

Class action lawsuits and legislative attacks

Imagine: you arrive at your office expecting a normal business day. Perhaps you retrieved your mail from the post office and grabbed a cup of coffee and a breakfast sandwich at a drive-thru. You plop down in your chair to read your mail while sipping your coffee. You thumb through the newspaper for a few minutes before tackling your stores' activity reports from the previous day. Soon your phone rings and your day officially begins. You address employee issues, customer issues and other matters as they come up. At some point Federal Express arrives with deliveries and an associate drops one of the envelopes on your desk. At last you have a break between calls. While responding to several e-mails, you open the Fed Ex envelope and screech, bang, boom! Your normal day comes to a screeching halt. You are staring at one of the most horrible things that any business owner can receive—a class action lawsuit. ★★ ★ You catch your breath, mutter a few choice words about trial lawyers and then call your attorney. He instructs you to fax over the lawsuit, which you do. While awaiting his return call, you read the lawsuit from cover to cover. You see claims for fraud, misrepresentation, usury, deceptive trade practices, unconscionable conduct, etc. You mutter a few more words about trial lawyers.

**Two days
in the life
of a rental
dealer**

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**By John
Raines**



When your attorney returns the call, he recommends that you hire a law firm specializing in class action lawsuits. He suggests a firm he has contacted on your behalf. These attorneys charge \$300 to \$500 per hour and require a significant retainer.

In a few hours you remember that you have insurance. Whew! Thank goodness! The insurance company will

attorneys' fees.

Your entire day becomes consumed by the lawsuit. As you meditate, curse and stomp around the office, you think of something else—your bank. Specifically your inventory loans are up for renewal in six months. You know you will have to disclose the class action suit to your banker. Will he renew the loan? To make matters worse, you recall that you signed a lease last week on a building

missed the lawsuit. However, similar suits continue against other dealers in our state. We are optimistic about the outcomes of those cases, but we are reluctant to open new stores until the litigation is resolved. Although our state law favors the rental-purchase industry, the plaintiffs' attorneys are asking the courts to change the existing law. Federal legislation defining rental purchase transactions as leases would prevent the challenge.

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Now let's talk about the second day. Imagine: a year has passed since the dreadful day you received the class action lawsuit. Although you occasionally check into the status of the cases against other dealers, you have pretty much returned to the normal routine of managing your business.

One morning, while on the phone with one of your store managers, you receive an urgent e-mail. Then screech, bang, boom! Your day comes to a halt again. A state legislator has filed a bill to regulate prices on rental-purchase agreements. You quickly read the pro-

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surely cover any legal bills. You call your agent and naturally he informs you of a potential coverage problem. He says that while you have paid your premium, he is not sure the policy covers this type of lawsuit. And as sure as grits are groceries, the insurance company denies the claim and refuses to pay your

for a new store. Should you open it? Can you get out of or delay the start of the lease while you sort out the lawsuit?

Yes, this happened to me and it happened in a conservative, southern state not particularly known for judicial activism. Fortunately, my company had good lawyers and a fair judge who dis-

It's in your best interest to attend APRO's 2006 Dave Egan Legislative Conference

APRO's 2006 Dave Egan Legislative Conference will be held February 28 and March 1 in Washington, D.C. For the second year, the L'Enfant Plaza Hotel will be headquarters for this important event. Rental dealers and other industry supporters from around the country will meet in Washington to educate their elected officials on issues facing the rent-to-own industry.

"The Legislative Conference will be meeting earlier in the year in 2006 for good reason," says APRO's Executive Director Bill Keese. "This being the second year of a congressional term, we felt it important to shift dates so that we can maximize the possibility of securing a federal bill. With elections being held in the fall of 2006, many legislators will be involved in re-election strategies by late spring [when the Legislative Conference is usually held] and we don't want to be put on the back-burner during that process."

The best way to assure that the rent-to-own industry receives favorable legislation and a federal bill in 2006 is for rental dealers to work together in forming a successful grassroots campaign. The history of our industry has shown that grassroots strategies are the most successful.

To register for the conference or for more information, contact Jeannie Hutchison, 800/204-2776, ext. 108, jhutchison@aprovision.org. You may also register online at www.aprovision.org. For accommodations in Washington, D.C., contact the hotel directly: L'Enfant Plaza Hotel, 480 L'Enfant Plaza SW, Washington, D.C. 20024, 800/635-5065; 202/484-1000, www.lenfantplazahotel.com. The APRO room rate is \$199. You must reserve your room by January 20.



posed legislation and realize that it will shut down the rental-purchase industry in your state. Moreover, the bill is scheduled for a committee hearing and vote the next day. What do you do?

Since you are a member of APRO and your state's trade association, you call both. You, the APRO staff and other dealers formulate a quick response. Your state trade association hires a lobbyist and off you go to your state capitol to fight this terrible legislation.

Yes, this happened to me, also. These legal and legislative challenges taught me two important lessons. First, rental dealers need APRO! Please support our industry's trade association. If you are not a member, shame on you. Join today. If you *are* a member, thank you. Consider contributing to the Team APRO fund. Resources such as these fuel our efforts in Washington.

Second lesson: rental dealers need APRO! The APRO staff monitors legislation in all 50 states. APRO's professional staff provides immeasurable insight and assistance when legislative issues arise. Who else is looking out for us? No one. So again, please support APRO.

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We also need your help this spring on Capitol Hill. Our annual legislative conference is scheduled for February 28 and March 1, 2006. Mark those dates on your calendar and plan on attending [see sidebar on facing page]. We significantly increased our legislative contacts in 2005, but we can do better. We must continue to expand our influence in Congress. Money alone will not work. We need dealers meeting with their senators and representatives. Don't worry if you have not previously attended. As dealers, all of us are in the "people" business. If you are capable of speaking with a customer, then you are capable of speaking with your elected officials. ■

John Raines, an Aaron's franchisee, owns and operates eight stores in Arkansas. Raines serves on the APRO board of directors, and currently chairs APRO's Government Relations Committee.