



# CNB BUSINESS<sup>®</sup> BROADCAST

NEWSLETTER FOR BUSINESS CLIENTS OF CANANDAIGUA NATIONAL BANK & TRUST

## Financing Options For Advanced Manufacturing

The new frontier of U. S. Manufacturing is here! Advanced Manufacturing uses innovative technologies and methods to improve a company's ability to be competitive in the manufacturing sector. It does this by optimizing all aspects of the value chain, from concept to end-of-life considerations.

Advanced Manufacturing employs automation, computation, software sensing and networking to create greater efficiencies. It can be found in just about every industry, including electric vehicles, robotics, air structures, medical devices, pharmaceuticals, high volume goods, rapid prototyping, aerospace, and military.

The last few years have seen large investment in Advanced Manufacturing, both at the federal and state level. In 2022, President Biden signed into law the CHIPS Act of 2022. This Act provides the Department of Commerce with \$50 Billion for the development of a suite of programs to strengthen and revitalize the U.S. Position in Semiconductor research, development, and manufacturing.

At the local level, Governor Hochul announced a \$290 Million Electricity Substation and Green Hydrogen Fuel Production Facility in Genesee County at the STAMP site. STAMP is a 1,250 acre site that will be home to projects that include semiconductor manufacturing, renewables manufacturing, biopharma manufacturing, and other high capacity industries.

As you can see, Advanced Manufacturing is the future of U.S. Manufacturing and is receiving large investments both nationally and locally. With the increase in the manufacturing sector, comes the need for additional financing. CNB offers a wide array of financing options to accommodate equipment purchases, permanent working capital and lines of credit to assist with the growth of your company.

**Loan or Lease?** Leasing allows you to try out the equipment/vehicle without making a long-term commitment. If the asset does not meet your needs, you can return it at the end of the lease. This is a good option for assets that quickly become obsolete due to advances in technology (ie. computer hardware, software, and communications equipment). Continuing to lease those assets allows you to upgrade so you can remain up-to-date with the newest technology.

On the other hand, purchasing the asset provides you with the ability to build equity. Much like a decision to buy a car, the value of the car after your final payment has been made represents your equity. You have the option to sell it for cash or you can use the value of the vehicle toward a trade in for a new model.

A good rule of thumb is if the asset's useful life to you exceeds 3 years, purchase it. If it's less than that, then you may want to consider a lease.

**Term Loans.** These are loans that are usually repaid in monthly payments over a set period of time. Term loans are usually paid back between 1 and 10 years, and the specific equipment being financed is used to collateralize the loan. Banks tend to finance up to 90% of equipment purchases with term loans and offer your choice of a fixed interest rate or a variable interest rate.

**Equipment Line of Credit.** Equipment lines of credit offer a hybrid between a line of credit and a term loan. As you have equipment needs, you can draw from the available balance with a new term note with a set repayment term. As you repay the principle of the loan, the line of credit replenishes itself by that amount of principle repayment. Equipment lines are useful for companies that make several equipment purchases per year as the line offers the company a pre-approved amount of money to draw upon for equipment purchase without having to come to the bank for approval with each purchase.

**Working Capital Line of Credit.** A line of credit is a revolving credit facility generally used for short-term working capital. Companies will utilize a line of credit as their sales increase and receivables grow. The line of credit affords a company cash flow to cover expenses, such as payroll, until receivables begin to flow in. Lines of credit will typically require a 30 day out of debt period measured annually.

Advanced Manufacturing is an exciting new frontier for U.S. based manufacturing companies. Remember, it is important to speak with your accountant and financial services professional about these decisions. They will guide you through the process to help determine what the best financing structure is for you and your business.

Call our Commercial Lending Team today at (585) 419-0670 to discuss your financing options.

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# Business Email Compromise & Wire Fraud – A \$43B Scam

Business email compromise (BEC) is one of the most financially devastating online schemes which has exploded in frequency over the past decade. BEC exploits the simple fact that so many of us utilize email daily.

BEC schemes begin when cybercriminals gain access to an employee's legitimate business email account through social engineering or computer intrusion. Alternatively, the fraudster may emulate a legitimate email account with an unrelated account created specifically for nefarious purposes. The bad actor sends an email to a specific target (typically a high-ranking employee who frequently receives payment requests), which appears to come from a legitimate source. Some examples include -

- A supplier your company regularly works with provides invoices with updated wiring instructions.
- A CEO asks her assistant to purchase a large sum of gift cards to provide to employees as rewards. She requests the serial numbers be provided immediately.
- A prospective homebuyer receives a message from his mortgage company with instructions on where to wire down payment funds.

According to the FBI, between June 2016 and December 2021, this scheme was replicated over 240,000 times for a total exposure amount of \$43B. Sadly, in many cases once the scheme is discovered days or weeks later, the chances of recovery may be slim to none.

The following tips can help businesses and employees avoid business email compromise schemes:

- Educate your employees. A strong security program paired with employee education about the warning signs, safe practices, and responses to a suspected takeover are essential to protecting your company and customers.
- Do not trust emails with payment instructions. Verify payment and purchase requests in person if possible or by calling the sender at known legitimate phone number to ensure request validity. Verify any change in account number or payment procedures directly with the person making the request.

- Set up multi-factor authentication on any account that allows it, and never disable this feature.
- Protect your online environment. It is important to protect your cyber environment just as you would your cash, sensitive documents, and physical location. Do not use unprotected internet connections. Encrypt sensitive data and keep updated virus protections on your computer. Use complex passwords and change them regularly.
- Be wary of sudden changes in business practices or contacts. If an employee, customer or vendor suddenly asks to be contacted via their personal e-mail address, verify the request through known, official and previously used correspondence as the request could be fraudulent.
- Be wary of requests marked "urgent" or "confidential." Fraudsters will often instill a sense of urgency, fear, or secrecy to compel the employee to facilitate the request without consulting others.
- Implement robust internal approval procedures for vetting account change requests to prevent potential financial losses.
- Partner with your bank to prevent unauthorized transactions. Talk to your banker about programs that mitigate fraud such as call-backs, device authentication, and multi-person approval processes.

CNB offers a variety of banking solutions to help mitigate fraud threats and greatly reduce your chances of becoming the latest victim in an already challenging world. Be sure to follow us on social media to stay up to date on emerging trends and threats.

Visit [CNBank.com/Security](https://CNBank.com/Security) for current fraud articles and resources.



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This material provided by Ryan Kaiser.

## CNB Business Line of Credit<sup>1</sup>

# 7.00% APR

6-MONTH INTRO RATE PRIME -1%

[CNBank.com/BizLoanSpecial](https://CNBank.com/BizLoanSpecial)

Offer valid for applications received between 4/1/2023 and 5/31/2023. Subject to credit approval. Restrictions apply. Equal Opportunity Lender. Automatic payment from a CNB business checking account required. Deposit products – Member FDIC. Refinancing of existing debt with CNB is not eligible for this offer. Offer does not apply to existing customers whose total loan exposure including overdraft and aggregate loan amounts would exceed \$750,000 with the new loan request. All rates are subject to change. 1) The loan request must be a minimum of \$10,000 and is not to exceed \$750,000. The 6-month introductory annual percentage rate (APR) of 7.00% is based on Wall Street Journal Prime (Prime) minus 1%. Prime is 8.00% as of 3/23/23 and is subject to change. SBA Guaranteed Loans are excluded.

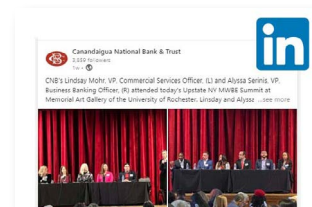
## CNB BUSINESS LOAN SPECIAL

**Great rates. Great relationships.** With our Business Line of Credit<sup>1</sup>, you will start with an attractive 7.00% introductory rate for the first six months and then continue to receive a competitive rate for the remainder of your financing commitment.

**Contact a Business Banking Officer at (585) 419-0670, or visit your local CNB Office today.**

## CNB Social Media Spotlight

In January, CNB's LinkedIn stream featured our team members Lindsay Mohr, VP, Commercial Services Officer, and Alyssa Serinis, VP, Business Banking Officer, as they attended the Upstate NY MWBE Summit held at Memorial Art Gallery. Both Lindsay and Alyssa were panelists at the event, sharing their expertise and highlighting the services CNB offers to support business growth in the Greater Rochester region. **Keep up with CNB! Follow us at: [LinkedIn.com/company/cnbank](https://LinkedIn.com/company/cnbank)**



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