

BUSINESS

THE GRAND RAPIDS PRESS

SECTION
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SATURDAY, JULY 12, 2008

INDYMAC BANK SHUT DOWN BY REGULATORS, B2

IN BRIEF

ROTHBURY

Double JJ escrow fund delayed

A pivotal Thursday deadline passed without the creation of a court-ordered escrow fund by the troubled Double JJ Ranch, Waterpark & Golf Resort. U.S. District Judge Paul Maloney in Kalamazoo had ordered the business to deposit money brought in by a popular four-day festival that ended Sunday, to help offset debt. Double JJ officials told the court they had not yet closed the books on the festival. Next up is a 10 a.m. Friday hearing before Maloney on the foreclosure lawsuit claiming Double JJ has defaulted on a \$17.5 million loan to build its waterpark.

FREMONT

Hospital CEO retires

Ned B. Hughes Jr. is retiring Aug. 1 after 23 years as CEO and president of Gerber Memorial Health Services.



He oversaw creation of the hospital's Outpatient Specialty Services Department, a \$1.6 million addition in 1989; upgrades dating to 1996 called Vision 2000; and the 45,000-square-foot Tamarac, The Center for Health and Well-Being, which opened in 2006. His successor is expected to be announced later this month, Gerber Memorial spokeswoman Stephanie Zinn said Friday.

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Home tour canceled

The Affordable Home Tour slated for this month by the Home & Building Association of Greater Grand Rapids was canceled because of lack of entries, said Judy Barnes, chief executive of the association. The tour, which was to feature homes for less than \$200,000, was one of three minitours planned this year to spur activity and move inventory. The Luxury Home Tour ran in March with eight entries, and the Specialty Home Tour is scheduled for Nov. 6-9.

GRAND RAPIDS

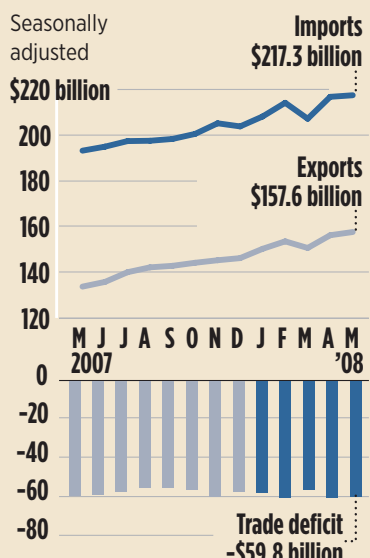
Christmas in July featured

Goodwill Industries of Greater Grand Rapids Inc. will be showcasing "Christmas in July" at its 12 retail locations through July 20. The stores will feature holiday decorations and merchandise to entice early-bird shoppers. Proceeds from donations support Goodwill's occupational training and services. For details, visit goodwillgr.org.

NEWS IN NUMBERS

Trade deficit narrows

The U.S. trade deficit narrowed in May as exports climbed to all-time highs. The nation's trade gap, thanks largely to the declining dollar, decreased to \$59.8 billion.



SOURCE: Department of Commerce AP

How to help Fannie, Freddie?

GOVERNMENT WEIGHS OPTIONS TO RESCUE TROUBLED MORTGAGE GIANTS

THE ASSOCIATED PRESS

WASHINGTON — Wall Street and Washington wrestled Friday with how to shore up mortgage giants Fannie Mae and Freddie Mac, two troubled pillars of the economy whose failure would deal a devastating blow to the already crippled housing market.

As investors grew more convinced only some type of government bailout could rescue the firms, Treasury Secretary Henry Paulson said the focus was to support the pair "in their current form" without a takeover.

The government was considering giving Fannie and Freddie access to the Fed's emergency lending program as one option to prop up the firms, said Sen. Christopher Dodd, D-Conn., citing conversations with Fed Chairman Ben Bernanke and Paulson.

A Fed spokeswoman said the central bank had not talked with Fannie and Freddie about the emergency lending program. The spokeswoman declined to discuss any other options being considered.

Both companies issued statements late Friday calling their financial positions solid. Freddie Mac

said it did not see an immediate need to raise fresh money, and said other options included cutting its annual shareholder dividend, which costs \$650 million a year.

Investors drove Fannie and Freddie shares to 17-year lows before the stocks recovered somewhat. The turmoil, combined with a new high for oil prices, helped send the Dow Jones industrials briefly below 11,000 for the first time in nearly two years. The Dow finished down about 1 percent at 11,100.54.

Fannie and Freddie were created by the government to provide more Americans the chance to own a

home by adding to the available cash banks can loan customers. Shares of both companies are publicly owned.

Their importance to the housing market and overall economy is hard to overstate: Fannie and Freddie either hold or back \$5.3 trillion of mortgage debt, or about half the outstanding mortgages in the United States.

"Without them, our economy would collapse," Piper Jaffray analyst Robert Napoli said in a note to clients.

In the mortgage industry, the prospect of doing business without

SEE MORTGAGE, B2

Activation glitch doesn't dampen iPhone 3G excitement

Global demand Friday creates burden on iTunes server

BY EMILY MONACELLI
THE GRAND RAPIDS PRESS

KENTWOOD — Problems activating the new iPhone 3G put a dent in Friday's excitement of its release, when a problem with the iTunes server caused difficulties with new and old iPhones.

But that didn't deter West Michigan tech aficionados from standing in lines to snap them up on the first day they were sold.

Michael McDermott, 33, was at the Apple store in Woodland Mall, in his second line waiting to buy an iPhone, after an AT&T store in Kalamazoo ran out. Once he was in the store, his new phone wouldn't activate.

"They just couldn't get it to activate the iTunes," he said. "They said just go home and try it."

By the time he went home to Kalamazoo and tried again, his phone worked, he said.

The iPhone went on sale in 21 countries Friday, creating a global burden on the iTunes servers. A spokesman for AT&T Inc., the exclusive carrier for the iPhone in the United States, said there was a global problem with Apple's iTunes servers that prevented the phones from being fully activated in-store, as had been planned.

Instead, employees were telling buyers to go home and perform the last step by connecting their phones to their own computers, spokesman Michael Coe said.

However, for some, the iTunes servers were equally hard to reach from home, leaving phones unusable except for emergency calls. The problem extended to owners of the previous iPhone model. A software update released for that phone Friday morning required the phone to be reactivated through iTunes.



PRESS PHOTO/ADAM BIRD

Getting an iPhone: Michael McDermott takes the payment pad to sign for his new iPhone in the late morning at the Apple Store in Woodland Mall.

ON mlive

Home: mlive.com/grpress

▪ Blogger Jeff Haywood's iPhone purchase involved confusion, phone surgery, visits to two stores, cheating AT&T out of \$200 and an angry wife. Read his tale at the "Geek Guide" blog.

SEE IPHONE, B2

Executives bring title agency home

Group saves job, company name by buying local offices from corporate parent

BY JULIA BAUER
THE GRAND RAPIDS PRESS

GRAND RAPIDS — After more than 40 years of upheaval, the 125-year-old Transnation Title Agency of Michigan is home again.

This month, a core group of executives were able to save jobs and the company name by buying Transnation's 12 local offices from its corporate parent, LandAmerica Financial Group of Richmond, Va.

"Local ownership of this operation went away in the early 1960s," said Transnation President Monte Reinert, formerly Michigan manager for the parent company. "So it's now coming full circle, back to local ownership."

Reinert and seven Transnation executives pooled their resources to buy the West Michigan operation. The group includes Tom Olson, Tom Host, Sharlene Shindeldecker, Steve Barnum, William VanHulle, Ed Tuma, and Gary Oppen.

Another 25 employees bought into a 16 percent share of the business, so nearly half of the 75-member work force has a serious stake in its success.

The bid to carve out the region came after LandAmerica announced plans to close a Zealand records

SEE TRANSNATION, B2



Monte Reinert

Father passes torch of security firm EPS to son

Allan Carlson bought company in 1970 when it was on verge of bankruptcy

BY SHANDRA MARTINEZ
THE GRAND RAPIDS PRESS

GRAND RAPIDS — Handing over the reins of Engineered Protection Systems Inc., to his son, Kevin Carlson, brings Allan Carlson full circle.

The elder Carlson bought the Grand Rapids-based company 38 years ago for his children, so he could spend more time with them.

At the time, Allan Carlson worked for Kidde Co., a North Carolina manufacturer of security products that had him traveling about 200 days a year.

"After several years, I said, 'I can't live my life like this,'" said Allan Carlson, 75.

These day, Engineered Protection Systems (EPS) has annual sales of nearly \$20 million and is the largest independent security provider in West Michigan, with offices in Holland, Gaylord, Kalamazoo, Petoskey and Traverse City.

The private company installs and maintains burglar alarms, fire alarms, card-access systems, video surveillance and integrated systems to more than 15,000 commercial and residential clients — including supermarket giant Meijer Inc. — across a six-state footprint including Michigan, Illinois, Indiana, Kentucky, Ohio and Wisconsin.

"The security world is undergoing a dramatic change," said Kevin Carlson, a 41-year-old who now is company president after five years as vice president.

When Allan Carlson bought the company in 1970, EPS was on the verge of bankruptcy.

He paid off company debts, settled with stockholders, kept founder

FACT SHEET

About the company

Company: Engineered Protection Systems Inc.
Products: Sells and maintains security systems for commercial and residential customers
Started: 1955
Annual sales: \$20 million
Employees: 170
Online: EpsSecurity.com

James Kelly on the payroll and increased Kelly's ownership stake to 25 percent from 10 percent, he said.

Treating his employees like family has been the hallmark of Allan Carlson's business style.

Over the years, the company invested in new technology, but never wavered from its old-fashioned approach to customer service.

Years ago, when of one his

SEE EPS, B2



PRESS PHOTO/KATIE BARNES

At the helm: Kevin Carlson, left, will take over leadership of security firm Engineered Protection Systems Inc. from his father, Allan Carlson.