

NBVA

national bulk vendors association

n e w s l e t t e r

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CONVENTION REPORT

The 56th annual convention of the National Bulk Vendors Association in Las Vegas was strong and attendance exceeded results from the 2005 convention in Jacksonville, Florida. Total attendance was 618, compared to 534 in Jacksonville, an impressive increase of 16%. While this attendance figure is short of the record high of 800 registrations in 2004 in Las Vegas, the increase is particularly impressive this year compared to other vending shows where annual attendance declines of 20% were prevalent. While our industry is still recovering from declines triggered by the lead recalls of 2004, it is more stable than other segments of the vending industry.

The number of booths used by exhibitors stayed at the same 100 booth level, with exhibitors expressing satisfaction with acceptance of new products geared to the \$.50 and \$.75 vend.

The Association will return to the Caesars Palace Hotel in Las Vegas for the next three years. Highest attendance has been realized in Las Vegas and the convention facilities are ideal for easy access to the convention floor and the workshop programs.

Offices Slated

The same slate of offices was re-elected for another year. The President is Daniel L. Case of Tejas Distributors in Round Rock, Texas. The other officers are Vice President Peter Becker of What's Up, LLC in Appleton, Wisconsin; Secretary Randy Chilton of Sugarloaf—Folz Vending in Louisville, Colorado; and Treasurer Steve Siegel of Great American Vending Machine Company in Hauppauge, New York.

WORKSHOPS

The workshop programs were lead by Steve Siegel, Workshop Chairman, and once again the video presentation of several suppliers and operators was wildly received. Presentations with a sense of humor made the important business points, even as operators were falling out of their chairs in laughter. Places of business were shown by Association President Dan Case of Tejas Distributors in Texas featuring; Bradley Ellison, owner of Sugar Daddy Vending in New York; Robert Wilkinson of Caconi Candy & Gum, Inc. in Georgia; The Northwestern Corp. in Morris, Illinois; and David and Steve Siegel of Great American Vending in New York. This was the third successive year of the video presentation produced by Steve Siegel, and could be nominated for an Academy Award. Copies of the video will be available to members for \$15.

The next featured morning program was *New Products on the Horizon*, a view into the future featuring a panel of suppliers that included Phil Brilliant of A & A Global Industries in Cockeysville, Maryland; Marlene Campbell of Toy 'n Joy in Kimberly, Wisconsin; Dax Logue of Brand Imports in Scottsdale, Arizona; Tom Paszkiewicz of Cardinal Dist. in Baltimore, Maryland; Ryan Burns of Flatline Corporation in Appleton, Wisconsin; and Peter Becker of What's Up, LLC in Appleton, Wisconsin. The morning session concluded with a presentation of *The World's Leading Bulk Vending Machine Manufacturers Discuss Future Machine Design Innovations* with Bernie Schwarzli, Beaver Machine Corp., Newmarket, Ontario, Canada; Jim Hinton of Oak Manufacturing Company in Vernon, California; Richard Bolen from The Northwestern Corp. in Morris, Illinois; and Adam Ippolito of New York Sticker Exchange in Brooklyn, New York.

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United effort for individual security

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NIGHTROCKERS STEAL SHOW

The Saturday night dinner party entertainment featured a repeat by popular demand of the band comprised solely of NBVA members dubbed the Nightrockers. The professionalism and pure entertainment of this second appearance again impressed and captivated the audience. This exceptionally talented group included emcee and crooner Jim Hinton from Oak Manufacturing in Vernon, California; on keyboards Adam Ippolito of New York Sticker Exchange in Brooklyn, New York; lead guitar and singer Steven Schechner from Capital Vending in Florence, Alabama; bass guitar by Peter Becker from What's Up, LLC in Appleton, Wisconsin; on conga drum Richard Bolen of Northwestern Corporation in Morris, Illinois; and Brandon Smith, son of Pam Smith, Coinstar Entertainment Services, on keyboards.

The convention next year is at the Caesar's Palace Hotel in

INCREASED BULK VENDING EXEMPTION IN MARYLAND.

A huge increase in the Maryland bulk vending exemption was announced by Randy Chilton, Legislative Chairman. The successful effort to increase the exemption from \$.25 to \$.75 was spearheaded by Tom and Dan Paszkiewicz of Cardinal Distributing, with assistance from Don Goletz of Vendomatic. Congratulations on a job well done!!

The Legislative Committee is dedicated to repeat this successful campaign in other states. This year is especially suited for the efforts since no stated ended fiscal year 2005 with a deficit, although Arkansas and Michigan ended with zero balances, according to the National Conference of State Legislatures.

Any effort in a state needs local cooperation and sponsorship. If you are interested in assisting a campaign in your state, please contact Randy Chilton or another member of the Legislative Committee.

LEAD RECALLS CONTINUE; 600PPM STANDARD PREVAILS

The good news for our industry is there have been no bulk vending recalls – voluntary or involuntary – since our voluntary recall in the summer of 2004. Our customers, the management companies and the retailers should be pleased with the way in which our industry reacted, cleaned itself up, virtually removed all metallic jewelry and only recently started to resume sales of metallic jewelry when our suppliers were confident that the products fully comply with the Guidance issued by the CPSC.



But while the vending industry has amassed an enviable record in the last couple of years, there have been numerous other recalls announced by the CPSC. Among the most recent are:

- Reebok – recalled 300,000 bracelets with high lead content;
- Dollar Tree Stores – recalled about 580,000 Dollar Tree Mood necklace and rings, Glow-In-The-Dark necklace and ring and UV necklace and ring;
- Oriental Trading/Omaha, Nebraska – recalled 25,000 Beaded Photo Charm Bracelets;
- 55,000 necklaces sold at Dollar General Stores from January 2003 through December 2005 for about \$1 each.

The Response by Legislators was predictable and inevitable:

- In Minnesota, Senate No. 3221 bill was introduced on March 16, 2006 to ban the sale of toys, games, jewelry, clothing and other products with lead sufficient to elevate blood lead levels. The standard set is the same 600 parts per million adopted by the CPSC in the Guidance. Another interesting part of this legislation is the proposal for the Commissioner of Health to establish a statewide lead surveillance system to monitor blood lead levels in children to identify trends and populations at high risk for elevated blood levels;
- On March 23, 2006, the Illinois Attorney General announced it was sending investigators to ensure that retailers had removed the bracelets from sale as required by our voluntary recall;
- In Illinois, a Lead Poisoning Prevention Act was passed on April 4, 2006 and defines a "lead bearing substance" only if it contains more than 600 parts per million of lead. The Illinois legislation is aimed primarily at residential housing, but also covers surface coating of furniture and lead limits in jewelry, toys and candy;
- On May 1, 2006, the New York Assembly Bill 10949 was amended. This lead safety bill bans children's jewelry that contains metal with more than 600 parts per million total lead content or has paints or surface coatings with more than 600 parts per million total lead. The prior version set the ceiling at only 200 parts per million;
- The Vermont Department of Health pointed out that although most lead problems involved paint, dust and chips "consumer products are an area of growing concern";
- On May 10, 2006 the CPSC announced the voluntary recall of Juicy Couture Children's Jewelry made in China for Liz Claiborne, Inc. that sold in numerous department stores at \$95 each.
- Senators Hillary Clinton and Barack Obama announced they were considering legislation to ban lead in all products for children.

CALIFORNIA PROPOSITION 65 SETTLEMENT

Our industry has other good news as well in the past year. The positive news started with great news last summer from the Center for Disease Control in Atlanta when it announced a significant decrease in the blood lead levels in children. Their report in July, 2005 stated that about 1.6% of children age 1 – 5 had elevated blood lead levels, compared to 4.4% in the previous study and without question the greatest factor in these blood lead levels is lead paint and particles still on the walls of apartment buildings, especially in inner city locations.

The best good news in the last year involving lead was the announcement in January 2006 that the massive lawsuit in California involving California Proposition 65 was settled. This suit against numerous national retailers was instituted by the California Attorney General and the Center for Environmental Health, a California public interest group.

We reported earlier that the suit alleged the failure of retailers to place labels on their products warning about various hazardous products, including lead. The dilemma faced by bulk vending operators and our suppliers resulted from the fact that if a product contains lead, the operator or retailer must place a warning label on each machine – unless the product results in a daily exposure no greater than 0.5 micrograms per deciliter. These warning labels are common in California on numerous products, including ceramics, Teflon coated pans and other household products. But a warning like this on a bulk vending machine for young children would inevitably have a chilling effect on parents.

The dilemma for operators and retailers arising under Cal Prop 65 is that the burden to prove the exposure level is below that standard is not upon the plaintiff who generally have the burden of proof, but is on the operator or retailer. This burden is almost impossible to achieve because the State of California never provided the essential element – a conversion factor to determine what amount of lead exposure in a product would produce a lead exposure level in excess of 0.05 micrograms per day.

The massive settlement give the retailers time to adjust to the new standard accepted by the California Attorney General and the Center for Environmental Health. Here is more good news – the standard they accepted is the same 600 parts per million standard established by the CPSC in their Guidance issued for our industry.

Workshops (continued from cover)

The afternoon program was *Amazing New Coin Counting and Computer Technology* presented by the Leading Manufacturers, featuring Jens Ronneberger from SmartMech Corp. in Brighton, Ontario, Canada; Elliott Porco from Nova Resolutions, Inc. in Bronx, New York; and Jim Clyne from Nevada Vending Amusement, Inc. in Las Vegas, Nevada.

Since the same 600 parts per million standard was followed by California, Illinois, New York and Minnesota, we can reasonably conclude that the CPSC established standard has prevailed and is now the accepted standard.

China Safety News

Even China seems to show some sensitivity to the concerns about toy safety. The China Daily newspaper recently announced a new program involving compulsory certification requirements that will take effect on June 1, 2007. By that date, no toy products will be allowed out of the country without a compulsory certification certificate. China produces about 75% of the world toys output.

Metallic Jewelry Is Back

Since the CPSC issued its Guidance establishing a standard of 600 parts per million for overall lead content in a product, our suppliers have cautiously resumed the introduction of metallic toy jewelry products. They are testing products at points of origin and further testing upon delivery into this country. Our Association adopted a voluntary Toy Safety Standard in April, 2004 requiring all suppliers to test their products. If you are buying products from a supplier that is NOT a member, then you are especially obliged under the Toy Safety Standard to make sure the supplier maintains a rigorous testing program to ensure compliance with the Guidance and all other applicable safety tests.

Some of the retailers who previously banned all metallic jewelry are now allowing the return of those products, based upon assurances by suppliers that the products comply with all applicable laws. If there are other retailers who still ban metallic toy jewelry, we encourage them to reconsider their position in light of the enviable safety record we had before the recall and especially our voluntary cleanup since the 2004 recall and our

SCHOLARSHIP APPLICATIONS BEING ACCEPTED.

The Association again has committed \$15,000 for scholarships this year. One award will be in the amount of \$1,500 in memory of Elliot Folz and a \$1,000 award will be in memory of Pete Miller. Another award is in memory of Ted Raynor, the attorney who organized the Association.

We invite further donations this year and will acknowledge the new benefactors when the Scholarships are rewarded. Send checks to the Association office.

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The Scholarship Committee is comprised of Neel Clark, Jeff Ostler and Michael Applebaum. The committee requires that all applications must be received at the Association office by July 31, 2006 in order to be eligible. Under this timetable, funds can be made available in time to pay tuition for this fall.

The new official Scholarship Application Form is attached. The guidelines for applying for a scholarship are as follows:

- An applicant must either be a child, grandchild, niece or nephew of a member in good standing, or the applicant must be an employee or a child of an employee of a member in good standing. This relationship must be explained in the application.
- In addition to submitting the Scholarship Application, the applicant must submit a letter explaining why he or she believes the scholarship should be awarded to him or her. Only the applicant can sign the letter.
- Accompanying the letter must be a transcript from the high school or college for the last year and if the transcript does not reflect extra-curricular activities, the applicant is encouraged to provide that information.
- The scholarship will be awarded not merely on the basis of scholastic achievement, but will also take into account need, character, extra-curricular activities, goals and other factors that the Scholarship Committee determines to be important.
- The deadline for the Association to receive the application is July 31, 2006. The Scholarship Committee expects to make a decision by August 14, 2006.
- Any amounts awarded will not be paid directly to the applicant, but instead will be paid by check to the school the applicant attends in order to pay tuition, room and/or board.

10 is the maximum number of scholarships that may be awarded.

LISTS OF DIRECTORS AND COMMITTEE MEMBERS.

Our Board of Directors are elected on a staggered basis. Each term is for 3 years, so each year about one-third of the Directors terms expire. Attached is the List of Directors with the newly elected Directors whose terms expire in 2009. No changes were made to the Directors whose terms expire in 2007 and 2008.

Also attached are the list of Committees and Committee members. If you are interested in becoming active on one of the committees, you are encouraged to contact one of the officers and express your interest. This is a volunteer organization that depends on the input and voluntary contributions by the members.

LOST JEWELRY ITEM

A jewelry item was found on the convention floor. Delna Karlovitz, the association administrator, made several announcements on the loud speaker but no one claimed the item. If you lost a potentially valuable piece of jewelry at the show, you must call us without delay. We delivered the item to the lost and found at the hotel, but if not claimed soon, the item will be donated to charity.

MEMBERSHIP LIST

Current Membership Lists are being mailed to all members whose dues are paid. For those members who have not yet paid, we will send the Membership List shortly after we receive and process the payment.

