



Lucky Chinese New Year

A customer of Kreller visited a company in Taipei, Taiwan that they had met during a citrus trade show. The Taiwanese company took the Americans to their large, plush offices in a wealthy commercial district. The Taiwanese escorted our customers around town in luxury automobiles and treated everyone at the best restaurants. The Taiwanese company assured our clients that they owned the entire building, as well as several plants and warehouses, and were well-equipped to take on large orders from the American citrus company.

After this successful trip, the president of the American company told the credit manager to release a \$150,000 shipment right away. The company did not pull a credit report and, based on the visit, the shipment went out on open terms. Before the goods were paid for, the Taiwanese company stated that there was a huge demand for my client's fruit, and requested another shipment of \$100,000. Before the credit manager could look into the matter, the president authorized the second shipment. The Taiwanese company made partial payment, but still owed \$160,000, getting well past 120 days.

After six months of broken promises and canceled wire transfers, the U.S. company pulled one of Kreller's on-site credit reports. Our report showed that this 'large' Taiwan company was actually a sole proprietorship with two employees. The office building was not owned by the man they met with, only leased for the month they visited. The cars were also rented, and there were no plants or warehouses-only a small fruit market stall run by the man's brother in Hong Kong.

Handling the Matter

Kreller stepped in, evaluated the situation, and devised a solution that would not work in this country, but might in the Far East. "The American company was now in a panic," continues Hudgens, "and placed the collection with our agency. The Taiwanese debtor fled the country, but we still collected! We had our agent in Hong Kong visit the debtor's brother, who was not legally responsible for the debt. Since a lawsuit against the debtor would result in a worthless paper judgment, the brother was our only hope. Our agent met with the Hong Kong man and took him out to dinner shortly before the Chinese New Year. He spoke to the man respectfully, and appealed to his family's sense of honor.

After the meal, our agent gave the debtor a piece of silk that had a painted symbol on it that wished prosperity in the New Year. The agent knew it was the custom to pay all debts before the New Year for good fortune. The Hong Kong man told our rep, 'You showed me respect, and for this, I will pay a set amount each month until my brother's debt is paid in full.' We have received \$5,000 USD a month since, with no missed payments.