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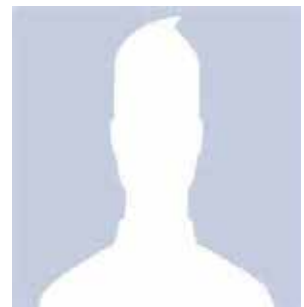
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Message From The President



Presidents Report

Your Columbia Pacific FOA is growing! As of July we now represent 73 of the 137 franchised stores in Oregon and Southwest Washington. We have added 5 new Board Members this year, 3 from the Portland Area, 1 from Vancouver and 1 from Bend, to better represent you. We can still use more help, if you are interested please call myself, or any of the Board members.

More important than numbers, your Franchisee Owners Association has been working hard to represent you. At the National Coalition Board meeting held prior to the July FOA Convention in Las Vegas, we heard from attorneys Craig Kennedy and Robert Haws about I-9s, Franchise employment practices as they relate to our Store Agreement and SEI, Financial Impact Worksheets, Non-Curable Breaches and DVR access by SEI. We also had a legal update about Franchisee's refusal to vacate their stores when SEI terminated their agreement (This has happened to several high profile Franchisees on the East Coast) . Your National Coalition leadership is working with our legal team and SEI management on these and other issues with the goal of strengthening your rights as an Independent Contractor.

On August 1st, the Board meet in Salem and our agenda included many of the items above, as well as a Trade Show report from Ravinder Warish, Golf Tournament report from Jerry Crippen, and a talk by Dennis Lane, President of the New England FOA and former National Chairman. We had a very productive and informative session. As a reminder, Board Meetings are open to ALL members! The next Board Meeting is scheduled for Saturday, Dec 7th at the Embassy Suites Hotel at PDX.

I have some numbers for the first 6 months of the year for the Oregon and Vancouver stores : Sales are up 4.95%, gross income is up 5.3%, and Net Income is up \$1556. While these are not spectacular increases, we are doing better than our competition is.

We have good news about Debit Card Fees. A Federal Court has ruled in our favor when it rejected the Dodd-Frank-imposed regulations governing interchange or "swipe" fees set by Visa and MasterCard. On July 30, U.S. District Judge Richard Leon in Washington ruled that the Fed did not have the authority to set a 21-cent cap on debit-card transactions. While there may still be legal challenges from the banking industry, this ruling has the potential to save you hundreds of dollars each month.

Our next General Membership meeting will be Thursday, October 10th in the Portland Area. We are asking FM to attend this meeting so if you have maintenance related questions and issues, this will be an important meeting for you.

Bill Huffman

The Columbia Pacific FOA is proud to recognize the Affiliated Members. THANK YOU for your support of our Franchisees Members and our community interests!



For more information on Affiliate Membership with Columbia Pacific FOA, please contact Jerry Crippen at jcrip5734@clearwire.net.

After months of debate, Portland City Council approves sick leave ordinance -- now what?



By Ryan Kost, The Oregonian



After the Portland City Council unanimously approved a sick leave ordinance months in the making, Commissioner Amanda Fritz, who led the effort, held a press conference. Her message to supporters and advocates was simple: “We did it.” *Benjamin Brink / The Oregonian*

The Portland City Council voted unanimously Wednesday to approve a historic -- if divisive -- ordinance that requires area businesses to grant employees earned sick time.

“This one of those moments where we made Portland a better place,” Mayor Charlie Hales said before he offered the fifth and final vote. “This is justice. This is the right thing to do.”

Portland joins Seattle, San Francisco, Washington, D.C., and Connecticut as the only U.S. jurisdictions to mandate sick leave, making it somewhat uncharted territory. Over coming months, supporters and opponents will be asked to help the council craft rules for implementing the policy. They’ll also move their attention to an effort at the state Capitol to pass a statewide standard.

In a news conference after the vote, Commissioner Amanda Fritz, who made passing the ordinance **a signature issue**, began her remarks with a simple: “We did it.” So what comes next?

For employers: As of Jan. 1, 2014, all private employers in Portland, including businesses and nonprofits, will have to give employees up to 40 hours of sick leave each year. Only those with six or more employees will have to offer paid time off.

Businesses outside Portland but with employees that work in Portland more than 240 hours a year will have to offer those employees sick time.

Employers that are exempt: The ordinance exempts federal, state and local governments. However, the city of Portland is subject to the rule, and officials have estimated it could cost the city \$200,000 a year. Additionally, businesses that already have sick leave policies that are as good as or better

than the city’s standard will not have to change.

For employees: Employees will earn one hour of sick leave for every 30 hours worked. They will need to work at least 240 hours a year to qualify. New employees will have to wait 90 days before they can use sick leave.

Enforcement: The **Oregon Bureau of Labor and Industries** will enforce the law on behalf of the city.

Rule-making: In a few months, city officials will begin drafting rules to flesh out record-keeping standards, penalties for noncompliance and other issues.

Legislature: Lawmakers in Salem have said they’ll pursue a statewide law and have introduced both a House and Senate bill mandating sick leave policies. It’s still too early to gauge its chances.

Internships: Commonly Asked Questions

By Joseph Tam, Program Coordinator

Technical Assistance for Employers

Q: My business is in rural Oregon. Summer is almost here. A local high school student named Mary who is 17 years old asked for a summer job. Our business is not seasonal and does not need additional workers just for the summer months.. I told her that we did not have any vacancy. She said that she wanted to get some real-life work experience in a retail setting and did not mind working without pay. May I accept Mary's offer and have her work without pay?

A: No, a private for-profit business may not employ an individual without at least paying the current Oregon minimum wage of \$8.95 per hour unless the position is exempt from such requirement. Under the wage and hour laws, you “employ” an individual when you “suffer or permit” the individual to perform work for you. Mary’s offer to come to work without pay does not exempt you from having to pay minimum wage. In addition, before Mary turns 18, she is a minor. If you decide to employ Mary, your business will also need to apply for an Annual Employment Certificate for the employment of minors 14 through 17 years of age.

Q: As I was speaking with Mary, the high school's Career Education Program Coordinator, Jamie came by my business and learned of Mary's interest to gain work experience and my willingness to provide her train-

ing without pay. Jamie inquired if I would be interested in setting up an unpaid internship program for high school students. If I were not allowed to let Mary work without pay, how could I lawfully set up an unpaid internship program?

A: When all of the following criteria apply, students in an internship program are not employees within the meaning of wage and hour laws:

1. The training, even though it includes actual operation of the facilities of the employer, is similar to that which would be given in a vocational school;
2. The training is for the benefit of the trainees or students;
3. The trainees or students do not displace regular employees, but work under their close supervision;
4. The employer that provides the training derives no immediate advantage from the activities of the trainees or students; and on occasion his operations may actually be impeded;
5. The trainees or students are not necessarily entitled to a job at the conclusion of the training period; and
6. The employer and the trainees or students understand that the trainees or students are not entitled to wages for the time spent in training.

Labeling a work site experience as an “internship,” “mentorship,” or “structured work base learning,” “

Has absolutely no impact on whether there is an employment relationship. If the above criteria are met, the student is not an employee and the experience qualifies as training rather than employment. If, on the other hand, the above criteria are not met, the student would most likely be an employee and must be paid—even if the experience is promoted or labeled as an “unpaid internship.”

Q: In my rural retail business, the high school intern will have to handle guns and ammo during the retail sales process. Will that be acceptable?

A: Yes. Neither state nor federal child labor laws currently prohibit the handling of firearms or ammunition.

Q: How will Oregon's new intern civil rights bill affect employers?

Oregon’s new civil rights bill, HB 2669, ensures that unpaid interns are protected from workplace discrimination, harassment and hostile work environments.

7-Eleven Sued for Representing Itself as Franchisor

Posted Thu, 2013-08-01 11:22 by [Janet Sparks](#)



NEWARK – Three years ago, convenience store chain 7-Eleven basked in the limelight of being featured on CBS’s *Undercover Boss*. Today the world’s largest convenience store chain is under a different spotlight.

The franchisor is now fighting negative press surrounding its litigation against franchisees, as well as a federal investigation of human trafficking charges against its stores in New York, Virginia, and possibly other states. This week the 60-year old company learned it has a new battle to fight.

A lawsuit filed in New Jersey federal court on Wednesday against 7-Eleven, Inc. and its Japanese entities accuses the franchisor of fraudulent business practices and abuses, related to misclassifying employees as independent contractors.

Those abuses include manipulating the terms of the franchise agreement to deprive franchisees of equity in their

stores, and discriminatory measures against certain store owners, those of Asian, Pacific Rim and Middle Eastern descent. The complaint claims the abuses have altered 7-Eleven’s business relationship with its store owners.

Gerald A. Marks, Louis D. Tambaro and Evan M. Goldman of Marks & Klein are representing the franchisees in the lawsuit, filed under *Tamer G. Atalla, Neil Naik, Hemang Patel, Jayesh Patel, Kalpana B. Patel, and John Does 1-200*. Lead counsel Jerry Marks said they now have additional franchisees who have joined the litigation. “We have approximately 60 people signed up, who will be added when we amend the complaint. I am looking to take this lawsuit nationwide.”

7-Eleven, employer in disguise

7-Eleven’s franchise agreement clearly states that their agreement “creates an

arm’s-length business relationship” between independent contractor and franchisor. But Marks & Klein attorneys allege 7-Eleven is only attempting to insulate itself from franchisee claims that they are an employer. The complaint asserts, “7-Eleven, in actuality, significantly controls the day-to-day operations of its franchisees, rendering the parties’ relationship one of de facto employment.

That control is displayed in many areas of its operation listed here:

- Regulation of vendors and product supply
- Processing franchisees’ payroll through its owner internal payroll system
- Regulation of product pricing, advertising and promotional materials
- Intense daily oversight by

-Continued page 10-

7-Eleven Sued for Representing Itself as Franchisor

-Continued from page 9-

market and zone managers of franchisee operations

- Requirement that franchisees wear 7-Eleven emblazoned uniforms
- Franchisees cannot control the volume on their televisions and, rather, 7-Eleven controls that from their corporate headquarters in Dallas, Texas.
- Franchisees are unable to change the temperature in their store and, rather, 7-Eleven controls that from their corporate headquarters in Dallas, Texas
- Bookkeeping and all accounting done by corporate; and
- Franchisees cannot withdraw money without corporate approval

By ignoring its true relationship with franchisees, the franchisees claim they are deprived of many employment-related benefits, including the following Federal Insurance Contributions Act (“FICA”) tax; social security withholding; unemployment, health insurance, and workers’ compensation.

There is another big issue. The alleged employment relationship is also based on the fact that 7-Eleven and its franchisees are engaged in the same type of business, and franchisees are not permitted to engage in business activity outside of 7-Eleven operations in their role as franchises.

7-Eleven, as an employer, would also be responsible for I-9 forms, to ensure compliance with immigration laws. As an alleged franchisor, they currently delegate that duty to franchisees.

7-Eleven’s additional violations as franchisor

Franchisees in the lawsuit also claim that 7-Eleven, as a franchisor, is unfairly competing with other brands. While other convenient stores in the area operate similarly to 7-Eleven, providing customers with food and beverage on a 24-7 basis, they are at a disadvantage. WaWa, Inc. and QuickChek have approximately 300 to 500 stores in New Jersey and New York, but they are properly classified as employees. That gives 7-Eleven the advantage of not providing employment-related benefits to its misclassified employees.

The lawsuit also states that 7-Eleven is in violation of rules established by the Securities Exchange Commission. “As 7-Eleven franchisees are nothing more than glorified employees, 7-Eleven is selling security interests to these franchisees/employees (by way of their franchise investment) without proper disclosure.” It asserts that is in violation of securities laws.

Marks & Klein are claiming four counts against the franchisor. Those counts include violation of New Jersey’s franchise act, wage and hour laws, and law against discrimination.



Gerald A. Marks, Louis D. Tabaro

Jerry Marks declared, “This case is groundbreaking. When we succeed in proving store owners are employees, we will see to it that the 7-Eleven operators are fairly compensated for what they are due. That will include overtime pay, medical expenses, and pension benefits.” He said the employees will also be reimbursed the money they invested in the franchise, proving that the company violated various security laws. “Store operators will be entitled to all that money, including interest and penalties.”

Margaret Chabris, 7-Eleven director of communications, declined any interviews, stating, “The matter is in litigation, and at this time we are declining requests for public comment.”

During the Undercover Boss segment in February 2010, 7-Eleven CEO Joseph DePinto, who went undercover, stated, “There’s been a lot of bad press—some of it rightfully so—about bosses taking advantage of situations or not leading the right way. A lot of companies failed because of this.”

FEDS SEIZE 7-ELEVEN STORES – TIME TO FRANCHISE YOUR IMMIGRATION COMPLIANCE PLAN

June 17th, 2013 - by JULIE MYERS WOOD

Today's news that 14 7-Eleven franchises have been seized and 9 managers arrested, with prosecutors seeking \$30 million in forfeitures from the franchise and its corporate parent, should send alarm bells ringing across the franchised business industry.

Prosecutors charge that these 7-Eleven's relied on an unauthorized workforce and tried to hide their activities by paying the unauthorized workers with social security numbers belonging to children and deceased individuals. This case sends a clear message: corporate entities cannot franchise away immigration compliance. Not only can corporate leaders be found liable for the failures of individual franchise owners, but a well-respected brand can be irreparably tarnished because of the misdeeds of a few wayward franchise owners.

Franchised companies are aggressive when it comes to vetting potential new franchise owners and are adamant about the process by which individual franchises will market its goods. But when it comes to certain legal requirements, many franchised businesses are more than willing to distance themselves and look to their individual franchise owners to "figure it out."

This strategy is especially unfortunate given that many franchises are in high-risk industries for immigration violations. 7-Eleven is number four on

Entrepreneur's Top 50 Franchises for 2013, and other top franchises included franchises in the hospitality industry (Hampton Inn), restaurant industry (Subway, McDonald's), and cleaning industry (ServPro).

As we learned today, actions on the part of a single franchise owner can jeopardize the integrity of a hard-fought pristine reputation and also cost the corporate entity cold, hard cash. Six years ago, we saw the same thing when a rogue McDonalds franchise owner in Nevada violated basic immigration compliance procedures at 11 stores. Turning a blind eye in the franchise industry can have significant consequences.

Just as franchisors expect a key recipe or cleaning method to be the same in West Virginia and California, corporations need to implement basic top-down immigration compliance plans for franchise owners.

First, corporations should set the tone at the top for a culture of compliance. As indicated in the U.S. Sentencing Guidelines, the government expects this for every compliance and ethics program, and immigration is no different. Ensure that your franchisees know that immigration compliance matters, and include compliance metrics on the franchisee scorecards or annual rating.

Second, the franchisee contract should

document specific expectations of the franchisee in terms of immigration compliance, including giving the corporation the right to audit immigration compliance and requiring the franchisee to provide notice of any visit from government agencies.

Third, include basic immigration compliance training as part of franchisee development. Many franchisees are new business owners, and they may not understand that an I-9 is required for every employee or the penalties that can occur when hiring unauthorized workers.

Finally, consider requiring E-Verify, the government's voluntary system for verifying employment, for franchisees. While participation in E-Verify doesn't guarantee that franchise owners avoid unauthorized workers or the problem of identity theft, it is a solid base for any compliance program or structure.

While the general public might be forgiving of some brands that fail to comply with basic immigration compliance, other brands may not be so lucky. Failing to include a company-wide compliance plan is tantamount to corporate mismanagement. Corporations should take the 7-Eleven news as a warning sign and begin identifying vulnerabilities in their franchise management today.





John Wilkerson Memorial
FOA Golf Tournament
 Photography by Susie Ho



Columbia Pacific Franchise Owners Association

Year End Vendor Recognition Meeting

Date: Friday, December 6, 2013

Time: 6 p.m. Cocktails

7 p.m. Dinner Buffet

Place: Embassy Suites Hotel

Portland Airport

7900 N. E. 82nd Avenue

Portland, OR 97220



Meeting is open to current FOA members ONLY.

ONLY two attendees per membership.

Please join the franchisees, 7-Eleven Inc. and our

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Please RSVP by November 22, 2013 to: Jerry Crippen

5734 Table Rock Rd

Central Point, OR 97502

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Cognitive & Moral Dissonance...a corporate philosophy?

by: Jack Rugen

I learned about cognitive and moral dissonance in a college classroom. *Cognitive dissonance* is basically the uncomfortable feeling caused by holding two conflicting thoughts in the mind at the same time or when one acts against what he believes or knows to be true. *Moral dissonance* arises when people act in a way that causes negative consequences for others.

Dissonance or inconsistency in behavior and the inner-conflict that comes along with it, is often strong when we believe or are led to believe something about ourselves or something important to us and then do something against *that* belief; and are forced to do something that goes against *that* belief or knowledge. If I believe that I am good and do something bad, then the discomfort I feel is *cognitive dissonance*. Contrarily, if I believe something is bad and I am told that it is good and forced to do *that* something, this is also a form of *cognitive dissonance*, which may lead to *moral dissonance*. Certainly, when corporate acts in a way that causes negative consequences for us, this is a form of *moral dissonance*.

The theory proposes that people or entities have a motivational drive to reduce dissension, differences of opinion, conflicts and even, rebellion. Individuals and entities do this by changing their attitudes, beliefs and actions, even if it is contrary to their prior knowledge and/

or beliefs. Dissonance is also reduced by justification, accusations and denial. It is one of the most influential and extensively-studied theories in social psychology.

Most of the research on *cognitive dissonance* takes the form of one of four major paradigms. Important research generated by the theory has been concerned with the consequences of exposure to information inconsistent with a prior belief; what happens after individuals act in ways that are inconsistent with their prior attitudes; what happens after individuals make decisions; and the effects of the effort expenditure.

Dissonance is aroused when people are confronted with information that is inconsistent with their beliefs or prior knowledge. If the dissonance is not reduced by changing one's belief, the dissonance can result in misperception or rejection or refutation of the information, seeking support from others who share the beliefs and/or knowledge and attempting to persuade others to restore agreement or harmony. This is rampant within the franchise community.

Moral dissonance is stimulated whenever individuals or entities voluntarily engage in a hostile activity to achieve some desired goal; and, increases with the importance and impact of a decision, along with the difficulty of reversing it. *Cognitive dissonance* is central

to many forms of persuasion to change beliefs and knowledge, values, attitudes and behaviors. The tension can be injected suddenly or allowed to build up over time.

This theory can be correlated to the business decisions by corporate regarding CDC fees, BT and audit overage procedures. When we were told, many years ago, that the CDC would reduce costs, corporate was committing *cognitive dissonance* in that they were fully aware of the negatives involved but insisted on spinning the narrative to make it look positive when, in reality, it was, and still is, a negative for us. Costs have not been reduced and I'm paying nearly \$45,000 per year to have CDC items delivered to my store, despite the number of items that are actually delivered. An example is: the recent, Holiday blizzard in the New York area - 280 items were not delivered and adjusted - but the fee remained the same.

Business Transformation=lower costs? This might be the rhetoric that corporate execs are spewing forward...but it's just rhetoric! How long will it be before a fee is created for these deliveries? Do you think corporate is going to soak up the costs associated with the initial opening and successive operation of this warehouse? It's only a matter of time. Promises of BT are that it will focus on improving and simplifying the way stores order, receive and sell products.

-Continued page 19-



FOA Membership Good for \$55.00 on Business Membership Only any extra memberships will be paid for by member.

To start your annual membership, please see your local Costco. To receive your reimbursement check for Business Membership, Please complete the form below, attach a copy of your Costco Membership fee receipt and submit to the Columbia Pacific Treasurer.



FOA Membership Good for AAA Basic Membership. Any extra coverage will be paid for by member.

To start your annual membership, please contact AAA Oregon/Idaho @ 800-425-8630. To receive your reimbursement check for AAA Basic Membership, please complete the form below, attach a copy of your AAA Oregon/Idaho receipt and submit to the Columbia Pacific Treasurer.



We Need Your Help!

We are asking all stores to please contribute the donation of their counter canisters to the Columbia Pacific 7-Eleven Scholarship Fund. This will enable us to replenish the fund and continue to help college students with the cost of their education. Please make your check payable to the Columbia Pacific 7-Eleven Scholarship Fund and mail to the Columbia Pacific Treasurer.

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Find your name in one of the advertisements and win \$100.00. If you find your name, sign the page, before the next magazine is published, and submit the form below with the signed page to the Columbia Pacific Treasurer.

Send to the Columbia Pacific 7-Eleven Treasurer:
Jerry Crippen
5734 Table Rock Rd
Central Point, OR 97502

Name _____

Store Number _____

Address _____

City, State, Zip _____

7-Eleven Sues Long Island Franchisee for Siphoning Money

NEW YORK – 7-Eleven Inc. filed a lawsuit against the franchisee of five Long Island stores, accusing him of siphoning hundreds of thousands of dollars for at least four years, according to a report by the *Wall Street Journal*.

Filed in a Brooklyn federal court last week, the lawsuit seeks \$1 million in damages and alleges that Tariq Khan, along with his wife, son and others, diverted cash to buy merchandise inventory from suppliers and never reported the invoices to 7-Eleven.

“In as much as merchandise does not simply grow by itself on the shelves, the most viable explanation is that the stores brought in merchandise that was

not reported to 7-Eleven in violation of the franchise agreements,” the complaint states. “Such an anomaly is also indicative of a franchisee’s operating a ‘business within a business.’”

A routine review in 2010 first turned up evidence of possible wrongdoing, according to 7-Eleven. The Dallas-based company then launched an undercover operation. In some of the subsequent 246 “secret buys,” Khan’s employees bypassed the register, never reporting the received cash. In others, they misidentified the product as a less-expensive item when entering it into the cash register to underreport the sale, according to the *Journal*.

Although 7-Eleven ended its franchise

agreement with Khan, the complaint states that the defendants “have declined to voluntarily vacate the stores.”

Khan is the former head of the National Coalition of Associations of 7-Eleven Franchisees. He was not one of the nine 7-Eleven store owners and managers charged with harboring and hiring illegal immigrants on June 17.

Khan did not respond to the news outlet’s request for comment.

7-Eleven Inc. operates, franchises or licenses more than 10,110 7-Eleven stores in North America.

July 30, 2013

Seven & I CEO Suzuki Talks U.S. Growth Strategy

NEW YORK -- 7-Eleven has more than 50,000 outlets worldwide, more than any other retail chain, but Toshifumi Suzuki, CEO of parent company Seven & I Holdings Co., still sees room for growth in the United States, according to a report by *Bloomberg*.

“Our U.S. business has entered the growth stage,” Suzuki told the news outlet. The company will make more acquisitions and “will raise the quality of stores.” In June, Suzuki predicted that 7-Eleven could grow to as many as 30,000 units in the U.S., as *CSNews Online* reported.

To capitalize on this growth potential, though, 7-Eleven can’t just imitate its Japanese strategy for success. “American 7-Elevens have to do things that satisfy American consumers,” Suzuki said. “So, I don’t tell them to do things exactly how we do them in Japan.”

Dallas-based 7-Eleven Inc., the company’s U.S. convenience store unit, expects to post a record operating profit of \$540 million this fiscal year, up 13 percent from last year.

Tokyo-based Seven & I, which also operates other non-7-Eleven businesses in Japan, expects a 15-percent increase in earnings to 340 billion yen, or more than \$2.4 billion -- a record for the third straight year. In terms of profits, Seven & I had an operating margin of 7.13 percent for the fiscal year that ended in February, ahead of Wal-Mart Stores Inc. at 5.93 percent.

Japanese 7-Eleven stores open in clusters in order to streamline logistics and ensure fresher produce, due to the company’s desire for outlets it can supply from distribution centers three hours away or less. Its focus on fresh food, bento lunches and private label

goods may have lured customers away from supermarkets.

Similarly, 7-Eleven stores in the U.S. have begun offering more fresh food in recent times.

Eventually, the 80-year-old Suzuki could be succeeded by his son Yasuhiro Suzuki, who runs Seven & I’s online business unit, Seven Net Shopping Co., but the chief executive told *Bloomberg* that his son is not a guaranteed successor and should “do his thing freely.”

Ultimately, Suzuki’s goal is to give each potential next CEO “a chance to prove him or herself,” according to the report.

7-Eleven, Amazon Latest to Sue Over Swipe Fees

NEW YORK -- The proposed \$7.25-billion settlement over credit card swipe fees may not be the end of the battle between the retail industry and credit card companies.

7-Eleven Inc. and Amazon.com Inc. have become the latest to join approximately 30 others in a lawsuit filed in federal court in New York against Visa Inc., MasterCard Inc. and several major financial institutions. 7-Eleven and Amazon are among the more than 7,000 that opted out of the \$7.25-billion settlement, according to *Bloomberg*.

“Once Visa and MasterCard acquired substantial market power over merchants, they maintained it by forcing merchants to pay even higher interchange fees to continue to fund these price-fixing schemes,” the retailers said in their complaint filed Wednesday.

This latest legal action follows a similar lawsuit filed in the U.S. District Court in Manhattan in mid-May by Macy’s Inc., Target Corp., JC Penney Co. Inc., Kohl’s Corp. and TJX Cos. -- among others -- in advance of the May 28 deadline for merchants to either ac-

cept the proposed settlement or opt out and pursue separate legal action, as *CSNews Online* previously reported.

Visa is also taking action of its own. Two weeks ago, the company filed suit against Wal-Mart Stores Inc. in order to halt future litigation over credit card swipe fees. In its complaint filed in a Brooklyn, N.Y., federal court, Visa stated that it seeks to prevent “the continuation of endless, wasteful litigation between the parties,” and that “put simply, Visa seeks finality in its dispute with Wal-Mart.”

Cognitive & Moral Dissonance...a corporate philosophy?

-Continued from page 16-

Nowhere in the data does corporate mention the increase in franchisee labor costs.

And, we know that “washing-out” audit overages is in contradiction of basic accounting procedures, backed by law and yet these procedures are and will be implemented with corporate’s full awareness of the same.

SEI’s execs experience an average tenure of 33 months, worrying about “today” instead of “tomorrow”. Consequences of their decisions will be realized “tomorrow”. Could it be they’re feeling the uncomfortable sentiment and tension associated with *cognitive dissonance* or the guilt brought on *moral dissonance*? In my opinion,

the quality of *this* franchise system is being eroded by *cognitive and moral dissonance*, perpetrated by short-tenured, corporate executives selling us a flawed bill of goods in order to keep their jobs and impress the boss. Not to mention, the *cognitive dissonance* we experience from the other side of these conflicting thoughts, ideas and concepts being perpetrated against our better judgment, beliefs and knowledge of our business and portrayed as advancing and improving the system.

I believe these actions and all the recent actions taken by our franchisor is an attempt at accountability and the continual focus on that part of our relationship will lead to the deterioration of the system; and

eventually, the external pressure wielded by these corporate employees on the system will force it to implode due to the lack of internal pressure exerted by the franchisee community.

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Dates to Remember:

Columbia Pacific Year End Vendor Reconition Meeting

Friday, December 6, 2013
Embassy Suite Hotel
Portland Airport
7900 NE 82nd Avenue
Portland, OR 97220

Columbia Pacific 4th Qtr 2013 BOD Meeting

Saturday, Dec 7, 2013
Embassy Suite Hotel
Portland Airport
7900 NE 82nd Avenue
Portland, OR 97220

Columbia Pacific 1st Qtr 2014 BOD Meeting

TBD

Columbia Pacific 2nd Qtr 2014 BOD Meeting

TBD

Sneaky Franchisee Swiped Cash, 7/11 Claims

By ELIZABETH WARMERDAM



LOS ANGELES (CN) - A franchisee swiped hundreds of thousands of dollars from 7-Eleven through a "secret cash business" inside his Southern California stores, the company claims in a RICO complaint.

7-Eleven and TSC Lending Group sued Balraj Chopra, his wife Neelam Chopra and Chopra Holdings Inc. alleging RICO fraud, breach of contract, unfair competition, trademark infringement and other claims, in Federal Court.

The Chopras, of Granada Hills, ran three 7-Eleven stores, in Sepulveda, Van Nuys, and San Fernando, the complaint states.

"The essence of the schemes was to utilize various devices to effect unreported merchandise sales, the proceeds of which were used to pay for merchandise in cash, for purchases which were not reported to 7-Eleven, with the significant balance going into the pockets of defendants and their co-conspirators," 7-Eleven

states in the complaint.

It claims the Chopras ran a "cash business" by making false entries in the cash register when customers bought merchandise with cash. The false entries, which included using non-sale cash register keys, masked the actual sales transactions, allowing defendants to keep the cash for themselves, the complaint states.

The excessive use of these register keys in the stores' electronic journals helped confirm the Chopras' scheme, the complaint states.

While all of the keys used by the Chopras have a function and legitimate purpose, such as the PLU key for a price look up, "the volume of use of these keys and/or functions - multiple times the average in the markets - is not subject to benign explanation. The only reasonable explanation is that the register keys and/or functions were used to mask legitimate customer sales," 7-Eleven states in the complaint.

The Chopras used the unreported cash they got from customers to buy more inventory, which they failed to report to 7-Eleven, the complaint states.

"By way of example only, a review of the stores' transactions during the 10-month period May 1, 2011 through February 28, 2012, show that reported purchases exceeded reported sales in multiple categories, such as non-carbonated beverages, candy, health and beauty care (HABC), and tobacco, by more than

\$28,000. Inasmuch as merchandise does not multiply by itself on the shelves, the explanation for this significant discrepancy cannot be benign," the complaint states.

"During the same time period, defendants' reported sales in certain categories of merchandise at the stores have been significantly less (by more than \$100,000) than reported purchases, and the magnitude of these shortages cannot be explained by employee or customer theft," 7-Eleven claims.

Analytical and video evidence also show that the Chopras failed to report thousands of dollars of merchandise sales at their stores, the complaint states.

7-Eleven terminated the Chopras' franchise agreements and demanded that they return the stores and all of the property in them, but the Chopras refused to comply, 7-Eleven claims.

"The former franchisees have refused to vacate and surrender the formerly franchised 7-Eleven stores. Defendants also continue to use 7-Eleven's trade names, trademarks, service marks and trade dress," the complaint states.

7-Eleven seeks \$500,000 in damages and an order compelling defendants to quit and deliver possession of their stores to 7-Eleven.

They are represented by Patricia Hollenbeck with Duane Morris in San Diego.

Workers' Compensation, Excess Property, Excess Liability From Aon Risk Services

Aon, one of the leading Insurance Brokers in the World, has the resources to provide a high level of service to the 7-Eleven Franchise community.

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7-Eleven Takes Perception Hit From Federal Raid

DALLAS -- 7-Eleven Inc. is not only facing problems in a court of law, but new consumer perception numbers suggest the convenience store retailer is also facing problems in the court of public opinion.

According to YouGov BrandIndex, a daily brand consumer perception research service, general feelings about the Dallas-based c-store chain have slipped since June 17 when federal officials seized 14 7-Eleven franchise stores in Long Island, N.Y., and Virginia, charging nine owners and managers with harboring and hiring illegal immigrants and paying them using fake social security numbers.

7-Eleven was measured with YouGov BrandIndex's "Impression" score, which asked respondents, "Do you have a general positive feeling about the brand?" Results were measured

for adults aged 18 and older who are aware of 7-Eleven, according to the research company. The scores range from 100 to minus 100.

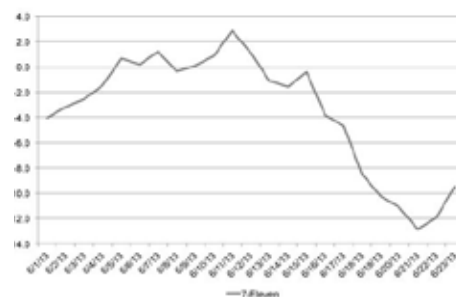
On June 11, 7-Eleven reached its highest Impression score of the year with a 3. However, on June 21 -- four days after the raid -- 7-Eleven's Impression score dipped to minus 13, its lowest level of the year so far.

As of June 27, the retailer's Impression score ticked up slightly to minus 10.

In the wake of the action by federal officials, 7-Eleven initiated an I-9 compliance check, instructing its franchisees to conduct an internal review of their personnel files to confirm they are in compliance by June 30. Beginning today, field consultants and market managers will visit each

store to review all I-9 documents for completion and substantive compliance, as CSNews Online previously reported.

YouGov BrandIndex interviews 5,000 people each weekday from a representative U.S. population sample. The research firm conducts more than 1.2 million interviews per year. Respondents are drawn from an online panel of more than 1.5 million individuals.





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