

BUSINESS AND REAL ESTATE

PORSCHE TAKES TOP SPOT IN DEPENDABILITY STUDY PAGE 4C



PHOTOS BY JENNIFER WHITNEY/SPECIAL TO THE EXPRESS-NEWS

Julissa Carielo's Tejas Premier Building Contractor Inc. is benefiting from federal contracts, including two at Randolph AFB. For one project, her crew is converting a gym to a deployment center.

Building strength in diversity

Government construction has opportunities for minorities.

BY JASON BUCH

jbuch@express-news.net

At a time when commercial construction has all but come to a standstill, many San Antonio contractors are relying on government projects to survive. Snagging one of those contracts, though, could come down to how many minority- or women-owned businesses would be involved in the project.

That's creating more opportunities for small businesses and those owned by minorities and women — all types considered historically disadvantaged.

Almost all levels of government set goals or mandates for what percentage of construction contracts involve disadvantaged businesses.



Tejas Premier Building has grown from three employees to 27 and recently purchased a 5,000-square-foot building to use as its headquarters.

To bring those businesses on board, large contractors are creating positions for "diversity experts" to forge relationships with subcontractors and vendors with whom they have not traditionally done business.

Bartlett Cocke General Contractors is a San An-

tonio company that recently added such a role.

Kirk Kistner, Bartlett Cocke's vice president of marketing and business development said the company's efforts to court women- and minority-owned businesses are not solely attempts to land more government contracts, but reflect a

change in the construction industry's demographics.

"It benefits us to expand the numbers and diversity of the vendors we work with," he said. "It makes us more competitive."

By reaching out to a wide range of smaller companies, large contractors are able to bring on board the best subcontractors and vendors, said Maritza Burgos, the recently hired Texas diversity manager for New York-based Skanska USA Inc.

"Partnering with diversifiers and contractors is not only the right thing to do, it's also a key ingredient to increase profitability," Burgos said.

Kistner acknowledged that bringing disadvantaged businesses to the table helps win the government contracts that have become the savior of San Antonio's con-

See DIVERSITY/2C

S.A. HOUSING

Foreclosures up, but not to record

So far in 2010, 5,800 properties in trouble.

BY JENNIFER HILLER

jhiller@express-news.net

Mortgage lenders are moving to take back 1,573 Bexar County properties next month — a historically high number but not a record.

The foreclosure postings were up 7 percent compared with April of last year, according to the San Antonio-based foreclosure tracking service RexReport.com.

"We're still at a really miserable plateau," said Gregg Stanley, owner of RexReport.com.

So far this year, more than 5,800 properties have been posted for foreclosure. It's a 19 percent increase over the approximately 4,900 postings during the first four months of 2009, according to the company. The record high was hit in January with 1,652 properties posted for foreclosure.

In recent months, many properties have been posted for foreclosure multiple times as lenders mull whether to refinance troubled mortgages.

Bexar County foreclosure postings

With 1,573 properties heading for foreclosure in April, postings rose 7 percent over the same month last year.

2009

April	1,474
May	1,424
June	1,266
July	1,510
Aug.	1,139
Sept.	1,132
Oct.	1,554
Nov.	1,526
Dec.	1,437

2010

Jan.	1,652
Feb.	1,233
March	1,391
April	1,573

Source: RexReport.com

EXPRESS-NEWS GRAPHIC

Although the number of repostings dropped in April, Stanley said it's too early to say whether that means that lenders are

See TROUBLE/4C

Family women like having own firms

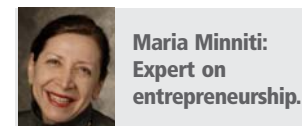
But females are less likely to take big business risks.



RONDA TEMPLETON

Being your own boss, making your own decisions and doing what you love to do. It may sound like a fantasy, but it's reality for many American women. After all, The Guardian Life Small Business Research Institute recently reported that women-owned firms contribute \$3 trillion annually to the U.S. economy and account for 16 percent of all jobs.

If you're a woman balancing work and raising kids, chances are you've considered joining the ranks of female entrepreneurs. According to Maria Minniti, who holds the



Maria Minniti: Expert on entrepreneurship.

Bobby B. Lyle Chair in Entrepreneurship at Southern Methodist University's Cox School of Business, attaining a work/family balance is one of the primary reasons women start their

See TEMPLETON/4C

Bank regulators also enjoyed bonuses

As failure loomed, millions awarded for 'superior' work.

BY MATT APUZZO

[Associated Press](http://www.associatedpress.com)

WASHINGTON — As banks gambled on the risky mortgages that helped create the worst financial crisis in generations, the U.S. government

handed out millions of dollars in bonuses to regulators at agencies that missed or ignored warning signs the system was on the verge of a meltdown.

The bonuses, detailed in payroll data released to the Associated Press, are the latest evidence of the government's false sense of security during the go-go days of the financial boom.

Just as bank executives got bonuses despite taking on dangerous amounts of risk, regulators got taxpayer-funded bonuses for doing "superior" work monitoring the banks.

The bonuses, released in response to a Freedom of Information Act request, were part of a reward program little-known outside the government. Some government regulators got

tens of thousands of dollars in perks, boosting their salaries by almost 25 percent. Often, though, rewards amounted to just a few hundred dollars for employees who came up with good ideas.

During the 2003-06 boom, the three agencies that supervise most U.S. banks — the Federal De-

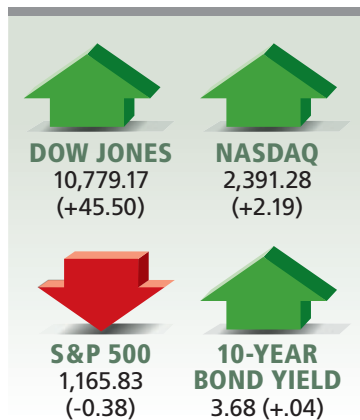
See BONUS/4C

THE SHORT VIEW

Economic data: No inflation; little hiring

The picture of an economy growing modestly without producing inflation yet struggling to create jobs emerged from government reports. The number of newly laid-off workers requesting jobless benefits fell slightly last week for the third straight time. But initial claims remain above levels that would signal net job gains. In a separate report, the Labor Department said consumer prices were flat in February. Meanwhile, the Conference Board's index of leading economic indicators rose just 0.1 percent in February, the smallest in 11 months, suggesting slow growth this summer.

MARKET CLOSINGS



The average price for a gallon of regular gas in San Antonio was \$2.617 Thursday, down 0.1 cent. The average U.S. price was \$2.799, AAA says.

Biz Bits

FRACKING PROBE: The EPA said it will study potential human health and water quality threats from an oil and natural gas drilling technique known as hydraulic fracturing, or "fracking."

TANKER CONTRACT: European Aeronautic, Defence & Space Co. says it may want to compete for the new aerial tanker program, and the U.S. Defense Department is considering extending the deadline to allow a bid, a Pentagon spokesman said.

NUMMI VOTE: Workers at the New United Motor Manufacturing Inc., known as NUMMI, have voted in favor of a proposed severance package for

the 4,600 workers, according to the United Auto Workers. The plant's Tacoma production work is being sent to the San Antonio facility.

FEDEX PROFIT DOUBLED: FedEx, considered an economic bellwether, said it earned \$239 million in the three months ended in February compared with \$97 million a year earlier.

CEO SWITCH: Barnes & Noble elevated the president of its Web site, William Lynch, to lead the company.

GLIMPSE INTO YOUTUBE: YouTube co-founder Steve Chen once warned a fellow co-founder to stop posting pirated videos on their Web site, according to court documents unsealed as part of a 3-year-old copyright lawsuit.

MYSA.COM



Clocking In: No Spring Break for business

Vacation is nice but business stops for no blogger. Hit us to read the latest happenings in the local business and financial worlds. Follow ClockingIn on Twitter now, too.

LOCAL/STATE
BRIEFSKCI launches product
in Europe, Canada

San Antonio-based Kinetic Concepts Inc. announced it launched in Europe and Canada a negative pressure product designed specifically for management of surgically closed incisions.

KCI said in a statement it estimates more than 3 million medical procedures performed worldwide each year could benefit from treatment with its Prevena Incision Management System, representing a potential global opportunity of more than \$1 billion.

The Prevena system protects the surgical site from infectious sources and helps hold together the edges of an incision, KCI said.

Guenther pulls 11 items
linked to pepper recall

C.H. Guenther & Son Inc. is voluntarily recalling 11 seasoning and soup products containing a pepper ingredient that could be contaminated with salmonella.

The San Antonio-based company and the U.S. Food and Drug Administration announced the recall Wednesday. It covers seven Sunbird Seasonings products and four products from the Williams Wings Seasonings and Williams Gumbo Soup lines.

Guenther Vice President Ron Spies said the products were produced in December and January and sold across the country at Walmart stores and other retailers. Code dates printed on the side of the product's packaging can be checked to determine if the item is part of the recall.

The products contain black pepper distributed by Mincing Overseas Spice Co. but recalled by the company over salmonella-related concerns.

Consumers with questions were advised to contact Guenther at (800) 847-5608. Information about the recall is available at www.fda.gov/safety/recalls.

Top Workplace
nominations sought

Nominations for area companies that should be included in this year's Top Workplace competition can be submitted either online or by phone until April 23.

Nominations are being received online at www.mysanantonio.com/topworkplaces and by phone at (210) 348-3714. WorkplaceDynamics, the company that conducts the analysis for the competition, also will contact area companies to see if they are interested in participating.

Nominated companies must complete a registration form that provides clearance for employees to be surveyed. Data from those surveys is what WorkplaceDynamics uses in identifying winning workplaces in small, medium and large categories.

Companies in San Antonio and seven surrounding counties with at least 50 workers qualify for the competition. The results of the rankings will be reported by the San Antonio Express-News in October.

Pocket launches app
store for South Texas

Pocket Communications has launched a new app store for its more than 340,000 subscribers in South Texas. The store will use Qualcomm's Brew-based managed service.

Customers of Pocket will be able to shop for ring tones, wallpapers and 3-D games through the new application store.

General Growth to
submit new proposal

General Growth Properties Inc. will submit by next week a new proposal to reorganize its holding company that would give it more than \$6 billion in cash and an additional \$250 million to back a rights offering. General Growth owns San Antonio's North Star Mall and The Shops at La Cantera.

— From staff and wire reports

NuStar unit accepts \$450,000 fine

It's for lack of
plan for spills in
Midwest.

BY VICKI VAUGHAN

vvaughan@express-news.net

A unit of San Antonio-based pipeline company NuStar Energy LP has agreed to pay a \$450,000 fine to the Justice Department for not having a plan to deal with spills at eight oil-storage terminals in three Midwestern states.

The federal Clean Water Act requires oil-storage facilities to

have plans that address "worst-case" discharges of oil, the Justice Department said in a statement.

"By being prepared and by conducting required response drills, facilities are better situated to prevent environmental harm from such releases," Justice officials said in a prepared statement.

The Justice Department said the terminals are located in Iowa, Kansas and Nebraska and have a combined storage capacity of more than 71 million gallons of oil.

NuStar has agreed to spend

\$768,000 to monitor the volume of tanks at its terminals and to install alarms at some facilities, according to a consent decree filed Thursday in U.S. District Court for the District of Nebraska in Omaha.

The Environmental Protection Agency discovered in 2006 that some NuStar terminals didn't have plans to respond to spills. NuStar said in a statement that it cooperated with the EPA to develop the required plans at several of 60 terminals it bought in July 2005 as part of an acquisition. All of its terminals and pipelines had plans to prevent oil spills as

required by the Department of Transportation, but NuStar discovered that the terminals also must have EPA-approved plans.

"NuStar began working toward this compliance, but before this effort was completed, EPA officials conducted audits at the facilities in July 2006 and cited the terminals."

"This was largely a technical, compliance issue, rather than a significant environmental threat," NuStar said.

The consent decree is subject to a 30-day public comment period and final approval by the court.



PHOTOS BY JENNIFER WHITNEY/SPECIAL TO THE EXPRESS-NEWS

The crew working on the conversion at Randolph AFB is from Tejas Premier Building Contractor, a woman-owned business. Company President Julissa Carielo recently completed a program that matches small-business owners with mentors at larger construction companies who can help guide them through complicated bid processes. Carielo was mentored by Zachry Construction Corp. and F.A. Nunnally Co.

DIVERSITY

CONTINUED FROM 1C

struction industry. He estimates that before the recession, public projects like those funded by the military and University Health System accounted for about 60 percent of San Antonio's commercial construction market. Today, Kistner said, that number is closer to 80 percent.

Rather than set participation goals or mandates, Bexar County has teamed with the local chapter of the Associated General Contractors of America set up a mentoring program for small, minority- and women-owned businesses, said Renee Watson, the program's manager.

The county coordinates an office that matched small-business owners with mentors at larger construction companies who can help guide them through complicated bid processes. Watson said the mentorship program also directs smaller contractors to programs and services that can help them learn basic business practices.

"For the long run, it's better for the industry to really have healthier subcontractors," Watson said.

Julissa Carielo, president of Tejas Premier Building Contractor Inc., completed the mentorship program this year. Carielo said for two years, she has been mentored by Zachry Construction Corp. and F.A. Nunnally Co. The program has helped Tejas use its status as a



A Tejas Premier worker installs ceiling tiles in the building. Carielo said, "Now, about 60 percent of my work is going to be federal projects."

woman- and minority-owned business to land lucrative federal contracts, such as two military construction projects on Randolph AFB, Carielo said.

"Now, about 60 percent of my work is going to be federal projects," she said. "We're getting known, and we're doing a lot more work for them, which has been amazing to me."

In two years, her company has grown from three employees to 27 and Tejas recently purchased a 5,000-square-foot headquarters building on South Laredo Street.

But Carielo said the efforts to direct contracts to small, women- and minority-owned businesses are not flawless because there are not sufficient safeguards in place to prove

general contractors are paying small subcontractors in a timely manner. She has made Tejas a primary contractor, Carielo said, to avoid the risk posed by working for a large contractor.

"They're not going back to check, are these companies getting paid on time. And those larger companies are putting those smaller companies out of business without even knowing it," she said.

Kistner said working with small businesses requires larger contractors to adjust their business plan, stepping up payment schedules or paying for materials, so the company with the weaker cash flow isn't bearing the brunt of the costs.

Tesoro weighing its refineries' future

Company faces weak
market, higher prices.

BY VICKI VAUGHAN

vvaughan@express-news.net

San Antonio-based Tesoro Corp. is evaluating the future of its seven refineries as it struggles to deal with a weak market for its products and higher prices for crude oil.

"We are reviewing all of our operations for their long term viability and do this in the normal course of business as part of our strategic planning," Senior Vice President and Chief Economist Lynn Westfall said in an e-mailed statement.

"The options open to any review of refinery operations always involve closure, sale, or

the potential of a terminal option, but no plans have been made for any of our facilities so far," he said.

The terminal option Westfall referred to relates to comments he made to the Honolulu Advertiser, which recently quoted him saying that Tesoro may convert its Hawaii plant into a terminal, where fuel would be dispensed.

But this week, Westfall said Tesoro has "no plans for that at this time."

Westfall had told Hawaii newspapers that the company's refinery there — the state's largest — lost money in 2009 and continues to lose money this year.

The plant can refine 93,000 barrels of oil a day, but Tesoro has cut its production by about

one-quarter, to 68,200 barrels a day.

Like Tesoro, the nation's independent refiners are mulling the viability of their plants as they seek to bolster the bottom line.

Chevron Corp., which owns the only other refinery in Hawaii, considered converting its plant to a fuel terminal, but last week decided against the idea.

San Antonio-based Valero Energy Corp. has closed its refineries in Aruba and Delaware City, Del., and has said it hopes to close on a sale of the Delaware plant later this month.

Tesoro has taken other steps to cut costs. It has slashed capital spending in the current quarter and has suspended its quarterly dividend.

Payroll
embezzler
sentencedMan who ran firm
gets 30 months in
federal prison.

BY PATRICK DANNER

pdanner@express-news.net

The former president of a San Antonio payroll-services company has been sentenced for embezzling \$2.65 million in payroll taxes his corporate clients owed to the Internal Revenue Service, the Justice Department announced.

Joshua Schechter, 44, was sentenced Friday in U.S. District Court in New Jersey to 30 months in federal prison, followed by two years of supervised release. He faced up to three years in prison.

Schechter, who headed the now-defunct Online Business Services Inc., pleaded guilty in October to two felony counts of filing a false tax return for clients.

Schechter's business partner, Robert Stockton, was sentenced in July to 18 months in prison, followed by three years of supervised release. He pleaded guilty in 2008 to embezzling \$1.8 million.

"When we have individuals like Schechter and Stockton engaged in these employment-tax evasion schemes, that hurts our country greatly," said special agent Mike Lemoine, a spokesman for the IRS' local criminal investigation division. "The government relies on payroll taxes to operate on a daily basis."

The court recommended Schechter serve his prison term in Bastrop and that he be placed in a drug-treatment program. His lawyer couldn't be reached for comment.

According to a statement issued by the U.S. attorney's office in Trenton, N.J., Stockton agreed to sell his Manahawkin, N.J., payroll-outsourcing company to Online Business Services in 2003.

Though the deal was never finalized, the two firms contracted with business clients to provide payroll services from 2003 to 2005. That purportedly included paying all state and federal payroll taxes, and preparing and filing quarterly payroll tax returns and other IRS forms.

Many businesses choose to outsource payroll functions to specialists to avoid the complex task of processing payroll, and withholding and remitting payroll taxes.

Schechter and Stockton filed numerous false quarterly tax returns that underreported what their corporate clients actually owed.

The pair also admitted they didn't forward to the IRS the actual amount of tax payments corporate clients made. Instead, they kept the money in Online Business Services accounts "to be used for illegal purposes," according to the U.S. attorney's office. Authorities didn't disclose how the money was spent.

Schechter's plea deal indicates he has agreed to pay \$2.65 million in restitution to his corporate victims and \$1.8 million to the IRS.

Court documents show Schechter filed false tax returns for two companies, Scobery Moving & Storage Ltd. of San Antonio and SOCO Management Services Inc. in Comfort.

CONTACT US

Emily Spicer, Business Editor
250-3231

Monica Markel, Deputy Business
Editor 250-3161

September Downing, Assistant
Business Editor 250-3343

Find e-mail addresses for all newsroom
staff online at MySA.com, keyword: staff
FAX: 250-3232

E-MAIL: biznews@express-news.net

MAIL: Express-News P.O. Box 2171, San
Antonio, TX 78297-2171