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dbrr DAILY BUSINESS REVIEW

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Brian Tannebaum and Joshua M. King say The Florida Bar's changes to attorney advertising rules continue to be hyper-technical and difficult for both attorneys and the Bar to enforce. **A4**

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PUBLIC NOTICES & THE COURTS

Public notices, court information and business leads, including foreclosures, bid notices and court calendars. **B1**

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EMBEZZLEMENT CLAIM Ecuador says \$662 million stolen

JUDGE WON'T INTERVENE IN CASE OF BANKER-BROTHERS

by Jose Pagliery, DBR. Miami-Dade Circuit Judge Gill Freeman won't provide the relief sought by two fugitive banker-brothers who left Ecuador after they were accused of stealing \$662 million from Filanbanco, the country's largest bank until a 1998 financial crisis. The judge ruled she can't intervene in foreign matters without violating a state sovereignty doctrine.

Ecuador's government is trying to force brothers Roberto and William Isaias, who now live in Miami, to repay millions it claims they embezzled. The brothers asked Freeman to declare they owe nothing to the Ecuadorean agency pursuing them.

Squire Sanders & Dempsey attorneys representing Ecuador say it's a major step in their journey to retrieve millions. But Michael Tein of Lewis Tein, who represents the brothers, calls Ecuador's litigation a charade.

SEE STORY, PAGE A3



J. ALBERT DIAZ

Michael Tein says Ecuador's attempt to get millions of dollars from his clients is a "charade."

FLORIDA BAR Scott makes surprise visit

Governor pledges to make court funding a priority next year

by Julie Kay, DBR. Gov. Rick Scott made a surprise appearance at The Florida Bar's annual conference, winning applause from judges and lawyers by promising to make court funding a priority next year.



Scott

"I am acutely aware of the need to adequately fund the judiciary," Scott told more than 1,000 in Orlando, "and I intend to make court funding a priority during the next legislative session."

Scott is the first sitting governor to speak at a Bar conference, outgoing Bar president Mayanne Downs said. His appearance was secured just days before the conference by The Bar's legislative chair Ed Scales, who is friendly with Scott's general counsel, Charles Trippe.

Few knew he was arriving. Some like former Florida Bar president Frank Angones were less than impressed.

"Why is he coming? Because his approval rating is at 29 percent," Angones said.

SEE STORY, PAGE A3

HOME-BUILDING

Net income takes dive at Lennar

Review wire services. Home-builder Lennar was buoyed by investments in distressed real estate as the traditional spring home-selling season proved to be a disappointment.

The Miami-based company reported net income fell 65 percent in its second quarter compared with last year, when it logged a big tax benefit.

Chief executive officer Stuart Miller said there was "very little evidence of a spring selling season."



Miller

For the three months ended May 31 — typically its busiest selling time of the year — Lennar earned \$13.8 million, or 7 cents per share. That compares with \$39.7 million, or 21 cents per share, a year ago.

Lennar shares have gained 27 percent in the past 12 months, compared with 8.8 percent for other home-builders.

SEE STORY, PAGE A7



ECONOMIC OUTLOOK

Job losses in information industry prove to be persistent

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EXCLUSIVELY ON THE WEB



Court takes medical pot appeals: The Michigan Supreme Court has agreed to hear two cases about medical marijuana, the first appeals accepted by the state's highest court since voters approved the limited use of pot in 2008.



Ethics opinion tackles Facebook 'friend' requests: Enterprising lawyers beware: Using Facebook as an investigative tool may get you into trouble with the bar.



Ecuador: Read the opinion thwarting an attempt by a pair of fugitive Ecuadorean banker brothers in Miami who wanted to block their native country's claims they owe \$661.5 million in embezzled funds.

MOST-READ STORIES ONLINE

1. Real estate buyers find quick money — but at a hefty rate: Investors chasing real estate deals that many lenders won't touch are increasingly turning to the debt-fund market for bridge loans.

2. Rude enough to succeed? People who behave rudely give off an aura of power, according to new research. Is your career being held back because you're too nice and polite?



3. Dismissal of 'mind-boggling' foreclosure case reversed: The 3rd DCA has ordered a foreclosure case reinstated because the homeowners filed "fabricated" documents that made them appear to be the lender and a bank to be the borrower.

4. Law firm bookkeeper still owes \$300K: Gerry Mathews pleaded guilty to embezzlement after paying off personal bills, writing checks from partners' accounts and diverting checks meant for firm partners.

5. Winn-Dixie files federal lawsuits against discount stores: Winn-Dixie is flexing its muscle in federal court, claiming discount chains that share shopping center space with its supermarkets are violating lease agreements by competing against it on food sales.

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LEGAL REVIEW

EVENTS

Today

Palm Beach County Bar Association: "Intermediate Facebook," 11:30 a.m., Bar Association office, 1601 Belvedere Road #302E, West Palm Beach. Cost: \$45 members, \$85 nonmembers, \$10 more after June 17. Call (305) 371-2220.

Cuban American Bar Association: Luncheon, 1 p.m., DoubleTree Miami Airport Convention Center, 711 NW 72nd Ave., Miami. Cost: \$55 in advance, \$65 after June 21. Email: diana@cabaonline.com.

June 27

Dade County Bar Association: Panel discussion on "Prosecuting and Defending a Foreclosure Case in the 11th Judicial Circuit," 8 a.m., Hyatt Regency Miami Hotel, 400 SE Second Ave., Miami. Cost: \$150 members, \$185 nonmembers, \$200 at the door. Call (305) 371-2220.

PEOPLE



Skolnick



Polenberg

Holly Skolnick, a shareholder at Greenberg Traurig and president and founder of the firm's Fellowship Foundation, has been named president of Florida Immigrant Advocacy Center's board of directors.

Jon Polenberg, founding partner of Polenberg Cooper, has been named president of the

Transplant Foundation of Florida.

Thomas E. Baker, law faculty professor of Florida International University, has been named by the board of directors of the American Bar Foundation as a fellow of the foundation.

Paul A. Lester has joined Cole Scott & Kissane as of counsel. He was a solo practitioner. Lester has a law degree from University of Pennsylvania and a bachelor's degree from the University of Rochester in New York.

SUPREME COURT

High court rules against Anna Nicole Smith's estate

The U.S. Supreme Court ruled Thursday against the estate of Anna Nicole Smith in its quest to capture some of the \$1.6 billion estate left behind by her late Texas billionaire husband.

The high court ruled a bankruptcy court's decision to give the late Playmate \$475 million from the estate of oil tycoon J. Howard Marshall was decided incorrectly.

Smith and Marshall were wed in 1994, and he died the next year.

His will left his estate to his son, E. Pierce Marshall, and nothing to Smith. A California bankruptcy court awarded Smith part of the estate, but the 9th U.S. Circuit Court of Appeal said a bankruptcy judge could not make a decision on an issue outside of bankruptcy law.

The high court agreed.

— The Associated Press

CORRECTION

In the Review 100 chart of Florida's largest law firms published June 20, the Review miscounted the number of attorneys at Fowler White Burnett. The head count of 88 would place the firm in 20th place and reflect an annual attorney loss of 12.9 percent. The change raises the ranking one position for Broad and Cassel, and Gunster to a tie at 8; Wicker Smith O'Hara McCoy & Ford to 10; Fowler White Boggs to 11; Conroy Simberg and Stearns Weaver to a tie at 12; Becker & Poliakoff to 14; Morgan & Morgan to 15; Foley & Lardner to 16; Butler Pappas Weihmuller Katz Craig to 17; Bilzin Sumberg Baena Price & Axelrod to 18; and White & Case to 19.

11TH CIRCUIT Brothers are accused of embezzling \$661M from Ecuador

JUDGE WON'T STEP IN TO PROTECT FUGITIVE BANKERS

by Jose Pagliery
jpagliery@alm.com

An attempt by two fugitive banker-brothers to block Ecuador's claims that they owe \$662 million was thwarted when Miami-Dade Circuit Judge Gill Freeman said she didn't have the power to intervene in foreign matters.

Ecuador accused brothers Roberto and William Isaias in a Miami-Dade Circuit Court suit of plundering bank accounts and hiding the insolvency of Filanbanco, Ecuador's largest bank until a 1998 financial crisis led to bailouts and government takeovers. They responded with a countersuit.

Freeman dismissed their request for declaratory judgment and kept open a venue for the government of Ecuador to demand funds it claims the brothers embezzled.

The Isaias brothers wanted Freeman to rule that they owe nothing to the Ecuadorean government, but she cited the act of state doctrine in her order Monday, concluding she had no authority to inquire into the validity of a foreign government's actions.

"The claims of the Isaias brothers here would require this court to go far beyond a mere declaration that nothing is owed as a matter of accounting and contract principles," she wrote, noting she would be forced to question Ecuador's executive, legislative and judicial powers.

"This is not for this court to determine," she added.



J. ALBERT DIAZ

Ecuador's attorneys, Squire Sanders & Dempsey partners Alvin Davis and Digna French, celebrated Miami-Dade Circuit Judge Gill Freeman's decision to not provide the relief sought by two fugitive Ecuadorean banker-brothers.

Ecuador's attorneys, Squire Sanders & Dempsey partners Alvin Davis and Digna French, celebrated the decision.

"It's extremely important in our case. The only issue in the case now is how much they owe us," Davis said. "Courts in a country cannot

interfere in the actions of other sovereigns because then you'll have courts all over the world trying to invalidate actions taken by the U.S. government. That would be chaotic."

SEE ECUADOR, PAGE A4

OCEAN BANK Curry won't have to sit for questioning



J. ALBERT DIAZ

From left, attorneys for the defendant, John Herrera and Pelayo Duran, and for the plaintiff, Brian S. Dervishi, participate Thursday in an Ocean Bank hearing.

No deposition of exec required

by Jose Pagliery
jpagliery@alm.com

An Ocean Bank executive won't be forced to sit for a deposition in a foreclosure case to explain why the bank has given the same commercial property two vastly different valuations. But defense attorneys will gain access to bank emails.

Miami-Dade Circuit Judge Spencer Eig ruled Thursday that the Miami bank's chief operating officer, Terry Curry, won't have to answer questions from attorneys for the West Kendall property owner.

But solo practitioners Pelayo Duran and John Herrera, who

SEE OCEAN, PAGE A4

FLORIDA BAR

Gov. Scott surprises conference

by Julie Kay
jkay@alm.com

Gov. Rick Scott made a surprise appearance at The Florida Bar's annual conference Thursday, winning applause from judges and lawyers by promising to make court funding a priority next year.

"I am acutely aware of the need to adequately fund the judiciary, and I intend to make court funding a priority during the next legislative session," Scott told an audience of more than 1,000 in Orlando. "We need a steady, predictable source of funding for our justice system, and it should be balanced between the trust fund and general revenue."

Scott is the first sitting governor to speak at a Bar conference, said outgoing Bar president Mayanne Downs. His appearance was secured just days before the confer-

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FROM PAGE A3

ECUADOR: Case 'is not for this court to determine'

The brothers' attorney, Michael Tein with Lewis Tein in Miami, maintains little has changed.

"While I disagree with her ruling, I'm certain that she will ultimately see what Ecuador is doing is a charade," he said. "Their lawsuit is like [Fidel] Castro trying to seize Miami homes from families who fled from Cuba. Their lawsuit, if they win it, will create a precedent that Castro and [Hugo] Chavez can come in and sue every political refugee in Miami and seize their houses."

BLAMING BANKERS

The lawsuit stems from the financial crisis that swept across Latin American and Asia in the late 1990s. The resulting bank runs and a liquidity crisis felled half of Ecuador's private domestic banks in 1998 and 1999.

At Filanbanco, Roberto Isaias served as executive president and William Isaias as executive vice president until the crisis. Both left when it was turned over in 1998 to a newly created deposit guarantee agency similar to the U.S. Federal Deposit Insurance Corp.

The 2009 lawsuit filed in Miami claims some of the pilfered money came from \$1.11 billion Ecuador injected into the bank to keep it afloat.

Ecuador's government points to a 2001 audit by international accounting firm Deloitte & Touche that estimates a depositor loss of \$662 million.

The brothers argue the audit report is faulty and instead point to an Ecuadorean government auditor's report saying the bank was handed over in good condition in 1998. The government audit places the blame squarely on Ecuador, saying it mismanaged Filanbanco by merging it with

a failing bank and using its funds to support other financial institutions.

Filanbanco closed in 2001. Two years later, the Isaias brothers fled to Miami after Ecuador's Supreme Court issued warrants for their arrest.

SEIZED ASSETS

Another issue in the case involves assets seized by the Ecuadorean government.

The government in 2008 raided two private television stations and 193 newspaper, insurance, construction and farming companies it claims are linked to the family.

The brothers' countersuit previously asked Freeman to declare the seizures illegal and improper, but they withdrew those requests.

The judge in January dismissed a lawsuit filed by seized companies seeking to involve them in Ecuador's case against the brothers. Tein, who also represents the seized companies, said that ruling is on appeal.

He also said the brothers' lawsuit will be amended to add a request that Freeman enforce a \$158 million judgment issued in Ecuador in 2001. That judgment requires Ecuador to return assets to the bank's shareholders, Intral Panama and Seguros Rocafuerte, companies owned by the brothers.

Davis predicted that won't work.

"They are clinging to a thread with this judgment that they got in 2001, but the judgment is not in their favor," he said, noting the winning parties are corporate and not the brothers. "They were shareholders of the company, but shareholders do not have the right to sue on behalf of the company."

“Their lawsuit is like [Fidel] Castro trying to seize Miami homes from families who fled from Cuba. Their lawsuit, if they win it, will create a precedent that Castro and Chavez can come in and sue every political refugee in Miami and seize their houses.”

**MICHAEL TEIN
PARTNER
LEWIS TEIN**



J. ALBERT DIAZ

FROM PAGE A3

OCEAN: Bank accused of inflating property values

represent general contractor Guillermo Fernandez, say they'll still seek ways to prove Ocean Bank is setting appraisals at values they assert are convenient for the institution's corporate goals.

The defense team accuses the bank of inflating property values when reporting them to the Federal Deposit Insurance Corp., which allows the bank to keep fewer reserves, and then deflating the properties in court documents to maximize gains from deficiency judgments.

"They're adjusting the appraisals to whatever scenario is convenient," Duran argued in court.

Bank attorney Brian Dervishi rejected the fraud claim after the hearing.

"The accusation is absolute nonsense. The bank only uses one value for the property for all bank purposes, and that value is based on proper appraisals by third party professionals," he said.

The bank signed a cease and desist order in 2007 with the FDIC and the state's Office of Financial Regulation, agreeing to comply with procedures

meant to curb money laundering.

Eig heard from attorneys on both sides before granting the bank's request to keep its executive vice president out of depositions while ruling the bank must turn over emails.

"If they're not complying with their own internal policy, your honor should know that," Duran told the judge.

Dervishi, a partner at Weissman & Dervishi, attacked the defense team's efforts as an all-out war against the bank.

"He's got a litigation jihad against Ocean Bank," Dervishi said.

DEAL GONE SOUR

The appraisal fraud claim after a deal between the bank and the property owner went sour, according to Fernandez.

He bought a suite at an Ocean Bank-owned property at 8000 SW 117th Ave. in 2006. He said he purchased the space for \$761,000 and invested another \$400,000 in the unit, installing mahogany doors, granite floors, accent lighting and wood paneling. When the real estate

“They represent to the FDIC a higher value so they have to pay less in their loan-loss reserves. And then they hit the client, the person who lost their property. They undervalue their property so they can claim the deficiency judgment is more.”

**JOHN HERRERA
DEFENSE ATTORNEY**

market tanked, his business flat-lined, and the bank filed to foreclose in April 2010.

Fernandez said he agreed to not fight the foreclosure when the bank agreed to not seek a deficiency judgment, and a foreclosure judgment followed last October.

"Those agreements were never put in writing, but I didn't think much of it," Fernandez said.

But the bank immediately came after him, saying he owed the difference between the \$935,395 foreclosure and what the bank's estimated fair market value of \$450,000.

Fernandez hired Duran and Herrera, who said the bank used a broker price opinion to appraise the unit at \$665,000 only three months before it appraised it at \$450,000.

They believe the bank is using the higher figure to report assets to the FDIC but using the lower figure to obtain more money from Fernandez.

"They represent to the FDIC a higher value so they have to pay less in their loan-loss reserves. And then they hit the client, the person who lost their property. They undervalue their property so they can claim the deficiency judgment is more," Herrera said.

Jose Pagliery can be reached at jpgagliery@alm.com or at (305) 347-6648.

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LEGAL BRIEFS

GOVERNOR SIGNS LAW FAVORING AUTOMAKERS IN CRASH CASES

Gov. Rick Scott on Thursday signed a bill raising the burden on car crash victims blaming injuries on product defects.

The crashworthiness law partially overturns a Florida Supreme Court decision in 1993 by expanding the evidence jurors will hear on the cause of accidents and factor that into their thinking when they apportion fault.



Scott

"While this new law is a step in the right direction, more work is needed to repair Florida's broken legal system," the Florida Chamber of Commerce said in a news release that commended Scott.

Ford attorney Doug Lampe, a key proponent of the bill, was present at the signing, the Chamber said.

Plaintiff attorneys opposed the measure, arguing it lets automakers escape blame for defects and removes incentives to make safer vehicles.

Attorney Leslie Kroeger of Leopold Kuvin in Palm Beach Gardens, who argued against the bill, said, "The governor had a wonderful opportunity today to protect the citizens of Florida. It's very disappointing that he didn't act in the best interests of our citizens." (Staff report)

COURT BALKS AT 'GOTCHA' TACTIC IN MALPRACTICE CASE

The Florida Supreme Court on Thursday affirmed a \$2 million malpractice award to

the parents of a 5-day-old premature baby who died of a bacterial infection at Jackson Memorial Hospital.

The high court agreed with the 3rd District Court of Appeal but for different reasons and faulted the hospital for trying to eject the case during trial over a lack of service on the state Department of Financial Services since the hospital is publicly owned.

"We reject the use of noncompliance ... as a 'gotcha' tactic to dispose of potentially meritorious causes of action," Justice Jorge Labarga wrote for the unanimous court.

The court concluded the issue must be raised in a pretrial motion rather than as a trial surprise. Jackson asked for a directed verdict of acquittal as the parents of Ryan Rodriguez were about to rest their case.

Miami-Dade County, which owns the hospital, argued last December for a new trial.

Coral Gables attorney Barbara Green, who represented the parents, did not return a call for comment by deadline.

Assistant County Attorney Eric Gressman, who argued for the county, had no immediate comment. (Staff report)

COURT: GENERIC DRUG MAKERS DON'T NEED STIFFER WARNINGS

Makers of generic drugs cannot be held responsible for warning consumers of the dangers of their drugs on the package's label when the brand-name equivalent doesn't, the U.S. Supreme Court ruled Thursday.

The high court ruled in a 5-4 decision

against Gladys Mensing, who sued PLIVA and other generic drug manufacturers.

She claimed taking metoclopramide gave her a severe neurological movement disorder, but none of the generic drug's manufacturers and distributors made any effort to include warnings on the label.

Generic drug makers say government regulations require them to have the same label on metoclopramide as its brand-name equivalent, Reglan. Reglan did not have a warning about tardive dyskinesia. The drug is often taken for heartburn.

The high court said federal law trumped Mensing's complaint. (The Associated Press)

CSX LIABLE FOR INJURED WORKER'S DAMAGES

The U.S. Supreme Court decided Thursday that a man can use a federal law to collect damages against a railroad.

The high court ruled in a 5-4 decision that Jacksonville-based CSX Transportation should compensate Robert McBride for an accident under the Federal Employees Liability Act.

McBride sued CSX after being hurt while working on a train between Indiana and Tennessee.

A judge told the jury that CSX "caused or contributed" to the accident if its negligence in any way caused the accident. CSX argued that was the wrong instruction under the FELA, saying McBride had to prove the injury happened "in whole or in part" from its negligence.

Lower courts agreed with McBride, and

the high court confirmed their ruling. (The Associated Press)

COURT ENDORSES DATA MINING BY DRUG COMPANIES

The U.S. Supreme Court on Thursday struck down a Vermont law that forbids drug manufacturers from using information about the prescription drugs doctors prescribe to tailor their sales pitches to physicians.

In a 6-3 ruling, the court ruled in favor of the data mining companies that compile the information and sell it to pharmaceutical companies.

Justice Anthony Kennedy said in his majority opinion that the Vermont law violates the speech rights of the companies. (The Associated Press)

COURT SAYS LAB ANALYST MUST TESTIFY TO OWN WORK

The lab analyst who testifies at a criminal trial must be the one who performed or witnessed the lab tests in question, the U.S. Supreme Court ruled Thursday.

It's the latest decision bolstering the constitutional requirement that defendants be able to confront witnesses against them.

In a 5-4 decision, the court ruled in favor of a New Mexico man convicted of drunken driving who objected when the supervisor of a lab analyst testified about a lab report showing the amount of alcohol in his blood.

The ruling reversed a New Mexico Supreme Court decision in the state's favor. (The Associated Press)

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BOARD OF CONTRIBUTORS Revised rules little more than reshuffling of deck chairs

Changes to advertising rules cumbersome, costly

Commentary by Brian Tannebaum and Joshua M. King

The Florida Bar has proposed wholesale changes to Florida's attorney advertising rules — changes designed to comply with Constitutional limits on the Bar's ability to regulate attorney speech.



Tannebaum



King

Regulating attorney speech in lieu of standing up for the First Amendment has been a cornerstone of state bar associations, and the Florida Bar's regulation of lawyer advertising is the most restrictive in the nation. The basis for regulating what attorneys can say about themselves is — in layman's terms — an exercise in protecting the public from lawyers. That the Florida Bar's new rules claim to consider the Constitution as a partner rather than an enemy of regulating lawyers is a step in the right direction. Bar associations should be as interested in the future of the legal profession as they are in acting as a



consumer protection agency.

The topic is scheduled for discussion today at the Florida Bar's annual convention in Orlando.

Florida has a long history of excessive regulation of attorney advertising, from its incredibly detailed and hard-to-decipher rules to its unpredictable process devoted to review and approval of advertisements. In its latest venture into changing the rules, the Bar attempted to bring a little common sense to its regulation of attorney websites, proposing that websites be exempted from most of the advertising rules as "information" provided at the request of a client. The Florida Supreme Court's response?

Not so fast.

In its place, the Justices proposed that websites comply with the advertising rules and that consumers accept disclaimers prior to learning more about the lawyer. This proposal has met with near-universal dissent (except from the Web-developer industry), culminating in the eight largest law firms in the state bringing a petition to

the Florida Supreme Court asking that it abandon this proposal. In response, the Bar has stepped back in, saying all sorts of good things about the need for advertising regulations to respect Constitutional limits and attempting to overhaul the advertising rules accordingly.

But what do the Bar's proposed new rules do, precisely? They haven't been curtailed, are still overly detailed, and most advertising must still be pre-approved by the Florida Bar.

In fact, the only major proposed changes would permit some forms of testimonials and past results obtained by an attorney. The Bar should be commended for finally recognizing that Florida's longstanding ban on these two types of advertising is wholly unconstitutional, as evidenced by successful First Amendment lawsuits attacking attorney advertising regulations in New York and Louisiana.

But outside of these nominal changes, the revised rules are nothing more than a reshuffling of the deck chairs. The rules are cumbersome, costly and of no benefit to potential clients. Curiously, although several surveys were conducted on consumer attitudes

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REAL ESTATE REVIEW

EVENTS

Today

Miami Association of Realtors: Foundations for Success Series/ Far 9 Contracts and Addendum, 9 a.m., Miami headquarters, 700 S. Royal Poinciana Blvd., Suite 400, Miami Springs. Cost: \$45 members, \$75 nonmembers, \$90 at the door. Call (305) 468-7000.

Council of the Miami Association of Realtors: "Getting Started and Maximizing the use of your iPad," 9 a.m., Plantation office, 10050 NW First Court, Plantation. Cost: \$15 members, \$30 nonmembers, \$50 at the door. Call (305) 468-7000.

June 27-28

Miami Association of Realtors: Certified Distressed Property Expert, 8 a.m., Sheraton Suites Cypress Creek, 555 NW 62nd St., Fort Lauderdale. Cost: \$449 members, \$599 nonmembers. Call (305) 468-7000.

June 28

Realtors Association of the Palm Beaches: "How to Close HAMP & HAFA Short Sales in 45 Days," 9 a.m., RAPB Boca Raton Conference Center, 3200 N. Military Trail, Suite 102, Boca Raton, free for members, \$15 nonmembers. Email: dperez@rapb.com. Call (561) 585-4544.

June 30

Miami Association of Realtors: Building the Listing presentation, 9 a.m., Miami headquarters, 700 S. Royal Poinciana Blvd., Suite 400, Miami. Cost: \$45 members, \$75 nonmembers, \$90 at the door. Call (305) 468-7000.

June 24

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July 21

Commercial Real Estate Women Fort Lauderdale/Palm Beach: Luncheon with Stuart Kapp and Lisa Markofsky of Proskauer, speaking on topic: "The New Real Estate — Tips on Buying Debt and Judgments," 11:30 a.m., Ruth's Chris Steakhouse, 225 NE Mizner Blvd., Boca Raton. Cost: \$40 members, \$55 guests, \$10 after July 20. Email: admin@crewftlpbch.org.

FORECLOSURE

64 unsold units at Gables Marquis up for auction

The remaining unsold condominiums at Gables Marquis in Miami are set to be auctioned off following a \$17.82 million foreclosure judgment.



The 64 units at the 3232 Coral Way building are to be sold through a July 27 online foreclosure auction, according to Miami-Dade Circuit Court records. Lehman Brothers Holdings was awarded the foreclosure judgment on June 16 by Senior Judge Jeffrey Rosinek.

Lehman had provided Gables Marquis, an affiliate of Boynton Beach-based real estate management firm Apogee New Dawn, a

\$13.32 million mortgage secured by the condos in October 2007, according to court records. Apogee New Dawn defaulted on the loan in March.

Gables Marquis was developed in 2007 by Boca Raton-based EB Developers. Over-leveraged during the residential building boom, EB gave up several projects to lenders following the 2008 death of company founder Elie Berdugo.

EB sold 116 of the 177 residential units at Gables Marquis between 2007 and 2008. The remaining unsold units include three commercial condos.

Apogee took over as the principal of the Gables Marquis ownership in April 2009, according to state corporate records.

— Eric Kalis

GROWTH MANAGEMENT

Scott's team takes to road to explain rules

STATE TO REMAIN INVOLVED IN LARGE-SCALE PROJECTS

by Michael Peltier
News Service of Florida

Admitting that new rules are being made on the fly, state growth management officials say the state will remain an active partner in large-scale development decisions but will be far more selective in entering the debate over how communities choose to grow.

Nearly 26 years after state lawmakers enacted Florida's first comprehensive planning laws, the economic landscape has changed and local governments can take over much of the responsibility for oversight, Department of Community Affairs Secretary Billy Buzzett told a group of nearly 300 people in Polk City during the second in a series of workshops to discuss how new growth rules will work.

WORKSHOPS

Sites of a series of workshops to discuss how new growth rules will work:

Sarasota

Polk City

Gainesville

St. Augustine

Boca Raton

DeFuniak Springs

"Perhaps it's time to start thinking about easing up on local governments a bit and thinking about a mid-course correction on what the state will advance," said Buzzett, who has spent the past six months pushing Scott's plan to do away with the DCA and meld its function in to the newly created Office of Economic Opportunity.

Buzzett and other top state community planning regulators have taken their show on the road, crisscrossing the state to bring local planners, envi-



DCA Secretary Billy Buzzett is on the road to bring local planners and environmentalists, up to speed on a major rewrite of growth management law.

ronmentalists, government officials and community activists up to speed on a major rewrite of growth management law passed this year that dilutes state control over many local development decisions and in some cases limits the scope of local review.

The group held a workshop in Sarasota on Tuesday and Polk City on Wednesday, and is going to

SEE DCA, PAGE A8

HOME-BUILDING

Business didn't pick up in spring as it usually does

Quarterly net income declines at Lennar

Review wire services

Home-builder Lennar was buoyed by investments in distressed real estate as the traditional spring home-selling season proved to be a disappointment.

The Miami-based company Thursday reported net income fell 65 percent in its second quarter compared with last year, when it logged a big tax benefit.

For the three months ended May 31 — typically its busiest selling time of the year — Lennar earned \$13.8 million, or 7 cents per share. That compares with \$39.7 million, or 21 cents per share, a year ago.

The prior-year period included an income tax benefit of \$11 million, or 6 cents per share.

Chief executive officer Stuart Miller said there was "very little evidence of a spring selling season."

Lennar's revenue fell 6 percent to \$764.5 million from \$814.5 million.

The company's Rialto Investments unit, which buys distressed real estate investments, saw its operating earnings climb to \$9.8 million from \$5.1 million.

Banks are unloading an increasing number of troubled assets, giving Rialto more opportunities, according to Miller.

"We're underwriting a pipeline of new potential deals that is



MALCOLM LITTEN/BLOOMBERG NEWS

Lennar chief executive officer Stuart Miller said their there was "very little evidence of a spring selling season."

much larger than we've seen over the past quarters and we expect this activity to continue for some time," he said.

Home deliveries slipped 8 percent to 2,682 homes, while new orders were flat at 3,204 homes. Lennar's backlog dipped 1 percent to 2,470 homes.

U.S. home-builders are being hurt by weak demand as unemployment hovers around 9 percent and foreclosures drive down prices for existing houses. Lennar has reported five straight quarterly profits amid the slump after

INSIDE

New-home sales fell in May as median price increased.

Page A10

cutting costs and generating more revenue from Rialto Investments.

Other big home-builders have reported sharp annual declines in home orders this spring, even amid a seasonal increase in traffic by prospective buyers. Lennar's previous quarter ended in February, just as the peak period for home sales got rolling.

Unlike last year, home-builders haven't had an assist from federal tax credits that helped spur sales. Potential buyers are plagued by high unemployment, strict lending standards and fears that home prices will plunge again.

During the quarter, the average sales price of homes delivered rose 2 percent to \$245,000 from \$240,000 as sales incentives offered to homebuyers increased.

Lennar shares have gained 27 percent in the past 12 months, compared with an 8.8 percent advance in the 12-member Standard & Poor's Supercomposite Homebuilding index.

This story includes reporting from The Associated Press and Bloomberg News.

DEAL OF THE DAY

Church adds \$2 million to existing mortgage

The owner of a church in Tamarac boosted an existing mortgage from \$5.98 million to \$8.03 million.

Address: 10001 W. Commercial Blvd., Tamarac
Property type: 115,945-square-foot church on 14.92 acres

Loan value: \$8.03 million

Lender: Church Development Fund Inc.

Borrower: Community Christian Church of Fort Lauderdale Inc., Tim Robinson, manager



MELANIE BELL

Bank takes title to North Miami Beach building

A lender took title to a North Miami Beach retail building in a foreclosure auction.

Address: 15660 W. Dixie Highway, North Miami Beach

Property type: Two retail buildings totaling 11,133 square feet and two commercial parcels totaling 0.34 of an acre

Borrower: Lehman Family Holdings LLC, Jerry Lehman, manager

Lender/winning bidder: Sun American Bank

Judgment amount: \$3.49 million

Bid amount: \$1,400

Retail building sells for less than 2004 price

Address: 3111 45th St., West Palm Beach

Property type: 24,289-square-foot retail building completed in 1989 on 4.35 acres

Price: \$3.28 million, or \$134.91

per square foot

Seller: North Village Realty LLC, Caroline Lee, managing member

Buyer: Inhaven LLC, Robert Marini, manager

Past sale: \$3.9 million in April 2004

Pompano building bought for \$575,000

Address: 2771 E. Atlantic Blvd., Pompano Beach

Property type: 7,832-square-foot mixed-use building on 0.18

of an acre

Price: \$575,000, or \$73.42 per square foot

Sellers: Robert Jassen and Carlos De La Fe

Buyer: Alexis LLC, Ana Barbara, manager

Pompano warehouse acquired for \$750,000

Address: 2040 NE 51st St., Pompano Beach

Property type: 4,000-square-foot warehouse on 0.26 of

an acre

Price: \$750,000, or \$187.50 per square foot

Seller: Christian Berian

Buyer: Wal-Mart Stores East L.P.

Past sale: \$200,000 in 1997

3 acres purchased in Coral Springs

Address: 11927 W. Sample Road, Coral Springs

Property type: 3.03-acre industrial parcel

Price: \$1.55 million, or \$11.76 per square foot

Seller: L&H LLC, Linda Dickens, manager

Buyer: Janic Properties LLC, John Flora, managing member

Boca Raton office building set for auction

A Boca Raton office building is to be auctioned off following a foreclosure judgment.

Address: 855 S. Federal Highway, Boca Raton

Property type: 32,850-square-foot office building completed in 1962 on 2.15 acres

Property owner: Sunkap Boca Raton Member LLC, James Pope, vice president

Lender: Petra CRE CDO 2007 1 Ltd.

Judgment amount: \$26.48 million

Auction date: July 18

These reports are based on public records filed with the clerks of courts. Building area is cited in gross square footage, the total area of a property as computed for assessment purposes by the county appraiser.

FROM PAGE A7

DCA: Overhaul rid Florida of many concurrency rules

Gainesville, St. Augustine, Boca Raton and DeFuniak Springs. Wednesday's session was a combination of information dissemination and hand-holding as local governments prepare for sweeping changes included in the measure (HB 7207) approved by lawmakers earlier this year that was pushed by Gov. Rick Scott.

Though the details of how the new law will be enforced are still being developed, Buzzett said the major thrust is clear: While necessary in the 1980s and 1990s, the state no longer needs to take a central role in local development decisions as communities, over time, have developed their own set of rules.

"We will continue to intervene," Buzzett said. "It's not going to be every day, and it's not going to be on every issue."

That discretion is what concerns some environmentalists and local officials, who see the new law as a work in progress that will only be made clear until after it's been on the books

for quite some time. By then, it will be too late to remedy.

"We're going to spend the next 2½ years to find any time bombs in this legislation," said Charles Lee of Florida Audubon.

This year's overhaul virtually erased the bulk of the growth management law, first enacted in the 1980s in a time of go-go growth and sprawl.

Besides eliminating a state-wide comprehensive plan to which all local plans were required to adhere, the bill removes certain requirements for matching development with infrastructure, such as transportation, schools and parks. Now, local governments can do away with such so-called concurrency requirements altogether in some cases.

Also exempted from state oversight are industrial developments, mining and movie theaters from previous requirements to submit plans outlining their regional impacts. Lawmakers also eliminated requirements that projects be



"We're going to spend the next 2½ years to find any time bombs in this legislation."

**CHARLES LEE
FLORIDA AUDUBON**

financially feasible, another effort to jump-start an economy that has been in the doldrums since the housing crash.

"Florida is trying to recruit industry, to diversify," said Tom Beck, DCA's director of community planning. "If you

have to wait two years, it's hard to recruit companies and compete with our southern neighbors."

Among the areas of most concern Wednesday were issues involving water consumption and the push to encourage large tract and urban development. The new law will allow developers holding 15,000 acres or more to avoid some of the requirements facing smaller projects and will make it easier to get long-term approval for water consumption.

Local water districts will be limited in the ability to deny such large-scale requests, which could affect the ability of other applicants to obtain necessary water permits later. Beck acknowledged that the rules could favor large landowners over smaller land holders. Ron Weaver, a land-use attorney from Tampa, said the new legislation strikes a much-needed balance between strict state control and unlimited local authority on water and a host of other issues.

"What the state is doing is stepping back as parents and saying (to cities) that you're 14 or 15 now and you need to grow up. There is still some parenting, but there is not as much," Weaver said.

Buzzett said the agency will retain control if state interests are at stake, a threshold that Lee said is not specifically outlined.

"I predict a long process will be needed to determine what the state's domain will be," Lee said.

Of equal concern is the move of DCA to the Office of Economic Opportunity, an office created by Scott to promote the state and bring jobs. Lee said it is unclear how DCA's planning function will survive in such a corporate culture. Beck said the agency's role, though focused, will remain the same.

"There are changes, yes, but growth management is not dead," Buzzett said. "There is a very robust growth management (system) still residing in Florida."

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Golf phenom's trust acquires Jupiter home

Address: 189 Bears Club Drive, Jupiter
Property type: Two-story, five-bedroom, 8,942-square-foot home built in 2005
Price: \$3.85 million, \$430.55 per square foot
Sellers: Stephen M. Parks and Joan Parks
Buyers: Byung-Wook Wie and Hyun Kyong Wie, as co-trustees of the Michelle Wie irrevocable trust
Background: Byung-Wook Wie and Hyun Kyong Wie are the parents of 21-year-old golf phenom Michelle Wie.

Southwest Ranches home goes for \$1.5M

Address: 5271 SW 136th Ave., Southwest Ranches
Property type: 12,435-square-foot home
Price: \$1.5 million, \$120.63 per square foot
Sellers: Fred Marie Beliard and Hermine Monerau Beliard
Buyers: Novalis LLC, Marcel Laik, managing member

Two-story residence purchased for \$3.5M

Address: 987 Palm Way Road, Palm Beach County
Property type: Two-story, 6,050-square-foot home built in 1998

A CLOSER LOOK

Four-bedroom Key Biscayne home purchased for \$6.2M

Address: 260 Harbor Drive, Key Biscayne
Property type: Four-bedroom, 3,085-square-foot home built in 1956
Price: \$6.2 million, \$2,009.72 per square foot
Seller: Suzanne Roff, Anne Toya Roff-Cook and Kenneth L. Cook
Buyers: Liero S.A., a Panamanian corporation



JILL KAHN

Price: \$3.5 million, \$578.51 per square foot
Sellers: David Lee Brooks and Stephanie Brooks
Buyer: Mary Barnett

Delray Beach house obtained for \$2.18M

Address: 1153 Lowry St., Delray Beach
Property type: Two-story, 4,470-square-foot home built in 1938
Price: \$2.18 million, \$487.70 per square foot
Seller: Ian Devine, as personal representative of the estate of Louise Williams Devine
Buyers: Lowry Development LLC

Miami Beach condo acquired for \$2.4 million

Address: 5801 Collins Ave., Unit 1000, Miami Beach
Property type: Four-bedroom, 4,599-square-foot condo built in 2002
Price: \$2.4 million, \$521.85 per square foot
Seller: Jose A. Rodriguez
Buyers: Jeffrey B. Crevoiserat and Mariana Crevoiserat

Key Biscayne condo sells for nearly \$1.8 million

Address: 785 Crandon Blvd., Unit 1605, Key Biscayne

Property type: Two-bedroom, 2,100-square-foot condo built in 1998
Price: \$1.78 million, \$847.62 per square foot
Seller: Lynne K. Gillis
Buyers: Stephen A. Ferriss and Ritva Ferriss

Condo in Miami Beach fetches \$1.7 million

Address: 50 S. Pointe Drive, Unit 1906, Miami Beach
Property type: Two-bedroom, 1,606-square-foot condo unit built in 2008
Price: \$1.7 million, \$1,058.53 per square foot
Seller: South Beach Ocean Parcel II Ltd., South Beach Ocean Parcel II G.P., Inc., Stuart Eichner and Bruce Eichner
Buyer: Igor Vicel

Hollywood condo purchased for \$3.13M

Address: 2711 S. Ocean Drive, Unit 4005, Hollywood
Property type: Three-bedroom, 4,673-square-foot condo
Price: \$3.13 million, \$669.81 per square foot
Seller: Orange Bowl Eastern III LLC, Gregory Freedman, authorized agent
Buyer: Phoenician Capital LLC, Phoenician Capital LLC, Fares D Noujaim and Mirna Noujaim, members

For more real estate transactions, see Deeds and Mortgages, Page B2

REAL ESTATE BRIEFS

FIXED MORTGAGE RATES REMAIN UNCHANGED FOR WEEK

Fixed mortgage rates were mostly unchanged this week, hovering near yearly lows.

The average rate on the 30-year loan held steady at 4.50 percent, Freddie Mac said Thursday. It hit 4.49 percent two weeks ago, the lowest level this year. The average rate on the 15-year fixed mortgage, popular for refinancing, inched up to 3.69 percent. Last week it reached a yearly low of 3.67 percent.

Rates typically track the yield on the 10-year Treasury note. That yield has been dropping in recent weeks based on weak data that points to a slower economy.

The average rate on a five-year adjustable rate mortgage fell from 3.27 percent to 3.25 percent, the lowest rate on records dating back to 2005. The average rate on a one-year adjustable-rate loan rose to 2.99 percent, slightly above the record low of 2.95 percent. **(The Associated Press)**

AFRICA ISRAEL SELLS BUILDING IN MANHATTAN FOR \$222 MILLION

Africa Israel USA, billionaire Lev Leviev's U.S. real estate unit, agreed to sell 88 Leonard, a luxury apartment building in Manhattan's TriBeCa neighborhood, in a deal the company values at about \$222 million.

A contract was signed this week for the 352-unit tower, said Tamir Kazaz, chief

executive officer of the U.S. division of Tel Aviv-based Africa-Israel Investments. He declined to name the buyer.

"It's a good deal for us and a good deal for the buyer," Kazaz said. "The buyers are sophisticated real estate investors with tremendous experience in management of rental apartments, which I trust will continue to increase the value of this asset."

Demand for Manhattan apartments is climbing as the city's rental market tightens. Rents increased 7.4 percent in the first quarter from a year earlier and newly signed leases more than doubled amid an improving job market, according to appraiser Miller Samuel and broker

Prudential Douglas Elliman Real Estate. **(Bloomberg News)**

COMMERCIAL PROPERTY PRICES FALL FOR FIFTH STRAIGHT MONTH

U.S. commercial property prices fell in April as sales of distressed assets made up a large share of transactions, according to Moody's Investors Service.

The Moody's/REAL Commercial Property Price Index dropped 3.7 percent from March and 13 percent from a year earlier. It's now 49 percent below the peak of October 2007 and at its lowest point in data going back to December 2000, the company said in a report Wednesday.

The index has fallen for five straight months as sales of distressed properties

undermined real estate values. Investor demand is strongest for well-leased buildings in major markets such as New York and Washington, which are viewed as less risky in a sluggish economy. **(Bloomberg News)**

TOLL BROTHERS WINS AUCTION FOR NEW YORK CITY PARCEL

Toll Brothers, the largest U.S. luxury home-builder, bid \$35.5 million to win a bankruptcy auction for a vacant lot in Manhattan's Gramercy Park area, where it plans to build a condominium tower.

The company plans to develop about 80 condos with ground-floor retail on the site at East 22nd Street and Third Avenue, said David Von Spreckelsen, president of the Horsham, Pennsylvania-based builder's City Living division.

The cost for the site, authorized for 105,000 square feet of construction, is \$338 per buildable square foot, Von Spreckelsen said. It will take at least nine months to design the project and gain approvals before construction can begin, he said.

The land, formerly owned by Kaish & Taub Development Group, was repossessed by the lender, a division of UBS, Von Spreckelsen said.

Manhattan condos sold for an average \$1,216 a square foot in the first quarter, up 5.4 percent from a year earlier, according to appraiser Miller Samuel and broker Prudential Douglas Elliman Real Estate. In the neighborhood that includes Gramercy Park and Union Square, the average condo price was \$1,211 per square foot. **(Bloomberg News)**



Manhattan apartment rental rates increased 7.4 percent in the first quarter.

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NEW HOMES 'Rock-bottom by historical standards'



MATT STROSHANE/BLOOMBERG NEWS

The number of new homes on the market fell to 166,000, the lowest level on record.

Another drop in sales bad news for overall economy

by Derek Kravitz
The Associated Press

Fewer people bought new homes last month, the latest sign that the struggling housing market won't rebound this year.

New-home sales fell 2.1 percent in May to a seasonally adjusted annual rate of 319,000 homes, the Commerce Department said Thursday. That's far below the 700,000 homes per year that economists say must be sold to sustain a healthy housing market.

The median sales price rose 2.6 percent from April to \$222,600. That's more than 30 percent higher than the median sales of price of older, re-sale homes.

Housing remains the weakest part of the U.S. economy, analysts say. Sales of new homes have fallen 18 percent in the two years since the recession ended. Last year was the worst for new-home sales on records dating back half a century.

"These numbers are at rock-bottom by historical standards," said Patrick Newport, U.S. economist at IHS Global Insight.

Though new homes represent only about 20 percent of the overall home market, they have an outsize impact on the economy. Each new home creates an average of three jobs and \$90,000



Newport

BY THE NUMBERS

2.1%

National decline in new-home sales in May

2.6%

Monthly increase in median price of new homes

in taxes, according to the National Association of Home Builders.

Larger down payment requirements, tougher lending standards and high unemployment are preventing people from buying homes. Many people who can afford to buy are holding off, worried that prices have yet to bottom out.

Sales were uneven across the country. In the Northeast, they plunged nearly 27 percent, and sales dropped 3.5 percent in the West. But sales stayed flat from April in the Midwest and rose 2.4 percent in the South.

The number of new homes on the market fell again in May to its lowest level on record — 166,000 homes. At the current sales pace it would take a little more than six months to clear those homes off the market, which economists say is a healthy time frame. But analysts say that number is artificially low because builders, who are struggling to compete with discounted re-sales, are breaking ground on fewer homes.

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FINANCIAL REVIEW

EVENTS

June 26

Miami-Dade Gay & Lesbian Chamber of Commerce: Tour of South Beach, 5 p.m., MDPL Art Deco Welcome Center, 1001 Ocean Drive, Miami Beach. Free for members, \$20 nonmembers. Call (305) 673-4440.

June 28

Economic Forum: Meet and Mingle luncheon for members, 11:30 a.m., The Kravis Center, Cohen Pavilion, 701 Okeechobee Blvd., West Palm Beach. Cost: \$40. Call (561) 373-5488.

June 29

Greater Miami Chamber of Commerce International Business Development Group: Discussion and updates on Consular Corps, Cuba, Global Intelligence, Global Linkage Initiatives and Leadership Americas Committees, 7:45 a.m., Chamber office, 1601 Biscayne Blvd., ballroom level, Miami. Cost: \$15 in advance, \$25 at the door. Call (305) 577-5477.

The CFO Alliance South Florida chapter and the University of Miami School of Business Administration: Panel discussion on "The CFO as Chief Investor: It's Time to Make the Right Investments and Do Deals," 8 a.m., Coral Gables Country Club, 997 N. Greenway Drive, Coral Gables. Free for members, \$30 nonmembers. Email: abbi@velocitas.com.

June 30

Women's Chamber of Commerce of Palm Beach County and Women's Chamber Foundation: Installation dinner and cocktails, 5:30 p.m., Testa's Palm Beach, 221 Royal Poinciana Way, Palm Beach. Cost: \$50 members, \$55 nonmembers, \$60 at the door. Call (561) 684-4523.

Miami-Dade Gay & Lesbian Chamber of Commerce: Mixer, 7 p.m., Red Room, Shore Club, 1901 Collins Ave., Miami Beach. Free for members, \$10 nonmembers. Call (305) 673-4440.

July 6

Greater Miami Chamber of Commerce: Trustee luncheon with Vice Adm. Joseph D. Kernan, U.S. Navy deputy commander of the U.S. Southern Command, 11:45 a.m., Jungle Island, 1111 Parrot Jungle Trail, Miami. Cost: \$55 in advance, \$75 after July 3. Call (305) 577-5421.

Submit information about upcoming financial events to Deborah España at despana@alm.com.

JOBLESS BENEFITS

Unemployment applications jump by most in a month

The number of people who applied for unemployment benefits last week rose by the most in a month, signaling growing weakness in the job market.



Applications rose by 9,000 to a seasonally adjusted 429,000 last week, the Labor Department said Thursday. It was the second increase in three weeks and the 11th straight week that applications have been above 400,000.

The four-week average for unemployment benefit applications, a less volatile measure, was unchanged at 426,250 last week.

Applications dipped below 400,000 in February and stayed under that threshold for seven of the following nine weeks. Applications fell as low as 375,000, a level that signals sustainable job growth. But applications surged in April to an eight-month high of 478,000 and have shown only modest improvement since that time.

The economy needs to generate at least 125,000 jobs per month just to keep up with population growth. And at least twice that many jobs are needed to bring down the unemployment rate, which rose to 9.1 percent in May.

— The Associated Press

AUTO INDUSTRY Foreign companies target of push for members



JEFF KOWALSKY/BLOOMBERG NEWS

UAW president Bob King said the union has set aside \$60 million from its strike fund to organize the U.S. workers of an Asian or European automaker this year.

UAW IS A TOUGH SELL AT SOUTHERN PLANTS

by Tim Higgins and Keith Naughton

Bloomberg News

The United Auto Workers is trying to hold its first successful organizing drive at a foreign-car factory in the U.S. To succeed, the union has to convince people like Rocky Long.

"I don't see any problems here. I don't see how they could help me out," said Long, who's worked at the Hyundai Motor Co. assembly

plant in Montgomery, Alabama, for five years. Of the union representatives who came to his home this year, he said, "I really didn't give them the time of the day."

UAW president Bob King has pledged to organize a foreign automaker this year to expand its bargaining power beyond the U.S. companies it has negotiated with for seven decades. While Detroit is mostly retooling old plants, overseas car companies are building and expanding U.S. factories. The

union is seeking to revive membership ranks that declined 75 percent to 376,612 last year from its peak of 1.5 million.

Standing in his way are rising sales and added investments at Hyundai's Alabama complex and sites such as affiliate Kia Motor's factory in Georgia. Already, King and his organizers are learning that workers at foreign-owned assembly plants, most of which are

SEE UNIONS, PAGE A12

RETAIL Women find niche in e-commerce

Food, fashion sites lure female entrepreneurs

by Danielle Kucera

Bloomberg News

Alexis Maybank, co-founder of the shopping website Gilt Groupe, says her 5-inch stilettoes are meant to send a message: being feminine and starting a technology company aren't mutually exclusive.

She and Gilt co-founder Alexandra Wilson are part of a growing group of women at e-commerce companies tailored to specific areas, such as food or fashion, where the female perspective is seen as vital. SharesPost, a site that tracks privately held companies, values Gilt at \$2.4 billion, making it a leader among startups founded by women.

The rise of daily-deal services and other sites aimed at shopping niches are creating opportunities for female entrepreneurs, who are better represented in the retail and fashion industries than in Silicon Valley startups. Companies also are recognizing that women account for the majority of Web surfers and Internet shoppers, giving female executives an edge in gauging consumers and filtering what products to offer.



Maybank

"Women are driving most of the consumer activity on the Web today," said Aileen Lee, a venture capitalist at Kleiner Perkins Caufield & Byers, who devotes about half of her investment portfolio to startups founded by females. "They're the majority of users on Facebook, on Twitter, on Zynga. That gives websites that figure out how to harness social media early on an advantage because they can grow more quickly."

Women made up 56 percent of the 153.6 million U.S. users who visited social-networking sites or blogs in May, according to Nielsen Co. They accounted for 57 percent of visitors to online retail sites such as Amazon.com, ShopAtHome.com and Walmart.com, according to Nielsen.

RENT THE RUNWAY

Niche e-commerce sites founded by women include One Kings Lane, which focuses on designer décor; Plum District, a daily-deal service for moms; and Rent the Runway, a website that rents high-fashion gowns and other couture for 90 percent off.

The sites represent an enclave of women in an industry dominated by men. While women account for half the workforce, they hold 25 percent of technology jobs, White House senior adviser Valerie Jarrett

SEE NICHE, PAGE A12



FROM PAGE A11

UNIONS: Hyundai confounds UAW with good factory jobs

in the U.S. South, may not be easy to persuade.

"The UAW has to convince workers that they need a union when in fact without a union they got what they consider to be one of the best jobs they've ever had: a good manufacturing job with a company that's expanding," Gary Chaison, a professor of industrial relations at Clark University in Worcester, Massachusetts, said in an interview.

Michele Martin, a UAW spokeswoman, didn't respond to requests for comment or to interview union supporters in Alabama. King hasn't said which automaker he's trying to organize.



MARK ELIAS/BLOOMBERG NEWS

Hyundai workers at the Alabama plant say the hourly rate is generous for the area and they don't see a need for a union.

according to the U.S. Census 2009 American Community Survey.

Wanda Carter, a Hyundai hourly worker, said she doesn't see a need for a union at the Alabama plant.

"Hyundai does the best they can do to work with the Hyundai employees," said Carter, who declined to give her age.

VOLKSWAGEN PLANT

She wasn't alone. Workers at another potential UAW target, Volkswagen's new plant in Chattanooga, Tennessee, said they were excited just to have a job in the auto industry. There isn't any talk of forming a union,

said Terry Young, a line worker.

"You don't want to look a gift horse in the mouth," said Young, 34.

The position is much safer than his previous job as a welder at construction sites and the pay is "great" for the area, he said.

"This is one of the good jobs," Young said. "I love it."

King has said the union has set aside \$60 million from its strike fund to organize the U.S. workers of an Asian or European automaker this year. He's said the campaign will aim to put public pressure on the companies and accuse them of violating workers' human rights if they try to block organizing efforts.

'HUMAN-RIGHTS VIOLATOR'

"If a company makes the bad business decision to engage in anti-union activity, suppress the rights of freedom of speech and assembly, we will launch a global campaign to brand that company a human-rights violator," King said in a Jan. 12 speech in Detroit. "We do not want to fight, but we will not run from a fight."

Hyundai's lower costs allow it to price the Sonata sedan built in Alabama starting at \$19,395, compared to Toyota Camry that starts at \$19,820 and a Chevrolet Malibu that starts at \$21,975. Hyundai's U.S. sales rose 24 percent last year, more than twice the industrywide

gain of 11 percent, and its U.S. market share rose to 4.6 percent from 2.7 percent in 2005.

"Hyundai is a rising star," Harley Shaiken, a labor professor at the University of California at Berkeley, said earlier this year. "It's a company that's got something to lose if it is embroiled in a PR issue."

About 25,000 people applied for jobs at the factory before it opened, said Robert Burns, a Hyundai spokesman. It employs 2,500, including 2,100 hourly workers. The turnover rate is about 4 percent, he said.

HYUNDAI PRODUCTION

The plant is running almost around the clock on two, 10-hour shifts five days a week, plus some Saturdays, and is expected to produce 330,000 cars this year, 10 percent more than the planned capacity, Burns said.

Ashley Frye, the plant's vice president of production, meets each month with employees and that has contributed to a good relationship between management and hourly workers, he said. The factory also provides a comfortable and safe environment, he said, noting the facility's air-conditioning and low rate of injured employees.

"We maintain an atmosphere of civility," he said. "As an example, use of salty language, we don't allow that here."

Wednesday is steak day in the employee cafeteria and the

annual employee appreciation day this year included a performance by "Morris Day and the Time."

Part of the challenge the UAW faces in organizing labor in the South is cultural, said James Hornsby, business manager of the International Brotherhood of Electrical Workers Local 443 in Montgomery.

'SOUTH IS TOUGH'

"The South is tough," he said. Some of it could be "the Southern mentality that I can stand on my own, I don't need anybody's help."

Hornsby, president of the AFL-CIO's regional council that includes Montgomery, said the key for his union has been educating workers about the benefits of organized labor.

"The really hard part is that these car plants know what they're doing," he said. "They come in and pay the best wage in town. That's to convince all of their employees that they don't need representation."

Long, with a growing family at home, said he feels lucky to have landed a job at the Hyundai plant and is thinking about buying a house next year.

"This is probably one of the best jobs in the area — pay-wise, benefits," Long said. "You can't go anywhere with a Hyundai shirt on without somebody saying, 'Hey, are y'all hiring?'" Everybody is trying to get a foot in the door."

HYUNDAI COSTS

Hyundai's lower wages and benefits have given it hourly labor costs of about \$44 to \$48 an hour, compared to \$52 an hour at Toyota Motor's U.S. plants and about \$58 an hour at the U.S. factories of General Motors, Ford and Chrysler, according to Sean McAlinden, chief economist with the Center for Automotive Research in Ann Arbor, Michigan.

While Hyundai officials declined to speak about specific pay, workers said the hourly rate is generous for the area.

Montgomery's median household income in 2009 was \$42,346, about \$9,000 less than the national median and \$6,400 less than in Michigan,

FROM PAGE A11

NICHE: Women accounted for 57 percent of online retail visitors

said in April at an event devoted to the issue. Only 8 percent of new technology businesses are started by women, and 5 percent of capital investment goes to female-owned companies, she said.

There are only a few high-profile women in Silicon Valley, such as Facebook chief operating officer Sheryl Sandberg or Yahoo chief executive officer Carol Bartz. And several of the largest technology companies, including Adobe Systems, have no women on their boards.

INTERNET USERS

Social media and e-commerce companies that fail to cater to females risk losing out on a demographic that controlled \$12 trillion of the \$18.4 trillion in consumer spending, according to a 2009 estimate from Boston Consulting Group.

At Gilt Groupe, a members-only shopping site based in New York, women account for almost three-quarters of customers. Sales more than doubled in 2010, reaching about \$400 million, according to Jennifer Miller, a Gilt spokeswoman. Gilt

posted revenue of \$170 million in 2009 and \$25 million in 2008.

The influx of women into the technology industry in the next five years will outpace the rate over the past decade, said Amy Millman, president of Springboard Enterprises, which has helped more than 400 companies led by females raise more than \$5 billion in capital, according to its website. Those women will be younger, fresh from incubator programs aimed at students in science and business, she said.

While there are more women joining companies, some don't take on the role of CEO, or they cede the top job after the business gets bigger. There are typically more male candidates who have run big companies or handled initial public offerings, and companies may seek to add this kind of experience as they grow.

That was the case with Gilt, which is run by Kevin Ryan, the former CEO of DoubleClick, now part of Google. Maybank and Wilson had served as co-CEOs in the first year, though

they made a decision in the beginning to step aside after the company reached \$100 million in revenue. Ryan had taken DoubleClick public—something that's "clearly a future possibility" for Gilt, Maybank said.

Zipcar, the car-sharing business founded by Antje Danielson and Robin Chase, followed a similar path. Now a publicly held company, it's led by Scott Griffith, a veteran of companies such as Boeing.

Of the women Springboard works with, about two-thirds have yet to serve as founders or CEOs, Millman said. Still, a shift into more influential positions is inevitable, she said.

RECENT PHENOMENON

"You're beginning to see a kind of maturity," she said. "This is really recent."

In the past year, Founder Labs, an organization that helps female entrepreneurs advance from the idea phase to the launch phase, has seen a five-fold increase in inquiries from women asking how to start a business, according to founder Shaherose Charania. The or-

ganization began telling stories of female entrepreneurs on its website, Women 2.0, about two months ago. Internet traffic has increased 100 percent as like-minded women seek role models, she said.

"I can't relate to Mark Zuckerberg, and I can't relate to Steve Jobs," she said, referring to the co-founders and CEOs of Facebook and Apple, respectively. "Having a community where people look like you — seeing other role models implicitly tells someone they can do it."

Women also are taking advantage of technological advances that have made scaling a startup more cost-efficient and quickly profitable, Kleiner Perkins's Lee said. That means it's easier for entrepreneurs without deep-pocketed backers to succeed.

FAST MONEY

"We're seeing a good number of companies that will generate \$5 million to \$10 million in revenue within their first anniversary of launching the site," Charania said.

This new crop of entrepreneurs shouldn't play down their femininity to succeed, said Gilt's Maybank, 36. She takes inspiration from Meg Whitman, former CEO of eBay, who adopted more of a "motherly" leadership style, Maybank said.

"Often when you think of women in positions of power, they've got to be bulldogs," Maybank said. "I don't try to appear less feminine. I allow that to be something that helps me and marks who I am, not something that's a liability."

Many of the new sites are better at recreating the sense of discovery that women feel while wandering through a boutique, said Jules Pieri, founder of Daily Grommet, which features hand-picked manufacturers with compelling back stories. Search-focused e-commerce sites don't deliver that, she said.

"Retail cannot be algorithmically driven," Pieri said. "Great retail is all about that sense of adventure and discovery. The next wave on this space is really rich social interaction, using video, using media, to achieve that."

FINANCIAL BRIEFS

HIGHER CARD USE, BETTER PAYMENTS LIFT DISCOVER 2Q

Discover Financial Services on Thursday said its profit more than tripled in its fiscal second quarter as its customers used their cards more and got better about making payments on time.

For the three months ended May 31, the Riverwoods, Illinois-based credit card company said net income available to common shareholders rose to \$593 million, or \$1.09 per share, compared with \$185 million, or 33 cents per share, in the year-ago quarter.

That far outpaced the average analyst expectation for earnings of 75 cents per share, according to data provided by FactSet.



Discover card holders got better about making payments on time in the fiscal second quarter.

Discover said sales volume on its name-brand cards rose 9 percent during the quarter to \$24.84 billion. **(The Associated Press)**

SILVER SURGE CAUSING SOLAR IN FOSSIL FUEL RIVALRY

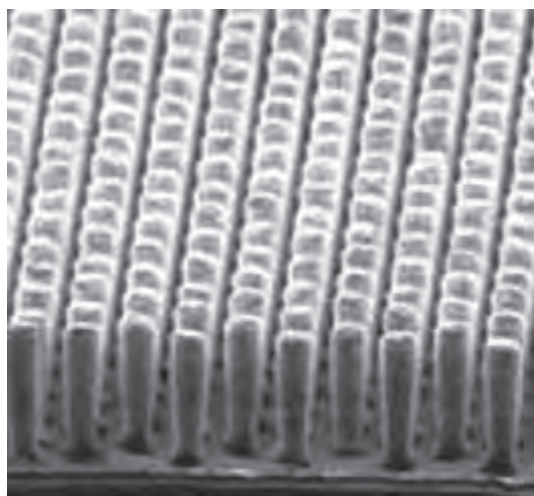
Soaring silver prices are hampering the solar industry's ability to compete with fossil fuels.

Panel makers consume about 11 percent of the world's supply of silver, the material in solar cells that conducts electricity. The metal has appreciated 74 percent to \$35.30 a troy ounce on average so far this year from \$20.24 last year.

Prices for solar cells have dropped about 27 percent this year and would be even lower if each panel didn't require about 20 grams of silver, according to Bloomberg New Energy Finance. That's pushing back the date when companies such as Solarworld and LDK Solar can deliver solar power at prices that are competitive with traditional energy.

"Global silver prices have gone up a lot, and solar cells use silver paste as the front-side contact material," Shawn Qu, chief executive of Canadian Solar, which is based in China, said in an interview. "The increase of the silver costs will give us a challenge in efforts to reduce solar cell costs."

Prices for photovoltaic



Each solar cell panel requires about 20 grams of silver, causing the price of silver to rise rapidly and hurting the solar industry's ability to compete with fossil fuels.

solar panels were \$1.49 a watt in June, compared with about \$1.80 in January, New Energy Finance estimates, as manufacturers especially in China raised production and incentives were trimmed in Europe. **(Bloomberg News)**

IRS INCREASES GAS MILEAGE DEDUCTION IN MIDEAR

The Internal Revenue Service is increasing the tax deduction motorists can take for using private vehicles for business, a rare midyear move sparked by high gas prices.

Starting July 1, motorists who use their personal vehicles for business will be able

to deduct 55½ cents a mile from their taxable income, the agency announced Thursday. That's an increase of 4½ cents from the first six months of the year.

The rate is also used as a benchmark by the federal government and many businesses to reimburse their employees for mileage.

Workers who receive the reimbursement don't have to report it as income, as long as the payments don't exceed the IRS benchmark.

High gas prices have hit consumers, slowed the economic recovery and put increased political pressure on President Barack Obama.

On Thursday, the Obama administration said it will release 30 million barrels of oil from the country's emergency reserve as part of an international response to lost oil supplies caused by turmoil in the Middle East and Libya. **(The Associated Press)**

plies caused by turmoil in the Middle East and Libya. **(The Associated Press)**



Motorists who use their vehicles for business can deduct 4½ more cents than the first part of the year starting July 1. A rare midyear move by the IRS due to high gas prices.

FROM PAGE A16

ECONOMIC OUTLOOK: Banks get OK to pay interest on commercial checking



Dailey

and banks may pay less for commercial checking deposits that could be gone tomorrow.

"If the fed funds rate is 25 basis points, I think most banks are going to price this below that. It could be five basis points, 10 basis points, 15 basis points," said Richard Dailey, chief executive officer of Apollo Bank in Miami.

The advent of interest-bearing commercial checking accounts also may mark the end

Preview

INCOME, OUTGO: The Census Bureau will report the May volume of personal income and outlays on Monday.

HOME PRICES, CONFIDENCE: Credit rating agency Standard &

Poor's will release its Case-Shiller index of April home prices and the Conference Board will release its June index of consumer confidence on Tuesday.

PENDING HOME SALES: The National Association of Realtors will release its May index of pending

home sales on Wednesday.

SENTIMENT, CONSTRUCTION:

The University of Michigan and Thomson Reuters will release their May index of consumer sentiment and the Census Bureau will report the May volume of construction spending nationwide on July 1.

of "compensating balances," or noninterest-bearing deposits that companies keep in a bank account to obtain credit.

Deposit insurance rules will motivate some businesses to

avoid interest-bearing checking accounts. The Federal Deposit Insurance Corp. provides unlimited coverage for interest-free bank deposits but will limit coverage for interest-bearing

commercial checking accounts to \$250,000 each.

Many banks probably will offer to apply interest income on commercial checking accounts against monthly service

fees. "You could end up paying nothing in the way of service charges," Dailey said.

But in the long term, banks themselves are likely to collect higher fees to compensate for higher-priced commercial deposits, said Ken Thomas, a Miami-based economist and bank consultant.

"It will be good news for corporations, but in the long run, the banks are going to get it back," Thomas said.

"They will find a way to pass it on [to customers], just like the airlines. They always do."

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FROM PAGE A6

CONTRIBUTORS: Bar should eliminate costly review of advertising

toward attorney advertising, there is no indication that Florida's current regulatory regime offers any meaningful protection for consumers. In fact, the Federal Trade Commission has previously commented on the effect of the Florida Bar's advertising rules potentially harming consumers (by making it harder to find information about legal services and driving up costs) because of its aggressive regulatory stance.

While the Bar expresses First Amendment concerns, the new rules actually expand the scope of the Bar's pre-publication \$150 per ad evaluation. The concurrent review for print, direct mail and Internet advertising is replaced with a "prior-restraint" 20-day advance review of virtually all advertising. The Bar should instead begin with the premise that attorneys will comply with the rules,

and if they engage in deceptive advertising, the Bar can then enforce its rules.

Despite changes, the advertising rules regulating the Florida Bar continue to be hyper-technical and difficult for both attorneys and the Bar to enforce. Rule 4-8.4 should be the only rule governing advertising — in sum, a lawyer cannot say anything that is false, deceptive, or misleading. Seems pretty basic.

Instead we have provisions like the comments to rule 4-7.5 (prohibiting "unduly manipulative or intrusive advertisements"), which render permissible an ad that shows a doctor examining an X-ray, but not permissible to show a doctor leaving an instrument in a patient. This type of specificity is both unhelpful and overreaching. It fails to provide clarity while simultaneously suggesting that entire categories of advertising methods

are prohibited, regardless of context, making it difficult to believe that the Bar can apply these rules in a consistent and constitutional fashion.

Throwing out the old rules is a good first step. But here's a suggestion for the Bar: Don't replace the rules with a new system that's only slightly less offensive to the legal profession. The move toward the Florida Bar becoming more of a consumer protection agency than an association to serve Florida's Lawyers has gone too far. While percentage-wise, few lawyers break the rules, half of the Bar's budget is spent on lawyer discipline. Lawyers who violate the rules should be disciplined, but the Bar also needs to remember that most of its members are upstanding, honorable and ethical practitioners. The message sent by overly restrictive advertising rules is that

consumers are stupid and need protection from lawyers. Not only is that false, but what does it say about how the Bar views the profession?

The Bar should eliminate the counterproductive and costly review of advertising. Replace the rest of the rules with a simple and straightforward prohibition (if 4-8.4 isn't clear enough) on false advertising and in-person solicitation. The goal of maintaining the dignity of the profession should go hand in hand with the Bar's obligation to better serve both consumers of legal services and the lawyers of Florida.

Brian Tannebaum is a Miami attorney with the firm of Tannebaum Weiss. He is president of the Florida Association of Criminal Defense Lawyers. Joshua M. King is general counsel of Seattle-based Avvo.com, which publishes directories and ratings of attorneys and physicians.

FROM PAGE A3

SCOTT: Governor calls on judges, lawyers to find ways to cut court costs

ence by The Bar's legislative chair Ed Scales, who is friendly with Scott's general counsel, Charles Trippe.

Few at the convention knew he was arriving, but most attendees guessed reaction to him would be lukewarm.

"Why is he coming? Because his approval rating is at 29 percent," said former Bar president Frank Angones of Angones McClure & Garcia in Miami.

Scott, who holds a law degree from Southern Methodist University and who was once a partner at a large Dallas law firm, spoke of his "great appreciation" for the law and called lawyers "the stewards of our government."

The governor called on judges and lawyers to look for ways to cut court costs, improve efficiency and clear up the foreclosure backlog "as quickly as possible." The clogging of the courts by foreclosure cases is discouraging businesses interested in moving to Florida, Scott's main priority, he said.

"It scares people ... and is clearly having an impact on the economy," he said. "I'm looking for The Bar to come forward with suggestions on how to clear this up. Maybe we should consider nonjudicial foreclosures."

Scott encouraged judges to carefully review verdicts to look for "meritless" cases.

"If we have a huge verdict that seems ridiculous, that adversely impacts companies who want to come to this state," he said.

The governor called his judicial appointments "my biggest legacy" and vowed to pass over any applicants who do not display humility or realize they are not on the bench to rewrite laws.

"Any applicant who does not have a fundamental understanding of this will simply not be considered by me," he

said.

After his speech, Downs remarked, "we can help you pick those judges," an allusion to The Bar's concern over legislative efforts to eliminate its judicial nominating role.

COURTS UNDER STRESS

Florida Supreme Court Chief Justice Charles Canady took the stage after Scott to deliver his annual State of the Judiciary speech. Canady, who is credited with laboring to ensure court funding was not cut this year, received two standing ovations.

Canady declared his relief at Scott's vow to find a stable source of funding for the courts and thanked Scott for transferring funds this year for court operations.

"While other branches suffered, we were able to stay on course," he said, noting, "We have been under stress for

some time."

He said he is already working with Scott and legislators to find a stable funding source that is not based on foreclosure filing fees, a mainstay in decline.

The issue of court funding is dominating the Bar conference. Former Bar presidents met Wednesday evening to discuss strategies to fight for funding at the next legislative session.

"This year, we plan to be proactive rather than reactive," said Raoul Cantero, a White & Case partner in Miami and former Supreme Court justice who lobbied against numerous court bills this year. "The proposals came out of the blue."

More than 2,500 lawyers are attending the conference. Scott Hawkins, vice chair of Jones Foster Johnston & Stubbs in West Palm Beach, will be sworn in as president today.

Julie Kay can be reached at jkay@alm.com or at (305) 347-6685.



Scott

Daily Business Review
BUSINESS ADVISORY BOARD

THE COST OF DOING BUSINESS IN FLORIDA

Now that legislators have cut corporate taxes, pared social programs and further limited legal liabilities for companies and some public agencies, is the state's business climate any better?

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INFORMATION INDUSTRY JOB LOSSES PERSIST

The information industry may be the next sector of the South Florida economy to swing from employment losses to gains. But the transition could be slow.

Telecommunications, in particular, has been a shrinking source of jobs in Miami-Dade, Broward and Palm Beach counties. The information industry also encompasses publishing, broadcasting, movie production, Internet services and data processing.

"The telecommunications industry continues to decline," said **Rebecca Rust**, chief economist of the state **Agency for Workforce Innovation**, in an e-mail exchange this week. She cited competition from other providers of phone services, including cable-based and satellite-based television systems as well as



Rust

wireless and Internet-based telecom carriers.

"Currently, most telecommunications services are being provided by all the competing sectors of the information industry," Rust wrote.

Traditional copper-wire telecom carriers also are vulnerable to market-share losses to wireless rivals with cheaper technology.

Rust said full-time work force in the publishing segment of the information industry has been declining due to reduced newspaper revenues, increased productivity among full-time workers and greater use of freelance workers.

The information sector employed 130,500 workers in South Florida in

3.5%

Year-over-year decline in information industry employment

May, or 3.5 percent fewer than in the same month last year. Only three other area industries had year-over-year employment declines in May: construction, financial services and government.

Employment in the area's information industry is well below 187,600 at the start of the last decade. Since then, the industry's employment has fallen steadily except for the period of 2004 through 2006, when it flattened around 160,000.

However, job prospects may be improving for specialists in information technology, or IT, who do such jobs as writing software, running Internet sites and processing electronic records. A first-quarter survey by Boca Raton-based **ProTech** found that 37 percent of IT executives at South Florida companies planned to hire more workers, up from 30 percent a year earlier. ProTech is a temporary staffing and permanent placement firm that supplies IT workers.

"We are still seeing strength in demand for IT workers," ProTech chief executive officer **Deborah Vazquez** wrote this week in an e-mail. She cited "a noticeable increase in demand for direct employees versus temps and consultants."

End of interest-free checking will alter the pattern of commercial banking

Banks next month will get regulatory permission to pay interest on commercial checking accounts, a milestone in regulatory reform that is likely to alter many institutions' relationships with business customers.

The Dodd-Frank Act, the sweeping reform of financial services, will end the decades-old prohibition of interest payments on commercial checking deposits starting July 21, the first anniversary of the federal law's enactment.

The end of interest-free commercial checking accounts will benefit companies but increase banks' cost of funds, especially when interest rates finally rise again. "As interest rates begin to rise, it may be felt more," said **Manual Lasaga**, president of Miami-based **Stratinfo**, an economic and financial consulting firm. "Right now, interest rates are pretty near rock bottom."

The Federal Reserve is holding the interest rate that banks charge each other for overnight loans, known as the federal funds rate, at 0.25 percent,

SEE ECONOMIC OUTLOOK, PAGE A13

Survey shows slow recovery of area office market

Real estate investors expect a "slow-moving recovery" of South Florida's office sector, according to a study by professional services firm **PricewaterhouseCoopers**.

"The clouds that gathered over the Southeast Florida market since the onset of the housing crisis and the subsequent recession in December 2007 are slowly dissipating as the local economies gain strength and spur tenant demand," PwC said in the report released this week. The South Florida results were part of the firm's second-quarter survey of real estate investors across the nation.

The outlook for office rent growth, a key indicator of future market trends, remains restrained. Respondents to the PwC survey expect, on average, that market-level lease rates for South Florida office space will decline this year at an annual rate of 0.92 percent.

"Of the 18 individual office markets covered in the survey, the Southeast Florida office market is one of only three that reports a negative average for this key indicator this quarter," PwC reported. "Denver (0.50 percent) and Phoenix (1.50 percent) are the other two."

Recent office lease deals for space in excess of 20,000 square feet have spurred hope of an upturn in the mar-



Office lease deals for space in excess of 20,000 square feet have caused hope of an uptick in the market.

ket. For example, law firm DLA Piper has signed for 22,522 square feet at the Southeast Financial Center in downtown Miami, and the American Welding Society leased 20,021 square feet in the industrial area west of Miami International Airport.

But PwC also reported a net overall increase of 108,465 square feet in vacant Miami-Dade office space during the first quarter of the year, compared with the fourth quarter of last year.

Longer term, Broward may lead a recovery in the market for commer-

cial building space. PwC said survey respondents expect both the office and retail markets of Miami-Dade and Palm Beach counties to remain in recession this year and next year while a gradual recovery takes hold in both of these sectors in Broward.

PwC reported that real estate investors have a reverse view of the area's industrial markets, which are expected remain in recession in Broward this year and next year while Miami-Dade and Palm Beach begin to recover.



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