



national bulk vendors association

n e w s l e t t e r

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Report of Executive Committee Meeting

The Executive Committee and invited guests conducted extensive and far ranging discussions about the future of the association and how we operate. The meeting on September 27, 2007 at the Rio Hotel in Las Vegas was exceptionally productive. Here is a summary of the key items:

- Convention Changes Reviewed
 - Major changes made for 2007 to the convention were reviewed and approved for 2008.
- Change in Number of Directors and Censure Rights

- The Executive Committee approved a proposal to change the Constitution and By-Laws of Association by (a) reducing the number of Directors elected from 39 to 15 (plus the four Officers and the immediate past President(s) for the immediate 2 prior years) and (b) including censure or removal provisions for members who violate the laws or rules of the Association.



Reviewed.

- The Special Lead Update of September, 2007 was reviewed. Significant adverse effects on the industry may result for substantive provisions in the new Consumer

- CPSC Reform Act

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Lead Test Kits Unreliable

The CPSC Release of October 22, 2007 concluded that home lead test kits are unreliable and should not be used to evaluate consumer products for potential lead hazards.

Of 104 tests conducted by

the CPSC on a home lead test kit, 56 were false negatives and two were false positives.

Only testing by qualified laboratories will produce accurate assessments of leaded products.



United Effort for Individual Security

Special Lead Update – Updated

On September 24th a Special Lead Update was sent by email to all members with email addresses on file to expedite receipt of the information on critical issues that are evolving regarding this issue and the impact on our industry.

Since the Special Lead Update, here are other significant events that have occurred:

- Countless recalls continue almost daily, most of which relate to lead paint. During October alone, there were at least 25 recalls related to lead paint, the highest monthly total in the 30 years since the agency has been policing the lead paint ban, according to a Chicago

Tribune analysis. Since the lead ban in 1977, the CPSC has issued 179 recalls for products with lead paint or excess lead levels.

- The response by Nancy Nord, CPSC Chairwoman, to the proposed additional powers proposed in the legislation was essentially – “No thanks.” She doesn’t want increased penalties imposed or the right to announce a recall without the consent of the Company.
- In addition to massive recall costs being incurred by Mattel, they now have been sued by a Michigan pension fund in a

shareholder lawsuit filed in Delaware. One part alleges investors were misled by the delayed reporting of defects to the CPSC. Mattel’s Fischer-Price division was fined \$1.1 million by the CPSC in 2001 for failure to report prior safety defects.

- More embarrassing is the charge that former members of the Mattel Board of Directors sold off more than \$33 million of stock based on inside information. If the suit is successful, the Directors can be made to disgorge their profits.

New Lead News; Testing and Branding

Pending proposed legislation can have an enormous impact on our industry and we cannot sit back and simply watch the legislation develop.

Instead we are committed to promote the bulk vending industry and explain to Congress the ramification of pending legislation that will require mandatory testing and branding. We certainly approve and already adopted mandatory

testing by independent laboratories in our own Voluntary Toy Safety Standard. But we are concerned with the details and frequency of the testing obligations in relation to the costs of the merchandise.

And we are even more concerned about a “branding” requirement that seeks to enable each purchaser to identify where and when every toy or novelty was made. This branding concept may work on

packaged toys and games, but not for tiny toys packaged in small clear plastic capsules.

So the NBVA has engaged the Washington office of Winston & Strawn as lobbyist to help us present our strong and appealing arguments to both the Congress and the CPSC.

We will keep you advised in future newsletters or special bulletins.

2008 Convention Around The Corner

It is not too early to plan for the 2008 convention. The 2008 convention will be from April 17, 2008 – April 19, 2008 at Caesars Palace Hotel in Las Vegas. Every year some of our members call the Caesar’s Palace Hotel late and cannot get rooms at our special convention rates. We guaranty a

certain room block and once used up additional rooms – if available at all, are available at much higher prices. You can avoid the problem by calling now.

To make reservations, call (702) 731-7222; toll free (800) 634-6661. Our rate for run of the house rooms

is \$183 per night single or double occupancy, plus any local, state and federal tax that may apply.

Report of Executive Committee Meeting

(Continued from page 1)

Product Safety Reform Act of 2007 introduced by Sen. Mark Pryor, with support from Senators Dick Durbin and Daniel Inouye. Among the existential concerns are:

- Branding – distinguishing marks must appear on each product or packaging to enable the ultimate purchaser to ascertain the source, date and batch numbers or other distinguishing characteristics. This is virtually impossible for the bulk vending industry.
- Federal preemption is eliminated so States may adopt higher standards than the current 600 ppm.
- State Attorneys General may enforce the laws to obtain damages, restitution and other compensation.
- For toy jewelry, the new lead standard is reduced to 200 ppm.



- For all other children toys, the new lead standard is reduced to 400 ppm.
- A lobbying program is essential and Association counsel was asked to contact Mike Lemov to work with the CPSC staff and legislative assistants of sponsoring Senators and Representative and then report to a select committee of Brian Kovens, Dan Case, Randy Chilton, Tyler Summers and Dax Logue.
- Coupon Books To Continue
 - The coupon book experiment for 2006 and 2007 was appreciated by the operators and the participating suppliers and will continue in 2008 with little change.
 - The plan for 2008 is again to distribute the coupon books at the convention, but only to members in good standing. Since the NBVA switched to a calendar year, rather than a fiscal year, dues invoices are now mailed in early January and must be paid by March 15th to remain a member in

good standing. Members in good standing will be given the discount coupon books at the convention if they attend. If they do not attend, the coupon books will be mailed to them after the convention. If dues are not paid by the convention date, the member will cease being a member in good standing, will not receive the coupon book, any membership newsletters, mailing lists or other benefits.

- Consider co-locating with Fun Expo and ASI for 2009
- Following the Executive Committee Meeting, Peter Becker, Randy Chilton, Jim Hinton and Association counsel met with representatives of AAMA, AMOA, IALEI and Bill and Bryan Glasgow, Show Management for Fun Expo, to consider co-locating at the Las Vegas Convention Center in March 2009 with Fun Expo and ASI.
- The officers are considering the financial consequences.

Email Address and Electronic Newsletter

We are encouraging our members to furnish us their email addresses so they can receive electronically our newsletters and important update information in a timely manner. As previously stated, we sent a special lead update newsletter in September and, if you didn't receive it, we either didn't have your email ad-

dress or the one we have for you is no longer current. So please, if you didn't receive this electronic lead update, please email us at nbva@muchshelist.com with your name, com-



pany name and current email address. If you currently do not have an email account with an internet provider, there are internet providers you can sign up with for free email accounts, such as Yahoo or Google.

Vending Times Annual Survey

The Annual Vending Times Census of the Industry always offers a helpful glimpse of where we were and where we are likely to go. The 2007 survey (for calendar year 2006) was no different.

Here are some interesting highlights:

- Total sales volume for the industry was up a scant 1%
- Flat vending showed strong growth – about 8%
- Capsule Venders stayed about the same
- Novelty Capsule venders declined about 7%
- Ball gum venders increased by about 1%
- Nut/pan candy venders declined about 1%

So the editor concludes that we “more than held our own in 2006.” Among reasons cited for the lack of a more robust growth are the lack of a \$1 coin that circulates. As a result, operators must rely on multi-coin vends and the inability to purchase attractive products due to lead limit constraints.

Congratulations to the 2007-2008 NBVA Scholarship Winners

Congratulations to the 2007-2008 NBVA Scholarship winners! The Scholarship Committee is pleased to announce the winners of this year's NBVA scholarships. The \$15,000 in scholarship funding included two awards made in the honor and memory of Ted Raynor and Elliot Folz. There were 10 awards handed out in total, with funds made available to assist with tuition bills for the current school year.

The NBVA congratulates the 2007-2008 winners:

| <u>Recipient</u> | <u>Amount</u> | <u>Award</u> |
|------------------------|---------------|--------------|
| Barton Bares | \$1,250 | NBVA |
| Kathryn Cole | \$3,000 | Ted Raynor |
| Anna Lisa DeMetsenaere | \$2,000 | Elliot Folz |
| Lindsey Douglas | \$1,250 | NBVA |
| Evan Heon | \$1,250 | NBVA |
| Amy Kam | \$1,250 | NBVA |
| Michael Katz | \$1,250 | NBVA |
| Jason LaVecchia | \$1,250 | NBVA |
| Megan teBogt | \$1,250 | NBVA |
| Robert P. Wells | \$1,250 | NBVA |

Our thanks goes to the Scholarship Committee comprised of Michael Applebaum, Diane Olson and Peter Fleck for their work that has produced so much joy and financial support to the recipients.

Phthalates Prohibited

Lead is one of many potentially dangerous products for children. The latest to reach the radar of State legislatures is phthalates. Banned in Europe for years, now California

bans phthalates in excess of 0.01% (100 parts per million) in toys and child care articles.

Similar legislation is pending in Massachusetts, New York City and Canada.

List of Officers, Committee Chairmen and Members

Enclosed is the 2007 – 2008 List of Officers, Committee Chairmen and Members for your information.

State of the Presidential Coins – Reasons For Failure

The Mint continues to roll out each successive Presidential Coin with great fanfare, at least to the collecting public. The current state of affairs has been summed up beautifully in a recent article by Morton Kondracke, a Washington political analyst and regular panel member of one of the cable political talk shows.

Kondracke accurately observes that the new coins are not catching on and gives two primary reasons – the lack of adequate marketing by the U.S. Mint and the fact that consumers simply don't have them and therefore can't use them.

He observes that the Federal Reserve is not providing banks with adequate supplies of new dollar

coins and with each new Presidential Coin the Fed is ordering fewer coin dollars “arguing – and ensuring – that the demand for them doesn't exist.” The decline has gone from 300,000,000 of the George Washington coins in February, to 220,000,000 for the John Adams coins in May and 170,000,000 Jefferson coins in August. The James Madison coins in November is likely to be fewer still.

Kondracke then quotes from a Government Accountability Office Report in 2002 that concluded “until individuals can see that the coin is widely used by others, and that the government intends to replace the dollar bill with the dollar coin, they will be unlikely to use the coin in

everyday transactions.”

Kondracke suggests that someone should publicize the fact that a coin works better than a bill. He even faults Pepsi and Coca Cola since their vending machines are not suited for \$1 coins. Yet the Treasury Department refused to approve such an ad in 2000 because it didn't want to show a preference between products of the U.S. Mint and the Bureau of Engraving and Printing. His final astute conclusion: “Vending machine operators should take out those ads now. After all, it cost them (i.e., NAMA) \$1 billion a year to clear out dollar bills jamming their machines.”

Honorary Member Appointed

We are happy to report that at our recent Executive Committee meeting Neel Clark was appointed an Honorary Member of the Association. Throughout the years Neel has continuously volunteered his services to the Association. Neel has also been elected to every office in the Association and fulfilled



his duties with remarkable dedication and zeal. At the 54th Annual Convention in Las Vegas in April, 2004, Neel was awarded the Jane Mason/Rose Schiller

Special Achievement Award in recognition of his extraordinary service and devotion to this Association and the bulk vending industry.

Future Convention Dates

In 2009, we are presently scheduled for April 23, 2009 – April 25, 2009 at Caesars Palace Hotel in Las Vegas, Nevada. But we are exploring the possibility of co-locating with Fun Expo and ASI

that will meet together for the first time in March, 2009. We will advise.

