

Progressive

April/May 1994

Rentals

The magazine of the rental-purchase industry

We the People

of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessing of liberty to ourselves and our posterity, do hereby ordain and establish this Constitution for the United States of America.

Article I

Section 1 All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Section 2 The House of Representatives shall be composed of members chosen every second year by the people of the several States, and the electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State Legislature.

Article II

Section 1 The executive Power shall be vested in a President of the United States, which shall consist of a

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APRO

PR

Progressive Rentals

April/May 1994

The magazine of the rental-purchase industry

Volume 14, Number 2

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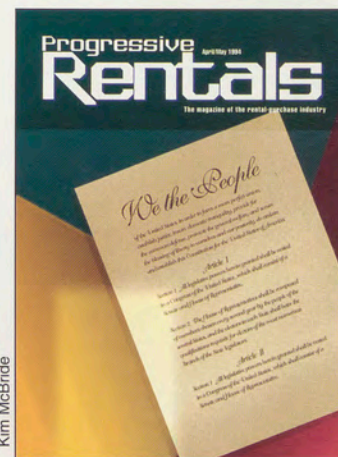
Simply superb schedule

APRO '94: Ride the Wave, the industry's big event, begins Aug. 3 in Lake Buena Vista, Fla., just outside Orlando on the WALT DISNEY WORLD® Resort grounds. There's a full menu of events to get ready for.

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Furniture meets demands

Most rental-purchase dealers these days are finding furniture manufacturers to be quite accommodating to their needs. Here's a look at the latest trends. Also, see who's who in furniture listing on page 51.



Kim McBride

ON THE COVER: RTO dealers from around the country have exercised their right to petition the federal government during 1994. Read all about it beginning on page 26.

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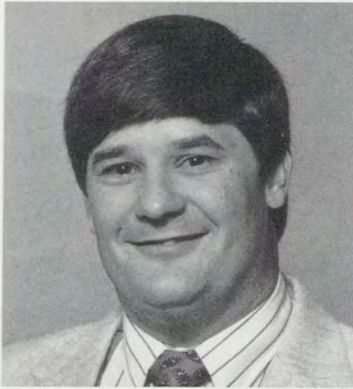


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Legal Aid, U.S. PIRG, radical congressmen ... or, could it be that RTO companies in court are our

Worst enemy?

THE OTHER MORNING, WHILE I WAS BRUSHING MY TEETH IN FRONT OF THE BATHROOM MIRROR, I SWEAR I SAW WORDS TATTOOED ON MY FOREHEAD. IN BIG, BOLD LETTERS. I READ THE WRITING: "LOAN SHARK," "PAWN BROKER," "RIP-OFF ARTIST." AS HARD AS I TRIED, I COULDN'T WASH AWAY THOSE WORDS.

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Of course, that story is fiction. But after years of being called these names by every Legal Aid attorney, PIRG member, most attorneys general and most news media, a guy begins to wonder. Are we who they say we are? Are the stories we tell to Congress, the public and news media, true? Are we just blowing smoke?

I don't think so. Correction—I know we are not.

To test my claims, just walk the floor of your store and talk to your customers. These people do not believe we are bad guys. In fact, these customers have told me that critics of our industry don't know what they are talking about.

One has to wonder why our critics are attacking us. Did they just make this stuff up? Is it that they just don't have anything better to do? The answer is, no. These people, because they often only believe the first thing they see, believe their accusations are true. Most often, their criticisms are drawn from comparing our total term price to the retail cash price of goods. In this day and age, I say these comparisons mean nothing. Who buys anything with cash? Better yet, who has the cash?

Our critics cannot see the forest for the trees.

So, why did these groups even look at

this industry? How and why did they become our enemies?

I say they weren't the first. The rental-purchase dealer himself was his own worst enemy. We dealers are the cause of the majority of our problems. You may wonder about the president of the association saying this, but it's true.

If you don't believe me, just look at the facts.

Our largest and most determined critic is Legal Aid. Legal Aid could not and would not have been involved in our business if someone was not sued. Our problems started when a rental dealer sued a customer for back rent and failure to return a piece of merchandise. The class-actions and the superior court cases were sparked by a dealer trying to get back potential rent, the product, or both, through the legal system, when the customer did not return the product.

When I got into this business 12 years ago, I was taught that this was a high-risk business. We charge more for our products because we give the customer more flexibility, more service and we deal with many people with little or no credit. We don't check credit, and that makes for a high risk of loss.

I believed that 12 years ago, and I believe that today. Most, if not all, rental-purchase dealers in the country believe this. But if we all believe this, why have some of us sued our customers for this risk? Is the suit filed for the principle of the matter, or is it the greed?

I say it is the greed. Greed is blinding, and it will cause you to lose sight of the principles that you and the industry stand for.

Some dealers cannot stand the thought of "Mary Jo Customer" having their TV or VCR in their home without paying the full price for the item. They believe that if they don't get that customer to pay, she

•••••

BY

KEVIN QUINN

will tell all of her neighbors and friends that they too can get a product from XYZ Rental Store without making all of the payments. These beliefs are as wrong as our critics' accusations.

Some days I sit and think of how this industry would be if we had not heard the names of "hawks" and "sharks." What would it be like if we did not have the hostile business climates we now see in Pennsylvania, Wisconsin and Minnesota?

It's important to remember that the legal and legislative systems in this country are like the proverbial "Tar Baby." If you stay away from these things, you'll stay away from trouble. But if you touch these things, you may never get away from them; and the harder you try to get away, the stickier it gets. This industry may one day be able to get rid of this problem, but we have to stay out of the courtroom.

For those dealers worrying about losing too many products to dishonest customers, I can tell you that in my 12 years in this business, I have been to court just once. I have not gone broke.

The next time you have a customer

Some days I sit and think of how this industry would be if we had not heard the names of ... "sharks." What would it be like if we did not have the hostile business climates we now see in Pennsylvania, Wisconsin and Minnesota?

who refuses to pay and refuses to return your merchandise, think before you take some legal or other aggressive action to collect what is rightfully yours. Think about your fellow rental-purchase dealers and the words they may see tattooed on their foreheads because of your actions.

High risk means there is a good chance that you will lose a little money or a piece of merchandise at one time or another. We often deal with high-risk customers, so accept these small losses when they happen. Don't be a sore loser, because it affects the whole team. *PR*

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Improving industry's image next big goal

We must control our own destiny

FOR THE PAST 12 MONTHS, THIS INDUSTRY HAS BEEN EMBROILED IN A BATTLE WITH CERTAIN MEMBERS OF CONGRESS CONCERNING THE VERY NATURE OF OUR TRANSACTION. ADDITIONALLY, THE INTERNAL REVENUE SERVICE HAS BEEN ATTEMPTING TO BUILD A CASE THAT OUR TRANSACTION IS SOMETHING OTHER THAN WHAT IT REALLY IS. WE'VE ALSO BEEN UNFAIRLY CRITICIZED IN THE NEWS MEDIA.

•••••

BY

BILL KEESE

•••••

None of this is news to those of you who have been paying attention to the information that APRO has been providing you in many different forms.

Last year, U.S. Rep. Joseph Kennedy, in a face-to-face meeting, told me that this industry's greatest problem is its image. The vast majority of business people in the rental-purchase industry are concerned, professional people, running a small business and providing products and services to people with needs. These business people are making a reasonable profit, hear good things from their customers and generally feel good about their enterprise. It's tough to hear claims that this industry "preys" upon customers who are "lured" into the stores and "tricked" into entering into a transaction that they shouldn't be committing to—no matter how briefly—by our "no-

obligation" clause.

That image, as we all know, is a false one—mostly. This industry has done much to weed out the bad players. Actually, I challenge anyone to find any industry that hasn't had its embarrassments. But we are left with a tarnished image.

We must be ever vigilant about the ethics of our business practices and the image of our industry. Most are, some aren't. Those who err cause major problems for the rest of us.

As we progress through the maze of our current problems, we must also look and think more globally. We are beginning to have more opportunities to convey the real story of rental-purchase. We are getting more aggressive in the media, but public relations goes beyond the media.

Actually, we have excellent public relations with our customers. They know us and how they are treated. They appreciate the relationship, and we need to expand that relationship to a much larger audience.

The way I see things, we are going to be successful with our immediate problems over the next two years. Then the real task comes—substantially altering the general public's opinion of this industry. We have never been the masters of our own image. We have allowed our most radical adversaries to define us with the general public. That must cease.

We must take control of our own destiny.

PR



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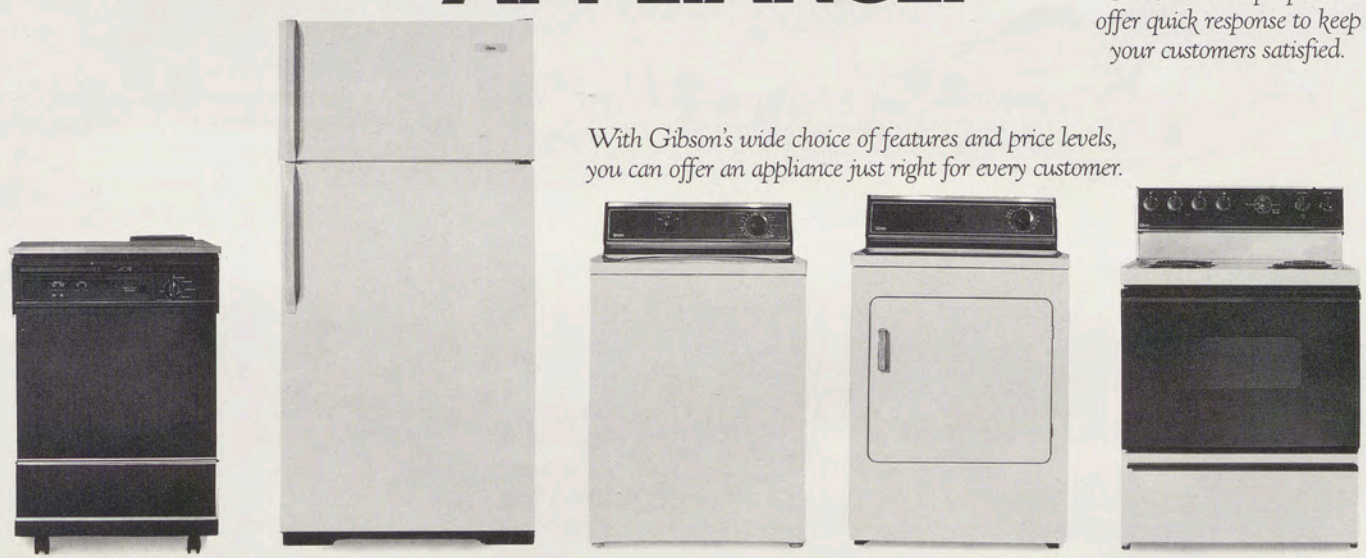


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It's the second front of our two-front threat

Tax issues: the basics

APRO'S BEEN INVOLVED WITH TAX ISSUES AFFECTING THE RENTAL-PURCHASE INDUSTRY SINCE 1981, WHEN DEPRECIATION WAS THE MAJOR ISSUE. WHEN THE TAX CODE WAS CHANGED IN 1986, THE SALE-VERSUS-LEASE ISSUE ALSO BECAME CRITICAL.

The APRO Tax and Accounting Committee was created in the spring of 1989 to develop uniform strategies this industry could depend on.

Today, the Internal Revenue Service is attempting to re-characterize the rental-purchase transaction as a sale for income-tax purposes. APRO maintains that the rental-purchase transaction is a lease because the customer has the right to terminate the agreement at any time. The customer is, therefore, demonstrating an intent to lease, not to acquire ownership, since the "keep rate" is low.

If the IRS is successful in re-characterizing our transaction as a sale, it could cost every dealer up to \$100,000 per store and forever alter consumers' ability to get the goods and services they currently enjoy.

The industry's complex but highly important tax and accounting issues were major topics at APRO's 1994 Mid-Year Conference, May 2-4 at Harrah's Lake Tahoe, Nev. Wayne Chambers, chairman of the association's tax and accounting committee, conducted a seminar on the subject Tuesday, May 3.

With limited resources, the committee was able to successfully address these issues. However, in the spring of last year, the IRS intensified its attack on our industry. It was necessary to secure more resources and this was done through the APRO Task Force.

Members of the APRO Task Force include Kevin Quinn, association president and chairman of the board; Chambers, immediate past president; Chris Korst, chairman, government relations committee; Allen Lewis, past chair, government relations and APRO first vice president; Bill Keese, APRO executive director; Ed Winn, APRO legal counsel; and Ron Waters, APRO director of government affairs.

Following an extensive search, the APRO Task Force retained the services of Vinson & Elkins in Washington, D.C., to represent the industry on all tax matters before the IRS and U.S. Treasury Department.

Those services have already included response to depreciation questions, development of an industry position paper, several meetings with IRS officials and



A rental-purchase company has been fighting the IRS to establish income forecasting as an approved depreciation method.

attorneys concerning the industry's position, and analysis of facts from several possible test cases to challenge the IRS on the sale-versus-lease issue.

A test case for the re-characterization issue has been selected, and members of the task force expect the case to be in tax court this spring. Because of the importance to the entire industry, many potential cases were thoroughly investigated before a final decision was made. This is one of the most important decisions ever faced by this industry and it must be handled carefully.

The IRS is also attempting to issue a coordinated issues paper that would notify all IRS auditors that rental-purchase transactions be treated as a sale on a national basis. With the help of Vinson & Elkins, the task force has been battling every step of the way to prevent the IRS from issuing such a paper. This issue has not yet been resolved.

A rental-purchase company has been fighting the IRS to establish income

forecasting as an approved depreciation method for our industry. The IRS maintains that only MACRS (Modified Accelerated Cost Recovery System) is an approved depreciation method.

APRO, its tax and accounting committee, and now the APRO Task Force, have been supplying technical and some financial assistance to this company and its legal representatives. This issue is currently in tax court and a ruling on income forecasting should be forthcoming this year.

APRO helped one dealer to "flush out" the IRS's position on a rental-purchase transaction, and the dealer requested a technical advice memorandum (TAM) on the IRS. The IRS subsequently ruled in this particular

case that the transaction is a sale and not a lease. A response to a TAM is only applicable to that one particular case with those unique set of facts, and cannot be used as a basis for declaring any other review of a rental-purchase dealer's facts as a sale. However, a ruling is widely distributed among IRS auditors.

Presenting our best cases before the IRS is critically important. It is just as important that cases with poor and uncharacteristic facts not be presented before the IRS. Therefore, the APRO Task Force, Vinson & Elkins and the APRO Tax and Accounting Committee review all potential cases as they arise.

Debating issues with the IRS is a long and deliberate process, and it is potentially the most economically damaging struggle facing our industry. **PR**

(Editor's note: This article is largely reprinted from a special publication, APRO Task Force Annual Report 1994. It's available to members on request from the APRO office.)

Dealers share experiences on Capitol Hill, legislative concerns

Stewart Libby
Dealer
Rentown, Inc. (one store)
Presque Isle, Maine

On current threats to the industry: "I'm a little more informed than the typical small-business owner, because we had legislation come up in our state due to the activities of some unethical dealers in the southern part of the state. The attorney general decided to put a law in place very similar to the Gonzalez bill. That would have put us out of business. We banded together here in the state, and I learned a great deal more than I had already known.

"Every time I turn around I see new regulation threats, misinformation given to us from government officials, things that are constantly beyond our expertise. We have to know all these details, such as changes in insurance laws, workmen's comp issues.

Running my business is relatively easy. It's all of these other things that makes it difficult to run a small business. Coming in, I wasn't prepared for how financially threatening these things could be if not handled correctly."

On his grassroots visit to Washington, D.C.: "It was good to meet several of our dealers. It was helpful to be able to put a face to the names I have seen, and I got to hear their views on all of these legislative issues. I was surprised to see how similar our concerns are, even though I'm here with a 275-BOR store versus people who have 5,000 BOR among several stores. I find it interesting how diverse a group we are and how much the business has changed over the years.

"I'm happy I went to Washington. I got a lot of insight into how things work there, and I realize now that this

is something we will have to continue doing to protect ourselves."

On furniture: "I'm not doing as well as I should be with furniture. It hasn't taken off for me yet. I hope to learn, when I go to the convention in August, why it's not doing so well. I intend to talk with some vendors and speak with other dealers to see if I'm buying the right product and maybe get some ideas on how to present it better."

...

Scott Savell
Dealer
Save-All Rentals (two stores)
Tyler, Texas

On his current business concerns: "Right now we are trying to get things rolling for the summer. Refrigerators are always a hot product, so I'm making sure our stock is good on that. We've been pretty busy with our upholstery and with our bedrooms."

On his political concerns: "Six or eight months ago I didn't feel good at all about where we stood, but APRO has done a lot of work and dealers across the state and nation have done a lot of work since then. I feel pretty good that we've killed this thing, at least this year. I think we're building a broad range of support and we have a chance to get favorable (federal) legislation passed. We have strong legislation in 36 states, but I think we need this federal legislation to inoculate us from future attacks. It's a major concern, and I see that as a top priority.

"It's my understanding that some folks on the other side have come out mentioning price controls, and that's really started to scare away some (members of Congress). The other side—their true colors are beginning to show through. They want to fix our industry's prices. They believe in price controls, and it's going to be hard to get Congress to go along with price-fixing."

On furniture: "I love furniture, and it makes up 60 percent or better of my stock. I probably have 8, 10 or 15 living-room suites on my floor at one time, plus another 6 to 8 bedroom suites on the floor. I like to have a good selection for my customers. Furniture is where the money is going to be made in this business."

PR

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 **Thomson Consumer Electronics, Inc.**

Saturday, August 6
Pre-banquet cocktail reception



Saturday, August 6
Awards banquet, "Fantasy Ball"

In the never-ending quest to provide more consumer options, not all ideas are good

Beware of flex terms

RENTAL DEALERS ARE ALWAYS SEEKING INNOVATIONS TO THE STANDARD 18-MONTH RENTAL-PURCHASE AGREEMENT TO GAIN AN EDGE IN AN INCREASINGLY COMPETITIVE RENTAL-PURCHASE MARKETPLACE. SUCH EFFORTS ARE TO BE APPLAUDED, AS THEY GENERALLY SEEK TO ADD VALUE FOR CONSUMERS AS WELL AS PROFIT FOR DEALERS.

.....

BY

ED WINN III

Larger stores with many more furniture choices is a recent such innovation. Multi-item discounts is another, and the whole "12-to-own" movement is yet another (see page 18 article last issue). These innovations are not without certain barriers, however.

Rental dealers are sensitive to pricing and cost barriers to certain innovations. Very inexpensive watches will not rent very well, for example. Nor do rental dealers typically experiment with high-end audio products. Many of these limits are instinctive to rental dealers; others are not.

Dealers are most at risk when they look around the marketplace to study what others are doing and fixate on the consumer electronics and home furnishings retail industries. This is a natural point of inquiry

since retail has been around a long time, it's highly evolved and competitive, and there are always a lot of experiments going on.

The retail industry, however, is a territory with perils and pitfalls for rental-purchase dealers. While rental-purchase dealers may want to copy some retail marketing methods, they do not want to be regulated by retail rules.

One might wish that the traditional rental markets offered the same experimental terrain as retail, but they do not. Rental yards are not hotbeds of marketing innovation; perhaps the industry is not as competitive as retail. Vehicle leasing, on the other hand, is highly innovative, and I have previously urged rental dealers to look at this market

CONTINUED ON NEXT PAGE

Continued from previous page

for ideas. For rental dealers with TVs and sofas to move, it may be easier, however, to study how retailers move TVs and sofas.

There are clear-cut legal barriers to rental-purchase innovations, however. The closer rental-purchase dealers make their stores and their activities look like retail, the more at-risk are their businesses. This is because the legal underpinning of the rental-purchase transaction is that it is, first of all and truly, a rental transaction. Every "retail" innovation rental dealers add can erode this legal foundation and subject dealers to the risk of having their transactions re-characterized as sales.

With that re-characterization come the various implications, such as different disclosures, finance charge limits, price controls in some cases, limits on "other fees and charges," and limits on repossession.

This risk exists because of how the law interprets contracts. Contract law has always been a matter of deter-

While consumer choice and selection is generally a laudable goal, the flex-term approach in the rental-purchase business contradicts the very notion of the business. It is wrong-headed and legally perilous. Even a cursory examination of the transaction demonstrates the flaw.

mining the intent of the parties. Every hundred years or so, the standards for determining intent change; from subjective intent in the 19th century to objective intent on the 20th century, for example. The legal question has remained the same: What did the parties to the transaction intend?

That's the same question, incidentally, almost regardless of the situation—be it commercial law, consumer protection law, real estate law, or any other area of law—where the interpretation of an agreement comes into play.

Therefore, as much as they might want to, rental dealers cannot view how they do business from their point of view alone. The consumer's view must also be taken into account, and today's consumer is not even the

actual consumer in the store, but some hypothetical, gullible and even foolish consumer. That is how so many consumer protection laws have been written over the years.

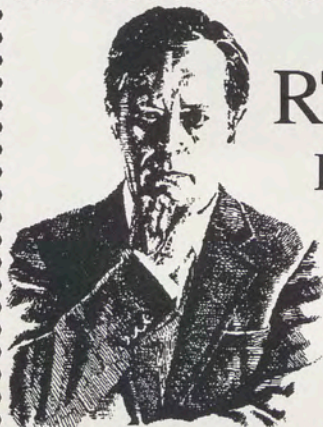
Which brings us to the subject of this article: A recent and dangerous "retail" innovation creeping around the edges of the rental-purchase industry—flex-term plans. These plans, copying retail, offer the consumer a variety of rental rates for the same product. They vary the purchase ownership term depending upon the rate chosen by the consumer. For example, a typical "flex-term" plan might offer a TV for rent by the month at \$40, \$50, \$60 or \$70 per month. The ownership term then varies inversely so that ownership at \$40 per month might convey in 24 months, at \$50 in 18 months, \$60 in 15 months and \$70 in 12 months—all such terms available for the same TV.

While consumer choice and selection is generally a laudable goal, the flex-term approach in the rental-purchase business contradicts the very notion of the business. It is wrong-headed and legally perilous. Even a cursory examination of the transaction demonstrates the flaw.

If a dealer is in the rental business, his products should have some theoretical "fair-market value" at which rate similar products in similar markets should rent.

Assuming willing merchants and willing consumers, there may be a range of rates. The rates will vary over time, and they will depend upon all of the supply and demand variables at work in the transaction, such as competition, quality of merchandise and rental term. But there is still, for a given product, in a given market, a fair rental value for a unit.

To offer the same product for rent at a variety of rates for the same rental period destroys the notion of fair rental value and must mean that the dealer is doing something else besides just



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offering to rent that product. It must also mean that any consumer who rents at other than the lowest rental rate available is doing something else besides just renting.

If a customer has the choice of paying an amount between \$40 and \$70 for the use of an item, and chooses to pay \$70, he would presumably obtain ownership more quickly. But what if he exercises his important option to terminate and return the property? What happens to that extra \$30 per month the customer has been paying? What did the customer get for that extra \$30? If the customer did not get some value for that money, and the money was not refunded, then at least the transaction is unfair and, perhaps, even deceptive.

For the customer paying the highest rental rates, the right to terminate becomes a sham. That is the fatal flaw with the flex-term plan. Flex term does not nibble around the edges of the rental-purchase concept; rather, it attacks the concept at its core.

In the 14 states without rental-purchase regulation, the program would almost certainly come under close legal scrutiny. The substance of the dealer's offering is simply closer to a credit sale than it is to a rental transaction. In the regulated states, the effect may be every bit as destructive. Although technically "legal" (it is possible to draft a flex-term agreement that complies with various rental-purchase statutes, which statutes by their terms carefully distinguish the regulated transactions from credit sales) the program undermines the legal justification for recognizing the rental-purchase concept in the first place.

Flex terms, should they become widespread in this industry, would invite legislatures to revisit the entire rental-purchase issue in light of the changed circumstances. It wouldn't take much for these lawmakers to conclude that the industry is in the selling business after all.

Flex-term plans present a clear danger to the rental-purchase industry, and dealers must resist any impulse to experiment with them. There is, of course, nothing wrong with offering different rates or different terms for different products, and the industry has been doing this all along.

As time goes on, the rental-purchase

industry will doubtless see other "retail" innovations which are attractive and might draw some new business. Not too long ago, for example, some vehicle lessors were disclosing low annual percentage rates in their leases. This was not a legal requirement, but they felt this disclosure gave them a competitive edge.

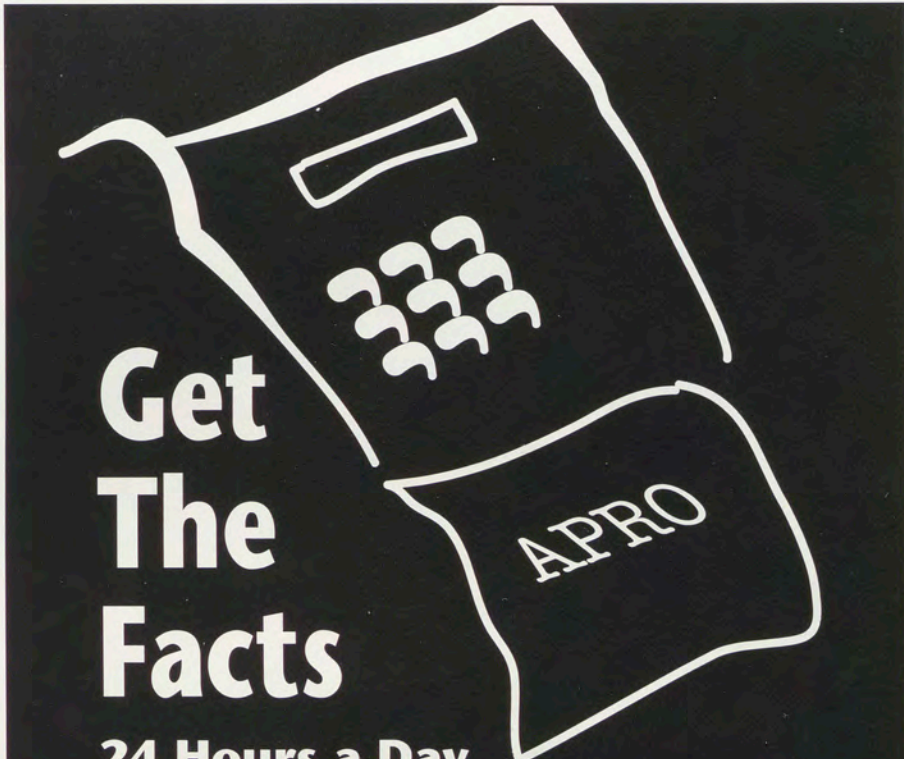
At every turn, rental-purchase dealers must remain true and consistent

to the business in which they've chosen to be—the rental business.

Merchants can sell products and services if they want to. What they cannot do is sell while pretending to rent. Such practices endanger the good name of the rental-purchase industry so many have worked so hard to build.

PR

Ed Winn is APRO's legal counsel and a veteran writer on RTO issues.



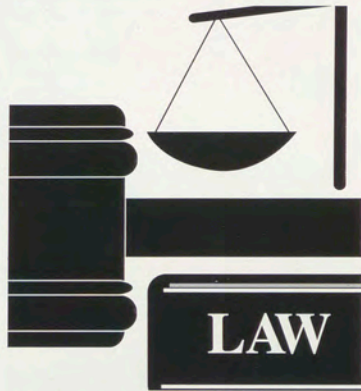
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For the latest on what's happening on the congressional front, order documents 500 & 501.
(Note: These documents require a member access code.)

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We may be battle-weary now, but we'd better be prepared for the inevitable:

Renewal

IT'S THAT TIME AGAIN. TIME TO RENEW OUR MUTUAL COMMITMENT "TO PRESERVE, PROTECT AND DEFEND" OUR INDUSTRY FROM GOVERNMENT ATTEMPTS TO REGULATE US OUT OF BUSINESS.

WE HAVE JUST OBSERVED THE FIRST ANNIVERSARY OF THE PUBLIC OVERSIGHT HEARINGS CONDUCTED LAST MARCH BY CHAIRMAN HENRY B. GONZALEZ OF THE U.S. HOUSE BANKING, FINANCE AND URBAN AFFAIRS COMMITTEE WHICH SUBSEQUENTLY LED TO HIS INTRODUCTION OF ANTI-RTO LEGISLATION.

We also just observed the first anniversary of the formation of the APRO Task Force, which was created to "devise and execute a plan to more effectively unite all rental-purchase dealers in the country for common purposes, including passage of federal legislation that would create a safe business environment for the rental-purchase industry and provide for appropriate and responsible consumer disclosures; prevent the Internal Revenue Service from re-characterizing the rental-purchase transaction as a sale for tax purposes; promote a better understanding of the rental-purchase through effective public relations; and to communicate all task force activities and achievements to the members of the industry."

The good news is we accomplished one of the primary goals set by the task force, "to keep Congress from enacting any legislation that would adversely affect the rental-purchase industry." We also have made substantial progress on all the other goals of the task force, including "to actively seek positive federal legislation that would promote the rental-purchase industry and protect all consumers."

We did this by accomplishing another goal of the APRO Task Force, successfully raising almost \$1 million extra last year

to fund the five goals of the task force. Once again I congratulate everyone who contributed for helping make our mission a success.

By the way, the other three goals of the task force were "to establish the rental-purchase transaction as a lease for tax purposes through the tax-court system, to improve the public's perception of the rental-purchase industry through effective public relations, and to effectively organize and communicate with all rental-purchase dealers on the issues facing this industry."

The bad news is we must do it all over again.

And I might as well go ahead and lay it all out at once. We will probably need to do it again and again for the foreseeable future unless and until we can accomplish the second goal. This means we all will be required to not only renew our financial contribution to the cause, but add some personal energy to the effort, in the form of traveling to Washington or meeting with members of Congress in their home districts. It's vital that we continue to do these things, even if we have already done so.

Next January begins a new session of Congress and all current bills not passed into law by then must be reintroduced and

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BY

RON WATERS

Even if we accomplish our second goal of passing "safe harbor" legislation, we will be required to build an enormous presence in Washington to protect any position we might have gained.

heard all over in the 104th session.

Think of it as if we were high-stakes gamblers and gun slingers in the Old West. We came to town and challenged the "good-ole boys" to make a place for us at the gaming table. For awhile we were ignored, then patronized as a pest. Finally, one old codger, his youthful zeal fading but pricked by our boast, motioned us into the game where he was the dealer. After whipping up on us for a hand or two, we turned the table and fought him to a stalemate. Now we have a certain reputation in town to maintain.

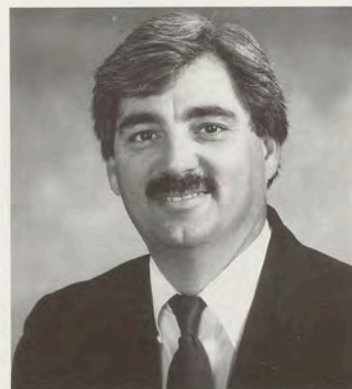
The truth is, now that we are considered "players" on Capitol Hill, we will always find ourselves being challenged by someone. We would be asking to be shot in the back if we got up to leave while there was still money on the table. Even if we accomplish our second goal of passing "safe harbor" legislation, we will be required to build an enormous pres-

ence in Washington to protect any position we might have gained.

I am not advocating that we move APRO to Washington, although others, including past APRO president Dick Grauel, have. Even current APRO president Kevin Quinn was recently quoted as saying, "One of the biggest things to be a building block for this association is understanding that we cannot ignore what's going on around us. Consistently and always, we must have a presence on Capitol Hill."

I predict that eventually we will find it necessary, and economically smart, to establish a satellite office in Washington. This doesn't necessarily mean the entire APRO office, but at least a permanent legislative office. We will do what is necessary "to protect, preserve and defend" our industry when we collectively reach the conclusion that a Washington office is what we need to get the job done.

PR



Ron Waters is APRO's director of government affairs.

In midst of progress, industry faces new threats

Need a reason to believe Ron Waters' assertion that the battle has just begun? Here are three:

- Sen. Howard Metzenbaum, D-Ohio and author of the anti-RTO bill S. 1566, successfully amended, in the last hours of April 21, the Senate bankruptcy bill to define rental-purchase transactions as security interests for bankruptcy purposes. That apparently means RTO customers who declare bankruptcy do not have to give back merchandise on rent, if the bankruptcy bill passes with this amendment intact.

- The National Association of Attorneys General has appointed Pennsylvania A.G. Ernest Preate, industry arch-enemy, to head a task force charged with studying the body of 36 state rental-purchase statutes to determine if these laws should be revisited.

- Shortly before this issue of *Progressive Rentals* went to press on April 25, U.S. Sen. Donald Riegle, chairman of the Senate Banking, Housing & Urban Affairs Committee, called a May 13 hearing on the rental-purchase issue. Riegle's committee will look at the anti-RTO legislation proposed by Metzenbaum and the industry-supported bill of Alabama Sen. Richard Shelby (S. 1956).

At press time, APRO had learned that Sen. Shelby, a member of that committee, would not be available for the May 13 hearing because of health problems. Shelby's office asked chairman Riegle of Michigan to reschedule the hearing for a date on which Shelby could attend. Without Sen. Shelby there to push his legislation and help defend our industry, the hearing could deteriorate into an RTO lynching, similar to the 1993 hearing in front of Rep. Henry B.

Gonzalez's House Banking, Finance and Urban Affairs Committee.

"Anti-RTO forces are determined to ram legislation through Congress that classifies rental-purchase transactions as credit sales and also fixes our prices," said Waters, APRO director of government affairs. "We know that the anti-rental-purchase industry witness list includes Legal Aid's David Ramp and Pennsylvania Attorney General Ernest Preate, along with the usual disgruntled former customers. We have also heard rumors of a surprise public official witness from Michigan and we are trying to verify this and identify this person."

The latest legislative information is available on APRO's Facts Line—(512)794-0258. Order document No. 5.

PR

A good education means everything

WHEN OFFICIALS FROM MADISON ELEMENTARY SCHOOL IN DAVENPORT, IOWA, CALLED 16-STORE RENTAL-PURCHASE DEALER JOHN THOMPSON, HE WAS EAGER TO MEET THEIR REQUEST FOR HELP.

•••••

Principal Steve Johnson and other school administrators had visited a school in Maryland and saw a technique they wanted to try at Madison. But like most other schools, little money was available for such experiments.

Johnson wanted to furnish an area at his school with quality living-room furniture to give parents a more relaxed and less "institutional" feeling when they visited. When Madison Elementary officials contacted the Davenport Thompson's Rent To Own store and asked for help, Thompson filled their order.

"(School administrators) wanted a better environment to have parent-teacher conferences, so we donated a complete living room outfit, with some plants, tables, lamps, everything," Thompson says. "They really liked it, and I was happy to help out. I know how schools are crushed for money, but they still are looking for ways to improve their image and get parents more involved."

The story, however, gets a bit more complicated. Thompson's small contribution didn't go unnoticed.

"The trouble started when every school in Davenport started calling us for furniture," Thompson says. "I mean, talk about something backfiring on you. The people who work in schools all talk to each other, so the ones without the furniture want some, too. Unfortunately, I don't have a big enough operation or enough furniture to outfit a dozen schools with living-room suits. Another problem is, if you limit who you give it to, who do you leave out?"

Thompson did some quick thinking, and today has a pretty good program in place. While he doesn't normally draw up rental-purchase agreements for more than 24 months,



Thompson drew up a special three-year plan for the school, where payments are very low and easy to make, and the store can cover its costs. The school likes the furniture, the payment plan and the "typical" rental-purchase advantages of no debt, no obligation, free repairs, free pickup and delivery and the chance to trade out items for a new look.

"Mr. Thompson has been real good about cutting us a good deal," says Johnson. "This furniture gives the school a softer, more comfortable setting. Now, when parents come in early to pick up their children, they've got a nice place to sit and relax. This kind of atmosphere is very warm and gives a welcoming feeling to our school."

Johnson adds that parents have been very impressed with his school's new look, and says Thompson's Davenport store is very generous when teachers want to try out different merchandise. Johnson also has a small sign up in the room which thanks Thompson's Rent To Own.

"We didn't start this with the intention of renting the furniture, but we just couldn't give the same thing to every school," Thompson says. "I think we have a deal that makes everyone happy."

Thompson advises dealers to plan ahead before going public with their donations. Most donations are great public relations, which build up goodwill in the community. But because almost every school has a tight budget, it's easy to leave some out and alienate a part of the public.

—John Massey

New insurance programs provide strong protection

Members of APRO can now obtain reasonably priced property and casualty insurance from a pair of associate members who write coverages on a company-by-company basis.

For companies located east of the Mississippi River, Blue Ridge Burke Insurance Company is anxious to serve APRO members. Those interested should contact Sherry Stevenson at (910)722-7187. Or fax her a line at (910)722-2308.

Companies located west of the Mississippi may contact Gene Kelsay at G-K-S Insurance Agency. Kelsay may be reached at (303)988-1234, or fax a message to (303)988-3538.

Both of these insurance agencies have studied the unique characteristics of the rental-purchase industry, and they understand that loss-control is key to making the industry an attractive client. With their knowledge of the industry, these agencies can better represent RTO businesses to a variety of insurance companies, which guarantees competitive pricing.

These agencies saw that APRO members, while very competitive with each other in the marketplace, were committed to the industry's professional image on the national front. Through membership in APRO, rental-purchase companies continue to look for new and better methods to improve loss levels and control damage.

Other discounted member services offered to APRO members include: Airborne and Federal Express deliveries. Call Lane Burtz of American Business Alliance at 1-800-466-8143.

Mass Marketing Insurance Consultants has arranged special group health insurance rates for APRO dealers, their employees and families. Call Ed Sterczek at (708)349-3900.

"APRO members who have taken advantage of these special programs have seen some pretty big savings," says Carolyn Fitzsimmons, APRO's marketing representative. For more information, call Fitzsimmons at APRO, (512)794-0095. **PR**

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Two recent judge's decisions should remind dealers it's almost always best to

Keep away from court

A COUPLE OF RECENT LEGAL DECISIONS HAVE COME DOWN WHICH SERVE AS USEFUL REMINDERS TO RENTAL DEALERS THAT THEIRS IS A LEGALLY SENSITIVE BUSINESS. THESE DECISIONS UNDERSCORE THE TRUTH KNOWN TO ALL THINKING BUSINESS PEOPLE THAT GOING TO COURT IS A RISKY PROPOSITION AT BEST.

These decisions underscore, finally, the legal axiom that bad facts make bad law.

The Hall case

The first case is the Hall case from Wisconsin, and, while a setback for dealers in that state, the decision is not likely to have the kind of negative impact suggested by the *Wall Street Journal* in its blurb on the case in March.

The decision in *Rent-A-Center, Inc., vs. Hall* can only be understood in the context of the Wisconsin Consumer Act, generally, and an earlier rental-purchase case specifically, *Palacios vs. ABC TV & Stereo Rental, Inc.*, in 1985.

When it was enacted in 1973, the Wisconsin Credit Act (WCA) was one of the most comprehensive consumer protection statutes ever passed in the area of consumer finance. The original act was an amplification of traditional retail installment sales acts, including comprehensive sections on insurance, debt collection, and credit cards.

Despite the subsequent removal of limits on finance charges in 1984, the act remains as one of the beacons of the consumer protection movement which swept the country in the early 1970s. (That same movement championed enactment of the Uniform Consumer Credit Code, UCCC, and saw it finally enacted in 10 states before the movement lost its steam. The WCA and the UCCC are similar in many respects.)

The key language in the WCA for the rental-purchase issue is the definition of a "consumer credit sale." The language is quite similar to the language in the Federal Truth-In-Lending Act (TILA). Actually, only two words are different, but those two words have provided the basis for the decisions directly in *Palacios* and indirectly in *Hall*. The WCA definition of a "consumer credit sale" reads:

"Any agreement in the form of a bailment of goods or lease of goods or real property if the bailee or lessee **pays or** agrees to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the goods or real property involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the goods or real property upon full compliance with the terms of the agreement."

Without the words, "pays or," this definition is indistinguishable from federal law which clearly provides that a terminable consumer lease or rental-purchase agreement is not a credit sale because the consumer never does, in fact, agree or contract to pay an amount "substantially equivalent to or in excess of the aggregate value of the goods involved." The "pays or" language was probably inserted to cover a non-terminable transaction in the form of a lease in which a large initial payment or a down payment is required. In such a

CONTINUED ON PAGE 24

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BY

ED WINN III



transaction, a consumer might be required to make payments (go into debt), but because of the large first payment, say 25 percent down, might not be required to make payments equal to the value of the merchandise.

The "pays or" language pulls the initial payment into the calculation and properly characterizes the transaction, taken as a whole, as a credit sale. That language should not have pulled traditional rental-purchase transactions under coverage of the WCA, but it did.

The facts in *Palacios* are important, because they probably are the reason the court ruled as it did. Ms. Palacios entered into a 78-week rental-purchase transaction in 1979 for a color TV-stereo combo unit for \$23 per week. The rental company put in evidence, via affidavit, that the retail value of the combo unit was \$800. The customer made payments totaling \$1,652 and then quit paying. The rental company, demanding another \$142 or return of the unit, began dunning the customer, and then sued her. She took the legal paperwork to the Legal Aid office in Milwaukee and sued the company back.

Few other facts are pertinent. The court ruled, as a matter of law, that the rental-purchase transaction was a credit sale because the consumer had paid an amount greater than the value of the unit.

This case was decided in an era when there were no rental-purchase statutes whatsoever, and the industry did not, as a general practice, disclose the rental-purchase ownership price. This was also a time when dealers did not list cash price or many other disclosures which dealers routinely make today, whether required to do so by state law or not. Even so, one blanches to see a rental company sue a customer who had paid \$1,652 on a contract that paid out at \$1,794. It was dumb then; it would be even dumber today.

In the aftermath of *Palacios*, Wisconsin rental dealers added balloon-purchase options of various sizes to their rental agreements. The balloons were intended to be larger than nominal consideration to keep rental-purchase transactions outside the cov-

The "pays or" language pulls the initial payment into the calculation and properly characterizes the transaction, taken as a whole, as a credit sale. That language should not have pulled traditional rental-purchase transactions under coverage of the WCA, but it did.

erage of the WCA. This business practice seemed to work for nearly a decade, during which Wisconsin rental dealers sought a legislative solution to the rental-purchase problem, but without success.

The question for Wisconsin dealers, then, was how large should the balloon be? Phrased legally, the question is: What is the meaning of the "nominal consideration" phrase in the WCA? Coincidentally, in 1983 the North Carolina General Assembly adopted a very precise definition of nominal consideration in the context of purchase options in leases. North Carolina defined the term as 10 percent or less of the original cash price of the leased property. Even though the pronouncements of the North Carolina legislature have no bearing in other states, some Wisconsin dealers adopted balloon-purchase options of 11 percent of the cash price to avoid coverage of the WCA.

Wisconsin rental dealers knew they were in an unregulated state with a bad case on the books and, therefore, presumably trod softly in their customer relations, at least, until the facts giving rise to the *Hall* case occurred.

In April, 1991, Ms. Hall rented a washer and dryer from the rental company for \$87.60 per month. The no-obligation rental term was for 19 months, at which time a purchase option arose. The agreement provided that the option price would be the fair market value of the property at that time, but it would not exceed \$161.89. The totals of all rentals paid, plus the maximum option price, equals \$1,643.15. (Handwritten in the agreement was, "+2=21," although the math is not quite right.)

Ms. Hall, believing that she had a 12-month deal, made payments totaling \$1,069 and then quit, telling the company that she felt she had paid enough. The company did not agree and sued her for return of the property. Ms. Hall, like Ms. Palacios before her, took her

legal paperwork to the Legal Aid office in Milwaukee. At the trial, the judge concluded that the purchase option was nominal and that the transaction was covered by the WCA. Moreover, in a particularly injudicious move, the judge announced, "I am sending a copy of this decision to the commissioner of banking for purposes of their (sic) determining if criminal penalties should be pursued for violations of the usury statute."

The judge sent the letter which reads, in part:

"Because I believe that this scheme is a violation of the usury laws and your agency is responsible for enforcement of those laws, I felt it was important to forward this decision to you. The most disturbing aspect of this case was the fact that it is those who are least able to pay who are being victimized by this scheme. Apart from the dictates of law, I cannot comprehend what kind of corporate conscience could possibly sanction charging people like Ms. Hall 125% interest."

Once again, bad facts were in the process of making bad law.

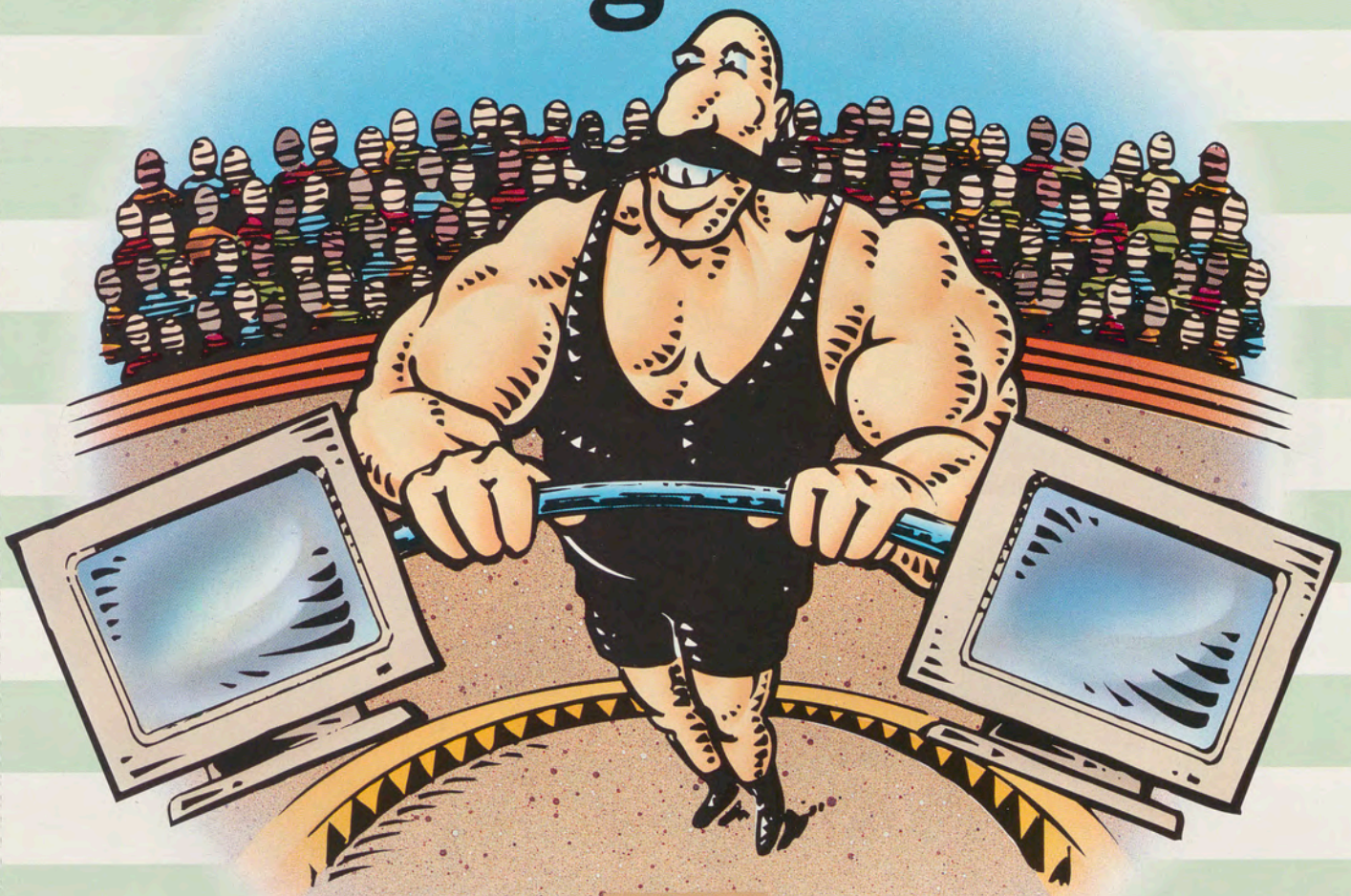
The rental company, offended at the judge's outburst, decided to appeal. One way to show a judge the error of his ways is to have his opinion overruled. But, that did not happen. The three-judge court of appeals agreed with the trial court judge, although with less venom aimed at the rental company.

The specific holding in the *Hall* case is that a purchase option in a rental agreement is nominal when the lessee has "no sensible alternative to exercising the option," comparing the option price to the total of rentals. In this case the court concluded that \$161.91 compared to \$1,481.24 was nominal.

The law in most jurisdictions is that consideration, when considering a purchase-option price, is nominal when it is materially less than the predicted

CONTINUED ON PAGE 42

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of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessing of liberty to ourselves and our posterity, do hereby ordain and establish this Constitution for the United States of America.

Article I

Section 1 All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Section 2 The House of Representatives shall be composed of members chosen every second year by the people of the several States, and the electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislatures.

Article II

Section 1 All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

**Cover Story:
Members
Petitioning Their
Government**



Constituents and the Constitution

CITIZENS EXERCISING THEIR CONSTITUTIONAL RIGHT TO PETITION THEIR GOVERNMENT. THAT'S WHAT APRO'S FEDERAL GRASSROOTS CAMPAIGN IS ALL ABOUT.

THE FIRST 10 AMENDMENTS TO THE U.S. CONSTITUTION, KNOWN COLLECTIVELY AS THE BILL OF RIGHTS, WERE ADOPTED IN 1791. THE FIRST AMENDMENT CLEARLY SPELLS OUT CITIZENS' RIGHTS TO THEIR OWN VIEWS AND TO MAKE THOSE VIEWS KNOWN TO ALL, ESPECIALLY THEIR ELECTED LEADERS.

Amendment I: *Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.*

Rental-purchase dealers, through the APRO Government Relations Committee, have exercised their constitutional rights, canvassing Capitol Hill in Washington, D.C., on two separate occasions this year. The result: more than 165 APRO-coordinated dealer meetings with U.S. representatives, senators and congressional staffers.

In addition, some of the same dealers, along with others, have traveled to Washington on their own this year for meetings with their congressmen. In other cases, dealers have met with their representatives and senators in their home districts.

The total number of RTO meetings with Congress in 1994 has eclipsed 200, according to Ron Waters, APRO director of government affairs.

Results of the grassroots campaign: 47 co-sponsors of the industry-supported bill in the U.S. House, H.R. 2803; 16 of the 47 are directly credited to the association's second round of meetings with Congress.

"I hope other dealers out there will get

involved," Waters says, "because if you haven't gone to one of these (congressional) meetings you need to talk to someone who's done it. They've found it to be a very educational experience and something worthwhile—not just to their personal business but also to them, personally, and to their industry."

Our nation's founding fathers, in framing the Constitution and Bill of Rights more than 200 years ago, exhibited remarkable wisdom that still holds true today.

"This may be the only country where you can get on an airplane, fly up to the capital, and walk right into a congressman's office," says Florida rental-purchase dealer Larry Sutton, owner of Champion affiliate B & L Concepts out of Tampa. "It's because you're a constituent. You've got employees in their district; you've got customers. I'm amazed. They're (members of Congress) so accessible."

Sutton is one of 35 dealers who participated in APRO's second round of 1994 meetings on Capitol Hill, conducted March 21-23. The association's first round of constituent-dealer meetings with Congress was Jan. 31 through Feb. 2. It had 20 participants.

APRO President Kevin Quinn, after the first round of meetings on Capitol Hill in

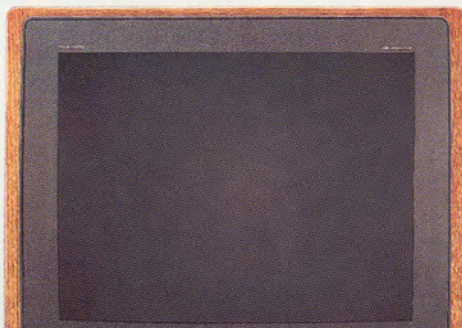
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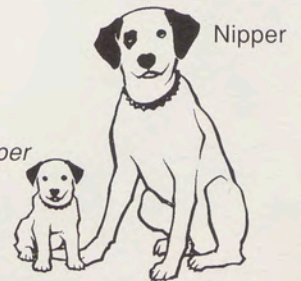
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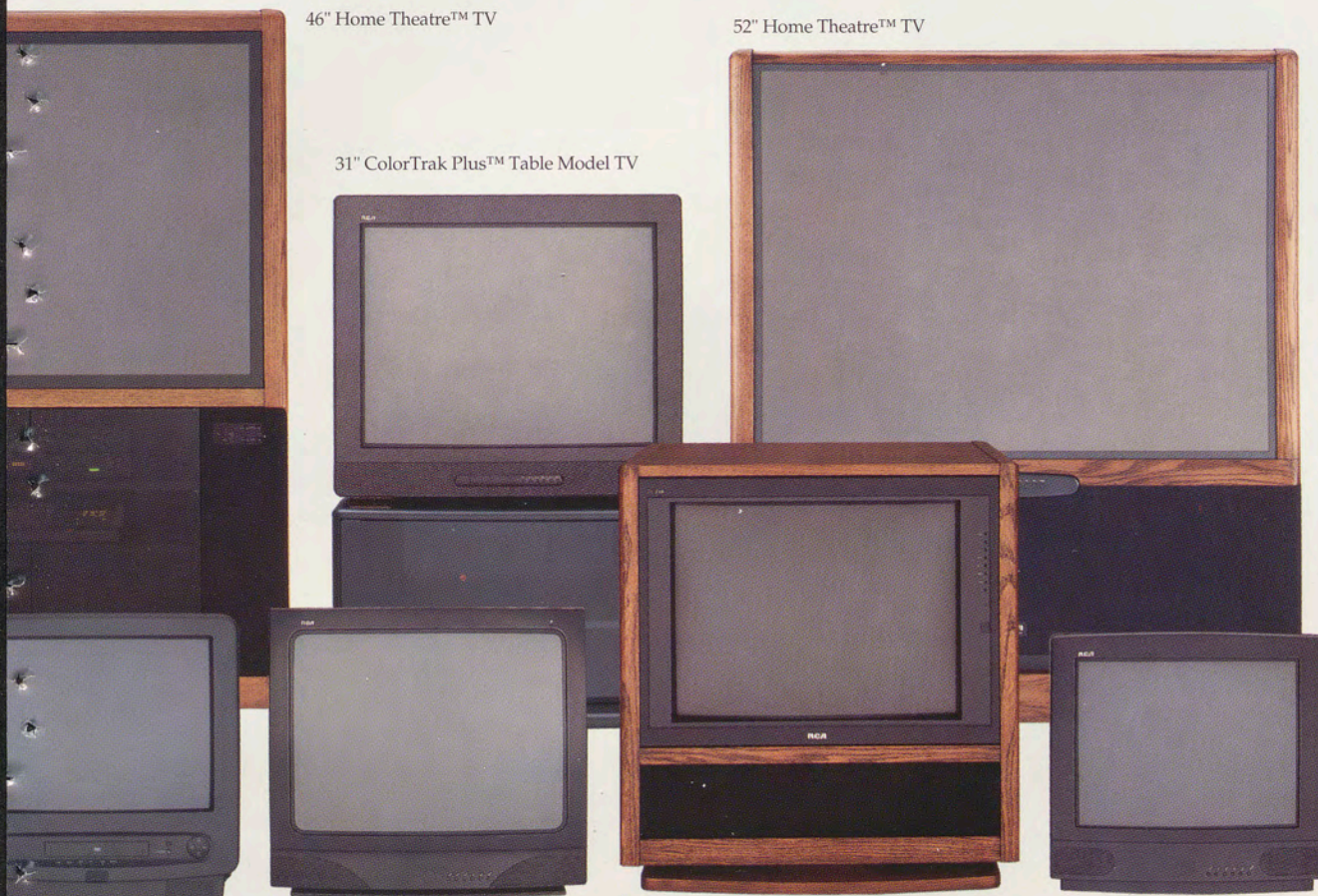
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*Take a look at the substantive lineup
for this Aug. 3-7 big industry event*

Simply superb

IF YOU'RE GOING TO RIDE THE WAVE TO APRO'S 1994 CONVENTION IN LAKE BUENA VISTA, FLA., JUST OUTSIDE ORLANDO, AUG. 3-7, THE KEY TO SAVING MONEY AND BEING IN THE THICK OF THINGS IS TO ACT NOW.

Home away from home

You'll be at the heart of the action by staying at our headquarters hotel, the WALT DISNEY WORLD® Resort's Dolphin, a 27-story luxury hotel operated by the Sheraton hotel chain. The Dolphin is being offered to APRO members at a very attractive rate—\$138 single or double. That's compared to regular rates that start at \$209. In addition to the usual amenities, each room features a coffee maker, minibar, cable TV, safe, iron and ironing board and hair dryer. Call the Dolphin (1-800-227-1500) for reservations by June 1, and your name could be drawn to receive your room free for the convention. The winner will be announced at the convention. Final deadline for hotel reservations is Friday, July 1.

The Dolphin is located in the heart of the WALT DISNEY WORLD Resort with easy access to all Disney parks. You can walk or take a tram ride to EPCOT® Center, a friendship water launch ride to Disney-MGM Studios Theme Park or choose from several transportation options to the MAGIC KINGDOM® Park.

The Dolphin offers a white-sand beach, three swimming pools and swimming grotto, complete with waterfalls and hidden alcoves. Choose what suits you from eight lighted tennis courts, a fully equipped health studio, game room, beau-

ty salon and a full menu of dining venues, ranging from the ultra-casual Tubbi Checkers to the more elegant Ristorante Carnevale. Dolphin guests get priority tee times at five nearby golf courses.

For its youngest guests, ages 3 to 12, the Dolphin offers Camp Dolphin, a kid-oriented prescription for fun. The toddler program for ages 3-5 offers playtime from 3 to 5 p.m. and dinner club from 5 to 8 p.m. Children 6 to 12 can enjoy a camp program from 2 to 6 p.m. and dinner club from 6 to 10 p.m. With 24-hour's notice, you can extend the hours or take advantage of the Dolphin's private baby-sitting service 24 hours a day, 7 days a week. Advance reservations may be required; call Camp Dolphin directly at 407-924-4241. For more information on the private baby-sitting service, call Shelley Martinek at the APRO office, 512-794-0095.

Getting there

Bargain prices start with special discounted airfares from Delta Airlines. You or your travel agent may call Conventions in America at 1-800-929-4242 (refer to Group No. 680) or Delta at 1-800-241-6760 (refer to File PO 457). APRO attendees who purchase tickets through Conventions in America receive \$100,000 free flight insurance and are entered in a bimonth-



The majestic Dolphin Hotel, located right in the middle of WALT DISNEY WORLD® Resort, is APRO convention headquarters.

ly drawing for two round-trip airline tickets.

You can also get discounted auto rental rates through Conventions in America or by calling Alamo Rent a Car directly at 1-800-732-3232 (refer to group ID No. 77274, rate code GR).

APRO's deadline for reduced registration rates is July 1. Full registration until that date is \$275 for members, \$375 for nonmembers, \$150 for spouses/guests, \$125 for teens 13-17, and \$75 for children ages 3-12. After July 1, fees are \$325 for members, \$425 for nonmembers, \$165 for spouses/guests, \$140 for teens 13-17, and \$90 for children 3-12. Fees include seminars, social functions, general session and exhibit hall admission.

Make sure you send a check or charge-card information if you want your registration to be processed once it gets here. If you are charging, you can fax your forms to 512-794-0097. Registrations received after July 22

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BY

BARBARA **STOOKSBERRY**

are considered on-site registrations. Registration at the convention, if you choose to wait, begins at noon on Tuesday, Aug. 2, and will be charged at the higher rates.

So much to do

It wouldn't be an APRO convention without an early morning tee-off for the annual Joe Eason golf tournament. The tournament is at 8 a.m. on Wednesday, Aug. 3, with a shotgun start to jolt to attention those folks who had a really good time the night before. Buses leave the Dolphin at 7 and 7:15.

This year's tourney, again sponsored by Whirlpool, will be held at the Magnolia and Palm courses, two of the five championship courses on

the Walt Disney World resort property. The Magnolia course is named for its 1,500 fabulous magnolia trees. It is a Joe Lee-designed course that plays to 6,642 from the middle tees and provides the setting for the final round of the Walt Disney World/Oldsmobile Golf Classic.

The course challenges you with elevated tees and greens, rolling terrain, water on 10 of the 18 holes and a special hazard on the sixth hole in the shape of Mickey Mouse.

Also a Joe Lee course, the Palm Course is one of Disney's toughest. The course plays to 6,461 yards from the middle tees and teases you with plenty of sand and water. Watch the 18th hole—it's rated the fourth toughest on the PGA Tour, and the course itself made Golf Digest's Top 25 resort courses. Remember, you must register in advance on the APRO registration form to participate. For information on other Disney and Orlando

CONTINUED ON NEXT PAGE

Home Line's Joe Frazier to stop in at APRO Aug. 3-7 convention

WHEN FORMER WORLD HEAVY-WEIGHT CHAMPION JOE FRAZIER BLOWS INTO TOWN HE DOES SO QUIETLY AND WITHOUT FANFARE.

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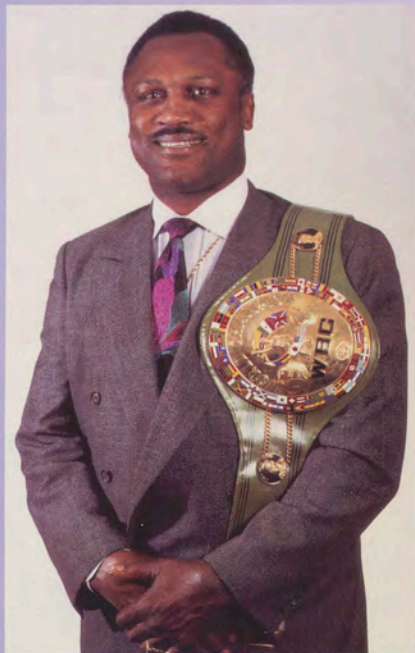
While this may seem an unusual approach for a world-renowned celebrity, it is a style that best suits his purpose—to boost the morale of employees and owners of the retail and rental-purchase outlets who carry the Home Line Industries furniture line.

Frazier is marketing director for Home Line, which bills itself as the country's largest wholesale furniture company. Frazier will make an appearance at the APRO Aug. 3-7 convention, courtesy of Home Line.

At 29, Smokin' Joe Frazier made headlines when he captured the gold medal in the 1964 Tokyo Summer Olympic Games. He went on to win the world heavyweight championship in 1968 by knocking out Buster Mathis, and he retained the title after a unanimous decision over Muhammed Ali in 1971. He held the title until 1973, when George Foreman took it away from him.

Frazier says the bouts with Ali were the most memorable, but remembers Foreman as his most difficult opponent. "Nobody wants no part of George. I know I don't," he says.

Standing 6-foot-1 and weighing in at 235 pounds, Frazier looks like he could still go a few rounds, but he devotes most of his time these days to making appearances for Home Line and working with children. The product of a tough Philadelphia neighborhood, Frazier tries to serve as a role model for Philly youngsters by working out at an inner-city gym and talking to kids about staying off the streets and staying away from drugs. "The ones within the sound of my voice are gonna be right," he confident-



Former world heavyweight boxing champ Joe Frazier is coming to APRO's convention this summer.

Frazier is marketing director for Home Line, which bills itself as the country's largest wholesale furniture company.

ly told a reporter in Memphis on a recent visit to St. Jude's Children's Research Hospital.

Joe Verne, president of Home Line, has known Frazier for about 15 years and likes the idea of employing him to thank customers for their business. Publicity for his visits is limited so that Frazier can spend quality time with the target audience—business owners and dealers. Customers who happen to be in the store during a surprise Frazier visit find themselves shaking hands with the champion, posing for photographs and capturing autographs. Nobody complains that they weren't told ahead of time.

—Barbara Stooksberry

Continued from previous page

courses, call APRO's Shelley Martinek at (512)794-0095.

Early arrivals can sign up for the special Behind the Scenes at WALT DISNEY WORLD Tour on Wednesday afternoon, Aug. 3. Most of what makes the Disney experience special is what goes on behind the scenes, the mechanics that are cleverly out of view of most park visitors. During this 3-1/2 hour tour, you'll go where most Disney guests never go and see such highlights as the tunnel system beneath the MAGIC KINGDOM® Park, the MAGIC KINGDOM costuming facility, parade float storage, show rehearsal areas and WALT DISNEY WORLD nursery and tree farm. Cost of the tour, which is limited to participants ages 16 and over, is \$60—space is limited, so attendees are urged to register in advance.

Another possibility for APRO attendees are two-, three- and four-day admission tickets not available at the gate. These must be purchased in advance and offer a special "bonus" admission to Pleasure Island. Details are in your convention packets. For ticket options available at the gate, call WALT DISNEY WORLD Resort information at 407-824-4321.

Staying in the know

The trade show is a big part of what a convention is all about. Here's your once-a-year opportunity to meet with the vendors whose products can make or break your business. Since APRO is the only nonprofit trade association devoted solely to the rental-purchase industry, this trade show is custom-designed for you. Tell vendors what you need, see what they've got or tell them what for, but don't miss the opportunity to meet with these folks up close. Products and services get better and you can have a meeting of the minds that benefits both of you. It's an everybody-wins situation.

This year's trade show is free and scheduled so it won't compete with other convention activities. The 51,000-square-foot exhibit hall is professionally designed to enhance any trade show, but the APRO show is

CONTINUED ON PAGE 44



- ▶ **FORESIGHT Preferred Customer Club — The Nations Leader in Club Programs for the Rental Purchase Industry**

- ▶ **Providing Customer Benefit Options — Made To Order By The Dealer**
 - ▶ Dealers Create A Unique Club Benefit Program By Selecting Their Own Combination of Insurance Benefits Including: LEASED PROPERTY COVERAGE, INVOLUNTARY UNEMPLOYMENT PROTECTION, \$10,000 ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE AND A TWO YEAR EXTENDED SERVICE CONTRACT
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early February, was convinced that the association's grassroots program has tremendous value. The challenge?

Answers Quinn: "The educational process, number one, of getting congressmen and senators to understand our issue—who we really are, who we represent, and what we really do. They find that the truth is very different from what the David Ramps and the people who have bad things to say about us would have them believe."

Quinn believes many more members of Congress "now understand that this is a viable industry. It represents thousands of Americans and it needs to be regulated, on the federal level, fairly."

Thanks to dealers' grassroots efforts, bad legislation (H.R. 3136) introduced by Rep. Henry B. Gonzalez, D-Texas, has been blocked in the U.S. House.



Photo by Ernie Lawallen, United Household Rentals

Dealers Gary McDougal of Tennessee, Rich Bartel of Oregon and Washington state, and Stewart Libby of Maine confer during one of APRO's 'debriefing sessions' in D.C., sponsored by High Touch and Philip M. Bell.

Support for an alternative bill, H.R. 2803 by Rep. Larry LaRocco, D-Idaho, has produced a stalemate in the committee of jurisdiction, banking, which Gonzalez chairs. LaRocco's bill is sim-

ilar to rental-purchase legislation in 36 states, patterned after a model RTO bill endorsed by the Council of State Governments.

"Our aggressive lobbying efforts con-

How to 'Champion' the rental-purchase cause on Capitol Hill

Education is an important key to APRO's federal grassroots campaign, according to APRO staffer Richard May, who coordinates the association's program.

May and others believe that by combining coordinated messages on the rental-purchase industry with the personal, constituent touch, APRO has made great strides in educating members of the U.S. Congress on the RTO issue.

Margo Tillotson, president of the Florida dealers' association and a corporate officer of Champion, is one of a new breed of evangelists. Florida-based Champion has emerged as a rental-purchase issues leader, officially landing three new co-sponsors in the House on April 25.

The commitment, says Tillotson, comes from Champion owner Bill Ogle and his top people.

She elaborates: "Paul (Upchurch), our president and CEO, is an attorney and a strategic-thinking leader who recognizes that there are only a couple of threats to our industry. And if we wish to be here tomorrow, we have to address, today, the future of the company and those threats. Paul's

primary concerns are legislation, both state and federal, and the IRS."

At this 115-store RTO company, it looks like they practice what they preach. Tillotson, Upchurch and Champion affiliate owner Larry Sutton wrapped up 27 meetings with members of Congress and congressional staff in just three days on Capitol Hill—March 21-23.

There's tangible proof that some members of Congress now understand something about the rental-purchase business. Take Rep. Dan Miller, from Sarasota, Fla., for example. When U.S. Public Interest Research Group (PIRG) launched its all-out defamation campaign in the media on March 3, a Florida television news crew interviewed congressman Miller on the subject. Here's the transcript:

Anchor: "A consumer interest group in Washington is calling them rip-off artists, but congressman Dan Miller questions the charge against rent-to-own companies. The U.S. Public Interest Research Group says rent-to-own stores are charging interest rates from 35 to 400 percent, but Miller says that may be misleading."

Rep. Miller: "There's a need for the people who don't have credit, whether it's buying a car, buying a TV or a washer/dryer. They're such high risk, in some cases, there should be a way to

allow the people who loan them the money to be able to charge a higher rate to get that. That's just natural."

Anchor: "Industry spokesmen say comparing their rates with retail interest rates is like comparing rental car rates to an auto dealership."

Tillotson met with Rep. Miller in Washington, D.C., a month before—on Wednesday, Feb. 2. So had another Florida dealer, Norm "Slats" Slatton Sr. of Bi-Rite Co. Slatton is an APRO board member who serves on the government relations committee, along with Upchurch.

Education—both of Congress and of rental-purchase dealers. Nothing is more important to the industry's future right now. Upchurch recalls one of his meetings on Capitol Hill:

"A member of the House gave me a lesson in politics. He said to me, 'It's important that politicians understand business and businessmen. But, from your standpoint, it's more important that businessmen understand politics.'"

APRO's Florida folks are working hard on it. In fact, they have invited Sen. Connie Mack to attend the Aug. 3-7 APRO convention in Orlando. There's a good chance he'll make it.

PR

vinced many committee members to openly support another bill, thus defying the chairman on an issue dear to his heart," says Waters. "It has truly been a legislative coup d'état."

Once Gonzalez's anti-RTO bill was successfully blocked, sometime in mid- to late-February, the battleground shifted over to the Senate, where Gonzalez's bill already had a companion, S. 1566 by Sen. Howard Metzenbaum, D-Ohio.

In the meantime, U.S. Public Interest Research Group (PIRG) launched a nationwide anti-RTO media campaign on March 3, when it and its state affiliates held news conferences to report its foregone conclusions from a 20-state survey of rental-purchase stores early this year. (See April *Network News*.)

On Wednesday, March 23, the last of three days of dealer meetings on Capitol Hill, U.S. Sen. Richard Shelby, D-Ala., formally introduced a LaRocco companion bill, S. 1956.

Instead of re-characterizing the rental-purchase transaction as a credit sale and attempting to establish price controls in the marketplace—the main goals of the Gonzalez/Metzenbaum approach—the LaRocco and Shelby bills provide for robust consumer protections such as full cost disclosures and generous reinstatement rights.

Although these protections are nothing new for most dealers across the country who have supported strong state legislation over the years, anti-RTO forces, including U.S. PIRG, have taken it upon themselves to "force the issue" in the 103rd U.S. Congress, says APRO's president, Quinn.

Introduction of Sen. Shelby's bill brought instant credibility to dealers who were educating U.S. senators on the rental-purchase issue. At its introduction, S. 1956 had four original co-authors: Sens. Kent Conrad, D-N.D.; J. Bennett Johnston, D-La.; John Breaux, D-La.; and D.M. "Lauch" Faircloth, R-N.C. These senators represent broad-based support for the LaRocco/Shelby approach to rental-purchase legislation.

"The comfort level I found in these visits (with Congress)," says Ohio dealer and APRO board member Ernie Lewallen, "is the fact that we were

probably lucky both Gonzalez and Metzenbaum chose to fight our industry because their level of respect seems to be on a lower scale. They are not high-profile members ... in a fight like this."

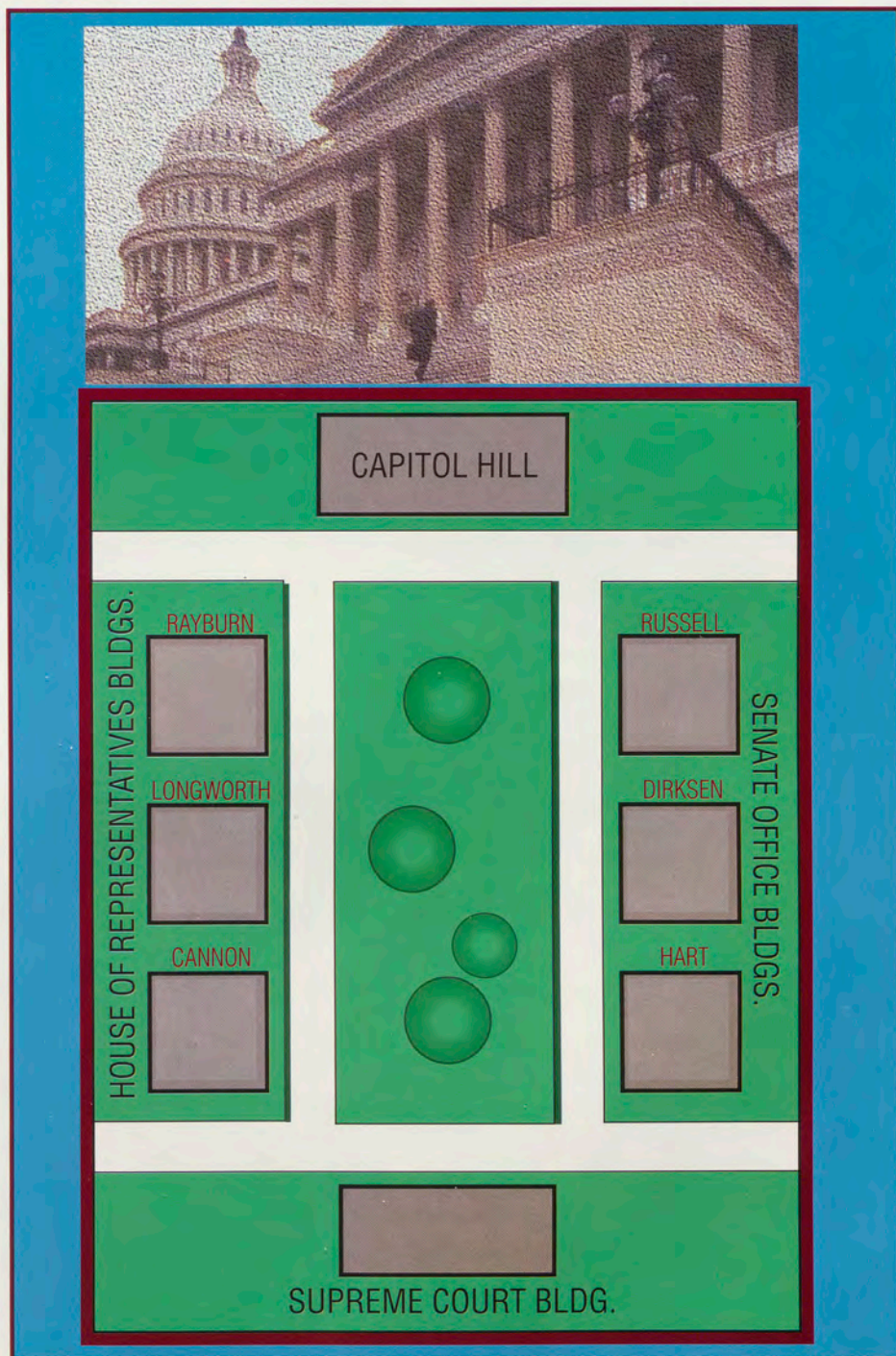
By late March the other side of the issue, driven by radical so-called consumer groups, a few ideological congressional staffers and sensationalistic media, had lost more ground—despite the carefully coordinated March 3 anti-RTO media blitz.

Tangible results of APRO's federal

grassroots campaign, as of April 25:

- 47 U.S. representatives' co-sponsorship of H.R. 2803, the LaRocco bill.
- 77 U.S. representatives supportive of H.R. 2803.
- 283 U.S. representatives aware of the local impact of proposed legislation and constituent support for H.R. 2803.
- 5 U.S. senators co-sponsorship of S. 1956.
- 29 U.S. senators supportive of S. 1956.

CONTINUED ON PAGE 44



Rental-purchase dealers have covered a lot of ground this year on Capitol Hill.

Joel B. Matthews

For rental-purchase dealers, manufacturers are making

Furniture comfortable

THE FURNITURE MARKET JUST ISN'T WHAT IT USED TO BE, AND IT APPEARS RENTAL-PURCHASE DEALERS ACROSS THE NATION COULDN'T BE HAPPIER.

ABOUT A DECADE AGO, WHEN MOST RENTAL-PURCHASE DEALERS STARTED TO ADD FURNITURE TO THEIR INVENTORY, THE JURY WAS STILL OUT ON WHETHER RECLINERS, SOFAS, BEDS AND END TABLES WOULD BE WORTH THE TROUBLE.

Many of those dealers were able to find plenty of low prices from manufacturers, but they found themselves making too many trips to the bank to secure funds to replace pieces that couldn't be repaired after two or three rents.

Furniture took a beating in the early days—literally. Not only were the pickups and deliveries taking a toll on cheap fabrics and glued particle-board, but early lines of furniture couldn't take the wear and tear of a typical American home. People rarely think about plopping their

bodies onto a sofa—they just plop.

It didn't take long for dealers to call out for sturdier pieces, and the furniture manufacturing industry heard the cries of the growing rental-purchase industry. Before long, dealers were meeting with the big names in furniture, letting them know what would work in rental-purchase.

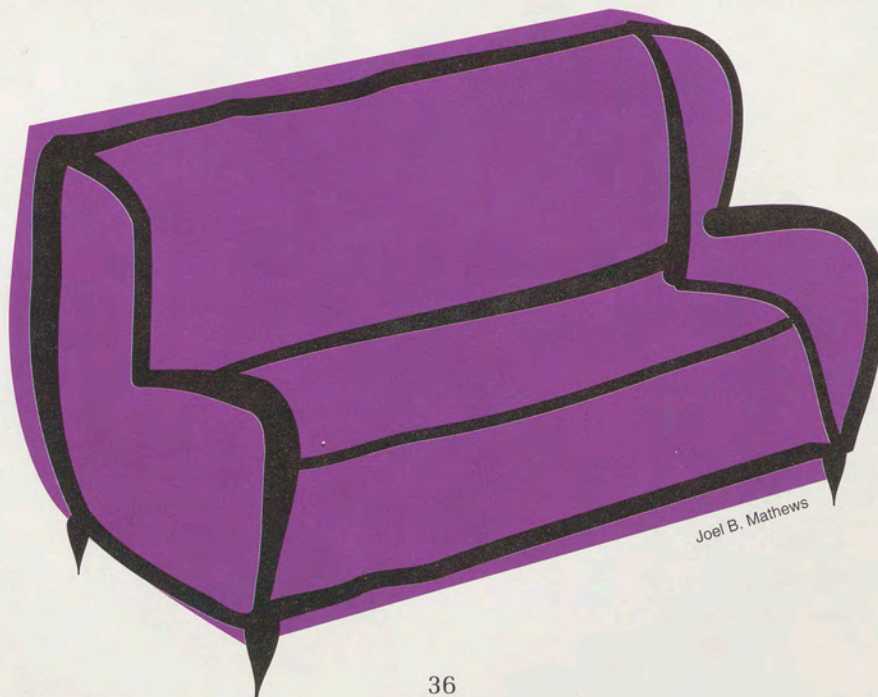
From the rental-purchase dealers, furniture manufacturers learned that most RTO stores have little storage area, and there can be several pickups and deliv-

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BY

JOHN

MASSEY



eries during the life of a single piece. Furniture for the rental-purchase industry also has to be attractive, up-to-date with trends in style, and has to be delivered to the stores quickly.

Alabama rental-purchase dealer Jimmy Wammock can be spotted roaming the halls of the Atlanta Furniture Market about 10 days a year. Most of his life is spent in his two Birmingham stores, so he knows his customers well and he knows what they want. Wammock is careful with his money, so fly-by-night furniture builders can't fool him with their fast talk and "sweet" deals.

"We come to Atlanta because of the selection of quality products here," Wammock says. "I don't want the low-end products. They've got to last, you know? We don't buy promotional goods; we'll go medium to above average (quality).

"Queen Anne dining rooms are real popular right now," he adds. "We can't keep it in stock. If the factories are out, we're out. You get it in, and as soon as you get an order landed,

According to APRO statistics from 1992, furniture was the No. 1 product in the then-\$3.88 billion rental-purchase industry. At the time of that survey, furniture made up 28.9 percent of all respondents' rentals.

you place another order. That's probably the hottest thing for me right now. And that's high-quality stuff—the real McCoy."

According to APRO statistics from 1992, furniture was the No. 1 product in the then-\$3.88 billion rental-purchase industry. At the time of that APRO survey, furniture made up 28.9 percent of all respondents' rentals, followed by appliances (23.4 percent), VCRs (10.9) and TVs (18.5). The industry has seen solid overall growth since APRO's 1993 survey was conducted, and the figure for furniture is expected to increase when the 1993 statistics are compiled later this spring by APRO.

"It's exciting to stand back and watch this industry grow," says APRO Executive Director Bill Keese. "This

is a unique industry, with a unique transaction, but all through this industry's growth, vendors have met the demands of our market. Our customers insist on renting quality goods, and our dealers pass that demand along to manufacturers. That has created a more competitive marketplace for manufacturers, and our dealers and their customers are getting better and better deals."

Berkline's Bruce Hochberg said his company is willing to meet all demands from the rental-purchase industry. Berkline has seen great success with its many models of recliners, and Hochberg says he's noticed dealers becoming more educated about the furniture industry. The rental-purchase dealers of the past

CONTINUED ON PAGE 48

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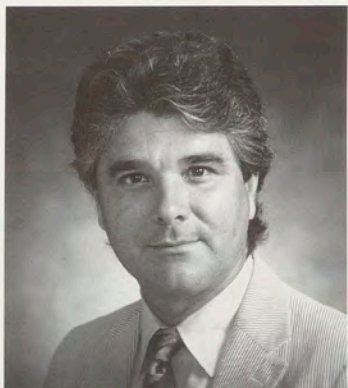
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Meeting Japanese 'rental dealers' spurs a

Rethinking of Philosophy

A GROUP OF JAPANESE EXECUTIVES CAME TO APRO A WHILE BACK TO LEARN ABOUT THE RENTAL-PURCHASE INDUSTRY IN AMERICA. THE GENTLEMEN WHO CAME TO SEE US REPRESENTS A COMPANY, DUSKIN, THAT HAS BEEN IN THE RENTAL BUSINESS IN JAPAN FOR A LONG TIME.

They spoke no English and brought a translator, whose language skills made the meeting even more interesting. But beyond the language barrier and how it is bridged today, these men had a lot of questions about how we do business, and we had as many questions for them.

We learned, for example, that Japanese society is far more homogeneous than ours. There are far fewer rich and poor in Japan than here. They estimate maybe 2 to 3 percent of the Japanese population to be without credit. The percentage in this country must be at least 10 percent, and some say it is as high as 35 percent. (This is not a published statistic because it is a complicated question overall with the sub-questions, "How much do you want to borrow? For how long? What do you want the money for? When will you pay it back? How much interest will you pay? And more.)

I have also heard that there are relatively few rich people in Japan. Only a handful of Japanese executives make more than \$1 million per year, as compared to tens of thousands in America. As our visitors explained, Japan is mostly a nation of middle class citizens, far more so than here. They are also a people trained or inspired to save, unlike most Americans. A statistic I saw not too long ago showed the

Japanese savings rate as 15 percent versus a 3- to 5-percent savings rate in this country. In the meeting, we learned that the consumer interest rate is 8 to 10 percent. All of these statistics conspire against a strong foothold for the rental-purchase concept in Japan, at least as that concept is currently embodied in this country.

We also learned Japan is also more crowded than America, and the Japanese live in smaller spaces. This fact has colored the Japanese rental industry because they rent a lot of products that people use occasionally; luggage and baby furniture, for example. In America, we own it and then store it. In Japan, they have no room for storage, so they rent it.

The Duskin company rental slogan is "Have what you need only when you need it." This company is moving into high-tech rentals, such as portable phones, fax machines and computers, but they realize good business from renting simpler items, as well, such as paintings, sculpture, plants and fish tanks for the home and office.

Japan is also a health- and cleanliness-conscious society. This company rents a wide variety of cleaning machines and products, and even the people to operate those machines. The "cleanliness rental service" division makes up nearly two-thirds of the company's revenues (387 billion yen in 1992), and includes dust control products (mops and mats); restroom products (automatic urinal cleaners and air fresheners); air and water control (cleaners, filters and purifiers); and custom-made uniform service. All for rent, 250 billion yens worth per year of rentals in just this one company we talked to.

The Duskin corporate motto is "Service for People—People for Service." This company recognizes itself as being in the ser-

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BY

ED WINN III

vice business. The products Duskin rents, and the people who operate and service these products are vital parts of this business.

As different as the Japanese rental business and American rental-purchase are, both industries have this service component in common. Except that this Japanese company understands the importance of people on both sides of the counter and their role in the success of the whole enterprise. They understand this and they embrace it.

Some U.S. rental-purchase companies—and I really think that today we are down to only “some,” when it was once “most”—still do not understand, nor embrace this concept. These companies are still just “moving product.”

These companies neither care for nor about their customers and employees.

To demonstrate how profoundly this multi-national Japanese corporation understands this idea, here is the company mission statement:

*Day after day, beginning with today,
Both you and I have a chance to
Begin our lives anew.*

*Whether our lot today be profit or loss,
Be spiritually ready for loss.
As a planter would, let us sow the seeds
of joy
To every person we meet each day.*

*For everyone, for you and me, may our
lives
Be lived in this world to their fullest
Spiritual and material potential
With prayer.*

Heavy stuff for a rental company. This is probably a more spiritual statement than most U.S. companies would be comfortable with, but it serves to make a point about the nature of business. It is a whole lot more than “moving product.” It is a whole lot more about people, and it always has been.

I am ever on the look-out for new angles to this business. The Japanese are in the rental business in a big way in their country. Maybe some of you will investigate this Oriental approach to the rental business and find some bright new ideas for your own companies. **PR**

Ed Winn is APRO's legal counsel and a veteran writer on RTO issues.

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Here's an annual primer to help make the most of your

Furniture frolics

DESPITE THE WEALTH OF INFORMATION ELSEWHERE IN THIS MAGAZINE, THERE'S REALLY NO SECRET TO BUYING AND RENTING THE RIGHT KIND OF FURNITURE. YOU JUST HAVE TO UNDERSTAND THE LANGUAGE USED BY FURNITURE PEOPLE. LIKE MANY OTHERS, THE FURNITURE INDUSTRY HAS DEVELOPED ITS OWN UNIQUE SHORTHAND THAT ENSURES THEY KNOW WHAT THEY ARE TALKING ABOUT AND YOU DON'T.

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This has been true since man felled his first pine tree and made a coffee table. In fact, reliable evidence exists that one section of hieroglyphics inside an Egyptian tomb is actually a furniture order for one of the pharaohs. Since it was apparently back-ordered, however, we'll probably never know for sure.

Choosing the right furniture begins with appearance. Furniture sales people like to show you pictures of sofas sawed in half with shiny steel springs all coiled up amid tight bundles of cotton and foam, and upholstered in the same fabric Anastasia was rumored to be wearing when she was either shot or exiled to Illinois, depending on your reading of history. They'll tell you this mock-up graphically illustrates the quality of their sofas, and—gee-ain't-it-great?—they use real wood in there instead of that plastic stuff they reserve for the arms and legs. Don't be fooled. This is not a mock-up. This is how the actual sofas will look after three rentals. Ask the guy who bought a truckload last year. Crews are still out there, searching for the other halves. Someday they'll be reunited in a circular.

When the furniture boys realize you haven't fallen for the old half-sofa ploy, they'll try to entice you down to God's Country to tour the factory and get in a little fishing on the company boat. Don't go. God's Country turns out to be six acres of

reclaimed swampland next to the Boy's Industrial Reformatory. The company boat is a sliver of fiberglass about the size of an ironing board, it's got more electronics than a jumbo jet and a driver named Tootie. Now, Tootie doesn't know much about furniture; he just likes to drink beer and see how fast those Mercury outboards will really go. Tootie is also the guy who traces lost orders and handles freight claims.

But the boys from the factory will do anything to get you down there because they know that, after two days on a pond with Tootie, you'll sign orders for furniture you don't need and pay invoices you don't owe. They don't get those \$80,000 bass boats by being stupid.

For a really big account, most furniture reps will make the pilgrimage to your office. That can be the safest way for you to do business. With careful planning, you should be able to rig the cameras and voice-activated tape recorders for maximum effect. This will enable you to produce sufficient evidence in the event Mike Wallace comes to see you waving photos of women with strange rashes and men with misshapen limbs, all of which he'll claim were caused by cheap upholstery and those imported recliner mechanisms. This is where the Law of Duality takes over: 1., You can't buy back that kind of bad publicity; and, 2., The factory won't buy back any of the furniture.

Buying furniture from pictures isn't unheard of. Odds are Grandma did it and her stuff certainly lasted longer than anything you carry. To be sure, browsing through colored photographs can't compare to flopping down on a real chair or falling out of a real bunkbed. But if you know what to look for in the photographs, you can stay ahead of the game. For instance, never buy a group purported to be hand-crafted in Hickory, N.C., if the window behind the sofa shows a street scene in downtown Sarajevo.

Be sure to carefully examine the wall covering pictured in those shots, too. Remember that adobe usually has bits of

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BY

BUD HOLLADAY

straw and loose mud sticking out that invariably show up in good light. So much for Swedish Modern.

Another sign that says you may not be getting all you bargained for comes when you ask to see a fabric sample and the rep pulls out his shirttail and asks you to rub it between your fingers (if anybody selling office equipment asks you to do this, it's a sign of a different problem).

Don't pay too much attention to fabric grades: A, D, J and so on. Few people realize those letters stand for nothing more than the type of metallic thread manufacturers added to the stuff so it wouldn't rot on the shipping docks over there in Kuala Lumpur during the latest civil uprising.

For example: Grade A contains only low-grade aluminum while Grade C has roughly the same amount of copper, hence the same tensile strength, as a Sears leisure suit. This is why you rarely find people in leisure suits where high-end furniture is sold. The potential for electro-plating accidents is too great for any employer to risk.

For a really big account, most furniture reps will make the pilgrimage to your office. With careful planning, you should be able to rig the cameras and voice-activated tape recorders for maximum effect.

Another scam is the "kiln-dried" lumber angle. You can judge the long-term value of kiln heat by asking any fourth-grader's mom how many ashtrays she has left from that batch little Elmo baked up in the kiln at school. Ask your aunt Edna how many of those ceramic elephants she still has. But ask any rookie furniture rep and you'll get the standard pitch: "Kiln-dried hardwood is moisture-free, so it can't bend, warp or rot." Of course, that's what they said about aunt Edna's mind some years ago, too. So much for the experts. Anyway, who dreamed up this kiln thing? It must have gone something like this:

"Okay, guys, here's a great idea to solve that bad wood problem. We take this 100-year-old hickory tree and stick

it into that oversized pizza oven there with the huge roaring flames shooting out. We leave it until it stops sizzling, then we haul it out and cut some new bedroom suites. What's left over we can make into TV trays and maybe some of those little bats they sell at the ballpark.

And don't worry about leaving it too long. You know what a bag of charcoal goes for these days?

The bottom line on buying and renting furniture is simple. Don't buy sofas from men wearing leisure suits and never ride in a boat with a guy named Tootie.

PR

Bud Holladay is vice president of marketing for Alrenco. He is a former RTO dealer and founder of APRO. His humor column runs in every issue.

Is your software outdated? Don't let the industry out-run your system.



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fair market value of the property at the time of the exercise of the option. If a lessee can purchase the rented property at a bargain price, then some portion of the lease payments must have been going toward the purchase, and the transaction taken as a whole may be a sale.

If, on the other hand, the lessee can only purchase the rented property for the property's fair market value, then that must mean that lease payments were for the use of the property only, since there is no opportunity for a bargain purchase later on.

This is the most logical approach to the issue of nominality and is the one adopted by most courts. The Wisconsin Court of Appeals did not adopt the fair market value test because it said it could not, since no one had introduced any evidence of the estimated fair market value of the washer and dryer after 19 months on rent.

Of course, the court also rejected this test because it would not have

yielded the result that the court wanted. What the court saw was a woman with few choices and a company that wanted to rent her a \$600 washer and dryer for \$1,839.60. And when she had paid more than \$1,000 and refused to pay any more, the company sued her.

The "no sensible alternative" test, while not mainstream law, is a viable legal notion. The Wisconsin Court of Appeals did not invent the test. Almost parenthetically, it should be noted, that in the court's zeal to achieve justice, it misapplied the test it chose.

First, the court acknowledged that "there is no evidence in the record as to what the fair market value of the washer and dryer was at the time the purchase option arose." Without that information, it is simply not possible to reach the conclusion the court did without assuming that the washer and dryer were worth more than the option price, which assumption the court must have made without admitting it.

Suppose, for example, that the washer and dryer were "used up" and had no value. Or worse, the goods were broken and in need of several hundred dollars worth of repairs. It would then only be sensible not to spend another \$160 to purchase useless merchandise. Without knowing the value of the merchandise at the time the option arises, the court could not accurately apply any of the various tests available for measuring nominality.

Nonetheless, the court knew the answer it wanted in this case and found a way to get there.

There was a dissent in the case, but the dissenter took issue with the majority's reasoning, not the result. The dissenting judge found the handwritten "+2=21" language dispositive. To him, that language meant that there was really no purchase option at all and that the transaction was a 21-month rental-purchase agreement and, therefore, a credit sale under the WCA.

The *Hall* case is unfortunate for the rental company involved, but also for other dealers in the state because of the lack of guidance it gives for future transactions. Who can say with certainty when a rental customer will have "no sensible alternative" to exer-

cising a purchase option? One reason the "fair market value" test is better, is that it gives merchants a more objective standard to use when pricing their goods. Critics, of course, argue that merchants should not be looking for ways to avoid coverage of the WCA to begin with, but should just go ahead and comply with the statute.

The "pays or agrees to pay" language is not unique in Wisconsin. Idaho, Iowa and Maine have the same language, but each has its own rental-purchase statute carefully distinguishing rental-purchase agreements from credit sales. The issue of nominality no longer exists anywhere, unless it is still alive in Pennsylvania.

Accordingly, while *Hall* is decidedly troublesome for Wisconsin dealers, the opinion should not have much impact beyond the state's borders. It is a win for industry opponents and has already become a part of their anti rental-purchase propaganda. In strict legal terms, however, the case is not that important.

The Green case

If the *Hall* case can be criticized for its faulty logic, the trial judge's decision in *Green vs. Continental Rentals* in New Jersey Superior Court on March 25 is a tour de force of bad legal reasoning. It is another decision that goes against the rental company, thus drawing media interest and causing concern among rental dealers in New Jersey and elsewhere.

As a legal matter, the *Green vs. Continental Rentals* decision is a trial court opinion, carrying no precedential value whatsoever; not even in New Jersey. Only if the power of the court's reasoning were so persuasive as to command a following, could the decision affect the industry negatively. And it is not persuasive.

New Jersey has no rental-purchase statute and has a retail installment sales act with language virtually identical to TILA language. Moreover, the New Jersey legislature in 1969 elected to follow the federal lead by adopting this language:

"To the extent that the provisions of any of the following cited New Jersey laws are inconsistent with respect to disclosure, advertising, terminology, type size, method of computation of finance charges, content

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or time of adding provisions and requirements of (TILA) and the regulations issued pursuant hereto compliance with said federal law and regulations, shall be deemed and construed to be compliance with the specifically related provisions of the following New Jersey statutes ..."

Confronted with this language, the judge in *Green* had to find a violation of TILA before he could find a violation of the state law. Since the U.S. Congress amended the TILA and the Federal Reserve Board issued regulations in 1981, there have been no cases holding that a rental-purchase transaction is a disguised credit sale under TILA. This issue is simply not open to serious debate and has not been for 13 years. It is why Rep. Henry B. Gonzalez and Sen. Howard Metzenbaum have introduced their bills—to change a federal law which is clear, and which they do not like.

None of this, however, diverted the trial judge in *Green*. He found a 1989 Illinois bankruptcy case which had held that terminating a rental-purchase agreement and returning the property was really a penalty for the consumer, and therefore the transaction was really a credit sale under the TILA. The Illinois bankruptcy judge's rationale was later rebuked and his decision overruled by the federal judge.

It is either sloppy research or simply disingenuous for a judge in 1994 to cite and rely on a 1989 opinion which was reversed in 1991. Whichever flaw is operative, it renders the decision all but useless beyond the facts of the case.

Once again, the facts are illuminating. Over time in 1988, Ms. Green entered into five separate rental-purchase agreements with the rental company, for living-room furniture, a stereo, a freezer, a washing machine and dining room furniture. Total rental payments were \$369.64 per month. Late charges ran \$1 per day on each agreement. The total cash price for all the items rented was \$2,785.12. The total rental-purchase price was \$6,663.85.

After having made payments totaling \$3,335.86, Ms. Green fell into arrears and the company repossessed all of the units. Ms. Green was so upset she went to the Passaic County Legal

Aid Society with her story, and in 1990 sued the rental company. The trial court opinion is currently on appeal.

What lessons are there for dealers from these two recent decisions? There are already new lawsuits pending in Wisconsin and New Jersey on the heels of these decisions, and one lesson is that legal actions can have unintended consequences. It is easy to conclude that the Wisconsin lawsuits should never have been brought. The *Hall* case, in particular, was not air tight, since rental store employees had modified the rental-purchase agreement by writing on it.

Filing lawsuits against rental customers is a process that needs to be reviewed carefully each time. If a company has been unsuccessful using its most diligent collection methods, the question may be fairly posed as to what the company hopes to accomplish in court. In any case, the paperwork must be perfect, since a sympathetic judge will look for any excuse to side with a downtrodden citizen and against a business.

Part of the review process before suing a customer ought to include a thoughtful look at the equities of the situation, which go beyond the legal equities as expressed in the agreement. It is a far different thing to file suit against a customer who defaults after the first payment than it is to sue a customer who has paid the company thousands of dollars over time. That should not be so hard for rental dealers to understand. Like it or not, that's how the legal system operates.

These cases finally tell dealers what they already know. Theirs is a risky business, made even more risky by the legal system. Rental dealers are far better served by doing what they do best—renting and collecting.

Despite the fear common among some dealers that if they let just one customer get away with something, all customers will suddenly stop paying, there has never been shown any factual basis for this feeling.

Suing rental customers is not likely to right any wrongs. Instead of recovering property or making someone feel better, it can end up costing rental companies a lot of money. **PR**

Ed Winn is APRO's legal counsel and a veteran writer on RTO issues.

LOW-COST RENTAL AGREEMENT FORMS

APRO offers low-cost rental agreements that comply with all state laws for regulated and unregulated states as well as computerized and non-computerized stores. (They are compatible with RSSS, Rental Information Systems, High Touch and Ideal Software.) These forms are three-part, NCR, 8 1/2 x 11 and work on continuous-feed printers.

To order forms for your store, simply fill out the form below or call Laurie Derton at 512-794-0095. Please specify the state(s) you need. For next-day delivery, call before 1 p.m. (eastern time).

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• 87 senators aware of the local impact of proposed legislation and constituent support for S. 1956.

During the third week of April, apparently in an attempt to regain some political footing, Sen. Metzenbaum's staff persuaded staffers from Senate banking chair Donald Riegle's office to call a May 13 hearing on rental-purchase. From the start, it was shaping up to be another "kangaroo court" similar to the one held by Gonzalez last spring (see related story page 19). For starters, it was widely known that Sen. Shelby, author of the more reasonable RTO bill that already had broader support in the Senate, could not attend a May 13 hearing because he was scheduled for a hospital stay.

APRO leaders called on association members to heat up the grassroots network. The goal: to persuade Senate banking chairman Riegle to reschedule the May 13 hearing so Sen. Shelby could attend. At the same time, APRO leaders were trying to prevent another one-sided congressional panel dominated by anti-RTO testimony.

To add injury to insult, Sen. Metzenbaum, in the last hours of April 21, successfully amended the Senate bankruptcy bill to define rental-purchase transactions as security interests for bankruptcy purposes. That apparently means RTO customers who declare bankruptcy do not have to give back merchandise on rent, if the bankruptcy bill passes with this amendment intact.

However, APRO, with the help of federal lobbyist John Raffaelli, will monitor the conference committee that works out the final version of the bankruptcy bill to have this language changed.

Enlightened dealers know superbly run businesses that focus on customer service have to be the rule rather than the exception in the rental-purchase industry. But they also realize that's not enough.

Believes Lewallen: "It's definitely a lesson we can all learn. Once the fight is behind us and once we go back into a peacetime mode, we can't quit. We have to maintain our representation from here on out." **PR**

so outstanding that even Mickey and Minnie have blocked out time for it—they'll cut the opening-day ribbon themselves at noon on Aug. 4. A cash lunch and breakfast are available each day.

When you're not at the trade show, you'll want to be at the APRO educational seminars. As always, APRO will draw top speakers from across the country to cover every aspect of the rental-purchase industry. From motivating your employees, to financing, to introducing hot new products, the folks in the know will be on hand to share their expertise. This is also the time to find out what's happening in legal realm of rental-purchase and what state and federal governments are doing that affect you. Sign up your managers and other employees and you're off to creating a more knowledgeable and professional staff.

APRO business will be conducted throughout the convention, with the State Presidents Awards reception Wednesday, sponsored by Voyager Insurance Companies, the General Session and Business Meeting on Thursday morning, the Congressional Leadership Council briefing session that afternoon, and at the Presidents Council luncheon on Friday.

Keynote speaker for the APRO General Session and Business Meeting on Thursday will be the inspirational Brian O'Malley. An adventurer and mountain climber, as well as an award-winning photographer, O'Malley uses music and photography to make this point: Life should be lived to its fullest. He calls his talk, "Everest, the Challenge in All of Us," and he will help you identify and surmount your personal Mount Everest to lead an enriched personal and professional life.

As always, APRO will keep you updated each morning with the APRO Convention Daily newspaper, again sponsored by Philips Consumer Electronics.

Heavyweight fun

He's marketing director for Home Line Industries, the country's largest furniture wholesaler, but you remember Joe Frazier as an Olympic gold medalist and the heavyweight boxing

champion of the world. At 50, Frazier has hung up the gloves, but he will make delightful company at APRO's welcome cocktail reception from 6 to 8 p.m. on Wednesday, Aug. 3. Although Frazier will sit this one out, four exhibition boxers will get into the ring and hold an exhibition match for you. This is the traditional opportunity to get acquainted and reacquainted with APRO folks over light hors d'oeuvres and an open bar, all sponsored by Home Line Industries. Dress is casual.

Beach duds will be the dress of choice for the Beach Bash gala cocktail reception at Pleasure Island's Rock & Roll Beach Club on Thursday evening. Sponsored by FORESIGHT, this evening's agenda offers entertainment for guests 21 and up, with a live band playing music from the Beach Boys to Jimmy Buffet. Heavy hors d'oeuvres and a cash bar will fill you up, and when it ends at 8 p.m., you can try any or all of the other six night clubs at Pleasure Island, admission free. At midnight, the Explosion Dancers take to the West End Stage as the island launches itself into a supercharged New Year's Eve celebration. On Pleasure Island, every night is New Year's Eve.

The APRO event of the year is on Saturday night, when Thomson Consumer Electronics sponsors the Fantasy Ball Reception with complimentary open bar, followed by the Fantasy Ball, sponsored by High Touch, Inc. Attire is semi-formal and the mood will be magic, as the renowned New York entertainment troupe Le Masquerade performs. The troupe will take you from Fairyland to Cirque du Soleil, and good food and dancing until midnight are just part of the festivities. During the evening, APRO will announce its new board members and present awards.

Guests not attending the convention will want to check out entertainment options. Building a great family vacation around the convention is easy to do. For more tourist information, call the Orlando Chamber of Commerce at 407-363-5871.

APRO '94: Ride the Wave, Aug. 3-7. Don't miss a great convention. **PR**

Barbara Stooksberry is a freelance writer and editor who has written for APRO since 1989.

A·PRO REGISTRATION FORM

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REGISTRATION

Non-family members of the same firm must complete a separate registration form. This form may be photocopied.

BADGES

Only individuals registered and badged may attend convention events or meetings. Your name and company will appear on your badge exactly as you indicate on this form.

FEES

Save by signing up for full registration and take advantage of early registration for additional savings. Fees must accompany completed registration form. Credit card registrations will be accepted by phone or fax until July 22, 1994. No phone or fax reservations will be accepted after July 22. If mailing your registration, please allow time for form to be received in the APRO office by July 22. REGISTRATIONS WILL BE TAKEN ON SITE.

INQUIRIES

Any questions, call 512/794-0095;
Fax registrations to 512/794-0097.

CANCELLATIONS

All cancellations or changes must be received in writing in the APRO office, postmarked by July 1, 1994. A processing fee of 20 percent of the total registration will be charged for all cancellations. After July 1, no fees will be refunded.

HOTEL RESERVATIONS

DEADLINE, JULY 1. Make your reservations by calling 1-800-227-1500. PLEASE NOTE: Hotel reservations must be received July 1, 1994 to guarantee the special APRO rate of \$138 single/double and by **June 1, 1994 for "free room" contest.** Be sure to mention you are with APRO to get the special convention room rate.

AIRLINE/AUTO RESERVATIONS

APRO is offering discounted rates to Orlando. For airline or auto reservations call, or have your travel agent call, Conventions in America at 1-800-929-4242. Refer to APRO#680 or you may call Delta at 1-800-241-6760 and refer to File #P0457 or Alamo Rent-A-Car, 1-800-732-3232; ID #77274, Rate Code GR.

No soliciting will be allowed at any APRO social function or on the trade show floor by non-exhibiting vendors. For information on exhibiting at the APRO trade show, call the APRO OFFICE AT 512/794-0095.

FOR OFFICE USE ONLY:

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Date rec. _____ Date ent. _____
Ck.# _____ Amt. Pd. _____
Pre _____ On-site _____

Please print or type, one form per registrant & spouse/guest. (Please note: Personal guest is defined as "significant other" or immediate family member.) You may photocopy this form. A written confirmation will be sent to you from the APRO office prior to convention. If your registration is received in our office after July 22, it will be treated as an on-site registration, and no confirmation will be sent.

Last name: _____ First name (for badge): _____
Spouse/guest—Last name: _____ First name (for badge): _____
Teen/child—Last name: _____ First name (for badge): _____
Teen/child—Last name: _____ First name (for badge): _____
Company name: _____
Company mailing address: _____
City/State/Zip: _____
Business phone: _____ FAX: _____ First-time attendee? yes no
 Rental Dealer Non-exhibiting vendor Other(explain) _____

Note: Exhibitors should not use this form as they will receive special badge form with exhibitor information.

FULL REGISTRATION

	By 7/1	After 7/1
<input type="checkbox"/> Includes Welcome Reception Wednesday, Cocktail Reception Thursday at Pleasure Island, Awards Reception and Banquet Saturday, all seminars, general session, entrance to exhibit hall. Not included-Golf Tournament or Behind the Scenes Tour.	<input type="checkbox"/> APRO Member \$275	<input type="checkbox"/> \$325
	<input type="checkbox"/> Non-Member \$375	<input type="checkbox"/> \$425
	<input type="checkbox"/> Spouse/Guest \$150	<input type="checkbox"/> \$165
	<input type="checkbox"/> Teen (13-17) \$125	<input type="checkbox"/> \$140
	<input type="checkbox"/> Child (3-12) \$75	<input type="checkbox"/> \$90
	<input type="checkbox"/> Under 3 Complimentary	

A LA CARTE

A la carte prices allow entrance only to individual functions as listed:

	Member	Non-Member
<input type="checkbox"/> Seminars, Day 1 (Friday, August 5)	\$100	\$150
<input type="checkbox"/> Seminars, Day 2 (Saturday, August 6)	\$100	\$150
<input type="checkbox"/> Exhibit Hall Only (will not allow entrance to seminars or social functions)	FREE	FREE
<input type="checkbox"/> Welcome Reception, Wednesday "The Main Event"	\$35	\$35
<input type="checkbox"/> Gala Cocktail Reception, Thursday, "Beach Bash" at Pleasure Island	\$50	\$50
<input type="checkbox"/> Reception & Awards Banquet, Saturday "Fantasy Ball"	\$80	\$80

OPTIONAL PROGRAMS

- "Behind the Scenes at Walt Disney World" Wednesday, August 3 1-4:30p.m.
\$60 per person (under age 16 not allowed)

GOLF TOURNAMENT

- "1994 APRO/Joe Eason Golf Tournament" Wednesday, August 3, 8a.m. \$85 per person.
 Mens Division Womens Division

Name of Player: _____ Handicap or Average Score: _____

Requested Team Pairing (if possible): _____

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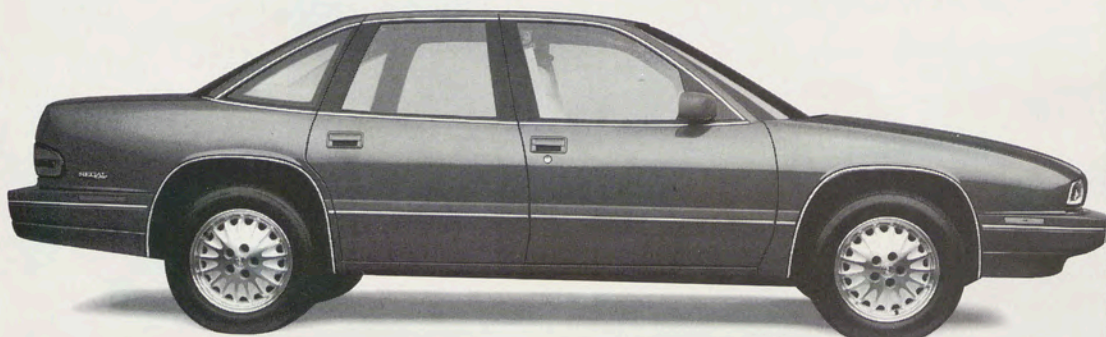
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Why buy at the APRO convention? Here's why

WHY SHOULD YOU PLACE ORDERS WITH TRADE-SHOW EXHIBITORS AT THE APRO CONVENTION?

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•••••

This is called a dynamic circle, and they can be dynamically good or bad.

In a way, our convention and trade show can be a dynamic circle. The more you buy at the convention, the more vendors will come and the better the deals, due to high volume and vendor competition. The less you buy, the fewer the vendors and the poorer the deals.

Who's who and what's what

I think we often get confused about what these conventions are, and who is there to do what for whom. Our vendors are gracious enough to come and pay to sponsor a lot of these parties so we may eat, drink and have fun. But, remember that this is the APRO convention. We, the dealers, are the members of APRO and we are the hosts. We are the ones throwing the party. We invite vendors, speakers, legislators, bankers and, yes, even lawyers to come spend time with us. We need to act like hosts.

In order to keep our party the talk of the town and the place our guests want to be every year, we must converge on the exhibit hall floor. We must go by and visit each one of these people who have paid to come to our party. We should thank them for coming and give them the one thing they desire — a few minutes of our time.

Who knows, you might learn something

Ask these vendors about their products and ask how they will help you

•••••

BY

BOB SIMONS

make money. So often I see people walk past something which is not familiar. Having more information never hurt anyone, and the convention offers the best opportunity to touch, test and compare the many competing products.

Also, the convention is the best place to talk with some of the "big wigs" at the larger vendors. We all know that many vendors change sales reps like we all change underwear, so the convention is a good place to build a relationship with vice presidents and national sales managers. Knowing the folks in power can only help you when you are faced with a widespread service problem with one of their products.

Ready, set, buy

After you have made the rounds, compared the warranties and delivery requirements, schmoozed the sales manager, shipped home all of the free key chains, pens, coffee mugs, it's time to pull out the BIG PEN and write some orders. If it is a vendor you already deal with, write orders for the next 90 days. If it is a new vendor, try writing a small opening order.

That is how the vendor community judges our convention. The more orders we dealers write, the more vendors to choose from next year. The more vendors to choose from, the better the deals. The better the deals, the more orders we dealers write. The more orders we write, the more vendors to choose from next year. Wow! *Deja vu.*

PR

Bob Simons is owner of North Charleston, S.C.-based All Star Rental. He is an APRO board member and serves on the APRO Executive Committee as secretary.

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Continued from page 37

were once skeptical about "motion upholstery," but Hochberg's company has met demands for sturdier pieces that can be broken down to ship easier and more quickly.

"We're finding the smart dealers are buying better quality merchandise, because they are having less problems with it," Hochberg says. "We do primarily reclining chairs with the rental industry, and we are a major manufacturer of motion upholstery. In our upholstery, our backs come off, so that's a key factor in handling and delivery. For the average rental dealer, who doesn't have a lot of storage space, we put in a warehouse program so we can ship in seven days or less. The dealer buys three at a time, and it's been working great."

As for the rental-purchase customer, Hochberg says he knows what the public wants. He sees very little difference among consumers.

"The rental customer is just someone who can't go out and spend all the money at once to buy a chair, or he just wants the chair for a while," Hochberg says. "But the rental customer still wants the same quality product as a customer who buys. People want quality, and that's my philosophy. I know my product is the best, so I'll put my product up against anybody's."

Hochberg says he's anxious to see the rental-purchase market continue to grow, but he adds that dealers should take the time to shop for good products and good deals.

"We enjoy a lot of success at APRO shows, but I wish dealers would spend a little more time in the exhibitor spaces," Hochberg says. "Dealers should shop with an open mind. Some go to the show looking for recliners and visit everyone who is showing recliners. That's fantastic. These people will find the best deals. But there are others, who if they are comfortable with the line they have now, they don't look at anybody else. I want to compete for their business."

Berkline is looking to expand its account and product line. Hochberg says regular recliners are being joined by those with hide-away tables and storage space. Newer Berkline mod-

els will have telephones, heating pads and vibrators for stress management and other innovations.

Ed Marshall, vice president of sales and marketing at Orleans Furniture, says he's excited about getting his company more involved with the rental-purchase industry. Currently, the Orleans colonial and contemporary furniture lines are very popular in the rental-purchase market. Marshall says his company works constantly to give dealers more price categories in all areas, particularly on complete groups, like a bedroom suite of dresser, mirror, chest and headboard.

"The thing I've found in the rent-to-own business that is really growing is, more and more dealers are buying curio cabinets," Marshall reports. "I think that's the fastest growing item for us. We do big business with the retail trade, but a lot of the rent-to-own people are starting to do a big business in curios."

Will Wilson, vice president at Brooks Furniture, says his growing company is determined to crack into the rental-purchase market with its new Betsy Ross Collection. Brooks' Betsy Ross chairs, which come in many sizes with 80 fabric choices, sway gently back and forth with a sliding motion. He says rental dealers tend to be skeptical of the chairs' durability until he and his sales reps show the heavy-duty workmanship and then show the wide range of competitive price points.

"Rental dealers don't usually like a lot of motion or mechanical stuff," Wilson says, "but these are made of either all maple wood or all oak. They are free-moving and complaint-free. We use a ball bearing made in the USA, which gives a nice, free ride, and we've never had a problem with it. You really have to destroy this chair to tear it up."

Because of the smooth motion of the chairs, Wilson says all new mothers and grandmothers have loved them in their nurseries. Wilson says dealers have loved the chair because of its price, which hasn't increased in four years, and because the chair can be easily shipped in two pieces in a car, with just four easy-to-reach bolts to fully assemble.

As the popularity of furniture has

CONTINUED ON NEXT PAGE

RIDE THE WAVE!



APRO 1994 IN ORLANDO
AUGUST 3-7

Robin Scott

Continued from previous page

increased through the years, Bassett Mirror sales manager Clyde Stone says it's only natural that his company would enter the picture. When the public starts acquiring sofas, beds, chairs and tables, there's the sudden need for attractive and affordable accessories. Not only is Bassett marketing a vast array of mirrors and prints, but the company has many styles of wrought iron, wood, tile and brass occasionals, dinettes and end tables.

"It seems there are a lot of opportunities for us in the rental business," Stone says. "I know our mirror line will work, and I think our print line will work, too. We deal in excellent quality goods, they're durable and we offer competitive prices. As for the rental business, just hang it on the wall and rent it. There's no floor space involved."

Stone says all of Bassett's mirrors are manufactured start-to-finish in Bassett, Va. Prints are made in

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Tennessee and the wrought-iron work is done in Quebec, Canada. Everything, he notes, is shipped out of the Bassett, Va., facility.

Business has been rolling along fine for Howard Miller Clock Company, and Bob LeHocky says his steadily growing company is seeing a great deal of interest in its curio line and grandfather clocks. A family owned, privately held company since 1926, Howard Miller has a broad variety of price points to offer dealers. The company is satisfied with a healthy, stable 10-percent annual growth, so LeHocky says quality of product is never compromised for quick bursts of profit.

"The product area we have sold in the rental-purchase area has been mainly in grandfather clocks," LeHocky says. "It has grown in double-digits for us the past several years. If you are a market-share leader, the (rental-purchase) industry has to be growing out there if you are growing double-digits. I guess the growth is fastest in the curio business. We grew as a company 70 percent in the curio industry last year, and we're only about four or five years old in the curio business."

As for the Howard Miller clocks, LeHocky says his company is committed to making shipping, display and set-up as easy as possible. While the clocks have been perceived as difficult to handle in the past, LeHocky says his company's easy set-up guides and consumer set-up videos make it a snap.

"RTO dealers want a product they don't have to touch," LeHocky says. "When it comes out of the box they want the minimal amount of time dealing with displeased customers. Robert Miller is known for having the highest-quality product, and not the highest price. We are not a high-end company, although we offer a high-end product. Our (grandfather clock) price points are all the way from \$300 to \$4,000, yet the quality standards are always the same for all price points."

LeHocky's company bought Keeninger last year, the German company that makes all of the inner-workings of Robert Miller clocks. The company, headquartered in Black Forest, Germany, is one of the world's largest manufacturers of high-quality, key-wound chime movements, LeHocky says.

Over at Ashley Furniture, Kerry

Leibenberger says his company has been concentrating heavily on providing their high-quality merchandise to rental dealers and retailers in the easiest manner possible. Packaging furniture so it can be shipped quickly and handled easily is a top concern these days, Leibenberger says.

The hottest item among his rental clients, according to the Leibenberger, has been the oak-leg table. The tables come three to a box, which are about six inches wide and three feet tall. In one box that size, Leibenberger says he'll ship a cocktail table and two end tables.

Nothing excites Leibenberger more than the immediate future. Ashley is soon going to be producing even more lines of high-quality, durable, ready-to-assemble furniture.

Says Leibenberger: "Rental dealers are starting to rent computers, along with the high-end TVs, VCRs and stereos, but who wants to put a thousand-dollar computer on a \$69 desk? The desk is going to have to hold up, or you're going to have a real problem."

Enter Ashley's new line of furniture-quality RTA desks and cabinets, what Leibenberger emphatically calls, "real pieces of furniture." Soon to be available are desks, cabinets to hold files or entertainment centers, printer and telephone stands, book cases—everything coordinated and interchangeable, so a customer may change the look as his needs change.

While Pilliod also manufactures bedrooms, occasionals and chinas, the company has also established strategic alliances with major electronics companies to supply entertainment centers that are custom built for various models of televisions, stereos and VCRs. Joe Savovic, national director of sales for Pilliod, reports double-digit growth for Pilliod in audio/visual home entertainment.

"We expect this category to nearly double this year in units shipped," Savovic says. "Everyone wins. The dealers' APU goes up as a result of merchandise packages and the customers get something they want."

Pilliod has a distribution system which allows RTO dealers to get large or small orders quickly. **PR**

John Massey is APRO's associate editor.

Who's who in furniture

Furniture is a mainstay of most rental-purchase stores' product mix. All furniture providers listed here are either APRO Associate Members (*), advertisers (+) in APRO publications or APRO convention exhibitors (Y).

Y Accessories by Sherwood
25272 Leer Dr.
Elkhart, IN 46514
(219)262-2639
Wall art

Y Action Industries
P.O. Box 1627
Tupelo, MS 38802
(601)566-7211
Furniture, Recliners

Y Aleco Furniture Mfg., Inc.
4770 E. 50th St.
Vernon, CA 90058-2708
(213)581-3551
Dinettes

***Y+ American Oak Sales**
P.O. Box 9697
Bowling Green, KY 42102
(502)843-3363
Furniture

***Y+ Ameriwood OEM**
258 Second Ave.
Tiffin, OH 44883
(419)447-7448
Furniture

Y Anthony California, Inc.
14275 Telephone Ave.
Chino, CA 91710
(909)627-0351
Lamps

***Y Artmaster Studios**
250 Parkside Dr.
San Fernando, CA 91340
(818)365-7188
Art

Y Ashley Furniture Industries
One Ashley Way
Arcadia, WI 54612
(608)323-3377
Furniture

**Y+ Associated Furn.
Distributors**
164 S. Main St. #404
High Point, NC 27261
(919)887-8162
Furniture

Y+ Baby's Dream Factory
Box 579
Buena Vista, GA 31803
(912)649-4404
Baby furniture

***Y B&D Sales**
3025 Pioneer Way E.
Tacoma, WA 98443
(206)922-1400
Furniture

***Y Bassett Mirror Co.**
P.O. Box 627
Bassett, VA 24055
(703)629-3341
Furniture accessories

***Y Beekman**
13610 N. Scottsdale Rd. #10,
Ste. 327
Scottsdale, AZ 85254
(800)445-4318
Furniture

***Y+ Benchcraft Inc.**
P.O. Box 86, Hwy. 15 N.
Blue Mountain, MS 38610
(601)685-4711
Furniture

***Y+ Berklene Corp.**
One Berklene Dr.
Morristown, TN 37813
(615)585-1679
Furniture

Y Boyd Flotation, Inc.
2440 Adie Rd.
Maryland Heights, MO 63043
(314)997-5222
Furniture

Y Boyd Furniture Co.
6355 Washington Blvd.
Los Angeles, CA 90040-1817
(213)726-6767
Furniture, Bedroom

Y Brooks Furniture Mfg., Inc.
P.O. Box 199
Tazewell, TN 37879
(615)626-1111
Furniture

Y B.S. Trading Co., Inc.
2707 S. Cooper, Ste. 101
Arlington, TX 76015
(817)261-0671
Rugs, Flower art

***Y+ Bushline**
P.O. Box 527
New Tazewell, TN 37825
(615)626-5246
Furniture

Y Carlton Manufacturing, Inc.
P.O. Box 740130
Ocala, FL 34474
(904)237-1286
Furniture

Y Colby Furniture
P.O. Box 1688
Hamilton, AL 35570-1688
(205)921-3333
Furniture

Y Columbine Carpet Corp.
3500 Corporate Drive
Dalton, GA 30721
(706)277-2207
Area rugs

Y Creative Images
6100 U.S. 1 North
St. Augustine, FL 32095
(904)825-6700
Art

*** Culp, Inc.**
101 S. Main St.
High Point, N.C. 27261
(910)889-5161
Furniture accessories

Y D&W Silks, Inc.
2306 Frankfort Ave.
Louisville, KY 40206
(502)895-1777
Silk plants

***Y Douglas Furniture of CA, Inc.**
5020 W. 73rd Street
P.O. Box 97
Bedford Park, IL 60499
(708)458-1505
Furniture

*** Eastman House Furniture**
401 S. Roosevelt
Burlington, IA 52601
(319)753-2811
Furniture

Y Fab-U-Guard
P.O. Box 39430
Phoenix, AZ 85069
(602)944-8862
Fabric Protection

***Y Flair Designs Ltd.**
P.O. Box 606
1701 N. Market
Kokomo, IN 46903-0606
(317)452-6000
Furniture

*** Fraenkel Co.**
P.O. Box 15385
Baton Rouge, LA 70895
(800)847-2580
Furniture

**Y Gaines Manufacturing
Company**
P.O. Box 550
McKenzie, TN 38201
(901)352-3376
Furniture Mfg.

*** Goldberg Company,
Inc./Laurel Grove**
4377 Carolina Ave.
Richmond, VA 23222
(804)228-5732
Furniture

***Y Hart Furniture Co.**
141 Eastley St.
Collierville, TN 38017
(901)853-8595
Furniture

***Y+ Home Line Industries**
3400 N. 6th Street
Philadelphia, PA 19140
(800)523-3310
Furniture

Y Howard Miller Clock Co.
860 E. Main Ave.
Zeeland, MI 49464-0301
(616)772-9131
Clocks, Curios

Y International Bedding Corp.
730 W. McNab Rd.
Ft. Lauderdale, FL 33309
(800)776-1166 (ext. 12)
Beds

Y International Silk Plants Imp.
11233-A Southwest Freeway
Houston, TX 77031
(713)568-1455
Silk plants

***Y Lea Industries/LADD Furn.
Inc.**
P.O. Box HP-3
High Point, NC 27261
(919)889-0333
Furniture

*** LeFort Wholesale Furniture**
5250 Fulton Industrial Blvd.
Atlanta, GA 30336
(800)241-4711
Furniture

Y Master Design
308A Pomona Dr., Ste. A
Greensboro, NC 27401
(919)854-8121
Dinettes

*** Orleans Furniture Co.**
P.O. Box 867
Columbia, MS 39429
(601)736-9002
Furniture

Y O'Rourke Bros. Inc.
1205 4th Ave.
Moline, IL 61265
(800)523-4730
Furniture

Y Owen Furniture Industries
P.O. Box 820
Haleyville, AL 35565
(205)486-9507
Furniture

***Y+ Philip M. Bell Co.**
118 Northeast Dr.
Loveland, OH 45140
(800)686-0102
Furniture

***Y Pilliod Cabinet Co.**
1403 Eastchester Dr.
High Point, NC 27260
(910)884-3929
Furniture

Y Rexon Trading Co.
9931 Harwin Dr., Ste. 168-188
Houston, TX 77036
(713)784-3888
Silk plants

Y Rooms for Rent
2411 Horseshoe Lane
Richmond, TX 77469
(713)342-2683
Furniture

Y Southern Enterprises, Inc.
P.O. Box 59996
Dallas, TX 75229
(800)633-5096
Furniture Mfg.

**Y Stoneville Furniture
Company, Inc.**
P.O. Box 15
Stoneville, NC 27048
(919)573-3751
Dinettes

***Y Stratolounger**
Highway 78 West
New Albany, MS 38652
(601)534-4762
Furniture

Y+ Swindal-Powell Co.
P.O. Box 24428
Jacksonville, FL 32241-4428
(904)739-0100
Furniture

Y The Laurel Street Art Club
1961 International Way
Hebron, KY 41048
(606)689-5100
Art

Y The Tree Factory
2108 South Blvd.
Charlotte, N.C. 28203
(704)332-8733
Silk plants

Y Turnda International, Inc.
9835 Romandel Ave.
Santa Fe Springs, CA 90638
(310)941-0578

Y Walcutt Art Studio
297 SW 10th Street
Deerfield Beach, FL 33442
(305)427-0760
Art

Y Welton/Techwood
2109 Luna Rd.
Carrollton, TX 75006
(214)243-5602
Entertainment furniture

***Y+ Woods Group, Inc.**
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Albuquerque, NM 87125
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APRO members receive *Progressive Rentals* automatically as a benefit of their membership. If you are interested in joining the national trade association for the rental-purchase industry, and want to reap the full benefits of membership, call the APRO offices at (512)794-0095. If you only want to receive *Progressive Rentals*, simply fill out, photocopy and return the subscription form below to:

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Thomson Consumer Electronics expanding with new facility

THE FINE FOLKS AT THOMSON CONSUMER ELECTRONICS BEGIN A NEW ERA IN CONSUMER ELECTRONICS DEVELOPMENT AND MARKETING WITH THE CONSTRUCTION OF ITS NEW NORTH AMERICAN HEADQUARTERS.

•••••

U.S. television development and design, American marketing and sales and company administrative operations will be directed from Thomson's new headquarters at 103rd and Meridian Street, just north of Indianapolis.

"The people of Thomson Consumer Electronics are in the entertainment business, designing, manufacturing and marketing the most popular home entertainment products in the country," says Joseph P. Clayton, Thomson's executive vice-president for marketing and sales. "Our new North American headquarters will position Thomson as an energetic leader. We're building in the United States, not retreating."

Thomson Consumer Electronics is an international company with regional headquarters in Europe, the United States and Asia. Worldwide, more than 50,000 are employed by Thomson, manufacturing and marketing nine brands of consumer electronics products.

Thomson makes the most popular

home entertainment products in America under the RCA, GE and ProScan brand names. Televisions, VCRs, camcorders and other communications products are made and sold by Thomson.

The North America headquarters building is the latest investment by Thomson in the U.S. marketplace. Since acquiring the RCA and GE consumer electronics businesses in 1988, Thomson has invested more than \$300 million in new facilities and upgrades. Those upgrades have prepared the U.S. plants for the building of bigger TV screens and the more sophisticated digital technology of the future.

"Indiana's manufacturing and technical future is tied to the success of companies like Thomson Consumer Electronics," Indiana Governor Evan Bayh said at the building's 1992 groundbreaking ceremony. "I'm proud of the thousands of Hoosiers who work each day to maintain Thomson's leadership role in television manufacturing."

With completion targeted for May, Thomson's new headquarters complex reinforces the company's commitment to Indiana. More than 6,000 Indiana residents work for Thomson, at the current Indianapolis headquarters and plastics plant, the Marion picture tube plant and at the world's largest TV assembly plant in Bloomington.

The new Meridian Street Technical Center will include more than 254,000 square feet of design, engineering and

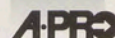
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research and development space. The television products of the future are in development there, including the consumer version of High Definition Television (HDTV) and the Digital Satellite System, which triples the number of TV channels available to most American homes.

The signature building of the headquarters project is the 240,000-square-foot administrative center, which overlooks North Meridian Street. Managers responsible for television manufacturing and marketing to American consumers will work from the 103rd Street address. Thomson's nationwide marketing and sales staff will work from the new headquarters building as well, managing national advertising, sales training and sales promotions.

One unique feature of the administration building is the product galleries that gives Thomson the chance to showcase the RCA, GE and ProScan lines of products to visiting consumers from around the nation.

The Thomson Technical Center, with 320,000 square feet, will house the company's extensive research laboratories, global sourcing division, engineering corps and product development model shops.

In addition to its Indiana facilities, Thomson also operates manufacturing plants in Scranton, Penn., Circleville, Ohio, and Mocksville, N.C. Picture tube research and design

Photo courtesy of Thomson Consumer Electronics



Thomson Consumer Electronics' new, state-of-the-art facility just outside Indianapolis.

The signature building of the headquarters project is the 240,000-square-foot administrative center. Managers responsible for television manufacturing and marketing to American consumers will work from the building.

is conducted in laboratories in Lancaster, Penn., while audio and communications product development takes place in Syracuse, N.Y.

Also on the continent, Thomson has three Mexican component plants and

manufacturing facilities in Brazil and Canada. Around the United States, Thomson also maintains several regional sales offices and distribution operations. One thing's for sure: Thomson's growing **PR**

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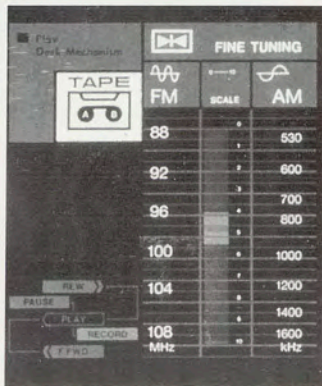
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Rent-Way acquires 21 more stores

Rent-Way, which went public last August, announced the acquisition of 21-store Rainbow Rentals. Rent-Way president and CEO, Bill Morgenstern, while not releasing the terms of the acquisition agreement, predicted the pair of companies will have combined revenues of approximately \$20 million when the deal is closed in May.

"We are very optimistic about Rent-Way's future in the \$3.8 billion rental industry," Morgenstern says. "As a result of our becoming a publicly-traded company, together with this first acquisition of a strong regional chain, we are in solid position to positively impact this industry by operating with the highest standards."

Rent-Way operates 21 stores in Florida, New York, Ohio and Pennsylvania. The 21 Rainbow stores, owned by New York-based DAMSL Corp., are in the New York cities of Syracuse, Buffalo and Rochester.

Morgenstern adds: "We are very excited about the prospect of new stores, new people and look forward to quickly integrating our operations. We continue to move aggressively to take advantage of market opportunities."

APRO reps take show on the road

APRO's Bill Keese, Cindy Ganther and Shelley Martinek attended the RENTEX trade show March

17-20 in Biloxi, Miss. The APRO staffers report a strong interest among attendees in the many issues surrounding the rental-purchase industry.

Keese, APRO's executive director, says he was happy to see a number of small dealers join the industry's trade association after learning the dangers posed by current federal legislation, the Internal Revenue Service and campaigns by various consumer groups. RENTEX organizer Marie May provided APRO with booth space and invited Keese to address attendees and solicit APRO membership.

Says APRO President Kevin Quinn: "It was very gracious of Marie May to invite APRO to her show, and I look forward to seeing her at our convention and trade show in Orlando. This gave APRO, through Bill Keese, an opportunity to speak to those dealers who may not be fully aware of what we are facing as an industry, and what APRO is doing to win these battles."

RAE 1994 contest call for entries

The call for entries for the 1994 APRO Rental Advertising Excellence (RAE) Awards have been shipped to all home offices. The RAE Awards give rental-purchase dealers an opportunity to show off their finest advertising work.

Winners of the awards will be announced at this year's convention and trade show at WALT DISNEY WORLD® Resort, Aug. 3-7.



Entry deadline for this year's industry ad contest, Rental Advertising Excellence Awards (RAE), is July 8.

Awards will be given in seven categories in 1994: print material, direct marketing, newspaper, radio, television, specialty items advertising and billboard/outdoor advertising. Only APRO members are eligible to participate.

All entries must have been created and used between July 1, 1993, and June 30, 1994. The entry deadline for this year's contest is Friday, July 8, 1994. All entries will be judged by independent experts in the advertising profession.

Entries suitable for reproduction, such as those in the print and promotional categories, will be compiled in an advertising binder and made available at the convention for a nominal price. Winners in the television category will be compiled and available (several weeks after convention) on videotape.

Additional entry forms may be ordered by calling APRO's Laurie Derton at (512)794-0095. There is a \$10 fee per entry.

Industry exec resigns

George Fink, who served as president and chief executive officer at Rent-A-Center since Aug. 23, resigned as head of the nation's largest rental-purchase chain on Feb. 24.

Nancy Johnson, spokeswoman for RAC parent company Thorn Americas, attributed Fink's departure to "differences between (Fink's) views and those of the Thorn Americas board regarding business strategy."

Fink headed Remco America Inc. from 1986 until joining Rent-A-Center. He joined Rent-A-Center to replace Doug Anderson, who was promoted to a new position within Thorn Americas.

Thorn Americas CEO Walter "Bud" Gates took over the position vacated by Finks, according to Johnson.

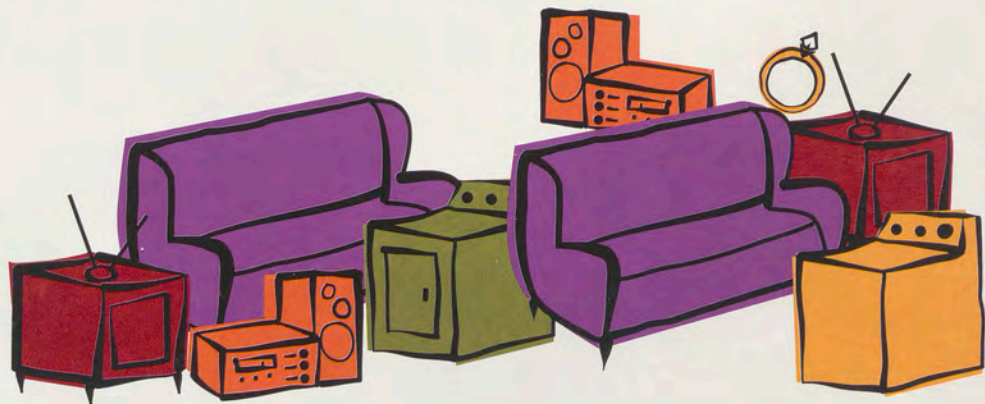
InForm 1994 catalog now available

InForm Business System has released its 1994 rental form catalog. The company's first new catalog in two years, called a "one-stop shopper for the rental store manager," contains more than 25 new products and services.

InForm's Chet Pensak says his company is shipping out more than 4,000 catalogs.

In the making of the new catalog, InForm introduces its new SmartForm concept, which is a tutorial for managers and employees which goes along with all business forms.

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