

# YOUR BUSINESS

NEWS FOR INVESTORS & ENTREPRENEURS

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## the entrepreneurs

**FREIGHT FORWARDER DELMAR INTERNATIONAL** of Lachine has grown into a \$500-million-a-year giant

# Making the right moves

MIKE KING THE GAZETTE

The Cutler clan knows a thing or two about moving goods, be it across the border or around the globe.

Led by family patriarch Harrison Cutler, along with his sons, Robert and Paul, Lachine-based **Delmar International Inc.** has evolved into one of the country's largest privately held freight forwarders over the last 44 years.

The elder Cutler, who began his career in the Canadian customs brokerage industry in the 1950s, started his own firm. Then, he merged it in 1965 with **Delmar Customs Brokers Ltd.**, a corporate name maintained through a series of acquisitions before it was changed to **Delmar International** in 1999.

Although he resigned as president in 2002, Cutler appointed his son Robert to the top post, but has remained chairman and mentor. Paul, two years younger than Robert, is vice-president.

Senior vice-president Michael Wagen, who joined Delmar in 1978, has been instrumental in the company's growth and development.

"There are a lot of little niche players, but few companies do it all (like Delmar) in serving importers and exporters," he said in an interview.

"In the past decade, we've added many services to offer one-stop shopping," Wagen said. "We spoon-feed our customers."

Delmar, which has a total of about 5,400 accounts globally, serves more than 3,000 clients through 32 offices.

Delmar has been operating in China since 1979 and moved goods from Eastern Bloc countries into North America during the Cold War. "Not many, if any, were doing it because it was one of the hardest areas to work for," Paul said.

"We were able to move goods out of communist countries when others couldn't," Wagen added.

Delmar does \$500 million in business a year, including collecting goods and services tax and duty for the federal government.

It isn't shy about promoting itself either, with an annual marketing budget of close to \$2 million.

In addition to regular television commercials and print advertisements, Delmar buys TV spots during Olympics, the Super Bowl and such awards shows as the Golden Globes and the Oscars.

In a test program in the last three months of last year, Delmar ads were shown right after safety announcements were broadcast on



JOHN KENNEY THE GAZETTE

Executives (from left) Paul Cutler, Robert Cutler and Michael Wagen lead Delmar International, whose marketing includes regular television spots on such high-profile events as the Super Bowl, the Olympics and the Academy Awards.

board 14,000 **Air Canada** flights.

About 200 of Delmar's worldwide staff of 850 work at the sprawling company headquarters on Côte de Liesse Rd.

Using a sophisticated system, Wagen boasts those workers are capable of doing what years ago would have required 1,000 people.

"While people around us are struggling and laying off, we're expanding," Paul said, adding that the total workforce is expected to reach 1,000 by yearend.

Delmar has continued to grow through acquisitions, consolidation, expansion into new markets and de-

velopment of technologies – the latter of which Robert is most proud of as it involves in-house software that has been sold and adapted to the general marketplace.

The latest takeover was of **The Federated Group**, which was completed Feb. 1. Federated, a 56-year-old Toronto group of companies, included **Federated Customs Brokers Ltd.**, **Federated Freight Services Ltd.**, **J.D. O'Hearn & Co. Ltd.** and **Federated International Inc.**

The purchase two decades ago of **Rockwood International Freight Inc.** allowed Delmar to pick up or ac-

quire shares in 11 major companies, including **Thomas Meadows & Co. Canada Ltd.**, a descendant of what's recognized as the world's old-

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PAUL CUTLER

est documented freight forwarder, which was established in Britain in the 1800s.

During recessions it has been "cherry-picking acquisitions and expanding globally," Wagen said.

But it won't stop there. Robert Cutler said Delmar has "a very large war chest" that it will use to continue swallowing up competitors, because "we would rather buy companies than anything on the (stock) market."

Despite all Delmar's successes to date, Wagen insists: "We haven't reached our potential yet."

**On the Web:** [www.delmarcargo.com](http://www.delmarcargo.com)

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## tax strategy

### Look carefully at rules for tax-free savings account withdrawals, contributions

Active trading in tax-free savings accounts (TFSA) and property transfers at death were among the topics raised in the latest batch of reader questions. Here's what they wanted to know.

**Q:** "A relative told me that if I trade too actively in my tax-free savings account, the Canada Revenue Agency might tax me on the gains on the grounds that I'm running a trading business. Should I be concerned?"

**A:** Probably not. Doug Carroll, vice-president of tax and estate planning for Invesco Trimark Investments, said active trading within a tax-free savings account should not be a problem. What the Canada Revenue Agency has expressed concern



PAUL DELEAN

about is the movement of money in and out of TFSA. If you deposit \$3,000 this year, then withdraw it, you'll only have \$2,000 remaining from the \$5,000 contribution limit for 2010; the \$3,000 in contribution room for the withdrawal won't be restored until Jan. 1, 2011. "As a result," Carroll noted, "you could in-

advertently ratchet up your allowable contribution room in the current year and find yourself subject to the monthly one-per-cent penalty tax on overcontributions. As well, if you are seen as purposely over-contributing, newly proposed abuse rules will make all your gains inside the TFSA 100-per-cent taxable, and you will not be entitled to any credit for re-contribution when you withdraw those offending amounts."

**Q:** "My mother is in her 90s and is going to leave to me the house she's lived in since 1959 when she dies. I've been living with her since 1990. When I inherit the house, will I owe any taxes and be able to claim it as my principal residence?"

**A:** If it was your mother's sole prop-

erty, it would normally be covered by the principal-residence exemption on capital gains for as long as she owned it and there'd be no income tax to you when you inherit it.

"You will be deemed to receive the home at fair market value on the date your mother passes away," said Jonathan Bicher, tax partner at accounting firm Nexia Friedman.

"Should the house subsequently increase in value and be sold, you will be able to claim the principal-residence exemption."

**Q:** "I moved to Ontario from Quebec in December 2009. How/where do I file my tax returns and how do I report the income taxes paid to the province of Quebec?"

**A:** Normally, you pay taxes to your

province of residence on Dec. 31, although that might not be the case if you maintain residential ties (a home, spouse or dependents) in another province. If you file as an Ontario resident, taxes paid to Quebec should be added to the other income-tax amounts deducted at source and reported on Line 437 of the federal return. You must also include the provincial information slips with your paper return.

If you have a query you'd like addressed in this column, please send it to Paul Delean, Montreal Gazette Business Section, Suite 200, 1010 Ste. Catherine St. W., Montreal, Que., H3B 5L1, or by email to [pdelean@thegazette.canwest.com](mailto:pdelean@thegazette.canwest.com)