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financial crisis

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BUSINESS

Friday, Oct. 17, 2008 Business dept.: 313-222-8765, business@freepress.com

www.freep.com Detroit Free Press



SUSAN TOMPOR

Seniors set to snoop on lunch scams

Michigan seniors are being asked to go out to lunch — and spy a little on the side to help recover scam artists.

The Office of Financial and Insurance Regulation and AARP Michigan announced Wednesday a "Free Lunch Seminar Monitor" program to encourage seniors to voluntarily attend free financial seminars and report whether they're pressured to buy unsuitable investments.

Senior snitches? It is one way to warn alert seniors that all the free lunches being given by financial planners and others are not necessarily a free ride.

Some seniors have lost hundreds of thousands of dollars on bad investments pitched at these lunches. Some of these seminars are legitimate. But too many others turn into high-pressure sales tactics — either at the lunch or through follow-up phone calls — for high-cost financial products.

The SEC has noted that it has found significant fraud when it has conducted sweeps of free dinner or lunch seminars.

Seniors can download a "What to Listen for Checklist."

The AARP is collecting invitations to monitor, too — if seniors don't want to go to lunch. The invitations can be mailed to: AARP, Financial Security Free Lunch Mailbag, 601 E Street NW, Washington, DC 20049, 511-176.

Earlier this year, I warned seniors about the financial indigestion that can occur after free lunch.

Karen Tyler, now past-president of the North American Securities Administrators Association, told me that the lunches sound innocent enough, often billed as a workshop on estate planning or living trusts.

But she said that senior investors who attend the lunches may be encouraged to see an ad-

1,600 GM workers to be laid off

Detroit, Pontiac, Delaware plant cuts stem from a decrease in demand

By KATIE MERX
FRIEL PRESS BUSINESS WRITER

General Motors Corp. will lay off about 1,600 hourly workers at assembly plants in Detroit, Pontiac and Wilmington, Del., as it responds to decreasing consumer demand for many of its vehicles, the company said Thursday.

The company will lay off 500 workers at its Detroit-Hamtramck Assembly plant on Dec. 23 because of reduced demand for the Buick Lucerne and Cadillac DTS, the company reported in a state filing on Thursday.

GM spokesman Tony Spicenza said the Detroit-Hamtramck layoffs are effective Jan. 12.

Beginning Feb. 1, GM will lay off 700 workers at Pontiac Truck assembly, where it manufactures the Chevrolet Silverado and GMC Sierra pickups.

On Dec. 8, the automaker will lay off 400 workers at its Wilmington, Del., assembly plant, which assembles the Saturn Sky, Pontiac Solstice and Opel GT roadsters.



General Motors



General Motors

GM says the worker cuts are in response to reduced demand for luxury vehicles like the Cadillac DTS and pickups like the GMC Sierra.

GM spokeswoman Sherrie Childers Arb said the layoffs in Detroit and Pontiac are the result of plans to slow the production line speed. In Wilmington, GM is cutting production from two shifts to one.

The automaker said it notified workers at all three plants of the indefinite layoffs

on Sept. 29. The Detroit-Hamtramck plant, however, is to manufacture what is perhaps the most-anticipated vehicle in GM's future lineup: the Chevrolet Volt extended-range electric car. GM hasn't said when the plant would begin production, but it has said it expects that car to be available for sale beginning in November 2010.

GM is aiming to launch a Volt that drives at least 40 miles on an electric charge before tapping an onboard gasoline generator that

See GM, 3E

BUILDING A BUSINESS



Tiger Town Realty owner Louie Marandino, outside his office last week in Baton Rouge, La., worked with representatives of the Sunshine Pages directory to sign up for Boomdash LLC's Reach & Go search-engine advertising.

START-UP EXPANDS ITS REACH

Now Boomdash seeks to build on its La. efforts

By KATHERINE YUNG
FRIEL PRESS BUSINESS WRITER

When Cesar Nerys launched his Ann Arbor start-up company Boomdash LLC this spring, he didn't factor hurricanes into the list of potential pitfalls.

But last month, the veteran entrepreneur remained glued to the TV screen as first Hurricane Gustav and later Ike churned to the search engine marketing firm just happens to be New Orleans and Baton Rouge, La.

Gustav and an outer band of storms caused by Ike wound up delaying by almost four weeks a Boomdash sales training course for 15 employees at Sunshine Pages, a telephone directory publisher that's selling Boomdash's product.

"I'm really worried about my folks in Louisiana," Nerys said the day after Labor Day, recalling how earlier this year some Sun-



To attract more business, Boomdash sent cookies to potential customers around the country.

devastation from Hurricane Katrina.

In late September, the training course finally began, but Nerys and his two partners ran into difficulties finding hotel rooms because of the influx of roofers and other repair contractors in the area. Fortunately, one of Sunshine's customers, a hotel company, came through with accommodations.

With all the local hotel meeting rooms being used for construction planning, the course was moved to a gigantic sporting goods store belonging to another Sunshine customer. There, sales representatives learned about Boomdash's product under the silent gaze of deer heads hanging on the walls while gigantic fish glided back and



About this series

In Michigan's diversifying economy, thousands of workers are starting new businesses. This year, the Free Press is following the ups and downs of two of the state's newest start-up companies, Boomdash LLC and RealKidz Inc., as they try to turn their dreams into reality. To read previous stories in the series, see the special report in the Business section of www.freep.com.

Loans, savings, credit are concerns

Experts answer Web questions

FRIEL PRESS STAFF

This week, the Free Press examined the declining standard of living across the country in the four-part series Why Things Changed, as



To read more, go to freep.com/whythingschanged

Americans struggled with piling debt, foreclosures, personal bankruptcies and dwindling retirement money.

On Thursday, freep.com held a Web chat with John Gallagher, principal author

of the series, Free Press personal finance columnist Susan Tompor as well as financial adviser Dan Casey and mortgage broker Nick Di Legge to answer your questions.

Here are excerpts from that Web chat:

QUESTION: My wife and I are 72, and we are taking a required minimum distribution from our IRAs. We also have a mortgage that's rather expensive, which is 5.62%. Would it be wise to take our required minimum distribution and pay down our mortgage? Is it better to reinvest it in the market? SUSAN TOMPOR: You'd need to look at your overall debt. If you have credit cards at 10% or 20%, I'd pay those off first. If your mortgage is your only debt, though, I'd have to say play it on the conservative side and perhaps use some of that money toward the mortgage. It is an expense. I

See WEB CHAT, 3E

A Wal-Mart spokesman said the five workers and one manager at the center were offered jobs at comparable Wal-Mart facilities or elsewhere in the store, which is in Gatineau, Quebec, and has more than 250 workers. The store itself will remain open.

The closure comes after an arbitrator in Quebec had imposed a labor contract on the facility in August.

TECHNOLOGY

Google profit up 26%

Google says it shook off the slowing economy to boost its third-quarter profit by 26% to \$1.35 billion.

The strong showing might be enough to reassure jittery investors worried that the online advertisers fueling Google's growth will curb their spending to save money in a drooping economy.

The earnings announced Thursday easily exceeded the average estimates among analysts polled by Thomson Reuters. Excluding costs for stock compensation, Google says it would have earned \$4.92 per share — 17 cents above analysts' projections.

IBM profit rises 20%

IBM Corp. says its third-quarter profit jumped nearly 20%, surpassing analysts' estimates. However, slumping hardware sales hurt the technology company's revenue, which missed Wall Street's forecast.

The Armonk, N.Y.-based technology company had released partial results for the July-September period last week to try to reassure investors who had been driving down the company's stock price.

IBM earned \$2.82 billion, or \$2.05 per share, in the three months ended Sept. 30. That compares with net income of \$2.36 billion, or \$1.68 per share, in the year-ago period.

Free Press staff and news services

How Boombdash fares in Louisiana will prove critical to its efforts to gain venture capital so the company can expand faster and hire more employees.

The turmoil in the financial markets isn't stopping venture

quently derail early-stage companies," Nerys said.

Hurricanes aren't the only headwinds Boombdash has encountered. Like other startups, it's trying to gain new customers just as the national economy is dramatically slow-

this month, it has already gained two more publishers, in New Hampshire and central Massachusetts.

To get on the New England publisher's radar, Boombdash had tried an old-fashioned marketing tactic in August. It

WEB CHAT | Experts take on money questions online

From Page 1E

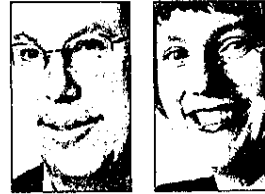
don't know if you're even able to deduct that mortgage interest, but you'd also want to talk to your tax planner about that. Rates are low right now. The stock market is in flux — and likely will be for a while.

Q: Some of the people you wrote about in your series, especially the ones who got in trouble with too much debt, seem to lack personal responsibility. Don't they have only themselves to blame?

JOHN GALLAGHER: Certainly individuals need to exercise prudence in their financial judgments. People need to save more and borrow less, and people need to be realistic in how much debt they can carry. But let's remember that the problems facing the middle class today are not those that could be solved by individuals alone. Middle-class household incomes have been losing ground to inflation for years. Traditional pension plans are disappearing. And inflation is on the rise, with gasoline, milk, ground beef, medical care and college tuition all rising much faster than inflation in general. So, yes, people need to exercise care in their own dealings. But the problems facing the middle class go way beyond that.

Q: What are some ways to save money that are not obvious?

NICK DI LEGGE: Write down all of your current costs. Establish what are ... wants and what are necessities. Cut out some of the wants, you can always move



John Gallagher, principal author of the series, and Susan Tompor, personal finance columnist.

them to later in life. Be sure to turn off lights to help keep your energy costs low. In addition, a fall seal-up to all the windows in the home. This will help cut down on losing heat.

DAN CASEY: Take free money. Some institutions are offering what you might call "spare change" savings plans and round up any purchase you make and deposit the extra change in a savings account for you.

Q: I have never been late on a mortgage payment. I have been out of work for quite a long time now. I've paid my mortgage from savings. I'm running out of money within the next few months. My credit score is 780. Should I contact my bank now for loan mitigation?

TOMPOR: I'd first try to do whatever I could to get help before I had to be late. And I would not hang up the phone — or stop calling the bank — until I got some help. Be polite. Be respectful. But do not give up. Homeowners who are running into trouble should contact their lenders and call mortgage counselors with the Hope Now Alliance at 888-995-4673. Also, you may want to contact someone at a non-profit credit counselor, such as Green Path Debt Solutions at www.greenpath.com.

PEOPLE MAKING

LEGAL

Butzel Long attorney and shareholder **Michael J. Lavoie** received the State Bar of Michigan's Champion of Justice Award during the 2008 Annual Meeting in Dearborn. The Champion of Justice Award, one of the Bar Association's most distinguished honors, is given for integrity and adherence to the highest principles and traditions of the legal profession and professional accomplishments that benefit national, state or local communities.



Michael J. Lavoie

Lavoie practices in the areas of white-collar criminal defense, product-liability defense, commercial, environmental and construction litigation and has conducted numerous internal corporate investigations and designed and implemented a wide variety of compliance programs. Prior to joining the firm in 1986, Lavoie was assistant chief of the criminal division of the U.S. Attorney's Office. He serves as president of the U.S. District Court for the Eastern District of Michigan Historical Society. Lavoie is one of five recipients of the award this year. The other recipients are Ionia County Circuit Court Judge David A.

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