



Connection

THE MID-ATLANTIC CHAPTER ESOP ASSOCIATION NEWSLETTER - July 2008

Mid Atlantic Chapter Award Winners Honored at MAC Half Day Conference

On April 11th of this year at the MAC Spring Conference, I had the privilege of presenting the awards for MAC Employee Owner of the Year and MAC ESOP Company of the Year. Those went to Steven King of Gala Industries, and Mid-South Building Supply, respectively. The MAC was proud to have these two chapter winners represent us at TEA's Annual Conference in May. Unfortunately neither of them took home the big prize. Better luck next time, and the rest of us need to be honing our submissions for the 2009 awards.



2008 MAC ESOP Employee Owner of the Year Steven King-Gala Industries

Steve is a very worthy recipient of this award due to the many years of ESOP advocacy he has practiced at Gala. He began work in the Fabrication Department in 1987 and has served in many capacities, presently working in Domestic Sales. He has served as chair of their ESOP committee, is an ESOP trustee, provided formal benefit explanations to their employees, and mentored new folks. He has also presented on both the chapter and national levels, lobbied our legislators for favorable ESOP laws, and currently serves as Vice-President of the Western MAC region.



2008 MAC ESOP Company of the Year Mid-South Building Supply

Mid-South is also a very active ESOP company and one that others can use as a model. They sponsor all sorts of activities during ESOP month including educational games and meals, and also an ESOP Thanksgiving feast in November for all employees. In addition, they fill their company newsletter with ESOP items, have presented at MAC events, and won an AACE award in 2007 for External ESOP Advertising.

Mid Atlantic Chapter Members speak at The ESOP Association's Annual Conference

- Beth Decker / CALIBRE
- Steve King / Gala Industries
- Lou Diamond / Paley Rothman
- Carolyn Zimmerman / AACE Chair
- Drew Tavss / Mid-South Building Supply
- Ron Gilbert / ESOP Services
- Becky Hoffman / Principal Financial Group
- Paul Horn / WorkPlace Consultants, LLC
- Jeff McCartney / Social & Scientific Systems
- Keith Robertson / ComSonic

Helpful Publications from TEA

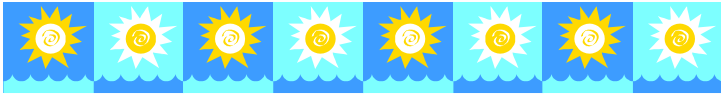


www.esopassociation.org

The Congressional Company Visit Kit: Practical Steps for Unparalleled Results, Summer 2008

Advocacy Kit 2008 Summer Edition NOW AVAILABLE to Fight Anti S ESOP Proposal

ESOP Administration Advisory Committee Releases 2008 Edition ESOP Administration Handbook – Order Today



Message from the President

Many of your chapter officers just returned from TEA's Annual Conference in Washington, DC, where we also attended the chapter officer's meeting on Monday. At that event the MAC was proud to receive an award for being the first chapter to convince their "target prospect" to join the association. This is a coordinated effort at TEA to increase membership by identifying non-member ESOP companies in our area and working to show them the benefits of TEA, thus convincing them to join the Association.

However, on the downside we saw that our overall corporate ESOP member rate declined by four over the past year, which put us way down the list of chapter performers. The officers will be working hard this year to improve that, primarily through identifying more non-member ESOPs in our chapter and making contact to espouse the benefits of TEA. We already have "target #2" identified and are pushing ahead.

How can you help? If you know of an ESOP that's not a TEA member please communicate that to your chapter leadership. This is especially true of our professional members; you are the ones that can provide us the channel to your non-member clients so we can begin the recruitment process.

Now on to the conference proper. If you didn't attend you missed a great event. There were many, many sessions beneficial to those interested in ESOP communications, as well as those administering the technical side of their plan. There were in excess of 80 attendees from our chapter, and I'm pleased to report that quite a few of the presentations were provided by MAC members (see the list on page one). An association's lifeblood is the contributions made by its members, not just financially but in many other ways. Without the effort put forth by these folks to provide meaningful content at the conference, well, there wouldn't BE a conference. If you are interested in presenting at the chapter or national level, don't hesitate to inform your chapter leadership of this desire.

In closing I will remind you to put Friday, October 24th on your calendars so you can attend the MAC's 15th Annual Full Day Conference in Charlottesville, VA. In addition, all of you golfers should block out Thursday afternoon the 23rd and join us for a fun and informal outing at Birdwood CC.



Keith Robertson and Tom Roback giving the legislative update over lunch at "CSI:ESOP" in April



Evidence is Conclusive -- CSI: ESOP a Fan Favorite

By Paul Horn

The Mid-Atlantic Chapter (MAC) of the ESOP Association held its 10th annual half-day conference, "CSI: ESOP" on April 11 in Charlottesville, VA. Over 80 participants from throughout MAC land visited several crime scenes with our deputized law enforcement teams.

The conference began at 10 am and concluded with lunch and the MAC awards. Several golfers preparing for the Masters then enjoyed the fine weather with Rick Mapp at his afternoon golf outing at the Birdwood CC.

MAC President Keith Robertson greeted the participants and then turned things over to Paul Horn, chief CSI inspector. Paul explained the ESOP crime scenes to be viewed: communication carnage; administrative anxiety; fiduciary fiasco; and valuation vendetta.

Steve King and Carolyn Zimmerman examined the clues leading to communication failure. En route, Steve defined "ennui" for the group and showed many pictures of the old cars in the Gala parking lot. Carolyn described slides of recent AACE submissions.

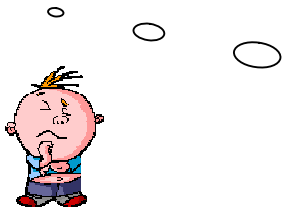
Inspectors Becky Hoffman and Jan Thomas encountered the most elaborate crime scene involving infidelity, S Corp. anti-abuse rules, murder, and a cover-up. The criminal, however, was no match for their forensic brilliance.

After break, Detectives Rick Mapp and Ron Gilbert examined infernal fiduciaries and the process of their selection and associated responsibilities. In the final scene, Sheriffs Peter Briggs and Scott Levine focused on how to keep a valuation from falling into the wrong hands by properly taking into account repurchase liability, the impact of equity markets, and the intricacies of S Corp. valuations. Peter was resplendent in his green jacket that he won many years ago at some golf tournament playing against the likes of Ben Hogan and Sam Snead.

During and after a great buffet lunch (the breaded chicken with spaghetti was again excellent), Keith and Tom Roback informed the group on how best to influence your elected officials to support ESOPs. Number one idea – invite them to your office for a meet and greet. Then the Chapter's Employee Owner of the Year (EOY) and ESOP Company of the Year (ECOY) were presented respectively to none other than Steven King (Gala) and MidSouth Building Supply. Congratulations! (See article on awards).

Then it was time for our raffle with outstanding prizes (wine seems to be a favorite) thanks to our generous sponsors. Our raffle raised \$304 for the Employee Ownership Foundation! Amazingly, this was just about the same amount as last year. Thanks to all ticket purchasers. Everyone had an outstanding time and Chapter Administrator, Deb Tompkins, did a great job handling conference-related activities.





Paul Opines

Paul Horn, WorkPlace Consultants, LLC

It's not about the shoes....

When Air Jordan sneakers appeared in the 1980's, Nike's tag line was *it's got to be the shoes*. No longer: the tag line has become *it's not about the shoes but who's wearing them*. Like Lance Armstrong -- *it's not about the bike* -- now it's about personal commitment, effort and desire.

This tag line also applies to companies with ESOPs. *It's not just about the ESOP*. The right sneakers may help your game but won't automatically turn you into an all star. The ESOP is like a good pair of sneakers -- it may give you some advantages over the competition but will not magically transform your company into a top performer.

The ESOP is Just a Retirement Plan. The ESOP doesn't come to work each day, doesn't earn a dime of revenue, and doesn't keep customers happy. The ESOP is just a piece of paper (actually many pieces) containing much legalese.

Most employees, particularly younger ones, don't get very excited about the company retirement plan. Even if ESOP account balances grow substantially, the updated statement typically comes but once a year. ***By itself, the ESOP as a retirement plan cannot generate rampant enthusiasm and employee engagement.***

So if the ESOP can't generate tremendous excitement, can't generate revenue, and can't even dunk a basketball, then what's it really about?

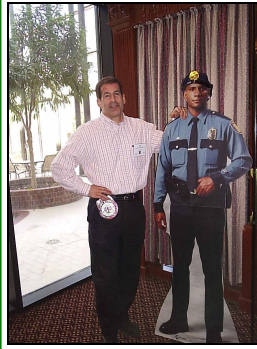
Employees + Ownership. You probably already knew the answer -- *it's got to be about the employees and creating a true ownership culture* in which employees can excel and flourish. Establishing this workplace environment is what truly creates excitement, productivity, and lest we forget ... profits.

Questions to Ask. Now think about your company.

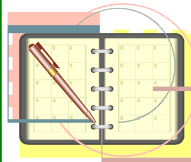
- Do employees understand and know where they fit into the organization and its strategic plan?
- Do they receive the tools, training and incentives to maximize performance?
- Do they know how to provide excellent customer service?

Trust. To realize your company's full potential, your answer to each question must be a resounding YES! Focus also on this critical ingredient: TRUST. Trust is the realization that employees have different roles but are all in the same proverbial boat. Without trust as your rudder, commands to change speed and direction will go unheeded and your flagship will flounder in turbulent tides.

Lace up your Sneakers and Soar! So remember that your ESOP is just like our pair of sneakers. Lacing up your ESOP is not the end of the story. What really matters is how you use your ESOP sneakers to leap tall buildings, soar to new heights and make employee ownership an everyday reality.



Chief Inspector Horn discussing the crime scene with Officer Standup



Calendar of Events

July 31, 2008

Mid-Atlantic Chapter

[The Latest in ESOP Transactions/Topical Due Diligence Issues](#)

Ernst & Young

8484 Westpark Drive, 9th Floor

McLean, Virginia 22102

For questions please call 410.747.4840 - Tom Roback

August 7 - 9, 2008

[Employee Owner Retreat](#)

Doubletree Hotel & Suites

Downers Grove, IL

Contact: 866/366-3832 or email meetings@esopassociation.org

September 9 & 10, 2008

[2nd Annual Board of ESOP Companies Retreat](#)

Phoenix, AZ

Contact the Meetings Department at toll free 1(866) 366-3832 or

meetings@esopassociation.org

September 25 & 26, 2008

[2nd Annual Board of ESOP Companies Retreat](#)

Chicago, IL

Contact the Meetings Department at toll free 1 (866) 366-3832

or meetings@esopassociation.org

October 23 & 24, 2008

Mid-Atlantic Annual Fall Conference

Doubletree Hotel

Charlottesville, VA

Contact Deb Tompkins @ carolinasesop@comcast.net

November 13 & 14, 2008

Las Vegas Conference & Tradeshow

Caesars Palace

Las Vegas, NV

Contact: 866/366-3832 or email meetings@esopassociation.org



Dr. ESOP™

Dear Dr. ESOP:

To diversify or not to diversify my ESOP shares once eligible. That is my question. Do you have an answer?

***Sincerely,
Nervous in Norfolk***

Dear Nervous:

Alas, poor Nervous, we know thee question well. As the immortal Bard of Avon might have said if the privilege of ESOP participation had been bestowed upon him:

Tis better to bear the risk of concentrated asset holdings with the possibility of great upside gain, or else to remove some stock hither for the tranquility of mind that flows only from asset allocation?

Indeed a question for the ages and we can almost visualize this line being uttered in our updated version of Hamlet. For those perhaps not as familiar with the works of Shakespeare and ERISA, some background on ESOP diversification.

- ❖ ESOPs must permit participants age 55 and over with at least 10 years of ESOP participation to diversify a portion of their ESOP stock account.
- ❖ The aggregate account % eligible for diversification is 25% during the first five years of eligibility and 50% (less any % previously diversified in the prior five years) in the final and sixth year of diversification.
- ❖ Most ESOPs provide for distribution of the diversified amounts which the participant can rollover to an IRA or the employer's 401(k) plan. Alternatively, the ESOP can provide for investment funds for the diversified shares within the ESOP.
- ❖ In calendar year plans, participants generally must elect to diversify by the end of March (typically in advance of the updated stock price) and receive elected distributions by June 30.

We can't provide you with specific investment advice, but your decision will need to take into account a variety of factors including the current diversity and size of your retirement assets and the prospects of your employer and its industry.

In closing, all the world's a stage, and we merely players thereupon. We want our retirement years to be sans regret, sans remorse, and sans cash insufficiency. I hope that's "As You Like It."

Sincerely,

Dr. ESOP (aka Paul)

Mid-Atlantic Chapter Officers

President:

T. Keith Robertson

ComSonics, Inc.
(540) 434-5965 x1251 Fax: (540) 434-9847
krobertson@comsonics.com

Vice-President-Membership:

Paul S. Horn

WorkPlace Consultants, LLC
(301) 365-7912
paulhorn@workplaceconsultants.net

Regional Vice-President - Capital Region:

Tom Roback

Blue Ridge ESOP Associates, Inc.
(410) 747-4840 Fax: (410) 747-4839
trobac@blueridgeesop.com

Regional Vice-President - Eastern Virginia:

Richard C. Mapp III

Equity Strategies LLC
Kaufman & Canoles
(757) 624-3285 Fax: (757) 624-3169
rcmapp@kaufcan.com

Regional Vice-President - Western Virginia:

Steven King

Gala Industries, Inc
(540) 884-2589 Fax: (540) 884-23
SKing@Gala-Industries.com

Chapter Administrator:

Deborah Tompkins
midatlanticesop@comcast.net

Welcome New MAC Members 2008

CORPORATE MEMBERS

Dunn Dillard, In Source Software Solutions, Richmond, VA
Peggy Kelso, Potomac Ironworks/Pico Industries, Baltimore, MD
Richard T. Evans, TEC, Inc., Charlottesville, VA
William Doyle, Logistic Support, Inc., Washington, DC

PROFESSIONAL MEMBERS

Kevin D'Anna, Paley Rothman, Goldstein, Rosenberg Eig and Cooper, Chtd., Bethesda, MD
Ken Barkman, Merrill Lynch, Washington, DC
Bob Bye, Northwestern Mutual, Roanoke, VA
Donald A. Caron, Caron, Holley Group a Citi Family Office/Citi Smith Barney, Washington, DC

AFFILIATE MEMBERS

William Corbitt, Blue Stone Supermarket, Inc., Roanoke, VA

** Please let us know if we missed you.*

Contact:

Deborah Tompkins
Chapter Administrator
P.O. Box 625 Stow MA
01775