

National

Firm holds forum for buyers, sellers

'Leasing benefits' now sell for cash

United Press International
NEW YORK — Once a corporate tax credit was valuable only if a company had profits it could offset, but now if it's the kind of credit the IRS calls a leasing tax benefit — it can be sold for cash.

That can be extremely helpful to companies that have such credits and need cash and others which will buy the leasing benefits to help offset their taxes, says Otto Lombardo, head of Cleveland's AFI Finance Corp.

Lombardo, who was with First Financial of Boston before founding AFI in 1975, and Mario Di-Federico, retired president of Firestone Tire & Rubber Co., have formed a company called New York Leasing Forum, to set up a market for these tax benefits.

Lombardo said some people have estimated that a possible \$35 billion such tax benefits are lying around in American business and that \$7 billion to \$8 billion may have accumulated this year, which could be traded with undiluted value under the terms of Economic Recovery Tax Act of 1981. The values of older leasing tax benefits must be diluted by specific IRS formulas.

The company will hold its first forum in New York Oct. 28 and 29. It won't be an auction market, but a meeting of representatives of about 200 major companies interested in selling or buying the benefits. Each company will pay a \$1,000 registration fee and will pay Lombardo's firm a fee on the face amount of any transactions

completed. The fee on a \$1 million transaction would be \$2,500, for example.

The government has a Nov. 13 deadline for taking advantage of tax benefits on assets acquired and placed in service before Aug. 13. This makes the first forum especially important, Lombardo said.

Leasing tax benefits are limited to investment credits and depreciation allowances on what the IRS calls "qualified leased property." These are defined in the IRS code and result from sales and lease-backs of equipment.

But Lombardo said this law makes it easy for low-profit companies to cut equipment costs by selling investment tax credits and depreciation benefits to lessors, but still keep use and control of

the equipment. The IRS has issued only temporary rules for these transactions and one question has been raised: Can the equipment user sell the tax credit alone and keep the depreciation benefit? Lombardo said he expects the IRS eventually to say "no."

Lombardo said he and Di-Federico believe an exchange forum for these tax credits will be a continuing and substantial business. A lot of leasing tax credits that could not be utilized in the past now will be sold.

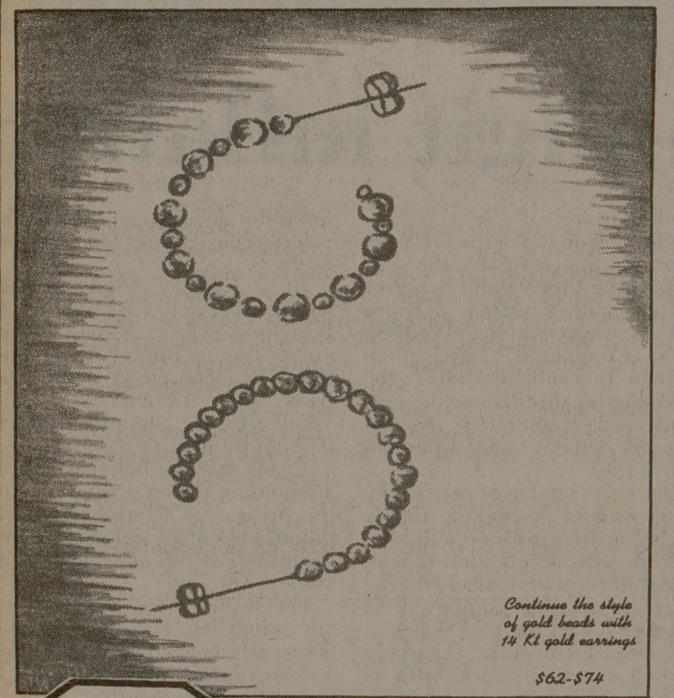
He said AFI became interested in the possibility of marketing leasing tax credits through its regular service of acting as a lease

clearing house for clients. He said: "I know some investors

bankers have attempted activities similar to what we will do with the New York Leasing Forum on

smaller scale just for their own clients."

Lombardo said creating a market for leasing tax benefits is logical succession, since several years ago companies, that had accumulated a loss that could be carried forward as a tax benefit, became a takeover candidate. Then the buying corporation could use this loss to offset income taxes on its own profits.



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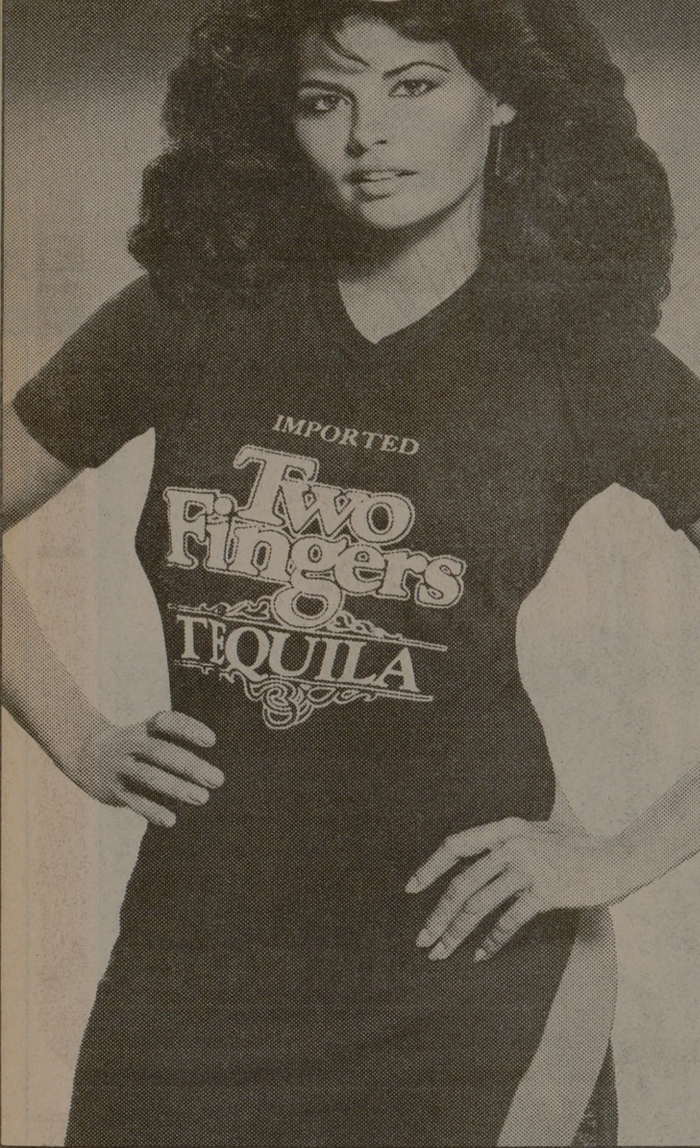
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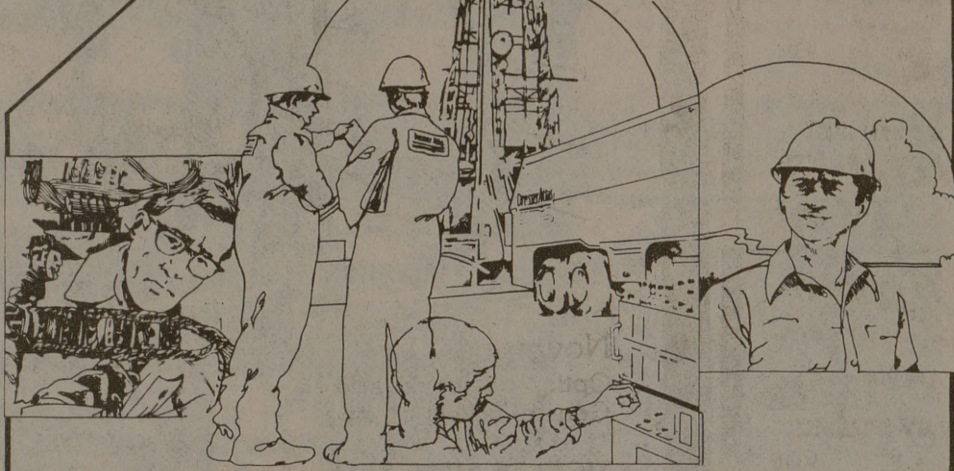
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Test-tube baby due in January

United Press International
NORFOLK — The nation's first test-tube baby is due in January and the country's pioneer test-tube baby clinic is ready to expand its operations, the clinic's co-director says.

Dr. Howard Jones said Friday the in vitro fertilization process has produced three successful pregnancies at Eastern Virginia Medical School Clinic this year, enough to justify increasing the number of patients accepted by four-fold. The clinic now serves about one patient weekly.

Jones announced that the country's first test-tube baby was expected to be born Jan. 9, although he continues to conceal the name of the expectant mother.

"We are now at the point where this process is ready for more widespread clinical application," Jones said.

Delivering a paper to the Medical Society of Virginia, Jones said "pregnancies are expected with some degree of regularity" from now on and that test-tube babies should soon become a common occurrence.

Since Jones' clinic opened in March 1980, a dozen other such clinics have opened, but none

have yet produced a successful pregnancy.

Jones said the key to his clinic's success has been the use of hormone injections to induce ovulation and a change in the time period used to allow the egg to mature before insemination.

He said the clinic, which was established in March 1980, failed to obtain a single, successful pregnancy after treating 41 patients during its first nine months of operation. During that period, he said, researchers relied on the normal ovulation cycle and inseminated the egg as soon as it was removed from the womb.

In January, ovulation of patients was induced with hormones, a technique developed at an Australian clinic, and the egg was allowed to mature 6 to 12 hours before insemination. Of 30 women treated with the new process, Jones said three have been successfully impregnated.

The in vitro fertilization process, pioneered by Drs. Robert Edwards and Patrick Steptoe in England, has produced babies in England and Australia. The first was Louise Brown, born in Oldham, England on July 25, 1978.

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