



A Look Back at the Association's Early Days

The year 2011 marks ELFA's 50th anniversary. Throughout the year, ELT will look back on the association's history and highlight some key milestones and members who helped to shape the organization. For the first story in the series, we look back at the association's founding.

Which of the following happened in 1961?

- John F. Kennedy was inaugurated as the 35th President of the United States.
- Russian astronaut Yuri Gagarin became the first man in space.
- A first-class stamp cost 4 cents.
- The Association of Equipment Lessors (the forerunner to ELFA) was established.

The answer, of course, is all of the above. The year our association was founded was a pivotal year in many respects, and a time of economic, scientific and social progress. However, it was not immediately evident that the association or the equipment finance industry would be as successful as they are today, 50 years later.

In 1961, there were few equipment leasing industry companies. Those that did exist were spread around the country, making it difficult to network and share information.

Representatives of this fledgling industry convened in Chicago in January 1961 to discuss forming an association. They created a steering committee to lay the groundwork for the organization and, following several meetings, the Association of Equipment Lessors was born in October 1961.

The Articles of Incorporation stated the purpose of the association:

To develop a better understanding of the general problems involved in the equipment leasing business and to engage in such

activities as may be necessary or desirable to serve and advance the general interest and welfare of companies engaged in the equipment leasing business.

The first officers elected to lead the association were Spencer W. Clawson (President), Carl S. Hutman (Vice President), H.B. Gillespie (Secretary) and Elliot P. Hurd (Treasurer). Ellis Lyons served as Counsel.

“The fast growth of our industry was cited, and the limitless possibility for future growth were noted.”

- From the minutes of an Association of Equipment Lessors meeting on Jan. 26, 1962

The Board of Directors held its first official meeting in January 1962. It adopted bylaws, opening membership to “any company whose principal activity is the leasing of equipment to other users” and excluding brokers from membership. The Board set annual membership dues of \$600, plus a \$200 initiation fee.

Hot topics in the early years of the association included the following:

- **Lease Accounting** – In 1962 the American Institute of Certified Public Accountants proposed that leases be capitalized on the balance sheet. “A strong and informed opposition developed serious studies and sound criticism of the proposals,” noted the April 1963 annual meeting minutes.
- **Tax Credit** – In its first major advocacy effort, the association called for making lessors eligible for the Investment Tax Credit advocated by the Kennedy administration. The association was instrumental in reducing the useful life requirement

Test Your ELFA Knowledge: Where was the Association's First Annual Convention held?

The first formal meeting of the membership was held Jan. 26, 1962, at the University Club in Chicago. The 50th ELFA Annual Convention will be held Oct. 23–25, 2011, in San Antonio, Texas.

from eight years to four years in order for equipment to qualify for the tax credit.

- **Banks and Property** – Under strong objection from the association, in 1963 the Comptroller of the Currency voted to allow national banks to begin leasing. Previously, national banks were not allowed to own or lease personal property. The association lobbied to reverse the ruling, but by 1971 the Board voted to accept banks as members.
- **Member Recruitment** – The leadership was concerned with promoting and growing membership in the association. “Every effort should be made to expand and strengthen the association,” noted the September 1962 Board minutes.
- **Ethics** – A member committee was created to consider developing a code of ethics for the association as a guide for the conduct of the industry. Today, members operate under a Code of Fair Business Practices.

In a relatively short time, the equipment leasing industry grew from a fledgling industry to a major force in the U.S. economy. For a list of milestones in the association's 50-year history, see the ELFA website at www.elfaonline.org/ELFA50th/. ■



Join your colleagues in celebrating the association's legacy and its future! To share your anniversary wishes and memories, please use the online form at www.elfaonline.org/ELFA50th/.