

THE LOGISTICS OF STARTING
A CARD AND COMIC BOOK SHOP

A Paper
Presented To
Professor Steinhart
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Technical Writing

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Abstract

Many problems became evident as we started our report. Obtaining the proper licensing, permits, and insurance was a major problem. The next problem was acquiring necessary funding for an appropriate shop site. Less important but a problem nevertheless was determining which brands of comics and cards to purchase.

The study includes many different aspects. An array of legal forms needed for opening a card and comic shop is one aspect. A short history of cards and comics is the first issue that is discussed as well as current trends in both hobbies. Shop location and planning is discussed with the help of graphics. Lastly, the marketing and advertising aspects of cards and comics are included.

By the end of the report many problems had been solved. Popular and unpopular merchandise was researched and separated. An advertising technique was discovered, as was the proper insurance's. Strategies were set forth to help acquire a loan, and also acquire a fictitious names statement. The important process of acquiring legal forms from government bodies was also put in detail.

TABLE OF CONTENTS

Title Page	i
Abstract	ii
Table of Contents	iii-iv
List of Illustrations	v
1 Introduction	1-6
1.1 History of Comic Books	1-5
1.2 History of Sports Trading Cards	5-6
2 Starting A Comic and Card Shop	7-8
2.1 Practical Aspects	7
2.2 Merchandising Aspects	7-8
2.3 Advertising Aspects	8
3 Attraction of Sports Cards	9
4 Hot Sellers and Why?	10-11
4.1 Cards	10
4.2 Comics	11
5 Risky Items	12-13
6 Legal Aspects/ Processes	14-32
6.1 Sole Proprietorship	16-17
• Advantages	16
• Disadvantages	17
6.2 Permits	18-19
• State Re-sellers Permits	18
• Other Legal Permits	18-19

6.3 Tax License	19-24
• City of San Luis Obispo Business Tax Certificate and Supplement Form	19-24
6.4 Fictitious Name Statements	25-28
• The Fictitious Business Name Statement Form	25-28
6.5 Insurance	29-31
• Kinds of Insurance	29
• Types of Insurance	29-31
6.6 Dealing With The Small Business Administration	32
7.1 Sources of Capital for Start Up Costs	33-36
7.1 Personal Savings	33
7.2 Bank Loans	34
7.3 Small Business Loans	35-36
7.4 Investors	36
8 Location	37-40
8.1 Appropriate Site	37
8.2 Building Type and Characteristics	38
9 Shop Planning	41-43
9.1 Layout	41-42
10 Conclusions and Recommendations	44
11 Appendices	45-59
A List of References	45-47
B Glossary	48-51
C Interview Questions	52-54
D Additional Legal Informational	55-57

ILLUSTRATIONS

FIGURES

1	A Message to Law Librarian Patrons On Legal Assistance	15
2	City of San Luis Obispo Business Tax Certificate Application	20
3	City of San Luis Obispo Business Tax Certificate Supplement	21
4	Workers Compensation Declaration	23
5	Business Improvement Association Boundaries	24
6	Fictitious Business Name Statement Form	26
7	Shop Location Picture (Front - Entrance)	39
8	Shop Location Picture (Front - Aerial)	40
9	Shop Layout Diagram	43

Introduction

Starting up a card and comic store in San Luis Obispo is a complicated process. Before the store even opens, a variety of tasks must be researched and completed. The most important task is to find sources of capital needed for start-up costs, such as bank loans and investors. Once a source of capital is found, an appropriate shop site can be located and licenses, legal forms, and permits must be acquired from city hall. The next step is the purchase of the proper insurance's and a research of shop safety. At this point, the only details not yet completed are the purchasing of store equipment and merchandise. The store is prepared for opening after this myriad number of processes, although work in the fields of advertising, finance, and merchandise will continue throughout the life of the store.

History of Comic Books

Golden Age

The first comic produced was Famous Funnies #1 in 1934, by Eastern Color Printing Co. This comic reprinted popular newspaper comic strips. In June of 1938, Detective Comics, now known as D.C. Comics, first brought us the super-powered hero. In 1940 they introduced the super-skilled and cosmic powered hero. These three characters were known respectively as Superman, the Batman, and the Green Lantern. By the forties many additions had been made to the collection of characters that Detective Comics had. Superman and the Batman were joined by people such as the super-fast Flash, the amazon princess, Wonder Woman, the Atlantean Aquaman, and Robin, the boy wonder. Until the early sixties D.C.. Comics was the only comic company that was turning out super-hero comics on a large scale. From the mid-thirties to the early sixties people experienced the Golden Age of comics.

World War II

As America was drawn into World War II the now late great Jack Kirby introduced the super-hero for the real world, Captain America. Other heroes during the war were Namor the Sub-Mariner and the Human Torch. These were real world heroes because their exploits took place in cities and countries that almost everyone had at least heard of. This was in contrast to D.C.. Comics whose characters dwelled in cities with names such as Gotham, Metropolis, and Smallville. Captain America, Namor, and the Human Torch led other super-beings in the fight against Hitler and evil super-beings. After the war ended these heroes started to lose their following until the early sixties.

Silver Age

In the early sixties Jack Kirby joined with Stan Lee and Steve Ditko to form Marvel Comics. Between 1961 and 1965 Marvel Comics introduced a multitude of new characters and fresh ideas. By 1965 Marvel was publishing the exploits of the Fantastic Four, the Avengers, the Incredible Hulk, the Amazing Spiderman, the Mighty Thor, Daredevil and Iron Man every month. Every two months the adventures of the Uncanny X-Men could also be followed. Besides these new characters, Marvel reintroduced Captain America and Namor to the comic reading public. From the beginning of the sixties until around 1987 the Silver Age of Comics shined.

Modern Age

Soon competition between Marvel and D.C.. flared. Each company is continuously trying to find better artists, better writers, newer comic formats and fresh ideas for stories and characters. This competition helps generate strong followings for old characters like Superman and the X-Men while other characters get knocked down from having their own book to just being supporting characters. Characters like Superman, Batman, the X-Men and Spiderman now have three or four titles released each month to document their exploits because of their huge followings. Along with monthly titles now there are limited series out every month. These short run comics, introduced by D.C.. in 1977, run anywhere from two issues to twelve issues. Sometimes the limited series has a direct impact on major characters, and sometimes the series introduces a brand new character. As titles increase, more and more aspiring artists and writers earn the chance to show what they can do. Some of the most famous artists right now are Rob Liefeld who started by drawing an X-Men spin-off book titled The New Mutants, Todd McFarlane who launched his career drawing the Amazing Spiderman, Jim Lee who drew the Uncanny X-Men and Stephen Platt who drew Marvel's version of Batman known as Moon Knight. Writers include Kurt Busiek who got his start writing a limited series for Marvel titled Marvels and Frank Miller who started years ago as both writer and artist on Daredevil.

More Comic Companies

Throughout the eighties and now in the nineties more and more publishing companies have been popping up. New companies like Image, Dark Horse, Malibu and Valiant have been building up strong following for the past few years by publishing numerous on-going titles while companies such as Kitchen Sink and Now have stuck to publishing two or three mini-series at a time. Marvel and D.C.. have also introduced new companies over the past few years. Marvel introduced Epic Comics, and Marvel UK. D.C.. introduced Vertigo Comics and Milestone. Some of these companies were either started or enhanced by writers and artists that formerly worked with Marvel or D.C.. Two examples of this phenomenon are Image Comics and Dark Horse Comics. Rob Liefeld, Todd McFarlane, Jim Lee and Stephen Platt figure prominently into this mix in the fact that the first three started Image Comics, and Stephen Platt boosted popularity of one book for Image with his critically acclaimed artistry. Among the writers are Kurt Busiek and Frank Miller, both of whom are working on projects for Dark Horse, but got their start with Marvel.

As months turned to years and years into decades, comics have grown in popularity. When demand increased supply had to increase. The method of increasing supply turned out to be more people starting comic companies. Now where there used to be one company with one comic book there are more than twenty companies with hundreds of titles collectively. And everyday more people look for comics to start reading.

History of Sports Trading Cards

The sport card with the longest, most illustrious history is baseball cards. From their first appearance in the 1890's until 1948 Baseball cards appeared sporadically, used only for marketing endeavors. Tobacco manufacturers would promote their product by inserting a baseball card in each pack. Baseball cards were also used as promotional items in packs of gum. Goudy was one

such gum manufacturer that produced the largest card set at the time in 1933. This famous set included over two hundred cards(Baseball Beckett # 108 March 1994). With the introduction of the first two card companies, Bowman in 1948 and Topps in 1951, cards became a hobby mainstay. The cards from these two companies differed from those that came before them because they were produced in relatively large quantities and were available throughout the country. Topps bought Bowman in 1956 and became the first card manufacturer to regularly produce live-action photos on their cards instead of paintings. Topps became a corporate giant and produced a set of about six-hundred cards every year. Topps were also the sole producers of baseball cards until 1981, when Fleer and Donruss entered the market. Occurring simultaneously with this arrival of competitors was a sudden interest in baseball cards as a form of investment. From 1890 to about 1980, card collectors were mainly interested in collecting something that was representative of America's favorite pastime, baseball. Those who didn't follow the sport had no interest in collecting baseball cards. All this changed in the 1980's, when investors saw cards as a quick way to make money. A card market once geared towards kids shifted focus to adults(Baseball Beckett #50 May 1989). High quality cards such as Upper Deck soon moved out of a child's price range, but with the influx of older collectors the card industry soared. The number of major card sets increased from one produced in 1980 to fifteen produced in 1994. Baseball cards are no longer just a hobby. They are a rapidly growing business.

Basketball and football cards have undergone a rise in popularity similar to that of baseball cards. The cards of these sports were first produced on a regular basis by Topps in the 1950's. Football cards gradually gained popularity in the 1970's and reached their peak in the late 1980's. In 1994 football cards are suffering from a lack of interest and decreased value due to a saturated market(over 100 different brands in 1994). In contrast to football cards, basketball cards were collecting dust in the 1970's due to the indifference many sports fans felt toward the NBA. David Stern, the NBA's current commissioner, brought publicity to the sport with the help of such superstars as Michael Jordan(Basketball Beckett #23 June 1992). This publicity helped basketball

cards increase in value like no other card in the late 1980's. One particular set, 1984 Star, increased from forty dollars in 1988 to 2000 dollars a year later(Basketball Beckett #6 Jan. 1991). In 1994 basketball cards are arguably the best investment, and they are baseball cards closest competitor.

Starting A Comic and Card Shop

The following three sections are facts that our group discovered during his interviews with local comic shop owners.

Practical Aspects

Two stores were sole proprietorships according to the owners because there was no need for more than one person to run the store. The third was a partnership because the two owners wanted to start a business, but neither of them had enough money alone. In choosing store locations general foot traffic and accessibility were the keys. Price played a small role, but all stores interviewed started with a decent amount of cash. The last practical aspect is the need for a shop. Jerry Dickerson, owner of Games People Play, say that of the two comic shops in San Luis Obispo, Games People Play and The Sub, one or the other would do much better alone. There is a market for comics in San Luis Obispo., but with the small size of the city there is just enough to satisfy two stores.

Merchandising Aspects

To sell comics and cards I found that you do not need specific licensing from sports or comic companies. All you have to do is buy a minimum amount from a wholesaler. All three stores said that they keep track of merchandise on a computer as well as in file cabinets. With the computerized inventory the owners keep track of what sells the most and what is simply a waste of money. From their figures and just general observation it seems that November and December are the busiest months for comic stores, and Thursday through Saturday are the busiest days of the year. Thursday is when new comic shipments arrive while Friday and Saturday are the days when people get off of work and want to relax with some fantasy. Monday is the day most card shipments come in. Besides comics and cards, the stores also carry posters of many popular

characters. These have to be watched the same as the comics because if a good artist does the poster then it is gone before the next shipment arrives.

Advertising Aspects

The men and boys in the age bracket of ten to twenty-four are what store owners try to attract. This is because they are the ones whom most comics and cards appeal to. In advertising the owners try to change their displays every four to five weeks. Some even change theirs each week. Depending on the detail an owner wants in the display he can either do it himself or hire a person to do it for him. This is mixed in the store's that were interviewed. Games People Play is usually decorated by a specific person, while The Sub is done by the employees. The advertising window displays announce anything from major story lines in a popular comic title to autograph sessions by artists and writers for popular books. Media for use outside of the store include radio, TV, newsletter and the Yellow Pages. Depending on the time you want to have your ad run, the length of the ad and the number of times you want it run the cost can be anywhere from a few dollars to almost a thousand dollars.

Attraction of Sports Cards

The attraction of sports cards may seem to be a mystery to those who don't follow the sport. To card enthusiasts, however, cards present many attractions. First and foremost, sports cards are symbols of this country's favorite leisure pursuits. Sports cards are officially licensed by their respective organizations, and when you buy a baseball card, you buy a small piece of baseball. A hundred year old attraction of cards is that kids of all ages can collect their favorite teams and players. An older fan can bring back memories of yesteryear by buying an old card of his childhood hero. Another attraction of cards can be their design. Current cards are often foil embossed and have high quality glossy photos. Certain designs are also perfect for autographs. The investment potential of cards is yet another beneficent quality. Smart buys can lead to windfall of riches. Perhaps the most exciting quality of cards is opening a pack. Anything could be inside a one dollar pack, possibly a one cent card or a 1000 dollar windfall. In this win-or-lose situation, buying sport card packs is comparable to gambling.

Hot Sellers and Why

The following five sections are based on common knowledge and research from our group.

Cards

"Hot" items are sport card brands that are particularly popular in the current market and are selling at a brisk pace. However, these items are often unstable and can become unpopular very quickly. The current "hot" items a store should carry if it opened in 1994 would be;

Football-Upper Deck, Stadium Club (Football Beckett #50, May 1994)

Baseball-Stadium Club, Fleer Ultra, Topps Finest (Baseball Beckett #110, May 1994)

Basketball-Fleer Ultra, Skybox (Basketball Beckett #46, May 1994)

A hot item common in all sports cards sets are inserts. Inserts are not part of the regular issued set. They are designed differently from the regular cards and are much more limited. Most insert cards are valuable because of their scarcity, and some are even autographed. The odds of finding a particular insert card are usually printed on the back of the pack(Baseball Beckett #56, Nov. 1989)

Comics

Some of the factors that contribute to a comics rise in price are debut of a hot new artist, major turning point in the character's life, introduction of popular new character, and scarcity. Examples of these in order are Moon Knight #55-#57 and #60 which are the debut issues for the hot artist Stephen Platt, Wolverine #75 where the title character is nearly killed by his arch-foe, Uncanny X-Men #266 and the introduction of the popular character called Gambit, and Action Comics #1 which is the hard to find introduction of Superman. Current hot sellers can best be generalized by saying the more books you have the hotter the sale. X-Men comics, X-books as they are commonly called because of the great number of them, have dominated sales for the past few years. Superman and Batman are also big sellers because the two characters went through major disasters in the last two years. Superman was killed then resurrected and Batman got his back broken. The top current comic book publishers, Marvel, D.C.. and Image, each enjoy strong followings for almost all of their titles.

Risky Items

A new store should purchase numerous brands to produce a little variety in selection, but if they bought every brand on the market the store would be in financial trouble and trapped with unsellable products. Unsellable products from 1994, which are almost worthless, include;

Football-Topps (Football Beckett #50, May 1994)

Baseball-Topps, Score (Baseball Beckett #110, May 1994)

Basketball-Fleer (Basketball Beckett #46, May 1994)

Any new store owner should be cautious when ordering Football and Hockey cards. Football cards is a fickle market with only Stadium Club and Upper Deck avoiding decreased consumer interest. Purchasing hockey cards is an even riskier proposition. The National Hockey League(NHL) and it's cards, although popular back east and in Canada, still cannot compete with the other big three sports in the western US. Hockey has few recognizable superstars due to lack of publicity. Furthering hindering hockey cards, just as in football, is market saturation from countless brands. Due to the lack of interest in hockey cards in San Luis Obispo, I recommend that a card store should not carry hockey cards.

Two other risky items a store should research when purchasing are autographed items and old packs. Fake autographs used to be a major problem in the hobby, but a new state law has greatly reduced the number of fake autographs being sold. This law requires a certificate of authenticity, signed by a notary present when the autograph was signed, to accompany the autograph. Autographs cannot be sold without this certificate(The On-Deck Circle). Old, unopened packs in many brands before 1990 were not tamper-resistant. These packs had a wax seal which can easily be closed after opening by melting the wax. In this procedure valuable cards can be replaced with worthless cards. The only way to avoid these tampered packs is to purchase from a

reliable source. All these troubles incurred in buying autographed items and old packs is worth it, because both items consistently sell well.

Legal Aspects

The legal aspects and processes of starting a sports trading card and comic book shop business in the city of San Luis Obispo are not as difficult and complex as one may first suspect. The processes involved in fulfilling the legal aspects of this type of business are fairly straightforward and simple. Oftentimes shop owners do not feel the need to hire an attorney at law or a tax accountant to manage their fiscal records. Most often shop owners can acquire the legal expertise they need to operate their business from family and friends who are knowledgeable on legal subjects.

One thing that should be mentioned beforehand is that most card and comic book shop keepers are by no means legal experts. Since it is illegal for the county clerk (Figure 5.1) or the staff at the law library to give out legal advice, the process of finding out all the legal intricacies of starting up and maintaining a card and comic book business became somewhat more difficult than we had originally hoped.

However, our group, with the aid of Jerry Dickerson, owner of Games People Play (Dickerson), and a lot of very time consuming library research at both Kennedy Library and the Law library (in the San Luis Obispo County Government Building, room 125) was able to identify five of the principle legal aspects faced by owners of sports trading card and comic book businesses. Those aspects are: (1) general legal paperwork concerning items such as obtaining a State Resellers Permit along with other more local permits if they are necessary, (2) the decision to be a sole proprietorship and the legal advantages and disadvantages that come with that decision, (3) taxes, and the process of filing a city of San Luis Obispo Business Tax License, (4) the Fictitious Business Name Statement and (5) insurance -- the right type and amount for a card and comic book business.

A MESSAGE TO LAW LIBRARY PATRONS

ON LEGAL ASSISTANCE

Some library patrons may not realize that it is unlawful for members of the law library staff to help patrons interpret legal matters which they read, to advise them how the law might apply to their situation, or to assist in filling out legal forms. This would constitute the unauthorized practice of law and could subject the staff member and the law library to prosecution.

For these reasons, the library staff must limit their help to advising you which books might be helpful, where they are located, and how to use them.

If you need further help, you may wish to contact the following legal service organization:

California Rural Legal Assistance
1160 Marsh Street (old French Hospital)
Suite 204 544-7994

rev 7/93

Figure 5.1 - Library Legal Disclaimer

These aspects by far cover the extent to which most card and comic book shop owners have had to deal with legal matters on a regular basis or have come across in the process of beginning their businesses. Thankfully, for the purposes of this report, most sports trading card and comic book business owners have kept the legal end of their business simple by basically operating at the level of a "mom and pop" kind of store. To quote a city finance department worker, "The process of starting up a business here in San Luis Obispo doesn't really get complicated until you become either become a corporation or hire employees. Then, you have to deal with a lot more legal 'stuff' outside of our office."(Donati)

Sole Proprietorship

A sole proprietor is simply a person who independently conducts an unincorporated business for profit. The proprietorship is created at will without legal documentation. This was one of the reasons Jerry Dickerson of Games People Play chose this type of ownership. It is the easiest and cheapest way to run a business and in the case of a sports trading card and comic book business it usually is the best way to get started. Legally speaking the shop owners and their businesses are one in the same.

Advantages

As a sole proprietor the card and comic book shop owners are their own bosses. They don't have to report to a board of directors or answer to business associates. They can act quickly in making business decisions. They're likely to be subject to fewer regulatory and reporting requirements than a partnership or corporation. For a sports trading card and comic book business the prospect of a sole proprietorship is often the preferred choice. It both legally simplifies the owner's life and financially allows the shop owner to retain all of their profits.

Disadvantages

With the ease and convenience of sole proprietorship comes unlimited liability, essentially a legal catastrophe.

An example of the type of liability faced by owners of a sports trading card and comic book businesses would be the ever fluctuating rates of demand on baseball trading cards. As a sole proprietor, if the owner decides to order stock of a certain baseball card from the wholesaler and the demand for that particular card falls, then shop owners themselves are held liable to pay the whole seller for the entire stock that they ordered and/or purchased. The same holds true for all the other shop owners business obligations. Sole proprietors are personally responsible for all the debts of their businesses. This means that in the event that they are unable to pay their creditors they stand to not only lose their business assets but other property as well. This can include their home, car(s), and personal bank accounts.

Another consequence of being the sole proprietor of this type of business is that the business may fall apart upon the business owner's death (Lane 26). Since a proprietorship is nothing more than its owner (from a legal standpoint) it dies with them, leaving the businesses' assets to be divided amongst its heirs. It should be pointed out though, that arranging for a sports trading card and comic book shop business to be solely inherited involves a separate, more complex legal process.

On the surface sole proprietorship is preferable to owners card and comic book businesses, but with that choice of ownership come many more 'hidden' responsibilities.

Permits

Permits are documents granting permission to do something. In the case of card and comic book shop owners, permits allow the business to operate and sell merchandise with the public in an incorporated area of the county. Permits vastly differ in their usefulness and function. However, certain permits must be obtained in order for a shop owner to legally conduct business. Without these permits the business runs the risk of being sued for illegal trade.

State Resellers Permit

Perhaps the most basic legal document that one needs is a State Resellers Permit (Dickerson). These permits can be obtained at the State Board of Equalization office in Arroyo Grande. With a State Resellers Permit a shop owner can obtain materials (i.e., Upper Deck trading cards and D.C. Comics) from a wholesaler at their set price. The shop owners can then resell these items to the public as merchandise in their business establishment.

Other Legal Permits

Additionally, some other permits that might need to be obtained would be on the local level. These include zoning permits, required parking permits, home occupation permits, and sign permits.

Zoning regulations, especially for the city of San Luis Obispo are quite extensive and involve numerous legal clauses and sub-clauses. The number of legal rules surrounding zoning laws is extensive. The difficulty of obtaining a zoning permit in San Luis Obispo is exemplified by the presence of only two (2) comic and card book shops in the city.

The required parking permit is directly related to the actual size of the card and comic book owners business establishment in terms of floor area or lot area, and is legally interwoven with the city's zoning regulations. Basically, the larger the business, the greater the amount of parking

space they are required to have for their patrons. The Home Occupation Permit is needed for those businesses that use the home as the base of operations and is located in a residential zone of the city (Donati).

Lastly, a sign permit is needed for those card and comic book shops who intend to attract business with the aid of a large store sign. The actual size of the sign must fall within specific measurements specified in the city ordinances.

Tax License

From a tax standpoint sports trading card and comic book shop owners and their businesses are treated as a single entity. Business profits and losses are reported on the owners own tax return. If the shop owner has business losses they can be used to offset income that the shop owner receives from other sources. Income of the business is taxed directly to the owner, whether or not they decide to remove the money from the business. Additionally, card and comic book businesses are required to use the same taxable years that their owners use (Lane 45).

The City of San Luis Obispo Business Tax Certificate and Supplemental Form

In order to start any sports trading card and comic book business in an incorporated part of San Luis Obispo county, like the city of San Luis Obispo, a potential shop owner will need to obtain a city of San Luis Obispo Business Tax Certificate Application and Supplemental form (Donati) (Figures 5.2 and 5.3). Both of these forms can be readily obtained at the city Finance Department located in downtown San Luis Obispo at the city hall. The Business Tax Certificate is valid for one year provided that no major changes occur in the business. Significant changes, such as a change in goods and services offered, a change in ownership, or a new mailing address must be reported immediately by telephoning the city finance department.

Some of the components that a small business must complete on the city Business Tax Certificate Application include: (1) specifying the type of business, (2) listing gross receipts, and

(3) describing the nature of the business. In addition shop owners are required to submit proof that



city of san luis obispo

Certificate No. _____

BUSINESS TAX CERTIFICATE APPLICATION

Finance Department • 990 Palm Street / P.O. Box 8100 • San Luis Obispo, CA 93403-8100 • (805) 761-7134

Application for: New Business Change of Mailing Address Change of Location Change of Ownership

Applicant

Business Name _____ Doing Business As (DBA) _____

Mailing Address _____ Suite No. _____

Business Location _____ City _____ State _____ Zip _____

Former Owner/Tenant (if known) _____

Telephone No. (Business) _____ Telephone No. (Home) _____

Legal Status (Sole Proprietor, Corporation, etc.) _____

List names, home addresses and social security numbers of all principals in the business (use additional pages if necessary)

Type of Business: Retail Wholesale Professional Service Property Rental (Residential)
 Property Rental (Non-Residential) Manufacturing Contractor

Does your business have non-profit status? Yes No If yes, will you be doing solicitations? Yes No

If yes, the solicitations will be performed by: Owner Employee Volunteer Hsaker

Gross Receipts _____ State Sales Tax No. _____ Federal ID No. _____

State License No. (if applicable) _____ State Franchise Tax ID No. _____

Describe the nature of your business: _____

If this application is for change of location, mailing address or ownership, complete the following:

Previous Business Name _____

Previous Location/Mailing Address _____

Previous Owner _____

Applicant / Representative: I have reviewed this application and the attached material. The information is accurate to the best of my knowledge. I understand that in addition to obtaining a business tax certificate, I must comply with all other city, county and state regulations.

Signed _____ Title _____

Date _____

Approvals Required:

Community Development Department Signature _____ Title _____ Date _____
 Police Department Signature _____ Title _____ Date _____
 Other: _____ Signature _____ Title _____ Date _____

FOR OFFICE USE ONLY

Classification Number _____ Business Group _____ BIA Yes No

Payment Date _____ Tax Amount Paid _____

2000-0313



PLANNING

Figure 5.2 - Business Tax Certificate Application



city of san luis obispo BUSINESS TAX CERTIFICATE SUPPLEMENT

Department of Community Development • 990 Paine Street/Post Office Box 6100 • San Luis Obispo, CA 93403 • 8100 • (805) 781-7171

Print clearly in ball-point or type only in unshaded area. Attach this form to your completed business tax certificate application and return both to the Finance Department.

***Be sure to confirm with the Planning Division that your business is consistent with city regulations prior to establishing your business location.**

APPLICATION FOR: New Business Contractor Change of Mailing Address Change of Location Change of Ownership

Applicant _____ Day Phone _____

Business Name _____

Business Location: Number _____ Street _____ Suite _____ Zip _____

Mailing Address _____

Fully describe your business (include type of goods or services offered, hours, etc.)

PLEASE CHECK ONE: Ground Floor Upper Floor

If your business occupies more than one address or site in San Luis Obispo, please include other addresses and indicate primary address:

Number of Employees: _____ full-time _____ part-time

Approximate floor area occupied by the business: _____ square feet. Area devoted to outdoor sales or storage: _____ square feet.

Prior Owner, if known: _____

OFFICE USE ONLY

ZONING INFORMATION

What zone is the business in? _____ Is the business allowed in this zone? No-permit not required Yes-with a _____ permit.

No

Zoning Regulations Classification: _____

REQUIRED PARKING

City parking requirements are based on the floor area or lot area of your business. Check the city's Zoning Regulations and the Parking and Driveway Standards to determine the number, size and type of spaces required.

Total number of off-street parking spaces provided exclusively for the business: _____

Total number of off-street parking spaces required by the city: _____

HOME OCCUPATION PERMITS

You will need to apply for a Home Occupation Permit if your home is a residential zone is the base of operations for your business—serving as a mailing address, office, shop, or related use—even if you do work in other locations. The property owner must sign the permit application, consenting to the home occupation.

Is this a home occupation? No Yes. If so, has a home occupation permit been applied for? No Yes Date Applied: _____

SIGN PERMITS

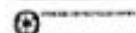
You may need a sign permit. (Signs for home occupations are not allowed.) Refer to the city's Sign Regulations.

Is a sign permit required? No Yes. If so, has a sign permit been granted? No Yes, application number: _____

Received By: _____ Date: _____

Supplement Approved By: _____ Date: _____

Notes to file: _____



ADDRESS FILE

Figure 5.3 - Business Tax Certificate Supplement

they carry workers compensation insurance, pursuant to sections 3700 - 3706 of the Labor Code if they intend to hire employees (Figure 5.4).

The city calculates its business tax at a rate of \$0.50 per \$1000 of gross receipts. The minimum amount due from any business operating in the city of San Luis Obispo is \$25.00 unless the business is located within the boundaries set by the Business Improvement Association (BIA). In this case the minimum tax due is \$50.00. A list of street names and addresses indicating the boundaries of the BIA are included on the back page of the Business Tax Certificate Application according to city ordinance No. 649 (1975 Series). (Figure 5.5)

The city Business Tax Supplement requires shop owners to submit basic information (i.e., address, phone number etc...) about their business. Approximately half of the Supplement form is reserved for the use of various city offices to verify that city zoning and parking laws are being adhered to, and also that the right permits have been filed.

WORKERS' COMPENSATION DECLARATION

I hereby affirm, under penalty of perjury, one of the following declarations:

I have and will maintain a certificate of consent to self-insure for workers' compensation, as provided by Section 3700, for the duration of any business activities conducted for which this license is issued.

I have and will maintain workers' compensation insurance, as required by Section 3700, for the duration of any business activities conducted for which this license is issued.

My workers' compensation insurance carrier and policy number are:

Carrier _____

Policy Number _____

I certify that in the performance of any business activities for which this license is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California, and agree that if I should become subject to the workers' compensation provisions of Section 3700 of the Labor Code, I shall forthwith comply with the provisions of Section 3700.

Name _____

Date _____

Address _____

Signature _____

WARNING: FAILURE TO SECURE WORKERS' COMPENSATION COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER TO CRIMINAL PENALTIES AND CIVIL FINES UP TO \$100,000, IN ADDITION TO THE COST OF COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706 OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES.



city of san luis obispo

Figure 5.4 - Workers' Compensation Declaration

BUSINESS IMPROVEMENT ASSOCIATION (BIA)

(805) 541-0286
1108 Garden St.
San Luis Obispo, CA 93401

FOR YOUR INFORMATION THE BOUNDARIES ARE:

<u>Street Name</u>	<u>Addresses</u>
BROAD	900 - 1308
CHORRO	900 - 1304
COURT	ALL OF IT
GARDEN	1100 - 1308
HIGUERA	552 - 1103
MARSH	497 - 1114
MONTEREY	600 - 1108
MORRO	900 - 1301
NIPOMO	1000 - 1306
OSOS	890 - 1302
PACIFIC	600 - 1106
PALM	682 - 1104
SANTA ROSA	900 - 1304

Per City Ordinance No. 649 (1975 Series)

Figure 5.5 - Business Improvement Association Info

Fictitious Name Statements

A fictitious name statement allows the public to know who actually owns a business (Relis). The form is a legal necessity and all sports trading card and comic book shop owners are required to have one of these forms on file with the County Clerks office in downtown San Luis Obispo and a carbon copy on file with an attorney or bank. The names of people who have already filed a statement are compiled in an index which must be updated once a month for twelve months out of the year and is kept in the County Clerk's office. In addition, the index serves as a reference guide to which fictitious names have already been chosen.

The Fictitious Business Name Statement Form

The Fictitious Business Name Statement form (Figure 5.6) acts like a patent on a shop owner's business name. Anyone who opens a business with a name exactly or extremely similar to the shop owners is subject to be sued for name infringement (and vice versa) under the law of unfair competition. If card and comic book shop owners do not file a Fictitious Business Name Statement not only will they subject themselves to a fine, but, will be unable to file a lawsuit against any other businesses for name infringement (Steingold 207). However, with a statement filed, shop owners can receive a court order or injunction prohibiting the inappropriate use of their business name.

The actual Fictitious Business Name Statement form requires that the owner of the card and comic book shop complete several items of information. These items include listing: (1) the fictitious business name the owner has chosen, (2) the mailing address of the principle place of business, (3) a list of the names and residential addresses of each registrant (proprietor) of the business, and (4) an indication of the type of ownership that the business establishment has.

In the case of card and comic book shop owners, following the procedure indicated on the Fictitious Business Name Statement form would include doing the following: (1) listing the actual

White Copy for Filing with San Luis Obispo County Clerk
Canary Copy for Publication

Pink Copy for Attorney or Bank
Gold Copy for Firm Making Fictitious Business Name Statement

A MAIL CERTIFIED COPIES TO: (Type or Print)	B
Name _____ Address _____ City _____ Phone No: _____	

FICTITIOUS BUSINESS NAME STATEMENT

Transacting Business Date _____
 THE FOLLOWING PERSON(S) IS (ARE) DOING BUSINESS AS:

1.	Fictitious Business Name(s) (Type or Print) _____	
2.	Street Address, City & State of Principal place of Business in California _____	Zip Code _____
3.	Full Name of Registrant (Type or Print) _____ Residence Address _____ City _____ State _____ Zip _____ (If corporation, show state of incorporation) _____	Full Name of Registrant (Type or Print) _____ Residence Address _____ City _____ State _____ Zip _____ (If corporation, show state of incorporation) _____
4.	Full Name of Registrant (Type or Print) _____ Residence Address _____ City _____ State _____ Zip _____ (If corporation, show state of incorporation) _____	Full Name of Registrant (Type or Print) _____ Residence Address _____ City _____ State _____ Zip _____ (If corporation, show state of incorporation) _____
4.	This business is conducted by (CHECK ONE ONLY) <input type="checkbox"/> an individual <input type="checkbox"/> a limited partnership <input type="checkbox"/> individuals (Husband & Wife) <input type="checkbox"/> a corporation*** <input type="checkbox"/> a general partnership <input type="checkbox"/> a business trust <input type="checkbox"/> an unincorporated association other than a partnership	5.A Signed _____ Type or Print _____
5.B	If Registrant is a corporation, sign below Corporation Name _____ Signature & Title _____ Type or Print Officer's Name & Title _____	

This statement was filed with the County Clerk of San Luis Obispo County on date indicated by file stamp above.

—FIVE CITIES—
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 Serving South San Luis Obispo County Since 1883.
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SOUTH COUNTY PUBLISHING COMPANY, INC.
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 Mailing Address: P.O. Box 480 • Arroyo Grande, CA 93421-5480
805-489-4206

CERTIFICATION
 I HEREBY CERTIFY THAT THIS COPY IS A CORRECT COPY
 OF THE ORIGINAL STATEMENT ON FILE IN MY OFFICE.
FRANCIS M. COONEY
 COUNTY CLERK

as _____ 2007
 Expires on _____
 File No. _____

NOTICE: THIS FICTITIOUS NAME STATEMENT EXPIRES FIVE YEARS FROM THE DATE IT WAS FILED IN THE OFFICE OF THE COUNTY CLERK. A NEW FICTITIOUS BUSINESS NAME STATEMENT MUST BE FILED BEFORE THAT TIME. THE FILING OF THIS STATEMENT DOES NOT OF ITSELF AUTHORIZED THE USE IN THIS STATE OF A FICTITIOUS BUSINESS NAME IN VIOLATION OF THE RIGHTS OF ANOTHER UNDER FEDERAL, STATE, OR COMMON LAW (SEE SECTION 14600 ET SEQ., BUSINESS AND PROFESSIONS CODE).

No: _____ Pub 4 T _____

Figure 5.6 - Fictitious Business Name Statement

business name i.e. "Games People Play" or "The Sub," (2) giving the businesses local address (sample business card of Games People Play), (3) listing the home address of the shop owner, and (4) indicating that the business establishment is a sole proprietorship.

The Fictitious Business Name Statement form may be mailed or hand carried to the City Clerks office. There is no set due date and the statement is valid for five (5) years from December 31st of the year in which it is issued. Two exceptions to this are listed under the Business and Professions Code (B & P Code) section 17923. One of these exceptions states that the Fictitious Business Name Statement will expire 40 days after any changes in the facts set forth in the statement, except that of a change in the residential address of the registrant. The second exception states that the Fictitious Business Name Statement expires upon the filing of a Statement of Abandonment. This statement is filed with the County Clerk's office, and is an official notification of an owners intention to dissolve their business.

After a shop owner has filed a Fictitious Business Name Statement form with the County Clerks office they must publish their carbon copy of the statement in a newspaper that circulates throughout the county or at least in the city that the shop owner intends to conduct business in, once a week for four (4) successive weeks (section 17917 B & P Code). After this has been accomplished an affidavit must be filed with the county clerk no later than 30 days after the fourth week of publication. Lastly, any person who willfully files a false Fictitious Business Name Statement or willfully includes false information on it is guilty of a misdemeanor and upon conviction can be fined up to \$500.00 (section 17930 B & P Codes).

Insurance

An insurance policy is simply a contract by which the insurance company or carrier undertakes the risk of paying out a dollar amount or benefit upon the occurrence of an unlikely event (i.e. fire, theft, or accidents). In exchange, a shop owner agrees to pay a fee or premium for the carrier's assumption of that risk. The policy describes what is covered, when, and to what

extent. It may also set forth various kinds of procedures such as how to file a claim, how to assign a shop owner's benefits, and even how to order more coverage.

A well designed insurance program can protect a card and comic book owner's business from two types of risks. The first is the risk of loss, such as when fire destroys a shop owners inventories. The second is the risk of liability such as when a customer is injured due to negligence on the part of the shop owner. Given that most sports trading card and comic book shops are owned and operated as sole proprietorships it is the risks of loss of business assets that most concerns these store owners.

Kinds of Insurances

Insurance policies can be specific, blanket, or package policies. A specific policy identifies or schedules each item of the insured property, locates it and assigns a value to it. Scheduling a valuable edition of Upper Deck trading cards establishes its value up front. A blanket policy may offer greater flexibility in a claims settlement by assigning value to insured possessions as a collective group; a recovery limit is not laid out for any one item, but for the entire lot. A package policy insures multiple risks in one comprehensive contract. When similar risk such as multiple brands of base baseball cards are packaged and insured together, overlapping coverage can be avoided along with disagreements between carriers. Most of these shop owners prefer to go with either a blanket or package policy, mainly because of the simplicity involved in obtaining it.

Types of Insurances

The most common insurances acquired by card and comic book shop owners are fire, crime, and accidental. The reasons for this lie mainly in the fact that these three factors, the threat of fire destruction, the threat of losing inventory as result of crime, and the possibility of being sued for millions, can have the most consequential effect upon the continual operation of the business.

Fire Insurance

The basic fire policy usually extends to cover direct damages from smoke, wind, riots, hail, and most explosions. This may at first seem like a lot, however, only those risks stated in print are insured. For owners of sports trading card and comic book businesses, any manmade phenomena that can cause damage to the shop owners principle merchandise should be stated on the policy under supplemental perils (i.e. sprinkler system damage unrelated to fire). Card and comic book shop owners must also take care to make sure climatic perils such as tornadoes and earthquakes that are preludes to fire related destruction are also included in the fire policy.

Crime Insurance

Crime policies are a necessity to owners of sports trading card and comic book shop businesses. Among the various types of crime policies are the so-called external crime coverage's; burglary, theft, and robbery insurance are the most common amongst card and comic book shop owners. Burglary coverage provides protection against forced entry; theft against merchandise disappearance without evidence of forced entry; and robbery coverage against force, threat, or trickery on or off the shop owners property. If card and comic book businesses package their crime insurance into a comprehensive dishonesty, disappearance, and destruction policy, they have afforded themselves and their businesses protection from both internal (i.e. forgery, fidelity bond) and external crimes.

Liability Insurance

For some routine risks The Legal Guide for Starting and Running a Small Business recommends that most small businesses, including card and comic book shops, purchase some sort of liability insurance (Steingold 217) since most shop owners find it less expensive to handle and pay claims themselves. In other words, these shop owners would be self-insured against liability risks. This is what is meant when shop owners have a deductible amount in an insurance policy. The higher the deductible, the lower the owners premium. Some card and comic book shops have found it advantageous to acquire premises liability insurance (that is coverage in case someone is hurt on their property). The recommended amount for this type of coverage has a \$5000.00 (Hancock 25-28). The card and comic book shop owner would pay the first \$5000.00 of any claim or judgment against them and their insurance company would be responsible for paying anything above that amount.

Although the different types of insurances can seem vast and complex in their nature, most card and comic book shops owners only acquire those that provide them with the maximum amount of coverage for a minimal amount in premiums. Regardless, when the numbers are added up, a single card and comic book shop can amass slightly more than a million dollars in total coverage through a variety of insurance carriers and premiums (Dickerson).

Dealings with Small Business Administrations

Most card and comic book businesses do not have any direct dealings with Small Business Administrations (SBA), because these are more for corporations that require more business contacts and sources than does a local sports trading card and comic book business. However, many of the card and comic book shop owners we interviewed said that they had contacted an SBA at least once seeking either legal advice or other legal information.

In general, legal forms and processes are relatively simple for owners of card and comic book businesses as was clearly indicated by the shop owners that we interviewed who prefer to keep things that way.

Sources of Capital for Start Up Costs

Personal Savings

The first source of capital that should be considered when starting up a business is a personal savings account. It is not necessary for the money in this account to be used for the purchasing of the business, but, in order to acquire any sort of loan, there needs to be something that the bank can examine. There also should be a substantial amount of money in a back up account in case any other capital sources fall through.

Opening a personal savings account is an easy process. There are no major forms to fill out, and nothing has to be approved. There is almost always a minimum amount of money required by the bank to open the account. The minimum requirements depends on the individual bank. The two most important things to look for is the bank with the highest monthly interest rate and the lowest monthly service charge. There is also a minimum amount of money that has to be kept in the account at all times or a service charge will automatically be deducted from the account every month.(Ron Prince, Wells Fargo Bank Loan Consultant)

Bank Loans

If there is not enough money in your personal savings account, another option is to take out a bank loan. Once again, it depends on the bank as to what type of services are offered. Interest rates fluctuate among the different banks. In this case the best choice is the bank that has the lowest interest rate on the loan.

The easiest way to secure a bank loan is to go in and talk with the loan consultant at a bank. They will need to know everything that is planned for the business and how much money will be needed for start up costs. Once everything has been completed and all of the necessary forms are filled out, a credit check is done. If everything clears the consultant will then notify you as to what type of loan you have qualified for. Some common types of bank loans for small businesses are;

* Straight Commercial Loans– Made for a period ranging from sixty to ninety days. Most often there are no co–signers, and these are based solely on financial statements.

* Installment Loans–These vary depending on the bank, borrower and purpose. Heavy repayments can be made in peak months and smaller repayments can be made during the off–season periods.

* Term Loans–May run from one to ten years and be payable at various intervals. They can also be in the form of a large payment at the end of the term.

* Equipment Loans–Made to purchase machinery and equipment.

(A Handbook For California Small Business Men).

Small Business Administration

If a bank loan or other financing is unable to be obtained the next place to go is the Small Business Administration. Money may be borrowed from them to construct, expand or convert facilities, purchase buildings, equipment or materials.

The only drawback is that no money can be obtained from a bank or other private source. Private financing must be sought out before applying with Small Business Administration. If the business is to be set up in a city with more than 200,000 residents then the borrower must first apply to two banks.

Small Business Administration defines a small business as one that is independently owned and operated, non-dominant in its field and meets employment or sales standards developed by the agency.(The Small Business Administration). The standards are as follows

- average employment must not exceed 250 people.
- yearly sales are not over five-million dollars.
- annual sales or receipts are not over one million dollars.

As part of the borrowing process the SBA has six requirements that are considered before the loan is given. They are the following:

1. The applicant must be of good character.
2. Show ability to operate business successfully.
3. Have enough capital in the business so that he can operate soundly with an SBA loan.
4. Show that the proposed loan is of adequate value.

5. Show that the past earnings record and future prospective earnings will indicate the ability to repay on and any other debts.
6. If it is a new business, be able to provide from personal sources half of the total required funds.

(Handbook for Small Businessmen).

Investors

An investor is one who puts money into savings and property. (Business, Third Edition). When it comes to small businesses the investors are usually either close friends or family members. It is extremely important to get as many investors as possible. The first step is to make certain that they are trustworthy people with dependable finances. Family members are usually the first to be considered in case there is any chance of turning it into a family business. They also are more trusted.

If one cannot find any family or they feel that more investors are necessary, they turn to friends. In this case it is not only important to determine the financial stability but also the reliability of their friends character.

Before choosing an investor there are some things to consider. Do you want to have them involved in your business? Is the person's financial situation guaranteed to stay somewhat the same throughout the next couple of years? If you are completely comfortable with the decision then it is necessary that they know and understand where their money is going and what the goals are for the business.

Location

Appropriate Site

The appropriate site of the future business will depend on the type of business. If the business deals with retail it needs to be located in an area that frequently has people passing by. A preferable location would be a shopping center or on a busy street with other shops. Stores that are isolated do not get as many chances to attract customers as the other stores. Even if they are only window shopping, customers are still looking at the merchandise. All of these things need to be considered by the store owner.

The site we chose is in downtown San Luis Obispo. According to a Century 21 real estate agent, there are no cheap business buildings in San Luis Obispo. Downtown is most costly when it comes to leasing but in the long run it is the most profitable place to be when it comes to sales.

The leasing in San Luis Obispo varies from store to store. The average lease costs range from eighty-five cents per square foot to one dollar and seventy-five cents per square foot. (Century 21, Real Estate Agent). Since our building is located in the heart of downtown it will more than likely be in the higher priced range. The store is fourteen feet by thirty six feet. If that is multiplied by one dollar and seventy-five cents per square foot our average monthly payment would be eight hundred and eighty two dollars. That does not include other utilities. The lease is available through Copeland Enterprises and can only be obtained if a letter of request is written directly to Mr. Copeland himself. No phone numbers were given out.

Building Type and Characteristics

Card and Comic Shops do not require quite as much room as some other stores might. There is plenty of room for all of the display cabinets and shelf units. There is also a place for a storage room in the back. Everything fits comfortably without leaving too little or too much room.

The actual building is located in the new Copelands shopping center downtown, on the corner of Higuera Street and Morro Street. This recently built complex tends to stick out amongst the rest of the buildings because of its more modernized. The red brick and big picture windows are added to its attraction.



Figure 7.1 - Picture of Card & Comic Book Shop

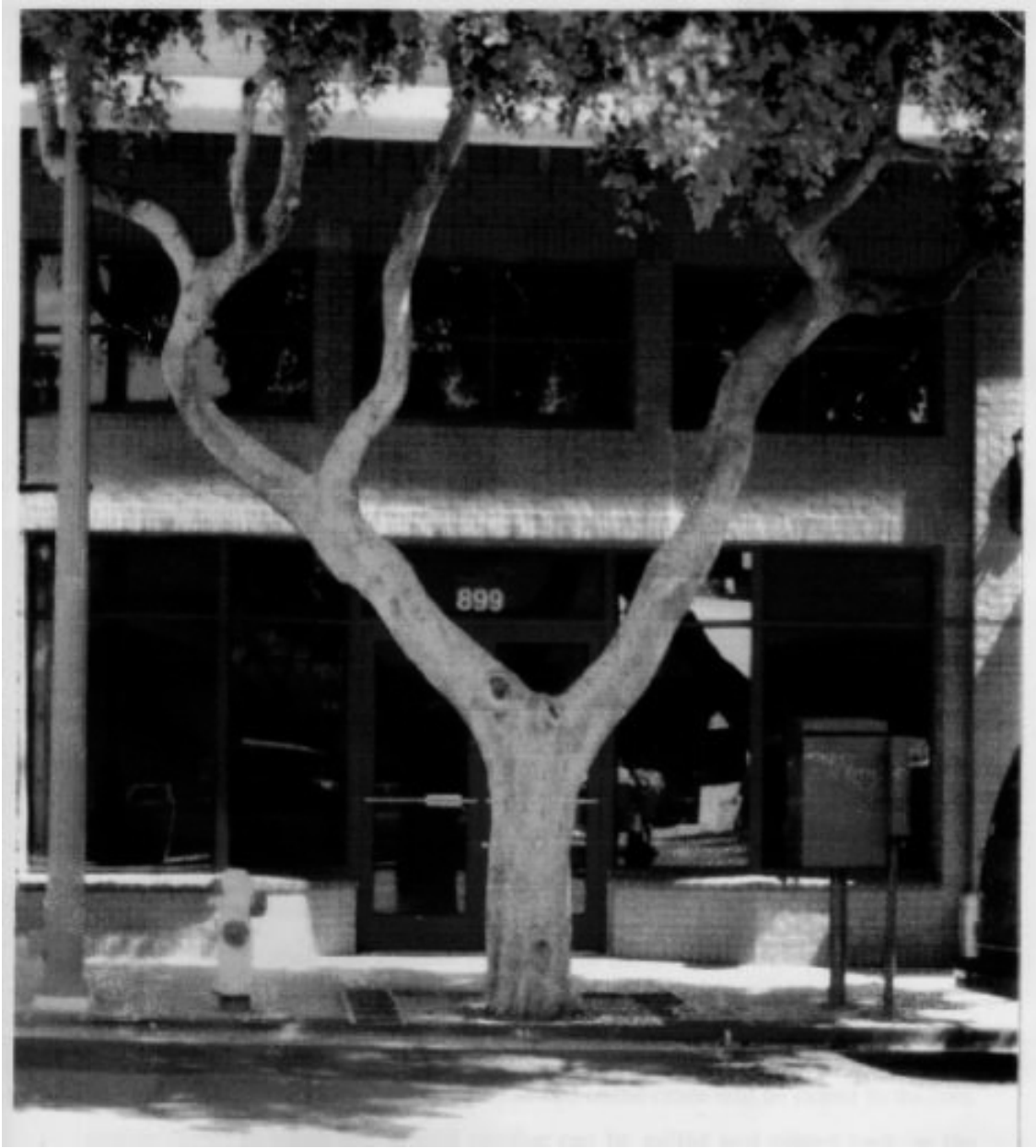


Figure 7.2 - Picture of Card & Comic Book Shop

Shop Planning

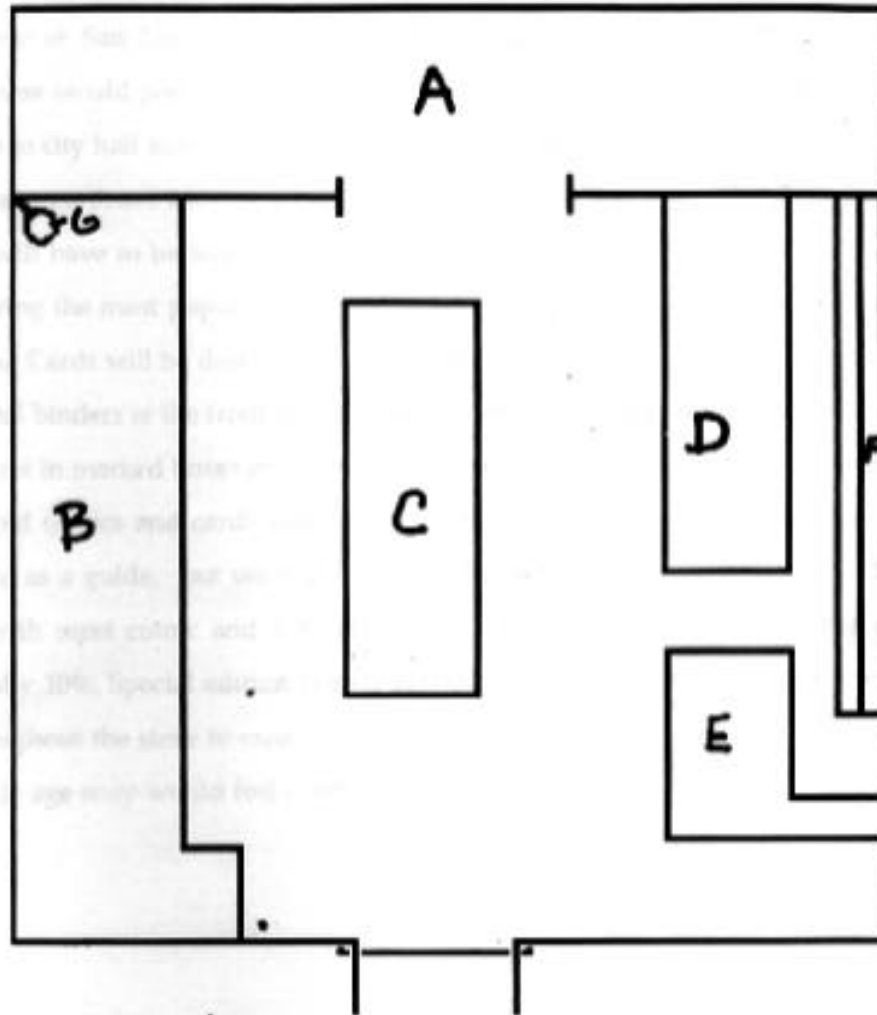
Layout

As you walk in the front door of the shop, the cash register counter is directly off to the right. It was placed here so the person at the register will be able to observe those that come in and out of the store. There is also a surveillance camera behind a mirror in the back left corner of the store. Whoever is positioned at the cash register will be able to watch the entire store. There is an opening beside the cashiers counter so that employees can enter and exit easily. There is another counter that lies even with the cashier counter and stretches all the way to the back of the store. This one is made entirely of glass. It is designed to hold the most valuable comic books. The glass casing prevents customers from touching the books themselves. This way they must ask for employee assistance. Behind the glass cabinet are two stacks of shelves. These hold the cards that are not to be touched by customers. In the middle of the store is a display shelf for comic books. It stands approximately three feet tall and is divided into sections. This shelf makes looking up a particular book easier for the customers. All they have to do is find the section they want and flip through the books until the desired one is found. On the left hand side of the store is a display shelf that matches the design of the one that's in the middle of the room. It begins at the back wall and stretches to the window at the front of the store. Along the wall on the left side are racks for the cards. They were designed to hold individual cards of particular athletes. The rest of the cards will be stored in the back storage room, so when one is sold another can be pulled and placed back on the shelf.

The large picture windows are perfect for displays. The cash register is set further back than the cabinet on the other side to keep one window free. The windows face both Marsh Street and Higuera Street. Only one is capable of having an actual display, however posters and special sales can be posted in the others.

The inside of the store is clean and uncrowded. Everything extra is stored in the back room so the front does not get cluttered and irritate the customers. Everything is easily accessible except what is behind the counter and in the cabinet.

SHOP LAYOUT



- A. Storage Room
- B. Card Rack
- C. Display Shelves for Comic Books
- D. Glass Display Cabinet
- E. Cashier Counter
- F. Display Shelves for Cards
- G. Surveillance Camera

Figure 7.3 - Shop Layout

Conclusion

With the facts that we are armed with our group would start our business outside of San Luis Obispo. Gaining the legal and protective measures for our business would pose little problem from what we have gathered. We simply need to go to city hall and fill out the proper permits, fill out a fictitious name statement, buy any pertinent insurance and pay for the proper licenses. The shop that we rent out will have to be along a well traveled street if not a main street. We will start carrying the most popular titles and move on to other titles as demand increases for them. Cards will be dealt with in the same fashion. Old cards for sale will be kept in special binders at the front register area to deter shoplifting of cards. Old comics will be kept in marked boxes in the back, but in the line of sight of any register worker. All old comics and cards will be for bargain. That is to say we will use the price guide as a guide, but we will let the customer make the offer on the book or card. As with most comic and card shops we will also offer special member discounts, usually 10%. Special edition comics and memorabilia will be hung along with poster throughout the store to create an atmosphere that a comic buyer anywhere from age five to age sixty would feel comfortable.

APPENDIX A Reference List

Beckett Baseball Card Monthly #50. Dallas: Statabase Incorporated, May 1989.

Beckett Baseball Card Monthly #56. Dallas: Statabase Incorporated, November 1989.

The nature of inserts and their availability were included in this issue.

Beckett Baseball Card Monthly #108. Dallas: Statabase Incorporated, March 1994.

The history of Goudy Gum and the card sets they produced were included in this article.

Beckett Baseball Card Monthly #110. Dallas: Statabase Incorporated, May 1994.
Current sets and "hot" and "cold" products were listed.

Beckett Basketball Monthly #6. Dallas: Statabase Incorporated, January 1991.

Beckett Basketball Monthly #23. Dallas: Statabase Incorporated, June 1992.

A short article on the rise in popularity of the NBA included information about David Stern.

Beckett Basketball Monthly #46. Dallas: Statabase Incorporated, May 1994.

This issue lists the current sets and whether they are "hot" or "cold."

Beckett Football Card Monthly #50. Statabase Incorporated, May 1994.

This issue lists the current sets and whether they are "hot" or "cold."

Boyd, Kathleen. Law Librarian. Personal interview. 12 May 1994.

Dickerson, Jerry. Owner of Games People Play. Personal interview. 3 May 1994.

In our interview with Mr. Dickerson we learned important details about the comic selling business. All of our findings from this interview have been incorporated into this report.

Donati, Majorie. City Finance Department Secretary. Personal interview. 10 May 1994.

Interviewee gave information on the processes involved in obtaining and filing out city of San Luis Obispo Business Tax License Certificate Application and Supplement forms.

Griffin, Ricky W. *Business..* New Jersey: Prentice Hall, 1993.

This text helped to clarify the specific definitions and meanings of the words that pertained to financing, (i.e. Investors, Interest rate, loan, etc.)

Hancock, Willaim A. *The Small Business Legal Advisor.* New York: McGraw Hill Book Company, 1982.

This book provides business people with a convenient and inexpensive way to have a "conversation" with a lawyer about some important legal aspects of starting and running a small business. The book is written in an informal language and is not designed to be a substitute for specific legal advice.

Koch, Harry Walter. *A Handbook for California Small Business Men.* Massachusettes: Ken-Books, 1986.

This book gave indepth information on the requirements to receiving a loan from the small busines administration. It also gave information about the different type of bank loans.

Lane, Marc J. *Legal Handbook For Small Businesses.* New York: American Management Association, 1989.

This book traces a business owners legal decisions from the earliest stage of business awareness through all the operational changes the business owner is likely to meet, and it concludes with positive and negative factors that lead the small enterprise to its ultimate choice: to go public or not.

Parris, Addison W. *The Small Business Administration..* New York: Fredrick A. Praeger Publishers, 1968.

From this book I recieved background information about the purpose and procedures of the small business administration.

Rafanan, Andy. Owner of The On-Deck Circle sports card store in Porterville, phone interview.

The dicussion included supply and demand in sports cards, validity of autographs, and current collecting trends.

Relis, Brandy. County Clerk office worker. Personal interview. 11 May 1994.

Interviewee gave limited information on legal aspects. Mostly gave information on the processes involved in obtaining and filing a Fictitious Business Name Statement form.

Rhyne, Elisabeth Holmes. *Small Business, Banks and SBA Loan Guarantees..* New York: Quorum Books, 1988.

This book offered information on the valuable service that came with small business credit, and the good it does for businesses.

Steingold, Fred S. *The Legal Guide For Starting and Running A Small Business*. Englewood Cliffs, New Jersey: Prentice-Hall, Incorporated, 1993.

This book presents a detailed picture of all the legal aspects involved with owning and operating a small business. Book covers legal pitfalls, tax advantages, the importance of the right type of insurance and how to get the most out of your lawyer.

---. *Legal Master Guide for Small Business*. Englewood Cliffs, New Jersey: Prentice-Hall, Incorporated, 1983.

This book gives business owners the legal background that they might need for success in their business. Book helps business owners to decide on types of ownership, dealing effectively with law suits, taking advantage of tax breaks, resolving legal disputes successfully, and protecting your valuable business interest.

Still, Richard. *Essentials of Marketing*. Englewood Cliffs, New Jersey: Prentice-Hall Incorporated, 1966.

Although outdated, this book gave a basic overview of what marketing was about.

Wizard #34, New York: Wizard Comics, April 1994.

Wizard #35, New York: Wizard Comics, May 1994.

From both of these magazines we obtained dates in comic history, and names of various writers and artists.

Woodruff, A.M. and T.G. Alexander. *Success and Failure In Small Manufacturing*. Westport, Connecticut: Greenwood Press Publishers, 1985.

APPENDIX B GLOSSARY

affidavit - a declaration in writing signed by the party and sworn to, usually before a notary public.

Beckett - monthly magazine that prices cards, a major influence in determining price at card shops and shows.

benefit - the dollar amount paid out by an insurance company.

blanket policy - assigns value to insured property as a lot, offers greater flexibility in claims settlement.

Bowman - established 1948, bought by Topps in 1956. First company to produce card sets on an annual basis.

box - usually contains between 24 and 36 packs.

burglary coverage - insurance protection against forced entry

Business and Professions Code (B & P Code)- a six (6) volume set of California rules and regulations for businesses and professions.

Business Improvement Association (BIA)- an organization that deals with parking and beautification issues and the promotion of businesses in the downtown sector of San Luis Obispo.

carrier - another term for the insurance company.

climatic perils - losses that result from natural disasters (i.e. earthquakes and tornadoes).

cold - a set or card that attracts little demand and is hard to sell.

comic ages - Golden Age - 1938 - 1961
Silver Age - 1961 - 1987
Modern Age - 1987 - present

comic companies - examples of smaller comic book companies.

Dark Horse Comics -	established 1988.
Valiant Comics -	established 1991.
Image Comics -	established 1990.
Malibu Comics -	established 1987.
Kitchen Sink -	established 1989.
Now Comics -	established 1990.

corporation - a group of people who get a charter granting them as a body certain of the legal powers, rights, privileges, and liabilities of an individual distinct from those of individuals making up the group; a corporation can buy, sell, and inherit property.

crime policy - insurance policy that protects the business owners property against loss by disappearance, dishonesty, and destruction.

D.C. Comics - established 1938, owns rights to Superman, Batman, Flash, Wonder Woman, Aquaman, Green Lantern, and Robin; daughter companies are **D.C. Vertigo**, and **D.C. Milestone**

deductible amount - the first dollars of a loss, those that become the expense of a business owners and not that of the insurance carriers.

Donruss - established 1981, produces Baseball cards.

external crime coverage - insurance protection against burglary, theft, and robbery.

fictional name statement - a form that works in similarity to a patent, allows public to know who actually owns a business.

fidelity bond - employee dishonesty.

fire policy - insurance policy that protects the business owners property against fire, smoke, wind, hail, riots, aircraft, and most explosions.

Fleer - first produced cards annually in 1981; produces football, basketball, and baseball cards.

Fleer Ultra - upscale division of Fleer that produces expensive glossy cards in baseball, basketball, and football.

forgery - the act of fabricating or producing falsely; especially the crime of fraudulently making, counterfeiting, or altering any writing, record, instrument, register, note, and the like to deceive, mislead, or defraud.

glossy - wax coating that gives cards a shiny appearance.

Goudey - established 1924; a gum manufacturer that produced large card sets in the 1930's.

hologram - two dimensional picture that appears three dimensional when exposed to proper lighting. A popular enhancement used by comic book publishers.

home occupation permits - needed for those businesses whose home is the base of operations and is located in a residential zone of the city. It must be signed by the property owner.

hot - a popular card or set that sells well.

incorporated - combined or united, organized as legal corporation.

injunction - a legal order from a court prohibiting a person or group from carrying out a given action, or ordering a given action to be done.

insert - a limited edition card randomly inserted in packs.

insurance policy - a contract by which the insurance company undertakes the risk of paying out a dollar amount upon the occurrence of an unlikely event.

interest rate – money paid for the use of money.

internal crime coverage - insurance protection against forgery and fidelity bond.

investor - someone who puts money into something for profit.

liability insurance - protects business owners against the claims of others who sustain personal injury or property damage for which the business owner is legally responsible.

loan – money lent at interest.

Marvel Comics - established 1961, owns rights to Captain America, Namor, Human Torch, Fantastic Four, Avengers, Hulk, Spider-Man, Thor, Daredevil, Iron Man, X-Men, Wolverine, Moon Knight, and New Mutants. Daughter companies are **Marvel Epic** and **Marvel UK**.

mint - perfect condition.

pack - package that usually contains 12-15 cards.

package policy - insurance policy that insures multiple risk in a single comprehensive contract.

partnership - an association of two or more people who contribute money or property to carry on a joint business and who share profits and losses in certain proportions.

patent - protected by a document granting exclusive right to the production, use, sale, and profit of an invention, process, etc.

premium - the fee paid by a business owner for the insurance company.

price guides - **Wizard**, **Hero Illustrated**, and **Overstreet Price Guide** give general idea of how much old comic books and non-sports cards are worth.

recovery limit - the amount of money a business owner can receive from an insurance company after a claim has been filed.

registrant - one who makes official record of an invention or trademark and thereby secures a right to it.

required parking permits - a permit needed by business owners for parking space for their patrons.

robbery coverage - insurance coverage against force, theft, or trickery on or off the business owners property.

schedules - another term for identifies.

Score - established in 1988, produces Baseball, Football, and Hockey cards.

set - group of cards that compose a whole product put out by a company each year.

sign permits - needed for those card and comic book shops who intend to attract business with the aid of a large store sign; the actual size of the sign must fall within specific measurements specified in the city ordinances.

small business – a business that is independently owned and managed, and does not dominate its market.

Small Business Administration (SBA)- an organization that provides services to new and existing small businesses, these services include loans (for capital, real estate, and inventories), business counseling through the Service Core of Retired Executives (SCORE), and business training for specific types of businesses (i.e. businesses owned by woman and minorities)

sole proprietor - is simply a person who independently conducts an unincorporated business for profit.

specific policy- identifies each item of insured property, locates it, and assigns a value to it.

supplemental perils - losses that result from man made disasters (i.e. sprinkler damage, vandalism, and malicious mischief).

Star - basketball card company that produced extremely limited sets from 1983 to 1986.

State Resellers Permit - a shop owner can obtain materials (i.e. Upper Deck trading cards and DC. comics) from a whole seller at their set price. These permits can be obtained at the State Board of Equalization office in Arroyo Grande.

Statement of Abandonment - an official statement filed with the County Clerks office that gives notification of the owners intention to dissolve their business.

taxable years - the computation of taxable income over a fixed period, usually twelve months.

theft coverage - insurance coverage against merchandise disappearance without evidence of forced entry.

Topps - established 1951, has produced more cards than any other company, produces baseball, football, basketball, and hockey cards.

Topps Finest - first set in 1993, highly limited, the set is worth 450 dollars: baseball is the only sport represented by this card.

Topps Stadium Club - established 1991, upscale division of Topps that produces all four major sports cards with Kodak quality pictures.

unlimited liability - the sole proprietor is personally responsible for all the debts of the business.

Upper Deck - established 1989, produces high quality, expensive cards in baseball, basketball, hockey, and football.

zoning permits - a permit that allows an owner to open up a business in a specific "zone" of an incorporated area.

APPENDIX C

Interview Questions on the Legal Aspects Involved with Owning and Operating a Trading Sports Card and Comic Book Business

General

Who handles the legal aspects of your business?

Is that person certified or have a degree?

Do you have any contracts or written agreements with Major League Baseball, NFL/AFL, the NBA, D.C. Comics etc...?

Licenses

Do you need a license to trade/sale baseball (and other sports) trading cards?

How did you obtain this license?

What types of forms (in general) did you have to file or fill out in order to obtain this license?

What legal actions did you have to take in order to sell comic books*?

Would you describe the process of obtaining anyone of your licenses to sell cards and comic books as complex? Why?

Permits

Are you required to have a state or local permit?

How did you obtain it ? (i.e. what legal process did you go through)

Do the forms and legal processes for obtaining a local permit vary from city to city or county to county on the Central Coast?

Legal Forms and Paper Work

Compare the number and complexity of legal forms that you are (or were) required to complete at the following levels?

- a) State
- b) Local
- c) Specific to selling sports trading cards and/or comic books

Ownership

Is your business a

- a) sole proprietorship
- b) a partnership (please give the number of partners)
- c) a corporation

What is the reason you chose the type of ownership you did? (i.e. financial, mutual interest, divide work load)

Given the type of ownership you have does this aid in simplifying or complicating the legal processes and aspects of your business?

Insurance

What types of insurance does your business have? (i.e. fire, theft, natural disaster)

Does your business have insurance specific to the selling of sports trading cards and comic books?

- If so, how extensive is that insurance (i.e. the maximum monetary value)?

Give an overview of the legal processes that you went through to obtain these types of insurance(s) for your business.

Was the process complex and did it involve lots of legal forms?

Where these types of insurance's considered legally necessary for your business? (please explain)

Organizations and Channels

Have you had any dealings (past and present) with a Small Business Association? (which one?)

Is your business currently affiliated with any other organization on either the national, state, or local level?

- If so, how have these organizations simplified or complicated the legal aspects of your business?

Are any of these organizations specific to the selling of sports trading cards and/or comic books?

What type of legal processes or channels did you have to go through in order to have your business affiliated with these organizations?

Are you required to belong to them?

Legal Consul

Did you seek advice from a lawyer/legal firm to start up your business?

What were their most important legal recommendations?

What legal processes did they specify were of critical importance?

Were you required to have a lawyer/legal firm sign specific forms to start your business? (which ones?)

Regulation of Business

Who keeps track of your legal records?

Are they periodically reviewed by parties other than yourself?

- If so, who and for what reason ? (please be specific)

Do you deal with the legal aspects of maintaining your business on a day to day basis?

- If so, please give a general overview of the forms or tasks that must be completed on a regular basis.

How would describe the legal processes, in general, of maintaining your business? (extremely complex, moderate etc...)

APPENDIX D

Additional Legal Information



city of san luis obispo

BUSINESS TAX CERTIFICATE APPLICATION

Finance Department • 990 Palm Street / P.O. Box 8100 • San Luis Obispo, CA 93403-8100 • (805) 781-7134

TO MAKE SURE YOUR BUSINESS GETS OFF TO A GOOD START, PLEASE READ THE FOLLOWING INFORMATION CAREFULLY.

Before applying for a Business Tax Certificate, discuss the nature of your business with our City Planners. They will provide you with information to meet City, County and State zoning, building, health and safety requirements. Their office hours are M - F 8:00 a.m. - 5:00 p.m.

COMPLETING THE APPLICATION FORM

Using a ball point pen or typewriter, please complete all but the shaded areas on the application form. Illegible, incomplete or inaccurate information may result in your Business Tax Certificate being delayed.

You may mail your completed application and the amount of your business tax or submit it in person to the City Finance Department. Your Business Tax Certificate will be mailed to you within two weeks.

WORKERS COMPENSATION REQUIREMENTS

Current legislation (AB 1849) requires business tax applicants to provide proof of valid current worker's compensation insurance or a current Certificate of Self-Insurance. (See Proof of Workers' Compensation Insurance form attached for instructions.)

PAYING THE FEES

Business taxes due to the City are based upon your gross receipts from the preceding fiscal year, and are calculated at a rate of \$.50 per \$1,000 of gross receipts (or \$50.00 for every \$100,000 of gross receipts). The minimum amount due from any business is \$25.00 unless the business is located within the boundaries of the Business Improvement Association (BIA), and then the minimum amount due from any business is \$50.00 as the BIA fee equals the amount of the business tax.

If your business requires approvals from other agencies, we encourage you to secure them prior to paying your business tax.

NON-PROFIT STATUS

If your business has non-profit status you are exempt from paying a business tax, but you will need to attach a copy of your Franchise Tax Board Exemption Status to the Business Tax Certificate Application.

RENEWING THE BUSINESS TAX CERTIFICATE

The Business Tax Certificate is valid for one year provided that there are no significant changes. If the business mailing address, location, ownership, or type of goods or services offered change, please notify us immediately.

Your Business Tax Certificate is subject to renewal annually. If you don't receive a renewal form by June 30, please contact us so that we can send one to you.

If you have any questions or need additional assistance, please call us at 781-7134. We're here to help.



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Figure 11.1 - Business Tax Certificate Application

THE BELOW INSTRUCTIONS ARE NOT TO BE PUBLISHED (Sec. 17924 B&P)

INSTRUCTIONS FOR COMPLETION OF STATEMENT OF FICTITIOUS BUSINESS NAME

Section 17913 Business & Professions Code

(*) Where the asterisk (*) appears in the form, insert the fictitious business name or names. Only those businesses operated at the same address may be listed on one statement.

(**) Where the two asterisks (**) appear in the form: If the registrant has a place of business in this state, insert the street address of his principal place of business in this state. If the registrant has no place of business in this state, insert the street address of his principal place of business outside this state.

(***) Where the three asterisks (***) appear in the form: If the registrant is an individual, insert his full name and residence address. If the registrant is a partnership or other association of persons, insert the full name and residence address of each general partner. If the registrant is a business trust, insert the full name and residence address of each trustee. If the registrant is a corporation, insert the name of the corporation as set out in its articles of incorporation and the state of incorporation.

(****) Where the four asterisks (****) appear in the form, insert whichever of the following best describes the nature of the business: (i) "an individual," (ii) "a general partnership," (iii) "a limited partnership," (iv) "an unincorporated association other than a partnership," (v) "a corporation," (vi) "a business trust."

A FICTITIOUS BUSINESS NAME STATEMENT EXPIRES AT THE END OF FIVE YEARS FROM DECEMBER 31 OF THE YEAR IN WHICH IT WAS FILED. Except as provided in Section 17923, B&P Code, it expires 40 days after any change in the facts set forth in the statement; except that a change in the residence address of an individual, general partner, or trustee does not cause the statement to expire.

The statement expires upon the filing of a statement of abandonment.

NOTICE TO REGISTRANT - Section 17924 Business & Professions Code

(1) Your fictitious business name statement must be published in a newspaper once a week for four successive weeks and an affidavit of publication filed with the county clerk within 30 days after publication has been accomplished. The statement should be published in a newspaper of general circulation in the county where the principal place of business is located. The statement should be published in such county in a newspaper that circulates in the area where the business is to be conducted (Sec. 17917 B&P Code)

(2) Pursuant to B&P Code 17917 the publishing of the Fictitious Business Name must commence within 30 days of filing of the statement.

(3) Any person who executes, files, or publishes any fictitious business name statement, knowing that such statement is false, in whole or in part, is guilty of a misdemeanor and upon conviction thereof shall be fined not to exceed five hundred dollars (\$500) (Sec. 17930 B&P Code).

FIVE CITIES
Times Press-Recorder

Figure 10.2 - Instruction for Fictitious Name Statement