



national bulk vendors association

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Special points of interest:

- More lead recalls by CPSC
- The key to any successful lobbying effort is YOU!
- Deadline for Scholarship Application submission is August 15, 2007

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Lead Recalls Continue; We Are Target

Lead recalls by the Consumer Product Safety Commission ("CPSC") continue weekly, especially since late 2006 when the CPSC started random site visits and gathered multiple samples for testing from our operators and suppliers. At the convention, in his State of the Union address, Morrie Much detailed the increased frequency of recalls of products with lead (mostly jewelry) starting in December, 2006, all of which until then did not involve bulk vending suppliers. Events have changed rapidly since the December recall of Powderpuff necklaces supplied by Rhode Island Novelty.

In April, just days before

the convention, Groovy Grabbers distributed by A&A Global were recalled and 900,000 of Cardinal's charm bracelets were recalled along with their "Sportwear Necklaces." Within days, Senator (and Presidential hopeful) Barack Obama reintroduced his Lead Free Toys Act first introduced in November, 2005. You may recall that this legislation was prompted by an inspection requested by Senators Obama and Henry Waxman (D, CA) that uncovered numerous products containing lead being sold in the kiosks and counters in the Capitol Building.

Then on May 2, 2007, the CPSC recalled Children's Rings with Dice or Horse-

shoes that had been recalled voluntarily by Cardinal Distributing in 2004, but these recalled items managed to find their way back into Cardinal product mixes in 2007.

The most recent CPSC recall occurred on May 15, 2007 involving about 200,000 pendants, silver colored rings and charms supplied by Spandrel Sales and Marketing, another of our suppliers.

We are disappointed in all these recalls, but while carrying products that contain lead is bad and potentially very damaging for our industry, it is understandable and

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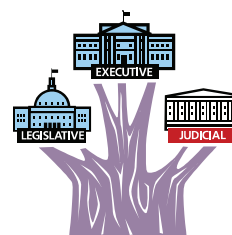
Legislative Look To The Future

By Randy Chilton

Expertise, Financial Assistance, and YOU!

The Legislative efforts of the NBVA have changed over the years. Long gone are the days when a dedicated few would fly around the country, lobby

States for sales tax relief, lead the charge, spend money out of their own pockets, and not charge the NBVA for their efforts. Of course these efforts bene-



fitting the individual companies that were self-lobbying, but also benefited the membership at large. The costs of

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United Effort for Individual Security

Status of Proposed CPSC Rule

We responded to the Advance Notice of a Proposed Rule that bans toy jewelry that has lead levels greater than 600ppm. From discussions with officials at the CPSC, a Proposed Rule is likely to be released this Fall, followed by adoption of the final Rule some time in 2008.

Meanwhile, Michael Barody withdrew his name as a potential replacement as the new Chairman. There was outrage by consumer advocates that a pro-business lobbyist had been nominated for this position and one of the Senators put a

"hold" on the appointment. Barody realized he would not be approved.

The reason we care for the vacancy to be filled is that currently there are only two CPSC Commissioners, while a quorum under current law is all three. Legislation could be adopted to allow any two to act, at least until the vacancy is filled.

This was done previously but that legislation expired.

Something must be done because a Rule cannot be adopted without a quorum of commissioners – whether two out of three or three out of three. Right now, a quorum vote is not possible without confirmation of appointment of the third commissioner or legislation that reduces the quorum to two.

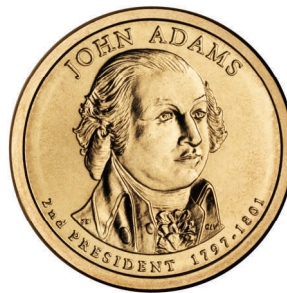
Barody withdraws as potential CPSC Chairman replacement....

\$1 Presidential Coin

John Adams \$1 Coins went into circulation on May 17th. It is the first time the United States has featured President Adams on a coin. According to the Mint, nearly half a billion George Washington and John Adams \$1 Coins have been ordered to date by the Federal Reserve for circulation. Public awareness of the new Presidential \$1 Coins has tripled from approximately 15-20 percent in November

2006 when the designs for the coins were unveiled in Washington D.C. to approximately 60 percent in March 2007.

As a collectors' item, the new coins are beautiful and likely will be collected by millions of people. That is a "success" to the Mint,



but coin collection does not mean CIRCULATION. Until the retailers pass out the coins as change, we will not have a viable chance for the coins to circulate and be used in our vending equipment. As of now, circulation seems highly unlikely.

China and Toy Safety

China was the source of the contaminated additives that caused the recent recalls of multiple brands of pet food and fish feed. China has also supplied toy products found to be unsafe for various reasons, including lead.

According to a Wall Street Journal

article on May 29, 2007, a Chinese government agency found that 32% of locally made toys failed to meet quality standards. Specifically mentioned were findings that some toys still have safety problems – like sharp points and small parts that can be swallowed.

China is a dominant exporter of products. Regulation is especially difficult because of the enormous size of the country and the lack of a regulatory infrastructure. The government is beginning to recognize the problem, but has not yet taken steps to establish and then enforce safety standards.

Lead Recall Continues; We Are Target

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therefore forgivable that even with effective product safety testing programs, it is possible for an occasional batch to contain more lead than specified by a supplier. The sheer volume of inexpensive products imported by our suppliers make it a practical impossibility to check each shipment that is made in the same factory, on the same equipment and presumably with the same materials that were previously tested and found safe.

Up to this time, we felt our Association and the suppliers who participated in the 2004 voluntary recall earned the respect of the CPSC. We explained earlier that our response to the proposed Rule by the CPSC suggested a **STRONGER STANDARD THAN THEY SUGGESTED** and we advised that our industry would still support and voluntarily comply with the higher standard even if a lesser standard was adopted by the

CPSC for other industries. We may seek lofty goals, but we will not have credibility with the CPSC, the retailers and our customers until we clean up!

After the 2004 recall, operators struggled with lower sales while large retailers banned jewelry products in their stores for fear of more bad lead publicity. The retailers finally lifted the ban and sales improved, but these recalls do not generate great confidence in our product integrity.

We know that products for older children (however the CPSC finally defines it) with lead are not banned and some of our suppliers, like gas stations, carry some lead and some unleaded products. But we will make clear in our convention packets that go out this year that suppliers may sell products for older children with lead in excess of 600ppm, **BUT NOT AT OUR SHOW!** We expect a lead-free environment at our show.

Our industry is all about children and parents and kids alike need to feel confident that all products sold through our machines are safe. If we fail in that basic obligation, our industry will be in great jeopardy.

So we urge operators to be selective and careful about what they buy. Ask for test results on all products and do not deal with a supplier who cannot provide those test reports.

And to suppliers, we ask that you tighten and expand your testing. Let there be no doubt — our industry is a prime target for enforcement by the CPSC and efforts are being made by the Sierra Club to give the Environmental Protection Agency concurrent jurisdiction of our products. Right now, the CPSC has exclusive jurisdiction.

Convention Report

The 57th annual convention of the **National Bulk Vendors Association** at the Caesars Palace Hotel was successful and informative, but attendance numbers were down from 648 total registrations last year to 516, in part due to a new registration policy to encourage more members. The one day pass for non-members was dropped in place of a three day non-member pass at \$150. Last year 268 non-members registered for either a one day pass for



\$75 for the day or a 3 day pass for \$125. This year, the higher price \$150 pass for three days was utilized by 122 non-members. The result was 18 new members at the show, but a decline in attendance of about 150 non-members.

Obviously small operators are sensitive to these price points, but the small operators who attend are enthusiastic and very pleased about how much

they can learn about operating their business and they discover the new equipment and products available from exhibitors. If a small operator was willing last year to spend \$75-\$125 for one to three days to attend and pay for travel and room rental, an extra \$25-\$75 to register for three days sounds pretty small.

The effort to gain additional members will be encouraged further by restricting only to members most current information on the website about cur-

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Scholarships

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; a \$1,000 award will be in memory of Pete Miller and another award will be in memory of Ted Raynor, the attorney who organized the Association. Ten is the maximum number of scholarship that may be awarded.

We invite further donations this year and will acknowledge the new benefactors when the Scholarships are rewarded. Please send your



Application Deadline is
August 15, 2007

check to the Association office.

The Scholarship Committee requires that all applications must be received at the Association office by August 15, 2007 in order to be eligible. Under this timetable funds can be made available in time to pay tuition for this fall.

The 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 Form, 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

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Legislative Look To The Future

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retaining lobbyists at the NBVA's expense today would expend our funds in total for just a couple of efforts, successful or not.

Here's the formula. Your Association and a local lobbyist can provide NBVA members with tremendous EXPERTISE when it comes to sales tax exemption lobbying efforts. All of the past efforts are well documented, and the people with experience would be more than happy to assist you with your effort. The documentation, sample legislation, is available for the asking.

Your Association can provide significant FINANCIAL ASSISTANCE to assist members with their lobbying efforts. Up to a limited amount, the NBVA matches what you can

raise locally. To my knowledge, no legitimate effort has been denied financial assistance when it's been formally requested to the NBVA.

But the key to any successful lobbying effort, in any State, is YOU, the champion of the effort. State representatives will listen to you. You elected them, and they do not forget that. The NBVA's Expertise and Financial Assistance are helpful, but without a local champion, or group of champions at the State level, the effort is headed for a disappointing outcome in most cases. There are numerous examples of local operators getting involved, leading the charge, combined with support from your Association, re-

sulting in a successful legislative effort. If you've the desire, your Association is here to help, and the end result can be enormous financial savings for your company.

"Expertise, Financial Assistance and YOU"

If you feel that your State is a good candidate for Sales Tax Exemption legislation, give me a call as Legislative Chairman, or Peter Becker, NBVA President, or any Officer of the NBVA and let's discuss it. We can put together a plan, but at the end of the day, it will take you to lead the effort.

Convention Report

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rent events and legislation. Once we are able to revise our website with a password system, non-members will be able to get only membership information about the association and receive an industry overview. Members will have full access to current events and legislation information.

NEW OFFICERS

A new slate of officers was elected. The new President is Peter Becker of What's Up, LLC in Appleton, Wisconsin. The other new officers are Vice President Randy Chilton of Coinstar Entertainment Services in Louisville, Colorado; Secretary Steve Siegel of Great American Vending Machine Co., Inc., in Hauppauge, New York; and Treasurer Mark Pogue of MEPCO, Inc. in Fresno, California.

WORKSHOP PROGRAMS

The Thursday and Friday workshops were co-chaired by Phil Brilliant of A & A Global Industries, Frank LaVecchia of Tropical Vending, Inc., Bernie Schwarzli of Beaver Machine Corporation, Don Goletz of Vendomatic, Inc. and Peter Becker of What's Up, LLC and featured:

- The Presidential \$1 Coin Program and Bulk Vending – Hosted by Mitchell Roth, Much

Shelist – Panel: Mary Lhotsky of the United States Mint.

- Ask The Experts – A Panel Of Bulk Vending Professionals Make Themselves Available To Answer A

Wide Range Of Questions Regarding The Industry – Hosted by Steve Siegel, Great American Vending Machine Co.

— Panel: Industry Veterans

- Equipment Workshop – Hosted by: Bernie Schwarzli, Beaver Machine Corporation – Panel: The Northwestern Corporation - How to retrofit the new Camlock BV90 1/4 turn lock into your current machine lids; Beaver Machine Corporation - Maintenance of your NG coin mechanism and converting to 75¢ or \$1.00. Readjusting your Flat-Pak sticker thickness wiper blade
- Change Management – How To Identify Changes In Your Business and Manage Them Effectively – Hosted by Philip Brilliant, A & A Global Industries; Panel: Paul Asch, Plaza Vending Company; Mark Brooks, Quality Candy Services

New slate of officers
elected.....

- The Fourth NBVA Special Film produced by Peter Becker, What's Up, LLC.

GOLF TOURNAMENT

A golf tournament for our members was held on Wednesday, April 18, at the Silverstone Golf Club. A thank you to our Event Chairman, Ken Recker, who again did a great job organizing the tournament and to each

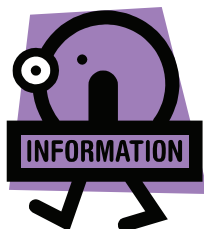
of our sponsoring companies – Flatline Corporation for closest to the pin; SSM Vending for longest drive; A & A Global Industries for the \$20,000 Hole In One; L.M. Becker & Co., Inc. for beverages; Brand Vending Products for transportation; Concord Confections for green fees and carts; Vending Supply and Allstar Vending for supplying team prizes. A good time was had by all.

SPECIAL AWARD

During the Association dinner on Saturday, April 21, the Jane Mason/Rose Schiller Special Achievement Award was given to Jim Hinton for his long and extraordinary service to the Association as Convention Chairman and member of the Executive Committee.

Membership List

We anticipate the updated Membership List being sent to members in good standing during the latter part of June, 2007. Members who have not paid



their dues by June 15, 2007 will be dropped as a member and will not receive the updated Membership List. We would appreciate being notified of changes in address,

phone number, fax number and email addresses so that we can keep your information current. This will help in your receiving mailings and electronic mail in a timely manner and save on unneeded costs.

Scholarships

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- 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 August 15, 2007. The Scholarship Committee expects to make a decision by September 1, 2007.
 - 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.

Change of Directors

The Association's Board of Directors are elected on a staggered basis. Each term is for three years, so each year about one-third of the Directors' terms expire. Attached is the List of Directors with the year their respective terms expire. The Executive Committee will consider

at its fall meeting whether the number of directors should be reduced from 39 to between 15 and 21.

2008 Convention

The 2008 convention will be again held at Caesar's Palace Hotel in Las Vegas, Nevada from April 17 – April 19. More details to come

