Missouri Rebuilder Keeps Chin Up After Rip-Off

By Traci Matt
Associate Editor

It seemed too good to be true. After deciding to liquidate his rebuilding shop, Stewart E. Brown, owner of H.T. Rebuilders in St. Robert, Mo., looked up one day to find a core and scrap buyer at his door.

"I was looking to get out of the business of rebuilding after 15 years and fighting the changes in our market so I let him look at what I had," said Brown. "We came to an agreement of $3,000 on the cores and a few stators. We then came to an agreement on the machinery and rotors and some other parts. He was to have his brother bring another trailer and some pallets down from St. Louis along with the remainder of the money since he had only $1,800 after renting a motel in town. The man was traveling with his wife and a couple children. I'm sure you can now see where this story is heading."

Brown said the man — who drove a dark blue Dodge diesel with a three-tandem axle gooseneck trailer with Illinois plates — chatted about his faith, children, and moral compass. At the end of the day he drove away and disappeared with the cores and promises to return the next day and complete the transaction. He had a business card and seemed to be legitimate, although Brown said he was "uncomfortable" and it "didn't feel right."

"Yes, you see the writing on the wall," said Brown. "He was a no-show. I have no one to blame but myself, and I now know when children, religion and trust come up in a conversation red flags should be going off."

The real rub was that Brown had a legitimate core and scrap dealer who had purchased some of his inventory and planned on returning for the remainder. Dave Claybaugh, president of Dane Recycling and Core, LLC, Madison, Wisc., had happened upon H.T. Rebuilders one day after taking a wrong turn.

"He had intended on selling me the rest of what he wanted to liquidate, and being the nice guy he is called to tell me he had a higher offer, but would not take it away from me. When he told me how much the offer was I told him he had to take it for his own sake, and appreciated his honoring his commitment to sell it to me first," said Claybaugh.

Although Claybaugh said Brown did what most rebuilders would have done based on the man's business card, conversation, and cash payment, he said it never hurts to ask for references.

Claybaugh is a 28-year industry veteran who seldom needs to give references, but he does offer them during a transaction. His procedure for purchase is to base payment off actual weight or actual core value by the piece.

"Along with the rebuilder we'll estimate with good accuracy what they have and I pay approximately 80 percent before leaving," said Claybaugh. "Upon check-in and weigh-in I send a check for the balance. My opinion only, but companies offering to buy by the drum are likely underpaying the rebuilder. If a drum weighs 800 pounds, 852 pounds, or 1,086 pounds means a serious difference in value."

Claybaugh guesses that U.S. rebuilding shops are closing at a rate of about 10 a month due to a variety of reasons, including the aging population and business that is "just not enough to make the income worth it anymore."

Brown said his operating costs had doubled over the past decade with product sale price remaining stagnant — leaving him with a 1995 price structure and paycheck while paying 2007 expenses.

The frustration of poor quality parts without a direct line to the manufacturer is also a burden he is unwilling to bear any longer.

"I was having a problem with some external voltage regulators for generators. They were from India, so I ordered from another supplier. They came in a different box but it was from India. I then ordered from a third supplier and it was the same story, different box, same origin. I then called the first supplier and asked if they were having a problem with them. His response: 'way too much.' I can go on for quite some time about this but what it boils down to is that this type of operating business isn't to my interest," he said.

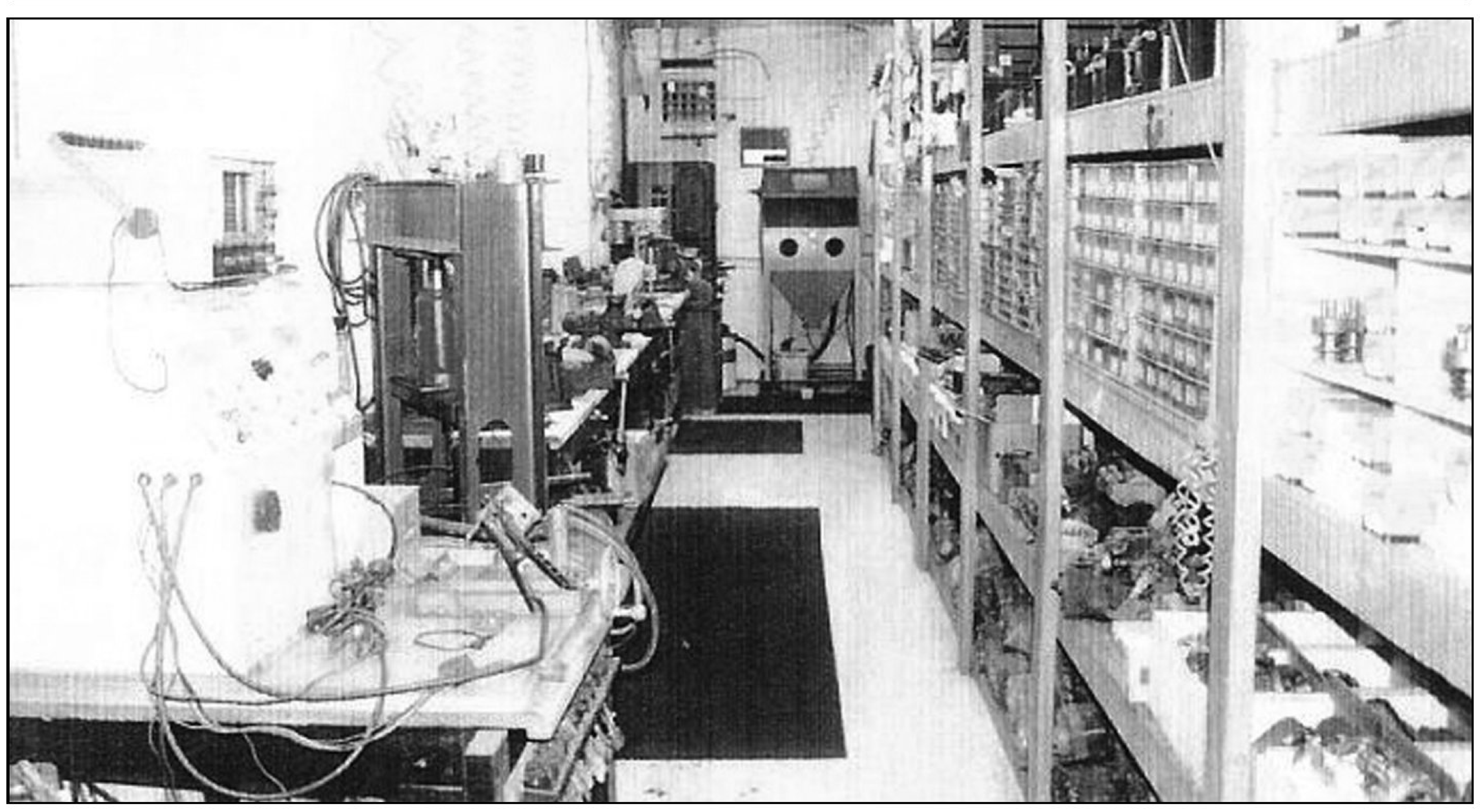
A final blow has come in the form of the local economy.

"It takes a community to keep a small independent business. If you are in an area that has a Wal-Mart/McDonalds attitude, it's hard to compete. If your city or town wants chain store operations for the sales tax rather than industry, it's hard to compete. If the people in your community are struggling to get by, so will your business," said Brown. "Along the three mile stretch of street that I'm on I counted 9 businesses last year that closed their doors. It's not just this industry that's taking a pounding."

Fortunately, Brown leaves no business debt and has even had a few job offers already. He is quick to say that his message is not one of gloom and doom.

"As in anything you have to swing, adjust and adapt with the times and you need to know when to hold 'em and when to fold 'em. The fellow that developed my 35 mm film knew his days were limited when the digital camera hit the market. Brake shoes aren't turned in for relining, master cylinders are new in the box, clutch plates are the same," he said.

"I'm sure most others will survive but they will have to make their decisions on how to adjust, merge with another business, ad new lines of inventory, build or remodel, whatever it takes to compete with the times. Some will dig a deep hole and some will prosper."



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