

“An investment in knowledge always pays the best interest.”
- Benjamin Franklin

A Message from the President



Dear Long Island Chapter Members,

Did you attend the event with Liz Bentley? Are you playing big? How many of you have been incorporating techniques learned from Liz into your day-to-day professional lives? It was great to see the audience engagement via the Q&A session. I'd love your feedback – have we found a regular contributor to our October event? Would you like to see something on leadership from Liz next October?

Please send your feedback and suggestions to rmalongisland@gmail.com.

Now, on to our upcoming events.

José Rasco, Chief Investment Officer for HSBC (US and LatAm), is returning and will headline our first event for 2026: our Annual Economic Outlook on Friday, February 6th at the The Mansion at Oyster Bay. José has over 30 years of experience in the investment industry and has appeared in the Wall Street Journal, the New York Times, Fortune, Barron's and the International Herald Tribune. He is a frequent contributor to Bloomberg, CNBC and CNN.

As always, thanks to you, the Long Island business community and to our sponsors for your participation throughout 2025. With your involvement, we continue to execute on our mission to support our community via college scholarships and various charitable events.

I wish you and yours every happiness this holiday season and I look forward to seeing you in the New Year.

Sincerely,

Michael Heller

RMA-LI Chapter

Save the Date

Friday, February 6, 2026

8:00 – 10:00am

NEW Venue!!!

The Mansion at Oyster Bay
1 South Woods Rd, Woodbury, NY 11797

Register

And on April 24, 2026 Panel Discussion. Registration information to follow.

Thank You to Our Sponsors



Asset Enhancement Solutions, LLC
Creative Solutions to Financial Challenges



bakertilly



CERTILMAN BALIN
ATTORNEYS

Citizens[®]

CITY NATIONAL BANK
AN RBC COMPANY



Crowe

EGAN & GOLDEN
ATTORNEYS AT LAW

flagstar

FLUSHING
Bank

GRASSI



liz bentley
ASSOCIATES



Marsh



Middleton Environmental Inc.
Environmental Consultants and Engineers

M&T Bank
Understanding what's important[®]



Moritt Hock
& Hamroff LLP
ATTORNEYS AT LAW



RIVKIN RADLER
ATTORNEYS AT LAW

Annual Sponsorships Available

Contact: Neil Seiden at neil.seiden@asetenhancement.com or 516-767-0100

Follow us on [LinkedIn](#)

Website: <https://community.rmahq.org/longisland/home>

RMA Scholarships

James T. McCarthy Scholarship - \$2,500

Dr. Pearl Kamer Scholarship - \$2,500

Patrick M. Demery Bankers' Lifetime Achievement Award - \$1,500

Application deadline: May 1, 2026

Eligibility:

Bankers and students interested in pursuing their education and career in the area of banking, commercial lending or credit risk management. You must be enrolled at an accredited college, pursuing a pertinent degree program.

Application package must include the following:

- College transcript (or schedule for incoming freshman) and evidence of current enrollment at an accredited college
- Essay from applicant stating:
 - Why you have chosen or are interested in a career in banking
 - Your career goals and how this scholarship will help you meet your goals
- Employment history and current job description, if applicable
- Extracurricular activities, community service
- List of leadership positions, honors and awards
- ONE Letter of recommendation from your current employer or professor

Note: Incomplete application packages will be disqualified.

Applications will be reviewed by the
Scholarship Committee of the
Long Island Chapter of Risk Management Association.

Forward questions or your completed application package to:

Bonnie Dougherty, Chief Lending Officer
Esquire Bank

Bonnie.dougherty@esqbank.com

Can People Actually Change?



Liz Bentley, Liz Bentley Associates

This is the question people ask themselves quietly—and ask about others loudly.

Especially at the start of a new year. A time when we tell ourselves we're ready for a reset. Ready to do things differently and finally make needed improvements. And yet, most people don't change. Not in any lasting way.

When it comes to other people, we're remarkably clear. We can see exactly what they need to fix. Their blind spots are obvious. Their patterns are predictable. We give them feedback hoping there will be a shift. They might even agree they should change, or will change. And when they don't, we feel disappointed and conclude that change is not possible. At least not for others.

But for ourselves, it's the opposite. We're optimistic—but unrealistic. We believe we are changing, or that we will change soon. We mistake awareness for action. Intention for effort. Talking for doing. Someone tells me they just need to lose ten pounds. They've been saying it for ten years. At some point, that's not a goal—that's a story you tell yourself to feel better.

People usually know what they want to change. They just don't know how. And more importantly, they don't understand why it's so hard. The easy changes are easy, so you make them quickly. It's the hard changes - the emotional ones, the behavioral ones, the identity-level ones - that keep people stuck. Those are the changes that quietly sabotage growth, relationships, careers, and sometimes entire lives.

Can people change? Yes. But not the way they think. People don't fail because change is impossible. They fail because real change is uncomfortable, humbling, and requires sustained effort long after the motivation wears off. Real change requires three fundamental things:



1. A Realistic View of Yourself

Most people are walking around with an outdated self-image. They haven't updated who they are to match who they've become or who the world now requires them to be. Emotionally, intellectually, relationally—they're behind their own evolution. And they don't want to look too closely, because an honest mirror is threatening and disheartening.

Without a clear, current view of yourself, you're not changing—you're guessing.

Continued...

2. The Willingness to Understand the Struggle

We all know where we struggle. Very few people understand why. Struggles are layered. They have origins. They repeat in patterns. They show up differently at work, at home, and in relationships—but they're connected. Until you understand where a struggle came from, how it gets reinforced, and why you keep replaying it, you'll keep managing symptoms instead of changing behavior.

Insight isn't enough—but it's required.

3. The Resilience to Stay With It

This is where most people drop out. They see the truth. They have the insight. They recognize the pattern. And then they lose courage. Because staying with real change means facing parts of yourself you'd rather avoid. It means failing while you're learning. It means not getting instant relief or validation. And it means doing the work long after the initial clarity fades.

Growth requires endurance.

So yes - people can change. Not overnight. Not perfectly. And not without discomfort. Change doesn't come from wanting it more. It comes from being willing to see yourself clearly, stay curious about your struggles, and keep going when it would be easier to retreat into old habits.

If you're feeling stuck, that doesn't mean something is wrong with you. It means you're standing at the edge of growth. And growth always feels uncertain before it feels empowering.

The truth is, the capacity to change already exists within you. It always has. What's required now isn't a new version of yourself but the courage to step fully into the one you're becoming. And that choice, made consistently over time, changes everything.

Liz Bentley is the founder and owner of Liz Bentley Associates, an executive coaching company.

grow

Recognizing Early Signs of Distress in Lower Middle-Market Borrowers



A Practical Guide for Bankers Serving Entrepreneurial and Owner-Operated Businesses

Neil Seiden, Managing Director, Asset Enhancement Solutions, LLC

Lower middle-market (LMM) companies — typically characterized by revenues of approximately \$10 million to \$100 million — present a distinct credit risk profile for bankers. These businesses are often founder- or family-owned, thinly capitalized, operationally complex, and highly dependent on a limited number of customers, vendors, and key employees. Financial distress in this segment tends to surface earlier through operational and behavioral signals than through formal financial reporting.

For bankers serving the LMM, effective risk management requires looking beyond the borrower's balance sheet to understand the health of its critical customers and vendors, whose distress can quickly cascade into liquidity crises. This article highlights the most common warning signs of distress specific to lower middle-market companies and their commercial ecosystems.

I. Financial Warning Signs Specific to Lower Middle-Market Borrowers

1. Liquidity Dependence on the Bank

LMM borrowers frequently rely heavily on a single senior lender. Early indicators of distress include:

- Continuous or near-continuous maxing out of revolving lines of credit
- Inability to generate seasonal or cyclical paydowns
- Requests for short-term accommodations to cover payroll, taxes, or insurance
- Use of revolver advances to fund distributions or owner-related expenses

Because LMM companies often lack access to capital markets or alternative financing, even modest liquidity disruptions can become existential threats.

Continued...

2. Cash Flow Volatility and Earnings Quality Issues

Unlike larger companies, LMM borrowers may not have sophisticated accounting systems or robust internal controls. Warning signs include:

- Material swings in EBITDA quarter to quarter without clear operational explanations
- Heavy reliance on add-backs for owner compensation, related-party expenses, or “non-recurring” items that recur annually
- Positive reported earnings accompanied by negative operating cash flow

In this segment, declining cash flow — not accounting losses — is often the clearest signal of trouble.

3. Working Capital Stress

Working capital challenges are particularly acute in the LMM:

- Accounts receivable concentrated among a few customers, with aging trending upward
- Customers demanding longer payment terms
- Inventory accumulation tied to slow-moving or obsolete products
- Increased use of factoring, supply-chain finance, or extended vendor terms

These trends often reflect weakening bargaining power and deteriorating competitive position.

II. Operational and Management Red Flags

1. Key Person Risk and Owner Behavior

Lower middle-market businesses are frequently dependent on one or two principals. Signs of distress may include:

- Owner disengagement or excessive focus on personal liquidity needs
- Delays in decision-making or erratic strategic shifts
- Health, succession, or family issues that distract management

When ownership priorities shift away from reinvestment toward cash extraction, lender risk increases significantly.

2. Informal Financial Reporting and Reduced Transparency

As stress builds, LMM borrowers may:

- Miss reporting deadlines or submit internally prepared statements with declining quality
- Resist providing customer-level detail or updated projections
- Attribute underperformance to short-term or external factors without a clear recovery plan

Transparency erosion is often a precursor to more serious credit deterioration.

Continued...

3. Cost Cutting That Impairs Core Operations

Distressed LMM companies frequently cut costs in ways that undermine the business:

- Deferred maintenance of critical equipment
- Reductions in skilled labor or sales personnel
- Delayed technology or compliance investments

These actions may preserve near-term liquidity but often accelerate revenue loss and operational risk.

III. Signs of Distress Among a Borrower's Customers

Customer concentration is common in the lower middle-market, making downstream risk particularly acute.

1. Customer Payment Behavior Changes

Red flags include:

- Slower collections from top customers
- Requests for extended terms or partial payments
- Increased disputes, returns, or pricing pressure

Because LMM borrowers often lack leverage over large customers, these trends can rapidly erode liquidity.

2. Order and Backlog Volatility

Customers under stress may:

- Reduce order frequency or size
- Shift from long-term commitments to spot purchasing
- Delay contract renewals or capital projects

A weakening backlog is often an early indicator of revenue contraction.

3. Customer-Specific Financial or Operational Issues

Bankers should be alert to signs such as:

- Customer layoffs, plant closures, or management turnover
- Missed public filings or adverse press coverage
- Requests for pricing concessions tied to their own liquidity challenges

Distress at a key customer can quickly translate into covenant pressure for the borrower.

Continued...

Continued...

IV. Signs of Distress Among a Borrower's Vendors and Suppliers

Upstream instability can be equally damaging for LMM borrowers.

1. Vendor Term Tightening

Vendors facing stress may:

- Reduce credit limits or shorten payment terms
- Demand cash on delivery or advance payments
- Eliminate early-payment discounts

Such changes can materially strain working capital and borrowing base availability.

2. Supply Chain Disruptions

Operational warning signs include:

- Missed or delayed deliveries
- Declining quality or inconsistent service levels
- Vendor requests for price increases outside of normal market movements

LMM borrowers often lack alternative suppliers, increasing execution risk.

3. Vendor Concentration and Failure Risk

Reliance on sole-source or specialty vendors creates exposure to sudden disruptions that may require costly or time-consuming replacements.

V. External Factors That Disproportionately Impact the Lower Middle-Market

Lower middle-market companies are especially sensitive to external shocks:

- Rising interest rates increasing debt service burdens
- Regulatory or compliance changes requiring new investment
- Industry consolidation that disadvantages smaller players
- Loss of key contracts or certifications

Unlike larger enterprises, LMM borrowers typically lack scale or diversification to absorb these impacts.

Continued...

Continued...

VI. The Value of Early Engagement

For bankers serving the lower middle-market, early identification of distress creates optionality. Proactive engagement can:

- Preserve enterprise value
- Improve the likelihood of successful workouts or refinancings
- Support management through operational or capital structure adjustments
- Reduce ultimate credit losses

Waiting for covenant breaches or payment defaults often eliminates viable solutions.



Conclusion

Lower middle-market distress rarely appears suddenly. It develops incrementally through cash flow pressure, operational strain, and behavioral changes — often first visible among customers and vendors rather than in financial statements.

By maintaining close relationships, asking targeted questions, and monitoring the broader commercial ecosystem, bankers can identify problems early, protect their institutions, and help viable lower middle-market companies navigate periods of financial stress.

2025-26 RMA-LI OFFICERS

PRESIDENT
Michael Heller
Rivkin Radler, LLP

TREASURER
Paul Becht
Baker Tilly US, LLP

SECRETARY
Sylvia Kachala
Bank of America, N.A.

VICE PRESIDENT
Richard Romano
Valley Bank

ASSISTANT TREASURER
Paul DiTredici
CBIZ

ASSISTANT SECRETARY
Robert Grote
Grassi CPAs

2025-26 RMA-LI DIRECTORS

Toni Badolato
Dime Community Bank

Frank Faulkner
Capital One

Tamra Postiglione
Flagstar Bank

Brian Boland
Moritt Hock & Hamroff LLP

Danielle Fernan
TD Bank

Roger Rose
Hanover Bank

Alison Burke
Valley Bank

James Goldrick
Pursuit

Victoria Scolaro
Bank of America

Bill Conlan
HSBC Bank USA, N.A.

Ken Hoffmann
Certilman Balin

Neil Seiden
Asset Enhancement
Solutions, LLC

Matt Crennan
Hanover Bank

Michael Kid
M&T Bank

Nicole Stefanakos
Citizens Bank

Bonnie Dougherty
Esquire Bank

Keith Lawlor
TD Bank

Davi Tserpelis
City National Bank

Richard Faiella
Marsh

Theresa McCarthy
Dime Community Bank

Scott Nessler
Flushing Bank

RMA Emerging Leaders

Keith Annunziata
(Chair)
PKF O'Connor Davies

Heather Gauweiler
(Secretary)
Certilman Balin

Devon Stone
(Treasurer)
Crowe LLP