

## WALL STREET TURMOIL: Bank backlash hits LI firms



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Pat Caulfield, a partner at a Rockville Centre-based international freight forwarder, said the company needed new computer systems to keep up with government regulations.

But when Caulfield wanted to tap into a line of credit, he got a surprise.

Even though his company, Evans, Wood & Caulfield Inc., was financially sound and doing well, the bank declined to extend the credit.

"We needed the new computer system," Caulfield said. "We had to, for a period anyway, infuse some of our own cash into the business." He found other financing, but has not forgotten the experience.

"We had to scramble to reconfigure our business' cash flow," he said.

Caulfield's small company is hardly alone among businesses in the area that have solid balance sheets but found doors closed at their banks when they asked for loans. The companies, their owners and bank executives say, are being hurt by a national credit crisis that has frozen lending at many banks, particularly those that were in the subprime lending market or held sizable mortgage-backed securities.

That's forced many like Caulfield to turn to alternate sources of finance.

"I'm getting more inquiries than in the past," said Neil Seiden, a financial consultant in Port Washington whose firm, Asset Enhancement Solutions Llc, assisted in getting Evans, Wood its financing.

Juliana Giliberto, owner of IF Products Inc., an importer of bookmarkers and book lights in Jackson Heights that has three employees, went to her bank seeking a loan to grow inventory. Her 7-year-old company was doing well, she said, but she was turned down.

"I was surprised," Giliberto said. "But I had heard from a few other companies that have higher revenue than I do

that they were turned down also." She, too, arranged for other financing, through a different bank.

Pat Carew, owner of PJC Consulting in Melville, which has less than 10 employees, said he had just arranged financing for a company in the Washington, D.C., area.

"While we may not be crazy about the banks we're dealing with, it's tough to find new sources of credit," Carew said. "The banks are skittish. Unless you're a huge company with Triple-A credit, you're going to have trouble."

Nassau Deputy County Executive Patrick G. Duggan, who oversees the county's economic development office, said he sees even tighter credit markets ahead.

"I think there's going to be a lag period before we start seeing it," Duggan said. "I do believe we will see serious tightening."

Phil Dorsinvil, owner of Fleet Doc, an Islip-based fleet management and truck repair business with about 10 employees, sought a loan from a couple of banks last year to fund expansion, but was turned down. He was able to secure a \$100,000 loan from the Community Development Corp. of Long Island, a nonprofit organization that helps small businesses.

Now, Dorsinvil is seeing a further tightening of credit, with many vendors reducing credit limits or doing away with them altogether.

"Local vendor credit pretty much goes out the door when sales decrease or receivables get too high," Dorsinvil said. "At a time when most consumers are finding it more difficult to spend money on a consistent basis ... credit is key. It is also vital for any small business that extends credit to receive credit."

Robert Stricoff, executive director of Babylon Town's Industrial Development Agency, said he sees new businesses trying to get under the wire before the credit crunch becomes even more serious.

"We have 14 pending applications [from businesses] looking to move into the town of Babylon," Stricoff said. "None has had their credit removed, or taken back, and they are moving forward with their closing." But, he added, "People are rushing to close. They want to make sure they are getting what is committed to them."

Not everyone has been locked out of the credit markets.

Edward Fred, chief executive of CPI Aero Inc., an aircraft-parts manufacturer in Edgewood with 71 employees, said the company is about to receive about \$3 million in financing from Sovereign Bank in Jericho. CPI applied a few weeks ago, Fred said, to expand its growing business.

"We're growing 30 percent 35 percent over the next three years," Fred said. "If we didn't have that kind of growth, it probably would be extremely difficult" to get the loan.

Brad Rock, chairman and chief executive of Smithtown Bancorp, said the bank was not involved in the subprime loan business, and that the number of loans it made in the first six months of this year grew 38 percent.

#### QUOTES:

"I was surprised [to be turned down for a loan]. But I had heard from a few other companies that have higher revenue than I do that they were turned down also." - Juliana Giliberto, on her loan request to increase inventory at her Jackson Heights import business

"Local vendor credit pretty much goes out the door when sales decrease or receivables get too high." -Phil Dorsinvil, who got a loan from a nonprofit group to expand a fleet management and truck repair business in Islip after being turned down by banks

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