

EQUIPMENT Leasing & Finance

MARCH | APRIL 2020

THE MAGAZINE FOR INDUSTRY EXECUTIVES



Funding's Many Views

How you see and experience the
capital markets depends
on your perspective

State of Credit
and Collections

Ignite Your Future
at the Women's
Leadership Forum

Equipment Outlook
2020

ELFA
EQUIPMENT LEASING AND
FINANCE ASSOCIATION



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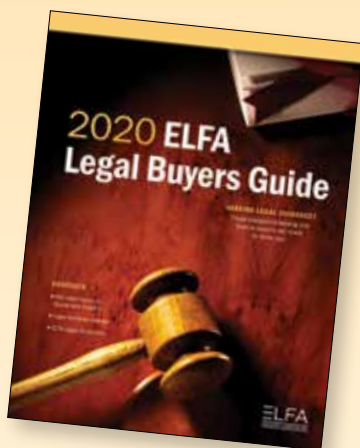
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Business Intelligence from ELFA

Wondering about trends in pay in the equipment finance sector? Turn to these tools from ELFA:



Equipment Leasing and Finance Compensation Survey

Measures compensation rates for 90+ positions at more than 75 equipment finance companies.



Small and Medium Enterprise Compensation Survey

Reveals salaries, bonuses, benefits and commission for 19 positions at 51 equipment finance companies.

www.elfaonline.org/data/market-trends



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 **Top 10 – Forbes Best Banks**



Western Alliance Bank, Member FDIC. Western Alliance ranks top ten on Forbes' Best Banks in America list, four years in a row.

Equipment Finance Matters



A FEW OF MY FRIENDS AND FAMILY MEMBERS have been encouraging me to get into podcasts, and now there's one I'm excited to listen to. It's the new Equipment Finance Matters podcast from our own Emerging Talent Advisory Council (ETAC).

The new podcast features interviews with a diverse group of industry executives sharing their career backgrounds, leadership advice and personal stories. It's hosted by Alexa

Carnibella, ELFA Director of Professional Development and the staff liaison to ETAC since its inception in 2014.

"The Equipment Finance Matters podcast offers a chance to get up close and personal with some fascinating leaders in our industry," says Alexa. "We're excited for listeners to hear career wisdom from members with a range of backgrounds and experiences."

I wholeheartedly agree. The first episode of the podcast features ELFA Board Chair Martha Ahlers. It's a terrific conversation and I encourage you to tune in today at www.elfaonline.org/podcast.

Position Your Business for Success

Spring is finally here, and it's the perfect time to share ideas and best practices through participation in ELFA conferences, educational programs and best practices roundtables. Our member planning committees and staff are busy preparing high-quality opportunities for you to grow your professional network, anticipate industry trends and position your company for success in an ever-changing marketplace. Upcoming events include:

■ **Women's Leadership Forum**, April 20–21 in Chicago. "Ignite Your Future" at this event, which will focus

on leadership development for women at all stages of an equipment finance career. Learn more on p. 24.

■ **Funding Conference**, April 21–23 in Chicago. Get a snapshot of the state of funding on p. 16 and get the complete picture at this event. Consider arriving early to attend a Best Practices Roundtable on April 21— at a bundled discounted registration fee. Future leaders are encouraged to attend the Emerging Talent Networking Event on April 21.

■ **Legal Forum**, May 3–5 in Washington, D.C. Speaking of legal issues, don't miss our 2020 Legal Buyers Guide on p. 37.

■ **Capitol Connections**, May 20 in Washington, D.C. See p. 28 for insights about the importance of attending our biggest advocacy event of the year.

■ **Credit and Collections Management Conference**, June 1–3 in San Antonio. Turn to p. 20 to see what participants are saying about the state of credit and collections.

■ **Tax Best Practices Roundtable**, June 11–12 in Denver. This event tackles everything tax pros need to know.

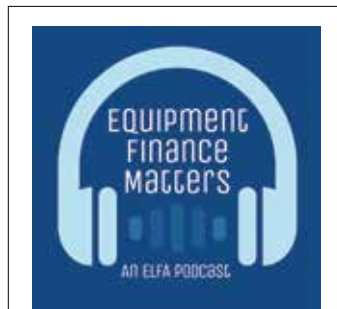
For a full listing of events, please visit www.elfaonline.org/Events/.

In addition to in-person events, we're pleased to offer online courses through the ELFA Academy—including the brand-new course Understanding the Master Lease Agreement. Learn more on p. 6.

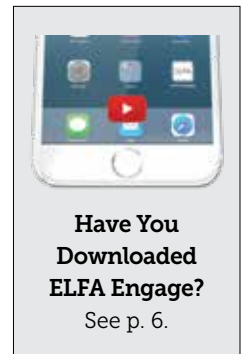
Thank you as always for your support and participation. ☰

Ralph

RALPH PETTA is the President and CEO of the Equipment Leasing and Finance Association.



Check out ELFA's new podcast at www.elfaonline.org/podcast.



Have You Downloaded ELFA Engage?
See p. 6.



Introducing the ELFA Engage App

Your new connection to the equipment finance community

YOU ARE INVITED to download ELFA Engage, the new mobile app for events, information and collaboration in the equipment finance community. Stay current on what's happening in the equipment finance industry, connect with your colleagues and access your ELFA member benefits and events from your mobile phone or tablet, 24-7. Highlights include:

- **Events:** Browse ELFA events and add them to your personal schedule. Check out attendees, speakers, exhibitors, handouts and more!
- **News Feed:** Stay updated with ELFA, industry and member news.
- **Share:** Share, like, bookmark and comment on posts.
- **Chat:** Privately chat with other app users and create groups.
- **Notifications:** Receive timely updates delivered straight to your mobile device.

- **More!** Watch for additional features coming later this year, including the ability to collaborate in online forums.

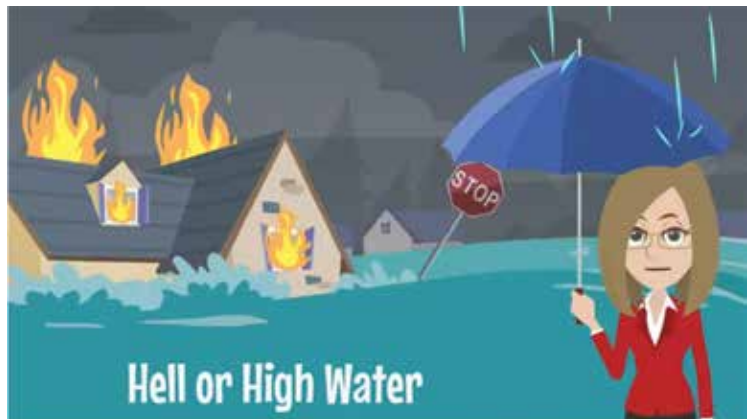
To download the app, search "ELFA Engage" in the Apple App Store or the Google Play Store. To log in, use your ELFA credentials (the same credentials you use to log into the ELFA website). If you don't know your credentials, use the username request or password reset. For assistance logging in, please email membership@elfaonline.org.

New Online Course Tackles the Master Lease Agreement

THE MASTER LEASE AGREEMENT

is at the heart of every transaction—and knowing what's in it can be the difference between a deal or no deal. In ELFA's new online course, Understanding the Master Lease Agreement, walk through the Master Lease Agreement section by section,

view real-world scenarios demonstrating how knowing what's in the MLA can make or break a deal, and access and download exclusive resources available only through the course. The course is designed for equipment finance professionals in sales, credit, documentation and anyone who would like a working knowledge of the purpose and contents of the master lease agreement. To view a demo and to learn more, go to: www.elfaonline.org/umla. For questions, contact Alexa Carnibella at acarnibella@elfaonline.org.



The new course covers "hell or high water" clauses and more.

Funding Conference Set for April 21-23

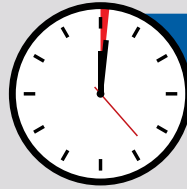
THE ELFA NATIONAL FUNDING CONFERENCE is the most effective forum for connecting funding sources with some of the finest organizations in the equipment finance industry looking to establish relationships to fulfill their funding needs. This popular annual event is scheduled for April 21-23 at the Palmer House Hilton in Chicago. To learn more about the National Funding Conference and to register as a funding source exhibitor or attendee, please visit www.elfaonline.org/events.

Workshops Highlight Industry Principles

ELFA IS EXCITED TO OFFER three Principles of Leasing and Finance workshops in 2020:

- April 7–9 in Chicago
- June 17–19 in Washington, D.C.
- September 15–17 in Plano, Texas

In addition, ELFA can bring the Principles workshop and the Beyond the Basics workshop directly to you. Our instructors educate your employees in your offices with a comprehensive and customized agenda. To learn more, go to www.elfaonline.org/POL or contact Alexa Carnibella at acarnibella@elfaonline.org.



Membership Minute

INTERESTED IN LEARNING MORE

about what ELFA has to offer? Contact the ELFA Membership Department to schedule your conference call today. The call is designed to provide an overview of ELFA's resources for new members or a refresher for existing members. This invitation is open to anyone in your organization and should last approximately 20 minutes. If you are interested in setting up a call between ELFA membership and your staff, please contact membership@elfaonline.org.



Members Address Legal Hot Topics

THE LEGAL COMMITTEE gathered at ELFA headquarters in January under the leadership of Chair Lisa Moore, Senior Counsel at PNC Equipment Finance. The committee has planned a robust agenda for the 2020 Legal Forum, May 3–5 in D.C. View details at www.elfaonline.org/events.

Five Roundtables Tackle Best Practices in 2020

BEST PRACTICES ROUNDTABLES are small, one-day meetings designed to facilitate the exchange of information among peers. Attendance is open to ELFA member companies only. Watch for updates on the following events at www.elfaonline.org/events:

- Bank Roundtable, April 21, Chicago
- Captive and Vendor Finance Roundtable, April 21, Chicago
- Independent Roundtable, April 21, Chicago
- NEW: Small Ticket Roundtable, April 21, Chicago
- Tax Best Practices Roundtable, June 9–10, Chicago

Calling All Emerging Talent: 2020 Networking Events

ARE YOU NEW TO THE EQUIPMENT FINANCE INDUSTRY? Are you looking to expand your network within the industry? Now's your chance! ELFA's Emerging Talent Networking Events are designed to bring the newest and brightest together with industry veterans—sharing new ideas and proven best practices—all while creating new relationships along the way. There are three opportunities to mix and mingle in 2020: April 21 in Chicago, July 15 in Denver and Sept. 14 in New Orleans. For more information, go to: www.elfaonline.org/events or contact Alexa Carnibella at acarnibella@elfaonline.org.

Save the Date: Credit and Collections Conference

THE 2020 Credit and Collections Management Conference and Exhibition will be held June 1-3 in San Antonio, Texas. Don't miss this opportunity to discuss the state of the economy, human capital issues, the legal and regulatory environment, data analytics, risk and bankruptcy and other relevant topics. Learn more on page 20.

Ignite Your Future at the Women's Leadership Forum

COME "IGNITE YOUR FUTURE"

at the Women's Leadership Forum, April 20-21 at the Palmer House Hilton in Chicago. This event will focus on leadership development for women at all stages of an equipment finance career. The agenda will feature dynamic speakers and offer time for attendee interaction and networking with other industry leaders. You'll leave this event with valuable insights and powerful tools to enhance your career. Sponsored by the ELFA Women's Council. Details at www.elfaonline.org/events/2020/WLF. Learn more on page 24.





SEFA Respondents Earn Rewards

MAKE SURE you participate in the 2020 Survey of Equipment Finance Activity (SEFA) to take advantage of special benefits! Every company respondent will receive:

- A complimentary copy of the 300+ page SEFA and Small-Ticket SEFA reports (a \$1,495 value).
- A personalized MySEFA interactive tool, which lets you track your company's operational and performance statistics and compare them against your peers.

Questions? Contact Bill Choi at bchoi@elfaonline.org or go to www.elfaonline.org/SEFA.



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Nominations Open for Equipment Finance Hall of Fame

The Equipment Finance Hall of Fame annually recognizes individuals who have made unique, significant or lasting contributions to the industry and/or the association throughout their careers. The deadline for nominations to the 2020 Class of the Equipment Finance Hall of Fame is April 1, 2020. Learn about the nomination criteria and deadlines and access the online nomination form at www.elfaonline.org/hof. Please contact Ed Rosen at erosen@elfaonline.org if you have any questions.

Lease Accounting Standard Delayed

CERTAIN PRIVATE companies, nonprofits and tax-exempt organizations that lease equipment have been given an important advantage in implementing new accounting rules—more time. Check out ELFA’s new bylined article created to help lessees prepare for the new lease accounting standard (ASC 842), “Time Is On Your Side: Making the Most of the Delay in Lease Accounting Changes,” at www.elfaonline.org/LeaseAccountingTools.

ELFA Members Embrace Guiding Principles

IN RECOGNITION of the prominence of the equipment leasing and finance sector as a key component of capital formation and the need to maintain the highest professional and ethical standards in order to continue its growth, ELFA, on behalf of its members, adopted the Principles of Fair Business Practices on Oct. 21, 2006. It is the intent of ELFA, on behalf of its members, that the following Principles be embraced to ensure an adherence to clarity, best practices and integrity in the conduct of all facets of members’ business transactions.

- ELFA Members believe that all business agreements, arrangements and transactions should be conducted with transparency with respect to the roles and responsibilities of all parties. Full disclosure in and clarity of transaction documentation is a key element of such transparency.
 - We believe that all member companies should conduct their business relationships with suppliers and customers in a fair and reasonable manner and should comply with the letter and spirit of applicable laws and regulations.
 - We believe that all member companies should encourage, to the extent reasonably practical, that all parties to a business agreement, arrangement or transaction (including members’ customers and suppliers) operate consistent with these Principles.
 - We believe that it is incumbent upon members, and the Association on members’ behalf, to promote education and awareness such that all parties to business dealings consult, where necessary or appropriate, their professional advisors.
 - We believe that business transactions and related activities should be conducted with integrity and the highest ethical standards.
 - Finally, we believe that it is incumbent upon members, and the Association on members’ behalf, to promote education and awareness of these Principles.
- It is these Principles that guide the members of ELFA as leaders in the equipment leasing and finance marketplace. For more information on ELFA’s Principles of Fair Business Practices, please visit: www.elfaonline.org/about/principles-of-fair-business-practices.



ELFA Updates Code of Conduct

ELFA'S GOAL is to ensure that we promote a safe, inclusive and productive environment for all activity participants. With that goal in mind, the ELFA Equality Committee has updated the Professional Code of Conduct governing participation in association events. The full statement is available at www.elfaonline.org/events/code-of-conduct. Please bring any concerns to the immediate attention of the ELFA event staff or contact Lisa Ramirez, Vice President of Business and Professional Development, at lramirez@elfaonline.org. Thank you for your help in keeping all ELFA events professional, welcoming and respectful to all.



Join the "ELFA Equality" LinkedIn Group

THE ELFA EQUALITY COMMITTEE has created the new "ELFA Equality" LinkedIn Group to bring industry professionals together in support of diversity and inclusion. This group is designed as a forum to share information, exchange ideas and network with other members of the equipment finance community. All members are welcome to connect with the group at <https://www.linkedin.com/groups/12317521/>.

DONE. NEXT!

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5 Minutes with the Financial Institutions Chair

WHAT'S HAPPENING WITH FINANCIAL INSTITUTIONS in the equipment finance space? *Equipment Leasing & Finance* magazine recently caught up with David Farrell, Chair of the Financial Institutions Business Council Steering Committee (BCSC), to take the pulse of this sector. Farrell, who is Managing Director - Head of Capital Markets at Bank of America Global Leasing, is currently serving his first year as Chair of the committee, which represents ELFA member bank-related organizations and other financial institutions involved in single transactions over \$5 million.



DAVID FARRELL, Chair,
Financial Institutions BCSC

What issues is the Financial Institutions BCSC focused on this year?

The Council is focused on key issues such as how companies are planning for the cessation of LIBOR slated for the end of 2021, lease accounting challenges such as failed sale-leasebacks and CECL (ASC326), the inevitable migration to electronic contracting and issues around state banking licenses. The cessation of LIBOR will have far-reaching repercussions on the pricing of equipment financing transactions. In fact, some

in the industry equate its impact to Y2K in terms of scale and preparation, since member companies will need to modify their pricing methodologies and operations. Bloomberg estimates more than \$370 trillion of

debt and related products is tied to LIBOR. The Council also intends to share best practices around diversity, equity and inclusion, an important priority for ELFA and many member companies. Lastly, the group will continue to participate in the Foundation's Guest Lecture Program to help develop future financing professionals. Our goal is to deliver at least nine guest lectures at universities and colleges across the country.

What do you like best about serving on a BCSC?

I am a perennial committee member, having served three times in the past, and am thankful for the opportunity to be the Chair for this year's iteration. I enjoy the camaraderie and interactions with the other members on the Council. With 19 participants, we are one of the largest business councils and have a wide variety of talented people representing a cross section of the industry. The volunteers are not only interesting and bright people to learn from, they are highly engaged in expanding the reach and value of ELFA to our industry.

Join the Roundtables!

The Captive and Vendor Finance, Financial Institutions, Independent Middle Market and Small Ticket BCSCs are planning best practices roundtables, to be held April 21 in Chicago. See details at www.elfaonline.org/events.



What's the last book you read?

Younger Next Year by Dr. Henry Lodge and Chris Crowley. This is an entertaining book about the value of exercise, diet and social connections to achieve vitality in the back half of one's life. ☰

About the BCSCs

The BCSCs represent ELFA's five key business segments: Captive and Vendor Finance, Financial Institutions, Independent Middle Market, Service Providers and Small Ticket. Learn more at www.elfaonline.org/BCSCs. Interested in joining? Contact Ed Rosen at erosen@elfaonline.org.

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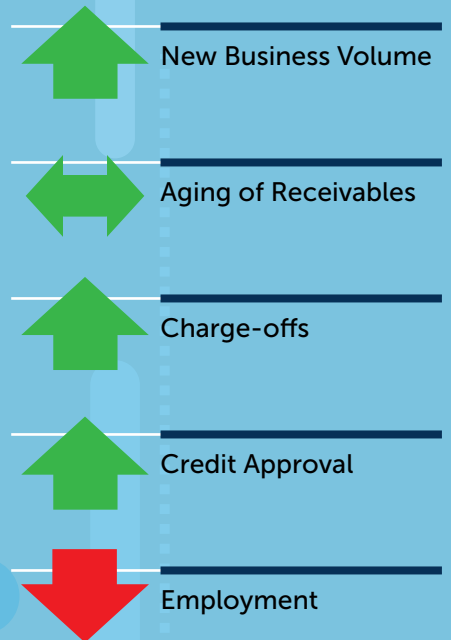
Have you heard the news?

The questionnaire for the 2020 Survey of Equipment Finance Activity has arrived! Complete the survey today and get your free copy of the final study—and more benefits! See www.elfaonline.org/SEFA.

MLFi

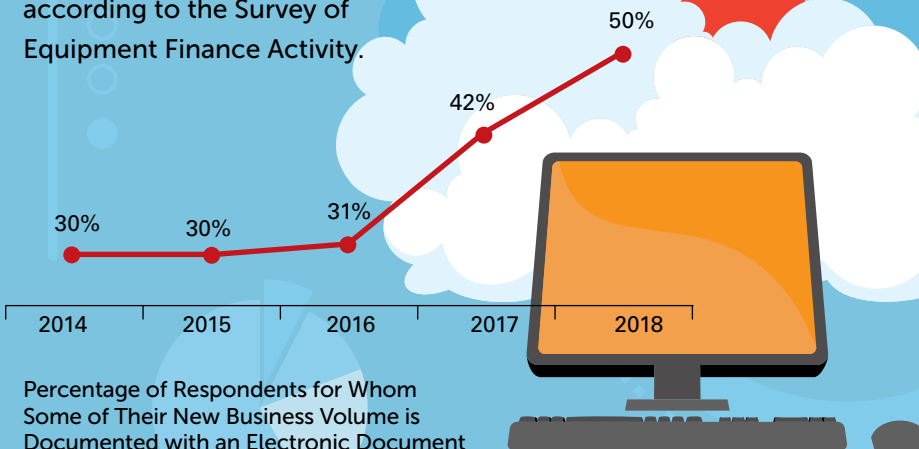
Monthly Leasing and Finance Index Products

January MLFi Year-Over-Year



E-Docs on the Rise

A growing number of industry professionals are reporting that at least some of their new business volume is funded with an electronic document, according to the Survey of Equipment Finance Activity.



Loans Go Digital

In 2015, 20% of companies applied for a loan using an online application. That number rose to 21% in 2016 and 24% in 2017.

Source: Going Digital: Current Activities and Future Expectations; see bit.ly/ELFFGoingDigital



Growth Forecast for Ag Equipment

41.7% of U.S. and Canadian dealers expect a pickup in new agriculture equipment revenues in 2020.



Source: Vertical Market Outlook Series: Agriculture Equipment; see bit.ly/ELFFAgriculture

How you see
and experience
the capital markets
depends on your
perspective.

Funding's

By Susan L. Hodges



Many Views

Please note:
The interviews
in this story were
conducted in
January before
coronavirus hit
the headlines

BEES BUZZING, COWS MUNCHING, BIRDS FLITTING OVERHEAD. If you were an originator selling high-quality lease or loan transactions in 2019, your funding environment probably looked something like this, a pastoral painting exuding harmony.

If you were a buyer, however, the scene might have more closely resembled a shark tank, the short supply of good deals drawing a frenzy of sharp-toothed competitors that spiked prices and then gobbled everything in sight.

Hungry Eyes

Chris Meeks, Senior Vice President of Capital Markets at OnPoint Capital in New York City, says this about last year: “We saw a lot of activity and a lot of appetite in 2019, more appetite than we had business for, in some cases. We did notice a change in response time from our funding partners in October, when concern about a possible recession made buyers a bit more diligent about what they secure in their portfolios. But we haven’t seen a decrease in their activity.”

“I’m a seller, and I can see where buyers might complain,” says Bob Blee, Senior Managing Director of Global Capital Markets for GE Healthcare Financial Services in Hunt Valley, Maryland. “Two thousand nineteen was another year of strong liquidity in the capital markets, both for investment-grade and non-investment-grade credits. As a result, pricing was very competitive, and it was tough for buyers to achieve acceptable yield targets.”

Henry Frommer, Senior Vice President and Managing Director of Wells Fargo Equipment Finance in New York City, says that in his view, 2019



“The possibility of a recession seems to have receded somewhat... We’ll see how things go as we get closer to the election.”

—Bob Blee
GE Healthcare
Financial Services

continued a 4- to 5-year pattern of high liquidity and a low supply of worthy investments, manifesting in thin spreads for funders and a subdued demand for financing. “The long and the short of it is that it was good to be a borrower or a seller, and not so good to be a lender or a buyer,” he says.

Sera Oliver, Director of Capital Markets at Key Equipment Finance in Albany, sits on the buy desk and saw the best of both worlds in 2019. “It was great,” she says. “Last year was one of the best years we’ve seen on the buy desk and on the syndications side as well.” Oliver observed some consolidation in banking, “and that may have led to fewer competitors in the niches where we purchase,” she reasons. “But there was also increased selling activity because of lower interest rates,” she adds. “We saw companies pulling deals out of portfolio or syndicating deals we wouldn’t have seen otherwise, because they realized they could sell these transactions at lower rates than they put them on the books for.”

Shifting Shapes

Each of these funding professionals generally expects the same elements to form the big picture for the first half of 2020. After that, however, they’re not as sure. “The possibility of a recession seems to have receded

“We’re pretty optimistic about 2020 in general.”

—Sera Oliver
Key Equipment Finance



somewhat, and I expect modest growth in the GDP this year, perhaps 1.7%, as indicated by economic forecasts," says Blee. "We'll see how things go as we get closer to the election."



"The leasing industry has always been innovative and had its finger on the pulse of capital markets, so we will evolve and prosper, even as times change."

—Henry Frommer
Wells Fargo Equipment Finance

Oliver thinks similarly. "We came into 2020 with a healthy backlog on the buy desk, which is promising," she says. "We have to get those deals to fund, and sometimes things drop out. But activity continues to be strong, and although the election could have an impact at year-end, we're sitting in a good spot now, and we expect it to continue at least through mid-year."

Frommer concurs, but wonders how long current conditions can last. "Banks are under enormous pressure because they're not making enough profit," he says. "A very liquid market inflates asset prices and at some point, banks may decide they're better off controlling other costs and not putting the money out." He doubts funding availability will shrink as early as this year, but says there's anecdotal evidence that some large banks are "pulling back, due to low profitability and poor spread related to deals they're asked to invest in."

He further alludes to lackluster capital investment by business and indications that consumer spending may be starting to wane. "We've had a consumer-driven economy for several years now, but employment numbers are flattening and car sales are flat or beginning to decline," Frommer says. "Together, all of these situations could mean that we're approaching the top of the economic cycle and decline is on the horizon."

Market Elements

Complicating matters is the failure of some industries to recover fully from the 2007-2008 recession. To that end, Key Equipment Finance continues its cautionary

position on mining, oil and gas, and energy, and Oliver says over-the-road trucking also now warrants more consideration. "We believe trucking may be entering a cyclical downturn," she says. "We've been cautious for a while on marine transportation tied to oil and gas, but we began looking more closely at non-private-fleet trucking late last year. This year we'll be taking a hard look at our residual positions."

OnPoint Capital is taking a hard look at another trend—usage-based financing—and creating new products that offer it. A captive whose core industry is material-handling, OnPoint finances fleets of forklifts, aerial lifts, power systems and other equipment used in the industry. "We've heard about disruption caused by demand for utilization-based financing, and now we're seeing that demand," says Meeks. "Material-handling is all about streamlining utilization, and that dovetails into pay-as-you-go," he adds. "We're hearing directly from clients that they want non-conventional lease solutions with shorter terms and utilization-based models, and we're responding by constantly talking about and developing new solutions."

Meeks believes usage-based financing is here to stay, not only in material-handling, but in other industries the company serves, which include printing and graphic arts, construction, retail and energy. "I think it's aligned with the larger cultural shift toward efficiency and sharing," he says. "When I was younger, ownership was status, but newer generations don't care about that. They want flexibility with minor commitment, and it's a major change in mindset."

Along with the increased demand for non-traditional funding, Meeks notes specific nuances troubling some markets. "Retail continues to be hard to get done because of the constant change in how products can be purchased, and energy is still difficult, due to limited data on the future value of assets and complex tax credit economics," he says. "But construction has rebounded somewhat recently, and we've financed equipment for several clients who had good years in 2019."

Frommer says another market still suffering, this one from overexpansion that occurred before the last recession, is the corporate jet space. "But while one

National Funding Conference set for April 21–23

Learn more about the funding landscape at the ELFA National Funding Conference, the annual forum for connecting funding sources with equipment finance organizations looking to establish relationships to fulfill their funding needs.

See www.elfaonline.org/events/2020/NFC/.

bank may decide not to finance business jets, there are equity funds, credit funds and others who are happy to lend to this entire industry at fairly reasonable rates," he says, "so I haven't seen trimming of funding availability for any industry—not yet."

Frommer lists oil and gas as another sector that's still hurting but able to find funding, mostly outside banks. "The middle market sector in the oil patch, particularly businesses that supply oil producers with drilling rigs and services, is still suffering, and I think banks as a whole are pulling back," he says. "But non-bank lenders are active in that space, doing deals that are heavily collateralized. It's a world market, after all, so you have to consider demand from all over the globe when thinking about one small part of it."



"We're hearing directly from clients that they want non-conventional lease solutions with shorter terms and utilization-based models."

—Chris Meeks
OnPoint Capital

The Elephant in the Room

All else considered, interest rates appear to be the main element preventing new financing landscapes from falling into place. Funding professionals agree that higher rates would lessen liquidity, increase profit margins and give equipment finance companies more elbow room to negotiate deals. But their views vary on the impact of low rates on their companies. Says Meeks, "Low rates spur activity in the marketplace and encourage clients to spend capital, but they make the competitive landscape even tougher. When rates are this low it's not enough to provide money; you really have to have a niche in the marketplace to get business."

Recalls Blee, "Last year, many of us thought the Fed might continue to increase rates. But slowing global growth forced the Fed to actually reduce rates, and some leasing companies took advantage of that to sell assets out of portfolio." Blee thinks the Federal Reserve will keep interest rates low for the first half of 2020. "And that's a good thing," he says, "because if something unforeseen occurs, rates can still be reduced."

For his part, Frommer stresses that higher interest rates would create a larger pool of attractive investment opportunities and help to absorb liquidity. But neither he nor others think rates will

Looking for a Funding Source?

In addition to attending the National Funding Conference, check out ELFA's online Funding-Source Database. Search by type of company, types of lease structures, funding programs, equipment types and/or credit criteria:

<https://apps.elfaonline.org/Directories/FundSource/>.

increase soon. "We expect relatively flat rates that won't deviate," says Oliver. But she thinks other issues are more important. "This is a relationship business," she says. "If you don't keep your customers happy, they're not going to give you their business. They'll take it elsewhere, whether it's a complex deal or a straightforward transaction, whether it's investment grade or lower middle market. You just won't see it unless you offer great service."

Whatever scenario comes together in 2020, Frommer thinks it will first be mirrored in the capital markets. "There's so much activity on the syndication side as companies move to improve their risk profiles," he says. "The leasing industry has always been innovative and had its finger on the pulse of capital markets, so we will evolve and prosper, even as times change."

Old News?

This year's political elections notwithstanding, the regulatory environment is not expected to be a factor. Says Blee, "There's nothing specific to capital markets that we foresee." Oliver uses similar language: "We don't see anything on the horizon that will impact our ability to provide funding. We're aligned with economists and the markets in our view."

Frommer says banks have largely accepted that regulation is ongoing. "Perhaps if the entire lending community stepped back and said regulations were preventing us from doing business, things would change," he says. "Short of that, I don't see the regulatory environment changing, no matter who is elected."

Meeks mentions that many recently passed finance regulations focus on the consumer side of the industry. "But I will say the tax side is something we keep our eye on," he says. "Tax credits for energy applications such as power management, hydrogen fuel cells and lithium batteries that drive electric vehicles are making changes in our core industry."

Even with change as a prism, however, funders' views are consistently positive for early 2020, thanks to the continuation of high activity levels and good-quality transactions. Oliver sums it up: "From a Key Equipment Finance perspective, we don't see anything from a funding view that will be different. We're pretty optimistic about 2020 in general." ☐

SUSAN HODGES writes about equipment finance and other business topics from her office in Wilmette, Ill.

STATE OF CREDIT AND COLLECTIONS

Moving Forward with an Eye on the Horizon



By Gwen Moran

IF CREDIT AND COLLECTIONS PROFESSIONALS had to pick a slogan for the state of the industry, “optimistic, but cautious” could be in the running. In advance of the 2020 Credit and Collections Conference, June 1–3 in San Antonio, Texas, *Equipment Leasing & Finance* magazine reached out to a group of seasoned credit risk professionals to discuss the sector as a whole, as well as to evaluate the opportunities and risks in a changing environment, both in 2020 and beyond.

Please note:
The interviews
in this story were
conducted in
January before
coronavirus hit
the headlines

Strong, with Some Soft Spots

As the country continues to enjoy the longest period of economic expansion in history, speculation continues about when it will end. But even with various areas of uncertainty—the enemy of credit markets—including a looming presidential election, ongoing trade negotiations and geopolitical uncertainty, the economy remains relatively healthy, says Credit & Collections Committee Chair Lou Maslowe, Chief Risk Officer at Mt. Laurel, New Jersey-based Marlin Capital Solutions, an independent equipment finance company. But there are a few signs of weakness.

“Foremost on my mind is that, beginning in the second half of 2019, we started to see deterioration in portfolio performance and it seems that very small businesses on the lower end of the credit spectrum have been particularly impacted by some economic headwinds. While we have seen portfolio deterioration in a number of sectors, the one industry that is experiencing severe stress is transportation, due to declining freight rates and volume, and increased insurance costs,” Maslowe says.



“As more banks consolidate, you have to look ahead and see what’s happening in the financing market, especially with new players and the power of Amazon and Google.”

—Lou Maslowe, Marlin Capital Solutions

Small businesses are typically an economic bellwether, signaling early signs of economic trouble. The PayNet January 2020 Small Business Delinquency Index 31-90 Days Past Due didn’t change from November to December but is 19 basis points above its 2019 level. The 91 to 180 Days Past Due category was up 4 basis points over the same time period.

Overall delinquency in the equipment finance market is moving away from historical lows, says Daniel Goderis, Director of Portfolio Management at GreatAmerica Financial Services, a multiline commercial equipment finance company based in Cedar



Rapids, Iowa. “We are seeing just a little bit of an uptick in delinquency, but the performance is still within normal standards and our litigation recoveries are solid and consistent with the industry,” he says. At GreatAmerica, even the slight credit loss uptick continues to be substantially below normal levels. “I think that’s very consistent with the industry,” Goderis says.



“We are seeing just a little bit of an uptick in delinquency, but the performance is still within normal standards.”

—Daniel Goderis
GreatAmerica Financial Services

Customer needs are also changing, so finance organizations need to adapt accordingly, says Chris Jung, Senior Manager, Credit and Risk Management for Cisco Systems Capital Corporation, a captive equipment finance company based in San Jose, California. Customers are acquiring everything from hardware to software to services and subscriptions and they want to consume it based on their technology and budget needs.

“These types of bundled solutions challenge traditional credit and risk models. We have had to evolve our processes and define our risk methodologies for these dynamic payment solutions,” says Jung, who is based in Austin, Texas. The company has also moved to a single credit platform that is now integrated across its trade and term segments. “That helps us bridge Cisco’s go-to-market and our customers’ payment-over-time needs,” he says.

Tech-Driven Change

As credit and collections professionals keep an eye on the horizon for additional market changes, they also have more immediate challenges. “The business is changing, and it’s forcing us to innovate,” Jung says. At Cisco Systems Capital Corporation, that means using technology and data analytics to automate scorecards, processes and work flows as well as how the organization engages customers and business partners. The company’s new proprietary credit platform was recognized with ELFA’s Operations and Technology Excellence Award in Project Excellence.



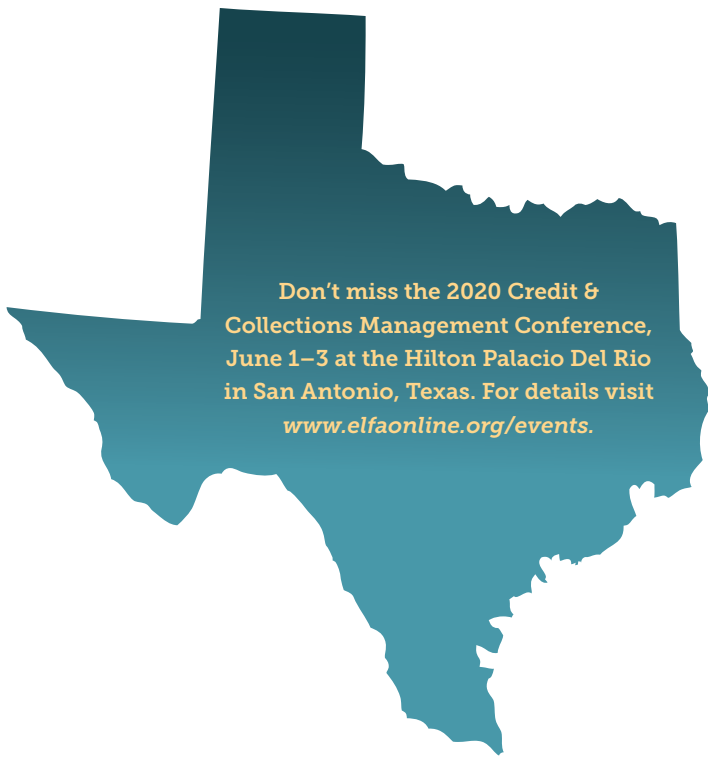
“The business is changing, and it’s forcing us to innovate.”

—Chris Jung
Cisco Systems Capital Corporation

Continued economic strength has given some members the opportunity to invest in the improvements and tools that will help them in case of an eventual downturn. “While the economy is doing well, we’re taking this opportunity to optimize our credit scoring and make sure our models are performing as they should,” says Eric McGriff, SVP Senior Divisional Credit Officer of TIAA Commercial Finance, a subsidiary of TIAA, FSB, a Parsippany, New Jersey-based bank equipment finance company. His company is in the final third of a digital transformation that automated many systems, removing the rote work like data gathering and research from these functions. This empowers teams to focus on more high-value activities that help drive the business, he says.

Marlin Capital Solutions has also been investing in digital transformation, transitioning from a more traditional vendor equipment finance model to a digital-oriented finance company, Maslowe says. This shift, along with expanding into new product areas such as working capital loans, allows Marlin to offer more credit products to its small-business customers while being better able to compete with new competitors from the Fintech and nontraditional sectors. “As more banks consolidate, you have to look ahead and see what’s happening in the financing market, especially with new players and the power of Amazon and Google,” Maslowe says. The plays tech giants are making in the payments and financial services arenas can’t be ignored, he adds.

Automation promises to deliver more personalized services, but it has its growing pains. Platforms and programs can be complex, and customers are demanding greater customization in their billing structures, Goderis says. They may need specific terms or features on invoices for payment, the complexity of which can cause administrative delinquencies. That doesn’t mean they add to your losses, but they can appear as such until taking a closer look.



Don't miss the 2020 Credit & Collections Management Conference, June 1-3 at the Hilton Palacio Del Rio in San Antonio, Texas. For details visit www.elfaonline.org/events.

Recurring Challenges

In addition to market changes and the sea change that technology is driving, some areas of challenge are perennial. As technology advances, so does the potential and sophistication of fraud. A significant topic at last year's Credit & Collections Management Conference, Maslowe says it's still an issue many equipment finance companies face every day. "The bad guys are using technology to help beat lenders' fraud prevention systems and so that continues to be an issue," he says.

Increasing dealer fraud is a significant challenge that credit and collections professionals are grappling with. Some dealers exaggerate sale prices and end up funneling working capital back to borrowers, unbeknownst to the lender. This often leads to higher than expected default rates as the true purpose of the transaction was disguised. The industry is working on finding new ways to detect and prevent fraud, but "it's always a game of catch-up," Maslowe says.

In addition, managing regulatory requirements is another consuming issue for businesses in the banking sector. New lease accounting standards, specifically operating versus capital standards, have created changes among some customers in how they classify their loans, Jung says. "It's important to understand what those changes mean and how it changes the way you're viewing the risk. Be sure that you're understanding the risk as you adjudicate the credit," he says.

Outlook Remains Strong

Looking ahead, McGriff advises credit and collections professionals to use this time to prepare for the unexpected. The almost industry-wide investments in automation and technology can help. His team is strengthening its collection function,

benchmarking collection headcount based on collateral types, industry, region and other factors that may affect risk. Self-service payment portals can also help improve collections, giving customers a convenient way to pay, access account data or get invoice copies. And the ability to send automated mass emails when necessary to past-due accounts is another efficiency gain that also strengthens collections. "We know that we need to be using that judiciously. You can't send that to just anyone. But we're looking at the automation options here," he says.

Efficiency is critical for credit and collections organizations that want to remain nimble and responsive to changing market demands, Maslowe says. To emphasize that point, balancing efficiency and risk will be a big topic of discussion at the June Credit & Collections Management Conference. As more organizations focus on speed, efficiency and automation, the door is open to incremental credit and fraud risk.



"While the economy is doing well, we're taking this opportunity to optimize our credit scoring and make sure our models are performing as they should."

—Eric McGriff, TIAA Commercial Finance

"You want to make sure that you have enough eyes on the transactions to help you catch things that are going on, but still have a process that's easy, fast and smooth," says Maslowe. "We're going to have a whole session at the Credit and Collections Management Conference discussing this concept of how to balance efficiency with risk activities. That's something that we talk about every day at Marlin."

Despite concerns about the economy, new competitors, digital transformation and the general challenges of doing business in the credit and collections sector, optimism about the coming year prevails. With the coming presidential election, the party in power is incentivized to keep the economy strong, Maslowe says. However, trade or geopolitical conflicts could present additional challenges to doing so.

McGriff adds that an abundance of caution is part of the job and that credit and collections professionals are trained to keep an eye out for potential pitfalls and obstacles. "I don't think I've ever seen a time where there wasn't something to worry about," he says. "We're credit professionals. It's kind of our job to find things to worry about." ☰

GWEN MORAN is a New Jersey-based freelance business and finance writer.

Ignite Your 2020!



ISTOCK/ARTEM ERMILOV

The Women's Leadership Forum in April is the first of several ELFA events this year promoting women, diversity and inclusion. Here's what to know, why to go and more.

By Susan L. Hodges



WANT TO INCREASE YOUR VALUE AMID ACCELERATING TECHNOLOGY TRENDS?

Perhaps you'd also enjoy gleaning career insights from top industry executives. Need to move on after a recent failure or unexpected change? Learn how to shut the door on negative self-talk and get ready for what's next. If any of these ideas resonate read on, because they're just a few of the offerings on tap for "Igniting Your Future," ELFA's third annual Women's Leadership Forum, sponsored by the ELFA Women's Council and happening April 20–21 at the Hilton Palmer House in downtown Chicago.

Jennifer Fanz, Chair of the Forum Planning Subcommittee and Director of Sales, Healthcare, at DLL, talks about this year's theme. "The Women's Council wanted the 2020 Forum to appeal to a wide audience and felt that everyone in equipment finance, whether they're just starting out, are a seasoned veteran or a professional whose career has taken a detour, needs tools to ignite their future," she says. "This is a topic that applies at any point in your career."

Fanz says men as well as women are encouraged to attend the Forum and that much of its content relates to everyone. "We hope men will say they can learn from this and can learn more about supporting their female leaders," she says. "The more opinions, perspectives and experiences we can share, the more we can all benefit."

Deb Baker, Chair of the ELFA Women Council and Head of Worldwide Leasing and Financing at HP Inc., says this year's Forum offers more than ever. "Each year we're able to fit in more content," she says. "We'll have an optional, pre-conference workshop on 'Technology, Trends and the Future of You,' and an optional working breakfast on 'Self-Awareness: The Foundation of Emotional Intelligence.' The entire two days will be filled with dynamic speakers and opportunities to network and connect with other industry professionals. We'll also have dual learning tracks to create a more intimate setting for participating and sharing."

Because inclusion is critical to the future of the equipment finance industry and part of the Council's mission, Baker also has a special message for men. "The Women's Council is not an exclusive club—it's the exact opposite," she says. "We want and need the

support of men, who are still the majority in our industry. There is so much we can learn from each other, and we hope to see more men at this year's Forum and at other Women's Council events."

"[At the Women's Leadership Forum] you'll walk away with a mindset that says nothing is impossible—and that you really can be a force to ignite your future."

—Jennifer Fanz, DLL



Space for Everyone, and ...

Unlike in previous years, the 2020 Women's Leadership Forum will not sell out. Ample space at the four-star, downtown-Chicago hotel will accommodate all who register to attend. And, because the Forum takes place immediately before a host of ELFA activities at the same location—including the National Funding Conference (April 21-23), Best Practices Roundtables (April 21) and Emerging Talent Networking Event (April 21)—Forum-goers can attend multiple events in one trip. "Employees are often told to choose just one development event each year because travel dollars only go so far," says Baker. "But by combining location and timing we can promote additional experiences for virtually the same expense, so everyone can benefit."



“The Women’s Council is not an exclusive club—it’s the exact opposite. We want and need the support of men, who are still the majority in our industry.”

—Deb Baker, HP Inc.

On the Agenda

A dive into the Forum schedule reveals specifics. First up is the optional pre-conference workshop on understanding the implications of rapid technological change and crafting your future role in it. Deborah Reuben, Founder and President of TomorrowZone, will lead the session and sheds light on its content with a personal example. “I used to work for a software company, and I saw disruption on the horizon,” she relates. “I saw the first signs of a radical shift in technology that could make me less relevant. But instead of worrying about it, I widened my lens to imagine what the future could look like. I saw that through consulting, I could help not just one, but many companies apply long-term thinking to their technology strategies and road maps to prepare for the future.”

Reuben’s two-hour session will teach ways to develop your own lens on tomorrow. “It’s about understanding where things are going so you can think differently about today’s actions,” she explains. “By imaging the future, you can identify things to do now to get ahead. You might decide to follow a particular trend more closely or acquire a new skill that sparks your curiosity. You might look more outside the equipment finance industry for inspiration about your career. You may find you need to begin reinventing yourself today to prepare for tomorrow.”

In a keynote entitled, “Plan G: Where Confidence and Resilience Intersect,” Grace Killelea will present tools for responding to challenges and events beyond our control. “‘G’ stands for ‘grit’ and is not gender-specific,” says Killelea, CEO of the GKC Group, author of *The Confidence Effect* and a TEDx presenter. “Grit is at the heart of resilience and confidence, and it’s what we need to get back up when we’ve been kicked to the curb.”



By learning to tap into the resilience reserve we all have, Killelea says we can dust ourselves off, self-evaluate and reach out to others for help when we need it. Applying grit after we fail or make a mistake “is a decision we have to make and remake throughout our careers and can mean the difference between surviving and thriving,” she says. Blending two decades of experience facilitating and teaching leadership skills with humor and straight talk in her presentation, Killelea says audience members will learn “how to stop running, drop your fear and roll with the punches.”

“It Happened to Us”

Later on Day One, Fanz will moderate an Executive Leaders Panel in which a diverse group of industry professionals will share stories from their paths to success. Challenges encountered, lessons learned and advice on building a career in equipment finance will all be part of the discussion when panelists from multiple industry sectors and segments gather. Says Fanz, “I think we’ll all come away with insights we can apply to our own careers.”

A highlight of Day Two is Kelly Accetta’s keynote, “How to Defuse the Landmines We Plant in Our Lives.” The author of a book bearing the same title and Founder and President of Dallas-based Truth.coach, Accetta explains the genesis of her message. “I’ve been training, speaking and coaching on female leadership on five continents for a little over 25 years now, and I found that whether I’m in Johannesburg, Sydney or Dallas, I hear the same things from women,” she says. “Life is hard enough, but we women do things that make it even harder, such as comparing ourselves to others, feeling mommy guilt, holding onto bitterness and lacking forgiveness.”

At the root of the problem, says Accetta, is negative self-talk that keeps individuals from moving forward. And because the negative-messaging habit is usually long-standing and extremely hard to break, Accetta teaches how to refocus

“By imaging the future, you can identify things to do now to get ahead... You may find you need to begin reinventing yourself today to prepare for tomorrow.”

—Deborah Reuben, TomorrowZone

using gratitude. “My whole existence is about helping women learn how to protect their joy,” she explains. “If we let negative self-talk get to us, we go backward.

Being grateful moves us forward, from being problem-focused to problem-solving. And although we’re aware that we make our lives harder, sometimes we need a coach to point it out, explain what it’s doing to us, and show us how to stop it.”

After her keynote address Accetta will lead “Overcome the Overwhelm,” a breakout session designed for emerging talent. “This is about calming the chaos you’re likely to feel as you advance in your career and take on additional responsibilities,” she says. “The session will provide strategies to help you make time for everything in your life—most importantly yourself.”

A second breakout, “Keep Your Career Fires Burning,” will address seasoned talent and feature a panel of industry executives who’ll lead a collaborative discussion on staying motivated when faced with any of the unexpected events and circumstances a career in equipment finance can offer.



“Grit is at the heart of resilience and confidence, and it’s what we need to get back up when we’ve been kicked to the curb.”

—Grace Killelea, Author of *The Confidence Effect*

about how they’d like to participate.”

Another focus is a breakout session the Council will propose for ELFA’s 59th Annual Convention in October. “We’ve been very fortunate in the past three years that the sessions we proposed were accepted and well attended,” Baker says. “We hope to extend our streak to a fourth year with a compelling topic and take-aways for all who attend.”

Other projects now in planning for the Convention are a Women’s Council reception and a Buddy Program for first-time convention-goers. “We’re proud that our reception last year was one of the best attended and one of the most diverse,” says Baker. “It’s not exclusively for women; we invite everyone to attend. This is another opportunity to learn more about the Council and participate in the events we offer.”

Of the Buddy Program Baker says, “A big conference can be intimidating the first time, especially if you’re going by yourself. We’re planning a proactive welcome by reaching out to contact all newcomers in advance. Then we’ll meet them on the first day and accompany them to their first event. We’ll also check in with them now and then to see how it’s going.”

Finally for 2020, the Council will begin to explore the creation on the ELFA website of a resource library on women’s leadership. “First we’ll investigate to see if it’s feasible and if people would find it useful,” says Baker. “Then we’ll consider the best way to operate and maintain it.”

Now, however, final preparations are underway for the Women’s Leadership Forum, and Fanz exudes enthusiasm: “You’re going to meet new people and hear inspiring speakers,” she promises. “You’ll get new tools to help you move forward after big changes and you’ll walk away with a mindset that says nothing is impossible—and that you really can be a force to ignite your future.” ☰

“If we let negative self-talk get to us, we go backward. Being grateful moves us forward, from being problem-focused to problem-solving.”

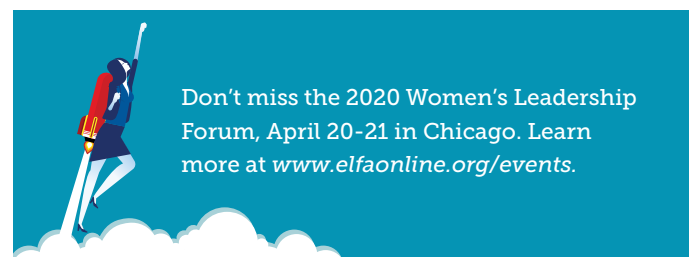
—Kelly Accetta,
Author of *How to Defuse the Landmines We Plant in Our Lives*

Between the keynotes and breakout sessions will be numerous opportunities to network. A lunch on Day One is dedicated to the purpose, as is a later cocktail reception and dine-around dinner. Attendees who select “Dine Around” when registering for the Forum will be connected with a group and given the chance to meet new people and build relationships. Also on the schedule: an optional morning yoga class. With two days of stirring sessions and activities designed for emerging talent as well as seasoned professionals, this year’s Women’s Leadership Forum is sure to have take-aways for all who attend.

Coming Soon from the Women’s Council

Along with the Forum, the Council has five additional areas of focus in 2020. One is a pilot mentoring program that will launch at the Forum. Says Baker, “We’ve spent a lot of time talking about this, examining best practices and interviewing people

SUSAN HODGES writes about equipment finance and other business topics from her office in Wilmette, Ill.





Together We

Member engagement is critical to ELFA's

ELFA IS THE PLATFORM for the equipment finance industry to advocate for public policy issues at the federal level. This platform effectively takes the interest of more than 575 member companies and creates one voice that strengthens our impact on policy issues.

During Capitol Connections, May 20 in Washington, D.C., members will advocate on behalf of the industry. Capitol Connections is just one component of the association's government relations strategy. This strategy is a three-legged stool with the legs of that stool being direct advocacy, grassroots mobilization and political involvement. By merging all three into our government relations strategy, we create a united voice.

Direct Advocacy

Direct advocacy, often called lobbying, is the expression of our First Amendment rights to petition our government. ELFA's direct advocacy falls into two broad categories: education and advocacy.

Elected officials come from a wide variety of backgrounds, and because of that, they do not always know the subtle details essential to operating an equipment finance company. A large portion of ELFA's direct advocacy efforts focus on education about the industry, because if elected and appointed officials don't understand how equipment finance benefits the economy, they are unlikely to support changes that would benefit our industry.

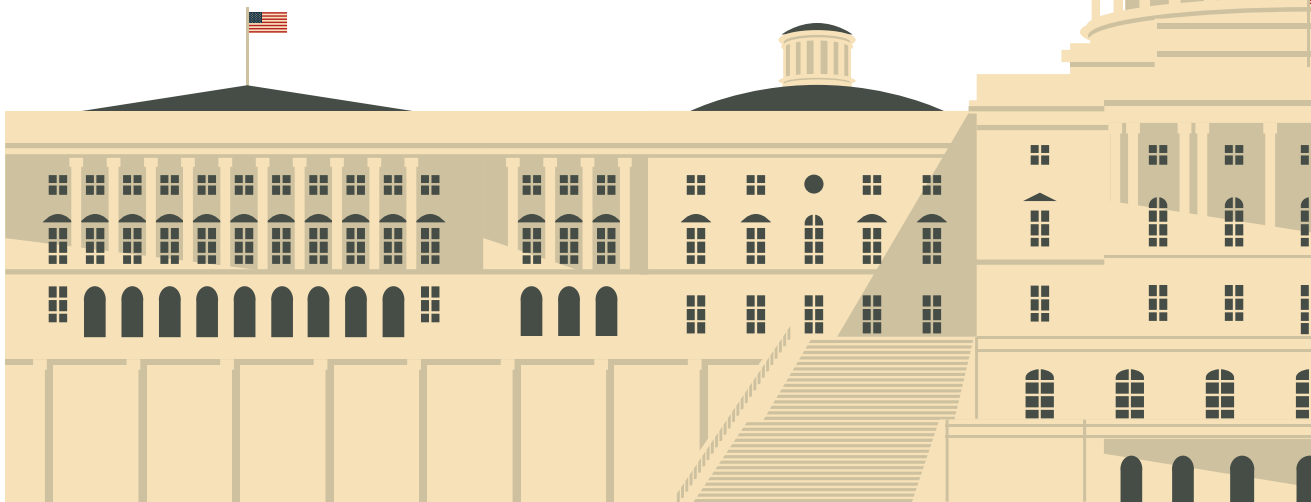
When determining whether or not to advocate on any given matter, ELFA legislative staff engage with ELFA members to

determine how current policy is working for the equipment leasing and finance industry. Additionally, ELFA staff works with member companies to review proposed laws and rules.

Once an issue with current policy or proposed legislation is identified, ELFA staff, often in coordination with member company volunteers, engage directly with Members of Congress and their staffs in order to educate them about the issue. Once that base level of education is achieved, we are then able to advocate for the path that will lead to best results for the equipment leasing and finance industry and, accordingly, the U.S. economy.

Grassroots Mobilization

Lobbying by ELFA staff is not always enough to convince government officials that a policy is right or wrong for the industry. It often takes a local voice, or industry expert, to relay the message. This is where ELFA's grassroots network comes into play. ELFA's grassroots programs—such as Advocacy Champions—are geared toward bringing the voice of our industry to elected officials and giving firsthand accounts to policymakers on matters that affect



Make a Difference

government relations strategy BY CHELSEA NEIL

the everyday lives of member companies. Sharing your voice by inviting elected officials to meet with your employees who work in their districts increases the volume and helps us stand out.

Political Involvement

Political involvement is knowing which candidates understand and support the equipment finance industry and then helping these members get elected. Civic engagement can go beyond voting. Running a campaign takes volunteers. Perhaps a candidate in your area needs someone to help introduce him or her to other community members. Alternatively, a candidate may need help walking your neighborhood, and meeting your neighbors. These activities can help push a candidate into an elected position and make the candidate recognize you as a valuable resource to them when they need to know how a policy will affect the local economy.

Just like growing a successful business takes capital, running a campaign takes funding to pay staff, run political advertisements and travel around the district. To help create that stronger, united voice, ELFA formed its political action committee, LeasePAC, to collect voluntary contributions from hundreds of employees at ELFA member companies and pool those funds to make contributions to candidates who share our values. The LeasePAC committee is

composed of employees from ELFA companies and oversees all LeasePAC activities. To find out more about LeasePAC, please visit the LeasePAC website at www.elfaonline.org/advocacy/leasepac.

Get Involved

Sign up for **Capitol Connections by April 10** at www.elfaonline.org/events. Alternatively, you can reach out to the ELFA Federal Government Relations team to start planning to host a Member of Congress at your office. Developing relationships with those who make policy decisions helps us to be a stronger voice when we need to find advocates to hear our side in the debate.

It is critical that we engage those who represent us, so our policy priorities are known and acted on. An informed and engaged membership is the core of ELFA and its government relations strategy. ELFA works to provide a variety of resources to our members to keep you current on policy issues and events. We need your participation to help us effectively deliver the equipment finance message to policy makers. Together we make a difference. ☰

For more information, contact **CHELSEA NEIL**, ELFA Director of Federal Government Relations, at cneil@elfaonline.org.

Sign up for Capitol Connections by April 10 at www.elfaonline.org/events.

Equipment Outlook

Construction is the big winner, ranking first for the seventh consecutive year.

WHAT ARE THE HOTTEST EQUIPMENT SECTORS IN 2020? The answer is construction, medical equipment, hi-tech/computers and machine tools, according to a new survey of ELFA member asset managers and consultants. “What’s Hot/What’s Not: Equipment Market Forecast 2020” reveals industry perceptions of 15 equipment markets based on a survey of ELFA members. The following are the top four equipment types from the survey:

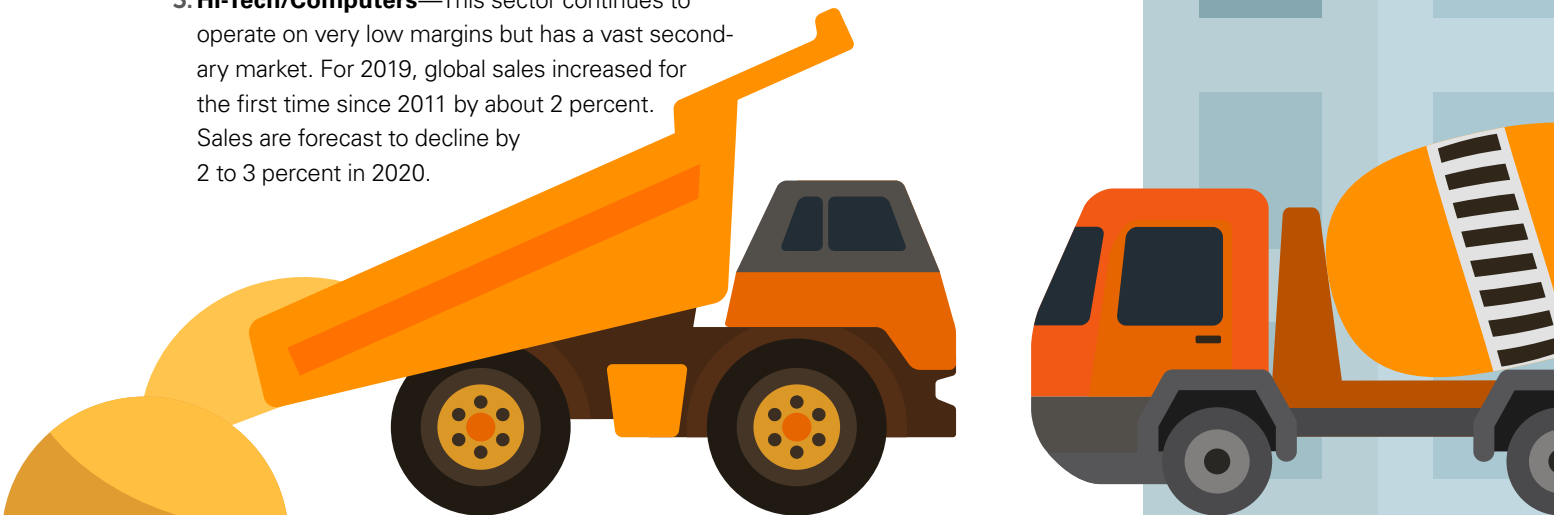
1. Construction—Construction was the big winner of this year’s survey, ranking first for the seventh consecutive year. It ranked number three in largest increase in residual value sentiment. The outlook for construction remains good, based on pent-up demand for housing and commercial structures, as well as civil projects. An infrastructure bill, if passed, would be a huge plus to this already hot segment.

2. Medical Equipment—Medical equipment finished in second place, up from fourth last year. This industry still suffers from confusion regarding the future of healthcare finance with changes to the Affordable Care Act. The industry has a preference for leased equipment, which continues unabated. The medical equipment secondary market is robust, and the global refurbished equipment market is forecast to grow sharply.

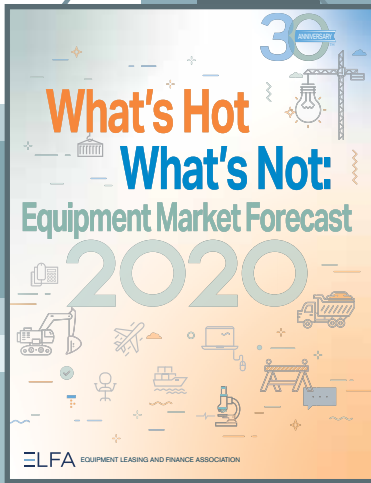
3. Hi-Tech/Computers—This sector continues to operate on very low margins but has a vast secondary market. For 2019, global sales increased for the first time since 2011 by about 2 percent. Sales are forecast to decline by 2 to 3 percent in 2020.

4. Machine Tools—Based on preliminary data, primary market sales for metal cutting equipment decreased by about 18 percent in 2019. Sales are expected to continue at this lower level through 2020 due to softening economic conditions. Meanwhile, metal fabricating equipment sales fell by about 38 percent in reaction to softening conditions in the automotive industry.

Download your free copy of “What’s Hot/What’s Not: Equipment Market Forecast 2020,” authored by Carl Chrappa of The Alta Group, at www.elfaonline.org/data/market-trends. ☰



2020



The Truth About the California Consumer Privacy Act

Debunking Three Common Misconceptions

THE HIGHLY-ANTICIPATED CALIFORNIA CONSUMER PRIVACY ACT (CCPA) took effect on Jan. 1, 2020, and many businesses are scrambling to understand the applicability of the CCPA's expansive obligations. The CCPA provides California consumers with the following rights:



- The right to know and access the categories and specific pieces of personal information that a business collects, uses and discloses about a consumer.
- The right to delete the personal information a business collects and maintains about a consumer.
- The right to opt out of the sale of personal information to a third party (or for minors under the age of 16, the right to opt in to such sale).
- The right to nondiscrimination when exercising rights under the CCPA.

Despite the 18-month period between the law's passage and its effective date, there are a number of misconceptions about the CCPA's applicability and various exemptions that can reduce compliance obligations.

Common Misconception #1: **The term "consumers" does not include individuals involved in commercial transactions.**

The CCPA provides rights to a "consumer." At first glance, some businesses may assume this term limits application of the CCPA to individuals who obtain goods or services for personal, family or household use. However, the definition of "consumer" is broad and includes more than just information collected in connection with those types of products.

A "consumer" under the CCPA is a natural person who is a "California resident," as defined elsewhere

under California law. That means a natural person involved in business or commercial transactions is a "consumer" under the CCPA. While other exemptions may apply in these transactions (some of which are discussed further below), this may not always be the case. Therefore, when businesses evaluate the applicability of the CCPA, it is important to keep in mind that the CCPA applies to all natural persons who are residents in California, not just those involved in consumer transactions.

Common Misconception #2: **Financial institutions subject to the Gramm-Leach-Bliley Act (GLBA) are exempt from the CCPA.**

The GLBA exemption to the CCPA has been a source of confusion for many financial institutions because the exemption is based not on the entity involved in the transaction, but on the information involved—specifically, to "personal information collected, processed, sold, or disclosed pursuant to the federal [GLBA], and implementing regulations, or the California Financial Information Privacy Act..." Therefore, a financial institution subject to the GLBA still must comply with the CCPA for any information that is not collected, processed, sold or disclosed pursuant to the GLBA.¹

The exemption applies only to information that GLBA defines as nonpublic personal information (NPI), including personally identifiable financial information (1) provided by a consumer to a financial institution to obtain a financial product or service; (2) about a consumer resulting from any transaction involving a financial product or service between the financial institution and consumer; and (3) that the financial institution otherwise obtained about a consumer in connection with providing a financial product or service to that consumer.

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However, the GLBA's definition of NPI is tied to the definition of "consumer," which is narrower than the CCPA's definition. Specifically, "consumer" under the GLBA means an "individual who obtains or has obtained a financial product or service from [a financial institution] that is to be used primarily for personal, family, or household purposes...." Therefore, if the financial product or service will be used for purposes other than personal,

family or household, the personal information collected in connection with the transaction would not be considered NPI for purposes of the GLBA exemption—meaning that the personal information may be subject to the CCPA.

Even if the personal information is NPI, the NPI must be "collected, processed, sold or disclosed pursuant to" the GLBA. This exemption is open to a

wide array of interpretations, and it is still unclear as to how California will interpret the exemption.

To determine whether the GLBA exemption applies, businesses should review the personal information they collect, use and share and assess which information is collected, processed, sold or disclosed pursuant to the GLBA—and then evaluate the purposes for which the personal information was collected, used or shared. That analysis will help a business establish whether: (1) the NPI is collected, processed, sold or disclosed pursuant to the GLBA, and (2) whether such collection, processing, sale or disclosure of NPI aligns with the business's GLBA practices and privacy notice.

**Common Misconception #3:
The business-to-business exemption applies to all personal information collected in commercial transactions.**

Another exemption in the CCPA that has been generating a lot of interest is the "business-to-business exemption" (also known as the "B2B exemption"), which was added to the CCPA through an amendment last fall and has a sunset date of Jan. 1, 2021.

Under this exemption, certain CCPA obligations imposed on businesses (e.g., the right to access, right to delete and certain notice requirements) do not apply to "personal information reflecting a written or verbal communication or a transaction between the business and the consumer, where the consumer . . . is acting as an employee, owner, director, officer or contractor of a company, partnership, [etc.] and whose

communications or transaction with the business occur solely within the context of the business conducting due diligence regarding or providing or receiving a product or service to or from[,] such [entities]."

At first glance, it would appear that the B2B exemption applies to all commercial transactions. However, the exemption is narrowly worded and appears to cover only personal information the business collects from the natural person who is (1) acting as an employee, director, etc., on behalf of an entity and (2) communicating with the business or transacting with the business in the context of due diligence reviews or providing or receiving a product or service. The B2B exemption does not appear to contemplate that a business may receive personal information from persons other than the natural person it is communicating with on behalf of another entity.

In addition, there has been some debate as to whether the B2B exemption applies to personal information received from individuals providing personal guarantees—e.g., in the sole proprietor context, third-party guarantees, etc. California courts have found that a person making a personal guarantee generally makes the guarantee in his or her individual capacity, rather than as an employee, owner, director, officer or contractor of a company—even if the individual is, in fact, an employee, owner, director, etc., of the company applying for the loan. *See, e.g., Sebastian Int'l, Inc. v. Peck*, 195 Cal. App. 3d 803, 808 (Ct. App. 1987). Therefore, personal information obtained in connection with a personal guarantee likely will be considered personal information subject to the CCPA.

Conclusion

Although California cannot bring an enforcement action until July 1, 2020, its attorney general's office has signaled that it will start reviewing a business's conduct as of Jan. 1. Therefore, it is important for businesses to understand the CCPA and implement compliance programs now that account for all the nuances in the law and in a business's data. As other states begin to introduce legislation similar to the CCPA, understanding what personal information a business collects, uses, discloses, sells and shares is paramount. ☰

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¹ Note that all personal information, even that subject to the GLBA exemption, still is subject to the data breach provisions of the CCPA.

For more on this topic, see the article in the *Equipment Leasing & Finance Foundation's Journal of Equipment Lease Financing*, "Commercial Lenders Brace for Consumer-Style Disclosures in California and Beyond," by Clinton R. Rockwell, Kathryn L. Ryan, Moorari K. Shah and Frida Alim, at www.leasefoundation.org.

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Hot Legal Issues in

What are the latest developments and trends in the law affecting equipment finance?

Leasing With Native American Tribes

Providing equipment lease financing to Native American tribes raises some unique concerns. This remains true notwithstanding the increased level of commercial activities taking place on tribal grounds in the past two decades, including the number of casinos, hotels and other businesses constructed on tribal properties. The March/April 2019 Leasing Law column by Dominic Liberatore explores some of the key issues to consider and some practical documentation drafting suggestions.

The Basics of Blockchain

Blockchain is often hyped as the future technological backbone of everything. The May/June 2019 Leasing Law column by Scott Kearns is intended to ignore the hype and serve as a starting point in thinking about how blockchain might impact equipment finance. The article examines the five characteristics of blockchain—distributed database, peer-to-peer transmission, transparency with pseudonymity, irreversibility of records and the agreed truth and computational logic—and how they apply to equipment finance.

Air, Rail and Marine Finance: New or Not-So-New Things to Know

Lenders and lessors financing regulated transportation assets are much more likely to achieve their investment goals if they are mindful of the existing and evolving laws, regulations and other legal matters and trends related to those assets. The Summer 2019

Leasing Law column by Bob Goldberg, Edward Gross, Marjorie Krumholz and Melissa Kopit provides summaries of some of the emerging legal issues related to air and vessel financings, and an explanation regarding a distinctive legal aspect related to rail financing.

Republic Airways: Crash Landing for SLV Damages

Valentine's Day 2019 was a massacre for equipment lessors that have utilized the stipulated loss value (SLV) table to establish liquidated damages for an event of default under a true lease. The U.S. Bankruptcy Court for the Southern District of New York, in the *Republic Airways* decision, ruled that use of the SLV to establish liquidated damages "violate public policy and constitute unenforceable penalties in violation of" UCC section 2A-504. The October 2019 Leasing Law column by Stephen T. Whelan argues that the *Republic Airways* decision may have signaled the death knell for use of SLV as liquidated damages in a default context. But it provided a road map for lessors to construct an enforceable EOD damages formula—if lessors are careful to preserve that the lease is a true lease.

Ten Essential Lease Provisions

Words matter. But which words should be in the contracts leasing attorneys pour over, passionately debate and... sometimes lose sleep over? Various considerations arise between legal, operations and sales personnel

Equipment Finance

Here's a list of some of the top legal issues facing ELFA members:

regarding how long a lease should be, what it should cover and what provisions it should include. From a lessor's standpoint, an ideal lease should achieve two goals: (1) protect the lessor's economic interest—revenue stream and residual interest; and (2) limit the lessor's liability. The November/December 2019 Leasing Law column by Benjamin J. Court outlines 10 essential lease provisions that are “must haves” and a few other “nice to haves.”

Equipment Acceptance Is Important

The lessee's acceptance of equipment is not merely a documentation formality from your Legal Department. It is a critical step to achieving “hell or high water” treatment (i.e., when the lessee's obligations under a lease become absolute and unconditional irrespective of any equipment or service issues). The January/February 2020 Leasing Law column by Dominic Liberatore explores the key aspects of equipment acceptance and several options available to lessors.

Note: Access the articles referenced here at www.elfaonline.org/Magazine-Archive

ELFA Legal Resources

Are you looking for information about legal issues pertaining to the equipment leasing and finance business? Visit our Legal Issues page at www.elfaonline.org/industry-topics/legal-resources. Don't miss these resources:

2020 LEGAL FORUM—The premier event for attorneys serving the equipment finance industry, May 3–5 in Washington, D.C.

STATE TAX MANUAL—Reference guide designed to aid equipment finance companies in tax compliance and planning. Provides state-by-state analysis of sales and property taxes.

STATE LAW COMPENDIUM—50-state guide to compliance with selected state statutes and regulations

WHAT'S NEW IN THE LAW—Summary of recent case law impacting the leasing and finance industry.

LEGAL TALK—An online community focused on legal subjects.

LEGAL COMMITTEE—A member and staff resource on legal issues impacting the leasing and finance industry. For more information, contact Ed Rosen at erosen@elfaonline.org.

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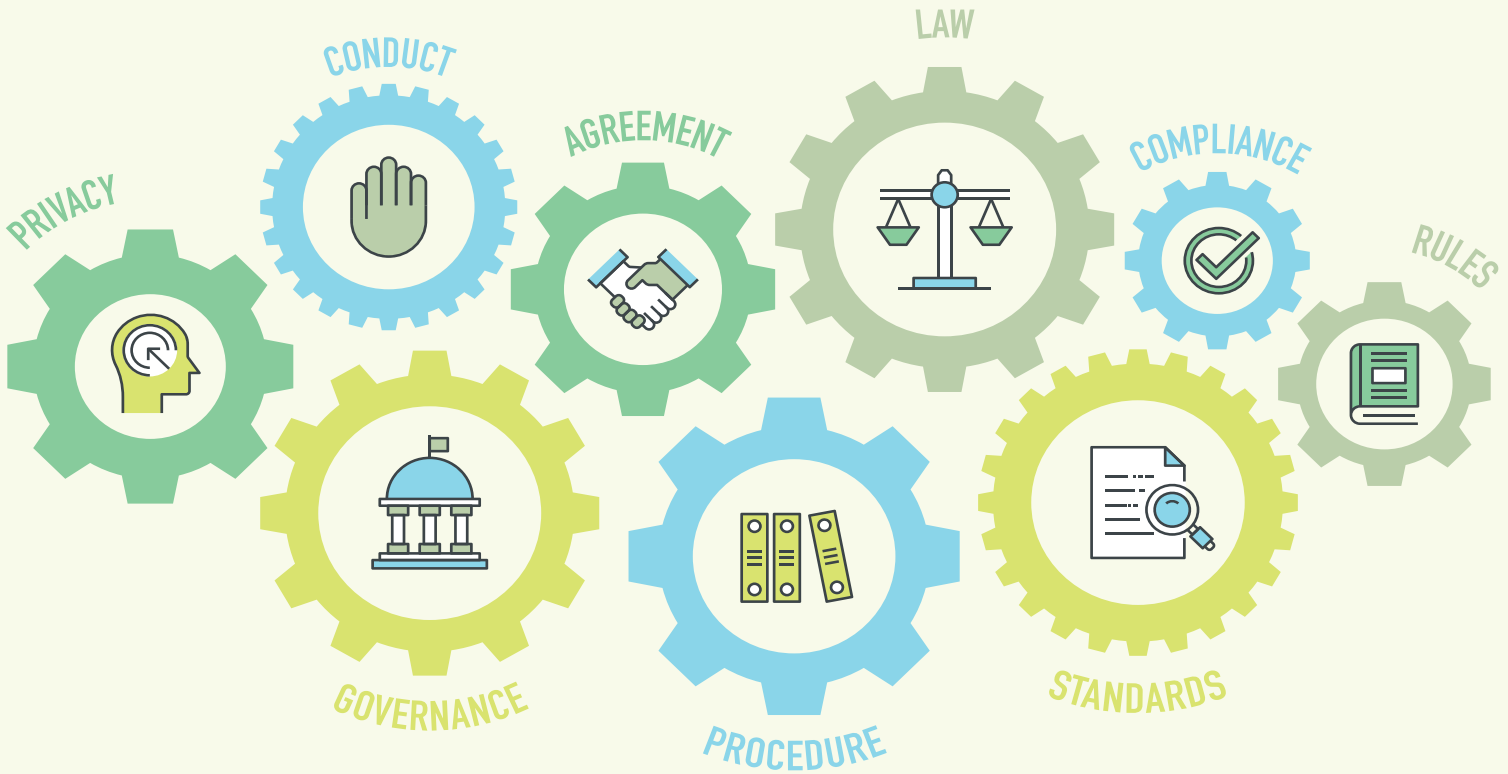
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Wright Law Group, PLLC is a boutique commercial financing enforcement law firm practicing exclusively in collateral recovery, deficiency balance suits, judgment collection and creditors' rights in bankruptcy. As highly focused practitioners of financing enforcement law, our attorneys are experts in the field. Lenders and portfolio owners are our only clients, so we understand speed and efficiency are top priorities when it comes to collections. Our deep understanding of equipment financing allows us to immediately help you formulate the right enforcement strategy for any bad deal. The firm's core business values include reasonable flat fees for routine work, fast turnaround of assignments, and resolving cases quickly and efficiently.

ELFA LEGAL FORUM

MAY 3-5, 2020
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WASHINGTON, DC



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- **Concurrent sessions** on such topics as: intro to leasing; data security and privacy; creeping consumerism; UCC basics; contract across state lines; leaseconomics; inventory financing/international; bankruptcy and workout strategies; government finance; cybersecurity; merger-up; acquisitions; navigating involuntary and statutory liens; California financing law; embedded terms.
- **General Sessions** on the always popular Legal Update and Ethics.

Sponsorship Opportunities

Contact Steve Wafalosky at 440-247-1060 or steve@larichadv.com if you are interested in sponsoring any of the conference events.

Complete conference details and registration information can be found here:

www.elfaonline.org/events/2020/LF/.

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EQUIPMENT LEASING AND FINANCE ASSOCIATION
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The Report Card Is In

Here Are the Most Commonly Elected ASC 842 Practical Expedients

MOST PUBLIC COMPANIES have completed their adoption of ASC 842, and lessees have seen their balance sheets swell. As expected, the impact of ASC 842 on other financial statements for lessees has been minimal. For those with lessor activity, the adoption of ASC 842 has not materially altered their accounting for leases. The new requirements did, however, materially affect financial statement disclosures for many lessees and lessors. In this article, we discuss the practical expedients that companies most commonly used when adopting ASC 842. Note that as of this writing, most calendar-year-end filers have not filed their 2019 financial statements.

Practical Expedient	Disclosure Requirements	Observations
Package of three	The election of this transition expedient must be disclosed.	Over 90% of the companies elected this expedient.
Not separating lease from nonlease components	This election, as well as the asset class(es) to which it applies, must be disclosed.	Nearly 75% of lessees elected this expedient.
Short-term lease recognition exception	The election, as well as the short-term lease costs, must be disclosed.	Over 80% elected this practical expedient.

As expected, filers frequently elected the practical expedients in ASC 842 to minimize the cost and complexity of applying the new guidance. The table above summarizes three of the most widely used practical expedients according to a Deloitte analysis of the quarterly Form 10-Q filings of 50 Fortune 125 companies from various industries. The table as well as the discussion in the remainder of this article are based on the sample of the filings reviewed as part of the Deloitte analysis.

The “**package of three**” practical expedients (see ASC 842-10-65-1(f)) must be elected as a package and applied consistently to all leases that commenced before the effective date for both lessees and lessors. The package consists of the following:

- 1. An entity need not reassess whether any expired or existing contracts are or contain leases**—If an entity has been correctly accounting for its existing contracts under the legacy requirements, these contracts do not have to be reevaluated (i.e., arrangements deemed to be a lease under ASC 840 would be considered a lease under ASC 842, and arrangements not deemed to be a lease under ASC 840 would not be considered leases under ASC 842).
- 2. An entity need not reassess lease classification for any expired or existing leases**—Lessees and lessors that adopt this expedient will not have to revisit their initial lease classifications. An operating

lease under ASC 840 will remain an operating lease under ASC 842. Likewise, a capital lease under ASC 840 will be called a finance lease under ASC 842, but the change will be in the name only.

- 3. An entity need not reassess initial direct costs on existing leases**—For existing leases, the initial direct costs capitalized under ASC 840 also qualify for capitalization under ASC 842. This applies to expenses that will not be considered initial direct costs under ASC 842.

The “package of three” expedients were designed to significantly reduce the time and effort needed to reevaluate lease accounting decisions made under previous standards. The time and cost of preparing financial statements that meet ASC 842 transition requirements will also decrease.

The expedient related to **not separating lease from nonlease components** (see ASC 842-10-15-37) may be applied by lessees, as an accounting policy election, to an underlying asset class. In other words, a lessee that elects this expedient must apply it to all leases within the particular asset class, though not all asset classes must conform. Of the 75% of companies that elected this expedient, 32% stated that they did not employ the expedient for all asset classes.

This expedient calls for lessees to account for each separate lease component and the nonlease

components associated with that lease component as a single lease component. This practical expedient is intended to reduce the administrative burden of separating multiple components and accounting for each one separately. The consequence of this election is that both lease and nonlease components are likely to be included in the measurement of the ROU asset and related lease liability. If the nonlease components are significant, the gross-up on the balance sheet could affect lease classification as well as covenant ratios and other financial metrics.

After the release of the new leasing standard, the FASB added a similar practical expedient for lessors (see ASC 842-10-15-42A and 15-42B) to provide relief for transition and continuing compliance. Lessors can elect this practical expedient when (1) the timing and pattern of transfer for the lease and nonlease components are the same and (2) the lease component is accounted for as an operating lease if accounted for separately. The combined component would be accounted for as either a single lease component or a single revenue component, depending on which component is predominant.

Under the **short-term lease recognition exception** (see ASC 842-20-25-2) that is applicable only for lessees, leases with

a term of one year or less, and that do not include a purchase option whose exercise is reasonably certain, would not be subject to the recognition requirements in ASC 842; rather, such leases would be accounted for in a manner similar to an operating lease under the legacy ASC 840 requirements.

While this expedient does provide relief from balance sheet capitalization, the short-term lease costs must be disclosed. Lease payments will be recognized on a straight-line basis over the lease term. This expedient is elected by underlying asset class.

In conclusion, the three expedients most commonly elected have all achieved the FASB's desired results: leases are recognized in lessees' financial statements as a quantified obligation and, along with disclosures, have provided additional transparency to users. It is still too early to weigh in on the costs versus benefits of ASC 842 as a whole, but for now implementation and ongoing compliance appear to be manageable for most companies. ☰

AMIE SWEENEY is Vice President, Corporate Capital Markets at CBRE. **TIM KOLBER** is Managing Director, Accounting and Reporting Advisory Services at Deloitte. Both are members of ELFA's Financial Accounting Committee.



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State Legislatures in Full Swing

WITH STATE LEGISLATURES OPEN FOR BUSINESS ACROSS THE COUNTRY, ELFA continues to witness a blue state trend to expand traditional consumer protections into commercial contracts. The most threatening of these efforts have taken the form of state finance licensing and financial disclosure legislation. The states most active in these efforts continue to be California, New Jersey and New York. Your ELFA is on the ground and working closely with our member experts to meet and address these challenges. For a complete understanding of current and important 2019 carry-over legislation, please find ELFA's January 2020 State Legislature Report at www.elfaonline.org/advocacy/newsletters/.

Washington State Data Privacy Legislation Revised With ELFA Amendment

Washington legislation that would require commercial leased equipment capable of connecting to the Internet to have a specified warning sticker affixed has been revised with an amendment

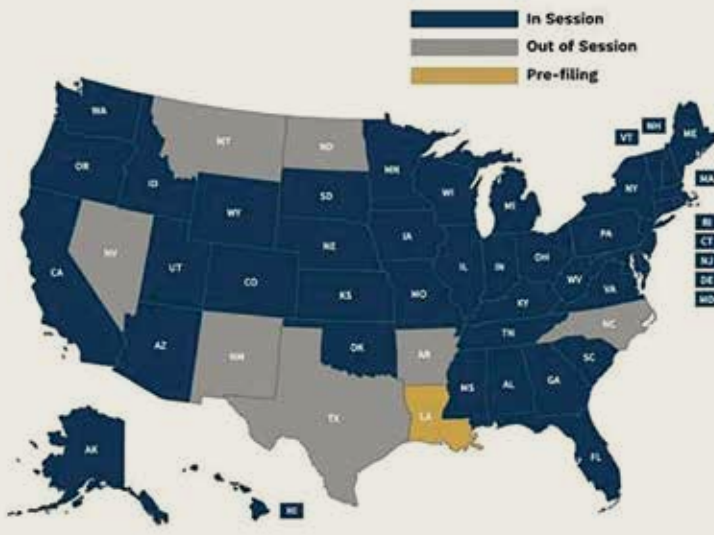
drafted by ELFA. The office of Rep. Norma Smith (R) responded positively to ELFA concerns and worked cooperatively in releasing Substitute House Bill 2365 adopting ELFA text making it applicable only to a "connected device" that is "acquired by a natural person residing in Washington state for personal, family or household use."

Washington House Bill 2365 introduced by Rep. Norma Smith (R-Island County and parts of Skagit and Snohomish counties) is a problem for ELFA members. With very little notice, the bill was scheduled for a hearing at 8 a.m. on Wednesday, Jan. 15 in the House Innovation, Technology & Economic Development Committee where the Sponsor serves as ranking member. ELFA immediately brought our concerns to the attention of the Sponsor. ELFA members are among the "retailers" the bill targets. This proposal seeks to require the office of privacy and data protection to design a warning sticker that must be placed on all products entering the state that are able to transmit user data to the device manufacturer or any separate business entity. HB 2365 appears to give equal liability to retailers (which would include ELFA members) and manufacturers for placement of these warning stickers as indicated by provisions such as designing labels that are "easy to use for manufacturers and retailers of applicable connected devices." ELFA will keep members updated on this bill's progress. ☰

State Legislatures in Session

- 42 states are currently in regular session
- 7 states are out of session
- 1 state is pre-filing

With 42 states currently in session, your team at ELFA is working to review and, where needed, to address all legislation filed that impacts our interests. ELFA's efforts are focused on identifying any and all measures that would negatively infringe on the operations of ELFA members in the commercial sector, addressing those bills that require our attention and conversely promoting legislation that addresses industry needs. Of the 180,000 expected state legislative bills filed across the 50 states in 2020, ELFA estimates there will be in excess of 2,000 bills introduced this year that may impact our members' interests.



For more information, please contact ELFA Vice President of State Government Relations **SCOTT RIEHL** at sriehl@elfaonline.org.



Make your Capitol Connections!

MAY 20, 2020 • WASHINGTON COURT HOTEL • WASHINGTON, D.C.

ELFA's annual Capitol Connections program brings ELFA members to Washington, D.C. to educate government officials on how laws and regulations affect their business. Member participation in the political process is critical to present a united voice for the equipment leasing and finance industry.

This **ONE DAY** program includes:

- Advocacy training for ELFA members
- Briefing on the latest public policy developments
- Meetings on Capitol Hill and with select federal agencies
- LeasePAC Event*
- Free for ELFA members to attend



Visit the ELFA website for event details and online registration

www.elfaonline.org/events/2020/CHD/

To research ELFA public policy issues, please visit the ELFA Federal Advocacy information center at **www.elfaonline.org/advocacy/federal-advocacy**. To find out more about participating in ELFA's grassroots program, please contact Chelsea Neil at cneil@elfaonline.org.

*LeasePAC is the only political action committee dedicated to supporting candidates running for federal office that support the interest of the equipment leasing and finance industry. To find out more about LeasePAC, please visit the LeasePAC website at **www.elfaonline.org/advocacy/leasepac** (Member Login required) or contact Chelsea Neil at 202-238-3421 or cneil@elfaonline.org.



EQUIPMENT LEASING AND FINANCE ASSOCIATION
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2020 Industry Future Council Convenes

Gathering expands contribution for long-term impact

THE EQUIPMENT LEASING & FINANCE FOUNDATION'S INDUSTRY FUTURE COUNCIL

(IFC) is evolving this year into a working council. Comprised of a cross-section of selected equipment finance industry executives, the group will engage in on-going conversations and develop tools to use in strategic planning throughout 2020 and beyond. The group kickstarted its work with Foresight Alliance futurists, who facilitated the recent convening of the IFC on Feb. 11 in Washington, D.C.



To prepare for futures thinking, Terry Grim and Christopher Kent provided a lesson in "How to Think Like a Futurist," then guided the group's conversations exploring trends, challenges and opportunities that companies and industry leaders need to consider to shape the future of equipment finance

Sponsored by PayNet, Inc. and IDS, themes the IFC will explore this year include:

- **Technological innovation.** Rapid technological change will challenge the industry to adapt and adopt the most relevant innovations and collaborate to use—and compete with—Fintech.
- **Client experience.** The client experience will change, driven by technology and industry evolution, and by the evolving expectations of new generations of customers, who will bring new needs and preferences.
- **Service models of the future.** New service models—leasing as a platform, subscriptions and usage-based pricing—are opening new areas of opportunity,

fostering technology development and upending outdated ideas about leasing.

- **Evolving shape of the industry.** The equipment finance industry is simultaneously consolidating, diversifying and being disrupted by automation, Fintech and new technologies—portending an industry that could look quite different in the future.

The 2020 Industry Future Council will be spotlighted in the new Equipment Leasing & Finance Foundation podcast, now available via your favorite streaming platform. Visit the Foundation website at www.leasefoundation.org to learn more.

Going Digital

The feature article in the Winter Issue of the *Journal of Equipment Lease Financing*, "The Impact of Digital Lending on Equipment Finance," assesses the current state of digital lending, the key trends impacting equipment finance companies and recommended approaches to consider as the pace of digitalization increases.

Three times a year, the *Journal* publishes leading research across all the major topics of the industry and is distributed electronically to a wide audience. Interested in writing for the *Journal*? Review the author guidelines and submit your article for review by April 17 for consideration in the Spring issue. Learn more at www.leasefoundation.org.



Save the Date for Third Annual Day of Giving Campaign

On Tuesday, June 2, the Foundation's third annual Day of Giving will launch! As we celebrate over 30 years of being *your* eye on the future, please plan to give back to the equipment finance industry with a 100% tax-deductible gift to the Foundation on June 2. Through invaluable research studies—all FREE to access—and guest lectures, the Foundation helps you navigate the future to make better business and personal career decisions to stay ahead of the curve.

Help us spread the word across social media to attract 50 *new* donors! Your donation will contribute to our one-day goal of \$15,000; no amount is too small. A gift to the Foundation is a strategic investment as donors gain insightful business knowledge by having access to the latest industry data *before* it is made available to the public. Learn more at <http://bit.ly/ELFFDayofGiving>. ☰



ANNELIESE DEDIEMAR is the Equipment Leasing & Finance Foundation's Director of Marketing and Communications.

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Keeping an Eye Out for Fraud and Cybercrime



YOU'RE PROUD OF YOUR COMPANY AND YOUR EMPLOYEES. Employees represent your mission and values—they make you who you are as a company. But the human element can be what makes businesses—especially finance companies—the most vulnerable. Without adequate training on how to identify security risks or cyberattacks, even top performers can unwittingly open the door to cybercriminals. The evolution of technology has increased the sophistication of attacks. According to an FBI announcement, between June 2016 and July 2019, business email compromise has cost businesses and individuals \$26 billion in losses. The bad guys are only getting better.

Criminals use deceptive and malicious tactics to target their victims. In the equipment leasing and finance industry, the end user may conspire with a vendor who is falsifying invoices, or may be dishonest about the location (or the existence) of the equipment they are attempting to finance. Since these are well-known risks, we've been able to mitigate them through development of stronger controls with additional steps to our credit, documentation and funding procedures. It may lengthen the process time, but these are accepted best practices.

As we see the increase in risk, we have to accept that extra caution and process time are a part of life. It's like spending more time at the airport for security screening—we sure didn't like it at first, but now it's an accepted part of travel.

Some things to watch for:


Social Engineering is a method that deceives someone into handing over sensitive information. Bad guys collect personal information about an individual or company from social media sites and use that information to manipulate the target into trusting the perpetrator and complying with the request. The cybercriminals might reach out to you about a recent trip or a job change that may not seem suspicious. Be cautious regarding unsolicited phone calls or emails that request sensitive information.



Phishing is the attempt to obtain sensitive information through email, such as passwords or bank account details, from someone posing as a trustworthy organization. These attacks often look legitimate. We all have heard a story of someone posing as the CEO and emailing an employee to wire money to a certain account, only to find out that it was *not* the CEO—and the money is gone. Employees can also endanger their company by clicking on a malicious email link that installs malware or ransomware on the company's network.

Who we have been historically, and who we'll continue to be, is an industry with honest people who are trying to do the right things for our clients. However, given the nature of our business, there is a lot of opportunity for bad stuff to happen. Cybercrime is here to stay, and there is no magic potion to protect your company. It's more important than ever to be diligent and proactive in investigating and understanding these risks in this ever-changing digital world. Arming your employees with the right tools—awareness, education and a healthy suspicion—to keep your business safe is the only way forward. ☰

THOMAS R. RUTHERFORD is President of Crestmark Equipment Finance, a division of MetaBank.



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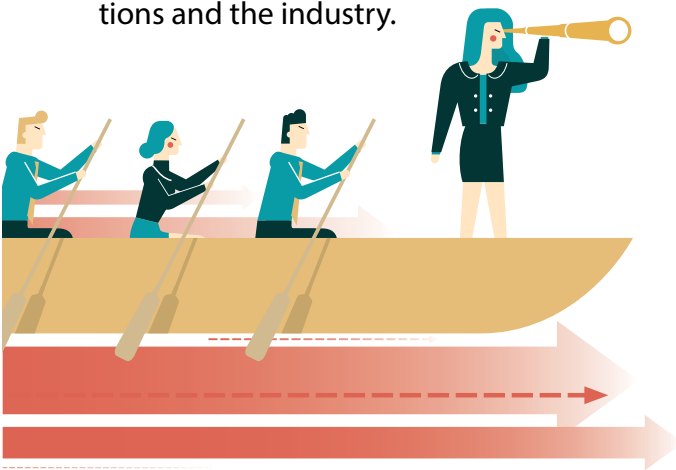
Emergence2020

July 15-16, 2020 • Magnolia Hotel Denver • Denver, CO

Brought to you by the Emerging Talent Advisory Council (ETAC), Emergence2020 is a leadership program for emerging talent from ELFA member companies.

Who Should Attend?

Attendees should be those who have the ability and desire to lead, grow and make a positive impact on others. These are individuals considered to be high-potential future leaders in their respective organizations and the industry.



Registration Fee

The registration fee is \$905. Space is limited to 85 and 3 attendees per company.

For questions, contact: Alexa Carnibella at acarnibella@elfaonline.org.

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