

# THE CENTRAL NEW YORK BUSINESS JOURNAL

## Hamilton Group goes Hollywood

*Finance company heads West to open L.A. office*

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SYRACUSE — The Hamilton Group, an alternative-finance company popularly known as a factor, opened its fourth office on July 1. The new office, located in the Los Angeles area, complements the other three offices located in Syracuse (headquarters), Boston, and Summerfield, N.C.

The Los Angeles office, serving California and the western states, is run by two brothers — Richard and Robert Kort, who serve as regional vice presidents. Both brothers say “California and the western states are a hot-bed of economic energy led by small business. [Our job] is to find the gazelles — the fast-growing businesses — which are in need of cash, but don’t yet qualify for conventional loans.”

The brothers worked with their father in a family apparel business, operating 68 retail outlets and a manufacturing facility. They sold the company in 1978 and became entrepreneurs in a variety of businesses selling products ranging from educational toys to pet supplies. The brothers entered the factoring business in 1992.

The Kort brothers knew Kenneth P. Walsleben, a principal in The Hamilton Group, through their affiliation with the International Factoring Association. The three began discussions Memorial Day weekend to open the new office.

Walsleben and Michael J. Howe, the

two principals in the Delaware corporation, started the business on March 8, 1991. Both had worked for leasing companies and had developed experience in hard-to-place leases. Howe says “he was strong on the equity side and Ken was strong on the debt-placement side.” Before starting their own company, the two principals had “financed north of \$1 billion in leases,” according to Howe.

Howe says The Hamilton Group has found its niche in factoring. “While most factors specialize in vertical fields like health care and transportation, [our company] works horizontally with firms employing five to 75 employees and generating \$250,000 to \$15,000,000 a year in annual revenue. Above this level, asset-based lenders and banks step [into the picture].” Walsleben says Hamilton “does not fund health-care providers, contractors, and fresh fruit wholesalers and distributors. [These he considers] the third rails of factoring.”

The Hamilton Group currently employs nine overall and is planning on hiring two more employees this year in anticipation of the projected growth. Howe expects the firm to double its revenues over the next 18 to 24 months, but shared no figures. Howe and Walsleben



**Richard Kort**



**Robert Kort**

each own a third of the corporate stock and investors own the other third.

### How it works

Factoring is a form of financing requiring a business to sell its accounts receivable to a financier. The factor typically applies a 4-percent fee to any transaction and places a lien on the accounts receivable and the intangibles (books and records). The factor does not demand personal guarantees, restrictive covenants, an equity position, or a collateral pledge of inventory and equipment. Factors play a key role for seasonal businesses and for start-up businesses that lack strong financial statements. The factor is dependent on a business’s customers and their ability to pay.

Using a baseball analogy, Howe says that factoring is “the farm system for banking.” Banks are an integral component of the referral system upon which Hamilton depends. Since factors typically work with a company for only six to 24 months, banks hope the business will then be strong enough to need conventional bank financing.

Bert Goldberg, the founder of the International Factoring Association headquartered in San Luis Obispo, Calif., says “factoring has grown a lot in the last 10-15 years,” due to a general acceptance of the concept and a tightening of bank credit. Where seven companies dominated the field two decades ago, today, hundreds of factors serve thousands of clients. □

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