

Monday, March 1, 2010



**First Monday**  
**Insightful lessons for career women**

The Little Black Book of Success is a savvy "mentor in your pocket" for black women. 38

"Ridiculously easy to use and blazing fast!"  
 —Boy Genius Report

**Sprint**

Introducing the easiest-to-use 30-day mobile budget app: [sprint.com/ovdrtr](#)

**Moneyline**

**Friday markets**

Index	Close	Change
S&P 500	1,179.25	+7.14
Dow Jones Industrial Average	10,723.25	+4.21
NASDAQ Composite	2,229.25	+15.00
Russell 2000	1,104.25	+10.00
NYSE Composite	2,229.25	+15.00
NYSE Euronext	2,229.25	+15.00
NYSE Euronext Europe	3,118.30	+10.00
NYSE Euronext Asia	11,200.00	+100.00
NYSE Euronext Africa	1,200.00	+10.00
NYSE Euronext Latin America	1,200.00	+10.00
NYSE Euronext Middle East	1,200.00	+10.00
NYSE Euronext Oceania	1,200.00	+10.00

**Fewer accounting mistakes made**

Firms' financial statements are more accurate now

By Matt Krantz  
 USA TODAY

In another potential boost to investor confidence, the era of sloppy accounting appears to be ending. Just 630 U.S. companies reported 674 accounting problems serious enough to warrant restatements last year, a dramatic decline from the number of companies with accounting problems in 2008, according to an analysis by Audit Analytics provided to USA TODAY.

The level of restatements since 2007, when the Enron scandal set off a panic about the stability of corporate accounting, shows that the era of sloppy accounting is over. The Enron scandal was a major factor in the passage of Sarbanes-Oxley, which gave the SEC greater authority to investigate accounting practices and to prosecute companies during the corporate scandal days.

By Lynn Turner, chief accountant for net, former chief accountant for the Securities and Exchange Commission. "Those days are behind us."

The improved reliability of companies' books is evident from the fact that:

- **There is steady and ongoing improvement.** The number of companies with restatements and the number of restatements have declined in each of the past three years.
- **Mistakes are getting caught sooner.** Among the restatements, errors covered a period of 475 days, or less than a year and a half, that's down from 730 in 2008 and well below the 116 that's down 77% from 2005, the year of the Enron scandal.
- **Restatements are less serious.** Restatements reduced companies' reported earnings by \$4.4 million on average last year, down dramatically from the \$7.2 million and \$2.5 million loss in 2008 and 2009.

Strengthened regulations that are forcing companies and their auditors to inspect not just the numbers but also the numbers' numbers, but also the numbers' numbers, are a big reason for the drop in restatements, says Audit Analytics' Mark Chaffers. "New ways of overseeing auditors are also making accounting firms more careful," he says.

Investors shouldn't assume, however, that companies are finding new ways to cheat. Some companies may be finding new ways to cheat, but the regulations are a big reason for the drop in restatements, says Audit Analytics' Mark Chaffers. "New ways of overseeing auditors are also making accounting firms more careful," he says.

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**Financial fixes down**

Accounting restatement	Companies	Restatements
2009	630	674
2008	1,000	1,200
2007	1,200	1,500
2006	1,500	2,000
2005	2,000	2,500
2004	2,500	3,000
2003	3,000	3,500
2002	3,500	4,000
2001	4,000	4,500
2000	4,500	5,000

**Toyota tries to reassure China**

Toyota President Akio Toyoda will visit China, the world's biggest auto market, today to continue efforts to ease worries about the safety of its company's cars. Toyoda, who last week said at a U.S. congressional hearing that the number of vehicles being recalled in China is small compared with the 8.5 million recall worldwide since October for sticky gas pedal, faulty floor mats and glitches in braking software. But Toyota has ambitious plans in China.

**California to sell some state buildings**

California has put the "for sale" signs on 11 state office buildings. Including the San Francisco Civic Center and the Ronald Reagan building in Los Angeles, as well as a major cash in hand for the budget deficit, the state is looking to sell the buildings as part of its "California State Portfolio" plan. The plan is to sell the buildings to private investors, who would then be responsible for their maintenance. The buildings have more than 7 million square feet of office space. The state is hoping to raise more than \$2 billion from the sale.

**Apple finds labor violations**

Three Apple suppliers have 11 wage-and-hour violations, a violation Apple uncovered as part of its 24-page report on "Supplier Responsibility." It also found more than 60 facilities where employees were overworked. 24 partners that paid less than the minimum wage, Apple, which didn't name the suppliers and manufacturers, visited sites in South Korea, Thailand, Malaysia, Singapore, South Korea, the Czech Republic, Philippines and the U.S.

**PepsiCo, Gatorade end Woods deal**

Add Gatorade to the list of endorsement deals that Tiger Woods has lost. PepsiCo said on Friday that it had ended its relationship with the golfer, who made a lengthy public apology on Feb. 19 for his infidelities. AT&T and Accenture dropped Woods in the weeks following the tabloid frenzy of cheating allegations. Nike and Electronic Arts rescinded their support after the golfer made his public apology. Others, such as Procter & Gamble's Gilette and Swiss watch maker Tag Heuer, de-emphasized him in their marketing.

**Regulators close Nevada bank**

Regulators shut down Carson River Community Bank in Nevada on Friday, marking the 21st failure this year of a federally insured bank. The Federal Deposit Insurance Corp. said that the bank's deposits will be assumed by First-based Heritage Bank of Nevada. Carson River had \$511 million in assets and \$50 million in deposits as of Dec. 31.

**Asian nations continue free-trade plans**

The 10-member Association of Southeast Asian Nations says it's still aiming to set up a European Union-style economic community within five years — even though it has fallen short so far in most of the sectors targeted for accelerated integration. Malaysian Trade Minister Mustapa Mohamed said at the end of a two-day meeting of ministers that the pact has been made in only four of 11 priority sectors targeted for accelerated integration: tourism, air travel, textiles and the automotive sector.

**Stock market questions? Ask Matt**

Stock market reporter Matt Krantz's columns, Ask Matt, appears weekdays at [money.usatoday.com](#)

**USA TODAY Snapshots®**

**Top barriers to women in the workplace**

30% Pay scale for women

25% Corporate culture that favors men

26% General stereotypes/preconceptions

**Career women week**



Michael Matthews: He holds down a full-time job while trying to establish a wine bar in Gainesville, Va. Just the paperwork for a bank application induced stress. "It's an overwhelming amount of stuff."

**Finances always on minds of small-business owners**

Many reduce own pay when pinched

By Laura Petrecca  
 USA TODAY

Financial stress for small-business owners abounds: mental exhaustion that comes when completing a lengthy bank loan application; uncertainty that arises when discussing outside investors; and anxiety that goes hand-in-hand with asking a friend and business partner to pony up more dough to get the business started.

Entrepreneur Michael Matthews is wrangling with all these financial stressors — and more — as he tries to establish a wine bar in



Participants work to get their finances in order. **SB**

**Cover story**

Gainesville, Va. Yet, if he wants to get the Virginia Wine Factory open this year as he plans, the most successful entrepreneur each issue, says small-business adviser Rhonda Abrams, CEO of The Planning Shop.

It's going to be tough for Matthews, who holds down a full-time job as a network engineer. Just the paperwork for a bank application induced stress.

"It's an overwhelming amount of stuff," he says, adding that "in this climate, it's astounding how hard to secure financing for anything."

Matthews' wine bar is one of five small businesses that USA TODAY published a six-month series about starting a business and six-part series about starting a business and asked prospective entrepreneurs to submit

Continued on 4B

**Labor fights could disrupt U.S. flights**

Talks between unions, airlines could get messy

By Dan Reed  
 USA TODAY

Air travelers in the USA could face the same type of labor relations-driven flight disruptions that crippled air travel in parts of Europe last week.

American, Continental, United, US Airways and Southwest are in prolonged contract talks with various unions.

"Several have the potential to boil over, though it's not an ideal time to strike."

Air travel remains in a slump, and unemployment hovers around 10%. U.S. airlines have piled up more than \$54 billion in losses and shed 170,000 jobs in the last decade, a 23-45 decline.

Airline workers "don't have a strong hand, but they seem to be getting close

to the boiling point," says airline labor expert and retired United pilot XJ Durbin of Kofsky Aviation Consulting.

It's like in the movie (Network): "They're as mad as hell, and they aren't going to take it anymore."

Last week, pilots at Germany's Lufthansa walked out for a day over worries some routes will be turned over to partner airlines with lower pay for pilots. British Airways' attendants voted to strike sometime this spring, and pilots are in Britain's highest court, fighting management's plans to cut vacation pay as a prelude to a strike.

Some Air France pilots walked out Friday to protest cost-cutting.

Next up? Possibly American Airlines' flight attendants, both unions say they'll seek the start of a 30-day clock leading to a strike deadline if talks this week don't produce a deal to their liking. Other labor groups, including pilots at United, Continental and US Airways,

are further from the same trajectory, but may be on the same trajectory. The last major airline strike in the USA was in 2005. Most of the 10 west mechanics who walked out never returned. Northwest, now owned by Delta, hired temporary replacements and outsourced maintenance.

Airline strikes are rare. Labor Act aims to keep pilots from striking because of its impact on the economy. Airlines unions must go through a complex process before a strike. The process can be long and distrust on both sides.

The travel slump adds to the airlines' financial situation. Good financial news is a good financial news, with low labor costs, if unions, understandable, says consulting AirlineForecasters in Washington, a transportation adviser to President

**Credit unions: Lift cap on loans**

Small businesses target for funding

By Paul Davidson  
 USA TODAY

As Congress grinds with banks to increase lending to small businesses to juice the recovery, one group of lenders is begging Congress to let them make more loans: credit unions.

Credit unions say the economic downturn presents their best opportunity yet to persuade lawmakers to raise a federal limit on their business loans. If the cap is lifted, credit unions are cooperatives owned by members, many of whom are small-business owners. They say they'd make a bigger contribution if Congress passes a bill that would raise a cap on their business loans, now 12.25% of assets, to 25%. It would free an extra \$25 billion or so in loans over three years, CUNA economist Bill Hampel says. While credit unions hold only 5% of all small-business loans, CUNA says the added funds would generate nearly 100,000 jobs the first year.

But economist Keith Leggett of the American Bankers Association says the cap is aimed at keeping credit unions from shifting lending from modest-income consumers to businesses. Raising it, he adds, would worsen a pricing edge credit unions enjoy because of their tax-exempt status.

Mica argues credit unions pose no threat. Hampel says easing the cap won't hurt consumers: New loans would come from money now in other investments.

Credit union officials hope to hitch the cap increase to a small-business lending bill top Democrats plan to unveil this week.

St. Mary's Bank Credit Union of Manchester, N.H., has \$75 million in business loans and \$15 million pending. CEO Ron Covey says the cap means he can't fund \$4.8 million in loans.

Three banks rejected Kristen and Nick Arzner for a \$250,000 loan to open a restaurant in Corvallis, Ore. But OSU Federal credit union OK'd it. "They worked with us," says Kristen, 27.

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Credit unions say the economic downturn presents their best opportunity yet to persuade lawmakers to raise a federal limit on their business loans. But banks say it would give the tax-exempt credit unions an unfair advantage.

Credit unions are non-profit cooperatives owned by community residents. They have picked up some of the slack as banks burned by bad loans in the financial crisis tightened standards and pulled back on lending.

Banks' outstanding loans to small businesses fell 3.9% in the year ended June 30. Such credit union loans rose 11% to \$36 billion the first nine months of 2009, says the Credit Union National Association (CUNA).

A big reason for the disparity: Banks "have huge losses in their portfolio and our business loans are rock solid," says CUNA CEO Dan Mica. Credit unions lend only to members and avoided the risky home and commercial loans that clobbered banks.

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