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LBO wizard Black loses his touch as deals hit the wall
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SPECIAL REPORT



SMALL BUSINESS
LIFE AFTER WALL STREET

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Radio's saving grace

—Valerie Block on how the Internet may rescue one medium
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DECEMBER 8-14, 2008 PRICE: \$3.00



POLITICAL REBIRTH: Andrew Cuomo learned lessons from a humiliating defeat.

A BAD BOY GROWS UP

Effective, self-effacing AG may replace Clinton

BY ERIK ENGQUIST

WHEN ANDREW CUOMO dropped out of the race for governor in 2002, his political career seemed crushed. But in less than two years as state attorney general, he has reinvented himself and is now poised to become New York's next U.S. senator.

He has shed his penchant for

self-promotion, improved his public approval ratings and repaired his relationship with the Democratic Party. He has secured a role as policeman of the federal bailout. He has cracked down on corporate wrongdoing but without using the bullying tactics of his predecessor, Eliot Spitzer.

Mr. Cuomo surfaced in 1982 as a brash young aide to his father, Mario Cuomo, who was running

for governor. The younger Cuomo later trumpeted his accomplishments as secretary of Housing and Urban Development in the Clinton cabinet and stubbornly challenged Carl McCaill for the Democratic gubernatorial nomination.

But since assuming the post of attorney general, Mr. Cuomo has toned down his act and polished up his image, observers say. "He has

See CUOMO on Page 8

High-flying developer faces loan deadline

\$750 million due in January; is Lawlor the first of many?

BY THERESA AGOVINO

TIME IS RUNNING OUT for Scott Lawlor, one of New York's most prolific purchasers of prime real estate.

Mr. Lawlor's firm, Broadway Partners, faces a January deadline to repay a loan of \$750 million—one of many he used to help fuel a 23-building buying binge in New York and elsewhere. To date, his efforts to come up with the needed cash have fallen short. Meanwhile, another \$440 million loan is due in the spring.

As the clock winds down, Mr. Lawlor has become a widely watched bellwether, the first in a line of heavily leveraged developers who are likely to default on their debts in 2009 and throw themselves on the mercy of their creditors.

"A lot of these guys that bought at the top of the market are going to get creamed," says Eric Anton, executive managing director at real estate investment firm Eastern Consolidated.

That very real prospect marks a

See DEVELOPER on Page 8

Retailers hope children will play Santa

With holiday purchases focused on kids, stores seek to put brakes on sales declines

BY ADRIANNE PASQUARELLI

PART OF SHARON SCHOENBERG's strategy for dealing with the recession is to eliminate Hanukkah presents for her siblings and her

friends. But she's drawing the line when it comes to her 5-year-old daughter, Cate, who will be getting gifts from American Girl and Toys "R" Us in a couple of weeks.

"She's the light of our life," says Ms. Schoenberg, who owns a small Manhattan-based marketing firm with her husband, Saul. "It's easier to cut back on others."

Despite the bleak economy, children needn't fear the Grinch this year. Over the crucial Black Friday weekend, nearly one-third of all U.S. consumers purchased a

See WILL KIDS on Page 8



MUPPET MOPPETS: One FAO Schwarz sales-building initiative is a workshop where kids make their own puppets.

BUCK ENNIS

ELECTRONIC EDITION

IN BRIEF

THE NEW YORK BOTANICAL GARDEN IS CUTTING ITS \$64 MILLION ANNUAL OPERATING



budget by 12% because of a steep drop in earned income—despite an 8% increase in visitors from last year—fundraising and government aid. To balance the budget, which the Bronx institution has done for 20 years, it plans to reduce its full-time workforce of 480 by about 10% via layoffs, a hiring freeze and attrition, as well as through cuts elsewhere.

RUPERT MURDOCH, CHIEF EXECUTIVE OF NEWS CORP., HAS BEEN ELECTED CO-CHAIR OF the Partnership for New York City. Mr. Murdoch succeeds Victor Ganzi, former president and CEO of Hearst Corp., and shares chairmanship duties with Goldman Sachs head Lloyd Blankfein. Kathryn Wylde, the civic group's president and chief executive, says Mr. Murdoch "brings a special passion for this city that makes him a perfect leader for the partnership."

THE CITY COUNCIL IS LIKELY TO APPROVE A MEASURE RAISING THE 14.54% HOTEL TAX BY 1 percentage point, which will line the city's empty coffers with nearly \$100 million over the remainder of fiscal 2009 and 2010. On Tuesday, Councilman Lewis Fidler, D-Brooklyn, will introduce a bill he says is supported by the 24-member budget negotiating team, of which he is a member.

FOUR MONTHS AFTER SPINNING OFF INTERACTIVECORP./IAC INTO FIVE BUSINESSES, Chairman Barry Diller is still working out the kinks. The firm dismantled its programming division—a hodge-podge of such content-driven sites as video destination CollegeHumor.com and FiLife.com, a financial services joint venture with Dow Jones. As part of the move, IAC plans to sell sites that are not generating revenue. Separately, Mr. Diller said he is open to making acquisitions.

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MISERY METER

Weekly reading on the direction of the city's economy.



533,000

LAYOFFS
announced in
November
(U.S. Labor Dept.)

-2.7%

SAME-STORE
sales change in
November
(Int'l Council of
Shopping Centers)

-0.9

**BLOOMBERG/
CRAIN'S NY stock**
index weekly
change



METER CHANGE from previous week

Restaurateur scrambles to benefit from bad timing

Famed Chicago spot's NYC spinoff wins big price cuts

BY LISA FICKENSCHER

TWO MONTHS AGO, a successful Chicago restaurateur took a leap of faith and a deep breath, and signed a lease for an enormous midtown space where she planned to open an upscale eatery—and where another pricey spot had recently folded.

Specializing in Indian and Latin American fusion cuisine, At Vermilion opened last month.

At Vermilion is distinguished from other recent restaurant arrivals by owner

Rohini Dey's business pedigree—she is a former McKinsey & Co. executive—and by her high-profile backers. They include a roster of such prominent Indians as author Salman Rushdie, Alfred Knopf Chief Executive Sonny Mehta and Hotmail co-founder Sabeer Bhatia.

The caliber of Ms. Dey's supporters, the amount of capital raised—more than \$5 million—and the formidable kitchen talent will certainly get At Vermilion start-up buzz. But even Ms. Dey questions the timing of the launch.

Second thoughts

"NONE OF US KNEW how bad [the economy] would get," says Ms. Dey, who holds a doctorate in management science and was once a consultant to the World Bank. "I have buyer's remorse every day, not just about [the new restaurant] but honestly

about my choice of career."

Ms. Dey is paying five times as much for the location, at the corner of Lexington and East 46th Street, as she pays for Vermilion in Chicago. She also faces the task of filling more than 200 seats two times a day while featuring food that's anything but mainstream in an area that struggles to draw diners in the evening.

Having committed herself and having put up enough money to qualify as At Vermilion's majority owner, Ms. Dey is pressing ahead and switching into survival mode. She is aggressively lowering overhead costs at every turn and leaning on her investors to tap into their vast personal networks to pack the 12,000-square-foot restaurant. Mr. Rushdie came through recently by inviting 300 friends to At Vermilion's opening party.

Ms. Dey's initial plan, hatched a year ago, was to attract executives with fat expense accounts—thus her midtown location. With those accounts getting thinner by the hour, menu prices have been scaled back. For example, half of the wine list is available by the glass, and cocktails cost \$10 to \$12 instead of the \$14 planned. The median price of a dinner entrée remains unchanged at a reasonable \$24.

Design cuts

"THIS IS A HARD-CORE reaction to the economy," says Ms. Dey, who also slashed her design budget. "Originally, we were thinking of a budget of \$1.5 million," she says. In the end, she was able to halve that amount to achieve a stylish, bilevel space adorned with floor-to-ceiling black-and-white photos of beautiful Indian women.

See **RESTAURATEUR** on Page 9



RISKY BUSINESS:
"None of us knew how bad the economy would get," says Rohini Dey, whose investors include a Who's Who of Indians.

Publishing industry writes

Upheaval, consolidation as acquisitions for all but celebrity titles dry up

BY MATTHEW FLAMM

RANDOM HOUSE INC. shook the publishing industry last week when it broke up two venerable fiefdoms, the Doubleday Publishing Group and Bantam Dell, and parceled out the pieces to its other divisions.

Meanwhile, Simon & Schuster axed 35 jobs; other houses announced pay freezes and warned of layoffs.

And that's nothing compared with what could be in store.

If holiday book sales go as badly as some fear, the industry could be seriously refashioned, with some publishers getting gobbled up, many more jobs being cut and

fewer titles on each house's lists. Celebrity books might become even more coveted by publishers desperate for hits; "smaller" books—anything with a projected first printing of 10,000 to 15,000 copies—would be shunned.

Star power shines

INSIDERS ALREADY EXPECT debt-saddled Education Media and Publishing Group to sell off its trade books unit, Houghton Mifflin Harcourt, which recently announced that it has stopped acquiring titles.

"Consolidation is inevitable," says Mike Shatzkin, chief executive of The Idea Logical Co., a publishing consultancy.

More immediately, in addition to

smaller books having a hard time finding publishers, some books that don't do well in hardcover will be less likely to be issued in paperback.

A number of literary agents are already seeing changes in what publishers are buying.

"Books that were selling a year ago can't be sold now, and the ones that are being sold are getting a lot less [money]," says Paul Bresnick, an agent and former book editor who deals in serious fiction and nonfiction.

Mr. Bresnick points out that publishers are paying crazy amounts for celebrity titles this fall because they can be sold at mass retailers like Wal-Mart and Sam's Club.

In October, Little Brown reportedly spent \$6.9 million to buy an as-yet unwritten collection of humor essays by Tina Fey. According to insiders, \$7 million has been bid for a Jerry Seinfeld project. And

Apollo falls to earth

Leon Black's LBOs flaming out; new investors undeterred

BY AARON ELSTEIN

OUTSIDE a Linens 'n Things store in Jersey City hangs a giant yellow-and-black "Going Out of Business" sign. The shop, one of 371 Linens outlets across the country in liquidation, is slated to close immediately after the holidays. Last week, bargain hunters were sifting through bins of the last remaining sheets and towels marked down 30% to 60%.

"Gonna have to find another job; nothing else to say," says Brian Williams, who stocks the half-empty shelves while "Have Yourself a Merry Little Christmas" plays over the public-address system.

In a posh West 57th Street office tower, the year is ending on a happier note for Leon Black. He is the leveraged-buyout titan who drove Linens into bankruptcy when he loaded the previously debt-free retailer with \$650 million in borrowings upon taking it private two years ago. Now, Mr. Black is on the verge of raising a fresh \$15 billion from institutional investors for his largest fund ever. The fund will invest in troubled companies and other assets.

Rare misstep

FOR 57-YEAR-OLD Mr. Black, the Linens failure represents a rare misstep in an otherwise sterling career that began 31 years ago at Drexel Burnham Lambert, during which he's amassed a fortune of \$3.5 billion, according to *Forbes*. A prominent art collector, he sits on the board of trustees at the Metropolitan Museum of Art, the Museum of Modern Art and the Asia Society, among oth-

ers, and reportedly acquired a Brancusi sculpture for \$25 million in 2005.

His firm, Apollo Management, has been one of Wall Street's most prolific money machines for nearly 20 years, managing \$45 billion of LBOs and other as-

structure its debt. Claire's Stores bonds trade at such depressed levels that bankruptcy appears imminent. Even Mr. Black's biggest and seemingly surest bet, the acquisition of casino operator Harrah's Entertainment-

vested in companies in or on the brink of bankruptcy and turned them around. In the past couple of years, he changed his playbook, acquiring profitable companies in sectors such as retail, real estate and travel, all of which have weakened considerably since he bought in.

A trail of woe

HIS TROUBLES BEGAN when he acquired Linens 'n Things for \$1.3 billion in 2006, paying \$650 million in cash and borrowing the rest. Instead of turning itself around, Linens deteriorated fast. As sales flattened, it recorded \$240 million in losses last year, and, choking on the debt Mr. Black threw at it to finance the LBO, it filed for bankruptcy in May. It isn't clear exactly how much Apollo lost, though a lawyer told a bankruptcy judge it was hundreds of millions.

"They knew going in that it'd be tough to compete for market share with Bed Bath & Beyond," Mr. Rogers says. "What they didn't anticipate was the economic slowdown, and they were highly leveraged."

Apollo's \$8.8 billion LBO of Realogy in April 2007, threatens to turn into an even worse blunder. Cash from operations collapsed by 86% to \$44 million through the nine months ended Sept. 30, a dire situation considering that the company is on the hook for about \$600 million in annual interest expense on its \$10 billion debt. Realogy is trying to stop the bleeding by swapping debt for new bonds, but investors are balking. Activist investor Carl Icahn sued last week, contending that Realogy is insolvent and the proposed debt swap is a fraudulent transfer.

A month after taking Realogy private, Apollo bought Claire's Stores in a \$3 billion deal. The teen

See APOLLO on Page 9



BLACK'S MAGIC ACT

Three of Apollo's LBO deals are struggling to stay afloat, and one, Linens 'n Things, has already gone under.

	LBO price	Apollo's investment
Harrah's Entertainment	\$27 billion	\$6.1 billion*
Realogy	\$8.8 billion	\$2 billion
Linens 'n Things	\$1.3 billion	\$650 million
Claire's Stores	\$3 billion	\$600 million

*Invested along with TPG.

sets, with one investment pool generating a whopping 52% return since its inception seven years ago. Earlier this year, Mr. Black filed to take Apollo public. A successful IPO could put another \$250 million in his pocket.

But Mr. Black's terrific run turned with the failure of Linens, which filed for bankruptcy in May. It looks like it will be the first of more. He completed a series of LBOs in the past two years that now look spectacularly ill-timed, as the recession hammers the companies he's helped saddle with enormous debt.

Realogy, the owner of Century 21 and other real estate brokerage brands, is desperately trying to re-

ment, is flirting with disaster.

"If you look at companies in bankruptcy or distress, Apollo does stick out," says John Rogers, a senior vice president at Moody's Investors Service. Mr. Black, through a spokesman, declined to comment.

Mr. Black, of course, has plenty of company when it comes to souring LBOs. Bonds from no less than 88% of 148 LBOs struck over the past five years trade at distressed levels, according to the newsletter *Distressed Debt Investor*.

But Mr. Black's difficulties are remarkable because he has long specialized in breaking from the herd. Over most of his career, he in-



dismal new chapter

HarperCollins paid \$2.5 million for a book by potty-mouthed comic Sarah Silverman.

Agents who don't work with stars might have to begin looking for a new line of work.

"Smaller agencies are going to be running for cover," says Lorraine Shanley, a principal in consultancy Market Partners International.

After years of agency expansion, both con-

traction and consolidation are likely.

Publishers' results show that things were tough even before retail traffic at the major booksellers fell off a cliff in October.

Girding for mergers

IN THE FIRST HALF OF THE YEAR, Random House's revenue slid 8%, to \$1.1 billion. Through September, sales at Simon & Schuster dipped 5%, to \$613 million. Sales at HarperCollins dropped 5%, to \$315 million, in the first fiscal quarter, which ended Sept. 30.

Dipping profits could encourage consolidation, as corporate owners reconsider being in an unpredictable business that grows only modestly during even the best of times.

That's one reason Simon & Schuster is seen as a possible sale candidate should parent company CBS Corp., or CBS's embattled controlling shareholder, Sumner Redstone, need to raise cash.

Hachette Livre, parent of the Hachette Book Group, has been on a buying spree in recent years and might be a bidder.

Though an executive who has been involved in acquisitions says that no major house is currently being shopped, observers insist that it's only a matter of time before one or more of them goes on the block.

"It wouldn't be a surprise to see some combinations reminiscent of when Bantam Doubleday Dell acquired Random House 10 years ago," Mr. Shatzkin says.

The book world isn't without bright spots. Boosted by its Twilight vampire series and other best-sellers, Hachette has had a double-digit revenue spike this year, according to a source with knowledge of the company.

And some publishers insist that acquisition activity is pretty much status quo, celebrity deals included.

"If you look historically, the prices for celebrity books have always been in the stratosphere," says Michael Morrison, president of HarperCollins' trade books division. He expects no major changes in the company's approach.

"Are we being more diligent weighing risks in these economic times?" Mr. Morrison asks. "It should come as no surprise: The answer is yes." ■

Car sales in a skid

A dozen dealers shut down over 3 months

BY ADRIANNE PASQUARELLI

NEW YORK'S CAR DEALERS are suffering along with Detroit as the crisis in the automotive industry deepens.

Business at dealerships in the metro area dropped by nearly 50% in November compared with last year, a result of the credit crunch and consumers' reluctance to make major purchases. The biggest declines are in the luxury market, but even dealers of more affordable brands such as Toyota have seen drops of 30%, according to the Greater New York Automobile Dealers Association.

About a dozen of the group's 425 members have had to close their doors in the past three months, and the carnage is expected to continue.

More closures to come

"WE'LL SEE MORE CLOSURES if things stay the way they are," says association President Mark Schienberg.

In 2007, members raked in \$23.4 billion for new-vehicle sales, accounting for nearly 60% of the state's total. That figure will be substantially lower this year, as dealers have difficulty getting credit to buy cars to fill their showrooms, and shoppers, affected by the same problems, scale back.

The collapse of the financial industry has rocked luxury dealers. "The Wall Street guys—it was their dream to come in and buy a Porsche 911, but not anymore," says Brian Miller, president of Porsche retailer Manhattan Motor Cars. ■

The future of NYC

Crain's Feb. forum will address economy

J.P. MORGAN CHASE Chief Executive Jamie Dimon and Mayor Michael Bloomberg will headline a conference on the future of New York, to be presented by *Crain's* and the Partnership for New York City on Tuesday Feb. 3.

The program is designed to increase understanding of the local impact of the financial crisis and to develop proposals for bolstering the economy. The event, co-hosted by the City University of New York, will be held at the Grand Hyatt from 8 a.m. to 2:30 p.m.

In addition to the breakfast and lunch keynote speeches, sessions featuring leading executives will explore the future of financial services and four growth areas: real estate and infrastructure, media, tourism and retail, and emerging industries.

The cost is \$199. To register, go to www.craainsnewyork.com/future. ■

STORE VOLUMES TAKE A TUMBLE

COMPARABLE-STORE SALES*

-12.8%
BORDERS

-7.4%
BARNES & NOBLE
BOOKSELLERS

*For fiscal third quarter, ended Nov. 1.

Sources: Company releases

Sling Media makes play to become household name

Launches Hulu rival; grander plans

BY AMANDA FUNG

SLING MEDIA is looking to break out.

Last week, it launched Sling.com, an ad-supported video entertainment site like Hulu, in another attempt to turn itself into a household name. The move is part of the tech firm's grander plan to make its technology as ubiquitous as DVRs.

Sling makes the Slingbox, a device that, like a DVR, allows consumers to watch television shows anytime they want. But unlike a DVR, the product lets viewers watch those shows anywhere—on computers, cell phones and PDAs. The company, which has failed to gain much traction, hopes to license Slingbox technology to TV and other electronics manufacturers. To make its dream a reality, the EchoStar Corp. subsidiary needs to become a household name, and it's counting on Sling.com to expand its reach.

"Our strategy is to be in the forefront of allowing users to access content from any source," says Jason Hirschhorn, president of Sling Media's entertainment group. "More people will be introduced to our brand through the Web site."

Sling Media unveiled its Sling-

box in 2005, stocking the shelves of retailers like Best Buy with the \$180 to \$300 boxes. Despite initial buzz, the Slingbox never became a hot seller. Analysts say only a few hundred thousand have sold so far. Last year, Sling reported a loss of \$32.8 million on revenues of \$23.2 million.

In October 2007, satellite TV provider EchoStar snapped up Sling for \$380 million, giving the firm the financial backing it needs to



JASON HIRSCHHORN says Sling Media is in licensing discussions.

BUCK ENNIS

grow. Since the sale, Sling stopped reporting financial results.

"Sling's future is not in Slingbox sales," says Mr. Hirschhorn.

Sling hopes to license its technology to TV manufacturers and cable companies that want their TV sets or set-top boxes to have Sling capabilities. Mr. Hirschhorn says Sling is in active confidential discussions with a number of companies, and EchoStar already plans to embed Sling technology in its set-top boxes.

Analysts believe that licensing is a prosperous route for Sling as more

consumers turn to the Web to watch video. Electronics manufacturers are also taking note of the demand. For instance, LG recently launched a Blu-ray DVD player that streams Netflix online video to TV sets.

"Sling has the technology, all they need is a major consumer electronics maker to recognize them," says James McQuivey, a principal analyst at Forrester Research. "I think that is going to happen."

Until then, the firm is relying on Sling.com to help it gain traction. The company has partnered with 90 content providers, including Hulu and CBS, to offer a broad collection of TV shows, video clips and movies to consumers. Sling splits the ad revenue with each media partner.

The ad market may not yield immediate riches for Sling. Online video is still small; the category is expected to reach just \$505 million this year. With Hulu dominating the video market, it may take a while for Sling.com to gain scale.

"Right now, the market may not be big enough in terms of hard advertising dollars for both sites to be profitable," says Corey Kronengold, senior director of marketing at Tremor Media. "But the audience for online video is growing exponentially, and there will be plenty of room for two premium video portals."

Mr. Hirschhorn is patient: "We have the resources to wait it out." ■

IN THE MARKETS

edited by Erik Ipsen

In a downright gloomy economy, Sterling Bancorp shines brighter

SINCE THE FINANCIAL CRISIS broke last year, bank shares have been among the biggest losers, with most of them shedding more than half of their value.

Not Sterling Bancorp. So far this year, its stock has sustained a relatively modest 13% fall. Investors should take note and stock up.

The Manhattan-based bank, which has been around since 1929, not only has survived, it has actually managed to grow its earnings when just about every other bank has posted losses. No wonder Sterling's dividend, which has been paid without interruption for 62 years, looks rock-solid.

The bank specializes in lending to small and midsize businesses in the New York area. It struggled during the credit-bubble years; its earnings declined in three of the past four years because it balked at lending aggressively. But now the market



has turned Sterling's way big-time.

Like many banks, it has seen its net interest income jump as repeated interest rate cuts lower its funding costs, while the wild retreat of most of its competitors has allowed Sterling to charge borrowers higher rates. Loans held in its portfolio grew 8.7% in the third quarter. Less competition has allowed Sterling to ramp up fees on companies that are late with payments or require other services—a development that helped the bank boost non-interest income by 8.4% in the third quarter.

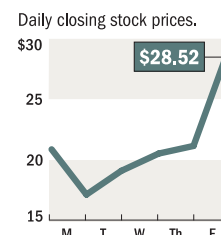
Next year, earnings are expected to grow by 6%, to 94 cents a share.

—AARON ELSTEIN

signed on to have the company design and manufacture their shoe line, following in the footsteps of Kimora Lee Simmons and Phat Fashions, which announced a similar deal in August. Meanwhile, another company will soon launch a line of Steven Madden bedding and bath products.

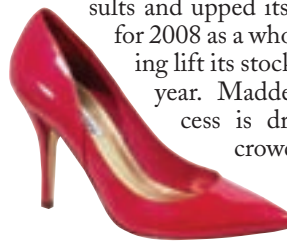
Prudential Financial rattles its sabers

LAST WEEK, Prudential Financial's CEO said he may raise cash for an acquisition, explaining that the nation's second-largest life insurer has a tendency to be "more active in weak markets." Good luck. Pru's shares are down 70% this year despite a 29% jump Friday on bullish forecasts from a downtrodden rival, The Hartford. Nonetheless, Fitch last week cut Pru's senior debt rating to A-, weeks after Pru posted a quarterly loss of 24 cents a share, its first in years. This quarter's loss could be as much as \$1.30 a share, which is why Pru is asking for federal bailout funds and is selling its minority stake in Wachovia Securities. ■



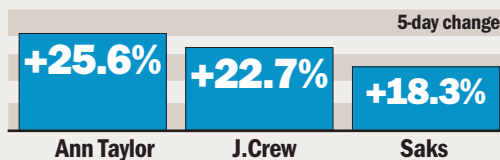
Madden a shoe-in for success

IF NOTHING SUCCEEDS like success in normal times, in recessions the same is doubly true. Just look at footwear and accessories maker Steven Madden. It recently posted surprisingly good third-quarter results and upped its outlook for 2008 as a whole, helping lift its stock 8% this year. Madden's success is drawing a crowd. The Olsen twins have



RETAILERS SHRUG OFF SAGGING SALES

Stocks rebound from brutal 2008 beating, despite dismal same-store sales figures and soaring unemployment levels, but are still down more than 70% so far this year.



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WELLS
FARGO

STRENGTH AND STABILITY. IMPORTANT YESTERDAY, EVEN MORE IMPORTANT TODAY.



IN THESE DRAMATIC TIMES, IT'S EASY FOR A FINANCIAL INSTITUTION TO SAY THEY CAN OFFER PEACE OF MIND. IT'S ENTIRELY DIFFERENT TO BE ABLE TO PROVE IT. SINCE 1852, PEOPLE DEPENDED ON A WELLS FARGO STAGECOACH TO PROTECT AND DELIVER THEIR VALUABLES. IN DOING SO, THEY RELIED ON US TO PROVIDE PEACE OF MIND FOR THEMSELVES AND FUTURE GENERATIONS. WE STILL REMAIN THAT TRUSTED SOURCE. A TRUST THAT HAS BEEN EARNED WITH A PRINCIPLED APPROACH, A FOCUS ON THE NEEDS OF OUR CLIENTS, A PRUDENT PHILOSOPHY. IN FACT, *BARRON'S* ONCE AGAIN NAMED US ONE OF THE WORLD'S MOST RESPECTED COMPANIES IN 2008. WHICH IS WHY, FOR GENERATIONS, INDIVIDUALS AND FAMILIES HAVE SOUGHT OUR HELP TO BUILD, MANAGE, PRESERVE AND TRANSFER THEIR WEALTH. LET THE STRENGTH AND STABILITY OF WELLS FARGO OFFER YOU PEACE OF MIND. TALK WITH WELLS FARGO PRIVATE BANK TODAY.

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edited by Valerie Block



Dining in style, old-fashioned way

ON JAN. 12, diners at Café des Artistes may feel like they're on the set of *Babette's Feast* (above). That's because that night, the French restaurant will re-create the menu of the beloved Danish film about a lavishly prepared banquet taking place in the 1800s.

The event is part of the Vintage Dinner Series, an idea cooked up by *Zagat Survey* publishers **Tim and Nina Zagat** to get people into restaurants.

Sixteen top chefs, including **Thomas Keller, Eric Ripert, Daniel Boulud** and **Jean-Georges Vongerichten**, are planning their own feasts this winter featuring calves' hearts and other delicacies of the 19th century.

But Café des Artistes gets credit for being most unique. Diners will be treated to turtle soup, buckwheat cakes with caviar, and quail in puff pastry, among other savories from the film. They will get a DVD of the movie and be treated to a lecture from a film historian.

The restaurant is still charging 21st-century prices: The six-course meal will cost \$160 per person. "Our usual check average is \$75 per person," says **Jenifer Lang**, managing director of the restaurant.



Sci Fi channel finds formula

THE SCI FI CHANNEL has been working for years to break out of the science fiction ghetto. Now, it has inched past another milestone in its quest to be more than a niche network.

Executives at the NBC Universal cable network say that for the first time since Sci Fi launched in 1992, it will finish the year in at least 10th place among ad-supported cable channels during prime time in the category of viewers 18 to 49 years old.

That's up from 11th place last year, thanks to popular reality shows like *Ghost Hunters*.

"We're in a position to compete with the broadcast market for advertisers in a way we've never been able to before," says President **David Howe**.

Knowing a cash cow when it sees one, NBC Universal is focused on spreading Sci Fi abroad. The network is now in 42 countries and will be seen in 49 next year.

Arts group goes to schools

NEW YORK CITY is expected to slash public school budgets next year, and when that happens, arts education is usually the first to go.

One nonprofit, Young Audiences New York, is taking pre-emptive steps to help. The group, which brings educational arts programs into 180 schools

each year, has quietly begun an \$8 million capital campaign to help subsidize its programs so schools can continue to expose their students to the arts. So far, the group has raised \$500,000.

The programs include 10-week music and dance courses, performances, and professional development for schoolteachers. Starting this week, schools will be able to apply for the service.

"We've all been hearing about potential budget cuts to schools," says **John Schultz**, executive director of Young Audiences. "We don't want principals to have to cut out the arts."

Brother, can you spare a cup?

MUST BE A SIGN of the times.

Last week, at the new Pret A Manger sandwich shop on Third Avenue at East 44th Street, a woman poured herself a cup of coffee at the self-serve station. But

instead of walking to the counter to pay for it, she turned in the opposite direction and headed for the door.

The clerks called out, but the woman kept going, looking back only to say, "I really need this cup of coffee."

From behind the row of cash registers, an employee glanced at the paying customers in line, shook her head and muttered, "I'm not going to chase someone over a cup of coffee."

Contributors: *Lisa Fickenscher, Matthew Flamm, Miriam Kreinin Souccar*

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GUITAR'S A CADILLAC

IF YOU HAVE a day job but you live to rock, check out Gibson's newest digital ax, Gibson Dark Fire. The limited edition guitar goes on sale on Dec. 15 at 5 p.m. Manhattan's Sam Ash is one of just 400 dealers worldwide to carry the limited edition instrument that lists for \$3,500. But dealers get just five each, so to score one, be there on time.





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Developer facing loan deadline

Continued from Page 1

huge reversal for Mr. Lawlor, who snapped up more than \$15 billion worth of office buildings over the past eight years, relying heavily on borrowed funds. For a while, the strategy worked beautifully, with returns on buildings he sold averaging 35%, according to Broadway Partners. But over the past 18 months, as credit has dried up, the market for office buildings has gone into the deep freeze, leaving the firm saddled with pricey properties worth far less than it paid for them.

Mr. Lawlor's feverish attempts to generate cash by unloading properties have fallen short. This year, he has sold four properties for roughly \$760 million. Meanwhile, his larger buildings—including the 1.6 million-square-foot tower at 450 W. 33rd St. that he bought just last year—have failed to attract buyers.

The big question is how Mr. Lawlor's creditors will respond. Last spring, Manhattan developer Harry Macklowe was forced to return seven buildings he bought for \$7 billion in early 2007 to his lenders—led by Deutsche Bank—when he couldn't repay a loan.

Lenders tread softly

SINCE THEN, the credit market has deteriorated significantly. Oddly enough, that may benefit Mr. Lawlor. Lenders aren't anxious to take back buildings, fearing they might not be able to sell them for years. Two of Mr. Macklowe's former buildings are back on the mar-

ket because a deal to sell them crumbled.

"I think Scott will get a loan extension," says Dan Fasulo, managing director of Real Capital Analytics, a research firm. "Lenders are going to be more pragmatic in this cycle."

Mr. Lawlor declined to comment, but sources say that Broadway



450 W. 33RD ST. has failed to attract a buyer.

owes large sums to Lehman Brothers, RBS Greenwich Capital and many others. It's unclear how Lehman's bankruptcy will affect Broadway and its founder, who until recently was hailed as of the industry's fastest-rising stars. The Queens native, who owns multiple homes in Greenwich, Conn., and Nantucket, Mass., is a self-made mogul. He started Broadway in 2000, after stints at financial outfits including BlackRock and UBS.

Broadway's first purchase, a former school in Westchester, cost a mere \$4.8 million. The company grew modestly until 2005. At that

point, Mr. Lawlor switched to the fast track, launching a series of real estate investment funds backed by large pension funds and others. At about the same time, a dispute over how the fund's profits would be paid out led three of Mr. Lawlor's partners to quit, with two of them suing him for back pay.

"He was always focused on getting to the top tier," says Allegiance Capital Managing Principal Dean Britton, one of the men who sued Mr. Lawlor.

\$3.3 billion deal

IN 2006, Broadway bought its first Manhattan office tower, paying \$216 million for 660 Madison Ave. After that, Mr. Lawlor picked up the pace as he piled on more debt. In the same year, he bought 10 buildings from Beacon Capital Partners—including Boston's striking John Hancock Tower—in a \$3.3 billion deal. Six months later, he purchased 24 more buildings from Beacon for \$5 billion. Little more than a year ago, with the credit markets already seizing up, Mr. Lawlor added another trophy, 280 Park Ave.

The question now is how much of that empire he will be left with when the commercial real estate recession that is only just beginning finally hits bottom.

"Is Scott smart? We'll see how much he loses on the way down," says Steve Klein, a managing partner at Joss Realty Partners who also sued Mr. Lawlor for back pay. ■

Will kids play Santa?

Continued from Page 1

toy, according to the National Retail Federation. Another industry trade organization, NPD Group, estimates that sales of children's merchandise for this holiday season will be on par with last year's results.

At a time when overall retail sales are at their weakest in more than three decades—with some businesses suffering percentage declines that hit the double digits—reporting flat sales seems like reason to celebrate.

If anything is going to save retail, it's the youngsters.

"The focus will be on the kids," says Chris Byrne, content director for consumer Web site Timetoplaymag.com.

Designer Roberta Freymann, who sells both women's and children's clothing, has seen firsthand that consumers prefer to spend on tykes. Sales at her eponymous Upper East Side womenswear boutique fell 10% in November versus last year's levels, but sales at her children's boutique, Roberta Roller Rabbit, held steady.

"Children grow; they need new clothes," says Ms. Freymann.

However, Mr. Byrne adds, "People are sticking with budgets."

In fact, while the children's sector will be more successful than other categories, sales won't be as high as in previous years. In children's apparel, for example, U.S. sales de-

clined 2.8% through September of this year, compared with a 5.7% increase during the same period last year, according to NPD.

These days, some specialty retailers with flagships in the city are performing better than others. American Girl's third-quarter revenues were up 11% compared with year-earlier levels, reaching \$78.8 million. Since then, holiday sales have been on par with last year's, says the destination store, which is owned by Mattel Inc.

Cuties queue up

DURING THE BLACK FRIDAY weekend, children lined up outside American Girl's Fifth

Avenue store, awaiting the chance to dress their dolls in the latest trendy duds. Reservations at the store's café were up 1% versus last year; the doll hair salon, where American Girl has introduced \$14 ear piercings for dolls, was also busy.

"We pierced 588 dolls in New York alone," says Wade Opland, the brand's vice president of retail.

That weekend, crowds also gathered a few blocks west in Times Square, where Toys "R" Us Inc. promoted door-buster specials. "We had customers lining up as early as 9 p.m. Thanksgiving night," says Jerry Storch, chief executive of the Wayne, N.J.-based toy giant. The head of the \$13.8 billion firm adds that he was

pleased with weekend sales results.

Electronics gifts were also popular over the holiday weekend. Video-game company GameStop Corp., which has more than 65 New York City locations, says sales exceeded last year's, but the privately held company declined to provide details. Hot sellers included not only Nintendo Wii products but also less mainstream games, such as *Left 4 Dead* and *Gears of War 2*, says Bob McKenzie, senior vice president of merchandising.

Jacadi, a French kids'wear company, also enjoyed strong results on Black Friday, and earlier this fall as well. October sales at Jacadi, which has four stores in the city, increased 7% over last year's levels.

"The East Coast has been very resilient," says Peggy Waldo, president of the 24-unit U.S. division.

But children's stores can't take anything for granted.

After a 4% jump in October same-store sales, clothing retailer The Children's Place suffered a November sales drop of 7% at stores that had been open for more than 12 months.

Similarly, FAO Schwarz experienced a small decline in same-store sales during the holiday weekend. However, CEO Ed Schmults is banking on new initiatives, such as Muppet Whatnot, an in-store workshop where children design their own puppets. Since the shop opened in October, the puppets, priced at \$130, have become top sellers.

Mr. Schmults remains optimistic about a solid December. "But it is hard out there," he says. ■

A POLITICAL EVOLUTION

Some highlights of Andrew Cuomo's career:



1982-94:
Served intermittently as campaign and policy aide to his father, Gov. Mario Cuomo.



1993-2001:
Housing and Urban Development official in Clinton administration. HUD secretary 1997-2001.



2002: Withdrew from gubernatorial primary after challenging Carl McCall.



2007-PRESENT:
Has recovered hundreds of millions of dollars in fines and restitution as state attorney general.

AP IMAGES/BLOOMBERG NEWS

Cuomo in line for Senate seat

Continued from Page 1

exceeded anyone's expectations," says communications guru George Arzst.

With Hillary Clinton to become U.S. secretary of state, Mr. Cuomo, 51, a divorced father of three, is the leading candidate to be appointed to her Senate seat by Gov. David Paterson.

There is one cloud: If Mr. Cuomo is bypassed, he could be confined to his current office for a good while. Barring a collapse in Mr. Paterson's popularity, Mr. Cuomo won't challenge him in 2010. Running against a well-liked black Democrat, as he did in 2002, would undo all of his gains. Washington isn't beckoning, either; cabinet seats are filling up fast, without any mention of him.

"It's almost like the U.S. Senate is his now-or-never moment," says a Democratic consultant.

People close to Mr. Cuomo say he is content in his perch, where he has built an impressive list of accomplishments. He has secured fines and restitution totaling hundreds of millions of dollars, reformed student lending, forced banks to offer to buy back \$50 billion in auction rate securities and won windfalls for underpaid laborers. He compelled AIG to kill \$600 million in undeserved bonuses and has more agreements in the works to limit executive compensation at the bailed-out insurance giant.

Not like Spitzer

ONCE DEEMED a publicity hound, and having watched helplessly as his 2003 breakup with Kerry Kennedy was splashed across the gossip pages, Mr. Cuomo has diligently avoided self-aggrandizement as attorney general. He does not participate in profiles like this one.

"He did have a reputation that was generally unhelpful, and he has done a lot toward mitigating it," says former Public Advocate Mark Green, who lost to Mr. Cuomo in the 2006 Democratic primary.

The attorney general has refrained from humiliating compa-

nies and tarring executives as criminals. "He hasn't been a bully saying 'you better cooperate with me or I'm going to indict you,' as Spitzer often was," says Nicole Gelinis, senior fellow at the Manhattan Institute, a conservative think tank.

Former Brooklyn District Attorney Elizabeth Holtzman praises Mr. Cuomo's restraint. "It's real easy to put someone in prison or ruin his reputation," she says. "You have to be measured and fair, but also tough."

Student loan success

MR. CUOMO's student lending breakthrough stemmed from an investigation of a single lender that he began a month after he took office. He soon discovered an industry-wide scandal: lenders paying universities for preferred status with students, who overpaid for loans believing their schools had secured them the best deals.

He won settlements with 26 schools and 14 lenders, and extracted fines and a new code of conduct from the industry. He secured legislation to ban the practices statewide and, later, nationwide.

Mr. Cuomo is known to remind staffers to focus on "real people, real problems," which may reflect both his personal calling and understanding of what plays well politically. For example, he brings cases to recover lost wages for underpaid immigrants. In a staff meeting about firms pitching as "cash equivalents" auction-rate securities that proved impossible to liquidate, Mr. Cuomo asked if the probe would help only a few wealthy investors and was assured that ordinary people's retirement savings were in jeopardy.

His settlements made victims whole without destroying the firms. "He did levy some fines, but he did not say, 'I want a billion dollars,'" Ms. Gelinis says.

Mr. Cuomo matured after his ill-fated bid for governor, Mr. Arzst says. "That was such a catastrophic campaign that a lot of people predicted it was the end of his political career," he says. "But lo and behold, he's bigger and better than ever." ■

Restaurateur faces hard times

Continued from Page 2

But for every compromise Ms. Dey has made, she has won one from vendors. For instance, under the 15-year lease she signed on Oct. 8, the rent was a third less than that listed in her August letter of intent.

“That was the advantage of negotiating in a downturn,” says Ms. Dey, who got similar concessions from others, down to the exterminator. The company’s fee is \$700 a month, less than a third of what it charged predecessor restaurant Django.

Ms. Dey is drawing not only on

her years of advising Fortune 100 firms but also on At Vermilion’s success. The five-year-old restaurant has garnered rave reviews, and revenues surged 40% this year alone. Shyam Lal, a longtime friend who has put money into both of Ms. Dey’s restaurants, says the Chicago business is one of his best investments.

Nonetheless, Mr. Lal was concerned about how Ms. Dey would manage At Vermilion from the Windy City, where she lives with her husband, a McKinsey director, and her two small children.

Ms. Dey addressed the issue by

moving her executive chef, Maneet Chauhan, and chef de cuisine to New York and by agreeing to spend several days a week in Manhattan for an indefinite period.

Tasteful persuasion

NOT ALL OF HER INVESTORS were so easily persuaded. Mr. Bhatia turned her down on her first cold-call. But the self-professed foodie says he was won over after sampling At Vermilion’s creations at a fundraiser for the American India Foundation.

“My wife and I were blown away by the quality of the food,” Mr.

ALL-STAR INVESTOR LINEUP

Some of At Vermilion’s prominent backers.



Sabeer Bhatia, co-founder, Hotmail



Rajat Gupta, chairman, McKinsey & Co.



Sonny Mehta, CEO, Alfred Knopf



Salman Rushdie, author



Ravi Singh, former partner, Goldman Sachs

Source: At Vermilion

Apollo sees red

Continued from Page 3

retailer has since turned unprofitable amid a \$100 million, or 13%, drop in sales over the six months ended Aug. 2 and is burning through cash as it services the \$2.4 billion in debt inherited from the LBO. Claire’s debt trades at a deeply distressed 18 cents on the dollar.

But Mr. Black’s biggest headache may lie in Las Vegas, home of Harrah’s Entertainment, which he and rival LBO firm TPG acquired last January for a whopping \$27 billion.

Although casinos typically coin money in good times and bad, Harrah’s operating cash flow has declined by 44% so far this year, to \$668 million, a decline it can ill afford, considering it owes about \$500 million in quarterly interest payments on its \$24 billion in long-term debt, a figure that doubled after its LBO. A publicly traded Apollo fund that invests in Mr. Black’s deals says Harrah’s value has fallen by 40%.

Harrah’s, like Realogy, seeks to swap debt with bondholders, but few are taking the offer. CreditSights analyst Christopher Snow says Harrah’s has an “insurmountable” pile of debt maturing in 2010 and will struggle to survive if it’s unable to persuade enough bondholders to renegotiate.

“I hate to use the word *bankruptcy*, but that’s a risk,” Mr. Snow says.

Distressed companies like this were just the kind of thing Mr. Black used to feast on, rather than create. But with more of his current holdings seemingly headed into the abyss, the question is what led him astray.

One possible reason: He had more money to spend than ever. The current fund being used by Mr. Black—his sixth and the home of most of his troubled investments—was more than double the size of his three prior funds combined, according to Apollo’s IPO prospectus.

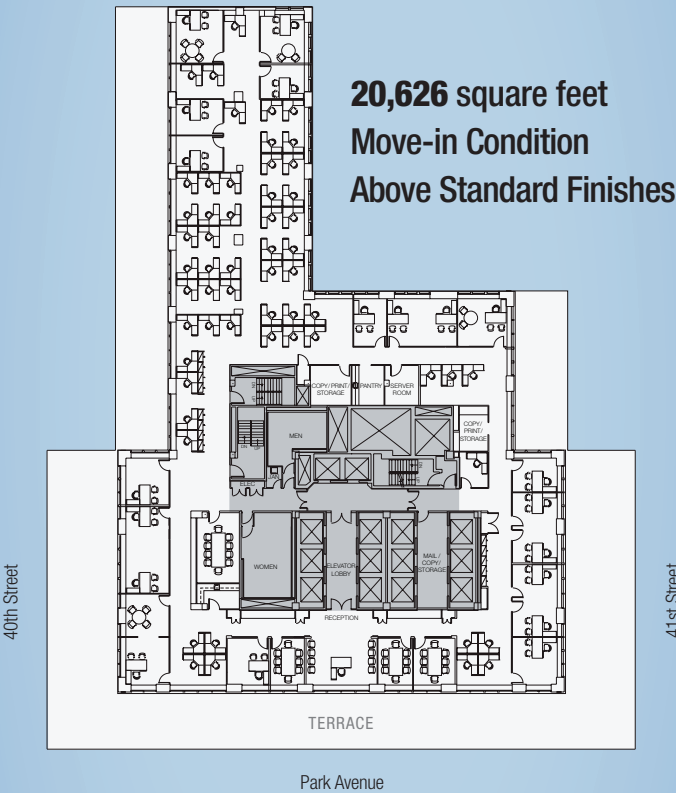
“Leaving money uninvested was undesirable for [LBO firms], even if no good deals were available,” wrote independent credit analyst Martin Fridson in a client report last month. “Doing so would be an impediment to launching a new fund to increase assets under management and the associated management fees.” ■



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Hard times and Wal-Mart

ACROSS THE COUNTRY, hard-pressed and out-of-work consumers are flocking to the retailer that gives them the highest-quality merchandise at the lowest prices. Sales at Wal-Mart Stores rose 7.5% in the third quarter as most of its rivals watched their revenues plunge. Of course, New Yorkers can't follow suit because politicians have erected a wall around the five boroughs to keep out the world's largest retailer.

It's past time to recognize the consequences of this restrictionist policy: It is a burdensome tax on the city's poor and middle class. The policy results from a misplaced elitism which holds that New York is too wealthy to need Wal-Mart, and it is a payback to unions that are protecting a few jobs at the expense of the vast majority of consumers.

The case against Wal-Mart goes like this: The retailer is a lousy corporate citizen that pays miserly wages, offers skimpy benefits and tries to dump its health costs on Medicaid. It ravages other businesses with predatory tactics and supports right-wing causes. As in all propaganda, this litany contains a few germs of truth and much exaggeration.

The people who line up to be hired whenever Wal-Mart opens a store show that many individuals find it a desirable place to work. The company's health coverage benefits are equal to or better than those of most other retailers. Its urban locations help revitalize—not destroy—neighborhoods. Most important, the Arkansas-based business wouldn't have become the nation's and the world's largest retailer unless shoppers thought it offered good value.

Many New Yorkers understand this. Three-quarters of Wal-Mart's workers in Valley Stream, L.I., are city residents. Charge-card records show that people living in the city spend \$250 million a year in Wal-Marts in the suburbs (if cash purchases were included, the total would be far higher). Considering the hassle involved in their shopping

in the suburbs, city residents must gain enormous savings at Wal-Mart.

In fact, one of the major reasons for Wal-Mart's sales surge is its exceptionally low food prices. Nowhere are New York consumers more abused than in small, cramped, poorly stocked and overpriced supermarkets or in bodegas with few healthy products and sky-high prices. Wal-Mart would put some of these retailers out of business, but it also would force

others to adapt and cut prices. Nothing would benefit New York consumers more.

The Bloomberg administration's attitude toward Wal-Mart has not been helpful. The mayor has said that he doesn't believe that the city should prohibit specific retailers from opening but has allowed developers to be pressured into refusing to rent sites to Wal-Mart and other big boxes. His

administration has made similar promises to win approval for his redevelopment plan for Willets Point. While he may know better, his administration acts as if everyone can shop at Whole Foods and Fairway.

Wal-Mart says that every store it would open in the city would create 400 jobs and produce \$5 million in tax revenue. Both would be helpful, but with the city facing fundamental changes in its economy, it's time to let Wal-Mart in—primarily to help average New Yorkers put food on the table.



BLOOMBERG NEWS

One reason for the retailer's sales surge is its low food prices

LETTERS TO THE EDITOR

A bit of good news in grim times

CRAIN'S FEATURE LANDS JOB FOR LAID-OFF WORKER

I WOULD LIKE to thank all the readers of *Crain's New York Business* for the incredible support that has been offered to me following the Nov. 17 article ("Running on empty") reporting that I had lost my job as a bus driver.

We have been able to celebrate the beginnings of the holiday on a happier note, and, most important, I have begun a new job as a bus driver.

Wishing all good holidays.

ANGEL VELAZQUEZ
AND FAMILY

EX-PUBLISHER AS NY'S NEW SENATOR?

THE DEC. 1 EDITORIAL, "A worthy successor to Hillary," closes by

saying that Gov. David Paterson "should extend his search to unlikely choices, such as business and civic leaders. He should appoint someone [who] has the potential to help the country."

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Internet riding to radio's rescue

CBS RADIO ELIMINATED several general managers' positions at its stations last week—just more budget-slashing as its main advertisers crumble in a heap of insolvency (Detroit, anyone?). The radio business is hell.

At the same time, the company announced a deal to "power" Yahoo Launchcast, a popular online radio site, and to take over

ad sales. Cha-ching!

"Life is good," says David Goodman, president of digital media for CBS Radio.

So can the Internet save radio, even as it kills off just about every other traditional media business?

"Yes," says industry consultant Robert Unmacht, who's generally a fairly cynical guy. "That's the way it's all going."

In contrast to other media, radio has created many of its own prob-



VALERIE BLOCK

lems, he says. After years of consolidation, overleveraged radio operators are in real trouble. Industry insiders expect a shakeout.

But well-managed stations continue to make gobs of money, and audience levels remain constant, despite the advent of iPods and satellite radio.

"The reality is, the profit margins were so incredibly high that now that they're back to normal, people feel like ra-

dio is dead as a doornail," says Ken Dashow, a DJ for Clear Channel's classic rock station WAXQ-FM.

He insists that it is not, though he acknowledges that the Internet is the industry's only hope for growth.

CBS Radio has become the unlikely leader in the space. While its terrestrial business takes a beating—operating income plunged 19% for the first nine months of this year, to \$420 million—CBS Radio's Internet operation is on the march.

Its audience has skyrocketed since the radio company hooked up with AOL Radio in March, in a deal similar to the one it announced with Yahoo. CBS Radio reached 2.2 million individual listeners online per week in September, according to comScore.

Launchcast will add more than 1 million come February, when CBS's radio player is embedded on the site and stations like WFAN-AM get placement on high-traffic channels like Yahoo Sports.

Mr. Goodman says that his digital media group has racked up double-digit revenue increases so far this year, though the company does not break out the numbers. He adds that since CBS has lots of talk stations, it is less affected than pure-play online operators by music royalty payments.

"We've built killer technology with terrific programming tools, which gives us the ability to monetize Internet radio," Mr. Goodman says.

Of course, for Internet radio to really take off, the technology has to get into cars, and that could take a decade. Chrysler is working on it, but the auto manufacturer has bigger worries right now—like survival.

Today, selling radio ads on the Internet accounts for a tiny fraction of the \$12.6 billion that terrestrial radio brought in for the first nine months of the year, according to the Radio Advertising Bureau.

That fraction is growing, though. Off-air revenues are expected to hit nearly \$2 billion this year, RAB says—a year ahead of projections.

Mr. Dashow says radio will survive the technology transition.

"When that car five or 10 years from now has an Internet radio, people will put on Q1043.com," he says. "And they'll be turning it on for same reason: I'm their friend for the ride home."

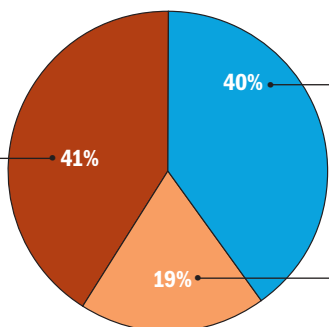
CRAIN'S ONLINE POLL



Will you donate the same amount to charity this year?

254 VOTES
Date of poll: Dec. 3

Yes. I plan to give the same amount as I did last year.



No. I'm putting on my Grinch hat and cutting back on everything.

No. I'm giving more, because I think it's more important during times like these.

For this week's questions: Go to www.craigslist.com/poll to have your say.

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Robert Gibson, Thomas Citron and Molly Beal represented H&M in negotiations with the ownership, the Laboz Family of United American Land, LLC.

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Joe Cirone, Jamie Katcher, Glenn Markman and Don Preate represented The Atlantic Philanthropies in its office space evaluation, site search and lease negotiation.

Andrew Peretz and Marc Packman represented Trinity Real Estate.

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THE INSIDER

by Erik Engquist and Matthew Sollars



Maneuvering pays off in Senate

IN THE DEAL BROKERED last week that will make Sen. **Malcolm Smith** (left) majority leader in the state Senate, Sen. **Carl Kruger**, D-Brooklyn, emerged as the biggest winner. He had enlisted Bronx Sens.

Pedro Espada and **Rubén Díaz Sr.** in a monthlong game of hide-and-seek with both sides, giving himself just enough leverage to win a plum spot heading the Senate's Finance Committee.

Without the gambit, Mr. Kruger would have played a marginal role in a Democratic Senate, because he had danced for so long with the Republicans. The Gang of Three, as the Kruger-led trio was known, maneuvered for rules changes to allow committee chairs to move bills to the Senate floor, meaning they will have real influence over legislation.

The deal is also a big coup for Gov. **David Paterson**, who reportedly dropped in on the negotiations on Thursday. Not only does Mr. Paterson avoid a potential headache as he prepares for a budget fight, resolving the leadership question may give him more leeway in choosing a successor to Sen. **Hillary Clinton**. Messrs. Espada and Díaz have been among those calling for a Latino to take the slot, arguing that Latinos are underrepresented at the top levels of New York politics. Now, that pressure will ease.



Kruger



Espada



Díaz

Checks won't be in the mail

WHILE A DEAL between the **City Council** and the **Bloomberg administration** to send \$400 property tax rebate checks to homeowners remains likely, the checks won't arrive by Christmas. The council will first have to increase property tax rates, probably at its Dec. 18 meeting. In exchange, the administration would release the checks, which would probably arrive in early January. Also, it might be too late to incorporate the 7% property tax increase into the scheduled January invoices. If so, the bill would push back the Jan. 15 due date for the third-quarter tax payment.

Transit bucks to smaller projects

THE LION'S SHARE of the economic recovery plan being cobbled together in Congress is likely to go to transportation infrastructure, says Rep. **Jerrold Nadler**. But instead of funding some of the city's big-ticket items—like the Second Avenue subway and East Side Access—the money will go to smaller projects that can get off the ground quickly. Topping the list are the \$2.7 billion worth of projects cut from the MTA's capital budget last summer, including subway station renovations and upgrades to subway switching signals.

Bus rapid-transit projects will also probably come into the mix. The city recently started a "select

RAVITCH'S MTA PLAN *The bottom line*



BUSINESS LEADERS are taking a cautious approach to last week's recommendation for a new regional payroll tax. The idea came from a commission headed by former Metropolitan Transportation Authority Chairman **Richard Ravitch** (left). The tax would fund the city's transit system, but **Ken Adams**, president of the Business Council of New York State, says he is "very concerned that imposing a new tax on jobs, while we are struggling to retain jobs in the region, could be counterproductive."

Mr. Adams says he will gauge the impact of the new taxes on the council's members before passing final judgment.

Kathryn Wylde, president of the Partnership for New York City, issued a brief statement in which she applauded Mr. Ravitch "for coming up with a fair and balanced approach for putting transit funding on solid ground."

Translation: Pass the entire package of recommended tolls, taxes and capital improvements as is, or support for the plan will evaporate. To Ms. Wylde, the payroll tax is acceptable because it affects everyone—corporations, public entities, nonprofits, even the self-employed—equally.

"But once you start picking away at this thing, once you start exempting certain groups, the whole thing will fall apart," she says.

At the press conference unveiling the report, Mr. Ravitch said his recommendations should be considered as a whole, and "not a series of separable recommendations." At the same time, however, Gov. **David Paterson** said the proposals were up for negotiation.

The business community was unified in welcoming the commission's recommendations for greater transparency and better governance at the MTA. Ms. Wylde says that only more accountability from the authority, which has been frequently criticized for wasteful spending in its capital program, will make new taxes and tolls palatable.

"Any tax increase must include a commitment to a more efficient spending program," she says. She also has a reminder for those opposed to putting tolls on the city's free bridges.

"Inevitably, fares are going to go up," Ms. Wylde says. "If it's cheaper to drive than to take mass transit, we've got our priorities backwards."

AP IMAGES

bus service" in the Bronx, which it could expand with federal money. Staten Island's express bus service could also get a boost. Stimulus funding could go toward new subway cars and buses as well.

The problem with funding the big items is that work could take years to start—too long to have any impact on employment now. Besides, Mr. Nadler says, money for large projects belongs in the six-year transportation funding bill, which is up for renewal next year.

Upstate NY isn't doing so badly

FOR ALL THE TALK of upstate's struggles, the region has done better than the country as a whole lately. According to an analysis by the **Business Council of New York State**, upstate lost 0.7% of its private-sector payroll jobs in the 12 months through October, compared with a drop of 1.2% nationwide. A council spokesman says the upstate economy had already taken its lumps before the national economy began to swoon.

"Businesses elsewhere in the country that had grown have been hit harder because they have more to lose," he says.

In the first six years of the decade, upstate jobs declined 1.3% while the national total increased 4.0%. In the analysis, upstate includes the entire state except New York City, its three northern

suburban counties and Long Island.

Rudy supporters launch campaign

AN ANONYMOUS E-MAIL this week promoting **Rudy Giuliani** (below) for governor purports to be from a group looking to set up a political action committee and asks for pledges. It says the group is not affiliated with Mr. Giuliani or his campaign.

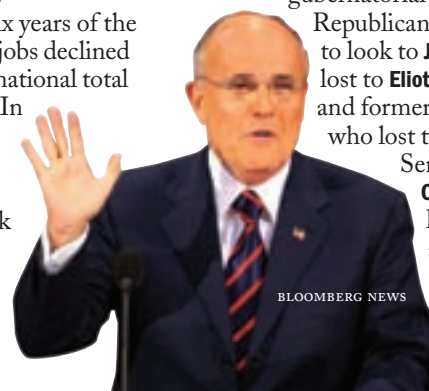
That approach won't amount to much, insiders say. "These PACs usually don't appeal to donors unless they are actually affiliated with the candidate or some marquee name," says political strategist **Tom Basile**.

One former political operative says that more Giuliani 2010 trial balloons will be floated in the coming weeks. The Giuliani camp will disclaim them, and not just because Mr. Giuliani is still gauging his chances of beating Gov. **David Paterson**. Rudy backers are watching for fallout from the **Bernard Kerik** corruption trial. A conviction on the most serious charges would be an albatross for Mr. Giuliani, the observer says.

Should Mr. Giuliani sit out the gubernatorial race,

Republicans may be forced to look to **John Faso**, who lost to **Eliot Spitzer** in 2006, and former Rep. **Rick Lazio**, who lost the 2000 U.S.

Senate race to **Hillary Clinton**. Current Rep. **Peter King** is also weighing a run. ■



BLOOMBERG NEWS

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High-stakes duel in Bronx park

Residents in middle as rowdy newcomers muscle in on old-timers' quiet game

A BRONX COMMUNITY that fought long and hard to get its park renovated faces a battle against interlopers who have claimed part of the green space on weekends.

Devoe Park, covering 4.5 acres along Fordham Road and University Avenue in University Heights, reopened in August after a two-year, \$14 million renovation. Since then, the police have made 10 arrests and issued 34 summonses for alcohol-related disorderly conduct in the park.

The core of the problem is illegal gambling, a mainstay in the park. A local group of older Chinese men has gathered regularly for years to play mah-jongg and to gamble—all without incident. Over the summer, however, a cluster of younger, mostly Latino men began taking over a portion of the park. They have introduced night gambling and drinking into the mix, according to Fernando Tirado, district manager of Community Board 7, who adds that the newcomers don't seem to be from the neighborhood.

"The old Chinese guys playing mah-jongg don't really bother anybody," Mr. Tirado says. "It's more the younger guys, with other types of gambling and the accompanying behavior causing a ruckus."

Last week, board members felt they had to take action against all gambling. They sent letters to the Bronx parks commissioner and the deputy inspector of the 52nd Precinct requesting more police patrols in Devoe.

The elderly group is less disruptive but exchanges a lot of money, according to residents' complaints. The city's Parks & Recreation Department acknowledges that the location is "a popular meeting place for seniors playing cards" but stops short of admitting knowledge of illegal gambling.

For the time being, the odds of anything getting done are slim.

NYPD Deputy Commissioner Paul Browne says that safety falls under the aegis of the Parks Department and its special patrol teams, while a Parks Department spokeswoman says the patrols address "quality of life" concerns, not criminal activity, which is the responsibility of the NYPD.

Area residents are caught in the middle.

"A lot of time, management and money went into redoing that playground," Mr. Tirado says. "Elected officials made a commitment that this park would be for the kids, and for our kids not to feel safe using the playground that was built for them is a real shame."

—HILARY POTKEWITZ

Brooklyn merchants find solidarity

GETTING MEMBERS of the Nostrand Avenue Merchants Association to pay their dues has never been easy. But the recession and a recent startling crime that involved a member is convincing businesspeople in the Crown Heights and Flatbush sections of Brooklyn that it's time to band together.

Association President Lindiwe Kamau plans to build on the momentum. For example, she is organizing a crime prevention workshop in the wake of a robbery attempt at a variety store last month in which the two robbers were shot and killed and owner Youssef Drame was wounded.

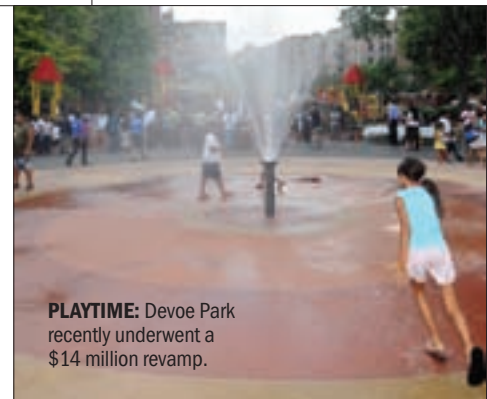
"Hard times bring up quality of life issues, and people tend to come together," says Ms. Kamau, adding that activities like the workshop

"build confidence and show that the organization cares."

The association is also trying to raise its profile with a directory of its 300 members. Cablevision has agreed to print and distribute nearly 10,000 copies throughout the community. Ms. Kamau hopes that it will draw more business from workers at Kings County Hospital and the SUNY

Downstate Medical Center, as well as their 600,000 annual visitors. It's widely thought that Caribbean eateries are the area's only attraction.

—MATTHEW SOLLARS



PLAYTIME: Devoe Park recently underwent a \$14 million revamp.

MALCOLM PINCKNEY/NYC PARKS & RECREATION DEPT.



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represented the tenant in this transaction

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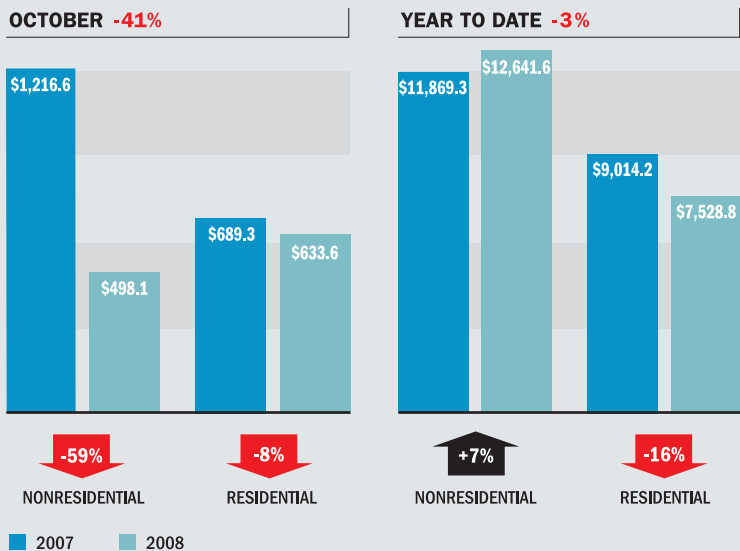
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ECONOMIC SPOTLIGHT

Construction Contracts Plunge

Nonresidential construction contracts in the metro area took a big hit in October, after a month in which residential contracts plummeted, McGraw-Hill Construction reports. Overall contracts year-to-date are holding steady, at 3% under year-earlier levels. Figures are in millions of dollars.



Economy Watch

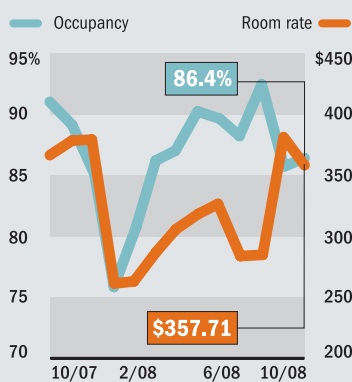
Falling energy prices drove the October decline in area inflation—the largest in 50+ years. The dip in NYC's jobless rate was insignificant, economists say.

	SEPTEMBER '08	OCTOBER '08	COMPARISON
NY area inflation change	+0.2%	-0.7%	+4.3% ¹
NYC unemployment rate	5.8%	5.7%	6.5% ²
NYC employment change	-2,400	-3,300	+13,500 ³

1-NY area inflation rate for the latest 12-month period. 2-U.S. unemployment rate for the latest month. 3-NYC employment change year to date.

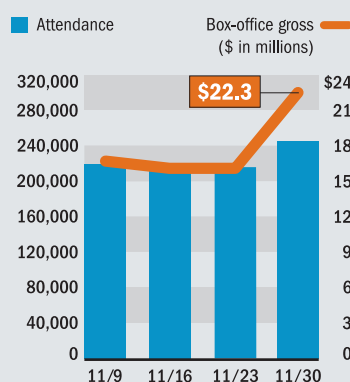
NYC Hotel Stats

Occupancy edged up while the average daily room rate slipped in October, data from PKF Consulting show. For the first 11 months of the year, both figures were higher than they were for the same period in '07.



Broadway Stats

In the week ended 11/30, attendance rose 13% over the previous week's levels and gross jumped 35%, The Broadway League says. The Great White Way typically posts gains during Thanksgiving week.



Capital IQ's Weekly Deals Report

COMPANY/LOCATION	TRANSACTION SIZE (in millions)	BUYER/INVESTOR	TRANSACTION TYPE
Citigroup Inc. Manhattan	\$20,000.0	U.S. Department of the Treasury	GCI
Omirix Biopharmaceuticals Inc. Manhattan	\$432.7	Johnson & Johnson	SB M&A
Mahoney Cohen & Co. Manhattan	\$100.7	CBIZ Inc.	SB M&A
KickApps Corp. Manhattan	\$14.0	North Atlantic Capital, Prism VentureWorks, SoftBank Capital, Spark Capital, individual investors	GCI
442 Avenue of the Americas Manhattan	\$4.6	Not disclosed	SB M&A
iPerceptions Inc. Manhattan	\$3.0	Telesystem Ltd.	GCI

Selected deals announced during the week of Nov. 23 for companies headquartered in metro New York. GCI: Growth capital investment represents new money invested in a company for a minority stake. SB M&A: Strategic buyer M&A represents a minority or majority acquisition of existing shares of a company without the participation of a financial buyer.



GETTY IMAGES

U.S. recession is a year old

THE NATIONAL BUREAU OF ECONOMIC RESEARCH confirmed that the U.S. is officially in a recession and that it started last December. Adding gloom to the announcement, the Labor Department said employers laid off 533,000 employees in November. Already this month, **AT&T INC.** has announced plans to cut 12,000 jobs, **J.P. MORGAN CHASE & CO.** is slashing 9,200, **CREDIT SUISSE** is trimming 5,300 and **VIACOM INC.** is shaving 850 positions.

HuffPo stuffed

THE HUFFINGTON POST, an online news and opinion Web site co-founded by Arianna Huffington, raised \$25 million in venture capital from Oak Investment Partners in Palo Alto, Calif. The funds will be used to launch an investigative journalism unit and roll out local versions of the site.



BLOOMBERG NEWS

Lehman's brass buying part of firm

A GROUP of Lehman Brothers Holdings Inc. managers agreed to purchase the bankrupt firm's investment management business, including the Neuberger Berman fund unit. Terms weren't disclosed, but the managers beat out a previous bid of \$2.2 billion for 51% of the new company.

J&J forking over \$1.1B for Mentor

JOHNSON & JOHNSON made a deal to buy cosmetic- and implant-maker Mentor Corp. for \$1.1 billion, or \$31 a share. This is J&J's second major buyout deal in as many weeks and will strengthen its surgical products portfolio.

All-male list chafes

GOV. DAVID PATERSON blasted the 12-member commission that

compiled the all-male list of candidates from which he must pick the state's next chief judge. With a Jan. 15 deadline looming, the governor asked state Attorney General Andrew Cuomo to explore his options, although he may be legally bound to pick from the list offered.

Producers giving thanks for tourists

HEAVY TOURIST TRAFFIC gave Broadway a much-needed boost during the Thanksgiving weekend. The top 10 shows brought in more than \$1 million a piece, with *Wicked* drawing \$1.8 million, a Thanksgiving record. The total grosses for the week exceeded \$22 million, portending a solid Christmas and New Year's.

New publisher to press overseas

DOW JONES & CO. named Andrew Langhaff publisher of *The Wall Street Journal's* European edition. The company also ratcheted up its overseas expansion—and its rivalry with *The New York Times*—by unveiling plans to distribute its new luxury magazine, *WSJ.*, in all its European editions.

Kushner sued

KEVIN SWILL, former president of Westminster

Capital, the financing arm of Kushner Cos., sued real estate developer Charles Kushner for allegedly cheating him out of commission pay related to the purchase of 666 Fifth Ave. Mr. Swill helped arrange financing for Mr. Kushner's \$1.8 billion purchase of the 41-story tower.

Dethrone Empire?

THE CITIZENS Budget Commission, a business-backed watchdog group, called for the abolition of the state's Empire Zone program. Labeling the initiative "bloated" and "counterproductive," the group said most of the benefits go to a handful of big corporations instead of the smaller businesses that need incentives to stay in the state.

Cooking the books

STATE ATTORNEY GENERAL Andrew Cuomo brought more than 200 charges against husband-and-wife restaurateurs Simon and Michelle Ngét, who own the Saigon Grill chain in New York City. They were accused of failing to pay wages to dozens of employees and tampering with evidence.

Glitches zap J.Crew, Bloominie's

RETAILERS J.CREW Group Inc. and Bloomingdale's missed out on untold sales when their Web sites faltered for hours at a time on Cyber Monday, the unofficial start of the online holiday-shopping season. Internet sales jumped 15% the Monday after Thanksgiving vs. 2007 levels, says comScore Inc., boosted by steep discounts.

Another AIG piece

AMERICAN INTERNATIONAL Group Inc. announced plans to sell wealth management arm AIG Private Bank Ltd. to Aabar Investments PJSC of Abu Dhabi. Terms of the deal were not disclosed. The bank will be renamed and will become an independent financial institution headquartered in Switzerland.

Random reordered

MARKUS DOHLE (left), the new chief executive of Random House Inc., launched a sweeping restructuring of the publishing firm. He effectively folded two independent operations, Bantam Dell and the Doubleday Publishing Group. Several company veterans, including Irwyn Applebaum, Bantam Dell's publisher, left in the shakeup.

—FROM STAFF REPORTS AND BLOOMBERG NEWS REPORTS



GETTY IMAGES

REPORT

INSIDE The top SBA lenders in the New York area in fiscal 2008 **PAGE 18**

How-to Simple and not-so-simple ways to take care of cash-flow problems before they threaten a business **PAGE 19**

LIFE AFTER WALL STREET

Another age of excess bites dust

Luxury purveyors scramble to adjust in lean market

BY STEVE WEINSTEIN

SOOTHING THE FATHER of the bride is part of Josyane Colwell's job, so the owner of Le Moulin Ltd., a New York event planner and caterer, was not surprised to get a call from a Wall Street executive about his daughter's big day. It was rife with details, which included a miniature wedding cake for each guest to take home.

60%

OF AFFLUENT CONSUMERS report now using strategies like comparison shopping

Source: Unity Marketing

But Dad had bad news: He was out \$26 million and had to cancel the party.

Le Moulin is one of hundreds of small firms that rely on Wall Streeters' extravagant tastes and are now grappling with the adjustment. They are changing their marketing

See **HIGH-END** on Page 17



HAVING HER CUPCAKES ...
Former Bear Stearns employee Jessi Walter parlayed her passion for teaching kids to cook into a new line of work.

INSIDE

Ex-financiers' new businesses

Hot tips from former men on the Street
Page 16



Economic impact

IF 10% of Wall Streeters who lose their jobs were to start businesses, the new firms would number in the thousands: An estimated **38,000** New York City securities jobs will be lost over the next two years.

Ousted workers start ventures of their own

Well-heeled trade deal-making for DIY

BY STEVE GARMHAUSEN

WHEN A franchise broker suggested to Joe Cocomero and Daniel Quinn early last year that they get into the dog grooming business, the two

men laughed in disbelief. The pair had only recently lost their high-adrenaline, high-paying jobs as New York Stock Exchange specialists, in a world far away from claw clipping and canine comb-outs. "We couldn't believe anyone

would tell us to buy a grooming franchise," marvels Mr. Quinn. "But we found that the demand was out there."

The two men, who now own an Aussie Pet Mobile franchise on Long Island, are following a well-worn path through the city's economy. Wall Street's busts reliably push professional risk-takers out the door and into their own businesses. Given the volume of layoffs this time, the start-ups may number in the thousands.

The new entrepreneurs aren't taking an easy road. Many who bring the cocky attitude that served them well in the canyons of finance may

be humbled by the sheer difficulty of directly running a business.

"They feel like, 'I've been at the top of the game; I should be able to translate that easily to a small business,'" says Edward Rogoff, director of Baruch College's Field Center for Entrepreneurship and Small Business. "But they have a tough time becoming entrepreneurs."

Of course, some Wall Streeters find great success. Tim Sykes, a former hedge fund manager at Cilantro Fund Partners, says he's never been happier.

See **EX-FINANCIERS** on Page 16



VILLAGE SPOT
Cho Cho San now pegs the price of its "Wall Street Roll" to the Dow's fluctuations.

BUCK ENNIS

Ex-financiers give DIY a try

Continued from Page 15

No longer answerable to a few wealthy partners, he now sells insights and trading advice to average investors through his blog, timothySykes.com, as well as a book and DVDs.

"I like dealing with poor people," laughs Mr. Sykes, 27. "I get along with them better."

Wall Streeters seeking the entrepreneurial life do have advantages over other cast-off workers. Many have their own capital. The New York state comptroller's office estimates that 2007 Wall Street bonuses totaled \$33.2 billion—more than \$180,000 per person.

Sharing the wealth

THESE ALUMNI may have access not just to their own money, but to that of deep-pocketed connections as well.

Institutional sales trader Pat Lackey twice provided equity infusions to his friend Bill Ellis, a former principal with Banc of America Securities, who in 2005 bought an equipment leasing franchise in Langhorne, Pa. But since his business was increasingly being replaced by computerized trading, Mr. Lackey left his job at Bank of New York Mellon last year and joined Mr. Ellis in running his new enterprise.

Even ex-Wall Streeters without a pile of ready cash can access funds: Messrs. Cocomero and Quinn, the dog groomers, raided their 401(k)s for the \$300,000 needed to get their business off the ground.

Many new entrepreneurs have another edge: They know the theory of how companies work.

Messrs. Cocomero and Quinn "spent years talking with CFOs, CEOs and presidents of companies, and saw the ins and outs of how companies like GE work," Mr. Quinn says. "We kind of took that down to a smaller scale."

But those seeking a fresh start find plenty of challenges. First for Frank Lugossy was leaving behind his high-flying lifestyle. Mr. Lugossy, who lost his job as an equity trader at UBS in 2005, is now happily running Continental Wine & Spirit in Greenwich, Conn., which he bought in 2006.

Downshifting

TO PAY FOR THE SHOP—which was as expensive as a new house, he says—Mr. Lugossy moved his family into a smaller place and sold one of his three cars. The 43-year-old says he is earning no more than a third of his Wall Street pay, but he's getting along fine, thanks to his reduced living expenses. "I don't need to make anywhere near what I used to make," he says.

The difference in pay is not the only one. Financial services companies have enormous support systems: There are layers upon layers of management, and camaraderie abounds. In contrast, entrepreneurs have to learn everything on their own, from how to find tech support to how to attract clients, and sometimes "they feel very much at sea," Mr. Rogoff says.

Mr. Lugossy can relate. He had to figure out how to do without secretaries, and he had to learn all about evaluating and ordering wine.

Some Wall Streeters are now pursuing passions in a way that the demands of their old jobs didn't allow. Since April 2007, Jessi Walter had made a hobby of teaching kids to cook. When the implosion of Bear Stearns claimed her job in June, the former credit strategist decided to turn the pastime into a business.

Today, she works on Cupcake Kids for 70 hours a week or more. Much of her time is spent teaching tots to make everything from cupcakes to pizzas. "I've been pleasantly surprised," says Ms. Walter, who used \$20,000 of her savings on her launch. "I've been busy all the time." ■



BILL ELLIS (left)
and PAT LACKEY

Traders take up a heavy load

Bill Ellis and Pat Lackey

Former careers Mr. Ellis—global equity sales executive; Mr. Lackey—institutional-sales trader

New business Volvo Rents franchises, which rent out construction equipment

Startup cost "Millions of dollars," says Mr. Ellis.

Annual revenues \$12 million

Date that business was started Existing franchises were acquired in 2005

Advice for Wall Streeters launching a business Get ready for continual hard work; understand that "there are no layoffs out there," says Mr. Lackey.

What's different about the world off the Street It's not every man for himself. "Pat and I are responsible for 40 employees and their families," says Mr. Ellis.

Average hours per week worked on Wall Street 60

Average hours per week worked now 60

What they miss about the Street Excitement, the fast pace

What they don't Lack of a moral code

Biggest challenge Getting customers to pay bills

Pair finds profits, if not passion

Joe Cocomero and Daniel Quinn

Former careers NYSE specialists

New business Aussie Pet Mobile franchise

Startup cost \$300,000

Annual revenues Not available

Date that business was started June 2007

Advice for Wall Streeters launching a business

Don't buy into a business simply because it's your passion; that doesn't mean that it will be profitable.

What's different about the world off the Street You get more time with family, and the satisfaction that what you put into your business is all for you.

Average hours per week worked on Wall Street 60

Average hours per week worked now 5-10 in the grooming franchise; separately, they're building a brokerage business

What they miss about the Street The camaraderie

What they don't Commuting; having a boss

Biggest challenges "Having employees," says Mr. Cocomero. "It's hard to find somebody who cares about your business as much as you do."



JOE COCOMERO (left)
and DANIEL QUINN



TIM SYKES

A blogger's life

Tim Sykes

Former career Hedge fund manager

New business Blogs at www.timothySykes.com; publishes financial-advice DVDs

Startup cost \$50,000

Annual revenues \$1 million (projected)

Date that business was started October 2007

Advice for Wall Streeters launching a business Spend as little as possible for as long as possible without sacrificing product/service quality.

What's different about the world off the Street There's no second-guessing by investors.

Average hours per week worked on Wall Street 50-60

Average hours per week worked now 70-80

What he misses about the Street Free trips, dinners and drinks from brokers

What he doesn't A wholly unfulfilling lifestyle; having to deal with the worst people in the world, who care only about the money; not having anyone but fellow industry scum understanding how I made money.

Biggest challenge To keep putting in the long hours required for researching and writing quality financial content while actually having a life.

High-end purveyors adjust to new reality

Continued from Page 15

strategies, reconfiguring services, emphasizing value—even counseling clients themselves on how to deal with the transformation.

And though they are concerned about the retreat, some see a silver lining. For example, Ms. Colwell hopes that leaner times will be an antidote to the excesses of recent years, and she reminds clients that a simple party can be elegant.

"It's about the vision and how you present it," she says. "Money never buys taste."

A Mercedes trumps a Rolls-Royce in the new environment. Jim Monahan, owner of Madison Avenue Limousine, is providing less costly vehicles and is seeing more

'The client told me to do it, but shave \$50,000 off the cost'

clients share cars to the airport or home after work. He is considering offering a "special" rate for one ride anywhere within Manhattan, as opposed to the two-hour minimum.

The less flashy have advantage

CREATIVITY is the new byword. Concept Salon, on the Upper East Side, is giving a 20.08% discount to former Wall Street employees. Greenwich Village restaurant Cho Cho San now pegs the price of its



DISCOUNT PERIL

EXPERTS AGREE that businesses should forgo discounting merchandise or services and instead offer rebates and temporary promotions, such as a complimentary cocktail with a meal, or a free cut with color.

"Do not [reduce] prices," says Martin Lindstrom, author of *Buyology: Truth and Lies About Why We Buy*. "People get used to that."

Retail consultant Pam Danziger, head of Unity Marketing, suggests offering coupons rather than discounting, or, as she puts it, "dumbing down" merchandise.

"[A coupon] forces you back into the store," Ms. Danziger says. "I got one at Bergdorf's, and when I went back, spent double the amount."

"Wall Street Roll" (caviar and gold-leaf flakes) to stock market fluctuations: cheaper when the Dow tanks and more when it spikes.

Businesses that have always taken a less flashy approach than their competitors are ahead of the game.

Tom Sebenius, an arranger at Starbright Floral Design, in Manhattan's flower district, notes that brides are now more interested in seeing the numbers than they are in being pampered with Champagne

in plush surroundings.

"Brides will come in and say they received quotes for \$30,000," Mr. Sebenius says. "We can offer the same quality, freshness and creativity for a half to a third of that."

Incremental changes

MANY EXCLUSIVE BUSINESSES aren't revising their identities overnight but are beginning to alter their offerings in small ways.

Randy Wilson provides the

lighting design for multimillion-dollar residences in such enclaves as Greenwich, Conn.; Manhattan's Gold Coast; and the Hamptons. He says clients are "ratcheting down" their projects across-the-board, for example, by substituting a less expensive material for Italian marble.

"One client said he'd still honor the contracts to do the work but wanted to rethink the installations," Mr. Wilson says. "He basically told me, 'Do it, but shave

\$50,000 off the cost.'"

Over the past four years, HealthCoach has become a popular source of nutritious lunches delivered to Wall Street traders chained to their computers. The service now offers the meals one or two days a week instead of the previously mandatory five, according to founder Lisa Goldberg.

She also suggests that customers save money by forgoing bottled water with their order.

"Most people may cut back, but they stay," Ms. Goldberg says. "When you're stressed out, that's the worst time to eat unhealthy." ■

He asked how cash flow affects my sleep.
We could have talked all night.



Dinesh Kapoor
textiles importer/exporter
New York, NY

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New York Area's Top SBA Lenders

Ranked by number of loans in fiscal 2008

Rank	Lender	Number of loans in fiscal 2008	Number of loans in fiscal 2007	Percent change	Dollar value of loans in fiscal 2008	Dollar value of loans in fiscal 2007	Percent change
1	J.P. Morgan Chase Bank	1,322	1,868	-29.2%	\$66,132,200	\$80,587,600	-17.9%
2	Bank of America	332	972	-65.8%	\$11,596,900	\$38,486,200	-69.9%
3	Banco Popular	277	451	-38.6%	\$15,372,000	\$19,613,700	-21.6%
4	Innovative Bank	259	171	+51.5%	\$6,870,000	\$3,935,000	+74.6%
5	Empire State Certified Development Corp.	169	134	+26.1%	\$121,464,000	\$97,337,000	+24.8%
6	Citibank	123	446	-72.4%	\$9,065,000	\$22,519,800	-59.7%
7	BNB Bank	122	180	-32.2%	\$25,774,000	\$36,280,000	-29.0%
8	Washington Mutual Bank	116	288	-59.7%	\$4,571,500	\$10,989,000	-58.4%
9	Manufacturers and Traders Trust Co.	88	130	-32.3%	\$12,443,000	\$13,044,000	-4.6%
10	Capital One Bank (USA)	79	311	-74.6%	\$3,480,000	\$15,570,000	-77.6%
11	Flushing Savings Bank	64	105	-39.0%	\$10,285,500	\$15,851,000	-35.1%
12	NewBank	54	20	+170.0%	\$22,645,000	\$6,850,000	n/m
13	HSBC Bank USA	53	118	-55.1%	\$3,521,700	\$7,082,600	-50.3%
14	Long Island Development Corp.	51	63	-19.0%	\$36,276,000	\$49,506,000	-26.7%
15	Sovereign Bank	48	54	-11.1%	\$3,207,500	\$3,783,300	-15.2%
16	Commerce Bank	42	72	-41.7%	\$26,771,500	\$29,624,000	-9.6%
17	Superior Financial Group	35	20	+75.0%	\$305,000	\$157,500	+93.7%
18	CIT Small Business Lending Corp.	34	41	-17.1%	\$27,560,000	\$24,670,850	+11.7%
19	Community National Bank	33	25	+32.0%	\$7,940,000	\$6,170,000	+28.7%
20	New York Business Development Corp.	25	18	+38.9%	\$9,388,718	\$9,499,000	-1.2%
21	Valley National Bank	22	11	+100.0%	\$3,633,500	\$2,320,300	+56.6%
22	Unity Bank	21	18	+16.7%	\$7,581,600	\$8,216,500	-7.7%
23	KeyBank	19	28	-32.1%	\$1,181,800	\$3,667,000	-67.8%
24	Shinhan Bank America	18	23	-21.7%	\$5,394,500	\$11,260,000	-52.1%
25	Millennium bcp Bank	18	1	n/m	\$1,510,000	\$90,000	n/m
26	Nara Bank	15	27	-44.4%	\$7,495,000	\$13,482,000	-44.4%
27	RBS Citizens	15	73	-79.5%	\$725,000	\$2,720,500	-73.4%
28	Home Loan Investment Bank	14	13	+7.7%	\$13,884,000	\$13,275,000	+4.6%
29	Wachovia SBA Lending Inc.	14	6	+133.3%	\$11,419,500	\$1,951,200	n/m
30	Newtek Small Business Finance Inc.	13	27	-51.9%	\$8,724,200	\$7,097,700	+22.9%
31	United Commercial Bank	13	31	-58.1%	\$590,000	\$2,375,000	-75.2%
32	Woori America Bank	12	23	-47.8%	\$4,570,000	\$6,035,000	-24.3%
33	Suffolk County National Bank of Riverhead	12	25	-52.0%	\$1,343,000	\$1,527,000	-12.0%
34	Wells Fargo Bank	11	14	-21.4%	\$2,944,800	\$1,768,500	+66.5%
35	Community Building Fund	11	9	+22.2%	\$2,015,000	\$1,415,000	+42.4%

The U.S. Small Business Administration's New York district includes New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, Ulster and Westchester counties. Rankings are for the fiscal year ended Sept. 30, 2008. Figures include both banks' 7(a) loans—loans to businesses unable to secure financing on reasonable terms through normal lending channels—and certified development companies' 504 loans—long-term, fixed-rate financing for major fixed assets. In case of tied figures in the number of loans, lenders are ranked by dollar amount. n/m Not meaningful.

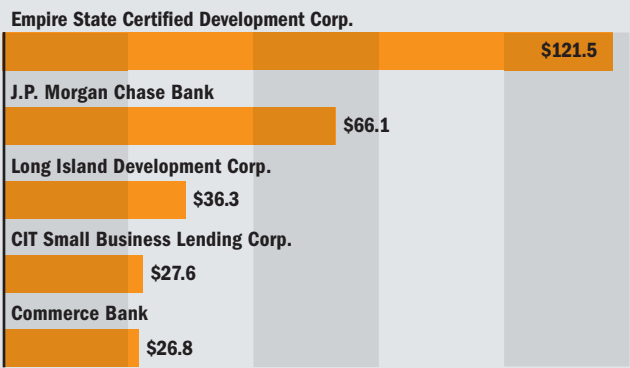
A DOWNWARD SPIRAL, LED BY THE BIG BANKS

THE NUMBER OF SBA LOANS in the area dropped precipitously in the fiscal year ended Sept. 30. The decline came from the top, as stalwart lenders such as J.P. Morgan Chase and BofA cut back. Citibank, which had been ramping up its small business lending, had one of the biggest drops in number of loans.

The number of loans made in 2008 by the previous year's top five lenders fell 58%, vs. the 38% decline posted by all area lenders.

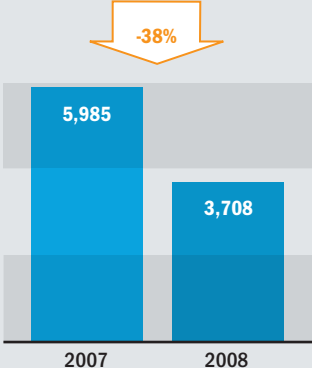
Top Five Lenders

By dollar volume, in millions



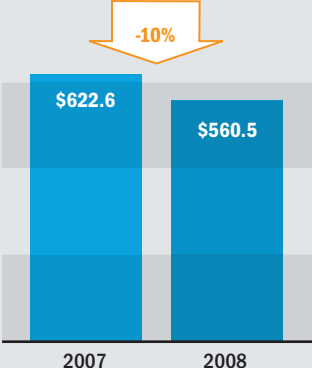
Total Number of Loans

For all area lenders



Total Dollar Volume

For all area lenders, in millions



HOW-TO

Suggestions for quashing cash-flow problems early

Quick, effective action becomes even more critical during a downturn

BY ELAINE POFELDT

IT WAS LATE SPRING when patients at Dr. Catrise Austin's 10-year-old dental practice in midtown started canceling appointments for both routine care and cosmetic procedures. They had lost their dental insurance along with their jobs.

"I'm hearing, 'I'll wait until my next job,'" Dr. Austin says.

With her practice faced with a cash-flow crisis, the dentist took the steps necessary to survive. She pared spending and laid off staff. She sent out a flood of marketing materials and put accounts into collection after 45 days instead of 90.

The practice, which brings in just under \$1 million a year, should be down just 5% for 2008—maybe even less if the outreach pays off.

"All it takes is for me to do one or two veneer cases or a couple of snap-

on smiles, and I'm back on track," Dr. Austin says.

Recognizing and reversing a cash-flow problem is vital in a recession. Businesses that don't move promptly are likely to end up in bankruptcy, according to Joshua Angel, a litigator in Herrick Feinstein's financial restructuring, bankruptcy and creditor's rights practice. He estimates that only 10% of small companies that file Chapter 11 make it out in their original form.

Here are some strategies for addressing cash-flow difficulties.

TIP 1

Keep a cash-flow budget.

THIS SMALL, WEEKLY ACT is essential to catching trouble early, according to Bill Lenhart, national director of business restructuring at BDO Consulting.

"You need to manage your receivables and payables a lot tighter than you would in better economic times," Mr. Lenhart says. Negotiating faster payment schedules with clients and reducing inventories to minimum levels might be enough to turn things around if done quickly enough.

"The biggest mistake is waiting too long," Mr. Lenhart says. "When you're up against the wall and you can't make payroll or your next loan payment, it's difficult to get out of the situation."

TIP 2

Ask for payment in advance.

REQUESTING FULL PAYMENT up front or at least a deposit is a strategy that works well in some industries. After filing for Chapter 11 in his last business—a one-hour photo operation plagued by cash-flow problems—Cliff Strome vowed to avoid receivables in his next venture.

At Custom and Private New York Tours, which Mr. Strome and his wife have run since June 2007, all payments are made up front. His individual and corporate clients have little incentive to make timely remuneration once they've enjoyed the firm's excursions around the city, says Mr. Strome, who has a rotating roster of 15 guides.

"Receivables do not pay the bills," he says. "Cash does."

TIP 3

Get an outsider's perspective.

HIRING A TURNAROUND specialist, whose hourly fees range from \$250 to \$500, can help owners discover revenue streams, sources of capital and financial management techniques that they may never have considered, as well as push them to make decisions they have been avoiding.

"Believe it or not, most people don't look at the root cause," says Ivan Friedman, chief executive of RCS Real Estate Advisors in New York, which specializes in retail consulting. "The most important thing is to try to fix the problem that got you to where you are—whether it's the wrong merchandise or a bunch of bad stores."

Look for a member of the Turnaround Management Association, which requires testing and background checks, according to Jeffrey Manning, managing director and head of the special situations practice at investment bank Trenwith Securities.

"You can have confidence that they are following a code of ethics," Mr. Manning says.

TIP 4

Renegotiate leases.

OWNERS WHO ARE falling behind



TOUGH LOVE: Dr. Catrise Austin now puts her dental patients' bills into collection at 45 days rather than 90.

BUCK ENNIS

should ask landlords to reduce the rent to an amount that will let them stay open, according to Mr. Friedman. This probably won't work in a prime area, but landlords might be more lenient for a business in a less desirable location. "Very few people are opening new stores at this point," he says.

TIP 5

Go back to basics.

JETTISON PRODUCTS or services that don't make money and refocus on the profitable parts of your business.

"You have to be disciplined," Mr. Manning says. "If something can't produce revenue in the next 30 to 60 days, you have to ask if you can afford the luxury of keeping it."

TIP 6

Diversify the client base.

EXPERTS AGREE that it's dangerous to depend on one or two regular customers in any economy. But in a bad one, it's key to spread risk to ensure that the loss of one income stream doesn't do your business in, Mr. Manning says. ■

BITTER PILL

FOR MOST OWNERS, layoffs are the most difficult option and the last step taken.

But experts advise that **delaying the inevitable is a bad move.** Because labor costs rise as a percentage of falling revenue, postponing letting people go for months when a business is struggling with cash flow can seriously jeopardize its chances for survival.

To reduce overhead, Dr. Catrise Austin replaced three staffers with entry-level workers and sends her team home early on slow days.

"I hate to do it, but at the same time I would love to ... not have to close down," the dentist says.

Jacen Dinoff, principal at KCP Advisory Group, a restructuring and financial consultant with offices in New York and Boston, has suggestions for businesses faced with handing out pink slips: **Perform all layoffs on a single day,** and assure those who are left that the downsizing is over, so they can concentrate on helping you save the company.

"Employees don't like to live in fear," Mr. Dinoff says. The approach helps retain the best people—the ones most likely to find opportunities elsewhere.

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HITS & MISSES

Web companies' key moves *by* Tina Tratsler

Green living in a blue economy

THOUGH THREE FORMER WebMD techies were concerned about launching a green-lifestyle site during an economic downturn, they believe that the know-how they brought to **Ecomii.com** will make it a winner.

"There was no single online resource where people could find out how to recycle batteries, or whether it's better to buy a hybrid," says Managing Director Todd O'Donald. "The information is out there, but it's fragmented on sites, mainly blogs."

Topics covered by Ecomii.com, which Mr. O'Donald co-founded with Colton Dirksen and Tushar Tanna in August 2007, include eco-friendly parenting, green building and simple living. The free site has an interactive social network that lets users set up and track 50 green-living

goals, like reducing energy use by converting to compact fluorescent lightbulbs or installing solar panels. Participants can ask friends to join them in the challenge.

The site, which has 200,000 unique visitors a month, is supported by advertising and banners. Its revenues of \$150,000 last year came mostly from a one-year sponsorship by Seventh Generation.

Ecomii.com has five full-time employees and uses a network of freelancers.

HITS

Common history

THE THREE FOUNDERS, who hatched the idea over drinks one night, share an important history. Though they bring different skills to the table, they have an understanding of what made WebMD successful and are applying many of its strategies. Those include thorough vetting of sources and keeping information



neutral, authoritative and transparent.

"We don't splice and dice information or change its meaning," Mr. O'Donald says.

Staying lean via outsourcing programming and content, Ecomii.com can focus on back-end Web functions. "A lot of companies start hiring staff too quickly," Mr. O'Donald says. "Our plan is to keep overhead low while we build our network of resources and gain exposure."

MISSES

Eggs in one basket

WHEN THE TEAM was gearing up to go live, a partnership with a content publisher looked to be a good fit. But the deal fell apart when negotiations dragged on for six months, sending Ecomii.com back to the drawing board.

"In hindsight, we've learned to keep a lot of possibilities going at once and to adhere to our timeline, not someone else's,"

Mr. O'Donald says.

The threesome underestimated startup costs and had to more than double their initial investment, to nearly \$1 million, in order to build a site that could handle a large volume of traffic and remain flexible enough for growth.

"Either we were going to raise additional capital, which we did from personal savings, or we would have built a system that would have needed upgrades six months later," Mr. O'Donald adds.

Not your mother's coupon-clipping

TOUGH economic times could be a boon for **eCoupons.com**, a bargain hunters' hub for all types of goods and services. Founded by Matthew Cheng six years ago, eCoupons offers discounts at more than 3,500 retail sites worldwide.

For example, a user might scour eCoupons for discounts on a computer, then click through to a retailer like Best Buy to purchase it. eCoupons receives a commission of 1% to 7% on each sale.

The site typically features more than 15,000 coupons, but shoppers tend to be most interested in those for computers and other electronics, travel and apparel. Vendors include such major names as Sony, Expedia and The Gap.

And the lineup is changing. "We've just started to figure out there's no reason why we can't offer a coupon [for] Gay.com, a dating



site," Mr. Cheng says.

Because the business doesn't have to deal with consumers or shipping, the owner runs it effectively with one employee. The site has more than 400,000 unique visitors a month and generated revenues of \$515,000 last year.

HITS

Right name, right price

A DOT-COM VETERAN, Mr. Cheng,

SMALL BIZ RESOURCES FROM CRAIN'S NEW YORK



GROWING A BUSINESS

GUIDE Crain's new list of more than 600 organizations with resources to help small businesses was published in the Nov. 10 issue. This year's edition includes a special section on resources to help small businesses cope with the financial crisis. The guide is posted online and can be accessed through the "Resources" tab at www.craainsnewyork.com.

The guide comprises information about organizations offering general information, procurement help, export aid, utility services, financial assistance, and assistance for women and

minorities. The section also includes listings of chambers of commerce, business libraries, local development corporations and small business development centers. Contact details are included.

SMALL BUSINESS ALERTS

Sign up for free custom e-mail alerts and be the first to know about the latest round of city incentives, key policy and legislative changes, and other news. Click on "Register for Free E-mail Newsletters" at the upper right corner of the site.

ARCHIVES

Also on www.craainsnewyork.com, use the "Archives" tab to find small business stories in previous editions of the paper.

EVENTS Small businesses can list their events and see what else is on the calendar around the city by going to the "Events" tab at www.craainsnewyork.com.

The resources listed above are available to subscribers and nonsubscribers alike.



31, showed prescience when he paid \$10,000 for the eCoupons.com domain name in

2001, at least a year before he had a business plan.

Though he had just been laid off from a tech firm, Mr.

Cheng had faith that

e-commerce wasn't going away.

"Today, a domain name like eCoupons would cost \$1 million," Mr. Cheng says.

He upgraded his technology this year to translate content into other languages. He has rolled out sites in 10 countries, including Britain and France, and intends to expand those efforts. International transactions now represent 5% of sales.

"With the world economy slowing, people around the globe are looking for ways to save," Mr. Cheng says.

MISSES

Offshore headaches

OUTSOURCING to programmers in India was supposed to save Mr. Cheng 30%. But the language barrier and time difference ended up costing time and causing him headaches.

Spending \$50,000 to produce and air YouTube-type product promotions on eCoupons.com didn't help drive traffic. "I figured the viral effect of sharing a funny video would benefit me, but it didn't," Mr. Cheng says. "It turns out that users just wanted to find the coupons." ■

A place where entrepreneurs find the perfect (monetary) match

BANKS and venture capitalists aren't exactly giving away money these days. But entrepreneurs with a good idea, a tested product or a need for cash to expand might find a match on **RaiseCapital.com**, which connects entrepreneurs and investors.

"Given the current credit crisis, businesses are going to be looking for nontraditional funding sources," says Robert Bertsch, 43. The former lawyer co-founded RaiseCapital.com with another attorney, Richard Singer, in 2006.

RaiseCapital.com charges entrepreneurs nothing to post their ideas or capital needs to a



database of nearly 4,000 registered investors. Beyond that, they can pay a \$39 monthly premium to be showcased on the home page or \$9 to have their company name highlighted in yellow.

Those packages include tips for

users, like having prospective investors sign a confidentiality agreement before sharing proprietary information with them.

The site attracts 75,000 unique monthly visitors and features a classified section for goods and services. Advertisers include BizBuySell and Growthink. RaiseCapital.com, which employs five staffers, projects revenues of \$480,000 this year.

HITS

Quick reaction time

MESSRS. Bertsch and Singer found that entrepreneurs weren't willing to pay \$39 a month just to

sign up, so they relaunched last March with a basic free subscription. Signups skyrocketed to 3,700 from 40. About 15% of subscribers buy the enhanced features.

Oversight helps keep transactions legitimate. The company monitors the initial correspondence between two parties, and "if we see a red flag, like the investor asking the entrepreneur for money, we step in," Mr. Bertsch says.

To thwart spam or those looking to blanket the membership with a sales pitch, RaiseCapital.com has a built-in control that allows investors to contact just one startup every 24 hours.

MISSES

Old-economy ads

SPENDING \$100,000 for a three-month print ad campaign early on in *Entrepreneur* magazine, *The Wall Street Journal* and *USA Today* did not yield returns. "People using a Web-based solution are more likely to find you through the Web, so we refocused our marketing with ad clicks and by taking an ad on KillerStartups.com," Mr. Bertsch says.

Relying on freelance programmers for the relaunch slowed that process by two months. "We're not their only client," Mr. Bertsch says. "By the time you get around to completing a project, days slip by. Our first priority now is to bring someone in-house."

THE WEEKS AHEAD

THIS WEEK'S EVENTS

DECEMBER 9

Crain's New York Business hosts arts and culture breakfast. 8 a.m. to 9:30 a.m., Crowne Plaza Times Square, 1605 Broadway. Fee: \$70 individual ticket, \$650 table for 10. (212) 210-0257 or jmarshberg@crainsnewyork.com.

DECEMBER 9

Madison Commercial Real Estate Services holds seminar on helping property owners survive the recession. 5:30 p.m. to 9 p.m., Schick's Manor, 4901 12th Ave. Fee: \$40. Preregistration required. (877) 338-2871.

DECEMBER 10

LatinVision Finance, American Airlines, Hilton Hotels and State Farm hold business networking reception. 6 p.m. to 10 p.m., Angel Orensanz Foundation, 172 Norfolk St. Fee: \$30. (646) 519-2452 or ana@latinvision.com.

DECEMBER 10

Manhattan Chamber of Commerce holds business card exchange networking reception. 6 p.m. to 8 p.m., Sterling National Bank, 425 Park Ave. Fee: Free for members, \$15 nonmembers. (212) 473-7805 or events@manhattancc.org.

DECEMBER 10

New York Human Resource Planning Society holds program on HR issues. 4:30 p.m. to 7 p.m., Towers Perrin, 335 Madison Ave., 21st floor. Fee: Free for members, \$50 nonmembers.



More meetings online at www.crainsnewyork.com
Click on "Events"

(845) 359-8800 or info@nyhrps.org.

DECEMBER 10

New York Society of Security Analysts holds forum on nontraditional investing in entertainment and the arts. 6 p.m. to 8:30 p.m., 1177 Sixth Ave., second floor. Fee: \$75 members, \$115 nonmembers. (212) 541-4530.

DECEMBER 10

Women in Development, New York holds lunch on forging partnerships to make your cause known. 12 p.m. to 2 p.m., Princeton Club, 15 W. 43rd St., second floor. Fee: \$40 members, \$55 nonmembers in advance; additional \$15 at the door. (212) 265-7650 or widny@widny.org.

DECEMBER 10

New York Public Library holds lecture on investing in individual stocks. 5:30 p.m. to 7 p.m., Science, Industry and Business Library, 188 Madison Ave., room 018. Free. (212) 592-7000.

DECEMBER 10

Nexco holds seminar on market opportunities in Brazil and Latin America. 9:30 a.m. to 12 p.m., Williams Club, 24 E. 39th St. Fee: \$45 members, \$80 nonmembers. (877) 291-4901 or director@nexco.org.

DECEMBER 11

Small Business Development Center holds workshop on starting an import-export business. 6 p.m. to 8 p.m., St. Joseph's College, 245 Clinton Ave. Free. (718) 960-8697 or clarence.stanley@lehman.cuny.edu.

DECEMBER 15-21

DECEMBER 15

Business Development Academy holds

networking reception on profit through persuasion. 5:30 p.m. to 7:15 p.m., Eaton & Van Winkle, 3 Park Ave., 16th floor. Fee: \$25 members, \$45 nonmembers. (609) 919-1895, ext. 100, or registration@bdacademy.com.

DECEMBER 16

Retail Marketing Society holds lunch program on the migration from catalog to Web. 12 p.m. to 2 p.m., Williams Club, 24 E. 39th St. Fee: \$50 members, \$75 nonmembers. (201) 692-8087 or retailmarketingsoci@retailmarketingsociety.org.

DECEMBER 16

Lower Manhattan Business Solutions Center holds workshop on business legal structures. 2 p.m. to 4 p.m., 79 John St., second-floor conference room. Free. (212) 618-8914 or mramirez@seedco.org.

DECEMBER 18

Brandon Public Relations holds workshop on publicizing your organization and significantly increasing your exposure in the current economic climate. 8:30 a.m. to 10:30 a.m., 521 Fifth Ave., 17th floor. Fee: \$250. (212) 563-6580 or mfriedman@brandonpr.net.

—MAIA BLUME

TO LIST YOUR EVENT

Crain's lists meetings online and includes them in the print edition as space permits. NYC events with fees under \$300 are considered for the print publication.

Listings can be submitted only through the *Crain's* Web site. Go to www.crainsnewyork.com and click on "Events." Sponsors have a choice of several free or paid listing options. All business events will be posted online within two business days.

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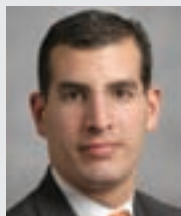
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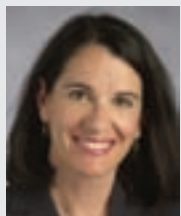
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Notice of Qualification of Pequot Co-Investors, L.P. Authority filed with Secy. of State of N.Y. (SSNY) on 10/20/08. Office location: NY County. LP formed in Delaware (DE) on 10/9/08. SSNY designated as agent of LP upon whom process against it may be served. SSNY shall mail process to: c/o CT Corporation System, 111 8th Ave., NY, NY 10011, registered agent upon whom process may be served. DE address of LP: c/o The Corporation Trust Co., 1209 Orange St., Wilmington, DE 19801. Name/address of each genl. ptr. available from SSNY. Cert. of LP filed with DE Secy. of State, Townsend Bldg., Dover, DE 19901. Purpose: any lawful activity.

Notice of Qualification of DRAGON BUS, LLC. Authority filed with Secy. of State of NY (SSNY) on 10/22/08. Office location: New York County. LLC formed in Delaware (DE) on 10/03/08. Principal office of LLC: 160 S. Rt. 17 N, Paramus, NJ 07652. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. DE address of LLC: 2711 Centerville Rd., Ste. 400, Wilmington, DE 19808. Arts. of Org. filed with DE Secy. of State, Div. of Corporations, John G. Townsend Bldg., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

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Notice of formation of Camino Public Relations LLC Articles of Organization filed with the Secretary of State of New York (SSNY) on 9/24/2008, N.Y. office location: NY County. SSNY has been designated as an agent upon whom process against it may be served. PO address to which the SSNY shall mail a copy of any process against the LLC served upon him is c/o the LLC 245 8th Ave #317, New York, NY 10011. The Principal Business Address of the LLC is: 257B West 19th Street, New York, NY 10011. Purpose Communications Consulting.

Notice of Formation of Kimsooja Studio, LLC. Arts. of Org. filed with NY Dept. of State on 6/12/08. Office location: NY County. Sec. of State designated as agent of LLC upon whom process against it may be served and shall mail process to the principal business addr.: 99 E. 4th St., Apt 6J, NY, NY 10003, Attn: Sooja Kim, regd. agt. upon whom process may be served. Purpose: any lawful activity.

Notice of Formation of JARE Manufacturing Solutions, LLC. Arts. of Org. filed with Secy. of State of NY (SSNY) on 11/05/08. Office location: New York County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Kelley Drye & Warren LLP, Attn: Eric Post, 101 Park Ave., 29th Fl., NY, NY 10178. Purpose: Any lawful activity.

Notice of Qualification of MEDIA PUSH ENTERTAINMENT LLC. Authority filed with Secy. of State of NY (SSNY) on 10/31/08. Office location: New York County. LLC formed in Delaware (DE) on 09/23/08. Principal office of LLC: 550 Madison Ave., NY, NY 10022. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. DE address of LLC: 2711 Centerville Rd., Wilmington, DE 19808. Arts. of Org. filed with Secy. of State of DE, John G. Townsend Bldg., 401 Federal St., Dover, DE 19901. Purpose: Any lawful activity.

PUBLIC & LEGAL NOTICES

Notice of Qualification of McFarlin Insurance Agency, LLC. Application for Authority filed with the Secretary of State of New York (SSNY) on October 3, 2008 N.Y. Office location: New York County. LLC formed in Maryland on September 15, 2008 SSNY has been designated as agent of LLC upon process against it may be served. The P.O. address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is C/O the LLC CT Corporation System, 111 Eighth Avenue, New York, New York 10011. The principal business address of the LLC is: 6135 Hillside Court, Suite D, Columbia, Maryland 21046. Dissolution date: N/A Purpose of LLC to operate an insurance agency with respect to property and casualty insurance products.
1104536 w.o.

Notice of Qualification of APOLLO STRATEGIC MANAGEMENT GP, LLC. Authority filed with Secy. of State of NY (SSNY) on 11/4/08. Office location: New York County. LLC formed in Delaware (DE) on 10/21/08. Principal office of LLC: 9 W. 57th St., 41st Fl., NY, NY 10019. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, Attn: John J. Suydam at the principal office of the LLC. DE address of LLC: c/o Corporation Service Co., 2711 Centerville Rd., Ste. 400, Wilmington, New Castle Cnty., DE 19808. Arts. of Org. filed with Secy. of State of DE, Dept. of State, Div. of Corporations, John G. Townsend Bldg., Dover, DE 19901. Purpose: Any lawful activity.

WILLCITY HOLDINGS, LLC, a foreign Limited Liability Company (LLC) filed with the Sec of State of NY on 9-29-08. NY Office location: New York County. SSNY is designated as agent upon whom process against the LLC may be served. SSNY shall mail a copy of any process against the LLC served upon him/her to The LLC, 411 Theodore Fremd Ave., Ste. 110, Rye, NY 10580. General Purposes.

Notice of Qualification of THE L CONSULTANCY GROUP LLC. Authority filed with Secy. of State of NY (SSNY) on 10/10/08. Office location: New York County. LLC formed in Delaware (DE) on 10/07/08. Principal office of LLC: 437 Madison Ave., NY, NY 10022. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. DE address of LLC: 2711 Centerville Rd., Ste. 400, Wilmington, DE 19808. Arts. of Org. filed with DE Secy. of State, John G. Townsend Bldg., 401 Federal St., Ste. 4, Dover, DE, 19901. Purpose: Any lawful activity.

NOTICE OF FORMATION of De'Lux Food Production LLC. Arts. Of Org. filed with Secy. Of State of N.Y. (SSNY) on 8/05/08. Office location: New York County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to principal business location: 244 Fifth Avenue, Suite S209, NY, NY 10001. Purpose: Any lawful activity.

Notice of Qualification of Microcal, LLC. Authority filed with Secy. of State of NY (SSNY) on 10/2/08. Office location: NY County. LLC formed in Delaware (DE) on 11/15/99. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: The LLC, 22 Industrial Dr. East, Northampton, MA 01060, also address of the principal office. Address to be maintained in DE: c/o The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801. Arts. of Org. filed with DE Secy. Of State, 401 Federal St., Ste 4., Dover, DE 19901. Purpose: any lawful activities.

Notice of Qualification of GLOBAL PLUS+ VALUE LLC. Authority filed with Secy. of State of NY (SSNY) on 10/17/08. Office location: New York County. LLC formed in Delaware (DE) on 09/18/08. Principal office of LLC: 650 Fifth Ave., NY, NY 10019. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207. DE address of LLC: 2711 Centerville Rd., Ste. 400, Wilmington, New Castle Co., DE 19808. Arts. of Org. filed with Secy. of State of DE., John G. Townsend Bldg., Ste. 4, Dover, DE, 19901. Purpose: Any lawful activity

Notice of Formation of 902 LIBERTY AVENUE, L.P. Certificate filed with Secy. of State of NY (SSNY) on July 8, 2008. Office location: New York County. SSNY designated as agent of LP upon whom process against it may be served. SSNY shall mail process to: c/o Bowery Resident's Committee, 324 Lafayette St., New York, NY 10012. Name/address of each genl. ptr. available from SSNY. Term: until December 31, 2058. Purpose: any lawful activity.

Notice of Formation of Jennifer Clifford Danner LLC, Art. of Org. filed Sec'y of State (SSNY) 10/14/08. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail copy of process to 94 Mercer St., Apt. 4D, NY, NY 10012. Purpose: any lawful activities.

NOTICE OF FORMATION of Helios Ventures LLC. Arts. Of Org. filed with Secy. Of State of NY (SSNY) on 05/29/08. Office location: New York County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to principal business location: 49 W 74th St. #3B NY, NY 10023. Purpose: Any lawful activity.

Notice of Formation of JRM TUTORING, LLC, a domestic LLC. Arts. of Org. filed with the SSNY on 10/08/08. Office location: NY County. SSNY has been designated as agent upon whom process against the LLC may be served. SSNY shall mail a copy of process to: 33 West 88th St., NY, NY 10024. Purpose: Any Lawful Purpose.

Notice of Formation of Newshong LLC. Arts. of Org. filed with Secy. of State of NY (SSNY) on 9/30/08. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: c/o Van-Hang Nguyen MD, 14 E. 96th St., Apt. 9, NY, NY 10128. Purpose: any lawful activity.

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PUBLIC & LEGAL NOTICES

DWIGHT LANE CAPITAL LLC, a domestic Limited Liability Company (LLC) filed with the Sec of State of NY on 7-21-08. NY Office location: New York County. SSNY is designated as agent upon whom process against the LLC may be served. SSNY shall mail a copy of any process against the LLC served upon him/her to The LLC, C/O Blue Shirts Realty, LLC, 183 Madison Ave., Ste. 505, NY, NY 10016. General purposes.

NOTICE OF FORMATION OF LIMITED PARTNERSHIP. NAME: MID-HARLEM APARTMENTS, L.P.. Certificate of Limited Partnership was filed with the Secretary of State of New York (SSNY) on 10/02/08. The latest date of dissolution is 12/31/2107. Office location: New York County. SSNY has been designated as agent of the LP upon whom process against it may be served. SSNY shall mail a copy of process to the LP, c/o Global Partners LLC, 155 West 121st Street, New York, New York 10027.

FSC BARBERSHOP LLC, a domestic Limited Liability Company (LLC) filed with the Sec of State of NY on 12-10-07. NY Office location: New York County. SSNY is designated as agent upon whom process against the LLC may be served. SSNY shall mail a copy of any process against the LLC served upon him/her to Coopersmith & Coopersmith, Attn: Richard D. Coopersmith, Esq., 233 Broadway, 18th Fl., NY, NY 10279. General purposes.

Name: GREEN HOPE TAXI LLC Art. Of Org. Filed Sec. Of State of NY 6/4/08 and A Amendment filed 6/5/08 to change name to GREEN HOPE TAXI PRODUCTIONS LLC. Off. Loc: New York Co. SSNY designated as agent upon whom process against it may be served. SSNY to mail copy of process to THE LLC, 365 West 28th Street, New York, NY 10001. Purpose: Any lawful act or activity

Notice of Qualification of Core Fixed Income Fund LLC. Authority filed with NY Dept. of State on 10/22/08. Office location: NY County. Principal business addr.: 225 Liberty St., 7th Fl., NY, NY 10281. LLC formed in DE on 9/12/07. NY Sec. of State designated as agent of LLC upon whom process against it may be served and shall mail process to: CT Corporation System, 111 8th Ave., NY, NY 10011, regd. agt. upon whom process may be served. DE addr. of LLC: c/o The Corporation Trust Co., 1209 Orange St., Wilmington, DE 19801. Arts. of Org. filed with DE Sec. of State, PO Box 898, Dover, DE 19903. Purpose: any lawful activity.

NOTICE OF FORMATION OF LIMITED LIABILITY COMPANY. NAME: PAPALOO WEST LLC. Articles of Organization were filed with the Secretary of State of New York (SSNY) on 05/01/07. The name was amended to EMPIRE SOBRO PARTNERS LLC on 08/13/08. Office location: New York County. SSNY has been designated as agent of the LLC upon whom process against it may be served. SSNY shall mail a copy of process to the LLC, 162 Ridge Drive East, Great Neck Estates, New York. Purpose: For any lawful purpose.

NOTICE OF FORMATION of Quogue Consulting, LLC. Arts. Of Org. filed with Secy. Of State of N.Y. (SSNY) on 10/22/08. Office location: New York County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: Corporation Service Company, 80 State Street, Albany, NY 12207. Principal business location: 400 E. 89th St., NY, NY 10128. Purpose: Any lawful activity.

Notice of Formation of ARTICLE ONE PARTNERS, LLC. Arts. of Org. filed with Secy. of State of NY (SSNY) on 10/14/08. Office location: New York County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Golenbock Eiseman Assor Bell & Peskoe, LLP, Attn: Richard S. Kaplan, Esq., 437 Madison Ave., 40th Fl., NY, NY 10022. Purpose: Any lawful activity.

NOTICE OF FORMATION of BULLDOG REAL ESTATE, LLC. Arts. Of Org. filed with Secy. Of State of N.Y. (SSNY) on 9/19/08. Office location: New York County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to principal business location: 11 West 18th Street, #3E, NY, NY 10011. Purpose: Any lawful activity.

Name of For. LP: CI CAPITAL PARTNERS II, L.P. Appl. for Auth. filed with Sec. of State of NY: 10/31/08. Jurisd. and date of org.: DE 10/3/08. Principal bus. loc.: 500 Park Avenue, 8th Floor, New York, NY 10022. NY State office loc.: New York Cty. Sec. of State designated as agent upon whom process against it may be served. Sec. of State shall mail copy of process to: 500 Park Avenue, 8th Floor, New York, NY 10022. Addr. of LP in DE is 615 South DuPont Hwy., Dover, DE 19901, c/o National Corporate Research, Ltd. Name/addr. of GP avail. from Sec. of State. Authorized office in DE where Cert. of LP is filed is Sec. of State Corporation Department, Duke & York Streets, Dover, DE 19901. Purpose: any lawful activity.

Notice of Formation of ETHOS DO BRAZIL LLC. Arts. of Org. filed with Secy. of State of NY (SSNY) on 11/05/08. Office location: New York County. Principal office of LLC: c/o Enclave Rising, Attn: Kimberly Slicklein, 303 Fifth Ave., Ste. 1801, NY, NY 10016. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC at the address of its principal office. Purpose: Any lawful activity.

Notice of Qualification of J&M Lifestyles LLC. Authority filed with NY Sec. of State (SSNY) 8/6/08. Juris. of org: NJ filed: 11/2/06 NY off. loc. in NY Co. SSNY designated as agent of LLC upon whom process may be served. SSNY shall mail copy of process to: LLC's principal address: 215 SR 10 East, Bld. 3, Unit #, Randolph, NJ 07869. Arts of org. on file with NJ Div of Revenue, Corp Filing Unit, PO Box 308, Trenton, NJ 08646 Purpose: Any lawful purpose.

Notice of Formation of ALLIANCE PORTFOLIO FUND II, LLC. Arts. of Org. filed with Secy. of State of NY (SSNY) on 11/10/08. Office location: New York County. Principal office of LLC: 1040 Ave. of the Americas, 24th Fl., NY, NY 10018. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Furnari Scher LLP, 1 Broadway, Ste. 615, NY, NY 10004. Purpose: Any lawful activity.

Notice of Formation of Wolf Artists International LLC. Art. of Org. filed Sec'y of State (SSNY) 9/25/08. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail copy of process to c/o Kaufman & Kahn LLP, 747 Third Ave., 32nd Fl., NY, NY 10017. Purpose: any lawful activities.

Notice of Formation of Two Rivers Associates, LLC. Art. of Org. filed Sec'y of State (SSNY) 10/21/08. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail copy of process to 1375 Broadway, 3rd Fl., NY, NY 10018. Purpose: any lawful activities.

NOTICE OF FORMATION OF LIMITED LIABILITY COMPANY. NAME: BU YAO PA LLC. Articles of Organization were filed with the Secretary of State of New York (SSNY) on 11/13/08. Office location: New York County. SSNY has been designated as agent of the LLC upon whom process against it may be served. SSNY shall mail a copy of process to the LLC, 131-58 Maple Avenue, Flushing, New York 11355. Purpose: For any lawful purpose.

Notice of Formation of 124 MACDOUGAL STREET ASSOCIATES, LLC. Cert. of Conversion filed with Secy. of State of NY (SSNY) on 10/10/08, converting 124 MACDOUGAL STREET ASSOCIATES to 124 MACDOUGAL STREET ASSOCIATES, LLC. Office location: New York County. Principal office of LLC: c/o Shapiro, 136 E. 56th St., Unit 16C, NY, NY 10022. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to The LLC at the principal office of the LLC. Purpose: Ownership of real estate.

Notice of Qualification of STONE LION CAPITAL PARTNERS L.P. Authority filed with Secy. of State of NY (SSNY) on 11/14/08. Office location: New York County. LP formed in Delaware (DE) on 08/11/08. Principal office of LP: 461 Fifth Ave., 14th Fl., NY, NY 10017. SSNY designated as agent of LP upon whom process against it may be served. SSNY shall mail process to the LP at the address of its principal office. Name and address of each general partner are available from SSNY. DE address of LP: c/o Corporation Service Co., 2711 Centerville Rd., Ste. 400, Wilmington, DE 19808. Arts. of Org. filed with Secy. of State of DE, Dept. of State, Div. of Corporations, John Townsend Bldg., Dover, DE 19901. Purpose: Any lawful activity.

NOTICE OF FORMATION of New York Green Roofs LLC. Arts. Of Org. filed with Secy. Of State of N.Y. (SSNY) on 3/17/08. Office location: New York County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: 442D Lorimer Street, #157, Brooklyn, NY 11206. Principal business location: 72 Bedford Street, Suite 6A, NY, NY 10014. Purpose: Any lawful activity.

INDUS EQUITIES, LLC Articles of Org. filed NY Sec. of State (SSNY) 11/3/08. Office in NY Co. SSNY desig. agent of LLC upon whom process may be served. SSNY shall mail copy of process to c/o Joshua Kammerman, Kammerman Associates, LLP, 253 5th Ave., 5th Fl., NY, NY 10016. Purpose: Any lawful purpose. Latest dissolve date: 12/31/2028

Coming Up on the Calendar

December 15th
[Corporate Philanthropy](#)

January 5th
[Economic Outlook](#)

January 12th
[Real Estate](#)

January 19th
[Small Business](#)

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Sapient wisely opts for 1 Penn Plaza

Consultant expands at current location to save money, keep access to transit

SAPIENT CORP., an international consulting and interactive marketing services firm, is adding 9,000 square feet at its New York outpost, bringing its total at **1 Penn Plaza**

to 22,000 square feet.

After expanding into the additional space in March, the Boston-based company will occupy roughly 60% of the 24th floor of the building, which is located between West 33rd and West 34th streets. The asking rent for the five-year deal was in the low \$60s per square foot.

The company couldn't get new space adjacent to the existing offices, but leasing the block was more

cost-effective than moving out of the building, according to Sapient's broker, Fernando Murillo of UGL Equis, who represented the company with his colleague Gary Ceder.

"Sapient didn't have to walk away from its existing infrastructure," points out Mr. Murillo.

He adds that Sapient likes the current location because of its proximity to various train and subway lines.

The building's owner, Vornado

Realty Trust, represented itself in the transaction.

—THERESA AGOVINO

Nail salon claws out space in Chelsea

CHELSEA RESIDENTS will soon have a new place to get their nails lacquered. High-end nail salon and beauty treatment center Spring Sun Nail Spa Inc. recently signed a 10-



HOW HANDY: A nail spa heads to 221 W. 14th.

year lease for 800 square feet of ground-floor space at **221 W. 14th St.**, between Seventh and Eighth avenues. The deal includes a 1,000-square-foot storage basement. The asking rent for the ground floor was \$138 per square foot.

The spa will also offer skin-care treatments, facials and hair removal.

"The neighborhood is becoming more upscale," says Shel Snyder, the Kamenitzer Real Estate Group senior vice president who represented Spring Sun Nail Spa. "The Apple store is nearby, as is Chelsea Market."

Buchbinder & Warren Realty Group's William Abramson represented the landlord in the transaction.

Some of Spring Sun Nail Spa's partners operate another location in the financial district, but this is the first site to bear this name.

—ADRIANNE PASQUARELLI

Tenant moved by all-hours elevator

KVA AUDIO VISUAL SERVICES has leased nearly 8,000 square feet at **500 W. 37th St.**, between 10th and 11th avenues. The asking rent for the 12-year deal, which covers roughly 45% of the third floor, was \$32 a square foot.

The firm, which provides audio-visual services under the name AV



AT YOUR SERVICE: KVA moves to 500 W. 37th.

Workshop, plans to move early next year. The firm is now at 527 W. 34th St., which is being demolished as part of the Hudson Yards revitalization.

The company was drawn to the building because tenants are allowed to operate the freight elevators any time they need to, says KVA's broker, Michael Gambino of Cushman & Wakefield Inc., who represented the firm with colleague Michael Burgio. KVA needs to move equipment in and out of its home base constantly, and not all landlords are that flexible.

Denihan Capital, the investment group that owns 500 W. 37th, was represented by CB Richard Ellis Inc. brokers Zach Freeman and Conor Denihan.

—THERESA AGOVINO

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GOTHAM GIGS

Big-time bartender

A SUCCESSFUL tavern owner and event planner, Village Pourhouse owner **MICHAEL SINENSKY**, 29, has built an extensive business network here and around the world.

STARTING YOUNG The New York City native started by hosting parties for his peers in high school. At NYU, Mr. Sinensky began arranging events for such firms as Goldman Sachs. After college, he produced 50 Cent's first concert. He then made the leap to the bar business. In addition to two Pourhouse locations, he owns Vintage Irving and Sidebar.

CREATIVE MARKETING Unusual ploys like offering to "pay your tab if you pay for a cab"—in which a patron's fare to the Pourhouse is deducted from the bill—have helped Mr. Sinensky's spots stay busy. The owner says he recognizes the trend toward frugality and "is using it to increase business."

AIMING HIGH His entrepreneurial drive remains strong. Mr. Sinensky intends to expand his event business and open more bars. Plans for a sibling for his eight-month-old daughter are also in the works.

—MAIA BLUME

EXPERT OPINIONS

ELEGANT HOLIDAY FETES WHEN MONEY'S TIGHT

A BIG BUDGET doesn't guarantee that an event will be great, and a small one doesn't mean it won't be. Buy decorations directly, and design arrangements in-house to avoid additional fees. Check out 99-cent stores for vases, small candles and other decorations. Be your own DJ by creating playlists on an iPod. Offer just beer and wine at open bars; charge for liquor. And be flexible with scheduling—booking parties on weekends is much more expensive.

—ARIEL PALITZ

Nightclub owner and consultant
Sutra Lounge



Betting on foreclosures

Smart buyers can find good deals among the lemons

BY JULIE SATOW

ESTEE TOBALY, a newcomer to the world of foreclosure auctions, had what one might call beginner's luck. During a recent auction at Manhattan's main courthouse at 60 Centre St., the Park Avenue doyenne outbid a competitor for a 750-square-foot co-op on East 79th Street, paying just \$409,000—far below the \$650,000 market value for the apartment.

"It is complicated, but there are opportunities for making a profit, if you are smart," says the Israeli mother of four, who will fix up the apartment and resell it, or keep it for one of her children.

Even so, the growing number of buyers stalking the nearly daily real estate auctions throughout the five boroughs—hoping to profit from the troubles engulfing the market—are finding a complex and confusing world that yields as many headaches as good deals.

New York has escaped the worst of the housing meltdown so far, with 258 foreclosures in November, flat compared with the same period last year, according to PropertyShark.com. Year to date, the number of foreclosures has reached 3,592, still low for a city with nearly 10 million residents.

In addition, many of these homes were sold during the real estate boom when property values were bloated and came with hefty mortgages, sometimes even larger than the market price of the property. So far, banks looking to unload foreclosed real estate have been reluctant to accept much less than the amount they are owed.

"The vultures are coming out. They sense an opportunity, and they want to buy properties at bargain-basement prices," says Aaron Shmulewitz, a partner at law firm Belkin Burden Wenig & Goldman. "But generally speaking, the banks have not yet lowered the amounts they are willing to accept for the homes."

Experienced foreclosure hunter Isaac Broyn is so discouraged that he is now buying up traditional real estate instead.

"The mortgages are overpriced, and the banks don't want

See **BETTING** on Page 26

ADAM PAUL searches for bargains at 60 Centre St. in Manhattan, where auctions are held on foreclosed homes.

Foreclosed Homes Auctioned in NYC in November 2008

172
QUEENS

47
STATEN ISLAND

21
BROOKLYN

13
BRONX

5
MANHATTAN

Source: PropertyShark.com

Gary Bagley

Proving that NY Cares

Popular insider takes helm at nonprofit with funding sources under severe stress

BY THERESA AGOVINO

THOUGH Gary Bagley will turn 50 on Christmas Eve, the new executive director of New York Cares won't be dancing the night away.

That's because he'll be up early on Christmas Day to deliver coats to a homeless shelter before swinging by a senior center to do some caroling. He will then head upstate to spend the holiday with his parents and siblings.

"I'm starting a new era of my life with a great new job," says Mr. Bagley, who was promoted last month after working at the nonprofit for four years, most recently as associate executive director. Founded in 1987, New York Cares links a network of about 43,000 volunteers with social services agencies, schools, shelters and other groups that need help.

Mr. Bagley won the job after the board conducted a four-month search that produced 300 résumés. The staff erupted into cheers when

the decision was announced, a spontaneous demonstration of their affection. On Halloween in 2007, staffers had dressed up as Mr. Bagley, donning skullcaps to mimic his bald head, wearing his signature khaki pants and sporting the paraphernalia of his various hobbies. For example, some carried sunscreen and wore backpacks like the one the avid beachgoer takes to the shore.

Charismatic yet practical

THE APPOINTMENT pleased donors, too. "There is a certain charisma and warmth about Gary," says Eric Eckholdt, executive director of the Credit Suisse Americas Foundation, a longtime contributor. "But he also has a mindset that makes him realize the need to be accountable to the donors and volunteers."

This year marks the 20th anniversary of the nonprofit's annual coat drive, which distributed 94,000 pieces of outerwear in 2007. Reflecting an economic climate that has left more residents jobless and homeless, groups that distribute the coats are submitting requests faster than ever.

The recession is a double whammy for New York Cares: It creates a larger need for volunteers as government makes cuts to social service agencies, and program funding becomes more difficult as

PERSONNEL FILE

ORGANIZATION New York Cares

TITLE Executive director

AGE 49

RÉSUMÉ Associate executive director, New York Cares

PERSONALITY Type A

HOBBY Bridge

philanthropy shrinks.

Lehman Brothers and American International Group each gave New York Cares \$50,000 this fiscal year. But Lehman is bankrupt, and AIG's rescue leaves Mr. Bagley wondering about its future support.

New York Care's budget for the fiscal year ending June 2009 is forecast at about \$8 million, compared with \$8.8 million the previous year. To cut expenses, Mr. Bagley has left two positions unfilled. Other cost-saving strategies include transporting kids to activities on subways instead of renting buses, as well as paring projects, like painting and gardening, that require pricey supplies and equipment.

Mr. Bagley also plans a major fundraising initiative in April to garner more donations from individuals. "I'm very concerned about



BUCK ENNIS

what next year will bring," the former actor says.

Volunteer spirit

THOUGH RAISING MONEY is a challenge, finding volunteers definitely isn't. Attendance at volunteer orientations in the third quarter was up 43% compared with a year earlier, to 3,000.

Mr. Bagley believes that difficult times inspire people to get involved as they become aware of increased needs in their communities.

A study gauging volunteer satisfaction that the group conducted last year provided a road map for improvement, Mr. Bagley says. For example, more training and information sessions will be provided to enhance the volunteer experience. "Our research shows that our volunteers believe they are making a difference," he says. ■

Find Crain's **Executive Moves** listings for this week online at www.craigslist.com/execmoves

HOW FORECLOSURE AUCTIONS WORK

Lender sets minimum bid

AFTER A BORROWER FAILS TO MAKE HIS MORTGAGE PAYMENTS—the traditional window is three months—a lender launches a foreclosure action. The home is listed publicly under "Lis Pendens," Latin for "suit pending," at which stage **the homeowner may try to sell the property** to a third party and use the proceeds to repay the lender. The lender must OK the sale.

If there is no sale, the home goes up for auction. At a foreclosure auction, the lender sets a minimum bid for the home. That so-called upset price is usually based on the amount that the lender is owed.

If there are no bids at the auction, the bank repossesses the property. It can then evict any tenants, make improvements and sell the property through a real estate broker on the open market.



Betting on foreclosures

Continued from Page 25

to negotiate," he says of the foreclosure auctions.

Another veteran buyer, Joe Levy, agrees. "There is no equity in the deals anymore," he says. "If there is some equity, then the owner tries to sell it in pre-foreclosure, before it hits the auction."

These buyers could soon see their fortunes change as the economy continues its downward spiral and foreclosures begin to surge.

A 90-day moratorium on foreclosure filings, passed by the state Legislature this summer and launched Sept. 1, winds down this month and into January, allowing banks to file backlogged cases.

That could lead to a massive upswing. In Massachusetts, for example, where a similar 90-day freeze was instituted in May, foreclosures jumped 456% from August to September, according to data from RealtyTrac.

Uptick expected

"ALL AREAS of the state will see an uptick in foreclosures" as the moratorium expires, says April Newbauer, an attorney in charge of the civil practice in Queens County for the Legal Aid Society. "Some of the hottest areas we expect to be hit are southeast Queens and some parts of

the Bronx, Staten Island and Brooklyn."

With more foreclosures, banks may begin to soften their stance. "As more properties are taken back by the banks because of foreclosures, banks will be awash with real estate, and they are not in that business," Mr. Shmulewitz says. "It is at that point that they will start lowering their prices."

Even low prices can't guarantee a

Now, a smaller percentage of transactions are worthwhile

big profit. To play the foreclosure game, bidders must hand over certified checks for hundreds of thousands of dollars, often without receiving even the most basic details of an apartment, like its condition or whether it comes with a rent-stabilized tenant. Many auctions, especially those for co-ops, are conducted unofficially, in the hallways outside the courtroom, where lend-

ers' representatives run ad hoc sales that take as few as five minutes.

Buyers continue the hunt. At the Manhattan courthouse, some 20 people dressed in jeans and sweat-shirts sat on the wooden benches, waiting as an auctioneer read off a laundry list of terms for the sales on a recent Wednesday.

Fell into the business

THIRTY-YEAR-OLD Adam Paul was one of them. The actor and singer, who does commercial voice-over work for Krispy Kreme doughnuts and other brands, fell into the foreclosure business five years ago.

Though foreclosures are more numerous now than when he first started, Mr. Paul says "a smaller percentage of those are actually worthwhile."

Mr. Paul, for example, acquired a one-bedroom last year in the Bronx for \$56,000, about half its market value. But after taking possession, he found out the previous owner had kept 70 cats in the small space.

"We spent nine months sending in all kinds of fumigators, who ripped the walls and floors out but couldn't get out the smell," says Mr. Paul, who counts his parents and sister's boyfriend as business partners. Nearly a year and \$40,000 later, Mr. Paul barely broke even. ■

by Bob Lape

Trattoria team retries East Side

New spot Opus serves both gluten-free and regular dishes; some steep wine markups

RESTAURANT SUCCESS in today's economy takes more than a little creative tap-dancing. It may mean tapping new meal periods. As Tavern on the Green and Benjamin Steak House, among others, break out breakfast, Opus—a new Upper East Sider—launches lunch. But that is far from all that this heads-up hospitality venture of the Lentini brothers has going for it.

Chef Giuseppe and host Enzo are fighters and know their neighborhood. They are born again with street creds earned at their previous restaurants, Lentini and then Tini, a block from the new Opus.

They could point to events of Sept. 11, which deflated their original debut, or this year's stunning slump as they restarted their engine. They do not. They persist with an informal Italian trattoria of wide-ranging contemporary appeal, warmth and some distinctive traits.

The Lentinis are leaders in providing gluten-free cuisine and have specialized for several years in cook-

ing for sufferers of celiac disease and other allergic ailments. Chef Giuseppe says his menu of pasta, pizza and main course options is more than 90% gluten-free.

That does not preclude many homey, seafood-rich Pugliese-style dishes prepared with normal ingredients. Thus, Opus has dual appeal. It also has two rooms decorated in simple, soft tones and patrolled by a responsive service staff.

Enzo Lentini supervises the front of the house and is author of many of the 26 martinis concocted at the small bar.

Raw bar seafood items are a popular starter, followed by appetizers, soups and salads (\$8 to \$12). An asparagus purée is among the cream-free soups, and delicious crab cakes are dusted with almond flour. I'm keen on artichoke hearts stuffed with shrimps, puréed scallops and fava beans.

The fine hand of Angelina Lentini, the brothers' mother, shows in items like an "overnight fava bean and chicory" dish drizzled with olive oil. She also makes excellent limoncello, offered as a complimentary after-dinner digestivo.

Very adept at frying calamari, this kitchen also excels at shucking and baking clams to order, steaming mussels, and grilling or boiling octopus.

Among the pasta-bilities in either half or full portions are pap-



THEY KNOW THE NEIGHBORHOOD: Brothers Giuseppe (left) and Enzo Lentini of new restaurant Opus.



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★ ★ 1/2

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NOISE LEVEL Moderate

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CREDIT CARDS All major

RESERVATIONS Suggested

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★★★★ = Outstanding
★★★★ = Excellent
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★★ = Good

pardelle tossed with a pesto-laced veal ragù, and gnocchi blended with sweet sausage and porcini mushrooms in light tomato sauce. Penne, available gluten-free, is first-rate with rabbit and tomato sauce.

Twelve-inch pizzas (\$15 to \$19) are made either dairy-free or with cheese.

Main courses, marked with an asterisk if gluten-free, are characterized by straightforward preparation of honest, fresh ingredients in flavorful ways. Branzino is roasted with black olives, filet of sole

sautéed in white wine with lemon, and roasted pork loin is infused with reduced apples. Among the grilled items are salmon, fresh sardines with fresh herbs, and sirloin steak. A fine cold-weather special is sturdy venison stew in red wine with polenta as a garnish.

For dessert, Mama Angelina's gluten-free ricotta cheesecake made with almond flour hits the spot.

The varied beverage choices include some gluten-free beers, and wines with occasionally hefty markups.

Enzo Lentini says Opus will become the first location in New York next month to inaugurate a new automated system to expedite orders for delivery or pickup. It will enable customers to visit the restaurant's Web site, scan the menu and click on the desired dishes. When credit card info is added, the order goes immediately to the kitchen, where food preps begin as the credit card payment goes to the bank.

First, however, the Web site must be completed, which was not the case at this writing. ■

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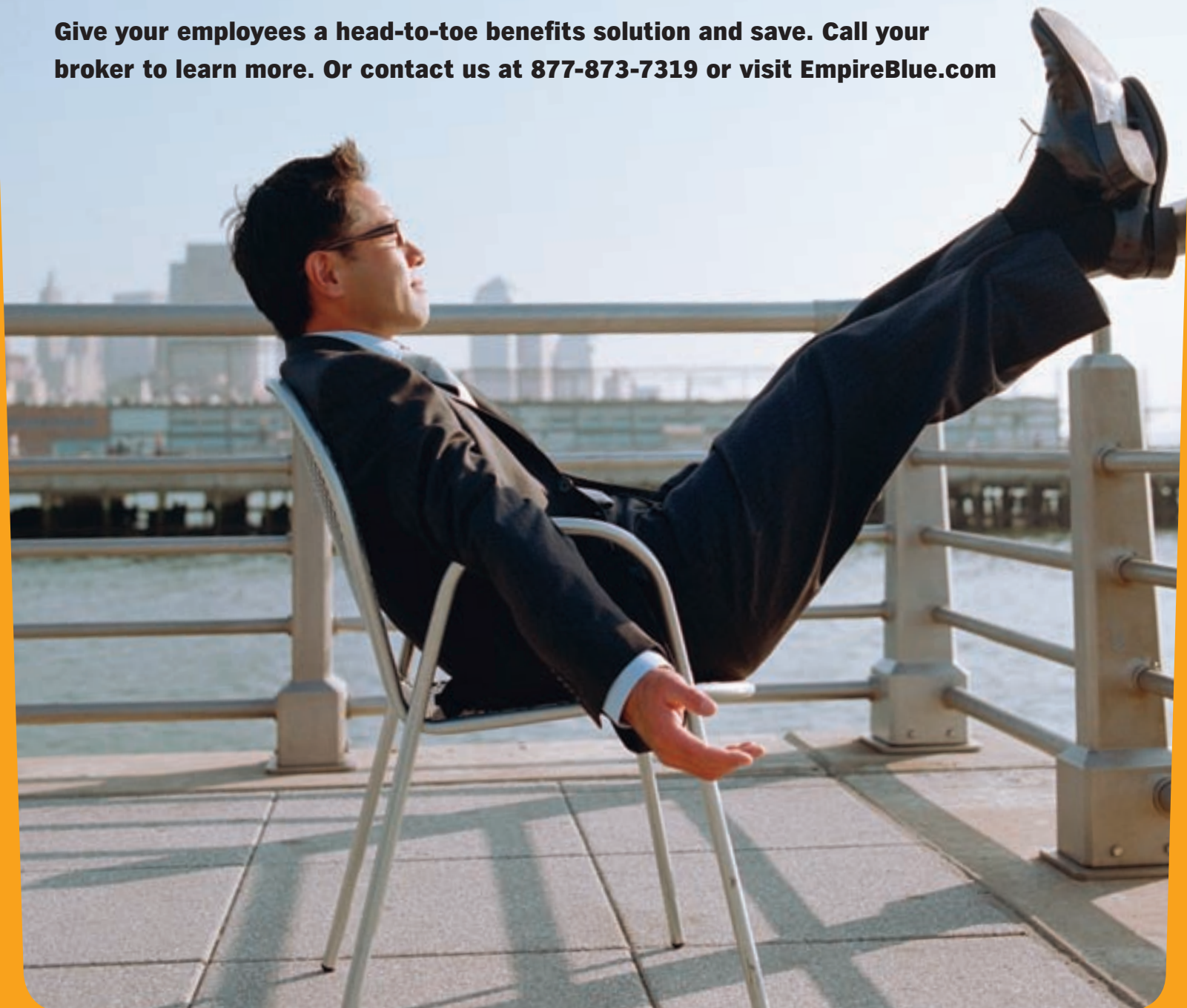
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