

PROGRESSIVE Rentals

The magazine of the rental-purchase industry • June/July 1996

**Pro-RTO
law passes
in Penn.**

**What the new
statute means,
plus our annual
state laws charts**

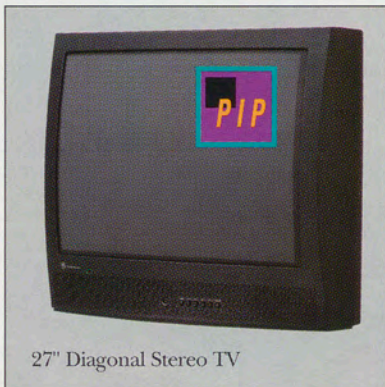
**Product focus
on electronics**

Convention '96 in N'Awlins



Universal Remote Control

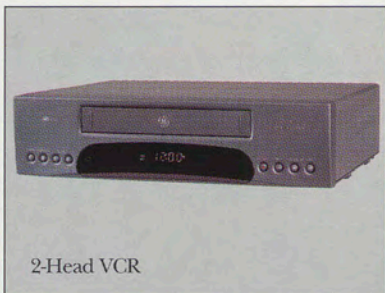
Homeward Bound.



27" Diagonal Stereo TV



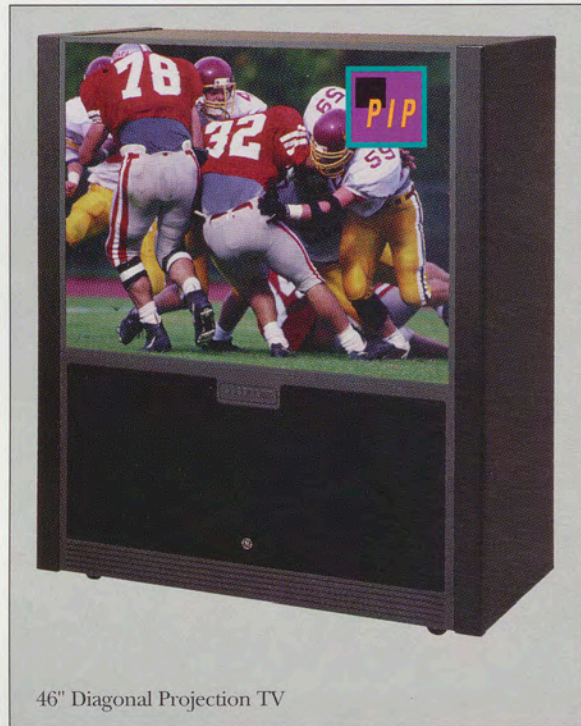
25" Diagonal XS® Stereo TV



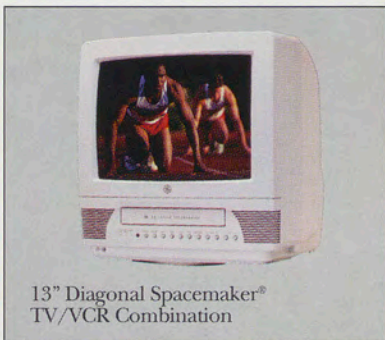
2-Head VCR



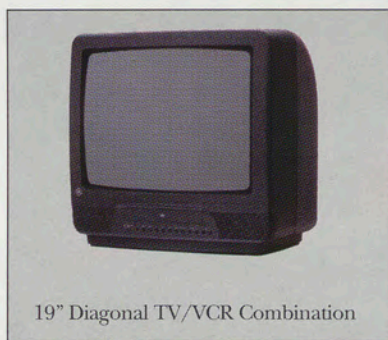
4-Head Hi-Fi Stereo VCR



46" Diagonal Projection TV



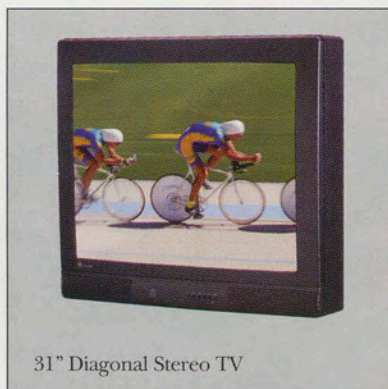
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19" Diagonal TV/VCR Combination



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31" Diagonal Stereo TV

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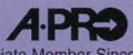
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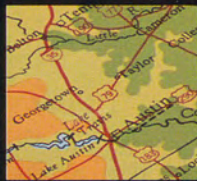
Building Values 12

Building a business used to be relatively easy—all you needed was hard work. Today, you've got to establish a solid foundation of fundamental values. Consistency and fairness are mandatory.



Fringe Banking 14

Consumer advocates tend to group industry segments together for macro-analysis. Rental-purchase has been lumped together with check-cashing stores, pawn shops and small-loan companies. There are some important differences that make rental-purchase its own unique business.



Reversal in Pennsylvania 16

The Pennsylvania Legislature just passed a bill that contains language correcting a tortured legislative history in the state for rental-purchase dealers. Pennsylvania's new statute recognizes rental-purchase transactions as leases and not credit sales. It overrules three previous legislative pronouncements regulating RTO.

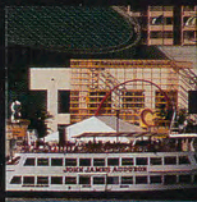


Cruisin' the Net 23

With 45 million people having access to the Internet, it's no wonder that companies want to tap the World Wide Web for marketing and research. Here are some ideas on how. Plus, APRO's RTO homepage.

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RTO customers, like many other American consumers, want the home-theater experience. Bigger is better. Large screens and big sound are important.



Rollin' on the River 31

The business agenda for the Aug. 11-15 APRO convention is stronger than ever. However, APRO's official parties and other social opportunities in New Orleans are generating most of the interest.



ADR 34

Modern-day business owners have to cope with complex regulatory and legal issues. Litigation, in the form of employee lawsuits, is especially worrisome and expensive. Fortunately, alternative dispute resolution offers a viable alternative.

departments

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Pennsylvania Legislature passes pro-RTO law. Alrenco reaches 100-store milestone. Wisconsin RTO workers alert residents caught in apartment fire.

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Predictions from a year ago have been right on target. We're progressing toward key goals.

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Continuing success demands the ability to adapt to ever-changing conditions.

RTO Ethics 18

The APRO Ethics Committee was formed in 1992. The committee has set up a simple reporting procedure—and it is working.

RTO Message 24

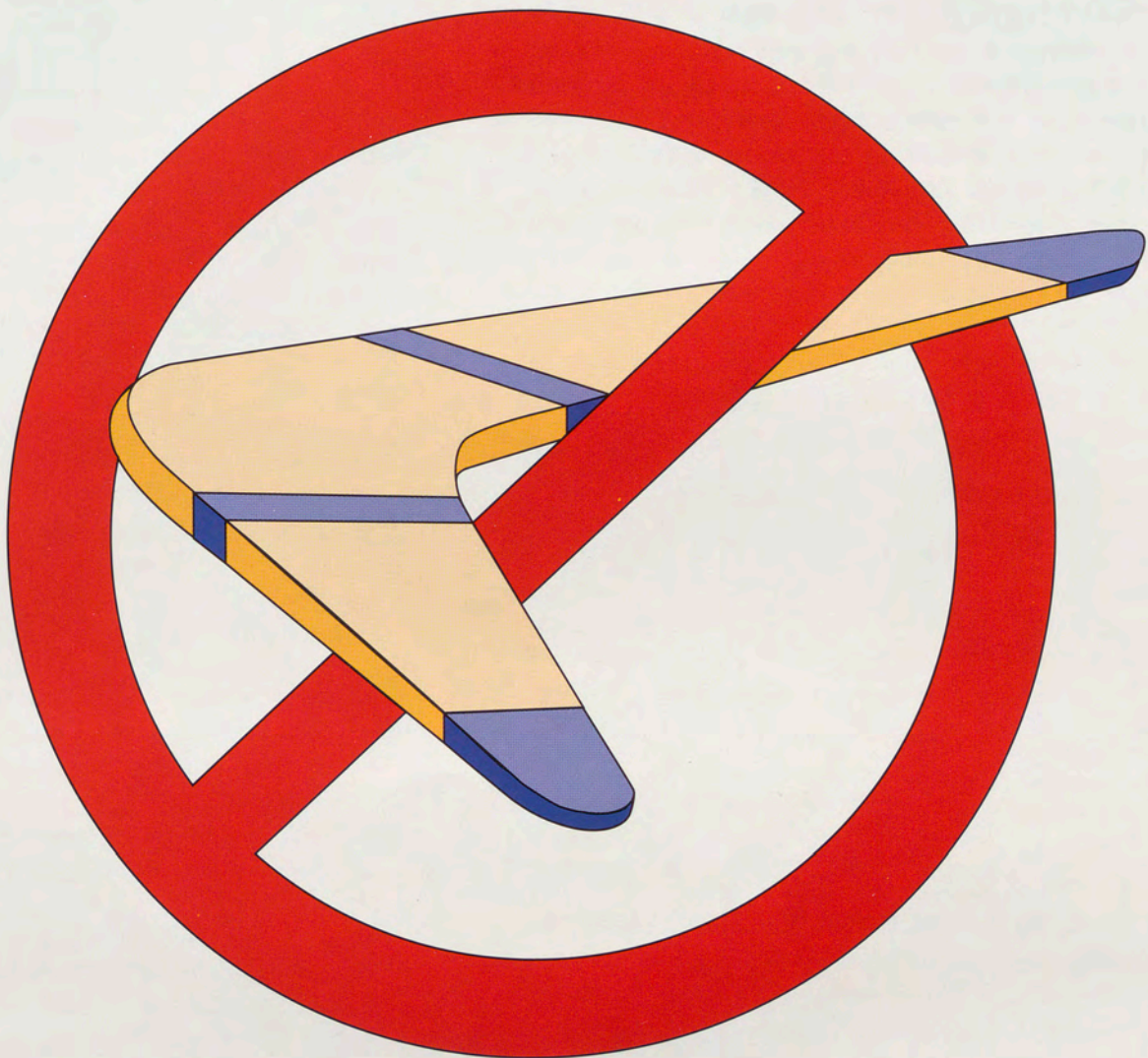
Trade associations are, to quote Woody Allen, like sharks and love affairs—if they are not moving ahead, they are dying.

RTO Humor 28

Operations expert Bud Holladay has returned to his first love—poking fun at our business and the people in it.

Who's Who in electronics 37

Our annual listing comprised of suppliers of audio and video product lines to the rental-purchase industry.



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Turnaround in Pennsylvania

When the dust had settled from a last-ditch effort in the Pennsylvania Legislature earlier this summer, an amendment that rewrites RTO law in the state was one of only three left after an all-day and all-night process.

The rental-purchase language passed unanimously in both houses. At press time, Pennsylvania Gov. Tom Ridge was expected to sign into law a bill that corrects the treatment of RTO transactions in the state—reversing almost 15 years of injustice.

In spite of setbacks over the years in Pennsylvania, dealers and consumers now have the same set of rules and options that 43 other states in the Union enjoy.

A compliance seminar is tentatively scheduled for Aug. 7 in Harrisburg. Call APRO's Ron Waters at (512)794-0095 for more information. For more background on what happened in the Pennsylvania Legislature, see page 9. For more on what the new Pennsylvania statute means for dealers, see Ed Winn's page 16 article in this issue.



RTO newsletter panelists

John Gormley, APRO communications director, is looking for newsletter editors to serve on an APRO-convention seminar panel.

The seminar, "Read All About It: Developing Your Own Company Newsletter," is scheduled for 1-2:30 p.m. Wednesday, Aug. 14, in room 57 of the New Orleans Convention Center.

"We're looking for people who handle their RTO company's newsletter," said Gormley. "We're interested mostly in content—what works and what doesn't."

If you're interested in participating or contributing, fax a note to Gormley at (512)794-0097 or e-mail him at: johnrgjr@eden.com.

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RTO Company	Symbol	7/10 Price	52-wk. hi	P/E
AaronRents A	ARONA	15	16-1/4	21
AaronRents B	ARON	13-1/4	15	--
Alrengo	RNCO	19	19-3/4	--
Renters Choice	RCII	24-1/2	28-3/4	44
Rent-Way	RWAY	12-1/8	15-5/8	36

Alrengo reaches 100-store milestone

With the acquisition of 10 new stores in three states, Alrengo has reached its 1996 goal of running a 100-store operation. In two separate transactions, the company has made the cash purchase of four stores in Louisville, Ky.; three in Indianapolis; and two in Atlanta. Alrengo is also acquiring a store in Birmingham, Ala.

"We wanted to build a 100-store chain by the end of 1996 and, with the 38 stores we have acquired so far this year, we are ahead of schedule and have significantly added to our earnings for the year," said Michael D. Walts, chairman and president of Alrengo. "The nine stores ... are all profitable operations with combined annual revenues in excess of \$5 million and 8,100 units on rent."

Alrengo will bring in new merchandise and advertising to boost performance even further.

"We have tripled the size of the company in the past two years and intend to continue taking advantage of attractive acquisition opportunities as they arise," Walts said.

Bud Holladay, Alrengo's chief operating officer, said: "We operate some of our most profitable stores in the Indianapolis and Louisville markets, and these acquisitions are part of our strategy to add stores in markets where we already earn good margins and to take advantage of natural economics of sale with little risk."

Jay Phillips, former owner and operator of the two Atlanta stores, has joined Alrengo to direct the company's expansion into the greater Atlanta market.

"The addition of Jay to our management team gives us a great advantage in an important rental-purchase market. Jay is an experienced rental-purchase operator who has proven that he can open and operate successful rental stores in a very competitive atmosphere."

APRO services

Here's a partial list of services for APRO members:

- (NEW!) APRO's *Legal Ease* book, a comprehensive collection of all state rental-purchase laws. If you're a multi-state dealer or RTO executive, this is an invaluable resource.
- (NEW!) Alternative dispute resolution, a time- and money-saving answer to employee lawsuits. For more information, see page 34 article.
- Discounted rates for long-distance telephone service through MCI.
- Discounted rates for overnight delivery through Airborne Express.
- Group health insurance for as few as one employee.
- Property and casualty insurance.
- Wage-and-hour consultation.

If you have questions on APRO's member services or would like more information, please call Carolyn Fitzsimmons, membership director, at (512)794-0095.

Rent-Way CEO cited as top entrepreneur

William Morgenstern, president and cofounder of Rent-Way, Inc., has been named Entrepreneur of the Year in the retail/wholesale category for the Western Pennsylvania region in an award program sponsored nationally by Ernst & Young, USA TODAY, the NASDAQ Stock Market, the Entrepreneur of the Year Institute and the Center for Entrepreneurial Leadership, Inc., at the Ewing Marion Kaufman Foundation.

Morgenstern and G.A. Ryan started Rent-Way 15 years ago, in 1981, as a one-store operation in Erie, Penn. Now with 90 stores in nine states, the company is the eighth largest rental-purchase business in the country. The company has experienced phenomenal growth since going public in 1993, doubling in both size and revenues in each of its last two fiscal years.

In an interview last year with former *Progressive Rentals* associate editor John Massey, Morgenstern said, "It doesn't take a genius to figure out that people are everything in this business." His winning the Entrepreneur of the Year award also recognizes the efforts of his employees, says Morgenstern.

Morgenstern, a former member of the APRO board and current president of the Pennsylvania Association of Rental Dealers, will compete with other state winners for the national Entrepreneur of the Year award to be presented in November in Palm Springs.

Aaron's featured

Aaron Rents and its CEO R. Charles Loudermilk Sr. will be profiled in the September issue of *Success* magazine, a general circulation magazine that reaches about half a million people. *Success*, which celebrates the entrepreneurial spirit, is particularly interested in telling the success story of businesses that have prospered through innovation. The September story will appear in the the franchising section of the magazine and will give an overall picture of the Aaron's operation.

Loudermilk and Aaron's Rental Purchase were featured in the October/November 1995 issue of *Progressive Rentals*. Loudermilk started in the rental business in 1955 with 300 metal folding chairs, which he rented for 10 cents a day. Over three decades, Aaron Rents became a major player in the rent-to-rent industry before entering the rental-purchase field nine years ago. Aaron Rents conducts business mostly by monthly transactions and is unique in its emphasis on doing business in the suburbs, where residents have more disposable income. "I think we are dealing with a little higher-income customer," Loudermilk told former *Progressive Rentals* associate editor John Massey last year.

Even before he'd heard of the late Sam Walton of Wal-Mart fame, Loudermilk told Massey, "I had the philosophy of 'let's see how cheaply we can rent something and still make the desired profit.' You have to set a (desired) profit."

Major victory for business

The U.S. Supreme Court, in an 8 to 1 decision, recently invalidated state laws attempting to restrict or limit arbitration. Continuing a long series of decisions expanding the reach of federal laws favoring the use of arbitration, the Supreme Court preempted a Montana law attempting to restrict arbitration.

This decision means that no state law restricting arbitration, even in "consumer contracts," will survive the Supreme Court's application of the Federal Arbitration Act.

"Businesses can leave the lawsuit lottery," said Richard D. Faulkner of Dallas-based National Association for Dispute Resolution, Inc. (NADR). NADR is the designer and administrator of the newest APRO member benefit, a customized dispute resolution program.

Faulkner said the Supreme Court decision validates arbitration as a legal alternative to expensive lawsuits against businesses.

For more information on APRO's customized program, contact Carolyn Fitzsimmons, APRO membership director, at (512)794-0095. For more information on how arbitration works, see page 34 article.

RTO workers heroes in Wis.

What began as a routine stop for two employees of 1st American Rental in Kenosha, Wis., suddenly turned exciting when one of them noticed smoke coming from the back of the apartment building where they were headed.

Tyrone Skomski, 28, and Louie Ricchio, 25, were making a late morning furniture delivery when they saw the smoke. They responded immediately by running through the building to alert residents.

"We just went running through the building making sure everyone was out," Skomski told Barbara Henkel of the *Kenosha News*.

"We didn't know how big the fire was. But people were scared others were still inside," Ricchio told the reporter. Kenosha Assistant Fire Chief Richard Bosanko personally visited the 1st American Rental store to commend the two heroes.

The fire was started by two children, ages 4 and 5, who were lighting paper on the stove and taking it back to the bedroom. The two-alarm fire was confined to the lower bedroom where it started, but still caused \$8,000 damage to the building. The children were referred to the Juvenile Fire Setters Program.

Bosanko said the fire had just started getting into a wall when firefighters arrived. "They did a good job in preventing it from spreading," he said.

Eric Stockdale, manager of the Kenosha store, said the two 1st American employees are "above average individuals" and that their actions were what he would expect from them. "That's the way they are. They always go out of their way to help people," Stockdale said. "I feel honored to know them."

Skomski has worked for the company for about a year and Ricchio for about three months, according to Stockdale. ATM Enterprises, under CEO Mac McCullar, has 24 1st American Rental stores in three states. Five are in Wisconsin.





Looking back on the past year and the continuing evolution of our industry, I see that predictions shared by many of my peers have been right on target.

The trends toward consolidation and rental-purchase companies going public have continued. I consider these positive signs of a maturing industry.

I believe there is a better understanding out there of who we are and what we do, and, more importantly, why we do it. We legitimately serve a growing segment of the U.S. economy. Today, more people than ever are familiar with the RTO option and believe "it's okay to rent-to-own."

We are beginning to enjoy tremendous credibility gains in the forum of public opinion, and there is plenty of opportunity for continued growth. According to the latest study by the investment banking firm of Rauscher Pierce Refsner, we have penetrated, at most, only 15 percent of our potential market.

APRO has taken steps to help educate the general public about the RTO option. Over time, educating the public will improve the climate for expanding our customer base. The nationwide educational news releases we started this year, along with an industry web site on the Internet, are two good examples. Another is the first-ever industry image campaign developed through the APRO Public Relations Committee, chaired by Ohio dealer Ernie Lewallen.

Precisely because we are becoming a more high-profile industry, we are also an available and obvious target. As we continue to grow in

size and stature, a greater level of scrutiny and attacks from the outside will inevitably come.

In the face of this knowledge, how do we conduct ourselves and where do we need to go as an industry?

Historically, RTO dealers are an independent lot. This entrepreneurial spirit gave birth to an entire industry. During the 1960s a group of people, led by Ernie Talley in the Midwest but also including folks in other pockets of the country such as Norm Slatton in Florida, began to identify a gap in the marketplace. They found a way to serve this consumer need where the retail credit world had not.

This dedication to customer service carved out a niche for our industry. Today, we need to conduct ourselves in the same manner as we began: by taking care of our customers. Our future depends on it. APRO can—and does—provide educational programs that help create awareness and that positively affect perceptions of our business. However, it is up to dealers everywhere to drive home the value of customer service—one customer at a time.

Our sphere of influence is expanding. We have

government and financial leaders, the media and other opinion leaders to consider whenever we make decisions. We must remember our employees and our customers, however, in articulating our vision of what the future ought to be, what it can be.

What would happen if our industry no longer existed? We all know the answer: Consumers would lose an important option. Forty-three (actually, 44 with the recent reversal in Pennsylvania) state legislatures also know this. So does Wall Street. So do many members of the U.S. Congress. And the general public is beginning to understand.

During the 16 years since APRO was founded, we have worked to educate—to create a better climate in which to serve customers and build the industry. I have been involved from the start and I can think of no better time for the RTO business than now. Today we are better positioned than any other time in our industry's history to continue educating, serving and expanding our reach in the marketplace.

It is our duty to help our employees understand the intrinsic value of what they do every day in developing relationships with customers. Yes, it's true that we have successfully made the transition from an entrepreneurial industry to a maturing one. The one constant, however, is the customer. If we remember that, in spite of all the new challenges, I'm convinced that we will continue to prosper, continue to gain understanding and support, and make increasingly positive contributions to society.

Bill White, in his first term as APRO president, is owner of Action TV & Appliance Rentals, Inc., based in Mesquite, Texas.

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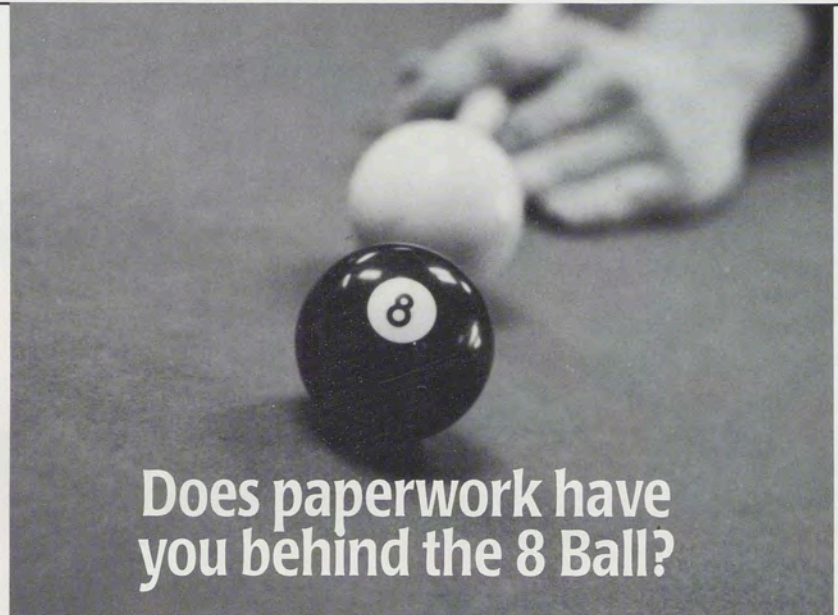
Pennsylvania Legislature corrects 15 years of injustice

After nearly 15 years of industry efforts to turn around the Pennsylvania anti-RTO statute, legislation that would accomplish this has been passed in both houses of the state legislature and, at press time, awaits the governor's signature.

In early June, Pennsylvania state Rep. William Robinson introduced an RTO bill that was referred to the House Judiciary Committee, but saw no action in committee.

However, in a skillful last-minute maneuver before the current session recessed for the summer, Robinson, a Democrat with leadership clout in the legislature, successfully amended a bill to include crucial rental-purchase language. The bill as amended eventually received concurrence in both houses just before the session ended.

For more on what the breakthrough in Pennsylvania means, see pages 6 and 16.



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I recently saw this summer's blockbuster hit movie *Independence Day*, and like millions of people and most movie critics I was absolutely overwhelmed by the special effects.

It's scary to see the Empire State Building, the White House and downtown L.A. totally obliterated right in front of my eyes. Whoa, was it exciting!

After a few days of casually reflecting on the themes in the movie, I was struck more with the abilities of the characters to cope with the changes in their lives than I was with the awesome computer-generated clouds of doom and the seemingly unstoppable weapons of destruction in the hands of the aliens. I was particularly interested in the successful theme of adapting to a changing environment as opposed to the unsuccessful attempt at rigidly controlling one's environment with superior research, planning and advanced technology.

Being in business today requires research, planning and the appropriate use of relevant technology. Successfully being in business also requires the ability to adapt to the ever-changing environment.

First, however, one must know how the envi-

ronment is changing. In *Independence Day*, the president of the United States remains in the White House even though the "alien ship" hovers above. He is under the assumption that all is safe and chooses to remain in the White House to give the American people the illusion of safety. When the techno-nerd decipheres a communication code indicating an eminent attack, the president, now in danger, leads his entourage out of the White House and to safety.

In our everyday business lives, we are immersed in the activities of business—researching new products and management tools; planning daily, weekly, monthly and annual activities; upgrading our techno-tools; training personnel; interfacing with bankers and other lenders; and a host of other necessary pursuits.

Occasionally, we may network with other rental dealers in our area to compare business activities. At this level, we tend to sense and feel changes in the local business environment.

At least once a year, everyone in RTO should take a few days from their usual routine to network with rental dealers from around the country and discover for themselves the changing RTO environment. It's not just a coincidence that the most successful dealers in the industry are the ones who attend conventions, seminars and conferences where other rental dealers meet. Whether you're a one-store operator or a 1,400-store operator, you can't have a broad enough perspective on the changing environment in RTO unless you participate where peers congregate.

The annual APRO convention and trade show provides the greatest concentration of rental dealers, employees, suppliers and other interested parties anywhere in the world. There are as many reasons for attending the APRO convention as there are attendees. Some attend to

acquire knowledge from the educational seminars. Others come to buy products for the fourth-quarter sprint to profits. I believe, however, the greatest benefit derived from attending the APRO convention is the insight one gets into the changing environment within the rental-purchase industry. This can be ascertained by comparing the major topics at the APRO convention over the past few years.

With all the public companies in the industry, great interest will be placed on possible acquisitions, merging companies, value of businesses, confederations of smaller companies to attract new capital, etc. Growth appears to be one of the key buzzwords of this convention. You should come prepared, whether you have one store or hundreds.

One thing is certain. This New Orleans convention will be a big show. Cindy Ganther and Carolyn Fitzsimmons have set a record for booths sold and number of exhibiting companies. These two have been working all year, attending many a show to bring you the best, most RTO-friendly suppliers. As of this writing, we have sold out our block of rooms at the Hilton. Registrations are still pouring in at the APRO office.

If you haven't registered, it's never too late. You can even register on site. If you have registered, you have already assured yourself a seat at the table. This convention should give you a better insight into the changing RTO environment. Who knows when you might be attacked by some alien?

Bill Keese is APRO's executive director.

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Building Values

BY BILL SLEEP

Building a business was at one time a much simpler proposition. The blacksmith, for example, learned his trade as an apprentice, started his shop and ran it, based on his fundamental values. His values, learned from family and friends, along with his blacksmithing skills, determined his success.

If those values included hard work, integrity, responsibility, fairness, safety, creativity, quality, listening, commitment, service, accomplishment, willingness to change, organization, self-discipline, efficiency, good communications, perseverance, productivity and a sense of civic responsibility, he was most likely successful.

Of course, it helped to have the dense demographics of a couple hundred ranchers and horses within a 50-mile circle of his shop as a customer base. Today, as business owners and leaders, there are many lessons we can learn from the town blacksmith.

Granted, the blacksmith did not have to deal with the FTC, ADA, EEOC, NLRB, COBRA, OSHA, IRS, AA, HR, MIS, NBC, P&Ls, FICA, AG,



and the acronym that strikes fear into the hearts of all rental dealers, BAA (bankers, attorneys and accountants). Nor did he encounter federal, state

and local regulations, lawsuits, break-ins, armed robberies, drugs, vandalism, accidents, insurance, sexual harassment and employee incompetence.

It is not necessary to continue on with these painful reminders of a day in the life of a rental-purchase dealer, as you may already be taking aspirin intravenously.

The life of a rental dealer offers the potential of great financial rewards and the satisfaction that comes from building a successful business by developing an outstanding team. Those rewards, however, come only after negotiating the minefields that life in the 1990s has created: the alphabet soup of bureaucracy and long list of protections that are in place to protect citizens from businesses and citizens from citizens.

The fact is this: If your entire team has a strong values system, one that is discussed, agreed upon, trained and alive in your company, most of your problems will cease to exist. How productive will you be if you decrease customer and employee issues by 50 percent? For example, incredible as it may seem, this statement is occasionally heard in our business: "We caught Beavis Brown stealing. What should we do?" "How much did he take?" the supervisor replies, implying that the crime is less important for the theft of \$20 than the theft of \$200. If this question is ever heard in your company, you should question your values and standards.

As a former rental dealer and longtime operations leader, I jumped the bureaucratic hurdles and complained about both employees and leaders, whose poor values resulted in customer dissatisfaction, employee dishonesty and lack of productivity. It took years of swimming upstream against the challenges of our business before a coworker's exceptional vision and a seminar enabled us to create a

Continued on page 58

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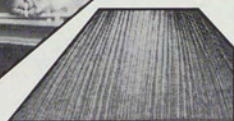
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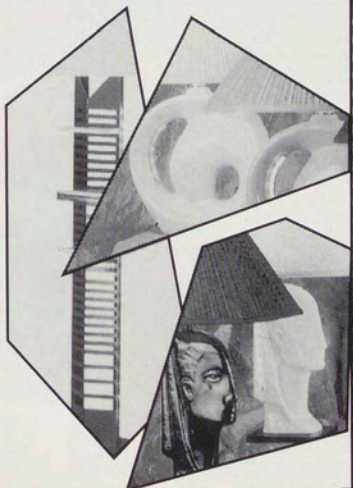


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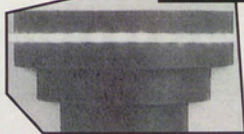
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FRINGE



Illustration by J. Matthews

BANKING

BY ED WINN III

There is a new phenomenon emerging among consumer advocates and others who think along these lines to group industry segments together for a macro-analysis of the issues. Previously, industries or even individual companies were analyzed more or less in isolation. The rental-purchase industry and selected companies within the industry, for example, have, until lately, stood on their own, weathering attacks from various states' attorneys general, plaintiffs' lawyers, Legal Aid lawyers, Rep. Henry B. Gonzalez, and even *The Wall Street Journal*.

Now the industry is being criticized in a larger context, as a part of the world of "fringe banking," although some consumer advocates prefer the term "alternate financial services." There is no universal agreement about who makes up this world, but usually included are pawnshops, check-cashing services, small-loan companies, "buy here, pay here" retailers, tax-refund anticipation loan programs, and rental-purchase. Sometimes high-risk mortgage companies that lend in low-income neighborhoods are also included.

Fringe banking, as consumer advocates have defined it, is on the periphery of mainstream banking, the national and state banking and savings and loan institutions that house and lend most of the country's money and that do business with the upper 60 percent or so of American citizens. That leaves 40 percent of the population, some of whom do no banking business at all, but most of whom do some fringe banking, at least from time to time. Consumer advocates worry that there are increasing numbers of people who use fringe banking and that, as a result, the poor are getting poorer. At the same time, they fret that the fringe banking industries serving the poor are getting bigger and richer.

WHO POPULATES THIS WORLD?

It is worth noting that not all low-income people—however that class may be defined—use the services of fringe bankers. Nor is fringe banking the exclusive domain of the poor. There are tony pawnshops in a number of cities that deal exclusively in Rolex watches and other fine jewelry. An April 2 report by the investment banking firm Rauscher Pierce Refsner, Inc., on "The Rent-to-Own Industry," estimates that rental-purchase stores are serving only approximately 10 percent of their potential customer base (everyone with household income of \$40,000 or less).

A question worth asking is whether the same customers are going to pawnshops, small-loan companies, rental-purchase stores and check-cashing outlets? According to John Caskey, author of the thoughtful book, *Fringe Banking* (Russell Sage Foundation, 1994), pawnshop

operators report that most of their customers earn \$9,000 to \$17,000 per year, have a high school education or less, and are between 18 and 30 years old. Most pawn customers rent their homes, have blue-collar jobs, and live paycheck-to-paycheck. A high percentage of pawn customers are minorities.

Caskey reports that customers of check-cashing outlets are "somewhat more affluent" than pawnshop customers, because many customers are using check-cashing outlets for speed and convenience rather than out of the necessity. In 1989, the Consumer Bankers Association commissioned a survey of check-cashing outlet customers. This survey found that 37 percent of customers were between

18 and 30 years old. According to the APRO survey of rental-purchase customers in 1994, 35 percent of rental-purchase customers were in this range. The CBA survey showed 16 percent of check-cashing customers with less than a high school education. For rental-purchase customers, the percentage was 6. Check-cashing customers reported 30 percent with annual incomes less than \$15,000, which was the same income level for only 13 percent of rental-purchase customers in that category, according to the APRO survey.

Ethnically, 33 percent of check-cashing customers were White, 47 percent Black and 18 percent Hispanic. In the APRO survey, 75 percent of rental-purchase customers were White, 22 percent Black and 2 percent Hispanic.

Since small-loan customers must qualify for credit, one might suppose income levels and other socioeconomic measures would be somewhat higher for this group.

The problem with all surveys dealing with how low-income consumers spend their money, how much they have, when they spend it, and why they spend it the way that they do, is that the results may be biased. However, if one accepts the information collected to date, pawnshops deal with the very lowest income consumers, the rental-purchase industry the next level, and the small-loan industry the next level above that, with check-cashing services cutting across all such classifications. A lot more study will have to occur before anyone knows with certainty what kinds of consumers visit only one kind of fringe banking outlet, versus consumers who use a variety of such stores, versus consumers who never use any of these services.

THE GROWTH OF FRINGE BANKING

Part of the reason for this new way of looking at the rental-purchase industry is that the phenomenal growth of the rental-purchase industry during the 1980s did not occur in isolation and was not unique. At the same time, other consumer-retail industries doing business, to some extent, with the same broad customer base as exists for rental-

Continued on page 21



Reversal in Pennsylvania

Notice. You are renting this property. You will not own it until you make all of the regularly scheduled payments or you use the early purchase option. You do not have the right to keep the property if you do not make required payments or do not use the early purchase option. If you miss a payment, the lessor can repossess the property, but you may have the right to the return of the same or similar property. See the contract for an explanation of your rights.

This notice, *mirabile dictu*, appears in the brand new Pennsylvania Rental-Purchase Agreement Act. This is not a misprint. The Pennsylvania Legislature has just enacted a rental-purchase statute undoing a tortured legislative history in the state that spans a decade and a half. The new 1996 Pennsylvania law closely tracks the rental-purchase statutes in 43 other states, recognizing rental-purchase transactions as leases and not credit sales, and overrules three previous state legislative pronouncements to the contrary from 1982, 1989, and 1990.

The Pennsylvania Legislature first considered the rental-purchase issue in 1982, when the industry was just beginning to organize. Then, the legislature, with no notice to the industry and without public hearings, changed the definition of a retail installment contract in

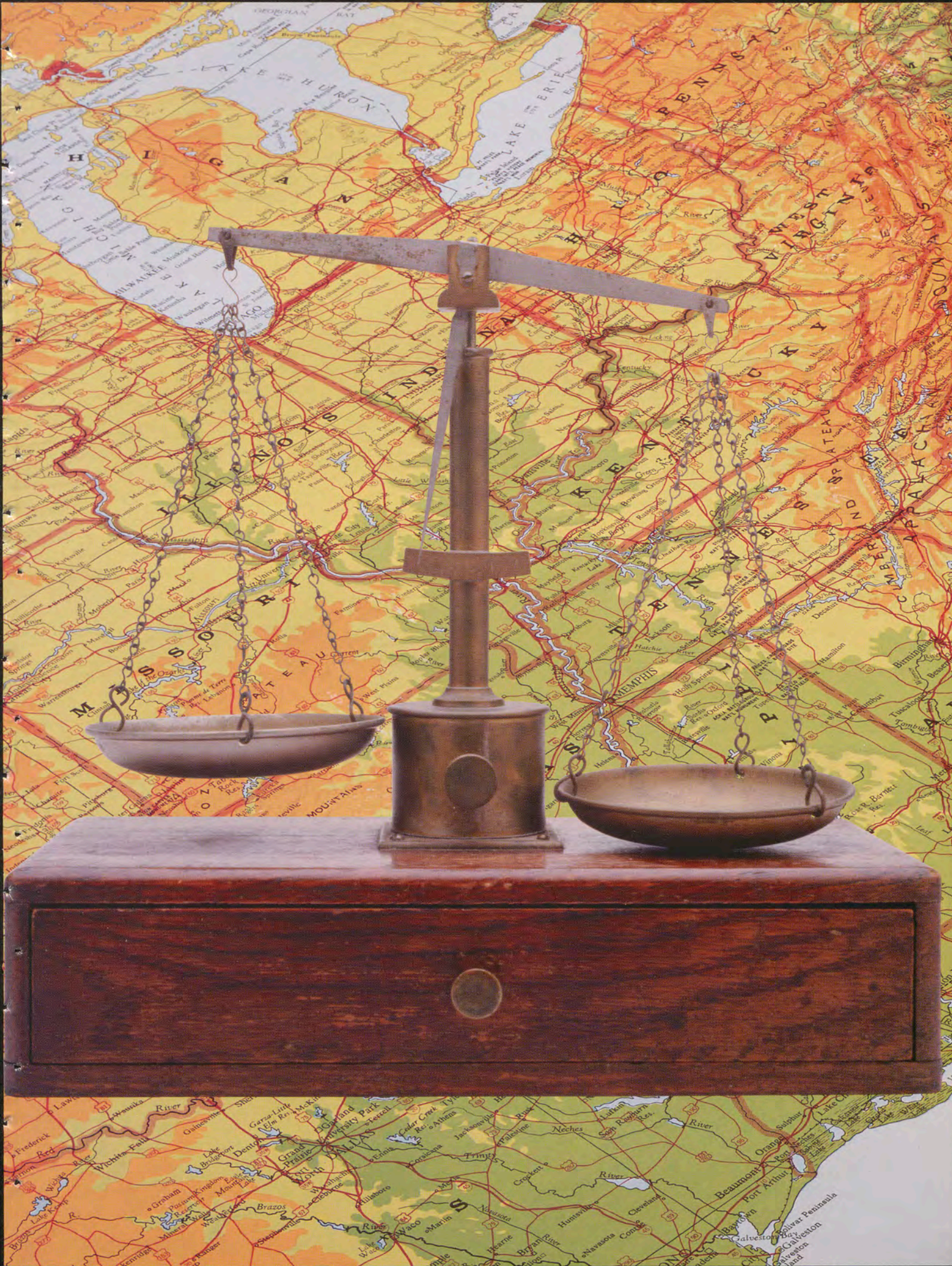
the Goods and Services Installment Sales Act (GSISA) to include rental-purchase transactions when ownership could be transferred by a final rental payment that was nominal when compared to the value of the property. The industry response in Pennsylvania and elsewhere was to recraft the rental transaction by adding a balloon-purchase option. Customers rented the property and then had the option, in a separate transaction, to purchase the property for an agreed upon price. By restructuring the transaction in this fashion, the industry remained unregulated in the state.

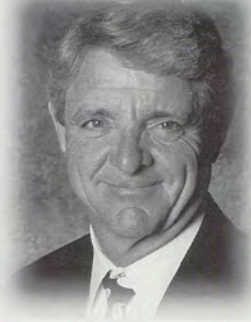
During the '80s, a number of lawsuits in the eastern part of the state raised the industry's profile and got the attention of Pennsylvania's attorney general, Ernie Preate.

Originally, Preate appeared amenable to working with the industry to develop rental-purchase legislation similar to that which was being enacted in other states, but the industry got off track somewhere in the late '80s and made an enemy out of the Pennsylvania AG. It may have been less a misstep by the industry than Preate recognizing an opportunity for some consumer protection publicity by attacking what he thought would be an easy target. And attack he did. He creat-

Continued on page 20

BY ED WINN III





In deciding my approach to this column on ethics, I considered reviewing areas of controversy in the day-to-day operation of our rental stores.

But this would simply have restated issues that Ed Winn and others have addressed during the past year.

Instead, I've decided to review the history of the APRO Ethics Committee—basically where, when and why we came to be—and the proper role of the ethics committee, as defined by the APRO Board of Directors and the committee members.

The APRO Ethics Committee was formed in 1992 as an ad hoc committee by then-APRO President Wayne Chambers. Wayne tells me several reasons prompted the committee's formation. First, our industry had come under heavy criticism regarding a few unethical actions, but had no ethics committee to take action regarding the unethical behavior. Second, our association was growing and the need to have an ethics committee was obvious. Any trade association of our size needs

an active ethics committee serving an active role in the industry's ongoing affairs. Finally, the process for disciplining dealers was far too vague, and an ethics committee could clearly answer that problem.

The committee first met in October 1992 at our regular board meeting in Austin. The first chairman was Ted Wilson. I served on the committee along with Bill White, David David and several others. I recently spoke with Ted about his year as chairman. He pointed out that the committee had a difficult time getting started because none of us clearly understood how far the committee's power extended.

In 1993, I was named chairman of the committee, and I read several books on the roles that various trade association ethics committees perform for their industries. In my first meeting as chairman, I made it clear I thought the membership wanted our committee to rewrite the original APRO Code of Ethics written in 1980. Every article I read made very clear that the ethics committee should not change or rewrite the code of ethics unless a large majority of the membership fully supported doing so. With that in mind, the committee polled the APRO membership and, to my surprise, the response was overwhelmingly in favor (70 percent to 30 percent) of not rewriting our association's code of ethics.

Well, "you spoke, we listened," and, subsequently, the committee met to decide its role for the future. We agreed that our industry and our association needed an active ethics committee that offered our members a way to report perceived unethical activities. Defining the extent to which the committee could go in monitoring APRO members was, needless to say, a sensitive task. What one dealer might view as unethical, another might consider appropriate. To be sure, there are a few activi-

ties that we would all agree are unethical, such as false or misleading advertising, discrimination, misrepresenting goods and services, abusing customers and employees, unfair collection practices, and violating statutes in day-to-day operations.

When you get into areas such as "flex terms," recruiting employees from competitors and some types of innovative marketing, however, the task of deciding who is right and who is wrong becomes much more difficult. We do not in any way discourage a dealer from reporting perceived unethical activities of another dealer, but we do ask that everyone understand there are certain activities that fall in the "gray" areas.

The ethics committee has set up a very simple reporting procedure, and it is working. When you feel you need to report a dealer, you can contact me, and as chairman of the APRO Ethics Committee, I will report the complaint to the committee as a whole. In addition, Ed Winn, APRO's legal counsel, encourages members to contact him directly with complaints. Both Ed and I have had several dealers contact us, and we will respond to every complaint. In addition, I can assure you that the current ethics committee—Gary Romine, Wayne Chambers, Larry Sutton, Dick Eichlin and Wayne Sutton—will respond to your complaints. We are unified in our belief that our industry can only benefit from an active association ethics committee that does not shy away from controversy.

In closing, I would welcome feedback from our members as to what role our ethics committee should perform. Please feel free to contact me at Fastway, Inc., 1601 Westpark Dr., Suite 3, Little Rock, Ark., 72204; fax: (501)663-8116.

Charles Cloud is chairman of the APRO Ethics Committee and owner of Little Rock, Ark.-based Fastway, Inc.

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Continued from page 16

ed an ad hoc committee of the National Association of Attorneys General to study the industry. He went to the Pennsylvania Legislature to argue it had not gone far enough in 1982. With the help of Legal Aid lawyers and eager consumer advocates for Pennsylvania and elsewhere, he persuaded the legislature to expand the definition of a retail installment contract to include rental transactions with any kind of purchase option at all.

Some readers may remember that the rush to massacre a perceived evil industry in 1989 caused the legislature to miss a procedural step, and the first law was declared unconstitutional. So, the legislature had to enact the same law again in 1990.

The seven words the legislature ultimately added to the Pennsylvania GSISA at the request of the attorney general created instant chaos in the industry because, suddenly, there was no simple end run around the strictures of the statute. It was the most far-reaching anti-industry legislation in the country and some feared the hint of things to come in other states.

Some Pennsylvania dealers elected not to change business practices at all, believing that

the legislature would surely see the error of its ways and reverse itself in short order. Most Pennsylvania dealers adopted rent-to-rent programs with various wrinkles to try to keep the concept of renting alive without actually turning their transactions into credit sales. It

cates as the one state in the country to have regulated rental-purchase transactions properly. Here was a state that had agreed with the Legal Aid argument that a rental-purchase transaction in whatever form was really a disguised credit sale and should be regulated as

Pennsylvania was hailed by consumer advocates as the one state in the country to have regulated rental-purchase transactions properly. Here was a state which had agreed with the Legal Aid argument that a rental-purchase transaction in whatever form was really disguised credit sale and should be regulated as such.

Pennsylvania was regularly trotted out during debates over the rental-purchase issue in Congress and in most other state legislatures as well.

was a fine line and fraught daily with legal peril. A few dealers attempted to keep the rental concept alive within the confines of the GSISA, and its 18 percent interest rate and collections practices limits.

Pennsylvania was hailed by consumer advo-

such. Pennsylvania was regularly trotted out during debates over the rental-purchase issue in Congress and in most other state legislatures as well. In 1993, Preate was summoned to Washington, D.C., to testify before Henry B. Gonzalez's U.S. House Banking Committee and did so, reporting that he had recently conducted an undercover investigation of rental companies in the state, had found widespread violations of the law and was preparing a statewide crackdown.

Not long after, and before any crackdown, former AG Preate began having legal troubles of his own. He ultimately pled guilty to several felonies and resigned from office in disgrace. The industry quickly approached the successor attorney general in Pennsylvania, who was appointed by the governor, and asked him to look at the rental-purchase issue with an open mind. The new AG, Tom Corbett, agreed to do so, and his support for the new law was vital to its passage.

The importance of the Pennsylvania enactment can scarcely be overstated. Pennsylvania has long been heralded as a beacon for anti-rental-purchase forces. They pointed to it often as their version of the faint but steady light of truth amid the dark canopy of lies the industry was accused of spreading over all the other states. Blather, to be sure, but, often enough, effective blather. One of the chief obstacles to passage of federal rental-purchase legislation has been the consumer advocate argument that the Congress should not step in and define these transactions as

Continued on page 56

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Continued from page 15

purchase, also enjoyed tremendous growth. Two examples are pawnshops and the check-cashing industry.

APRO estimates the number of rental-purchase stores in the country grew from 5,000 in 1985 to 7,500 in 1992. According to Caskey in *Fringe Banking*, the number of pawnshops grew from 4,800 in 1985 to 8,800 in 1992, and the number of check-cashing businesses grew from 2,000 in 1986 to nearly 5,000 in 1992. Once highly fragmented, all of these industries have lately seen moves toward consolidation and an overall upgrading of the industry image in the marketplace. The rental-purchase industry has five companies that are traded on Wall Street. There are five publicly traded pawnshop companies and at least two public check-cashing businesses—one with 500 outlets. Not only have consumer advocates noticed the growth of these industries, but the investing public has as well.

What all of these industries offer their customers is service and convenience. Critics argue that customers pay dearly, too dearly, for this service and convenience. These critics

would have the government step in to regulate the prices of the services at a level they deem "reasonable." The industries argue that the larger issue of poverty cannot be resolved by having the government intrude into the pricing mechanism of the marketplace. All such efforts serve merely to distort the laws of supply and demand. Rather, the government should serve an educational function if, indeed, people are being duped or are making foolish choices in the marketplace. Finally, government should work to relieve poverty by redistributing income through taxation.

NEGATIVE IMPLICATIONS

The risk of having rental-purchase lumped in with all of these other industries is twofold: First, there is the likelihood that the industry will be wrongly characterized. Critics can and do pull the worst aspects from each industry, and then apply them to all of the industries. The effort is to group these industries together and make them appear more predatory than any one, isolated industry. Scylla is much more terrifying when counterposed with Charybdis than by herself.

Rental-purchase, of course, is not properly a

part of fringe banking, because dealers, by renting merchandise, do nothing that banks do. Buy-here, pay-here retailers, by contrast, do something akin to loaning money when they finance the purchase of merchandise. Rental-purchase gets included in the fringe banking world because it suits consumer advocates to conclude that the transaction really involves financing after all, notwithstanding the opposing view of 42 state legislatures, the Federal Reserve Board and the Internal Revenue Service.

Rental dealers ought properly to be suspicious of efforts to analyze their industry in the context of industries that lend money to consumers, no matter how far-fetched the analysis. The result will always be to find an interest component in the rental-purchase transaction and to argue that the rate should be disclosed and, most often, limited.

The second danger is that by joining all of these industries together, consumer advocates can draw exponentially more attention to the plight of the poor than they have been able to do otherwise. That some people rent TVs, or

Continued on page 40

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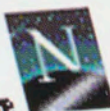
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BY CAROL AND VINCE BRZOWSKI-GARDNER

Cruisin' the NET

With 45 million people in more than 200 countries having full or partial access to the Internet, it is no wonder that savvy business people are tapping into this resource more and more to market their own companies or gather information to help their companies grow.

Commercial growth on the Internet now stands at 10 percent to 13 percent per month, and commercial domain now comprises 80 percent of the Internet.

Jill Ellsworth, a consultant on business and

marketing on the Internet for Fortune 500 companies, is author of *The Internet Business Book*, *Marketing on the Internet* and *The Internet Business Kit*.

Using the Internet can increase business volume and allow for considerable cost savings, Ellsworth says. "The Internet is another marketing channel, and offers additional customer service and technical assistance access. It is fast and economical."

The Internet, according to Ellsworth, offers research and marketing tools to accomplish

business tasks in many areas, including:

- Internal and external communication.
- Corporate logistics.
- Globalization.
- Leveling the playing field.
- Gaining a competitive advantage.
- Containing costs.
- Collaboration and development.
- Information, research and data gathering.

Continued on page 59

APRO unveils RTO homepage on World Wide Web

Are you exploring the Internet? If so, check out APRO's new home on the World Wide Web. You'll find APRO's web site at:

<http://www.apro-rto.com>.

Web-site consultant Frank J. Smejkal has helped the APRO communications department create a work-in-progress that captures the look and feel of the rental-purchase industry as established through *Progressive Rentals* magazine. However, the electronic medium provides for more feedback and two-way communication.

APRO's RTO homepage has hot buttons that will take travelers to pages about the industry and the RTO transaction, and about APRO the organization,

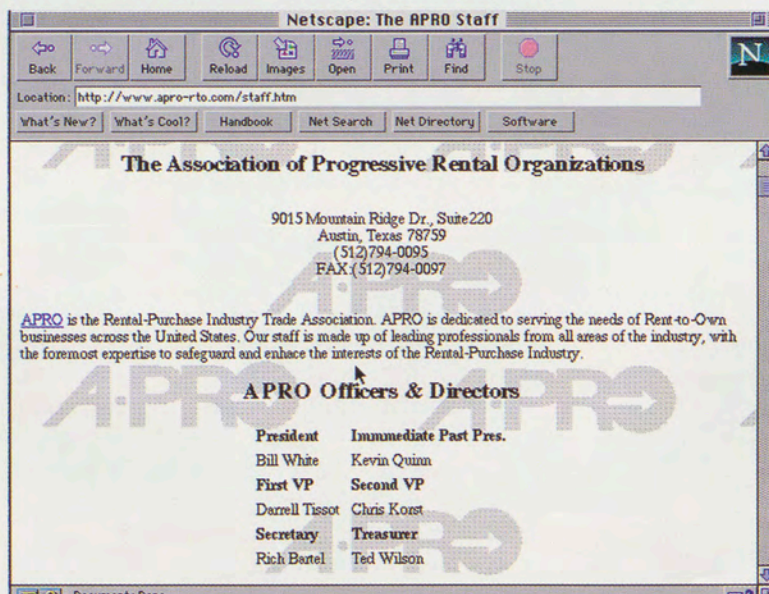
membership benefits, convention, *Progressive Rentals* (including select-ed articles), legal matters and even a page for up-to-the-minute stock

quotes on RTO's publicly traded companies.

If you do have the means to surf the Net, then go ahead and check out APRO's web site, but note that portions may still be under construction. You can communicate with APRO staff via electronic-mail directly from the site.

APRO's home on the World Wide Web is another platform for telling the rent-to-own story—and another way to add value to APRO membership.

—John Gormley



Find out who the top leaders are through APRO's web site.



Those of us who focus on the trade association, as opposed to the industry as a whole or individual companies, have noticed a wind shift of late.

During the past year or two, the torrent of political and legal adversaries abated somewhat, and we all began looking around for what to do next.

Trade associations are exactly like your companies and, according to Woody Allen, also like sharks and love affairs—if they are not moving ahead, they are dying.

Not that all of our political and legal challenges disappeared; it is simply that they evolved beyond emergency status and became somewhat institutionalized. Henry Gonzalez lost his committee chairmanship; the IRS capitulated on the lease-vs.-sale issue; Legal Aid lawyers cannot file or participate in class action lawsuits after Aug. 1, 1996.

Life has gotten better, not perfect. We still have no federal consumer-protection safe harbor; we have to use a five-year depreciation schedule on property that lasts two years; the industry in Minnesota is in chaos, and it is not much better in Wisconsin or New Jersey. Nevertheless, we have enjoyed some remarkable successes of late.

Not wishing to rest on anyone's laurels—and in the absence of an immediate, life-threatening enemy to confront—the association powers that be, or at least some of them, decided it was time to go on the offensive and launch a multi-front public relations campaign to upgrade the public image of the industry. You see all those people in print ads these days with milk mustaches? That is the milk industry encouraging people to drink milk and be healthy like those actors and athletes. The meat industry does it; the cheese industry does it; the National Rifle Association does it. The rental-purchase industry has never done it, but it seemed like a good idea: drink milk, eat meat, eat cheese, shoot guns, rent TVs.

Nearly everyone was originally behind the notion, or so it seemed, until the concept started taking shape. There are a lot of facets to the rental-purchase public relations campaign on the drawing board: scholarships for poor kids, products to fire and flood victims, educational programs about the rental con-

cept, economic studies to prove the value of the transaction and the like.

But the first item out was to be a feel-good commercial starring Gus the dog who, in 30 seconds, rents some things and has a better life because of it. I saw the original commercial and thought it was cute and well made. I knew I was not an expert in such matters and have learned that every single rental dealer is or would be an expert in all matters relating to advertising. I've seen frogs and ants and alligators selling beer. I've seen truly bizarre and frightening people selling athletic shoes. (I'm referring to the acclaimed movie actor Dennis Hopper here.) I've also seen another popular actor, Kramer from TV's *Seinfeld*, and an orgasmic woman and some water selling cars. I've lately seen a silly man dressed in a bumble-bee outfit selling FTD flowers. I just watched those commercials. I didn't analyze them for their social context or possible subliminal messages. If they were entertaining, I lingered long enough to get the message. If they weren't entertaining, I clicked on past them. I do not watch a lot of TV—I only got cable a few months ago so my boys and I could watch the NBA playoffs—but I thought Gus did the job, or at least started the job of promoting the rental-purchase concept.

Well, it wasn't that easy. Gus drew a firestorm of protest. Every dealer who saw the thing had an opinion about what exactly was wrong with it. The world of criticism seemed to break down into two camps—those who thought the effort overall was worthwhile and suggested tweaking the ad here and there and getting the ball rolling, and those who questioned fundamentally the wisdom of bothering to try to upgrade the image of the industry at all. This later group criticized the effort, which they fear will draw light and unnecessary heat to the industry when, for the moment at least, the barbs are aimed elsewhere.

In truth, I don't know who is right and have, over 16 years, been in both camps at different times. I have despaired in gloomy moments over the industry ever shucking the mephitic associated with it. At other times, I have marveled at the spectacular success of the development of the leasing concept in the car industry and thought we could do the same.

My conclusion to date is that the industry certainly ought to try to enhance its image. Hell, it might work. If it did work, it would draw a class of customers into stores that today are persuaded that rental-purchase transactions are "low rent" and, in any case, not for them. The worst case is that the campaign is not effective and the industry will have spent some money on an ineffective advertising effort. Hardly the first time in the annals of the business, I suspect. As for unnecessary heat and light, the industry already spends millions to be as visible as it can be in the yellow pages, print and on TV. So far it has been company by company with no organized, unifying theme. However, rental companies aren't spending 5 percent to 7 percent of revenues on advertising to hide under rocks.

It is my hope that the experts in this sort of thing will shortly deliver to the industry a finely wrought product that dealers will get behind and help broadcast. Remember, Gus is only a first step. I have never agreed with Andre Agassi that "image is everything." I am a lawyer and have to read the fine print, after all. But image is not irrelevant and the image of the rental-purchase industry could use some work. I hope that we all shortly will quit cannibalizing the effort and get on with promoting some version of the industry's best foot forward.

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

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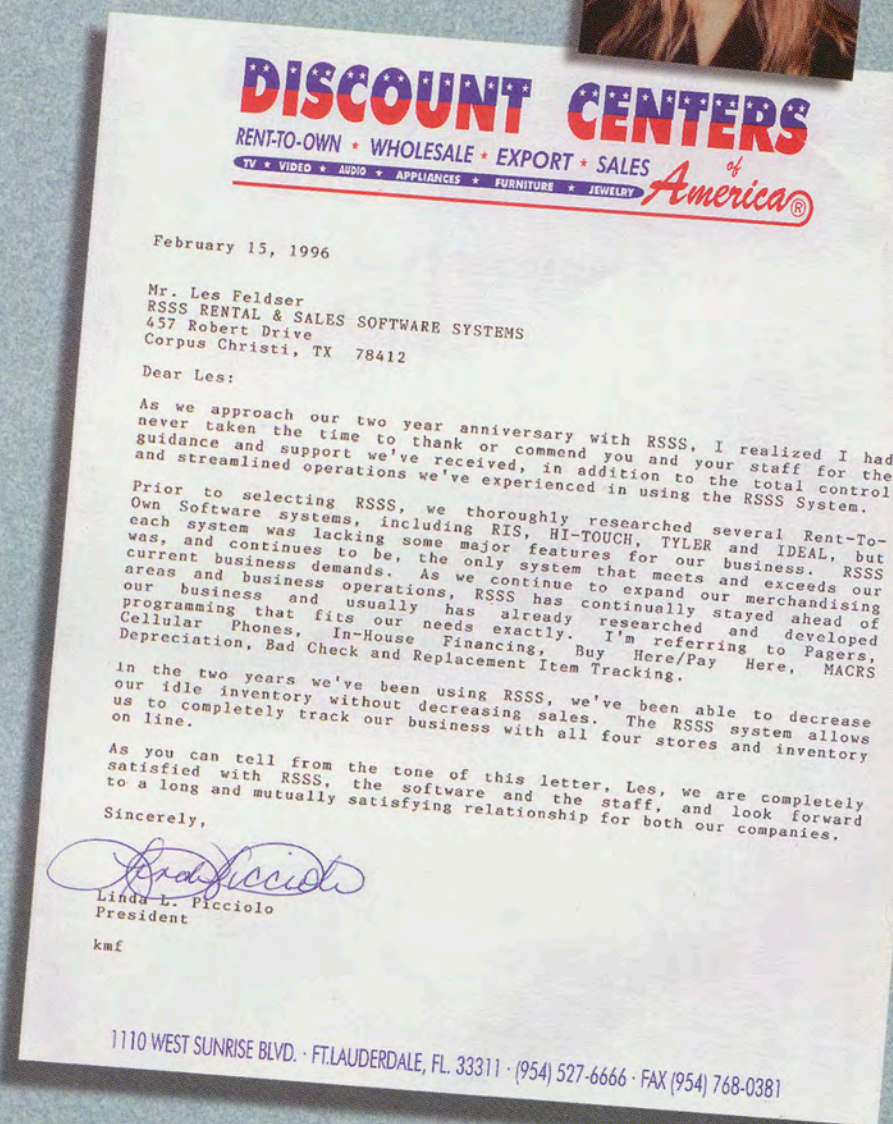
Rental & Sales Software Systems:

The most complete rental-purchase software systems on the market today. RSSS provides a detailed home office system with a mirror image of each location for accurate inventory control, collections and buying.

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We've been writing software for successful rental purchase and retail dealers since 1979, so we know your business. Why not plan to succeed with a TRUSTED 24-hour PARTNER, RSSS.

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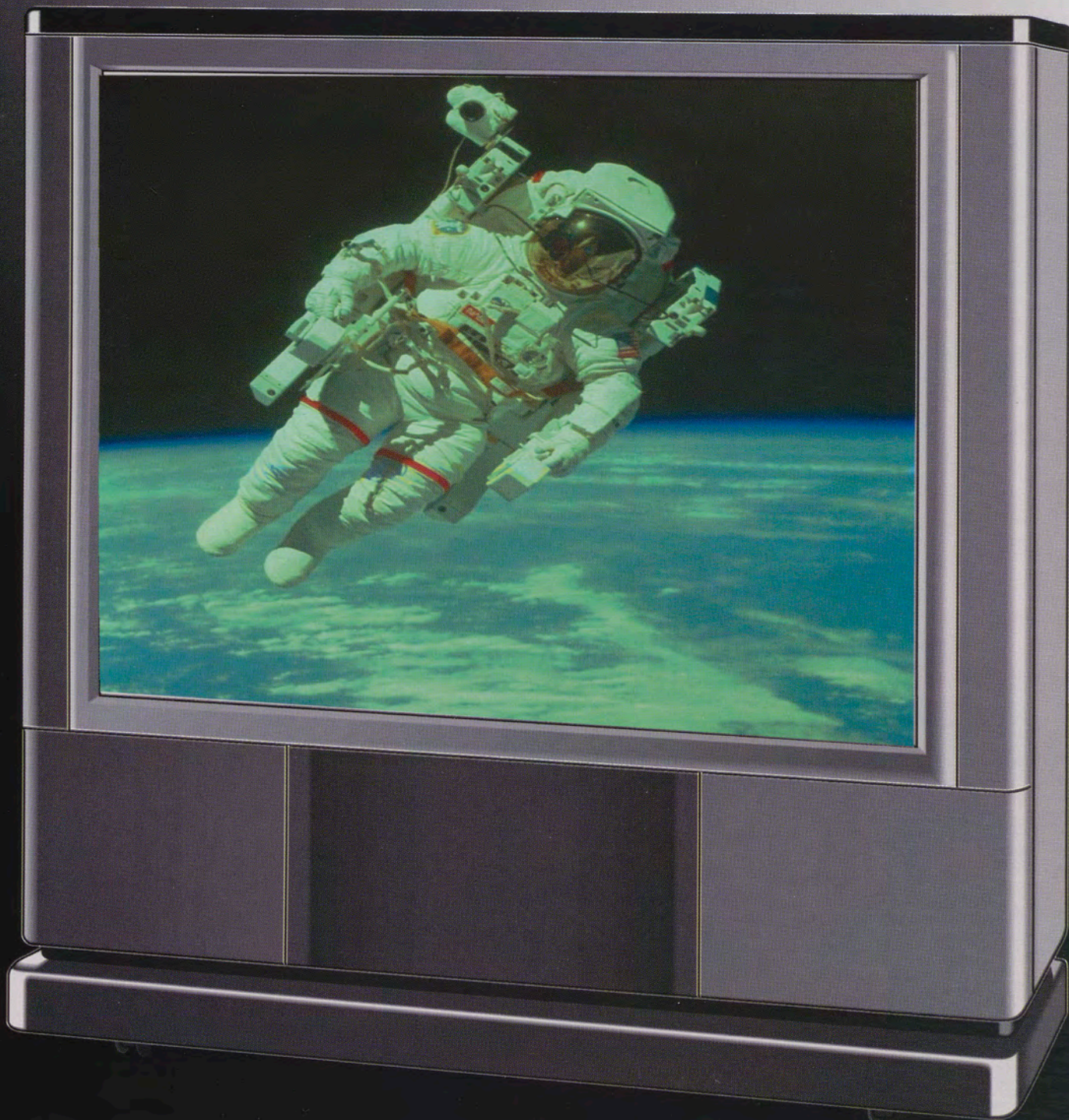


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By JENNIFER HENSLEY

The Big Picture

The 1995 APRO statistical survey results indicated that 32.9 percent of units on rent were TVs, VCRs or stereos.

When rental-purchase customers consider audiovisual equipment, they do not want to settle for less than the best. Customers are looking not for a TV, but for an experience. They want to have the theater in their homes, to impress friends and family on the day of the big game or to maximize the viewing experience of the latest movie rental.

"You don't hear chomping popcorn or kids crying" during a home theater experience, says Vince Marsiglia, marketing director of Audiofile.

Some of the same names customers have grown accustomed to seeing at the theaters—Paramount Pictures and Dolby Pro Logic Surround Sound™, for example—they now see in rent-to-own stores.

SO WHAT'S OUT THERE

Audiofile, which makes cabinets with built-in high performance speakers, offers RTO dealers the Cinema Center™, complete with Dolby Pro Logic..

"This sound can be superior to the public theater sound," says Marsiglia. Audiofile's market research has suggested that customers

are looking for the complete home theater experience packaged at one low price.

Audiofile hopes to lead the industry in the home theater market with cabinets that hold televisions from 27-inch all the way up to projection size, complete with installed speakers and no exposed wires. Audiofile believes they are the only manufacturer of cabinets incorporating the Dolby sound.

"If your customers need a demonstration of Audiofile's sound, the Big Red Button helps you out. A blinking red button becomes a silent salesperson attracting customers to the Cinema Centers," says Cabot Benevidez, rent-to-own marketing and sales director for Audiofile.

When customers press the red button, they immediately experience the difference between traditional TV sound and Audiofile home-theater surround sound.

Benevidez says the company backs every product with a five-year warranty and provides support from its corporate offices in California and Nevada. They will even send CEO Jack Amoroso out to assist if necessary.

LIGHTS, CAMERA, ACTION

Grabbing one of the most famous names in the theater business—Paramount Pictures—

HTP International manufactures cabinets and speakers with the familiar Paramount name and logo. "The unit usually becomes a showpiece in the home," says Darren Thibodeau, director of marketing and sales for HTP International.

John Blair of TRIB group believes the Paramount name helps sell the product. "HTP makes a very good product with the Paramount name and at a good price," says Blair.

"Since 1994, HTP has used the Paramount name and has seen phenomenal success," says Benevidez. The name helps sell the product, he says. "The first thing people think of is movies when they see the Paramount name, so it leads to the home theater idea."

Thibodeau believes in marketing home theater components with TV, speakers, stereo and VCR displayed altogether in a cabinet. He says HTP produces high-quality products and cabinets that stand up to repeated rentals.

GOOD THINGS IN BIG PACKAGES

The old adage that bigger is better still seems to apply to the RTO industry, especially in home entertainment.

"Four or five years ago, rental did not want to

Continued on page 37



It will come as no surprise to me if we should someday learn that those famous cave drawings discovered in the French countryside are not symbols of some early religious stirrings, but merely Stone Age graffiti, the doodling of some lonely Neanderthal waiting out a storm or seeking refuge in an uncivilized world.

If this seems unlikely, consider for a moment that oversized print hanging in the last Holiday Inn you visited.

Two thousand years from now, some anthropologist will unearth room 386 in what used to be Tulsa and, after careful analysis, declare that the Deer Drinking at Waterfall print symbolizes an early tribe's search for the Coffee God.

I reach this conclusion after spending a few evenings with some old friends, rewriting the history of our industry. When we did this a few years ago, it was still "TV rental" and we were just telling war stories. But then we all moved to a better part of town, got bigger signs and painted trucks and—Presto!—we are now a genuine industry. If you don't believe it, just check the stock listings in today's paper.

None of us ever thought it would turn out this way back in 1969 when Irma Tallock tossed her 19-inch black and white TV over a third-floor balcony in response to a Houston route manager's plea to "give me back my TV." Today that would be called a rental return.

Later that same day, Missus Tallock's route manager dutifully delivered a cardboard box of glass shards and broken plastic back to his store manager, who was heard by some 315 people to declare, "Well, at least she isn't watching it, either." The exact number of witnesses changes from time to time, but 315 is the most current count of people who swear they were there, either calling past dues or gluing the legs back onto Symphonic console stereos. There appears not to have been any other backroom chores in pre-solid-state rental.

Then there was the family of Inez Gash who called the store for service in the middle of the funeral wake. It seems that a house full of mourners was getting restless about not being able to watch the wedding episode of "All My Children." Had Mrs. Gash seen the streetcar coming earlier in the week, she likely

would have made the call herself.

One story that demonstrates the power of advertising, at least with managers, concerns the enterprising ad guy in Kansas who dreamed up a great way to get the company's name out all over town: bumper stickers. When he was informed—after shipping thousands of the things—that nobody had a car and most customers rode the bus, he cheerfully advised managers to hang out at bus stops and slap the stickers onto oncoming buses. Fortunately, most of the work comp claims were small ones.

Another company discovered the importance of careful proofreading when they mailed thousands of official-looking circulars emblazoned with the message, "You Have Ten Days To Re-Rent." The stores were swamped with calls from fearful and irate former customers wanting to know why they had 10 days to repent and what did the store have to do with it anyway.

Actually, "good old days" is a misnomer. "Good old days and nights and Sundays" would be more accurate. Before the introduction of computers and policy manuals and procedures books, most companies ran on caffeine, nicotine and the old manager's list of No Rents. A manager's day began at eight in the morning: answering phones, taking payments and writing applications (what we call orders today). Back then owners wanted outsiders to think this rental deal was no easy trick, and managers wanted owners to think they actually did something with all that paperwork).

Each day about noon, the route managers would throw a few TV sets and stereos on the truck, grab a stack of past-due collection cards and hit the streets, picking up payments and filling out blank contracts on new deliveries as directed by the store's manager via

two-way radio. It could be argued that Motorola sold more two-way radios than TV sets to some rental dealers in the old days.

Every van had a unit number, a two-way and a driver with his own call sign but never his own insurance, and sometimes not even his own driver's license. In those days, mobile news units, ambulances and TV rental vans showed up in the same neighborhoods a lot. If it was your customer in the meat wagon, check his pocket for a payment and radio in.

Twenty deliveries and 15 pickups would be an average day for a pre-APRO rental store. Weekends were even busier. It slacked off about nine o'clock most nights and came to a complete standstill around ten. Many kids whose parents worked for TV rental stores back then must have thought Dad was famous because he showed up every night at the same time as Johnny Carson.

A fascinating truth about the business in those days is that—while few people realized they didn't have to pay us at all—the rate of skips and stolens remained ridiculously low. In fact, some of us never experienced write-off problems until we upgraded the business and attracted a better caliber of customer. Some owners today believe this increase in bad accounts can only be attributed to customer conspiracy: "People get together."

Apparently these dealers believe that our industry is currently under attack by roving bands of blue-collar housewives who travel from state to state renting microwave ovens and failing to return them. It only follows that many of these women are likely to be accompanied by heavysset guys in baggy pants looking for free recliners. Be on the lookout: The getaway car of choice is a '76 Ford pickup with a camper top and a Bass master sticker.

Of course this whole thing has serious geopo-

Continued on page 38



It's a Whirlpool® appliance.
We'd rather deliver it ourselves.



Whirlpool and Roper® are proud to introduce the only in-store delivery service of its kind. Now all you have to do to stock your store with any quality Whirlpool or Roper appliance is pick up the phone, place your order, and then look for one of our prompt, reliable delivery trucks to pull up in front of your store. (You'll recognize it by the name on the side. The only name in the business that delivers to you.)

In fact, we'll even carry the order right onto your showroom floor. So to place your rental order, simply call 1-800-551-5146.

Ext. 6545. Only from Whirlpool.



After all, it's how to make a business run too.

HOW TO MAKE A HOME RUN.™

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APRS Associate Member since 1981



DELTA QUEEN
Part Of Cochran's Dixie

Rollin' on the River!

BY BARBARA STOOKSBERRY

It's APRO convention and time to focus on what's really important—the parties! As usual, the first merrymaking opportunity will be the welcome reception on Sunday, Aug. 11, at the Hilton Grand Ballroom. It won't look like a ballroom, though. It will look just like home.

APRO planners want to provide you with a chance to network and get to know the folks from your part of the country, so they will transform the ballroom into a compact version of the good ole USA. You'll enter through 8-foot columns and be greeted by a conductor, who will escort you back "home" to visit with your peers.

Northeasterners will be at ease with the New York skyline in the background and replicas of such familiar landmarks as the White House and a

typical East Coast lighthouse. Southerners can relax among palm trees and other lush foliage, with the Miami skyline in the background and Mickey Mouse on the scene, or view a southern plantation "in the land of cotton." New Orleans is also part of the region, of course, so the outside will come inside for the evening, with depiction of scenes for the French Quarter.

The Dallas skyline dominates the Southwest region. Oil wells and cowboy hats put you down on the ranch, and Mexican flowers and

sombreros reflect the Mexican influence on the Southwest. Finally, go West, and San Francisco and Los Angeles come alive with typical scenes from these West Coast cities.

Red, white and blue balloons are all part of this

Continued on
page 43



You're on the Right

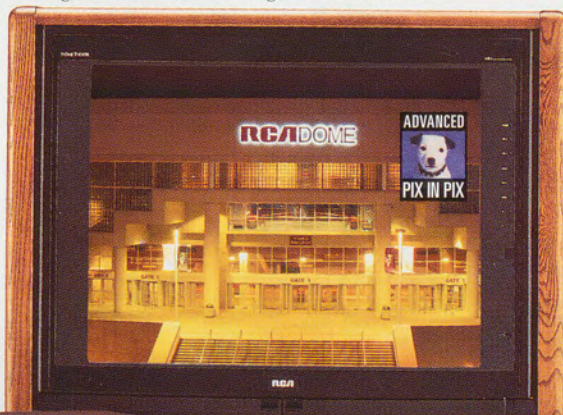
32" Diagonal ColorTrak Plus™ TV*



27" Diagonal ColorTrak Plus™ TV



35" Diagonal Home Theatre™ High-Performance TV



27" Diagonal ColorTrak® Console TV



25" Diagonal ColorTrak® Console TV

20" D



Pro8® 8mm Camcorder



Digital Video Disc Player



Pro-Logic Surround Receiver w/5-Speaker/Subwoofer Pa



VHSC Camcorder



Full-Size VHS Camcorder

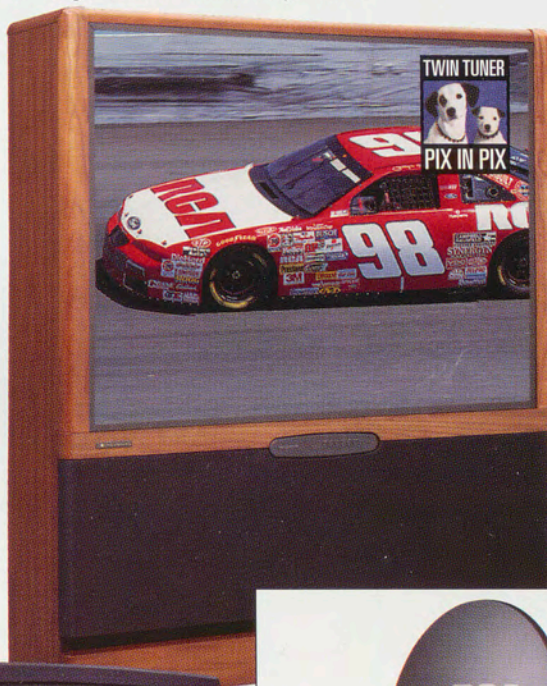


Changing Entertainment. Again.

Get Track with RCA!

52" Diagonal Home Theatre™ Projection TV

32" Diagonal ColorTrak Plus™ TV



Diagonal ColorTrak® TV

20" Diagonal TV/VCR Combination

25" Diagonal TV/VCR Combination

RCA Digital Satellite System

The quality and service behind RCA Consumer Electronics takes a lot more than putting a product on the track and hoping for the best.

There's a tremendous amount of "behind the scenes" details that may never be seen by your customers—but you know they are there. For example:

- A complete selection of RCA brand TVs, VCRs, TV/VCR Combos, all formats of camcorders and a complete audio selection.
- New, exciting products such as the RCA Digital Satellite System and the DVD—Digital Video Disc Player.
- A distribution network that assures you fast and timely merchandise delivery to your stores.
- A complete service network that stands behind all their products.

So make sure you get on the right track with the great RCA Brand Consumer Electronics products backed to last for the long run!

For more information write to:

Thomson Consumer Electronics
 RCA Consumer Electronics
 Products
 Rental Division
 P.O. Box 24459
 Louisville, KY 40224-0459
 or FAX (502) 425-3441

*Base sold separately.

Optional components shown in storage units.

DSS® is a registered trademark of DIRECTV, Inc., a unit of Hughes Electronics Corp.

Specifications subject to change without notice.

Simulated picture.

Picture-In-Picture capability requires VCR or second video source.

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ADR

"I must say that, as a litigant, I should dread a lawsuit beyond almost anything else short of sickness and death."

—Justice Learned Hand

We are all aware of the extreme expense, unbelievable delays, loss of privacy and disruptions in business and in our personal life that come with litigation. The APRO Board of Directors has chosen and endorsed the National Association for Dispute Resolution, Inc., as the designer and administrator of the newest APRO benefit, a customized dispute resolution program.

The National Association for Dispute Resolution, Inc. (NADR), is an independent and impartial provider of mediators, arbitrators and private judges throughout the United States. It is recognized throughout America as the leader in designing alternative dispute resolution systems. Its programs, mediators and arbitrators are nationally recognized for their knowledge, integrity and experience. They are available to APRO members to help resolve disputes out of court.

Today, there is legitimate concern about certain shortcomings of the court system:

Delay. Court proceedings can be slow and cumbersome, and they often provide outcomes acceptable to no one. Employment disputes frequently require many years of litigation to obtain a truly final decision. The mediation process is usually conducted within a few weeks and typically takes only one day. An arbitration is normally begun and concluded in a period of months.

Expense. Litigation is very expensive. Often both sides in employment litigation spend tens of thousands of dollars in attorneys fees, expert witness fees, investigators charges and court costs, plus the cost of the disruption to the company or to employees' lives.

Loss of privacy. Litigation is public and everyone can watch and learn about you and your problem. Do you really want everyone to know about your personal affairs? Do you really want your affairs permanently recorded in a public record, always available to every curious person?

No day in court. Employment litigation is frequently decided by

courts for technical reasons. Most parties never have a real opportunity to tell their story. National's mediators and arbitrators hear everyone. They do not prevent you from presenting your story because of technical legal rules. National's people are concerned with only your case, not with thousands of other cases, as a judge might be.

Nonspecialized decision-makers. Courts and juries do not specialize in resolving employment disputes. National's mediators are very experienced in handling employment disputes, and many arbitrators now specialize in resolving employment disputes. The U.S. Supreme Court for 30 years has encouraged employers and employees to take advantage of the expertise of arbitrators in resolving employment disputes.

MEDIATION

In mediation, an experienced, neutral third party, the mediator appointed by National ADR for his expertise, meets with all parties to help settle their dispute. This process is required by both the law and the dispute resolution system rules to be confidential and private. Mediation is a safe harbor for settlement discussions. Nothing said in mediation can be used in court or in an arbitration.

ADVANTAGES OF MEDIATION

Mediation is a successful means of resolving employment disputes. When mediation is ordered by district courts, approximately 82.4 percent of the cases settle. Settlement rates approach 93 percent in cases privately referred into mediation.

The most important advantages of mediation:

Privacy. The discussions in mediation are generally private and confidential. They may not be used in court or in an arbitration.

A real hearing. Everyone has an opportunity to tell his or her story. There are no rules of evidence or of civil procedure to artificially restrict what a person says. Parties are actually heard and listened to by the mediator and the other parties.

Repairs relationships. The mediator helps parties restore their rela-

Continued on page 47

BY RICHARD D. FAULKNER
AND
LARRY K. MONTGOMERY

Photo illustration J. Mathews



THE TOTAL PACKAGE

Printing



Monthly Prepacked Programs

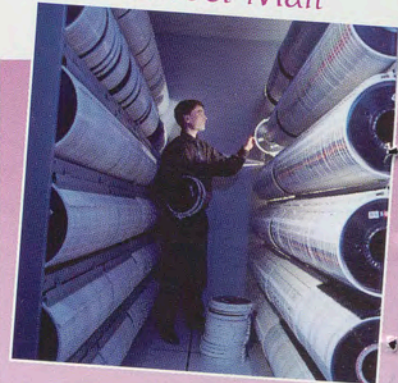
- Banners
- Hang Tags
- Posters
- Preferred Customer Letters
- ROP Ads
- Circulars



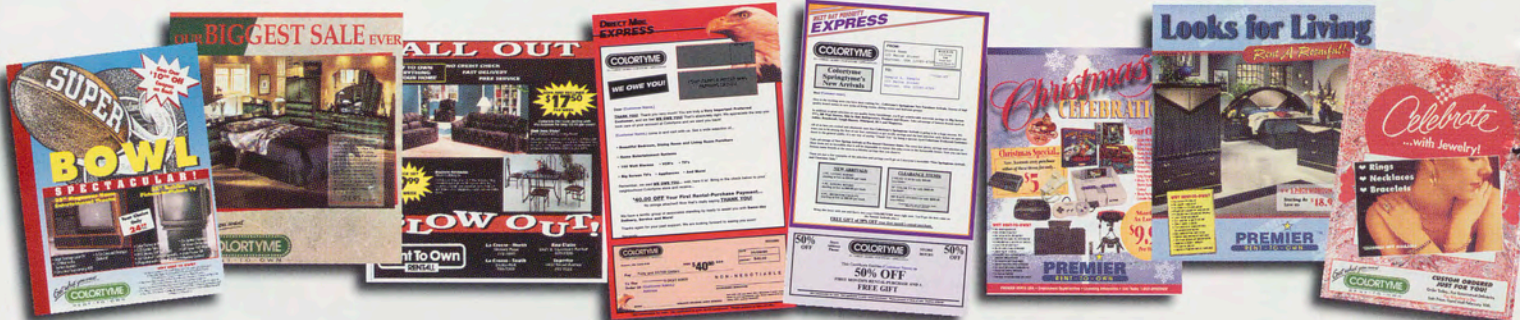
Advertising & Design

- Creative Ideas
- Innovative Marketing
- Effective Selling Solutions
- Promotional Themes
- Customized Programs

Direct Mail



- Data Base Management
- Your Data or Ours
- Targeted Carrier Routes
- Preferred Customer Programs



From creative to printing, TPM provides integrated sales development programs for the Rent-To-Own retailer. From design to distribution, it's all under one roof. Our results-oriented creative team can keep your company on track with fresh new ideas. TPM can provide you with hundreds of new and exciting ways to use targeted mail. When you work with TPM, you'll have your own Customer Service Representative to answer all your questions and to walk your program through to completion.

From creative to printing, TPM is a one-stop-shop for the Rent-to-Own retailer.

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touch large-screen (TVs). Customers want larger TVs now, and there is more profit to be made for rental-store owners," says Matthew Hauck, national special market sales manager for Hitachi, who has been working with rental stores for more than six years.

According to some sources, vendors have sold more 25- to 27-inch TVs than 19- and 20-inch to RTO companies this year.

"Bigger is always better if it is affordable," says John Blair, "and home entertainment centers are popular, as long as they are affordable.

"If the dealers can price the units where renting the entire piece may be just a few dollars more, the customer might take it," continues Blair. However, in any business the higher the price, the more difficult it is to sell, he adds.

As the home-theater units become more popular, the distinction between furniture and electronics blurs.

"Essentially, the entertainment center is another piece of furniture for the customer," says Blair. It may come with an oak finish, black finish or even leather, lending itself to the look of

the entire living room, Blair adds. The customer may be keeping in mind compatibility of this new piece of furniture with existing decor.

Hitachi, a more expensive product line, used to have problems getting noticed by rent-to-own dealers, says Hauck. "Dealers used to just look at price," but they found that their customers wanted brand names and that Hitachi's well-made product line makes customers keep Hitachi products longer, he says.

To add to the high-performance home-theater concept, Hitachi strongly markets its hi-fi VCR.

"The sound quality is very different. Every movie produced in the last seven or eight years for rent has hi-fi capabilities. You need a VCR to accommodate this," says Hauck. He views the large increase in home theater during the past two years as "phenomenal."

"The business has really taken off. However, in considering the pieces of the home theater, the least expensive is often the VCR, but if it is not hi-fi, the system is not the best it can be," says Hauck.

Electronics manufacturers do not want to leave the rent-to-own staff on their own. Hitachi

employs 23 people dedicated to providing free training in the retail market. "Most stores don't ask for training, but we are available. And Hitachi now has Jeff Shafer as a dedicated rent-to-own specialist who really knows the industry," says Hauck.

Ken Gay of Philips Consumer Electronics agrees with Hauck. "The renter is looking for upscale products. The demand for large screens and AV systems is increasing," says Gay.

Philips is the parent company for many electronics makers, including Magnavox, Norelco, Philco and Genie, and, like Hitachi, Philips is committed to supporting dealers with sales support, information guides and courses on AV equipment.

"Philips maintains an excellent delivery record from warehouses in Tennessee and Mexico," says Gay, who has been in the RTO business for more than 20 years. Philips prewires their AV systems, securing all components at the factory.

Adding to the theater concept is the Digital Satellite System from RCA. Customers pay a fee

Continued on next page

Who's who in electronics

¥ AG Beeper Accessories

1145 Sawgrass Corporate Pkwy.
Sunrise, FL 33323
(305)846-9400
Electronic accessories

+¥ Audiofile Home Theater

1144 N. Grove St.
Anaheim, CA 92806-2109
(714)666-0313
Audio/video

¥ BDI Distributors

2100 Marietta Blvd. NW
Atlanta, GA 30318
(404)351-9816x139
Electronics

* Brother International Corp.

200 Cottontail Lane
Somerset, NJ 08873-1260
(908)356-8880x4835
Electronics

¥ Casio Inc.

570 Mt. Pleasant Ave.
Dover, NJ 07801
(201)361-5400
Electronics

¥+ Cellular Options

1237 Lavanham Court
Apopka, FL 32712
(407)889-0470
Electronics

¥*+ Curtis Marketing Inc./

Onyx Distributing
13650 Floyd Rd., Ste. 202
Dallas, TX 75243
(214)234-6460
Electronics

¥ Diamond Audio Technology

303 Pennsylvania Ave.
Santa Monica, CA 90404
(310)582-1121
Electronics

¥* Hitachi Home Electronics

Inc.
3890 Steve Reynolds Blvd.
Norcross, GA 30093-3012
(770)279-5600
Electronics

+¥* HTP International

1620 S. Lewis St.
Anaheim, CA 92805-6436
(714)937-9300
Electronics

*¥ ISG Rent-A-Call

5500 Oakbrook Parkway Ste. 150
Norcross, GA 30093
(770)449-0067
Electronics

¥ Jayco Ventures, Inc.

5600 NW 23rd Ave. #305
Ft. Lauderdale, FL 33305
(954)491-9080
Electronic accessories

¥* JVC Corp.

41 Slater Dr.
Elmwood Park, NJ 07407-1311
(201)794-3900
Electronics

* M.A.S., Inc.

P.O. Box 526
2718 Brecksville Rd.
Richfield, OH 44286-0526
(216)659-3333
Appliances/electronics

* Mitsubishi Electronics

5665 Plaza Dr.
Cypress, CA 90630-5023
(714)220-4721
Electronics

* Nikko Technologies

2100 Trans Canada Hwy South
Montreal, Quebec H9P 2N4,
Canada
(800)654-8483
Electronics

¥* Petra Industries Inc.

P. O. Box 14708
Oklahoma City, OK 73113-0708
(800)443-6975
Electronics

*¥+ Philip M. Bell Co.

118 Northeast Dr.
Loveland, OH 45140-7144
(800)686-0102
Furniture/electronics

*¥+ Philips Consumer

Electronics
One Philips Dr.
Knoxville, TN 37914-9608
(423)521-4711
Electronics

¥+* RES Marketing, Inc.

4909 Nassau St.
Tampa, FL 33607
(800)444-7304
Electronic accessories

+¥* Sanyo Fisher (USA) Corp.

21350 Lassen St.
Chatsworth, CA 91311-4254
(818)998-7322
Electronics

+¥* Thomson Consumer Elec.

RCA/GE
10330 N. Meridian St.
Mail Stop INH 300

Indianapolis, IN 46290-1024

(317)587-3043
Electronics

¥+ Toshiba

82 Totowa Road
Wayne, NJ 07470-3114
Electronics

¥* Welton Sound Systems USA

11625 Columbia Center Dr. Ste.
100
Carrollton, TX 75229
(214)243-5602
Electronics

¥ Whitaker Partners Ltd.

P. O. Box 2211
Athens, TX 75751
(903)675-9448
Electronics

*¥ Woodson & Bozeman

P. O. Box 18450
Memphis, TN 38181-0450
(901)362-1500
Electronics

+¥* Zenith Electronics Corp.

1000 Milwaukee Ave.
Glenview, IL 60025-2423
(708)391-8231
Electronics

The distinctions between audio and video product lines have blurred. That's why we categorize both as audio/video or electronics suppliers. Those listed here are either APRO Associate Members (*), advertisers(+) in APRO publications or APRO convention and trade show exhibitors (¥).

Continued from previous page

for each movie watched, but the entire fee might be less than what they are paying for premium movie channels on a cable system. Blair estimates 10 percent of TRIB members are getting into the satellite system, and he says that figure is destined to grow.

"Some people might think the satellite system is complicated, but it is really pretty simple," says Blair, adding that his experience with the RCA model shows it's simple to use.

With the popularity of the home-theater system, the console television is on the wane.

AV systems are now the mainstay of Philips' business. "Philips found the replacement of the console TV to be the AV system," says Gay. He believes Philips has always offered state-of-the-art products with versatile features and benefits to rental-purchase markets. Their TV/VCR combination units are popular with RTO customers, as are four-head and four-head hi-fi VCRs, which are gaining an active market, he adds.

For Zenith, the console business is not dead, just changing. Zenith now carries a line of upright console TVs with storage room for the VCR and videotapes behind smoke-glass

doors, says Norm Smith, national manager for Zenith Electronics Corporation.

The traditional horizontal console TVs are more popular in rural or smaller towns, rather than large cities, according to Smith.

ACCESSORY ADD-ONS

Mike Gerwe Jr., vice president of sales for RES Marketing, sees an explosive growth in the rental-purchase business. RES specializes in quick delivery and a vast array of products, such as installation kits, chimney mounts, wireless phone jacks, tripods, batteries and shields for projection televisions, to add to the AV selection process.

"RES services more than 100 rent-to-own chains across the country," says Gerwe. One emerging trend he sees in the rental industry is the practice of giving referral gifts, such as telephones or clock radios. RES handles a line of such items for dealers who want to keep stock on hand for promotions.

Norm Smith cites another important and ongoing trend: "Rental is prospering more than retail," he says.

Jennifer Hensley is a freelance writer based in Austin, Texas. She is owner of JH & Associates, a communications firm.

Continued from page 28

litical ramifications. All those hot goods have to go somewhere, and you can bet that more than a few foreign governments will fall once it is discovered which Pacific Rim countries are buying back more used microwaves and VCRs than they currently export to us. There is an advantage here for the global thinker with impaired morals. But most of those already have some other racket going or hold elective office, or both.

You can hear more tales at this year's convention. Just check out those grizzled old vets hanging out near the bar after midnight, swapping stories and sometimes stores. One will occasionally chuckle and point to a guy he helped put in business way back in '72—or maybe one that he ran out of town in '79. As the night goes on, this often turns out to be the same guy. Sometimes they are related.

Some folks today don't believe the stories they hear and some of us wish they weren't true. But they are, at least most of them, and the names have not been changed to protect the innocent. Or even the rest of us.

Raymond C. "Bud" Holladay is chief operating officer and executive vice president of New Albany, Ind.-based Alrenco.

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The nation's leading Club provider, *FORESIGHT*, has expanded the way the Club can be marketed to the Rental Purchase customer. The new marketing strategy gives dealers more options and provides greater income potential.

With the *FORESIGHT* Club program, customers traditionally pay one membership fee. That single fee provides insurance protection and discount benefits on all agreements the customer has with their store.

If the customer chooses not to join the Club, the salesperson then steps the customer down to their traditional damage waiver or leased property program.

Because these traditional programs are such an important part of most store's bottom line, some dealers are hesitant to implement the Club program for fear of losing income.

With the new means of marketing the *FORESIGHT* Preferred Customer Club, one membership still covers all agreements; however, dealers add a surcharge to all agreement over the initial one for the Leased Property protection.* The dealer keeps

the entire surcharge amount as though it were Damage Waiver income, yet *FORESIGHT* pays all appropriate claims.

Two dealers who have successfully implemented this program are **Action TV & Appliance** out of Mesquite, Texas; and **AMIGO Rentals** out of Albuquerque, New Mexico.

"Marketing the Club program with the surcharge has worked well for our stores," said **Dan Matthews**, Senior Vice President of Operations for **ACTION**.

"We provide our customers the added protection from the Club and we don't jeopardize income," Dan added.

In addition to offering the new payment option, *FORESIGHT* can issue Performance Guarantees. Because of the benefits in their program, the level of training and follow-up, *FORESIGHT* feels confident enough in the results of their program to issue a guarantee. If the dealer does not reach a certain level of performance by a specified time, *FORESIGHT* will pay the difference.

To find more about the *FORESIGHT* Preferred Customer Club call 1-800-733-0811.

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Continued from page 21

other people use pawnshops for small loans, and still others spend more money than they should getting their checks cashed, may not cause much consternation among the public or their representatives in the legislature. But if the picture can be painted that there is an orchestrated effort to impale the working poor on the prongs of a gigantic, evil complex of fringe banking services, and there is nowhere for them to turn and no escape, then suddenly, there is a story to tell and a bigger enemy to attack.

By way of example, an article entitled "Hall of Shame" in *Mother Jones* recently lumped Thorn EMI Plc. in with Nations Bank, Cash America, ITT Corp., Associates Corp. of North America, Beneficial Corp. and American Express as all being companies that unfairly prey on the poor, because all either owned or financed pawnshops, check-cashing, small-loan or rental-purchase stores.

One of the points being made in the consumer advocate press is that fringe banking is getting decidedly upscale and therefore somehow more dangerous. Once viewed as dirty and unpleasant businesses, several of the industry components of the fringe banking world have been polishing their images. The number of pawnshops, check-cashing and rental-purchase companies that are publicly traded is

evidence of this trend. Assuming investors have no interest in dirty-window operations, these public entities have upgraded their own stores and caused many others in their respective industries to follow suit.

Consumer advocates get paid to do what they do, and this exposé of fringe banking is merely the latest manifestation of what they do. Each industry cast under the net of fringe banking has its own story to tell, and whenever the time comes and in whatever forum, has risen and will continue to rise proudly to tell it.

But consumer advocates have not been the only ones to have looked at the various components of this fringe banking world together. So have the owners of the companies that make up this world. Each industry has, at times at least, wondered about the possible interplay among these different industries and whether there could be any synergy created by combining some of these components. This kind of thinking is currently hot among some rental dealers, and this trend is worth some legal and business analysis.

INTERPLAY OF FRINGE-BANKING SERVICES

Beyond the excoriations of consumer advocates about the predations of fringe bankers, an intriguing question is to what extent these various elements of the fringe-banking world can or should cross-pollinate with one another. Will there one day be fringe banks drawn on

the retail super-store model with pawn counters, check-cashing counters, rental-purchase counters, small-loan counters, tax-refund-anticipation loan counters, and buy-here, pay-here counters, all under one huge roof? Many customers are already doing business on a weekly basis with one or more of these businesses. Why not make all the services easily and readily available in one place to save the customer time? Wouldn't this plan expand the range of services the customer can use?

It is a beguiling thought to have a customer come in every Friday, cash his check for a fee at the check-cashing window in the back, and on his way out have him stop to make payments on his small loan, redeem his merchandise at the pawn counter and make a rental payment, and perhaps shop for some new rental or retail merchandise on the showroom floor.

The beguiling thought can break down rather quickly, however. It would not do for the customer to cash his check, which is hot, hock his rental property at the pawn counter for more money, load up his van with some new stuff bought on time on the way out and disappear. Nor would it profit the company for long to allow the customer to borrow money from the loan counter to make rental payments or to redeem pawned merchandise.

Continued on page 60

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I have done business with the Bozof family since the early 70's with his father and since then done a lot of business with Danny. He does very well and is very helpful in guiding and finding the right styles and fabrics for our upholstery line. Danny is sincere and honest in working with the rent-to-own dealers.
— *Mike Walts, Alrenco, Inc.*

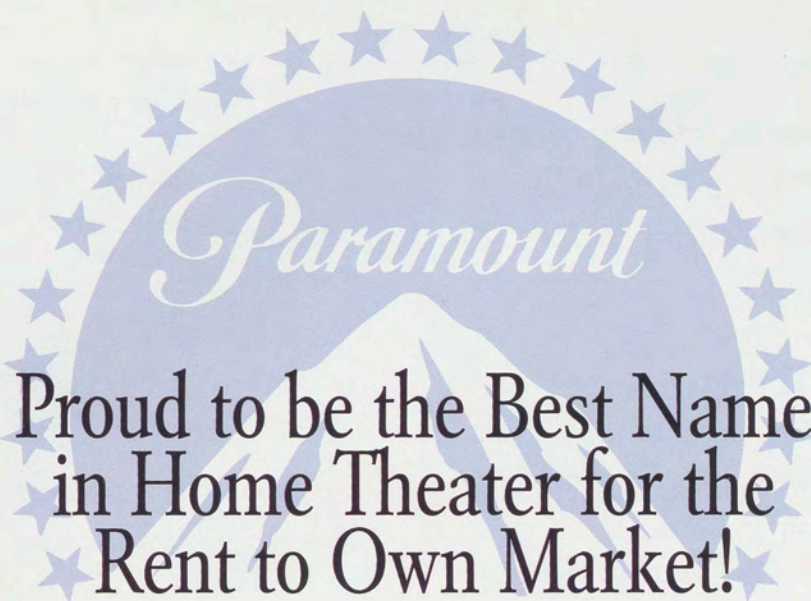
My work takes me around the country quite often, and such a customer-oriented attitude is not at all common. I wanted to let you know that I appreciate **Danny Bozof's** efforts in working with Rent-A-Center. He has set the standard for everyone else to follow!
— *Kent Clark, Thorn Americas*

It just makes sense to deal with vendor representatives who have taken the time to understand the rental purchase business. **Danny Bozof** understands our business and is always prepared to show us products which truly fit our business.
— *David Deignan, Aaron's Rental Purchase* ”

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Shuttle Bus Service, Aug. 12-14*



Sunday, August 11
*State presidents' awards reception
Shuttle Bus Service, Aug. 12-14*



Sunday, August 11
Welcome reception, "Livin' In America"



Mon., Tues., Wed., August 12-14
"APRO Convention Daily" publication



Shuttle Bus Service, Aug. 12-14



Monday, August 12
Continental Breakfast



GE Appliances

Monday, August 12
*General Session, keynote speaker
Exhibit hall champagne welcome*



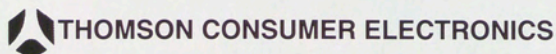
Monday, August 12
Gala cocktail reception, "Parti Gras"



Tuesday, August 13
Continental Breakfast



Tues. & Wed, August 13 & 14
Seminar refreshment breaks



Wednesday, August 14
Pre-banquet cocktail "Jazz Reception"



Wednesday, August 14
Awards banquet, "Storyville Jazz Party"



August 10-14
APRO registration computers

Continued from page 31

celebration of America and our way of life, and a chance for you to have fun and get acquainted with your neighbors. Say howdy, while you enjoy light hors d'oeuvres from various regions of the country and libations from the cash bar.

MARDI PARTY

New Orleans wouldn't be New Orleans without Mardi Gras, or Fat Tuesday. Each year in February or early March, New Orleans throws a party for itself. The date is always 46 days before Easter and the party starts 12 days before that. Despite pagan origins, somewhere along the way Mardi Gras gained the support of the Catholic Church, which regarded it, more or less, as a last fling before Lent. During this time more than 60 parades and hundreds of parties, dances and masked balls occur in the city. A million people line the parade routes down which the elaborate floats travel, and children and adults alike clamor for trinkets, such as beads and doubloons, thrown from them. The throws are what make these parades special. One large supplier sold 41 million pairs of beads for one recent Mardi Gras. An economic impact study by the University of New Orleans esti-

mates the celebration generates more than \$500 million annually.

The local newspapers first reported on Mardi Gras parades in 1837, but the organizations known as krewes did not appear until about 20 years later. The Mistick Krewe of Comus first lit the city with torches in 1857.

Nowadays, more than 60 such organizations are at work each year, organizing parades, building floats and planning formal balls. In 1968, the Krewe of Bacchus raised the festivities to a new level, with larger floats and celebrity kings. The parades are so numerous that the daily newspaper and various guidebooks are needed to assure that the natives and guests don't miss out on any of the action. The largest parades may have as many as 75 floats, 60 marching bands and 250 units altogether.

Each krewe has its own formal ball, not open to the public, and its own royalty. Rex, however, is the overall king of carnival, and the huge Rex parade is a Tuesday morning tradition. Rex first appeared on Feb. 13, 1872, followed by the *boeuf gras*, or fatted ox, which symbolizes the last meat eaten before the 40-day Lenten fast. Mardi Gras has been called the time when half of New Orleans comes out

to watch the other half party. Rest assured, when Mardi Gras comes to New Orleans, the whole city comes alive.

You'll have a chance to experience Mardi Gras fun without all the hassle with APRO's own private Mardi Gras party on Monday, Aug. 12, at Mardi Gras World. Blaine Kern's Mardi Gras World is literally where Mardi Gras is made! A miniparade kicks off the evening, with police officers on motorcycles, walking heads, a marching band and minifloats pulled by costumed personnel. You'll visit the working studios, where artists and sculptors create the figures and floats for Mardi Gras. Kern artisans make the props, costumes (which you can try on) and floats for more than 40 carnival parades every year, as well as attractions for theme parks, casinos and other businesses worldwide.

One thing for sure: You won't starve. There will be seven stations located around Kern's huge facility, each featuring a different menu highlighting traditional New Orleans fare—most of which is pretty special to the rest of us. Traditional Mardi Gras colors of purple, gold and green will be everywhere, and a disc jockey will spin favorite tunes for your danc-

Continued on next page



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Continued from previous page

ing pleasure. Dress is as you like it. Buses will leave the Hilton at 6:30 p.m. for the party from 7 until 10, with returning buses starting at 9 p.m.

LET THE GOOD TIMES ROLL

The New Orleans tradition of fun and frolic, "laissez les bon temps rouler," did not happen overnight, nor did it come without a price. From its early days, New Orleans' raunchy history was marked by periods of lawlessness and decay, as well as by natural disaster and disease. The city was a melting pot for every ethnicity, and from that came many of the influences that contribute to the unique charm of the Crescent City.

Jazz, the only truly American music form, just sort of happened—an outgrowth of black everyday life, gospel, street sounds, rhythm and blues and the Congo Square voodoo dances. When strict segregation broke down toward the end of the century, the more formal musicianship of the black elite mixed with the exuberant spirit of the freed slaves and nudged the fledgling music form along. Later, Louis Armstrong became the city's leading jazz musician, eventually gaining a worldwide reputation, and wider appreciation for the brassy tones and syncopated rhythms of New Orleans' streets.

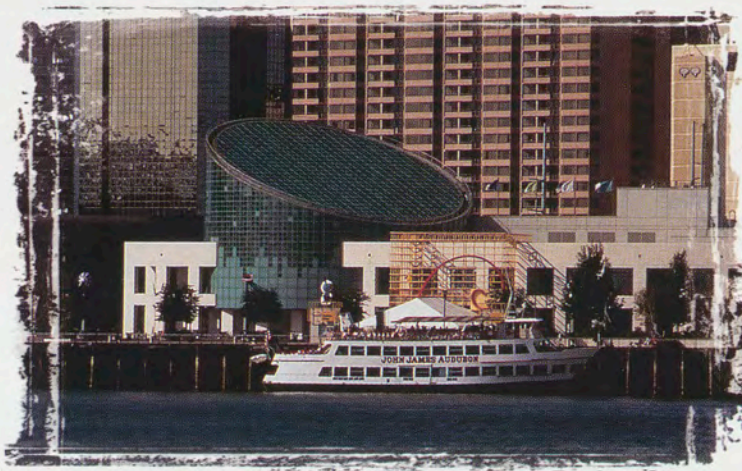
Fast forward to Aug. 12, 1996. APRO members and guests will return to Storyville to cap the business year for the rental-purchase industry with the annual awards banquet and dinner. Decorators will recreate Storyville in its prime, with backdrops of jazz bar and speakeasy scenes and other special touches. Grand Marshall Lenny Sloan will keep things exciting and the folks entertained throughout an evening of jazz kicked off by the Pinstripe Brass Band, who entertain during the cocktail reception sponsored by Thomson Consumer Electronics.

The Lars Edegran Orchestra entertains during dinner with a selection of traditional Dixieland and ragtime melodies, before guests meet New Orleans singers Topsy Chapman and Thais Clark, the New Orleans Jazz Ladies. Sloan, with accompaniment from both bands, will trace the evolution of jazz from its roots, and Marva Wright, the blues Queen of New Orleans, will show you how it's done. Dress up and step back in time at APRO's Storyville Jazz

Party, Wednesday, 8 p.m. to midnight.

SPIRITS OF NEW ORLEANS

Some 19th-century residents liked New Orleans so well, they refused to leave! The APRO spouse tour on Tuesday will take guests to the tree-lined Garden District and the French Quarter to visit the "spirits of New Orleans." First, a tour guide will introduce the



Garden District, where beautiful living was the order of the day. Homes in the district were built by Americans to rival the elegant residences of the Creole French Quarter, and many are still occupied from descendants of the original residents. Greek Revival-style architecture, well-manicured grounds and semi-tropical gardens predominate.

One home in particular, the Dominique Stella House, which you will tour, is said to be haunted. Graves underneath the house are believed to hold the remains of yellow fever victims. (As a result of the prevalence of water in the city, and the sanitation problems that drew mosquitoes, there were several yellow fever epidemics in New Orleans' history, each claiming thousands of lives.)

Next, the tour group heads for Lafayette Cemetery No. 1, founded in 1833 and once the city's official burial ground. Here you can see the curious above-ground burial vaults unique to New Orleans. The tour will wind up in the French Quarter, where participants can remain, if they choose, to wander and shop.

BUDGET TIME FOR BUSINESS, TOO

In between parties, there is rumored to be other APRO business going on. You have detailed information on the convention schedule from mailings and *Network News*, and you will see it all again in final detail in the official *APRO Show Guide*, but here's a quick look:

Registration begins on Saturday, Aug. 10, and continues through Wednesday. On Sunday, many dealers will play in the annual golf tournament. Monday morning brings the general assembly and business meeting, at which Frank W. Abagnale, known to many as the world's greatest con artist (reformed), will give an inspirational talk on how he turned from white-collar criminal and expert check forger to a consultant for the FBI, which uses his expertise to thwart such criminal activity.

The exhibit hall opens with a ribbon-cutting at noon and remains open until 5:30, with additional hours from 9 a.m. until 1 p.m. on Tuesday and Wednesday.

Continental breakfast will be provided each day by sponsors Finova Capital (Monday), A.B.S. Artistic Jewelry (Tuesday) and TRIB Group (Wednesday).

Seminars will be conducted on Tuesday and Wednesday after-

noons, with this year's roundtable discussions divided by company size, so that participants may address issues tailored to different-sized business operations. Seminar topics will also include the 1996 rental-purchase survey results; selecting good employees, Steve Herr, Rent-A-Center; improving company image, APRO's public affairs department; government relations, Ron Waters, APRO government affairs director; networking, Fred Pryor Seminars; preventing white-collar crime, Frank W. Abagnale; diversifying your rental business, Victoria A. Randle, Royce; building teams that work, Rosaria C. Upchurch, M.Ed.; developing the company newsletter, John Gormley, APRO communications director; alternative dispute resolution, National Association for Dispute Resolution; stock market basics, Jerry Robinson, Stephens, and Marks Hinton, Equitable Securities; relationship selling, Larry Randolph, TRIAD Learning; planning your corporate vision, Larry Sutton, B&L Champion; cubic zirconia in RTO, J.R. Newman, Swest; 1996 legal/tax and accounting update, Ed Winn III, APRO general counsel, and Wayne Chambers, Amigo Rentals; and training made simple, Bud Holladay, Alrenco.

As usual, there's something for everyone at an APRO convention—the perfect blend of fun and frolic, with friends, food, and business thrown in. You won't want to miss it. See you in N'Awlins.

Barbara Stooksberry is APRO's editorial assistant.



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Tele-Track's risk assessment services are designed to provide the missing piece of the puzzle when evaluating rental applications. Tele-Track instantly informs you if an applicant has a **skip history** with rental purchase stores, sub-prime finance companies or service companies. In addition, Tele-Track informs you if an applicant uses a fraudulent social security number to attempt application approval.

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Tele-Track has been providing **risk assessment, fraud alert** and **computerized skip tracing** services to institutions which cater to high risk consumers since 1989. When an individual falls into the sub-prime credit category, often the only source of current information about them is Tele-Track... or a crystal ball.

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Continued from page 34

tionships. Unlike litigation, mediation reduces hostility and anger. Many times a mediated settlement results in the parties agreeing to work together in the future for their mutual benefit.

Empowerment. The parties control what they will agree to. Neither the mediator nor anyone else can force anyone to agree to anything they don't want to. Unlike in court, you control your own future.

Creative. A good mediator can help the parties in a dispute find ways to resolve it that are good for everyone, yet could not be ordered by any court. The law is very formal and restrictive, which may not permit it to grant the solution the parties themselves would most prefer. Those types of solutions can still be obtained in mediation, however.

Neutral expertise. Mediators are experts in resolving disputes. They bring a very valuable neutral perspective to a controversy. Their experience and outside status can enable them to help the parties recognize and understand how their positions could be perceived by neutral third parties, such as arbitrators or judges.

REQUESTING A MEDIATION

When your company's internal procedures have failed to resolve a dispute to your satisfaction, you may request that the dispute be sent into mediation. You may make this request verbally or in writing, and so may the company with whom you have the dispute. Upon receipt of a request for mediation, the company will transmit that request to NADR, which will assign a mediator and set the date, time and place of the mediation. All mediations will be administered by, conducted under the rules of, and before neutrals on the panel of the NADR. It will provide the forms, neutrals and rules to conduct the mediation as quickly as possible.

The mediation will be conducted under NADR rules specifically designed to get mediation under way as soon as it can be effectively conducted. The rules contain provisions to make the process private, confidential, fair and efficient. You, the company and anyone else participating may be represented by an attorney or any other person of your choice. You, the company representative and any other person designated by the mediator must attend the mediation sessions in person. Everyone present must have the appropriate authority to resolve and settle the dispute.

ARBITRATION

The dispute resolution system requires the use of final and binding arbitration in all disputes not settled directly between the parties or in

mediation. This arbitration is mandatory and now required as a specific term and condition of your employment with the company. Arbitration must be used by the parties to every dispute not otherwise settled. It is the exclusive method for the resolution and settlement of all disputes between the company and all present and/or former employees, as well as for any persons deriving claims through any such past and/or present employee. Arbitration will be used for all disputes in place of litigation in any court.

THE ARBITRATION PROCEDURE

The arbitration required by the dispute resolution system is a procedure in which the parties to the dispute present all of their claims, controversies and disagreements to an arbitration tribunal consisting of three arbitrators. That arbitration will be administered by, conducted under the rules of and before three arbitrators from the panel of NADR arbitrators. The arbitration tribunal will hear and consider the evidence (witnesses, documents, etc.), law, legal arguments and briefs of all parties. There will be no jury. The arbitration tribunal has the power and authority to grant you, and any other parties, the same legal relief as a U.S. district court. The arbitration tribunal will render a final and binding decision called an award. That award will completely determine all claims and disputes between the parties and generally may not be appealed. It is also by law convertible into a judgment of a district court.

All arbitrations conducted under this procedure will be governed by NADR rules, which are less formal and less restrictive than the federal rules of evidence, federal rules of civil procedure or similar state rules. They are, however, guided by the principles of the federal rules and are deliberately more relaxed than court rules to afford everyone a fair, reasonable and less expensive method of resolving disputes. National's rules are specifically designed to resolve disputes within 180 days from the date of demand for arbitration. They contain special provisions to finally decide every dispute fairly, rapidly and as inexpensively as possible.

ADVANTAGES OF ARBITRATION

Arbitration offers numerous advantages to both you and your employer. It has many of the same benefits for you and the company as mediation, but with the difference that the arbitration tribunal will decide the dispute once and for all.

The best known advantages of arbitration:

Speed. Litigation in court, especially federal court, is frequently slow, with proceedings often lasting from two to five years. If there is

an appeal, that can become five to 10 years, or longer. An arbitration is usually completed within a period of months and NADR rules are designed to conclude cases within 180 days whenever possible. If the tribunal decides that you are entitled to a monetary award, an injunction or any other legal or equitable relief, you will generally obtain it much faster in arbitration than in court. It is almost impossible to appeal the decision of an arbitration tribunal. The law does permit a limited opportunity to modify or change an arbitral award; however, that process is extraordinarily difficult and usually impossible.

Reduced cost. Everyone involved will save money in legal expenses and costs by using arbitration in place of litigation. A study by the Institute for Civil Justice found that arbitration was approximately 20.4 percent cheaper than litigation. Most arbitrations take considerably less time than court or jury trials because most arbitrators are experts in their field and able to learn and understand a party's case much faster than a nonspecialist judge or jury.

Expert decision-makers. Arbitrators specialize in resolving employment disputes; courts do not.

A full and fair hearing. Arbitrators always listen to your case. They will not dismiss your claim on technical legal grounds without giving you a hearing. You will always have an opportunity to present your evidence and position. NADR's arbitration tribunals will not prevent you from telling your story by granting a motion for summary judgment, a legal tool often used in federal court. You may not win, but will have a chance to present your claim.

Complete relief. The dispute resolution system will provide the same legal or equitable relief available in a federal court. It does not waive any substantive right of any party. It changes the place where those legal rights will be asserted from that of a nonspecialist judge or jury trial to that of an expert tribunal. That tribunal can award the same relief as is available from any court or jury. The arbitrators will hear all claims and give everyone a full and fair opportunity to present their case. They will then render an award, which will be binding on all parties, but without the delays of an appeal.

This new APRO benefit can help you and your business receive fair, affordable access to justice. The NADR's dispute resolution systems are fast, fair, inexpensive and private.

Richard D. Faulkner and Larry K. Montgomery are attorneys and partners of Dallas-based National Association for Dispute Resolution, Inc. They can be reached at (800)685-0999.

Rental-Purchase Agreement Disclosures

	Model	AL	AR	AZ	CA	CO	CT	DE	FL	GA	IA	ID	IL	IN
1	Total cost of rental ownership.	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
2	Statement that the total cost does not include other charges.	▲		▲	▲			▲			▲	▲		
3	Amount and timing of payments.	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
4	"No equity" statement: (no ownership until total of payments made).	▲	▲	▲	▲		▲	▲			▲	▲	▲	▲
5	Explanation of risk or loss during term of agreement.	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
6	Statutory limit on consumer's risk of loss (fair market value, cash price, purchase option price or other limit).	▲		▲	▲	▲		▲			▲	▲		▲
7	Description of the leased property.	▲		▲	▲	▲	▲	▲	▲	▲	▲	▲		▲
8	Whether property is new or used.	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
9	Description of any damages to property.	▲												
10	Cash price of property (or fair market value).	▲		▲	▲	▲	▲	▲	▲	▲	▲		▲	
11	Total initial payment due before delivery or consummation.	▲		▲			▲	▲	▲	▲	▲	▲		
12	Disclosure of any early buy-out options or formulas..	▲		▲	▲	▲	▲	▲	▲	▲	▲	▲		
13	Early buy-out option required by statute.	▲		▲	▲	▲	▲	▲	▲	▲	▲			
14	Early buy-out formula set by statute.				▲		▲	▲			▲			
15	Explanation of maintenance and service responsibilities during agreement.	▲		▲	▲	▲	▲	▲	▲	▲		▲		
16	Disclosure of any manufacturer's warranty coverage after ownership.	▲		▲	▲		▲	▲	▲	▲		▲		
17	Requirement to transfer any unexpired manufacturer's warranty after ownership.	▲		▲	▲		▲	▲	▲	▲		▲		
18	Identities of the parties and date of the transaction.	▲		▲	▲				▲			▲		
19	Statement that consumer may terminate at any time without penalty.	▲		▲			▲	▲						
20	Explanation or notice of reinstatement rights of consumer.	▲		▲	▲	▲	▲	▲	▲	▲		▲	▲	▲
21	Disclosure of amounts of "other charges."		▲	▲	▲	▲	▲		▲	▲	▲	▲	▲	▲
22	Explanation of purpose of "other charges."		▲	▲	▲	▲	▲				▲		▲	▲
23	Limit on "other charges" — must be "reasonably related to the cost."				▲								▲	
24	Statement concerning how agreement can be terminated.						▲		▲					
25	Cost of lease service (difference between rental- or lease-purchase price & cash price).			▲	▲		▲			▲				
26	Statement that the transaction is regulated under state law.													
27	Statement of any fees or taxes payable by lessee.				▲									
28	Statement of amount of any lessee liability at end of lease term (compare with termination penalty in long-term lease).													
29	Description of any insurance required of lessee.													
30	Description of any security interest retained by lessor.	▲			▲									
31	Stmnt. that consumer is not required to buy insurance from merchant.		▲						▲					
32	Any in-home collection charge must be disclosed and separately agreed to.								▲					
33	Description of any insurance paid for by lessor.	▲												
34	Statement that consumer not required to purchase damage waiver fee.													
35	Statement re: default notice.													
36	Statement re: consumer warranties.													
37	Statement re: rights if rental agreement sold as negotiable instrument.						▲							
38	Statement re: liability damage waiver.						▲							
39	Statement regarding written receipt.													
40	Statement: If you want to purchase this or similar property now, you should consider cash or credit terms that might be available to you.													

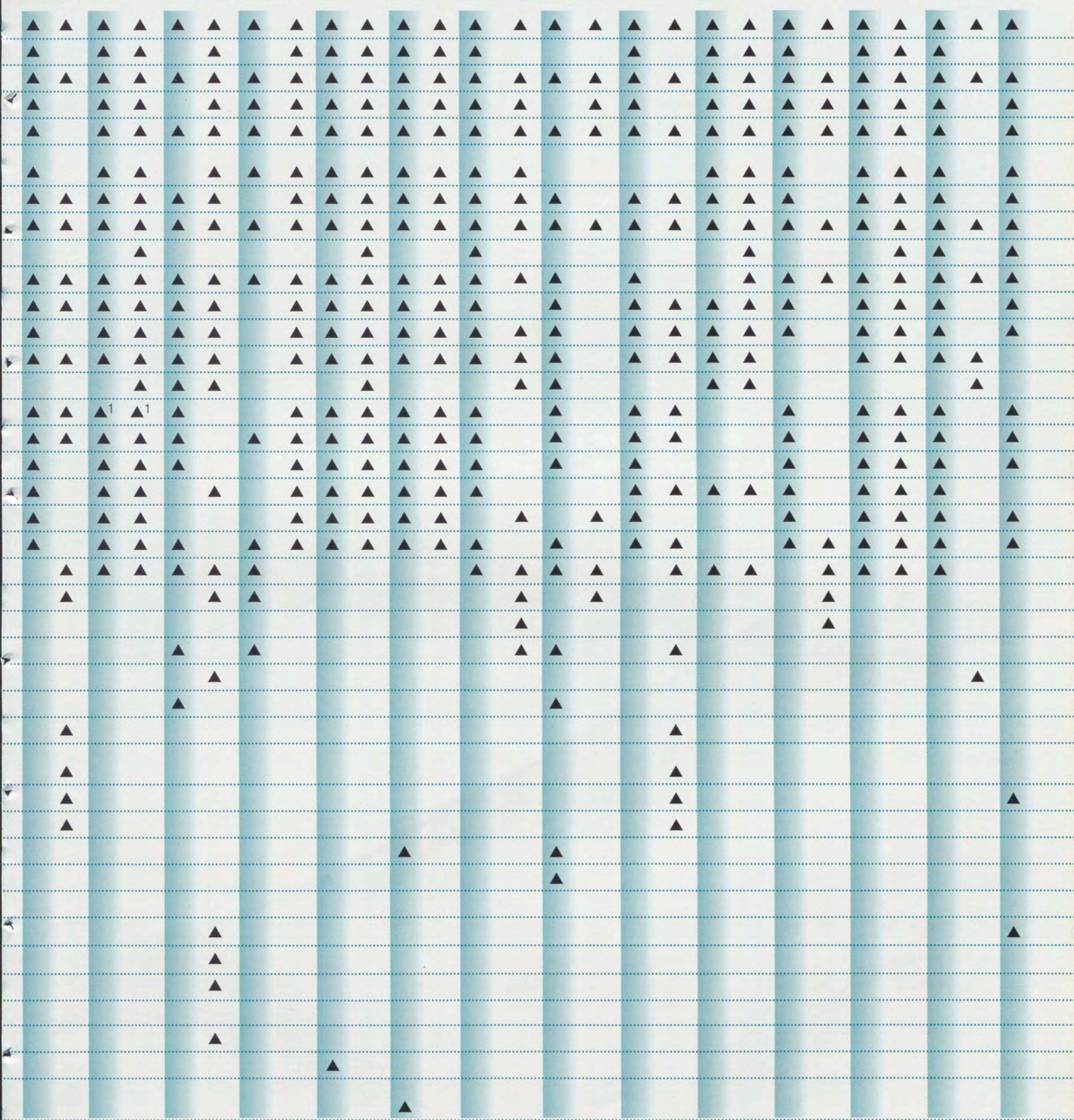
1Lessor required to provide maintenance

California

Model year of rental property must be on agreement.

Charts for comparison only. For details of any state's rental-purchase requirements, refer to the statutes.

LA MA MD ME MI MN MO MS ND NE NH NM NV NY OH OK OR RI SC SD TN TX UT VA WA WV WY



Charts edited by Ed Winn
 Chart design by Kim McBride

Specifications on Fees and Payments

Model	Yes				Yes			Yes	Yes	
Alabama	Yes						Yes	Yes	Yes	
Arizona	Yes, \$5 max.		7 days	2 days	No		Yes	Yes	Yes	
Arkansas	Yes				Yes		Yes	Yes	Yes	
California	Yes, \$2-\$5		7 days	3 days	No		Yes	Yes	Yes	
Colorado	Yes	\$5 monthly - \$3 weekly	5 days	3 days	Yes - \$5 max.	\$10 (3x/6 mo.)	Yes	\$10 (3x/6 mo.)	Yes - \$10	Yes - \$15-5 items or less \$45-over 5 items
Connecticut	Yes	Lesser of 5% or \$5	5 days	3 days	Yes \$5 max.	\$5 (3x/6 mo.)	Yes	\$5 (3x/6 mo.)	Yes \$10/agreement	Yes
Delaware	Yes	Greater of 10% or \$3	2 bus. days	2 bus. days	Yes - \$5 max.		Yes		Yes	Yes
Florida	Yes	\$5 max.			Yes - \$5 max.		Yes		Yes	Yes
Georgia	Yes	Yes - \$5 max.			Yes				Yes	Yes
Iowa	Yes	\$5 monthly - \$3 weekly	5 Bus. days	3 Bus days	Yes - \$5 max.	\$5 (\$7/trip limit)	Yes	\$5 (\$7/trip limit)	Yes \$10/agreement	Yes - \$10 (\$25 -over 5 items
Idaho	Yes								Yes	Yes
Illinois	Yes	\$5/max.	3 days	3 days			Yes		Yes	Yes
Indiana	Yes	\$5 monthly - \$1-3 weekly	5 days	3 days	Yes - \$5 max.	\$10	Yes	\$10	Yes - \$10	Yes
Kansas	Yes				Yes				Yes	Yes
Kentucky	Yes								Yes	Yes
Louisiana	Yes			Yes					Yes	Yes
Maryland	Yes	\$5 max.							No	Yes
Maine	Yes	Greater of 5% or \$2	5 days	3 days		\$5	Yes	\$5	Yes \$15/customer	Yes, \$20 - \$40
Michigan	Yes	Lesser of 5% or \$5	1 month	1 week	No		Yes		No	Yes
Minnesota	Yes	Greater of 5% or \$3	3 Bus. days	2 Bus. days	Yes - \$5 max.	\$5 (\$7 3 times/3 mo)	Yes	\$5 (\$7 3 times/3 mo)	Yes	Yes - \$15 (\$30 -over 5 items)
Mississippi	Yes				No		Yes		Yes	Yes
Missouri	Yes	\$5 max.			Yes - \$5 max.		Yes		Yes	Yes
Massachusetts	Yes				Yes		Yes		Yes	Yes
North Dakota	Yes	Greater of \$3 or 5%							Yes	Yes
Nebraska	Yes	\$5 monthly - \$3 weekly	5 bus. days	3 bus. days	Yes \$5		No		Yes \$10	Yes, \$10 (\$25 over 5 items)
New Hampshire	Yes	\$5	5 days	2 days	No				Yes	Yes
New Mexico	Yes				No		Yes		Yes	Yes
Nevada	Yes			Yes			Yes		Yes	Yes
New York	Yes	Greater of \$3 or 10% wkly or greater of \$5 or 10% mo.	7 days	3 days			Yes		Yes	Yes
Ohio	Yes		5 days	2 days	Yes - \$5 max.		Yes		No	Yes
Oklahoma	Yes	\$5 monthly - \$3 weekly			Yes	\$10 (3x/6 mo)	Yes	\$10	Yes \$10	Yes \$15-45/agreement
Oregon	Yes	\$5 max.	5 days	2 days	No				Yes	Yes
Rhode Island	Yes				Yes - \$5 max.		Yes		Yes	Yes
South Carolina	Yes	\$6.60 monthly - \$3.30 weekly	5 Bus. days	3 Bus days		\$7 per trip (limit 3/6mo.)	Yes	\$7 per trip (limit 3/6mo.)	Yes \$5	Yes - \$15 (\$45 -over 5 items)
South Dakota	Yes				Yes		Yes		Yes	Yes
Tennessee	Yes				Yes		Yes		Yes	Yes
Texas	Yes	\$2 - \$5	7 days	7 days			Yes		Yes	Yes
Utah	Yes				Yes			Yes	Yes	Yes
Virginia	Yes				Yes		Yes		Yes	Yes
Washington	Yes		Yes		Yes		Yes		Yes	Yes
West Virginia	Yes	Lesser of 5% or \$15 weekly or monthly	5 days	3 days	Yes \$5		Yes		No	Yes
Wyoming	Yes		5 days	Yes 2 days	Yes		Yes		Yes	Yes

Yes	No	Yes	Yes	No	No	Yes	Yes
Yes		Yes	No	No	No		
Yes	No	Yes	No	No	No		
Yes	Yes	Yes	Yes	No			
Yes	No	Yes	No	No	*	No	No
	No	Yes	No	No		Yes greater of 10% or \$2 weekly; 10% or \$5 monthly	No
Yes	No	No	No		R-P price cannot be greater than 2 times cash	Yes 7.5% of payment	Yes 5% of payment
Yes	No	Yes	No	No			
Yes	No	Yes	No	No			
Yes	No	Yes	Yes	No			
Yes	No	Yes	No	No	R-P price cannot be greater than 2 times cash		
	Yes	Yes	No	No			
Yes	No	Yes	Yes	No		Yes greater of 10% or \$2 weekly; 10% or \$5 monthly	
Yes	Yes	No	Yes	No			
	Yes	Yes	Yes	No			
Yes	No	Yes	Yes	No			
No	No		No	No	R-P price cannot be greater than 2 times cash price	Yes greater of 5% or \$2 weekly; 5% or \$5 mo.	No
Yes	No	Yes	No	No	R-P price cannot be greater than 2.2 times cash price		
Yes	No	No	No	No		Yes required by statute 10% of payment	No
Yes	No	Yes	Yes	No			
Yes	Yes	Yes	No	No			
Yes	Yes	Yes	No				
No	No	Yes	Yes	No		No	No
Yes	No	Yes	No	No		Yes	Yes
No	No	Yes	No	No			
No	Yes	Yes	No			Yes	Yes
Yes	No	Yes	No	No	R-P price cannot be greater than 2 times cash price		
Yes	No	Yes	No	No	R-P price cannot be greater than 2 times cash price		
No	No	No	No	No		Yes greater of \$1 or 5% of payment	Yes
Yes	Yes	Yes	No	No	No		
Yes	Yes	Yes	Yes	No			
Yes	No	Yes	No	No			
Yes	No	Yes	Yes	No			
Yes	No	Yes	No				
Yes	Yes	Yes	Yes	No			
Yes	No			No			
Yes	Yes	Yes	Yes	No			
Yes	No						
Yes					R-P price cannot be more than 2.4 times retail value	No	Yes
Yes	No						

*No. of payments made, divided by No. of payments for ownership, times cash price.

Reinstatement Rights

Model	1. Weekly Payments	2. Monthly Payments	3. Statutory "cure period" after notice before suit can be filed	
			Monthly	Weekly
Alabama	2 days; then 30 more days if returned	5 days; then 30 more days if returned		
Arizona	7 days; if property returned then 60-180 days; depends on payments made	7 days if property returned, then 60-180 days; depends on payments made		
Arkansas	2 business days, then 30 more days if returned	5 business days; then 30 more days if returned		
California	7 days; if property returned then 1 year	10 days; if property returned then 1 year		
Colorado	60 days; then 120; depends on payments	60 days; then 120; depends on payments		
Connecticut	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 30 to 180 days; depends on payments made		
Delaware	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 30 to 180 days; depends on payments made		
Florida	60 days	60 days		
Georgia	21 days	90 days		
Iowa	60 days	60 days	5 business days	3 business days
Idaho	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Illinois	7 days; then 30 more if property returned	16 days; then 30 more if property returned		
Indiana	60 days	60 days		
Kansas	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Kentucky	2 days; then 30 more days if returned	5 day; then 30 more days if returned		
Louisiana	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Maryland	2 days; then 15, then 21, or 45 more; depends on rental payments made	5 days; then 15, then 21, or 45 more; depends on rental payments made		
Maine	Upon return of property 45 to 180 days; depends on payments made	Upon return of property 45 to 180 days; depends on payments made	3 business days before notice can be sent, then 5 business days	3 business days
Michigan	21 days	90 days		
Minnesota	7 days; then 60-180 days; depends on payments made	7 days; then 60-180 days; depends on payments made	7 days	7 days
Mississippi	2 days; then 21 or 45 more depends on rental payments made	5 days; then 21 or 45 more depends on rental payments made		
Missouri	21 days	90 days		
Massachusetts	No Statutory Reinstatement	No Statutory Reinstatement		
North Dakota	2 days; then 21 or 45 more depends on rental payments made	5 days; then 21 or 45 more depends on rental payments made		
Nebraska	3 bus. days if property returned, then 30, 60, or 180 days, depends on rental payments made	5 bus. days if property returned, then 30, 60, or 180 days, depends on rental payments made		
New Hampshire	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
New Mexico	2 days if property returned, then 21 or 30 more depends on rental payments made	5 days if property returned, then 21 or 30 more depends on rental payments made		
Nevada	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
New York	7 days if property returned, then 30, 60, or 180 days, depends on rental payments made	15 days if property returned, then 30, 60, or 180 days, depends on rental payments made		
Ohio	21 days	90 days		
Oklahoma	2 days; then 30 more days if returned	2 days; then 30 more days if returned		
Oregon	2 days; then 21-30 days; depends on rental payments made	5 days; then 21-30 days; depends on rental payments made		
Rhode Island	21 days	90 days		
South Carolina	60 days	60 days	5 days	5 days
South Dakota	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Tennessee	2 days if property returned, then 30, 60, or 180 days, depends on rental payments made	5 days; if property returned, then 30, 60, or 180 days, depends on rental payments made		
Texas	7 days; then 30 more days if returned	16 days; then 30 more days if returned		
Utah	2 days; then 45 to 90 more depends on rental payments made	5 days; then 45 to 90 more depends on rental payments made		
Virginia	2 days if property returned, then 21 or 45 more depends on rental payments made	5 days if property returned, then 21 or 45 more depends on rental payments made		
Washington	5 days if property returned, then 21 or 45 more depends on rental payments made	10 days if property returned, then 21 or 45 more depends on rental payments made		
West Virginia	60 days to 90 days; depends on payments made	60 days to 90 days; depends on payments made	7 days	7 days
Wyoming	7 days if property returned, then 21 or 30 more depends on rental payments made	7 days if property returned, then 21 or 30 more depends on rental payments made	5 bus. days	3 bus. days

In-Store Price Tag Disclosures

Arizona	Cash price	Amount of a periodic payment	Total number and amount of payments for ownership	Cost of rental			
Connecticut	Cash price	Amount of a periodic payment	Total cost				
Delaware	Cash price	Amount of a periodic payment	Total cost				
Illinois	Cash price	Amount of a periodic payment	Number of pymts. for ownership	Total Cost	New and Used		
Maine	Number and total amount of payments for ownership						
Maryland	Number and amount of payments	Total r-p price					
Michigan	Cash price	Amount of a periodic payment	Number of pymts. for ownership				
Minnesota	Cash price	Amount of a periodic payment	Total cost				
New Hampshire	Cash price	Amount of a periodic payment	Number of pymts. for ownership	Total Cost			
New Mexico	Cash price	Amount of a periodic payment	Number of pymts. for ownership	Total Cost			
New York	Cash price	Amount of a periodic payment	Number of pymts. for ownership	Total Cost			
Ohio	Cash price	Amount of a periodic payment	Number of pymts. for ownership	Total Cost			
Oregon	Cash price	Amount of a periodic payment	Number of pymts. for ownership				
West Virginia	Retail Value	R-P charge	Rental period	Number of payments for ownership	Amount of a periodic payment	Total of all payments	New or used
Wyoming	Cash price	Amount of a periodic payment	Number of pymts. for ownership				

California

TOTAL OF PAYMENTS \$ _____	COST OF RENTAL \$ _____ Amount over cash price you will pay if you make all regular payments	CASH PRICE \$ _____ Property available at this price for cash from retailers in this area.
You must pay this amount to own the property if you make all the regular payments.	AMOUNT OF EACH PAYMENT \$ _____ per _____ (Insert period)	NUMBER OF PAYMENTS _____
You can buy property for less under the early purchase option.		RENTAL PERIOD _____

NOTICE

California - You are renting the property. You will not own it until you make all of the regularly scheduled payments or you use the early purchase option.

You do not have the right to keep the property if you do not make required payments or do not use the early purchase option. If you miss a payment, the lessor can repossess the property, but, you may have the right to the return of the same or similar property.

See the contract for an explanation of your rights.

Notice to Consumers

FLORIDA

- Do not sign this rental-purchase agreement before you read it or if it contains any blank spaces.
- You are entitled to an exact copy of the rental-purchase agreement you sign. Keep it to protect your legal rights.

MICHIGAN

- NOTICE:** This agreement is regulated by state law and may be enforced by the attorney general or by private legal action.

IOWA

- Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.
- You have the right to exercise any early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.
- If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.

OHIO

- "Notice: This lease-purchase agreement is regulated by state law and may be enforced by the attorney general or by private legal action."

NEBRASKA

- Do not sign this before you read the entire agreement, including any writing on the reverse side, even if otherwise advised.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.

COLORADO

- Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.
- You have the right to exercise early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.
- If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.

MAINE

- Do not sign this agreement before you read it.
- You are entitled to a copy of this agreement

DELAWARE

- Do not sign this lease-purchase agreement before you read it or if it contains any blank space.
- You are entitled to a completely filled in copy of this agreement.
- Under the law, you have the right to exercise an early purchase option which will result in a lower cost to acquire ownership

NORTH DAKOTA

- Do not sign this before you read the entire agreement, including any writing on the reverse side, even if told you do not need to.
- Do not sign this if it contains any blank spaces.
- You are entitled to an exact copy of any agreement you sign.

NEW MEXICO

- Do not sign this agreement before you read it or if it contains blank spaces. You are entitled to a copy of the agreement you sign.

WYOMING

- Do not sign this agreement before you read it or if it contains blank spaces. You are entitled to a copy of the agreement you sign.

Advertising Disclosures

	1. Triggering Term(s) - If an advertisement contains these items, then the disclosures must also appear in the advertisement	A. Disclosures - must make all of the following disclosures	B	C
Model	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Alabama	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	
Arizona	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and amount of payments necessary for ownership	No equity statement
Arkansas	Rental-Purchase Agreement	ID transaction as an R-P agreement		
California	Amount of any payment	ID transaction as an R-P agreement	Total number and amount of payments for ownership	No equity statement
Colorado	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Connecticut	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total number and amount of payments for ownership	Ownership options
Delaware	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Florida	Reference to or statement of a rental rate OR Reference to R-P of a specific item			
Georgia	Rental rate due at start of lease of a specific item	Amount of initial payment due		Cost of services
Iowa	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Idaho	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Illinois	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Indiana	No advertising requirement in statute			
Kansas	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	No equity statement	
Kentucky	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Louisiana	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Maryland	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Maine	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Michigan	Rental rate due at start of lease	Amount of initial payment due	Total of all payments necessary to acquire ownership	Periodic payment
Minnesota	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Mississippi	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Missouri	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Massachusetts	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total initial payment due	Security deposit if applicable
North Dakota	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Nebraska	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
New Hampshire	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
New Mexico	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Nevada	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
New York	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total and number of payments necessary to acquire ownership labeled total cost	Availability of early buy-out ownership options
Ohio	Amount of initial payment	Amount of initial payment due	Amount of regular payment	Total number of payments necessary to acquire ownership
Oklahoma	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	
Oregon	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Rhode Island	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total initial payment due	Security deposit if applicable
South Carolina	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
South Dakota	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Tennessee	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Texas	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
Utah	No advertising requirements in statute			
Virginia	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
Washington	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
West Virginia	Price of the item		All seven of the disclosures required in the rental agreement	
Wyoming	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement

D

2. Triggering Term(s) - AND, if the advertisement also contains the following items, then the disclosures listed must also appear in the advertisement

Disclosures (E)

(F)

(G)

(Yellow Pages exception)

Total of all payments necessary to acquire ownership

(Yellow Pages exception)

(Yellow Pages exception)

(Yellow Pages exception)

All other charges payable by lessee

(Yellow Pages exception)

Number amts. & timing of payments possible extra charge @ lease end

Amount of lease payments & rate necessary to acquire ownership of a particular item

Total of payments necessary to acquire ownership

Early buyout formula rental purchase agreement

No equity statement

(Yellow Pages exception)

(Yellow Pages exception)

(Yellow Pages exception)

(Yellow Pages exception)

Multiple terms and rate information

New or used

ID transaction as rental-purchase agreement

No equity statement

Number amts. & timing of payments

Amount of lease payments & rate necessary to acquire ownership of a particular item

Total of payments necessary to acquire ownership

Early buyout formula rental-purchase agreement

No equity statement

(Yellow Pages exception)

(Yellow Pages exception)

(Yellow Pages exception)

Continued from page 20

leases because some states, notably Pennsylvania, have defined them as sales—and this noble state experimentation should be allowed to continue and develop.

It is an ironic states' rights argument coming from a group that ordinarily favors far-reaching federal control of commerce. In any case, that argument has now disappeared. The only state to characterize all manner of rental-purchase transactions as credit sales is Minnesota—and only judicially, through a pronouncement of the state's supreme court. There is a separate, comprehensive rental-purchase statute in Minnesota, but the Minnesota Supreme Court declared that transactions subject to the statute are also credit sales.

Because of the timing of the enactment and press deadlines for the magazine, it was not possible to include the Pennsylvania statutes in the charts that accompany this article. There is room and time, however, for some comments about the new statute, which will become effective in September. The new law follows in many respects the model act suggested by the Council of State Governments and the mainstream rental-purchase statutes that have been enacted in recent years. The act declares that a rental-purchase agreement, as defined, does not include nor is subject to laws governing retail installment sales (the GSISA) or security interests (UCC). The act calls for 14 disclosures in rental-purchase contract forms plus the notice that appears above. The disclosures are now standard fare in the industry, except for a "cost of lease services" disclosure required in only six states.

KEY PERSON/Operations

Fast-growing mid-Atlantic rent-to-own company with big growth ambitions, looking for a like-minded person with proven multi-management capabilities to develop markets. This position has equity potential for the right person.

Benefits include—401k, stock options, medical insurance, paid vacation, etc.

Send résumé in confidence to:

**Director of Human Resources
P.O. Box 9511
Baltimore, MD 21237**

The total rental-purchase price for ownership is limited to twice the cash price by a provision stating that the cost of lease services cannot exceed the cash price.

Additionally, consumers have a statutory 50 percent early buyout option exercisable at any time. This brings to 14 the number of states limiting the total rental-purchase price. Pennsylvania allows reinstatement under certain circumstances for up to 120 days, longer than average, but less than California, where reinstatement can run for one year—or Arizona, Connecticut, Maine or Minnesota, all

The only other state to enact rental-purchase legislation since our last annual report was Wyoming.

Wyoming elected to institute a licensing requirement for the state's rental dealers, which only Oklahoma had done previously. The act requires rental dealers to apply for and secure a license in order to do business in the state. The license must be renewed annually.

of which allow up to 180 days for reinstatement.

The most unusual aspect of the Pennsylvania law is the inclusion of income interruption-rent reduction rights borrowed from the California rental-purchase statute. If a customer suffers income reduction of 25 percent or more, because of certain reasons enumerated in the statute—involuntary job loss, illness, pregnancy, etc.—after paying two-thirds or more toward ownership, the consumer can reduce rental payments by the amount of the income reduction up to a 50 percent reduction and stretch out the payments until the original total amount for ownership has been paid. It is an unusual provision, but California dealers have been living with it for two years without complaint, and it is not predicted to cause problems in Pennsylvania.

Advertising requirements are standard and the statute requires price tag disclosures in the store.

The only other state to enact rental-purchase legislation since our last annual report was Wyoming.

Wyoming elected to institute a licensing requirement for the state's rental dealers, which only Oklahoma had done previously.

The act requires rental dealers to apply for and secure a license in order to do business in the state. The license must be renewed annually. Whereas licensing has added a paperwork burden for Oklahoma dealers, it has proven to be workable. No Oklahoma dealer has ever had a license suspended, revoked or denied. Wyoming requires 15 disclosures in rental-purchase agreements, including a brief "Notice to Consumer." Details of the disclosures and other provisions of the new Wyoming statute are covered in the accompanying charts on pages 48-55. Wyoming regulates damage waivers more stringently than

most states by requiring a separate damage-waiver contract.

The Wyoming statute carefully limits all "other charges" and provides various grace periods (see charts).

Without the dramatic turnaround in Pennsylvania, this year would have been lackluster and decidedly below average for the industry's usual state legislative efforts. With the last-minute addition of Pennsylvania, however, it has suddenly become a stellar year for the industry because Pennsylvania is a huge Northeastern state with a bad law—until now—and because of the exalted place the old Pennsylvania law held for the opposition.

As it stands, the anti-industry forces seem to have won in one state, Minnesota, but that is likely the only state where they will be successful. If the industry can be successful this year or next in D.C., it may be able to get Congress to overrule this one aberrant state whose supreme court has refused to acknowledge the true nature of the rental-purchase transaction.

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



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Continued from page 12

system of management by values in our company.

We did not build our values to create a better result; they were built because it was the right thing to do. The fact that it changed the result was inevitable, welcome and changed the direction of the company.

It is true that all companies and countries have existing values and a culture. The graveyards of the world are filled with victims of leaders who forced their values upon its citizens. Saddam Hussein has a definite set of values and shares them with all who will listen and those who will not. Those choosing not to listen may donate their ears or other appendages to the regime for refusing to become part of the Iraqi culture. Although this dictatorial style can create immediate attention from your coworkers, it will also cause a rash of workman's comp claims and a serious lack of harmony in your company. There are better ways to build your "field of dreams."

Your company already has a set of values. Those values exist as a result of particular pronouncements from owners and managers, and from company traditions. However, they are most often born out of events that actually occur in your stores and home office and your response to those events. As with many companies, the values of your company are probably not written or discussed as such during team sessions, but they most likely include good values like hard work, attention to detail and honesty, just to name a few.

Alive and contagious within your company, as well, are poor values, despite the fact they are never stated or encouraged. They could be manifest in employees who lack real commitment to customer satisfaction or in dishonest employees, or in management that does not religiously meet its commitment to employees. Such values generate letters from the EEOC, AG, FTC and other alphabet agencies.

Many leaders do not see "values statements," which define and promote the values of an organization, as being worthwhile. Some feel they are esoteric or conceptual and make little difference to the success of their company. They are right! Values statements are not worth the embossed paper and gold ink they are printed on—unless your company, its management and the employees walk the values talk. If you choose to reap the benefits of

this concept, be prepared to make major changes in the way your company is managed.

Implementing a strong and positive set of values in your company requires hard work, tough decisions and many changes some long-term employees will be unwilling to accept. Fortunately, as your values become clearer, decision-making comes easier.

There are dealers among us who accept the status quo by saying that RTO is a tough business with many problems that you must deal with to be successful. I agree completely. It is a demanding business, and you will encounter many tough situations. However, those who build their company's foundation on a strong set of values will proactively eliminate many of the problems. "If you build it, they will come." Your company will reap a harvest of satisfied customers and highly qualified employees joining your team.

Well, thanks for the sermon and definition of values, you might be thinking. You probably agree that poor values and a lack of shared values create many of the problems your company encounters. But, how do you build it?

ESTABLISHING A VALUES STATEMENT

First and foremost, do not call it a values statement. Choose a name that your team will relate to, such as General Electric did with its "Workout Program." This feature of their values system encourages sharing best practices and changes in procedures, and thrives on a culture of just-do-it teamwork. You might decide to call your project "Just Common Sense" or choose another name that fits your company. Then follow these steps:

Develop a project team. Include team members from your store operations and the home office staff. Identify a facilitator who knows the subject and will elicit candid input from all members of the group. Your employees will buy into a set of values only if they helped create it.

Conduct a values inventory. Determine which values existing in your company are strong and which ones need to be developed, and decide which undesirable values you must eliminate. Your team members will need to survey the stores before the meeting.

List which values the team considers desirable for the company. This drill should require discussion and debate. Responsibility, for instance, means many different things to different people. Your team must interpret its meaning for the value to be clear.

Develop an action plan for the project with specific accountabilities and timetables.

Develop a code of ethics or code of conduct that communicates your values. It should be complete, yet simply stated. Print and distribute this to your stores and to every team member.

Communicate the reasons for the program, its benefits and the action steps to all employees. Publicize this program by using a variety of methods on a regular and ongoing basis. Make it interesting, fun and uplifting. Values should not be perceived as a set of rules, but simply a statement of what you believe in and stand for.

Schedule meetings with your teams to personally explain the program and obtain their input and commitment. Demonstrate the benefits of having a company that does the right things, the right way. Use stories and examples to communicate, but change the names to protect the guilty.

Change your compensation or measurement system to reward those who demonstrate strong values, not just bottom-line results. Offer, for example, employee awards for driving safely or having the least number of customer complaints. Reinforce positive actions!

Praise company role models publicly, and acknowledge specific acts and examples that demonstrate values you want to reinforce.

Coach and counsel those who do not live the company's values. You must expect your people to change and help them support the values if they are to become second nature in your company. If you compromise some values, you lose the authority you have earned and negate the entire values system.

Review your action steps and progress each month and look for great and not-so-great examples constantly. Never "walk by bad" or fail to acknowledge good.

Personally live your values or expect the program to die. You should have the highest expectations for the actions of your leadership group.

I can't promise you a "field of dreams," but you can build a company that eliminates many potential problems before they happen. If you build a company that does the right things, the right way, they will come

Bill Sleep is a management consultant who held senior management positions at Remco America for 22 years and was owner/operator of 10 Remco franchise stores. He can be reached at (713)578-8020.

Continued from page 23

• Marketing and sales.

GROWTH OF THE INTERNET

Use of the Internet is growing significantly by all measures. "Currently both the number of domain registrations with InterNic (the domain name registration authority) and the estimated number of users on the Net are growing at about 10 percent a month," Ellsworth says. "In addition, the number of Web-site servers is growing at about 20 percent a month."

So, how big is the Net? Some key numbers:

- 55,000 networks worldwide.
- 45 million people with some type of access.
- 200 countries reachable by the Internet.
- 5.9 million hosts, with 100 million predicted by 1998.

To help you successfully wade through the thousands of postings to find those that can assist you in business, there are a number of search tools available to help locate good information, Ellsworth says. "To search the Web, these engines are great tools: Yahoo, Lycos, WebCrawler, Excite and TradeWave. To locate information posted on Usenet, Deja News and Sift are great tools. Also being active on the discussion lists such as Internet marketing is important, as is reading the postings for Net happenings."

If you want to establish a web site for your own business, Ellsworth says, "Web sites range from the very modest \$20 to \$50 a month, to thousands a month—very cost effective per visitor. The average cost is \$160 a month."

It's a good idea to find a service provider who will help you—or find someone who can. Ellsworth says a great site to locate an Internet service provider is <http://www.the-list.com>.

Ellsworth says there is a two-pronged approach to establishing a successful Web site. "First, you make your site visible on the Internet by registering with all of the search engines and catalog sites. The site has to be cross-promoted with other media, including television," she suggests. The site also has to be promoted in all corporate materials, such as business cards, letterhead, catalogs, and brochures.

"The second prong is that the Web site must be used to qualify customers with surveys, contests, guest books and other data-entry forms so that the site can automatically gath-

er information," Ellsworth says.

The Internet can be useful in any industry for business-to-business marketing, for communication, for scheduling and customer service. Ellsworth suggests these seven ways you could put the Internet to work for you:

1. Getting the big picture (the helicopter approach).
2. Looking beyond the horizon (the headlight approach).
3. Doing your homework, knowing your competition.
4. Forming alliances; ad-hoc collaboration.
5. Making your site dynamic and creative.
6. Learning continuously, working smarter.
7. Moving fast, being nimble, ducking and running.

You can't always outspend the competition, but by effectively and creatively using the Internet, you can outsmart, outfox and outmaneuver them. Ellsworth believes the Internet can "level the playing field."

Adds Ellsworth: "A small business can have a visible presence just about equal to a larger business. Small businesses can go out and market globally with little additional investment beyond a Web page.

"The Internet is an open system—meaning that, until recently, security was not really an issue," Ellsworth says.

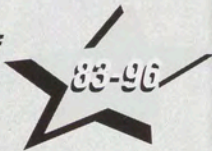
For business people, there are two issues—reality and customer perceptions.

"In reality, there are a number of very solid means of securing data, ranging from firewalls—a hardware and software security measure used to keep intruders or outsiders out of a computer, used extensively in electronic commerce—to secure servers."

And more solutions are in the works.

As for the security of Internet transactions, "I was pretty curious about this myself," says Ellsworth, "so I did a quick research study with credit-card companies, banks and their intermediaries. I essentially asked them to compare loss rates of 800-number usage of credit cards and Internet usage. The conclusion was that Internet losses were slightly less than 800 numbers. Now to be sure, the volume of these sales is vastly different, but I was just after a kind of baseline to start with. But the big problem is the safety of large treasure troves of credit-card numbers."

Vince and Carol Brzozowski-Gardner are Florida-based freelance writers.

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Continued from page 40

Despite some obvious pitfalls, some rental dealers are taking a closer look at these other industries and a few are already trying some of their concepts in their stores.

BUY-HERE, PAY-HERE RETAIL

Historically, the greatest danger for rental dealers when they venture beyond the business of renting product, has been combining rental-purchase and retail.

This issue has been dealt with previously in *Progressive Rentals* in some detail.

For the most part, legal problems have arisen when retailers have added rental counters instead of vice-versa. These retail merchants have been sellers first and foremost and have never truly understood the rental concept. Their only desire in adding the rental counter was to move more merchandise and they never really intended to rent products.

Small wonder, then, that customers, shunted over to the rental counter after they were turned down for credit, were often confused about the nature of the transaction they were getting into. Rental dealers understand well that confused customers can be dangerous customers, since many consumer protection laws were written specifically to protect

unwary, credulous consumers. The collection laws for rental and retail in particular are vastly different. Using one set of laws for the wrong business can subject the company to significant liability.

There are a few dealers around who are able to run successful rental and retail sales operations under one roof. They have a sales staff entirely separate from the rental staff, and they are careful with both businesses. Importantly, they understand rental and know how to pick-up, refurbish and re-rent used merchandise. But combining these two is never easy and is as dangerous as any possible combination, to some extent, because there is an existing body of law detailing the perils. Moreover, both retail sales and rental-purchase are very competitive in most markets today. It requires considerable rental business acumen to run a rental business and considerable retail business acumen to run a retail business. There is no "easy money" in either business. For the most part, successful rental dealers think retail is too much trouble for too little profit, which is what most retailers think about rental.

CHECK-CASHING SERVICES

Some rental dealers already cash payroll or government checks for their customers for a fee on an informal, unadvertised basis. The

real question is whether a rental store can actively market the service to nonrental customers, to develop a revenue stream from the service itself as well as to attract new rental customers. An initial consideration is for rental dealers to determine to what extent the check-cashing business is regulated at the state or local level.

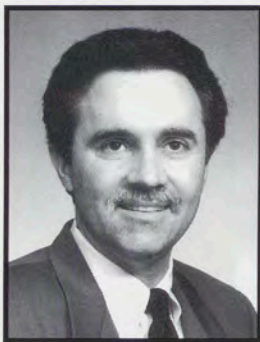
A dozen or so states have stepped in to regulate check-cashers. These laws generally require check-cashers to be bonded or show other evidence of financial responsibility. Some statutes require licensing. The statutes require all fees charged to be posted prominently, and a number of states regulate the amounts companies can charge for cashing checks, usually stated as a percentage of the face amount of the check with a ceiling. Permissible rates typically range from 1 percent to 3 percent.

Even without any regulation, competition in most markets has limited check-cashing fees to 1 percent to 2 percent of the amount of the check. In addition, some check-cashers charge processing fees to set up accounts. Most check-cashing businesses offer related services—the sale of money orders or money wire transfers, for instance. Some sell lottery tickets, bus and subway passes, and distribute welfare payments and food stamps. Some buy and sell gold jewelry and a few offer mail box services to customers.

If rental dealers comply with applicable state and local regulations, there is no good legal reason why a rental store could not offer some or all of these services to customers. There are obvious business questions: Will these peripheral services generate sufficient revenues and profits to make the business worthwhile? What impact will offering these services have on the rental business?

Ideally, some check-cashing customers will see some merchandise they want on the way to or from the check-cashing counter and will become new rental customers. If the rental store is an upscale one with a big showroom and substantial monthly accounts, will adding check-cashing services pull down the image of the rental store? Most stand-alone check-cashing centers are pretty bare-bones affairs. They are small, with a few frills. Even so, there are certain expenses associated with a check-cashing service. Ace America's Cash Express, one of the publicly traded check-cashing concerns, reported in 1992 that it cost an average of \$45,000 to open a new outlet. Rental dealers might save some money adding a check-cashing window inside a rental store, but there are still significant costs to be considered.

VOTE Ron DeMoss

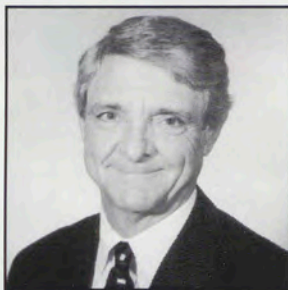


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There are important security issues involved with the check-cashing business. On payday, a check-casher may need to have \$100,000 or more cash on hand to pay out. The thought of that kind of money lying around in a rental store will make most rental dealers blanch. (Paying out \$100,000 to customers will gross \$2,000 or so in fees.) It is not unusual for check-cashers to hire armed guards on paydays for stores in rough neighborhoods, and in general check-cashing outlets have much heavier security than most rental stores. Dealers will have to assess carefully the impact of adding security measures—like bullet-proof glass—to their rental stores. Will it help or hurt the rental business?

Finally, there is the issue of cash-advance or payday loans offered by some check-cashing outlets. This issue was discussed briefly in the February/March 1996 issue of *Progressive Rentals*. The main point of that article was that payday loans are loans and are regulated almost everywhere as small loans. Lenders must be licensed, and even if the loan rates are not regulated, they must be disclosed to consumers in all states.

A dealer attempted to join a rental/retail business with a cash advance business without success in Richmond, Va. The case came to

the attention of a court when the state's attorney general brought suit, *The Commonwealth of Virginia vs. Allstate Express Check Cashing, Inc.*, No. HD-44-1, Richmond, Va., Circuit Court (1993). In that case, the defendant operated four check-cashing outlets as well as a number of affiliated retail outlets. All of the stores were apparently separate. The judge described a typical cash-advance transaction:

"Customer visits Allstate, completes application and writes a present-dated check to Allstate for \$260. Allstate provides customer with \$200 in cash and a gift certificate in the amount of \$60 that day, and agrees to hold the customer's check until an agreed upon future date, generally corresponding with the customer's payday. On the agreed upon future date, customer could return to Allstate, provide Allstate the amount of his check in cash and retrieve his initial check, or allow Allstate to deposit and present his check for payment. As in the prior period, a third option available to customers at some time was to return to Allstate, provide Allstate the amount representing the "cost" of the gift certificate (\$60 in example) in cash, write Allstate a new check in the amount of the initial check and retrieve their initial check. During this process, the customer's check typically was held for a peri-

od of between five days to 15 days. The gift certificate provided could be used to purchase goods from affiliated National T.V. & Furniture Stores. Allstate engaged in other check-advance transactions similar to that described above with varying amounts of money involved during the same period."

When calculated according to the actuarial method, the 30-percent fee or expense charged by Allstate in the check-advance transactions described above, amounts to an effective annual percentage rate (APR) of 2,190 percent if the check is held for five days; 1,095 percent if the check is held for 10 days; and 730 percent if the check is held for 15 days.

The court concluded that the transactions were loans covered under the state's small-loan act. The court ordered the defendant not to attempt to collect any money on any outstanding checks and further ordered restitution of \$237,154 to previous customers and the payment of attorneys' fees and court costs. Finally, the court entered a permanent injunction against the company to prevent it from offering unlicensed loans in the future.

The message from this case is clear—cash-advance plans, however they may be set up, are risky. Rental dealers contemplating such plans need to review carefully all applicable small-loan and other consumer-protection statutes. Dealers may argue that these plans are not really loans, but there is a huge risk that this argument will fail.

RENTAL-PURCHASE AND SMALL LOANS

Small-loan companies have been around for a long time offering, well, small loans, usually up to \$300 at regulated rates of interest. In a few markets, small-loan offices have made the jump upscale that rental-purchase stores and some pawnshops have made. For the most part, though, they have not. Most small-loan offices are small and still retain a "low-rent" atmosphere. There is a reason for this. Real banks and small-loan companies offer the same product—the use of money. Real banks have chandeliers and oriental carpets in their lobbies and like to loan money to people who do not need to borrow any. Customers who can borrow from banks already do so. Adding chandeliers and oriental carpets to the lobbies of small-loan companies is not going to attract a better class of borrower. People who can borrow at 10 percent are going to keep going to the bank. Customers who must borrow at 36 percent because of their credit rating, will go to the small-loan company with or

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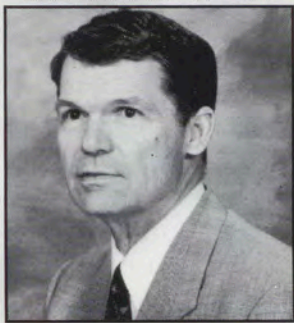
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Bringing a new voice and fresh perspective to the APRO leadership.

Continued from previous page

without chandeliers. All the frills do is add to the cost of doing business without generating any new business.

This is not the case with rental stores or pawnshops. Members of both industries have proven that large, clean showrooms with attractive displays can draw in better-heeled customers.

The question for rental dealers is whether they could profitably add a small-loan counter to a rental store. Small loans are everywhere regulated, and dealers would need to get licensed. Even if interest rates are unregulated, there are disclosure rules and reporting requirements in all states. There is, of course, the image issue, and if the market has only down-scale loan companies, adding a loan office might hurt a truly upscale rental store. There would suddenly be much more cash on the premises, raising security concerns.

Small lenders are making unsecured loans and generally carefully qualify loan applications, using credit checks and all other lawful means to verify the information on an application. Dealers would have to be careful marketing two essentially different transactions, one credit and one non-credit, so as not to run afoul of truth-in-advertising laws.

Dealers doing both businesses report that they would not make loans to most of their rental customers, citing the risk factor. Rental dealers understand that the business is not

going to work if they loan money to rental customers to make rental payments. In short order they will have a loan default plus a rental return, or worse.

THE PAWN BUSINESS

Since pawnshops already deal in large amounts of used goods, it is somewhat surprising that pawnshop operators have not tried renting some of them. One explanation is that rental is not the business they are in and, one might suppose, they prefer to stick to sales because it is a simpler business. To be sure a pawnbroker's selection is spotty, at any moment, but pawnbrokers do deal extensively in electronics, jewelry, musical instruments and tools—all of which can also be rentals.

Pawnbrokers are, first and foremost, lenders. They want their customers to redeem pawned merchandise and come back later and pawn it again. The common wisdom among pawnbrokers is that once a customer loses an item to a pawnshop, the customer will most often go to another pawnshop the next time he needs a loan.

If pawnshops have not taken much interest in the rental concept, a number of them have added peripheral financial services to the core pawn business, doing many of the things that check-cashing outlets do: check-cashing for a fee, selling money orders, wire transfers and public transportation passes, income tax filings and tax-refund-anticipation loans.

Can rental dealers add a pawn counter to a rental store? Again, the pawn business, since it is a small-loan business, is heavily regulated at the state level and sometimes additionally at the local level. Pawnbrokers must be licensed. Pawnbroker statutes variously regulate grace periods during which customers can redeem merchandise; the surplus from sales of pawned merchandise by requiring pawnbrokers to account to customers for the proceeds of the sale of pawned merchandise; and most often interest rates on the loan, which, incidentally, can be generous, 20 percent per month or more in some states.

To date, rental dealers have been more reluctant to try the pawn business than any of the other elements of the fringe-banking world. Image may be an issue. Despite the success of the public pawn companies, rental dealers generally consider their business to be more up-scale than the pawn business. Also, there is considerable pawn expertise needed to run a successful pawnshop. The manager needs to know who to loan to and how much to loan. What is that old Civil War sword worth?

STICKING TO THE KNITTING

Few of the component industries that make up the world of fringe banking are new. Rental dealers have been aware of these other industries for as long as they have been rental dealers. Some rental dealers have also been in these other businesses for as long and—for some—longer than they have been in the rental business. Most of these dealers decided long ago to keep all of their businesses separate. Recognizing that all of these different businesses have greater-than-average risks associated with each, some have kept them separate for liability reasons. These dealers also recognize that these are indeed different businesses. They require different marketing approaches, different purchasing philosophies, different management skills in the store, different accounting methods, different kinds of insurance, different size and type locations, and they serve different clienteles.

For rental dealers, there is something to be said for running a rental business as well as it can be run without cluttering up the concept with these other concerns. This notion, however, will not stop some dealers from experimenting with some combinations of these other concepts in their rental stores. These experiments should prove instructive. But when the experiments have been run, dealers who claim to know insist that the greatest virtue and, not incidentally, profits, come from learning to focus on one thing—and doing it really, really well.

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

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We give you more than just great products, we are also especially proud of our exceptional Nationwide Distribution that is designed to deliver anywhere within the contiguous United States within 48 hours. And there's more! Our service policies are outstanding and GE offers fast, efficient and dependable factory service.

GE is a world class appliance manufacturer, with outstanding products, distribution and service. And all that simply means is we give you exactly what you are looking for in a brand name.

For more information on our new complete product line, programs and distribution system, please call Bill Searce at 800-782-8097.



We bring good things to life.

*Source: 1995 Harris Poll survey of 1,249 adults.



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Whatever.

Whether your customers want a 19" tabletop TV, a 52" projection model, or an easily programmable VCR, there's a Zenith to suit their needs. They'll find cutting edge performance and viewer-friendly technology in everything we make. And you'll find sizes, styles, finishes and features to satisfy your customers...whatever they're looking for.



**When
 You Rent,
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 The Best!**



APRS
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The Quality Goes In Before The Name Goes On.



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