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Commerce Closing & More

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The Commerce Corp. in Baltimore, Maryland, is closing its warehouses and laying off more than 250 employees, according to a letter sent to employees and state workforce divisions in Michigan and Maryland December 27. However, when Green Profit contacted Commerce CEO Richard Lessans on December 28, he said: "For now we are not making statements to the press. We are in the process of working out a plan for operations." He has not returned a second request for interview as of press time.

In the letter, Richard states: "As many of you know, Commerce has been struggling financially in recent months. Recently, due to unforeseen business circumstances resulting from actions taken by Commerce's largest and most important suppliers, the company has been forced to begin the process of closing its business, liquidating its assets and winding up its affairs. The closing of the company will result in the immediate termination of many employees, and ultimately the termination of all employees."

The news comes as Commerce battles in court with former President Malcomb Cork. According to a lawsuit filed in August 2012 in U.S. District Court for the District of Maryland, Commerce loaned Cork \$450,000 with the agreement it would be repaid on or before October 31, 2010. The lawsuit says Malcomb has not paid the principal or the interest agreed upon after the due date. Malcomb's attorney filed a response and counterclaim in October 2012 alleging Commerce breached an employment agreement made with Malcomb. The last document filed in the court case was a motion to grant a temporary stay while attorneys work for an early resolution to "avoid, if possible, the significant costs of discovery and continued litigation."

In the meantime, several other distributors have released statements of their own, including Arett Sales, which has expanded its infrastructure to add more space to two warehouses—one in Troy, Ohio, and one in Bristol, Connecticut. Those warehouses now have more than 600,000 sq. ft. of space to serve customers from Maine to South Carolina and west to Michigan and Illinois. And Arett is acquiring Commerce's Good Tidings division to continue to provide those products to independent retailers.

Arett also is reopening its Open House Extra Profit Programs on more than 230 manufacturers until February 18 so retailers can have access to early-order discounts. The Seasonal Showcase scheduled for February 13-14 at the Garden State Convention Center will be expanded to include many more spring manufacturers, as well as some that are new to Arett. Twelve former Commerce salespeople have joined the Arett team.

BFG Supply announced it has hired a former Commerce sales manager and nine former Commerce sales representatives. “We really believe in hiring good people who will always put the customer first,” says Rob Glockner, president and CEO of BFG Supply. “These 10 individuals not only came highly recommended from Commerce’s senior management, but are respected by their customers for the service they’ve provided over the years.”

And Ceramo Company announced it will extend its early-order program to any retailers facing uncertainty about the status of their pottery orders resulting from Commerce’s closure. The early-order program features a tiered range of discounts, freight deals and extended dating for qualifying orders. The program will be extended until March 15. **GP**