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SEP 28 2012

Hughes Tire & Battery Co.
120 E. 1st Ave
Milan, Il. 61264

STATE OF ILLINOIS
Pollution Control Board

AC13-10

ILLNOIS POLLUTION CONRTOL BOARD
JAMES R. THOMPSON CENTER
100 WEST RANDOLPH STREET SUITE 11-500
CHICAGO, ILLINOIS 60601

PETITION FOR REVIEW AC (IEPA NO 206-12-AC) Site code 1610400022

I am petitioning for review of Administrative Citation (IEPA No. 206-12-AC) for three reasons.

1. The primary cause of these violations were brought on by extreme financial losses in our retread operations. Attached are year ending financial results for the entire company. During this period we were unable to keep our vendor payables current, including Liberty Tire the vendor for tire recycling. On January 31st we closed the retread facility and leased the building to Pomp's Tire of Green Bay Wis. With this action and other changes, we will be profitable as of September 30, 2012 we are now current with Liberty Tire and have made arrangements to prepay for drop trailer service.
2. While we were found in violation on July 27th by Mr. McGhee, I would hope that consideration for the tremendous progress made during the past seven to eight months, while struggling to survive financially. During previous inspections Mr. McGee observed hundreds of tires outside and unprotected from accumulating water. On the July 27th Mr. McGee about 25 used or waste tires stored outside that Were not prevented from accumulating water. As you will see in enclosed pictures the problem has been Remedied and we are in compliance and are determined to remain compliant.
3. Perhaps one other major fault was not conveying to ^{employees} the importance of insuring that used tire are not left outside or allowed to accumulate water. With fifteen to as many as twenty employees often this is not properly stressed to the employees. Hopefully to correct this problem I have constructed a form that each employee must read and sign to insure they acknowledge and understand the policy of used tire storage.

In summary we have brought our operation compliant and will remain compliant. While we understand the need for consequences of not being compliant, we feel that we have made tremendous efforts to become compliant and remain compliant, and that a civil penalty would only add another undue pressure on our family business to regain solvency and continue our thirty eight year history into the next generation. The \$3,000. Citation would not help us stay compliant, it would only make it more difficult.

Respectfully,

James H Hughes

James H Hughes
President

HUGHES TIRE & BATTERY CO. BALANCE SHEET

As of December 31, 2011 and 2010

ASSETS		
	12/31/11	12/31/10
CURRENT ASSETS		
Cash	(11,557.55)	(26,374.16)
Accounts Receivable	84,607.33	126,209.42
Inventory	139,706.23	152,874.32
Other Current Assets	<u>3,487.45</u>	<u>3,643.58</u>
TOTAL CURRENT ASSETS	<u>216,243.46</u>	<u>256,353.16</u>
PROPERTY AND EQUIPMENT		
Property & Equipment	559,242.96	554,819.68
Accumulated Depreciation	<u>(482,659.63)</u>	<u>(462,598.51)</u>
PROPERTY AND EQUIPMENT, NET	<u>76,583.33</u>	<u>92,221.17</u>
OTHER ASSETS		
Note Receivable - Officer	24,344.78	32,659.52
Goodwill	45,000.00	45,000.00
Accumulated Amortization	<u>(30,250.00)</u>	<u>(27,500.00)</u>
Total Other Assets	<u>39,094.78</u>	<u>50,159.52</u>
TOTAL ASSETS	<u>\$ 331,921.57</u>	<u>\$ 398,733.85</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current Portion of Long Term Debt	\$ 30,000.00	\$ 30,000.00
Accounts Payable	148,033.89	197,833.03
Accrued Expenses	<u>79,191.32</u>	<u>28,341.28</u>
TOTAL CURRENT LIABILITIES	<u>257,225.21</u>	<u>256,174.31</u>
LONG-TERM LIABILITIES		
Bank Loans	292,101.41	255,015.10
Less Current Portion of Long Term Debt	<u>(30,000.00)</u>	<u>(30,000.00)</u>
TOTAL LONG-TERM LIABILITIES	<u>262,101.41</u>	<u>225,015.10</u>
TOTAL LIABILITIES	<u>519,326.62</u>	<u>481,189.41</u>
EQUITY		
Capital Stock	1,000.00	1,000.00
Retained Earnings	(83,458.00)	4,370.64
Current Year Income (Loss)	<u>(104,947.05)</u>	<u>(87,826.20)</u>
TOTAL EQUITY	<u>(187,405.05)</u>	<u>(82,455.56)</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 331,921.57</u>	<u>\$ 398,733.85</u>

See Accountants' Compilation Report

HUGHES TIRE & BATTERY CO. INCOME STATEMENTS

	1 Month Ended December 31, 2011		12 Months Ended December 31, 2011	
SALES				
SALES - TIRES	\$ 105,534.08	58.88%	\$ 141,121.52	51.71%
SALES - BATTERIES	1,875.04	1.05%	15,611.65	0.71%
SALES - PARTS	29,735.84	16.59%	437,056.00	19.81%
SALES - WHEELS	1,598.62	0.89%	14,144.69	0.64%
SALES - LABOR MECHANICAL	19,605.58	10.94%	264,898.34	12.00%
SALES - LABOR RETAIL TIRE	9,695.37	5.41%	74,538.34	3.38%
SALES - LABOR COMMERCIAL	7,827.91	4.37%	152,020.20	6.89%
SALES - PENSKE	870.92	0.49%	10,338.75	0.47%
FEES - TIRE DISPOSAL	2,493.80	1.39%	30,740.44	1.39%
MANAGEMENT FEE REVENUE	0.00	0.00%	29,250.00	1.33%
RENTAL INCOME	0.00	0.00%	36,996.17	1.68%
	179,237.16	100.00%	2,206,716.10	100.00%
COST OF SALES				
COS - TIRES	85,960.52	47.96%	827,498.64	37.50%
COS - BATTERIES	1,293.75	0.72%	10,083.58	0.46%
COS - PARTS	17,143.50	9.56%	236,900.11	10.74%
COS - WHEELS	712.05	0.40%	5,814.91	0.26%
COS - TIRE DISPOSAL	1,217.53	0.68%	9,576.33	0.43%
INVENTORY OVER & SHORT	0.00	0.00%	(177.30)	(0.01)%
	106,327.35	59.32%	1,089,696.27	49.38%
	\$ 72,909.81	40.68%	\$ 1,117,019.83	50.62%

See Accountants' Compilation Report

HUGHES TIRE & BATTERY CO. INCOME STATEMENTS

	1 Month Ended December 31, 2011		12 Months Ended December 31, 2011	
SALES	\$ 179,237.16	100.00%	\$ 2,206,716.10	100.00%
COST OF SALES	<u>106,327.35</u>	<u>59.32%</u>	<u>1,089,696.27</u>	<u>49.38%</u>
GROSS PROFIT	<u>72,909.81</u>	<u>40.68%</u>	<u>1,117,019.83</u>	<u>50.62%</u>
OPERATING EXPENSES				
SALARIES	47,074.65	26.26%	600,164.05	27.20%
ADVERTISING	2,310.00	1.29%	24,011.22	1.09%
AMORTIZATION EXPENSE	0.00	0.00%	2,750.00	0.12%
AUTO/TRUCK	3,803.72	2.12%	49,792.14	2.26%
BAD DEBTS	18,098.42	10.10%	18,098.42	0.82%
CASH SHORT & OVER	(35.71)	(0.02)%	(333.54)	(0.02)%
CONTRIBUTIONS	50.00	0.03%	160.00	0.01%
DEPRECIATION	(838.88)	(0.47)%	20,061.12	0.91%
DUES & SUBSCRIPTIONS	29.95	0.02%	434.95	0.02%
EDUCATION & TRAINING	79.95	0.04%	79.95	0.00%
ENTERTAINMENT	0.00	0.00%	390.14	0.02%
EQUIPMENT RENTAL	2,280.58	1.27%	27,877.92	1.26%
INSURANCE - GENERAL	3,963.83	2.21%	57,353.57	2.60%
INTEREST	20,899.24	11.66%	39,412.64	1.79%
JANITOR & TRASH HAUL	394.70	0.22%	9,342.56	0.42%
LAUNDRY & UNIFORMS	2,089.47	1.17%	24,862.89	1.13%
LEGAL & ACCOUNTING	522.00	0.29%	4,682.00	0.21%
MANAGEMENT FEES	0.00	0.00%	19,500.00	0.88%
BANK FEES & CR CARD EXPENSE	1,936.66	1.08%	27,603.25	1.25%
FREIGHT CHARGES	0.00	0.00%	188.19	0.01%
MISCELLANEOUS EXPENSE	(121.40)	(0.07)%	248.58	0.01%
OFFICE SUPPLIES & EXPENSE	1,611.60	0.90%	22,093.54	1.00%
OUTSIDE SERVICE	2,470.48	1.38%	9,440.31	0.43%
PENALTIES	7,694.51	4.29%	8,158.14	0.37%
RENT	1,113.60	0.62%	79,237.48	3.59%
REPAIRS & MAINTENANCE	611.73	0.34%	5,316.28	0.24%
SUPPLIES	4,465.01	2.49%	43,020.43	1.95%
PAYROLL TAXES	2,653.35	1.48%	43,447.85	1.97%
TAXES - REAL ESTATE	0.00	0.00%	22,550.00	1.02%
TELEPHONE	1,069.24	0.60%	13,569.66	0.61%
TRAVEL	0.00	0.00%	300.00	0.01%
UTILITIES	<u>2,004.64</u>	<u>1.12%</u>	<u>52,346.89</u>	<u>2.37%</u>
TOTAL OPERATING EXPENSE	<u>126,231.34</u>	<u>70.43%</u>	<u>1,226,160.63</u>	<u>55.56%</u>
OPERATING INCOME (LOSS)	<u>(53,321.53)</u>	<u>(29.75)%</u>	<u>(109,140.80)</u>	<u>(4.95)%</u>
OTHER INCOME (EXPENSE)				
MISC INCOME	44.29	0.02%	734.43	0.03%
SERVICE CHARGE INCOME	<u>894.43</u>	<u>0.50%</u>	<u>3,459.32</u>	<u>0.16%</u>
TOTAL OTHER INCOME (EXPENSE)	<u>938.72</u>	<u>0.52%</u>	<u>4,193.75</u>	<u>0.19%</u>
NET INCOME (LOSS)	<u>\$ (52,382.81)</u>	<u>(29.23)%</u>	<u>\$ (104,947.05)</u>	<u>(4.76)%</u>

See Accountants' Compilation Report

Hughes Tire & Brake

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COMPARISON TO PRIOR YEAR
For The Period Of August 1, 2012 Thru August 31, 2012
COMB COM COMBINED COMPARISON

	M O N T H - T O - D A T E				Y E A R - T O - D A T E			
	CURRENT	PRIOR	VARIANCE		CURRENT	PRIOR	VARIANCE	
			AMOUNT	PERCENT			AMOUNT	PERCENT
SALES								
Sales - Tires	83,178	111,414	28,236-	-25.3 %	507,090	728,758	221,668-	-30.4 %
Sales - Batteries	946	1,032	86-	-8.3 %	6,830	9,422	2,592-	-27.5 %
Sales - Parts	33,007	34,421	1,414-	-4.1 %	242,929	297,361	54,432-	-18.3 %
Sales - Wheels	1,440	1,586	146-	-9.2 %	11,068	9,123	1,945	+21.3 %
Sales - Labor Mechanical	25,767	23,197	2,570	+11.1 %	165,448	175,990	10,542-	-6.0 %
Sales - Labor Retail Tire	8,006	6,106	1,900	+31.1 %	48,190	38,882	9,308	+23.9 %
Sales - Labor Commercial Tire	10,717	20,348	9,631-	-47.3 %	67,169	112,444	45,275-	-40.3 %
Sales - Penske	4,003	2,824	1,179	+41.7 %	16,844	4,670	12,174	+260.7 %
Fees - Tire Disposal	3,038	3,174	136-	-4.3 %	16,545	19,800	3,255-	-16.4 %
Total Sales	170,104	204,101	33,997-	-16.7 %	1,082,114	1,396,450	314,336-	-22.5 %
COST OF SALES								
COS - Tires	66,381	76,416	10,035-	-13.1 %	395,403	498,214	102,811-	-20.6 %
COS - Batteries	540	629	89-	-14.1 %	4,295	6,147	1,852-	-30.1 %
COS - Parts	17,728	18,594	866-	-4.7 %	131,567	156,693	25,126-	-16.0 %
COS - Wheels	700	539	161	+29.9 %	5,097	4,079	1,018	+25.0 %
COS - Tire Disposal	1,175	933	242	+25.9 %	6,513	5,714	799	+14.0 %
Total Cost of Sales	86,525	97,112	10,587-	-10.9 %	542,874	670,847	127,973-	-19.1 %
Gross Profit on Sales	83,579	106,989	23,410-	-21.9 %	539,239	725,603	186,364-	-25.7 %
Other Cost of Sales Exp.								
Inventory Over & Short	0	0	0	+0.0 %	1,407-	177-	1,230-	-694.9 %
Total Other Cost of Sale	0	0	0	+0.0 %	1,407-	177-	1,230-	-694.9 %
Gross Profit	83,579	106,989	23,410-	-21.9 %	540,646	725,780	185,134-	-25.5 %

COMPARISON TO PRIOR YEAR

For The Period Of August 1, 2012 Thru August 31, 2012
COMB COM COMBINED COMPARISON

	M O N T H - T O - D A T E				Y E A R - T O - D A T E			
	CURRENT	PRIOR	VARIANCE		CURRENT	PRIOR	VARIANCE	
			AMOUNT	PERCENT			AMOUNT	PERCENT
OPERATING EXPENSES								
Salaries	36,932	48,805	11,873-	-24.3 %	281,651	414,152	132,501-	-32.0 %
Advertising	1,820	0	1,820	? %	17,467	15,054	2,413	+16.0 %
Amortization Expense	250	250	0	+0.0 %	2,000	2,000	0	+0.0 %
Auto/Truck	2,622	4,596	1,974-	-43.0 %	19,654	34,422	14,768-	-42.9 %
Bad Debts	0	0	0	+0.0 %	156	0	156	? %
Cash Short & Over	37	160-	197	+123.1 %	310-	56-	254-	-453.6 %
Contributions	20	0	20	? %	20	25	5-	-20.0 %
Depreciation	1,000	1,900	900-	-47.4 %	9,800	15,200	5,400-	-35.5 %
Dues and Subscriptions	0	0	0	+0.0 %	100	405	305-	-75.3 %
EDUCATION & TRAINING	0	0	0	+0.0 %	100	0	100	? %
Entertainment	0	55	55-	-100.0 %	0	322	322-	-100.0 %
Equipment Rental	259	1,286	1,027-	-79.9 %	3,767	20,333	16,566-	-81.5 %
Insurance	3,525	5,003	1,478-	-29.5 %	37,218	38,554	1,336-	-3.5 %
Interest	135	896	761-	-84.9 %	10,500	13,603	3,103-	-22.8 %
Janitor & Trash Haul	383	380	3	+0.8 %	2,862	7,353	4,491-	-61.1 %
Laundry & Uniforms	2,088	2,393	305-	-12.7 %	12,185	17,062	4,877-	-28.6 %
Legal & Accounting	450	265	185	+69.8 %	1,695	2,815	1,120-	-39.8 %
Management Fees	0	0	0	+0.0 %	0	9,750-	9,750	+100.0 %
Bank Fees & Cr Card Expense	2,359	4,010	1,651-	-41.2 %	16,228	19,144	2,916-	-15.2 %
Freight Charges	0	0	0	+0.0 %	0	188	188-	-100.0 %
Miscellaneous Expense	0	3	3-	-100.0 %	0	320	320-	-100.0 %
Office Supplies & Expense	965	1,256	291-	-23.2 %	8,857	16,518	7,661-	-46.4 %
Outside Service	866	130	736	+566.2 %	8,599	3,315	5,284	+159.4 %
Penalties	0	0	0	+0.0 %	347	0	347	? %
Rent	4,600	4,075	525	+12.9 %	18,920	27,562	8,642-	-31.4 %
Repairs and Maintenance	297	624	327-	-52.4 %	5,470	3,716	1,754	+47.2 %
Supplies	2,552	4,341	1,789-	-41.2 %	13,961	30,000	16,039-	-53.5 %
Payroll Taxes	4,130	2,937	1,193	+40.6 %	23,816	32,026	8,210-	-25.6 %
Business Taxes	2,050	2,050	0	+0.0 %	16,400	16,400	0	+0.0 %
Telephone	1,464	1,113	351	+31.5 %	8,596	9,420	824-	-8.7 %
Utilities	1,705	4,472	2,767-	-61.9 %	23,780	36,386	12,606-	-34.6 %
Total Operating Expense	70,509	90,680	20,171-	-22.2 %	543,839	766,489	222,650-	-29.0 %
Other Income								
Miscellaneous Income	40-	37	77-	-208.1 %	583-	462-	121-	-26.2 %
Service Charge Income	154	627	473-	-75.4 %	967-	2,679-	1,712	+63.9 %
Total Other Income	114-	664-	550	+82.8 %	1,550	3,141	1,591-	-50.7 %
Net Profit (Loss)	12,956	15,645	2,689-	-17.2 %	1,643-	37,567-	35,924	+95.6 %





