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Focus issues at 2008 shareholder meetings

By LEE DURAN
BDO Seidman

Given the current economic downturn and changes in the reporting and regulatory landscape, this spring's annual shareholder meeting season is shaping up to be extremely challenging for management. During these uncertain times, emboldened investors will be demanding increased disclosure of risk management practices, board composition, executive compensation and other accounting-related issues. More than ever before, the focus will be on effective reporting and communication.

Turmoil in credit markets

In 2007, numerous companies reported losses on a variety of investments such as subprime mortgages, collateralized debt obligations, asset-backed securities and auction rate securities. During the 2008 annual meeting season, shareholders may question why the losses were incurred, how much exposure to loss still exists and what risk management policies are being implemented to avoid further losses.

Similarly, a number of companies and financial institu-

tions are recognizing substantial impairment losses or bumping reserves for receivables. Investors and creditors are showing concerns for the potential "trickle of bad news." Investors will be questioning these companies and institutions hard about the likelihood of additional reserves or losses.

In the coming year, companies that funded long-term assets with short-term liabilities may also face liquidity problems, such as distressed sales of assets, when creditors won't roll over the short-term loans and substantially increase the cost of borrowing. Shareholders may ask what the company is doing to mitigate any liquidity and interest rate risk problems.

Board composition

This year activist shareholders will put increased pressure on companies to move away from staggered board terms and force directors to stand for election every year. Staggered terms were put in place as a way to ensure continuity of the board and as a defense against hostile takeovers, but activist shareholders increasingly view the staggered board as a device to

protect incumbents.

Additionally, this year has seen a growing number of hedge funds with capital positions pushing their own nominees for corporate seats. For example, to avoid a proxy fight, *The New York Times* recently granted a pair of hedge funds two seats on its board. Given the movement toward annual elections and majority voting, these initiatives may prove to be more successful than past attempts.

Executive compensation

Executive compensation will receive a great deal of attention at shareholder meetings in 2008 — as increased disclosure will be addressed by shareholders, board members and management in the dispute over what constitutes good corporate governance. Many companies are considering alternative compensation methodologies that may be more palatable to shareholders, including performance-based options or restricted stock grants. Whatever the type of grant, clear and complete disclosure will be the most prevalent issue.

2008 marks the second time companies will have to

comply with the enhanced executive compensation disclosure rules that went into effect last year. After the first disclosure in 2007, the Securities and Exchange Commission (SEC) identified some areas of concern, such as the lack of analysis in the compensation discussion and analysis (CD&A) section. The SEC recommended changes so that shareholders will have better information when comparing among peer companies. Investors want to know that the company's CD&A meets the SEC's expectations, as more shareholders are seeking advisory approval of executive pay.

Additionally, shareholders may raise the topic of the SEC's 10b5-1 rule, which was enacted to prevent insiders from trading with private information during "lock-up" periods, such as quarterly/annual financial results or other SEC filings. In a time when companies have "endless lock-up periods," these plans improve disclosure to shareholders by detailing executives' stock buying and selling schedules. Under 10b5-1, the schedules are disclosed

See **Meetings** on 8

Profiles inside



Jim Harris



Wayne Pinnell

USE Credit Union's Jim Harris, profiled on Page 3, has helped guide credit unions through boom times and recession for more than 30 years.

Wayne Pinnell, profiled on Page 2, monitors accounting and consulting firm Haskell & White's newest addition in San Diego.

By failing to plan for your business, are you planning to fail it?

By MARK D. ERWIN
Erwin Financial

As an owner or executive of a successful small business, you are constantly engaged in the day-to-day tasks necessary to drive revenue. But as your business grows, so do your responsibilities and the demands to keep up with maintaining a larger company. The truth is, you may be so busy working in your business that you might be failing to work on it.

It's obvious that you want your enterprise to be successful. Unfortunately, too many business owners focus less on building their own wealth for retirement and more on their company's ultimate value when they retire.

In other words, they assume that selling their business, or cashing out of it, will provide them with their retirement nest egg in one lump sum. And this is a dangerous assumption. You cannot guarantee the continued prosperity of your business, or even that you'll be healthy enough to run it. You cannot predict what the market will be for your business. You may face an economic downturn. You may be selling during a period of high interest rates. Or maybe you'll face broadened global and national competition, increasing supply costs, regulatory hurdles, insurance burdens or labor shortages.

That's why it's important to set up the most appropriate wealth structure, or retirement plan, for your company

before you need it. Most people do not properly save for retirement. And as you get older, you minimize the opportunity to build wealth due to the time value of money. Money that has been working for you longer is money that works better for you: the magic of compound interest, for example, is a wonderful thing. Having a longer time frame also allows you to ride out ups and downs in the market without panicking over every bump in the road.

By setting up a plan, you not only lessen the risk of receiving a less-optimal sale and purchase price for your company, but, depending on your company structure and plan, you may also gain some corporate tax relief.

The first step is to envision where you want to be. Exactly how much income will you need to support your lifestyle, post-retirement? In addition to income needs, you need to account for travel, purchases, planned events and possible financial care for you or your spouse.

Next, evaluate and design the most appropriate pension/benefit plan. You need to consider a multitude of factors, including your desired funding levels, number of employees, current tax status, retirement and compensation objectives and desired tax benefits, as well as administration and service costs.

See **Planning** on 8

Study dispels misconceptions of Latino community

By JOSEPH CAMPANO
Merrill Lynch

While business strategies commonly mischaracterize U.S. Latinos, a report conducted by the Tomás Rivera Policy Institute and sponsored by Merrill Lynch titled, "Increasing Wealth in the Latino Community," released findings that the Latino community is not only on its way to becoming the nation's largest population — it also has the potential to be one of its most affluent. With a combined spending power into the trillion-dollar range, Latinos could have the power to influence the entire U.S. economy in the coming years.

According to the study, the income and spending power of the Latino middle class is at its crest because this community is typically five to 10 years younger than the average U.S. population. The number of Hispanic households earning more than \$100,000 annually grew 126 percent from 1991-2000, compared with 77 percent for the general population. In fact, the number of Hispanics who earn \$100,000 and have at least \$500,000 in assets is growing eight times faster than the non-Latino market.

As these numbers suggest,

the Latino community is continually evolving and maturing with second and third generations becoming increasingly affluent and accumulating far greater wealth than their parents or grandparents. This growing wealth has created a new class of burgeoning wealthy Latinos that is keeping its cultural proclivities as it blends into the American middle class. This acculturation, merging the traditions of Latino culture with American independence and ambition, is at the core of the Latino middle class and the growing ranks of the wealthy Latino community.

The study also found that Latinos use their wealth differently than non-Latinos and have largely different priorities for their wealth because of their Hispanic traditional and values. Because of acculturation, further differentiation exists between first, second and third generations. This is especially true for many Hispanic business owners. Entrepreneurialism has long been a cornerstone of Latino heritage, yet many Hispanic business owners do not resemble the typical American entrepreneur, according to the report.

Often, the study found, Latino business owners have strong emotional attachments

to their business, which they view as more than a family enterprise. It is often their legacy and their children's inheritance. Yet this sentiment is one their children don't always share. The next generation tends to see their business with a more practical eye and may be willing to either sell it or bring in investors to expand it far beyond what their parents originally envisioned. These different perspectives represent the blending of long-standing Hispanic traditions with American values.

The study concluded that business decisions are further affected by the tradition of loyalty among the Latino community. According to the study, many Latino business owners are open to advice and generally choose to get it from other Latinos, usually from a friend or through the referral of a friend. However, though this may keep business in the Latino community, it is not always advantageous for the business owner. Experience has shown that loyalty can trump good business sense if a business owner follows advice because the adviser is Latino or a friend, rather than because the adviser has the appropriate level of knowledge or depth of experience.

The tradition of family interdependence resonates in the financial picture for the majority of Latinos as well. Their desire to ensure the financial futures of their children tends to appear in the purchase of life insurance or government securities rather than investments in IRAs, pension funds or stocks. Though many Latinos are sophisticated professionals and business owners, some have not realized the importance of making their money work for them, and would rather put it all in life insurance, according to the study.

The findings of the Tomás Rivera report uncovered substantial opportunities for the U.S. business community to reach the Latino community as it grows in population, wealth and influence. The opportunities and potential that now exist among middle-class and affluent Latinos are significantly impacting the way companies do business today. Many businesses are noticing the growing wealth among Hispanic households, and some have already expanded their businesses with a focus on serving Hispanic clientele.

The Tomás Rivera Policy Institute is based at the School

See **Misconceptions** on 4

Online sales expected to grow 17 percent in 2008, as slow economy hurts brick-based rivals

By ANNE D'INNOCENZIO
The Associated Press

NEW YORK — Online spending is expected to rise a robust 17 percent this year, despite a sluggish economy that has bruised many brick-based retailers, according to an annual survey released Tuesday.

Retail sales online, excluding travel purchases, are set to grow to \$204 billion in 2008 from \$174.5 billion last year, fueled by sales of apparel, computers and autos, according to a survey conducted by Internet analysis firm **Forrester Research** for Shop.org, the online arm of the National Retail Federation trade group. That pro-

jection is below the 21 percent increase seen in the prior year, but industry officials attribute it to the maturing of the business, not the sluggish economy.

E-commerce "is clearly the bright spot in retailing," said Scott Silverman, executive director of Shop.org.

The upbeat report contrasts with the outlook for many traditional retailers, which have been paring down store growth and closing shops as they struggle with consumers who don't feel like spending amid higher gas and food costs, a housing slump and a weaker job market. The exceptions are dis-

counters and wholesale clubs, as shoppers turn to less expensive stores.

On Thursday, the nation's retailers are expected to report at best flat sales growth in March, according to the International Council of Shopping Centers. Same-stores sales are sales at stores opened at least a year and are considered a key indicator of a retailer's health.

Online retailers are not immune to the same economic challenges, but what has spearheaded e-commerce growth is a "tale of two shoppers that visit the Web for different reasons," according to Sucharita Mulpuru, a Forrester

Research analyst and lead author of the report.

There are the price-sensitive shoppers who appear to be buying more items online as they look for better prices. And then there are the more affluent customers, who have been increasing their online spending because of the convenience and vast offerings.

But those shoppers looking for a bevy of free online shipping deals may not find them as plentiful as they did last year. The study, which surveyed 125 online retailers in February and March, showed that merchants are less interested in using such promotions this year.

While 85 percent of online retailers said they used some shipping incentive in the past year, just 35 percent said they would focus more on these types of deals in 2008.

Instead, retailers said they plan to invest more in advertising on social-networking sites such as myspace.com and facebook.com, according to the survey.

That may not be the best strategy, according to Mulpuru.

"It's great for brand-building and for buzz, but it's still unproven how social networking drives direct revenue" for retailers, said Mulpuru.

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Close-up: Wayne Pinnell

OC accounting, consulting firm adds San Diego office

By BRIE IATAROLA
Special to the Daily Transcript

Year-round tax deadlines, complicated audits and the threat of a recession do not faze Wayne Pinnell.

For nearly 13 years, the 44-year-old managing partner of Irvine-based **Haskell & White LLP** has thrived in an environment devoted to accounting and consulting, and helped build the firm's audit practice by extending services to the manufacturing, distribution and technology sectors.

“I was with another firm for 10 years before Haskell & White approached me through a recruiter,” Pinnell said. “They wanted me to expand the firm's sphere of influence. Back then, their focus was on doing taxes for the real-estate industry, but (they) were looking to branch out into other areas. ... It was a risk that I took that I think has paid off quite well.”

So well, in fact, that nowadays Haskell & White ranks as one of Orange County's largest accounting and consulting companies that offers services in tax consulting, planning, mergers, acquisitions, audits and Securities Exchange Commission-related issues, and employs 80 people (including 10 partners).

Pinnell's success as a managing partner reaches beyond earnings and profit margins, however. Throughout his career, he also has gained insight that he applies to his everyday workload.

“Management requires a lot of time devoted to people — watching, listening, building consensus,” he said. “I have learned a ton of business skills in negotiating, and am continuing to learn lessons ... in people management (and) public-relations vision casting. All



Wayne Pinnell

the while, I have to continue to prioritize.”

One of Pinnell's priorities includes monitoring the progress of Haskell & White's newest addition, a San Diego office that opened in January and aims to cater to the needs of public and private middle-market firms. It is the first time the company, which will celebrate its 20th anniversary in fall, has set up shop beyond Orange County, where representatives have been appointed as independent registered public accountants conducting audits for big-name companies such as **CorVel Corp.** (Nasdaq: CRVL), **Bridgford Food Corp.** (Nasdaq: BRID) and **Cortex Pharmaceuticals** (Amex: COR).

“We have a lot of people here with expertise that we feel is on par with many of the larger firms out there,” Pinnell said. “However, a major difference is the time our upper management spends with our clients with overall lower rate structures than those at larger firms. We believe this provides more value for our clients' fee dollars.”

Testing the waters

With contacts and a client base already established in San Diego (although current contract terms prevented him from revealing which ones), Pinnell said the firm decided the timing was perfect to ven-

See Pinnell on 5

Boards of two area credit unions agree to unite

By DENNIS ELLMAN
Special to the Daily Transcript

The boards of directors of **First Future Credit Union** and **California Coast Credit Union** have approved a consolidation of the two financial institutions, pending approval by state and federal regulators and members of First Future Credit Union.

The new organization, which would operate as California Coast Credit Union, would serve approximately 130,000 members with 26 full-service branches and nearly 500 employees. With combined assets of more than \$1.8 billion, it would become the second largest credit union in San Diego, based on 2007 year-end financials.

According to a joint announcement, First Future Credit Union's current president and chief executive officer, Marla Shepard, would head the new California Coast Credit Union. Kathy Cady, presently senior vice president of member services at California Coast, would serve as chief operating officer. California Coast's current president and chief executive officer, Jim McPheters, will be retiring after leading the credit union for 21 years and serving the financial industry for 35 years.

California Coast Credit Union has been providing service to its members since it was founded in 1929 by several local teachers. The credit union continues to place a high importance on education through various partnerships with schools throughout San Diego County and Southern Riverside County.

First Future Credit Union, which formed as a result of a merger between Santel Federal Credit Union and Kearny Mesa Financial Credit Union in 2001, has been operating since 1939 and serves more than 62,000 members. Shepard explained that as

not-for-profit financial institutions, both California Coast and First Future Credit Unions exist solely to serve their members and their families. Unlike other financial institutions that answer to profit-seeking shareholders, credit unions return their profits to members in the form of enhanced services, reduced fees, lower interest rates on loans and higher earnings on savings and investments.


“The boards are enthusiastic about the benefits to the members of both credit unions that will result from this new entity,” Shepard said. “We are excited about the combined strengths in this consolidation of equals. Both First Future Credit Union and California Coast Credit Union are financially sound, with strong capital positions that, combined, come to nearly \$180 million in reserves. Both also have a long history that clearly demonstrates a shared philosophy of providing exceptional value and service to members.”

All staff would be offered a position within the organization, and the consolidation would provide greater career opportunities for employees, according to McPheters.

“This is not like a bank merger designed to make money for stockholders,” McPheters explained. “This is a credit union consolidation to benefit members by providing more branch offices, very competitive rates, enhanced technology, new services and the same knowledgeable, friendly employees whom members value, as evidenced by their very high service ratings.”

Shepard noted that the merger creates economy of scale savings in a competitive San Diego marketplace. First Future, for example, which

See Credit unions on 5



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Close-up: Jim Harris

CEO sees opportunities for credit unions amid economic uncertainty

By JILL ESTERBROOKS
Special to the Daily Transcript

Give Jim Harris a little credit.

For more than 30 years, he has helped guide credit unions through boom times and recession, high interest rates and low ones, the advent of ATMs, debit cards and online banking.

The best part, said the president and CEO of San Diego-based USE Credit Union, has been helping members reach their dreams.

"There's nothing like helping a teen buy that first car, young families buy their first homes, parents put their kids through college and then later prepare them for their own retirement," Harris said. "It is a very rewarding and satisfying feeling."

Harris doesn't miss a chance to promote the credit union credo, saying the non-profit financial institution is about "people helping people."

"You're not a number at the credit union, you are a member," he said. "And member-

ship services are all geared to help people improve the quality of their life."

He'll need plenty of heart and can-do attitude in the turbulent times ahead, with stiff competition, high technology costs, increasing consumer demands and declining margins — just a few of the challenges facing credit unions today.

But the way Harris sees it, in this period of wide economic uncertainty, credit unions have opportunities to expand loans to those who've seen credit tightening due to the subprime mortgage fiasco.

Credit unions are not directly dependent upon the capital markets, so now is a good time for them to shine and grow.

"I do think there's some opportunity, and I think we can help more people," he said.

With his vast financial experience and extraordinary bona fides, Harris is well positioned to lead USE Credit Union — and the entire

industry — into the 21st century.

Humble beginning

Harris started his credit union career in the 1970s at a time when there was tremendous growth and change in the industry, which traces its origins to mid-1800s Europe. Migrating to the U.S. in the early 1900s, credit unions were unique depository institutions created not for profit, but to serve members as credit cooperatives.

For Harris, "It was exciting to be involved on the ground floor of several innovative industry initiatives, including the creation of a shared ATM network, a mortgage company and an indirect auto financing company."

His first job upon graduating with a business degree from Illinois State University was at the credit union that served employees of Caterpillar Corp. (NYSE: CAT), a company in his hometown of Peoria where his mother long worked.

"That really opened my eyes to the credit union industry and its founding philosophy of people helping people," said Harris, who has worked for three different credit unions in his three-decade career in financial services.

Prior to being named USE Credit Union CEO in 2006, he spent 16 years at Golden 1 Credit Union in Sacramento. There, he served in various leadership positions, initially as senior vice president and later as executive vice president overseeing all of the various operating units.

Today, he manages the 225 employees at 10 branches that service USE Credit Union's 60,000 members in San Diego, Sacramento, Davis, Berkeley and San Jose. Founded in 1936 originally to serve state highway and university employees, the fifth

arena, financial institutions are spending considerable time and resources to ensure the privacy, security and stability of their customers' financial operations.

Banks nationwide are stepping up their online banking security systems to comply with updated requirements from the Federal Financial Institutions Examination Council (FFIEC). A handful of financial institutions are parlaying this transition into an opportunity to supply customers with superior security assurances.

Reflective of the most advanced online banking technology available today, multifactor authentication systems ensure the integrity of online banking transactions while helping to safeguard online banking customers against unauthorized activity. These advanced systems verify that a user's ID and password are correct, and also assess account activity and the computer location normally used. If any unusual or uncharacteristic activity is detected, the bank asks the customer for more information to authenticate the transaction. Additionally, customers identify a picture or watermark as part of the login process.

Leveling the playing field

Managers otherwise reluctant to bring the majority of their financial transactions online may now consider the revised landscape of compelling online banking opportunities.

Importantly, innovative Web-based services have enabled small- and mid-sized businesses to select banks that are sized appropriately. Organizations are no longer compelled to choose a national bank with a large number of branches. Technological advancements make it possible for businesses to make banking decisions based on service rather than on geography.

Online banking advancements help small, mid-sized businesses

Technology innovation and the maturation of the Internet as a business tool have changed the banking landscape for small- and medium-sized businesses. From new Web-based services to enhanced online security, organizations across the country are engaging in a variety of electronic banking functions. Greater operational efficiency, costs savings and transactional security are just a few of the sizeable benefits the online banking arena affords today.



Paul Rodeno

Remote deposit processing

A real advantage of electronic banking for many business owners is the ability to obtain funds faster. To better manage incoming checks and available cash resources, a number of growth-oriented businesses have recently engaged in a new service called remote deposit processing.

Remote deposit processing is a Web-based check image capture, storage and processing system. The offering makes check depositing quicker, safer, operationally efficient and more convenient. No longer is there a need for businesses to take the time to drive to their bank and stand in line to get a deposit confirmation. The role of couriers is virtually eliminated, and fewer hands are touching a company's monies, thereby enhancing privacy and reducing risk of loss.

An Internet-enabled PC and a check scanner are the only tools needed to adopt this innovative service, which brings banking directly into a company's day-to-day operations. Checks are passed through the scanner and transmitted by an encrypted Internet connection for clearing. The funds are immediately deposited into the customer's bank account. Financial managers appreciate that every step of the process may be viewed online, and that check images are archived for easy retrieval and viewing.

Organizationally, companies may work hand-in-hand with their banks to ensure that all transactions are seamlessly integrated directly into in-house accounting software. Critical information will be posted immediately, offering businesses tighter control of financial operations.

Improved security controls

As businesses increasingly embrace the online banking

Submitted by Paul Rodeno, president and CEO of Security Business Bank



Photo: J. Kat Woronowicz

"Credit unions by their very nature can boast a unique ability to weather the current economic ebb," says Jim Harris, CEO of USE Credit Union.

largest credit union in San Diego County (where it is headquartered) now ranks among the top 50 in asset size of the more than 700 credit unions in the state.

In addition to his duties as top executive, he's also an active advocate and prominent industry leader, having served on the board of directors for such organizations as the Credit Union Direct Lending, CU Mortgage, XCU Capital Corp. and CU Auto Sales & Leasing.

"I like to be supportive of the credit union industry, which is cooperative by nature, and this involvement also helps us compete at the highest level," said Harris, whose meteoric career parallels the industry's skyrocketing success.

Deregulation, increased flexibility in merger and field of membership criteria, as well as expanded services characterized the credit union industry expansion in the 1980s.

During the 1990s and into the early part of this century, Harris said credit unions like USE have been healthy and growing.

"Credit unions by their very nature can boast a unique ability to weather the current

See Harris on 4

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Winners&Losers

20 BEST LARGE-CAP STOCKS

Table with 7 columns: COMPANY, TICKER, CLOSE, SCHG QTR, %CHG QTR, %RTN 1YR, P/E. Lists top 20 large-cap stocks including EOG Resources, Celgene Inc, Emp Elec Chile, etc.

10 WORST LARGE-CAP STOCKS

Table with 7 columns: COMPANY, TICKER, CLOSE, SCHG QTR, %CHG QTR, %RTN 1YR, P/E. Lists bottom 10 large-cap stocks including WellPoint Inc, VMware Inc, Sprint Nextel Corp, etc.

20 BEST MID-CAP STOCKS

Table with 7 columns: COMPANY, TICKER, CLOSE, SCHG QTR, %CHG QTR, %RTN 1YR, P/E. Lists top 20 mid-cap stocks including BZP Resources Inc, Walter Industries, Stillwater Min, etc.

10 WORST MID-CAP STOCKS

Table with 7 columns: COMPANY, TICKER, CLOSE, SCHG QTR, %CHG QTR, %RTN 1YR, P/E. Lists bottom 10 mid-cap stocks including Bear Stearns, MF Global Ltd, Yingli Green Engy, etc.

20 BEST SMALL-CAP STOCKS

Table with 7 columns: COMPANY, TICKER, CLOSE, SCHG QTR, %CHG QTR, %RTN 1YR, P/E. Lists top 20 small-cap stocks including MiddleBrook Pharm, Encysive Pharm, Valencia Tech, etc.

10 WORST SMALL-CAP STOCKS

Table with 7 columns: COMPANY, TICKER, CLOSE, SCHG QTR, %CHG QTR, %RTN 1YR, P/E. Lists bottom 10 small-cap stocks including MoneyGram Intl, Thornburg Mtg, RH Donnelley, etc.

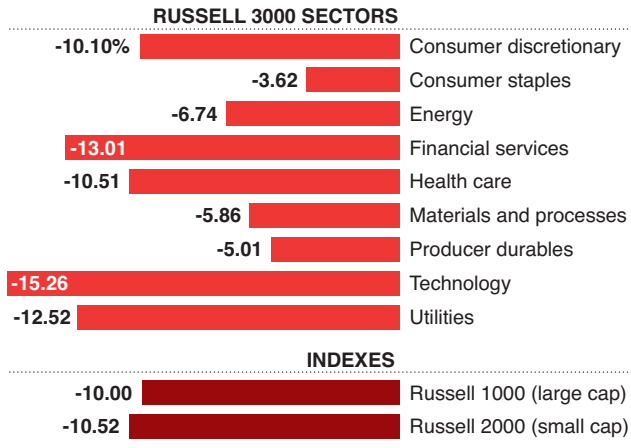
Money&Markets

QUARTERLY StockReview Stocks lose again in Q1

The Standard & Poor's 500 fell for the second straight quarter for the first time since 2002 as the ongoing credit and housing crisis led to a string of disappointing economic and company news. Liquidity was a key concern...

All failures great and small

Every sector in the broad-market Russell 3000 was down in the first quarter, and big and small-company stock indexes fell about evenly.



formers, including Pulte Homes Inc. and Orleans Homebuilders Inc. "We don't love them as businesses," says Morningstar equity analyst John Coumarianos.

By sector, coal and energy producers and service providers benefited from high commodity prices. Consumer staples stocks also held up...

and medicine even as they cut back on discretionary items like restaurant meals and flat-screen televisions. Technology was the poorest performing sector...

Shailla Dani, Elizabeth Flach • AP

StocksRecap

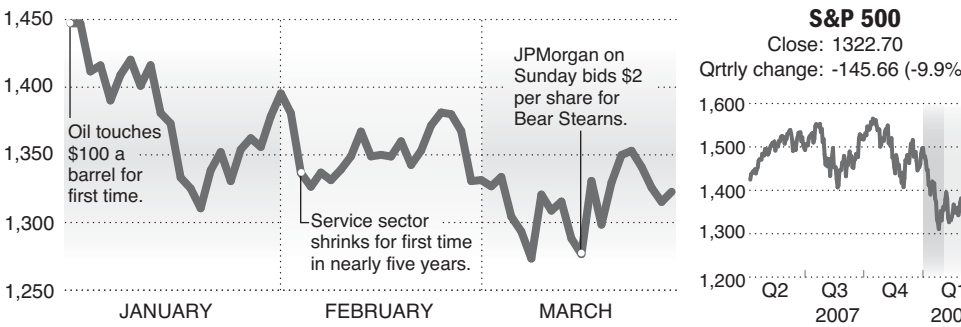


Table with 12 columns: HIGH, LOW, INDEX, CLOSE, JAN, FEB, MAR, CHG QTR, -PERCENT CHANGE- QTR, YTD, 1YR. Includes Domestic and International market data.

QuarterlyLocalStocks

Table with 11 columns: COMPANY, TICKER, LO, HI, LAST, QTR, %CHG QTR, RANK, %RTN 1YR, %RTN 5YRS, P/E, YLD. Lists various local stocks like Aldila Inc, Amylin, Ashworth Inc, etc.

Table with 11 columns: COMPANY, TICKER, LO, HI, LAST, QTR, %CHG QTR, RANK, %RTN 1YR, %RTN 5YRS, P/E, YLD. Lists various local stocks like NTN Buzztime Inc, Natural Alternat, Neurocrine Biosci, etc.

Harris

Continued from Page 3 economic ebb," he said. And they and their members might actually benefit into 2008 and beyond. Approximately 8,000 federally insured credit unions now serve 85 million members with \$600 billion on deposit...

me awake at night." The three-year goal for USE Credit Union is to grow assets from its current \$850 million to more than \$1 billion. To achieve this benchmark, Harris said the credit union must increase its membership by offering more branches...

The key is to get these customers to use the credit union for other services. "Many consumers don't know they can do many transactions through one institution," he said. Smaller and more nimble than large national banks, credit unions often can better anticipate and more quickly respond to member needs.

Misconceptions

Continued from Page 1 of Policy, Planning, and Development at the University of Southern California. The nonprofit organization was established to conduct and disseminate objective, policy-relevant research and its implications to decision makers on key issues affecting Latino communities.

Accounting Firms

Listed by Number of Local Professionals

	Company Name Address Phone, Fax E-mail URL	# of Local Professionals	# of Local CPAs	# of Local Partners	Services Offered	Headquarters	Executive(s) & Title(s)	Year Established in San Diego	Year Established
		# of Companywide Professionals	# of Companywide CPAs	# of Companywide Partners					
1	Deloitte & Touche LLP 701 B St., Suite 1900 San Diego CA 92101 (619) 232-6500, (619) 237-1755 www.deloitte.com	201	wnd	16	Audit and enterprise risk services, tax services, financial advisory services, consulting	New York, NY	Theresa J. Drew, Managing Partner	1957	1895
		35,000	8,000	2,750					
2	Ernst & Young LLP 4370 La Jolla Village Drive, Suite 500 San Diego CA 92122 (858) 535-7200, (858) 535-7777 www.ey.com	193	193	19	Audit, tax, transaction advisory services, business risk services, technology and security risk service, transaction support	New York, NY	John Belli, Managing Partner	1958	1903
		n/a	n/a	n/a					
3	KPMG LLP 750 B St., Suite 1500 San Diego CA 92101 (619) 233-8000, (619) 696-0121 www.us.kpmg.com	175	50	16	Audit, tax, advisory	New York, NY	David Down, Office Managing Partner	1961	1870
		15,164	wnd	1,715					
4	CBIZ and Mayer Hoffman McCann PC 10616 Scripps Summit Court, Suite 100 San Diego CA 92131 (858) 795-2000, (858) 795-2001 info@cbiz.com www.cbiz.com / www.mhm-pc.com	121	40	18	Audit, tax, advisory services	Cleveland, Ohio	Paul Nation, President; Dave Shantz, Director of Tax Services; Steve Hermes, Director of Audit Services; Gregg Landers, Director of Consulting Services; Dana Basney, Director of Litigation Support	2005	1955
		5,200	631	185					
5	RSM McGladrey Inc. / McGladrey & Pullen LLP 1455 Frazee Road, Suite 600 San Diego CA 92108 (619) 281-7764, (619) 280-6902 terri.huffman@rsmi.com www.rsmmcgladrey.com / www.mcgladrey.com	89	44	7	Tax services, business consulting, wealth management, retirement plan services, financial process outsourcing, investment banking, audit and assurance (through McGladrey & Pullen), international business services	Bloomington, MN	Matthew Bradvica, Managing Director	1977	1926
		6,600	n/a	n/a					
6	Lavine, Lofgren, Morris & Engelberg LLP 4180 La Jolla Village Drive, Suite 300 La Jolla CA 92037 (858) 455-1200, (858) 455-0898 cpa@llme.com www.llme.com	59	29	6	Audit, reviews and compilations, 401(k) audits, tax planning and return preparation, tax accrual/FIN 48 reviews, corporations, LLC/partnerships, estate and trusts, international and multi-state tax consulting	La Jolla, CA	Dennis Lavine, Partner; Robert Lofgren, Partner; Vaughn Morris, Partner; Ray Gallagher, Partner; Sherif Dessouky, Partner; Larry Campbell, Partner	1985	1985
		59	29	6					
7	Moss Adams LLP 9665 Granite Ridge Drive, Suite 600 San Diego CA 92123 (858) 627-1400, (858) 627-1401 sandiego@mossadams.com www.mossadams.com	59	31	7	Tax, financial, business advisory services	Seattle, WA	Edward W. Kitrosser, Office Managing Partner	1964	1913
		1,695	659	225					
8	AKT LLP 5946 Priestly Drive, Suite 200 Carlsbad CA 92008 (760) 431-8440, (760) 431-9052 info@gltpas.com www.aktcpa.com	49	27	6	Audit, tax, pension, financial business, advisory services	Salem, OR	Steve Tatone, CEO; Ronald A. Mitchell, Managing Partner	1949	1949
		157	69	22					
9	LevitzZacks, Certified Public Accountants 701 B St., Suite 1300 San Diego CA 92101 (619) 238-1077, (619) 696-8614 swatson@lz-cpa.com www.lz-cpa.com	38	21	7	Tax planning, compliance, consulting, audit, review, SEC-related services, business advisory, consulting services	San Diego, CA	Theresa M. Drouillard, CPA, President/Shareholder; Bruce Strumlauf, MS, CPS, Director of Tax/Shareholder; Victor G. Ramsauer, CPA, VP/Shareholder; Thomas E. Rex, CPA, VP/Shareholder; Kim W. Ufford, CPA, AM, Shareholder	1964	1964
		38	21	7					
10	J.H. Cohn LLP 4180 Ruffin Road, Suite 235 San Diego CA 92123 (858) 535-2000, (858) 571-2700 jhcohn@jhcohn.com www.jhcohn.com	35	16	5	Public company consulting services, audit and attestation for public and private companies, tax compliance and planning, merger and acquisition, support and due diligence consulting, internal audit, corporate governance, SOX implementation	Roseland, NJ	Thomas J. Marino, CPA, Partner/CEO; Michael J. Stewart, CPA, Managing Partner, San Diego Office	1978	1919
		746	342	140					
11	Leaf & Cole LLP 1843 Hotel Circle S., Suite 300 San Diego CA 92108 (619) 294-7200, (619) 294-7077 leafcole@leaf-cole.com www.leaf-cole.com	28	16	5	Audit, reviews, compilations, business valuations, litigation support, tax planning and compliance, personal financial planning, management advisory services	San Diego, CA	Steven W. Northcote, Managing Partner; Michael S. Schreiber, Partner; Lawrence P. Baber, Partner; Michael J. Zizzi, Partner; Julie A. Firl, Partner; Nicolas M. Gines, Partner	1960	1960
		28	16	5					
12	BDO Seidman LLP 4250 Executive Square, Suite 600 La Jolla CA 92037 (858) 404-9200, (858) 404-9201 www.bdo.com	24	wnd	4	Accounting, auditing, international, federal, state and local tax planning, preparation and compliance, risk advisory and internal audit, compensation and benefits, mergers and acquisition due diligence, planning	Chicago, IL	Lee Duran, Partner, Assurance Services; Shelly McGuire, Partner, Tax Services; Mary Bielaska, Partner, BDO Consulting	2007	1910
		1,976	wnd	n/a					
13	PKF 2020 Camino del Rio N., Suite 500 San Diego CA 92108 (619) 238-1040, (619) 237-5177 pclark@pkfsandiego.com www.pkfsandiego.com	24	10	4	Full-service tax, audit, consulting	San Diego, CA	Curt J. Welker, Managing Director	1996	1869
		12,000	n/a	1,500					
14	Diehl, Evans & Co. LLP 2965 Roosevelt St. Carlsbad CA 92008 (760) 729-2343, (760) 729-2234 teresac@diehlevents.com www.diehlevents.com	19	16	5	Income tax return preparation, succession planning, audit, review and compilation, tax projection and planning, computer consulting	Irvine, CA	Harvey Schroeder, CPA, Partner; Thomas Perowski, CPA, Partner; Kenneth Ames, CPA, Partner; William Pentz, Partner; Michael Ludin, CPA, Partner	1974	1954
		44	32	9					
15	Hutchinson & Bloodgood LLP 7676 Hazard Center Drive San Diego CA 92108 (619) 497-2415, (619) 497-2391 sthroop@hblp.com www.hblp.com	15	10	2	Accounting, audit, tax and business planning, cost segregation, business valuation	Glendale, CA	Stephen L. Throop, Partner in Charge; Tanya Lee Scott, Partner; Hanne R. LeLoup, Audit Manager; David M. Thompson, Tax Manager; Geri Wood, Audit Manager	1975	1922
		84	46	26					
16	Robert R. Redwitz & Co./The GDR Group/Redwitz Wealth 9404 Genesee Ave., Suite 220 La Jolla CA 92037 (858) 455-9000, (858) 455-8279 randy@redwitz.com www.redwitz.com	11	5	1	Tax services, accounting and auditing services, IT consulting, advisory services, financial planning	Irvine, CA	Robert (Randy) Redwitz, CPA, Sr. Managing Principal; Doug Clevenger, CPA, CFP, CCIFP, Regional Managing Principal; Ellen Dorse, Principal, The GDR Group; Eugene O'Brien, CFA, Managing Director, Redwitz Wealth Management Group; Gary Hausdorfer, The Diamond Group	1980	1975
		37	10	9					
17	Millimaki Eggert LLP 13520 Evening Creek Drive N., Suite 500 San Diego CA 92128 (858) 748-5700, (858) 748-5777 mellp@mellp.com www.mellp.com	10	7	2	Full-service accounting firm, tax consulting and related business planning, tax compliance and financial statement services	San Diego, CA	Bruce A. Millimaki, Managing Partner; Michael Eggert, Partner	2005	2005
		10	7	2					
18	Stanfield, Newquist, Brennan, Greener & Alder, CPAs 810 Mission Ave., Suite 303 Oceanside CA 92054 (760) 722-7686, (760) 722-2410 tami@gsnacpas.com	7	5	5	Tax planning and compliance, financial statement preparation and attestation, year-round bookkeeping services	San Diego, CA	Tami Brennan, Managing Partner; Keith Greener, Partner; Mark Adler, Partner; Leslie Newquist, Partner; Daniel Stanfield, Partner	1974	1974
		7	5	5					
19	Cobb, Stees and Co. 16476 Bernardo Center Drive, Suite 100 San Diego CA 92128 (858) 487-4580, (858) 487-8033 success@cobbstees.com www.cobbstees.com	6	5	2	Full accounting services, loan packaging, income tax returns for individuals, estate, trust and gift returns, partnerships and corporations, misc. information returns including 1099s, property tax, sales tax and workers' compensation reports	San Diego, CA	Walter F. Cobb, CPA, Partner; Laura A. Stees, CPA, Partner	1996	1996
		6	5	2					
20	Kroichick & Co. CPAs 7424 Jackson Drive, Suite 1B San Diego CA 92119 (619) 469-9048, (619) 469-8920 kroichickCPAfirm@aol.com	2	2	2	Tax, accounting and business consultation, tax return, financial statement preparation	San Diego, CA	Mike Kroichick, CPA, Partner/Tax Consultant; Betty Kroichick, Partner/Administrator	1993	1993
		2	2	2					

Data Source: The Companies. Listed by Number of Local Professionals. This is a partial list; a more complete listing can be found at sourcebook.sddt.com. N/A: Not Applicable, n/a: not available, wnd: would not disclose. It is not the intent of this list to endorse its participants, nor to imply that a company's size or numerical rank indicates its quality or service. We reserve the right to edit listings or to exclude a listing due to insufficient information. The following companies did not respond to our survey: Considine & Considine; Haskell & White LLP; RPR Partners; Squar Milner, A V Arias & Co.; LECG; Gatto, Pope, & Walwick LLP; PriceWaterhouseCoopers. Compiled by Robin Scott, robin.scott@sddt.com. Last updated 3/2008.

Bankruptcy filings up 18%

Avoiding bankruptcy in an uncertain economy

By JOSEPH SCHROEDER
San Diego Metropolitan Credit Union

According to the *New York Times*, the rate of bankruptcy filings in February rose 18 percent from January and is up 28 percent from last year. There was an average of 3,960 bankruptcy filings nationwide each day in the month of February alone, according to bankruptcy data and management company **Automated Access to Court Electronic Records**.

California had the most significant increase in bankruptcy filings during the first two months of 2008, with a 33 percent increase over last year. Experts believe this trend could continue for the rest of 2008 as the housing market worsens. This rise in bankruptcy filings is not only due to a weakened housing market, but also as a result of rising energy prices and sky-high personal debts. February was the busiest month for filings since Congress overhauled the bankruptcy law back in 2005, which made bankruptcies harder and more expensive to get.

Bankruptcy is a word that makes most people cringe. For others, it is relief from a situation that has brought them much dismay. But know that if you are in danger of filing for bankruptcy, there are many ways to avoid this from happening. Or, if you have already filed for bankruptcy, there are opportunities to rebuild your damaged credit.

Tips to avoid bankruptcy

Debt consolidation: If you find yourself unable to pay off all of your bills, a bank/credit union representative or reputable credit counselor can sit down with you and formulate a plan to free yourself from debt. This will make managing your bills easier and more comfortable. It is important to find the most appropriate

alternatives to paying off your debt to avoid filing for bankruptcy. Consolidation is an excellent first step in leading you to financial freedom.

Pay on time: Even if you find yourself deep in debt, there is still one way to keep on track — always pay your minimum balance on time. Late charges for tardy payments are an unnecessary and costly expense that should be avoided. However, if you know that your payment is going to be late, call your creditor immediately and pay over the phone. If you do not have the funds to complete a payment, call your creditor and ask about paying half of the amount this month and the rest next month. The most important thing is to work with your creditor. If you show that you are making an effort, they will be more willing to work with your financial situation. Having your account sent to a collections agency is a scenario that should be avoided.

Ditch unnecessary credit: In hopes of setting your credit card to a zero balance, eliminate the use of multiple, high-limit credit cards from your life. Cut up your credit cards and make purchases only with your debit card or cash. This will help reduce credit card debt and help you realize how much money you actually have in your bank account. You should only keep one card with a low balance for emergencies. If you are forced to use your credit card, it is important to make an effort to pay off the balance of the card each month.

Live within your means: Adjust your lifestyle to accommodate your own financial situation. This may involve eating out less, going to fewer movies and not driving your car as much as usual. The upside to this is that you will develop a better appreciation for cooking at home, checking

out DVDs from your local library for free and even getting to know how to use the bus and trolley.

Avoid temptation: First off, do not get a cart when shopping. If you have no room to toss an item into, you probably will not have the urge to purchase it. Next, do not be fooled by eye-level items. These items are usually the most expensive. Don't be afraid to search the aisles for the product that gives you the most for the least amount of money. Lastly, resist impulse buys located next to the cashier. You've

made it this far and there is no need to set yourself back with frivolous purchases.

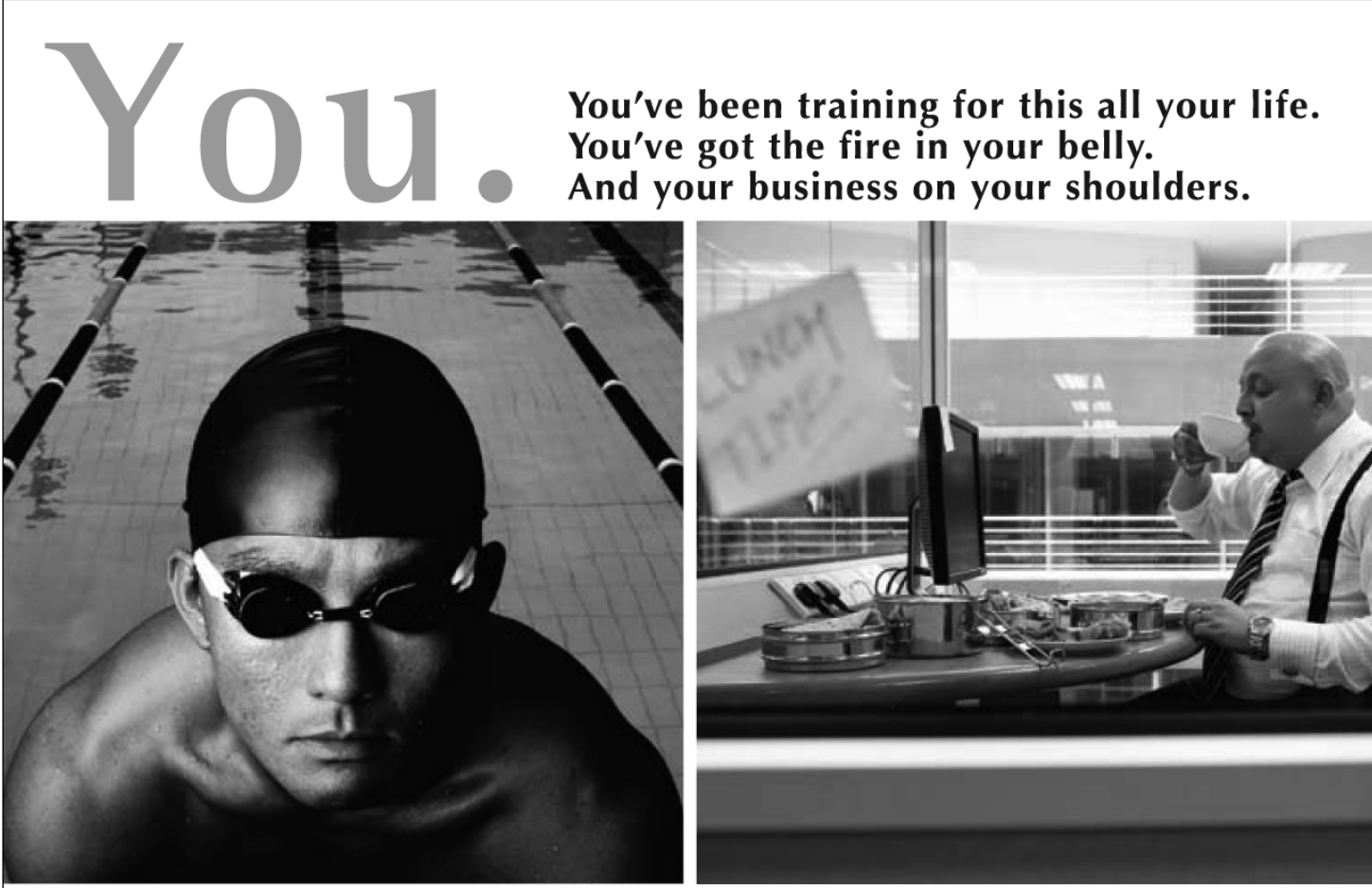
Rebuilding your credit after bankruptcy

The troubling ups and downs of our nation's economy can be stressful. If you

have already had to go through the harsh reality of filing for bankruptcy, don't worry; there are still options for cleaning up your credit.

Along with the pre-bankruptcy tips, a major solution

See **Bankruptcy** on 8



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Why hire a financial adviser: The '80-20' rule

By MARK D. ERWIN
Special to the Daily Transcript

What do successful athletes, business executives and performing artists have in common?

They surround themselves with coaches, advisers, trainers and other professionals. Think about it, how many successful people do everything themselves? These people focus on their unique talents and delegate everything they can to others.

We all have unique talents. The most successful people have found a way to spend more of their waking hours doing what they are best at. Education, knowledge and life experience, while important to quality of life, have less of an impact on success than being able to focus on your strengths and not be distracted by everything else.

Vilfredo Pareto, an economist at Lausanne University in Switzerland, studied patterns of the distribution of wealth in many countries over time. In 1906, he discovered distribution of wealth was nearly identical regardless of the country or time — approximately 80 percent of the wealth ended up in the hands of 20 percent of the population.

Pareto's law is now known as the "80-20 Rule," or the Pareto Principle. While not a reflection of the distribution of wealth in modern America, with the freedom and opportunity we have compared to Europe in the 19th century, the Pareto Principle has been shown to apply to most aspects of everyday life as it applies to return of investment on time spent. For most people, 20 percent of their efforts generate 80 percent of their results. Approximately 20 percent of clients or customers generate 80 percent of profits.

If you break down how you spend your time each day, you will likely find that you spend approximately 20 percent of

your time on the activities that generate 80 percent of the results. What if you spent 30 percent instead of 20 percent of your time with your best clients or customers? Most everyday activities can be delegated to people who are better than you at those activities. You can hire experts to do almost anything today. You get the most leverage by hiring experts in areas where they are more knowledgeable than you. That is what the most successful people do.

If you needed minor surgery, would you read up and perform it yourself? If you were going backcountry skiing in an area with potential avalanche danger, would you hire a professional guide knowledgeable about snow conditions or would you read up and do it yourself? How about hang gliding or parachuting? There are plenty of good books out there, and with all the information on the Internet, why not just read up and not incur the cost of hiring a professional? These examples seem obvious. After all, they carry the consequence of a premature death if you make a bad decision yourself.

What about all the small decisions that mean the difference between getting the outcomes you want in life and just getting what you end up with? Aren't they just as important, even though it takes longer for the effect of a series of good or bad small decisions to become evident?

Who wants to be 65 having made enough money to retire and not be able to? Who wants to build a business that you consider your retirement nest egg and find that, because you didn't have an exit strategy in place, you ended up with a strategy you didn't like that didn't meet your needs? Just knowing what you want, having a plan and being held

See **Adviser** on 8



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Bankruptcy

Continued from Page 7

to rebuilding your credit is time. Although not permanent, depending on the type of chapter of bankruptcy you have filed, several years will have to pass before bankruptcy is removed from your credit report. You have to be patient and allow creditors to see that you are taking the initiative to build a better credit history for yourself. The following is important to keep in mind to rebuild your credit after filing for bankruptcy:

- Pay all bills on time

- Check your credit report once a year for errors
- Avoid excessive credit report inquiries
- Limit the balances on open lines of credit
- Have a "mix" of credit over time (credit and retail cards, mortgage, installment loans)
- Credit longevity is very important — don't open and close accounts; keep the same ones for a period of time (but remember not to have too many open credit cards)
- Reduce unwanted credit

card solicitations to reduce temptation (www.optoutprescreen.com or call 888-5-opt-out)

When rebuilding credit, you must learn from the mistakes that got you into bankruptcy in the first place. The greater financial responsibility displayed now, the more beneficial the financial outlook will be for the future.

Schroeder is CEO of San Diego Metropolitan Credit Union.

Source Code: 20080410cri

Meetings

Continued from Page 1

to shareholders regularly in an effort to deter "fire sales" of stock in distressed situations.

Accounting-related issues

Shareholders this year may also request additional clarifications for accounting-related issues, such as restated financial statements and the adoption of international business practices.

The number of restated financial statements filed in 2007 fell from the all-time record set in 2006, but remained at historically high levels. Shareholders of affected companies will want to

know why a company's financial statements were restated and whether any internal control problems have been repaired to reduce the chance of future restatements.

As the world become more interconnected, cross-border operations are becoming a way of life for many companies. Shareholders understand the need for international scope but are also becoming more attuned to the risks. They are asking for greater disclosure of geographic and business segments, clarification of foreign exchange translation, the financial impact of past or

potential acquisitions, etc.

In 2008, public companies will continue to wrangle with the issue of what constitutes good corporate governance as they attempt to appease shareholder concerns. Ultimately, in the new area of increased disclosure and shareholder activism, public companies and their directors are now in a position of having to explain a great deal more to the investing public.

Duran is an assurance partner in the Technology Practice of accounting firm BDO Seidman LLP.

Source Code: 20080410cra

Adviser

Continued from Page 7

accountable exponentially increases your chances of getting what you want.

It is proven that people working with a financial professional generate higher returns over time than those doing it themselves. Combine that with working with a skilled financial professional who ensures you have great clarity regarding your financial goals and the reasons you want to achieve them, and you've got a powerful amount of leverage.

Knowing this, why would anyone want to manage their own money, or make their own decisions about buying or not

buying insurance, estate and business succession planning? Why would anyone want to make decisions about their financial hopes and dreams functioning in a part-time capacity with limited information? Why not do what the most successful people do — delegate, leverage your time and focus on what you're best at and being with the people you care about?

Despite the clear evidence to the contrary, working with a financial adviser is not for everyone. Some people cannot let go and delegate things related to money. Some are incredibly competent at han-

dling their own money. Not many, but some. For those who understand the power and leverage of hiring a trusted financial adviser and are willing to delegate, it's an easy decision. Remember the 80-20 Rule.

Erwin, ChFC, is president of Erwin Financial in Carmel Valley. He is an investment adviser representative with and offers securities and advisory services through Commonwealth Financial Network, a member firm of FINRA/SIPC and a registered investment adviser.

Source Code: 20080410crh

Savers feel pinch of tight credit as banks slash rates on deposit accounts

By JANE J. KIM
The Wall Street Journal

Now it's savers who are feeling the credit crunch.

Yields on savings accounts, certificates of deposit and money-market accounts are dropping en masse in the wake of the Federal Reserve's latest round of rate cuts.

That's a shift from just last fall, when banks were generally slower to follow the Fed's lead and cut rates as they continued to compete for customer deposits. That gave savers more time to enjoy yields of 4 percent to 5 percent or more. But now, facing their own higher credit costs and weakening loan demand, banks are quicker to pass along the Fed's more-aggressive rate cuts.

In recent weeks, a number of banks that had previously offered high yields on deposit accounts, including **Emigrant Savings Bank's** Emigrant Direct.com, **ING Groep NV's** ING Direct and **Washington Mutual Inc.** (NYSE: WM), have slashed their rates. At the same time, average yields on CDs dropped below 3 percent in early February from close to 4 percent last fall, and are cur-

rently between 1.95 percent and 2.75 percent, according to **Bankrate.com** (Nasdaq: RATE).

For now, consumers can still find deals by foraging in some lesser-known corners. One option: limited-offer promotional-rate CDs. In recent weeks, for example, **Countrywide Financial Corp.'s** (NYSE: CFC) Countrywide Bank began offering a 12-month promotional CD yielding 4.2 percent, even as it cut the yields across the rest of its CDs to 3 percent or 3.25 percent.

Savers can also find attractive yields at smaller banks. Century Bank Direct, the recently launched online banking unit of **Century Bank of Kentucky Inc.**, for example, is offering an online savings account that pays 4.01 percent. "We're new to the online banking world, and we're just basically trying to get a little attention," says Tamara Smith, the bank's marketing manager.

Credit unions and online banks also typically offer higher yields than big brick-and-mortar banks. And some firms with big mortgage-lending arms, such as Countrywide and **IndyMac Bancorp Inc.**

(NYSE: IMB), that have had trouble raising money in the capital markets have been offering surprisingly high yields on some CDs through their banking units.

Cuts in yield for savers "have certainly picked up speed as the Fed accelerated their pace of rate cuts," says Greg McBride, a senior financial analyst at Bankrate.com, which lists current yields at various financial institutions. Since September, the Fed has cut its federal-funds rate six times, to 2.25 percent from 5.25 percent. Over that time, the top-yielding CDs have dropped from over 5 percent earlier this year, and 5.5 percent last summer, to a range of 3.75 percent to 4.55 percent today, according to Bankrate.com.

The credit squeeze is also partly to blame for the lower rates. Now, amid rising loan losses and tighter underwriting standards, there are fewer places for banks to lend money to. And as banks court more credit-worthy customers, they are forced to charge lower rates on loans, which is squeezing their profits.

Some savers may be tempted to get a better payoff by seeking out higher-yielding cash alternatives, such as short-term bond mutual funds. But higher yields usually carry more risk. In recent months, for example, some investors holding "auction-rate securities" — investments that Wall Street pitched as cash equivalents — have gotten burned when that market froze up, leaving them stuck with uninsured holdings they thought they could easily sell.

By contrast, when savers park their cash in bank deposit accounts, their money is typically covered by the Federal Deposit Insurance Corp. for as much as \$100,000 per depositor, per insured institution.

Source Code: 20080410crb

Planning

Continued from Page 1

On the other hand, some employers are too quick to implement a basic 401(k) or SIMPLE IRA plan because it's the easiest option available. While that may be, these plan designs may or may not be best suited for your company in light of the above factors. Defined contribution and defined benefit plans have many different designs and ultimate tax benefits. You should properly investigate your options with a financial professional who has expertise in this area.

The key is to start now. All of your financial assets —

including your investments, insurance and exit plan from your business — should be evaluated today in order to build your blueprint for wealth and to best target your desired financial result at retirement.

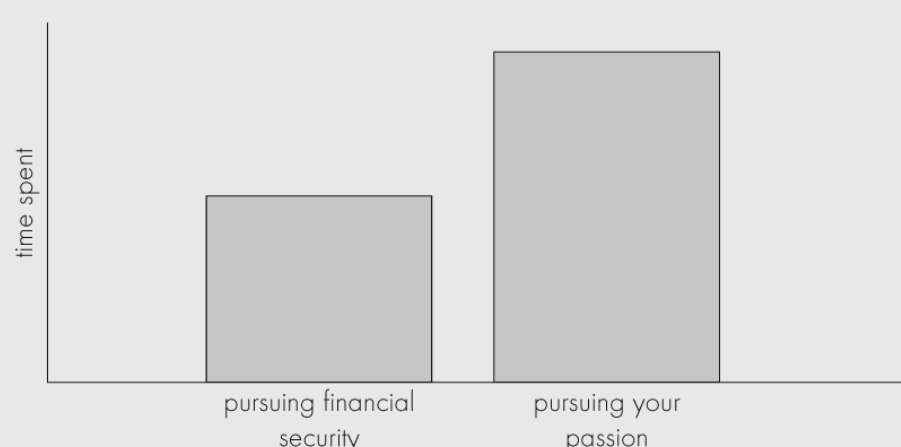
Erwin, ChFC, is president of Erwin Financial in Carmel Valley. He is an investment adviser representative with and offers securities and advisory services through Commonwealth Financial Network, a member firm of FINRA/SIPC and a registered investment adviser.

Source Code: 20080410crd



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