

Business

Bondy
For happy holidays,
set some groundrules
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Manufacturing sector
has best month in
four years.

The Market

Dow Jones industrial average
Close **9,856.46 +57.34**

NASDAQ 1,967.70 +35.49
S&P 500 1,059.02 +8.31
AMEX 1,061.31 -2.02
NYSE 5,995.98 +36.97

Senators fume over mutual fund scandal

WASHINGTON — Federal and state law enforcers drew a portrait Monday of widespread trading abuses within the mutual fund industry and among brokers that siphon money from ordinary investors.

Senators expressed outrage at the abuses and dissatisfaction with the response of the Securities and Exchange Commission.

The scandal claimed its first government victim.

Juan Marcelino, the head of the SEC's Boston office, announced he was leaving "to minimize any further distractions for his staff."

According to reports, an employee of big mutual fund

company Putnam Investments seeking to expose abuses at the firm was brushed off by attorneys in that office.

There also were industry casualties.

Putnam's chief executive, Lawrence J. Lasser, is stepping down after the filing of civil fraud charges against the firm, and a slate of new top officials is being appointed at the nation's fifth-largest mutual fund company, the firm's parent company announced Monday.

And Richard Strong, chairman of Strong Mutual Funds, resigned Sunday amid multiple inquiries into his personal trading of its funds. But Strong stays as a board

member and as chairman and CEO of Strong Capital Management.

Regulators told a Senate hearing that fundamental changes are needed in the way the \$7 trillion mutual fund industry operates. That's in addition to stiff punishment of wrongdoers, they said.

The SEC found, for example, that a quarter of the nation's largest brokerage houses helped favored clients illegally trade mutual funds after hours.

That finding moved Sen. Peter Fitzgerald, an Inverness Republican, to ask: "We're talking about serious, wholesale criminal violations coming to light, aren't we?"

Fitzgerald is chairman of the

Senate Governmental Affairs subcommittee examining the scandal and the response.

Stephen Cutler, the SEC's enforcement director, said "we will aggressively pursue those who have violated the law and injured investors as a result of illegal late trading, market timing, self-dealing or any other illegal activity."

Companies must be forced to pay back to investors the fees for managing funds while they allowed trading abuses to occur, New York Attorney General Eliot Spitzer testified.

"This number will be big. It will impose pain, and it should," he said.



"We're talking about serious, wholesale criminal violations coming to light, aren't we?"
Sen. Peter Fitzgerald

Big Picture

Honda recalling 652,000 vehicles

WASHINGTON — Honda Motor Co. is recalling nearly 652,000 vehicles because of a defect that allows drivers to remove the key from the ignition when the vehicle isn't in park. The National Highway Safety Administration said Monday it has records of four injuries, 28 crashes and 169 complaints about the defect, caused by excessive wear in the ignition switch. Affected vehicles are the 2002 CR-V SUV, the 1997-99 Acura CL and 1999 Acura TL sedans, the 1999 Odyssey minivan and the 1998-99 Accord sedan and coupe. Consumers should use the parking brake until repairs are made.

French ceding RCA to Chinese control

PARIS — The legendary American television brand RCA is headed for Chinese control. Thomson SA, the French consumer electronics company that now owns RCA, and Chinese manufacturer TCL International Holdings announced a joint venture Monday with the lofty ambition of being the world's top TV maker. TCL will own two-thirds. Thomson one-third.

Khodorkovsky quits as Yukos oil chief

MOSCOW — Detained oil tycoon Mikhail Khodorkovsky, Russia's richest man, quit on Monday as head of oil giant Yukos in the latest twist in a power struggle between business oligarchs and the Kremlin.

Local Focus

Zebra, Acsis form technology alliance

VERNON HILLS — Zebra Technologies Corp. said Monday it has forged an alliance with Acsis Inc., a data collection and integration software company. The alliance will help consumer packaged goods, retail and pharmaceutical industry organizations begin the use of practical, cost-effective radio frequency identification technology in their supply chains. Zebra said the alliance will help it gain business from the retail industry, due to a recent push for manufacturers to put Electronic Product Code-compliant RFID "smart labels" on cases and pallets by January 1, 2005.

CCH to collaborate with Ernst & Young

RIVERWOODS — CCH Inc., said Monday it has formed an alliance with Ernst & Young LLP. CCH's Tax and Accounting unit will offer Ernst & Young's Online Tax Advisor to accountants via the CCH Tax Research Network Internet service. The service offers access to Ernst & Young specialty tax practices professionals.

ComEd's power play

Company ties deal to buy downstate utility to rate hikes

BY JOHN PATTERSON
Daily Herald State Government Editor

SPRINGFIELD — ComEd's parent company announced a \$425 million deal Monday to buy a downstate utility, a deal that hinges on lawmakers' approval in the coming weeks.

But the rate hikes for area consumers — as high as 9 percent — that the utility says it needs to go ahead with the deal have made suburban lawmakers wary.

On Monday, Exelon Corp., the owner of ComEd, the state's largest utility company, agreed to pay \$425 million and take on \$1.8 billion in debt to buy Decatur-based Illinois Power from Dynegy Inc. Illinois Power provides 650,000 downstate residents with natural gas and electricity. It is the state's second largest utility.

For the deal to come to fruition, the utility giants want the General Assembly to pass a new law that speeds up the merger review process with the Illinois Commerce Commission and that calls on the ICC to rule in that same time frame on rate hikes in 2007 and 2009 that combined could reach 9 percent.

John Rowe, Exelon's chief executive, said Chicago-area customers are getting improved reliability in service and the rate structure will protect customers from price spikes.

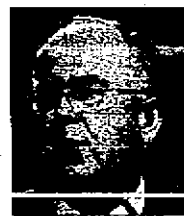
"Every study says customers want reliability first," Rowe told reporters during a conference call Monday. "That's what's in it for ComEd's customers."

Wall Street's reaction was



Illinois Power's Mark Harms, left, and Alan Harmon work on a gas main Monday in Monticello, Ill. ComEd's Chicago-based parent, Exelon Corp., wants to buy the utility but says it needs expedited legislation that could lead to electric rate hikes totaling 9 percent later in the decade.

"Every study says customers want reliability first. That's what's in it for ComEd's customers."
John Rowe, Exelon CEO



favorable to the deal. Exelon's share's rose \$1.60 to \$65.05.

"Dynegy is practically giving it to them and the service territory is abutting," said Mark Luftig of W.H. Reaves & Co., which holds 450,000 Exelon shares. In addition, "Exelon is good at getting the costs out of utility operations," he said.

Lawmakers, however, showed more restraint. The major concerns for suburban lawmakers are the rate increase and the rushed pace to approve it.

"I'm not sure that there aren't ways to cut this deal that would be successful for all parties that don't rely on a rate increase,"

said state Rep. Elaine Nekritz, a Northbrook Democrat.

State Sen. Terry Link, a Vernon Hills Democrat, echoed the concerns.

"I have no objection whatsoever to ComEd buying Illinois Power," Link said. "But I have a little apprehension with the tie to the rate increase. Until I study it even further, I'm not going to be an affirmative vote right now."

The state's leading consumer group also frowns on the deal.

"This is all about getting a rate hike they otherwise couldn't justify," said Martin Cohen, executive director of the Citi-

zens Utility Board, a utility watchdog group. He said he believes electricity rates could drop when the current rate freeze expires in 2007 because there may be a surplus of power for sale then.

Late Monday, Cohen, Attorney General Lisa Madigan, Cook County State's Attorney Richard A. Devine, AARP and other groups filed a petition with the Illinois Commerce Commission seeking to block any rate increase for ComEd customers to bail out Illinois Power. The petition requests an investigation into Illinois Power's financial and management condition. Those filing the petition pointed out that while ComEd keeps referring to Illinois Power as a "financially troubled company," Illinois Power's parent company said the utility is strong.

Because the company wants

See POWER on PAGE 3

Crisis in kitchen opens door for baker

Robin Halpert's business started in the kitchen of her Buffalo Grove home 10 years ago.

Halpert was baking sweets for a party when the toffee didn't turn out quite right. She improvised and crumbled Oreo cookies on top and drizzled it with white chocolate. "It was the hit of the party," Halpert said.

A decade later, the baker opened a professional kitchen in Northbrook to create her sweet creations. Toffee Break Gourmet Desserts is the name of the company that features 10 scrumptious toffee flavors, an assortment of toffee chip brownies, toffee chunk cookies and many more desserts.

The name of the growing company comes from the toffee that she breaks by hand after it bakes.

Prior to launching the sweets business, Halpert experimented with dozens of toffee recipes. Friends and family taste-tested her creations before she started selling her own recipe. She started small in selling her



Kim Mikus
Lake County business

She enjoyed the flexibility of the business as it allowed her to spend time with her children, Bryan, now 12 and Taylor, 11.

This past year, Halpert's sister, Shari Slaviv, joined Toffee Break as partner.

Sheri and husband Mark are attorneys and own their own law firm, Slaviv & Slaviv in Chicago.

"I'm the creative one and my sister is the organizer," said Halpert, 46. When her sister joined the business they were able to move into the new Northbrook kitchen at 3306

sweet treats at her children's pre-school and holiday craft shows in Arlington Heights and Buffalo Grove.

She continued to grow her business and then rented space to do the baking.

Commercial Ave. "It's a different atmosphere," Halpert said of the business that now has a more professional feel.

The sisters, who grew up in Highland Park, are working to grow even more. The holidays are a busy time as many of their accounts are corporate ones.

Their toffee can already be found in eight Bloomingdale stores in a handful of states including New York, Florida, New Jersey and Illinois. Locally, Bloomingdale stores that carry the toffee include Oakbrook Center in Oak Brook, Westfield Shoppingtown Old Orchard in Skokie and Medinah. Packages of the buttery toffee range in price from \$14 to \$30 at the stores.

Custom and corporate gifts are shipped all over the country. The women's growing dessert and sweet table division caters to weddings and special functions.

Holiday dessert trays for all types of gatherings are also a big part of the business.



Sisters Shari Slaviv, left, and Robin Halpert, owners of Toffee Break Gourmet Desserts, and candymaker Yoly Orduz, right, display treats at their Northbrook kitchen.

In offering advice to new business owners, Halpert suggests to network with friends and family and ask for their help to spread the news about the business. "Use all the connections you can," Halpert said. She added that word of mouth causes a "ripple effect" in

people finding out about the business. For more information, call (847) 564-5131.

• Kim Mikus' column appears Tuesdays and Fridays. She welcomes comments at (847) 427-4567 or at kmikus@dailyherald.com.