

# The 2006 Ballot Questions

**M**any years ago, Nevadans had a saying about ballot questions. Rumor has it that the saying was so effective First Lady Nancy Reagan amended and used it for a drug campaign. The saying? “When in doubt, just vote no.” However, we suggest you read carefully and make up your own minds.

Following are the statewide ballot questions for this year’s election. These are the numbers as they will appear on the ballot. Our summaries are much shorter than the information on the ballot. We have noted where RAN supports or opposes a question.

**1. EDUCATION FIRST:** This is the constitutional amendment sponsored by Dawn and Jim Gibbons to require the Legislature to pass an education budget first so that it can’t be held hostage for tax hikes.

**2. NEVADA PROPERTY OWNERS BILL OF RIGHTS (PISTOL):** This is the initiative to stop government from the use of eminent domain to take one person’s property to benefit another. It amends the Constitution.

~~**3. TAX AND SPENDING CONTROL FOR NEVADA (TASG):**~~ This is the constitutional amendment to limit government growth, tax and spending. **DELETED BY ORDER OF THE NEVADA SUPREME COURT.**

**4. RESPONSIBLY PROTECT NEVADANS FROM SECOND-HAND SMOKE ACT:** This question also amends the law. It has less restrictions than #5, keeps the lawmaking in the hands of the legislature, and allows owners of private bars that serve food, to allow smoking in designated areas.

**5. CLEAN INDOOR AIR ACT:** This question amends the law. It will allow local governments to pass their own laws regarding smoking. It will prohibit smoking in privately owned businesses and all places that serve any

food including adult-only establishments.

**6. RAISE THE MINIMUM WAGE FOR WORKING NEVADANS ACT:** The question appears to raise the minimum wage, but unlike similar questions in other states, it exempts unions from the requirement, has a health insurance component and indexes wages continuously or until the Constitution is amended to stop it. **This constitutional amendment is opposed by the Retail Association of Nevada as well as many other trade groups and chambers.**

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## NRF Launches Associate Member Advisory Council: Thought Leadership Website

Washington, DC, August 30, 2006 – The National Retail Federation (NRF) announced today the launch of the NRF Associate Member Advisory Council (AMAC) Thought Leadership website. The Council is chaired by Walter Loeb, President of Loeb Associates, and currently has 15 members who conduct research, develop benchmarks for performance and set standards that will improve relationships among vendors, retailers and consumers.

“The NRF Associate Member Advisory Council works to exchange information, conduct research, develop benchmarks for performance, and set standards that will help improve relationships among vendors, retailers and consumers,” said Walter Loeb, President of Loeb Associates and Council chair. “We are committed to staying ahead of the curve with information and ideas, and with this new website will be able to com-

municate innovative ideas to the NRF membership base.”

AMAC’s first published white paper, *Winning Through Delight: The Artful Science of Customer Experience*, is available through the website. The paper, authored by Ogden Associates, has four major building blocks: Vision, Strategy, Relationship, and Management of the Customer Experience. Site visitors are encouraged to submit case studies as they relate to the paper. All submitted studies will be reviewed by the AMAC Council.

The Associate Member Advisory Council meets annually and via conference call to ensure the needs of NRF’s growing associate member base are met, and to provide feedback to NRF regarding the needs of retailers and how NRF can better meet those needs. Designed to give associate members a strong voice in the NRF, AMAC discusses timely issues affecting retailers and

their vendors keeping them aware of innovative ideas. The white paper, as well as a complete list of AMAC members, can be viewed at [www.nrf.com/amac](http://www.nrf.com/amac).

The National Retail Federation is the world’s largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry’s key trading partners of retail goods and services. NRF represents an industry with more than 1.4 million U.S. retail establishments, more than 23 million employees — about one in five American workers — and 2005 sales of \$4.4 trillion. As the industry umbrella group, NRF also represents more than 100 state, national and international retail associations. [www.nrf.com](http://www.nrf.com). ■

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## CEO Health Care Task Force to Meet

The National Retail Federation’s new CEO Health Care Task Force has begun work on its two-year, four-phase plan to address the cost, quality and access issues challenging the nation’s health care system.

A working group made up of senior corporate benefits and human resources executives has been working by phone and e-mail and will hold its first in-person meeting in Washington this month.

The group’s first assignment

is an in-depth evaluation of the current state of law in the retail industry, including work force dynamics, health care offerings and limitations and industry best practices. The task force will later analyze potential reform options and then reach consensus on and advocate for the adoption of the best solutions.

The NRF Board unanimously agreed to the creation of a CEO-led panel at its June meeting, and more than a dozen companies have signed up to participate.

While there has been a flurry of activity at the state level in recent months, NRF is concerned that the mandate-dominated legislation is unlikely to address the underlying issues of rising costs and limited access. Congress is not expected to seriously address the issue until after the 2008 presidential election, giving the retail industry a unique window in which to engage in a comprehensive examination of the challenges and potential solutions. ■ *NRF*



# Tight-Lipped on Terror

## FIVE YEARS AFTER 9/11, RETAILERS ARE SECURE, BUT RELUCTANT TO DISCUSS SECURITY MEASURES

By David P. Schulz, LP Magazine

The world has changed a good bit over the past five years. Terrorism – even the threat of terrorism – is having significant impact on national economies, government policies and day-to-day lives from Mumbai to Madrid, Moscow to London and all across the United States.

One constant, however, has been a strong retail response to the threat of terror. Long before the attacks of September 11, 2001 and the wave of terrorist activity that followed, retailers were the focus of terrorist efforts.

During the 1970s, Macy's Herald Square flagship store was subjected to attacks by FALN Puerto Rican separatists who placed incendiary devices amid merchandise on shelves and racks. Though not much damage resulted and injuries were minor, the resulting store evacuations generated widespread news coverage of the group and its cause – a major component of terrorist strategy.

On Dec. 17, 1983, during the height of the holiday shopping season, a car bomb planted by the IRA exploded outside Harrod's department store in London, killing five and wounding 91. On May 18, 2001, a suicide bomber killed five people and injured 60 others outside a shopping center in Netanya, Israel. Retailers know they are a favored target of terrorists, so they expend great effort on securing their facilities and the people within them. One thing retailers don't do, however, is talk much about what they are doing to counter terrorism.

Case in point: In 2002, Sears spokeswoman Jan Drummond told the media that in the year since the attacks on the World Trade Center and the Pentagon, "we have paid more attention to certain aspects of security and we have stepped up our relationship

garden-variety criminals – know what is being done to frustrate their activities. There is even a question as to whether shoppers would be comforted by enhanced security at stores or whether they would be more apprehensive knowing such measures had to be taken.

LaRocca does note, however, that plenty is being done by retailers to counter terrorism and to respond to emergencies such as natural disasters, man-made crises and pandemics. "The overarching thing is for each company to prioritize what and how things should be done," he says.

He suggests that much of what could be called anti-terrorism security is really just an extension of initiatives already taken or enhancements already in place. Frequently, though, new actions are taken

in response to recent events, LaRocca says. For example, in the anthrax attacks shortly after 9/11, many retailers took time to check the location and accessibility of air intakes on their HVAC systems and looked at the security of ducts and vents.

When bombs or other weapons were smuggled inside facilities, some retailers began inspecting handbags, shopping bags and other packages people carried into their stores, not unlike security practices at stadiums, arenas and similar venues. And almost everywhere, security cameras have been installed, upgraded and/or enhanced over the last five years, LaRocca says. ■

*Long before the attacks of September 11, 2001 and the wave of terrorist activity that followed, retailers were the focus of terrorist efforts.*

with mall security." No details, no specifics. Four years later, company spokesman Chris Braithwaite says, "We don't comment on security procedures [because] when you disclose information about security measures, you water down their effectiveness."

He's not alone. Jim Sluzewski, chief spokesman for Federated Department Stores, will say only that most anti-terrorism measures have been undertaken at the division, rather than corporate, level.

Joe LaRocca, vice president of loss prevention for the National Retail Federation, isn't surprised. "It's not something you like to talk about," he says, suggesting that there is little desire in letting bad guys – be they terrorists or



# Nevada News Briefs

## AIRPORT SHOPS GET CREATIVE

At shops in the airports in Reno and Las Vegas, you can buy very expensive perfume. But if you try to fly with the bottle of perfume, it will be grounded by the Transportation Security Administration's new regulations against carrying liquids onto planes.

The new policy put a damper on sales at retail outlets that specialize in lotions, potions and things that smell nice. One retailer said her store, which typically sells \$1,200 to \$1,500 in goods daily, has seen sales plummet to \$500 a day since the new rules took effect following an alleged terrorist plot to blow up trans-Atlantic planes midflight.

But retailers are getting creative and coming back. One shop specializing in lotions and perfumes now offers to mail the products free of charge. Others are selling to the in-coming passengers who had to throw out their toothpaste and shampoo when boarding the plane.

Retailers who sell drinks have not been as severely affected by the new ban because most customers buy and drink up before boarding flights.

*Las Vegas Sun*

## MIXED-USE PLANNED FOR NORTHWESTERN LAS VEGAS

A California-based development company plans to build a mixed-use community of 782 condominium and 65 townhome units, restaurants and stores on 31 acres in Centennial Hills.

Called Paxton Square, the town center will have 96,000 square feet of storefronts, restaurants and offices with residential space above them.

Two target demographics are young professionals and newlyweds on one end of the spectrum and early retirees and empty nesters on the other end.

*Las Vegas Review-Journal*

## STATES EFFORTS COULD BE UNCONSTITUTIONAL

Nevada state legislators thinking of submitting bills dealing with illegal immigration could be in for a surprise. According to the National Conference

of State Legislatures (NCSL), a 1986 federal law forbids states from enacting stricter criminal or civil penalties than those adopted by the U.S. Congress.

More than 550 such bills were introduced in statehouses this year and at least 77 were enacted, and the NCSL thinks those will be tested in the courts.

Pressure could cause Congress to allow the states more power in controlling illegal immigration, but it probably won't happen soon.

The federal law would have no effect on efforts to tighten requirements for the Millennium Scholarship.

## DESK-AREA DECOR CAN OFFER LOOK INTO WORKERS' SOULS, EXPERTS SUGGEST

You can tell a lot about workers from the personal items that pepper their cubicles.

Jeffrey Sanchez-Burks, an assistant professor of management and organizations at the University of Michigan's Ross School of Business, asked supervisors to map out the appropriate balance in the cubicle between work-related items, such as staplers, notebooks and file dividers, and personal effects such as photographs, toys and posters.

Sanchez-Burks found that once the share of personal decorations in an employee's cubicle surpasses 20 percent, managers begin to question the worker's professionalism. There's an unwritten rule in the United States, he said, that a serious on-the-job mien requires separating personal and work lives as much as possible.

What's more, a second Sanchez-Burks study asked recruiters to choose between one set of job applicants who commented on an office's windows and a second group who mentioned a family photo in the manager's work area. Candidates who pointed to the family photo significantly hurt their chances of receiving a callback.

"Organizations play a role in propagating this cultural ideology," Sanchez-Burks said. "There's a 'Protestant ethic' about the importance

of performing work. This is an amendment to that to separate the personal from work."

*Las Vegas Review-Journal*

## COMPETING WITH THE "BIG BOYS"

Here are four tips on how to compete with a national company:

1. Offer exceptional service: Offering great customer service is not something to just simply pay lip-service to, it is something to live and breathe every day, i.e..visit your clients and let them try out what you're selling.

2. Offer something unique: While a national business might offer different products, by and large, they tend to push a few products. To counter this, offer some exclusive lines that the big boys cannot offer.

3. Offer a lot: An adjunct to the previous strategy is that by offering various products, in a wider variety than what a national competitor offers, you give your customers something the national sales rep cannot: Choice.

4. Create multiple profit centers: Relying on one big customer is a recipe for disaster. If something happens to that customer's business, or your contact person leaves, or a competitor steals them away, you will be in big trouble. A stock trader would never own just one stock and you should never have just one big client. Too many eggs in one basket is risky.

*Steven D. Strauss,  
Las Vegas Business Press*

## PARK LANE MALL TO CLOSE

Park Lane Mall has been a commercial landmark in Reno for 40 years. Now it's been sold to M&H Realty Partners and will be closed the end of January, 2007. While the new owners have a reputation for revitalizing flagging retail properties, so far no plans have been announced. Demolition is planned and shoppers are anticipating a great new project.

*Reno Gazette-Journal*



# National News Briefs

## A SEASON FOR SELLING

Like Christmas and political campaigns, football season seems to come earlier and earlier every year — a welcome phenomenon for the millions of Americans who obsess over the gridiron. But it's even better news for anyone who happens to be selling trucks, beer or pizza.

In an age of DVRs, time-shifted viewing and skippable ads, media execs believe pro sports remain a bastion of live viewing, making it that rare experience where, if you want to miss a commercial, you have to get up and leave the room, just like in the good old days.

Along with Monday Night Football, there's fantasy football. According to the Fantasy Sports Trade Association, about 12 million Americans participate, which gives advertisers an attractive, rabid audience. On average, participants spend three hours a week fiddling with their teams and checking results, the group says.

*AdWeek*

## MATCHMAKER BOOSTS RETAIL

When the City of Auburn, Washington, wanted to rejuvenate its retail base, they hired The Buxton Co. The Ft. Worth, Texas group performs surveys, studies consumer buying habits and then plays matchmaker with retailers on behalf of their clients.

The firm has worked with about 200 communities over the past four years, providing what it calls "psychographic" profiles on a household-by-household basis. They buy information on such things as customers magazine subscriptions, grocery store reward cards, summer travel plans and anything else that might indicate how people spend their money.

The company then classifies households into one of 66 different types. For example "young digerati" are highly educated, tech-savvy people who live in apartments and condos, join fitness clubs, and like clothing boutiques, casual restaurants and juice and coffee bars. Finally, Buxton will match the demographics with retailers that locate in areas with similar psychographic profiles.

*Puget Sound Business Journal*

## GOING AFTER COMPETITION THROUGH ILLEGALS

American businesses are taking their fight against illegal immigration to court, accusing competitors of hiring illegal workers to gain an unfair advantage.

The initial lawsuits are taking place in California where a temporary employment agency that supplies farm workers sued a grower and two competing companies. The suit was sparked when a grower canceled his contract with the employment agency and hired illegals to pick his fruit.

Legal experts say the case could be difficult to win as they must prove a competitor directly harmed their business.

*FindLaw*

## HEALTH EXPERTS WARN OF OBESITY PANDEMIC

An obesity pandemic threatens to overwhelm health systems around the globe with illnesses such as diabetes and heart disease warned experts at an international conference.

A task force from the International Association for the Study of Obesity, a professional organization of scientists and health workers in some 50 countries, said the cost of treating obesity-related health problems was immeasurable, but estimated it at billions of dollars a year.

The group has an official policy of supporting advertising bans on junk food, especially that aimed at children. But they don't expect such bans to be adopted soon because of lobbying by the food industry.

*Washington Post*

## NRF LAUNCHES VOTER REGISTRATION DRIVE

The National Retail Federation has launched a get-out-the-vote campaign encouraging retailers and their employees to participate in this November's elections.

A special "Voting is Your Business" Web page, [www.nrf.com/Vote2006](http://www.nrf.com/Vote2006) allows would-be voters to register online by connecting them to their state's voter registration offices. It also provides links to a wide variety of information ranging from the basics of the voting process to candidates' websites. Retailers are free to link to the page from their own websites or provide the web address to employees.

*NRF*

## NEW BOOK: CONSUMERS AND POLITICS

"Applebee's America: How Successful Political, Business, and Religious Leaders Connect with the New American Community" tells how Americans make their choices from which products they buy, to which candidates they vote for, to where they go to church.

The authors assert that Americans use their hearts more than their minds when making these day-to-day decisions.

*Publisher's Weekly*

## UNDER-18 TOBACCO POSSESSION LAW

It's now against the law in South Carolina for those under 18 to possess cigarettes and other tobacco products.

The new law is intended to curb illegal underage smoking. Those breaking the law can be fined \$25, given community service and required to attend an approved smoking cessation program. However, they cannot be charged criminally or arrested.

Backers of the new law say it will help keep teens from smoking while the opposition prefers an increase in the state's 7-cent-per-pack excise tax—the lowest in the Nation.

*NACS*

## CONVENIENCE STORES CATER...

Convenience stores are "shifting gears" as customers need more than "just gas" these days. Longer commutes and less frequent trips mean that customers are changing their buying habits.

Convenience stores started as a way of catering to the needs of late-shift hospital and factory workers. With their extended hours of service and convenient locations, these stores can offer more than just gasoline. And now that the profit of fuel is far less than before, convenience stores must find new profit centers.

In the future, 7-Elevens could be selling sushi, innovative products and redesigned stores.

*NACS*

*"Opportunity is missed by most people because it is dressed in overalls and looks like work."*

THOMAS EDISON  
INVENTOR AND BUSINESSMAN



# IRS Repeals Telephone Excise Tax

Last May, without much fanfare, the Internal Revenue Service gave up its fight to keep alive a federal excise tax on long-distance telephone service. The tax should not appear on telephone bills after August 1, 2006.

The three percent tax was levied on long-distance charges computed on a time and distance basis. Since virtually all long-distance service is currently charged on a flat-rate basis, several organizations successfully sued the IRS to have the tax declared invalid. At the time, an IRS spokesman estimated that refunds could total \$15 billion.

While the IRS determined that individual taxpayers can use standard deductions (between \$30 and \$60) based on estimated usage patterns, businesses and nonprofit organizations are currently required to base their tax refund on the actual amount of tax paid.

Now the IRS is exploring ways to estimate business usage. Working with a number of business and nonprofit groups, they are trying to come up with a reasonable method for estimating telephone excise tax refund amounts. If a standard deduction estimation method is not found, business taxpayers will have to sift

through and analyze 41 months of old phone records to apply for the refund.

The deduction may only be taken on the 2006 federal income tax returns. Instructions will be included in all 2006 tax return materials. Additional information can be found in IRS Notice 2006-50 available on the agency's Web site: [www.irs.gov](http://www.irs.gov)

Legislation totally repealing the federal telephone excise tax has passed the U.S. Senate Finance Committee and is awaiting action by the full Senate. ■

## Spending for Back-to-School Expected to Be Up

Back to school spending is the second most important spending period for retailers and one that's increasingly seen as a precursor to the all-important winter holiday season.

The National Retail Federation is forecasting that sales will top \$54.2 billion. The Washington-based Federation got it's data through telephone surveys of more than 9,000 consumers. U.S. families with school-aged children said they'll spend an average of \$527 on back-to-school purchases this summer, well above last year's \$444 average. Total spending should reach \$17.6 billion, up from \$13.4 billion last year. Adding in the back-to-college spending and you have the big total.

Wal-Mart Stores, the world's #1 retailer, said back-to-school shopping met expectations, adding that it expects sales growth of 1-3 percent in September. Target said it expects

same-store sales to climb between 2 percent and 4 percent in August.

But the season is also a harbinger of holiday sales. NRF President Tracy Mullin said retailers will closely monitor which items sell best. Electronic items and clothing are expected to drive sales. College students will spend \$10.5 billion on computers, PDAs and other electronics this fall. NRF says that's a 28 percent increase and that students in kindergarten through 12th grade will spend 73 percent more on electronics.

Big sellers this season also include backpacks, particularly in bright colors, as well as mirrors and magnets for school lockers.

Wal-Mart, striving for a hipper image with the back-to-school crowd, unveiled a new line of "urban sportswear" known as Exsto that is aimed at young men. ■

## Upcoming Events

September 26  
ARTS SOA Bootcamp  
Dallas, TX

October 5  
Retail Technology Summit  
London, England

October 8 - 11, 2006  
NACS Show 2006  
Las Vegas, NV

October 10 - 12, 2006  
Shop.org Annual Summit  
New York, NY

October 11  
RAMA Regional Seminar  
Columbus, OH

October 25-27  
NRF Human Resources Summit  
Dallas, TX

January 14 - 17, 2007  
NRF 96th Annual Convention and EXPO  
New York, NY



# Steve Martin — Controller

When Steve Martin decided to run for the office of Controller, he had no idea that he would be in the position come Election Day.

The 58-year-old certified public accountant with a master's degree in accounting, was appointed by Governor Guinn to fill the six months remaining in the late-Kathy Augustine's term of office.

Some think the appointment will give Martin an advantage in the election, but the time spent on the job is limiting his campaign time.

"Most people don't know what the controller does," Martin told the Las Vegas Review-Journal, "He's the chief financial officer, runs the accounting systems and does the collections. I have experience in those areas."

One of Martin's first concerns was to find more places to print

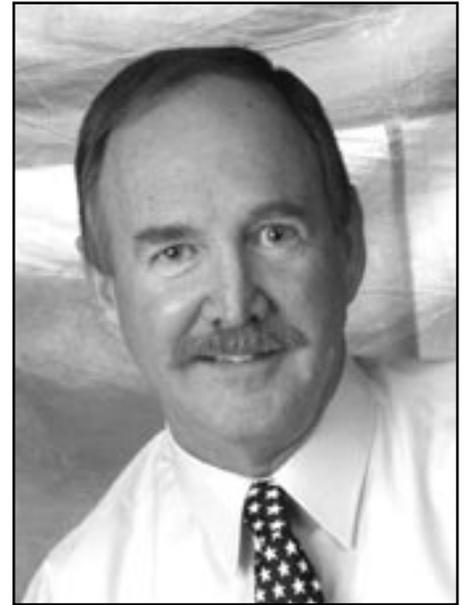
the checks. He says that a terrorist attack could put the sole printing facility out of business and leave the state with financial problems.

Former treasurer Bob Seale is enthusiastic about Martin's candidacy. "Steve Martin understands the office, has unquestionable integrity and is committed to upholding the laws of the state," says Seale. "He'll be a controller we can be proud of."

Even Clark County Commissioner Bruce Woodbury says that Martin is the right person for the job. "He's someone we can count on to be accountable and fiscally responsible with our state's money."

Martin's wife of 34 years, Gail, will be his stand-in at many campaign functions. She'll explain his fiscal conservatism and how he believes in holding government accountable to the people.

Martin served 12 years in the



Marines and was granted a Top Secret Clearance. He owned his own business that specialized in financial and fraud audits for businesses. But he divested himself of all business connections prior to assuming office. ■

## Background Checks

Performing background checks on potential employees has taken on a new urgency in view of a Hawaiian Supreme Court Decision. The Court has ruled that a company can't fire a worker simply because the employee has a criminal record.

As reported in the Honolulu Advertiser, the unanimous court decision reinstates a lawsuit filed by a Maui man against a major retailer.

Jon S. Logan Wright sued the retailer for firing him from their Kahului store in 2002 because he had been convicted of using methamphetamine in Las Vegas six years earlier.

The state's top court sent the case back to Maui trial court, saying

Wright should have a chance to show his previous conviction doesn't have a "rational relationship" to his employment. The Hawaii Supreme Court is in the 9th Circuit Federal Court system, as is Nevada.

Hawaii law allows an employer to take a worker's conviction into account when deciding whether to keep an employee on payroll, so long as the conviction was within the past 10 years, excluding the time the worker spent in prison. But the law also says the employee's conviction must have a "rational relationship" to the duties and responsibilities of his or her job.

The retailer argued Wright's conviction had "a moderate, fair, or reasonable relationship" to his employment.

The company said it had substantial concern for the safety of its customers and employees, for its employee culture, for its goodwill and reputation, and for its interest in maintaining an honest environment.

Wright tested negative for drugs before he was hired but the retailer did not check his criminal history, Chief Justice Ronald Moon's 24-page decision said. Wright also did not disclose his past conviction.

Maui Circuit Judge Shackley Raffetto dismissed Wright's suit against the retailer in 2004.

But Moon ruled that Wright deserved to have a jury or a judge evaluate and decide whether his conviction had a "rational relationship" with his job duties. ■



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# Grocery Headquarters “Boosters” Clubs

## THESE ARE THE BEST OF TIMES FOR GANGS OF SHOPLIFTERS IN MANY RETAIL CHANNELS, AND STAFFS ARE ON THE FRONT LINE

By Suzanne Vita Palazzo

(PART TWO OF ARTICLE THAT FIRST APPEARED IN LAST MONTH’S NEWSLETTER)

### EVERYBODY GETS HURT

This lack of focus has many observers concerned, because the effects of ORC are having an impact on all players in the grocery industry, from retailers to manufacturers to the group that deserves it least—loyal customers. An increase in out-of-stocks coupled with prices that have been raised to compensate for the effects of loss has strong potential to cause consumers to divert from their preferred shopping locations, thus disrupting the competitive nature of the marketplace.

On a primary level, industry experts concur that the most practical solution for tackling ORC and loss prevention in general begins with a well-informed and attentive staff. “The No. 1 way to prevent losses from occurring is through good customer service,” says LaRocca. “When a store has vigilant employees that are watching the sales floor, and they’re interacting and communicating with their customers, we know for a fact that that has a deterrent value in stores.”

Jim Sweeney, vice president at New York-based Capgemini, agrees that retailers should take the time to properly educate employees on the effects of ORC, because the workers may be involved with the crime themselves. “I think what you’ll see over the next year or two is that as organized retail theft gets unbundled from shrink issues, you’re going to find a lot of inside cooperation with these [booster] groups, especially in the perishable arenas,” he says.

As a result, the use of employee background checks has increased

and is being encouraged by industry officials. “A decade ago store owners didn’t think they needed to perform background checks on entry-level employees or even minimum-wage employees, but what has been discovered over time is that these employees make up the biggest segment of potential loss and shrinkage,” says Catherine Aldrich, executive vice president of Accurate Background in Lake Forest, Calif.

### HELP FROM HOTLINES

On a defensive level, good employees have the potential to play an active role in reporting incidents of employee theft and sweethearting through the use of hotlines designed to accept anonymous calls, such as the service provided by The Network. According to Clark Bosley, vice president of the Norcross, Ga.-based company, retailers need to make sure that the hotline’s presence is properly and frequently communicated in order to maximize utilization.

But there is no doubt that whether it be ORC, employee theft or administrative error, the sources of shrink are becoming better developed, demanding solutions with a greater degree of sophistication to stop incidents before they occur. “Every time we build a better mousetrap, they’re out there trying to figure out how to get around it,” explains Lee Pernice, retail marketing manager at Boca Raton, Fla.-based ADT.

Historically, grocers have been able to rely on closed-circuit television cameras and electronic article surveillance systems to serve

their loss prevention needs, and while these technologies may remain part of the solution, they no longer suffice as the ultimate defense. “Everybody uses EAS systems, which are fine, but if you’re looking at them as your primary driver of your product-protection initiatives, you’re really going to miss the boat,” says Ernie Deyle, vice president of loss prevention at Woonsocket, R.I.-based drug chain CVS. “You’re not going to be able to get the full benefit of a true product-protection type of program. EAS is not at the heart of that. It might be the backbone, but it’s not at the heart of that product-protection program.”

### HEADING OFF EXPOSURE

Deyle should know, considering CVS’ reputation as a leader in loss prevention techniques in the retail industry. “When you start to look at how we’re structured, we have a great deal of technology in place to help us understand trends, behavior patterns and things of that nature that will help us understand where we’re being exposed before we actually become exposed,” he says.

One such technology currently used at select CVS locations is that provided by IntelliVid, a Cambridge, Mass. company that specializes in digital video analytics. Its system is able to detect in traditional CCTV footage behaviors that have been predefined as suspicious and send a visual report in real time directly to a store employee’s hand-held device. Retailers have the capability of directing the system to monitor

*Continued on next page*



## “Boosters” Clubs *Continued*

specific high-risk areas or shelves so that they are constantly aware of any activity occurring at those points.

Officials describe this technology as a trend, because this type of technique is quickly gaining appeal among many industry players. Nearly 40% of respondents to the National Retail Security Survey said they planned to increase use of digital video recording and video monitoring over the Internet. Observers note that since many retailers already have surveillance cameras in place, the primary investment in this technology is spent on updating multiple ROI systems on the back end.

And as retailers like CVS that have deployed the technology are learning, the return on investment extends far beyond the costs associated with loss prevention. “There’s also a very strong operational aspect that comes into play,” says Andre Galligani, director of strategic accounts for West Des Moines, Iowa-based Westec Interactive. “By having the ability to review the system remotely and to audit the video, the merchant will also be able to check on employees’ performance, to check on other aspects of the customer’s experience such as proper greeting, possible altercations and things of that nature.”

### IMPROVING EFFICIENCY

In addition, industry officials note that digital video analytics has the potential to improve a company’s operational efficiency by giving it a better understanding of behavior patterns related to certain promotions. Says Chris Buehler, chief scientist for IntelliVid: “Our system actually watches all the cameras and builds a database of all the activity in the store, so we can tell how many people have walked by an endcap, how many people stop

at the endcap, how many people stay there for a certain period of time and how many of them pick up a product at the endcap.”

Many top-tier retailers are opting to share their digital footage with local law enforcement agencies in hopes of increasing awareness of the devastating effects of ORC. “We need law enforcement now, and from the private sector we’re able to offer them some resources because we know they’re strapped with the resources they have in their areas,” says Smith. “So when we can share, we have an opportunity to go farther.

“We’re starting with an education process and then doing a lot of the leg work on these cases for them,” she continues. “That way we bring them a case that’s well-advanced and then continue to offer our assistance throughout their investigation.”

Moving forward, industry experts stress that in addition to educating both employees and local officials, retailers must keep themselves abreast of technological developments if they want to improve their loss prevention efforts. And they note that companies should have a keen sense of their particular predicament before shopping around for providers. “One of the things we see is that the customer doesn’t always have a clear understanding of what their objective is,” says Andrew Wren, president of Jefferson City, Mo.-based Wren, a provider of CCTV solutions. “Once they understand that, they can then start to at least understand what path to go down, which technology to deploy and which processes to change.”

### GROCCERS ARE LAGGING

“There are very low adoption rates of anti-shoplifting technologies in supermarkets. I think that out of all the retail segments out there other than furniture stores,

supermarkets might have the lowest adoption rate of that type of technology,” says ADT’s Pernice, who stresses the importance of smart technology in the fight against ORC. “And it’s not one answer that’s going to stop shrink. It’s going to be a combination of them.”

Ed Jimenez, retail global marketing lead for San Jose, Calif.-based Cisco Systems, takes it a step further by urging supermarket retailers to think outside the box when it comes to deploying loss prevention techniques. “We would recommend that the grocery industry not only look at other retailers but the hospitality and casino industry in terms of truly understanding how this infrastructure can be used,” he says. “The casino and hospitality industry is at the forefront of loss prevention and leveraging technology.”

Regardless of the approach, industry experts agree that retailers must be proactive and not reactive if they wish to stay ahead of the growing number of retail thieves. “The very first step is being aware of the issue,” says LaRocca. “The second is really talking to your people and making them aware of what their role is. And everybody has a role; whether you’re the checkout person, the stock person, the store manager or you’re the corporate executive, everyone has a role related to loss prevention or organized retail crime.” ■

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## Important Information for SIG Members

*The NRS governing self insured groups requires notifying members of all new members to the Nevada Retail Network Self Insured Group. New members for NRNSIG from August 14, 2006 to September 15, 2006 are listed below.*

- Action Party Rentals Inc.
- Alumatek Inc
- Angel Care Home Health
- Anytime Personal Care/My Cleaning Lady
- Branching Out Landscape Services
- Honey Mountain Hams
- Min Sok Chon
- Munari Auctions
- Nellis Glass & Screen
- Noah's Ark Child Center
- Petra Hygienic Systems International Limited
- Rock & Dirt Inc
- Silver Café
- Sun Block LLC
- Tidy Rides LLC
- Trinity Home Health
- Women's Specialty Care LLP

**NRNSIG** members who wish to register a negative vote on a new group member, please write NRNSIG at 810 E. Fifth Street, Suite A, Carson City, NV 89701, indicating which member and the reason(s) for the negative vote. ■

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**[www.RANNV.org](http://www.RANNV.org)**



# 2006 Ballot Questions

*Continued from front page*

## 7. REGULATION OF

**MARIJUANA:** This question amends state law to legalize marijuana, regulate and tax it.

## 8. AB 554 (SALES AND USE

**TAX):** Passage of this question would maintain a state law and allow people who trade in a car when buying a new one, to deduct the value of the trade-in from the cost of the new car and pay less sales tax. **The Retail Association of Nevada supports passage of this question.**

## 9. BOARD OF REGENTS:

This constitutional amendment would lower the number of Regents from 13 to 9. Three would be elected from the three congressional seat areas. Six would be appointed by the Governor. Presently, all 13 are elected.

## 10. LEGISLATORS CALL SPECIAL SESSIONS:

Presently, only the Governor can call the Legislature into special session. This constitutional amendment would allow the Legislature to call themselves into special session, limit the time to 20 days and limit the matters which may be acted upon. The Governor would still be able to call special sessions.

## 11. LEGISLATORS PAID EVERY DAY OF THE SESSION:

The Legislature is limited to 120 days unless a special session is called. But presently, they are only paid for 60 of those days. This Constitutional Amendment would permit legislators to be paid for every day they are in session. ■

## DOES YOUR COMPANY HAVE A STORY TO TELL?

If your company is a member of RAN, we'd like to include your news in our newsletter.

Please e-mail press releases to Ande Engleman at [ande@rannv.org](mailto:ande@rannv.org), or fax them to 775-882-1713.

If you have any questions, call Ande at 775-882-1700.

# A Golden Opportunity!

*By Barbara Wold, International Speaker, Author and Business Strategist • Global Retail & Consumer Guru*

**W**hen customers call on the phone, we are provided with a tremendous opportunity to reinforce and grow the relationship. It makes good (economic) sense to take the extra time and effort to make these calls as meaningful and service oriented as possible. Attention to customer service will go a long way in helping you to satisfy your customers and make them feel as if they are truly special.

1. Always tell your customer what you CAN do for them. Don't begin your conversation by telling them what you CAN'T do.

2. Allow upset or irate customers to vent. Do not interrupt them or start to

speaking until they have finished having their say.

3. Diffuse anger by saying "I'm sorry" or "I apologize."

4. Use your customer's name at different points in the call.

5. Make certain that your "solution" to the customer's problem is acceptable to them. Get their approval and agreement.

6. Always conclude each call with a "Thank you" or a verbal message of appreciation for their business.

7. Make certain that your tone of voice is in sync with your words. Remember, your tone of voice can completely contradict your message.

8. Listen attentively! There is nothing worse than asking an irate or troubled customer to REPEAT what they have just said.

9. Go the extra step by following up on your solution. Re-contact the customer to make certain that everything has been handled in a satisfactory manner, and they are pleased with the outcome.

10. Remember to ask if there is anything else that you can do for your customer. Taking the time to ask the question often results in increased business and a more committed customer. ■

*Book Barbara for your next Meeting! For Barbara's availability, a proposal and "Hot" topics call 949.675.8845 or e-mail: [bwold@ix.netcom.com](mailto:bwold@ix.netcom.com)*



# FDA: Fake Drugs on Canadian Web Site

PRELIMINARY LAB TESTS SHOW SOME SITES ARE SELLING COUNTERFEIT RX DRUGS

**A**ug. 31, 2006 — The FDA is warning people not to buy prescription drugs from certain Canadian web sites that have reportedly sold counterfeit prescription drugs to U.S. consumers.

The web sites are those that have orders filled by Mediplan Prescription Plus Pharmacy or Mediplan Global Health in Manitoba, Canada.

According to the FDA, some of the sites operated by Mediplan or that fulfill orders through Mediplan are:

- [www.RxNorth.com](http://www.RxNorth.com)
- [www.Canadiandrugstore.com](http://www.Canadiandrugstore.com)
- [www.Rxbyfax.com](http://www.Rxbyfax.com)
- [www.Northcountryrx.com](http://www.Northcountryrx.com)
- [www.Canada-pharmacy.com](http://www.Canada-pharmacy.com)
- [www.My-canada-pharmacy.com](http://www.My-canada-pharmacy.com)
- [www.NLRX.com](http://www.NLRX.com)
- [www.Canampharmacy.com](http://www.Canampharmacy.com)
- [www.Canada-Meds-For-Less.net](http://www.Canada-Meds-For-Less.net)
- [www.Canadian-safe.com](http://www.Canadian-safe.com)

The FDA recommends that people who have bought drugs from these web sites not use them because they may be unsafe.

## FAKE DRUGS

The FDA is investigating drugs that were being shipped from those web sites to the U.S.

It says preliminary lab tests have found counterfeits of the following prescription drugs:

- Lipitor – for cholesterol disorders
- Crestor – cholesterol disorders
- Zetia (U.S. name) / Ezetrol (Canadian name) – cholesterol disorders
- Diovan – high blood pressure
- Hyzaar – high blood pressure
- Actonel – osteoporosis in postmenopausal women
- Nexium – gastroesophageal reflux disease (GERD)
- Celebrex – arthritis-related pain
- Arimidex – breast cancer
- Propecia – male-pattern baldness

In general, the FDA advises consumers to use caution when buying medical products online.

“Although a web site may appear reputable and similar to legitimate retail

pharmacy web sites, many actually operate from outside the U.S. and provide unapproved drugs from unreliable sources,” says the FDA in a news release.

For example, in August 2005, the FDA intercepted imported drugs at New York, Miami, and Los Angeles airports. Of the intercepted drugs promoted as “Canadian,” 85% actually came from 27 other countries, and some were counterfeits.

Some Internet sites that claimed to be “Canadian” were, in fact, selling drugs of dubious origin, safety, and efficacy, says the FDA.

The FDA says it aggressively investigates drug counterfeiting.

“Drug counterfeiting defrauds consumers and can expose them to products containing unknown, ineffective, or harmful ingredients,” says the FDA. “Counterfeit drugs may be toxic or contain doses that are too small to treat a medical condition, or so large that they could endanger the health of the user.” ■

*News release, Food Drug Administration*

## Nevada News

Serving the Retail Community Since 1969

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