



GUAM PRODUCT SEAL TASK FORCE

P.O. Box 2950 Hagåtña, Guam 96932

Tel: (671) 475-9380

EDDIE BAZA CALVO

I Maga'låhen Guahan

RAYMOND S. TENORIO

I Segundu Na Maga'låhen, Chairman

Michael Unsiog

Co-Chair

February 2, 2012

Minutes

Meeting called to order at 1:35pm by Co-Chairman Michael Unsiog

- Sub-Committee Updates
 - Legislative / Incentives and Advantages Sub-Committee (Jim, Denise, Francis, Jeffrey, Greg, Laura and Carl)
 - Mandate 1: Address intellectual property rights and concerns relative to the term "Guam" or "Chamorro" or derivations of either "Guam" or "Chamorro".
 - Findings: It is not an intellectual rights issue, but a Labeling and Deceptive Trade Practice issue.
 - Recommendations: Follow FDA rules and regulations pertaining to food and consumable product labeling.
 - Mandate 2: Develop a feasible program funding and continuity plan.
 - Recommendations:
 1. Create budget.
 2. Restricted funds - GPS program funding to be established as a revolving fund administered by DRT. Not subject to the Governor's transfer authority.
 3. Revenue from application fees and fines - issue fees by product category and name instead of a flat fee.
 4. Allocate a portion of the funds specifically for marketing and enforcement.
 5. Request funding from GVB TAF Fund, \$50k annually. (Task Force to decide if they will submit budget request to both the Legislature and GVB TAF for a combined funding of \$100k or request for just half from one or the other.)
 6. Request from GEDA QC Manufacturing a portion of reinvestment funds. Task Force have yet to determine percentage.
 7. Create Cultural Preservation and Commerce Tax of 1%, separate from the Hotel Occupancy Tax.
 - Mandate 3: Clearly mark the delineation of assignment of the compliance and enforcement responsibilities, and the authorities of respective regulatory and enforcement agencies relative to the provisions of the GPS program; i.e.: who will handle complaints, investigations, and enforcement requirements.
 - Recommendations:
 1. Compliance and Enforcement: (a) CQA at the borders, (b) DRT within the border.
 2. Regulatory: DRT will administer all the functions of the program under the Authority of the Lieutenant Governor.
 3. Guam Product Seal Cooperative Association: Assist the GPS participants, if they so chose, to create a Cooperative - a private non-governmental organization to be able to be more competitive and create their own marketing programs.
 - Mandate 4: Make appropriate recommendations for legislation to improve the Guam Product Seal program
 - Ongoing
 - Mandate 5: Formulate updated version of the Guam Product Seal permit program. Such plan shall be submitted to the Legislature no later than 120 days from date of enactment. (March 20, 2012)
 - Ongoing
 - Mandate 6: Identify incentives and advantages that encourage participation in the program.
 - Recommendations:

1. Lead Agency: GVB to assist in promotional events and marketing campaigns.
2. Strategic Partnerships: Partner with government agencies and non-profit organizations such as GVB, Pacific Islands SBDC Network, GEDA, DCA, GIAA, Guampedia, Government House Preservation Foundation, CQA, Buy Local Initiatives/Campaign.
3. Technical Assistance: (a) The Guam SBDC will provide free one-on-one business advisement services to GPS participants and assist to develop business plans that include a comprehensive marketing plan. (b) GVB/GIAA to provide exit surveys to include food/products purchased while on Guam.
4. Incentives Program: (a) Chamorro Village mandates that 50% or more of products sold are "Made In Guam" products. (b) GEDA to look into capital outlay provisions; see if the limit can be decreased so more small businesses qualify. (c) Preferred shelf space at New Guam Museum, GIAA, Government House and other government owned facilities. (d) Incentives for retailers to provide "Made In Guam" shelf space.
5. Advertising: (a) Free articles for GPS participants who are clients, in the PISBDCN Pacific Business Partners PDN quarterly insert. (b) Promote GPS/Guam SBDC clients on Pacific SBDC website. (c) Promote GPS on Buy Local website. (d) Promote GPS on GEDA's website. (e) Promote GPS program on GVB's website. (f) Cross promote by providing links to GPS business and partner websites. (g) Include content on Guampedia. (h) GVB can possibly sub-license "GUAM" logo to GPS program participants.

o Fines, Penalties and Compliance Sub-Committee (Mike, Mae, Vince, Ferdinand)

- Mandate 1: Review the structure of fines and penalties to ensure maximum deterrence for violating the GPS mandate. (Source: Title 4, GARR)
 - Findings: Although the duties and responsibilities of the GPS program was transferred from GEDCA to DRT through Executive Order 2002-14, the GARR still reflect that the authority remains with GEDCA.
 - Enforcement at Manufacturing Facilities - Recommendations:
 1. An amendment should be made to keep everything cohesive. All language in both the GCA and the GARR must be clarified to reflect the new Authority.
 - Enforcement at Wholesale and Retail Establishment - Recommendations:
 1. Include respective agencies within the Task Force to engage in the inspection.
 2. Should there be reasonable cause to believe that a wholesale or retail establishment is in violation of these Rules and Regulations, and during the course of the investigation, a violation has been committed which show cause to invoke the other branches of government that this committee will grant and put in motion the Authority to activate these agencies to further impose additional fines and/or penalties.
 - Violations - Recommendations:
 1. Language in this section should remain as written, but to include a fine much like that imposed with the tobacco license if such permit is not displayed. Example: A fine of \$50.00 is applied to those retailers who at the time of inspection were found without their tobacco license posted. A similar provision should be included specifically for GPS permit holders in this section for those manufacturers as well. Increase the fine each year if such violation occurs. If a third offense is committed, the manufacturer must surrender his permit and cease all distribution of GPS goods until such such time they are in full compliance. Adapt similar citations with that which are issued to that tobacco license under the Tobacco Law Section 6109.
 2. Retain language but increase fines. Section should also be broken into three (3) categories so as to be addressed as individual violations with individual fines.
 - Imply that the product offered for sale in mad in Guam.
 - Any establishment can not advertise or imply through its display a "Guam" product unless the product bears the Guam Product Seal as permitted.
 - If the proscription is extended to the packaging or labeling of the product itself but is not permitted under GPS then the product is in violation and subject to fines.
- Fines - Recommendations:

- 0. Increase first offense fine by \$500 to equal \$3,000 and for each subsequent violation of that section within one calendar year, after first violation, increase fine by \$2,000 to equal \$7,000, or an acceptable increase adopted by the GPS Task Force to bring out a greater awareness to those who violate or contemplate violating this sections of the GPS law. These fine have not increased since its inception in 1988.
- 1. As stated in number 2 of Violations section above, this section should be broken into three (3) categories. Fines are recommended to increase as follows:
 - Proposed fine for first violation of this section within a one-year period is \$1,000. For each subsequent violation of this section within one calendar year increased by \$2,000 to total \$4,000 or an acceptable increase adopten by the GPS Task Force.
 - Fine for first violation, within a one year period, of subsection 300.03(C) of Title 4, GARR to increase \$1,000 to equal \$1,500; for each subsequent violation of that section within one calendar year a proposed sum of \$4,000 be applied or an acceptable increase adopted by the GPS Task Force.
 - Such fines shall be paid to the Licensing Division of the Department of Revenue and Taxation for credit to a special fund designated fo the Guam Product Seal program.
 - A receipt for payment of any fine levied under subsection (a) of this section shall be provided to the payer of said fine, and a duplicate copy of said receipt shall be delivered by the Department of Revenue and Taxation, to the respective agency designated by the GPS Task Force.
 - Appeals from fines levied under this section shall be made within fifteen (15) days, in writing, to the Authority. The Authority shall respond in writing to all such appeals within thirty (30) days of their receipt.
 - All other sections recommended to stay in effect as written.
- Recovery of Merchandise - Recommendations:
 - 0. Any manufacturer or importer who places the Guam Product Seal or any reasonable likeness of the Guam Product Seal not identical to the Guam Product Seal upon any which was not manufactured under a permit to use the Guam Product Seal shall be ordered by the Authority.
 - 1. For the purpose of this section, a "document request" shall be maid in writing to the appropriate party or parties, witnessed by an official of the Authority.
 - 2. Recommend all other sections to stay in effect as written.
- Exemptions - Recommendations:
 - 0. Remove section of statute that sets 180 day timeframe for exemption of goods ordered on or before August 28, 1986. This has expired and should be removed.
- Exceptions - Recommendations:
 - 0. Remove section 3000.07(a), Title 4, GARR.
 - 1. Remove or amend 3000.07(b), Title 4, GARR.
- GPS Label Sub-Committee (Nate, Tony, Roe-Ann)
 - Mandate 1: Evaluate the design of the current GPS logo and recommission if necessary.
 - GVB working on draft designs to exclude the Guam logo and incorporate more images of the Guam Seal.
 - GVB will give licenses to GPS permit holders to utilize the Guam logo as part of the incentives package.
 - GVB will also develop standards and guidelines for use of the GPS logo and more drafts by next meeting.
- Open Floor Discussions
 - Deceptive Trade Practices
 - Request comments from the AG regarding deceptive trade practices and how the use of "Guam" or "Chamorro" on products that are not made on Guam is in violation.
 - Request that AGO provide training for CQA personell to allow them to identify products at the point of entry that are in violation of deceptive trade practices.
 - Notices to retailers
 - Mike to send out notices to retailers advising them of the change in labeling laws ASAP.
 - Additional Fines

- CQA proposes fines for products at the point of entry that are not allowed entry.
Funds collected from the fines will go towards storage and disposal fees and will be imposed at the cost of the owner of the product.
- Hawaii Law
 - Suggested that we establish more stringent laws like Hawaii to control our food products.
- Meeting Adjourned 2:32pm
 - First Motion: Michael Unsiog
 - Second Motion: Jim Bonano