

Business

Wednesday, May 12, 1999

The Journal News

Liquidator cashes in on career change

Former attorney Michael Brooks turns Elmsford company into a lucrative business

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The Journal News

ELMSFORD — For five years Michael Brooks has fought an uphill battle in trying to give a shine to an industry that's not highly regarded in the business world.

Adhering to stringent rules and delivering on promises has helped Brooks take a minimal investment of \$100,000 and turn it into a lucrative multimillion-dollar business, he said.

Brooks, 33, owns International Purchase Systems Inc., a liquidation company in Elmsford. His company specializes in buybacks, which helps retailers turn non-selling or surplus items into cash. This enables the manufacturer to restock their distributors with better selling and more up-to-date products.

For example, in late 1998, Duracell Batteries became the exclusive supplier of batteries to the Rite Aid drugstore chain, Brooks said. As part of that, Duracell bought all of its competitors' batteries from Rite Aid. IPS then bought all of the competitors' batteries from Duracell to sell in markets that didn't compete with Rite Aid.

LIQUIDATION PROCESS

IPS is a liquidator that buys almost anything from manufacturers, from toothpaste to toys, computer software to plumbing items, or shampoos, creams and soaps, Brooks said.

"We will sort it, repackage it and throw out any damaged products, and then resell the products to secondary markets which do not conflict with the manufacturers' normal distribution channels," Brooks said.

Buyback items are usually purchased from manufacturers in bulk for about 20 percent to 40 percent less than the wholesale price, Brooks said.



Stuart Bayer/The Journal News

Michael Brooks, owner of International Purchase Systems Inc. in Elmsford, is surrounded in the warehouse by boxes of merchandise that the company will liquidate. Brooks says he expects the company to average between \$6 million and \$12 million in annual sales.

In addition to his warehouse in Elmsford, Brooks houses much of his acquired merchandise in public warehouses all over the country. He buys merchandise throughout the United States and sells the products in the U.S. and to other countries.

"If we buy shampoo, for example, we might have to change the shampoo to the new buyer's name when sold. They want to put their own name on it, but it's the same shampoo, just a different package," Brooks said.

"Furby was the hottest thing last year. In a year, I will probably see a million Furbies."

ONCE AN ATTORNEY

Brooks made his way to the liquidation business after working two years as an attorney for Wilson, Elser, Moskowitz, Edelman & Dicker in Manhattan. Brooks, however, always had a drive for becoming his own boss.

As an attorney, Brooks viewed first-hand a lot of bankruptcy proceedings, he said.

"I was privy to bankruptcies where the business said, 'Look, we just want to sell all of our assets and pay off our creditors,'"

Brooks said. "Every manufacturer has seasonal items or promotional items that just don't work for any reason."

Brooks dabbled in all types of business ventures, from party promoter to summer house shares provider while still working as an attorney.

In 1992, however, Brooks jumped at the chance to work for D&W Enterprises, a liqui-

dation and barter company in White Plains. Among other reasons, Brooks took the opportuni-

ty because he didn't want to wait 10 years to become a partner at his law firm.

Two years later, Brooks believed he absorbed enough knowledge to enter the liquidation business on his own. He formed International Purchase Systems.

In his first year with \$100,000 in start-up money, Brooks did about \$300,000 in sales, he said. His business hit about \$6 million within three years of operation, and he expects to average between \$6 million and \$12 million annually in sales. He said his business has grown about 35 percent a year.

Business is not bad for an in-

dustry that gets little, if any, respect, Brooks said.

"The liquidation business is not highly regarded because of unethical companies who don't adhere to restrictions to where they can sell," Brooks said. "It's a difficult task to convince a company that has been burned before that you are different."

Brooks said he thinks he has passed that threshold of convincing companies he's ethical. He said 70 percent of IPS's clients are repeat customers.

IPS clients include General Electric, Delta Faucet, Honeywell and Warner/Elektra/Atlantic Corp.

GOOD IMPRESSION

Bob Vissichelli, owner of Mace's Closeout City Store in Huntington Station, Long Island, said IPS' success mainly comes from Brooks showing that he's ethical.

"Mike does a good job. Mike is very hands on, and he makes sure that if he says something, that he delivers it," Vissichelli said. "He gets a lot of name-brand goods and he makes sure he cleans it up before he sends it to us."

Brooks said his goal now is to continue pushing upward the reputation of the liquidation business. And by the number of companies coming back to him, Brooks said he believes that he is succeeding.

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