were acquired by SLR Investment Corp. (Nasdaq: SLRC). We were later re-branded to SLR Business Corp., and thanks to the support provided by our parent company, we've been able to grow our portfolio exponentially. In 2010, when we started, we had 16 loans with $19 million outstanding. Today, as a result of six acquisitions and organic growth, we have over 150 borrowers and $1 billion in credit facilities under management. I am responsible for credit quality and the performance of the portfolio. I oversee all new fundings. I enjoy meeting with customers face to face and touring their facilities. I really enjoy the team and culture we have built. I am very fortunate to have been working with my mentors and friends for over 35 years.

How have you been involved with SFNet over the years?

Ted Kompa first introduced me to SFNet, then known as CFA, in 1990. He and Jeff encouraged me to join the SFNet New Jersey Chapter board. There I became treasurer and moved up the ranks to become the president of the SFNet New Jersey Chapter in 2004. Ted had asked me to participate in a first ever pilot program called Earning the Right to Lead in Roseville, IL. It was one of the first times I had traveled for work. There I met other up-and-coming leaders.

Next, Ted asked me to join the Needs and Analysis Committee. That was my first real exposure to other SFNet directors besides Ted. In 2015 I was asked to be on the search committee to replace the outgoing SFNet CEO. I was also asked to be on the Executive Committee and served one year before the committee was restructured into the 14- committee member structure we have today. The years I was not on the Executive Committee I still remained active volunteering in various capacities.

Through the World Bank Project, I was asked to travel to Bogota, Colombia, Mexico City, Mexico and Lagos, Nigeria where I was part of a group that taught local lenders the basics of asset-based lending. The lessons in Colombia and Mexico were especially challenging as I had to brush up on my Spanish business terms. Although I'm a native speaker, words like "yield" and "advance rates" were not something I used in my familial conversations. I was vice chair and then chaired the Chapters Committee.

In 2020 I received a call from SFNet CEO Rich Gumbrecht to become the first ever chair of the Diversity, Equity and Inclusion Committee on the SFNet Executive Committee. This was a new challenge as it was different than the other committees that comprise the Executive Committee. As chair, I was committed to educating members on what DEI means. We held various webinars, started a library of related articles for reference, and conducted our first DEI survey. After chairing this Committee for two years, I was asked to join the Management Committee. I'm a member of the Women in Secured Finance Committee, was a judge and chair of the 40 Under 40 Awards, and have been a judge and am this year's chair of the Impact Awards Committee. I've been a mentor in the SFNet Mentoring program and a guest lecturer at various colleges introducing the secured lending industry as a career to college students.

What are some memorable experiences you have had through your involvement with SFNet?

One of my most memorable experiences was when I traveled on behalf of the SFNet for the World Bank program. When I was in Lagos, Nigeria with Rob Katz, teaching the fundamentals of asset-based lending, we discussed our lending "war stories." We were not from the same backgrounds, but at the end of the day, we are all lenders facing similar risks.

What does the role of SFNet president mean to you personally and professionally?

Personally, I am a first-generation college graduate and youngest daughter of Cuban immigrants. When I became involved in our industry association, I never thought that one day I could become its president. I simply gave back to an industry that gave me many career opportunities and mentors. My becoming president is proof, both to myself and my team members, that anything can be achieved through hard work and dedication.

What are your top priorities as SFNet president?

There are so many areas to focus on, it is difficult to pinpoint just one. However, since my interaction with SFNet began at the chapter level, I think it's important to continue to strengthen the chapters and their relevance to our industry. Without the chapters our reach would be somewhat limited. The 18 chapters are the "boots on the ground" who do the networking and convening needed for SFNet to be the thought leader of the secured finance industry, which is what we strive to be. Additionally, we need to continue to be at the forefront of the daily market challenges we are all facing. Those range from the ever-changing government regulations and loan recovery rates that directly affect us to tariffs that can impact our borrowers and indirectly us.

We need to expand our reach to include previously untapped allies in our ecosystem to fulfill our vision of continued business and economic growth for our members. For example, with the expanding presence of private credit managers in our marketplace, SFNet has identified private credit providers' role and we are trying to engage these players to help them see the value SFNet can bring to them. At our Annual Convention this year we will be holding a Capital Connections session on November 12th focused on private credit, private capital, and the evolution of private credit.

Finally, I would be remiss if I didn't mention "AI" and how it could impact our industry. For the last few years, we have been hearing different examples of how AI technology has improved scalability. Our Data Committee's Tech Taskforce will continue to focus on AI and automation efforts in our industry.

How do you hope to build on the initiatives of past SFNet presidents?

I hope to continue the efforts started by previous presidents like Jennifer Palmer, who began relationships with trade associations such as the International Housewares Association. These efforts have continued under Barry Bobrow and Rob Meyers through an Alliance Partner Program with such industries as distilled spirits, bakeries and packaging. I hope to continue these efforts and expand them to other relevant industries as this will directly benefit our members and those of our partners.

Through the World Bank Project, Betty Hernandez (pictured, front row) traveled to Lagos, Nigeria, where she was part of a group that taught local lenders the basics of ABL.

What challenges and opportunities do you see for the industry and SFNet in 2026?

I think our industry is faced with many challenges. The cost of handling accounts and closing deals has increased. Professional fees have also increased, and we've had to pass those costs along to our borrowers. The future of interest rates has always been difficult to discern, but seems even more unpredictable currently. At first our borrowers were shocked by the increased tariffs, then there were delays in implementation, and then once again the tariffs were on the table. I would say that most borrowers at this point have found a way to manage the potential for tariffs by either absorbing a portion of the increase, passing the higher costs onto their customers or a combination thereof. Nonetheless, the certainty of these tariffs sticking is yet to be seen and it seems as if nothing is certain. However, we have always been an all-weather industry that finds opportunities where others don't. SFNet has resources to help us grow and thrive in any environment and that's what excites me most about this role.

When you're not busy at SLR Business Credit or volunteering with SFNet, what can you be found doing?

When I'm not working, I like to travel with my husband. I have two children and two stepchildren. We have four grandchildren and two upcoming nuptials for our youngest children. I enjoy going to the beach, spending time with the family, cooking, and being with my Maltese dog, Star.

Eileen Wubbe is senior editor of The Secured Lender.

TSL FEATURE

AI Fraud in Lending: The Cannon at Your Gates

BY ROBERT BOWLES, ALEX DULISSE AND DANIEL PRAVICH

Novel AI systems can circumvent existing fraud defenses at scale. New defenses are necessary to protect the safe operation of financial institutions. Lenders must act fast and adapt to new technology to avoid potentially catastrophic losses.

Castles were impenetrable fortresses for centuries in medieval Europe, keeping their inhabitants safe even as attackers ravaged the surrounding lands. Storming a castle was deadly for attackers, and even the largest trebuchets could do little damage to their thick stone walls.

Castles meant that defenders always had the upper hand in military conflicts. This changed dramatically with the introduction of a new, 14th-century technology: the cannon. Early cannons were unreliable, typically putting their operators in more danger than their targets. But after a century of relentless improvement, the cannon upset the balance of power in favor of the attacker. In the 15th century, castles that were once thought impregnable had fallen, and by the turn of the century, it was clear that warfare had changed forever. In 1519, Niccolo Machiavelli wrote, “There is no wall, whatever its thickness, that artillery will not destroy in a few days.”

Today’s financial institutions have robust defenses against fraud that have enabled safe finance for decades, but AI technology poses a looming threat. For years, AI has been rapidly improving and is beginning to pose a risk to traditional lending procedures. As AI continues to improve, will it advantage the defender (lenders and factors) or the attacker (fraudsters and borrowers misrepresenting collateral)? The advantages are asymmetrical. AI makes traditional fraud easier and hugely scalable. However, AI also enables new defenses that can prevent increased fraud – if the defenders act with haste.

What is AI?

AI systems are unlike typical computer programs because they are “grown” from training data, rather than being designed and built by programmers. AIs are given vast amounts of data and learn on their own what the underlying patterns and features of the data are. AI systems have taught themselves how to read, write, do mathematical calculations, write code, and complete most tasks that can be done on a computer – all at an expert level. Modern AIs can pass the Bar, CFA, and any other exam you can think of. And they are rapidly improving. Today, AI systems can expertly reason about questions, generate and edit images, write documents, and much more. Likely, they will soon be indistinguishable from a remote worker. If you aren’t already familiar, go to chatgpt.com or gemini.google.com to try them. But keep in mind that these AI systems are basic compared to other offerings that exist today, and that AI systems in general are improving at a rapid pace.

AI Fraud Today

But what does AI enable for an attacker today?

On page 16 are 2 BOLs (see set 1). Can you tell which are real or fake? **Before reading on, take a close look at the documents on the next page to see if you can tell…**

ROBERT BOWLES
Bluewater Transaction Advisors

ALEX DULISSE
Bicameral

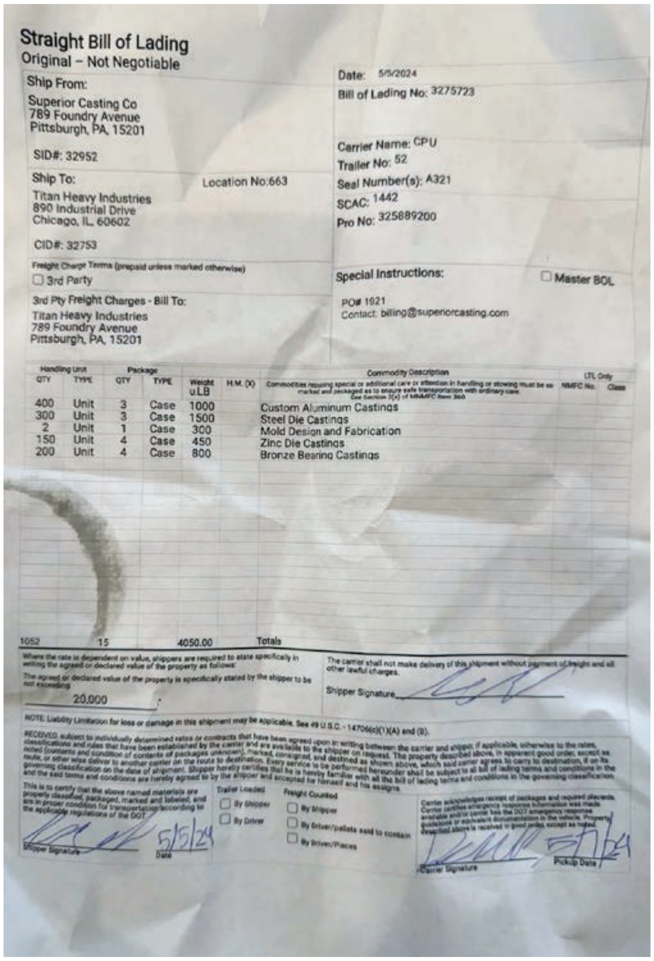
DANIEL PRAVICH
Bicameral

After looking at the images on the next page, how confident are you in your prediction? Actually, this was a trick question. They were both fake! The originals are on page 17 (see set 2).

On the first set of documents, the following changes were made using AI.

- 1st image: The unit quantities are doubled.
- We instructed the AI on what numbers to put, and it altered the image, mimicking the look of the existing text.
- 2nd image: Fake carrier signature and date.
- We instructed the AI to create a signature with “light blue penstrokes that are difficult to read.” We then instructed it to add the date 6-30-24.
- For both images, the edits were generated from scratch and not copied from another source.

Set 1 Documents



Straight Bill of Lading
Original – Not Negotiable

Ship From:
Superior Casting Co
789 Foundry Avenue
Pittsburgh, PA, 15201

SID#: 32952

Ship To: Location No:663
Titan Heavy Industries
890 Industrial Drive
Chicago, IL, 60602

CID#: 32753

Freight Charge Terms (prepaid unless marked otherwise)
☐ 3rd Party

3rd Pty Freight Charges - Bill To:
Titan Heavy Industries
789 Foundry Avenue
Pittsburgh, PA, 15201

Date: 5/5/2024
Bill of Lading No: 3275723

Carrier Name: CPU
Trailer No: 52
Seal Number(s): A321
SCAC: 1442
Pro No: 325889200

Special Instructions: ☐ Master BOL
PO# 1921
Contact: billing@superiorcasting.com

Handling Unit QTY	Handling Unit TYPE	Package QTY	Package TYPE	Weight u.LB	H.M. (X)	Commodity Description	LTL Only NMFC No.	LTL Only Class
400	Unit	3	Case	1000		Custom Aluminum Castings		
300	Unit	3	Case	1500		Steel Die Castings		
2	Unit	1	Case	300		Mold Design and Fabrication		
150	Unit	4	Case	450		Zinc Die Castings		
200	Unit	4	Case	800		Bronze Bearing Castings		
1052		15		4050.00		Totals		

Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows:
The agreed or declared value of the property is specifically stated by the shipper to be not exceeding
20,000

The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.
Shipper Signature

NOTE: Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. - 14706(c)(1)(A) and (B).

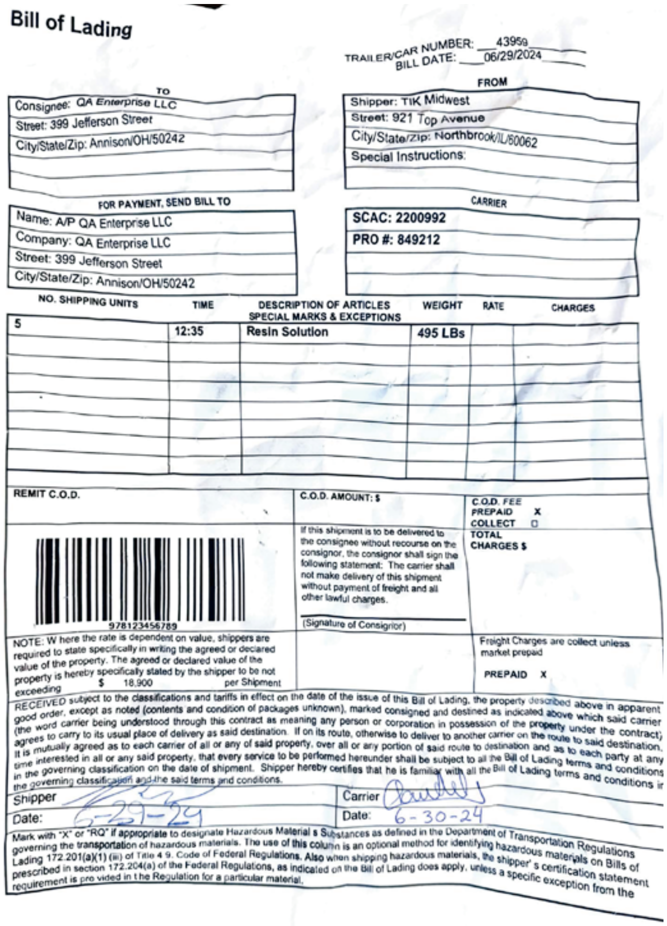
This is to certify that the above named materials are properly classified, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the DOT.

Shipper Signature Date 5/5/24

Trailer Loaded
☐ By Shipper
☐ By Driver

Freight Counted
☐ By Shipper
☐ By Driver/pallets said to contain
☐ By Driver/Pieces

Carrier Signature Pickup Date 5/7/24



Bill of Lading

TRAILER/CAR NUMBER: 43959
BILL DATE: 06/29/2024

TO
Consignee: QA Enterprise LLC
Street: 399 Jefferson Street
City/State/Zip: Annison/OH/50242

FROM
Shipper: TIK Midwest
Street: 921 Top Avenue
City/State/Zip: Northbrook/IL/60062
Special Instructions:

FOR PAYMENT, SEND BILL TO
Name: A/P QA Enterprise LLC
Company: QA Enterprise LLC
Street: 399 Jefferson Street
City/State/Zip: Annison/OH/50242

CARRIER
SCAC: 2200992
PRO #: 849212

NO. SHIPPING UNITS	TIME	DESCRIPTION OF ARTICLES SPECIAL MARKS & EXCEPTIONS	WEIGHT	RATE	CHARGES
5	12:35	Resin Solution	495 LBs		

REMIT C.O.D.
C.O.D. AMOUNT: $
C.O.D. FEE
PREPAID X
COLLECT ☐
TOTAL CHARGES $

978123456789

If this shipment is to be delivered to the consignee without recourse on the consignor, the consignor shall sign the following statement: The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.
(Signature of Consignor)

NOTE: Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property. The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding $ 18,900 per Shipment

Freight Charges are collect unless market prepaid
PREPAID X

RECEIVED subject to the classifications and tariffs in effect on the date of the issue of this Bill of Lading, the property described above in apparent good order, except as noted (contents and condition of packages unknown), marked consigned and destined as indicated above which said carrier (the word carrier being understood through this contract as meaning any person or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery as said destination. If on its route, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed as to each carrier of all or any of said property, over all or any portion of said route to destination and as to each party at any time interested in all or any said property, that every service to be performed hereunder shall be subject to all the Bill of Lading terms and conditions in the governing classification on the date of shipment. Shipper hereby certifies that he is familiar with all the Bill of Lading terms and conditions in the governing classification and the said terms and conditions.

Shipper
Date: 6-29-24
Carrier
Date: 6-30-24

Mark with "X" or "RQ" if appropriate to designate Hazardous Materials Substances as defined in the Department of Transportation Regulations governing the transportation of hazardous materials. The use of this column is an optional method for identifying hazardous materials on Bills of Lading 172.201(a)(1) (iii) of Title 4 9. Code of Federal Regulations. Also when shipping hazardous materials, the shipper's certification statement prescribed in section 172.204(a) of the Federal Regulations, as indicated on the Bill of Lading does apply, unless a specific exception from the requirement is provided in the Regulation for a particular material.

It took under an hour to build the system for generating these fake documents, and it would take no time to generate a thousand more. Maybe an eagle-eyed field examiner could tell the difference, but doing so reliably and on a schedule would be impossible. And remember, today is the worst this technology will ever be...

Beyond document manipulation, AI tools can help attackers by being an intelligent "fraud consultant," giving expert-level advice on any scheme. Some models may not help if you directly ask them to help commit fraud, but these safeguards are easily circumvented. In general, any novice fraudster is now an expert.

A Possible Tale from the Near Future - March 2027

Lisa's firm, like many, had been aware of AI-enabled fraud since 2025, but maintained confidence in their old processes. They stuck with their tried-and-true processes while competitors scrambled to change.

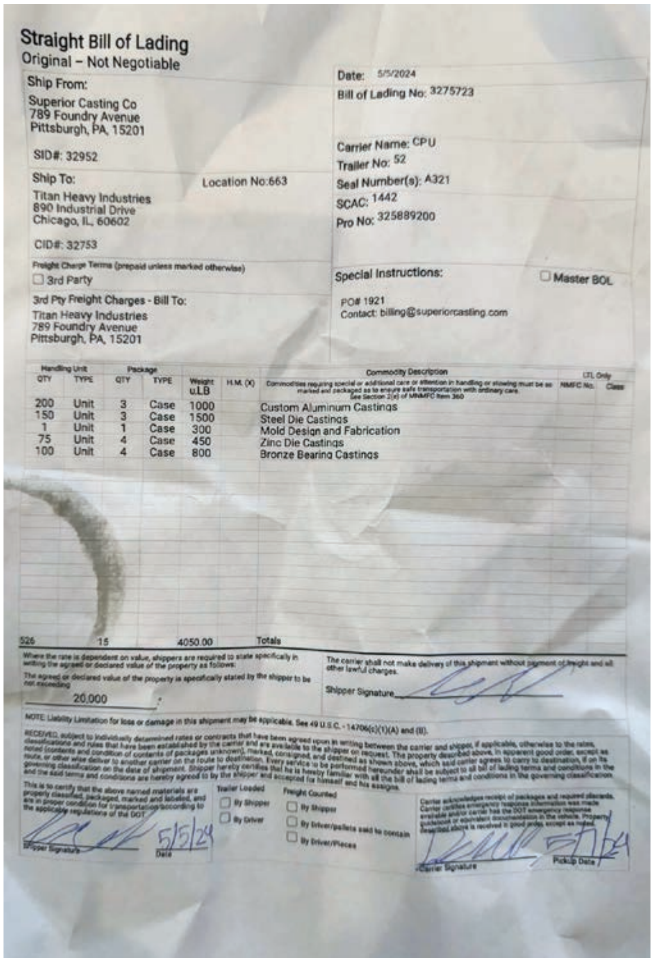
Lisa had been closely monitoring Riverside Distribution for months due to their history of delayed payments, disorganized financials, and their owner's stressed demeanor on calls. Then suddenly, everything seemed to turn around: new contracts materialized, revenue surged, and cash flow stabilized, all coinciding with their application for a significant expansion loan.

This rapid turnaround didn't sit right with Lisa. In her eight years of underwriting and portfolio management, such a swift recovery for a distressed company was rare. She tasked her analyst with fast-tracking reviews of companies with strong financials, specifically to investigate Riverside by verifying the new contracts, calling clients directly, and cross-referencing everything.

Two months later, payments started going missing. The culprit was not Riverside Distribution, however, but Meridian Manufacturing, another company in their loan portfolio. Meridian had been systematically inflating its revenues and fabricating contracts using DocuForge Pro, the same off-the-shelf AI fraud software that had been increasingly identified in investigations across the U.S. and Europe for the past 6 months. The document manipulation had started right after Lisa's team shifted focus to Riverside.

Lisa's analysis confirmed that the Riverside Distribution

Set 2 Documents



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Pro No: 325889200

Freight Charge Terms (prepaid unless marked otherwise)
3rd Party

3rd Pty Freight Charges - Bill To:
Titan Heavy Industries
789 Foundry Avenue
Pittsburgh, PA, 15201

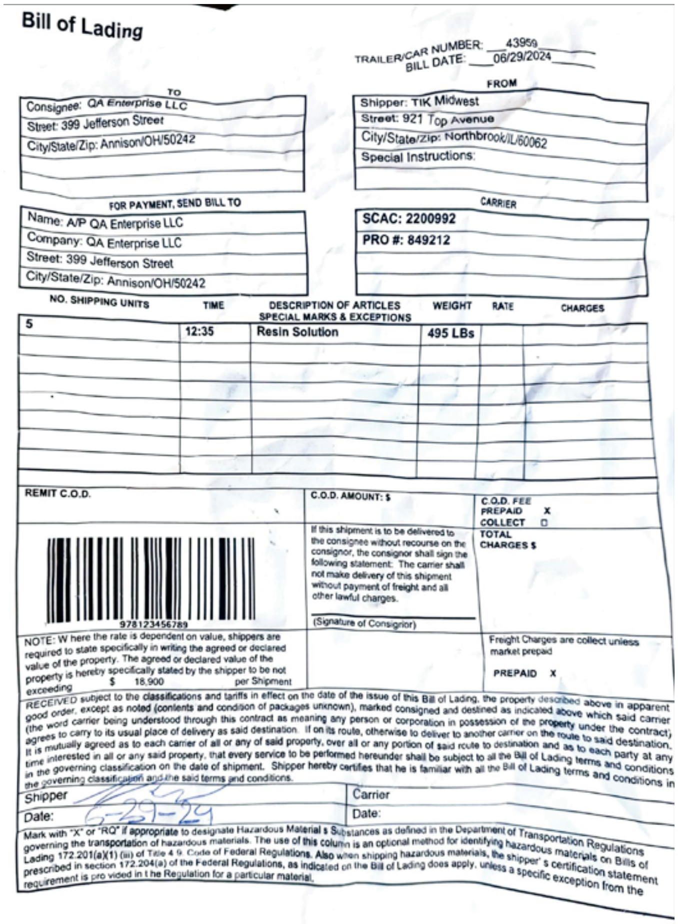
Special Instructions:
PO# 1921
Contact: billing@superiorcasting.com

Master BOL

Handling Unit QTY	TYPE	Package QTY	TYPE	Weight LB	H.M. (X)	Commodity Description
200	Unit	3	Case	1000		Custom Aluminum Castings
150	Unit	3	Case	1500		Steel Die Castings
1	Unit	1	Case	300		Mold Design and Fabrication
75	Unit	4	Case	450		Zinc Die Castings
100	Unit	4	Case	800		Bronze Bearing Castings
526		15		4050.00		Totals

20,000

Shipper Signature
5/5/24
5/7/24



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FOR PAYMENT, SEND BILL TO
Name: A/P QA Enterprise LLC
Company: QA Enterprise LLC
Street: 399 Jefferson Street
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CARRIER
SCAC: 2200992
PRO #: 849212

NO. SHIPPING UNITS	TIME	DESCRIPTION OF ARTICLES SPECIAL MARKS & EXCEPTIONS	WEIGHT	RATE	CHARGES
5	12:35	Resin Solution	495 LBs		

REMIT C.O.D.
C.O.D. AMOUNT: $
C.O.D. FEE PREPAID X COLLECT
TOTAL CHARGES $

978123456789

If this shipment is to be delivered to the consignee without recourse on the consignor, the consignor shall sign the following statement: The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.

(Signature of Consignor)

NOTE: Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property. The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding $ 18,900 per Shipment

Freight Charges are collect unless market prepaid
PREPAID X

Shipper
Date: 6-29-24
Carrier
Date:

turnaround was legitimate. While she'd been scrutinizing a genuine recovery story, fraudsters using widely available AI tools had evaded their detection. Losses exceeded $1.2 million.

New Balance of Power

This scenario, or one like it, will happen to unprepared lenders in the coming years. However, by understanding the new balance of power that AI creates, defenders can maintain the upper hand. Sophisticated AI technology allows even amateur fraudsters to operate with the expertise of today's professionals, doctoring documents, maintaining consistent narratives, and avoiding detection. While all-in-one fraud software may not exist yet, current AI models are highly capable when properly utilized. Off-the-shelf software already facilitates ransomware, identity theft, phishing, and money laundering. Similar tools for document fraud are inevitable.

Unfortunately, attackers will always have the advantage at the individual-document level.

It is becoming increasingly difficult, even for advanced AI detection, to distinguish fake documents from real ones. However, attackers face significant challenges in executing sophisticated, multi-document, multi-transaction, and multi-month fraud schemes. A single inconsistency is a thread that, if diligently pulled, can unravel the attacker's entire operation.

Nonetheless, defenders' existing processes are largely insufficient to catch these frauds, requiring technological enhancements to counter these evolving threats. Every day, the first major AI fraud incident draws nearer, and lenders must act swiftly to protect themselves.

What to Do

Don't panic! Although AI can enable fraud at a much greater scale, it does not enable any fundamentally new fraud. Existing procedures enforced with awareness, vigilance, and caution will help in the short term. Attackers can move faster than defenders, so enforce existing procedures at the very least. If something looks suspicious, slow down until you confirm its veracity.

Wherever possible, verify using secondary sources. Third-party verification via phone or online portals cannot be faked, but you must ensure you are using a legitimate source. AI can easily fake voices and create duplicate websites.

Comparing documents and checking for logical inconsistencies remains vital. For recurring collateral packages, new invoices appearing on the AR aging should align with the sales journal, and dropped invoices should align with the cash journal and bank statement. Teams should be diligent in checking dates and other details across supporting documents.

Ensure your team is familiar with AI's capabilities. This will not only help with spotting fakery, but also help build foundational knowledge, which will be vital as AI plays a greater role in finance at large. AI is a force multiplier: it makes attackers faster and smarter, but it also helps you bolster your defenses.

Soon, these measures alone won't suffice. Teams will have to leverage AI for fraud defense. Since attackers have the advantage at the individual-document level, and defenders have the advantage against larger frauds, the best defenses will enable lenders to analyze a higher volume of documents and in greater depth. Scouring every document for the slightest discrepancy would take too long for even a team of people alone, but AI excels at this detail-oriented, repetitive work.

AI systems will parse large document volumes, flagging risks for human review based on content, borrower trustworthiness, and loan size. This digital first pass ensures team members focus on higher-risk areas while ensuring complete coverage is maintained. AI systems will also track trends and ensure high-level numerical consistency. Furthermore, AI will holistically analyze borrowers beyond the raw numbers and help lenders consider potential risks before they become a problem. There are already AI-powered tools on the market that can do this at a multi-document/transaction level, and they will continue to improve in scope. In the future, such systems will be a key tool for ensuring strong defenses.

Additionally, because semi-annual field exam reports will let fraud go unaddressed for months, lenders should adopt a "continuous monitoring" mindset. Continuous monitoring has been out of reach for over a decade, due to the cost of implementation. Fortunately, AI will make such systems far more manageable by handling routine checks and only involving team members when risks are identified.

While exact future specifications of these systems are unknown, increased AI risk means that such systems are likely inevitable. Lenders do not need to build these systems themselves, as AI document processing/fraud detection is already becoming available as a service, much like email or collateral monitoring systems.

An Alternative Tale from the Near Future - March 2027

Lisa's firm had taken the AI fraud warnings seriously since 2025, upgrading to AI monitoring systems that continuously analyzed transactions and patterns across their entire portfolio.

Lisa had been keeping a close eye on Riverside Distribution due to their distressed status, and she was suspicious when everything suddenly turned around. She lowered the automated system's risk threshold for Riverside and tasked her analyst with digging deeper.

Over the next few weeks, the automated system flagged Meridian Manufacturing for suspicious invoice patterns. Several contract payments exhibited identical formatting anomalies and sequential reference numbers that didn't align with normal customer billing cycles. When the field exam team investigated, they discovered that Meridian had been systematically inflating revenues and fabricating contracts using DocuForge Pro. They'd only drawn down $140,000 so far, but the fabricated contracts totaled over $1.2 million. At the same time, Lisa confirmed the turnaround of Riverside was legitimate; the system had caught what would have become a massive loss with Meridian before it was too late.

The introduction of cannons inherently favored attackers over defenders, but it is not inevitable that AI follows this pattern. Fraud is inconsistent with the truth, so a sufficiently thorough analysis in principle can uncover discrepancies. Due to this asymmetry, fully deployed AI systems will favor the defender. However, this advantage only applies if AI is actually fully deployed. Those who stagnate will face increasing disadvantages. Lenders do not need to blow up their current processes, but they must plan and act to counter the growing AI threat.

Don't panic! But don't stand still either.

This article was co-authored by Robert Bowles (robertbowles@consultbluewater.com), Alex Dulisse (adulisse@bicameral.io) and Daniel Pravich (dpravich@bicameral.io). Robert is the founder and executive director of Bluewater Transaction Advisors, a national field exam firm. Alex and Daniel are the founders of Bicameral. Bicameral is a software platform that uses AI to assist with auditing financial documents at scale. Bluewater utilizes the Bicameral software, working alongside Alex and Daniel to solve present and future problems in secured finance using emerging technologies.

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TSL FEATURE

The State of Lender Finance

BY MICHELE OCEJO

In a rapidly evolving financial landscape, lender finance has emerged as a dynamic and competitive sector. To gain a deeper understanding of the current trends, challenges, and priorities shaping this space, we spoke with five industry veterans: Russell Turley, first vice president, commercial banking team leader, Valley National Bank; Gen Merritt-Parikh, co-CEO, Haversine Funding; Patrick Green, SVP, head of Lender Finance, Flagstar Bank; Stewart Hayes, managing director/SVP, Wells Fargo Capital Finance; and JD Gettmann, managing director, head of lender finance, MidCap Financial Services, LLC.

The demand for lender finance has remained robust over the past year, driven by various sectors and evolving market dynamics. Turley observed, "We have seen consistent demand for more capital from our clients and from the broader market, specifically from asset-based lenders. We have also seen more consolidation via M&A, and I think this activity will continue as an older generation looks to exit and as larger lenders look to diversify via geography and/or product set."

Green echoed this sentiment, noting, "Demand this year has been relatively consistent, both in the commercial finance and consumer finance segments. On the commercial finance side, ABLs, small business lenders, and equipment finance companies have been robust, while in consumer finance, direct consumer lenders, both auto and non-auto, have been active. Increased activity in some of these spaces was driven in part by the pending tariff situation. We anticipate activity to remain strong over the course of the next year. The bigger question may be what bank appetite will be over that period. Certainly, if some banks pull back, it will afford more opportunities for those who are ingrained in the space."

Merritt-Parikh highlighted the shift from banks to private credit, stating, "Banks are tightening while private credit expands, so non-bank capacity is filling the gap. For us, activity is strongest in logistics, manufacturing/near-shoring, healthcare, and some seasonal and disaster-recovery pockets. Into the next 6–12 months, we expect lenders to run a bit tighter with increased reserves, cleaner reporting, and step-up facilities. Overall, demand should remain elevated."

Hayes added, "There is strong interest and support from institutional investors to the non-bank lending space, and we expect lender finance activity to non-bank lenders to remain high. Additionally, there have recently been several new entrants in the nonbank ABL market and multiple new entrants in the equipment finance space."

Gettmann emphasized the competitive landscape, saying, "Competition in the lender finance space has definitely intensified... the days of white space in the lender finance market are in the past. On a go-forward basis, I don't see the competitive landscape getting any easier. I think the space has been an area where a solid risk/return profile can be achieved for experienced market players and that should continue to drive demand for assets."

Underwriting Criteria

Underwriting practices remain a cornerstone of lender finance strategy. Merritt detailed their approach: "Underwriting starts with the portfolio and how it performs. We review the loan tapes, concentrations, delinquencies, and performance metrics; assess loss history and trends; and confirm the data matches the story. We dig into loan files and do testing. We also look at the engine behind it all: policies, systems,

RUSSELL TURLEY
Valley National Bank

GEN MERRITT-PARIKH
Haversine Funding

PATRICK GREEN
Flagstar Bank

STEWART HAYES
Wells Fargo Capital Finance

JD GETTMANN
MidCap Financial Services, LLC.

processes, and reporting, and we evaluate the quality and history of the financials. Most of all, it's the people though for us - reputation, credit culture, expertise, and experience."

Turley emphasized consistency and discipline, stating, "We focus on companies that have comprehensively shown consistency and discipline in their lending practices and overall approach. The ability to have sustained success through stressed economic cycles is the ultimate high watermark."

Hayes outlined a multi-faceted evaluation, including management team, product structure, portfolio composition, and platform capabilities. "We want to understand if the company has comprehensive portfolio management and accounting systems, documented policies and procedures, detailed underwriting criteria, audited Financial Statements, etc."

Gettmann stressed predictability, noting, "We spend a lot of time focused on predictability of asset performance in our deals. It is the deals with sporadic performance that give us pause. We provide capital across a wide spectrum of asset classes on both the commercial and consumer side. There is some nuance to each asset class in terms of focus, but quality of management, sufficient liquidity/capital in the business, strong underwriting and servicing capabilities, and portfolio diversification are important across the board."

Green added, "Consistency in financial and collateral performance is highly regarded by lenders like Flagstar. While some may alter their underwriting due to macroeconomic or geographic drivers, it's critical that those changes are thoroughly calculated and well-explained while remaining consistent with their policies and procedures."

The impact of tariffs and global trade shifts has been mixed across the sector. Hayes observed, "Some ABLs and factors with underlying clients with meaningful import activity have been materially impacted. Larger dollar equipment purchases from foreign manufacturers have been impacted. On an overall basis, non-bank lender portfolios have held up well. The bottom line is business continues and everyone at all levels has to make the best decisions for their respective businesses."

Tariffs and Trade Dynamics

The impact of tariffs and global trade shifts has been mixed across the sector. Hayes observed, "Some ABLs and factors with underlying clients with meaningful import activity have been materially impacted. Larger dollar equipment purchases from foreign manufacturers have been impacted. On an overall basis, non-bank lender portfolios have held up well. The bottom line is business continues and everyone at all levels has to make the best decisions for their respective businesses."

Turley pointed out, "The asset-based lenders and factors that have underlying borrowers that are reliant on imports from overseas have drawn on their lines. Borrowers have drawn on their lines as a precaution to avoid any uncertainty around their liquidity... a true domino effect. That said, it is difficult for management teams to react or change strategies given the unpredictability of what will happen next, and if policies will remain in place long term."

Green emphasized proactive communication, stating, "It's helpful to have management teams that are actively engaged and communicating with lenders on potential impacts. Even for companies not directly impacted by trade and tariff issues, it's worth considering potential macroeconomic issues, such as potential effects on interest rates and unemployment."

Merritt noted, "So far, we haven't seen a material impact or disruption across our portfolios. On our side, we intentionally reduced inventory exposure over the last two years and ask for additional reporting and monitoring on specific transactions. It's still early, so Q4 will be telling. And, yes, we expect more emphasis on credit discipline and reserves into next year."

Gettmann added, "We have limited exposure in our lender finance book to asset classes with significant tariff exposure. Constant communication with borrowers on potential challenges is key."

Regulatory Scrutiny

Regulatory compliance remains a priority despite varying levels of scrutiny. Green highlighted the importance of dedicated compliance roles, saying, "It's ideal to have a dedicated compliance officer/employee that reports to the CEO, owner, or Board of Directors. We are always very focused on regulatory/compliance issues regardless of any administration's focus and look for partners that hold a similar view."

Gettmann said, "Our underwriting process has and continues to focus on an adherence to proper regulatory guidelines... engaging qualified legal and regulatory counsel is pivotal."

Merritt-Parikh noted, "Regional banks have tightened KYC and AML. The patchwork of state disclosure and licensing rules is also notable. Some platforms have leaned-in or geofenced certain states, and others are still catching up. We focus on how the factor or lender implements and documents the requirements; the goal is more transparency with a repeatable process that reduces risk."

Hayes affirmed, "We have always been and will continue to be diligent in monitoring the policies and lending practices of our non-bank lender clients. This includes understanding their product, underwriting criteria, portfolio management, KYC, AML, and onboarding."

Turley stated, "We rely on the fact that the asset-based lenders and factors adhere to these policies and remain disciplined and accountable. Even though the current administration does not focus on scrutiny of lenders (bank or non-bank) as much as the previous administration, it does not change our view that asset-based lenders and factors must place a heavy emphasis on truly understanding who they are providing capital to."

Borrower Challenges

Access to capital and economic uncertainty are top concerns for borrowers. Turley remarked, "Access to capital is an ongoing and ever-present challenge. Making sure your capital provider understands your industry is crucial to reducing operational stress."

Green discussed the rate environment, saying, "Borrowers are getting some relief from the high-interest rate environment... the relationship between a bank and client is never more important."

Merritt emphasized flexibility and talent, stating, "Lenders want capacity that maximizes availability without handcuffs. Cost pressure exists, but the worst of the squeeze appears to be easing as stronger shops hold the line. The execution challenge is growth with quality: adding volume without giving away terms, keeping credit and concentrations intact, and dialing back some of the stretch that crept in last year. I will add that the talent market was a challenge, but seems to be in motion; there's been a lot of movement recently, which may present new opportunities for both individuals and lenders."

Hayes pointed to competition, noting, "With respect to competition amongst non-bank lenders, there are many institutional investors seeking to deploy and/or expand investment in the non-bank lender asset class. As such, many non-bank lenders are seeking ways to offer more flexible structures without taking more risk. In the non-bank ABL space, credit funds are expanding their reach and becoming more competitive. In the non-bank equipment finance space, there have been multiple new entrants focusing on mid-ticket and large-ticket products."

Gettmann succinctly summarized, "Ability to originate quality risk/reward transactions in their target markets."

As lender finance continues to evolve amid shifting economic conditions, regulatory pressures, and competitive dynamics, the insights shared by these industry leaders offer a valuable lens into the sector's trajectory. From disciplined underwriting and proactive borrower engagement to navigating trade complexities and regulatory expectations, the themes that emerged underscore the importance of adaptability and strategic foresight.

Michele Ocejo is editor-in-chief of The Secured Lender and communications director for SFNet.

Winter Is Coming:

What We Learned About Preparing for a Cooling Economy

BY CHRIS GOUSKOS

The latest South Florida SFNet chapter event on September 17, "Winter is Coming: How to Prepare for a Cooling Economy," was an in-depth panel presentation moderated by Chris Gouskos from Gibraltar Business Capital. The panelists shared practical ways lenders can protect their institutions and their clients as economic uncertainty builds. Together, they examined how deals are originated, managed, and, when necessary, restructured.

“It has been since the Great Recession that we have had a real economic cycle,” began Gouskos as he framed the issue. “In response to the COVID epidemic, the government pumped so much money into the system that most companies and the economy at large avoided significant economic impacts. There were unintended consequences, supply chain issues and inflation to contend with, but the economy kept rolling along. Now we have tariffs that go up and down and a lot of uncertainty around their implementation and effect. The impact on company financial performance and collateral valuation remains uncertain, leaving business owners, management teams and lenders in a somewhat tenuous position. It’s critically important to make sure as senior lenders that we are proactive from an underwriting, portfolio management, collateral management and reporting perspective.”

In addition to Gouskos, the panel included Mark Smith, head of underwriting for Regions Business Capital; David Montiel, who oversees White Oak Commercial Finance’s special assets; Stan Grabish with GA Group’s field exam team; Joe Massaroni, representing Gordon Brothers’ Appraisal Group; and Mike Litwack, who is a turnaround professional with Richter Consulting. Panelists explored five main areas: structuring new deals, portfolio management, spotting early warning signs, and acting when trouble surfaces and general economic conditions and potential tariff impacts on profitability and collateral values.

Structuring New Deals

The conversation began with what makes the most sense to do in this environment from a new business perspective. Investment committees will be tighter on credit when the economy contracts and will have many more questions, but all agreed that in uncertain times, lending must continue.

Smith began by stating, “I start every diligence process with understanding how I can get our institutions’ and stakeholders’ money back. I can promise you in my shop we’re getting a lot tougher questions from our credit officers and we’re asking tougher questions of our clients. So, I would say the first thing to do is really heighten your diligence. We understand we’ve got to work with clients and we’re not there to offend them or accuse them. But dig down. Be careful not to accept superficial answers that you can’t somehow support. So ask why, why, why and really search for the answer.”

The second point made by the panel is to make sure to thoroughly read the collateral appraisals thoroughly and slowly. It’s very important to understand and agree with critical assumptions. Don’t just look at the NOLV page. Make sure to analyze it. They’re a tool, not a guarantee.

Lastly, existing in a world of springing cash dominion, springing covenants and other “big deal” terms that have

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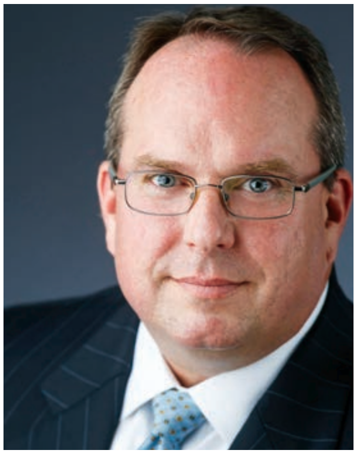


MARK SMITH
Regions Business Capital

matriculated in the middle and lower middle market, make sure to have ways to protect your position if performance deteriorates. Ensure triggers are set at levels that trip while there is adequate liquidity and room to maneuver. Also make sure to never give up the ability to establish reserves, even if they are slightly diluted with "commercially reasonable" language. The sooner you can get a weak borrower to the table, the better off you will be.

Macro-Economic Signs of Softening and Bell Weather Industries

What indicators should be watched for and what industries typically act as early warning signs of a weakening economy?

There are macro-economic indicators that all lenders track, including unemployment rates, wage growth, job creation, the PMI and housing starts to name a few. In addition, there are certain bellwether industries that provide early signals as well:

- Transportation has historically been a good indicator of economic conditions. Specific COVID and post-COVID supply and demand imbalances at the asset level have caused the transportation industry to underperform for quite some time now, making it less reliable as an early indicator.
- Aluminum, as a primary commodity that goes into almost everything that is manufactured these days, can be an early indicator of demand. However, this has also been skewed in the current environment with prices close to a three-year high due to supply constraints driven by China's production cap coupled with falling inventory levels. Lingering supply chain issues and a weaker dollar have also contributed to aluminum's higher prices.
- Retail sales growth is another indicator. In the first half of 2025, retail sales growth was steady, but has since cooled. There are questions about how much of this activity is due to "pull forward" demand driven by buying ahead of tariff implementation.
- Lastly, the strength of the consumer is something to watch closely. With average credit card balances being at a four-year high and average FICO scores dropping for the first time since the Great Recession, consumer strength is appearing to come into question. Weaker jobs reports have to be considered as well when underwriting new business and evaluating portfolio companies.

None of this should be assessed in a vacuum and each case is unique. The panelists stressed the importance of understanding what economic factors and drivers can either directly impact the performance of a prospect or portfolio account or are highly correlated.

"We recently came across several instances where the borrowing base spreadsheets we were reviewing had mapping and/or formula flaws that swung the true availability levels by millions of dollars in both directions. It is critical that the BBC spreadsheets be periodically reviewed and vetted," cited Grabish.

Managing Existing Portfolios

What can we do as investment professionals to make sure we are on top of what is happening throughout the portfolio?

"Simplistically, you can categorize credits as green, yellow, and red," Montiel observed. "The greens, they're fine. They're profitable, they have adequate liquidity. The reds are already workouts you're probably trying to exit or are in liquidation. But the yellows are the ones that can go either way. We focus on those and identify what are the events or the triggers that could move this company in one direction or another?"

It is always critical to evaluate various exit strategies and levers that can be pulled to improve one's position. Other fundamental moves include making sure collateral and financial reporting is being received on a timely and accurate basis, performing more frequent internal credit reviews, and having more frequent borrower conversations and site visits.

Many on the panel stressed the importance of getting "boots on the ground" and walking through production facilities and warehouses, allowing for time to ask deeper and more probing questions. All of these activities stress the importance of being in front of your customers, getting a little closer to them, doing more diligence, drilling down, not accepting pat answers, and really getting into your collateral at a granular level. To the extent possible, increasing appraisal and audit frequency should also be considered as well as implementing discretionary reserves early, before liquidity dries up.

The bottom line is to make sure lenders have the internal processes and procedures in place to track and monitor clients' financial and collateral performance on a timely basis and to act as quickly as possible when they deteriorate. Again, the sooner a lender can get a borrower to the table, the better off all parties will be.

Early Warning Signs: Financial Performance and Collateral Analysis

Asset-based lenders are classically trained to focus on liquidity and working capital performance. Excess availability, or what is left after all the other activities take place, is the proverbial "cash box" for asset-based lenders. Accounts receivable, inventory and accounts payable turnover along with aging trends are all used to track performance. While it is critical to be tracking these metrics, what else can be done to get even earlier indications of performance weakness?

Sales levels and gross margin tracking are obvious, but it's important to understand the drivers that are pushing these in either direction. Sales contractions are not necessarily bad if the result is to improve gross margin. Gouskos cited seeing companies in the past doing product line profitability analysis and in effect "firing" the bottom 20% of their customers because the companies were not making enough money on those relationships. The result was both improved margins as well as some working capital contraction.

Refocusing attention on a company's top ten customers and vendors is important and requires deep knowledge of each from both a financial performance perspective as well as at the contractual level with a borrower. Are key contracts about to be up for renewal? Are the contracts on a fixed price or cost-plus basis? Are key relationships stable?

The panel cautioned on not just focusing on income statements when sometimes a balance sheet is the best place to hide problems. Are there swings in accruals. Is there deferred revenue and/or deferred expenses?

"A lot of questionable behavior can get buried in a balance sheet," Litwack added. "This means getting down to the trial balance level to make sure certain account activity was just not renamed or remapped to obfuscate what is really going on."

Curtailed spending on CAPEX can also be an early warning sign of issues. Management teams may be portraying a positive outlook, but if they are cutting back on critical capital maintenance, they may be thinking differently. If a borrower's business is reliant on equipment performance and operating efficiencies that are heavily tied to lines running almost full time, cutbacks in required CAPEX can have devastating consequences.

"We've had a few instances in transportation where there was no maintenance being performed," Massaroni shared. "When our folks went out there, there were more disabled vehicles than there were operating vehicles."

This granular approach also applies to the collateral side of the equation. It is important from a reporting basis that what is submitted is timely and accurate, including borrowing base certificates and availability calculations. Over the years, borrowing base certificates and the spreadsheets used to calculate availability have become increasingly complex. Sometimes they deal with multiple legal borrowing entities, legal jurisdictions, various caps on collateral buckets and can even contain multiple currencies.

"We recently came across several instances where the borrowing base spreadsheets we were reviewing had mapping and/or formula flaws that swung the true availability levels by millions of dollars in both directions. It is critical that the BBC spreadsheets be periodically reviewed and vetted," cited Grabish.

Inventory mix is also critical to track given inventory appraisals are performed at a specific point in time. As noted by the panelists, they are a tool, not a guarantee, so tracking the key value drivers that are outlined in the appraisal remains vital. One tactic is connecting regularly with appraisal professionals to understand what is currently going on in a specific industry or collateral type. It's likely that there will be some contraction in NOLVs if a company is materially underperforming that could be driven by overall industry softness, specific borrower-related challenges or, as is often the case, caused by both.

"We went into a company that had reduced higher-than-necessary inventory levels by over 40%. At surface level, it appeared things were getting better," shared Massaroni. "At a deeper level, we found they sold off all their 'A' products because their vendors shut them off. So, we're sitting here with all the 'Ds' right now, which are worth 20 cents, not the 60 or 65 cents that the 'As' and 'Bs'were worth. So that inventory mix created a sizable hole in a borrowing base that already was showing limited availability."

Of course, the quality of management teams and ownership get put under a microscope when times get tougher and it is appropriate to press them for answers as well as solutions. Are they taking appropriate actions? Are they cutting back on SG&A to keep it in line with current revenue levels? Are they looking at product line profitability? Are they talking with their customers and vendors on a regular basis? Are they looking for ways to reduce working capital levels? What are they doing to improve cash flow and liquidity?

The group stressed the need to understand the root causes behind warning signs and not be appeased by surface-level explanations. Panelists cited examples of companies selling off their best products or burying liabilities in balance sheet accounts, both of which can distort borrowing bases and hide trouble until it is too late. All agreed that increasing the frequency of appraisals and field exams when warning signs appear is essential, even if borrowers resist the effort or the cost.

Acting When Trouble Surfaces

Despite best efforts, some credits fail. At that point, the timing of bringing in third-party professionals is important. The panel of experts counseled the audience to engage advisors early, review loan documents with counsel, and prepare for both restructuring and potential liquidation.

"The time to bring in an advisor is when management cannot answer basic questions," stressed Litwack when discussing critical metrics. "An unwillingness or inability to explain rising payables or disappearing cash is the clearest signal that you need additional horsepower."

Lenders are much more likely to work with borrowers when all are on the same page and there is mutual recognition that there are issues to address. The decision to hire a financial advisor does not need to be acrimonious. In those cases, it is normal to make introductions to three trusted advisors that the company could hire directly. Sometimes this can even be done in conjunction with a forbearance agreement if there are defaults.

Some companies bought as much pre-tariff inventory as possible to create a lower-cost stockpile to allow them time to figure out how to transition and "cost share" higher-priced inventory with their customer and vendors. Across the panel, consensus was that most pre-tariff inventories have been burned off and reality is about to kick in.

While lenders do their best, situations where borrowers run out of cash and options are limited, it does unfortunately happen. In these instances, the lender can hire a CRO directly as they evaluate a very different course of action, including considering out-of-court and in-court methods of restructuring, sale or liquidation of the business.

Consistent with one of the overall themes, Litwack added, "The earlier the lender takes action, the higher chance that there's adequate time for an advisor to get you an answer before it becomes a problem which can't be fixed, right?"

It was also recommended to have outside counsel do a full document file review to ensure there are no holes from a documentation perspective as well as ensure knowing exactly what our rights and remedies are.

Tariffs

Of course, tariffs were part of the discussion. The panel agreed tariffs have already begun to reshape borrower decision making and performance and are also having collateral implications.

A number of panelists noted that they are starting to see portfolio companies that were outperforming their plan start to lose steam because of difficulty understanding the impacts of tariffs along with some of their assumptions being off target. Some have seen companies become a bit paralyzed or slowed because they don't have adequate visibility into potential tariff impacts while others have witnessed reduced levels of spending on growth CAPEX.

Some companies bought as much pre-tariff inventory as possible to create a lower-cost stockpile to allow them time to figure out how to transition and "cost share" higher-priced inventory with their customer and vendors. Across the panel, consensus was that most pre-tariff inventories have been burned off and reality is about to kick in.

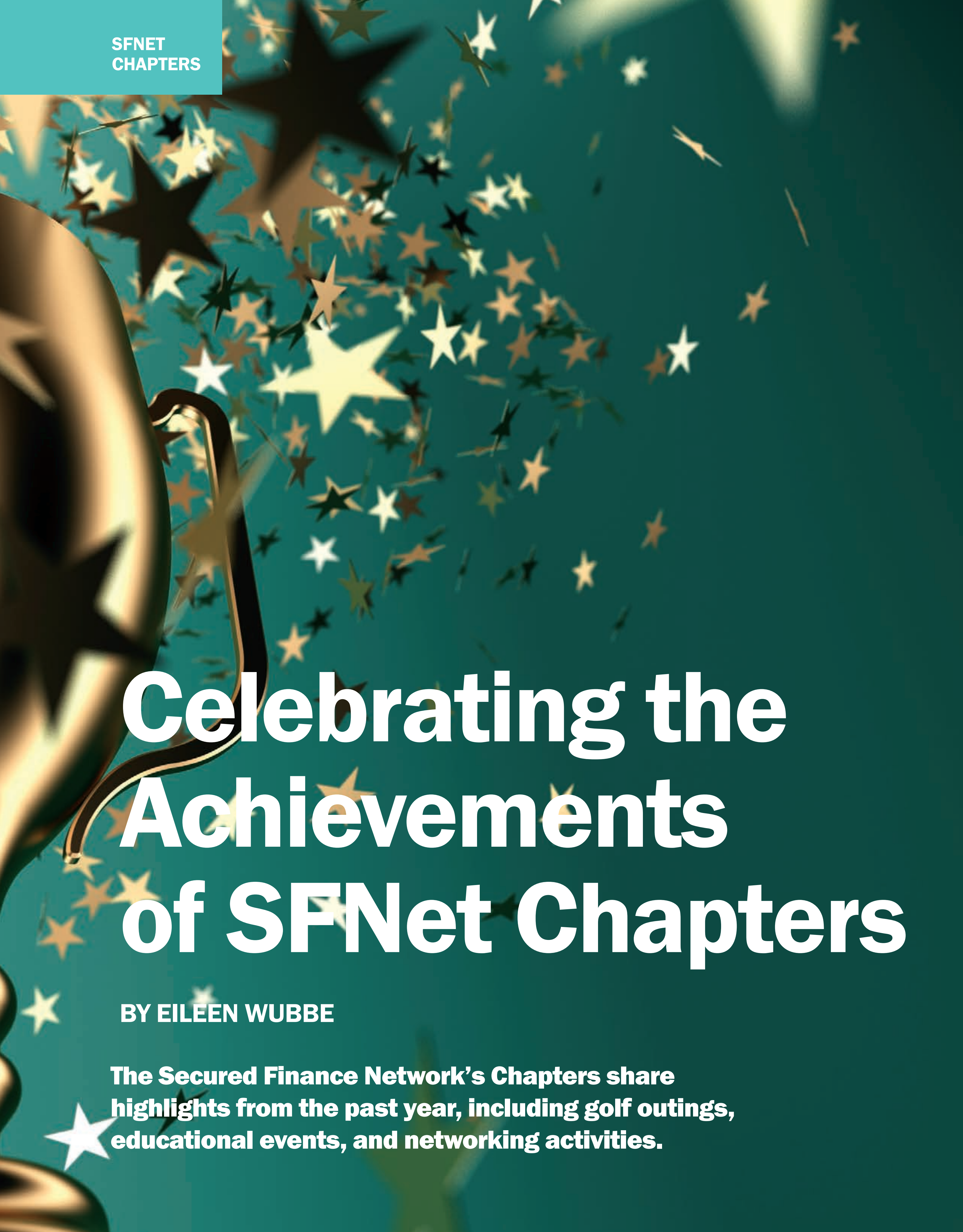
Tarriff-impacted inventory also has borrowing base implications. The tariff inflates the cost of the inventory which asset-based lenders may be lending against, at a "pre-tariff" appraised NOLV %. The NOLV % will most likely be impacted by the post-tariff cost which could cause some exposure. It is vital that lenders understand the impact of tariffs on clients' inventory values and the impact on the NOLV % by talking with appraisal firms.

Key Takeaways for Lenders

- Dig down deeper at the front end. Don't accept superficial answers. Keep asking why, why, why?
- Read the entire collateral appraisals. Make sure you understand and agree with the assumptions. Look at the key things to monitor and make certain you are doing it. Appraisals are a tool, not a guarantee.
- Make sure you have triggers and covenant levels set high enough to give adequate cushion to get stakeholders to the table while there is adequate excess availability and room to maneuver. Don't ever give up discretionary reserve language.
- Determine what economic indicators have correlation to your borrower's financial and collateral performance and track them.
- Make sure your portfolio management team and tools are up to the task and doing all of the basic blocking and tackling. Confirm reporting is current and financial and collateral performance trends are being analyzed. Have more frequent difficult discussions with your borrowers. Get out and do site visits. If able to do so, increase appraisal and audit frequency. Make sure your borrower has a plan to improve performance and cash flow.
- Focus on both the income statement and the balance sheet. Negative trends can be buried in the balance sheet and optics can be manipulated. Again, don't settle for superficial answers and dig down to confirm what you are being told.
- Look at CAPEX levels to make sure operating equipment is being properly maintained. Shutdowns can be extremely costly for manufacturers and other types of equipment operators.
- Make sure to thoroughly review the borrowing base model periodically to ensure it is correct. Test the roll up and all the formulas involved.
- Track collateral at a granular level. Make sure any shift in the mix is monitored and all reporting is being closely reviewed. If you have questions, call your favorite appraisal firm.
- Evaluate the management team and the ownership. Is management adequately addressing weaknesses? Do they have a supportable remediation plan? Have they been able to execute on planned objectives? Are they transparent and trustworthy? Is ownership supportive and transparent?
- Don't wait to act. Addressing issues quickly and thoroughly will pay dividends for all parties. If deemed necessary and there is a spirit of concern and cooperation with a borrower, bring in third party assistance to address issues outside of management's bandwidth or capabilities. If you have defaults, you can use a forbearance agreement to induce a reluctant borrower to bring in additional support.
- Make sure to understand how tariffs are going to impact a prospect or borrower. Understand input costs and how they will impact key customers and suppliers. Understand inventory cost and borrowing base impacts on tariff inflated inventory values relative to current NOLVs. Ask management teams how they plan to address any tariff-related challenges. They should be able to share both what they think the impact will be as well as what they plan to do about it.

Lenders who strengthen underwriting, stay close to borrowers, monitor collateral carefully, set early reserves, and bring in advisors when answers fall short will protect their capital and give borrowers the best chance as Winter arrives. As we all know, Winters never last forever.

Chris Gouskos is an SVP of Originations for Gibraltar Business Capital covering the Southeast and South-Central US. He is a seasoned finance professional with over 30 years of experience spanning cash flow and asset-based lending, consumer finance, capital markets, and credit management. He has built and led ABL platforms at Conseco Finance and Textron Financial, managed FDIC contracts at Focus Management Group, and held various roles at GE Capital, Bank of America, and Heller Financial. Prior to joining GBC, Gouskos was with White Oak for over 9 years, originating cash flow and ABL transactions. Chris holds a BBA in accounting from Iowa State University, had earned his Series 7 and 63 licenses, and is a certified Six Sigma Green Belt.



Celebrating the Achievements of SFNet Chapters

BY EILEEN WUBBE

The Secured Finance Network's Chapters share highlights from the past year, including golf outings, educational events, and networking activities.

Houston

The Houston SFNet Chapter elected its first female Chapter President, Cassandra Mott, partner, Blank Rome. Additionally, the Chapter hosted over 20 college interns at its June Lender's Panel at Brennan's in Houston. The Chapter is focused on cultivating the next generation of talent—an important effort to engage and mentor future finance professionals.

Midwest

The Midwest Chapter had a banner year with 21 events, the most ever, and saw its largest attendance in 15 years at its Annual Golf Invitational at the Harborside International Golf Center.

One of the Chapter's 2025 goals was to expand its Milwaukee presence, which it did by hosting five events in the Milwaukee area. Events included two lunchtime Dine-Arounds, a Lender Panel and Reception, Milwaukee Summerfest with the TMA Chicago/Midwest Chapter, and a Breakfast Networking Event with an espresso cart and pastries.

The Chapter's committees planned three new events for 2025–Pickleball, Brewers vs. Cubs Game Day Social, and a Volunteer Outing at Nourishing Hope. Pickleball drew many young professionals, brackets were set up and prizes awarded to the winners. Afterwards, attendees had the chance to socialize and share the latest industry knowledge over refreshing drinks and sandwiches.

The Brewers vs. Cubs Game Day Social brought together professionals from the Chicago and Milwaukee areas to network, enjoy some laughs, and watch their baseball teams compete. It was a reminder of the spirit of connection across the industry. The feedback from the Volunteer Outing at Nourishing Hope was that it was a rewarding experience. Nourishing Hope is one of the largest and longest-operating hunger relief organizations in Chicago. Volunteers helped to prepare food boxes for clients and packed orders for Nourishing Hope's Online Market, as well as other miscellaneous warehouse tasks.

On September 25, the Midwest Chapter held its annual Fall Education Event at the Sidley Austin LLP offices, which offered panoramic views of the iconic Chicago skyline. The event featured a dynamic panel discussion with distinguished leaders from the Midwest asset-based lending (ABL) community. These panelists brought a wealth of experience and perspective, engaging attendees in a thoughtful conversation around the current state of the ABL market. Topics ranged from pressing market issues and the evolving competitive landscape to emerging trends shaping the future of ABL. The discussion was both informative and forward-looking, offering attendees valuable takeaways on how to navigate the shifting terrain of secured finance.

The Chapter looks forward to wrapping up the year with its annual Holiday Party on December 4 and having the SFNet's 82nd Annual Convention in Chicago in 2026.

SFNet's Houston Chapter hosted over 20 interns at its June Lenders Panel.

The Midwest Chapter's Brewers vs. Cubs Game Day Social brought together professionals from the Chicago and Milwaukee areas.

Michigan

Following the recognition as one of two 2024 SFNet IMPACT Awards - Chapters of the Year winners, the SFNet Michigan Chapter prepared to reach greater heights in 2025. The Chapter's board focused on further combining its efforts on sponsorships, memberships, and programming to help ensure its members and community can benefit from the tremendous value SFNet provides. Thanks to the continued support of the Chapter's annual sponsors, the Chapter has again been able to offer exceptional programming opportunities, resulting in the highest level of membership for the Chapter to date.

This past year, the Chapter hosted ten successful events, providing valuable networking opportunities to 30 to 80 attendees at each event. At the annual Post-Holiday Party in January, the Chapter welcomed over 80 guests, which also launched our membership drive by allowing members and their guests to attend free of charge. The Chapter also hosted a number of social events, two informative and timely panel discussions co-hosted by the TMA Detroit Chapter, including an interactive panel discussion on “Private Credit: A Different Kind of Lending” and a discussion on “Article 9 Sales: Providing an Effective Alternative for Buyers, Lenders, and Distressed Sellers,” as well as a roundtable discussion event in which 16 new members were recognized and welcomed.

As 2025 has proved to be a very busy year, SFNet’s Michigan Chapter board remains dedicated to monitoring the current market and the needs of business professionals to ensure that our chapter continues to grow.

SFNet’s New England Chapter invited members and non-members for cocktails and appetizers at Riemer & Braunstein’s office in August. Riemer & Braunstein is a Gold Sponsor of the Chapter.

New England

SFNet’s New England Chapter is proud to share the milestones and moments that made 2025 a standout success. Each year, it is honored to partner with three Gold Sponsors and one Platinum Sponsor. For FY25, the Platinum Sponsor was Phoenix Management, whose generous support has been instrumental in powering our initiatives. Gold Sponsors included Riemer & Braunstein LLP, Choate, and Greenberg Traurig, each contributing meaningfully to the Chapter’s programming and outreach. At the Silver and Bronze levels, the Chapter was supported by over 20 additional sponsors. Their continued commitment enables the Chapter to deliver high-impact events and community contributions year after year.

SFNet’s New England Chapter leadership board is composed of 16 professionals representing diverse areas of lending, valuation, and accounting. Danielle Baldinelli, Wells Fargo, is Chapter president; Jarrad Herzog, Eastern Bank is vice president & treasurer and Wade Sleczkowski, Gordon Brothers is golf chair.

This year, the Chapter launched a Yo-Pro Committee, made up of non-board members, to help engage emerging professionals and encourage future sponsorship and involvement in the Chapter.

The year kicked off with a vibrant post-holiday celebration in January at the UMass Club in Boston, bringing together members and partners to reconnect and energize for the year ahead.

The Chapter’s largest event of the year was a sold-out golf outing hosted at Crosswinds Country Club. After covering expenses, the Chapter proudly donated $50,000 annually to the Ron Burton Training Village, an organization that empowers at-risk youth through education, leadership, physical wellness, social advancement, and spiritual growth. The New England Chapter has supported this mission for nearly 20 years, raising over $1 million through our annual golf tournament.

In March, the Chapter hosted a lively networking event during college basketball’s March Madness, offering professionals a chance to connect while enjoying the games.

Reimer & Braunstein hosted an exceptional cocktail event at their office, welcoming both SFNet members and non-members in August. The evening saw strong industry attendance and meaningful connections.

Gordon Brothers’ Boston office proudly hosted the SFNet Emerging Leaders Conference this year, and the New England Chapter was thrilled to show support by sponsoring a delicious candy station—a sweet treat break for all attendees to enjoy and fill their bags during the event.

Closing out the year, Choate Hall & Stuart, one of the Chapter’s Gold Sponsors, hosted a breakfast session on October 30 featuring a panel of industry veterans discussing current trends and insights in restructuring.

New Jersey

The New Jersey Chapter had a successful 2025, with sponsorships increasing and membership growing by 27%. A major highlight was expanding YoPro engagement, as the Chapter welcomed five new YoPro Board members, including one serving on the Executive Board. These new leaders have already made a meaningful impact—driving event planning and taking on active roles in shaping the Chapter’s direction.

The Chapter hosted a YoPro event at Barcade in Jersey City, NJ in April that was well attended. In June, the Chapter held its “Meet Us at the Track” event for a day at the races in Monmouth Park, New Jersey.

Summer events included the annual joint Golf Outing with the New Jersey TMA Chapter in June at Preakness Hills Country Club in Wayne, NJ and the annual summer beach party in July on the water at the Seafarer in Highlands, NJ.

In October, the Chapter hosted a joint event with the New York Chapter for Thursday Night Football – Giants vs. Eagles at the Meadowlands.

On the education front, the Chapter participated in joint educational events with the New York Chapter. The Chapter’s annual Holiday Party will be held in December, and social events are being planned for early 2026.

Northern California

The SFNet Northern California Chapter is always looking to provide value to the local finance professional community by offering high-quality, unique and fun networking events. These include the signature annual golf tournament in Napa, with attendees traveling from all over the country to enjoy a weekend playing with colleagues in California Wine Country, as well as a Fleet Week event held October 9, which was also a full-on Oktoberfest celebration complete with a German Oompah band, food and beer.

Attendance has increased year over year, with 2025 being sell outs for both events. Other notable accomplishments have included a March Madness "Hoops for Heroes" party, raising money to support its favored charity, Team IMPACT, which matches children facing serious illness and disability with college sports teams, creating a long-term, life-changing experience for everyone involved. The Chapter recognizes the importance of bringing young professionals into the fold and developing new leaders who will carry the torch for NorCal and is therefore increasing focus on growing its Yo-Pro membership, hosting small intimate gatherings and participating in joint events with TMA and ACG targeted at the up-and-coming generation of finance professionals. The Chapter can't wait to see what 2026 brings!

SFNet's Northern California Chapter's Fleet Week event held in October.

SFNet Southern California Chapter members, Pictured left to right: Jim Davidson, Daniel Levene and John Eissele, at a summer rooftop party at the Godfrey Hotel.

Southern California Chapter

The Southern California Chapter of the Secured Finance Network (formerly Commercial Finance Conference of California) is the oldest and longest running chapter in the country with events and activities spanning over 50 years.

The Chapter is proud of successfully planning a variety of well-attended events with a mix of education, networking and fun. The Chapter's push for emerging leadership has been a great success. The most well-attended YoPro event for 2025 was a panel discussion hosted by Chapter sponsor, Blank Rome on "The Anatomy of a Deal," drawing more than 65 attendees and extremely positive feedback, which has pushed the Chapter to hold more of these events throughout the year. "Inventory on all Angles," sponsored by Buchalter, was held on October 30.

The Chapter's Annual Rooftop summer party continues to be popular with attendees. Only in Los Angeles can you dine, drink and network under the stars while viewing the famous Hollywood sign. This event consistently brings in a variety of finance professionals who enjoy spending their evening with Chapter members.

Every October the Chapter holds its Dick Gilbert Memorial Golf Tournament, honoring and remembering one of the first Board Members and a pillar of the finance community. Smaller golf events are held during the year as well.

The Chapter would not be as successful as it is without the contributions of its sponsors. To honor them, two "sponsor themed" events are held allowing them to mingle with the Board as well as potential company clients. In addition to sponsors, a special thank you goes out to the Chapter's Board of Directors who help make the Chapter events happen.

A timely topic was a webinar presented by Tiger Group presented a webinar on "Selling to Amazon" allowing those who attended to learn more about the benefits and what to watch for.

Each year the Chapter hosts a Holiday Party. In 2024, it was held at the Skirball Cultural Center, a philanthropic and educational center located close to the Santa Monica Mountains. This year, it will be held at the Luxe Sunset Blvd Hotel in Los Angeles on December 11.

To join a regional SFNet Chapter, visit the chapter page under "Chapters" on SFNet.com and click on the section "Join Our Chapter".

Eileen Wubbe is senior editor of The Secured Lender.

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Since its inception, the Secured Finance Foundation has achieved unprecedented success and has now raised over $11 million. These funds are critical to SFNet's extensive education, research and development mission. SFNet recognizes the tireless efforts of the Foundation's Board of Directors and countless fundraising volunteers who have exceeded their goals year after year through significant contribution of time and energy to the annual campaigns.

Particular thanks go to the following organizations which have continuously supported the Foundation since its formation and whose combined contributions to the Foundation total $2,417,500.

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Thanks to 2025 Development Chairperson, Frank Grimaldi, and his entire fundraising team for their extraordinary efforts raising $531K in contributions.

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Special Acknowledgment

Thank you to the Katz Family who supports the SFFound Guest Lecture Program through the Martin I. Katz Guest Lecture Scholarship. This scholarship helps to lessen financial stressors, mitigate monetary disenfranchisement, and bring diverse talent to the secured finance industry.

SFNet Awards:

SFNet Hall of Fame Inductees & SFNet IMPACT Awards

HALL OF FAME & IMPACT AWARDS

CELEBRATING EXCELLENCE

Honoring SFNet HOF Inductees and IMPACT Award Recipients

It is my great pleasure to introduce you to the remarkable individuals and organizations we are honoring in this issue of *The Secured Lender*.

On the following pages, you will find the profiles of our esteemed 2025 SFNet Hall of Fame inductees and the recipients of our second annual SFNet IMPACT Awards. These exceptional leaders and innovators represent the very best of our industry, and their contributions have defined and are still shaping the landscape of secured finance as we know it today.

Our Hall of Fame inductees are true industry icons who have left an indelible mark on secured finance. While they come from differing backgrounds and specialties within our field, each has made critical contributions that have elevated our industry and strengthened our association. We owe them a profound debt of gratitude for their visionary leadership and unwavering commitment to excellence.

Last year, we launched the SFNet IMPACT Awards, celebrating excellence across various facets of the secured finance industry. The IMPACT Awards embody the core values and achievements that our community strives to uphold: Innovation, Market Leadership, Performance, Achievement, Customer Focus, and Teamwork. These awards recognize individuals and organizations that have demonstrated exceptional talent, hard work, and creativity, not just for the benefit of their own businesses, but for the advancement of the industry as a whole.

As you peruse the profiles of our award recipients, you will undoubtedly be struck by the depth of talent and ingenuity on display. From seasoned executives to emerging leaders, these individuals and teams have shown remarkable dedication to pushing the boundaries of what's possible in secured finance.

The Transactions of the Year category showcase deals that have made a significant impact from the borrower's perspective, highlighting innovation and collaboration. The Chapters of the Year and Volunteers of the Year awards recognize the vital contributions of those who work tirelessly to strengthen our community and advance SFNet's mission. Lastly, the Innovators of the Year award spotlights those developing groundbreaking solutions to industry challenges.

These awards are more than just accolades; they are a testament to the vibrant, forward-thinking community that makes up the Secured Finance Network. They reflect our collective commitment to excellence, innovation, and the continuous improvement of our profession.

As we celebrate these achievements, let us also look to the future with renewed enthusiasm and determination. The profiles you are about to read serve as an inspiration for all of us to strive for greatness and to continue pushing the boundaries of what is possible in secured finance.

Congratulations to all our honorees, and thank you for your invaluable contributions to our industry and association.

RICHARD D. GUMBRECHT
SFNet Chief Executive Officer

Secured Finance Network
Hall of Fame
2025

■ **ALISTER BAZAZ**
Bank of America

Alister Bazaz is the head of International Asset-Based Lending for Bank of America. Originally from the United Kingdom, he has spent the majority of his career in the US.

Prior to BofA he had leadership roles with two major British global banks where he was SVP for marketing to middle market and large corporate multinationals in the United States. He has had a broad and deep variety of experience working with clients seeking international credit, trade, and treasury solutions. An early pioneer in the creation of the international asset-based lending market, he is considered an industry leader, speaking at conferences on a variety of related topics.

Alister is a passionate advocate for Alzheimer's Disease awareness, research and care. He is an Advisory Council member at Emory University Brain Health Center. He is also a member of the Board of the National Center for Civil and Human Rights in Atlanta, and is on the Executive Committee for SFNet as chair of the International Committee

How did you get your start in the industry?

I had been an international banker working for Lloyds Bank, serving large multinational clients, especially those who were growing in the UK and internationally. In fact, the first loan I made in the US was an ABL. After stints with Lloyds in Atlanta and Miami, I returned to Atlanta to lead the MM team at Barclays Bank. A year into my new "gig" the president of Barclays Business Credit, SFNet Hall of Famer Irwin Teich, asked me to create a product for UK ABL, which then grew into Ireland, Germany, the Netherlands, and now almost 16 countries where US-style ABL is viable.

What advice would you offer to your "younger" self?

It's easy to look back and second guess one's career. I cannot complain about mine. I have navigated 7 bank mergers and integrations successfully. Not only did I always land well in the target state, but I was always able to represent the teams that I led well and came out the winner in the end. Should I have been braver and tested the market for new opportunities? Maybe, but growing up in England I was schooled on the mantra of a rolling stone gathers no moss, and I am very happy where that took me. I now am focused on developing the next generation of emerging talent and perhaps my experiences and counsel will help them be more successful.

What professional achievement are you most proud of?

I have been fortunate to achieve several internal and external achievements in my career. I think being part of the Bank of America Business Capital leadership team, having the role and title of head of international ABL highlights for me how important cross-border ABL has become. When I joined the ABL industry, lending against foreign AR for domestic companies was excluded from eligible collateral, never mind lending to foreign subs against their working capital assets. Nowadays, we are doing more cross-border problem solving, figuring out cash pools, looking at AR purchase structures and a variety of solutions to get deals done. I am also proud of being part of a team that has been top of the league tables for over a decade, and that I have contributed to that success.

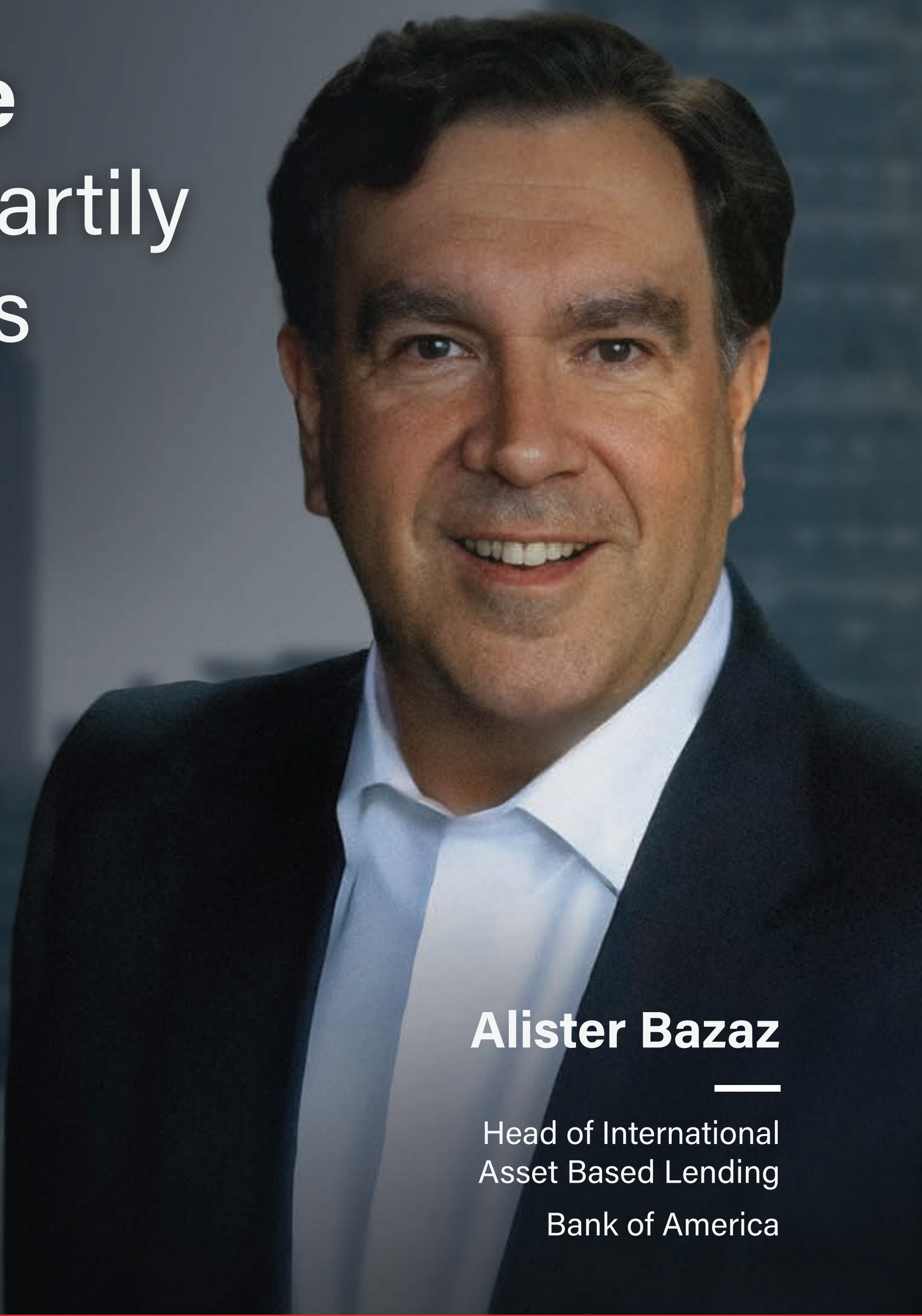
What role did SFNet, its events, and the connections you have made, play in your career development?

SFNet has played a very important role in my career. A turning point was when I was offered the opportunity to attend the SFNet (then CFA) three-year programme at Wharton and became very curious about ABL and how it could grow internationally. I then realized that SFNet is not just a trade association, it's a community. I have had the opportunity to work for and learn from some of our industry's best, both past and present, too many to name here. I have worked with some of the best lawyers, diligence firms, and PE firms. Every deal is a new one that has its own unique fact pattern, and another opportunity to learn and/or be creative. I get those future leaders on my team to attend as many deal calls as they can to get experiential learning by listening and participating. I encourage my peers in our industry to do the same so we can have a future generation that is going to be even better. I am also thrilled to be able to lead innovation for our Asset Finance team and bring AI and new technologies to attract young talent to our industry

Norton Rose Fulbright heartily congratulates *Alister Bazaz*

On his induction into the SFNet Hall of Fame

Recognizing his outstanding contributions and leadership to our industry



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Secured Finance Network

Hall of Fame

2025

■ **LAWRENCE FLICK**

Blank Rome LLP

Larry Flick is vice chair of Blank Rome LLP and a partner in its finance practice. He represents and advises banks, finance companies, private equity and private credit funds and other institutional lenders in structuring and documenting finance transactions as well as handling loan workouts and restructurings.

Chambers USA has consistently ranked Larry as a leader in banking and finance law since its inception in 2003 with clients praising his transaction-oriented approach, effective strategy, and problems solving skills. He is a fellow of the American College of Commercial Finance Lawyers and has served on the Executive Committee of SFNet since 2020. Larry was the 2010 recipient of the Harry H. Chen Memorial Instructor Award of Excellence presented by the Secured Finance Network in recognition of his outstanding contributions as an instructor in connection with programs enabling asset-based lending professionals to successfully navigate the legal minefields they encounter.

How did you get your start in the industry?

I have been with Blank Rome my entire legal career. I clerked at the firm both summers while in law school and then started in the firm's business department working on corporate M&A and finance work in Philadelphia. Shortly after, the firm combined with a top bankruptcy and finance boutique located in Philadelphia led by top bankruptcy lawyers, Leon Forman and Ray Shapiro, and as a result formed a separate practice group focused on finance restructuring and bankruptcy. The combined firm represented all of the ABL players in the Philadelphia region and many nationally. Pennsylvania was the first state to adopt the Uniform Commercial Code, so the firm worked with many of those national asset-based lenders to revise their documents and procedures in order to comply with the code; and handled transactions for them in Pennsylvania and other Mid-Atlantic states. Philadelphia had a large manufacturing base, and the firm also represented secured lenders in many of the early bankruptcies under the bankruptcy code. As a young associate, we were all trained to handle not only front-end ABL work, but also workouts and bankruptcies. This training practice remains true for the group today.

What professional achievements are you most proud of?

I am most proud of the national finance restructuring and bankruptcy group that we have built at Blank Rome. We now have over 100 lawyers representing senior secured lenders located out of most of our 16 offices, including large groups in Philadelphia, New York, Boston, Chicago, Dallas, Houston, Los Angeles, and Wilmington. I am also proud to have worked with and mentored many of the younger partners in our group. All three of our current practice group leaders started as associates in our group right out of law school. I have been involved in opening and building out most of our offices throughout the country outside of Philadelphia, starting with our New York office in 2000, where we now have over 200 lawyers and, most recently, our Boston office in 2024, where we now have 37 lawyers. We have successfully grown our team by adding many top finance and restructuring lawyers across our offices.

What role did SFNet, its events, and the connections you have made, play in your career development?

I was fortunate early in my career to have mentors at our firm and at several of our clients that were involved with what was then CFA (now SFNet) and attended my first annual SFNet convention in New York as a young associate in the mid-1980s. Over the years, I remained involved in SFNet on both the local and national level. I was invited to speak at several of the SFNet mid-year meetings that used to be held in Arizona and have attended every annual meeting since that very first meeting in New York. I regularly attend local chapter events in many of the cities where we have offices, and this past year, I have been at events held by the local Philadelphia, New York, Boston, Chicago, Dallas, Los Angeles, and South Florida chapters. I have enjoyed serving as an instructor for several of the legal workshops that SFNet makes available to its members, as well as serving on various committees.

Blank Rome is an Am Law 100 firm with 16 offices and 750 attorneys and principals who provide comprehensive legal and advocacy services to clients operating in the United States and around the world. Our professionals have built a reputation for their leading knowledge and experience across a spectrum of industries. For more information, please visit blankrome.com.

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Hall of Fame

2025

JEFFREY GOLDRICH
SLR Business Credit

Jeffrey Goldrich started his career in the factoring business at William Iselin & Co, a subsidiary of CIT, and then worked at Rusch Factors and Bank Leumi. He went to First Fidelity Bank in Newark, New Jersey in 1986, where he ran the asset-based lending department.

In 1995, he co-founded Business Alliance Capital Corp, which was sold to Sovereign Bank (now Santander) in 2005. In 2010, he started North Mill Capital with the management group, which was subsequently sold to SLR Capital Partners in 2017.

He remains today with SLR, where he continues to be the president and CEO of SLR Business Credit and SLR Digital Finance. Jeff served as president of the Secured Finance Network in 2021.

Jeff is the proud husband of Marie Talamo Goldrich, for 45 years, and the proud father and grandfather of 2 adult children and their spouses and 5 grandchildren.

How did you get your start in the industry?

I started working in old-line factoring for William Iselin & Co, a subsidiary of CIT. It was there that I learned what an account receivable is and the art of collecting past-due money and what is owed. The only technology was telephones, and all the collection efforts were done by making phone calls and selectively paying in-person visits to companies to collect money. It is far more efficient today, but those lessons and techniques are still highly valuable and very much in use.

What advice would you offer to your "younger" self?

I would tell myself to be more confident and enjoy the challenges. I would also tell myself to listen carefully to the naysayers (they have a lot of good insight and advice), but to not let them discourage moving forward.

What are some of the most memorable moments of your career?

The most memorable moments of my career were starting two different asset-based lending companies and then selling both. The first was more nerve-wracking, just by virtue of the fact that I had never founded a startup prior to that. It was extremely gratifying to sell it 10 years later. The second was more memorable in the best possible way. Working collaboratively with the initial team and then building it up for an eventual sale was difficult, fun, anxiety-filled, gratifying and rewarding all at the same time. Our sale to SLR Investment Corp. was the best outcome for the business and the team and we have continued to grow without compromising on the entrepreneurial approach and attitude.

What professional achievement are you most proud of?

I am most proud of starting two companies and being part of an extraordinary team of people who all contribute extensively and in different ways to the success of the business. The fact that we have continued to add talented team members as we have grown and seeing those people take on active roles in the business is a source of enormous pride. As an aside, I also have to say that I am so proud of my wife, Marie, who has never stopped supporting everything I do, even when I used our hard-earned savings to start the first company. It was, even in hindsight, a risky idea. My other source of pride is my long-term affiliation with my colleagues and personal friends, Dan Tortoriello and Betty Hernandez. They keep me out of trouble…and get me into it.

What role did SFNet, its events, and the connections you have made, play in your career development?

I recall going to Commercial Finance Association events years ago at the Waldorf Astoria in New York City and standing around watching other people network. As I attended more of these events, it became easier and very rewarding on many levels. I established relationships and friendships that remain to this day and played a pivotal role in my career, whether it was when I worked for larger companies, banks or in starting our own entrepreneurial finance companies. These relationships have had very tangible results and were of assistance in starting my first business in 1995. Panel discussions both as an attendee and panelist, seminars, conventions, and networking events all played an important role in my career. Spending time on committees, being involved nationally and then working my way up the Management Committee to president was a highly meaningful process. Even though my presidency was during the pandemic with a remote convention and limited ability to travel, I felt privileged to hold that position. SFNet had so many tangible and intangible rewards that I cannot imagine achieving what I have without it.

Secured Finance Network

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Secured Finance Network

Secured Finance Network Hall of Fame 2025

WALTER MACUR

Walter Macur was a prominent industry figure who regularly attended SFNet (then CFA) conventions and activities from the time we knew him in the early 1980s until his retirement in 2004 and his untimely passing in 2005.

Walter was a Walter E. Heller alumni and left there to start the ABL business for Exchange National Bank in 1981. LaSalle National Bank bought Exchange in 1990. He built that business to over $1 billion in outstanding loans in the early 90s and, in 1993, acquired the Standard Chartered ABL group led by Mike Sharkey. At the time of his retirement, commitments were near $8 billion. Through the years, he left an indelible mark on all those that he touched and was a tremendous advocate for the industry and the benefits of ABL as a mainstream business and not a lender of last resort.

He was a visionary in supporting automation of receivables and inventory analysis and developing borrower portals for the beginning of an online borrowing base.

His willingness to take the time with anyone who came by his office (shoving all else aside) was appreciated by everyone. All were always welcome to come in and talk to him about anything. He provided incredible guidance to all his employees and there are many he mentored who are still in the industry today due to his efforts and tutelage.

His guidance saved many businesses and, through it all, he was a wonderful advocate of ABL.

On a personal note, Walter was a devoted husband to Ann, his faithful partner of 54 years, supportive father of five and doting grandfather. When grandchildren asked about his work, he answered simply: “loan arranger.”

The guidance and mentoring described in his nomination extended to his family and anyone who sought him out. His family realized the extent of Walter’s influence from the many letters sent at his retirement and passing.

In 2007, several years after retiring, a member of his staff raised funds in his memory to support her run in the Chicago Marathon. Virtually all contributions were from former colleagues.

Walter’s family is grateful for the recognition of Walter’s contribution to the industry and proud to call him dad.

Congratulations to
Walter Macur on receiving the SFNet Hall of Fame Lifetime Achievement Award

With Pride,
Carol
Madelynn & Rich
Ken & Franziska
Mark
Cheryl & Rich

Secured Finance Network

Hall of Fame

2025

ALFRED H. SACHS

Alfred H. Sachs was a visionary leader and foundational figure in the secured finance industry. Born in 1896 in Glubokie, Belarus, near the Lithuanian border, Sachs immigrated to New York in 1910. His early career reflected a deep commitment to education and community: while attending law school, he served as the first executive director of the Cleveland Bureau of Jewish Education from 1924 to 1928 before entering the legal profession.

Sachs' most enduring legacy lies in his role as a founder and the first chairman of the National Conference of Accounts Receivable Companies (NCARC), the predecessor to the Secured Finance Network. He presided over the organization's inaugural convention on November 19, 1945, and continued to lead as Chairman during the 1946 and 1947 national conventions. His leadership helped shape the industry during a time of post-war transformation and growth.

He was instrumental in organizing the first ad-hoc industry gathering in 1943, which laid the groundwork for the NCARC. Under his guidance, the association grew to include 43 member companies, with 53 represented at the first convention—an impressive turnout given post-war travel limitations. Sachs' speeches from that time reflect a forward-thinking approach to legal and legislative challenges, and a strong belief in the power of industry collaboration.

Sachs foresaw the convergence of commercial banking and finance, predicting that banks would eventually enter the accounts receivable business and that the lines between factoring, financing, and banking would blur. He also cautioned against excessive government intervention, advocating for a strong, self-regulating industry association.

As an entrepreneur, Sachs founded Manufacturers Trading Corporation (MTC) in Cleveland, Ohio. His son, Michael S. Sachs, recalls him talking about various companies that he owned personally and his having said that he had bought them with their own money — a concept now known as leveraged buyouts. In 1947, MTC was the seventh-largest finance company in the country, with $12 million in loans outstanding.

Known for his charisma and persuasive leadership, Sachs encouraged attendees at the first convention to commit to the association on the spot—often with a touch of humor. His presence dominated the 14-hour event, setting a tone of energy and ambition that would define the industry's future.

Alfred H. Sachs has been described as a lawyer, financier, educator, philanthropist, and community organizer. His vision, leadership, and entrepreneurial spirit laid the foundation for the secured finance industry, making him a truly deserving inductee into the SFNet Hall of Fame.

Secured Finance Network

Hall of Fame

2025

KAREN TURNQUIST
Sage Business Credit

Karen Turnquist was CEO and co-founder of Sage Business Credit, an accounts receivable financing and asset-based lending company. Prior to founding Sage Business Credit, Turnquist was co-founder and president of PrinSource Capital Companies, a Minneapolis-based commercial finance company providing accounts receivable financing and asset-based lending. PrinSource was sold to North Mill Capital (now SLR) in 2011.

Turnquist's career includes 20+ years with several large national banks, and independent commercial finance companies, including Wells Fargo, US Bank, Fleet Credit Corporation and Fremont Financial Corporation. She is the past president and board member of the Risk Management Association. A founding member and past president of the Upper Midwest Chapter of the Turnaround Management Association. Karen served on boards for-profit and non-profit organizations, including the Minnesota Chamber of Commerce Small Business Policy Committee. Ms. Turnquist is a respected expert in the fields of commercial finance, including factoring and asset-based lending, accounts receivable credit management, loan workout, turnarounds, and asset liquidations.

How did you get your start in the industry?

The same way many of us did – through a friend. My friend was the regional credit officer for Fleet Credit Corporation. Fleet was hiring a salesperson for its asset-based lending business, and despite not being in sales and having no asset-based lending experience, Bob Weiss, David Ott and Dean Holt gave me a shot. They were great guys to work for! They taught me the business, answered all my questions, came to Minnesota to network, meet customers and prospects and got my deals done. They taught me to seamlessly deliver sales and credit. I left Fleet to work for a client that owned both finance and industrial companies, to run its small privately held commercial finance company. Doing small asset-based deals I learned from my clients about creating a vision, communicating that vision to all the stakeholders and translating that vision into actions that would create or consume cash. Asset based lending to me was business fundamentals at its most essential. It was a form triage lending – a good asset-based lender is good at diagnosing business problems and working with companies to create remedies to survive a crisis and go on to create value. It is very rewarding work and I found a worthy purpose in it.

What advice would you offer to your "younger" self?

Fire fast and hire slow. I had the great privilege of working with some awesome colleagues, but too much of my success in hiring was luck or divine intervention or both. If you're driven to lead, learn everything you can about finding, recruiting and retaining the best people. Hire, review and promote based on synchronicity with your core values. Mine were (are) trust, care, creativity and drive. If we hired people with the right skills and experience who shared these same core values, we were cooking with gas. Attaining competency in hiring is a CEO's duty and the best ROI I have experienced in my career. Plus, it makes the work a lot more fun!

What are some of the most memorable moments of your career?

All the memorable moments were memorable because of the successes we had as a team. Every loan closed, every workout collected, every year ahead of our plan was the result of a great team doing good work together. Like most people say at the end of a rewarding career, it was the people that I loved working with that I miss the most.

What professional achievement are you most proud of?

After we sold PrinSource Capital and started Sage Business Credit, a past client emailed me. The email said, "I saw in the paper you've started another finance company. I was going to say good luck, but I know you won't need it. When I met you I thought I can't get away from this woman and this finance company fast enough. Little did I know, because of you, your colleagues and your questions I'd save my company. Because of you, 282 jobs were saved." Every client's determination to succeed against huge obstacles was an inspiration to me every day. I am grateful I had the opportunity to work with so many entrepreneurs who trusted us to deliver on our promise to be a reliable, flexible source of funds.

What role did SFNet, its events, and the connections you have made, play in your career development?

SFNet, both locally and nationally, was an opportunity to learn, connect and serve. The relationships I built at SFNet events and in the finance community I encountered there provided opportunities to partner with other lenders and capital providers, stay current with industry trends, and learn from industry leaders and speakers on panels and at education events. SFNet broadened my circle of connections and created for me a nationwide community of people who were a source of help and camaraderie.

SFNet IMPACT Awards

2025 Chapters of the Year

Secured Finance Network
ATLANTA CHAPTER

The SFNet Atlanta Chapter has been in existence since the mid-80s and exemplifies the core values of the SFNet. We are most proud of our incredible board members and sponsors as they continue to go above and beyond to make us a thriving chapter, year after year.

Membership has grown from 140 five years ago to almost 200 members today. Just as important is the growth our chapter has experienced among its young professionals. Over the same five-year period, we have almost doubled our young professional membership from 36 to over 65 today.

We boast a highly engaged Chapter Board and Emerging Leaders Board, with 18 dedicated professionals actively shaping our chapter's direction. This collaborative spirit ensures diverse perspectives and dynamic programming. We take great pride in the fact that we have been able to develop young talent from the Emerging Leaders Board and establish a visible succession plan for Atlanta Chapter Board Members. Both Boards are comprised of a diverse representation of chapter member organizations, highlighting some of the most influential men and women in our industry.

In each of the past three years, we've secured support from 33+ individual sponsor firms, generating a remarkable $80,000+ in annual sponsorship dollars. This financial stability allows us to host exceptional events and contribute meaningfully to SFNet's initiatives.

We are passionate about community service. Our annual golf tournament raises over $5,000 annually for local charities through mulligan purchases and chapter matching funds. Additionally, we organize over 50 volunteer hours each year with CURE Childhood Cancer, serving meals to families battling cancer.

The Atlanta Chapter has conducted eight guest lectures (one per semester) for the previous four years at Kennesaw State University and soon to be Georgia Tech. Each installment of the series has grown with attendance and, as a result, we have received several resumes and inquiries about jobs.

Over the past year, we've hosted a diverse event calendar attracting hundreds of attendees. From our Emerging Leaders and Chapter Kickoff events to educational sessions, a sold-out Atlanta Braves outing, and a well-attended Sponsor Appreciation Dinner we offer something for everyone. Our golf event is often referred to as "The Best in the Country" and this year's holiday party promises to be an event to remember as it will be held at Capital City Country Club.

Atlanta Chapter Golf Outing

The Atlanta Chapter participates in three joint events every year with various TMA and SFNet Chapters throughout the Southeast. Our Chapter's participation is the highest by attendance (>50%) at each event and our constituents appreciate the interaction with various organizations across the Southeast geography.

The Atlanta Chapter has hosted multiple local events over the past two years featuring WISF. In 2024 we hosted a dinner with some of the most influential women in the Southeast in attendance. We also held a sold-out Pickle Ball tournament for Breast cancer awareness managed by Northside Hospital which raised over $400k for breast cancer screenings.

Our Emerging Leaders Board has been very active over the past five years. Atlanta's young professionals have hosted an average of three events per year since 2020. One event is focused on driving membership, one on education & entrepreneurial opportunities, and one is a pure networking-centered event. These events have enabled our young professionals to become more active in the chapter, which in turn has driven membership increases every year.

Our annual golf outing sells out each year. We provide our attendees with a fantastic experience, for a very reasonable price. Tennis advocates can enjoy two outings a year that offer some of the best networking, in a very casual atmosphere.

Atlanta is a thriving hub of connection, innovation, and passion. With consistent membership growth, significant contributions to SFNet, a calendar packed with engaging events, and a dedication to giving back we believe we embody the spirit of the Chapter of the Year Award. We are confident that our chapter's achievements will continue to elevate the SFNet experience for years to come.

SFNet IMPACT Awards

2025 Chapters of the Year

Secured Finance Network
EUROPE CHAPTER

Founded in 2014, the SFNet Europe Chapter has evolved into a vibrant community of nearly 200 members, representing a diverse and growing cross-border network in asset-based lending and secured finance.

Membership Milestones & NextGen Momentum
With both retention strong and fresh talent joining, our chapter's growth has been particularly fueled by the NextGen and Women in Secured Finance initiatives, thanks to a clear and compelling value proposition tailored to emerging professionals.

Events That Define Us

Between 2024 and mid 2025 alone, we hosted 10 successful events, featuring dynamic content and robust participation. A standout was the inaugural Central Eastern Europe (CEE) event in Poland, organized in partnership with TMA Europe. It marked a significant expansion of our European footprint and will now become an annual event, with Prague set as the 2025 host. For the first time, this event will be recorded and made available to members of SFNet National in the U.S., reinforcing transatlantic collaboration.

Pillars in Action: Education, Networking & Charity

Our second Mentoring Program completed recently, delivering high mentor–mentee engagement and meaningful developmental outcomes. At the Annual Festive Social and 10th Anniversary Celebration in December 2024, we made a charitable donation to the Food Foundation, underscoring our commitment to societal impact.

SFNet Europe Chapter Event at NautaDutilh in The Netherlands

"Crossing Bridges"— Our Guiding Theme

This year's theme, Crossing Bridges, resonates across multiple initiatives:

- Regional Bridges: The CEE and Manchester events cultivated fresh, local audiences in secured finance.
- Inclusivity Bridges: Launch of WISF Europe (Women in Secured Finance) resulted in a successful series of focused, inclusive events.
- Generational Bridges: Our NextGen Committee delivered five well-received events—webinars, breakfasts, and lunches—with plans extending into 2026.
- Documentation Bridges: In the Netherlands, we introduced ABF LMA Market Standard Documentation, simplifying corporates' access to secured finance. This led to a landmark initiative: the UK Standard Documentation Project, closing a gap in uniformity and trust.

A Closer Look: UK Standard Documentation Project

Asset-based lending (ABL) in the UK—while present since the early 2000s—has been held back by inconsistent documentation. Unlike in the U.S., UK ABL lacked standardized templates akin to those applied in leveraged finance. Our initiative aims to produce LMA endorsed, standardized documentation—accessible via the LMA platform—to foster credibility, innovation, and wider adoption. This effort reflects our core values of innovation, market leadership, customer focus, and performance, all in alignment with SFNet's mission to mobilize capital effectively.

Evolving Leadership & Ownership

We've also restructured our Steering Committee, enhancing diversity and enabling stronger ownership across focus areas. Members now lead subcommittees and initiatives, energizing our chapter through distributed leadership and opportunities for the wider membership to take volunteer leadership positions.

Looking Ahead

While we're excited about launching guest lectures at universities starting in 2026, our greatest pride lies in how we've embodied Crossing Bridges—across geography, generations, disciplines, and communities. We've cultivated networks, standardized markets, engaged youth and women, and inspired ownership within our leadership.

SFNet Europe Chapter—building connection, innovation, and growth in secured finance.

SFNet IMPACT Awards

2025 Chapters of the Year

Secured Finance Network
SOUTHERN CALIFORNIA

The Southern California Chapter of the Secured Finance Network (formerly Commercial Finance Conference of California) is the oldest and longest running chapter in the country with events and activities spanning over 50 years. Current president, Carrie Jenkins, has been active for over 30 years as an attendee to events and as a board member. Our Board is made up of hard-working volunteers who spend many hours monthly raising money, scheduling events, providing insight into the organization and lending an ear to listen and discuss how to best keep us relevant in the industry.

When the chapter began, membership was typically reserved for lending firms who were also members of the SFNet National. Many attendees were more seasoned executives early on. As the popularity of the organization increased, companies began to send their sales staff as well as those in operations, audit and underwriting. Now our events are additionally attended by service providers.

Our Executive Board handles the positions of Sponsorship, Membership, and Event Planning Committees. Gary Harrigian, Wells Fargo and Mike Earnhart, Citizens Business Bank have worked countless hours speaking and meeting with our sponsors who generously help us with their donations. Mike also manages our books and records to make sure finances are balanced and payments are made. Tom Novembrino, Gateway Trade Finance, Luz Glickman, State Financial and Rey Abundo, Hanmi Bank, have taken on our Dick Gilbert Memorial Golf Tournament as well as our multiple smaller tournaments that we hold. Deni Volkoff, Huntington Business Credit along with Ramsey Naber, CIBC, have worked hard to increase our membership. Jason Anish, Austin Financial, and Gary Reiss, State Financial, are past presidents and continue to be major event planners throughout the year. The Board is rounded out by Supremna Cole, Wells Fargo, Randy Mitzman, SLR, James Patterson, Eldridge and Dave Williamson, Mitsubishi HC Capital, who continue to be an integral part of our Board by planning events and providing industry insight. Suzi Paine, our Chapter Administrator, has worked with us for many years helping to advertise and facilitate events, track our payments and provide assistance throughout the year.

Chapter members enjoying the Hollywood Summer Party.

Our Chapter is proud of successfully planning a variety of well-attended events with a mix of education, networking and fun. Our push for emerging leadership has been quite triumphant. Along with Happy Hours and pure socialization, the most well attended Yo Pro event was a panel discussion hosted by our sponsor, Blank Rome on “The Anatomy of a Deal.” We had over 65 attendees and garnered extremely positive feedback, which has pushed us to offer more of these throughout the year.

We wouldn’t be where we are without the support of our sponsors. We continually highlight them by sending out emails during the year introducing them to the financial community. We also hold two Sponsor Events giving them the opportunity to introduce themselves to our Board and other attendees and give us a chance to share our constant thanks and appreciation with them.

Our Rooftop summer party continues to be extremely popular with our attendees. Only in Los Angeles can you dine, drink and network literally under the stars while viewing the famous Hollywood sign. We always end our year with a blowout Holiday Party. Last year Jason Anish organized the event at the Skirball Cultural Center located close to the Santa Monica Mountains. Our weather typically holds up, which allows us to utilize the outdoors as part of our venue.

It’s an honor for our Chapter to be receiving this Impact Award. Our whole Board has put in countless hours of volunteer time to successfully provide ongoing worthwhile events benefiting the commercial finance industry. Let’s keep doing this for 50 more.

SFNet IMPACT Awards

2025 Innovators of the Year

Dwight Funding

Dwight Funding is a modern asset-based lender to growth-stage companies across DTC, CPG, and other high-growth sectors. Our revolving lines of credit range from $1MM–$15MM and are secured by Accounts Receivables, Inventory, and Fixed Assets. By combining our team's deep industry expertise with Atlas, our proprietary lending platform, we deliver an efficient and transparent ABL experience designed for the unique needs of today's leading businesses.

Dwight Funding developed Atlas, a proprietary technology platform that modernizes how we originate, underwrite, and service asset-based credit facilities for growth-stage businesses. The platform was designed to address specific operational challenges throughout the lending process. Built entirely in-house, Atlas supports the full lifecycle of an ABL facility from initial diligence through funding and ongoing servicing.

Atlas streamlines the lending experience for borrowers by eliminating manual borrowing base certificates, automating ongoing reporting requirements, and enhancing visibility into loan performance through a sleek user interface.

For our team at Dwight, automated workflows and intelligent risk flags enable us to manage credit risk more effectively from initial underwriting through ongoing portfolio monitoring. The result is faster funding with better risk oversight.

During diligence, Atlas syncs directly with common ERP systems like QuickBooks or NetSuite, giving our team instant access to necessary financials and slashing lengthy diligence lists. It instantly cleans and maps each entry, surfacing potential fraud or errors early to accelerate approvals and reinforce credit integrity.

The same infrastructure helps us monitor collateral with more accuracy and context. Every transaction is structured and time-stamped, enabling Atlas to benchmark DSO, inventory turns, and margin trends across the entire portfolio. Additionally, Atlas proactively notifies analysts of data irregularities, including delayed payments, unusual credit activity, rebills, duplicate invoices, and other patterns that may suggest misreporting or fraud. This level of insight allows us to step in early and work collaboratively with borrowers to resolve issues before they impact availability or loan performance.

On the client side, ongoing loan maintenance is equally straightforward. To draw from their line of credit, partners simply enter their requested amount and upload their latest collateral reports in existing formats. With automated data ingestion and machine learning-driven mapping, Atlas auto-generates the borrowing base in minutes to unlock same-day funding. These automations also reduce the burden of financial reporting and ensure our partners have real-time insight into loan performance and collections through a modern, centralized interface.

In short, Atlas keeps the rigorous controls that secured lenders demand while removing the manual drag that once limited ABL's reach. The following metrics demonstrate the platform's impact on operational efficiency and deal velocity:

- **Accelerated Due Diligence Timelines:** Atlas cuts average onboarding timelines in half by reducing documentation through ERP integrations and AI-driven workflows to flag inconsistencies early and centralize communication through a unified portal.
- **Faster Access to Capital:** Borrowers can receive funding in as little as one hour after submitting a BBC, compared to traditional processes requiring hours of preparation with no guarantee of same-day funding.
- **Streamlined Borrowing Base Preparation:** Atlas transforms what was historically a four-to-six hour process for lean teams (minimum two hours even with partial automation) into a five-minute workflow.
- **Substantial Reduction in Recurring Reporting Time:** Atlas maps financial data to a standard chart of accounts and generates recurring reports through ERP integrations, reducing manual effort by up to 80% each reporting cycle.
- **Optimized Portfolio Monitoring:** Atlas supports a more scalable approach to collateral monitoring by automating reporting and surfacing real-time data. These capabilities allow a single analyst to manage larger, more complex portfolios with greater precision and accuracy.

SFNet IMPACT Awards

2025 Innovators of the Year

FGI Tech- TRUST™

FGI Worldwide LLC (FGI) is a global leader in the commercial finance industry, equipping small and medium enterprises with the tools they need to enhance their business. Through three principal business units, FGI Finance, FGI Risk, and FGI Tech, FGI provides clients with flexible and customized asset-based lending and credit insurance solutions designed to support international and domestic growth. TRUST™, FGI Tech's flagship software, is a powerful web-based credit insurance management platform that automates the management and administration of credit insurance policies in real-time. Headquartered in New York City with offices across the US, Canada, Mexico and the UK, FGI delivers unique and relationship-focused solutions for clients worldwide.

FGI is a worldwide commercial finance firm with finance, risk, and tech divisions. As a result, we are aware of challenges facing the different sectors within the industry, and our aim is to find a solution to every challenge presented to us, to create opportunities for growth and advancement for our clients.

The TRUST™ platform was envisioned and developed by FGI when we recognized a need for a more efficient way to monitor FGI's credit insurance policies. Though the value of credit insurance as a risk mitigation tool was clear, policy maintenance was time and resource-intensive, requiring spreadsheets and constant monitoring. To truly optimize policies, ensuring value and that claims are paid fully and on time, the FGI team knew that automation was key. Thus, TRUST™ was developed to simplify the administration of credit insurance policies through automation, allowing users to manage any number of clients and policies across multiple carriers in real time. TRUST™ allowed FGI and now trade credit insurance users all over the world, to focus on other aspects of their business, knowing risk is reduced and policies are optimized by the cloud-based solution.

With a deep understanding of the nuances of credit insurance, the TRUST™ team continues to innovate and enhance the platform to support financial institutions, insurance brokers, and corporations throughout the secured finance industry and around the world.

TRUST™ offers significant efficiencies for businesses. Credit Insurance is an increasingly key component of any business' operations, and actively managing those policies is vital to their value. TRUST™ automates the monitoring required to ensure policies are within compliance and claims get paid. By linking company sales data, receivables data, and coverage data when monitoring compliance, TRUST™ provides users with real-time alerts for actual or potential risks, saving companies time and potential loss.

The main reasons that trade credit insurance claims get rejected are receivables exceeding the approved carrier limit, past-due payments not reported to the carrier, missed or misunderstood policy compliance requirements, and claims not filed on time. TRUST™ solves for each of these scenarios by effectively monitoring policy compliance in real time, increasing efficiencies and cost savings by monitoring policies from one central location, reducing staffing requirements and errors associated with monitoring policies manually, and increasing levels of policy management transparency.

TRUST™ monitored policies have a better loss ratio than the industry average and claims managed through TRUST have a 99.6% success rate. Additionally, 91.5% of claims managed through TRUST™ are paid on time.

While the statistics prove the power of TRUST™, tougher to quantify is the peace of mind it brings. Automated policy management reduces errors, gives teams time back, proactively alerts to coverage issues, and provides seamless access to information to support a claim with the touch of a button.

TRUST™ is a platform built by and for credit insurance users. The TRUST™ team knows firsthand how reliable and accurate software can change the trajectory of a business. Our passion for innovation and providing solutions for our clients and the industry continues to lead our way in helping businesses to focus on their growth, knowing TRUST is on guard.

SFNet IMPACT Awards

2025 Innovators of the Year

Triumph

Triumph is a financial and technology services provider, building an integrated value chain that transforms the financial infrastructure of trucking in the U.S. Our strength comes from a network of reinforcing activities across audit, payments, liquidity solutions, digital banking, and Intelligence, representing a full suite of services that cannot be easily replicated. The company processes $70 billion annually in brokered freight transactions, dispersing ~$200 million every business day to over 170,000 distinct carriers each year—many of which are small, family-run operations.

Our largest liquidity solution is our factoring business, through which Triumph bridges the working capital gap these carriers experience by purchasing their invoices upon delivery. This provides (i.) timely working capital to carriers, (ii.) offloads credit and collections risk to Triumph, (iii.) fuel programs at scale, and (iv.) carrier access to digital banking built for truckers. Our core value proposition for carriers lies in fast and accurate funding, risk management, and operational efficiency.

Innovative Product and Creation Process

The innovative product is called “Instant Decision”, an AI-powered system designed to automate and accelerate invoice purchase decisions 24 x 7 x 365. The initiative began in late 2023 with the goal of reducing the median decision time to purchase an invoice from 178 minutes to under 15 seconds.

Key collaborators included:

- Triumph internal teams
- KUNGFU.AI, an external AI partner

The product was developed through a phased approach:

- Data Exploration: Leveraging a data lake with over $50 billion in historical freight invoice data.
- Model Development: Testing various machine learning models, ultimately selecting a Gradient Boosted Tree classifier for its balance of accuracy and explainability.
- Dark Launch: Testing the model without acting on its decisions.
- Pilot Phase: Beta testing with select clients over 100 days.
- Full Rollout: Completed in June 2025, covering all carrier clients.

The product was designed to address the need for faster funding decisions, while reducing operational costs, and improving risk management.

Benefits to Clients and the Industry

Clients benefit from:

- Faster funding: 68% of small-carrier purchase decisions are now made in a median time of 10 seconds, down from nearly 3 hours.
- When Instant Decision is coupled with LoadPay, our digital banking product, in minutes, carriers have 24 x 7 x 365 access to their funding, allowing their working capital flows to move with the hours of their business, not bankers’ hours.
- Improved customer experience, reflected in a Net Promoter Score increase from 33 to 75.
- Reduced contact center volume by 38%, indicating fewer issues and better satisfaction.

Industry benefits include:

- Operational efficiency: Thousands of hours saved in manual processing.
- Cost reduction through automation: 10% decrease in overall operating expenses.
- Risk management: 53% reduction in negative outcomes (disputes, short pays, write-offs) for invoices approved by the AI model.

Statistics

Between October 2024 and September 12, 2025, Instant Decision has processed approximately $4.6 billion worth of invoices, with nearly 45% of those approved automatically. This has led to a 10% reduction in expenses, boosting both profit and EBITDA margin by the same percentage. The system delivers decisions in a median time of 10 seconds, surpassing the original goal of 15 seconds. Customer satisfaction soared, with the Net Promoter Score jumping from 33 to 75, and contact center call volume dropped by 38% year-over-year. Most notably, invoices approved by the AI model were 53% less likely to result in negative outcomes, demonstrating its effectiveness in maintaining and even improving risk standards.

SFNet IMPACT Awards

2025 Transactions of the Year

Gordon Brothers
Borrower: Big Lots, Inc.

Gordon Brothers completed the purchase of Big Lots Inc. and facilitated the U.S. discount retail chain's going-concern sale earlier this year, which provided immediate liquidity relief and preserved the brand and operations while keeping hundreds of stores in operation and preventing thousands of layoffs.

Gordon Brothers' ongoing partnership with Big Lots over the past several years, combined with the power of its integrated platform that's fueled by its asset expertise, enabled the firm to provide a full suite of holistic services for a complete solutions-driven package.

Once the fourth-largest home goods retailer in the U.S., Big Lots had experienced a sharp decline in financial performance by 2024. Following the pandemic, the retail chain's revenue dropped 25% from $6.2 billion to $4.7 billion between 2021 and 2023.

Facing a 60% year-over-year decline in asset-based lending availability, Gordon Brothers provided a $200-million delayed draw term loan in 2024 to support liquidity and the turnaround strategy.

In September 2024, Big Lots filed a pre-packaged Chapter 11 bankruptcy backed by a $760-million stalking horse bid from a private equity sponsor aimed to preserve the company as a going concern. However, days before the bankruptcy sale's closing, the sponsor, citing unmet asset value covenants, revoked its offer and backed out of the process, leaving Big Lots in default, burdened with over $200 million in unpaid administrative claims and expenses, and on the brink of a full-chain liquidation.

Now operating under the ownership of Variety Wholesalers, a financially stable retail operator with a positive credit rating, Big Lots has reopened 220 stores.

Gordon Brothers stepped in, completed the purchase of Big Lots and spearheaded the retailer's going-concern sale that provided immediate liquidity relief and a structured path forward for the estate, preventing the further spiral of administrative claims and effectively avoiding a value-destructive conversion to Chapter 7 liquidation that ensured the survival of Big Lots and saved over 5,000 full-time and several thousand part-time jobs.

The firm's going-concern purchase included $174 million in payments for accrued administrative and wind-down claims, $17 million in stub rent obligations, a full $304 million repayment of secured debtor-in-possession debt, and over $100 million in go-forward administrative and freight expenses, which enabled Big Lots' estate to maintain critical operations while winding down non-core assets.

Additionally, Gordon Brothers structured and funded an expedited purchase agreement in under 30 days while negotiating a complex carve-out of go-forward assets and securing a designation rights period that allowed for assignment and assumption of leases, which ensured a compliant and executable deal under extreme time pressure.

Furthermore, with over 900 Big Lots' retail locations facing closure and hundreds of landlords in limbo following the cancellation of the stalking horse transaction, the firm launched an aggressive real estate strategy, transacting on 472 locations through lease assignments, assumptions, or consensual terminations, which generated over $40 million in lease obligations savings. Additionally, Gordon Brothers facilitated the successful sale of the company's corporate headquarters to Ohio Health.

Gordon Brothers secured a going-concern buyer in Variety Wholesalers and placed additional sites with national tenants such as Ollie's Bargain Outlet, Tractor Supply Co., Ocean State Job Lot, Burlington, and Aldi, maximizing recovery for landlords and preventing a glut of vacant space in local communities.

At a time when many communities across the U.S. were bracing for the closure of hundreds of Big Lots stores and widespread job losses, the firm's comprehensive solutions preserved thousands of jobs, sustained essential retail access in underserved areas, and stabilized over 12.3 million square feet of retail real estate that would otherwise have gone dark.

The deal preserved the iconic Big Lots brand with a streamlined store footprint focused on historically profitable locations and a right-sized balance sheet that could support performance going forward.

Now operating under the ownership of Variety Wholesalers, a financially stable retail operator with a positive credit rating, Big Lots has reopened 220 stores, rebuilt essential vendor partnerships, restored normal-course trade terms, and successfully renegotiated go-forward lease agreements with landlords across the country.

The firm's purchase enabled the continuation of Big Lots to operate as a going concern through the transfer of the retailer's assets, including its stores, distribution centers and intellectual property to other retailers and companies, which stabilized employee, vendor and landlord relationships and ensures long-term viability under new ownership.

SFNet IMPACT Awards

2025 Transactions of the Year

Republic Business Credit
Borrower: Super7

Super7, the leading designer and manufacturer of collectible action figures, is focusing and continuing to build out its unique niche in the toy market. Founded in 2011, the company's manifest, "No one made what we wanted [...] so we made it ourselves," has led to a distinctive and innovative product line that leverages nostalgia with classic pop culture.

Super7 has built a loyal and dedicated international following. The company produces highly detailed ULTIMATES! figures, limited-edition designer toys, and a variety of apparel and accessories. Besides its own branded products, Super7 has also designed, manufactured, and distributed officially licensed programs for G.I. Joe, Transformers, Disney, Powell-Peralta and Peanuts as well as for musical acts such as Iron Maiden, the Misfits, O.D.B, Beastie Boys, The Grateful Dead and more. The Company is best known for their ReAction figures, a line of 3.75-inch action figures with a retro aesthetic inspired by classic Kenner toys.

As the company's product line and customer base grew, its financial needs evolved. Super7 sought to replace its existing restrictive SBA loan with a more robust financing structure to support its ambitious growth projections. The company partnered with Livingstone Partner's Debt Advisory Group to find a financial institution that could not only provide a larger facility, but also expertly navigate the complexities of a multi-stage private equity buyout and more than 90 licensing agreements.

This transaction has directly fueled Super7's growth, enabling expanded operations, new product development, and an enhanced range of collectible action figures for their customers.

Rising to the challenge, Republic Business Credit engineered a transformative $10 million asset-based lending (ABL) facility. This solution was distinguished by its innovative structure, which provided availability against both accounts receivable and inventory without the traditional caps that often limit e-commerce and wholesale businesses. This creative approach was essential to providing the capital Super7 needed to thrive.

More importantly, the ABL facility has delivered a substantial and transformative impact on Super7, granting the company unprecedented strategic flexibility. By giving them the option to pivot between their wholesale to a Business-to-Consumer (B2C) model as market conditions change, the facility secures their long-term position as a premium manufacturer. It also provided immediate operational agility by offering availability on items in transit, significantly boosting cash flow.

Ultimately, this transaction has directly fueled Super7's growth, enabling expanded operations, new product development, and an enhanced range of collectible action figures for their customers. Thanks to Republic Business Credit's creative financing and deep expertise, Super7 has the financial foundation to continue creating unique designs and high-quality collectibles, securing its distinct niche in the market for years to come.

Republic Business Credit is a nationally recognized commercial finance company providing working capital solutions to businesses in any stage of the growth cycle. Republic offers senior credit facilities up to $20 million for private equity and entrepreneurial businesses with annual sales of $200 million or less. Republic's solutions include Asset-Based lending, ledgered lines of credit, factoring, and E-Commerce Lending. Led by an executive team with over 100 years of industry experience, Republic has received numerous industry awards for our leadership. Republic is a wholly owned subsidiary of Renasant Bank.

SFNet IMPACT Awards

2025 Volunteers of the Year

Jennifer Wallace has more than 13 years of experience in commercial and asset-based lending. She currently serves as managing director for Lender Finance at Wells Fargo Capital Finance, where she oversees a group that manages a portfolio of specialty finance firms. Prior to joining Lender Finance in May 2018, Jennifer worked as a relationship manager in Wells Fargo's New Orleans Middle Market Banking division, following her MBA internship in June 2016. She began her career at the bank after college through the Wells Fargo Home Mortgage Diverse Segments internship program in June 2012. Jennifer holds an M.B.A. from the Southern Methodist University (SMU) Cox School of Business, complementing her B.A. degree in economics and mathematics from Emory University.

JENNIFER B. WALLACE
Wells Fargo Capital Finance

Tell us about your career trajectory and why you were drawn to secured finance.

I had the unique opportunity to participate in two Wells Fargo internship programs – one directly from undergrad in Home Mortgage and the other after completing my MBA in our Commercial Banking group. While middle market lending was interesting, I was curious about asset-based lending (what is a borrowing base?) and when the opportunity presented itself, I had the opportunity to join the Lender Finance group, which opened my eyes to various types of secured financing – ABL, factoring, and equipment lending.

How did you first get involved with SFNet and in what capacity and why did you want to dedicate your time to these initiatives?

I first started to get involved with SFNet through the membership of my organization, Wells Fargo Capital Finance, where I listened to webinars and attended the annual convention. In 2021, I wanted to increase my involvement and served on SFNet's DEI (Diversity, Equity & Inclusion) Committee from 2021 to 2022. This was important to understand and work with a group to drive initiatives regarding making the secured finance industry a diverse and inclusive network. In 2023, I became an active member of SFNet's 40 Under 40 Awards Committee where I worked with various leaders across the industry on outreach for submissions, reviewing 40 Under 40 submissions, and organizing the awards reception in New York City. In 2025, I became the chair of the Committee and enjoyed the process of continuing a successful event and tradition. Being a former award winner, I wanted to dedicate my time to ensure the future talent and emerging leaders of the industry continue to be recognized and gives them a start to become more involved in the SFNet. Currently, I also serve on the SFNet's Foundation Board, where I continue to drive positive change and support the Foundation's goals of education, supporting the industry's next generation of leaders, and fundraising to drive strategic initiatives.

What aspects of your involvement have been the most rewarding and why?

Building connections across the secured finance industry and country has been one of the most rewarding aspects of being involved in the SFNet. I think about the various people that I've met over the years and SFNet is the primary reason that we were introduced. It's easy to feel siloed in your individual organization and focus on your career growth, but the ability to meet and learn from the various members has been rewarding. I also enjoy seeing the various recognitions, especially the 40 Under 40 Awards ceremony. It is rewarding to see the emerging talent be recognized and learn about their individual accomplishments and how they've impacted their organizations and communities.

What advice would you offer to SFNet members about why they should become more engaged in SFNet?

The uniqueness of SFNet provides a forum for all parties in the secured finance industry to come together, share ideas, voice concerns, and learn about the industry initiatives. I believe in the importance of broadening your network and the SFNet allows you to interact with various players in the industry – whether that's lenders, attorneys, field examiners, business development officers, underwriters, portfolio managers, advisors, and workout consultants. I would encourage every member to engage in national events throughout the year, join a local chapter, listen to webinars, and join a committee - Membership, Marketing, Emerging Leaders, Data & TechAI, Education, and many more. The ability to collaborate, learn from shared experiences, and building connections/visibility was and still remains important to my career and personal development and I believe it can impact yours as well.

Great leaders inspire us

We congratulate **Jennifer Wallace,** Managing Director, Lender Finance, on being named SFNet's IMPACT Award **Volunteer of the Year** and salute her dedication and commitment to excellence.

WELLS FARGO

SFNet IMPACT Awards

2025 Volunteers of the Year

OSCAR ROMBOLÀ
Oscar Rombolà
& Associates

Oscar Rombolà is a seasoned financial executive and business intelligence consultant with more than 22 years of experience in factoring, freight finance, and strategic advisory. He is the founder of Oscar Rombolà & Associates and formerly served as managing partner at eCapital, where he focused on developing strategic relationships in the Freight Factoring Division. Earlier in his career, he co-founded ITC Invoice to Cash, Inc. and served as vice president of business development.

Oscar is a recognized industry leader, having served two terms on the International Factoring Association (IFA) USA Advisory Board. He is the founder and current president of the IFA Canadian Chapter and chairs the IFA Chapter Committee, spearheading the growth of regional chapters globally. In addition, he contributes actively to the Secured Finance Network (SFNet) as a member of the Factoring Committee and the Data & Tech Committee, where he moderates webinars, mentors professionals, and advances industry education.

With academic training from York University, Laval University, The Wharton School, and The Tuck School of Business, Oscar brings a global perspective to his leadership philosophy, which emphasizes humility, collaboration, adaptability, and sustainable growth. His contributions reflect a deep commitment to strengthening the secured finance community through thought leadership, advocacy, and active engagement.

Tell us about your career trajectory and why you were drawn to secured finance.

My journey into secured finance began in 1999, when a family friend—a Canadian factor—approached me to take on the role of vice president of sales. I was immediately intrigued by the challenge: small and mid-sized businesses were struggling to access capital under the strict limitations of traditional banks, often restricted by tangible assets or rigid credit histories.

One of my earliest deals was a $5 million facility for a long-distance phone provider entering the Canadian market and looking to expand into the U.S. banks couldn't structure the deal within their models, so we developed a creative, secured receivables solution. Payments were tightly monitored through monthly billing cycles, couriered checks, and direct oversight. Although structured as a non-notification deal, I became deeply involved, acting as the company's "Controller" and ensuring real-time transparency. Over five years, we financed more than $30 million for that client, supporting their U.S. expansion and eventual public listing—a complete success story.

That experience sparked my passion for working with challenging markets and clients, tailoring bespoke solutions where others saw only obstacles. Since then, I've contributed to the growth of small firms, mid-sized operations, and multinational enterprises, always as an active partner and strategic collaborator.

How did you first get involved with SFNet, and why did you want to dedicate your time to its initiatives?

I have always believed that professionals are only as strong as the community they build around them. Throughout my career, I've been committed to sharing knowledge, mentoring others, and fostering collaboration.

Back in 1996, I co-founded the first IFA Chapter in Canada alongside Tina Capobianco and Glen Dalzell. What began as informal lunches among peers grew into a thriving forum with monthly meetings, industry speakers, and opportunities for collaboration. Today, we meet eight times a year, virtually and in person, with additional social events. The chapter has created an environment where members can share deals, prevent fraud, and support each other—saving the industry hundreds of thousands of dollars in avoided losses. This model has since been replicated across the U.S. and Canada.

As my career advanced, I became increasingly active within SFNet, contributing as an author, speaker, and panel moderator, as well as serving on committees such as Factoring, Technology & Data, and mentoring of young professionals. For me, giving back has always been essential—whether mentoring my own employees or guiding new professionals at the industry level. In a polarized world, I believe generosity without expectation creates the most powerful synergies.

What aspects of your involvement have been the most rewarding and why?

Mentorship has been the most rewarding aspect of my involvement with SFNet. For three consecutive seasons, I've participated in the Mentoring Program, guiding emerging professionals across different roles in our industry.

These relationships have been profoundly enriching. My mentees' passion and dedication reminded me of my own trajectory—the successes, the setbacks, and the invaluable lessons along the way. Mentoring reinforced for me that perseverance through challenges provides the deepest professional training. Most importantly, it underscored that true growth only happens through connection.

Now, in my current role as a consultant to the industry, I bring forward the wealth of this experience, channeling it into solutions for my clients. Sharing knowledge, insights, and lessons learned is not only my responsibility—it is my purpose.

Rising *to the* Challenge

SFNet's 81st Annual Convention

Exhibitor Guide 2025

Secured Finance Network

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ABLSoft is the premier solution in asset-based lending and factoring portfolio management. Designed from the ground up in the cloud, ABLSoft continues to push innovation forward, delivering advanced automation, user-friendly interfaces, and tailored service for lenders. Its powerful, flexible platform adapts to various lending structures, while modern tools elevate the borrower experience. Whether you're a large financial institution or a growing independent lender, trust ABLSoft's customer-centric approach to streamline operations and drive profitable growth. To learn more or request a demo, visit www.ablsoft.com.

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ARI Global is an independent brokerage firm specializing in accounts receivable insurance. In business since 1996, ARI has over 150 years combined experience with offices throughout the United States. ARI accesses all accounts receivable insurance carriers–domestic and foreign–ensuring clients their best insurance value. Prompt, responsive service and customer satisfaction have earned ARI recognition as an "Elite Broker," a distinction held only by the best agencies.

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AIO Logic is a financial technology company offering AI-powered solutions to automate, integrate, and optimize commercial lending and structured finance. AXIS by AIO Logic is our end-to-end, AI-powered loan origination, servicing, and management platform, and the only solution capable of managing the complex requirements of commercial lending and structured finance.

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CLAS Information Services, #20

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CODIX, #1

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CODIX is a global software provider for commercial finance, asset finance, trade credit insurance, and debt collections. Its iMX solution has been trusted by major financial institutions, incl. leading banks, world-class credit management organizations, large multinational retail and wholesaling corporations, large telecoms, and global auto-finance groups.

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CSC, #5

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CSC is the leading provider of Uniform Commercial Code (UCC) searches, filings, and online UCC portfolio management services for commercial banks of all sizes, factoring and accounts receivable organizations, capital finance companies, large leasing enterprises, and legal firms specializing in secured transactions.

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Cync Software is committed to "Supercharging Your Lending Automation" by seamlessly integrating artificial intelligence and cutting-edge cloud technologies with premier lending solutions based on best practices. Under the Cync Product Suite, we have five applications: Cync ABL, Cync Factoring, Cync Syndication, Cync Spreading, and Cync LOS. Our dedication to revolutionizing the lending processes with relentless research and user-centric design transforms the way data is captured and decisions are made—launching a new era of intelligent analysis and efficiency for lenders.

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Decipher is an origination and underwriting platform designed to streamline ABL lending. Decipher has the latest technology with Open Banking, Automated Receivables and Payables Aging Analysis, Inventory Aging Analysis, Automated Financials Spreading, AI-Gen Credit Memo Automation, Customized Risk Scorecards, Covenants management and a sophisticated Borrower Credit Portal to move prospects quickly from origination to approval with less risk. Our end-to-end cloud-based system with APIs is a game-changer for Banks and ABL lenders looking to increase efficiencies and modernize their lending process.

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Insight Examination Services, based in Los Angeles, California, has been one of the leading providers of ABL field examination services to Banks and Financial companies since 1998. Our collateral field examination programs have successfully identified areas of potential risk and provided recommendations to commercial banks and asset-based lenders to aid in making informed decisions. Our expert services include Collateral Exams, Recurring Field Examinations, Deal Structure, QOE, Forensic Exams, Healthcare Exams, Physical Inventory Observation, Rediscount Line of Credit, among others. With a full staff of ten examiners, Insight has a combined 140+ years of experience. Insight provides outstanding and comprehensive review services for complex, customized, and syndicated deals with a wide variety of industries.

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Kapwork is the AI platform for receivables finance that makes sure your invoices are real—automatically. Connect vendor portals and inboxes like you'd connect a bank with Plaid, and get verified invoices without manual work. Funders use Kapwork to scale without extra headcount, cut operational risk, and deploy capital faster. We pull data straight from the source, verify it in near real time, and keep you on top of collateral health. Want to see it? Visit kapwork.com.

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Lendscape has been at the forefront of industry innovation for 50 years – from pioneering the first packaged solution for receivables finance to building the most comprehensive platform for commercial funding. Today, our technology powers everything from receivables and ABL to equipment finance. From global banks to regional lenders, clients trust us to tackle complex challenges, stay ahead of their evolving needs and deliver reliable, future-ready solutions. Great people. Great technology. That's how we power smarter lending.

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Our company retrieves borrower data directly from the IRS and delivers clear, prioritized reports that highlight potential risks for lenders. We offer both ongoing monitoring and one-time IRS compliance summaries to support underwriting and loan management. Our cost-effective services include direct access to IRS Enrolled Agents who provide responsive support and answer IRS-related questions. When issues arise with the IRS, our experts can step in to resolve- drawing on decades of IRS experience- while keeping lenders informed to help preserve funding relationships.

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National Business Capital helps growth-minded companies access fast, flexible funding—up to $10M, with no collateral required. Since 2007, we've funded over $2.5+ billion, enabling businesses to scale operations, secure contracts, and navigate growth.

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Platinum Filings helps your deals close quicker and smoother. We are a global service provider of due diligence, compliance and business forensics services. We serve leading law firms, lenders, private equity and financial institutions with high-quality work product, client-tailored services, innovation and unmatched turnaround times. We are experts in UCC/Lien research and delivering our results with industry disrupting speed. We harness leading technology and artificial intelligence to deliver a unique experience that combines speed and accuracy.

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RelPro's Business Development solution enables Banks & Financial Institutions to excel in New Business Growth, Client Retention/Growth, AI initiatives, and CRM Enrichment. RelPro integrates data from 25+ best-in-class sources into one platform which allows you to gain a comprehensive picture of the companies and business executives you want to reach. RelPro's seamless integration with leading CRM and Industry Research Platforms keeps your workflows efficient and connected, helping you uncover Asset-Based Lending opportunities, build and deepen relationships, and increase wallet share.

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ROK Financial is committed to establishing ROK solid relationships with our clients, lenders, and partners, by providing the best financing solutions available to business owners while creating a positive association with business financing. Through our streamlined process, revolutionary technology and educated team of experts, we support business owners' ability to create new opportunities through simple business financing.

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In decades of service exclusively to the construction equipment industry, Rouse Services has built a legacy of deep expertise, unrivaled data precision, and unparalleled customer service.

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Rouse Services is the industry standard for asset-based lenders seeking asset valuations that meet their demanding criteria. We evaluate more than 40,000 models of equipment every month.

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With over 50 years of experience, Solifi is a global, multi-asset, cloud-based finance technology company that supplies automotive finance, equipment finance, wholesale/floorplan finance, and working capital solutions to enterprises across the globe.

Its customers include many of the world's largest banks as well as independent and captive finance organizations. Today, Solifi's team of over 650 people operates globally with dual headquarters in Minneapolis, US, and Milton Keynes, UK, and regional offices in Australia, Austria, Canada, Germany, and India.

Solifi's mission is to reshape finance technology by bringing together proven solutions into a singular powerful technology platform designed to help organizations protect and scale their business. For more information, visit solifi.com.

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Thirdmark Capital is a specialty finance firm that partners with factors, asset-based lenders, and private credit groups to provide participations that unlock growth and reduce concentration risk. Our team brings decades of experience in factoring and specialty finance, understanding the importance of speed, reliability, and partnership in today's market.

At Thirdmark, we're not a competitor, we're a capital partner. We offer flexible participations designed to help lenders expand capacity, maintain liquidity, and close new opportunities quickly.

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FGI is a global leader in the commercial finance industry, equipping small and medium enterprises with the tools they need to enhance their business. Through its three principal business units, FGI Finance, FGI Risk, and FGI Tech, FGI provides clients with flexible and customized asset-based lending and credit insurance solutions designed to support international and domestic growth. TRUST™, FGI's flagship software, is a powerful web-based credit insurance management platform that automates the management and administration of credit insurance policies in real-time. Headquartered in New York City with offices across the U.S., Canada, Mexico and the UK, FGI delivers unique and relationship-focused solutions for its clients worldwide.

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XEN is dedicated to helping commercial lenders grow through easy-to-use, powerful software. Our platform streamlines the entire lending lifecycle from origination and underwriting to portfolio management and risk monitoring, enabling lenders to accelerate sales, reduce fraud, and enhance client satisfaction. With embedded AI, best-in-class integration partners, and self-service setup in minutes, XEN boosts profitability and efficiency for lenders and factors across the commercial lending industry. Learn more at xenplatforms.com.

ABL TRENDS

LENDING INSIGHTS

The All-You-Can-Eat Borrowing Base

BY CHARLIE PERER

A new trend is reshaping asset-based lending (ABL): the bundling of fixed assets into the borrowing base at the same pricing as traditional working capital assets.

Sophisticated debt advisors, capitalizing on lender consolidation, are trying to create new asset-based lending borrowing base models that treat all assets the same. More and more advisors are trying to push for a buffet-style borrowing base: one price with everything included. This trend pushes lenders to value fixed and working capital assets equally.

Borrowing a restaurant analogy, advisors are asking lenders to bundle all assets into a borrowing base certificate (BBC) at one rate—whereas historically, assets had a la carte pricing. In restaurants, "a la carte" means ordering items separately, each with its own price, while a buffet allows self-service with one price for variety. Borrowers want a la carte flexibility with buffet pricing. A la carte offers more flexibility and customization, allowing diners to select specific items and control portion sizes, whereas buffets often have a wider variety of food and allow for sampling multiple options. In dining terms, this means ordering filet mignon and lobster for the same price as the salad bar. It's a clever arbitrage play—and one that lenders, mostly on larger deals, are being forced to consider in the face of competitive pressure and increasingly consolidated deal flow.

Historically, these asset classes were treated and priced differently due to asset-liability matching—working capital turns quickly, fixed assets do not. As a result, working capital assets are revolving and lower priced, while fixed assets are term-based and priced higher. Debt advisors are now asking for fixed assets to 1) be non-amortizing and 2) priced like working capital assets. This mainly applies to large-ticket ABLs with borrowers that often have enterprise value or sponsor backing. Fixed assets typically make up less than 50%—often under 30%—of the borrowing base. It's a novel approach to get sophisticated lenders to take "secured enterprise value risk" rather than air-ball risk. Fixed asset term loans usually amortize, while borrowing base structures rely on NOLV. Although NOLV can shift with appraisals, it's preferable to the cash strain of regular amortization.

Of course, this strategy isn't without complications. Fixed assets, such as machinery and equipment (M&E), real estate, and intellectual property (IP), are inherently more complex to appraise, harder to liquidate, and slower to turn. Traditionally, fixed assets—like M&E, real estate, and IP—were excluded from the working capital borrowing base and priced separately. Fixed assets carry higher risk due to liquidation challenges and the limitations of financing non-working capital assets. Not all ABLs have the same leverage line criteria, though larger lenders typically have fixed asset buckets. The lender finance point alone is a critical one as not all ABLs have the same leverage line criteria although the bigger ones typically do have buckets for fixed assets. However, these often come with lower advance rates and other restrictions. Including fixed assets in a borrowing base adds complexity for lenders: increased risk, potential profit compression, and the chance of breaching finance caps or covenants.

CHARLIE PERER
SG Credit Partners

Meanwhile, and as a counterpoint, ABL groups within larger asset managers are growing in scale and sophistication. These lenders are better equipped to manage risk across asset types, leverage internal appraisal capabilities, and navigate hybrid structures. They also understand the trade-offs: while buffet-style pricing may reduce individual asset-level profitability, it increases total loan volume, improves yield through ancillary fees, and provides exposure to stronger credits. In today's environment, that's a compelling trade.

Still, even the most sophisticated lenders need safeguards. Annual or semi-annual appraisals, dynamic reserve setting, and tight covenant packages remain critical tools for mitigating risk. Some lenders are introducing tiered advance rates within the "buffet base," recognizing that not all fixed assets are created equal. Others are incorporating springing amortization triggers or exit fees tied to the fixed asset portion of the loan.

We're entering a new market cycle marked by a "winner takes all" fundraising landscape and the emergence of larger ABL groups within asset management firms. At the same time, consolidation among investment banks has reduced distribution channels. This shift gives investment bankers more leverage during processes, increasing efficiency—and risk—for lenders. Ultimately, the borrowing base, again at the upper-end of the market, is evolving from a strict menu of defined asset classes to a more fluid and borrower-friendly structure. Advisors and borrowers are pushing boundaries, and lenders must decide whether they're willing to serve five-star meals at buffet prices—or risk getting left behind.

The all-you-can-eat borrowing base is here. Whether it's a recipe for innovation or indigestion remains to be seen.

Charlie Perer is the co-founder and head of originations of SG Credit Partners, Inc. (SGCP). In 2018, Perer and Marc Cole led the spin out of Super G Capital's cash flow, technology, and special situations division to form SGCP.

Prior to Super G, he co-founded Intermix Capital Partners, LLC, an investment and advisory firm focused on providing capital to small-to-medium sized businesses. At Intermix, Perer spent significant time sourcing and executing transactions and building relationships within the branded consumer, specialty finance and business services industries. Perer began his career at Oppenheimer & Co. (acquired by CIBC World Markets) where he was a member of the Media Investment Banking Group. He graduated cum laude from Tulane University. He can be reached at charlie@sgcreditpartners.com.

TARIFF TRENDS

Renegotiating Terms to Offset Tariffs? Consider Adding Supply Chain Finance

BY JEREMY JANSEN AND KILEY KUNKLER

Tariffs are reshaping global supply chains, forcing buyers and suppliers to rethink contracts, costs, and cash flow. But disruption brings opportunity. This article explores how supply chain finance can ease liquidity pressures, strengthen relationships, and support resilience.

2025 may well be remembered as the "Year of the Tariff." No matter how final trade negotiations resolve, tariffs are upending long-settled buyer-supplier relationships and prompting the global supply chain to come together in ways not seen since the COVID-19 pandemic.

The silver lining? As import/export costs rise and new supply chain relationships form, there's an ideal opportunity to discuss financing tools and contract terms that can be beneficial for all parties. Offering a supply chain finance program may alleviate stress and help optimize liquidity for buyers and sellers alike.

A Resilient Supply Chain Applies Learnings from the Pandemic

U.S.-based manufacturers and their global suppliers are still assessing the impact of new tariffs. Fortunately, the global supply chain remains remarkably healthy. Most companies developed strong playbooks during the pandemic, which can now serve as the foundation for new strategies. Post-pandemic, there's also more awareness and intentionality around sourcing. Companies have used the ensuing years to learn, reduce vulnerabilities, and create a much more resilient supply chain. While country-by-country trade negotiations continue, more companies are taking a proactive approach and thoughtfully calibrating inventory levels. As a result, many end consumers have yet to feel the full impact of higher costs. However, holding raw materials and finished goods for longer periods can quickly erode working capital. Shipping and storage expenses add up; cash flow remains tied up in inventory. Final tariffs may further stress liquidity and margins for buyers and suppliers alike. One potential way for buyers to offset these rising costs is to stretch out payment terms. But, with continued uncertainty, suppliers may be hesitant to extend Days Sales Outstanding (DSO). In stressful economic cycles, suppliers also need to bolster their cash reserves. Yet with elevated interest rates, offering early-pay discounts to key customers can be cost-prohibitive. As supply chain partners renegotiate contracts to address the impact of tariffs, invoice and payment timing will be key points for suppliers and buyers alike.

Aim to Reduce Risk, Improve Liquidity with Supply Chain Finance

Supply chain finance may hold the answer for both sides. These well-established programs can improve agility and help keep balance sheets healthy. In supply chain finance, a credit-worthy buyer contracts with a bank or other intermediary. The bank quickly settles supplier invoices on the buyer's behalf—usually in as little as 10 days. This provides quick-turn cash for suppliers. Buyers then reimburse the bank at a later date, enabling them to benefit from extended payment terms, without adding stress to supplier relationships. Suppliers also benefit from access to cash at a potentially lower financing cost that's based on the buyer's credit profile and their cost of capital. Efficient technology streamlines invoicing and provides near real-time visibility for everyone involved. Pricing and fees vary by each financial institution on supply chain finance programs, which is why it's important to do your research and find the right fit for your company.

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Look for Global Reach and High-Touch, Personal Service

Supply chain finance is an important long-term strategy to help mitigate risk and create more positive supplier relationships. With tariffs prompting so many to review and renegotiate contracts, it's an ideal opportunity to add supply chain finance to vendor agreements.

Jeremy Jansen is head of Wells Fargo Supply Chain Finance Originations.

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FIELD EXAMX INSIGHTS

EXAMINATION TRENDS

Field Exams: Evolving Tools, Unchanging Purpose

BY DOUG JUNG AND TRENT TANBER

Field exams may not make headlines, but they're the unsung heroes of asset-based lending. This article explores how these rigorous, hands-on reviews continue to anchor risk management in a tech-driven world. If you're a lender seeking deeper insight into collateral quality, evolving risks, and the future of ABL diligence—read on and stay ahead of the curve.

Despite decades of evolution in lending practices, one constant remains: the field exam. It serves as the quiet backbone of risk management in asset-based lending (ABL): hands-on, detailed, and essential. Rooted in traditional factoring diligence, field exams remain a cornerstone of ABL. Their core scope has remained remarkably consistent over time, encompassing the full working capital cycle—cash, accounts receivable (AR), inventory, and accounts payable (AP)—as well as compliance testing for payroll taxes.

Field examiners deploy a range of analytical tools to assess collateral performance and quality. These include AR rollforwards to evaluate turnover and dilution, inventory margin and turn analyses, and fraud detection procedures such as invoice/shipping tests and inventory counts. While new borrowing base components like unbilled AR or in-transit inventory have required additional procedures, and cross-border deals have introduced jurisdiction-specific nuances, the fundamental scope of field exams remains the same.

Technology Has Enhanced, Not Replaced, the Process

The evolution of technology has dramatically improved the quality and accessibility of data. In the green-bar paper era of the 1980s and 1990s, conducting a slow-moving inventory analysis was a laborious task, if not impossible within deal time constraints. Today, with more robust ERP systems and tools like Excel, field examiners can perform complex collateral analytics more efficiently and with greater precision.

Labor-Intensive and Multidisciplinary

The role of the field examiner is to take collateral data from multitudes of different systems and translate that into collateral information in a language readily understood by asset-based lenders—this is not an easy task.

One of the most misunderstood aspects of field exams is their labor intensity. This was true 30 years ago—and is arguably even more so today. Field examiners must first clean and standardize data drawn from disparate systems and formats before any meaningful analysis can begin. PDFs, inconsistent file structures, bespoke contracts, and complex corporate hierarchies all require careful handling and interpretation before Excel-based tools can be used effectively.

DOUG JUNG
Hilco Diligence Services

TRENT TANBER
Hilco Diligence Services

In practice, this means starting with a wide range of unstructured inputs and distilling them into a common language and format familiar to asset-based lenders. The ability to cut through complexity and deliver a work product that simplifies key points of interest and lender risk is a rare skill that underpins the value examiners provide, which combine underwriting, auditor/accounting and legal skills.

Beyond data wrangling, field examiners must sample and test detailed collateral elements: invoices, bills of lading (BOLs), inventory SKUs, bills of materials (BOMs), customer and vendor contracts, and more. These documents often vary in format and complexity, demanding that examiners quickly identify relevant information and assess control issues such as title passage, payment terms, rights and remedies and other issues.

Moreover, field exams are inherently iterative. Examiners don't simply collect data, disappear, and return with a report. They engage actively with borrower personnel, ask questions, validate findings, and continuously refine conclusions.

Technology Brings New Risks

While technology has improved data visibility and analytical capabilities, it has also introduced new risks—particularly around data security. Field examiners handle highly sensitive, non-public information: customer lists, vendor relationships, gross margins, and more. This data must be protected from cyber threats and unauthorized access.

For lenders and clients, choosing a field exam partner with a secure IT infrastructure is no longer optional—it is essential for data protection. Field exam firms must invest in robust IT infrastructure, including secure email systems, encrypted data storage, cloud protocols, and phishing defenses. They must also be prepared to pass rigorous IT security audits conducted by bank clients. Protecting borrower and client data is a core responsibility.

AI: Promise and Caution

Artificial intelligence (AI) represents the latest frontier in ABL, drawing increasing interest for its potential to streamline field exams. From automating certain testing procedures to detecting data anomalies and summarizing relevant contracts, AI tools could significantly reduce manual effort, accelerate findings, and potentially shorten deal timelines.

However, as with any emerging technology, caution is warranted. Entering confidential borrower data into AI platforms raises critical concerns: Where does the data go? Who has access to it? Is it truly secure?

AI may deliver powerful capabilities, but its use must be carefully managed with data protection as the top priority. Without rigorous controls, firms risk exposing sensitive financial information or unintentionally breaching regulations. As adoption expands, the ABL industry will need to establish clear standards for AI use—balancing innovation with trust, speed with scrutiny, and efficiency with ethics.

While technology has improved data visibility and analytical capabilities, it has also introduced new risks—particularly around data security. Field examiners handle highly sensitive, non-public information: customer lists, vendor relationships, gross margins, and more. This data must be protected from cyber threats and unauthorized access.

In many ways, field exams haven't changed—they remain labor-intensive, time-sensitive, and reliant on professionals with multidisciplinary skillsets. Yet they've also evolved, adapting to new collateral types, leveraging technology for deeper insights, and confronting new challenges like cybersecurity.

The essence of field exams endures: they are a rigorous, hands-on process that provides lenders with the clarity and confidence needed to manage risk. And in today's data-driven world, the responsibility to protect that information has never been greater.

Doug Jung is the CEO and senior managing director of Hilco Diligence Services, a division of Hilco Global. With over 35 years of experience in asset-based lending, Doug is a seasoned financial professional with deep expertise in diligence, field exams, audit, credit, advisory, and forensic investigations.

Doug founded and built the Diligence Services team at Hilco, which now includes professionals in both the U.S. and the UK. His team performs ABL field exams, fraud and forensic reviews, and deal-specific diligence for lenders, private equity firms, and advisors. He is widely recognized for his leadership in the field and was inducted into the Secured Finance Network's Hall of Fame in 2022.

Trent Tanber is a Managing Director at Hilco Diligence Services, specializing in Lender due diligence. He structures and leads field exams and collateral reviews for lenders, corporates, and private equity sponsors, surfacing risks and opportunities that shape deal terms and post-close monitoring. His experience spans metals, agriculture, automotive suppliers, packaging, and telecom. Trent advises borrowers on collateral reporting and automation and has delivered complex, cross-border engagements across EMEA, Mexico, Australia, and New Zealand, often coordinating with Hilco Global practices to drive consistent, high-quality outcomes for clients.

INVENTORY TRENDS

Back To The Future – The Advent Of Re-Shoring And Its Impact On Secured Financing

BY TOM KESSEL

Over the past three decades, we have witnessed a shift in manufacturing sourcing strategies, moving from domestic to global, to near-shoring, and now back to domestic sourcing.

Cost-Based Competition

Between the late-1980s and the 1990s, the go-to sourcing strategy focused on challenging U.S.-based suppliers to increase efficiency and lower their product prices. Lean manufacturing, just-in-time, and the Toyota way were common buzzwords.

THaunting memories of Ignacio Lopez and his cost-cutting pressures still linger in the more seasoned members of the automotive parts supplier community. The heart of this strategy was U.S. production and U.S. supplier versus U.S. supplier competition.

Off-Sourcing

As the calendar entered the 21st century, the focus shifted. The new buzzword became the 'China price". Manufacturers focused on reducing their per-unit costs. This unit cost comparison became the bellwether measure, and the sole focus on unit price encouraged manufacturers to relocate production from the USA to low-labor-cost markets, such as China, to achieve these lower unit price targets. This low-unit-cost sourcing strategy was the go-to strategy for the next 20 years.

However, as time progressed, it became increasingly evident that there was more to "cost" than just per unit price.

Other factors came to light, such as:

- Transportation costs
- Transportation availability and port logistics
- The level of investment in products throughout the entire supply chain (at the port of origin, on the ship, at the receiving port, on the truck, and at the warehouse)
- This extended supply chain required a change in philosophy from just-in-time to just-in-case inventory buffers.
- The heightened inventory investment brought implications of any product design change and related prior production product scrap.
- As more production was sourced abroad, the labor costs in the low-cost countries began to rise.
- Improved production, assembly, and material handling and robotic automation solutions reduced the advantages of low-cost labor markets.
- Continued evidence of the lack of intellectual property rights' protections in China
- Geo-political concerns regarding the stability of the political relations between countries and their related impact on business operations.

TOM KESSEL
Glengarry Capital Group

While these factors began to be incorporated in the sourcing calculus, production sourcing continued to have a global focus. Changes to the sourcing process were relatively minor and included enhancements such as relocating production from China to other low-cost Asian countries, including Vietnam, Indonesia, Thailand, and India.

Near-Shoring

The major shift in sourcing strategy came with the advent of the COVID-19 pandemic. Government restrictions regarding what products could and could not be exported from China became real. While the most visible sectors of impact were personal protection products (such as masks and gloves) and certain pharmaceuticals, the potential negative implications of this new practice impacting other sectors became more apparent.

An additional factor that impacted the sourcing process at the time was transportation disruptions and related inflation. Port congestion, labor shortages, container shortages, and freight rate volatility all contributed to the issue. For example, spot rates for 40 ft containers from China to the U.S. West Coast rose from $2,000 to as high as $20,000 in some cases.

As these factors were given greater weight in the sourcing equation, the focus shifted from off-shored production in Asia to moving production to a location closer to the end market, also known as near-shoring. Seeking the best of both low costs and closer proximity to the end consumer resulted in a new go-to location; Mexico was the logical choice.

Mexico offered several advantages, including a low cost of labor, a sizable pool of engineering and managerial-level personnel, and closer proximity to next-level production and the end consumer, as well as trade-related coverage under the

USMCA trade agreement.

Partially counter-balancing the advantages, the challenges to this near-shoring strategy included:

- uncertainty in the Mexican legal system,
- personal security concerns for expats and employees
- difficulty of financing Mexican-based inventory and equipment
- Increasing tensions between Mexico and the U.S. resulting from immigration and drug trafficking issues.

Re-shoring

The near-shoring strategy began to slow in November 2024 when the newly elected President Trump announced the planned imposition of 25% tariffs on all imports from Mexico not subject to USMCA exemptions.

During the following months, there were considerable challenges and swings due to suspensions to allow time for additional negotiations and delays due to legal challenges. This level of uncertainty regarding the Mexican-based production has had a chilling effect on plans for further investment in Mexico. We have recently heard that one auto OEM has specifically requested “All USA content” quotes for new programs.

These factors generated an interest in re-shoring previously outsourced production from U.S. firms. They have also encouraged the movement of non-U.S. firms to relocate production to the US to avoid tariffs.

A listing of significant investment commitments announced by U.S. and foreign corporations and foreign governments for sourcing within the U.S. is listed as an exhibit to this article.

Secured Financing Implications

- The trend of re-shoring production back to the U.S. will require significant capital investment in the USA.
- A sizable portion of this capital investment requirement will be borne by the middle-market and small businesses that are suppliers and service providers to the larger U.S. and foreign-owned corporate entities.
- These firms will require access to secured financing solutions to meet the related needs.
- Manufacturing and Warehouse Funding Needs

  - The re-shoring businesses and their suppliers will need to secure access to the expanded manufacturing and warehouse facilities required for their expanded U.S. production either through direct ownership or through lease structures with real estate investors.

  - The construction and long-term financing needs associated with this investment in facilities will need to be addressed through the combination of commercial banks, non-bank real estate lending sources, as well as SBA lending programs, credit unions, and community banks for

Exhibit

The following list includes significant investment commitments made for the U.S.-based production that have been officially announced.

U.S. Company Investments

- AbbVie - $10 billion pharmaceutical manufacturing
- Amazon - $34 billion in cloud computing and AI infrastructure
- Apple - $600 billion for AI server facilities and manufacturing
- Blackstone - $25 billion in digital and energy infrastructure
- Bristol Myers Squibb - $40 billion in manufacturing and R&D
- Clarios - $6 billioon in manufacturing for batteries and related products
- El iLilly - $50 billion expansion of US pharmaceutical manufacturing
- Ford - $20 billion in advanced manufacturing
- GE Appliance - $3 billion in plant expansion
- Gilead Sciences - $11 billion in manufacturing and R&D
- Google - $25 billion for AI training and data centers
- IBM - $150 billion for growth and manufacturing operations
- John Deere - $20 billion in manufacturing
- Johnson & Johnson - $57 billion in manufacturing and R&D
- Kraft Heinz - $3 billion upgrade and expansion of US production
- Mars - $2 billion in expanded manufacturing
- Merck- $9.9 billion in pharmaceutical manufacturing
- Micron - $200 billion for semiconductor manufacturing and R&D
- NVIDIA - $500 billion for AI infrastructure and supercomputers
- Pratt - $5 billion in manufacturing
- Stellantis - $5 billion in manufacturing
- Thermo Fisher Scientific - $2 billion in manufacturing
- Vantage Data Centers - $25 billion in data centers

Foreign Company Investments

- DAMAC Properties - $20 billion in data centers
- GlobalWafers - $4 billion in silicon wafer production
- GlobalFoundries - $16 billion chip manufacturing facilities
- Hikma Pharmaceuticals - $1 billion
- Hyundai Motor Group - $26 billion in steel, automotive, and robotics manufacturing
- Novartis - $23 billion in pharmaceutical manufacturing
- Roche / Genentech – $50 billion in pharmaceutical manufacturing and R&D
- Samsung - AstraZeneca - $50 billion in pharmaceutical manufacturing and R&D
- Sanofi - $20 billion in pharmaceutical manufacturing and R&D.
- SoftBank - $500 billion in AI infrastructure
- Taiwan Semiconductor Manufacturing Company - $100 billion chip manufacturing facility in Arizona.
- UCB - $5 billion in pharmaceutical manufacturing.

Foreign Government Investments

- EU - $600 billion investment across several sectors and commitment to purchase $750 billion in US energy over 3 years
- India - $500 billion in trade and manufacturing
- Japan - $1 trillion investment in US manufacturing, auto plants, and steel production.
- Qatar - $1.2 trillion in manufacturing and technology
- Saudi Arabia - $600 billion in manufacturing and energy
- South Korea – investment of $350 billion in projects and a commitment to purchase $100 billion from the US energy sector.
- United Arab Emirates - $1.4 trillion across technology, aerospace, and energy sectors

smaller facilities.

- Related Construction Contractor Needs

- The anticipated level of construction required to meet these facility requirements will also have indirect credit-related impacts on the construction contractor sector.

- The working capital needs of the construction contractor sector have been met with limited appetite by the commercial banking community. The sector is viewed as higher risk due to the industry's percentage of completion accounting, progress billings, and front-end loaded expenditures for materials and labor.

- These conditions have given rise to several independent lenders that have developed funding solutions specifically designed to address the needs and the risks associated with lending to this sector.

- The construction AR lenders have structured their lending facilities and their operations to work within the complexities of progress billing, milestone billing, and pay-when-paid environments.

- Other lenders have developed solutions to address the upfront funding needs related to material purchases and other mobilization expenditures.

- We would anticipate that these types of specialized contractor finance solutions will see robust growth in this re-shoring environment.

As a result of many influencing factors, we are entering into a phase of significant investment in manufacturing capacity within the U.S. This will involve U.S. companies re-shoring production that was previously outsourced to low-cost countries, as well as non-U.S. companies relocating production from foreign locations to the U.S. to avoid tariffs and other trade-related restrictions.

- Infrastructure Funding Needs

- There will also be the need for infrastructure investment and enhancements to support this higher level of commerce. This will include road and bridge investment, port expansion for exports, water and sewage systems, energy generation, and transmission infrastructure.

- While most of this investment will be funded through government entities and publicly traded energy corporations and utilities, the contractors constructing the various projects will have working capital financing needs (accounts receivable and materials) as well as increased investment in equipment.

- Production, Assembly, Quality Control, and Material Processing Equipment and Related Tooling Funding Needs

- There will need to be considerable investment in new equipment to produce, assemble, and move the products through the production and distribution process.

- This will create a significant incremental demand for equipment-based loans and lease financing.

- Some of this equipment will be non-custom equipment, such as CNC milling and machines and lathes, injection molding machines, stamping presses, heat treating, EDM and laser cutting, coordinate measuring machines, and robotic handling equipment. This class of equipment has recognizable auction value and is readily financeable through traditional secured lending channels.

- Other production and assembly equipment and tooling will be customized for the specific application. This equipment's value is based on the long-term viability of the products manufactured by the equipment and will not have traditional auction value. Financing for this type of equipment is more challenging. Funding solutions will be more limited in terms of availability and incorporate lower advance rates and higher costs.

- The added cost of tariffs could shift some of the production of machine tools currently in Europe and Asia to the United States. This shift would create additional demand for financing of new facilities, equipment, and incremental U.S.-based working capital.

- Working Capital Needs

- As production and assembly are moved back to the US, so are the related working capital financing needs. While the larger businesses will address these needs through their public financing vehicles, such as corporate bonds and commercial paper, the middle market participants will rely on secured credit facilities from commercial banks, independent and bank-owned ABL lenders, AR factors, and inventory lenders.

- Plain vanilla accounts receivable and inventory financing needs will be addressed by asset-based lending facilities provided by commercial banks, as well as independent and captive ABL firms.
- More specialized situations, such as smaller borrowing base monitored ABL facilities, as well as those situations characterized by higher customer concentration, more significant inventory levels, and those companies with historical or current financial challenges, will find their funding sources to be non-bank providers such as independent ABL lenders, AR factors, and inventory lenders.

■ Sourcing these funding solutions.

- Many of these middle-market funding solutions will be addressed through traditional commercial banking channels.
- However, as their funding needs require more credit availability to support the enterprise, businesses will find value in seeking non-bank sources for their working capital, equipment and owner-occupied real estate financing needs.
- While these non-bank sources can be accessed directly, many businesses will choose to utilize the services of a debt advisor specializing in middle-market funding solutions to assist in the process.
- The debt advisors have the market knowledge and relationships within the private credit sector to streamline the lender solicitation, selection, negotiation, and funding processes.

As a result of many influencing factors, we are entering into a phase of significant investment in manufacturing capacity within the U.S. This will involve U.S. companies re-shoring production that was previously outsourced to low-cost countries, as well as non-U.S. companies relocating production from foreign locations to the U.S. to avoid tariffs and other trade-related restrictions. The publicly announced investments are centered around the following industrial sectors: pharmaceuticals, semiconductor chips, energy, and data centers.

While these announcements are from Fortune 100 size companies that will address their capital needs through their public financing vehicles, such as corporate bonds and commercial paper, the middle market suppliers and service providers that support these larger businesses will need to rely on secured credit facilities from commercial banks, independent and bank-owned ABL lenders, AR factors, inventory lenders, equipment lenders and owner-occupied real estate lenders.

The secured finance community is well-positioned to address the varied funding needs associated with this re-shoring trend.

Tom Kessel is a principal with Glengarry Capital Group. He brings nearly 40 years of experience delivering debt solutions to middle-market businesses.

His background includes leadership positions in the commercial banking and capital markets business units at JPMorgan Chase (legacy Bank One and NBD), Fifth Third Bank, RBS Citizens Bank, and Wells Fargo Bank.

Kessel has delivered funding solutions in automotive components, specialty vehicles, manufacturing, building supplies, specialty finance, services, technology construction, and food and agriculture sectors.

MARKET TRENDS

The Cost of Uncertainty

BY ALEX SUTTON, BECKY GOLDFARB AND ERIC LIVESEY

The secured lending industry has had to adjust to a series of exogenous shocks over the last two decades: the Great Financial Crisis (GFC), the COVID-19 pandemic and now fast-changing policies around tariffs and trade. The current environment presents a distinct set of challenges and risks—but many lenders appear to be fighting the last war, applying lessons learned during COVID that may prove ill-suited to this new era of uncertainty.

Shifting trade policies call inventory values into question. Tariffs' impacts on inflation, economic growth, interest rates and corporate finances remain cloudy, in part because it is unclear to what extent companies will pass cost increases on to customers. The question marks swirling around these and other key variables make it difficult to put a precise value on goods or to have faith the values won't shift dramatically in the coming months.

Given this confusing and dynamic environment, it's easy to see why a lender may want to wait for the dust to settle before commissioning an appraisal. But this approach could backfire, leaving the lender in the dark as risks compound. Lenders may want to revisit their strategies from the GFC and conduct appraisals more often rather than less.

Tariffs Sow Confusion About Inventory Values

The current tariff situation creates a particular set of problems for lenders. Asset values are under pressure, and there's no way to know if conditions will improve or worsen in the months ahead. Companies have not yet been through a full inventory cycle in the new regime—much of the current inventory was acquired prior to the new tariffs—and new developments could alleviate or exacerbate the situation. In particular, the value of retail inventories may not become clear until the industry gets a full cycle under its belt, which may not happen until after the holiday season.

Changes in supply chains also have implications for inventory valuations. Companies have started reconfiguring supply chains to minimize tariffs' impact, but it's too early to fully gauge the ultimate effects of those changes. For example, we have seen situations in which companies move inventory from one geography to another to avoid tariffs, but these changes come with differing logistical capabilities and expense structures and potential quantity concerns. While changes like these affect the value of the inventory in question, quantifying the impact is difficult.

Tariff uncertainty could create negative downstream impacts as well. Companies have to decide how much to pass along higher costs to customers, potentially reducing demand, and how much to absorb them, hurting margins. Their choices have implications for inventory levels and valuations. Meanwhile, rising trade barriers worldwide could pressure export demand with repercussions for export-reliant channels.

Tariffs may even drive positive outcomes for some companies. For example, increased onshoring could produce new lender opportunities in the United States or across North America. With so many possibilities in play, it is difficult to assess high-level valuation trends with a high degree of confidence.

Lenders' Response to Tariffs Raises Questions About Risk

Appraisal activity has slowed. We believe lenders are reluctant to act, preferring to take a wait-and-see approach as conditions shake out. On the whole, their overall reaction seems to be "When in doubt, don't do anything."

That stance worked well just a few years ago, when the industry collectively kicked the can down the road in the first year of the pandemic. This approach made some sense amid COVID, when the economic trajectory was relatively predictable. Even in the pandemic's early days, it was fairly clear the economy would suffer a massive decline and then rebound, bolstered by government support. The argument for delaying appraisals then was

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that values would clearly be depressed in the middle of the pandemic, but they would return to something more like normal a few months down the road.

That template does not map to the current situation. Tariffs are in place and increasing, and future policies seem unlikely to reduce the impact substantially, especially considering the volume of goods purchased prior to new tariffs that remain in companies' inventories. Anyone anticipating a large initial shock, followed by a powerful rebound, seems likely to be disappointed.

For a better analogy to the current situation, lenders may want to revisit their responses to the GFC, the last time defaults were a major worry. The future then was hard to grasp, much as it is now. To understand their risk posture as well as possible, lenders during the GFC engaged in appraisals more frequently—in many cases two or even three times a year.

The crisis in 2008 may have forced lenders' hands, as the economy and commodity prices cratered. By contrast, this year the economy has remained solid and global commodity prices have stayed fairly stable. Nevertheless, the current environment has important implications for collateral values and lending risks. Lenders should be careful not to let the economy's resilience to this point lull them into complacency.

Risks May Compound Over Time

Lenders applying the COVID approach in the current market likely intend to resume their regular cadence of appraisals after tariff impacts settle into a new normal. But the new normal could take many months or even years to emerge, and risks could compound during that time.

During normal times, lenders face the risk that borrowers' collateral values will fall and/or their business performance will deteriorate. External shocks can mask these problems. COVID impacts receded fairly quickly, so they had little time to obscure intrinsic factors that could affect risks to lenders. By contrast, tariffs' impacts are likely to extend far into the future. The longer lenders wait for a new normal, the more time these problems have to compound, potentially multiplying risks.

Meanwhile, today's uncertainties heighten the potential for borrower missteps. Borrowers are trying to navigate an exceptionally complex environment. Some of their decisions—about choices related to maintaining margins versus eating higher costs, making changes to their supply chains, and more—may introduce greater risks for lenders. The risks may be especially acute when borrowers are short on availability because the companies could be forced to borrow after conditions deteriorate further. Lenders need to stay abreast of these developments to make good decisions of their own.

More frequent appraisals can help lenders identify their risk exposures sooner rather than later and take appropriate action.

The Cost of Knowing Versus the Cost of Not Knowing

Understanding risk is the essence of lending. Conducting appraisals more frequently can help lenders stay on top of their risks as they navigate this new, complex and highly uncertain environment. Alternatives beyond standalone appraisals, such as appraisals paired with addendums or ongoing advisory services, can provide greater visibility into ongoing trends. These options come at a cost; lenders will need to weigh the cost of the services against the greater insights they offer.

It seems clear the current dislocation will be longer than the effects of COVID, and perhaps much longer. At some point, lenders will need to become more assertive about gauging the risks they face in this complex, fast-shifting landscape. Engaging in more frequent appraisals will come at a cost, but we believe the cost of waiting could be far greater.

Alex Sutton is managing director, head of research, for Gordon Brothers' Valuation division where he coordinates industry guidance and market research to support cross-asset appraisals. Prior to this role, Alex headed Gordon Brothers' Inventory Valuation practice as well as AccuVal-LiquiTec's Inventory Valuation practice, which was acquired by Gordon Brothers in 2015, where his team produced reports used primarily for financing and financial reporting. With over two decades of experience, Alex has directed inventory appraisals across a wide range of industries, including aerospace, agriculture, apparel, chemicals, food processing and wholesaling, building products, beverage, giftware, grains, furniture, healthcare, home furnishings, industrial machinery, lumber, machine tools, medical devices, metals, paper, pharmaceuticals, plastics, retail, seafood, technology, textiles, and transportation.

Becky Goldfarb is managing director, retail valuations at Gordon Brothers. Becky oversees all aspects of retail asset valuations and manages North American operations and business analysis.

She has over 20 years of experience in retail and consumer products valuation and disposition.

Previously, Becky was the director of analysis for The Ozer Group before Gordon Brothers acquired the appraisal and disposition firm. In that role, she created and maintained financial reporting templates and managed retail and wholesale dispositions and valuation analysis.

Eric Livesey is senior director, global valuations at Gordon Brothers specializing in the valuation of consumer products inventory.

He has more than 10 years' experience valuing inventory across a range of industries, including apparel and accessories, jewelry, food and beverage, furniture and housewares, and consumer electronics and appliances.

Prior to joining Gordon Brothers, Eric was a valuation director at Hilco Global, where he specialized in retail and wholesale inventory. Previously, he worked as a financial analyst for New York Life Investments, where he analyzed investment revenue and forecast and managed accrued liabilities.

■ SFNET MEMBER PROFILE

From Fragmentation to Integration: How AIO is Changing the Lending Landscape

BY KENNEDY CAPIN

In September, AIO Logic and Core Vision Strategies announced the formation of AIO Vision, a strategic joint venture designed to solve some of the most persistent challenges facing today's commercial and asset-based lenders. Here, Kennedy Capin, president of AIO Vision, sat down with her partner, George Souri, founder and CEO of AIO Logic, to discuss how it came to be and their future plans.

■ **KENNEDY CAPIN**
AIO Vision

■ **GEORGE SOURI**
AIO Logic

AIO Vision delivers an integrated solution that combines best-in-class lending technology with expert-led services—offering a clear path to modernization without disrupting day-to-day lending operations.

A pivotal moment during my nearly 15-year career with JPMorgan Chase — a place where I gained invaluable experience and lasting relationships — inspired me to reimagine how our industry could operate more effectively and without compromise. I set out to develop and deliver solutions that merge advanced technology with human expertise and experience, while maintaining — and even enhancing — the integrity and discipline that define asset-based finance. It's the solution, or set of solutions, I wished I had as a lender.

A former colleague aware of my mission sent me a text: "You need to contact George Souri at AIO

Secured Finance Network

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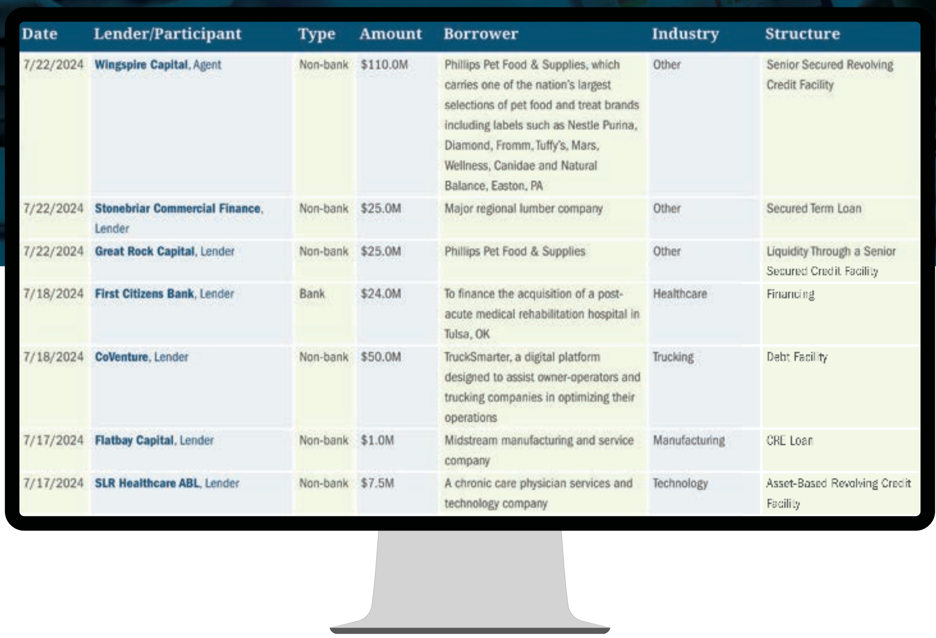

Date	Lender/Participant	Type	Amount	Borrower	Industry	Structure
7/22/2024	**Wingspire Capital**, Agent	Non-bank	$110.0M	Phillips Pet Food & Supplies, which carries one of the nation's largest selections of pet food and treat brands including labels such as Nestle Purina, Diamond, Fromm, Tuffy's, Mars, Wellness, Canidae and Natural Balance, Easton, PA	Other	Senior Secured Revolving Credit Facility
7/22/2024	**Stonebriar Commercial Finance**, Lender	Non-bank	$25.0M	Major regional lumber company	Other	Secured Term Loan
7/22/2024	**Great Rock Capital**, Lender	Non-bank	$25.0M	Phillips Pet Food & Supplies	Other	Liquidity Through a Senior Secured Credit Facility
7/18/2024	**First Citizens Bank**, Lender	Bank	$24.0M	To finance the acquisition of a post-acute medical rehabilitation hospital in Tulsa, OK	Healthcare	Financing
7/18/2024	**CoVenture**, Lender	Non-bank	$50.0M	TruckSmarter, a digital platform designed to assist owner-operators and trucking companies in optimizing their operations	Trucking	Debt Facility
7/17/2024	**Flatbay Capital**, Lender	Non-bank	$1.0M	Midstream manufacturing and service company	Manufacturing	CRE Loan
7/17/2024	**SLR Healthcare ABL**, Lender	Non-bank	$7.5M	A chronic care physician services and technology company	Technology	Asset-Based Revolving Credit Facility

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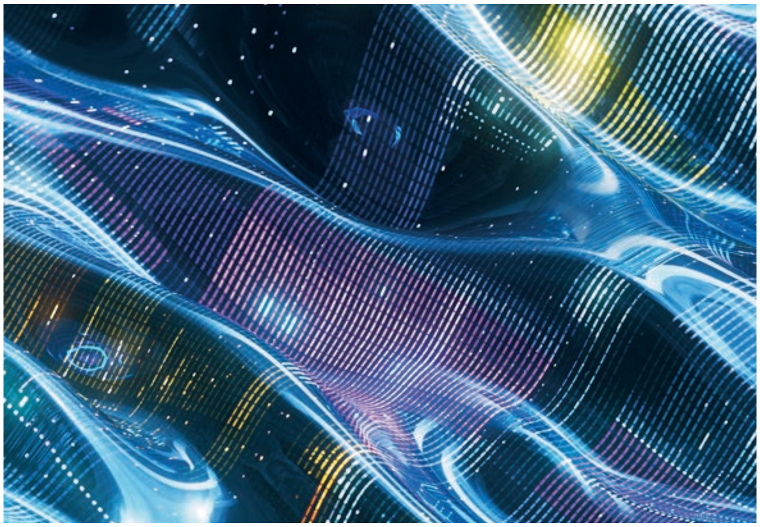
Logic….” That was it. So, I Googled him. Then, I emailed him. And I emailed again. And again.

Several months later now, we’re partners—AIO Logic providing the tech and Core Vision the human services for what is now AIO Vision— again, bringing real innovation and problem resolution to long-standing pain points in secured loan management with an eye on augmenting human potential to strike a meaningful balance between superior technology and irreplaceable human touch.

Souri is known for relentlessly questioning the status quo and pushing the boundaries of what is possible in secured finance. “I’m someone who’s driven by curiosity and a passion - some would say compulsion - for solving hard problems,” Souri explained. “When something is not quite right, I just can’t let it go. I love taking things apart and figuring out how they work and if there are ways they could be made to work better. I think these are parts of me that drove me to take the entrepreneurial route at a young age.”



“AXIS is the only platform that can automate complex borrowing bases end-to-end. Lenders can configure custom borrowing base templates in AXIS dynamically, and loan by loan, entirely replacing the Excel template. Through the AXIS borrower portal, borrowers can submit their documents directly to the lender. AXIS is then able to automatically extract and transform borrower files into structured data.”

Souri launched his first business at 19, and by 23, he was leading a fast-growing broadband services company. The need for working capital in that business introduced him to private debt markets and asset-based lending (ABL). After selling the broadband company, he started a boutique advisory firm and a multi-strategy debt fund. His frustration with the technology available to lenders like himself—fragmented systems, clunky manual workarounds, spreadsheet headaches—resulted in him building his own proprietary technology that would subsequently plant the seed for later innovation.

“In 2021, I decided that the future for me was not in lending, but in building technology that would fundamentally change and improve the way lending operations function, the same way robotics changed factories and warehouses,” Souri explained. “That’s when I decided to start AIO Logic. Most lenders are looking to increase productivity while reducing cost and error rate. The most fundamental problem is that the industry’s standard operating model is entirely juxtaposed to this objective. The vast majority of lenders, business functions, systems, data, processes, and people are siloed and fragmented. The result is higher error rates, higher costs, and slower delivery time. As lenders try to scale, these issues get worse, and the answer is usually to throw more people, more workarounds, and more spreadsheets at the problem.”

Technology, Souri believes, both created and perpetuated these issues but is essential for resolving them. Legacy systems were designed as rigid databases, ill-equipped to handle the operational complexity and variability of asset-based and asset-backed loans. As a result, lenders have cobbled together patches and manual interventions for decades to function. Over time, these workarounds became generational habits, ingrained as standard practice, while system providers had little incentive to innovate because switching costs were high.

“Our platform, AXIS, is really the first platform that makes automation in the context of commercial lending and structured finance possible,” Souri said. “AXIS is different from existing systems because it is built on what we call ‘tensor architecture’. This innovation enables AXIS to handle the real-world complexity of asset-based lending and structured finance, and to deliver true automation to the industry for the first time.

“AXIS is the only platform that can automate complex borrowing bases end-to-end. Lenders can configure custom borrowing base templates in AXIS dynamically, and loan by loan, entirely replacing the Excel template. Through the AXIS borrower portal, borrowers can submit their documents directly to the lender. AXIS is then able to automatically extract and transform borrower files into structured data.”

From "This is how we have always done it" to "This is how we should be doing it"

When focusing on technology and data strategies, lenders need to have a strategy and an organizational mandate behind it. Successful modernization depends on training, engineering, organizational buy-in, and ongoing support.

Another pitfall for lenders is the temptation to underestimate problem complexity or overestimate institutional capacity to build solutions. Many lenders believe that connecting disparate systems via APIs will solve fragmentation, but this addresses only part of the challenge. True integration demands more than data connectivity—it requires built-in process, functional, and decision-rule integration, aligned with human workflows. Efficiency gains remain limited unless systems, processes, and people operate as one. Core lending activities—origination, underwriting, monitoring, and servicing—must flow seamlessly across platforms. Credit policies, borrowing base rules, and covenant tests should be embedded directly into the system, not scattered across spreadsheets or siloed tools. And the technology must fit how teams actually work, giving underwriters, portfolio managers, and loan ops shared workflows, visibility, and collaboration within a single cohesive environment.

"There is a massive knowledge and communication gap between technologists and subject-matter experts," Souri said. "This has created tremendous challenges for institutions trying to implement solutions because the stakeholders often don't have a common language. With AIO Vision we have brought together a great team of interdisciplinary experts who have deep experience and knowledge of both the lending side and the systems side to bridge that gap and guide organizational teams towards cross-functional coordination."

AIO = Automate, Integrate, Optimize

Artificial intelligence, as deployed in AXIS, is an important component in the system's design but is not a magic bullet and is one piece of the overall solution, Souri stressed. The platform leverages large language models (LLMs) for natural language interaction and data transformation, making complex actions as simple as asking a direct question. Neuro-symbolic AI handles intricate loan servicing logic, enforcing both structured governance and providing dynamic adaptability to borrowers' real-world variability. AI interprets unstructured borrower documentation, normalizes complex datasets, and applies eligibility rules in real time. It learns from human decisions to manage exceptions and intelligently escalates outlier cases for human review.

Lenders use this functionality to bring in any kind of source data such as AR agings, inventory perpetuals, income statements and balance sheets automatically - no rekeying and then standardize it in a way that it can be used for analytics or other required calculations.

Reflecting on AIO Logic's contrarian path, Souri noted that the company's product sequencing defied tech industry norms. Rather than rushing to market with a minimally viable product and chasing early sales, AIO Logic invested years in reliability, scalability, and client success infrastructure. The focus was on robust implementation and training programs, prioritizing the trust and safety needed by institutions managing billions in assets.

"We were not interested in the tech motto of 'go fast and break things'. That works if you're a dating app. It doesn't work if you're talking about billions of dollars of assets being managed on your software. So, because I sat on the lender side for so long, we wanted to make sure both our product and our client operations were 100% solid, and I think having put that investment in early has paid off significantly," Souri said.

Looking ahead, the partnership between AIO Logic and AIO Vision is expected to deliver essential services for financial institutions seeking to modernize operations in lending. AIO AXIS has already gained recognition among leading financial institutions as a top choice for collateral management and asset-based lending servicing.

"We have several new feature launches in Q4, and we are expecting to deploy two new products in 2026. So, it promises to be an exciting next few years," Souri said.

Kennedy Capin is president of AIO Vision.

■ SFNET MEMBER PROFILE

Kapwork's Mission: Making Invoices a True Transactable Asset

BY EILEEN WUBBE

Kapwork utilizes AI to capture receivables data for asset-based finance teams, ensuring it is constantly verified and always up to date.

MAURICIO VERGARA
Kapwork

PETE THOMAS
Kapwork

Kapwork—its name a play on the term 'working capital'—was founded a year and a half ago by Pete Thomas, co-founder and chief technology officer, and Mauricio Vergara, co-founder and chief executive officer. Thomas was the co-founder at C2FO, while Vergara led GTM for the developer ecosystem at Google and worked in business development at Unity Technologies before that. While at C2FO, Thomas realized how much unnecessary friction exists in today's underwriting and risk management processes. Vergara observed the brutal challenges app developers faced in receiving payment on time, and recognized the same friction he experienced first-hand as a small business owner earlier in his career. Thomas and Vergara share the same perspective on the importance of invoice verification and the need to address a fundamental trust deficit in the receivables finance industry, where funders still rely on borrowers to submit aging reports, which are vulnerable

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to manipulation, and field exams are only conducted every few months.

Kapwork's platform consists of three main products: AI-powered integrations that automatically log into debtors' vendor management systems (VMSs) to monitor invoice status, an email verification module that monitors and extracts invoices transacted over email, and an invoice portfolio module that gives users the ability to filter, highlight, and search across all their verified receivables in one, normalizing interface.

"Early on, we recognized the levels of risk that receivables finance companies face from having no easy way to ensure all receivables are accurate," explained Vergara. "There is a better way to make sure those receivables are real, and it takes more than just keeping them up to date. If we don't do that, the level of risk that lenders, factors, and structured finance teams assume is huge." For example, today, most factors only purchase an invoice after it's been verified and approved by the debtor. Manual verification is a time and cost-intensive process, costing anywhere from $5 to $20 per invoice. Vergara added: "The status quo approach delays capital deployment, injects unnecessary risk, and adds unnecessary cost. We started Kapwork with the mission to make invoices a transactable asset. For asset-based lenders and structured finance teams, the platform serves as a monitoring system for collateral, alerting on signs of dilution or concentration within their portfolio and minimizing risk by verifying AR directly from debtors on near real time." In action, this means Kapwork verifies invoices directly from the debtors' system of record. The platform fetches account receivables data from vendor management systems, such as Dick's Sporting Goods, and can even identify and extract invoice data directly from inboxes. Ultimately, Vergara says the process is faster, more accurate and more favorable: "a borrowing base can be calculated more frequently or open up lenders to offer better terms."

Addressing Long-Standing Verification Challenges with AI

Vergara and Thomas see an opportunity to bring cutting-edge technology to a long-overlooked sector. Kapwork moves beyond basic automation to tap into the data-rich layer that's historically been out of reach: systems of record. "Until now, it's been incredibly difficult to verify AR, there's simply too many sources to cross-reference, with thousands of vendor management systems or vendor portals out there. And if 80% of invoices are being transacted over email, not even within a vendor management system, how do you really know that that AR is real? You don't. Kapwork gives new confidence in the validity of these transactions." Further, Vergara explains that Kapwork's streamlined process doesn't detract from, but improves, the borrower and lender relationship. "Rather than subjecting borrowers to a cumbersome back-and-forth process, we give all parties the information they need to deploy capital upfront. No compromising the relationships between account debtors, lenders and borrowers through multiple communication channels; it's a win all around."

Kapwork's self-healing AI integrations can correct themselves in real time. The system goes into vendor management systems, locates all the accounts receivable data, and extracts it on behalf of the borrowers. If something changes within the vendor management system, a legacy screen scraper would simply break and require an engineer to fix. Self-healing integrations, however, automatically adjust their own code so that they continue to locate the data on a reliable basis.

In addition to verifying invoices, Kapwork is verifying entities, making sure that the domains where the invoices come from have a good reputation. Kapwork's platform also connects with third-party data providers to mitigate risk by monitoring any changes in a debtor's financial health.

"We also have anomaly detection algorithms. Since we know the history of any given invoice, we can tell if any invoice is out of the ordinary. There are a lot of things that we built on top to further reduce risk," added Thomas.

In a case study, TowerCap saw an 85% reduction in its manual workload by using Kapwork, doubled in size, and entered a new market without having to hire an additional person. They also moved from verifying invoices twice a week to daily, enabling them to deploy capital faster. According to TowerCap's chief strategy officer Saul Gewer, "With Kapwork, TowerCap is confidently positioned for continued innovation and growth in the competitive factoring industry."

Kapwork's latest update, rolled out in mid-September, allows small businesses to self-certify their accounts receivable directly through the platform, rather than lenders having to input login credentials into vendor portals. Similar to the fintech platform Plaid, Kapwork acts as a secure intermediary, giving lenders access to pre-verified AR. Kapwork will offer free access to brokers and a limited group of ABL firms so they can use it for underwriting.

"It's an easy way to reduce workload on the prospect and a good way to get verified AR from the get-go," Vergara added.

Looking ahead, Vergara said Kapwork is looking to grow the pie. "If we can reduce the cost of verification significantly it means that more invoices are eligible for finance. So that is the ultimate goal for us. We want to make receivables finance accessible for more businesses."

Eileen Wubbe is senior editor of The Secured Lender.

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