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James Goldstone, Esq.
Bayers, Steele & Given LLP
1807 Broadway #1200
New York, NY 10032

Re: *Coe v. CLC Information Services, LLC, et al.* Case No. C00 00 00 SI
U.S. District Court, NDNY.

Dear James,

Enclosed is my report concerning the effect of the fraudulent activities in Mr. Coe's stolen MC and Visa cards on Mr. Coe's credit rating.

It is based on a review of certain credit reports provided by your office and which have been designated as Plaintiff's Exhibits in the case.

Very truly yours,

Eric Forster

Encl.

Report of Findings

SCOPE:

I've reviewed 8 credit reports, which cover a period of almost three years, starting with January 2004 and ending in September 2006. Three of them are of the "tri-merge" variety, which consolidate the credit files of the large credit repositories (Experian, Trans Union and Equifax) and which provide also Mr. Coe's credit scores. These are the scores used by banking institutions and other lenders to determine the credit worthiness of the loan applicant.

METHOD:

There are number of factors which can affect the applicant's credit score. The formula itself, used by the three repositories, is a trade secret of the Fair Isaacs Corporation. Derogatory items which can lower the score include:

1. Late payments/defaults on credit obligations.
2. Ratio of outstanding balance to credit limit.
3. Length of credit history.
4. Number of enquiries.

According to Fair Isaacs¹, the credit formula used looks at the following factors when analyzing payment history and the ratio of outstanding balance to credit limit:

Payment History:

- Account payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgements, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or collection items (if any)
- Number of past due items on file
- Number of accounts paid as agreed

Amounts Owed:

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

In my review of the reports I was particularly interested in any of the above factors, as they related to known fraudulent activities in 2 accounts: MC 4103-6253-1837 and Visa 5322-3304-5874. The tables in the appendix show the findings.

SUMMARY OF FINDINGS:

Throughout the period investigated (1/2004 – 9/2006) Mr. Coe's mid credit score (the one used by lenders) was consistently above-average, ranging between 701 and 729. The Fair-Isaacs website (www.myfico.com) places those scores in their second-highest credit worthiness bracket.

Inquiries: Other than 3 MC/Visa inquiries on the 1/2004 credit report and 2 Visa inquiries on the Experian 5/2005 report, there were no others. Inquiries six months or less prior to the issuance of the credit report are known to reduce the credit score by 4-5 points each. The inquiries shown in the May 2005 report, just like those on the 1/2004 report, are dated 1/2003 and 12/2003. By the time the May 2005 report was issued they were too old to have any derogatory impact on that credit report.

Late payments: None shown on the MC/Visa accounts. Late payments (90-days) are shown on the Fleet (BofA) account.

Ratio of Balance to Credit Limit: "Maxing out" on credit cards is known to trigger a sizable reduction of the credit score. One maxed-out account was Universal-AT&T, shown in the 1/2004 credit reports.

OPINION:

Based on the credit reports reviewed, it is my opinion that the credit reporting of the MC/Visa accounts had negligible effect on Mr. Coe's credit score.

COMPENSATION:

I've been paid for this report at my standard rate for research, \$275.00 per hour.

Respectfully,



Eric Forster
Forster Realty Advisors

APPENDIX

Table 1
Steven Coe: Credit Reports

Date	Type	Credit Score (Mid)	MC/Visa Credit Enquiries	Factors which could materially impact credit score
01/21/2004	Experian	N/A	2	Universal/AT&T account maxed out
01/21/2004	TriMerge	701	3	Universal/AT&T account maxed out
02/09/2004	TransUnion	N/A	0	None shown ²
02/16/2004	Equifax	N/A	0	Universal/AT&T account maxed out
01/21/2005	TriMerge	701	0	Fleet: Closed, was 90-day late
05/11/2005	Equifax	N/A	0	None shown
05/18/2005	Experian	N/A	2 (11/03, 12/03)	Fleet: Closed, was 90-day late
09/25/2006	TriMerge	729	0	Medical collection account

Table 2
**MC/Visa Impact
On Credit Reports**

Credit Report	Date	MC	Visa
Experian	01/21/2004	Credit card reported lost or stolen – never late³ Neutral reporting – probably no effect on credit score.	Status: Closed. Never late³ Neutral reporting – probably no effect on credit score.
TriMerge	01/21/2004	Current³ Positive reporting. Positive effect on credit score. One TransUnion inquiry (11/12/2003)	Account closed at credit grantor's request³ Neutral reporting – probably no effect on credit score. Two Experian inquiries shown (11/03, 12/03)
TransUnion	02/09/2004	Not shown – No impact	Not shown – No impact
Equifax	02/16/2004	Card lost or stolen³ Neutral reporting – probably no effect on credit score.	Paid as agreed – Closed by grantor.³ Neutral reporting – probably no effect on credit score.
TriMerge	01/21/2005	CRC lost; Credit card³ Neutral reporting – probably no effect on credit score.	Not shown – No impact
Equifax	05/11/2005	Not shown – No impact	Not shown – No impact
Experian	05/18/2005	Not shown – No impact	Not shown – No impact Two inquiries shown
TriMerge	09/25/2006	Not shown – No impact	Not shown – No impact

¹ <http://www.myfico.com/CreditEducation/WhatsInYourScore.aspx>

² Attached to the credit report is a Fraudulent Activity Report on which Coe reports a 10-year old Visa account as not his.

³ The credit agency's description of the account, as shown in the credit report.