



New Jersey Gasoline, C-Store, and Automotive Association (NJGCA)

Formerly the New Jersey Gasoline Retailers Association

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FOR IMMEDIATE RELEASE

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\$8 Gallon Gasoline in NJ and PA

More than 50 Frustrated LUKOIL gasoline stations from New Jersey and Pennsylvania raise street prices above \$8.00/gallon in protest of corporate conduct, lack of responsiveness

*Lukoil High Prices hurt station lessees and their customers, forcing many to close their doors;
Entrepreneurs hiked prices today to combat LUKOIL North America's profit-sapping tactics;
Retailers seek to inform public of brand's poor, anti-patron practices.*

Sal Risalvato, Executive Director of the New Jersey Gasoline, Convenience, Automotive Association (**NJGCA**), released the following statement on today's LUKOIL retailer protest:

"Today, a group of LUKOIL franchisees* stood together to defend their small businesses and motorists in order to vocally oppose the anti-competitive treatment they and their customers receive at the hands of LUKOIL North America. Their grievances have gone unanswered and unheeded for too long now, leaving them with little recourse", said Risalvato.

"Small business owners like me open a business so we can earn a living for ourselves. Along the way, we hire our neighbors and contribute to our communities" said Roger Verma, a LUKOIL franchisee. "We know it is hard work but we don't complain. We've never asked for a handout or special treatment. We only want LUKOIL to play by the same set of rules they expect us to play by, nothing more!" Verma stated.

LUKOIL lessee retailers are defending their businesses from the less-than ethical practices employed by LUKOIL North America. Among their grievances, retailers are protesting the cost at which their stations are being supplied with gasoline. Rather than selling these franchisees gasoline at competitive market prices, LUKOIL employs various methods to ensure they are among the highest priced fuel. They do this through tactics such as Zone Pricing, which hurts both retailers and consumers through higher pump prices.

“Zone Pricing is an old, but dangerous scheme used by distributors and major oil companies to raise revenues and squeeze small business owners. They essentially sell the very same gasoline to stations in close proximity of each other at different prices in order to game the market and compete with other gasoline brands. In doing so, the price may differ by as much as 25 cents a gallon, and place one retailer and the retailer’s customers at an enormous disadvantage over another station”, said Risalvato.

“Yet Zone Pricing is only a small piece of the story”, Risalvato continued. “For reasons we simply cannot comprehend, LUKOIL continually sell gasoline to lessee retailers at higher-than-justifiable prices. No matter what the market conditions are on a particular day, LUKOIL’s prices are higher than just about every retail competitor. In fact, it hasn’t been uncommon for the average LUKOIL dealers to gaze across the street and see a competitor selling gas to the public for considerably less than what they’re paying LUKOIL for their latest delivery. The affects this has had on entrepreneurs has been devastating!”

“Think about what happens to my business when LUKOIL sells me gasoline at a higher price than another LUKOIL station or other-branded competitor down the street,” stated Ameer Krass, a LUKOIL franchisee. “I’m immediately at a competitive disadvantage. The customer-traffic and sales-volume at my station drop dramatically because drivers are flocking to another station down the block to get fuel. If my own-branded competitor is selling fuel for less than I can buy it from LUKOIL, I might as well just run a hose from his station to mine. Why should my customers pay more because LUKOIL is playing games? This isn’t right and it’s not fair!”

“Once retailers pay credit card transaction fees, labor costs, and overhead expenses, the 10 cent per gallon profit nearly evaporates. This is a business whose profits are measured in pennies, not dollars. Can you imagine what happens to that already-difficult business model when LUKOIL begins to muddy the waters with these kinds of tactics? When you put the survivability of your retail network at risk, you have to start questioning why they are consistently selling gasoline at such a high price and how long these entrepreneurs can survive before shutting their doors?” asked Risalvato.

“The game LUKOIL is playing is a dangerous one. Just over the last year, their discriminatory practices have forced a number of small business lessees to close their shops and hand over their keys. I don’t want to be next! Yet consider the circumstances we face: Imagine taking out loans and pumping personal funds into a business to get it off the ground, only to have your own brand work against you, and force you to walk away with nothing from the business you’ve invested in. That is the very reality we face!” said LUKOIL dealer Kashmir Gill.

Recently, NJGCA organized a meeting in which small business franchisees were able to air their grievances and compare their own experiences with LUKOIL North America. The results were stunning. Even dealers from Pennsylvania wanted to participate once they learned of NJGCA efforts to bring this to the public’s attention.

“They’ve been treating us all very poorly,” said Pennsylvania LUKOIL lessee, Vinnie Bagdwal. “We’ve tried to reach out to territory managers, corporate officials, and everything in between – and we’ve gotten no where. Sometimes they give us the run around, other times they merely ignore our calls. This isn’t the way that a professional outfit is supposed to behave. To say I’m frustrated and angry would be an understatement”, Vinnie said.

Discouraged and understandably upset, it was at that time that 57 LUKOIL lessee retailers - 30 from New Jersey and 27 from Pennsylvania - decided to jointly protest by raising their prices.

To better inform the patrons and the public about why they are protesting LUKOIL's practices, flyers are being distributed to explain the details and why these entrepreneurs are defending their customers.

"We just can't take it anymore. It's unfortunate that this is what it's come to, but what other alternative did they leave us? You can only take so many hollow promises and empty actions", said Roger Verma.

"The decision to protest by raising their prices and educating their customers was not an easy one for these retailers to reach. But when they weighed that decision against their obligations to families, employees, creditors, and their communities, it was obvious what they needed to do", said Risalvato.

"LUKOIL has not been able to adequately explain their rationale in pricing these retailers out of the market. Despite our attempts, we're still clueless as to why they're doing this and how they can justify it. However, from a Zone Pricing perspective, we have been working with State Legislators in trying to find a solution to this phenomenon. Assemblyman Patrick Diegnan, has introduced A-2729 which eliminates the practice of Zone Pricing. It's an important issue that deserves the Legislature's full consideration", Sal said.

"Though the lawmaking process is long and difficult, a legislative solution is the proper long-term answer to Zone Pricing. However, even if Assemblyman Diegnan's bill were enacted today, it would only solve one aspect of the troubles these entrepreneurs face. There is no legislative measure that can clarify LUKOIL's pricing practices or resolve why they knowingly place their retailers at a competitive disadvantage. The answer to that problem can come only from LUKOIL, not the Legislature", said Risalvato.

"I'm very concerned about what we're doing today. I don't want my loyal customers to think that I'm trying to hurt them by hiking my price above \$8.00 a gallon. That's not why I'm doing this, and in fact, I don't expect to sell much fuel at all. Rather, I'm trying to make a point: If LUKOIL is going to overcharge me to the point that I can't make a profit and hurt my customers, then I'm going to adopt their thinking and charge a price that I know will get their attention. It's not the solution I wanted, but it is the one they've handed me," said Ameer Haroun.

"These entrepreneurs deserve to know why their small businesses are being used as pawns. They have repeatedly stated that LUKOIL's pricing practices are anti-competitive, anti-consumer, and anti-retailer. It was this common complaint that compelled over 50 LUKOIL dealers in New Jersey and Pennsylvania to defend their establishments and raise public awareness about what's going on in the retail market. I know it wasn't an easy decision, but I'm proud of them for having the wherewithal to stand up and be heard. Whether LUKOIL has the resolve to respond to their plea is another matter", Risalvato concluded.

****A partial list of locations participating in the protest is below:***

Business Name	Business Address	City	State
Holmdel Service	2131 Rt. 35	Holmdel	NJ
Godwin Lukoil	276 Godwin Ave	Wyckoff	NJ
Randolph Lukoil	514 Route 10 West	Randolph	NJ
Alen Service Corp.	335 McCarter Hwy.	Newark	NJ
Bloomingtondale Service Center	50 Main Street	Bloomingtondale	NJ

SRB Service	310 Brick Blvd	Brick	NJ
Kehal Petroleum Inc	151 Washington Street	Morristown	NJ
Abbott Strt LLC	1007 Rt. 70 West	Brielle	NJ
Pach Energy	1155 Route 23 South	Kinnelon	NJ
Lukoil	3513 Rt. 1 South	Princeton	NJ
Franklin Lukoil	91 Rt. 23	Franklin	NJ
Sussex Lukoil	721 Rt. 23	Sussex	NJ
Milton Luk Oil	5725 Beikshire Valley Rd	Oakridge	NJ
Tei Lukoil	2195 Rt 4 East	Fort Lee	NJ
Circle Auto	9 Bennett Rd	Englewood	NJ
RK Management	P O Box 6905	Monroe Twsp	NJ
Zackria Feul	4501 Stelton Rd	S. Plainfield	NJ
Pumpin Donuts Two, Inc.	14-00 Rt. 208 South	Fairlawn	NJ
Lukoil	921 Rt. 73	Mount Laurel	NJ
Lukoil	152 Old New Brunswick Rd	Piscataway	NJ
Lukoil	100 Rt. 23 North	Riverdale	NJ
Lukoil	655 Bloomfield Ave	Verona	NJ
Lukoil	1 Park Street	Montvale	NJ
Lukoil	3513 Route 1 South	Princeton	NJ
Lukoil	2558 Pennington Rd	Pennington	NJ
Lukoil	1235 Route 10 East	Whippany	NJ
Lukoil	1555 Route 22 West	Watchung	NJ
Lukoil	2225 Route 88 & Jordan Rd	Brick	NJ
R&D Group Inc.	1400 Eastern Rd	Warrington	PA
Lukoil	152 East Maple Ave.	Langhorn	PA
East Roadrunners Inc.	199 West Germantown Pike	Plymouth Meeting	PA
Paraquette Inc.	434 West Germantown Pike	Plymouth Meeting	PA
Landsdale Oil	8 East Main Street	Landsdale	PA
City Line Gas LLC	4400 City Line Ave.	Philadelphia	PA
J P Petro Group	2201 York Rd	Jamison	PA
Muthe Inc.	518 Pennsylvania Ave.	Ft. Washington	PA
JoJo's Inc.	401 Bethlehem Pike	Ft. Washington	PA
R&D Group Inc.	440 East Swamp Rd.	Doylestown	PA
Waterfront Gas LLC	600 North Delaware Ave	Philadelphia	PA

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