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Winning the Deduction Battle: Strategies and Trends for 2026

By: Mya Corcoran, Business Development Specialist, IAB Solutions

Deduction management in 2026 looks very different than it did just a few years ago. Across the consumer packaged goods (CPG) industry, organizations are seeing increased deduction volume, accelerated claim generation driven by automation, greater documentation challenges, expanding compliance requirements, and heightened post-audit scrutiny.

As a result, the deduction environment has become faster, more complex, and less forgiving. Success now depends on speed, accuracy, and consistent execution across functions.

What's Driving Deductions in 2026

Several key trends are reshaping how deductions are created, reviewed, and enforced across the retail landscape.

Automation and AI Acceleration

Retailers are increasingly leveraging automated systems to trigger deductions at scale. With less manual intervention, decisions are faster and more standardized, often leaving less room for exception handling. At the same time, AI-driven post-audits are expanding, identifying discrepancies well after transactions occur and introducing more complex claims.

Tighter Compliance and Expanding Requirements

Compliance programs are evolving beyond traditional On-Time In-Full (OTIF) metrics. Greater emphasis is being placed on data accuracy, labeling, packaging, and shipment execution. As requirements continue to expand, including emerging standards such as RFID and next-generation barcode initiatives, non-compliance can lead to both operational disruptions and financial penalties.

Shorter Timelines and Automated Decisions

Dispute windows are becoming shorter, and digital portals are increasingly decisive in claim resolution. In many cases, incomplete or late documentation may result in automatic denials, while missed deadlines can lead to claims being closed without review. This places greater pressure on teams to act quickly and submit accurate, complete information.

External Pressures

Macroeconomic and operational factors are also contributing to deduction complexity. Pricing fluctuations, shifting cost structures, and increased returns are driving higher volumes of price-related and unsaleable claims. At the same time, new industry initiatives are introducing additional compliance requirements, increasing the risk of errors and associated deductions.

Retailer Trends to Watch

While approaches vary by organization, several common patterns are emerging across retailer systems and processes.

Increasing Compliance Expectations

Many retailers are moving toward stricter compliance standards, where performance is closely tied to financial outcomes. Even minor discrepancies in documentation or execution can trigger deductions, reinforcing the need for precision across order management, shipping, and data processes.

Evolving Systems and Workflows

Ongoing system updates and platform consolidations are changing how deductions are communicated, tracked, and disputed. These transitions can introduce temporary complexity, including evolving workflows, data inconsistencies, and new validation requirements.

Variable Data and Documentation Availability

The level of detail and supporting documentation provided with deductions can vary significantly by claim type and channel. This variability requires organizations to develop strong internal processes for intake, interpretation, and validation of deduction data.

Greater Reliance on Portals

Retailer portals are becoming the central hub for remittance, dispute management, and communication. These platforms require consistent monitoring and timely action to ensure disputes are addressed within required windows and recovery opportunities are not missed.

Prevention: The Highest ROI Strategy

In today's environment, prevention has become the most effective way to reduce deduction volume and protect revenue. While not all deductions are avoidable, many stem from controllable issues such as data misalignment, process inconsistencies, and gaps in execution.

Purchase Order Validation

Many preventable deductions originate from discrepancies between purchase orders and execution. Early validation and clear communication, supported by time-stamped records, help ensure alignment and strengthen dispute positions.

Customer Requirements Management

Customer guidelines define expectations across routing, labeling, packaging, and shipping. Maintaining updated internal processes and ensuring consistent adherence are critical to minimizing compliance-related deductions.

Compliance Tracking

Tracking performance against customer requirements enables teams to identify trends, monitor risk areas, and support disputes with documented evidence. Internal scorecards and structured reporting can improve both visibility and outcomes.

Trade Contract Alignment

Clear definition and ongoing management of trade terms, including pricing, accruals, and promotional agreements, are essential. Regular audits and reconciliations help identify discrepancies and prevent invalid or excessive deductions.

Automation vs. Expertise: Finding the Right Balance

Automation plays a central role in managing today's deduction volume. It enables organizations to process large amounts of data, apply rule-based validations, and streamline workflows.

However, automation is not sufficient on its own. Complex deductions often require context, judgment, and cross-functional coordination. These scenarios benefit from experienced professionals who can interpret nuances, challenge assumptions, and pursue recovery opportunities.

High-performing organizations are adopting a balanced approach: leveraging automation for scale while relying on expertise for exception handling and strategy. This combination enables both efficiency and effectiveness.

Building a High-Performing Deduction Team

Strong deduction management is driven not just by tools, but by how teams operate.

High-performing teams typically focus on:
- Leveraging data and analytics to identify trends and root causes
- Aligning finance, sales, and supply chain functions
- Addressing underlying issues to reduce recurring deductions

Equally important is proactive communication. Many deduction drivers span multiple functions, making cross-functional collaboration essential to long-term improvement.

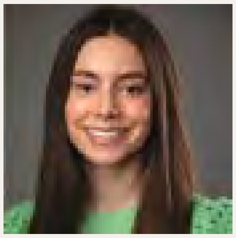
Conclusion: Winning the Deduction Battle

In a fast-moving, highly automated environment, success in deduction management comes down to control and consistency. The most effective organizations are not those disputing the most claims, but those preventing them in the first place.

When disputes do occur, outcomes depend on the strength of documentation, adherence to requirements, and the ability to act quickly. Clear records, aligned processes, and disciplined execution are critical to achieving favorable results.

Automation will continue to shape the future of deduction management, but it must be paired with oversight and expertise. Organizations that strike this balance by prioritizing prevention while maintaining strong recovery capabilities will be best positioned to protect revenue and reduce risk in 2026 and beyond.

About the Author



Mya Corcoran is a Business Development Specialist at IAB Solutions. She works closely with CPG companies to understand their unique challenges and demonstrate how IAB can improve and streamline their deductions processes. She is dedicated to helping organizations capture more revenue and improve their overall financial performance.

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Uninvestable Cities

By: Paul Hill, Founder and President of JSI Analytics

We have raised the issue previously regarding unrealized municipal bond risk in cities with excessive debt and deteriorating economies. We've also highlighted the credit risks related to doing business in these same cities.

26 of the 30 largest municipalities in the US will experience a decline in tax and related revenues of at least 8% in 2026. These same cities have been running deficits since at least 2024. The issue of unfunded pension and benefits liabilities are being exacerbated by near fiscal issues.

There are numerous causes for the fiscal deterioration of the cities we describe. None more impactful than the loss of high earners (those earning more than $200,000 annually). The general trend is that high earners are migrating away from large cities in high tax states, in favor of mid-size cities in low tax states. This began in 2021 and is an accelerating trend. The long tail consequences of losing high earners is extensive. These folks are most likely to operate businesses, contribute to the local economy through spending and investing, and they pay the majority of taxes collected. Additionally, high earners steer the price patterns of the housing market. The same cities which are losing high earners are also experiencing the steepest declines in house prices. As property taxes account for at least 30% of municipal revenues, this is having a deeply negative affect on local budgets. The knock on effects to this are cutbacks in services, which further erodes the desirability of living in these cities.

Not coincidentally, businesses and capital investment are following the same migration pattern.

Municipal bonds – ratings agencies are primarily backward looking in their assessments of risk relating to municipal bonds. This is not a reliable strategy as dozens of large municipalities have entered a period of structural economic decline.

Business operations and credit risk – we observe default rates in high risk cities rising 3x thus far in comparison to economically stable metro areas.

Consumer market deterioration – consumption, especially discretionary spending, is primarily driven by earners at the 75th percentile and above. This spending is at risk.

Synthetic economic activity collapses – cities with high debt ratios have the highest rates of spending on public social spending, which is at risk of cutbacks as budgets deteriorate.

Crime and fraud – a strong correlation exists between the solvency levels of municipalities and crime rates. Cities with the high debt ratios have relatively high crime rates.

Commercial & residential real estate depreciation – declines in commercial real estate precede residential depreciation.

Summary

Of the 210 largest US metro areas, dozens currently meet the standard to be declared insolvent. These same cities continuing on a downward trajectory economically, and public finances within these cities will undoubtedly deteriorate further.

In the coming months, we will present more detailed analyses of the cities which are most at risk of fiscal collapse, and what steps can be taken to mitigate risk when operating in these cities. We will also share insights regarding where economic growth is robust, and can be capitalized upon by opportunistic businesses.

About the Authors

Paul Hill is a business economist, inventor/holder of multiple patents, developer of risk management tools and hedging strategies, Founder and President of JSI Analytics, Co-founder of EducateToCareer.org, and an undergrad of California State University at Northridge, 1989.

The Role of the Credit Manager in a Difficult Sales Conversation

By: Chris Woodard, CMO and Co-Founder, Handle.com

By the time most credit managers are invited into a customer conversation, the difficult part has already happened. The order shipped. The terms were promised. The account is sixty days past due, the salesperson is frustrated, and the customer has gone quiet. Credit walks in to clean up a situation it had no hand in shaping, and predictably, it gets cast as the obstacle.

This is the reactive pattern that defines how many organizations use their credit function. Credit is the call you make once something has gone wrong: the late payment, the disputed invoice, the order that should never have been approved at those terms. In that role, the credit manager is set up to be the bad news. The deal has already been framed by sales, the customer has already formed expectations, and credit's job is reduced to confirming or denying within a box someone else built.

The argument here is simple. The credit voice is most valuable not at the end of a commercial conversation but near the beginning, during pricing, terms, and contract discussions. The function does its best work when it is a partner in closing good business rather than a checkpoint that good business has to survive.

What gets decided before credit is in the room

The most consequential terms of a customer relationship are usually set before anyone runs a credit review. Payment terms get offered as a negotiating sweetener. Pricing gets agreed without reference to how long the cash will be outstanding or how likely it is to come back. Contract language, the part that determines what recourse exists if things deteriorate, gets drafted around the commercial points and rarely around collectability.

Each of these is far easier to influence going in than coming out. Net 30 quietly becomes Net 60 because it helped close the quarter, and now it is the baseline the customer expects forever. A contract gets signed with no guarantee, no security interest, and no clear right to suspend shipment. Those protections are nearly impossible to add after the ink is dry. By the time credit is consulted, the levers that mattered most have already been pulled.

Late involvement is expensive even when no account ever goes bad. The cost is not just write-offs – it is margin given away through terms that were never priced, working capital tied up longer than it needed to be, and risk accepted without anyone consciously deciding to accept it.

Where the credit voice earns its place

There are three conversations where bringing credit in early changes the outcome.

The first is pricing. A sale is not the same as the cash it eventually produces, and the headline margin is not the real margin until you account for how the receivable behaves. A customer who pays in ninety days instead of thirty is being financed by the seller, and that financing has a cost. A customer with a meaningful probability of default is a different proposition than one without, regardless of the quoted price. Credit can put numbers to this: risk-adjusted return, the carrying cost of extended terms, the working-capital impact of a large order. That turns an abstract worry into something the commercial team can actually weigh against the upside.

The second is terms. Sales reaches for extended terms because it is the easiest concession to give; it costs nothing on the day it is offered. Credit understands what it costs over the life of the account, and more usefully, credit knows the alternatives. Early-payment discounts, deposits, milestone billing, progress payments, shorter terms paired with a clear value story – all of these can meet a customer's genuine cash-flow needs without the seller absorbing all the risk and all the financing. The point is not to refuse the customer's ask. It is to widen the menu so the negotiation is about structure, not just yes or no.

The third is contract structure. This is where the credit function's value is most durable and most often overlooked. Personal and corporate guarantees, security interests and UCC filings, letters of credit, credit insurance, retention-of-title clauses, the right to suspend or stop shipment, clearly defined remedies on default – these are the difference between an exposure you can manage and one you can only hope about. None of them can be added after the relationship sours. If credit is not in the contract conversation, they simply do not get into the contract.

The difficult conversation itself

The hardest conversations are the ones where the answer cannot simply be yes. A strategically important customer is pushing for terms the company cannot sustain. A large opportunity carries concentration risk no one wants to name. A long-standing account is showing signs of distress and asking, in effect, for a workout. These are the moments people most want to keep credit out of, because credit is expected to say no. They are also exactly the moments where the credit voice, used well, is most valuable.

The shift that matters is from "no" to "here is how this works". A credit manager who walks into a tense negotiation with a flat refusal confirms every reason sales had for not inviting them. A credit manager who walks in with a structure, a partial deposit, a guarantee that unlocks the larger limit, a phased shipment schedule, terms that step down as payment history is established, changes the conversation from a roadblock into a path. The customer still hears boundaries, but they hear them inside a proposal to do business rather than a reason to walk away.

This is also where credit protects the salesperson. A well-handled credit position gives sales something to say that is firmer than their own discretion and more defensible than a personal judgment call. "Our credit team can support this if we structure it this way" is a far stronger position than an unsupported promise the company may not be able to keep.

Partner, not checkpoint

The checkpoint model is familiar: sales builds the deal, throws it over the wall, and credit stamps it approved or denied. It is adversarial by design. It puts the two functions on opposite sides of the same transaction and trains each to work around the other. Sales commits before credit can object. Credit distrusts whatever sales brings.

The partner model starts from a shared goal that both functions actually hold: revenue that is profitable and collectible. A sale that does not get paid is not a win for sales any more than it is for credit. Once that common ground is explicit, the credit manager's job stops being the defense of a limit and becomes the engineering of a workable deal. The questions change from "should we approve this?" to "what would let us say yes to this with confidence?"

Earning that seat at the table is on the credit function to do. It means speaking the language of growth and the customer relationship, not only the language of risk. It means arriving with options rather than objections, and responding fast enough that involving credit early never feels like it slows a deal down. It means building relationships with the commercial team before there is a problem to solve, so that when a hard conversation comes, credit is already someone sales wants in the room. The credit manager known for finding the path to yes gets invited early. The one known only for saying no gets invited last, if at all.

Getting there

None of this requires a reorganization. It requires being present sooner and showing up differently. Ask to be looped in on significant opportunities at the pricing and terms stage rather than at final approval. Build a short menu of deal structures the sales team can reach for without scheduling a meeting. Respond fast enough that early involvement is a help rather than a delay. Frame every position in terms of how to do the business, not whether to.

Credit managers spend a great deal of energy managing the consequences of conversations they were not part of. The higher-value work, and the more satisfying one, is being in the conversation while it can still be shaped. The difficult sales conversation is not the place where credit shows up to say no. Handled right, it is the place where credit shows up to make the deal possible.

About the Author

Chris Woodard is the CMO and Co-Founder of Handle.com. Handle's software powers the largest credit and finance teams in construction. Fortune 500 material suppliers and contractors trust Handle on a daily basis to provide their credit and collections departments with an end-to-end solution that saves their staff 10-12 hours per week.

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Business Email Compromise Attempts Rose Sharply in 2025, Report Finds

By: Michael Kahn, Director, ACH Network Communications, Nacha

Business email compromise attempts soared last year, with nearly three-quarters of organizations reporting incidents, a new survey found.

According to the Association for Financial Professionals (AFP) 2026 Payments Fraud and Control Survey Report, 74% of organizations experienced BEC last year, up from 63% in 2024. And it said there's a simple reason why.

"Fraud via email continues to be prevalent because email remains the main communication tool at organizations, making it a prime target for cybercriminals," AFP wrote in the report released April 14.

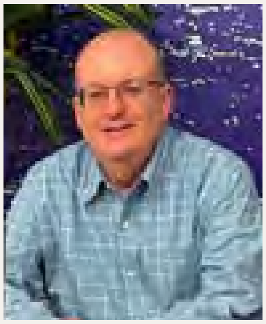
Spoofed emails—which appear to come from a trusted source—topped the list of BEC types, with 85% of organizations receiving them in 2025. But that's not the only way fraudsters attempt BEC. "More than half of respondents indicate that their companies received emails from domains that looked almost identical to legitimate ones, with only minor differences in a letter or two," AFP reported.

In other findings, AFP said check fraud remains the No. 1 type of payment fraud, reported by 58% of organizations. While that figure is down slightly from a year earlier, the report noted a troubling finding: "Despite being the payment method most vulnerable to payments fraud, check usage at businesses is widespread: 87% of organizations report using checks in 2025."

While the respondents cited various reasons for continuing to write checks, Michael Herd, Nacha Executive Vice President, ACH Network Administration, said no business should still be doing that.

"Check fraud has been prevalent for many years, and that alone should put an end to their use," said Herd. "There are good reasons why ACH business-to-business volume grew nearly 10% last year, with safety and convenience topping the list. Checks should disappear once and for all—no checks, no check fraud."

About the Author



Michael W. Kahn is Nacha's Director of ACH Network Communications. He has also worked in various capacities for The Associated Press, CBS, 1010-WINS, and other news organizations.

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Same Day ACH Per Payment Limit to Rise to $10 Million

Announced in April 2026, the Same Day ACH per payment limit will rise to $10 million under a Rule change approved by the Nacha membership. The increase takes effect September 17, 2027, and will be the third increase in the history of Same Day ACH.

Since its launch in 2016, Same Day ACH has seen sustained growth, driven in part by Rule changes that expanded its capabilities. The per payment limit increased from $25,000 to $100,000 in 2020, and to $1 million in 2022, which supported broader B2B and higher-value use cases. In 2024, Same Day ACH surpassed 1 billion annual payments. In 2025, there were 1.4 billion Same Day ACH payments, valued at $3.9 trillion.

Passport to Relief

How Distressed U.S. Companies Are Restructuring Abroad

By: Andrew Behlmann, Lowenstein Sandler LLP

If you were a CFO staring down a wall of unsecured notes maturing in eighteen months, would you automatically reach for Chapter 11? Increasingly, the answer is no. A growing number of U.S. companies are heading to London, Toronto, or Amsterdam to fix specific aspects of their balance sheets, then coming home to have U.S. courts enforce the result. This isn't an exotic fringe tactic deployed only by offshore holding companies. Fossil Group, a public company listed on the Nasdaq and based in Texas, blazed this trail with a Part 26A restructuring in the United Kingdom in late 2025. Others have followed the same playbook in an assortment of other jurisdictions. In an elevated interest rate environment and with significant corporate debt maturities on the horizon in 2026 through 2028, selective international restructurings of this type are likely to occur with increasing frequency.

The Surgical Strike

The primary appeal of foreign restructuring is precision and efficiency. Traditional Chapter 11 is a blunt instrument: File a petition and suddenly everything is on the table—loans, bonds, trade payables, leases, contracts, pension obligations, and more—and numerous constituents are *at* the table. Professional fees mount quickly and litigation frequently ensues. That's fine if the whole capital structure needs a reset or the business has systemic issues requiring the unique tools available under the Bankruptcy Code. But what if you have exactly one problem? What if it's only the 2026 unsecured notes that are keeping you up at night?

Foreign restructuring tools, such as the United Kingdom's Part 26A restructuring plan, Canada's Companies' Creditors Arrangement Act (CCAA), and the Dutch WHOA scheme, can operate more like a scalpel than a sledgehammer. Target the problem tranche, get bondholder approval, and leave everything else untouched. Trade creditors may never even know it happened.

Speed reinforces the appeal. Chapter 11 cases frequently run for many months or even years, with professional fee burn that can reach hundreds of millions of dollars in complex cases. U.K. and Canadian proceedings, on the other hand, frequently wrap up in just a few months. Court oversight is lighter. Disclosure requirements are less onerous. Voting mechanics are simpler. Litigation in the context of targeted foreign restructuring schemes is much less common than in Chapter 11. For issuers, that means less value leakage, less management distraction, and less reputational damage. For creditors, it means earlier clarity on recoveries, though sometimes with less procedural leverage than a U.S. case would afford.

The *Purdue* Effect

If speed and cost were the only drivers, this trend would be interesting but not transformative. The real accelerant is legal. In 2024, the U.S. Supreme Court's *Purdue Pharma* decision gutted the ability to obtain nonconsensual third-party releases in Chapter 11. Before that ruling, sponsors, directors, and officers could often be shielded from lawsuits as part of a reorganization plan, even without an explicit creditor vote in their favor. After *Purdue*, the door to nonconsensual releases is largely or entirely closed.

Abroad, the door is still open. Courts in the United Kingdom and Canada have shown a consistent willingness to sanction restructuring plans with broad third-party releases, provided the releases are fair, reasonable, and necessary to the restructuring. When those plans are later recognized in the U.S. under Chapter 15, American courts have declined to import *Purdue's* constraints even over public policy objections by the United States Trustee, enforcing the foreign orders as-is so long as public policy standards (which courts have routinely construed narrowly) and basic due process requirements are met. For sponsors, executives, and boards who want comprehensive liability protection, this is no small thing.

Fossil Group: The Prototype

The Fossil Group restructuring became a market-defining moment. Fossil Group, a Texas-based publicly traded consumer accessories company, faced $150 million of 7% senior unsecured notes maturing in 2026 that it could not refinance on acceptable terms.

Rather than filing Chapter 11, Fossil developed a targeted strategy to address only the problematic tranche of unsecured notes. First, the company quietly incorporated a new U.K. subsidiary, Fossil UK, in August 2025, and joined Fossil UK as a guarantor of the 2026 notes. The company next sought noteholder consent to amend the governing law of the notes from New York law to English law, explicitly disclosing that the purpose was to enable a foreign restructuring plan if an exchange offer failed. The transparency of that disclosure was important: English courts scrutinize jurisdictional engineering for signs of abuse, but the High Court was satisfied that this structure was legitimate.

The "stapled exchange" offered noteholders the option to participate in a $32.5 million new-money offering of 9.5% first-out senior secured notes, or receive 7.5% second-out secured notes without the new-money premium. All noteholders also were to receive warrants. The exchange offer required 90% participation to close out-of-court, but only reached 72%. As a result, Fossil pivoted to the restructuring alternative.

Fossil UK proposed its Part 26A plan to the High Court on October 9, 2025. The plan required approval from 75% of *voting* creditors by value—not 75% of all outstanding notes, just the holders who showed up to vote. Approval came in at 99.99%. Two days later, the High Court sanctioned the plan. Two days after that, Judge Christopher Lopez of the Southern District of Texas recognized the Part 26A plan under Chapter 15 as a foreign main proceeding, granting it full force and effect in the United States.

The plan included nonconsensual third-party releases. The United States Trustee, which has objected to such releases in other Chapter 15 cases, filed no objection. The entire process, from exchange offer launch to U.S. recognition, took mere weeks.

O Canada

The U.K. is not the only foreign destination venue. Canadian CCAA proceedings have become a favored path for U.S.-based companies with meaningful Canadian ties.

The common thread is Chapter 15's "center of main interests" (COMI) test. To obtain U.S. recognition of a foreign restructuring as a foreign main proceeding, a debtor must demonstrate that its center of main interests is located in the foreign jurisdiction. U.S. courts assess COMI as of the Chapter 15 petition date, not the date of incorporation, and they look at substance over form—where management sits, where decisions are made, where the restructuring is being run.

Recent cases illustrate how broad the COMI inquiry has become. In a May 2025 bench ruling in *Li-Cycle Holdings*, Judge Bentley of the Southern District of New York recognized Canadian CCAA proceedings as foreign main proceedings for three Delaware corporations, overruling the United States Trustee's objection to recognition of CCAA proceedings of three U.S.-based entities as foreign main proceedings. The court pointed to suspended U.S. operations, Canadian-based restructuring officers, and a sale process managed out of Canada. The court also noted that the secured lender's agreement to fund the sale process was conditioned on Chapter 15 recognition of the CCAA proceedings, and that the debtors "would likely have to liquidate at fire sale prices" without a recognition order. In *Iovate Health Sciences* (2025), Judge Glenn, also of the Southern District of New York, found a Delaware corporation's COMI to be in Canada because accounting, finance, HR, and management were all centralized in Ontario. In *Lion Electric* (2024), Judge Cleary of the Northern District of Illinois recognized Canadian proceedings for eight debtors, five of which had registered U.S. offices.

Canadian courts, like their U.K. counterparts, have been willing to approve third-party releases under a multi-factor reasonableness standard that is more permissive than post-*Purdue* Chapter 11. And U.S. courts have consistently enforced those releases through Chapter 15 recognition, without questioning whether *Purdue* should apply. One practical advantage unique to Canada: Restructurings are typically supervised by a court-appointed monitor in lieu of an official committee of unsecured creditors, which meaningfully reduces administrative costs and adversarial friction but essentially requires creditors to fend for themselves.

Restructuring Alternatives at a Glance

Feature	UK Part 26A	Canada (CCAA)	Chapter 11
Scope	Selective (down to a single tranche) or full restructuring	Frequently a full restructuring but can be narrower in scope	Full restructuring
Approval threshold (voting creditors)	75% in amount (no headcount test)	2/3 in amount + majority in number	2/3 in amount + majority in number
Timeline	3–4 months	3–6 months	12–24 months
3rd-party releases	Permitted	Permitted	Restricted post-*Purdue*
Absolute priority rule	Does not apply	Flexible	Applies
Cost	Low–moderate	Moderate	High

Note: WHOA (Netherlands) and Singapore IRDA schemes offer additional options with similar advantages; Cayman schemes remain widely used for offshore-structured debt.

What to Watch For

The early warning signs of a potential foreign filing often hide in plain sight, usually months before any formal proceeding is announced. The creation of a new foreign subsidiary, particularly one that quietly joins as a guarantor of existing debt with a near-term maturity, is the clearest tell. So is a consent solicitation asking to amend governing law provisions to specify foreign law. Retention of foreign restructuring counsel or other professionals is another signal that warrants attention.

For issuers, the strategic calculus has shifted equally. Governing law elections, guarantor structures, and consent thresholds are no longer boilerplate, but instead have become active negotiating points in new indentures. Sophisticated borrowers and their advisors are building foreign restructuring optionality into documentation from the outset, while sophisticated lenders are pushing back with protective covenants designed to limit it.

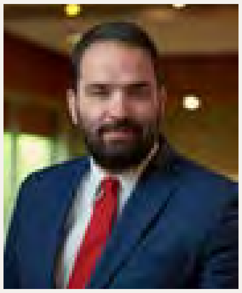
A Note on the Limits

Not every foreign filing sails through the Chapter 15 recognition process. Courts remain vigilant about artificial COMI manipulation, with one court describing the indicators of COMI manipulation as "insider exploitation, untoward manipulation, and overt thwarting of third-party expectations." The Fossil UK structure survived because the governing law change was transparently disclosed in advance and agreed upon, the process was demonstrably fair, and the economic terms were independently defensible. That is, Fossil's COMI essentially migrated to the United Kingdom through a series of transparent and consensual steps, not through unilateral manipulation. By contrast, a foreign subsidiary incorporated a week before a restructuring announcement, with no employees, no contracts, and a retainer in a U.S. law firm's trust account as its lone jurisdictional hook might invite hard questions.

There is also the *ConvergeOne* wrinkle to consider. In a September 2025 decision, the District Court for the Southern District of Texas reversed confirmation of a Chapter 11 plan that gave an exclusive backstop opportunity to a subset of creditors, finding that exclusive economic opportunities constitute treatment of a claim and thus must be offered to all class members or subjected to a market test. The Fossil UK structure arguably skirted this issue by making the new-money opportunity technically available to all noteholders (even if, practically, smaller retail holders were unlikely to participate). Whether this distinction holds in future cases, and whether *ConvergeOne*'s reasoning migrates into Chapter 15 jurisprudence, remains an open question.

Forum shopping isn't new. What is new is the sophistication and speed with which it is being executed and the creative use of foreign law and venue. For distressed companies, the global menu of restructuring options is becoming increasingly broad and appealing at a time when filing Chapter 11 has become very expensive. For creditors, that means paying attention to, and understanding, what's happening abroad even if your customer is based in the United States.

About the Author



Andrew Behlmann leverages his background in corporate finance and management to approach restructuring problems from a practical, results-oriented perspective. With a focus on building consensus among multiple parties that have competing priorities, Andrew is equally at home both in and out of the courtroom, and he has a track record of turning financial distress into positive business outcomes. Clients value his counsel in complex Chapter 11 cases, where he represents debtors, creditors' committees, purchasers, and investors.

The Aging Report Stopped Telling You What It Used To

By: Amanda Wilson, Senior Vice President of Sales, Billtrust

A customer you have carried for nine years, one who has never given your team a reason to worry, slides from net-30 to net-45 over two quarters, and then to net-50. Nothing else about the account changes; they still answer the phone, still place orders, and keep their disputes rare and legitimate. Your aging report flags the drift, and the instinct your team has built over years says to tighten. In this cycle, that instinct may be exactly wrong.

For most of the last decade, a slow-paying customer meant one of a small number of things, and most of them were some flavor of trouble. That is no longer a safe assumption. The cost of money has changed the math on every balance sheet in your portfolio, and a growing share of the slow payment landing in your aging has nothing to do with distress and everything to do with how your customers are now managing their own cash.

Slow Payments Have More Than One Cause Now

When a company can borrow cheaply, stretching a supplier's terms is a minor convenience. When borrowing is expensive, those same unpaid invoices become one of the cheapest sources of working capital a buyer can find, and a disciplined treasury team will use them on purpose. Trade credit has quietly become the line of credit your customer never formally applied for, and plenty of healthy customers are drawing on it deliberately.

The behavior shows up across the board. In Billtrust's most recent Economic Headwinds survey of finance leaders, 67% reported that their customers are paying slower than they were six months earlier, and one in five described the slowdown as significant. That number matches what credit teams are already watching in their own aging: a lot of accounts slowing at once, more than the usual handful of troubled accounts would explain. Some of those customers are genuinely struggling. Many are simply optimizing, and the two groups can look identical on a report sorted by days past due.

Why Misreading the Drift Is Expensive

Getting this read right matters because the correct move for one group runs opposite to the correct move for the other.

Treat a strategic stretcher like a distressed account, and you damage the relationship. A round of aggressive dunning or a sudden credit hold aimed at a customer who is healthy and just managing their cash can sour an account you spent years building and can push that account toward a competitor who handles the same situation better. Misread genuine deterioration as a benign stretch, and you do damage of a different kind. Every additional day you extend to a customer who is quietly failing is exposure that grows while your window to act narrows.

An aging report tells you a payment is late; the way a thermometer tells you someone has a fever. It does not tell you whether you are looking at simply a head cold or something that needs intervention. It looks the same on your report either way, and the whole job is working out which one you are dealing with before you act.

Reading the Intent Behind the Days

Separating the two comes down to reading intent, and the signals that reveal it already sit in the data your team touches every day. They just sit a layer below the summary numbers your team looks at first.

A strategic stretch tends to be orderly. The customer moves from one consistent payment rhythm to another, slower but stable, and then holds there. Distress tends to be more erratic. The pattern erodes instead of resetting, with the gap between due date and payment widening month over month and partial payments appearing where full ones used to be.

The way a customer uses your other processes tells you as much as the timing does. A healthy buyer managing cash will usually keep communicating, keep ordering, and keep disputes honest and specific. A customer in trouble often goes quiet, slows or changes ordering, and begins using disputes as a stalling device, raising vague objections that buy time rather than resolve anything. How they respond when your team reaches out is its own signal. The strategic stretcher tends to acknowledge the situation plainly, because from their seat it is a rational financing choice and nothing to be ashamed of. The distressed account tends to avoid, deflect, or over-promise.

Any one of these signals can mislead you on its own, so good credit teams read them as a set. What separates the customer who is optimizing from the one who is failing is already in the systems that spit out your aging report. You just have to look past the top-line number at how the account is actually behaving.

Putting the Read to Work

Once you can tell the two apart, you can actually choose how to respond instead of running the same play on every late account.

For the customer stretching by design, the conversation shifts from collection to commercial terms. If a healthy buyer is going to use your terms as financing, that financing can be priced. An early payment discount gives them a reason to accelerate when it suits them. Or you write the longer terms down, agree to them in the open, and price them where it makes sense, so an informal drift becomes something you can plan around. Either way the customer stays, and you stop floating their cash flow for free.

For the customer showing real signs of deterioration, the same read tells you to move while you still have room. Tightening a limit, requiring partial payment before new orders, or simply prioritizing that account for senior attention is far more effective early, when the signals first diverge from the strategic pattern, than after the balance has slipped into the high-risk buckets everyone already watches.

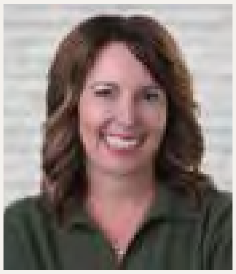
It also helps to put a slow account in context. Look at how the rest of its industry is paying, and how that customer has paid you before, and a hunch about one account becomes a call you can stand behind. A customer falling behind at the same time as its whole industry is a different story from one falling behind alone.

The Credit Team's Cycle to Own

Credit teams rarely get credit for their best work, because the losses you stop never show up anywhere, while every relationship you bruise getting there is plain for everyone to see. In an easy-money environment that tension stayed manageable, because slow payment usually meant the same thing, and the playbook was familiar. This cycle has changed the question being asked of credit professionals. The skill that matters most now has less to do with collecting faster or holding firmer and more to do with reading, accurately, what a customer's behavior actually means and matching the response to the cause.

That read is one of the most valuable judgments anyone in the company makes right now. Done well, it protects margin from customers who would happily finance themselves on your balance sheet indefinitely, and it protects good relationships from being treated like risks they are not. The aging report will keep flagging the same late payments it always has. The difference now comes down to one habit: whether your team treats that flag as the end of the work or the moment the real work starts.

About the Author



Amanda Wilson, Senior Vice President, Sales at Billtrust, is a SaaS subject matter expert and sales executive with over 15 years of experience in building relationships and driving tangible results for her clients in the accounts receivable space.

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1812 Baltimore Boulevard
Suite H
Westminster, MD 21157
443-821-3000