

CAPSTONE Quarterly

A news publication for the clients and shareholders of CapStone Bank

Welcome Natalie Valchar

We are pleased to announce Natalie Valchar has joined CapStone as Vice President - Cash Management.

She comes to us with a combined 16 years of experience with Wachovia and SouthTrust with a focus in the area of selling and supporting Cash and



Natalie Valchar

Treasury Management as well as other commercial banking services. She is working directly with the Business Development Team to assist in successfully identifying client needs with respect to Cash Management services.

Words To Work By...

“You’ll never have a product or price advantage again. They can be easily duplicated, but a strong customer service culture can’t be copied.”

– Jerry Fritz

Building Success Through Effective Cash Management

With the many challenges facing small business today, it is becoming increasingly more important for you, as a business owner, to better manage your company’s cash. This, in turn, can ultimately enhance the overall earnings of your company. CapStone Bank offers a wide range of financial management techniques which can assist you with key strategies relating to important issues such as: accelerating the collection of receivables; controlling payments to creditors, suppliers and employees; reducing the potential for financial related fraudulent activity; and simply allowing you to more effectively manage your cash. Taking advantage of these “Cash Management” services positions your company for better control of your available cash and, in the end, may lead to better decisions on how to deploy that cash for “just-in-time” borrowing, paying down loans, or making essential investments – all of which are vital strategic tools in managing your business.

In recent years, technological advancements have allowed small business to access the more sophisticated services and real-time information from financial institutions that was once reserved for larger corporations. At CapStone, there is no doubt that our Cash Management services and accessible information delivered through secure technology, combined with an intimate approach to relationship banking, will enhance your business operations. These services increase productivity, reduce back-room accounting tasks, and streamline other critical functions. In other words, through the use of these services, we are able to perform many of the time-consuming, noncritical thinking tasks, so you can focus more on your core business activities.

As you are managing your business in these tough economic times, we encourage you to consider several fundamental Cash Management tools offered by CapStone. For fast and easy collection, services such as **Remote Deposit, Wire Transfers, Wholesale Lockbox, Merchant Card Services, and Automated Clearing House (ACH)** are the most commonly used banking products. **Remote Deposit** enables you to scan checks at your desktop and electronically send the images directly and securely to CapStone. It not only automates the process of listing, settling, and creating deposit tickets, it also eliminates the time and costs associated with transporting checks to the Bank – all the while promoting improved funds availability.

Wire Transfers are often one of the most expedient methods for transferring funds between bank accounts. At CapStone, we can handle your wire transfers both domestically and internationally, along with providing added benefits such as the convenience of automated e-mail notifications. In addition, enhanced security through customer verifications help to ensure that your transactions are protected from potential fraudulent activity.

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CapStone's **Wholesale Lockbox** is designed to eliminate the hassle and exposure of handling checks in your office while accelerating the collection of receivables. Payments from your customers are routed to a designated post office box with the Bank collecting them daily. Deposits are made promptly to your account, which reduces float and puts your cash to work more quickly. We provide you with the deposit and remittance details so you can automatically update your Accounts Receivable and free your employees for more critical tasks. Additionally, several other types of Lockbox services are also available and can be customized to fit the needs of your company.

Merchant Card Services allows your business to not only offer additional payment options for your customers, but also flexible options for easily integrating on-line, in-office and/or storefront sales. For retail-oriented businesses and professional service providers alike, card acceptance has become a more important part of the payment cycle.

More and more companies are also exploring the use of **Automated Clearing House (ACH)** transactions. ACH is a secure, nationwide electronic payment transfer system that enables participating financial institutions to distribute electronic credit and debit entries to bank accounts. It is beneficial in the collection of regular accounts receivable payments and even in the consolidation of funds from several locations. For funds disbursements, ACH can also be used for vendor payments and payroll applications and is a secure alternative to time-sensitive transactions such as wire transfers and checks. Additionally, the use of ACH for various payments is a strong initiative in combating ever-increasing fraudulent activity. Since statistics show that most fraud involves paper checks, ACH is a significant means of mitigating unscrupulous activity and improving the safety of your financial transactions.

Another Cash Management service gaining popularity

in the fight against fraud is **Positive Pay**, which allows a company to daily review the details of checks scheduled for posting to ensure they are not fraudulent. CapStone pays only those items with check numbers and dollar amounts that match your business's files. Any suspicious check must have approval from you prior to payment, thus reducing potential financial loss.

All of these Cash Management services offered are most meaningful when accompanied by accounts that automate the movement of funds (to minimize balances required) and by PC-based information reporting to monitor account and balance activities. Further, you can simplify your daily tracking of cash by automatically transferring excess funds overnight to a repurchase agreement or to pay down lines of credit. CapStone's **On-line Banking** service provides for a



secure, user-friendly, single platform to perform all functions critical to effective Cash Management.

Forming healthy habits for monitoring cash, preventing fraud, and reducing administrative expenses will become SIGNIFICANTLY more important in the future as we shift to an undoubtedly higher-rate environment for both lending and investing.

How prepared is your company to manage cash more closely to reduce lending expenses and reap higher investing yields?

For more information, or to discuss how one or more of these Cash Management services may benefit your business, please contact Natalie Valchar at (919) 334-6641 or nvalchar@capstonebank.com.

Wi-Fi Street Smarts

If you are one of the many who use your Smartphone to connect to open or public wireless networks, it's a good idea to tell the device to forget the network's name after you're finished, as failing to do so could make it easier for snoopers to eavesdrop on your Smartphone data usage. For example, if you use your Smartphone to connect to an open wireless network called "Linksys," —which happens to be the default, out-of-the-box name assigned to all Linksys home Wi-Fi routers—your Smartphone will in the future automatically connect to any Wi-Fi network by that same name. The potential security and privacy threat here is that an attacker could abuse this behavior to sniff the network for passwords and other sensitive information transmitted from nearby Smartphones—even when the owners of those phones have no intention of connecting to a wireless network.





Bank Hosts Health Care Reform Seminar

On June 17, CapStone Bank sponsored a seminar on Health Care Reform that was attended by customers, small business owners and CPAs in the area. Wally Dawson, CEBS and President of TriSure Benefits, who has more than two



decades of experience in employee benefits, facilitated the seminar. Topics covered included a discussion of the Patient Protection and Affordable Care Act, how this legislation will impact employers, and what needs to be

done to prepare. If you would like to be included to receive information regarding future seminar opportunities which may be of value to you or your business, please contact Allison Ladd at (919) 256-6831 or aladd@capstonebank.com.

Debbie Lee

CapStone is pleased to introduce Debbie Lee, who has assumed the



role of Chief Financial Officer. With an extensive background in accounting and finance, Debbie has experience with strategic planning, investment

Debbie Lee

portfolio management, and mergers and acquisitions, along with financial analysis and reporting. She began her career in public accounting with Deloitte & Touche, served as Controller for First American Savings Bank, and later worked as CFO for Triangle Bancorp. We are truly fortunate that she has come out of “retirement” to join the CapStone team.



Rexy's Racers Raised \$30,000 In The Fight Against ALS

CapStone-sponsored team, *Rexy's Racers*, raised \$30,000 to benefit the Triangle Walk to Defeat ALS, which was held on April 10 at the Credit Suisse Campus in Research Triangle Park. We are grateful to our team members, customers, directors, and other supporters for their generosity in supporting *Rexy's Racers* in honor of Rex Williams, CapStone's former CFO, who recently retired. It is our hope that the more than \$221,000 raised at the Walk will aid researchers in finding a cure for this terrible disease.

Angela Murphy, Special Events Coordinator with the Jim “Catfish” Hunter Chapter of The ALS Association, commented, “CapStone Bank continues to be such an advocate and champion for the Triangle Walk to Defeat ALS. Their participation is a wonderful way for a company to come together to honor such a special member of its team.”

Employee Family Night



Capstone hosted “Family Night” for our employees on June 10 at the Durham Bulls Athletic Park. What a great opportunity for our team members and their families to share plenty of great food, fellowship and exciting baseball - as the Bulls beat the Buffalo Bisons.

Ways to Avoid Problems with Credit Card Interest Rate and Fee Increases

In 2009, Congress passed a new law for credit cards that helps protect consumers from most instances of sudden interest rate increases and other unfavorable changes in fees and account terms. Most of the rules included in the implementation of the law are now in effect with the remaining provisions becoming effective on August 22, 2010. Here are eight simple strategies to avoid potential problems with credit cards.



Understand your right to cancel a credit card before certain significant account changes take effect. Under the new law, card issuers now must generally tell consumers about certain changes in account terms – in areas such as interest rate and fee increases – 45 days in advance, up from 15 days in the past. In that same notice, they must inform consumers of their right to cancel the card before certain account changes take effect. These notices may come with your credit card bill or through a separate communication.

Keep an eye on your credit limit. Some consumers, even those with good credit histories, have recently seen their credit limits reduced. Remember that your credit score is based, in part, on what percentage of your credit limit you are using and how much you owe. Borrowers who carry large balances in proportion to their credit limit may see their credit scores fall.

Decide how you want to handle transactions that would put you over your credit limit. Under the new law, no fees may be imposed for making a purchase or other transaction that would put your account over the credit limit unless you explicitly agree, in advance, that the credit card company can process these transactions for you and charge a fee.

Be cautious with “no-interest” offers. Many retailers, such as electronics or furniture stores, promote credit cards with “zero-percent interest” on purchases for a certain amount of time. These cards allow you to buy larger ticket items without paying interest for anywhere from six months to more than a year. While the chance to avoid interest payments sounds like a deal, keep in mind that if you don’t follow the rules for these offers, this “no-interest” special could end up being expensive.

Keep only the credit cards you really need and periodically use them all. Having too many cards with no existing balance or a very low balance can reduce your credit score because prospective lenders may conclude that you have the potential to use the available balance, thus increasing your overall level of debt. For the average person, two or three general-purpose cards are most likely sufficient. Consider cancelling and destroying the remaining.

Do your research before paying high annual fees for a “rewards” card. Rewards sounds great in advertisements for credit cards, but points formulas can be complicated, the rules are subject to change, and the benefits may not be as generous as you think. You should always read the fine print and be realistic about your likely use of the card before you accept an expensive annual fee in return for rewards.

Take additional precautions against interest rate increases. While card companies cannot increase the interest rate on existing balances except in certain circumstances, they may raise rates on extensions of credit for new purchases as long as proper notice is provided.

Parents of young adults have a new opportunity to teach responsible management of credit cards. The new law includes protections for young consumers, including a requirement that anyone under 21 who wants to obtain a credit card must have a qualified co-signer on the account or must prove he or she alone can repay any debt. This is intended to protect young people from getting overwhelmed by credit card debt. It also offers an opportunity for parents to teach their kids about responsible use of credit cards.

Receiving Newsletter Via Email

As Capstone looks for more ways to “go green” and conserve resources, we would like to offer you the ability to receive *Capstone Quarterly* via email. If you would like to go green, simply email us at service@capstonebank.com.



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