

September 25, 2013

Noodles & Co's successful IPO provided a delicious example of how stupid our government is. [WSJ's Money Beat](#) has the story.

The Securities & Exchange Commission has a warning for the restaurant IPO craze: Don't call your patrons "guests."

The euphemism, common in the food-service industry, caught the attention of the regulators in the IPO filings of Noodles Inc., according to correspondence released Monday.

"Please refrain from referring to your customers as 'guests,'" the SEC wrote in a letter dated in April. "We note that 'customers' denotes persons who pay for goods or services."

Noodle's granted the SEC several language changes but attempted to push back on a complaint about guests. Noodle's lawyers at Gibson Dunn & Crutcher LLP on May 10 said it would add a note to the filing that defined its customers as guests, but would continue using the term.

"The Company notes that Merriam-Webster's Dictionary defines 'guest' as 'a person who pays for the services of an establishment (as a hotel or restaurant)'. This characterization is consistent with a number of companies in the restaurant and hospitality industries, and the Company believes it is consistent with the evolving use of the term 'guest' in public filings and in common usage in recent years. ... Accordingly, the Company respectfully submits that it does not believe its use of the term 'guests' creates confusion with potential investors regarding whether or not these individuals pay for their good or services and has also provided a definitional term to further clarify the usage."

But the SEC literally doesn't care about Merriam-Webster's Dictionary. It continued to demand a change two weeks later. ...

A [WaPo story](#) on the growth of a DC area business shows how to succeed in business by really trying.

... The Bethesda native, the youngest of five children of a tax lawyer, has been scrapping since his student days at Washington College in Chestertown, Md., in the late 1980s. The summer before his senior year, an elderly woman who lived across the street from his family asked Alexander to take her and her mixed terrier to the veterinarian.

"I said sure," he recalled. "I started driving errands for her in my parents' Oldsmobile station wagon."

Word spread, and he used the new Saab his parents gave him for graduation to expand the errands business. He shopped at grocery stores. He ran people to the doctor. He drove their cars to emissions tests. He charged \$15 an hour and worked seven days a week. He even drove a kid to and from private school. He drew the line when a man asked Alexander to represent him in court for a speeding ticket.

After a couple of years, he had an epiphany.

An executive at Studley, the real estate management firm, asked Alexander to drive him to Union Station. Then the executive kept calling for rides and errands. Alexander realized that the businessman, who was expensing many of the charges, was a better client than the everyday customers who were paying out of their pocket.

"I saw very, very quickly that the corporate market is where the dollars are," he said.

He expanded. He bought a 1985 Chrysler limousine for less than \$5,000. He ran an advertisement for chauffeur services in The Post. People began calling. Living at home with his parents, he saved like mad and used the profits to buy more vehicles.

His next big break came when he put on a suit, drove to the new Marriott near Montgomery Mall and secured a lucrative account for the hotel's business travel to and from the airports. ...

Government does not only interfere in the markets. It also interferes in our lives. Also with disastrous results. Remember Reynolds' Law? It was named after Glenn Reynolds of Instapundit who said; *"The government decides to try to increase the middle class by subsidizing things that middle class people have: If middle-class people go to college and own homes, then surely if more people go to college and own homes, we'll have more middle-class people. But homeownership and college aren't causes of middle-class status, they're markers for possessing the kinds of traits — self-discipline, the ability to defer gratification, etc. — that let you enter, and stay, in the middle class. Subsidizing the markers doesn't produce the traits; if anything, it undermines them."* [The LA Times](#) has a story on college grads working at jobs that heretofore did not require any college.

... A college degree once all but guaranteed a well-paying job and higher earnings than high school graduates. But fewer of these good jobs are now available because of both long-term economic changes and the lingering effects of the Great Recession.

People such as Flaherty with college and advanced degrees are working jobs that don't require them, whether by choice or necessity. That in turn pushes people without college degrees out of those jobs.

In 1970, only 2% of firefighters had college degrees; now 18% do, according to Richard Vedder, an economist at [Ohio University](#). Fewer than 1% of taxi drivers had a college degree in 1970; now 15% do. About 25% of retail sales clerks have college degrees, Vedder said.

"The main reason is a pretty simple one," he said. "The number of college graduates has grown vastly faster than the number of jobs that require high-level education skills."

In the 1980s and 1990s, the demand for college graduates started booming, especially in the lead-up to the tech boom, said Paul Beaudry, an economist at the University of British Columbia who has studied this trend. Wages grew and a college education paid off.

But when the tech bubble burst, the economy was left with an oversupply of college graduates. Some went into industries related to housing or finance, and then the recession wiped out those jobs. No industry has emerged to employ all the people who got college degrees in that time, he said.

As more college graduates have flooded the market, employers are able to offer lower wages. The earnings of college grads have fallen about 13% in the last decade, according to Drexel University economist Paul Harrington. ...

Andrew Malcolm with late night humor.

Conan: Russia's President Vladimir Putin says he may seek a fourth term, adding, "But that's up to the people to decide." Then, he laughed for 10 minutes.

Leno: Obama is now getting a lot of criticism from his own party. It's gotten so bad that Jimmy Carter has started comparing Obama to Jimmy Carter.

Leno: Critics says ObamaCare will require doctors to ask you about your sex life. That's outrageous! Your sex life is between you and the NSA.

WSJ - Money Beat

[SEC to Noodles: We Don't Accept Your Definition of Guests](#)

by David Benoit

The Securities & Exchange Commission has a warning for the restaurant IPO craze: Don't call your patrons "guests."

The euphemism, common in the food-service industry, caught the attention of the regulators in the IPO filings of Noodles Inc., according to correspondence released Monday.

"Please refrain from referring to your customers as 'guests,'" the SEC wrote in a letter dated in April. "We note that 'customers' denotes persons who pay for goods or services."

Noodle's granted the SEC several language changes but attempted to push back on a complaint about guests. Noodle's lawyers at Gibson Dunn & Crutcher LLP on May 10 said it would add a note to the filing that defined its customers as guests, but would continue using the term.

"The Company notes that Merriam-Webster's Dictionary defines 'guest' as 'a person who pays for the services of an establishment (as a hotel or restaurant)'. This characterization is consistent with a number of companies in the restaurant and hospitality industries, and the Company believes it is consistent with the evolving use of the term 'guest' in public filings and in common usage in recent years. ... Accordingly, the Company respectfully submits that it does

not believe its use of the term 'guests' creates confusion with potential investors regarding whether or not these individuals pay for their good or services and has also provided a definitional term to further clarify the usage."

But the SEC literally doesn't care about Merriam-Webster's Dictionary. It continued to demand a change two weeks later.

"We note that the term 'guest' does not appear to clearly represent the reality of the business transaction that takes place when a person purchases goods or services and is required to provide monetary value in return for such goods or services. We note that the prospectus is an offering document addressed to potential investors which should describe your business and the securities offered therein. ... Please revise."

A week later, Noodles conceded. The term guest doesn't appear in the final filings for its June 27 offering. (It also doesn't appear anywhere in the offering documents of Potbelly Corp., the sandwich shop that put a price range on its offering Monday.)

The correspondence is a regular occurrence between companies and the SEC and allows the regulator to raise questions about filings in a confidential manner. The back-and-forth is released only after the issues have been fully resolved.

At Noodle's the SEC also took issue with several descriptions of the company's restaurants in early versions of its IPO filing.

"Please revise your prospectus to remove marketing language that are non-substantiable such as your descriptive statements that you have a 'unique' combination of attributes and 'unique' personalities (pages 2, 3, 62, and 63), 'compelling value proposition' (page 63), 'compelling' value or value proposition (pages 1, 2, 61, and 63), and that you have 'powerful' restaurant economics (page 3), 'luxurious' dishes (pages 3 and 63), 'excellent sites' and 'excellent service' (pages 3, 4, 63, and 64), and 'surprisingly friendly' people (page 69)."

None of those phrases made it into Noodles' final IPO document. Though MoneyBeat wonders if the SEC missed one potential red flag in what was the ultimate description:

We think that our customers should expect not only great food from our restaurants, but also warm hospitality and attentive service. Whether you are a mother with kids or a businessperson with a BlackBerry, you simply order your food, grab a drink and take a seat.

The SEC may need to check, there can't be many customers left with BlackBerrys.

Washington Post

[Value Added: Limo service owner found way to profit from repairs](#)

by Thomas Heath

It was the brake jobs that did it.

Like most of us, Robert Alexander hated paying for car repairs.

And he has lots of cars. The owner of a Rockville-based limousine company, he was piling up hundreds of thousands of dollars in maintenance bills annually when he decided to take action:

“I said this is crazy. I decided to buy my own station.”

So in 2001, Alexander plopped down nearly \$500,000 for a BP gas station on Rockville Pike in Montgomery County that has three service bays, two mechanics and a helper.



Robert M. Alexander — who owns a limousine, taxi and shuttle service — in front of his new gas station in Rockville.

Now, the \$1.3 million he spends on maintenance and fuel mostly goes into his own pocket, instead of someone else's. The move is an example of vertical integration, right out of a Management 101 playbook in which you own the businesses above and below you on the supply and service chain. It allows you to better control your costs as well as the quality of the work.

“I run [the BP station] like a separate business, but I give myself a discount,” Alexander said. “I know the quality of the work and know it's going to be done quickly.”

Alexander, 47, has a sprawling \$25 million transportation empire in Montgomery County that includes RMA Worldwide Chauffeured Transportation, Orange Taxi and his BP station. He has a fleet of 120 cars, buses and shuttles, and employs 225 people. The company takes in an annual gross revenue of \$25 million, and the only debt he has is about \$550,000 on his fleet.

Suffice it to say, the Potomac resident does very well. But in business, nothing is forever.

After more than 20 years spent building his enterprise, Alexander finds himself fending off Uber, the Web-based disrupter that allows customers to summon a ride at a moment's notice from a mobile app.

"They've invented a great mousetrap and are hiring very bright people," he said of the San Francisco-based upstart, which is funded in part by billionaire Amazon.com founder and soon-to-be Washington Post owner Jeffrey P. Bezos. Google has also invested in Uber.

Alexander doesn't mind a fight. The Bethesda native, the youngest of five children of a tax lawyer, has been scrapping since his student days at Washington College in Chestertown, Md., in the late 1980s. The summer before his senior year, an elderly woman who lived across the street from his family asked Alexander to take her and her mixed terrier to the veterinarian.

"I said sure," he recalled. "I started driving errands for her in my parents' Oldsmobile station wagon."

Word spread, and he used the new Saab his parents gave him for graduation to expand the errands business. He shopped at grocery stores. He ran people to the doctor. He drove their cars to emissions tests. He charged \$15 an hour and worked seven days a week. He even drove a kid to and from private school. He drew the line when a man asked Alexander to represent him in court for a speeding ticket.

After a couple of years, he had an epiphany.

An executive at Studley, the real estate management firm, asked Alexander to drive him to Union Station. Then the executive kept calling for rides and errands. Alexander realized that the businessman, who was expensing many of the charges, was a better client than the everyday customers who were paying out of their pocket.

"I saw very, very quickly that the corporate market is where the dollars are," he said.

He expanded. He bought a 1985 Chrysler limousine for less than \$5,000. He ran an advertisement for chauffeur services in *The Post*. People began calling. Living at home with his parents, he saved like mad and used the profits to buy more vehicles.

His next big break came when he put on a suit, drove to the new Marriott near Montgomery Mall and secured a lucrative account for the hotel's business travel to and from the airports.

"I learned from Marriott how to run a service business and keep customers happy," he said.

Expenses had grown so much that Alexander bought the BP station in August 2001. Then he got hit with a double whammy. The Korean clientele who had patronized the BP station left after he became the owner. Then came the Sept. 11 terrorist attacks, bringing air travel — and the limousine services that went with it — to a crawl.

"By January 2002, I am the proud owner of two businesses that were sucking wind," he recalled. "It was very tough. We burned though \$500,000 in cash."

He quickly learned that the service-station business was not a slam dunk.

“We thought you buy gas, you sell gas, that was the extent of it,” he said. “We have since learned how to manage temperamental mechanics, flaky cashiers, a retail store and how to price repairs.”

He learned that the profits lie in the car maintenance and the convenience-store side of the business. A gas station owner makes more from selling a quart of bottled water than on a gallon of gas.

Understanding the limousine business was easier. RMA Limousine, which services hundreds of local companies, including law firms and technology businesses, brings in \$18 million of his enterprise’s \$25 million in revenue. The BP station grosses about \$3 million to \$4 million.

He has diversified. He operates three buses for the Bethesda Circulator. He is preparing to buy a building in Montgomery County to serve as a headquarters and a place to store his vehicles. He has partnerships with other limousine services around the world, allowing RMA to guarantee service to — and collect a fee from — customers who land at hundreds of airports across the globe.

In 2011, he started Orange Taxi from scratch when Montgomery County expanded the number of taxi licenses.

“The taxi business is a rent collector. We pay for maintenance, the vehicle and insurance, and the drivers each give us \$100 a day,” he said. “After the 12th day of the month, it is cash-flow positive.”

Alexander is very active in his industry, where he has been speaking about the challenges that Uber presents.

As a defensive measure, Alexander has invested \$100,000 in his own online app and support software. The app is slowly gaining traction, but it is an uphill battle because most of his customers are corporate executives who book online and by telephone. What they are not doing is standing on a street corner, punching in a mobile app. Not yet, anyway.

“Uber is easy because you hit a button and the car is there and off you go. They are chic, they are cool, and that is how they are perceived. Today, they may not be the threat, but these 20-somethings using Uber are tech-savvy. When they move up the corporate ladder, they are going to take Uber with them.”

Now, that is a case of vertical integration he could do without.

LA Times

College-educated workers are taking jobs that don't require degrees

College graduates are tending bar and driving taxis, pushing people without degrees out of those jobs.

by Alana Semuels

September 20, 2013, 5:00 a.m.

In a packed pub in midtown Manhattan, Ryan Flaherty is surrounded on three sides by people clamoring for his attention.

He spins one way and pours a shot of vodka into a glass, then turns around and wedges a lime into a bottle of Corona, pushing it across the counter. Ignoring the annoyed gaze of a bulky man on his right, he turns again to a touch-screen register to ring up the sales.

It's just a minute out of the grueling, physically demanding eight-hour shift that will last long into the night. But Flaherty, 28, isn't complaining.

With the generous tips of New Yorkers and his pick of shifts, he pulls in around \$80,000 a year as a bartender. It's more than he was offered for various office jobs he considered when he arrived in the city, even though he's highly educated.

"I have a master's in economics and I'm bartending in New York," he said with a shrug. "It's a good way to make money."

A college degree once all but guaranteed a well-paying job and higher earnings than high school graduates. But fewer of these good jobs are now available because of both long-term economic changes and the lingering effects of the Great Recession.

People such as Flaherty with college and advanced degrees are working jobs that don't require them, whether by choice or necessity. That in turn pushes people without college degrees out of those jobs.

In 1970, only 2% of firefighters had college degrees; now 18% do, according to Richard Vedder, an economist at [Ohio University](#). Fewer than 1% of taxi drivers had a college degree in 1970; now 15% do. About 25% of retail sales clerks have college degrees, Vedder said.

"The main reason is a pretty simple one," he said. "The number of college graduates has grown vastly faster than the number of jobs that require high-level education skills."

In the 1980s and 1990s, the demand for college graduates started booming, especially in the lead-up to the tech boom, said Paul Beaudry, an economist at the University of British Columbia who has studied this trend. Wages grew and a college education paid off.

But when the tech bubble burst, the economy was left with an oversupply of college graduates. Some went into industries related to housing or finance, and then the recession wiped out those jobs. No industry has emerged to employ all the people who got college degrees in that time, he said.

As more college graduates have flooded the market, employers are able to offer lower wages. The earnings of college grads have fallen about 13% in the last decade, according to Drexel University economist Paul Harrington.

Saim Montakim has a bachelor's degree in accounting but drives a New York City taxicab. It's strenuous work, but he can make \$200 on a good day. On a bad day, he barely can pay the rent for the taxi and the cost of gas.

He's getting a master's degree in human resource management and hoping that his dual degrees will help him find a better job. The accounting jobs he was offered upon graduation were all entry-level, paying \$10 an hour. He prefers driving a taxi to being stuck in an office from 9 to 5 at that wage, he says.

Montakim, who is from Bangladesh, came to the U.S. to get an education. He figured that with a college degree, he'd be able to find a good job and build a life for himself in America. Now he acknowledges that his idea that a job comes with a college education might have been unrealistic.

"I've always had a dream of being in America, for an American education in the United States," said Montakim, 38. "But now I think my expectations were too high. I was far, far beyond reality."

Aside from his daily expenses, Montakim has student loans to repay.



Saim Montakim has a bachelor's degree in accounting but drives a New York City taxicab. He's getting a master's degree in human resource management and hoping that his dual degrees will help him find a better job.

Because college is so expensive, many students are facing a dilemma: If they go to college, they still might not get a job that requires a college degree, and they'll be on the hook for big student loan payments. But if they don't go to college, they might be pushed out of entry-level jobs by overqualified college graduates who can't find other work.

"It puts college grads in a condition that's unique out of the last 30 to 40 years," Harrington said. "The yield from investing in college, students' ability to pay off debt, has diminished."

That's why Mariah Arcuri paid off all her debts before starting her job in a lab, which required a college degree.

She worked as a bartender in New York, earning about \$90,000 a year. She paid for her college education, her graduate school and her wedding with savings from tending bar.

But because she wanted to spend time with her husband, Arcuri eventually stopped bartending and got back her nights and weekends. She now works in a lab and makes only about two-thirds of what she did as a bartender, despite her master's degree in biochemistry.

"I went to grad school to make more money, and then I realized that you don't make more money," Arcuri said. "Now I feel like I'm poor."

IBD

Late Night Humor

by Andrew Malcolm

Conan: Chicago has now surpassed New York City as the U.S. murder capital. Which is surprising since New York has twice as many NFL teams.

Leno: Critics says [ObamaCare](#) will require doctors to ask you about your sex life. That's outrageous! Your sex life is between you and the NSA.

Fallon: A new study says leading a healthy lifestyle reverses aging signs. Although constantly talking about being a Vegan takes years off of other people's lives.

Fallon: For the first Time magazine has a female editor. She promises it'll still be the same magazine you briefly glance at before you buy Us Weekly.

Leno: Syrian President Assad says Obama should listen to his people. Is he really the right one to offer that advice? His people are shooting at him.

Leno: Miller Lite is advertising its new punch-top can that lets the beer flow faster. No more struggling with that clumsy funnel.

Leno: A Fox News Poll finds most Americans do not understand ObamaCare. That's because it's not in Spanish.

Fallon: Elton John will perform in Russia this year despite its anti-gay laws. Vladimir Putin was shocked. He said, "Wait! Elton John is gay?"

Fallon: The National Zoo says so many people are [watching its PandaCam](#), that views must be limited to 15 minutes. But if you're watching PandaCam for more than 15 minutes, maybe YOU'RE the one who needs the monitoring.

Conan: LeBron James got married the other day. He was set to marry his high school sweetheart in Cleveland, but left for a better offer from a girl in Miami.

Conan: The new iPhone lets you choose a male Siri voice. But when you ask him for directions, he just says, "I know where I'm going."

Leno: Obama is now getting a lot of criticism from his own party. It's gotten so bad that Jimmy Carter has started comparing Obama to Jimmy Carter.

Conan: A new fitness exercise trend is catching on called "Twerking." In just six weeks, you can lose 10 pounds *AND* your dignity!

Fallon: I can't believe K-Mart just aired its first holiday commercial three months out. When my Dad saw that, he said, "Guess I shouldn't bother taking the lights down!"

Fallon: Ravens quarterback Joe Flacco missed his son's birth to play against the Browns. It was 8 pounds, 7 ounces. Not the baby, the diamond Flacco had to buy his wife to make up for it.

Conan: Cher announces she will not perform at next year's Winter Olympics because of Russia's anti-gay policies. Also she wasn't asked.

Fallon: In New Hampshire two men were arrested for robbing bingo players. Cops grew suspicious when they saw a car drive away faster than 10 miles an hour.

Conan: Joe Biden's niece was arrested in New York. The hardest part about arresting a Biden is convincing them they have the right to remain silent.

Fallon: A new iPhone app is out that can help determine if your blood alcohol level is too high. The way it works, if you try to blow into your cellphone, your blood alcohol level is DEFINITELY too high.

Conan: Russia's President Vladimir Putin says he may seek a fourth term, adding, "But that's up to the people to decide." Then, he laughed for 10 minutes.

Fallon: [Joe Biden was in Iowa this week for a political event](#). Unfortunately, he missed giving his speech because he spent four hours trapped in a corn maze.

Conan: The oldest man in the world is now an 111-year-old from Italy. And because it's Italy, he's dating a 22-year-old.

Leno: Kim Kardashian has fired her top career adviser. I don't know what's more unbelievable, that she has a career or an adviser.

Conan: Bill Gates has reclaimed his title of World's Wealthiest Man. So I'm guessing he'll probably be getting the new iPhone 5s.

Conan: New research finds early-talking toddlers tend to develop later drinking problems. Another warning sign--The kid asks for his milk "on the rocks."

Fallon: FedEx profits jumped 7% in the last 3 months. And their truck drivers said, "So does that mean we can finally get some doors?"

Conan: The CEO of Starbucks is asking customers to stop bringing guns into the coffee chain's stores. He said, "It's *our* job to rob you guys."

Fallon: Harry Reid and Mitch McConnell admit they have no Plan B for a government shutdown. Raises the question, "When did these guys have a Plan A?"

Conan: New "Grand Theft Auto" is out and the city looks like LA. Which means you're still driving around running over gang members. But you're doing it in a Prius.

Fallon: So no Cher at the Russian Olympics because of the country's anti-gay policies. One thing that'll keep gays out for sure is a Cher concert. Russia moves on to its second choice, Liza Minelli.

Leno: Dairymen warn milk prices could jump to \$6 a gal by January. Sen. John McCain outlines his plan to invade Wisconsin.

Fallon: Brazil President Dilma Rousseff has canceled her White House visit over the NSA spying scandal. It didn't help when she called to cancel and Obama said, "Yeah, I heard."

Conan: North Korea says it's developing its own smartphone. Unfortunately, the phones are so smart, they've already escaped from North Korea.

Leno: Besides news, the new Al Jazeera America has reality shows like 'Here Comes Honey Baba' and 'Keeping Up with the Ahmadinejads.'

Conan: The other day a news anchor accidentally hung up on Oprah while he was interviewing her. He is survived by his wife and children.

Conan: A five-year-old boy in China is the youngest ever to fly an airplane. In an hour or so, people hope he'll become the youngest person ever to land an airplane.



©2013 GORRELLS.COM
GORRELLART.COM
GORRELL



**GROUP PHOTO OF WORLD'S MODERATE MUSLIM LEADERS
CONDEMNING THE KENYA TERRORIST ATTACKS**