



COMMENTARY OF THE BOARD OF DIRECTORS OF THE NATIONAL ASSOCIATION OF EQUIPMENT LEASING BROKERS REGARDING THE USAGE OF TRIGGER LEADS IN THE EQUIPMENT LEASING BROKERAGE INDUSTRY

From its inception, the National Association of Equipment Leasing Brokers (“NAELB”) has been the leading advocate in the equipment leasing industry for brokers. From its inception, the NAELB has been the only leasing association formed “For Brokers, By Brokers.” The NAELB By-Laws provide that one of the objectives of the NAELB is “To take other actions which are in the best interests of equipment leasing brokers or the equipment leasing industry as a whole.” Also, the first paragraph of the NAELB Code of Ethics states:

We will demonstrate honesty, professionalism and integrity in all our relationships and business dealings with customers, fellow members, the public, equipment vendors, all licensed professionals, other brokers and funding sources, employees and subcontractors and members of other professional leasing associations. We will at all times adhere to two golden rules: First, treat other business professionals as we would like them to deal with us and second, to always conduct our business dealings so as to reflect a positive image upon our profession and the Association.

In recent times, controversy has developed over the use of so-called “trigger leads” as a marketing tactic in the equipment leasing industry, especially as it pertains to equipment leasing brokers. Therefore, the NAELB Board of Directors is issuing this commentary pertaining to the use of trigger leads in the industry.

When a credit report is pulled, a SIC Code is assigned to the entity that pulled the report which specifies the type of industry of the entity obtaining the report. In our case, the credit bureaus assign a SIC Code to the equipment leasing industry. The various credit bureaus then assemble the data that indicates whose credit report was pulled by companies in the equipment leasing industry, and they sell that data to third parties. Therefore, a third party can request the equipment leasing SIC Code and obtain the names and contact information of customers who had their credit reports pulled by companies in the equipment leasing industry. Of course, the only information provided is the contact information, certainly not a full credit report. It is this lead information that is sold and has created a “lead” for third parties to contact end user customers, with the advance knowledge that the customer is seeking an equipment lease. Trigger Leads are not only used in the equipment leasing industry, but in any other industry where credit reports are pulled, such as consumer mortgages and consumer auto loans. As of this point in time, the use of Trigger Leads has been determined as legal with review by the Federal Trade Commission (FTC).

The use or the purchase of the Trigger Leads isn’t in question. However, utilization of misleading and questionable sales tactics in this industry to steal a customer would be construed as doing business in an unethical manner. These inadequately trained and unfortunate souls utilizing misleading methods to gain business would reflect poorly upon this industry in its entirety. Additionally, in today’s difficult economy, trust by the general public in financial institutions and their personnel are quickly dissipating. We, as an organization of our members, cannot stress enough the need to remain ethical, principled, responsible members of the financial community. Any unethical means of gaining business at the expense of our competition only reflects poorly upon us all. Short term gains never outweigh the long term gains of competing honestly, ethically and in a professional manner. We take very seriously our ethics policy and reserve the right to remove any member found to be in violation of our ethics with their business practices.