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SEP 28 2012  
STATE OF ILLINOIS  
Pollution Control Board

Hughes Tire & Battery Co.  
120 E. 1<sup>st</sup> Ave  
Milan, Il. 61264

ILLINOIS POLLUTION CONTROL BOARD  
JAMES R. THOMPSON CENTER  
100 WEST RANDOLF STREET SUITE 11-500  
CHICAGO, ILLINOIS, 61794-9276

AC 13-11

PETITION FOR REVIEW AC (IEPA NO 206-12-AC)

Site # 1610656101

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 31<sup>st</sup> 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 27<sup>th</sup> 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. McGhee observed hundreds of tires outside and unprotected from accumulating water. On the July 27<sup>th</sup> Mr. McGhee found two used tires outside and only one with an immeasurable amount of water in it as shown in picture 5 and 6. The tires pictured in photograph four which Mr. McGhee labeled as used tires were three new tires and one new retread which had no water in them and are not left outside during rain or overnight. Enclosed are current photographs of how we are striving to operate in compliance and will do so in the future.
3. Perhaps one other major fault was not conveying to <sup>employees</sup> 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  
President

# HUGHES TIRE & BATTERY CO. BALANCE SHEET

As of December 31, 2011 and 2010

<b>ASSETS</b>		
	<b>12/31/11</b>	<b>12/31/10</b>
<b>CURRENT ASSETS</b>		
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>
<b>TOTAL CURRENT ASSETS</b>	<u><b>216,243.46</b></u>	<u><b>256,353.16</b></u>
<b>PROPERTY AND EQUIPMENT</b>		
Property & Equipment	559,242.96	554,819.68
Accumulated Depreciation	<u>(482,659.63)</u>	<u>(462,598.51)</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u><b>76,583.33</b></u>	<u><b>92,221.17</b></u>
<b>OTHER ASSETS</b>		
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>
<b>Total Other Assets</b>	<u><b>39,094.78</b></u>	<u><b>50,159.52</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 331,921.57</b></u>	<u><b>\$ 398,733.85</b></u>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
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>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>257,225.21</b></u>	<u><b>256,174.31</b></u>
<b>LONG-TERM LIABILITIES</b>		
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>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u><b>262,101.41</b></u>	<u><b>225,015.10</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>519,326.62</b></u>	<u><b>481,189.41</b></u>
<b>EQUITY</b>		
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>
<b>TOTAL EQUITY</b>	<u><b>(187,405.05)</b></u>	<u><b>(82,455.56)</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><b>\$ 331,921.57</b></u>	<u><b>\$ 398,733.85</b></u>

See Accountants' Compilation Report

**HUGHES TIRE & BATTERY CO.  
INCOME STATEMENTS**

	1 Month Ended December 31, 2011		12 Months Ended December 31, 2011	
<b>SALES</b>				
SALES - TIRES	\$ 105,534.08	58.88%	\$ 1,141,121.52	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	<u>0.00</u>	<u>0.00%</u>	<u>36,996.17</u>	<u>1.68%</u>
<b>TOTAL SALES</b>	<u>179,237.16</u>	<u>100.00%</u>	<u>2,206,716.10</u>	<u>100.00%</u>
<b>COST OF SALES</b>				
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	<u>0.00</u>	<u>0.00%</u>	<u>(177.30)</u>	<u>(0.01)%</u>
<b>TOTAL COST OF SALES</b>	<u>106,327.35</u>	<u>59.32%</u>	<u>1,089,696.27</u>	<u>49.38%</u>
<b>GROSS PROFIT</b>	<u>\$ 72,909.81</u>	<u>40.68%</u>	<u>\$ 1,117,019.83</u>	<u>50.62%</u>

See Accountants' Compilation Report

Hughes Tire & Brake

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

COMB COM COMBINED COMPARISON

	MONTH - 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
<b>SALES</b>								
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 %
<b>Total Sales</b>	<b>170,104</b>	<b>204,101</b>	<b>33,997-</b>	<b>-16.7 %</b>	<b>1,082,114</b>	<b>1,396,450</b>	<b>314,336-</b>	<b>-22.5 %</b>
<b>COST OF SALES</b>								
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 %
<b>Total Cost of Sales</b>	<b>86,525</b>	<b>97,112</b>	<b>10,587-</b>	<b>-10.9 %</b>	<b>542,874</b>	<b>670,847</b>	<b>127,973-</b>	<b>-19.1 %</b>
<b>Gross Profit on Sales</b>	<b>83,579</b>	<b>106,989</b>	<b>23,410-</b>	<b>-21.9 %</b>	<b>539,239</b>	<b>725,603</b>	<b>186,364-</b>	<b>-25.7 %</b>
Other Cost of Sales Exp.								
Inventory Over & Short	0	0	0	+0.0 %	1,407-	177-	1,230-	-694.9 %
<b>Total Other Cost of Sale</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+0.0 %</b>	<b>1,407-</b>	<b>177-</b>	<b>1,230-</b>	<b>-694.9 %</b>
<b>Gross Profit</b>	<b>83,579</b>	<b>106,989</b>	<b>23,410-</b>	<b>-21.9 %</b>	<b>540,646</b>	<b>725,780</b>	<b>185,134-</b>	<b>-25.5 %</b>

Hughes Tire & Brake

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

COMB COM COMBINED COMPARISON

	MONTH - 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
<b>OPERATING EXPENSES</b>								
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 %
<b>Total Operating Expense</b>	<b>70,509</b>	<b>90,680</b>	<b>20,171-</b>	<b>-22.2 %</b>	<b>543,839</b>	<b>766,489</b>	<b>222,650-</b>	<b>-29.0 %</b>
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 %
<b>Total Other Income</b>	<b>114-</b>	<b>664-</b>	<b>550</b>	<b>+82.8 %</b>	<b>1,550</b>	<b>3,141</b>	<b>1,591-</b>	<b>-50.7 %</b>
<b>Net Profit (Loss)</b>	<b>12,956</b>	<b>15,645</b>	<b>2,689-</b>	<b>-17.2 %</b>	<b>1,643-</b>	<b>37,567-</b>	<b>35,924</b>	<b>+95.6 %</b>

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