

NATO of California/Nevada

PREVIEWS

Information for the California and Nevada Motion Picture Theatre Industry

CALENDAR of EVENTS & HOLIDAYS

Film Product Seminar

November 9
Northern California -
Brenden's Concord 14 Theatre

November 14
Southern California -
Mann's Chinese 6 Theatre

Veterans' Day
Nov. 11

Thanksgiving
Nov. 23

Chanukah
Dec 16-23

Christmas Day
Dec 25

New Year's Eve
Dec 31

New Year's Day
Jan 1, 2007

**Announcement of
Academy Awards
nominees**
Jan. 23, 2007

**Academy Awards
presentation**
Feb. 25, 2007

NATO of CA/NV Scholarship Program Expanded for 2007

The National Association of Theatre Owners of California/Nevada has expanded its Scholarship Program to include not only field level employees and dependents of managers and home office employees, but qualifying home office employees as well. In addition the Association has increased the number of \$7,500.00 awards available from eighteen to twenty scholarships for 2007.

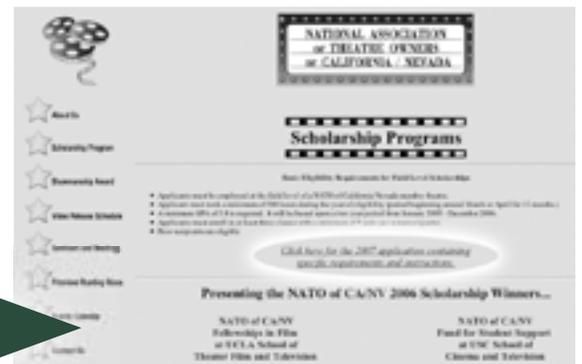
The scholarships are available for post secondary or vocational education. Past winners have used their scholarships in myriad colleges from as close as their local community college, to east coast Ivy League schools across the nation, to universities in their home states of California and Nevada and all the way across the ocean. The scholarships have gone to students just beginning their freshmen years

all the way through to students who have been taking classes for over twenty years to earn their degrees.

As a matter of fact in 2006 NATO of CA/NV awarded a \$7,500 scholarship to one out of every five qualifying applicants.

Applications, containing complete details of the program and eligibility requirements, will be available in mid-November in the Scholarship Program section on our website www.NATOCalNev.org. Applications are due in the NATO of CA/NV office by April 30, 2007.

To date over \$630,000.00 has been awarded to NATO of CA/NV member employees and their dependents in this scholarship program. Will you or one of your employees join the ranks of winners? ▼



To download application go to www.natocalnev.org, click on Scholarship Program, then click on the application.

Film Product Seminar reminder

by reservation only

November 9th
Brenden Theatres'
Concord 14 Theatre
1985 Willow Pass Road
Concord, CA
94520

Continental Breakfast • 9:00 AM
Program Begins • 10:00 AM
Exit by 3:00 PM

November 14th
Mann's Chinese 6 Theatre
6801 Hollywood Blvd.
Hollywood, CA 90028

Tour of Grauman's Theatre &
forecourt begins at 9AM

Previews
is published by the
**National Association of
Theatre Owners of
California/Nevada**

11661 San Vicente Blvd., Suite 830
Los Angeles, CA 90049-5116
Phone: 310/460-2900
Fax: 310/460-2901
E-mail: Office@NATOCalNev.org
www.NATOCalNev.org

OFFICERS

Milton Moritz
President & CEO
Raymond W. Syufy
Chairman
William F. Hertz, Sr.
Vice President
David Corwin
Treasurer
Bruce Sanborn
Secretary



BOARD OF DIRECTORS

Bruce Coleman
Brenden Theatres
David Corwin
Metropolitan Theatres
Nora Dashwood
Pacific Theatres
Alan Grossberg
UltraStar Cinemas
William F. Hertz, Sr.
Mann Theatres
George Krikorian
Krikorian Premiere Cinemas
Scott Lotter
Paradise Cinemas
Ted Mundorff
Landmark Theatres
Neal Pinsker
Regal Entertainment Group
Frank Rimkus
Galaxy Theatres
Bruce Sanborn
The Movie Experience
Raymond W. Syufy
Syufy Enterprises
Dick Walsh
AMC Theatres
Kim Zolna
CinemaStar Luxury Theaters



Charlene Sievers
Director, Member Services

Preventing Sexual Harassment Seminars were Informative and Well-Received!



*Attorneys John LeCrone and Janet Grumer of
Davis Wright Tremaine LLP with Milt Moritz,
NATO of CA/NV President.*

On behalf of its members NATO of California/Nevada wishes to thank Janet Grumer and John LeCrone of Davis Wright Tremaine LLP for their presentation of the seminar FLIRTING WITH DISASTER: Sexual Harassment Prevention Training. This well-received seminar was hosted by our member companies Century Theatres and Cinemark USA at the Century Walnut Creek 14 Theatre and the Regal Entertainment Group at the REG Edwards South Gate 20 Theatre. The Associations' sincere appreciation goes to the management and staff for their generosity and help.

Along with the legal overview of sexual harassment and how to prevent it, Ms. Grumer and Mr. LeCrone used hypotheticals, quiz bowls and prizes for the participants to engage the audience in the presentation and add some fun to an important and difficult topic. Borrowing from Ms. Grumer's theatre background they focused on many situations that often occur in movie theatre workplaces.

Because of the importance of the subject matter we asked our presenters to provide the following summary of the topics addressed in the seminar.

Sexual harassment is "unwelcome" conduct of a sexual nature, which either results in some kind of adverse employment action (so-called quid pro quo harassment) or is sufficiently severe or continuous so as to create an abusive work environment and alter the conditions of employment (hostile environment harassment). Quid pro quo harassment, meaning "this for that," occurs where a person exchanges one type of favor for another. For example, quid pro quo harassment can occur where a supervisor trades dates or sexual favors in exchange for a promotion. Hostile environment harassment can occur where there is conduct that is based on sex or gender, that is severe or continuous, and that significantly changes the conditions of employment. For example, in a theatre where jokes about sex are told repeatedly or where horsing and unwelcome touching commonly occurs.

Sexual harassment is not limited to what one might think of as the "typical situation" where a man harasses a woman. Sexual harassment law protects many types of individuals from discrimination on the basis of sex, for example, harassment between two women, two men, a homosexual man and a straight man, and even between individuals who are perceived to have sexual traits of one type or another. Sexual harassment is evaluated based on how it is perceived, not on the intent of the person who may be harassing. As a result, what is just joking around to one employee may be perceived of as harassment by another, and if that perception is reasonable under the circumstances, harassment may have taken place.

In California and certain other jurisdictions, employers are strictly liable for the sexually harassing conduct of their supervisors, whether upper management knows about the situation or not, from the moment that the conduct begins. Supervisors can also be held personally responsible for harassment in the workplace. Because sexual harassment is evaluated based on how it is perceived, rather than whether the potential harasser intended to harass anyone, work is an especially challenging place to enter into dating or other personal relationships, especially where a supervisor and an employee who report to



Special appreciation to our Northern California hosts Eric Martin, Cinemark Regional Leader and David Mills, manager of the Century Walnut Creek 14 Theatre.

the supervisor are involved. Even if an employer allows dating between supervisors and those employees who report directly to him or her (many don't allow this), supervisors can never know for sure if an employee agrees to enter into a relationship with the supervisor voluntarily, or instead because the employee feels obligated or feels that there will be hard feelings if the employee turns the supervisor down. This is especially true in movie theatres, where many employees are in their first jobs and may not feel comfortable standing up to pressure from older or more experienced employees.

Employers are liable for the sexually harassing conduct of non-supervisors as soon as a supervisor knows or should have known that sexual harassment may have occurred. This liability arises even where the employee reports harassment, but insists that the supervisor take no action at all. The duty to report such an instance (whether to Human Resources or other members of management) and to investigate and take appropriate corrective action arises even where the employee requests that nothing be done. Employers are also liable for the actions of third parties, such as delivery drivers, repair people, and patrons. Employers must be careful not to take any adverse action because of a complaint of sexual harassment, or any other type of harassment or discrimination. Employers can be held liable for retaliation even where a thorough investigation reveals that no harassment actually occurred, because the act of complaining itself is protected. ▼



Thanks go to District Manager Shaun Mullen (back) and the REG South Gate 20 Theatre team: Israel Luna, GM Mohamad Shakhshir, Sofia Crespo, Iris Alvarez and Steve Santana.

John P. LeCrone is a partner in the law firm of Davis Wright Tremaine LLP whose practice focuses on representing employers and management on all aspects of employment law, employment related litigation, and complex litigation. He can be reached at 213/633-6825 or johnlecrone@dwt.com. Janet Grumer is an associate at the firm and a former movie theatre executive whose practice focuses on theatre and retail clients, including employment and general litigation issues. She can be reached at 213/633-6866 or janetgrumer@dwt.com.

European Exhibition Lagging Behind U.S. Exhibition in Digital Screens

The report by U.K. exhibition analysts Dodona Research found that while only 20% of screens will be equipped with digital systems meeting Digital Cinema Initiative specifications by 2011, there are big variations across Europe.

Belgium, Ireland and Luxembourg are expected to lead the digital conversion charge with more than half of all screens converted during the next five years the report found, while in other European territories, the process may barely have begun.

The report, titled "Digital Cinema," also predicts that half of all U.S. screens will be digitally equipped at that point. As of June '06, there were 841 2K digital screens in the U.S., compared with 112 at the end of 2005, according to Dodona. As of June, there were 334 2K digital cinema screens in Europe, with the U.K. having the largest number at 71. Dodona's report anticipates that progress during the next two years in both Europe and Asia will be fairly modest until conversion begins in earnest in 2008-2009. South Korean exhibitors are moving fastest at present, with 45 2K screens in place as of June.

The report also points the finger at "foot-dragging by the studios," which are waiting to see how the U.S. experience works out before committing to finance conversion in Europe.

TECHNICAL Corner



The Shocking Truth about Your Concession Electrical Cords

By Wayne Kochanek, ACS Enterprises, Inc.

Attention! Grab a flashlight. It's time for a concession safety audit that focuses on power. Relax, we're not strapping on tool belts, pulling equipment apart or taking electrical current readings, no matter how fun that may be. It's the common problems surrounding electrical cords we're after. Leaving these guys unattended can lead to costly repairs or safety issues. *The shocking truth is we take electrical cords for granted.* They come in many shapes, sizes, lengths and every piece of motorized equipment in our stands has them.

Here's what to look for:

Shielding condition: Is the exterior shielding damaged, cracked or cut open? Are the inner wires exposed? Are they slimed with oils, syrups, grease or cleaning solvents? Those items can slowly swell and split an electrical cord's exterior. Are they brittle? Cords can dry out from surrounding equipment producing heat, this causes them to lose flexibility and crack when twisted or reworked into a different configuration.

Countertop Machines: Cords run through countertops and often get frayed at the entry point, especially if the top is stainless steel. Plastic grommets should be installed. Silicone can prevent grommets from popping off and deter fluids from leaking under them and down the cords.

Large Floor Machines – Wheels roll over cords, pinching or peeling the outer shielding leaving the inner wires ripe for shorts. I have seen exposed wires from large machines sitting in water... Hmm, we'll name that machine Sparky. Rolling machines out can pull cords tight leaving the plugs, strain relief devices or outlets damaged. Take a minute and check these connections. (Note: Assure all switches are in the off position when plugging in or unplugging any unit.)

Electrical Outlets and Plugs: Look for damaged prongs or weak connection in the outlet. Do the cords stay in or droop in the receptacle? Weak connection can lead to electricity arching, which produces heat, which melts cords.

Are the ground pins on the plug still there? Ground pins are an important part of your safety net, so to speak. If a machine were to have an electrical short the ground pin would signal the breaker to shut off preventing the operator from getting an

electrical shock. This is called *tripping* the breaker. Do not operate the machine without a ground pin. Can you replace just the plug portion of the cord? Many times the answer is NO. Often concession machines are required to have molded plugs. What is a molded plug? Answer; the whole cord and plug are one piece, the rubber exterior covers everything including the end plug leaving no open gaps. This prevents moisture from entering and acts as a strain relief. Replace it with a matching molded plug.

Extension cord abuse: I know... I know... who designed this stand! There are just not enough outlets. Nothing an extension cord or six pack can't solve. **No! Stop!** In most states adding extension cords to concession equipment is just not code. There are strict guide lines for equipment makers on the length of a cord they can put on a machine. It's set by UL and assures the machine gets the right amount of power. Suffice to say, adding extension cords to kitchen equipment is not considered safe. The connection points can be compromised by fluids. The extension cord of choice may have inadequate gauge wires. Poor inter-locking devices can pull apart... You get the point. Seek out a qualified electrician and get the proper power you need.

Breakers: Assure your breakers are labeled. If a machine were to trip a breaker, never reset it without checking the equipment on that circuit. The breaker tripped for a reason - find out why. Resetting breakers over and over can be extremely dangerous. It can ruin equipment and turn a simple repair into wasted dollars. Do make copies of the breaker panel's circuit sheet... just in case it gets lost. There's nothing fun about testing every piece of equipment multiple times to track unknown circuits. Never turn a breaker off and on with equipment in the on position. Why? Electrical current can jump the contacts and damage the breaker or piece of equipment on that circuit.

Fire Extinguishers: Assure they are in place, filled and dated.

As always, if you are repairing in-house be safe. Understand your equipment and never guess at proper installation. Call a qualified technician. "Quick" fixes and poor installation only lead to more repairs. ▼

Wayne Kochanek is Director of Facility Development for ACS Enterprises, a full service cinema service provider. Prior to ACS, Wayne was Facilities and Maintenance Manager for AMC Theatres for 13 years. Most recently, Wayne established the ACS Concession Care™ Program, a semi-annual preventative maintenance program for a theatre's overall concession operations. For additional information, please visit www.acs-ent.com or email Wayne at concession@asc-ent.com.



LABOR ISSUES & Updates

Final Paychecks: Various Rules for Due Date, Delivery, Penalties

Question: *One of my employees just quit without notice. When is her final paycheck due? If she does not show up to pick up her final check, should I mail it? What happens if the check doesn't get to the employee on time?*

Answer: Final paychecks are subject to a variety of rules regarding due date, delivery methods and penalties for late payment.

Final Paycheck Due Date

The amount of notice given by a quitting employee determines when the final paycheck is due.

The following rules apply:

- An employee who quits without giving any notice is entitled to her/his final wages within 72 hours of quitting.
- An employee who gives less than 72 hours notice is entitled to her/his final wages within 72 hours of when the notice was given.
- An employee who gives more than 72 hours notice and actually works until the planned final day is entitled to her/his final paycheck on the last day of work.

The 72 hours an employer is given to prepare a final check for a quitting employee includes weekends, holidays and other times the business may be closed.

If you use a payroll service or your payroll department is out-of-state, you should have an in-house method to cut a final paycheck to meet these deadlines.

Check Delivery Options

An employee who quits on the spot or with less than 72 hours notice may pick up her/his final pay at your place of business or is legally entitled to request that her/his final paycheck be mailed to her/him. If the employee requests the final paycheck be mailed, the date of mailing is considered the date of payment.

Although not required by law, it is prudent to ask the employee to put her/his request in writing, including a current mailing address. A fax or e-mail would suffice. The employee's written request then can be kept in her/his personnel file in case you are later required to prove the employee asked to have final wages mailed.

It also is prudent to send the check in a way that allows you to prove it actually was received, either by registered mail or some other delivery method requiring a signature-verifying receipt.

An employee who gives more than 72 hours notice does not have a legal right to have her/his final paycheck sent by mail. Preparing a final paycheck and making it available for the employee to pick up at your place of business, in the county where the work was performed, is all that is necessary.

It is not uncommon for an employee who has given more than 72 hours notice to call in sick on the scheduled final day of work and ask that her/his final paycheck be mailed. When this happens, you are under no legal obligation to mail the check and may simply hold it for the employee to pick up. If you choose to mail the check, you should get the employee's request in writing (including a current mailing address) and have proof the paycheck was delivered.

Late Paycheck Penalties

If final wages are not available within the legal time limits, your former employee may file a claim with the Division of Labor Standards Enforcement for waiting time penalties. The waiting time penalty is an amount equal to the employee's daily rate of pay for each day the wages remain unpaid, up to a maximum of 30 calendar days. Penalties accrue not only on the days that the employee might have worked, but also on non-workdays.

If the employee quits with less than 72 hours notice and asks for her/his check to be mailed, the California Labor Code says the date of mailing is considered the date of payment. As long as the check is mailed on time, a delay in the mail system would not cause waiting time penalties to accrue.

There is no such protection for employers who choose to mail checks to employees who quit with more than 72 hours notice. Because the Labor Code does not entitle these employees to receive their checks by mail, it is silent on whether the date of payment is the date of mailing or the date the check is received. You therefore should use caution if you decide to put a final paycheck in the mail in this situation. ▼

Valenti Defends Movie Ratings System

Reprinted from the Los Angeles Times

The following "letter to the editor" by Jack Valenti appeared in the *Los Angeles Times* in rebuttal to an earlier editorial.

I have been an avid reader and admirer of The LA Times for 40 years. I write you now to give you a brief résumé of the movie industry's voluntary film rating system. The facts of its birth and design collide with your Oct. 14 editorial "This editorial is not yet rated."

First, the Motion Picture Assn. of America withholds the names of the rating board members so they won't be harassed by disgruntled producers. Grand jury members' names are withheld; so are criminal jury members, all for the same reasons. There's nothing sinister about this. We convey to the press, upon request, a brief biography of each rater. We could make public their names, but if we did, how would that advance the quality of the ratings? We merely want to protect raters from the kind of harassment that was depicted in the Kirby Dick film "This Film Is Not Yet Rated." Their qualifications? They are parents, who see a film through the eyes of a parent. We have three senior raters who give historical knowledge to the system, have administrative duties and whose children, young when they started, are now over 17. The rest have younger children.

When I designed the rating system in 1968, I retained two social scientists from different universities. I asked them to put to paper the precise demarcations between rating categories so we would have specific guidelines. For example, what is too much violence for each of the categories? Much as the Supreme Court to this hour cannot define "pornography," these professors were unable to mark precisely where the lines should be drawn. Like Justice Potter Stewart's musing about pornography, the raters can say, "I can't define it but I know what it is when I see it."

The rating system will be 38 years old on Nov. 1. Is it fair to say that nothing lasts that long in this brutal marketplace unless it is providing some kind of benefit to the people it aims to serve -- in this case, parents. I suggest you might want to take your own poll of parents with young children who work for The Times. Every year since 1969, the Opinion Research Corporation of Princeton, N.J. conducts national polls annually under strict market research protocols with some 2,600 respondents. For the last 15 years, more than 70% of parents with children under 13 find the system to be "Very Useful" to "Fairly Useful" in helping them guide their children's movie going.

The 2006 poll, with 2,031 respondents was in the field when "This Film Is Not Yet Rated" was in exhibition. The results are just in: an increase in approval by parents with children under 13 to 80%. Those who said the rating system was "Very Useful" rose 10% higher than last year. This latest poll underscores my central theme that parents, for whom the system was designed, are highly approving of what it does -- they trust it.

The movie rating system is voluntary. No one is compelled to submit a film for rating. I know the counterargument: "If I don't submit for rating, my film will have trouble getting theater play dates." But that's a decision to be made by theater owners, not the rating system.

This letter is sent to you with admiration and respect.

Jack Valenti

Former President, Motion Picture Assn. of America ▼

Santa Monica May Ban All Public Outdoor Smoking

SANTA MONICA, Calif. -- The Santa Monica City Council gave initial approval with a 6-0 vote in October to a proposal that would ban smoking at all outdoor restaurants, service areas, the Third Street Promenade and Farmers Markets.

The City Council voted 5-1 July 25 to direct the City Attorney's Office to draft the ordinance that would extend the city's smoking ban, which already prohibits smoking in public parks, beaches, public waiting areas and the Pier.

"All available evidence indicated, from other cities and other countries, that smoking regulations almost across the board tend to, if anything, increase business and popularity of a location," said Deputy City Attorney Adam Radinsky.

"We're not aware of any evidence indicating that restricting smoking is bad for business," Radinsky said.

The proposed ordinance would ban smoking on restaurant patios, bus stops, around automated teller machines and movie theater lines, and also mandate a 20-foot smoke-free zone around non-governmental buildings.

City Councilwoman Pam O'Connor cast the lone 'no' vote, arguing that if smoking is a health hazard, tobacco should be banned by the state, rather than have smoking regulated on a city-by-city basis, the online newspaper The LookOut reported.

"We are criminalizing people who smoke when it is still a legal substance," O'Connor said. "We are not giving them an option. If the public policy of the state is to end smoking, then the state has to do it."

Wes Hooker, owner of the Laconda del Lago restaurant on the Third Street Promenade, told the City Council the ordinance would "be a shocker and create a problem in the tourist population."

"Consider a step process so that people can catch up with it," Hooker said. ▼

Post Office To Eliminate Stamp Machines

Postage stamps can be purchased by mail, at the supermarket, even from many bank cash machines. But there's one place you won't be able to get them in a few years - vending machines at the post office. The U.S. Postal Service plans to eliminate its 23,000 vending machines by 2010, the agency said in a recent internal memo.

Postal spokeswoman Yvonne Yoerger on Wednesday confirmed the decision, first reported by Linn's Stamp News.

"The heart of the matter is a lot of these machines are up to 20 years old," she said, meaning breakdowns are increasing and replacement parts are costly or impossible to get.

In the meantime there are lots of other options to buy stamps that fit into people's lifestyles better, Yoerger said, noting that people can get stamps by mail, through phone orders, at many convenience stores and from rural letter carriers.

Yoerger also noted that recent Treasury Department changes in currency designed to make it harder to counterfeit have required costly changes in vending machines so they can handle the new bills.

The removals are expected to begin next year with about 5,900 machines eliminated annually.

The vending machines aren't the only changes under way.

The post office is also removing many of those freestanding blue boxes where people can mail letters.

That's a result of a decline in first-class mail, Yoerger said, with fewer items being placed in the boxes.

The post office counts those boxes among "collection points," which also include the green relay boxes, where carriers store mail during delivery, and mail slots at post offices.



As of the end of last year the post office had 295,052 collection points, down from 337,230 at the end of 1999.

Vending machine removals will not target a specific area, she said. Broken machines and those that do little business will go first. If a machine still works well but makes few sales it will be moved to a busier area to replace broken or damaged machines.

Customers will still be able to buy stamps from postal clerks and the agency is increasing its use of automated postal centers which print postage on demand and also can sell some stamps.

Year-To-Date Box-Office

YEAR-TO-DATE 302 days starting Sunday, January 1, through Sunday, October 29, 2006
Average ticket price for 2006 is estimated

Year	Avg. Ticket Price	Ticket Price Change	Total Gross	% Change vs. Previous Year	Attendance	% Change vs. Previous Year
2006	\$6.61	3.12%	\$7,649,298,454	6.77%	1,157,231,234	3.54%
2005	\$6.41	3.22%	\$7,164,065,906	-6.95%	1,117,638,987	-9.85%
2004	\$6.21	2.99%	\$7,698,853,342	-	1,239,750,941	-

-Source: Exhibitor Relations Co.

INSIDE PREVIEWS

NATO of CA/NV Scholarship Program Expanded for 2007

Preventing Sexual Harassment Seminars Were Informative and Well-Received

European Exhibition Lagging Behind U.S. Exhibition in Digital Screens

Valenti Defends Movie Ratings System

Santa Monica May Ban All Public Outdoor Smoking

Post Office to Eliminate Stamp Machines

Technical Corner: The Shocking Truth about Your Concession Electrical Cords

Labor Issues and Updates Final Paychecks: Various Rules for Due Date, Delivery, Penalties

Statistics

ADDRESS SERVICE REQUESTED

Health Tip

A healthy diet can help protect your memory. Research shows that a diet rich in these nutrients may help lower your risk for high blood pressure and stroke:

- Magnesium. Daily Value, 400mg. Good sources: Avocado, bananas, dried beans, spinach, yogurt, oatmeal, and brown rice.
- Potassium. Daily Value, 3,500 mg. Good sources: Spinach, mushrooms, apricots, nuts, sardines, whole grain pasta, and bananas.
- Calcium. Daily Value, 1,200 mg. Good sources: Milk, yogurt, cheese, sardines, orange juice, dark greens (kale, spinach, mustard greens), and broccoli.
- Folic Acid. Daily Value, 400 mcg. Good sources: Lentils, peas, asparagus, collard greens, broccoli, strawberries, and oranges.
- Vitamin B6. Daily Value, 2.0mg. Good sources: fortified cereal, baked potato, chicken, beef, pork, garbanzo beans, and sunflower seeds.
- Vitamin B12. Daily Value, 6 mcg. Good sources: Clams, liver, fortified cereals, fish, eggs, and meat.



Source: Mind, Mood & Memory, Massachusetts General Hospital