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# BOTTOM LINE

THE VOICE OF INDEPENDENT RETAILERS • VOL. 23, NO. 2 • FEBRUARY 2012

## THE MONEY MAZE

What Banks Expect from Retailers



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## Chairman's Message

**Joe BELLINO, Jr.**  
AFPD Chairman

# Run Your Business with Knowledge and Strength

**T**here's no greater way to serve your industry, colleagues, and friends than by taking a turn leading our association, AFPD-The Voice of Independent Retailers. As your new board chairman, I am looking forward to a year full of progress, legislative success, membership growth, and new opportunities to bless our businesses and our communities.

We kick off 2012 in a new home. If you haven't made it over to West Bloomfield to check out AFPD's new headquarters (see January 2012 *Bottom Line* for more photos and details), then I urge you to do so. You will be shocked when you see what a great space it is, especially when you learn that the association is actually saving money each month over its previous lease arrangement. I commend Auday Arabo and the Building Committee for their excellent work in researching the available real estate, handling the purchase, and championing our move to offices that allow the AFPD team to serve you better.

February is the month of AFPD's Annual Black Tie Trade Dinner. By the time you read this, you should have your clothes

picked out and tickets purchased, but if you're a straggler—no worries. Call AFPD today and we'll do our best to get you there. It's a can't-miss event for all AFPD members.

And just around the corner is our April Trade Show at the Suburban Collection Showplace in Novi, Mich. AFPD has expanded its sales team to help get the word out about this money-saving event, which looks like it will be our best yet. There will be more show-only deals available to attendees than ever before, a greater variety of vendors and service providers, and the latest trendy products to keep your customers coming back to your stores again and again. The greater the attendance at the AFPD trade shows, the more economical it is for the exhibitors to offer bigger savings—so make sure April 25 is blocked off on your calendar for this important event.

To be sure, this year will be full of challenges—legislative as well as business and market oriented. As an AFPD member, you have already realized that you can't go it alone. When you're done reading this magazine, why not share it with another store owner or supplier that you know would benefit from aligning their business with AFPD? Encourage them to let AFPD show them how they can recoup the cost of membership by participating in just one AFPD program. Joining AFPD is really a no-brainer when you understand the opportunities for saving money and running your business from a position of knowledge and strength.

I look forward to greeting you personally at the Annual Trade Dinner this month and the Michigan Food & Petroleum Show in April. Remember, your AFPD board and staff are here to serve you. Speak up and let us know what's on your mind. ■■



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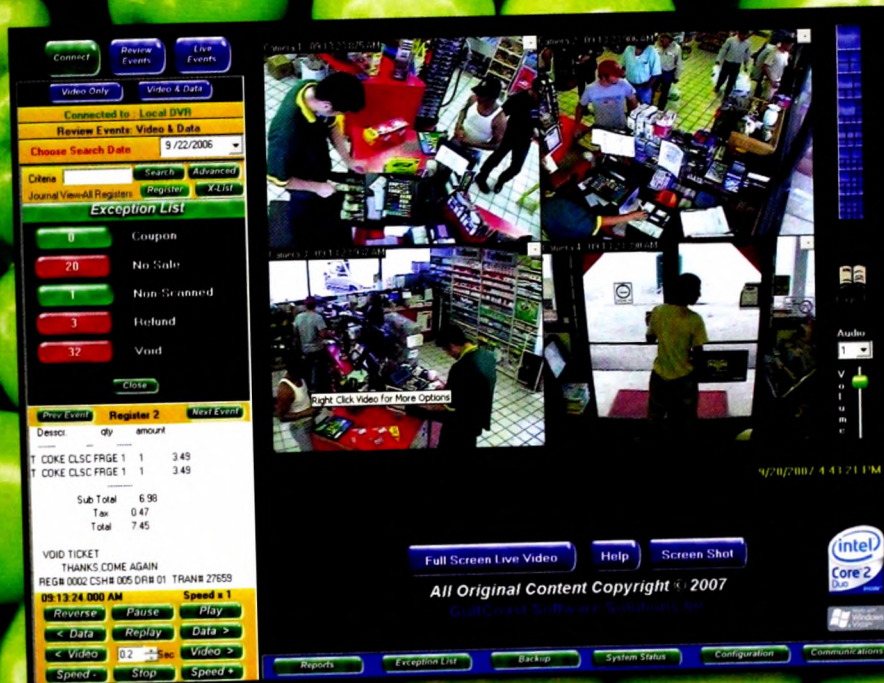
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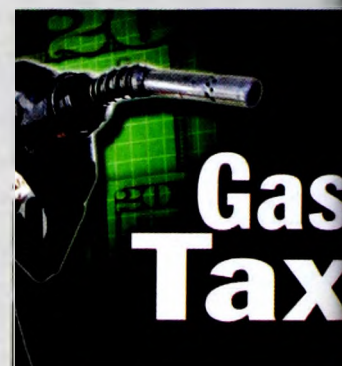
## Required Raw Meat Labeling fo All Retailers

Effective March 1, 2012, all retailers—including small businesses—are required to provide nutrition information to consumers for the major muscle cuts of meat and poultry. The information may be placed in a label directly on the product or made available to consumers at the point of purchase with a poster, pamphlet, or brochure.

Ground meat and poultry are also required to have nutrition labeling under the new rule, but must be labeled directly on the package. However, small businesses (500 or fewer employees) are exempt from labeling certain ground products if the business produces less than 100,000 pounds per year, so long as the label has no nutrition information or claims. The quantity per product is calculated on a company-wide basis. Retailers with multiple stores must add up the total weight of the particular product produced at each store to determine if it exceeds the 100,000 lb threshold.

## Michigan Prepaid Gas Sales Tax Changes March 1

Effective March 1, 2012 the new prepaid gasoline sales tax rate in Michigan will be 17.9 cents per gallon. This rate will stay in effect through May, 2012, at least. The Michigan Department of Treasury is required by law to determine the prepaid sales tax rate every three months, unless the change in the statewide average retail price of a gallon of self-serve, unleaded, regular gasoline has been less than 10 percent since the establishment of the rate of the prepayment then in effect. Be sure to check your supplier invoices and notify your accountant of this change when calculating the actual amount of sales tax due the state of Michigan. Contact Ed Weglarz at [eweglarz@voyager.net](mailto:eweglarz@voyager.net) or call (866) 666-6233 for a convenient chart providing the actual Michigan sales tax applicable to retail gasoline sales at various price levels.



## Richardville Hosts AFD PAC Fundraiser

The AFPD PAC held its first fundraiser at the new headquarters building in West Bloomfield, Mich. The event was hosted by Senator Majority Leader Randy Richardville from the 17th District and was attended by more than 50 people.

## Ohio

## 2012 Ohio Safety Congress & Expo

Registration is now open for the Ohio Bureau of Workers' Compensation (BWC) 2012 Safety Congress and Expo (OSC12), Ohio's largest and longest-running occupational health, safety, and workers' compensation conference. The free, annual event will run March 27-29 at the Greater Columbus Convention Center. Registration is available online at [www.ohiobwc.com](http://www.ohiobwc.com). Safety Congress features 150 education sessions, general sessions with nationally-recognized experts, demonstrations, and full-day workshops covering the latest safety and health information and techniques, as well as an Expo Marketplace with more than 200 exhibitors offering safety services, industrial supplies, and safety equipment and gear.

## AFPD Taming the CAT

2011 ended with "all hands on deck" by the AFPD government relations team attempting to tame the Ohio CAT Tax. 2012 has begun with the same effort. The bipartisan House tax study committee is expected to release their analysis of recommended changes for the CAT tax any day now. The team traveled to every tax study committee with AFPD retailers telling their stories of how negatively the tax affects their businesses. Representative Ron Amstutz is refining statutory language to help amend the CAT for gasoline retailers, while Tax Commissioner Joe Testa is examining the AFPD plea for administrative rule changes. Taming the CAT remains the most important Ohio issue for the government relations team.

[illegible]

## FDA Fixes Tobacco Flier

The FDA's Center for Tobacco Products (CTP) will correct an incorrect statement in its Break the Chain retail flier. Specifically, the yellow Break the Chain flier stated: "Do NOT sell or give away items, such as hats or t-shirts, with tobacco brands or logos." The agency's tobacco regulations only prohibit items from containing cigarette, roll-your-own tobacco, and smokeless tobacco brand names or logos.

The CTP will mail retailers

the updated version of the flier, which now reads: "Do NOT sell or give away items, such as hats, t-shirts, or lighters, with cigarette and smokeless tobacco brands or logos. For retailers, this means that items with a cigar or pipe tobacco brand name or logo can be legally sold or given away to adult consumers, since the FDA has not yet adopted regulations regarding cigars and pipe tobacco. (CSP Daily News: [www.cspnet.com](http://www.cspnet.com))

## Michigan

## New Petroleum Release Cleanup Criteria Coming

AFPD has been working to amend petroleum release cleanup criteria as addressed by the Michigan Department of Environmental Quality (DEQ). Senate Bills 528 through 533 will make it easier for responsible parties to clean up contaminated properties, sellers and buyers to more readily agree on costs and procedures for treating contamination caused by petroleum releases. These changes will help promote business and provide jobs as investors and entrepreneurs develop properties that now are stagnant because of cloudy remediation requirements. Help from AFPD members will be needed to move these bills through the legislature.



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# In Memory of Frederik Meijer

## The food industry remembers the many contributions of a pioneer

Frederik Gerhard Hendrik Meijer, a pioneer of supercenter retailing and a visionary philanthropist, died November 25, 2011 in Grand Rapids. He was 91.

He was a native of Greenville, Mich., where his father, Hendrik, a Dutch immigrant barber, opened a grocery store in 1934. In 1946, he married Lena Rader, a cashier in that original store. He is survived by his beloved Lena, their three sons, Hank (Liesel) Meijer, Doug (Starr) Meijer and Mark (Mary Beth) Meijer, and seven grandchildren whose company he always enjoyed.

Born December 7, 1919, Meijer worked in the store from the start, helping his father build the tiny grocery into a chain of supermarkets. In 1962, under his leadership, the chain opened its first Thrifty Acres store in Grand Rapids, a huge one-stop-shopping discount emporium. As the company grew, Meijer always advocated promoting people from within, was an outspoken champion of civil rights, and a zealot for low prices. Fred — and he was, to his employees, simply Fred — was known for his competitive spirit and a keen sense of his own humble origins. In industry affairs, he was one of the longest serving directors of the Food Marketing Institute (formerly the Super Market Institute), and a winner of its Sidney Raab award for outstanding service.

In his adopted hometown of Grand Rapids, Meijer played a vital role in the early years of the local Urban League and Goodwill Industries, and helped lead downtown urban renewal efforts. In 1984, he worked with a group of civic leaders and friends of President Ford to build the Gerald R. Ford Presidential Museum on the west bank of the Grand River. In those years, he also served on the Cleveland District Board of the Federal Reserve. More recently, he was an active member of the Improvement Association.

While the Meijer name became synonymous with many civic and charitable undertakings, his most significant contribution lay with the creation in 1994 of the Frederik Meijer Gardens and Sculpture Park. The conservatory and park reflect a blend of his passion for sculpture and Lena's for gardening. The collection of contemporary sculpture now ranks among the finest in the world, in a complex which has become one of the region's leading attractions.

Even at 91, he continued to attend meetings in the Meijer offices and motivate new generations of team members with his passion for customer service, fair play, and low prices. Meijer served as chairman emeritus of the company until his death.

Fred Meijer will be lovingly missed by his bride of 65 years, his family, and all of those graced by his easygoing smile, including kids of all ages who were recipients of his famous Purple Cow ice cream cards.

Memorial contributions may be made to Frederik Meijer Gardens & Sculpture Park in memory of Fred. ■■





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# THE MONEY MAZE

## What Banks Expect from Retailers

By Carla Kalogeridis

Independent retailers build their businesses on relationships. Relationships with customers that keep them loyal. Relationships with vendors to guarantee dependable supply and fair pricing. And a relationship with their bank that helps them manage cashflow and feel secure.

Independent retailers trust those relationships. They create a life around them, for themselves and their families. And they give much in return: a clean store with fresh goods, great customer service, and job security to those who work for them.

Customers, vendors, working capital. It's a three-legged stool that topples easily if one of the legs is weak.

The economic downturn of the last several years has hit all three. Customers tightened their purse strings, looking for greater discounts. Retailers could handle that. Vendor pricing went up in response to rising fuel and commodity prices. Retailers could handle that.

But when the bank abruptly reduces or cancels a line of credit? It's a blow many small retailers find devastating.

From the outside looking in, it's pretty simple. As retailers see it, they have been loyal bank customers for many years. Most have rarely missed a loan or credit line payment. Over the years, their banks have supported plans to improve their businesses and helped make their dreams come true. And the banks have made money doing business with the retailers—everybody wins.

And then, suddenly, Wall Street is in trouble. Some of the most respected banks in the nation need loans from the federal government to survive. The banks are supposed to funnel money back into small businesses, the backbone of America.

But it doesn't happen—at



least not to the extent small businesses though it would. "Yes" often becomes "no." Retailers (and many other small business segments) are hurt, confused, and angry. The banks get the blame...a lot of it.

### More to the Story?

The current negative public perception about

American banks is one of the biggest challenges the banking industry has ever faced. What many retailers don't know is that there's some hurt and confusion on the other side, too.

"There's two stories here and most people aren't aware of that," says Sue Eno, president and CEO, Citizens National Bank (CNB). "There's the Wall Street bank story and the local community bank story. The big banks are the ones that received government TARP money. The Wall Street banks are primarily the ones who turn off credit. The community banks don't function that way. Interest income is where we make money, and we have money to loan."

"Closing off longstanding relationships when trouble starts is a big bank philosophy—not a community bank one," agrees Bob Chapman, chairman and CEO, United Bank & Trust (UBT). "Our doors are open to any business trying to make our community stronger."

Mike Sarafa, president and CEO, Bank of Michigan, says that many industry segments like manufacturing, hotels, and grocery stores "have fallen way out of favor with the big banks right now." But the local community banks he says, understand small businesses very well, especially retailers.

"We're trying to find ways to make more loans," confirms Doug Chaffin, president and CEO, Monroe Bank & Trust (MBT). "All community banks have a vested interest in





Our doors are open to  
any business trying to  
make our community  
stronger."

Bob Chapman, Chairman  
and CEO, United Bank & Trust



Bob Chapman, UBT

king loans, particularly to small businesses."

"When I hear that banks don't want to loan money, the first thing I say is that isn't true," adds Eno's colleague, Doug Damm, executive vice president of CNB. "Our survival is based on our ability to make loans. If our community businesses are strong, so are the banks be strong. If the banks do well, they have even more funds to loan out. Small retailers, grocers, and party stores have been a great investment for us."

So if the retailers need access to capital and the community banks have it to loan—what's the problem?

### New Way of Business

One of the challenges, the bankers say, is that many retailers just don't look good on paper. And with tightening regulations and assurances from the FDIC to make sure that a bank's risks are wise, the small retailers have to jump through a lot more hoops to get access to capital—the same capital that used to be available based on a retailer's good reputation and a handshake.

"Very typically, today's small retailers don't report all the revenues they are generating," says Eno, "but we have to go by their tax returns and assess their ability to repay. If they are putting cash in their pockets and not reporting all their income, we can only go by what they report."

"We see that many small retailers manage their income to minimize tax liability," agrees MBT's Chaffin. "But they need to find a way to balance that because they have to demonstrate the ability to pay back the debt. Tax returns are the easiest way, but they can also hire accounting firms to show compiled financial reports."

Bank of Michigan's Sarafa puts it this way: "Retailers who don't report all their income on their tax returns are very short-sighted. A better way is to find more deductions. Report all your income. It doesn't save you that much to not report it all, and it can hurt you tremendously when you need a loan or line of credit."

Chapman says his bank evaluates each retailer's needs individually, and sometimes the news he has to deliver isn't what they want to hear.

"Sometimes the retailer customer has used up all their lines of credit and there's no more collateral, but they come to us asking for additional lines," he says. "When they get turned down, they feel the pain, but they have to look at all the facts on the table."

"Banks used to give better business



## Is a small business loan the answer for you?

By Joseph R. Kramer, Esq.

The SBA 504 loan is an economic development program that provides small businesses with long-term, fixed-rate financing for the acquisition of major fixed assets such as land, buildings, machinery, and equipment. The SBA 504 is primarily designed to assist healthy, expanding businesses that have been in operation for more than two years. In certain instances, the SBA 504 may also be used to finance start-ups.

Eligible businesses include for-profits with:

1. A tangible net worth of less than \$15 million; and
2. Average net profit, after tax, of less than \$5 million for the past two years.

Eligible purposes that qualify a business for the SBA 504 include:

1. Purchase of land, building, machinery, and equipment (real estate must be at least 51 percent owner-occupied).
2. Expansion and construction of existing sites.
3. Limited refinancing of existing debt.

The program does not cover working capital or venture capital. Rolling stock such as cars, trucks, and buses are not included, nor is goodwill or inventory.

The maximum dollar amount the SBA may contribute toward any single project or borrower is typically \$5 million. Project size usually ranges from \$250,000 to \$15 million. Loan terms are generally 20 years for real estate and 10 years for machinery and equipment.



Joseph R. Kramer, Esq.

Under normal circumstances, the loan structure requires that the SBA lender must partner with a commercial lender, such as a bank or credit union. Typically, the SBA will finance 40 percent of the project, the commercial lender will finance 50 percent, and the borrower will contribute only 10 percent. Additional equity may be required for start-ups and special-use properties. In the end, the borrower has two separate loans: one with the commercial lender and one with the SBA lender.

Interest rates are fixed for the entire life of the loan and are usually below those offered by conventional lenders. The SBA requires personal guarantees of any principal owing 20 percent or more of the business, which may include either a landholding company and/or operating company. Reasonable fees for the SBA loan are typically financed with the loan.

The advantage for small businesses is lower down-payment requirements. Because the small business may borrow up to 90 percent of financing needs, money can be saved for working capital. In addition, there is a longer repayment term, and on real estate, the project can be financed for 20 years, making monthly loan payments more affordable. In addition, since the loan rate is fixed, there is no need to worry about variable interest rates or increases of interest during the term of the loan.

In Michigan, the leading SBA Lender is Michigan Certified Development Corporation (MCDC), located in East Lansing, Mich. MCDC has offices in various parts of the state and have an established staff ready and willing to assist the small business borrower with their financing needs and SBA 504 loan applications. Their corporate president, Jane K. Sherzer, can be reached at (517) 886-6612.

*Joe Kramer is a partner at Bellanca, Beattie and DeLisle which closes about 100 SBA loans for the MCDC each year.*

value on good will," points out Sarafa, "but they're not doing that at all now. There's no value being given to the businesses themselves. The banks look at assets, and many party stores, especially in Detroit, don't own their buildings. And even if they do, the real estate values in the Detroit area are down 50 percent. You just can't borrow against that."

Damm says that sometimes banks have to reduce lines of credit due to pressures from regulators. "The regulators expect us to run our banks profitably, and they expect us to have good underwriting practices," he explains. "The regulators don't control our business, but they expect us to act responsibly."

"That means when a retailer's revenue is down, the credit line may have to come down, too," he says. "But we never do that without very careful analysis."

"Banks are required to observe specific accounting rules and reserve money for potential losses," adds Chaffin. "That's why it's challenging when property values decrease because banks have to account for that."



Doug Chaffin, MBT



Mike Sarafa, BOM

Chaffin says a regulator will never direct a bank to take a specific action on a specific customer, "but we are compelled to action based on the accounting rules and regulations that we are required by law to follow."

In addition, Sarafa says that half of the time the retailer's credit is not clean when they apply for a loan or line of credit. "People are over leveraged," he says. "There's more bad credit now than any time in modern U.S. history. Retailers have done everything they can to save their businesses, including short sales of their other properties, living off of credit cards, and other desperate moves. But my advice is to think about the long-term consequences before you do something like that. Sometimes it seems like you have no choice, but you have to think it through first."

On the flip side, there are some who believe that a reduced access to capital is about more than just some retailers not having their financial ducks in a row. There have been concerns voiced that during bank audits by government regulators, field staff are making it hard for banks to extend loans to small businesses by exaggerating the risk associated with those loans.

United States House of Representatives' Gary Peters (MI), a member of the Financial Services and Small Business committees, has been a strong supporter of policies that increase opportunities for local lenders to extend loans to small businesses. "That is why I fought to exempt community banks and credit unions from many of the provisions contained in the Dodd Frank Act," he told AFPD's *Bottom Line*, "so that it was appropriately focused on correcting abuses and reducing risk-taking on the part of large Wall Street firms. I also have raised concerns to the FDIC and other bank regulators about how examinations are conducted, and in 2010, policy guidance was issued that made it clear that prudent, small-business lending should not be penalized."

### The Last-Minute Challenge

Another reason banks say they are often unable to help is that retailers do everything they can on their own to save their businesses, and then by the time they turn to their bank for help, it's too late.

"We have had clients who have never missed a payment, and one day they walk in and hand us their keys," says UBT's Chapman.



**"Retailers who don't report all their income on their tax returns are very short-sighted . . . It doesn't save you that much to not report it all, and it can hurt you tremendously when you need a loan or line of credit."**

—Mike Sarafa, President & CEO, Bank of Michigan

"They've just run out of air. They give up. They've used all their retirement and resources to keep their dream alive, but they should have talked to a community banker before it comes to that."

Chapman says his job is to be honest with the retailer. "If they come to us early enough, we can sit down and tell them what we see," he says. "Sometimes the best advice is to start winding down the business before they lose everything."

"We understand their business very well," says Sarafa, "and can quickly tell a good store investment from a bad one. We try to caution them before they leverage or borrow too much."

"If they come in before the trouble runs too deep, we can sit down and say, 'Here's what you have the ability to pay and here's what you owe us. Now let's back into the situation of what you can afford,'" explains Eno. "Maybe they've got collateral that they can sell, and we'll work with them until they are able to sell it."

Chapman admits, however, that many retailers are afraid to trust their bankers. "They're afraid we'll call in the loans if we see how bad things are. But it's much better to have open discussions early. Trust is critical. You don't want your bank to lose trust in you. Good things don't happen when a bank loses trust in the retailer."

Chapman says that the banks are well aware of the challenges retailers face, and if the retailer is open to discussing how they are managing those challenges, then the bank sees a business managed by someone who understands how to run a business. "Banks know that profit margins are almost non-existent in gas stations," he says as an example. "Prices are volatile, but the well-managed gas stations understand their business and don't take anything for granted. The good ones successfully manage change every day."

MBT's Chaffin agrees with Chapman that openness and communication is key. "Retailers need to be honest with their bankers. They have had challenges, explain what they are. Nothing frustrates a banker more than finding something out too late in the game. Bankers are going to figure it out anyway, so remember they are human beings like everyone else, and tell them what's going on so they can try to help."

And finally, Damm reminds retailers to be open-minded to all possible solutions. "Often a customer comes in a distressed situation asking, 'What can you do for me?' And sometimes, we ask them: 'What are you trying to do to help yourself, too?' The bank can't always be the whole solution in today's environment."

Continued on page 14

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Sue Eno, CNB

**"If your bank is not a good partner and does not give you good advice, find somebody else. The small retailer is the community bank's consumer. We're here to help them."**

—Sue Eno, President and CEO, Citizens National Bank



### Their Best Advice

The bankers all say that they continue to do business with independent retailers, even from distressed areas like Detroit. "I always tell customers, 'Let us find a way to keep you in your store,'" says Eno. "Let's look at amortization, collateral, and interest rate."

The bankers have good advice for retailers who are serious about making their businesses more credit worthy:

- First and foremost: Get a good banker, a good accountant (CPA—not a bookkeeper), and a good attorney.
- Think ahead on what you are reporting on tax returns, well before your loan or line of credit comes up for maturity.
- Have a solid business plan.
- Be able to show your current and recent financial state on a month-to-month basis. Work hard to understand what the financial statements are telling you.
- Have financial projections for 12-18 months out.
- Understand where you're making money and where you are not. Banks are looking for evidence that the retailer understands sales and profit and that they are managing it.
- Understand cash flow and the conditions of the market.
- Pay down your operating line of credit regularly. If you're not able to do that, that's really working capital and needs to be refinanced so that you can pay it out over time.
- Be in constant communication with your banker. Get in to talk to your banker early—before trouble hits.

"In the end, sometimes people just ignore reality," says Chapman. "You have to constantly re-evaluate your business model and be ready to deal with change every single day. Many small business owners don't take time to understand their financials, but that's the last thing you want to do."

### When Will Things Get Better?

The big question on many retailers' minds is: Will the pressures on access to capital ease up in 2012? The bankers universally agree that the answer to that is no.

The truth is that the access to capital may never return to its "looser" ways of years before. "In 2008 and 2009, no one responded quickly enough to cut expenses," says Damm. "Everyone thought things were going to improve sooner. When they didn't, everyone learned some serious lessons."

From another standpoint, Chaffin doesn't believe access to capital was ever really limited. "It was a factor of the economy," he says, "but now there's an increasing push toward loan growth in the banking industry in just about every business segment."

Most of the bankers agree that while 2012 will look a lot like 2011, the economic conditions should not get any worse. "Independent retailers have had challenges in revenue and profit margins during the last three to five years," notes Chaffin. "But even

so, most community banks want to do business with them."

Bank of Michigan's Sarafa isn't quite as optimistic because he believes that there's still more "flushing out" that has to take place. "There are still more loans from 2007 and 2008 that were made on the old way of thinking," he points out, "and those are coming due. So I believe there's still some trouble ahead for retailers who may be hoping to refinance in 2012 or 2013."

The bottom line, the community banks say, is that they are actually looking for good small businesses like independent grocers, convenience stores, party stores, and gas stations to loan money to. "If your bank is not a good partner and does not give you good advice, find somebody else," advises CNB's Eno. "The small retailer is the community bank's consumer. We're here to help them."

Damm adds that even if the community bank can't help, they often can help a retailer put together a business plan or make themselves a better candidate for some of the SBA or non-bankable loans available (see sidebar, p.13). "It's in our interest to keep the businesses in our community strong, even if we aren't always the one loaning the money," he points out.

Eno says there's a lot of loan capacity out there, and retailers just need to make themselves better candidates.

"We've got \$70 million that we'd love to loan right now and we're just a small community bank," she says. "The idea that there's no money out there to loan is incorrect. We may ask more questions or ask for more collateral, but we want to work with you. That's how we survive."

Speaking of survival, Chaffin says that if a retailer has survived this period and stayed current on their bills, someone will find them an attractive customer. "Don't assume all banks are the same," he says. "Keep trying until you find the right one."

The trick for many retailers, however, may be surviving until they do. ■■

### What About MSBs?

There's one barrier to independent retailers being able to do business with just any bank—that's where money service business (MSB) is involved. Why? Because many banks consider retailers that offer check-cashing "just too small."

However, Bank of Michigan's Sarafa sees servicing MSBs as a market need that he is addressing. "We do a lot of business with Detroit retailers," he says, "and as a result, we've ended up specializing in MSBs. The compliance regimen is strict, but it's important for retailers that do MSBs to have a bank they can depend on."

Carla Kalogeridis is editor of AFPD's Bottom Line.



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# Debit Card Fast Facts

While consumers are struggling with higher gas prices at the pump, the card networks and big banks are making out like bandits, says the Merchants Payments Coalition. Since interchange rates on fuel dispensers are a percentage of the sale plus a flat fee, implementation of debit swipe fee reform is at least a step toward providing immediate gas price relief for American families.

The Petroleum Marketers Association of America estimates in Figure 1 show how Visa and MasterCard increase their per-gallon fees as gas prices rise. The card networks claim they have caps on debit cards in place to prohibit fees from being too high. However, the cap is illusory because if a retailer allows a customer to pump more than \$75 in gas (which would be necessary for the cap to come into play), Visa and MasterCard have rules allowing the bank to confiscate the amount over \$75 from the retailer. This amounts to little more than theft, says the coalition.

and proves the card networks' dishonesty in setting the cap.

Additionally, the Federal Reserve found that most gasoline retailers get hit with 76 percent of the fraud losses on signature debit transactions. The credit card giants claim merchants get a payment guarantee with debit, but there is no guarantee at all for gasoline retailers.

Lastly, it's important to note that the Department of Energy found that for gasoline retailers, there is a 100 percent pass-through of costs into retail prices. That means if interchange costs go down for these merchants, it will be reflected in the price of every gallon of gasoline sold. And every penny per gallon change in the retail price of gasoline means an additional \$3.75 million per day or \$1.38 billion each year for consumers. This is important year-round for both credit and debit card interchange fees, but at no time more so than when consumers are struggling with exorbitant gas prices at the pump. ■■

**Figure 1**

Price per Gallon	MasterCard and Visa Debit	MasterCard and Visa Credit
\$3.00	4.5 cents	6 cents
\$3.50	5.2 cents	7 cents
\$4.00	6 cents	8 cents
\$4.50	6.75 cents	9 cents
\$5.00	7.5 cents	10 cents
\$5.50	8.25 cents	11 cents
\$6.00	9 cents	12 cents
\$6.50	9.75 cents	13 cents

Source: Petroleum Marketers Association of America



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# Just How Good is the Chase Paymentech Rate?

By Bill Pirtle

When I sold credit card processing, I knew I could save money for any merchant I encountered. I also knew that any honest agent could walk in behind me and find a way for the merchant to save more money. This is because agents wanting your business are willing to accept less profit than your current processing agent to get your business.

The problem with this scenario is that not all credit card processing sales reps are honest. That, paired with the fact that there are more than 40 different fees that can be included in your processing contract, is why so many business owners dislike the prospect of talking to credit card processing agents. Even if the rate is good, agents can make money on things like statement fees, batch fees, annual fees, PCI fees, and transaction and authorization fees, just to name a few.

Most business owners would love to have someone they



**2. Dues & assessments represent the money paid for the brand of the card (Visa®, MasterCard®, Discover®).** It is not dependent on interchange.

**3. Mark-up for the processor** (normally split with the sales agent).

The first two are the same for every single processor. Processors and sales agents earn all of their income on the mark-up and the

additional fees. Most processors hide their costs by offering tiered rates. You have tiered rates if you see terms like Qualified, Mid-Qualified, or Non-Qualified on your statements.

The AFPD/Chase-Paymentech rate is Cost Plus (also called Interchange Plus or Pass Through Plus) 6.5 cents per transaction with no statement fees (if emailed, \$5 if mailed), batch fees, PCI fees, annual fees, or any other fees.

Just how good is this offer? Multiply your total number of transactions by .065. If you have 300 transactions for the month, you pay only \$19.50 over the cost, whether you are a party store with an average \$20 transaction or an auto repair shop with an average \$400 transaction. Now, of course, the auto repair shop will have higher costs because both Interchange and D&A include a percentage of the transaction, so higher volume will increase costs.

Take out your most recent credit card processing statement. If you are paying a \$10 statement fee and a \$0.25 batch fee, you will save \$211.25 before even reviewing the processing costs. If you are paying monthly or annual PCI or IRS fees, you can save even more. With the recent Durbin Amendment restructuring debit card Interchange, paying tiered rates (Qualified, Mid Qualified and Non-Qualified) can cost you a lot more than you need to pay.

AFPD was able to command this level of pricing because of its 3,800 members. Another advantage of using the AFPD program vs. finding your own processor: If the processor happens to add costs that you don't expect, call us and we will get it fixed.

The AFPD/Chase-Paymentech program is scheduled to reduce the rate from Cost Plus 6.5 cents per transaction down to Cost Plus 5 cents as more members sign up. Members signing up now will see their rates decline as Chase adjusts our pricing.

To sign up for this program, call John Wilcox at (888) 464-9902, ext.70255. Be sure to tell him you are an AFPD member. Members with questions can call the AFPD office at (800) 666-6233.

If you are signing up to become a member, ask your sales consultant to check the box to have John contact you. If we are not able to meet or beat the terms of your current credit card processing agreement, you will receive a one-year free AFPD membership (subject to Chase-Paymentech compatibility with your current POS system) ■ ■ ■

*Bill Pirtle is membership sales representative for AFPD - The Voice of Independent Retailers.*

**Another advantage of using the AFPD program vs. finding your own processor: If the processor happens to add costs that you don't expect, you just call us and we will get it fixed.**

could trust to negotiate for them. This is why so many contracts come from referrals.

Actually, there is an organization that has negotiated an incredible rate for credit card processing. That organization is the AFPD – The Voice of Independent Retailers. The company that offers this program for AFPD members is one of the largest processors in the country (Chase Paymentech).

As an experienced credit card processing agent, I knew the moment I saw the AFPD/Chase-Paymentech pricing that I could not beat it. In fact, I could not come near it.

There are three components of credit card processing:

- 1. Interchange (over 400 levels depending on issuer, card type, how a card is processed, and risk).** The amount charged for Interchange goes to the bank that issued the card.





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**M. Scott  
BOWEN**

*Michigan Lottery Commissioner*

## Congratulations, Million-Dollar Retailers

**A**t the end of each year, it is always gratifying to see the level of success and commitment our retailers bring to the Lottery's business. Every one of you is integral to the operation, but we like to take a moment to recognize those who have excelled by achieving sales of \$1 million or more.

### **Congratulations to the following retailers:**

Seven Star Food Center Inc., Detroit  
Light House Liquor, Oak Park  
Parkway Foods, Detroit  
Sax Discount, Taylor  
MC Petro Inc., Detroit  
New Northend Market, Oak Park  
Monroe Liquor Plaza, Monroe  
Beverage 1, Detroit  
Big J Market, Detroit  
Luxor Market, Detroit  
Town & Country Liquor, Southfield  
Gratiot Fairmont Market, Detroit  
KS Station, Southfield  
Glass Bottle Shoppe, Detroit  
In N Out Store No. 31, Detroit  
New Super Fair Foods Inc., Detroit  
Nick's Party Store, Clinton Township  
Angelos Food Specialties, Benton Harbor  
Sunny Mart, Muskegon  
Stop N Shop II, Saginaw  
Liquor Basket Party Store, Saginaw  
Short Stop Depot, Saginaw  
Hamburg Pub, Hamburg  
Danny's Fine Wines, Oak Park  
Mario's Market, Lansing  
United Party Shoppe II, Dearborn  
Five Star Liquor, Dearborn  
Variety Foods Mini Mart, Dearborn  
Cherry Belt party Store, Inkster  
Scotia Stop Food Store, Oak Park  
Oak Liquor and Wine, Oak Park  
A & F Mini Mart, Inc., Utica  
Greenfield Party Shoppe, Southfield  
Gilbert's Lodge, St. Clair Shores  
Great Baraboo Brewing Co., Clinton Township  
Oakland Liquor Party Shoppe, Southfield

These retailers accounted for more than \$43.3 million in Lottery sales in 2011, a great achievement. We are grateful for your efforts and appreciate the excellent business partnership the Lottery has with you.

### **Instant Game Introductions**

As you know, instant games now launch monthly. On January 31, look for the \$1 Find the \$50s and \$100,000 Cashword, a \$3 ticket. On February 28, watch for the Cash for Life family of games, which features tickets priced at \$1, \$2, \$5, and \$10. This group of tickets has prizes ranging from \$400 to \$5,000 a week for life.

### **Expiring Instant Games**

Instant tickets set to expire on February 6 are IG 357 Michigan Cashword; IG 358 Dubble Bubble Bingo; IG 361 Aces High; IG 362 \$2,000,000 Jackpot; IG 364 Pure Gold; IG 368 Triple Cash Bash; IG 369 Happy Go Lucky; IG 377 Feel Like a Million; IG 378 Celebration; and IG 382 Money in the Mitten. Expiring on March 5 are IG 314 Money Bars; IG 327 \$300,000 Double Down; IG 370 \$5,000 Scratch; IG 375 Fiery \$500s; IG 376 Poker Multiplier; IG 381 The Price is Right; IG 387 Blazing Wild Time; and IG 396 Detroit Lions.

More than 95 cents of every dollar spent on Lottery tickets is returned to the state in the form of contributions to the state's School Aid Fund, prizes to players, and commissions to retailers. In fiscal year 2011, the contribution to schools exceeded \$727.3 million. Since its inception in 1972, the Lottery has contributed more than \$16 billion to education in Michigan.

For additional information, please visit the Lottery's website at [www.michiganlottery.com](http://www.michiganlottery.com).







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MATCH	PRIZE	<i>Increase your non-jackpot prize with POWER PLAY!</i>
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	\$10,000	\$40,000
	\$100	\$200
	\$100	\$200
	\$7	\$14
	\$7	\$14
	\$4	\$12
	\$4	\$12

Drawings still every Wednesday and Saturday!

**\$2**

Power Play® increases non-jackpot prizes only. Odds of winning: \$4: 1 in 56; \$4: 1 in 111; \$7: 1 in 707; \$7: 1 in 361; \$100: 1 in 12,245; \$100: 1 in 19,088; \$10,000: 1 in 648,976; \$1,000,000: 1 in 5,153,633; Jackpot: 1 in 175,223,510. Overall odds: 1 in 32. If you bet more than you can afford to lose, you've got a problem. Call 1-800-270-7117 for confidential help.



# B&B Carryout: An Old-Fashioned Country Store Still Has Appeal

Baked potatoes. Barbecue pork chops. Fried green tomatoes. Chicken and homemade noodles, served on a bed of mashed potatoes. You know, the kind of stuff you find at your local gas station, right? "Most gas stations, you can't get a baked potato," jokes Bo Bradley of B&B Carryout.

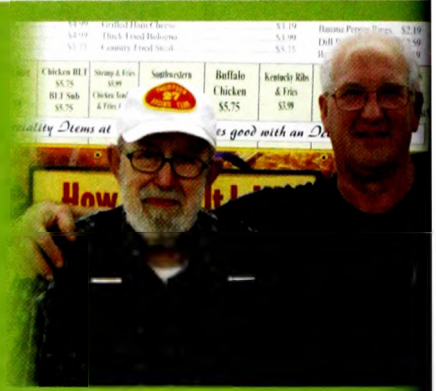
Customers of his establishment in Waynesville, Ohio, however, can and do. In fact, to accommodate those who have come to savor the tasty homemade offerings at B&B, Bo and his wife Gail—along with Bo's parents and co-owners, Kenneth and Ruth—recently nearly doubled the seating capacity.

Visitors are tempted by specials like 35-cent wing night and the home-cooked meals served on Thursdays and Fridays. "Wednesday, bring all your kids in," he offers. "They eat free." Tuesday is pizza night. Customers who dine in enjoy a two-topping pizza for only five bucks.

And that's not to mention the practically unbelievable lunch specials, known in these economically troubled times as bailouts. "I have four different bailouts you can get at my place," Bradley says. "Right now, you can get a quarter-pound cheeseburger, a half pound of fries, and a can of pop for \$3.99." Other four-dollar bailouts include a half-order of biscuits and gravy; coffee and a fried egg with bacon on top for breakfast; or two hot dogs, fries, and a can of pop.

"I'm not making a lot of money, but

**It's kind of like Cheers. A lot of our customers come in, and everybody knows their name and where they live.**



people know they can come in here and get a real good lunch for \$3.99," Bradley says. "We don't make as much, but we sell a lot of them, and it keeps them coming. When they're done, maybe they pick up a candy bar. It's worked out real well."

The carryout started in 1971. Bradley says, as a farmer's market started by his father and a friend. "They started it when they were laid off from work," he remembers. "But then they got called back, and I took over."

Bradley says the business grew into a small, simple convenience store. "It was just a little country store, where you reach in the coolers for a pop, before there were 30 different kinds of pop," he recalls. "There were six kinds of cigarettes and four kinds of pop." While the business has evolved and grown, the old-fashioned country store

is still part of the appeal, he says. And Kenneth Bradley, at age 84, still helps out—whether it's stacking firewood, or doing paperwork, and running around between banks.

"We're not full of chrome and shiny this and shiny that," he says. "It's kind like Cheers. A lot of our customers come in, and everybody knows their name and where they live. It's not a lot of corporate USA glaring at you all over the place."

Bradley says there are "breakfast groups" that come in and grab the same tables to sit and relax and "keep up with the times." Folks can come in and not only get a good sandwich, but also grab a dozen night crawlers or minnows from the tackle department, or a big stack of firewood, or propane.

"We just find out what our customers want, give it to them at a reasonable price, and make sure we're open when we say we're going to be open," he says.

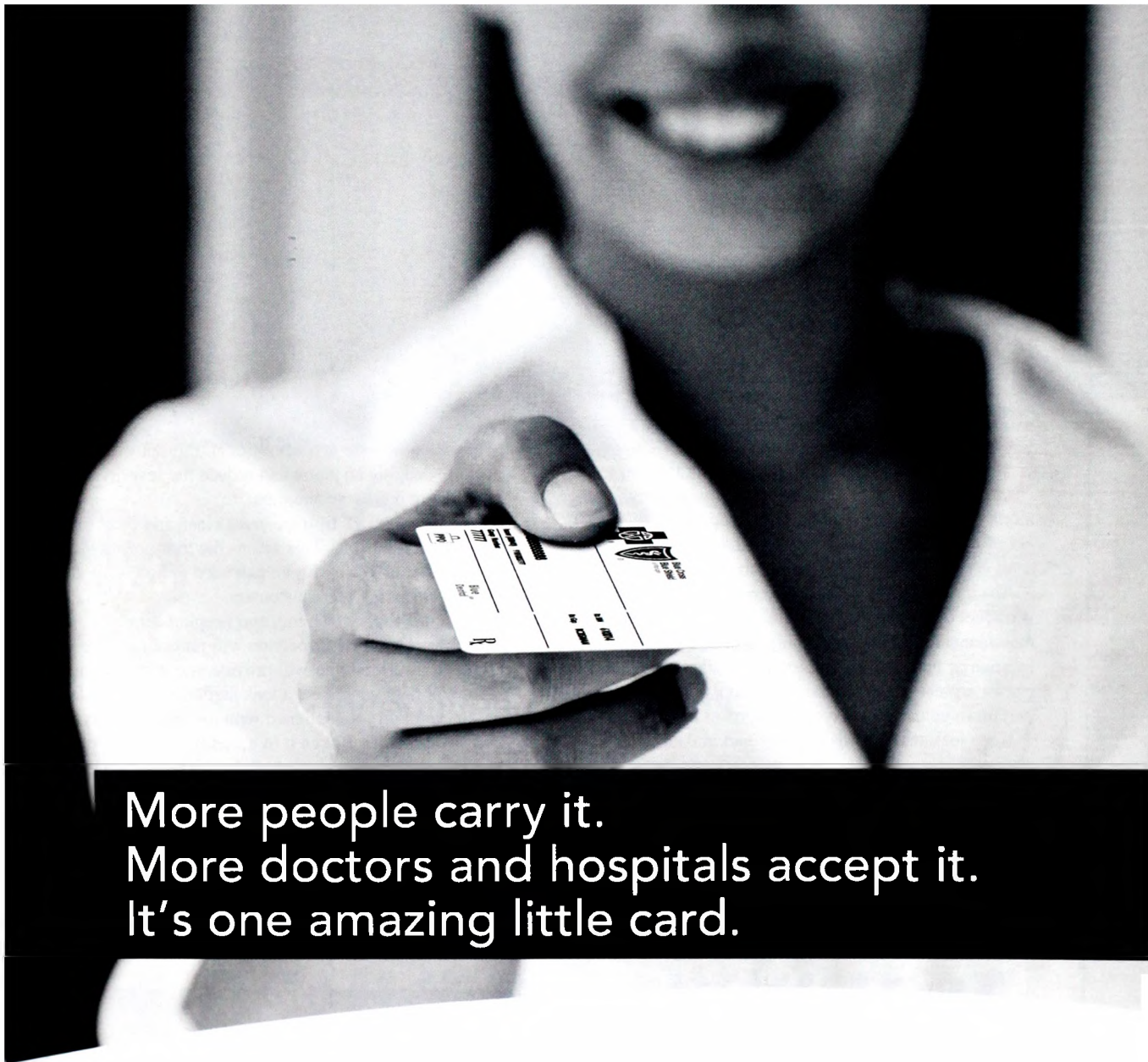
Bradley and his co-owners rely on AFPD and Liberty USA and other experts to do their job, too. "It would be foolish for me not to listen to them. They have a pulse on what people are buying," he says. "I let them come in, and they know where stuff should be. They know the top-25 sellers in every category, the top candy bars—and they spend a lot of money figuring that out."

So it's a seemingly pretty simple formula, and while barbecue pork chops may not be an essential part of that formula, they can't possibly hurt. ■



**We just find out what our customers want, give it to them at a reasonable price, and make sure we're open when we say we're going to be open.**





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**Ed  
WEGLARZ**  
*Executive Vice President, Petroleum*

## Ensure a Successful UST Inspection

**O**ut of sight, out of mind is a familiar cliché. But when it comes to underground storage tanks (USTs), piping systems, submerged pumps, remote monitoring inventory probes, and pump island dispensers, out of sight could mean a problem that will rear its ugly head and cost you dearly in time, money, and down-time.

It is important to monitor all these components of your fuel delivery system regularly, and keep records of maintenance. For insurance purposes, as well as inquiries by state or federal EPA inspectors, detailed record keeping can be a great friend. Gather and maintain all records that pertain to your UST delivery system.

Keep leak-test records together and in date order for easy review. Keep and maintain all invoices and receipts for maintenance work performed on your dispensing system. This action will show an inspector that you regularly implement sound business practices. Make thorough and detailed notes regarding what action was taken when a test was performed, a leak-test failed, or you experienced any system leakage problems.

Keep audio and visual alarms on inventory-monitoring

devices up-to-date and operational. Promptly acknowledging an alarm can reduce the severity of any petroleum discharge situation.

Keep your UST fill-pipe areas clean and clear of snow for quicker delivery. This means the transport truck won't block your driveway for an extended period of time, inconveniencing your customers.

Maintaining, organizing, and keeping detailed records in preparation for a inspection will reduce the time spent with an inspector, and will provide you with information that will help you detect a leak earlier, rather than later.

Shop for and stay aligned with the same UST system service provider. I liken it to a family practice doctor; he'll get to know your system, how it works, and what maintenance has been performed in the past. And in dire situations, you can hope your UST servicer has records of UST work done at your site.

The federal and state EPAs have been charged with performing inspections on UST systems at least every three years. Take steps now to make sure that visit is as pleasant as possible. ■■

**The federal and state EPAs have been charged with performing inspections on UST systems at least every three years. Take steps now to make sure that visit is as pleasant as possible.**







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# Navigating the New Financial Landscape

By Louis J. Peters, Jr.

The last 20 years of easy money allowed businesses and banks to operate more loosely. With the financial crisis, the banks are asking a lot of questions and requesting enormous amounts of information. Many borrowers are not equipped to handle this and do not know how to obtain financing.

Even before the crisis, banks and credit unions were heavily regulated by the federal government and the state. Today banks are regulated even more. The regulation comes in all forms. Two important areas that affect borrowers are credit or financial performance and portfolio management.

Banks have made financial performance of both the business and owner a top priority. Banks are looking for companies and owners with good cash flow, plus many other satisfactory financial ratios. Banks want up to date financials, strong income, and an owner that understands the company performance.

The days of saying "the collateral is good" or "you know I'm good for it" are gone. If the owner does not understand his company and personal financial performance, the loan will be denied. The bank wants an owner who has a good grasp of his financial situation and demonstrates how their business can pay a loan back.

Just like a financial planner advises to have a diversified stock portfolio, banks are supposed to have a diversified loan portfolio. Banks have certain capital ratios that regulators mandate. Loan portfolios should be in balance with the capital. Based on history, the riskiest loans for a bank are non-owner occupied real estate, also known as investment real estate. The largest losses to banks have come from these types of loans.

High-risk loans require banks to set aside large amounts of capital to back these loans. This is very costly for a bank. So, even though you may have paid as agreed, your bank may ask you to leave the bank. Often the bank is being forced to reduce its exposure to certain types of loans, such as investment real estate.

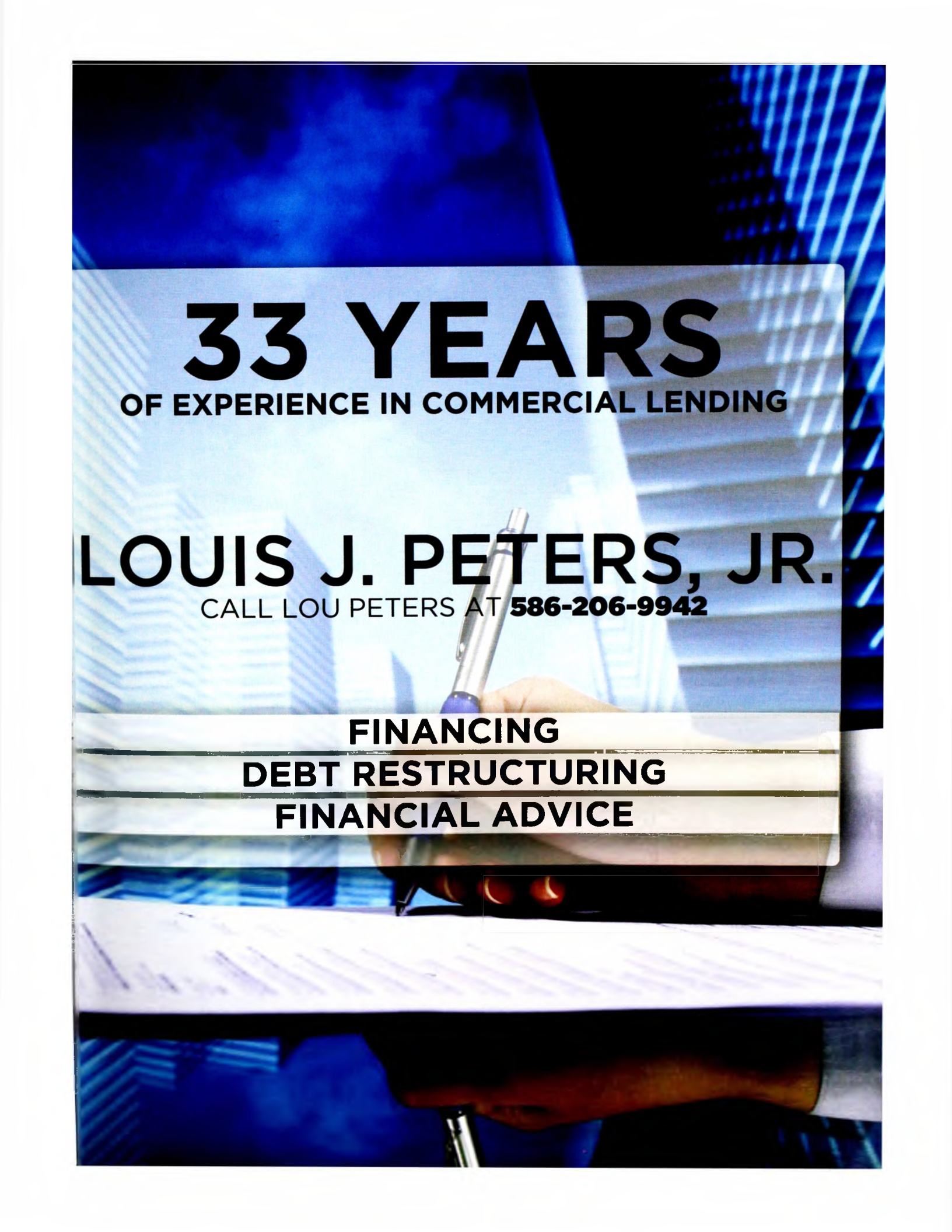
There is financing available, but a business owner needs to know what a bank is looking for and what types of loans a bank is interested in making. Today's retailers need to learn to work within the bank's parameters and can expect to spend a lot of time dealing with the bank, which takes time away from operating their business.

It is a new world, but the business owner can navigate the new financial landscape with the right knowledge or professional help. ■■■

*Louis J. Peters, Jr. has 33 years experience in commercial lending and currently assists companies in debt negotiations and financial advice. He can be reached at (586) 206-9942.*







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## Joseph PALAMARA

Associate, Karoub Associates

### Michigan Legislative Update

# What Legislative Issues Will Impact Your 2012?

**W**ith the 2012 calendar year getting geared up for a busy election season, AFPD is involved in a number of legislative issues that could impact the interests of the independent retailers who comprise AFPD.

## Six Senate Bills on Underground Storage Tanks

The Michigan Senate is expected to take up a six-bill package (SB 528, SB 529, SB 530, SB 531, SB 532, and SB 533) dealing with the Natural Resources and Environmental Protection Act to revise procedures for the clean-up of leaking underground storage tanks (USTs).

The proposed corrective measures are based on the American Society for Testing and Materials (ASTM) Standard Guide for Risk-Based Corrective Action Applied at Petroleum Release Sites (RBCA). Among the highlights of the six-bill Senate package are measures that would accomplish the following: (Please note this not an all inclusive list of the proposed changes.)

- Require leaking UST sites to be classified consistent with the process outlined in RBCA during the initial assessment;
- Exempt certain people from liability, and establish joint and several liability for a liable person;
- Authorize the attorney general to bring an action to abate an imminent and substantial endangerment to the public health, safety, or welfare;
- Allow a person to seek contribution from any other liable person during or after a civil action;
- Establish maximum liability for a release or threat of release to the total cost of corrective action and fines, plus \$50 million in damages, for the destruction of natural resources;
- Authorize the Michigan Department of Environmental Quality (DEQ) and the attorney general to enter into a consent order with a liable person to perform corrective action;



- Require members of the Response Activity Review Panel to have experience in the ASTM RBCA process;
- Allow an owner or operator to petition the DEQ for a contested case hearing to resolve disputes with the Department.

These bills were approved in the Senate Natural Resources, Environment, and Great Lakes Committee, chaired by Senator Tom Casperson (R-Escanaba), in December 2011. It is expected that they will be taken up by the full Senate prior to the Senate's Easter recess in April.

For additional information on underground storage tanks, please refer to the article by Ed Weglarz in this issue of *Bottom Line*, page 26.)

## ORR Report Expected Soon

Another wide ranging issue is the Office of Regulatory Reinvention (ORR) report called for in Executive Order 2011-5. Under this order, the 21-member Liquor Control Advisory Rules Committee (LCARC) appointed by Governor Rick Snyder functioned for 120 days in late 2011 before issuing an advisory report of their recommendations to ORR. Ultimately, it is ORR that will submit its findings and recommendations to the governor, based at least in part on the report from the LCARC.

Executive Order 2011-5 called upon LCARC to perform a comprehensive review of the entire liquor control system, and to evaluate the applicable rules based on a number of factors, including the health and safety benefits of the rules. "Health and safety benefits" will be a mantra that AFPD will frequently importune as this issue takes flight in 2012.

Once ORR releases its findings and reports to the governor, this Legislative Update column will serve to inform AFPD and its members of the containments of said report. Suffice it to say, AFPD will be vigilant and circumspect as to how it proceeds with the legislature and the Michigan Liquor Control Commission once the ORR report is released. Stay tuned to upcoming issues of *Bottom Line* as this potentially far-reaching and landscape-changing issue unfolds. ■



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## Jay R. LaBARGE

Partner, Bellanca, Beattie & DeLisle, P.C.

Legal Ease

# New Opportunity to Save on Property Taxes

**E**veryone knows that commercial property values have fallen sharply in recent years, but the reality is that property tax assessments in many localities have not been sufficiently reduced by local assessors to reflect current market values. The 2012 property tax assessment notices will be mailed in February, so now is the time for property owners to review their new tax assessments to confirm the assessments reflect current values or to seek a reduction.

The assessment notices mailed in February will list each property's tentative assessed value and taxable value for 2012. The assessed value is supposed to be equal to 50 percent of the "true cash value" of the property as of December 31, 2011. The term "true cash value" is defined under Michigan law as the "price that could be obtained for the property at private sale." The taxable value may be less than or equal to the assessed value depending on whether or not the taxable value has been uncapped due to a recent transfer of ownership.

If you believe the new assessment for any commercial or industrial property is too high, you may initiate an appeal by either protesting the assessment at the local board of review in March or by appealing directly to the Michigan Tax Tribunal by filing a petition on or before May 31, 2012.

If you elect to appeal the assessment to the local board of review in March and the board denies your protest, you still may appeal to the Michigan Tax Tribunal by filing a petition prior to the May 31, 2012 deadline.

Note that this article relates to the deadlines for commercial and industrial property only. There are different deadlines and procedures for residential and other types of properties. ■■

*Jay R. LaBarge is a partner at Bellanca, Beattie & DeLisle, P.C. and frequently represents property owners with commercial, industrial, and residential real and personal property tax appeals. He can be contacted at (313) 882-1100.*

**Now is the time for property owners to review their new tax assessments to confirm the assessments reflect current values, or to seek a reduction.**







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# Choose Wisely to Protect Your Bottom Line

With so many different payment processors in the marketplace offering so many different payment solutions, it's hard to determine which processor is best for your business. And it's a choice that can significantly impact your bottom line. It is important that merchants of all sizes take necessary steps to ensure they are protecting their business from fraud, keeping their data secure, and adhering to the compliance-driven initiatives mandated by the Payment Card Industry Security Standards Council (PCI SSC).

All things considered, the right payment processor is not only savvy to the varying and ever-changing protocols in the payments industry, they are also equipped with the knowledge, support, and products necessary to maximize your profits, minimize your risk, and maintain your professional reputation within your loyal customer base. Here's how to choose a processor that can protect you.

## PCI Compliant Solutions

Many merchants think PCI requirements are just for large businesses, but Visa's® Data Security Best Practices for Small Business indicates that 85 percent of all compromises occur at small businesses. Your processor should provide you with the tools and knowledge to understand what is required and why it is required. Not only should your business be compliant, but any point-of-sale (POS) software and terminals you utilize must also be compliant, and all payment applications must meet the Payment Application Data Security Standard (PA DSS). Merchants using third-party payment applications in the authorization or settlement of a credit card transaction are in scope for the PA DSS requirements. This includes POS systems, middleware, shopping carts, and store fronts—all of which are applicable to small business merchants.

## Risk Management and Fraud Prevention

Chargeback management can require hours of paperwork, and potentially cost you volumes in bottom-line expense. A reliable processor's in-house chargeback and risk department will conduct comprehensive reviews of both current and prospective accounts, enabling a proactive approach to risk management and fraud mitigation. Disputed transactions should be analyzed to eliminate and prevent unnecessary exposure, significantly benefiting both the business and the customer from a chargeback and fraud prevention perspective.

## Data Security Solutions

Protecting customer account data is a critical need for every company that accepts payments. Not only do merchants have to comply with the PCI DSS, they also have to consider the implications of a breach on their ongoing business operations.

Breach costs are estimated at between \$90 and \$305 per customer record, according to Forrester Research, with the average cost of a data security breach for a U.S. merchant is in excess of \$6.7 million.

A major approach for protecting card and personally identifiable data is encryption, which mathematically scrambles card data into an unreadable form that may only be decrypted using special hardware often operated by your processing partner. Since encryption removes the card number entirely from a merchant's terminal and computers, it can significantly lower a merchant's PCI DSS audit scope.

In addition to reducing fraud and keeping your data secure, your processor of choice should provide fast transaction speed

Your processor  
should provide  
you with the tools  
and knowledge to  
understand what  
is required and  
why it is required.



and have 100 percent system uptime. Keeping the lines moving smoothly during the checkout process will have a positive impact on your bottom-line profitability and should be a requirement.

Ultimately, the right payment processor should be consultative and provide unique solutions that adhere to your unique business needs. Included in this should be the ability to seamlessly integrate with your current point-of-sale solution, as well as helping you reduce fraud and meet all PCI requirements. Industry knowledge, experience, tenure, and reputation are all key elements of what makes for a reliable processor.

With constantly evolving compliance mandates, risk management initiatives, and data security standards, having the right payment processor can significantly increase profitability, minimize exposure, and enhance your customer loyalty efforts—all of which have the ability to positively impact your bottom line.

For additional information, contact Account Executive John Wilcox at (888) 464-9902 ext. 70255, email [john.wilcox@chasepaymentech.com](mailto:john.wilcox@chasepaymentech.com), or visit [www.chasepaymentech.com](http://www.chasepaymentech.com). ■





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 Panel Moderator  
 President, Founder and Author  
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W e s t e r n M i c h i g a n U n i v e r s i t y





## Andy DELONEY

*Chairman, Michigan Liquor Control Commission*

### Michigan Liquor Control Commission

## Renew Liquor Licenses by May 1

**T**he deadline for license renewal is quickly approaching and renewal packages will be mailed March 1, 2012. Don't jeopardize your ability to sell alcohol. Renew your license before the May 1 deadline.

All licenses expire on April 30 each year, and new licenses must be displayed on your premises by May 1 in order to continue to sell or serve alcoholic beverages and be in compliance with Section 501 of the Liquor Control Code and Rule 436.1107. If your license expires, you will not be able to order liquor from the MLCC.

The completed and signed original license renewal form and the required license fee must be received by the MLCC



before April 15 to ensure that your renewed license is received by May 1. Quick and easy online renewal is also available at [www.michigan.gov/lcc](http://www.michigan.gov/lcc). For more information on license renewals, call the Licensing Renewal Division at (517) 636-5246.

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## David GOODMAN

Director, Ohio Department of Commerce

Ohio Department of Commerce

# Three Big Changes in Ohio Law

**T**hree important changes in Ohio regulations will affect AFPD's Ohio members in 2012: minimum wage increase; liquor law provisions, and mandatory BUSTR training.

### Liquor Law Changes

House Bill 243, signed into law by Governor John R. Kasich in December, makes several significant changes that will provide new opportunities for businesses to grow and create jobs in Ohio. Following are some of the key provisions that go into effect March 22, 2012:



- **Growlers to Go:** Businesses that hold a D-8 permit allowing them to sell limited tasting samples of beer and wine will also be able to fill and sell "growlers" of beer for carryout. A growler is a reusable glass container whose capacity does not exceed one gallon into which beer is dispensed.

- **Spirituos Liquor Tasting:** Contract Liquor Agencies that hold a D-8 permit will be able to sell limited tasting samples of spirituous liquor for consumption on the premises.

- **Permit Transfers:** The practice of transferring liquor permits from one area of the state to another when it is designated as an economic development project (known as a "TREX" or transfer exempt from the permit quota) will expand. Permits will be able to move from anywhere in the state to an area that is over its permit quota.

Visit the Division of Liquor Control website at <http://com.ohio.gov/liqr/> for more information.

### BUSTR Training

In accordance with requirements of the 2005 Energy Policy Act, the Division of State Fire Marshal, Bureau of

Underground Storage Tank Regulation (BUSTR) is offering training to owners and operators of underground storage tank (UST) systems. All UST owners and operators are required to designate and train Class A, Class B, and Class C operators for each of their UST sites by August 8, 2012. Following is the BUSTR training schedule for 2012.

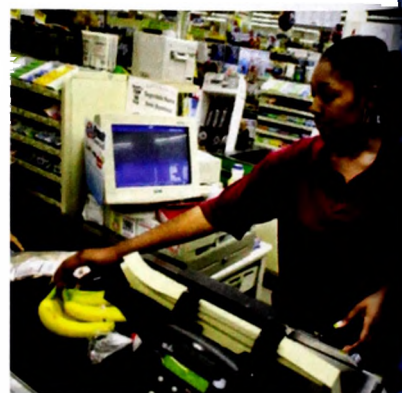
- Release Prevention Rule Seminar: February 2, and February 9, 2012
- Operations Training Seminar: March 28 and April 5, 2012
- Certified Installer Course: February 27, 2012
- Certified Inspector Course: April 9, 2012

More information on these events can be found at [www.com.ohio.gov/fire/ReleasePreventionInformation.aspx](http://www.com.ohio.gov/fire/ReleasePreventionInformation.aspx). Training is also available through private instructors. Please refer to the BUSTR website at [www.com.ohio.gov/fire/bustMain.aspx](http://www.com.ohio.gov/fire/bustMain.aspx) for the latest information on licensed private instructors and training dates.

### Ohio Minimum Wage Increase

Ohio's minimum wage increased on January 1, as required by a Constitutional Amendment passed by Ohio voters in November 2006 requiring an adjustment based on inflation.

Ohio's minimum wage increased to \$7.70 per hour for non-tipped employees and to \$3.85 per hour for tipped employees. The increase applies to employers who gross more than \$283,000 per year. For employees at smaller companies and for 14- and 15-year-olds, the state minimum wage is \$7.25 per hour. More information on Ohio's 2012 minimum wage is available at [www.com.ohio.gov/laws/docs/dico\\_MinimumWagePoster2012.pdf](http://www.com.ohio.gov/laws/docs/dico_MinimumWagePoster2012.pdf). ■■





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## Paul CONDINO

*AFPD Vice President, Government Relations*

### Political Action

# Taming the CAT

**L**ast year ended with "all hands on deck" by AFPD's government relations team in attempting to change the onerous Ohio Commercial Activities Tax (CAT). 2012 has begun with the same earnest effort, and the bipartisan Ohio House tax study committee is expected to release an analysis of recommended changes to the CAT any day now. AFPD VPs Ron Milburn, Ed Weglarz, and Paul Condino traveled to every tax study committee, along with AFPD retailers who shared their stories of just how negatively the tax affects their businesses. No Ohio issue remains more important to the AFPD government relations team than "taming the CAT."

While Ohio retailers recognize that the CAT has been effective in producing revenue for the state of Ohio, there have been unforeseen and negative consequences to the livelihood of independent gasoline retailers in Ohio. As owners of small businesses, AFPD members represent the lifeline of jobs and employment throughout Ohio. They are the true job creators. Currently, however, the CAT process poses a significant obstacle in keeping Ohio jobs, let alone creating jobs.

Simply put, the issue is that independent gasoline retailers in Ohio are called upon to absorb the full impact of the CAT, which is applied at up to three different points in the distribution of gasoline. Fuel is sold by the refiner to a jobber; then to a retailer; and finally to a motorist. Under the current process,

Ohio independent retailers pay the tax that is leveled at each of these distribution points for fuel, without any ability to pass the tax expense on. In other words, the retailer alone suffers the economic pain of paying at each distribution site.

Backed by evidence-based research conducted by the University of Cincinnati (funded by the Ohio Grocer's Association), AFPD is leading the charge in asking Governor Kasich and legislative leaders in Ohio to allow the CAT to be paid on all Ohio petroleum products at a single point of distribution: the "rack" (the terminal where trucks pick up the fuel to be delivered to retailers).

This solution, long supported by AFPD, would level the playing field for all gasoline retailers and independent jobbers, while not increasing the tax burden to any other taxpayer or sector in Ohio's economy. Moreover, the revenue stream to the state would remain the same.

With the CAT affecting about one quarter of AFPD's members, the government relations team will remain relentless in its advocacy on behalf of Ohio independent retailers. While Albert Einstein is likely correct in his assessment that "the hardest thing in the world to understand is the income tax," fundamental fairness is understood by all. Few issues will remain more important in Ohio than securing fair play and justice for the independent retailers by taming the CAT. ■ ■ ■



Photo by Biodiesel Magazine

**Currently, the CAT  
process poses a  
significant obstacle  
in keeping Ohio  
jobs, let alone  
creating jobs.**



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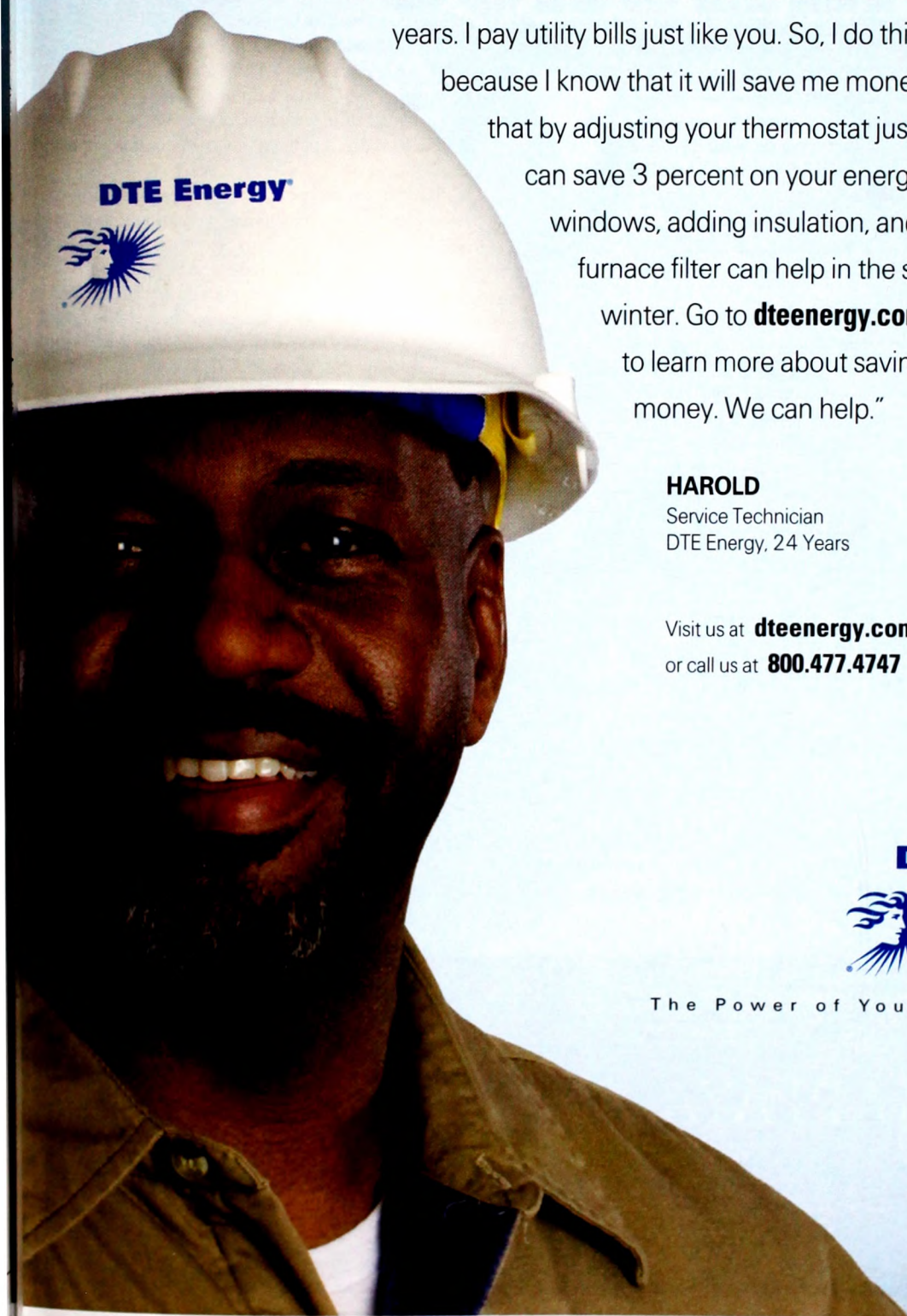
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## Vanessa DENHA-GARMO

Founder—Denha Media and Communications

AFPD Foundation

# New Year—New Initiatives

It is month two of a new year and for the AFPD Foundation, 2012 includes new ideas and new programs through a grass-roots approach to educating people about the Foundation and the work it does to give back to the community.

In February, AFPD partnered with Moses to recognize Black History Month and Martin Luther King Jr. in the first annual Beloved Community Lunch. The luncheon was created to focus on the merchant and the consumer in the city of Detroit, to discuss concerns, as well as identify commonalities. It is also part of AFPD's continued effort to establish long-lasting and quality relationships with leadership in the communities where our members do business.

AFPD began this new initiative last year by partnering with Detroit 300 to provide beverages and snacks for volunteers who are out on the streets of Detroit helping police find wanted criminals. Also last year, AFPD teamed up with Arise Detroit's Neighborhoods Day, where neighborhoods throughout the city highlight events and programs going on in their neighborhoods.

In addition to developing new programs, the Foundation is still very committed to its signature programs, including the Turkey Drive and Scholarship Luncheon. The Foundation will continue to raise funds to provide college scholarships to high

school graduates, as well as provide non-profits with turkeys to be delivered to needy families for Thanksgiving. As you know, AFPD delivered a record 5,100 turkeys in 2011.

The Foundation needs your help to get applicants for the scholarship program. Your children, employees, and customers are all eligible to apply. Apply online at [afpdonline.org](http://afpdonline.org) before March 31, 2012.

The AFPD Foundation board is researching ways to expand its programs to provide more charitable contributions to the communities where AFPD members operate their businesses.

As a member of AFPD, your ideas and support of the Foundation's efforts are welcomed and you are encouraged to be involved in our charitable contributions to the community.

I personally believe that what the Foundation does makes a difference. Heeding the words of a mentor, Mother Teresa reminds us, "We can do no great things, only small things with great love." ■■

*Vanessa Denha Garmo is a member of the AFPD Foundation board of directors and is AFPD's public relations consultant. She is a writer, speaker, consultant, voice talent, and founder of Denha Media and Communications.*

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Mayor-elect Donald Berkey (right) swears in David Freitag (left) as Bellevue City Treasurer.

## Freitag Tapped as City Treasurer

Bellevue Interim City Treasurer and former 4th Ward Councilman David Freitag has been appointed to fill the treasurer's position left vacant by Donald Berkey, who was elected Mayor of Bellevue. Freitag will finish Berkey's four-year term, which ends Dec. 31, 2013, and has committed to run a solid campaign to retain the position in the 2013 election.

"I will run a good campaign," Freitag told the Bellevue Republican Central Committee the committee members. Both Mayor-elect Berkey and former Mayor David Kyle, also a central committee member, supported the appointment.

"He worked with me all my years being mayor," Kyle told the other members and visitors from the county committee. Freitag said he has had experience campaigning, having run for Huron County Commissioner in 2006. He has also served three terms as the Bellevue 4th Ward councilman, served as chairman of the city budget committee, and has been a local businessman for 30 years. Kyle pointed out that Freitag was involved in the creation of the current downtown committee. ■■■

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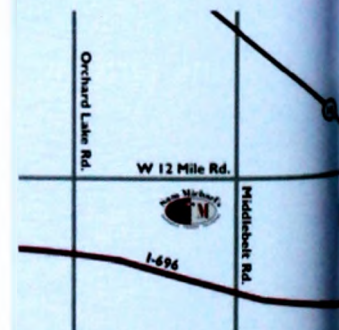
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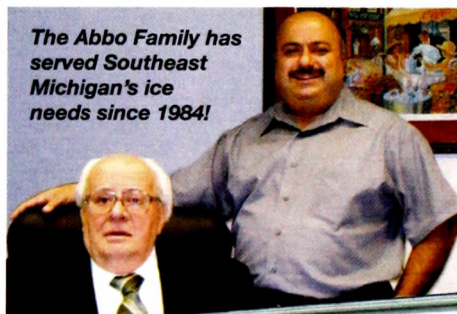
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# Your 2012 Guide to AFPD's Board of Directors

## Executive Committee



**JOE BELLINO, JR., CHAIRMAN**, spent his first business years in his family's beverage distributorship and is the owner of Broadway Market in Monroe. Bellino

has been an AFPD member for 12 years and previously served as the AFPD PAC committee chair and vice chairman of membership. He also serves on the Monroe Community College's board of trustees. Bellino says, "My favorite program is the Chase Paymentech credit and debit card processing. Chase's rate is great—nobody has been able to touch it in more than two years of trying. And the more members we get, the lower the rate."



**PAUL ELHINDI, VICE CHAIR GOVERNMENT & LEGISLATIVE AFFAIRS—PETROLEUM/AUTO REPAIR**, is the owner of Lyndhurst Valero,

a 4,000 square-foot gas station and convenience store in northern Ohio, as well as a number of Subway Restaurants. Elhindi says, "My favorite event is the annual Trade Dinner in February. This event brings all our industry business leaders, public officials, and our members and their families together to network and celebrate AFPD's accomplishments as the voice of independent retailers."

**NAJIB ATISHA, VICE CHAIR GOVERNMENT & LEGISLATIVE AFFAIRS—FOOD & BEVERAGE**, a retailer for 36 years, owns Indian Village Market and Lance's



**HOMETOWN MARKET** in Detroit. Najib is also a member of Barton McFarland Neighborhood Association and the Indian Village Association. He volunteers on

AFPD's board because he wants to help the association better serve its members to help them become more successful.



**AL CHITTARO, VICE CHAIR MEMBERSHIP FOOD & BEVERAGE**, has been President of Faygo Beverages, Inc. since 1974. He holds a B.S.

from Michigan State and a MBA from Madonna University. Chittaro was elected to AFPD's board in June 2000 and previously served as Treasurer. He says, "I stay involved with AFPD to help independent retailers beat the marketplace, and to help create ideas that will allow retailers to make more money. It's also important for all of us to support policies that are favorable to independent retailers."



**PAT LAVECCHIA, VICE CHAIR MEMBERSHIP—PETROLEUM & AUTO REPAIR** is the owner of Pat's Auto Service and a 44-year veteran of the petroleum

and repair industry. He has also served the Ohio membership as past president of OPRRA and the Great Lakes Petroleum, Retailers & Allied Trades Association. LaVecchia says, "My favorite program is AFPD's Liberty USA buying program."



**JERRY CRETE, VICE CHAIR LONG RANGE PLANNING**, is vice president of the 76-year-old Ideal Party Store in Bay City and has been in the

food and beverage business for more than 30 years. He holds a bachelor's degree in finance from MSU and a MBA from Central Michigan University. Crete also serves as a board member of the Bay Area YMCA, is treasurer of the 100 Club of Bay County, a board member of St. John's Parish, and is a member of Rotary International. He says, "My favorite event is the Holiday Show. It's a good opportunity to learn about what's available, especially the holiday packages, and see all our supplier reps at one time."



**PHIL KASSA, VICE CHAIR COMMUNITY RELATIONS** is the owner of Saturn Markets in Dearborn Heights & Detroit, Sak N Sav of Westland,

and Heartland Marketplace with locations in Farmington Hills and Westland, and a dollar store in Southfield. Kassa says, "My favorite event is the Turkey Drive because it helps so many people."



**BOBBY HESANO, SECRETARY**, is owner of D&B Grocers Wholesale, a wholesale food products warehouse that serves the gro-

cery industry and currently employs 35 people. Hesano also serves on

AFPD's Foundation Board, and has been an AFPD member since 1994. He says, "Involvement in AFPD helps us keep our finger on the pulse of the food industry and in tune with the needs of our customers. It also provides a way to develop synergies with other suppliers."



**JOHN DENHA, TREASURER** has owned 8 Mile Foodland family business and four other supermarkets in the Metro Detroit area since 1980.

He has been an AFPD retail director since 2004 and also serves on the Downtown Southfield Cornerstone Development Authority. Denha says, "I'm on the program endorsement committee and use as many of the programs as possible in my business. The programs give AFPD members something tangible for the dues they pay. The retailers benefit them and also help us help them."

## Food & Beverage Retail Directors



**FRANK AYALA** is the founder of Property Management & Development LLC, the president of The Brothers Liquor and Food, Inc., owner/operator of Walter's Shop

Place, and a member of various other LLCs. He has participated in the food, beverage, and petroleum industries since 1986 and is a corporate real estate officer.







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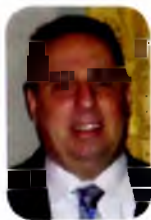
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veloper. Ayar earned an associate's degree from Lawrence Technical University and has received numerous awards for Detroit's Seven Mile neighborhood revitalization project. Ayar says, "All of AFPD's programs are very valuable to our members, and we should take advantage of as many of them as possible." He adds, "My favorite AFPD event is ALL of them, because each one has a different meaning."



**CLIFTON DENHA** has been a retailer for 42 years, owning more than 24 different stores throughout the course of those years, and has co-owned Wine

Palace in Livonia—one of the largest fine wine/liquor retailers in the state—with his brother for the last 25 years. Denha is serving his first term on AFPD's board and appreciates how the organization fights on behalf of independent retailers on issues like changes to Michigan's liquor laws. He says, "I also appreciate many of AFPD's programs, including health coverage and coupon redemption."



**JIM GARMO** has been active in two family-owned supermarkets since 1977 and in real estate, development, and property management since 1990.

He currently owns/operates Kuzana Enterprise, a development and real estate company. Garmo served on the board for AFD of Michigan and was elected to AFPD's board in May 1999. He joined the executive committee in 2004, and serves or has served on numerous other boards. Garmo says, "All of AFPD rebate programs are valuable and help us save money. I especially like the holiday food and wine/liquor show to see what's new for the holidays."



**AL JONNA** has been in the retail grocery business for more than 25 years and has owned and operated several



## AFPD 2012 Board of Directors

successful businesses including Vintage Market in Westland (25 years), Picnic Basket in Plymouth (22 years), and Jonna's Market in Taylor (7 years). Currently, he is developing plans to expand Picnic Basket for the third time. Jonna also partners in real estate developments in Howell, Plymouth, Clarkston, and Taylor, owning and managing centers. Jonna says, "My favorite event is the trade show, because I can see all the new products and services that are important to me and the business. It's a chance for me to see and meet with the people that sell me goods and discuss the options that could benefit me. Many of my questions get answered at this show and I see a lot of friendly faces."

## Food & Beverage Supplier Directors



**GARY DAVIS** is the general manager of Prairie Farms Dairy, a full line dairy supplier to all of Michigan and the Midwest. Davis has been in the food & beverage

industry for more than 30 years and has served on AFPD's board as vice chairman of long range planning, and on the membership and finance & legislation committees. Davis says, "The reason I am an active member of AFPD is because I feel it is important that, as an industry, we have proper representation in Lansing, Columbus, and Washington DC regarding all aspects of our daily business. AFPD excels at being our voice. I'm also proud of the extremely beneficial programs that AFPD has established."

**JASON ISHBIA** began his career in public accounting in southeast Michigan before starting at Sherwood Food Distributors more than



16 years ago. He is currently chief financial officer, overseeing all daily accounting and finance functions, including five distribution centers and 20 sales offices.

Ishbia graduated from Michigan State in 1991 with a degree in Business Administration. He joined the AFPD board in 2011 and is also active with many local charities, as well as a volunteer coach for youth athletic programs. Ishbia says, "My work with the AFPD board allows me to develop my relationship with the AFPD community and its members, and to take an active role in the direction our industry is headed."



**MARSHA KEENOEY** is the director of the Michigan Market for Diageo North America, a global alcoholic beverages company and the world's

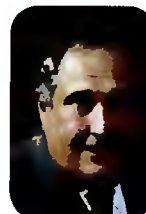
largest producer of spirits and a major producer of beer and wine. She has been in the food & beverage industry for more than 17 years, and her family owns medium-size running/specialty retail stores. Keenoy previously served on the AFPD board of directors from January 2008 to December 2009. She says, "I'm an active member of the AFPD team because I enjoy the AFPD footprint within the Michigan community. I like working to give back to the community and helping consumers in their neighborhoods."



**MIKE ROSCH** began his career in 1973 with J Lewis Cooper Company as a sales representative and left as a vice president

of sales to join General Wine & Liquor in 1988. Rosch currently holds the position of executive president of spirits at Great Lakes Wine & Spirits. He is a Wayne University graduate. Rosch is an active member of his community and local charities. He says, "I'm an active AFPD member so I can stay current on the food & beverage industry, both locally and legislatively. A significant number of our customers are from the independent trade, and they are a major source of our income. Being involved with AFPD helps Great Lakes Wine & Spirits gain a better understanding of the independent retail market."

## Petroleum/Auto Repair Directors



**DAVE FREITAG** is the owner of York Tire & Auto, has spent more than 30 years in the petroleum and repair industry. Freitag says, "I think that the

government affairs program is the biggest advantage to our members. We are in a time when government involvement in our industry is increasing almost daily. By having staff and board members involved with monitoring this, we are able to keep our members informed of rule and law changes. AFPD's staff members are recognized as experts in our industry, and many legislators and regulators ask for our input on matters that affect our members' profitability."



**MIKE KOZA** is the owner of High Point Oil in Farmington Hills, Michigan. He volunteers his time to help grocery store owners and gas station

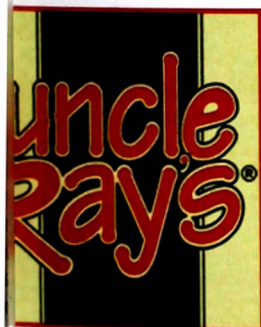
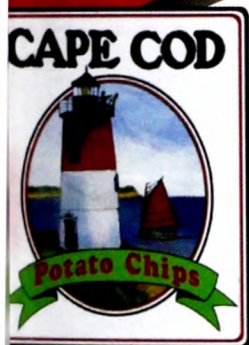
owners, and do whatever he can for the community. Koza says, "My favorite event is the Annual Trade Show. It gives members a chance to meet each other, as well as get ideas from our suppliers. There's always a lot to see and learn."





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**JIM MANDAS** is the owner of Broadway Market & Café and a former restaurateur. He was elected to AFPD's board of directors in May 2009 and

has also been an active volunteer at Children's Hospital. Mandas says, "Liberty USA has been my main supplier this year and they have helped me in many ways. In addition to facilitating ordering, they are great merchandisers. They are specialists in every aspect of the c-store industry, and can rearrange the store so that items are placed where they are easier for my customers to find. Liberty understands the needs of single-unit clients. I'm saving money and getting good ideas for my business."



**BILL MICHAILIDIS** has worked in the food and restaurant industry for more than 20 years. He is president of Delaware Market & Café in Dela-

ware, Ohio, as well as president of Hamburger Inn Diner. He graduated from the London School of Business majoring in automotive mechanical & electrical systems. Michailidis has also served as the president of the Greater Columbus Convention Center Merchants Association. Michailidis says, "My favorite AFPD event is the Annual Trade Dinner. It's a gala affair with a relaxed atmosphere where we can enjoy the camaraderie and get to know each other personally, instead of business as usual. It's a fantastic event."



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## AFPD 2012 Board of Directors

### Regional Directors



**REGION 1  
(WAYNE  
COUNTY):  
KENNETH  
ATCHOO** has been in the food and beverage industry since he was 10 years

old and began going to the Eastern market with his father. In 1977, Atchoo, his father, and his brother bought McK's Wine Shoppe in Garden City. Through the years, the family has bought and sold several other stores. He is active in various charitable events with his church. Atchoo says, "My favorite AFPD event by far is the golf outing, where you can eat, drink, and be outside with friends and do what I really enjoy—golf."



**REGION 2  
(OAKLAND  
COUNTY):  
BRIAN YALDOO** has worked in the food industry for more than 34 years and owns Hills Fine

Wine & Spirits in Bloomfield Hills. He was elected to AFPD's board of directors in 1995 and has served on the membership, charitable activities, and trade show committees. Yaldoo says, "My favorite event is the annual Turkey Drive because it's a wholesome and fun event that helps feed people who need assistance. It's good to hear their thanks and see the smiles on their faces when we let them know they are appreciated."

**REGION 3  
(MACOMB COUNTY): STEVE  
HONOROWSKI** is director of retail for Pepsi Beverages Company, overseeing retail planning and execution in Michigan. During his



13-year career, he has held leadership positions from food service to retail. Honorowski sits on the boards of SER Metro Detroit, SER

Chicago, and the Michigan Food & Beverage Association, and is active in non-profit organizations within his community. He spent his high school years in London, England, and earned his undergraduate degree from Michigan State. Honorowski says, "I enjoy developing a connection to the owners and operators who sell our products. Their voice helps us do what we do better—which benefits all of us."



**REGION 5:  
MARVIN YONO** has been in the food retailing industry for more than ten years and is the owner of Alpine Marketplace in

Linden and Towne Square Market in Monroe. He holds a B.B.A. from The University of Michigan, and is involved with numerous charities and organizations, including Linden Kiwanis, Arthur Lesow Community Center, and Linden Schools. Yono says, "My favorite program is the Chase Paymentech processing program. They provide the best rate of any processor I've seen. No other processor has been able to beat it."



**REGION 6:  
PERCY WELLS,  
III** is the director of public affairs & communications for Coca-Cola Refreshments, where he has been employed

for 10 years. He was previously with Total Petroleum for 13 years in

all phases of management. Well also serves on the board of directors for the Police Athletic League. He says, "I volunteer to understand the focus of the industry, and so we stay aligned with our customers to ensure we are providing value to them. It's also important to stay engaged on issues important to customers."



**REGION 7:  
HAROLD  
MCGOVERN** brings the experience of 24 years in the beverage alcohol business. His career spans both distribu-

tors and suppliers across multiple markets in numerous states. In his role at National Wine & Spirits, McGovern has worked closely with the legislature in Lansing to educate them on the industry challenges unique to Michigan. McGovern says, "The number one reason I am an active AFPD member is to stay close to the largest part of the Michigan market—the independent retail sector. Your members drive innovation, consumer awareness, and make up the largest share of collective volume. Plus, every time I'm with our members, I always learn something."



**REGION 9:  
VICKIE HOBBS** and her husband have owned and operated Whitehall Shell a gas station with a convenience store and

car wash in Columbus, Ohio for the past 20 years. Hobbs' station has won numerous beautification awards from the city of Columbus. She says, "I love so many of the programs that AFPD has to offer, especially the coupon program. It really makes my life easier just sending all my coupons to one place and feeling confident that they are taken care of. I think we have so many wonderful programs available for people to take advantage of that save us time and money."





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## Associate Director



**TIFFANY OTIS-ALBERT** has been in the health care industry for 20 years and is currently external sales distribution and strategic sales director

for Blue Cross Blue Shield of Michigan (BCBSM). A graduate of the University of Michigan in Ann Arbor, Otis-Albert is immediate past president of the Michigan Association of Health Underwriters (MAHU) and has served on the American Lung Association of the Midland States (ALAM); the Anti-Defamation League; the Coalition on Temporary Shelter (COTS); the City of Hope; and the Michigan Pro Athletes' Charity (MPAC). She received the 2006 Leadership Oakland Distinguished Leader Award for Corporate Leadership and was named to Who's Who in Black Detroit in 2011. Otis-Albert says, "I first became affiliated with AFPD through my responsibilities for association relationships with BCBSM. After meeting Auday and learning about the impact AFPD has



## AFPD 2012 Board of Directors

on our local communities and the value it brings to small businesses, I was hooked. As a leader in government and industry relations, AFPD is a critical resource for retailers."

## Emeritus Directors



**JIM HOOKS** is president of Metro Foodland, the only African-American owned/operated supermarket in Detroit and in Michigan. He has been in the

retail food business since 1969 and spent seven years with The Kroger Co. before buying his first store. Hooks has served on AFPD's board of directors since 2000, and also serves on several other boards. He says, "My favorite program is the Staples program, which saves us a

lot of money. My favorite event is the Annual Trade Dinner because it's a chance to see people I don't see throughout the year—plus it's not work."



**CHRIS ZEBARI** began his work career in the food/beverage industry as a wine salesman in 1984 and represented Pepsi for 14 years before joining Lipari

Foods as a sales rep. In addition to his supplier experience, Zebari grew up on the retail side, working in several family-owned stores. He was elected an AFPD supplier director in 1991. Zebari is also active with the City of Detroit Police Department, Detroit Public Schools' mentorship program, and local youth sports associations. He says, "I am an active member of AFPD because



**FRED DALLY** has owned/operated Medicine Chest in Detroit since 1985 and also owns Serra's Market & Domino's Pizza in Warren

with his three sons. He worked on many committees during his 19 years with the Associated Food Dealers of Michigan before joining AFPD in January 2002. Dally continues as an emeritus director and is active in AFPD's government affairs program. He holds a MBA from the University of Detroit. Dally says, "My favorite event is the Annual Trade Dinner. It's a chance to gather together to see many people, show how effective the association is, and how many people we can help. I also like the Turkey Drive and think the coupon redemption program is valuable



## Your 2012 Guide to AFPD Foundation Directors



**AUDAY ARABO, CHAIRMAN**, has served as president and CEO of AFPD since September 2010, taking over the reins upon the retirement of

Jane Shallal. Before AFPD, Arabo was president and CEO of the Neighborhood Market Association in California. He also worked for Congressman Brian Bilbray in Washington, D.C. and ran in a highly contested assembly seat in California. He graduated magna cum laude from San Diego State University and has a law degree from the California Western School

of Law. In his relatively short tenure, Arabo has already helped recruit more than 700 new members to the association, implemented a number of money-saving programs for members, and worked on key legislation such as food stamp disbursement and numerous alcohol and tobacco issues. "It's hard for me to pick just one favorite AFPD Foundation program because I think they all have their significant importance to our members, their families, and the communities they work in. The Annual Turkey Drive is a cherished event that AFPD is known for across the Midwest, but the Joseph Sarafa Scholarship Program is extremely important, too, because it invests in the future of our children."



**FRED DALLY, TREASURER**, has owned/operated Medicine Chest in Detroit since 1985 and also owns Serra's Market & Domino's Pizza

in Warren with his three sons. He worked on many committees during his 19 years with the Associated Food Dealers of Michigan before joining AFPD in January 2002. Dally continues as an emeritus director and is active in AFPD's government affairs program. He holds an MBA from the University of Detroit. Dally says, "My favorite event is the Scholarship Luncheon because it's

a good time to contribute to help kids who are in need of funds to attend college."



**CHRIS ZEBARI, SECRETARY**, began his work career in the food/beverage industry as a salesman in 1984 and represented Pepsi for 14 years

before joining Lipari Foods as a sales rep. In addition to his supplier experience, Zebari grew up on the retail side, working in several family-owned stores. He was elected an AFPD supplier director in 1991. Zebari is active with the City of Detroit







Great Lakes Wine & Spirits  
Congratulates the AFPD on their  
96th Annual Dinner



Police Department; Detroit Public Schools' mentorship program; and local youth sports associations. He says, "My favorite event will always be the Turkey Drive. I've been a part of it since its beginning, and now my children are involved, too. I feel a great sense of worth using this venue to give back to the Detroit community."



**ANGELA ARCORI  
TRUSTEE**

grew up with the Associated Food Dealers as part of her life, as her father, Frank, was a past-chairman and active member.

Arcori joined Signature Associates after graduating from the University of Michigan - Ann Arbor, and specializes in retail brokerage. Arcori is a member of the Chaldean Chamber of Commerce and Commercial Real Estate for Women (CREW). She says, "My favorite event is the Scholarship Luncheon because my family participates through the Frank G. Arcori Foundation and the chairs at this event are filled with hard-working people who value education."



**JAMES V.  
BELLANCA, JR.,  
TRUSTEE**, is

a business and corporate attorney with the firm of Bellanca, Beattie and DeLisle.

He has been general counsel to AFPD's board for 32 years and has also served as special counsel to the City of Lincoln Park, the Wayne County Circuit Court and Wayne County; is General Counsel to the Board of Directors of Holy Cross Children's Services; and is former President of the Catholic Lawyers Society. Bellanca earned his J.D. degree at the University of Detroit and has been a member of the Michigan Bar since 1969. He says, "My favorite Foundation event is the Scholarship Luncheon. It honors Joe Sarafa, who created the AFPD Foundation during his tenure as president, but because it rewards children whose parents work in the industry for their service to the public and to AFPD."



## AFPD 2012 Foundation Directors



**JOHN DENHA,  
TRUSTEE**, has owned 8 Mile Foodland, a family business, since 1989. He also serves on the Downtown Southfield Cornerstone

Development Authority. Denha says, "My favorite event is the Turkey Drive. I am proud that we've become the largest turkey drive in Michigan. It's satisfying to help families that are in need—especially in this economy when so many need help. It's a nice feeling to show we are committed to our communities."



**VANESSA  
DENHA-GARMO,  
TRUSTEE**, is a writer, speaker, and consultant; a radio reporter, talk show host and producer; and founder of

Denha Media and Communications. She was press secretary for Wayne County Executive Robert Ficano for seven years. She volunteers with the Chaldean American Ladies of Charity; the Eastern Catholic Re-Evangelization Center (ECRC); and supports programs at her church including the Adopt a Refugee program. Denha-Garmo says, "My favorite Foundation program is the scholarship program. An education is among the most valuable things you can obtain in life because, once you have it, it can never be taken away. An education enables people to improve their quality of life."



**BOBBY HESANO,  
TRUSTEE**, is owner of D&B Grocers Wholesale, a food products warehouse that serves the grocery industry

and currently employs 35 people. Hesano has been an AFPD member since 1994. He says, "Hands down,

my favorite Foundation event is the Scholarship Luncheon. It is gratifying to help these kids and I've personally supported a scholarship in memory of my father for the past three years."



**JIM HOOKS,  
TRUSTEE**, is president of Metro Foodland, the only African-American owned/operated super-market in Detroit and in Michigan.

He has been in the retail food business since 1969 and spent seven years with The Kroger Co., and also serves on several other boards. He says, "My favorite Foundation event is the Scholarship Luncheon because I keep dreaming about my son winning a scholarship someday."



**JOE BELLINO,  
TRUSTEE**, spent his first business years in his family's beverage distributorship and is the owner of Broadway Market in Monroe. Bellino

has been an AFPD member for 12 years and previously served as the AFPD PAC committee chair and vice chairman of membership. He also serves on the Monroe Community College's board of trustees. Bellino says, "My favorite program is the Chase Paymentech credit and debit card processing. Chase's rate is great—nobody has been able to touch it in more than two years of trying. And the more members we get, the lower the rate."



**TIFFANY  
OTIS-ALBERT,  
TRUSTEE**, has been in the health care industry for 20 years and is currently external sales

distribution and strategic sales director for Blue Cross Blue Shield of Michigan (BCBSM). A graduate of the University of Michigan in Ann Arbor, Otis-Albert is immediate past president of the Michigan Association of Health Underwriters (MAHU) and has served on the American Lung Association of the Midland States (ALAM); the Anti-Defamation League; the Coalition on Temporary Shelter (COTS); the City of Hope and the Michigan Pro Athletes' Charity (MPAC). Otis-Albert says, "My favorite Foundation event is the scholarship program because it recognizes deserving students pursuing higher education. I was impressed with the intelligence, talent, and dedication to community service of last year's award winners exhibited



**MIKE QUINN  
TRUSTEE** is joining Pepsi after completing his BBA at Eastern Michigan University in 1985. Quinn has worked in

many capacities, and is now Pepsi director of convenience, grocery and dollar channels for the Central business unit. He has served on AFPD's board as well as Orphan Children's Services. Quinn says, "My favorite Foundation event is the Scholarship Luncheon, because it's great to see the talented kids we are helping. I'm always impressed by the outstanding people I meet every year, and proud that Pepsi worked with AFPD to establish a fund for this important program."



**PAMALA  
WOODSIDE,  
TRUSTEE**, is principal account manager in marketing for national and international accounts at U.S. Energy. Prior to

this assignment she was an account representative helping organizations such as AFPD and its members with customer service issues. Woodside says, "My favorite Foundation event is the annual Turkey Drive, because it's giving back to the community and touching hearts and lives."







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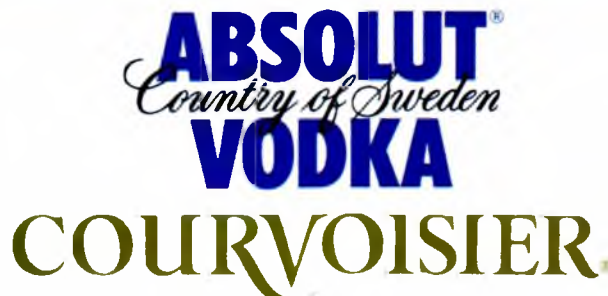


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# Tell Your Kids: Create a Winning Video and Meet Lions Quarterback

From carrying groceries, walking the dog, or eating fruits and vegetables, Blue Cross Blue Shield of Michigan (BCBSM) wants to know how kids grades 4-8 would make Michigan healthier through its "Make the Play" for a healthier Michigan video contest. The winning school will get to star as a host of their own healthy eating show on *AHealthierMichigan.org* and receive a school assembly with Detroit Lions Quarterback Matthew Stafford.

The program was inspired by 10-year-old Marshall Reid, a North Carolina native, who documented his fight against childhood obesity through "Portion Size Me" videos.

The deadline for submissions is 11:59 p.m. on March 25, 2012. In April, 10 semi-finalists will be selected and notified, and their video submissions will be posted on *AHealthierMichigan.org* for a two-week open-voting period. The winner will be announced in early May.

Video submissions should answer: "What would you do to



make Michigan healthier?" and include how to live a healthy life, starting with the student, their family, and/or their classroom. Videos should also include how to communicate healthy lifestyle choices with families and students and be no more than two minutes long.

Students can submit a video using any digital recording device using an MP3 format, such as a smart phone, iPad, flip video, or webcam, or they can upload a video via YouTube. For more information, visit *AHealthierMichigan.org/kidcontest*. Students must be enrolled in an accredited public or private learning institution within the state of Michigan to participate. Runners up will receive prize packages.

The contest adds a new dimension to BCBSM's efforts to combat childhood obesity by encouraging kids to share their ideas using creativity and new media. ■■■

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FALL/WINTER CATALOG  
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## ASSOCIATIONS

AMR - Association Management Resources	(734) 971-0000
Clean Fuels Ohio	(614) 884-7336



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American Communications of Ohio	(614) 855-7790
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Hearth Ovens Bakers by Masons Bakery	(313) 636-0401
Hostess Brands	(248) 588-3954
Michigan Baking Co. - Hearth Oven Bakers	(313) 875-7246

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 <b>1 Source Capital Commercial Financing</b>	(858) 672-0105
 <b>Lincoln Financial Group Advisors</b>	(248) 948-5124
Bank of Michigan	(248) 865-1300
Flagstar Bank	1-800-945-7700
Huntington Bank	(248) 626-3970
Louis J. Peters - Financing, Debt Negotiation, Turnaround	(586) 206-9942

## BEER DISTRIBUTORS & SUPPLIERS

Eastown Distributors	(313) 867-6900
Great Lakes Beverage	(313) 865-3900
Michigan Brewing/American Badass Beer	(517) 521-3600
MillerCoors	(248) 789-5831
O.K. Distributors	(269) 983-7469
Tri County Beverage	(313) 584-7100

## BOOKKEEPING/ACCOUNTING CPA

Alkamano & Associates	(248) 865-8500
Garmo & Co. PC	(248) 672-4105
Marconi/EK Williams & Co.	(614) 837-7928
Samona & Boogren, PC	(248) 565-8907
Shimoun, Yalido, Kashat & Associates, PC	(248) 851-7900
UHY-US	(248) 355-1040

## BUSINESS COMMUNICATIONS

 <b>*Comcast</b>	(248) 343-9348
Clear Rate Communications	(248) 556-4537

## CELLULAR PHONES & MOBILE MARKETING

 <b>Mousetrap Group</b>	(248) 547-2800
 <b>Sprint Communications</b>	(248) 943-3998

## CHICKEN SUPPLIERS

Krispy Krunchy Chicken	(248) 821-1721
Taylor Freezer	(734) 525-2535

## CHIPS, SNACKS & CANDY

Anthony-Thomas Candy Co.	(614) 274-8405
Better Made Snack Foods	(313) 925-4774
Beyond Chocolate	(586) 838-7540
Frito-Lay, Inc.	1-800-359-5914
Kar's Nut Products Company	(248) 588-1903
Molotov Snacks (Jays, Cape Cod, Tom's Archway, Stella Dora)	(313) 931-3205
Uncle Ray's Potato Chips	1-800-800-3286

## COFFEE DISTRIBUTORS

 <b>*Folgers</b>	(717) 468-2515
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## CONSTRUCTION, BUILDING & LANDSCAPING

Creative Brick Paving & Landscaping	(248) 230-1600
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## CREDIT CARD PROCESSING

 <b>Chase Paymentech</b>	1-866-428-4966
First Data Independent Sales	1-877-519-6006
Next Day Funding, LLC	(517) 214-4611



## C-STORE & TOBACCO DISTRIBUTORS

 <b>**Liberty USA</b>	(412) 461-2700
Bull Dog Wholesale	1-877-666-3226
H.T. Hackney-Grand Rapids	1-800-874-5550
S. Abraham & Sons	(616) 453-6358
United Custom Distribution	(248) 356-7300
Who's Your Daddy Distributor	(248) 743-1003

## DISPLAYS, KIOSKS & FIXTURES

Detroit Store Fixtures	(313) 341-3255
Rainbow Hi Tech	(313) 794-7355
Sitto Signs	(248) 399-0111

## ENERGY, LIGHTING & UTILITIES

 <b>*DTE Your Energy Savings</b>	1-866-796-0512
 <b>**DTE Energy Supply (OH, PA &amp; IL)</b>	(734) 887-2176
Amenfirst Energy (Gene Dickow)	(248) 521-5000
DTE Energy	1-800-477-4747
Murray Lighting Company	(313) 341-0416
Vantaura Energy Services	(616) 366-8535
Walker-Miller Energy Services	(313) 366-8535

## FOOD EQUIPMENT & MACHINERY

Culinary Products	(989) 754-2457
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## FOOD RESCUE

Forgotten Harvest	(248) 967-1500
Gleaners Community Food Bank	(313) 923-3535

## FRANCHISING OPPORTUNITIES

Buscemi Enterprises, Inc.	(586) 296-5560
Kasapis Brothers/Ram's Horn Restaurants	(248) 350-3430
Tubby's Sub Shops, Inc.	1-800-497-6640

## GASOLINE WHOLESALE

The Anderson's Inc. (E-85)	(419) 891-9100
Central Ohio Petroleum Marketers	(614) 886-1100
CFX Management	(937) 420-1100
Gilligan Oil Co. of Columbus, Inc.	1-800-358-1100
High Pointe Oil Company	(248) 474-0100
Obie Oil, Inc.	(937) 275-0100
Reliable Oil Equipment	(937) 686-1100
Superior Petroleum Equipment	(614) 539-1100

## GREETING CARDS

 <b>Leanin' Tree</b>	1-800-556-7819 ext. 41
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## GROCERY WHOLESALE & DISTRIBUTORS

Burnette Foods, Inc.	(231) 264-1100
Capital Sales Company	(248) 542-4100
Cateraid, Inc.	(517) 546-1100
Central Grocers	(815) 553-1100
Complimentary Foods	(734) 545-1100
D&B Grocers Wholesale	(734) 513-1100
General Wholesale	(248) 355-1100
George Enterprises, Inc.	(248) 851-1100
Great North Foods	(989) 356-1100
Jerusalem Foods	(313) 848-1100
Kap's Wholesale Food Services	(313) 832-1100
Spartan Stores, Inc.	(616) 878-2100
SUPERVALU	(937) 374-1100
Value Wholesale Distributors	(248) 967-2100

## HOTELS, CONVENTION CENTERS & BANQUET HALLS

A & M Hospitality Services	(586) 757-4100
Hampton Inn - Commerce	(248) 863-3100
Hampton Inn - Shelby	(248) 624-1100
Holiday Inn Express - Commerce	(248) 624-3100
Farmington Hills Manor	(248) 888-1100
Petruszello's	(248) 879-1100
Shenandoah Country Club	(248) 683-4100
Suburban Collection Showplace	(248) 348-5100

## ICE CREAM SUPPLIERS

 <b>Nestle DSD</b>	1-800-328-3397 ext. 140
 <b>*Prairie Farms Ice Cream Program (Large Format)</b>	1-800-399-6970 ext. 11
Pars Ice Cream Company, Inc.	(313) 291-1100

## ICE PRODUCTS

Arctic Glacier, Inc.	1-800-327-1100
Home City Ice	1-800-759-1100
U.S. Ice Corp.	(313) 862-1100



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**\* Indicates supplier only available in Michigan**

**\*\* Indicates supplier only available in Ohio**




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 CareWorks	1-800-837-3200 ext. 7188
 Cox Specialty Markets (North Pointe) (Underground Storage Tanks)	1-800-648-0357
tree Insurance	(734) 452-9199
Northern Insurance Agency	(248) 856-9000
Farm Insurance (Agent Dawn Shaouni)	(248) 879-8901
as-Fenner-Woods Agency, Inc.	(614) 481-4300
Lyndall Insurance	(440) 247-3750



## URANCE SERVICES: HEALTH

 BCBS of Michigan	1-800-666-6233
elo, Ramsby & Assoc.	1-800-263-3784
are Plus, Inc.	(313) 267-0300
Husaynu & Associates	(248) 851-2227

## ENTORY SERVICES

Inventory	(586) 718-4695
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## IAL SERVICES

 Bellanca, Beattie, DeLisle	(313) 882-1100
 Pepple & Waggoner, Ltd.	(216) 520-0088
tings, McClorey, Davis & Aho, PLC	(734) 261-2400
a & Associates	(248) 265-4100
& Elias, PC	(248) 865-8400
r & Phillips, LLP	(858) 597-9611
Schram, PC	(248) 335-5000
aya Law, PC	(248) 626-6800
kes, Gadd & Silver, PC	(734) 354-8600
. Alton & Horst	(614) 228-6885
offices of Kassab & Arabo, PLLC	(248) 865-7227
ni, Orow, Mekani, Shallah & Hindo, PC	(248) 223-9830

## TERY

zh Corporation	(517) 272-3302
gan Lottery	(517) 335-5648
Lottery	1-800-589-6446

## GAZINE & TRADE PUBLICATIONS

xit Free Press	(313) 222-6400
xit News	(313) 222-2000
ews Distributors	(586) 978-7986
igan Chronicle	(313) 963-5522

## AT & DELI DISTRIBUTORS

A United Meat	(313) 867-3937
Z Portion Control Meats	(419) 358-2926
& Sons	(810) 387-3975
r Fresh Foods	(313) 295-6300
Foods	(586) 447-3500
ette Market	(313) 875-5531
wood Foods Distributors	(313) 659-7300
ks Food Corp	(586) 727-3535
enne Packing Company	(313) 259-7500


## MILK, DAIRY & CHEESE PRODUCTS

 Prairie Farms Dairy Co.	(248) 399-6300
 Dairymens	(216) 214-7342
Country Fresh	1-800-748-0480



## MISCELLANEOUS

Pyramid Sunglass Company	1-800-833-3996
SureGrip Floor Safety Solution	(850) 264-8537
Validator	(386) 308-2543

## MONEY ORDERS/MONEY TRANSFER/ BILL PAYMENT

 MoneyGram International	MI (517) 292-1434
	OH (614) 878-7172

## OFFICE SUPPLIES & PRODUCTS

 LB Office Products	1-800-826-6865
 Staples	1-800-693-9900 ext. 584

## PAYROLL PROCESSING & HUMAN RESOURCES

Total HR Services, LLC	(248) 601-2850
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## PIZZA SUPPLIERS

Hunt Brothers Pizza	(615) 259-2629
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## POINT OF SALE

BMC - Business Machines Specialist	(517) 485-1732
Caretek (Security, Credit Card, Point of Sale and more!)	1-866-593-6100

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Michigan Logos	(517) 337-2267
Walt Kempinski Graphics	(586) 775-7528

## PRODUCE DISTRIBUTORS

Ace Produce	(248) 798-3634
Heeren Brothers Produce	(616) 452-2101
Tom Maceri & Son, Inc.	(313) 568-0557

## REAL ESTATE

Centro Properties Group	(248) 476-6672
Judeh Tax Appeal Team	(313) 277-1986
Lighthouse Real Estate	(248) 210-8229
Signature Associates - Angela Arcon	(248) 359-3838

## REFRIGERATION & REFRIGERATION SOLUTIONS

Phoenix Refrigeration	(248) 344-2980
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## REVERSE VENDING MACHINES/RECYCLING

TOMRA Michigan	1-800-610-4866
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## SECURITY, SURVEILLANCE & MORE

Central Alarm Signal	(313) 864-8900
StarTech Solutions, LLC	1-866-755-9916

## SHELF TAGS

JAYD Tags	(248) 730-2403
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## SODA POP, WATER, JUICES & OTHER BEVERAGES

 Monster Energy Company	(586) 566-6460
 Nestle Waters Supermarket Program	(734) 513-1715
7UP Bottling Group	(313) 937-3500
Absopure Water Co.	1-800-334-1064
Arizona Beverages	(313) 541-8961
Buckeye Distributing (AnZona)	(440) 526-6668
Coca-Cola Refreshments	Auburn Hills (248) 373-2653
	Belleville (734) 397-2700
	Metro Detroit (313) 868-2008
	Port Huron (810) 982-8501
Coca-Cola Refreshments - Cleveland	(216) 690-2653
Faygo Beverages, Inc.	(313) 925-1600
Garden Food Distributors	(313) 584-2800
Intrastate Distributors (Snapple)	(313) 892-3000
Pepsi Beverages Company	Detroit 1-800-368-9945
	Howell 1-800-878-8239
	Pontiac (248) 334-3512
RL Lupton Distributing (AnZona)	(216) 475-4150

## SPECIALTY FOODS

Cousin Mary Jane	(586) 995-4153
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## TOBACCO COMPANIES & PRODUCTS

Altria Client Services	(513) 831-5510
Beamer Co. (Hookah's & supplies)	(248) 592-1210
Nat Sherman	(201) 735-9000
R J Reynolds	(336) 741-0727
S & E Distributor, Inc. (e-cigarettes)	(248) 755-8926
Westside Vapor (e-cigarettes)	(614) 402-0754

## WASTE DISPOSAL & RECYCLING

National Management Systems	(586) 771-0700
Smart Way Recycling	(248) 789-7190

## WINE & SPIRITS COMPANIES

Beam Global	(248) 471-2280
Brown-Forman Beverage Company	(248) 393-1340
Diageo	1-800-462-6504
Ghost Vodka	(616) 835-4108
Heaven Hill Distilleries	1-800-348-1783
Treasury Wine Estates	(734) 667-3515

## WINE & SPIRITS DISTRIBUTORS

Great Lakes Wine & Spirits	(313) 867-0521
National Wine & Spirits	1-888-697-6424
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**- Indicates supplier only available in Michigan**

**\*\* Indicates supplier only available in Ohio**

The *AFPD Bottom Line* (USPS #2331; ISSN 0894-3567) is published monthly with one annual special edition by AFPD—The Voice of Independent Retailers, at 5779 W. Maple Rd., West Bloomfield, MI 48322. Material contained within *AFPD Bottom Line* may not be reproduced without written permission from AFPD.

Periodicals postage prices paid at Pontiac, MI and additional mailing offices.

The opinions expressed in this magazine are not necessarily those of AFPD, its board of directors, staff members, or consultants. Bylined articles reflect the opinions of the writer.

**POSTMASTER:** Send address changes to *AFPD Bottom Line*, 5779 W. Maple Rd., West Bloomfield, MI 48322.

AFPD works closely with these associations:



## Calendar



—February 24, 2012—

### AFPD's 96th Annual Trade Dinner & Ball

Diamond Center  
Suburban Collection Showplace  
Novi, MI



—March 27-29, 2012—

### Ohio Safety Congress & Expo

Congress: March 27-29; Expo March 28-29  
Greater Columbus Convention Center  
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—April 25, 2012—

### AFPD Annual Food & Beverage Trade Show

Suburban Collection Showplace  
Novi, MI

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