

BottomLine



THE VOICE OF INDEPENDENT RETAILERS // VOL. 27, NO. 9 // SEPTEMBER 2016

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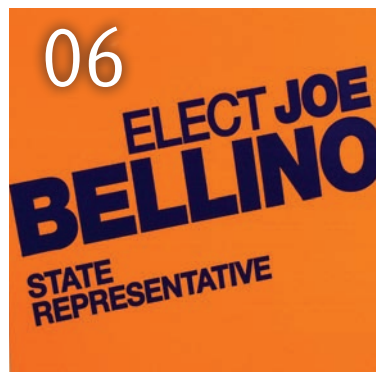
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BottomLine



THE VOICE OF INDEPENDENT RETAILERS
VOL. 27, NO. 9 // SEPTEMBER 2016

features



AFPD FUNDRAISER SUPPORTS THE BELLINO ELECTION CAMPAIGN

AFPD hosted a fundraiser for the campaign of board member Joe Bellino Jr., owner of Broadway Market in Monroe, MI. Bellino is running for the Michigan State House in the 17th District. This district covers the north-eastern part of Monroe County, and three areas of Wayne, Sumpter, Rockwood and Flat Rock



POLICY WATCH // THE EVER INCREASING COST OF PROCESSING CREDIT/DEBIT CARDS

It is undeniable that the way retailers process credit and debit cards have undergone major changes. All these changes result in greater costs to business owners. The charges levied on retailers to process plastic seem exorbitant. From swipe fees to newly required technology and now chargebacks, the customer payment landscape across the country has changed dramatically.



COVER STORY // FSIS ENFORCEMENT OF RULING ON GRINDING RAW BEEF

The Food Safety Inspection and Inspection Service (FSIS), on December 14th, 2015, published a final ruling that targeted establishments and retail stores that grind raw beef. The ruling states that "records are to be kept by official establishment and retail stores that grind raw beef products."



president's message

AUDAY P. ARABO, ESQ. // AFPD PRESIDENT & CEO

Make a Decision

New regulations, EMV issues, local bans on plastic bags, and new age restrictions on tobacco are just a few issues some of our members face depending on their geography. It is so easy to be overwhelmed or cynical or get down on yourself. How about all the new competition coming at you from various parts of the industry? Everyone seems to be fighting for the shrinking pie, but wait; how about online retailers like Amazon and others and all the new technology taking over the food, beverage and petroleum industries? You better not give up! We are all in this together.

I often wonder how the stand-alone retailer deals with all these issues when they are not AFPD members. It is tough out there, but as they say, when the going gets tough, the tough get going! This is why this month, we have an article discussing looking yourself in the mirror and either reinvesting in your business or selling your business. This is a tough decision and requires a lot of inner reflection, especially if the business has been in the family for a long time. Delaying the inevitable is so sad to see.

As the son of a grocer, it breaks my heart when I see a once vibrant retailer turn into a shell of themselves because they did not budget for reinvesting in their business. It may be getting even tougher to reinvest, but alternative funding is available for retailers. If there is a will, there is a way. Banks and credit unions, suppliers and even funds like the Michigan Good Food Fund are all at your fingertips. The real question is: do you want to double down on your business? Is this something I really love to do, or is this industry just a means to another end? Do you wake up early in the morning and sprint to work to greet your customers or do have to drag yourself in and go through the routine?

I know some retailers have told me their business is like a prison for them, while others love going to work every day. It is proven, if you love what you do, you will do it better. You will want to continue learning and find the new trend, the new product or the new cutting edge technology for your business and your customers. By the way, there is no right or wrong answer to how you feel or your future. You need to decide what is best for you and your family. There is nothing wrong with selling your business and there is nothing wrong with reinvesting in your business and keeping it in the family. However, if you do not make a decision and are constantly stuck in limbo, others in the industry will pass you by and you will feel like the person who stayed at the dance too long.

I am telling you from experience. I grew up in the grocery industry in Southern California and I knew it was not for me so I went to school and became an attorney. At the same time, after my father passed, I witnessed my uncles' decision to not reinvest in their three prominent grocery stores. Now, almost ten years later, they are down to only one supermarket and only one of my uncles runs it. There was no room anymore for three families to live off what was left. The industry passed them by because they did not reinvest or sell their stores. This industry, like life, is dynamic. If you are not moving forward or growing, you are dying. Whatever decision you make, AFPD is here for you! The only reason we exist is to serve our members! God Bless. ■

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Clifton Denha	Convenience/Liquor Store Vice Chair, Wine Palace
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Fred Hatty	Benchmark Beverage Company
David Karana	Benchmark Beverage Company
Larry Redli	Benchmark Beverage Company
Andrew Wheaton	Benchmark Beverage Company

AFPD's Fall Tradeshow Lineup!

7TH ANNUAL MID-MICHIGAN
HOLIDAY FOOD & BEVERAGE BUYING SHOW

SEPTEMBER 22, 2016

3pm - 9pm

SOARING EAGLE CASINO & RESORT | MT. PLEASANT, MI



18TH ANNUAL
HOLIDAY FOOD & BEVERAGE BUYING SHOW

SEPTEMBER 29, 2016

3pm - 9pm

SHENANDOAH COUNTRY CLUB | WEST BLOOMFIELD, MI



AFPD's Holiday Food & Beverage Shows are known for their high-quality attendees, attendee satisfaction, special show-only deals & discounts and non-stop interaction. These shows continue to be the best and most important tradeshows in their regions for our industry and for your company's success. Booth space is now available. Prime exhibit spaces go fast!



AFPD's Annual Paper Turkey Cutout Program Kicks Off

Grocery shoppers will soon see the familiar paper cutout turkeys at local checkout lines. With last year's success, the cutouts will return as part of AFPD's High Five Turkey Drive program. "Most of the customers were pretty receptive to it. We had gone through maybe 1,200 between the three stores," said Phil Kassa, owner of Heartland Market.

Not only will retailers across the region participate in the Paper Turkey Cutout Program, but suppliers, like Pepsi and many others, will join in to help raise money. Just like last year, all money that is raised at a participating location or company will go toward purchasing turkeys for a charity of their choice.

Participants will be asked to donate at least \$1 for a turkey and will be able to personalize the Paper Turkey they purchase.

"Paper turkeys are a fun and simple way to raise funds while sending a message to your customers and the community that you care about feeding the hungry," said Auday Arabo, AFPD president and CEO.

Even though last year saw all of AFPD's 10,000 Paper Turkey cutouts distributed to retailers throughout the state, this year the program will start earlier in order to get a head of the holiday season.

The Paper Turkey Program will now start in September and will run through the first week of November. "The whole meaning of the holiday is to give thanks and to appreciate your blessings; we live in a safe country and have economic opportunity to support our families," said longtime AFPD member and store owner, Ed Bahoura.

Marsha Keenoy, director division marketing control west for Diageo, branded the High Five Turkey Drive with cutout hand-traced paper turkeys. "Tradition and focusing on family is important to me. I wanted to bring that experience to more families," said Keenoy.

Once again, the AFPD Turkey Drive Committee has pledged to put a turkey on the Thanksgiving table of more than 6,000 families, adding to the more than 80,000 turkeys donated to families over the years.

Check out AFPD's Turkey Drive history on the next page! ■

AFPD'S ANNUAL
High Five **TURKEY DRIVE**

As the holiday season approaches, the AFPD Turkey Drive Committee has pledged to put a turkey on the Thanksgiving table of more than 6,000 families throughout Michigan and Ohio that may not otherwise enjoy this special meal.

Since 1980, AFPD and its members have provided thanksgiving turkeys to needy families and each year the list of charitable groups asking for turkeys grows. There are more requests than we could ever fill. We need your help!

Help us put a turkey on a table for a family this holiday season.

Thanksgiving is a time to reflect, give thanks, and help those who are less fortunate.

Thank you for your donation
Thank you for your donation
Thank you for your donation

Purchase a turkey hand today for \$1, \$5 or \$10!

This is a charitable event and all donations are tax deductible. Please see your tax advisor for guidance on your specific tax situation.



AFPD'S ANNUAL *High Five* TURKEY DRIVE

Every year, the AFPD Turkey Drive Committee pledges to put a turkey on the Thanksgiving table of more than 6,000 families throughout Michigan and Ohio that may not otherwise enjoy this special meal.

Since 1980, AFPD and its members have provided thanksgiving turkeys to needy families and each year the list of charitable groups asking for turkeys grows. There are more requests than we could ever fill. We need your help!

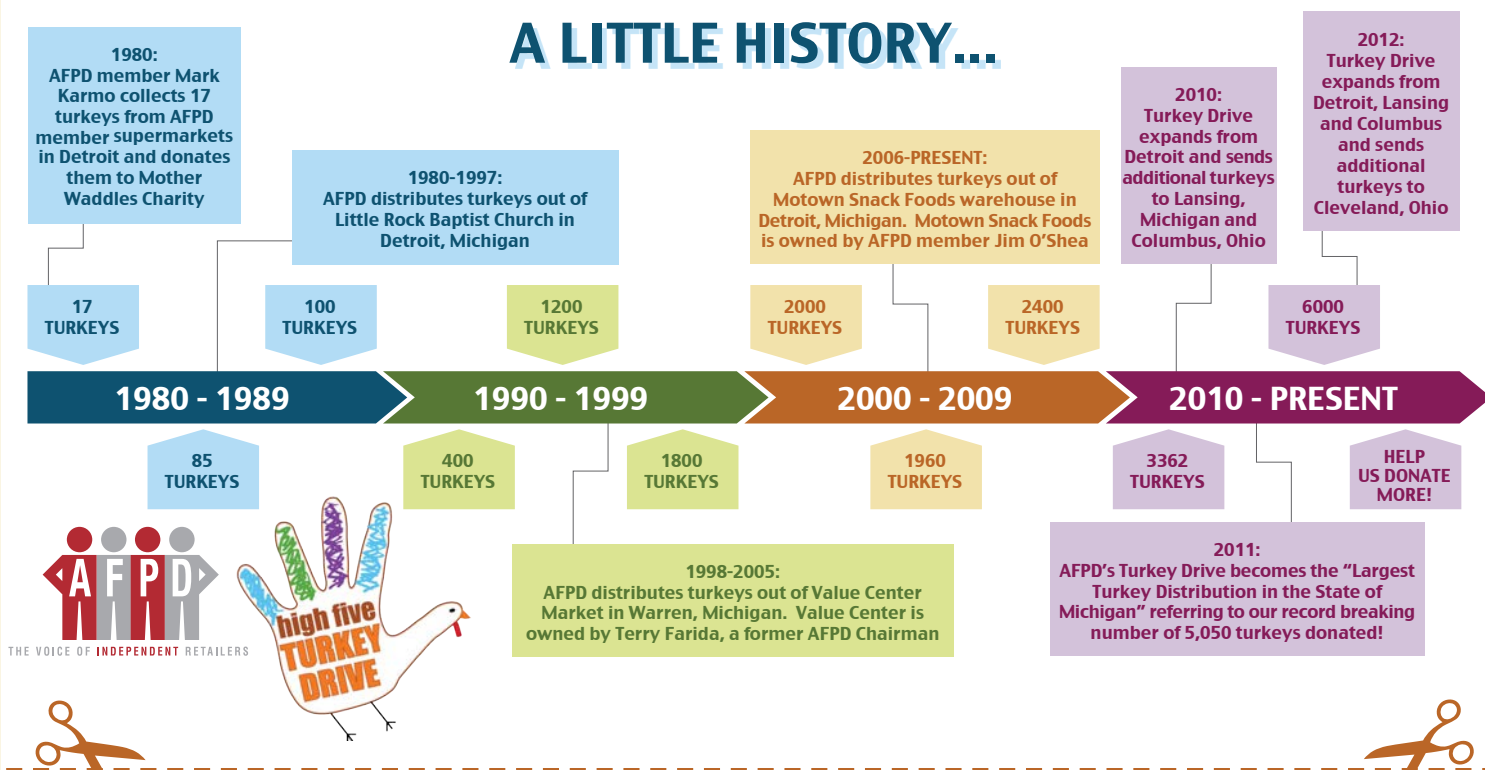
Thanksgiving is a time to reflect, give thanks, and help those who are less fortunate. We are asking you to pitch in. A \$300 donation to the AFPD Turkey Drive will provide turkeys for 20

families. When you consider that each turkey serves about 12 people, that equals enough Thanksgiving turkey for 240 people. You can also donate food items (canned, boxed or bottled) or other products such as clothing or household items, above and beyond – or in lieu of – your monetary donation.

It is truly heartwarming to be a part of the AFPD Annual Turkey Drive. To donate, please complete the form attached and mail to AFPD.

This is a charitable event and all donations are tax deductible! Please see your tax advisor for guidance on your specific tax situation. Receipt available upon request.

A LITTLE HISTORY...



YES, I want to provide Thanksgiving dinners to families in need!

All donations are tax deductible.

- ☐ Please use my donation for the **MI Drive**
☐ Please use my donation for the **OH Drive**
☐ Please use my donation for the **IL Drive**

I will provide Thanksgiving turkeys for:

- ☐ 10 families at \$150
☐ 20 families at \$300
☐ 40 families at \$600
☐ 100 families at \$1,500
- ☐ 250 families at \$3,750
☐ 500 families at \$7,500
☐ Other (food or products; please call for information on where to send these items)

NAME: _____

BUSINESS: _____

ADDRESS: _____

CITY: _____

ST: _____ ZIP: _____

PHONE: _____

EMAIL: _____

PAYMENT OPTIONS:

Online: www.AFPDonline.org → Events → Turkey Drive

By Check: Make check payable to "AFPD"

By Credit Card: ☐ MC ☐ Visa ☐ AMEX ☐ Discover

CARD NUMBER: _____

EXP: _____ V-CODE: _____

SIGNATURE: _____

Return this form to:

AFPD Turkey Drive
5779 West Maple Rd.
West Bloomfield, MI 48322



AFPD Fundraiser Supports the Bellino Election Campaign

■ BY KRIS HARRIS

AFPD hosted a fundraiser for the campaign of board member Joe Bellino Jr., owner of Broadway Market in Monroe, MI. Bellino is running for the Michigan State House in the 17th District. This district covers the north-eastern part of Monroe County, and three areas of Wayne, Sumpter, Rockwood and Flat Rock.

The event was held at the AFPD office on Thursday, July 28th and was attended by various AFPD members and supporters who wanted to show their support for Bellino's campaign. "I've known Joe for many years through AFPD, and he's been a great board member and he was a great chairman and I think he's going to be a great State Rep.," said Najib Atisha, owner of Indian Village Market. "It's tremendously important not only having the backing of AFPD, but it's very important because, as a business owner, he understands what small business owners are looking for and what they need."

Bellino's decision to run for office stems from his frustration over the way the state is run. He believes others echo his feelings and are just as upset and disillusioned as he is, which is why he has decided to step up to the plate and throw his hat in the ring. "I'm running for office because I think with my life experiences, I can make a difference in this House seat," said Bellino. "I'm truly a blue-collar guy from a blue-collar family and the small businessman and AFPD members in our district are a big concern of mine."

In order to level the playing field for all businesses in the state, large and small, Bellino's campaign is focused on balancing the voices heard in Lansing to include those from independent retailers. "I think our budget has 12,000 line items in Michigan, and we need to have a few lines for the small store owner and small gas station owner, so the big box stores don't trample us," explained Bellino. "We need to have a voice in Lansing and D.C. for the small businessmen who are paying a lot of taxes, raising a family and employing people."

AFPD President and CEO, Auday Arabo echoed Joe's feelings about the independent retailer needing a louder voice in Lansing. "We spend thousands of dollars every year, trying to get to elected officials and educate them on our issues, but to have one of our own in there so he can educate his fellow colleagues, it's a wonderful thing," said Arabo. "That's why we are doing everything we can to raise money for Joe and support Joe, because he's going to make a great House Rep."



In attendance was former Senate Majority Leader Randy Richardville, who has known Joe for many years and wanted to show his support for the campaign. "I've known Joe since we were in High School together, probably some 40 years ago, and he's one of the best people we have in Monroe County," Richardville said. "He's a local businessman, he sits on the board of the community college, he's involved in just about every non-profit organization he can, he sings in the church choir and he's a good-hearted man and not just a guy who talks about the gospel, he lives it. I think he'd be a great voice for the people in Monroe County and Southern Wayne County."

Richardville's term as senator lasted eight years, and he knows that the bigger the box stores get, the harder it is for the small business owner. "The bigger the box stores, the more they expand and the more they take customers, means the less and less we have of the family-owned businesses that made this country what it is," said Richardville. "So I think it's really important to help them with their voice. That's why they're consolidated together and work together very well. I've worked with this organization for nearly 20 years and I'm proud to be a part of this campaign."

The importance of this election cannot be overstated. "We believe the fundraiser for Joe Bellino and his election is arguably one of the most important elections in AFPD history," said Arabo. "To have one of your former chairmen, one of your former board directors, actually run for a seat and be that voice in Lansing, is having our cake and eating it to."

Bellino's knowledge of the issues that are important to the small business owner is not from looking at them from the outside. He's looking at it from the inside, having grown up in the industry and around AFPD. "My life has revolved around AFPD for about 18 years now, but before that, when I was in the wine business, my uncle was a member in the old days, back in the 60's as a wholesaler," explained Bellino. "So AFPD has been in my family for a long, long time and these are my people. I love that I've gotten great support from the store owners to the wholesalers and from the ice guy to the liquor guy. They are all concerned about the voice in Lansing and they know I'll be reasonable, responsible and honest in the decisions I make." ■



The AFPD's Business Insurance Partner.



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Insurance
Company**

AFPD members enjoy a 10% discount*

- Liquor Liability
- General Liability
- Commercial Property
- Worker's Compensation
(Michigan only)

AFPD's Member Exclusive Endorsed Insurance Program:

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Proud to serve all AFPD Members:

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*10% discount is subject to minimum premium requirements.



THE VOICE OF INDEPENDENT RETAILERS
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policy watch

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EDWARD WEGLARZ // AFPD DIRECTOR, PETROLEUM

The Ever Increasing Cost of Processing Credit/Debit Cards

It is undeniable that the way retailers process credit and debit cards have undergone major changes. All these changes result in greater costs to business owners. The charges levied on retailers to process plastic seem exorbitant. From swipe fees to newly required technology and now chargebacks, the customer payment landscape across the country has changed dramatically. It is actually quite ridiculous when you think about the history of debit and credit card use and why they came about in the first place. Electronic payment methods were developed to save financial institutions money. As an alternative to frequent visits to a branch to withdraw cash or the high cost of processing paper checks, electronic payment methods streamlined the banking industry. It is hard to believe now, but at one time, retailers were given incentives to install electronic payment hardware at their locations. It was heavily debated at that time whether swipe fees should even exist since this new technology saved the banking industry so much overhead.

Today we are faced with high swipe fees and a threat in Washington to see things get even worse. AFPD board member Jerry Crete will tell you that swipe fees have become his highest business expense after labor. Jerry points out that the number of customers paying with plastic has gone from about 15% 10 years ago to probably 60% today and he only sees the trend continuing. Younger generations simply do not carry cash anymore. Jerry's store will see 60 different interchange fees throughout a month. Keeping track of what it costs to process certain cards is impossible.

The worst, according to Jerry, are the credit cards that are linked to reward programs. Retailers pay higher fees on these cards and the extra money made by the credit card companies are used to cover the costs of the rewards offered to the cardholder.

AFPD Director of Petroleum, Ed Weglarz, sees swipe fee costs surging as well at his own gas station. According to Ed, "While most gasoline retailers have upgraded the cash register/pump controller inside their businesses, the EMV challenge is far from over! The payment system process travels through so many entities that the weakest link contributes to an "unqualified" or "non-compliant" system. The result is: The gasoline retailer is being held responsible for any and all chargebacks, unless he can prove otherwise. This issue, a significant problem today, will be multiplied in October of 2017 when Pay-at-the-Pump machines must be EMV compliant!"

Given the realities of exceedingly never ending costs to process plastic there has been a lot of questions from members on how to curb these costs through surcharges. First, it is important to know that surcharges on debit card transactions are not allowed. That is a very important point to keep in mind throughout this article. As will be explained later, cash discounts are allowed to incentivize debit card customers to use cash, however, putting a surcharge on a purchase made with a debit card is not allowed. Surcharges on credit card transactions are allowed but are very complicated.

DEBIT CARDS

First, with respect to debit cards, while a surcharge cannot be added to a payment using a debit card, a retailer can allow a cash discount even if a customer pays with a debit card but chooses "credit". Ed summarizes cash discounts on petroleum products as follows:

"You can offer a "Discount for Cash" on gasoline and diesel purchases, but it must be offered to all customers. Both Cash and Credit prices must be posted on the roadside price



sign. If you only post one price, the highest price must be posted. The price being paid by the motorist must appear on the pump at the time fuel is being dispensed.”

Cash discounts at grocery stores and convenience stores are a little different since multiple products are being purchased at once but it is allowed. An easier way to deal with debit card fees is to establish a threshold that must be met in order to be able to use a debit card. Telling a customer that they must spend at least \$5.00 to use a debit card is allowable. Make sure these thresholds are not higher than \$10.00 or else you may face penalties from Visa and/or Mastercard.

CREDIT CARDS

With credit card sales, a retailer has another option to offset the cost to process the sale other than offering discounts for using cash. Unlike with debit cards, retailers can impose a surcharge on sales paid with credit cards. As a result of a legal settlement to resolve claims brought by a group of U.S. merchants, merchants in the U.S. and U.S. territories may add a surcharge to certain credit card transactions. While this may sound like a good option, the feasibility of actually being able to add a surcharge to purchases made at your store is rather difficult.

While some states have passed state laws prohibiting retailers from adding surcharges to credit card sales, Michigan, Ohio, and Illinois have not given retailers in these states the ability to add a surcharge to credit card purchases. There are some restrictions though on a national level that retailers will need to abide by if they choose to utilize credit card surcharges.

First, you must notify the card brands you accept of your intent to surcharge. Each brand requires 30 days’ notice before you may begin charging checkout fees. Also, inform your acquiring bank of your intent to surcharge as well. Consider whether you want to charge for only specific types of cards (such as rewards cards, which tend to carry higher costs for businesses) or for all cards issued under a brand. You must choose one or the other. You cannot charge a fee for all cards and an additional fee for card products which have higher processing costs. Contact your merchant services provider for help or guidance if you need to.

Second, once you begin to add a surcharge to sales using credit cards, you must post a notice at the store’s

entrance advising that a surcharge applies on purchases made with identified credit cards. At the point of sale, the exact percentage must be disclosed. In addition to these signage requirements receipts must itemize the exact amount of the surcharge.

Third, the surcharge cannot be higher than the actual costs of processing the credit card transaction or 4 percent of the purchase price, whichever is less. This makes things complicated as you will need to know the actual cost to process the cards you accept. It is nearly impossible; and certainly impractical, to calculate the fee on an individual payment card since the percentage plus flat fee charges are different for each and every card. Even cards issued under the brand will have unique fees depending on the “perks” offered by the issuing bank.

As you can see, while retailers have the ability to add surcharges to credit card sales it becomes very complicated and almost impractical. Similar to debit cards, however, retailers do have the choice of adopting a policy for not accepting credit card purchases below a certain level not to exceed \$10.

CONCLUSION

When choosing a mechanism to offset electronic payment costs, it is always important to remember what your competitors are doing and how these mechanisms will go over with your customers.

Hopefully this clarifies the discussion surrounding the ability and restrictions on debit and credit card surcharges. AFD, alongside our national partners, will continue to fight for comprehensive electronic payment reform. Additionally, it is important to inform members that the only inkling of debit swipe fee reform adopted on a national level is being threatened right now in Congress. What is known as the Durbin amendment to the Dodd-Frank Act is under the target for some members of the US House of Representatives. The Durbin amendment added transparency and increased competition in the debit card swipe fee marketplace and resulted in \$6 billion per year in consumer savings. AFD is working to preserve the Durbin amendment and will keep members updated as things develop.

As always, if you have further questions on this topic or any other for that matter, please feel free to contact the AFD office. ■



michigan lottery report

M. SCOTT BOWEN // MICHIGAN LOTTERY COMMISSIONER

September Doubler Days to Boost Club Keno, Fantasy 5, Lotto 47 Sales

The Michigan Lottery's popular Doubler Days promotion returns in September and has been expanded to include the Fantasy 5 and Lotto 47 games in addition to Club Keno.

From September 1st through September 30th, all Club Keno, Fantasy 5, and Lotto 47 tickets purchased at Lottery retailers are eligible for Doubler Days. A Doubler message will be printed on random tickets and will double all eligible prizes won on that ticket, all without any additional cost to players. The Doubler feature also will apply to EZmatch prizes on Fantasy 5 and Lotto 47 tickets.

This popular promotion has a strong track record of generating excitement among players and boosting sales for retailers. During the most recent Doubler Days

promotion in April, Club Keno sales increased by 16% compared to the same month in 2015. Players also had success during Club Keno Doubler Days, winning more than \$41 million in total prizes. More than \$2.5 million of that total was from the Doubler Days promotion.

The Doubler Days promotions offer double benefits to retailers with increased sales and redemption commissions.

SALES SURGE DURING POWERBALL JACKPOT RUN

Dreams of spending jackpot riches are part of what makes Lottery games fun for players.

The recent Powerball run excited players in Michigan and around the country. As the jackpot grew, avid and casual players – some of them first-time buyers – took notice, and went to their favorite retailers to buy Powerball tickets and a chance to win the huge jackpot.

In total, Michigan players spent nearly \$33.9 million on Powerball tickets during the jackpot run that began in May and ended on July 30. Players really took notice once the jackpot reached \$203 million and began purchasing tickets at an impressive pace. In fact, 68% of the Powerball tickets sold for the jackpot run came after the jackpot reached \$203 million.

All of the attention and excitement created by a strong Powerball jackpot run boosted store traffic and sales, and that's good for retailers, the Lottery and the School Aid Fund. ■

"The Michigan Lottery. All across the state good things happen."

About 97 cents of every dollar spent on Lottery tickets is returned to the state in the form of contributions to the state School Aid Fund, prizes to players and commissions to retailers. In the 2014 fiscal year, the Lottery's contribution to Michigan's public schools was \$742.8 million. Since it began in 1972, the Lottery has contributed nearly \$19 billion to education in Michigan. For additional information, follow the Michigan Lottery on Facebook, Twitter and online at www.michiganlottery.com.

INSTANT TICKETS / PULL TAB TICKETS

NEW INSTANT TICKETS:

On sale September 6th:

- IG # 757 – Triple 777 \$1
- IG # 770 – Cashword \$2
- IG # 781 – Lucky Me \$2
- IG # 774 – Hold 'Em Poker \$5

INSTANT GAMES SET TO EXPIRE:

Expiring September 6th:

- IG # 695 – Golden Ticket \$5
- IG # 701 – Cadillac Riches \$5

Expiring October 3rd:

- IG # 697 – Wild Time Gold \$2
- IG # 704 – Magic Number Bingo \$5

Expiring October 3rd:

- IG # 702 – \$500,000 Doubler \$10

NEW PULL TABS TICKETS:

On sale September 6th:

- MI # 577 – Deer Hunter 50¢
- MI # 586 – Jackpot 777 \$1
- MI # 583 – Max Money \$2

PULL TABS GAMES SET TO EXPIRE:

Expiring November 14th:

- MI # 553 – Mega 7's Multiplier \$1
- MI # 543 – Green Machine \$

Expiring November 21st:

- MI # 545 – Blazin' Cash 50¢

TICKET ACTIVATION: Retailers are reminded to activate all game tickets before putting them on sale to ensure winning tickets may be redeemed by players.

**BIGGER
& BETTER!**

SEPT 1 - 30

DOUBLER DAYS

3 GAMES = 3X THE FUN!



DOUBLER DAYS IS NOW BIGGER AND BETTER!

RANDOM CLUB KENO, FANTASY 5 AND LOTTO 47 TICKETS WILL PRINT WITH A DOUBLER MESSAGE IN SEPTEMBER. LUCKY PLAYERS WITH THESE TICKETS WILL DOUBLE THEIR WINNINGS!

WHEN A PLAYER DOUBLES THEIR WINNINGS, YOU'LL DOUBLE YOUR REDEMPTION COMMISSION. TELL YOUR CUSTOMERS TO PLAY CLUB KENO, LOTTO 47 AND FANTASY 5 TODAY!

All Lotto 47 and Fantasy 5 non-jackpot prizes are eligible.



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ohio liquor report

BRUCE D. STEVENSON // OHIO DIVISION OF LIQUOR CONTROL

Liquor Control Fiscal Year 2016 Highlights

Fiscal Year (FY) 2016 was an extraordinary year for the Ohio Department of Commerce, Division of Liquor Control (Division). Our accomplishments reflect the Division's renewed mission to modernize operations for improved efficiency, provide exemplary service to Ohio customers and stakeholders, and take a common sense approach to regulations helping Ohio businesses grow and create jobs. Here are some of the Division's highlights and accomplishments for FY 2016.

SPIRITUOUS LIQUOR SALES

The dollar sales of spirituous liquor reached a record level, totaling more than \$1 billion (\$1,051,647,379). This was an increase of 7.06 percent. The trend of Ohio consumers continuing to trade up to premium brands helped drive sales over the billion-dollar mark. Dollar sales continued to grow at a higher rate than consumption in 2016. The total volume of spirituous liquor sold through the 467 Contract Liquor Agencies in Ohio was 13.4 million gallons, an increase of 4.16 percent over the previous year.

LIQUOR PERMITS

The Division's Licensing Section licensed the operations of more than 24,000 privately owned and operated manufacturers, distributors and retailers of alcoholic beverages. This includes the issuance of new permits, permit renewals and transfers, as well as the investigative and hearing requirements associated with permit issuance. The Licensing

Section issued 1,619 new permits and 6,972 temporary permits, transferred 1,537 permits and renewed 24,891 permits.

PERMIT FEE DISTRIBUTION

The Division collected more than \$39.7 million in permit fees. Of that amount, \$38.8 million was distributed to various entities: \$13.3 million was returned to the local taxing districts for liquor law enforcement, \$17.1 million was deposited in the state's Liquor Regulatory Fund and \$7.6 million was allocated to the Ohio Department of Mental Health and Addiction Services to fund treatment and education efforts. Another \$10 million was transferred to the Ohio General Revenue Fund.

PRODUCT REGISTRATION

The Division's Beer & Wine section registers beer, wine and low-proof products to be sold in Ohio. The number of product registrations continues to grow each year as manufacturers, including Ohio's rapidly growing craft brewing and wine making industries, offer new and innovative items. In FY 2016, the Division registered 2,823 new beer products, 8,663 new wine products, and 137 new low-proof products for 11,623 new products.

These are just a few of the many accomplishments of the Division, and the Department of Commerce. These gains would not have been possible without the input, support and cooperation of our stakeholders, and the hard work of the dedicated staff who continue to focus on improving efficiency and service to our stakeholders. You can read more about the work of the Division and the Department of Commerce in the Division's annual report: <http://bit.ly/AnnualReport16>

Thank you for your continued partnership. We look forward to another great year! ■

ohio lobbyist report

TERRY FLEMING // TC FLEMING & ASSOCIATES



The Ohio Legislative Update

The Ohio General Assembly remains on Summer Break and that means your businesses are safe for at least another month or two. The Ohio Senate is scheduled to return for two weeks at the end of September, but that is now in question. The Ohio House will not return until after November elections. After the elections until the end of the year, there is a “lame duck” session. This means that all bills not passed by December 31, 2016, must be reintroduced in 2017 as a new General Assembly is seated.

At the request of our National Association, AFPD met with the Governor's Office and asked that Governor Kasich declare the month of September, “We Card Month”. They seemed very receptive to the idea as this is just another example of AFPD being ahead of the game in representing food and petroleum dealers' interest in Ohio.

While the legislature is on recess, elections are at the forefront and the following is a quick synopsis of where they stand. In the Presidential race, Ohio voters seem split down the middle between Trump and Clinton. Ohio is a toss-up because neither of whom have favorable ratings at this point. In the race for U.S. Senate from Ohio, incumbent Republican U.S. Senator, Rob Portman appears to be comfortably ahead of former Democrat Governor, Ted Strickland. Of Ohio's 16 Congressional seats, the 12 Republicans and 4 Democrats all seem to be headed for reelection. There are two Ohio Supreme Court races and, again, it favors the two Republican incumbents. All 99 Ohio House of Representatives who are up for election, which is currently controlled by Republicans 65-34, look for Republicans to lose 3 or 4 seats, but remain comfortably in charge. Of the 17 Ohio Senate seats being contested, it looks like no change in the current 23-10 Republican advantage.

Lastly, I would urge all Ohio members to encourage new members, whether from fast food industry, grocery stores or service stations. A strong membership makes for a strong voice in government. We also encourage you to be generous in your PAC contributions to AFPD so that you always have a seat at the table when dealing with issues that impact your bottom line. ■

EMV NEWS //

The Next Wave of EMV

Convenience and fuel retailers prepare for EMV implementation at the pump and ATM

■ BY NACS ONLINE

With the October 1, 2017, EMV liability shift looming for automate fuel dispensers, many U.S. convenience store operators are preparing for the switch—to the tune of \$6 billion.

Upgrading fuel dispenser point-of-sale technology comes with a price tag as high as \$17,000 per pump, Gary Taylor, executive director of Connexus, told CNBC, an expense that will cut into the bottom line of the more than 90,000 single-store operators with the 154,000-plus convenience store universe.

Taylor added that convenience store operators may have to replace their fuel dispensers entirely to implement EMV at the pump, and retrofitting existing dispensers can cost more than \$6,000. “The loss of gas pumps may create delays for summer drivers next year,” writes CNBC.

And as EMV chip technology continues to siphon resources for other operational and technology-related projects, many convenience retailers are advancing mobile payment technology to meet consumer demand for contactless/cardless payment options both inside the store and the pump.

Payment Week reported that many small businesses are opting out of the EMV standards by pushing mobile payments. A recent CAN Capital Small Business Health Index found that more than one in three small businesses (34%) accepted mobile payments, such as Apple Pay, which is a substantial increase from April 2015 when the number of small businesses that allowed mobile payments hovered at 13%.

As of October 1, 2016, U.S. EMV deployment will take place at the ATM. Last week Connexus and the National ATM Council released an ATM Skimming Detection & Deterrence Guide for use at U.S. convenience stores. The guide helps ensure that U.S. convenience stores and retail ATM providers maintain their excellent track record for providing safe and secure transactions at in-store ATMs, despite a heightened near term card skimming risk from current implementation of EMV at U.S. ATMs.

EMV implementation is a major issue for the convenience and fuel retailing industry, which is why there are education sessions and group discussion opportunities specific to this topic taking place at the 2016 NACS Show in Atlanta, October 18-21. “Are You Prepared for EMV?” will highlight the essentials regarding EMV technology, including upgrading equipment and evaluating risks. At the “Group Forum: EMV,” subject matter experts will lead an interactive discussion on EMV deployment. ■

FSIS Enforcement of Ruling on Grinding Raw Beef

■ BY KRIS HARRIS

The Food Safety Inspection and Inspection Service (FSIS), on December 14th, 2015, published a final ruling that targeted establishments and retail stores that grind raw beef. The ruling states that “records are to be kept by official establishment and retail stores that grind raw beef products.”

The reason behind this ruling comes from the fact that ground beef can be produced from materials and from multiple production lots. Moreover, the grinding process can spread pathogens

throughout each lot of ground beef, and between lots if the grinding equipment and food contact surfaces are not properly cleaned. Also, ground beef is not always cooked sufficiently to destroy pathogens.

In an effort to prevent the spreading of pathogens, this ruling will improve FSIS's ability to accurately trace the source of foodborne illness outbreaks involving ground beef products. “The final rule was designed to protect public health,” said Dan Engeljohn, FSIS Assistant Administrator in the Office of Policy and Program Development. “It also increases consumer confidence when they purchase ground beef.”





It will also help identify the source materials that need to be recalled and provide the FSIS with proper documentation when tracing ground beef products back to supplier(s). Finally, this ruling will ensure a level of record keeping that was insufficient for timely and accurate traceability during investigations.

The facts behind a foodborne outbreak can be severe. The Centers for Disease Control estimates that each year roughly 1 in 6 Americans (or 48 million people) contract a foodborne illness. This includes 128,000 hospitalizations and 3,000 deaths. Contaminated meat and poultry are responsible for 22% of these illnesses and 29% of these deaths. In a six year period, between 2007 and 2013, the FSIS investigated 130 outbreaks of human illness. Of those illnesses, 24% were linked to beef ground at a retail venue. In total, foodborne illnesses cost the U.S. economy \$15.6 billion every year.

Keeping records that detail the way raw beef is handled is key for a few reasons. First, these records include the cleaning and sanitizing of equipment used to grind raw beef. This is important because it prevents the transfer of *E. coli* and other bacteria from one lot of product to another. Also, when records are available and complete, FSIS is often able to identify specific production in an official establishment or a retailer's store.

The rule became effective this year on June 20th, and will be enforced by inspection personnel beginning on October 1st, 2016. "This is precedent setting regulation in that, FSIS shares jurisdiction of the safety of food in the retail environment with the food and drug administration," explained Engeljohn.

For retailers, only raw beef that is ground must be recorded. "The retail outlets have to maintain very specific records if they produce ground beef themselves," Engeljohn said. "So if they take meat cuts, beef cuts and produce ground beef at their retail operation, then this new regulation would require them to maintain some specific records and that includes the establishment numbers of the establishments that supplied the raw beef source material."

If, for example, spices, casings, vegetables, or other types of meat or poultry are included in a product that contains raw ground beef, those other items do not have to be recorded. It should also be noted that product labels do not have to contain any additional information under this rule.

The ruling covers three main provisions. The provisions include mandatory recordkeeping, the

location of where record need to be kept, and the retention period of those records.

Changes to the mandatory recordkeeping states that in the case of raw ground beef products, official establishments and retail stores are required to keep records that fully disclose:

- A The establishment numbers of the establishments supplying the materials used to prepare each lot of raw ground beef product.**
- B All supplier lot numbers and production dates.**
- C The names of the supplied materials, including beef components and any materials carried over from one production lot to the next.**
- D The date and time each lot of raw ground beef product is produced.**
- E The date and time when grinding equipment and other related food-contact surfaces are cleaned and sanitized.**

A "lot" is defined as the amount of ground raw beef produced during particular dates and times; following clean up and until the next clean up. As long as the date and time of cleaning is recorded, the lot will be able to be identified. Lots may include raw beef from multiple suppliers and/or source materials.

Production dates and supplier lot numbers can be found on the boxes of the source materials. However, if this information is not clearly stated, the FSIS recommends contacting the supplier for the information. If the information is not available when a retailer begins grinding, the FSIS recommends recording any other available source material information that may help, such as bar code numbers, invoice numbers, etc.

Furthermore, retailers that prepare ground beef products, that are ground at an individual customer's request, must keep those records as well.

As for the second provision on the location of where the records need to be kept, in general, establishments and retailers must keep the records at the place where the business is conducted. "For the purposes of this regulation, the records need to be kept at the store where the beef is being ground," said Engeljohn. "We recognize that it's the butcher who is handling the meat and needing to maintain records, so we would assume the records would be nearby there, during the day, but maybe sometime during the night they are maintained in a central part of that facility (like an office)."

Previously, the records needed to be kept for three years, but the FSIS shortened the period for beef grinding



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records to one year after the date of the recorded grinding activity. “We recognized that the record keeping burden can be intense, if you have to maintain records for long periods of time, so we specifically limited the mandatory retention of records to one year,” Engeljohn said.

This final ruling does not apply to specific products, but rather it requires that retailers that grind raw beef keep records of their grinding activities. If the ground beef is cooked, before being sold, the FSIS said it does not intend to enforce the recordkeeping requirements. The FSIS also stated that the rule does not set new recordkeeping requirements for mechanically-tenderizing or needle-injecting raw beef.

The enforcement period will begin on October 1, 2016 and will extend until March 31, 2017. During this time, investigators from the Office of Investigation, Enforcement and Audit (OIEA) will review grinding logs and educate retailers.

If your store is chosen for an inspection there are a few things to note. First, the inspections will be unannounced. “The enforcement officer will show up, as part of their normal surveillance duties,” explained Engeljohn. “The compliance officers will present their credentials when they show up and introduce themselves, and then they will identify that they are going to be assessing what the retailer is doing with regards to ground beef production.”

Retailers should also be aware that only a compliance officer will show up at their business and not an FSIS inspector. “FSIS inspectors work in the official establishments that produce the beef products, but at retailers, we don’t conduct regular inspections there,” Engeljohn said. “So we have surveillance officers that come there.”

These officers are assigned to specific states, around the country, and have a plan to get into a minimum number of facilities within any given year. “They know who is producing ground beef and so they’ll be making random checks, which include assessing whether or not they are aware of the new regulations and whether or not they are following the regulatory requirements,” said Engeljohn.

One question a retailer may have is if veal falls into the category of beef, and therefore must be tracked. “Yes it does, and often times there is confusion on if beef includes veal,” Engeljohn explained. “The definition of beef includes cattle of any age.”

Another question is the ramifications of not being

compliant during an investigation. “Obviously we want compliance, but because many of the retail operations may never have had experience interacting in a regulatory context with our compliance officers, so for this first year the agency is going to be working with the retailers,” said Engeljohn. “We don’t intend this to be threatening. This is a new thing for the retailers and we are trying to make sure we are working with them to get what needs to be done, into compliance as quickly as possible.”

However, retailers need to understand that the safety of raw ground beef is paramount to the FSIS and there will be consequences if a retailer fails to maintain records. “If a retail store fails to maintain the required records, then our compliance officers will be issuing a notice of warning,” Engeljohn said. “It’s a formal letter that we issue to say that an operation has violated the law. If there are repeated violations, we elevate that and it ultimately would be referred to the Department of Justice to initiate a civil proceeding to stop them from producing ground beef.”

Retailers can download a Raw Beef Tracking Log from the AFPD website, by visiting www.afpdonline.org/compliance/training-resources.

In order to better understand the ruling and requirements, the FSIS has provided various ways that you can get more information:

BELOW ARE SOME LINKS THAT CAN HELP WITH SOME QUESTIONS THAT YOU MAY HAVE, AS WELL AS A LINK THAT PROVIDES AN OPPORTUNITY FOR YOU TO ASK SPECIFIC QUESTIONS THAT RELATE TO YOUR BUSINESS

Final Ruling: www.fsis.usda.gov/wps/portal/fsis/topics/regulations/federal-register/interim-and-final-rules

Education material for Sanitation Guidance for Beef Grinders:
www.fsis.usda.gov/wps/wcm/connect/b002d979-1e1e-487e-ac0b-f91ebd301121/Sanitation_Guidance_Beef_Grinders.pdf?MOD=AJPERES

Ground Beef and Food Safety educational material:
www.fsis.usda.gov/wps/portal/fsis/topics/food-safety-education/get-answers/food-safety-fact-sheets/meat-preparation

If you have a specific question, you can visit askFSIS at:
www.askfsis.custhelp.com ■

Kris Harris is a writer for Denha Media & Communications.



It's all Cheers at the Campbell Liquor Store

■ BY KRIS HARRIS

A retailer's success can be the result of many factors. It can range from being in the right place at the right time to following in family footsteps. But somewhere in the middle, some retailers are successful because of who they are on the inside and in the way they treat customers: like family. The success of their business comes from the way they develop meaningful relationships and sometimes life-long friendships. This is the case with brothers, Maher and Mazin Dallo, owners of Campbell Liquor Store in Royal Oak, Michigan.

The store originally opened in October, 1985. "It was my Dad (Sabah) and my brother (Mazin) who opened the store and in September of 1986, my Dad passed away," said Maher Dallo. "I came and helped my brother with the plan to help him out for a couple of months. It came to be that 31 years later, we're still here together, my brother and I."

Over the years, the store has grown but it started slowly. "We started with the business being very small," explained Dallo. "We didn't have liquor until 1995: when we applied for our liquor license."

However, with new and exotic types of liquor coming out all the time, the Dallos were now in a position to be able to tap into that growing market, but, again, it took time. "When we had our first liquor license, there wasn't much in flavors at all," said Dallo. "But with the first flavored vodka, it started a trend that's still very successful. Now, there are even different flavors of whiskeys."

Although getting the license was essential for the store's growth, it was the willingness to stay on top of trends and bring in new products that has helped springboard sales. "When we first started out, domestic beer was the only thing that was really selling, but over the last 5 to 8 years, craft beers have grown



crazy," said Dallo. "We used to get a craft beer delivery, maybe two to three times a year, but now we get it every week."

When the Dallos first heard about Benchmark Beverage Company, they were glad that AFPD decided to make the move and get into the business. "We were happy, absolutely," said Dallo. "We want someone like AFPD to step up and do something big. Other companies have become big selling other kinds of liquor. I'm glad AFPD stepped right in and got into it."

With the launch of AFPD's Benchmark Beverage Company, the Dallos now have even a greater pool of products to select from. The popularity of products such as Vodka, have helped the store stay ahead of the curve. "People are recognizing it more now because they see it all over," Dallo said. "We don't have it on the shelf; we have it on the counter so everybody can see it."

In addition to the Benchmark products, it's AFPD's publications that have become invaluable tools for the business. "The best thing they did for us is when the State of Michigan stopped providing our liquor book and AFPD stepped in and said, 'we got you on that'," said Dallo. "The liquor books are so handy; it would have been really difficult without it."

The real story behind the success of the Dallo brother's store comes from the relationships they have developed in the community. "Over the years, we have met so many people that they've really become like family and we know them really well," explained Dallo. "They invite us to graduations and weddings. If a death occurs in their family, we go and show our respect. They've become real friends."

You never know who you may meet for the first time at the Campbell Liquor Store. That person standing next to you could end up becoming a best friend. "All of our customers become friends through us because they met each other here," said Dallo. "Sometimes, they come to the store to hang out for a few minutes and talk about everything like sports, politics, the weather, and stuff like that."

The Dallo brother's recipe for success mixes one part liquor, one part beer and fills the rest of the glass with genuine care for everyone who comes through their door. "Some tell us, 'if you ever retire, we wouldn't know what to do, we wouldn't know where to go'." ■

Kris Harris is a writer for Denha Media & Communications.

RETAILER: CAMPBELL LIQUOR STORE

Location: Royal Oak, Michigan

Founded: 1985

Employees: 5

AFPD member since: 1997

Quotable: "Where we know everybody by name."



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We Card Awareness Month - September 2016

We Card has a variety a communication tools ready for you now to download at www.wecard.org/ads — including a template for securing a Governor's proclamation of support, print ads and logos for your publications, website and emails.

Last year, 29 Governors issued Proclamations of support for We Card during We Card Awareness Month. Let's shoot for all 50 states this year!

We Card's goal is to highlight September as a time to encourage retailers to train or re-train store employees, order 2017 We Card materials (calendars and kits)

and raise awareness of FDA regulation, state and local law compliance. Now that new FDA regulations take effect this August 8th governing newly deemed tobacco products, such as e-cigarettes, vaping products, cigars and hookah tobacco, raising awareness among our retail community takes on new importance.

For the fourth consecutive year, FDA is on track toward completing 100,000 compliance checks nationwide. Ongoing state level and local compliance checks and the focus on e-cigarettes and vapor products as age-restricted

products makes it a terrific opportunity to step up responsible retailing efforts to identify and prevent age-restricted product sales to minors.

It's a great opportunity for you to communicate the "We Card" responsible retailing message to your association's members while highlighting your association's support to your stakeholders.

Please keep We Card updated on your Awareness Month participation efforts by contacting Doug Anderson at The We Card Program, Inc. at danderson@wecard.org. ■



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To Invest or Not to Invest: There is No Question!

Once a Michigan-based business, Kmart was also once one of America's leading discount retailers.

However, its sales have been tanking for years, and now it's closing dozens of stores.

At its peak in 2000, Kmart raked in \$37 billion in sales and had 2,156 stores.

Since then, Kmart's sales have dropped 72% to \$10 billion. It now has just 941 stores, with plans to close dozens more this year. Some news reports have called Kmart's decline stunning or shocking while experts have debated the cause of it.

However, if you ask AFPD board member Joe Abro, CPA from Abro & CO., CPA, PC, it's because Kmart didn't re-invest back into its business. "It did not invest in technology and change its business model since the 80s," he said. "The lack of reinvesting in a business is often the biggest mistake business owners make."

"You can't trust your eyes" said Abro. "You can trust systems and controls." —JOE ABRO, CPA

Looking for a much different business model you only need to look at AFPD member Kroger – a company that has focused on technology investments as well as marketing expertise for growth and a large portion of the marketplace.

Cincinnati.com reported in May that "Kroger's not just spending a ton of money – if it were in \$100 bills, the Cincinnati-based retailer would be spending almost 41 tons of money. In fact, the grocery retailer is spending more than \$4 billion to open new stores, expand or renovate old supermarkets and upgrade technology and logistics to support them."

In his annual letter to shareholders, Kroger CEO Rodney McMullen noted that adding or expanding stores within the company's existing 35-state footprint was critical to its continued success. As reported, McMullen wrote that winning more market share gets Kroger more sales and greater efficiency that help

finance flashier moves, such as acquisitions or bold technical innovations.

"These are markets where we already operate, yet offer a significant opportunity to grow the business," McMullen wrote, noting 8.5 million shoppers visit a Kroger every day. "We continue to expand our presence in fill-in markets across the country."

Abro would contend that the Kroger plan is example of what all businesses should develop and follow. It may not be billions of dollars invested for most AFPD members, but the message is make the investment.

"I come across so many business owners who do not even have a 5 to 10 year plan," said Abro. "When they finally realize they didn't strategize and invest correctly, it's too late. They are losing their business and they begin to panic."

The lack of planning is a significant part of a business's demise, but so is one's financial mentality. "Too many people live a lifestyle based on their best month," said Abro. "They don't invest in their business, but instead in their personal perks."

Abro not only handles client taxes but he serves as a business consultant. "For example, you can have a simple donut retailer who doesn't invest in a POS (Point of Sales System)," said Abro, "which means the owner has no idea what the customer wants and they don't staff or buy products effectively. They are operating blind."

Technology systems enable businesses to properly keep track of not only profit and losses, but product movement and staffing needs. While studying accounting in college, Abro decided to rework his father's accounting system and discovered that a long-time employee was stealing about \$2 to \$3 thousand a month through bottle refunds. "You can't trust your eyes" said Abro. "You can trust systems and controls. Investing in technology in the technology world we live in today is essential."

Investment in Technologies and making things more efficient is imperative, but Abro also notes that owners don't always value investing in good people. "They don't realize hiring someone who may cost the least, is not always the best investment," he said. "They need to look at the return on the investment. Employees should

be helping businesses make money too."

Abro says not only do owners need to invest in technology and people, but also make an investment in time. He highly encourages joining a trade association. "You need to be around like-minded people and learn from others investing in their businesses," said Abro. "AFPD, for example, helps keep members educated and informed. You need to learn about your business in order stay ahead and maintain success."

The last type of investment Abro suggests is in the remodel. "Sometimes it's important to give your business a facelift," he said. "Each type of business has a lifespan in the bricks and mortar but remodeling is not where you should start when investing in the business. Know your physical life span. A gas station has about a 15 year physical lifespan before it needs to be remodeled while a pizza place has about 5 to 10 years."

The main investments are, "Technology, time and people," said Abro.

Abro recommends, at the very least, retail business should invest in a technology that allows them to market to customers, such as email blasts, social media, blogs, and other platforms that enable them to communicate with their customers.

Kmart is not the only example of a company that did not properly invest. Blockbuster movie rental chain didn't embrace technology fast enough to claim their place in the market. "There are so many things in life that are out of our control but you can control businesses," said Abro. "You can work smarter, make the right types investments: in your time, in money and in people. Don't live on your best month. Re-invest in your business and maximize your potential."

Another mistake Abro often sees made are owners who rush into a new business instead of investing in their existing one. "Business owners should spend more time in their main business and maximize profits before investing in new businesses," said Abro. "Sometimes people think that more is better, but that's not necessarily the case. Instead of investing time into the one main business they have, they think let me buy another business or open up another location to make more money. And I lot of times they make less with both businesses combined."

His main message at the end of the day is, "invest in your business first before venturing off into a new business or new location." ■

ASK THE MEMBER //

What do You Like to do With Your Free Time?

"I like to kick it back and relax. I go home watch the news, CNN, follow up on the world and see what's going on. That's my routine every day. I go home, lie down on my bed and chill."

— KYLE HANNAWA // MAPLE GAS, INC.

"I go fishing anywhere I can. We stay local, just around here, like Newburgh Lake and go play around over there."

— JEFF KASSAB // HANDY MART

"I like to cook and be with my friends, things like that. I like to be with people, I'm a people person. We live on a lake, so we have the backyard and I like to barbeque and fun things like that."

— DALAL ATCHU // SUBURBAN LIQUOR SHOPPE

"I coach sports for my kids, whether it's football, basketball or baseball. So, basically, I'm coaching every day. I don't golf because I don't have the time to do it and it probably shows during the golf outings."

— THOMAS HOLMES // OHIO ATTORNEY

"At this stage in my career, with the great crew we have, my wife and I like to travel. We enjoy Europe and have been there a number of times. If I'm in town, I have a summer home on Lake St. Clair, on the Canadian side, so I'm there quite a bit on the weekends."

— MIKE ROY // FORD TEL MARATHON SERVICE

"We do a lot of family stuff, and I try to get in a round of golf or two when I can. I probably play two or three times a week, so that's my afterhours activity."

— RICHARD BRATSCHI // LAKE LANSING MOBILE SERVICE



Picking and Choosing a Better Valuation

■ BY RANDALL A. DENHA, ESQ.*

If you're like many people, you may assume that filing a federal estate tax return is pretty cut-and-dried. The executor completes the return, pays the required amount of tax, if any, and that's the end of the matter. But there's more to this than meets the eye. In fact, a savvy move by an executor might save a wealthy family hundreds of thousands of estate tax dollars, or even more, by making a timely election to use the "alternate valuation date" for assets.

A SILVER LINING TO A DOWN MARKET

This election is especially beneficial when the value of the deceased's securities or other assets plummets soon after death. It can allow the family to avoid estate tax on value that has essentially disappeared.

One noteworthy opportunity involved estates of individuals who died just before the economic downturn of 2008. Similarly, if a family member died before the stock market plunged this past January, the alternate valuation election may reduce estate tax liability.

ESTATE PLANNING 101

The top federal estate tax rate of 40% applies to the entire taxable estate after the unlimited marital deduction and the available estate tax exemption are taken into account. The unlimited marital deduction completely shields from tax assets transferred from one spouse to another. In addition, assets passing to nonspouse beneficiaries may be covered by the \$5.45 million estate tax exemption.

Normally, assets are included in the taxable estate based on their value on the date of death. For instance, if you own stocks valued at \$1 million on the day you die, the stocks are included in your estate at a value of \$1 million.

ALTERNATE VALUATION DATE IN ACTION

Despite available deductions and exemptions, a small percentage of families still must contend with an onerous federal estate tax. However, tax law provides relief to estates negatively affected by fluctuating market conditions. Instead of the value of assets on the date of death, the alternate valuation date of six months after the date of death may be elected. This could effectively lower the federal estate tax bill.

For example, let's say Shawn, a widower, died on January 1, 2016, leaving his entire estate to his two children, Michael and Bridget. On the date of his death, Shawn owned securities valued at \$10.45 million. Following his death, the stock holdings declined in value to \$7.45 million at the end of January. By July 1, 2016, the value had recovered to \$8.45 million.

Using the regular date of death to value the assets, the estate would owe tax on \$5 million after the \$5.45 million exemption is applied, resulting in an estate tax of \$2 million (40% of the remaining \$5 million). Conversely, if the alternate valuation date of July 1 is elected, the estate tax is reduced to \$1.2 million (40% of \$3 million). Ultimately, the strategy saves the family \$800,000 in estate tax. In reality, other factors will likely come into play, but this simplified example provides a rough idea of the potential tax savings.

QUALIFICATIONS

To qualify for an alternate valuation date, the following requirements must be met:

- The total value of the gross estate must be lower on the alternate valuation date than it was on the date of death. (Of course, the election generally wouldn't be made otherwise.) If assets are sold after death and before the alternate valuation date, the asset is valued at the amount equal to the sales price.
- The amount of estate tax must be lower using the alternate valuation date than

it would be on the date of death. This would seem to always be true if the first requirement is met, but that's not necessarily so for estates passing under the unlimited marital deduction or times when the estate tax is equal to zero on the date of death.

- Any assets that decline in value solely due to the passage of time (for instance, a vehicle that depreciates) must still be valued as of the date of death.
- The election to use the alternate valuation date must be made within one year of the estate tax filing date. That is, even if the return is filed late, you still have a way to make the election. Once made, the election is irrevocable.

An estate tax return is due within nine months of the date of death. Thus, when the value of assets has declined, there is a small window of opportunity for electing the alternate valuation date.

ELECTION COVERS THE ENTIRE ESTATE

Be aware that the alternate valuation election must be made for the entire estate. In other words, you can't cherry-pick stocks to be valued six months after the date of death and keep the original valuation date for others. Therefore, if other assets such as real estate have substantially increased in value since the date of death, electing the alternate valuation date might not be the best approach. ■

**RANDALL A. DENHA, J.D., LL.M., principal and founder of the law firm of Denha & Associates, PLLC with offices in Birmingham, MI and West Bloomfield, MI. Mr. Denha continues to be recognized as a "Super Lawyer" by Michigan Super Lawyers in the areas of Trusts and Estates Law; a "Top Lawyer" by D Business Magazine in the areas of Estate Planning and Tax Law; a Five Star Wealth Planning Professional; Michigan Top Lawyer; New York Times Top Attorney in Michigan and a Lawyer of Distinction in the areas of Estate and Tax Planning. Mr. Denha can be reached at 248-265-4100 or by email at rad@denhalaw.com.*



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Workers Compensation Insurance: Are Your Employees Covered?

■ BY KRIS HARRIS

Insurance in the business world varies greatly depending on your needs and the type of coverage you're looking for. Coverage can range from Health Care to Liquor Liability. However, there is one type of coverage that seems to get lost in the shuffle. More and more retailers are opting out of Workers Compensation Insurance. "I would say over 70% of the members that are Mom and Pop stores, don't have Workers Compensation Insurance," said Spencer Mio, Agent with Insurance Advisors, Inc.

This number is staggering when you consider the fact that Workers Compensation Insurance is required by law. "Actually, in the State of Michigan, it's required," explains Tamy Younker, Worker's Compensation Underwriter with Conifer Insurance Company. "Most states in the U.S., it's required. In Michigan, just like liquor liability, it is a requirement. If you have employees, you must carry it."

There are a few exceptions, but they are very narrow. "Say you are an independent worker, you don't have any employees, you are your own sole owner of your business, you don't have to pay anybody at all and you don't have sub-contractors working for you, you could be exempt from carrying coverage," said Younkers.

One other exception is how

your business is filed with the state. "If you're a sole proprietor, you do have certain members that can be exempt, such as a spouse, child and parent, but if you are a corporation, an LLC, then you must carry coverage, even if they are family members," said Younkers. "It's not an option and that's probably one of the biggest miscommunications out there."

A Workers Compensation policy covers the bases for your employees, in case of an injury or accident. "It covers employees for injuries and illnesses arising out of and in the course of employment," Mio said. "The policy may provide payment for medical treatment temporary and permanent disability and death benefits."

Aside from being state-mandated, there are a few reasons why an employer should carry Workers Compensation Insurance. The types of claims companies have seen, point to specific areas in the retail industry. "With convenient stores and restaurants, I see injuries from the kitchen with cuts and burns," said Mio.

For grocers, the range of claims is even greater. "Grocery stores will see lacerations from the deli counter and opening boxes, slip and falls from wet floors or icy conditions, or lifting hazards from stocking shelves," explained Younkers.

Retailers should know that there are ways to reduce the cost of Workers Compensation

Insurance. One way an employer can save money is by providing a safe work environment for their employees. MIOSHA has a document called Safety Pays, that's available at www.michigan.gov. This document explains how an employer can save money by implementing safety guidelines and for every \$1 invested in workplace safety, employers can see anywhere from \$4 to \$6 in return.

Another way to save money is to register with the CAOM (Compensation Advisory Organization of Michigan). "The CAOM is a non-profit organization that promulgates a Merit Modification or an Experience Modification for each risk," explained Younkers. "Each may reflect as a credit or a debit that is applied to each eligible policy. Not all risks are eligible. So having a safe work environment really does pay."

Moreover, some insurance companies offer credits. For example, Conifer Insurance Company offers a credit for being a member of AFPD. These credits would be verified prior to being added to a policy.

AFPD members who do not have Workers Compensation Insurance need to be aware of the severity of the consequences. "The potential risk for not having coverage for your employees, again even if they're family members can be up to one-



thousand dollars a day for a fine,” Younkens said. “And the state will come after you.”

“A lot of people don’t get it,” said Mio. “I had a client where the state sent them a letter, but I’ve also had a lot of retailers who haven’t received a letter and it fell through the cracks. That’s a big problem in Michigan.”

If your business does not carry Workers Compensation Insurance, whether you’ve received a letter from the state or not, realize you are operating on borrowed time. “The insurance carrier has to file with the state of Michigan that there is coverage for a risk,” said Younkens. “So, the state goes through their database to verify whether or not people have coverage. At that point they start sending out letters and it does make people panic.”

Workers Compensation Insurance is run differently by each state and can be difficult to navigate through, more so than other types of coverage. For example, in Ohio, Workers Compensation Insurance is not agency run, but run by the state.

“Ohio is what’s known as a monopolistic state for Workers Compensation versus most states in the country that are insurance states,” explained Andre Bradley Vice President of Program Sales and Service for CareWorksComp. “What that means is that the insurance carrier for Workers Compensation is actually the state of Ohio, so it’s the state itself.”

Since the state runs the system, they control the operation from

beginning to end. “They pay Workers Compensation medical bills, they pay for time off work, so they’re the actual insurance carrier in this state,” explained Bradley.

What CareWorksComp offers AFPD members in Ohio, is a way to reduce cost and manage things. “For employers who want minimize or reduce their cost for that insurance, they hire an organization like ours, a TPA (Third Party Administrator), to help manage their claims for them and over-see the premium calculation process, payroll reporting and those things,” said Bradley.

One similarity between the two states is, just like in Michigan, having Workers Compensation Insurance is mandated in Ohio. “If a business has payroll they are required to have coverage in the state,” Bradley said.

In Ohio, Workers Compensation is no-fault insurance, much like how Michigan’s auto-insurance is run. “It is a no-fault insurance state so regardless of why an injury, or even an occupational disease occurs, it’s going to be for the most part, a compensable Workers Compensation injury,” said Bradley. “So if a third party is responsible for an accident, in Ohio, it doesn’t matter because that person was doing their job when the accident occurred. That accident is going to be Workers Compensation claim in Ohio.”

Regardless of which state you run your business, Workers Compensation Insurance gives you the peace of mind that your

workers are covered in case of injury or illness while at your place of business. “Have good faith and do the right thing,” said Mio. “If an employee gets severely injured and is not able to work after the injury. Where does it leave him, especially if he’s a family man with children?”

AFPD helps members by providing various programs that help reduce cost, and Workers Compensation Insurance is no exception. “AFPD makes it a lot easier for the members with all of the programs they offer and Conifer Insurance is very, very competitive with the Workers Compensation rates,” Mio said. “Members need to start taking advantage of it because they can save anywhere from 10% to 20% from being an AFPD member and that makes a big difference.”

BELOW ARE SOME USEFUL LINKS THAT RANGE FROM INCREASING SAFETY AT THE WORKPLACE TO REDUCING COST:

Compensation Advisory Organization of Michigan: www.caom.com

Hazards in the Food & Beverage Industry: www.michigan.gov/documents/cis_wsh_cet0108_108504_7.htm

Prevention of Material Handling injuries in the Grocery Sector: www.cdc.gov/niosh/docs/2015-100/pdfs/2015-100.pdf

Details on Workers Compensation in Ohio: www.bwc.ohio.gov

For more information on Ohio and the other monopolistic states: www.workcompconsultant.com/monopolistic-states-list.htm ■



Group-Rating Safety Accountability

Each year Ohio employers have the opportunity to participate in BWC's Group-Experience-Rating Program or Group-Retrospective-Rating Program. While these programs are not required, they do provide you with an opportunity to significantly reduce your workers' compensation premiums, while increasing your awareness of safety and risk-management strategies.

TRUE-UP EXTENSION

The first-ever payroll true-up period for private employers has begun and payroll true-up reports were due to BWC no later than August 15, 2016.

GOOD NEWS! The Ohio BWC has provided a grace period for businesses that did not meet the August 15th deadline. Businesses will now have until Friday, September 30th to complete the true-up.

Our records indicate there are still a significant number of businesses that have yet to complete the new payroll true-up process. ***It is important that you complete this process by the September 30th deadline.*** Not completing this process can be very costly to your business and include:

- Removal from current discount programs such as group rating, group retrospective rating, one claim program;
- Denial from enrollment in future discount programs;
- Ineligibility for refunds due from prior year programs

The process can be started by going to www.bwc.ohio.gov and log on with your user ID and password. If you don't have one, you will need to create one by simply following the directions located near the top right-hand corner of the BWC's home page.

BWC has put together a short video demonstrating how to complete your payroll true-up. To view the video, visit <https://youtu.be/dmYEtUGLEnQ>.

If your company uses a payroll company or vendor, you will need to contact them immediately to verify that they are completing this task for you.

If you cannot complete the process online, you can call BWC directly at 1-800-644-6292 and ask for a BWC representative. You will need to call as soon as possible as wait times may be long. ■



Workplace safety is an important component of these programs. To succeed in accident prevention, we encourage you to use the many resources available to you. We believe a group-rating program is a partnership that includes you and your employees, your sponsoring organization or third-party administrator (TPA) and BWC. Each has specific roles and responsibilities, all designed to assist in preventing workplace accidents. This letter outlines the safety services expectations you should have as an employer enrolled in a group-rating program.

THE EMPLOYER WILL:

- Maintain a safe workplace;
- Attend safety training to enhance workplace safety;
- Use BWC's safety services as needed;
- Fulfill the required two-hour training requirement and provide proof of attendance to sponsor for claim(s) occurring within the last year.

THE CERTIFIED PRIMARY AND AFFILIATED SPONSORING ORGANIZATIONS WILL:

- Sponsor eight hours of safety training (this may be done at one time or may be provided incrementally as long as the total is at least eight hours);
- Provide information regarding safety resources to group members;
- Possibly assist an employer in achieving its safety needs;
- Manage employer fulfillment of the two-hour training requirement, where applicable;
- Publish this letter to group members.

THE TPA MAY:

- Assist sponsoring organizations with fulfilling the group-rating safety requirements;
- Assist an employer with its safety needs;
- Work in conjunction with sponsors to develop safety training and deliver safety resources;
- Provide resources for claims handling.

BWC WILL:

- Monitor all group-rating safety activities to confirm requirements are met;
- Remain in communication with sponsoring organizations to provide recommendations for fulfilling safety requirements;
- Provide safety training through Ohio's Center for Occupational Safety & Health;
- Offer on-site safety consultation (hazard assessments, air and noise monitoring, ergonomics evaluation, training) by a BWC safety professional;
- Offer publications and videos for safety program support;
- Conduct employer visits to confirm the employer is meeting group-rating requirements, when appropriate.

The goal of this collaborative effort is to make sure all your safety needs are met. Using these resources will assist you in preventing accidents, reducing claims costs and achieving the highest discounts possible. Contact BWC at groupratingsafety@bwc.state.oh.us. ■

BROUGHT TO YOU BY:





Medical Marijuana and its IMPACT ON BWC

What does OHIO'S medical marijuana LAW SAY?

House Bill 523, effective Sept. 8, 2016, legalizes medical marijuana in Ohio for certain medical conditions, including pain that is either chronic and severe or intractable, PTSD, and traumatic brain injuries. At this time, the only legal forms of medical marijuana will be edibles, oils, patches, plant material and tinctures. Vaporization is permitted. It cannot be smoked or combusted. Home growth is prohibited.

The Ohio Department of Commerce is tasked with regulating the licensure of medical marijuana cultivators and processors, as well as the laboratories that test medical marijuana. The state of Ohio Board of Pharmacy will license retail dispensaries and register patients and their caregivers. Additionally, the State Medical Board of Ohio will regulate physicians' requirements and procedures for applying for and maintaining certificates to recommend medical marijuana and maintain the list of conditions for which medical marijuana can be recommended.

What is the IMPACT of the new law ON BWC?

The impact of the new law on BWC and its programs is limited. It does not adversely affect the Drug-free Safety Program, will not require BWC to pay for patient access to marijuana, and expressly states that an employee under the influence of marijuana is not covered by workers' compensation.

Specifically:

- 1 Nothing in the law requires an employer to accommodate an employee's use of medical marijuana;
- 2 The law does NOT prohibit an employer from refusing to hire, discharging, or taking an adverse employment action because of a person's use of medical marijuana;
- 3 The law specifies that marijuana is covered under "rebuttable presumption." In general, this means that an employee whose injury was the result of being intoxicated or under the influence of marijuana is not eligible for workers' compensation. This is the case regardless of whether the marijuana use is recommended by a physician;
- 4 While the law does not specifically address reimbursement for medical marijuana recommended for injured workers, Ohio law already has rules and statutes in place that limit what medications are reimbursable by BWC.
 - Administrative code provides that drugs covered by BWC are limited to those that are approved by the United States Food and Drug Administration. Marijuana has not been approved by the FDA and remains a Schedule I illegal drug under federal law.
 - BWC-funded prescriptions must be dispensed by a registered pharmacist from an enrolled provider. Medical marijuana will be dispensed from retail marijuana dispensaries, not from enrolled pharmacies.
 - BWC only reimburses drugs that are on its pharmaceutical formulary, which is a complete list of medications approved for reimbursement by BWC. Drugs not on the list are not eligible for reimbursement, and under BWC's current rules, it cannot be included in the formulary, nor is it otherwise eligible for reimbursement.

What can EMPLOYERS DO?

The best way employers can protect their workers and themselves is to establish a **drug-free workplace**, or, if they already have one, to review and update it if necessary. This is important because certain sections of the new law reference the use of medical marijuana in violation of an employer's drug-free workplace policy, zero-tolerance policy or other formal program or policy regulating the use of medical marijuana. For what this means to your specific workplace, consult your human resources or legal department.



This is What Grocery Shoppers Value the Most

■ BY MARIANNE WILSON // CHAIN STORE AGE



Fresh produce comes out on top as the most important feature to customers in their grocery store experience.

That's according to a new report by Acosta, a full-service sales and marketing agency in the CPG Industry, in which fresh produce (89%) ranked as a more important feature than competitive pricing (86%) and product selection (84%).

The report, *The Revolution of Grocery Shopping*, highlights five megatrends impacting grocery, including the important role fresh produce plays in shoppers' perception of a store. Nearly one-third of shoppers report their perception of a store skews negatively if it does not have a dedicated section for natural or organic options.

In addition, almost half of shoppers consider leaving a store if fresh produce and healthy options are not available.

Another trend is convenient meal solutions, which are becoming a staple for shoppers who are managing increasingly busy lives and abandoning traditional meal rituals, according to the report. It found that half of shoppers decide what's for dinner within two hours of mealtime. Millennials are doing the least amount of meal planning with 68% waiting until a few hours before dinner to make plans.

The other trends are centered around the following:

MILLENNIALS

72% of millennials enjoy grocery shopping versus just 60% of total U.S. shoppers. Nearly half of Millennials — representing more than 10% of all U.S. shoppers — said they would use an app allowing them to pay for their groceries, signaling the increased integration of digital technology into the path to purchase.

DIGITAL ADOPTION

Nearly one-third of shoppers say they would use various forms of digital technology if it were offered at their grocery store. The most desired offering shoppers would like to see is an app that provides the ability to order items not available in store and the ability to scan items as they shop in order to bypass checkout.

36% of shoppers are interested in using an app or web portal to pre-order prepared foods they can pick up at the store. And more than 40% of shoppers' report buying grocery purchases online at least once a month.

PERIMETER GROWTH

While center store accounts for 70% of a store's profit, the perimeter area is expanding its share of space, driven by the increased interest in health-and-wellness as well as millennials' influence. 62% of shoppers frequent the produce aisle and 61% visit the dairy section at least once a week, versus only 19% shopping in the HBC aisles at least once a week.

"In isolation and especially when combined, these megatrends are driving the future of grocery shopping," said Colin Stewart, senior VP. "It's critical, however, that CPG retailers and manufacturers fully analyze these trends in the context of their own business and customers. With everything from advanced payment and loyalty technologies, in-store navigational apps and digital grocery tools, and even shelf-stocking robots. ■



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Marijuana to Remain Illegal Under Federal Law, DEA Says

■ BY DONNA LEINWAND LEGER
// USA TODAY



Marijuana advocates who hoped the cascade of states moving to legalize medical marijuana would soften the federal stance on the drug faced disappointment as the Drug Enforcement Administration announced that it will keep marijuana illegal for any purpose.

Marijuana will remain a Schedule 1 substance under the Controlled Substances Act. Substances in Schedule 1 are determined by the Food and Drug Administration to have no medical use. States that allow marijuana for medical use or legalize recreational use remain in defiance of federal law.

The announcement to be published in the Federal Register, relaxes the rules for marijuana research to make it easier for institutions to grow marijuana for scientific study. The DEA currently authorizes just one grow facility in Mississippi.

In reaching its conclusion, the DEA says that a Health and Human Services evaluation shows

that marijuana has no "currently accepted medical use" because "the drug's chemistry is not known and reproducible; there are no adequate safety studies; there are no adequate and well-controlled studies proving efficacy; the drug is not accepted by qualified experts; and the scientific evidence is not widely available."

"At this time," the DEA concludes, "the known risks of marijuana use have not been shown to be outweighed by specific benefits in well-controlled clinical trials that scientifically evaluate safety and efficacy."

On other points, the DEA reported noted that marijuana has a "high potential" for abuse and can result in psychological dependence. It said around 19 million individuals in the U.S. used marijuana monthly in 2012 and that contemporaneous studies showed around 4.3 million individuals met diagnostic criteria for marijuana dependence.

It did not find, however, that marijuana was a "gateway drug."

"Little evidence supports the hypothesis that initiation of marijuana use leads to an abuse disorder with other illicit substances," the report said.

The decision signals a difficult road ahead for legalization efforts, said Kevin Sabet, president of Smart Approaches to Marijuana (SAM) and a former Obama administration drug advisor. Companies that seek to use marijuana as medicine will have to go through the same rigorous scientific evaluation as traditional pharmaceutical drugs.

"This is a vindication for science and for people who have said to go slow," Sabet said. "I think it's a bad day for legalization efforts and a good day for scientists."

The DEA's decision ignores the public will and patients' experience with the medical benefits of marijuana, says Tom Angell, chairman of Marijuana Majority, which advocates for removing marijuana from the drug scheduling restrictions. Congress should bar DEA and other federal agencies from interfering with the implementation of state marijuana laws, Angell said.

"President Obama always said he would let science – and not ideology – dictate policy, but in this case his administration is upholding a failed drug war approach instead of looking at real, existing evidence that marijuana has medical value," Angell said. "A clear and growing majority of American voters support legalizing marijuana outright and the very least our representatives should do is let states implement their own policies, unencumbered by an outdated 'Reefer Madness' mentality that some in law enforcement still choose to cling to."

At least eight states will consider marijuana issues in the November election. Voters in Arizona, California, Massachusetts, Maine and Nevada will consider full legalization. Arkansas and Florida have medical marijuana measures on their ballots. Montana voters will consider a measure to restore the state's medical marijuana law after legislative and judicial actions curtailed the law. ■



2016 Independent Grocers Financial Survey: Same-Store Sales Increase 2.1%

■ BY KRISTEN CLOUD

// NATIONAL GROCERS ASSOCIATION

FMS and the National Grocers Association (NGA) have released the results of the 2016 Independent Grocers Financial Survey, covering fiscal year 2015. This joint study polled independent supermarket operators in 38 states and four Canadian provinces on their financial performance and business strategies, and provides an in-depth look at the economic, political and competitive landscape in which these retailers operate. Fiscal year 2015 proved to be an improvement over 2014 with both sales and margins having increased despite a rise in expenses and stagnant food-at-home prices.

After a difficult 2014, independents increased their same-store sales by 2.1%, and with food-at-home inflation at 1.17% during 2015, adjusted sales gains came out at 0.84%, compared to -0.9% in 2014. Additionally, sales contributions shifted slightly away from non-perishables toward categories, such as meat and deli in 2015. Average weekly transactions were flat, indicating that independents were successful in growing their customers' baskets.

"A stronger 2015 once again proves the resilience of the

independent grocer," says Robert Graybill, president and CEO of FMS. "In what are still uncertain economic times, independents managed to improve upon many financial indicators over 2014. While grocers in the Northeast continued to struggle after last year's supplier turmoil, this year's survey shows that they are headed in the right direction and are poised to continue to improve."

For the first time in the history of this report, supercenters were not listed as independents' top competitive threat, but instead were replaced by other conventional supermarkets. Despite independents' top competition being conventional formats, they were able to grow their margins in total store and in most individual departments.

"In a fiercely competitive industry, independents are continuing to differentiate themselves in the marketplace and are doing so with much success," said Peter J. Larkin, president and CEO of NGA. "Despite a challenging environment, independent supermarket operators continue to evolve to serve their customers."

Expenses in 2015 slightly increased, driven mainly by a continued rise in labor and benefit

costs. Healthcare costs remained as one of the top concerns facing independents and 71% of respondents reported that their healthcare costs increased in 2015. Despite the increases in healthcare, independents managed to keep total expense increases low.

Higher sales, better margins and only slightly increased expenses resulted in much stronger profits, reversing a two-year trend in which profits were lower than the previous year's. In 2015, independent grocers reported net profits before taxes of 1.44%, compared to 0.91% in 2014. The average retailer managed to close the gap between their net profits and those of the "profit leaders," which are the retailers who finish in the top 25% of net profits before taxes.

In addition to an overall look at independents financial performance, the 2016 Independent Grocers Financial Survey examines results by geographical region, sales volume, store count and net profits. Included in the study are articles and analysis from industry professionals on the financial and economic landscape and how it has affected independent grocers.

The survey is \$75 for FMS customers/NGA members and \$300 for non-members. ■

Equal Pay Comes To Massachusetts

New statewide law requires equal pay among men and women for comparable work

■ BY NACS ONLINE

CBS Boston reports that Massachusetts Governor Charlie Baker signed a bill into law that will require men and women to be paid equally for comparable work.

Supporters of the bill say women in Massachusetts are currently paid on average about 82% of what their male counterparts make for comparable work; the bill attempts to define what constitutes comparable work, notes the Boston Globe.

Under the new law, employers would not be able to ask prospective workers to provide a salary history (although the information could be given voluntarily), making Massachusetts the first state to adopt this provision. ■



Ann Arbor Raises Minimum Age to Purchase Tobacco

■ BY DAN PAPINEAU // AFPD DIRECTOR, GOVERNMENT RELATIONS



The first municipality to increase the legal age to buy tobacco products in Michigan, recently did so. On August 4th the Ann Arbor City Council voted 9-2 to increase the smoking age to 21 years old.

Beginning January 1 2017, any retailer within the city limits of Ann Arbor will be prohibited from selling tobacco products or electronic cigarettes to customers under the age of 21. Retailers effected by the ordinance will need to post signage alerting customers of the new minimum age to buy tobacco products or electronic cigarettes. The punishment for retailers who sell to anyone under 21 years of age is a \$500 fine. The punishment, previously on anyone 18 years of age or younger caught with tobacco products or electronic cigarettes has been eliminated. The punishment was not modified to apply to anyone 21 and younger. Instead it was completely eliminated.

Backed by health activists and an organized group looking to increase the smoking age across the country to 21 years old, the Ann Arbor ordinance is filled with mostly commentary and health

data to show the necessity for the increase in the age restriction.

AFPD has seen the trend of increasing the smoking age becoming more prevalent across the country. Hawaii was the first to impose such a regulation on the state level followed by California, while several municipalities have taken the matter into their own hands by passing local ordinances. Unfortunately, for retailers in the states where local governments are creating a patchwork of regulation it becomes very hard to compete with retailers outside the local governmental units where 18 is still the minimum age required to buy tobacco products.

As of April of this year our members in Cleveland were subjected to the same type of locally adopted ordinance. More than 100 local governments across the US have adopted an increase in the smoking age. Most all of them target the retailer as opposed to the juvenile caught with the product while being underage.

AFPD is working with partners in the industry to consider how to handle the situation going forward. Tobacco products and the taxation of these products (especially smokeless tobacco) as well as efforts to restrict the purchase of e-cigarettes to those 18 years and older have been a long standing battle between the legislature and the Governor here in Michigan. Any statewide legislation to deal with this situation will likely ignite intense debates about e-cigarette regulations and tobacco taxes. ■

GMO Bill Becomes Law

President Obama signed into law legislation that renders all potential state statutes on the labeling of foods containing GMOs null and void

■ BY NACS ONLINE

On July 29th, President Obama signed into law a new federal standard for the labeling of foods containing genetically modified organisms (GMOs).

More than a year of debate in Congress about how the federal government should treat GMO labeling has come to an end. A 2014 Vermont law requiring products containing GMOs to be labeled as of July 1, 2016, brought the issue to the national stage.

As other state legislatures began to consider GMO labeling legislation, grocery manufacturers, food producers and large retailers asked Congress to intervene with federal legislation that would preempt state and local labeling laws.

Now that the president has signed the legislation into law, the USDA will have two years to write the final rule that will govern GMO labeling. While most everyone agrees that a national standard is preferable, it is important that the USDA maintains the intent of Congress and considers the impact on retailers in rulemaking. ■

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Expansion through
Acquisition of Liberty, USA**

Naperville, Illinois – Eby-Brown Company, LLC announced today they have reached a definitive agreement to purchase the assets of Liberty, USA located in West Mifflin, Pennsylvania. Eby-Brown is the largest privately held convenience store distributor in the United States with annual revenues in excess of \$5 billion and services retail accounts throughout the Midwest and Southeast. Liberty, USA is the largest independently owned convenience store supplier in Pennsylvania servicing 2,000 retail customers in the Midwest, Northeast and East Coast. The purchase strengthens Eby-Brown's presence within the state of Pennsylvania and extends its distribution network into the Northeast.

"We are thrilled to welcome the wonderful people of Liberty, USA to the Eby-Brown family. Both Eby-Brown and Liberty, USA are multigenerational family businesses that have grown through a focus on delivering excellent service and innovation to customers. We look forward to combining two talented teams and are excited to work together on developing new solutions and services that benefit our customers," said Thomas Wake, Co-President of Eby-Brown. We will maintain both companies' commitment to service excellence while delivering increased value with best-in-class category management programs, promotional offerings, and sophisticated technology." Upon closing the transaction, the Pittsburgh facility will operate as Liberty, USA a Division of Eby-Brown.

**AFPD MEMBER
EXCLUSIVE OFFER**

THE VOICE OF INDEPENDENT RETAILERS

**MUST
HAVE
PROGRAMS****SEE YOUR LIBERTY USA
REPRESENTATIVE TO
SIGN UP FOR THESE
MUST HAVE PROGRAMS.****CHECKOUT THESE
TESTIMONIALS:**

"Liberty's programs will earn me \$1,000 CASH in 2015! My Liberty USA sales rep showed me how EASY it was to sign up and start implementing these lucrative programs! My sales have grown by 51.28% with participated vendor sign ups!"

Matt Shull, VP Yorktown Service Plaza

Account	1st Half 2015	2nd Half 2015	2015 TOTAL
YORKTOWN	\$486.24	\$796.89	\$1283.13

"With Liberty USA, earning \$1,200 for being an AFPD member will be the easiest thing I did in 2015! I am still shocked by my sales growth, which is OVER 43% with participated vendor sign ups! I can't wait to see how my numbers and my earnings will grow next year!"

Paul Elhindi, Owner Bp of Lyndhurst

Account	1st Half 2015	2nd Half 2015	2015 TOTAL
LYNDHURST BP	\$546.53	\$797.02	\$1343.55



920 Irwin Run Road • West Mifflin, PA 15122 • P: 800.289.5872
F: 412.461.2734 • cs@libertyusa.com • **www.libertyusa.com**

make sure to support these afpd supplier members



Indicates a supplier program that has been endorsed by AFPD

M Indicates supplier only available in MI

O Indicates supplier only available in OH

IL Indicates supplier only available in IL

ASSOCIATIONS

Food Marketing Institute. (202) 220-0600
Grocery Manufacturers Association . . . (202) 639-5900
International Food Service Distributors Association (703) 532-9400
National Association of Convenience Stores (NACS) (703) 684-3600
National Grocers Association (202) 624-5300
Western Michigan University Food Marketing Program (269) 3887-2132

ATM

ATM Management (614) 891-9200
Edge One (608) 873-3311
Elite Bank Card & Elite Merchant Services (248) 594-3322

BAKED GOODS DISTRIBUTORS

Cateraid, Inc. (517) 546-8217
Great Lakes Baking Company (313) 865-6360
Metropolitan Baking Co./Hearth Oven Bakers (313) 875-7246

BANKING, INVESTING & CONSULTING

Capital Mortgage Funding. . . (248) 569-7283
Comerica Bank. (248) 644-2601
LCA Financial LLC Sub of Lease Corp. of America (248) 743-5209
Level One Bank (248) 737-1102
Lincoln Financial Advisors. (248) 948-5124
Mass Mutual Michigan Metro (248) 324-9308

BEER MANUFACTURERS

Frankenmuth Brewery (989) 262-8300

BEER DISTRIBUTORS

Eastown Distributors. (313) 867-6900
Great Lakes Beverage Company (313) 865-3900
Powers Distributing Company. (248) 393-3700

BOOKKEEPING/ACCOUNTING CPA

Alkamano & Associates. (248) 865-8500
Karla Atchoo & Associates. (248) 851-1662
Marcoin/EK Williams & Company (614) 837-7928
UHY Advisors-MI (248) 355-1040

BUSINESS COMMUNICATIONS/PUBLIC RELATIONS

Comcast (248) 233-4537
Sprint (248) 893-8017
Tamar Designs, LLC (248) 760-7211

C-STORE & TOBACCO DISTRIBUTORS

Eby-Brown (630) 536-3968
Capital Sales Company (248) 542-4400
Core-Mark. (440) 349-8400
H.T. Hackney-Grand Rapids. 1-800-874-5550
S. Abraham & Sons, Inc. (616) 453-6358
Seaway Cash N' Carry (216) 361-5757
Select Distributors. (844) 208-8097
United Custom Distribution (248) 356-7300

CAR DEALERSHIPS & TRANSPORTATION

Saroki Vehicles LLC (248) 258-3900
Suburban Truck Driving Training School (734) 229-0000
Superior Buick. 1-877-586-8665

CHICKEN SUPPLIERS

Taylor Freezer/Broaster Chicken (734) 525-2535

CHIPS, NUTS, CANDY & SNACKS

Better Made Snack Foods **M**. . . (313) 925-4774
 D&B Grocers Wholesale **IL** (Only salty snacks) (734) 513-1715
 Lipari Foods, Inc. (586) 447-3500
Brooklynn Brownies with Love (313) 715-4829
Detroit Popcorn Company (313) 387-1600
Frito-Lay, Inc. 1-800-359-5914
Kar's Nut Products Company. (248) 588-1903
Motown Snacks
(Jays, Cape Cod, Tom's, Archway, Stella D'oro) . . . (313) 931-3205
Snyder's-Lance, Inc. (616) 401-0258
Uncle Ray's Potato Chips & Snacks. . . 1-800-800-3286

COFFEE DISTRIBUTORS

Danny's World (248) 267-0227
Farmers Brothers Coffee (734) 891-0592

CONTRACTORS & CONSTRUCTION

Duraguard Commercial Roofing (810) 730-2532

COUPON REDEMPTION/MONEY ORDERS/MONEY TRANSFER/BILL PAYMENT

AFPD Coupon Redemption . . 1-800-666-6233
 (405) 525-9419
Envios De Valores La Nacional Corp. (Money orders) (917) 529-0700
GFPS (Money orders/bill payment). (405) 278-8800
MoneyGram 1-800-328-5678
Precash (713) 600-2282

CREDIT CARD PROCESSING

First Class Payment Systems. 1-888-255-2211
Heartland Payment Systems (916) 799-1845
WorldPay (404) 723-1528

DELI & MEAT MANUFACTURERS & DISTRIBUTORS

Sherwood Food Distributors . . (313) 659-7300
 Lipari Foods, Inc. (586) 447-3500
Carmela Foods Distributors. (586) 294-3437
Wolverine Packing Company (313) 259-7500

ENERGY, LIGHTING & UTILITIES

DTE Energy 1-800-477-4747
DTE Your Energy Savings 1-855-234-7335
My Choice Energy. (586) 248-7181
Running Right (248) 884-1704

ENVIRONMENTAL CONSULTING

BLDI Environmental Engineers (616) 459-3737

FOOD EQUIPMENT, MACHINERY & KIOSKS

Culinary Products (989) 754-2457

GAS STATION MAINTENANCE

Oscar W Larson Co. **M** **IL** (248) 620-0070

GASOLINE WHOLESALE

Armada Oil & Gas (313) 582-1777
Beck Suppliers. (419) 332-5527
Central Ohio Petroleum Marketers (614) 889-1860
Gilligan Oil Co. of Columbus, Inc. . . . 1-800-355-9342
High Pointe Oil Company. (248) 474-0900
Obie Oil, Inc. (937) 275-9966
R&R Takhar Operations, Inc. (937) 665-0881

GREETING CARDS

Leanin' Tree. 1-800-556-7819 ext. 4183

make sure to support these afpd supplier members



Indicates a supplier program that has been endorsed by AFPD

M Indicates supplier only available in MI

O Indicates supplier only available in OH

IL Indicates supplier only available in IL

GROCERY WHOLESALERS & DISTRIBUTORS



D&B Grocers Wholesale **IL** (Only salty snacks)
..... (734) 513-1715

George Enterprises, LLC. (248) 851-6990
Great North Foods/Alpena Grocer. (989) 356-2281
International Wholesale (248) 353-8800
Jerusalem World Pure Foods (313) 846-1701
MB Wholesale (313) 581-0099
SpartanNash (616) 878-2248
SUPERVALU West Region (262) 942-3387
Value Wholesale Distributors (248) 967-2900

HOSPITALITY INDUSTRY CONSULTING

Lippitt O'Keefe Advisors, LLC. (248) 646-8292

HOTELS, CONVENTION CENTERS & BANQUET HALLS

Farmington Hills Manor. (248) 888-8000
Genoa Banquet Center (517) 545-1000
Penna's of Sterling (586) 978-3880
Petruszello's (248) 879-1000
Shenandoah Country Club (248) 683-6363
Suburban Collection Showplace. (248) 348-5600

ICE CREAM SUPPLIERS



Nestle DSD (Small format only) ... (616) 291-8999



Prairie Farms Ice Cream Program **M**
..... 1-800-399-6970 ext. 200

Arctic Express (Nestle Ice Cream-Small format only)
..... 1-866-347-3657
Blue Bunny Ice Cream (502) 264-2284
Hershey's Ice Cream (734) 449-0301

ICE PRODUCTS



U.S. Ice Corp. **M** (313) 862-3344

Arctic Glacier Premium Ice. 1-800-327-2920

INSURANCE SERVICES: AUTO & HOME



Lakeview Insurance/Liberty Mutual Auto & Home Discount Program **M O** (586) 553-9954

INSURANCE SERVICES: COMMERCIAL



Conifer Insurance Company (Liquor Liability)
..... (248) 559-0840
Cox Specialty Markets (Conifer) **O** 1-800-648-0357
Globe Midwest/Adjusters International . (248) 352-2100
Insurance Advisors, Inc. (248) 694-9006
National Claims Service. (313) 537-8329
USTI/Lyndall Insurance (440) 247-3750

INSURANCE SERVICES: HEALTH & LIFE



BCBS of Michigan **M** 1-800-666-6233
Business Benefits Resource, LLC. (248) 381-5045
Heritage Vision Plans (313) 863-1633
Independent Food Retailers Association . (517) 337-4877
LifeSecure Insurance Company. (810) 220-7703
Midwest Medical Center (313) 581-2600
National Benefit Plans (Don Jorgensen) . 1-800-947-3271

INSURANCE SERVICES: WORKERS' COMPENSATION



Conifer Insurance Company (248) 559-0840



CareWorks **O** ... 1-800-837-3200 ext. 7188

LEGAL SERVICES



Knaggs, Harter, Brake & Shneider, PC
(Petroleum experts) (517) 622-0590



Willingham & Cote, PC **M**
(Alcohol issues) (517) 351-6200

Bellanca & LaBarge (313) 882-1100
Cummings, McClorey, Davis & Acho, PLC (734) 261-2400
Denha & Associates, PLLC (248) 265-4100
Foster Swift Collins & Smith PC (Labor & Employment Law)
..... (248) 539-9919
Hammoud & Dakhallallah (313) 551-3038
Kecskes, Silver & Gadd, PC (734) 354-8600
Kullen & Kassab, PC. (258) 538-2200
Lumpe & Raber Law Offices. (614) 221-5212
Pepple & Waggoner, Ltd. (216) 520-0088
Sullivan, Ward, Asher & Patton, PC ... (248) 746-0700

LIQUOR SHELF TAGS

Saxon, Inc. (248) 398-2000

LOTTERY

GTech Corporation (517) 272-3302
Michigan Lottery (517) 335-5648
Ohio Lottery 1-800-589-6446

MILK, DAIRY & CHEESE PRODUCTS



Lipari Foods, Inc. (586) 447-3500



Sherwood Food Distributors **M IL**
..... (313) 659-7300



Dairymens **O** (216) 214-7342



Prairie Farms Dairy Co. **M** ... (248) 399-6300

Country Fresh 1-800-748-0480

Dairy Fresh Foods (313) 295-6300

OFFICE SUPPLIES & PRODUCTS



Office Depot (248) 231-7198

PAPER PRODUCTS & PACKAGING SUPPLIES

Bunzl USA. (810) 714-1400

Joshen Paper & Packaging (216) 441-5600

PAYROLL SERVICES & MORE



Heartland Payment Systems . (530) 953-9489

Trion Solutions, Inc. (248) 971-1030

PIZZA SUPPLIERS

Hunt Brothers Pizza (615) 259-2629

POINT OF SALE & RETAIL TECHNOLOGY

BMC-Business Machines Company. ... (517) 485-1732

C Mart Technologies (916) 396-5794

Great Lakes Data Systems. ... (248) 356-4100 ext. 107

Reward Geek (248) 268-9000

RSA America LLC (312) 471-6700

PRINTING, PUBLISHING & SIGNAGE



Fisher Printing (708) 598-1500

Huron Web Offset Printing. (519) 845-0821

Pace Custom Printing. (248) 563-7702

PRODUCE DISTRIBUTORS



Heeren Brothers Produce **M** . (616) 452-2101

Anthony Marano Company (773) 321-7500

PROPANE



Pinnacle Propane Express ... (847) 406-2021


REAL ESTATE



Sell Your Business Program ... 1-800-666-6233

NAI Farberman (Commercial Real Estate) (248) 351-4386

REFRIGERATION SOLUTIONS (COMMERCIAL)

 **SRC Refrigeration** 1-800-521-0398
National Resource Management, Inc. . . . (781) 828-8877
RW International (586) 920-2796

RETAIL FIXTURES & DISPLAYS

Display Max (810) 494-0400
Retail Sign Systems (616) 863-6600
Tyler Supply Company 3611 (269) 345-2121


REVERSE VENDING MACHINES & SERVICE

UBCR, LLC (248) 529-2605

SECURITY, SURVEILLANCE & MORE

Advanced Surveillance Technologies. . . 1-800-278-6004
Central Alarm Signal (313) 864-8900

SODA POP, WATER, JUICES & OTHER BEVERAGES

 **Monster Energy Company** . . . 1-800-666-6233
 **Lipton Rebate Program/Pepsi Beverages**

..... Detroit ☎ 1-800-368-9945
..... Howell ☎ 1-800-878-8239
..... Pontiac ☎ (248) 334-3512
..... Cleveland ☎ (216) 252-7377
..... Twinsburg ☎ (330) 963-5300

 **Coca-Cola Refreshments** (Metro Detroit Program)
..... **Metro Detroit** ☎ (313) 868-2008
..... Belleville ☎ (734) 397-2700
..... Port Huron ☎ (810) 982-8501
..... Cleveland ☎ (216) 690-2653

 **Faygo Beverages, Inc.** ☎ . . . (313) 925-1600
Absopure Water Co. 1-800-334-1064
Dr. Pepper Snapple Group/7UP (313) 937-3500
LXR Biotech, LLC (248) 836-4373

TIRE & VACUUM EQUIPMENT/SERVICE

 **Air Resource Vending** (507) 263-2962




TOBACCO COMPANIES & PRODUCTS

8 Mile Smoke (844) 678-6453
Altria Client Services (513) 831-5510
R J Reynolds Tobacco Company (336) 741-0727
Tobacco Import USA (248) 336-2977

TRAINING RESOURCES 1-800-666-6233

Food Safety & Sanitation Training
GHS Hazardous Chemical Labeling Requirement Training
Meat Room Sanitation Education
TIPS Alcohol Training for Intervention Procedures
UST Owner/Operator Class “A” and Class “B” Training

UNIFORMS, LINENS, WORK WEAR & SUPPLIES

 **Detroit Chemical & Paper Supply / 1st Impressions** (586) 558-8805
 **Socks Galore Wholesale** (248) 545-7625
 **UniFirst** (888) 256-5255 ext. 232

WASTE DISPOSAL & RECYCLING

 **Midwest Recycling** ☎ (American Red Cross boxes)
..... (313) 304-9099
Planet Environmental (313) 473-9886
Schupan Recycling. (269) 207-5448

WINE & SPIRITS COMPANIES

 **Benchmark Beverage Co.** . . . 1-800-666-6233
Bacardi Martini U.S.A. (972) 712-9140
Beam Suntory, Inc. (248) 471-2280
Brown-Forman Beverage Company . . . (248) 393-1340
BuzzBallz, LLC (972) 242-3777
Carmela Foods Distributors. (586) 294-3437
Cornerstone Wine Distributor (586) 839-2552
Diageo 1-800-462-6504
Gypsy Vodka. (248) 217-6057
Heaven Hill Distilleries 1-800-348-1783
Luxco (313) 333-4637
North American Spirits & Wine (248) 535-0707
Pernod-Ricard USA. (248) 717-3177
Proximo Spirits (810) 278-0599
Remy Cointreau USA (248) 347-3731

WINE & SPIRITS DISTRIBUTORS

RNDC of Michigan 1-888-697-6424

FOOD RESCUE / FOOD BANKS

MICHIGAN

Feeding America West Michigan Food Bank
..... (616) 784-3250
Feeding America West Michigan Food Bank -
Benton Harbor (269) 983-7229
Feeding America West Michigan Food Bank -
Cadillac (231) 779-0056
Feeding America West Michigan Food Bank -
Ishpeming (906) 485-4988
Feeding America West Michigan Food Bank -
Sault Ste. Marie (906) 632-0348
Food Bank of Eastern Michigan (810) 239-4441
Food Bank of South Central Michigan .. (269) 964-3663
Food Gatherers (734) 761-2796
Forgotten Harvest (248) 967-1500
Gleaners Community Food Bank (866) GLE-ANER
Greater Lansing Food Bank (517) 908-3680
Kalamazoo Loaves & Fishes (269) 343-3663
The Manna Food Project (231) 347-8852
Western Upper Peninsula Food Bank ... (906) 482-5548

OHIO

Akron-Canton Regional Foodbank (330) 535-6900
Cleveland Foodbank (216) 738-2265
The Foodbank, Inc. (937) 461-0265
Freestore Foodbank (513) 482-4500
Mid-Ohio Foodbank (614) 274-7770
SE Ohio Foodbank & Kitchen (740) 767-4500
Second Harvest Food Bank of Clark, Champaign and
Logan Counties (937) 325-8715
Second Harvest Food Bank of North Central Ohio
..... (440) 960-2265
Second Harvest Food Bank of the Mahoning Valley
..... (330) 792-5522
Shared Harvest Foodbank (800) 352-3663
Toledo Northwestern Ohio Food Bank ... (419) 242-5000
West Ohio Food Bank (419) 222-7946

If you are a supplier of a product/service and would
like the endorsement of AFPD, call us today at
1-800-666-6233!





SEPTEMBER 22, 2016

AFPD'S 7TH ANNUAL MID-MICHIGAN HOLIDAY FOOD & BEVERAGE SHOW

Back by popular demand! Connect with buyers and have some fun at the Mid-Michigan Holiday Food & Beverage Show. Let AFPD work hard to help you sell your holiday products and promotions.

Soaring Eagle Casino // Mt. Pleasant, MI

SEPTEMBER 29, 2016

AFPD'S 18TH ANNUAL HOLIDAY FOOD & BEVERAGE BUYING SHOW

As Michigan's premiere holiday show, retailers and on- and off-premise licensees come from miles to see, sample and buy a wide variety of new products. Admission for AFPD members is free. Must be 21 years or older to attend this show.

Shenandoah Country Club // West Bloomfield, MI

NOVEMBER 17 & 18, 2016

AFPD "HIGH FIVE" TURKEY DRIVES

As the holiday season approaches, the AFPD turkey drive committee has pledged to put a turkey on the Thanksgiving table of over 6,000 needy families throughout Michigan and Ohio that may not otherwise enjoy this special meal.

Detroit & Lansing, MI // Cleveland & Columbus, OH

JANUARY 7, 2017

AFPD'S 101ST ANNUAL TRADE DINNER & BALL

Join over 1,000 leaders in the food, beverage & petroleum industries at this one-and-only black tie gala. Delight in fine cuisine, dancing and entertainment and engage with colleagues and friends to celebrate the strength and vitality of AFPD and the members it serves.

Penna's of Sterling // Sterling Heights, MI

publishers statement

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CONTACT:

T: (800) 666-6233

F: (866) 601-9610

E: info@AFPDonline.org

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AFPD works closely with these associations:





THE VOICE OF **INDEPENDENT** RETAILERS

September AFPD Promotions 8/29/16 – 10/2/16



Fruit Punch
513153



Orange Pineapple
506153



Wild Berry
508153



Orange
510153



Pink Lemon
505153



Blue Raspberry
507153



Lemon
512153



Grape
511153

Gallon Fruit Drinks-All Flavors
Cost \$1.10 – Sell 3/\$5.00

Dairymens®



Because your food shouldn't need a PASSPORT



For the love of great food

Especially food from local farms and businesses.

When you buy local, everybody wins.



For more information about SpartanNash contact:

Jim Gohsman 616-878-8088

Ed Callihan 330-903-8076

Roger Delemeester 989-245-0337



SpartanNash®
Taking food places®

