

Hummer maker humbled

General Motors Corp. on Monday reported it lost \$1.6 billion US in the third quarter, as its North American division continued to suffer from falling sales of sport utility vehicles and high health care costs. Story, D5



THE VANCOUVER SUN

SECTION D

BUSINESS BC

GOLD FIRMS CONTINUE CONSOLIDATION | D3

NORTEL CHIEF EXECUTIVE STEPS ASIDE | D9

EDITOR PAUL BUCCI 604-605-2520 • TUESDAY, OCTOBER 18, 2005 • E-mail sunbusiness@png.canwest.com

WORKING IT OUT



#9: Thou shalt not blame thy co-worker for thine own mistakes.

BLING IT ON

Rappers have a great work ethic. At least that's what Kevin Lies, the author of the year's most unlikely business-success book, *Make It Happen: The Hip-Hop Generation Guide to Success*, says. Lies, himself a multi-millionaire record company executive, extols the hip-hop way of life, normally associated with drugs, guns, bling (glitzy jewelry) and sex, provides the lessons needed to succeed in business. For example, rapper Ludacris is lauded for his determination to succeed — when no record label would sign him, he set up his own label. Lies says the rappers aren't much different than Donald Trump. "The Donald understands the hip-hop way of celebrating his identity. He makes his swagger work for him. Without that, he would just be another real estate developer."

SMART MONEY

YOUR GUIDE TO PERSONAL FINANCE

MONEY MAKEOVER: Could you use some expert help with your finances? Apply for a free Money Makeover and we'll match you with an accountant to see if you are on track to reach your goals and to offer tips and advice. Candidates must agree to be photographed and identified for an article on their situation in our new Smart Money section Fridays. Contact Michael Kane at mkane@png.canwest.com, fax 604-605-2320, or c/o The Vancouver Sun, 200 Granville St., Suite 1, Vancouver, B.C., V6C 3N3. Please include name, address and a daytime phone number.

BUSINESS BC WEDNESDAY

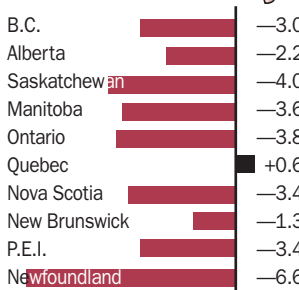
SHIPPING NEWS: B.C. Ferries Corp. provides a construction update on its Super C-class ship.

B.C. SNAPSHOT

B.C. bosses need work

Monster.com released a survey Monday in which Canadian employees were asked to rate their bosses. Using a scale of +50 to -50, with 0 representing a fair performance, the survey revealed that only Quebec employees got a positive rating, and just barely at that. B.C. bosses were rated in the negatives, coming in fourth overall.

Average ratings of bosses by employees:



VANCOUVER SUN

'Perfect storm' looms in forests

Industry asks MPs for tax changes to boost investment

BY GORDON HAMILTON
VANCOUVER SUN

The Canadian forest industry asked Ottawa for help Monday, saying the high-flying Canadian dollar, rising energy prices and the softwood battle have created a "perfect storm" that is driving out investment and threatening the future of the industry.

Avrim Lazar, president of the Forest Products Association of Canada and Canfor Corp. president Jim Shepherd presented their appeal for help before a House of Commons committee currently holding pre-budget consultations in Vancouver. "Give us a climate that makes it good for us to do business here and the jobs will come," Lazar told the standing committee. Lazar said the industry, the country's second-largest earner of export dollars, is not seeking

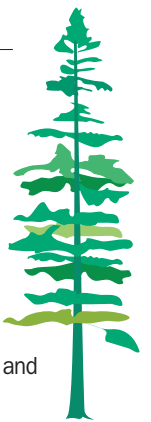
hand-outs but tax changes that would encourage new investment. Specifically, Lazar said the industry wants refundable taxes credits on new capital investment to encourage modernization and a write-off regime that would reward companies that make the switch to green energy sources, such as biomass.

See **TRADE BARRIERS** D2

Trouble with trees

The forestry sector faces a "perfect storm." Here's what's hitting B.C.'s biggest industry:

- The unprecedented climb of the Canadian dollar — 23 cents since January 2003 — has reduced industry revenues by \$11.5 billion.
- Softwood lumber duties have sucked \$5 billion from industry revenues since May of 2002.
- Canada is the world's largest exporter of forest products: \$45 billion per year; 60 per cent of the country's trade surplus in 2004.
- The forest industry employs 910,000 Canadians directly and indirectly.



On the road to Olympics

Squamish has seen the value of building permits soar since it was announced that Vancouver/Whistler would be hosting the 2010 Winter Games.



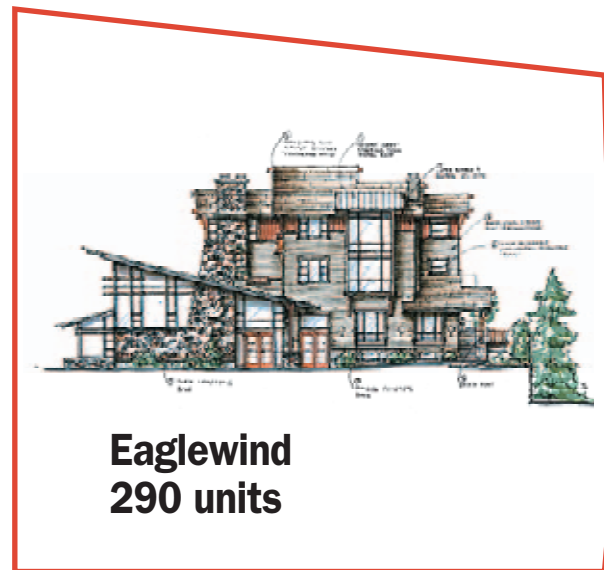
Garibaldi Springs
290 units

Value of building permits issued in Squamish:
2002: \$15.8 million
2003 (Games announced): \$35.9 million
2004: \$38 million
First eight months of 2005:
\$60 million

Source: District of Squamish

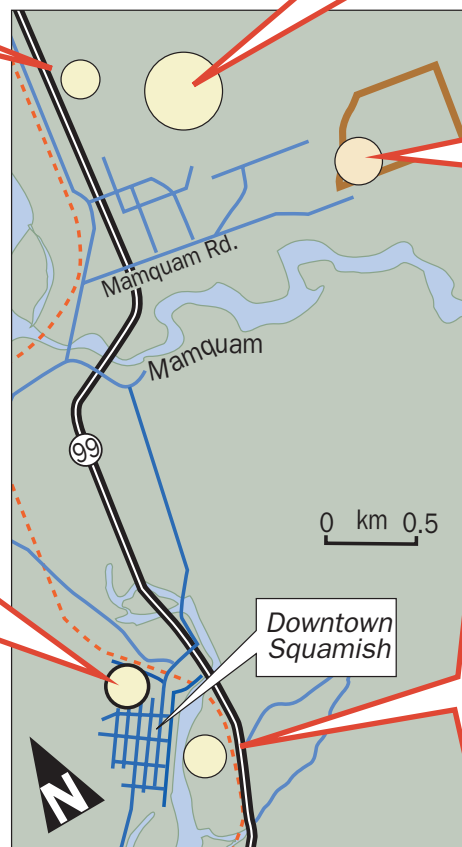
Thunderbird Creek
700 units

The Garibaldi Springs resort community will sit at the junction of the ninth and 18th holes of the Les Furber-designed golf course. Executive Hotels & Resorts has awarded a hotel franchise to the project.



Eaglewind
290 units

The Eaglewind development is to be located on a 10-hectare site at the north end of the downtown core.



University Housing Projects
960 units

Pridham/Interfor
1,350 units

VANCOUVER SUN

Squamish takes shape

DEVELOPMENT | 435-home project announced as building boom continues

BY BRIAN MORTON
VANCOUVER SUN

Squamish is about to get a major boost for its downtown with the construction of a 435-home project by Solterra Development Corp.

The development, to be called Eaglewind, will be built on a 10-hectare site called Block R, which is located in the north end of the downtown core. The project will also incorporate 4.5 hectares

of green space that will be donated to the district.

The project — which Solterra expects will generate about \$100 million in sales — is the latest of a number of housing developments in and near Squamish that have been announced since Vancouver won its bid to host the 2010 Winter Olympics and the provincial government committed to upgrading Highway 99.

Eaglewind's green space will feature new walking trails

through existing tree stands, as well as a community garden, bocce ball court and hard surface courts, according to a news release. A new children's play structure will be constructed near an existing family housing development that borders the Block R property.

The developer will also construct a 929-square-metre seniors' centre that will be operated by the district.

Paul Merrick Architects and Durante Kreuk Landscape Architects are partners in the

project. "We see a lot of our buyers [coming] from the Whistler/Pemberton areas," said Michael Ferreira, director of sales and product development for Solterra, in an interview. "There will also be buyers locally, as well as quite a few from the North Shore and the west side [of Vancouver]."

Ferreira said he expects Eaglewind will complement the district's plan to redevelop

See **DEVELOPMENT** D8

Lack of cooperation brings securities firm a fine

BY DAVID BAINES
VANCOUVER SUN

SECURITIES | Vancouver-based Union Securities Ltd., already under third-party supervision for numerous compliance breaches, has been hit by another regulatory sanction, this time for refusing to cooperate with an investigation into one of its Toronto employees.

In a decision released Monday, an Investment Dealers Association of Canada hearing panel fined the brokerage firm \$50,000 and ordered it to pay \$30,000 in costs after it refused to provide IDA investigators with access to a former employee's e-mail records.

The former employee is Theodore Frangos, who worked at the firm's main Toronto branch. According to the panel's decision, he is under IDA investigation for possible unauthorized trading, discretionary trading, and "trading which might have been in contravention of U.S. and Canadian securities laws."

The trading in question relates to three companies that trade on the loosely regulated OTC Bulletin Board in the United States — Bach-Hauser Inc., Playadwin Inc., and its successor, D'Angelo Brands Inc. Evidence at an earlier hearing in Toronto revealed that IDA enforcement staff notified Union in October of 2004 that they were investigating Frangos for possible trading infractions and the firm for possible failure to properly supervise Frangos.

They asked for access to e-mail records stored on Frangos' company computer. But Union's chief compliance officer, John Thompson, refused that access on grounds that some of the e-mails were irrelevant or personal in nature.

In a decision rendered in June, the IDA panel said Union should not be permitted to determine what is relevant.

"It would seem quite unreasonable to allow the subject of an investigation even to participate in the determination of what is relevant to an investigation into its activities. One does not set a fox, even an alleged one, on guard of a henhouse," it stated.

As for the personal nature of the e-mails, the panel said brokers should have "only a low expectation of privacy in docu-

See **FIRM ATTRACTING** D2

Building suppliers face huge demand

HURRICANE KATRINA |

Victims trust home-improvement stores more than government, analyst says

BY ANNE D'INNOCENZIO

NEW YORK — Ronald Hill was moving quickly on a recent morning at a Home Depot in Biloxi, Miss., loading a trailer with slabs of gyproc. He had a house to rebuild after Hurricane Katrina ripped through his neighbourhood.

Hill, who has already spent \$13,000 US, will spend another \$47,000, buying "basically, everything but the studs and bricks."

Katrina's devastation has created a huge business opportunity for home-improvement retailers, the Home Depot Inc. and Lowe's Cos. With both companies expected to sell billions of dollars in lumber, gyproc and other supplies to homes and businesses, they plan to increase their staffs in the region, and Home Depot, the country's largest home-improvement merchant, is thinking about opening more stores.

"There is going to be a whole new network to support the rebuilding along the Gulf Coast," said Jim Neal, a strategist at consulting company Kurt Salmon Associates. He foresees the retailers adding new distribution centres and increasing their store count beyond what they currently operate in the area pummeled by both hurricanes. Home Depot operates about 60 stores in the afflicted region, while Lowe's has about 45.

Already, Home Depot — which set up six temporary sites stocked with lumber and other supplies along the Gulf Coast — is searching for more locations in New Orleans; Port Arthur, Texas; and Lake Charles, La., said executive vice-president Carl Liebert. "This is a sustained effort."

Meanwhile, No. 2 Lowe's has created new selling areas adjacent to its stores in the region and stocked them with addition-



Customers at checkouts at a Gulfport, Miss., Home Depot last week. Katrina's devastation means big business for such retailers.

al lumber and other related products.

"We need to build the best level of service possible," said Karen Cobb, a spokeswoman at Lowe's. Cobb declined to say if Lowe's would be adding more stores beyond the three it had already planned in Waveland, Miss.; South Metairie, La.; and Crowley,

La., before Katrina hit Aug. 29. All three are expected to open next year.

Analysts couldn't put a dollar estimate on the rebuilding, but Burt Flickinger III, managing director for New York-based Strategic Resource Group, estimated there's a \$4 billion US potential sales opportunity alone

for all retailers in the region just for cleanup and minor repairs.

The big companies are incurring higher expenses to increase their Gulf Coast presence, to transport workers and merchandise to the area. But those costs should be offset long-term by sales that will grow out of customer loyalty, analysts said.

"The public confidence and trust in Home Depot and Lowe's is at an all-time high, where public confidence in the government is at an all-time low," Flickinger said. Their efforts are providing a "halo effect," he said.

Over the past few years, Lowe's and Home Depot have refined the way they respond to natural

disasters, and after last year's four hurricanes in Florida, they further adjusted their emergency procedures. Within 24 to 48 hours after hurricanes Katrina and Rita struck, the retailers were able to reopen most of their stores. As of Monday, only two Home Depot stores remain closed — one in New Orleans, the other in Chalmette, La., a suburb of New Orleans, while Lowe's has one unit, located in New Orleans, that remains shut.

Home Depot credits its speedier response in part to the consolidation of its crisis command centre on one floor at its Atlanta headquarters. In the past, the staff, which includes teams from its logistics, human resources and merchandising departments, was dispersed on different floors. Since the days before Katrina, Home Depot has dispatched more than 4,000 trucks packed with supplies like generators, tarps and plywood and almost 2,000 employees to help out.

Lowe's, based in Mooresville, N.C., turned to its hurricane war room in nearby Wilksboro, N.C., to coordinate delivery of supplies to the affected region in the days before and after the hurricanes. Cobb noted that the company has been able to better use its regional distribution centres to maximize the speed of deliveries.

At Lowe's in Biloxi recently, people were streaming in and out of the store, clutching everything from paint and toasters to chain saws. Flatbed trucks filled the parking lot. Ed Harrington, an assistant store manager, said the store is getting 15 to 20 deliveries a day, and his employees are working six days a week to keep the shelves stocked.

"They're waiting at the door when we open and waiting when we close," he said.

But even with such efforts, retailers are finding that keeping up with customers' demands is a challenge. The Lowe's and Home Depot stores in Biloxi are usually packed with customers, and merchandise sells out fast. Crowds are only expected to get bigger as insurance cheques arrive.

Associated Press

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OSC bans Biller from trading, promoting securities in Ontario

BY DAVID BAINES
VANCOUVER SUN

SECURITIES | Former Eron Mortgage Corp. vice-president Frank Biller, banished from the B.C. securities market and jailed for three years for defrauding Eron investors, has been kicked out of the Ontario securities market.

The Ontario Securities Commission announced Monday that Biller has been banned for life from acting as a director or offi-

cer, or from acting in an investor relations capacity, for any Ontario public company, or from trading securities other than certain personal trading.

OSC staff initiated the action in April after learning that Biller had moved to Toronto and was promoting shares of Extreme Poker Ltd., a financially flimsy company that trades on the OTC Bulletin Board.

OSC staff argued that Biller should not be allowed to trade or

promote securities in Ontario because of his regulatory and criminal record in B.C.

In 2000, the B.C. Securities Commission suspended Biller from the B.C. securities market for 10 years for his part in the Eron fraud.

And in September, after pleading guilty to four counts of fraud and one count of theft, he was sentenced to three years in jail.

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Development will mean 'more vibrant' downtown Squamish

From D1

the Squamish waterfront and downtown area into a much more "people-friendly" area including waterfront walkways and more commercial and higher density residential developments.

Prices at Eaglewind should be from the high \$100,000-range to the mid-\$300,000 range, he added.

The project should be completed by 2011, he said.

The first phase of the housing project — which will be unveiled by Squamish Mayor Ian Sutherland during a ceremony at the site on Wednesday — comprises 67 homes and includes a mix of traditional row homes, carriage homes and duplexes, the news release stated.

Marketing of the first phase is scheduled for late November, with the first residents expected to move in late next summer.

Ferreira said the town will grow a lot in the coming years. "Here's this community about an hour from downtown Vancouver, even with all the road construction, but it's a much nicer drive than to the Fraser Valley. Once the construction is completed, the drive will be safer and shorter.

"And a lot of amenities are also coming down the road."

Sutherland said in an interview that Eaglewind is a sign of the changes in the town.

"Three years ago, [Block R, which Soltterra bought for about \$2.2 million] had very little value. Now we'll get a high-quality pro-

ject by a high-quality development team. We had three very qualified teams competing for this project.

"Block R is the start of a greater densification in downtown Squamish and a more vibrant downtown. It will lead to more restaurants and more stores in the area."

Soltterra development manager Michael Bosa says Squamish's future is very bright.

"There's the proximity to Whistler, Vancouver, the North Shore.

"And it provides lifestyle for outdoors types of people. I think there's fantastic potential for Squamish."

Bosa praised Sutherland and Squamish council for being "extremely proactive and wanting to ensure that Squamish is revitalized."

He said the town will get a lot of new infrastructure from the Olympics and that he believes more people will move there. "The main thing is the highway. It [Highway 99] is going to be four lanes. [Safety] won't be an issue."

Eaglewind is the latest of several large developments that are either being built or have been approved in Squamish.

Besides Eaglewind, a \$23.3-million 111-suite strata hotel will be built at the junction of the ninth and 18th holes of the new Garibaldi Springs Golf Course, located about five kilometres north of town.

According to a recent news release, ForSite Developments Inc. of Abbotsford is teaming up

with the developer of the Garibaldi Springs resort community to build the hotel. Executive Hotels & Resorts has awarded a franchise to the project, which Atlic Hotels & Resorts will manage.

Construction is expected to begin in November with completion and opening set for June 2007. Suites vary from \$145,000 to \$330,000.

Included in the Garibaldi Springs development are 106 townhouses, condominium apartments, live-work studios and commercial and retail developments.

Other developments either approved, planned or under way in Squamish include the Sea to Sky University project, which will incorporate a 960-unit housing component; the 700-unit Thunderbird Creek housing project in the Garibaldi Highlands neighbourhood; and a proposed \$800-million, 1,350-home community on the downtown waterfront on the site of a closed Interfor sawmill.

Other projects near Squamish include: the redevelopment of the old mining town of Britannia Beach; the planned development of up to 1,000 homes on a large strip of waterfront near Porteau Cove by the Squamish Nation; and a new housing project in Furry Creek.

A new Wal-Mart store, Home Depot and factory outlet mall are also planned for the Squamish Business Park, and Capilano College is planning a major expansion.

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